

GOODS AND SERVICES TAX

CA FINALS



Topics Covered in PPT

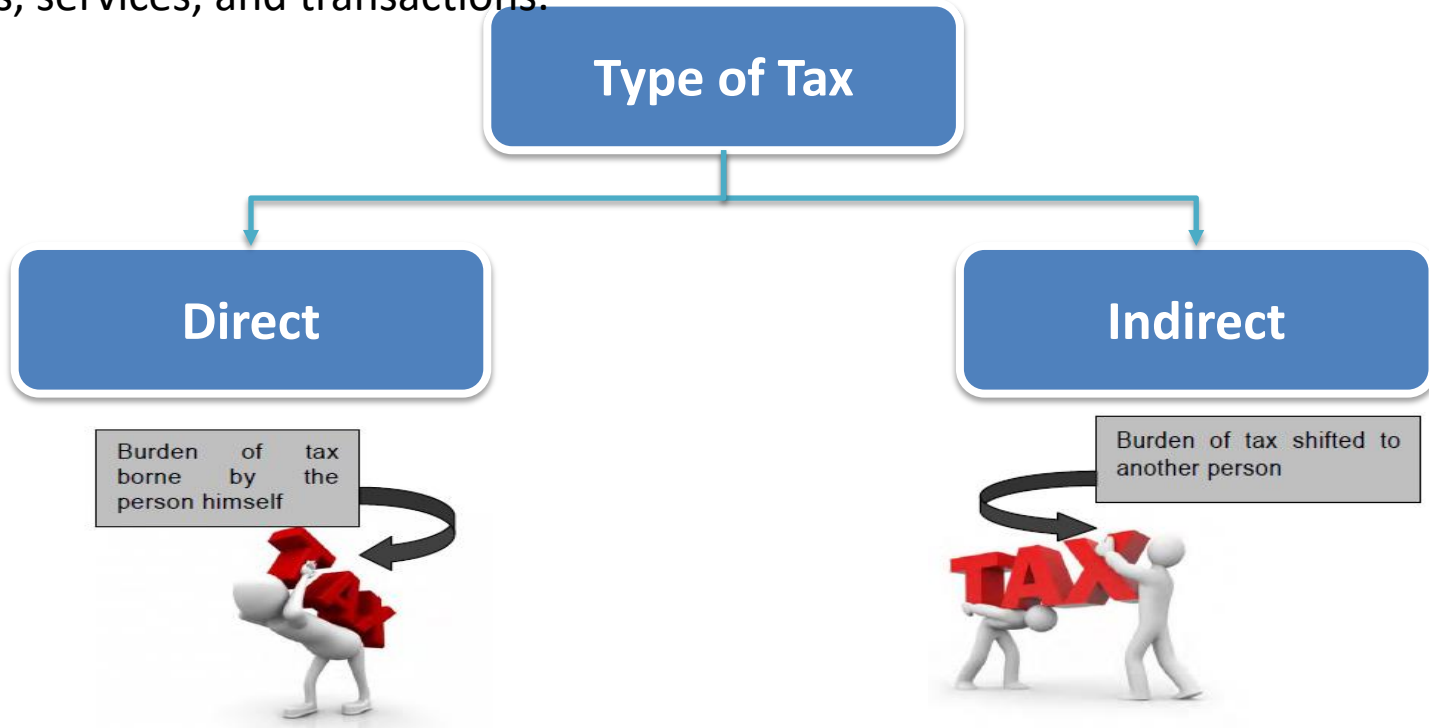
- ✓ GST in India
- ✓ Supply Under GST
- ✓ Place of Supply
- ✓ Time of Supply
- ✓ Value of Supply
- ✓ Input Tax Credit
- ✓ Registration
- ✓ Tax Invoice
- ✓ Accounts and Records
- ✓ Payment of Tax
- ✓ Job work

CA Final May 18 Old and New Syllabus

- ✓ GST : 75 Marks
- ✓ CUSTOMS : 20 Marks
- ✓ FTP : 5 Marks
- ✓ **Note :**
 - Changes till 31st Oct 2017 is applicable for May 2018 Examination
 - Study Material of ICAI of Indirect Tax for OLD and New Syllabus is same
 - Customs as amended by Finance Act 2017 is applicable.

Introduction

Tax is a **compulsory** contribution to state revenue, levied by the **government** on workers' **income** and business profits, or added to the **cost** of some goods, services, and transactions.



Features of Indirect Tax

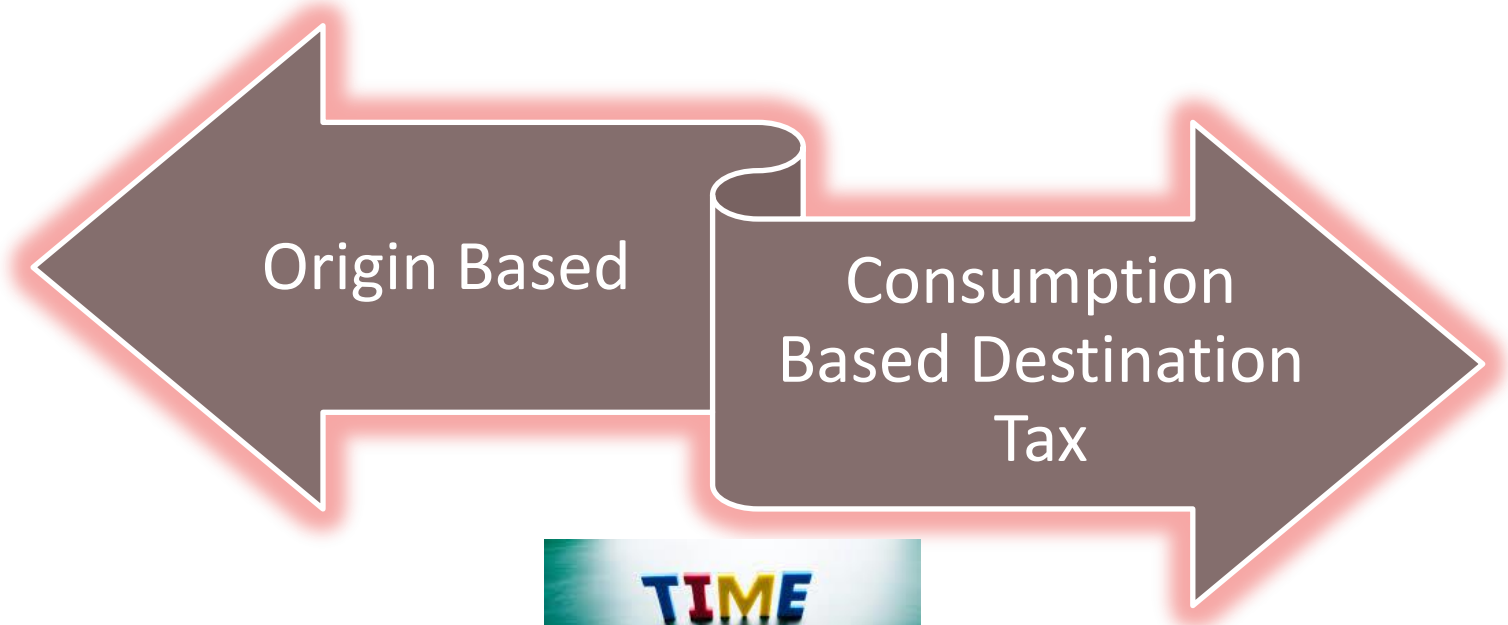
- ✓ An important source of revenue
- ✓ Tax on commodity and services
- ✓ Shifting of burden
- ✓ No perception of direct pinch
- ✓ Inflationary
- ✓ Wider Tax base
- ✓ Promotes Social Welfare
- ✓ Regressive in nature

GST IN INDIA

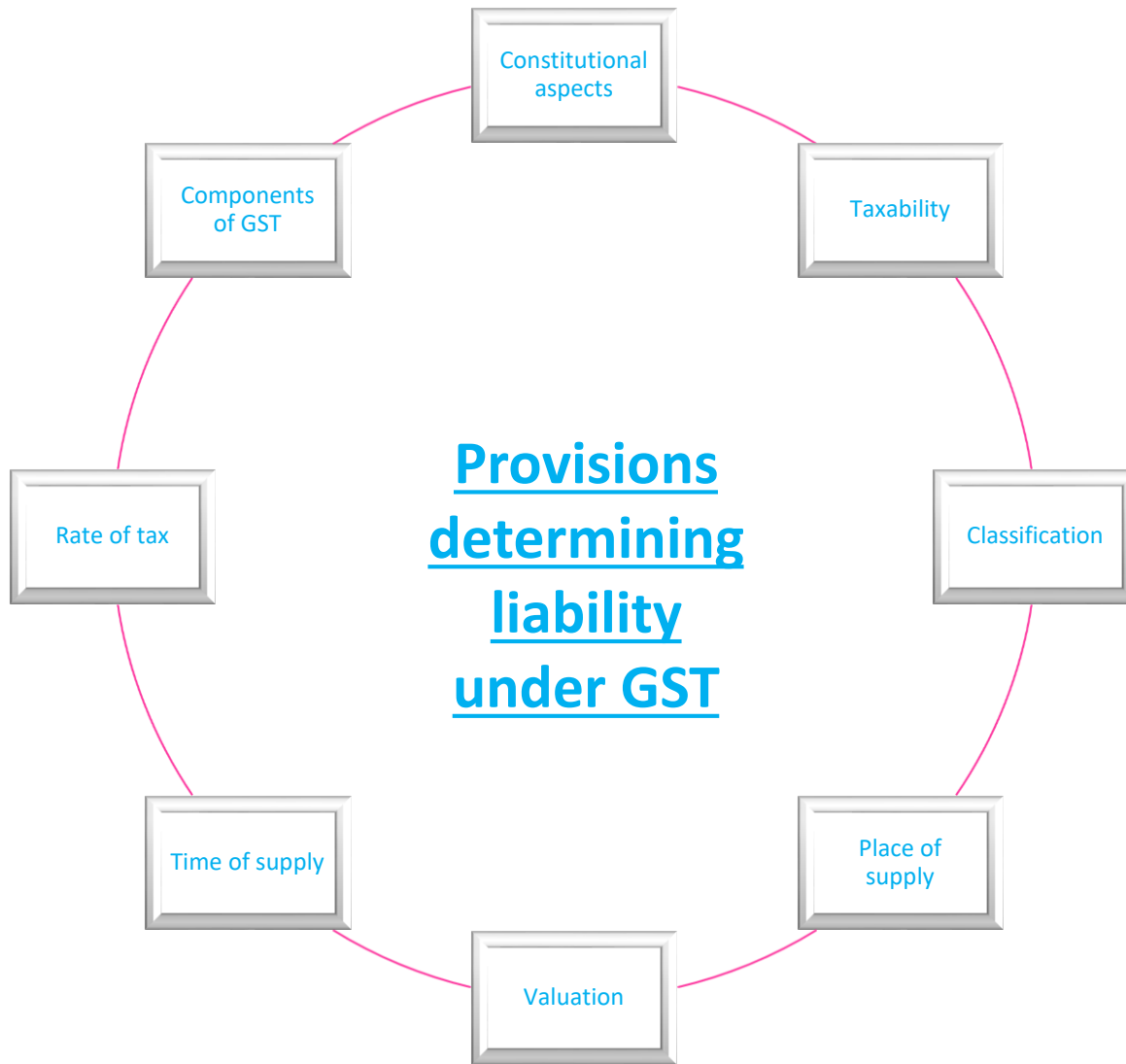


Non-concurrent Dual GST Model

- ✓ Tax on goods as well as service by Centre & State both simultaneously



- ✓ GST in India will comprise of :
 - Central Goods and Service tax (CGST)
 - State Goods and Service tax (SGST)
 - Union territory Goods and Service tax (UTGST)
 - Integrated Goods and Service tax (IGST)



Constitutional Provision and basics of law

- ✓ Article 265: Taxes not be imposed save by authority of law
- ✓ Article 245: Extent of laws made by parliament and by the legislatures of states
- ✓ Article 246: Subject-matter of laws made by parliament and by the legislatures of states

Constitutional Provisions

- ✓ Article 265 : Taxes not to be imposed save by authority of law
- ✓ Authority to make laws in India is given under Article 245

✓ Article 245

- Empowers Parliament to make law for **whole or any part of territory of India**
- Legislature of a state make law for whole or any **part of state**

Article 246

- ✓ List I : **Union** List
 - This List enumerates the matters in respect of which the **parliament** has exclusive right to **make laws**

- ✓ List II : **State** List
 - This List enumerates the matters in respect of which **the legislature of any state** has exclusive right to **make laws**

- ✓ List III : **Concurrent** list
 - This List enumerates the matters in respect of which the **Parliament and legislature of any state** has exclusive right to **make laws**

Constitutional Amendment for GST : Insertion of new article

Article 246A

- (1) Notwithstanding anything contained in articles 246 and 254, Parliament, and, subject to clause (2), the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State.
- (2) Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce

Constitutional Validity: Insertion of new article

✓ Article 269A :

- Goods and services tax on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be ***apportioned between the Union and the States*** in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.
- supply of goods, or of services, or both in the course of import deemed to inter-State supplies.

Constitutional Amendments-Union List-Entry 84

Prior :

- ✓ Duties of excise on tobacco and other goods manufactured or produced in India except-
- ✓ (a) alcoholic liquors for human consumption
- ✓ (b) opium, Indian hemp and other narcotic drugs and narcotics,
- ✓ but including medicinal and toilet preparations containing alcohol or any substance included in subparagraph (b) of this entry

Now :

- ✓ Duties of excise on the following goods manufactured or produced in India, namely;
- ✓ (a) petroleum crude
- ✓ (b) high Speed diesel
- ✓ (c) *motor spirit (commonly known as petrol)*
- ✓ (d) *natural gas*
- ✓ (e) *aviation turbine fuel and*
- ✓ (f) *tobacco and tobacco products*

Constitutional Amendments-State List-

Entry 54

Prior

- ✓ Taxes on the sale or purchase of goods other than newspapers, subject to the provisions of entry 92A of List I
- ✓ Entry 92A: Taxes on the sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce

Now .

- ✓ Taxes on the sale of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption, but not including sale in the course of inter-State trade or commerce or sale in the course of international trade or commerce of such goods

Constitutional Amendments-State List-

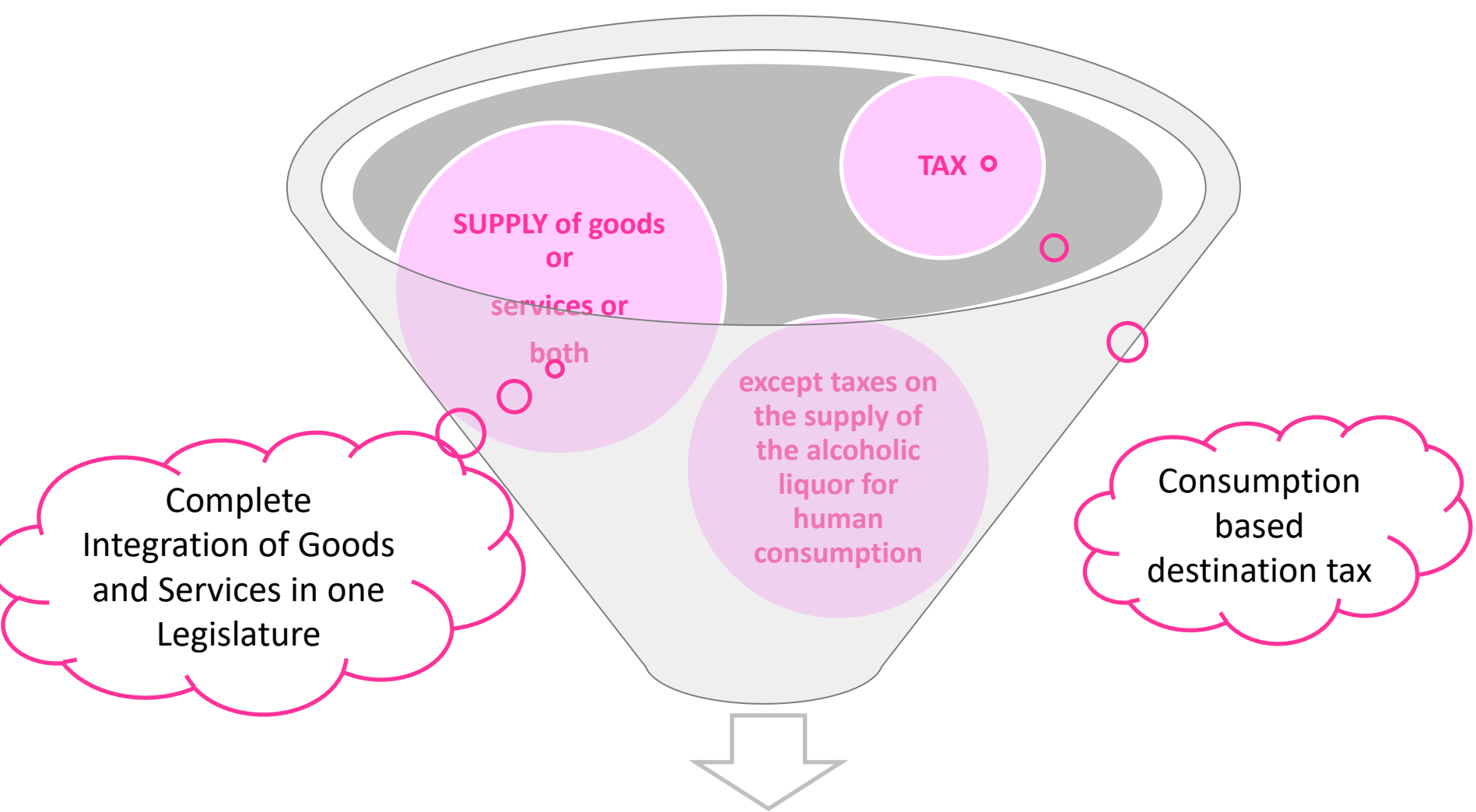
Entry 62

Prior

- ✓ Taxes on luxuries, including taxes on entertainments, amusements, betting and gambling

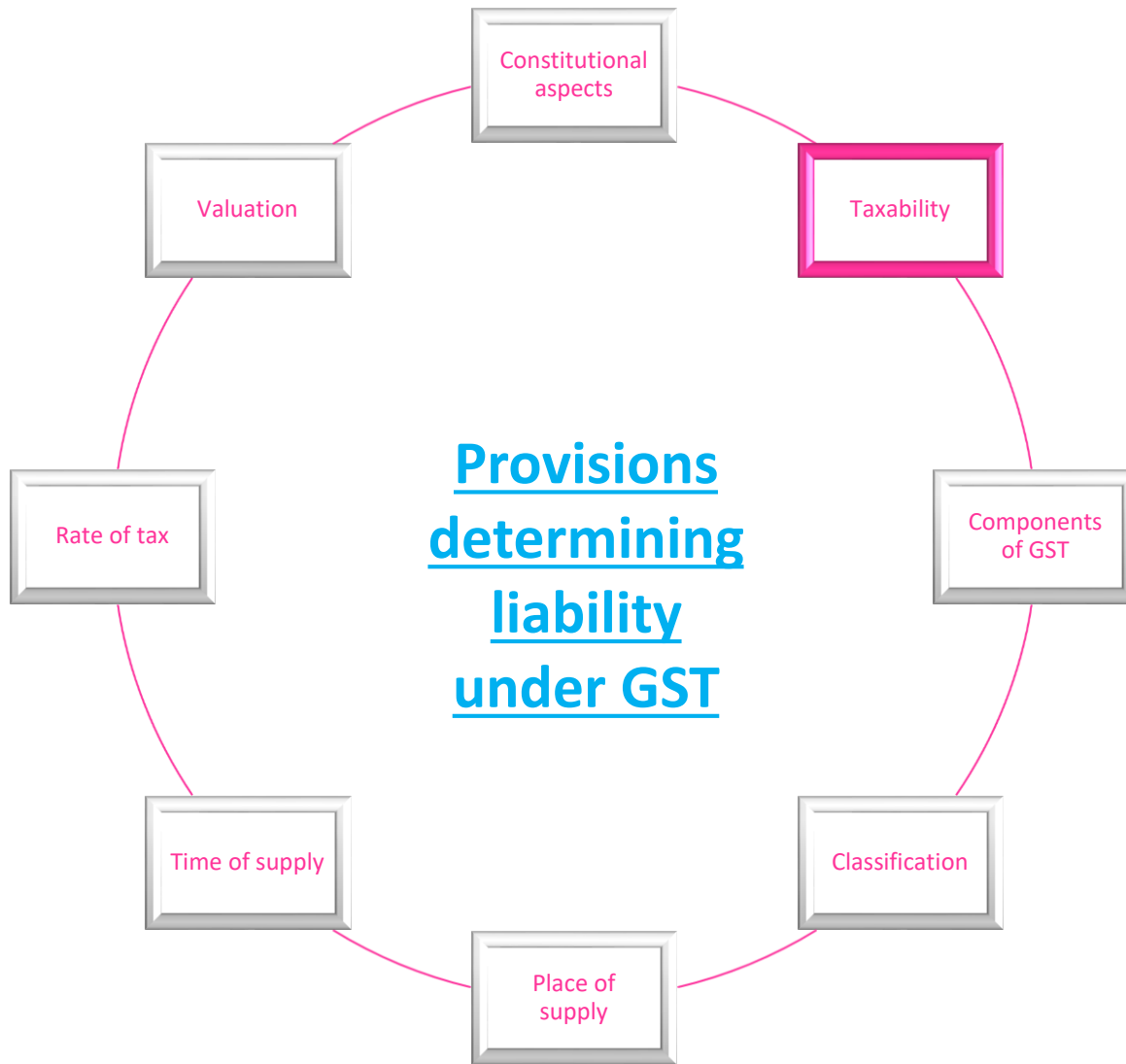
W.e.f.

- ✓ Taxes on entertainments and amusements to the extent levied and collected by a Panchayat or a Municipality or a Regional Council or a District Council



GST

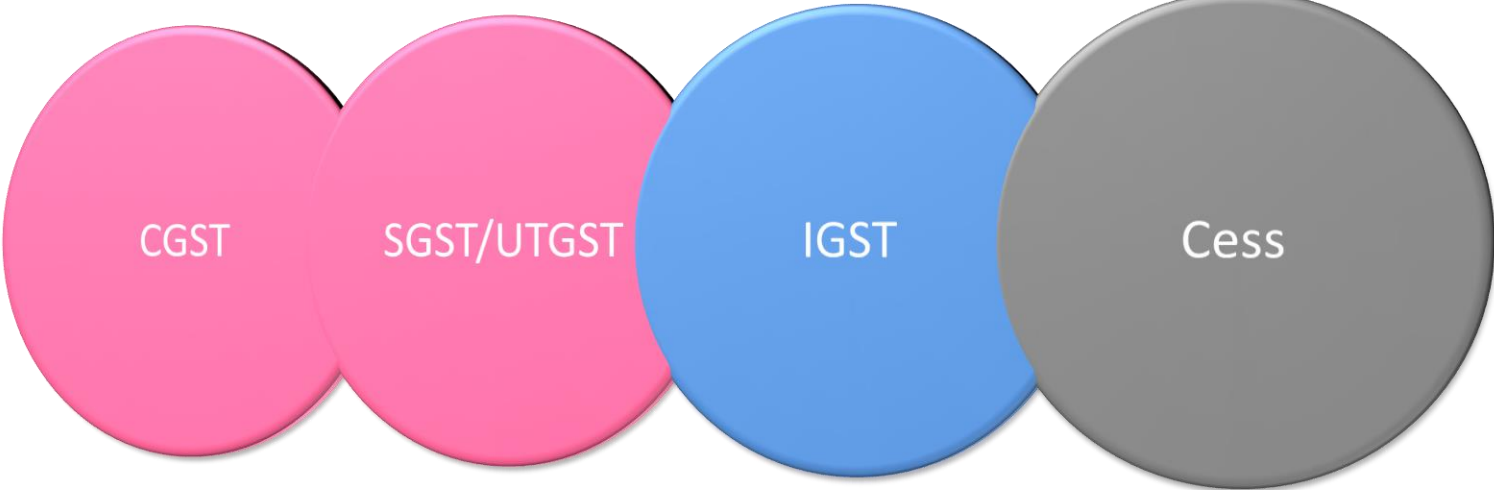
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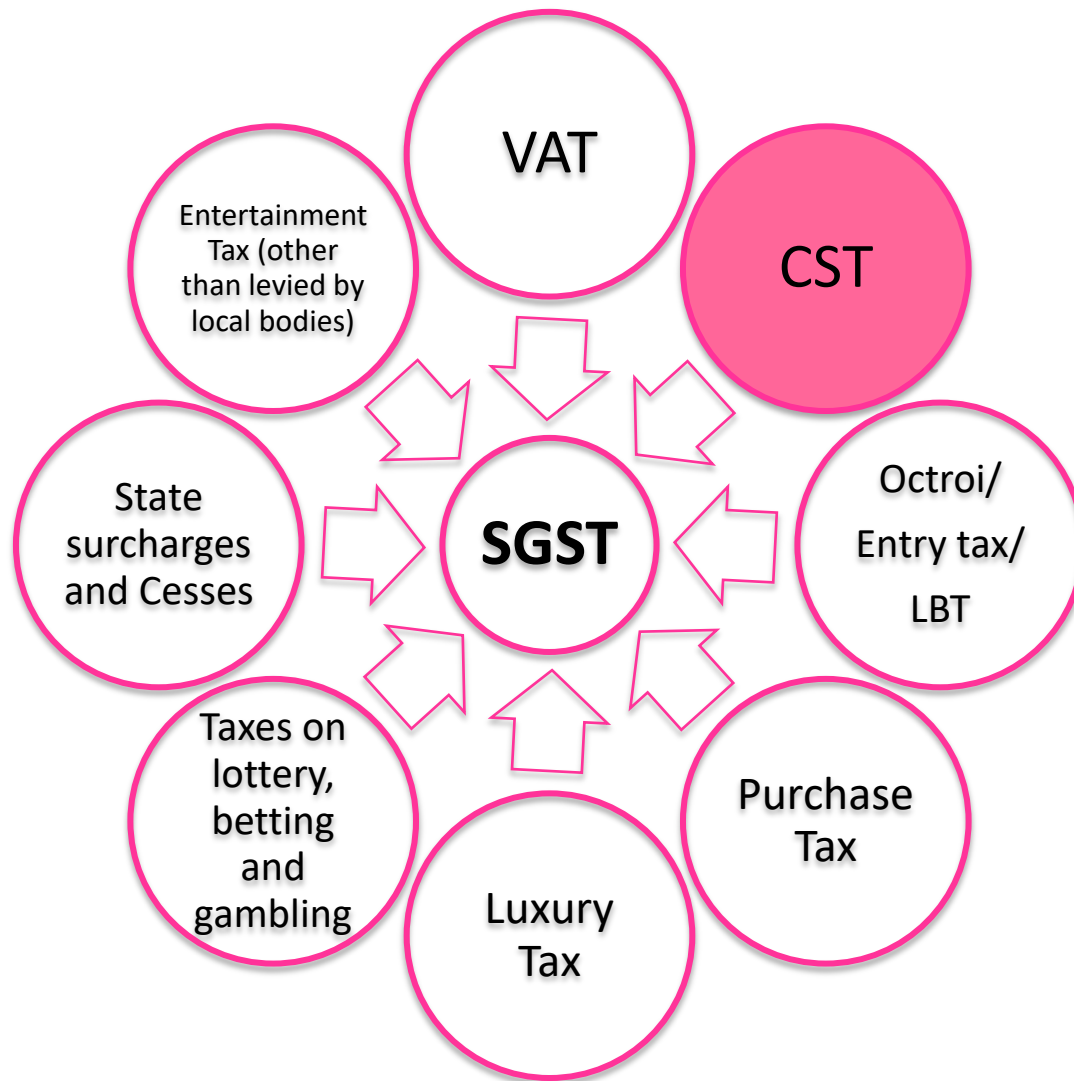
LEVY, MEANING AND SCOPE OF SUPPLY

GST Components



TAXES TO BE SUBSUMED AND CONTINUING TAXES





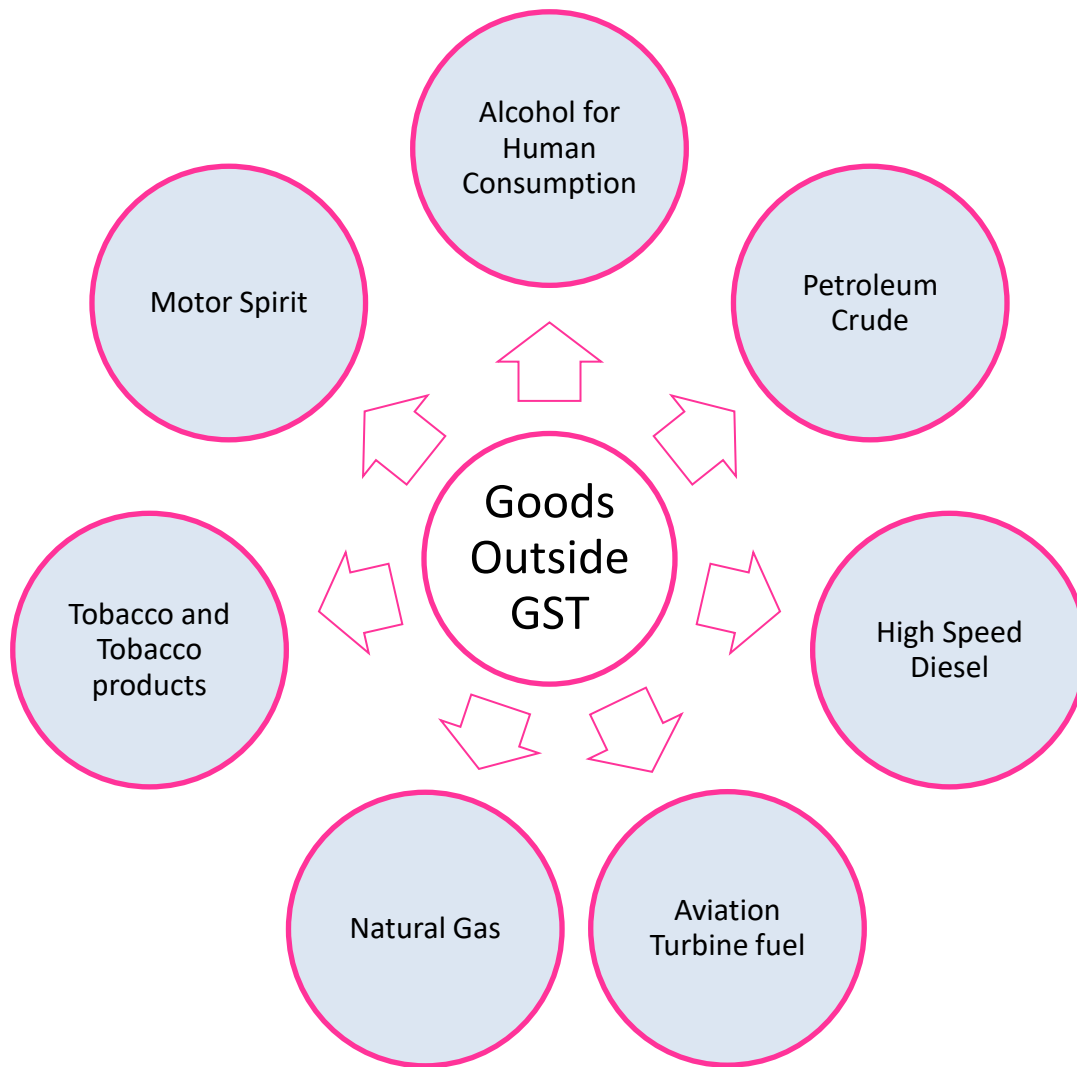
Continuing Taxes

Central Government

- Basic Customs Duty
- Central Excise on: petroleum crude, petrol, diesel, natural gas, aviation turbine fuel, tobacco and tobacco products
- Stamp Duty

State Government

- Profession Tax
- State Excise
- VAT on Sale of petroleum crude, high speed diesel, petrol, natural gas, aviation turbine fuel
- Stamp Duty
- Land revenue
- CST



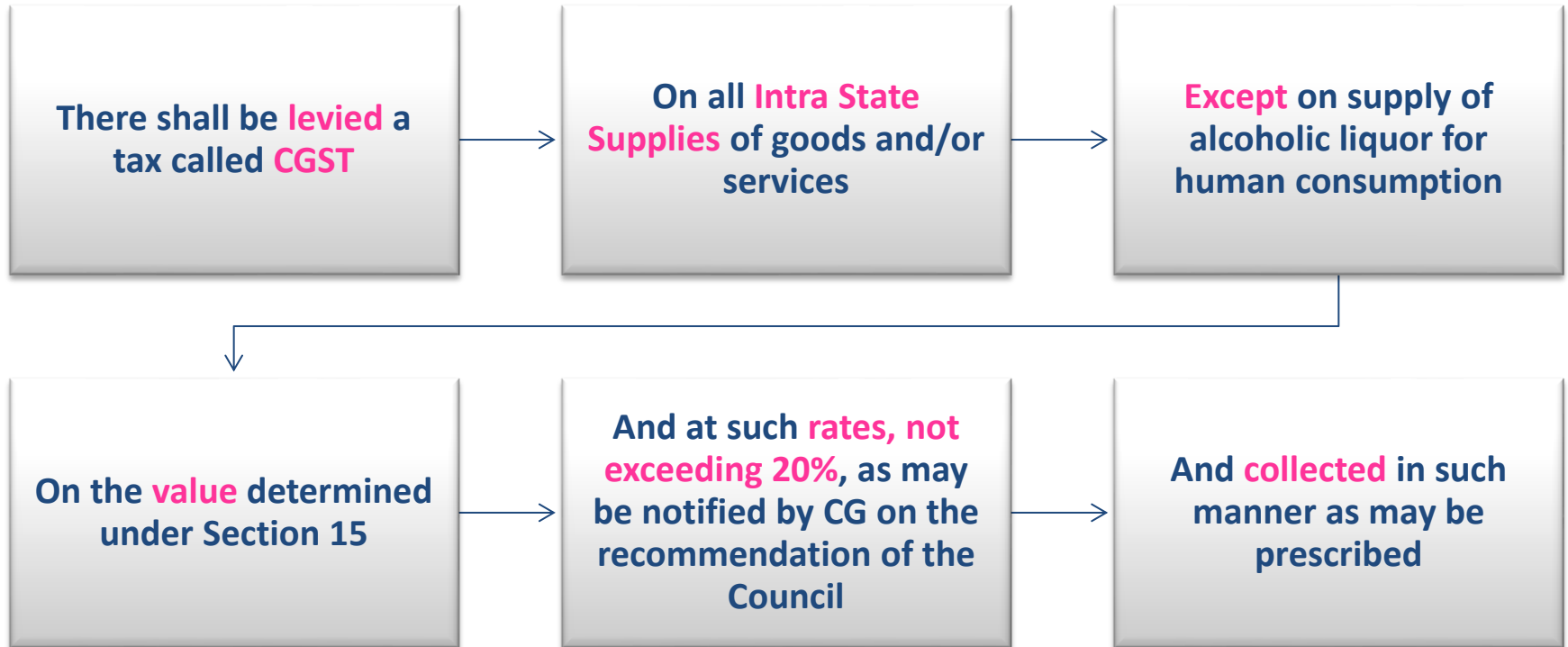
Proposed Taxation of Goods outside GST Purview

Goods	Production	Sale
Alcohol – Completely Outside GST	State Excise	VAT/CST
Petroleum Crude	Central Excise	VAT/CST
High Speed Diesel	Central Excise	VAT/CST
Motor Spirit	Central Excise	VAT/CST
Natural Gas	Central Excise	VAT/CST
Aviation Turbine fuel	Central Excise	VAT/CST
Tobacco and Tobacco products	Central Excise	GST

CHARGING PROVISIONS



CGST Act – Section 9(1)



Section 9(2)

- ✓ The central tax on the supply of :
 - Petroleum crude
 - High speed diesel
 - Motor Spirit (Commonly known as petrol)
 - Natural gas
 - Aviation turbine fuel

Shall be levied from the notified date.

Reverse Charge 9(3) and 9(4)

- ✓ Govt. may specify category of supply goods or services or both the tax on which shall be paid on **reverse charge basis** by the **recipient** as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.
- ✓ The central tax in respect of supply of taxable goods or services or both by the supplier who is not registered to registered shall be paid by recipient and all provisions will apply as if he is the person liable to pay tax. **(i.e URD to RD, person liable to pay RD)**

Section 9(5) : ECO

- ✓ Govt. by notification specify category of services tax on intra state supplies of which shall be paid by ECO if such services are supplied through it.
- ✓ ECO doesn't have physical presence in any taxable territory
 - Any representative of such ECO
 - Doesn't have representative : Appoint one

Notified ECO :

Services by way of

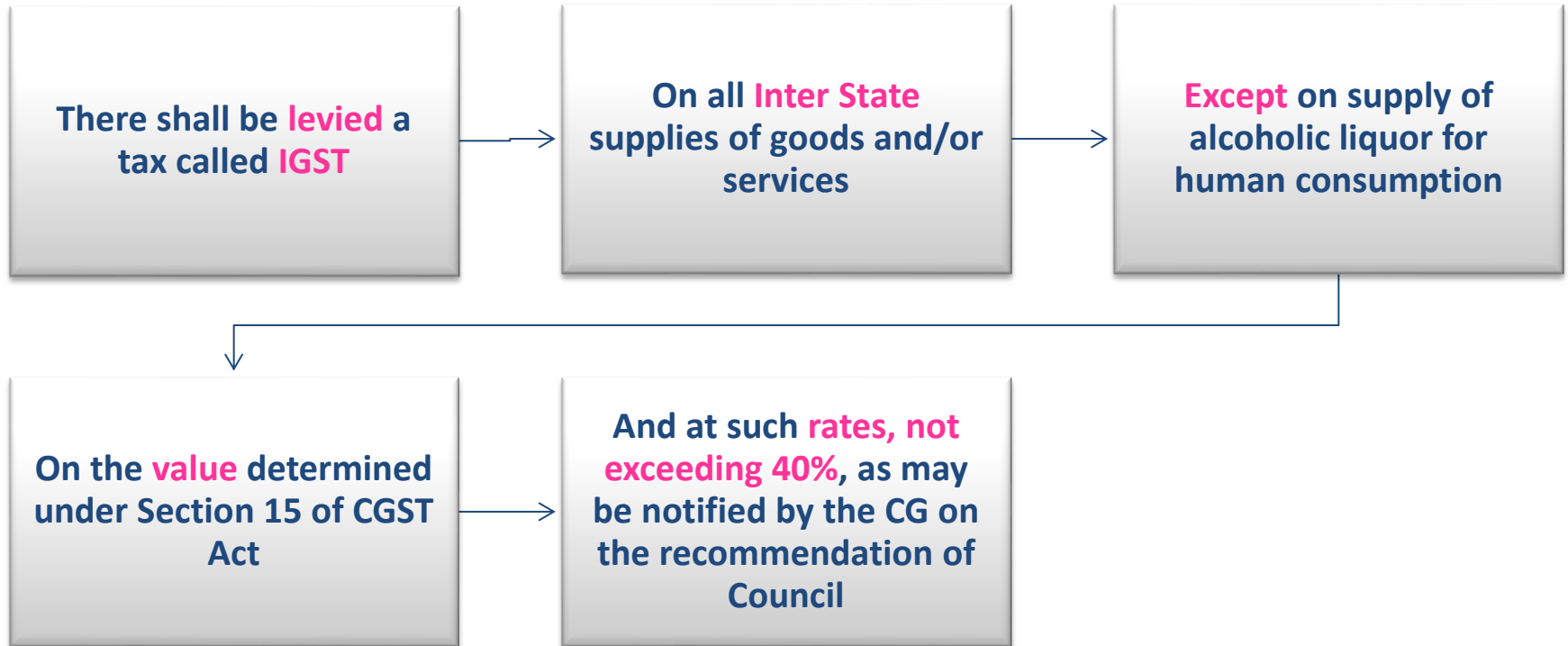
- ✓ Transportation of passengers by a radio-taxi, motor cab, maxi cab and motor cycle.
- ✓ Accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purpose except registered persons

What is Intra-state supply?

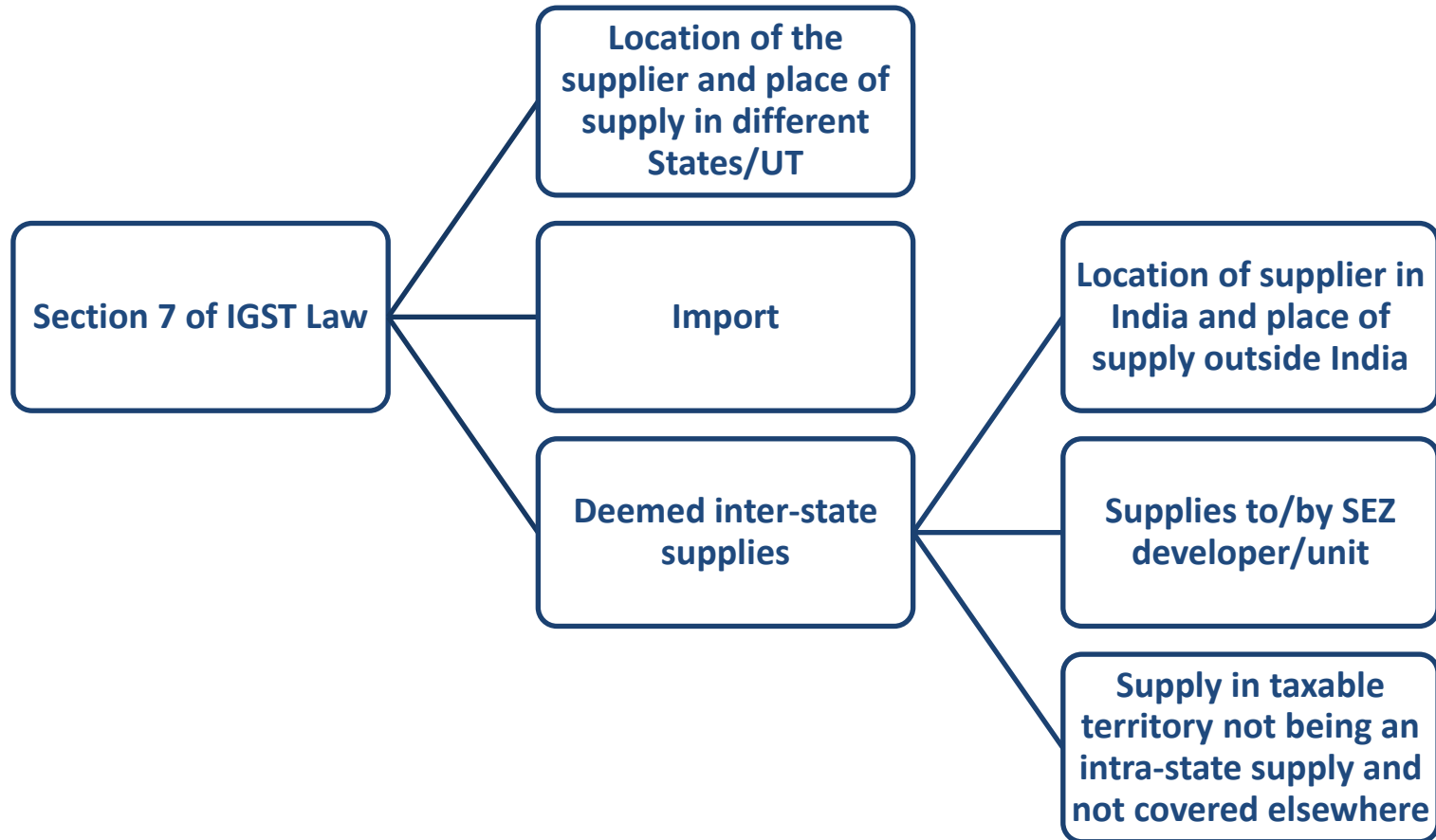
Section 8 – IGST Law

location of the supplier
and the place of supply
are in the same State/UT

IGST Act – Section 5



What is inter-state supply?



IGST Act – Section 5

- ✓ IGST on goods imported into India to be levied and collected as per Section 3 of Customs Tariff Act, 1975 at the point when Customs duties are levied on the said goods on value as per the said Act
- ✓ Petroleum Crude, HSD, Petrol, Natural Gas and Aviation Turbine Fuel – GST from notified date
- ✓ RCM for goods as well as services
- ✓ URD purchases – RCM
- ✓ E-Commerce operator to pay IGST on specific category of services supplied through it

LEVY AND COLLECTION OF TAX

7. (1) For the purposes of this Act, the expression “supply” includes—

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

(b) import of services for a consideration whether or not in the course or furtherance of business;

(c) the activities specified in Schedule I, made or agreed to be made without a consideration; and

(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.

Supply

(2) Notwithstanding anything contained in sub-section (1),—

(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to the provisions of sub-sections (1) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—

(a) a supply of goods and not as a supply of services; or

(b) a supply of services and not as a supply of goods.

Supply



Taxable Event in GST

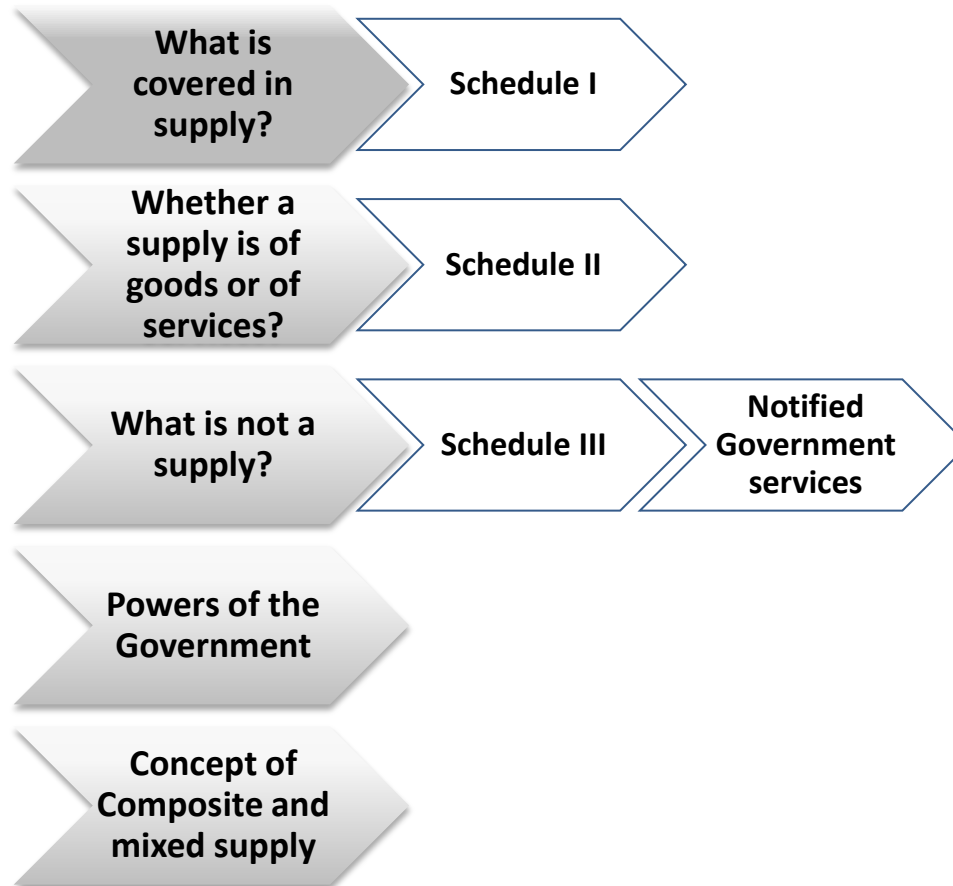
SUPPLY

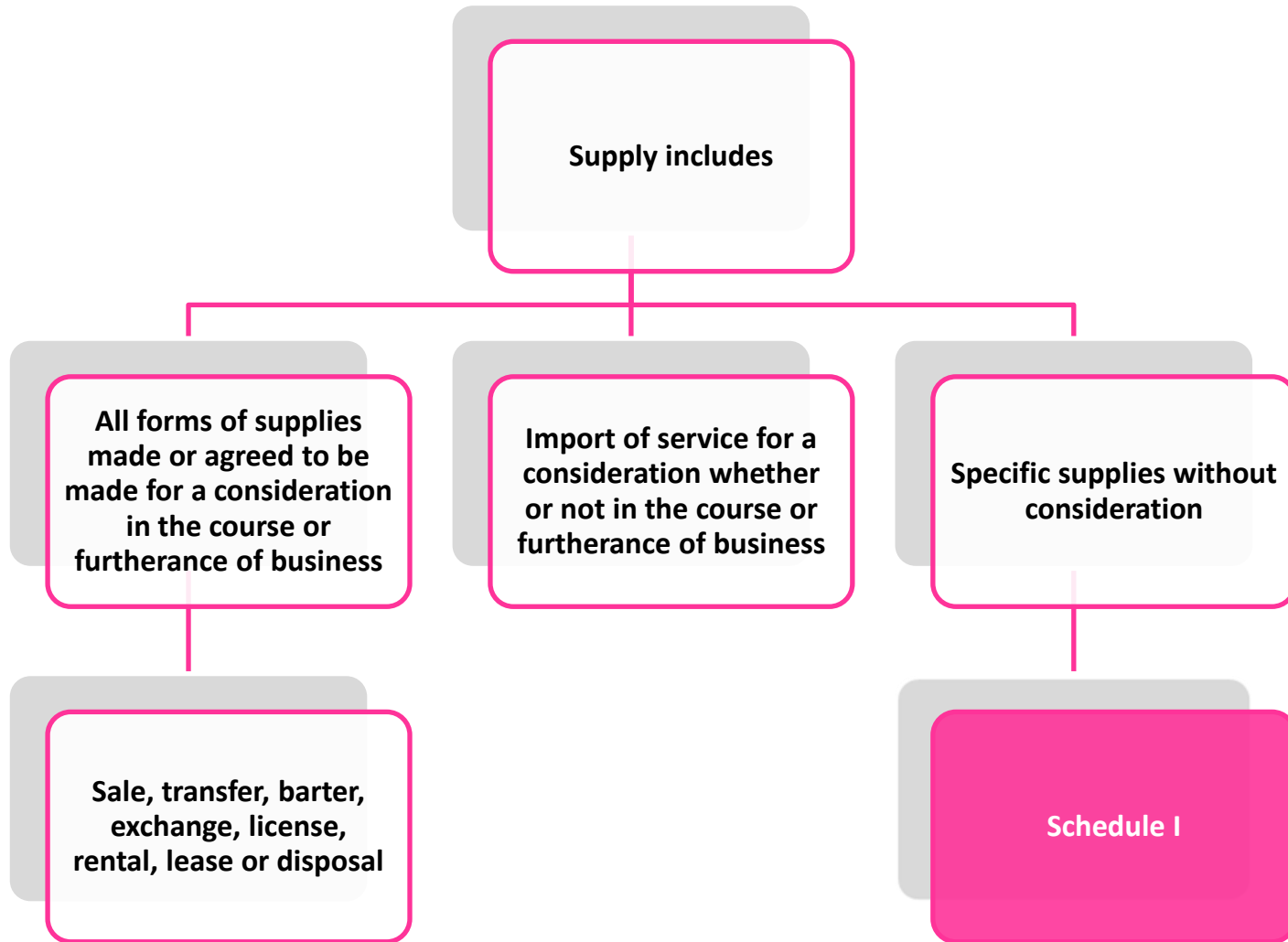
SUPPLY

SUPPLY

SUPPLY

Supply as per GST Law- Section 7 & 8





Activities to be treated as supply even if made without consideration

Permanent transfer/disposal of business assets where input tax credit has been availed on such assets

Supply between related persons or distinct persons [as specified in Section 25](#)

Made in the course or furtherance of business

Gift to employee having value of more than Rs. 50,000/- in a FY

Schedule I

[Supply of goods between Principal & Agent](#)

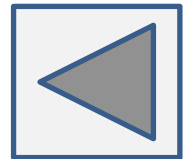
Importation of services :
from a related person or
from any of his other establishment outside India-
in the course or furtherance of business



Distinct persons as specified in Section 25

- ✓ A person who has obtained or is required to obtain more than one registration, whether in one State/UT or more than one State/UT, shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act
- ✓ A person who has obtained or is required to obtain registration in a State/UT in respect of an establishment, has an establishment in another State/UT then such establishments shall be treated as establishments of distinct persons for the purposes of this Act

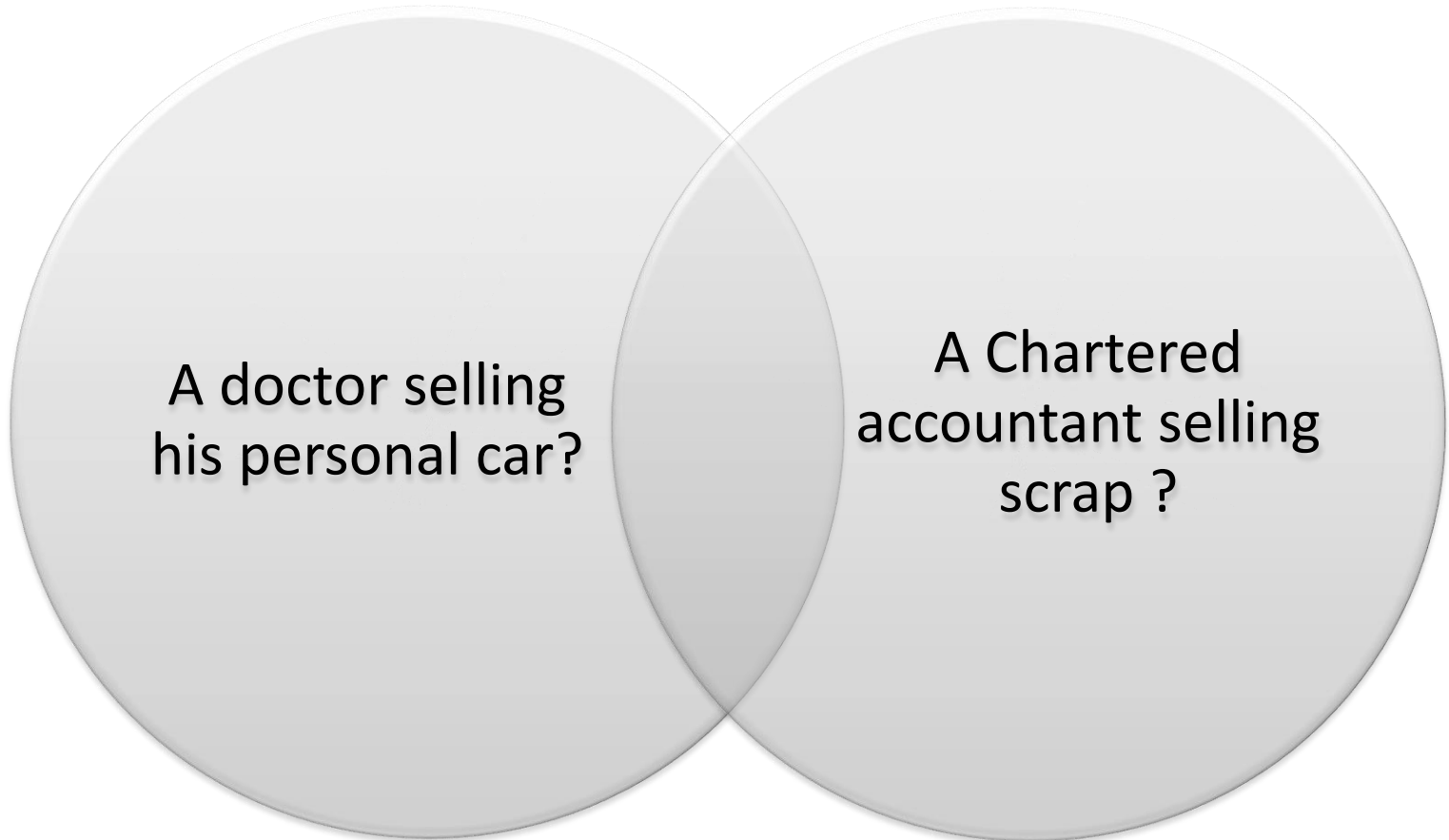
Distinct persons as specified in Section 25



Consideration

- ✓ 'Consideration' in relation to the supply of goods or services includes:
- ✓ (a) Any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;
- ✓ (b) the monetary value of any act or forbearance in respect of, in response to, or for the inducement of, the supply of goods or services, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;
- ✓ PROVIDED that a deposit given in respect of the supply of goods or services shall not be considered as payment made for such supply unless the supplier applies the deposit as consideration for the said supply

Is there any supply?



Taxable Event-Supply

- ✓ Schedule III – Activities or transactions to be treated as neither goods nor services
- ✓ Notified activities or transactions undertaken by Central Government, a State Government or any Local Authority as public authorities, to be treated as neither goods nor services
- ✓ Notifications may be issued for
 - Supply of goods and not supply of service and *vice versa*

What is outside the purview? – Schedule III

By employee to an employer in the course of or in relation to his employment

Court or Tribunal

Functions performed by Members of Parliament, etc.

Chairperson/member/ director in a body established by Government

Funeral, burial, etc. including transportation of the deceased

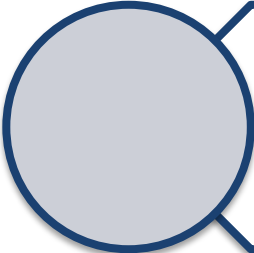
Sale of land and subject to Sch. II (5) (b), sale of building

Actionable claims, other than lottery, betting and gambling

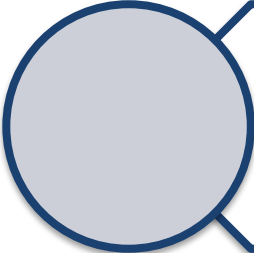
Schedule II-Supply of goods...



Transfer of title in goods



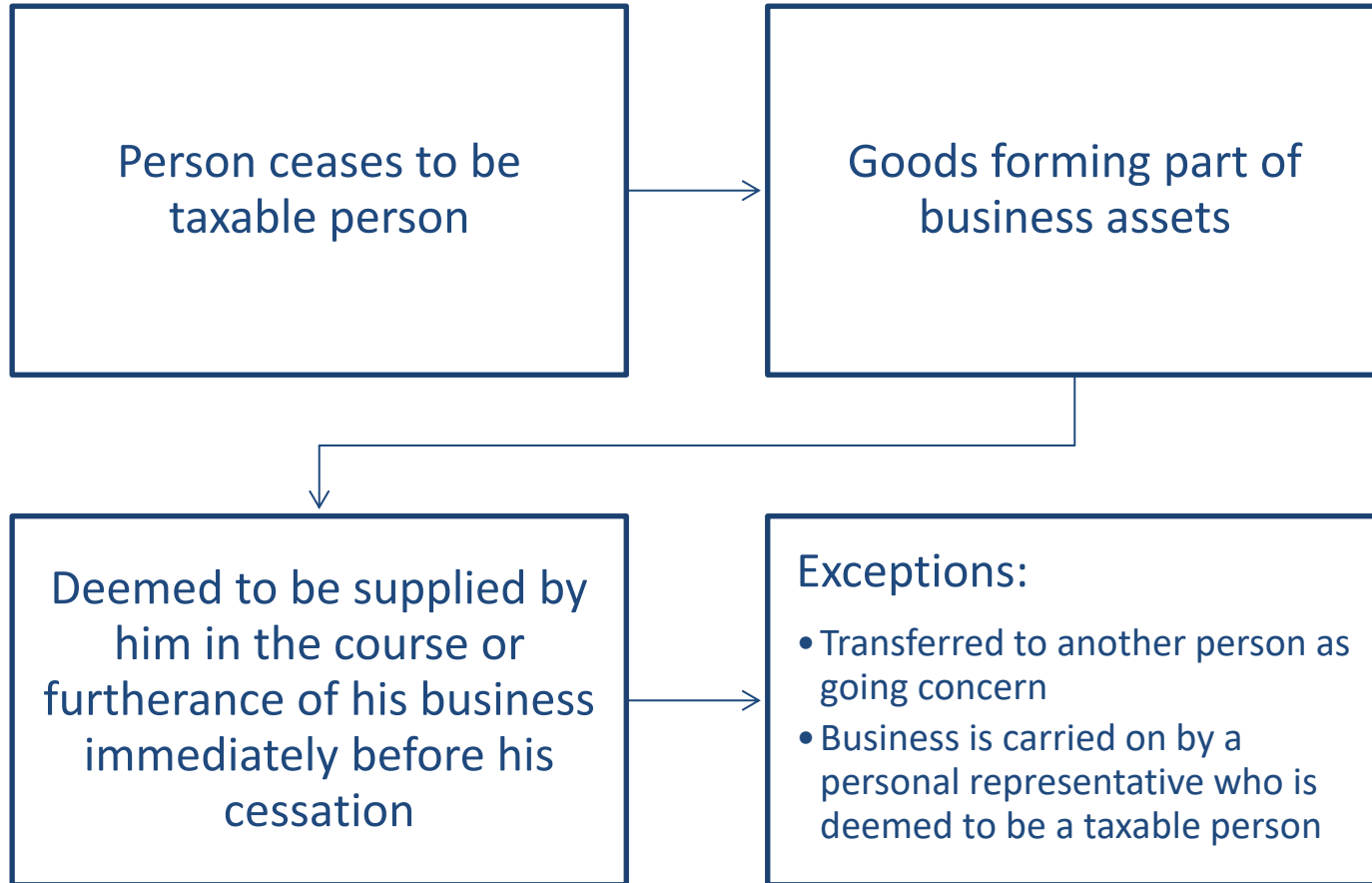
Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed (i.e Hire purchase)



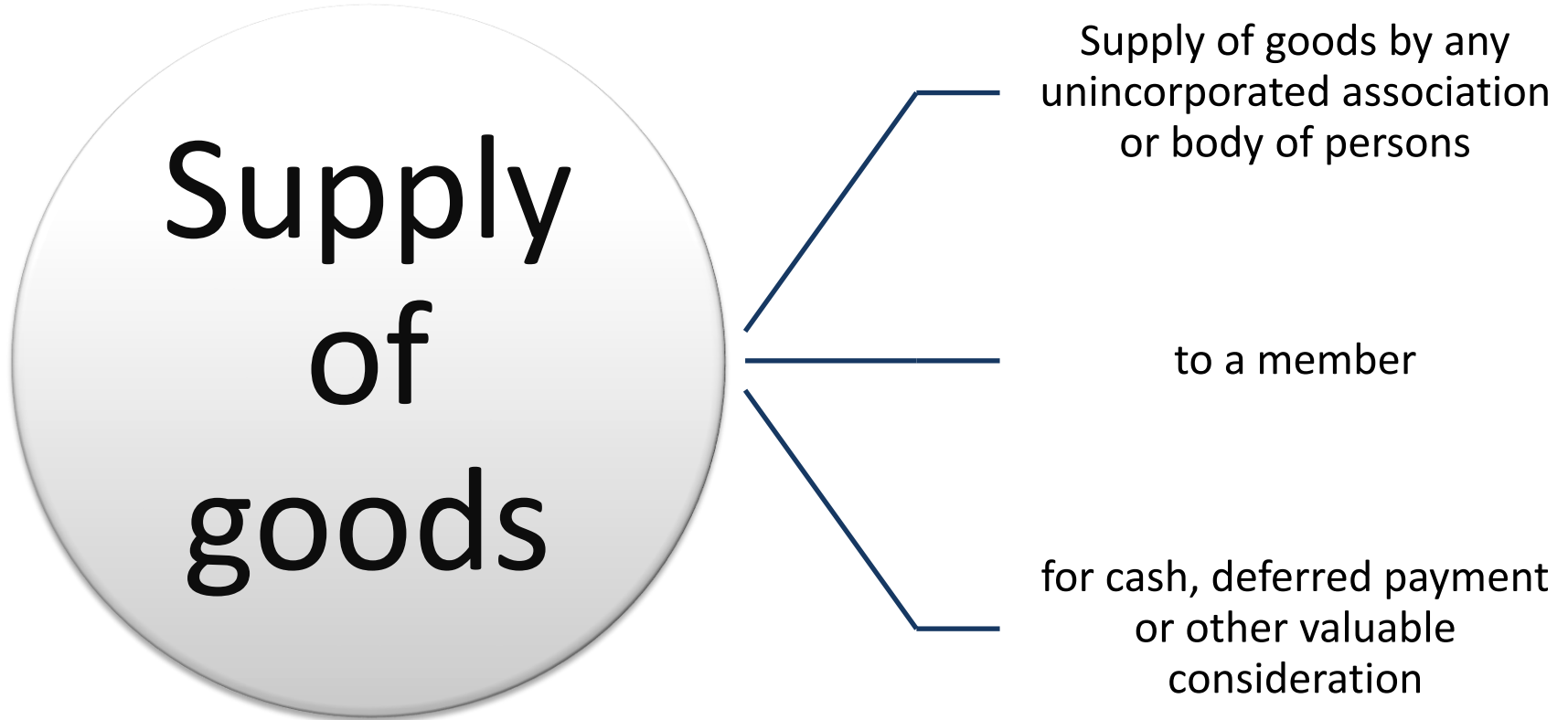
Goods forming part of the assets of a business are transferred or disposed of by or under the direction of the person carrying on the business so as no longer to form part of those assets

- Whether or not for a consideration

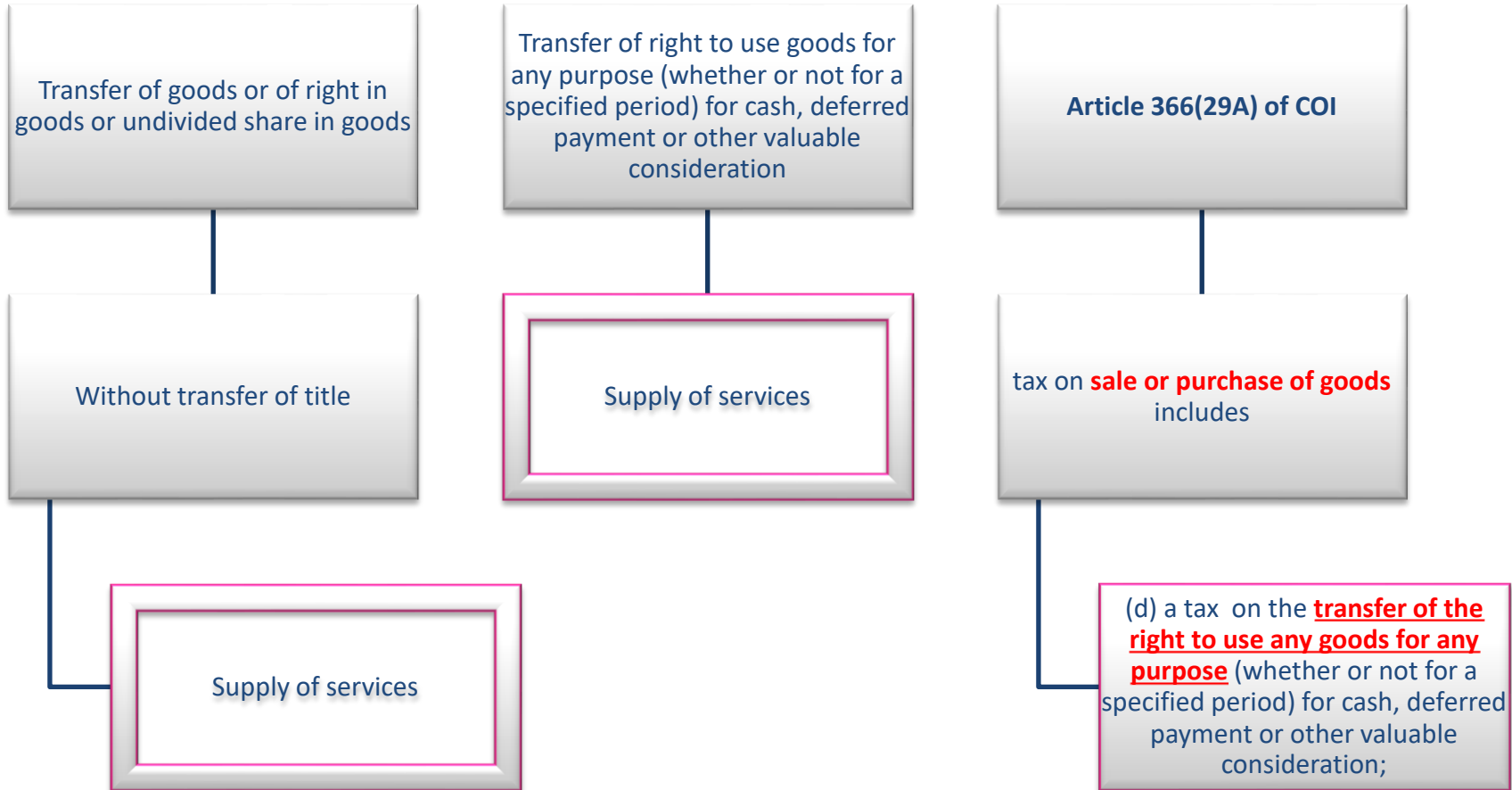
...Schedule II-Supply of goods...



...Schedule II-Supply of goods




Schedule II-Supply of services...



...Schedule II-Supply of services...



Lease, tenancy, easement, license to occupy land



Lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly



Renting of immovable property

...Schedule II-Supply of services...

By or on direction of person carrying on business

Goods held or used for business purposes are put to private use or made available to any person for non business use

Whether or not for a consideration

Supply of services

...Schedule II-Supply of services...

- ✓ 2 Composite Supplies – treated as ‘supply of services’
 - Job work
 - Any treatment or process which is applied to another person’s goods
 - Works contract
 - Works contract means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any **immovable property** wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract)

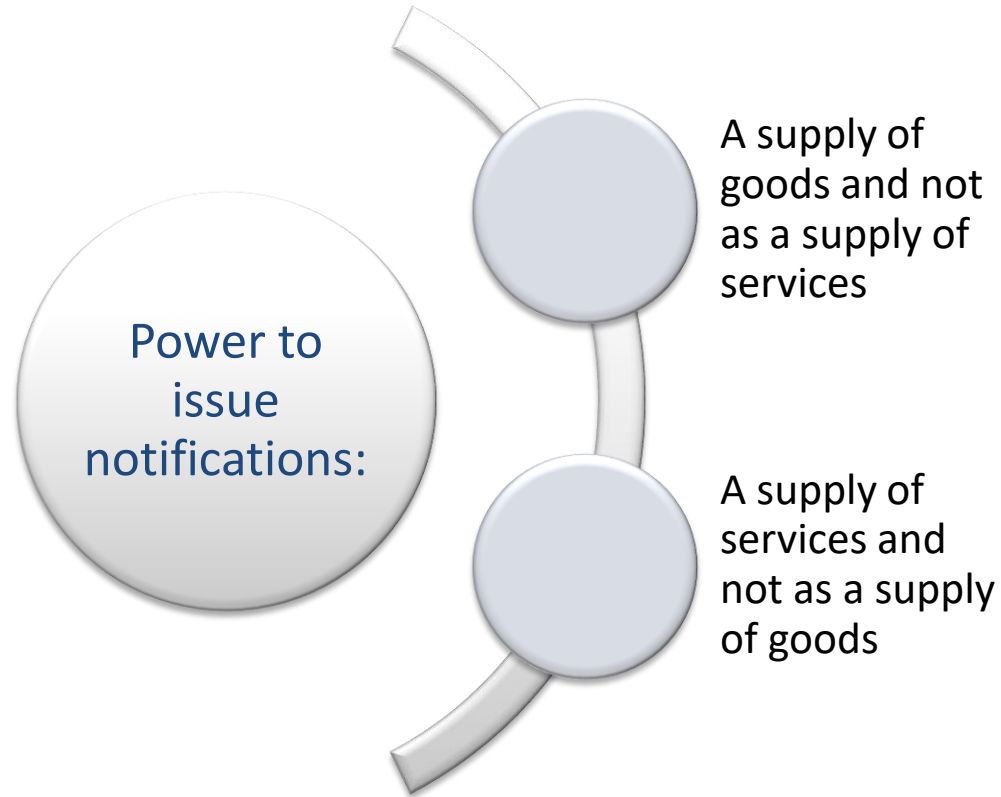
...Schedule II-Supply of services...

Construction of a complex, building, civil structure or a part thereof,

including a complex or building intended for sale to a buyer, wholly or partly,

except where the entire consideration has been received after **issuance of completion certificate, where required, by the competent authority** or after its **first occupation**, whichever is earlier

Supply



Supply of Goods

Supply of Goods

Any transfer of the title in goods

Any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed i.e. Hire Purchase

Transfer or disposal of business asset whether or not for consideration

Supply of goods by any unincorporated association or body of persons to a member

Supply of Service: Sch II Summary...

Supply of Service :

Any transfer of right in goods or of undivided share in goods without the transfer of title

Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly

Any treatment or process which is applied to another person's goods i.e Job work

Goods put to any private use or put to use for any purpose other than for business purpose

Renting of Immovable property

Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, or after its first occupation, whichever is earlier.

Supply of Service: Sch II Summary...

Supply of Service :

Temporary transfer or permitting the use or enjoyment of any intellectual property right

Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;

Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act;

Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

works contract

Restaurant and catering services

Taxable Event-Supply



Concept of 'composite' and 'mixed' supply

Composite Supply

- ✓ Consisting of two or more taxable supplies
- ✓ Naturally bundled
- ✓ & supplied in conjunction with each other
- ✓ In the ordinary course of business
- ✓ One of which is a principal supply
- ✓ **Treated as a supply of principal supply**

Mixed Supply

- ✓ Two or more individual supplies
- ✓ Made in conjunction with each other
- ✓ For a Single price
- ✓ Which is not a composite supply
- ✓ **Treated as supply of that particular supply which attracts highest rate of tax**

Composition Scheme Section 10

- ✓ **Notwithstanding anything to the contrary contained in this Act** but subject to section 9(3) and 9(4), a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees (Increased to 1 crore and for notified area 75 lacs) , may opt for composition scheme and pay tax at below rates :

Category	Central Rate% of turnover	IGST RATE
Manufacturer	1% of turnover	2% of turnover
Restaurant and Catering	2.5% of turnover	5% of turnover
Other Suppliers	0.5% of turnover	1% of turnover

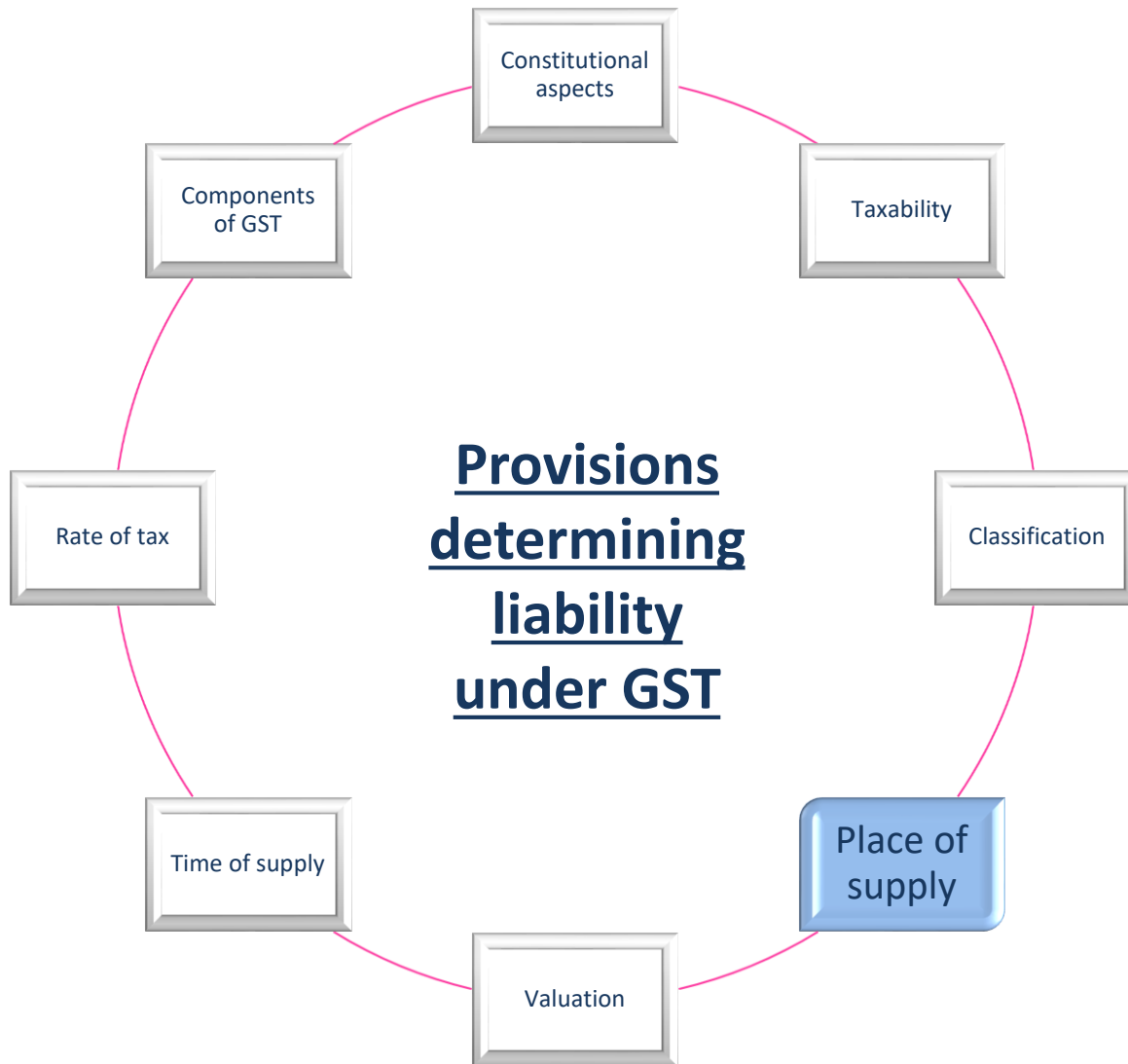
Not eligible to opt under 10(1)

- ✓ He is not engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II;
- ✓ He is not engaged in making any supply of goods which are not leviable to tax under this Act;
- ✓ He is not engaged in making any inter-State outward supplies of goods
- ✓ He is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52
- ✓ He is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council
 - Ice cream and other edible ice whether or not containing cocoa
 - Pan Masala
 - Tobacco and manufactured tobacco substitutes

Turnover in State” or “turnover in Union territory”

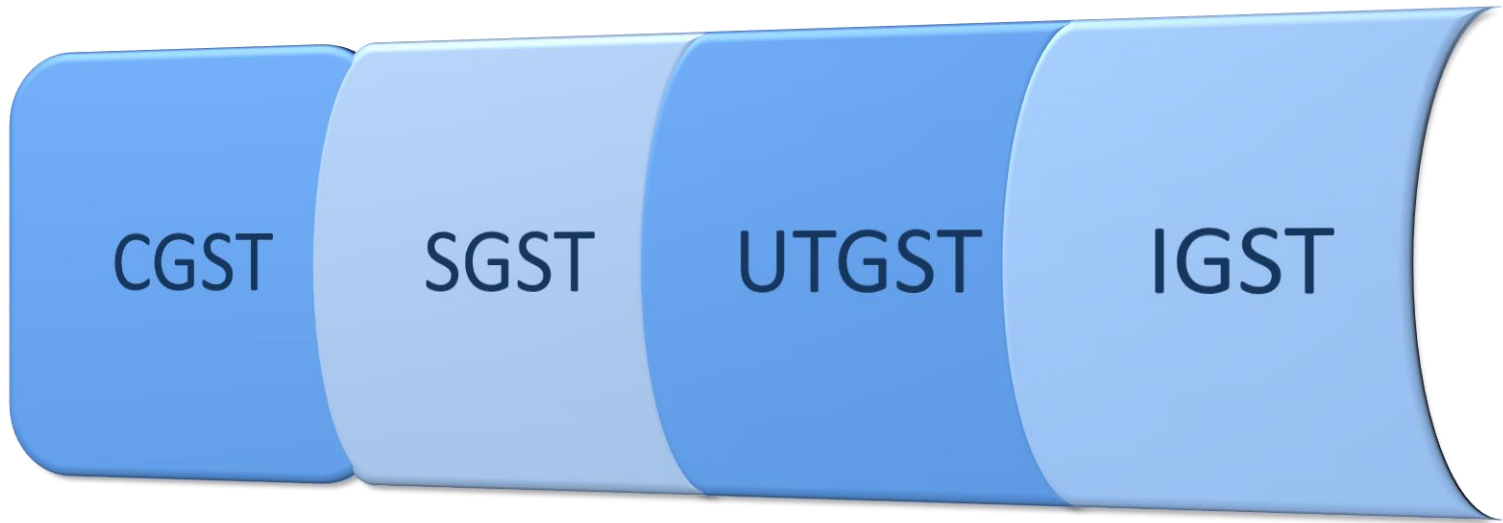
- ✓ turnover in State” or “turnover in Union territory” means the aggregate value of :
 - all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and
 - exempt supplies made within a State or Union territory by a taxable person,
 - exports of goods or services or both and
 - inter-State supplies of goods or services or both made from the State or Union territory
 - by the said taxable person but excludes GST

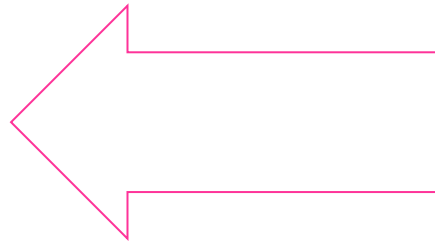
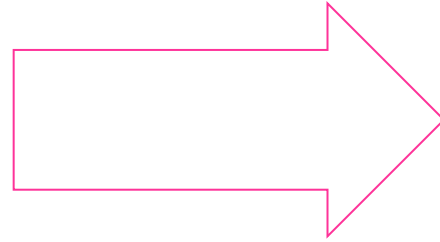
PLACE OF SUPPLY



What is the need of understanding Place of supply provisions?

GST Components





Important Terms

- ✓ **Export of Goods** : Means taking out of India to a place outside India

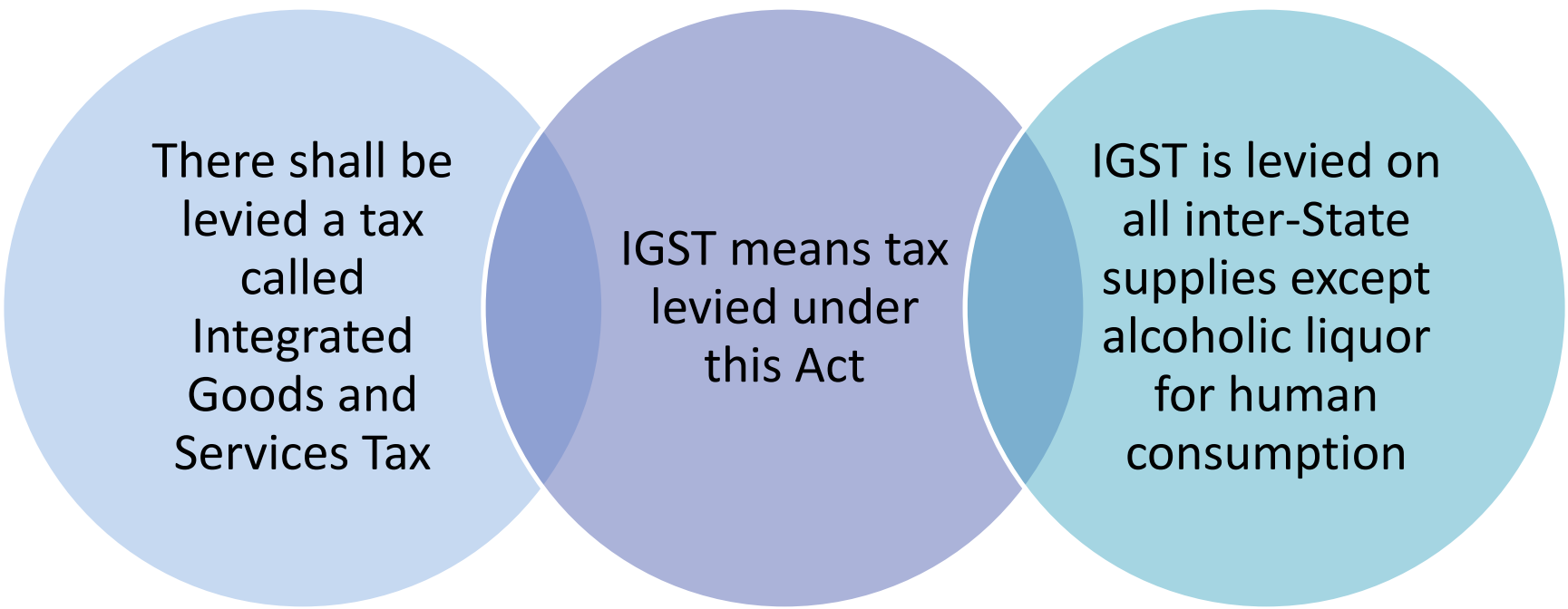
- ✓ **Export of Services** : Means the supply of any service when :
 - The supplier of service is located in India
 - The recipient of service is located outside India
 - The place of supply of service is outside India
 - Payment has been received in convertible foreign Exchange
 - Supplier and recipient of service are not merely establishment of distinct person

Important Terms

- ✓ **Import of Goods** : Means bringing goods into India from a place outside India

- ✓ **Import of Service** : Means the supply of service where :
 - The supplier of service is located outside India
 - The recipient of service is located in India
 - The place of supply of service is in India

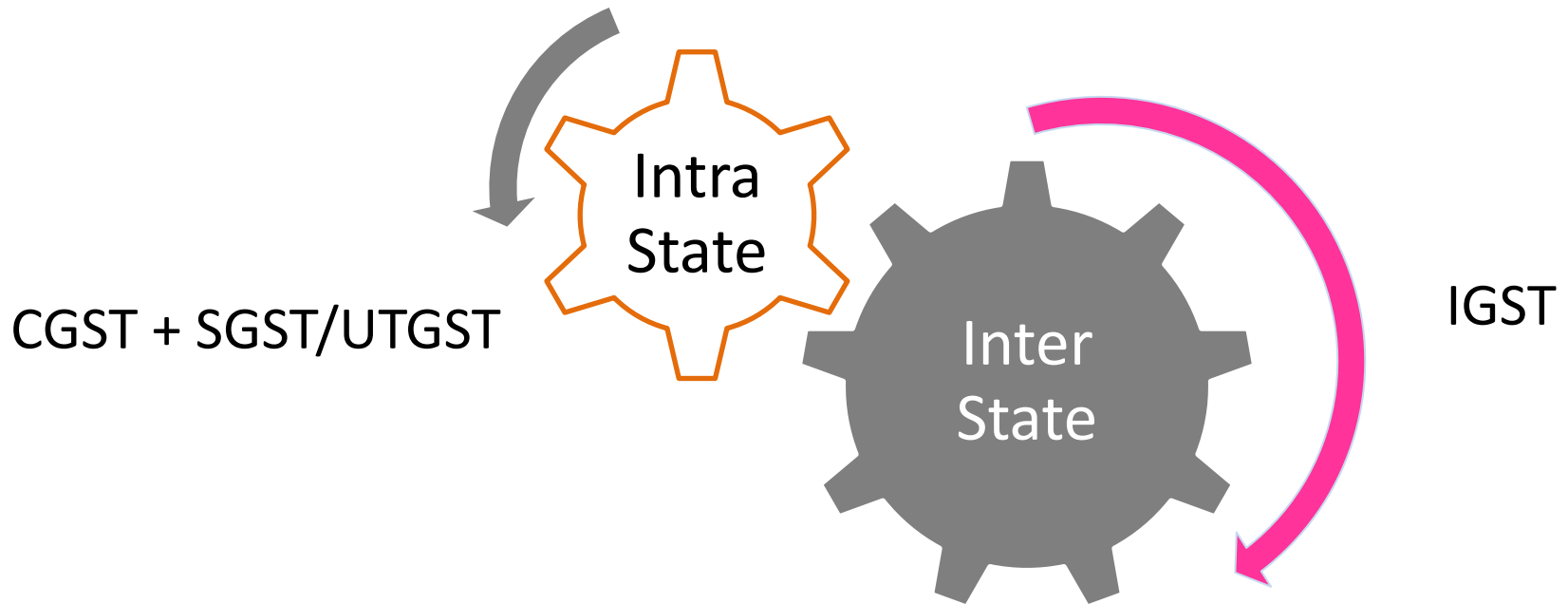
What is IGST?



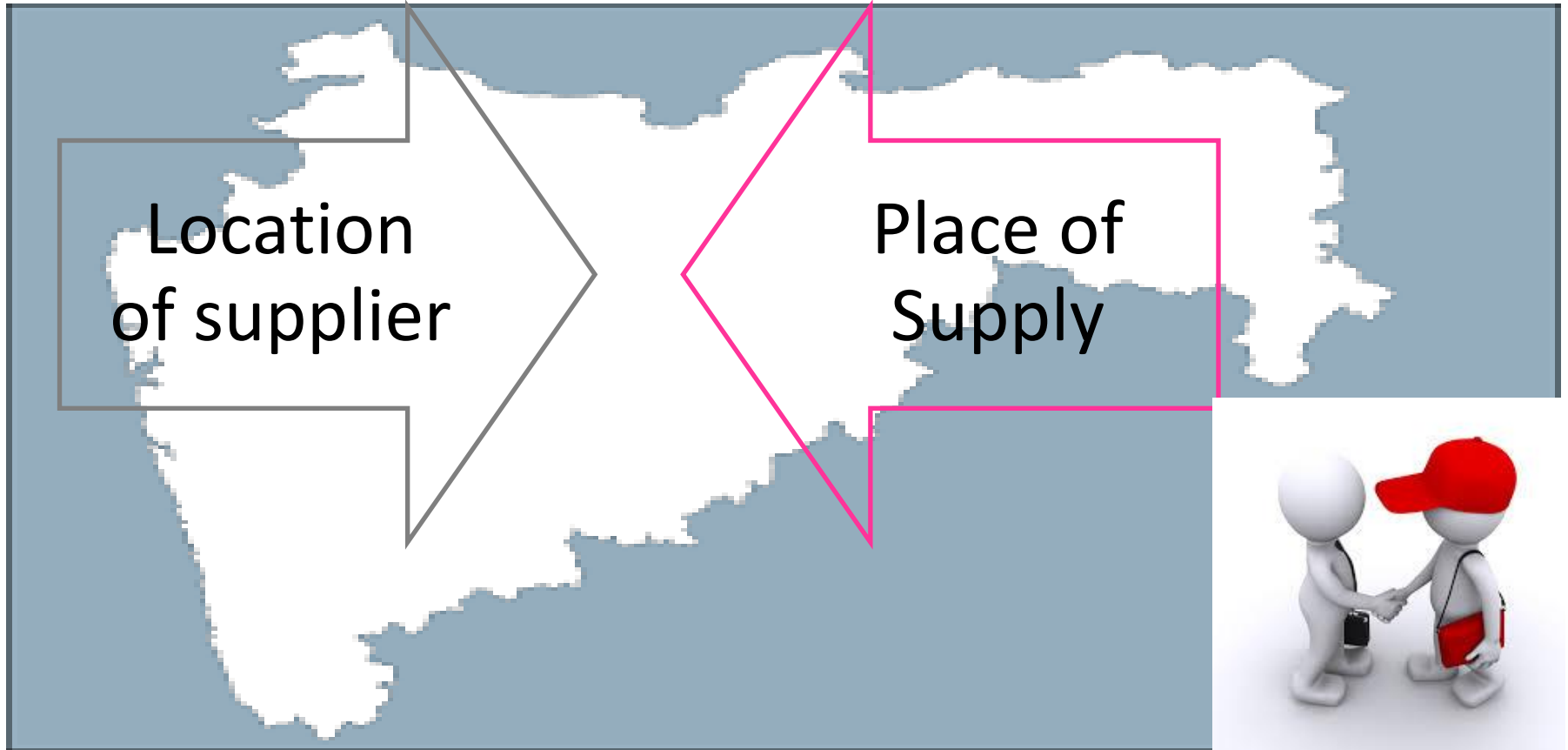
There shall be levied a tax called Integrated Goods and Services Tax

IGST means tax levied under this Act

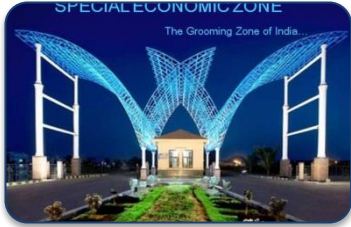
IGST is levied on all inter-State supplies except alcoholic liquor for human consumption



Intra State Supply



Not Intra-State Supplies



Supply of goods/services to or by a SEZ developer or SEZ unit

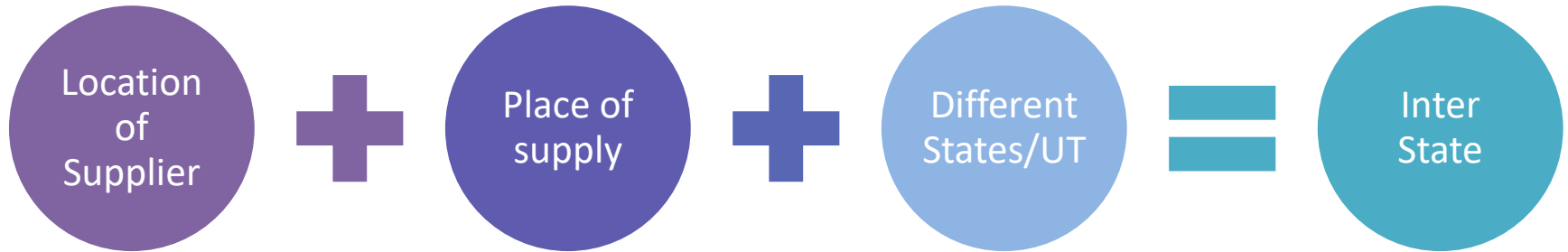


Goods imported into the territory of India till they cross the customs frontiers of India



Supplies made to a Tourist (Not normally resident in India – Stay in India for not more than 6 months for legitimate non-immigrant purposes) leaving India

When would the transaction be called as Inter-State Supply?



Deemed Inter-state supplies– Sec 7 of IGST

Supply of goods imported into the territory of India till they cross the customs frontiers of India

Supply of services imported into the territory of India

Supply of goods and/or services, when the supplier is located in India and the place of supply is outside India

Supply of goods and/ or services to or by a SEZ developer or SEZ unit

Any supply of goods and/or services in the taxable territory, not being an intra-State supply and not covered elsewhere

Section 7

Section 7(1)(b)

Import of services

- For a consideration
- Whether or not in the course or furtherance of business

Schedule I – Entry 4

Import of service by a taxable person :

- From a related person outside India or
- From any of his establishment outside India
- In the course or furtherance of business

Reverse Charge N/No. 10/2017 – IGST (Rate)

Service supplied by any person from a non-taxable territory to any person other than non taxable online recipient

- **Person liable to pay** : Any person located in taxable territory

Services by way of transportation of goods by a vessel from place outside to customs station of clearance in India

- By : Person located in non-taxable territory
- To : Person located in non-taxable territory
- **Person Liable to pay** : Importer

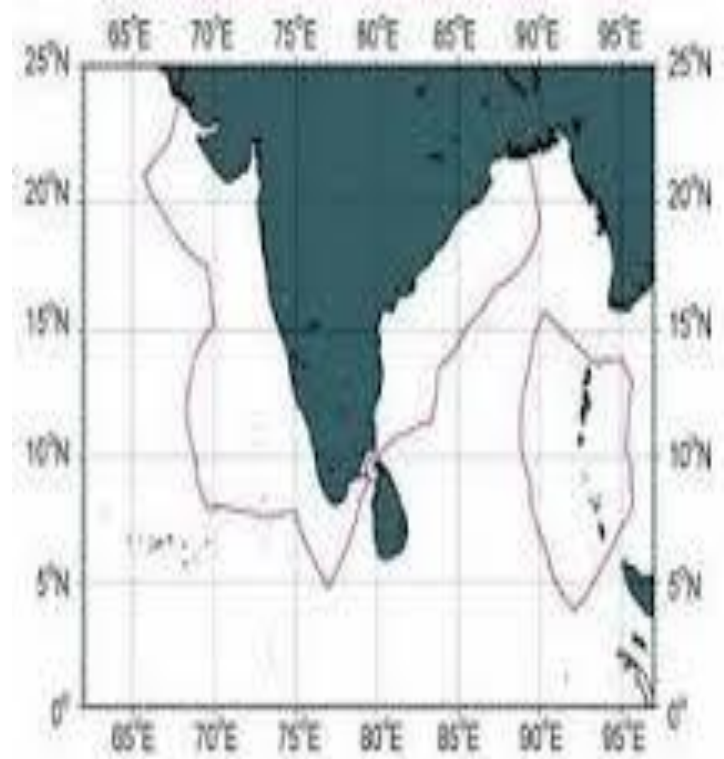
Exemption for services wherein location of service provider is in a non-taxable territory

- ✓ By : Provider of service located in non-taxable territory
- ✓ To :
 - a) CG,SG,UT,LA,GA or **individual** in relation to any purpose **other than** commerce, industry or any other **business or profession**
 - b) An entity registered under 12AA
 - c) A person located in non-taxable territory
- ✓ Provided that the exemption shall not apply :
 - OIDAR services received by a or b
 - Transportation of Goods by vessel

Supplies in Territorial Waters

- ✓ Location of Supplier in territorial waters
 - Location of such supplier
- ✓ Place of supply in territorial waters
 - Place of Supply

Deemed to be in the coastal State or Union Territory where the nearest point of the appropriate baseline is located



GOODS



Location of Supplier of Goods

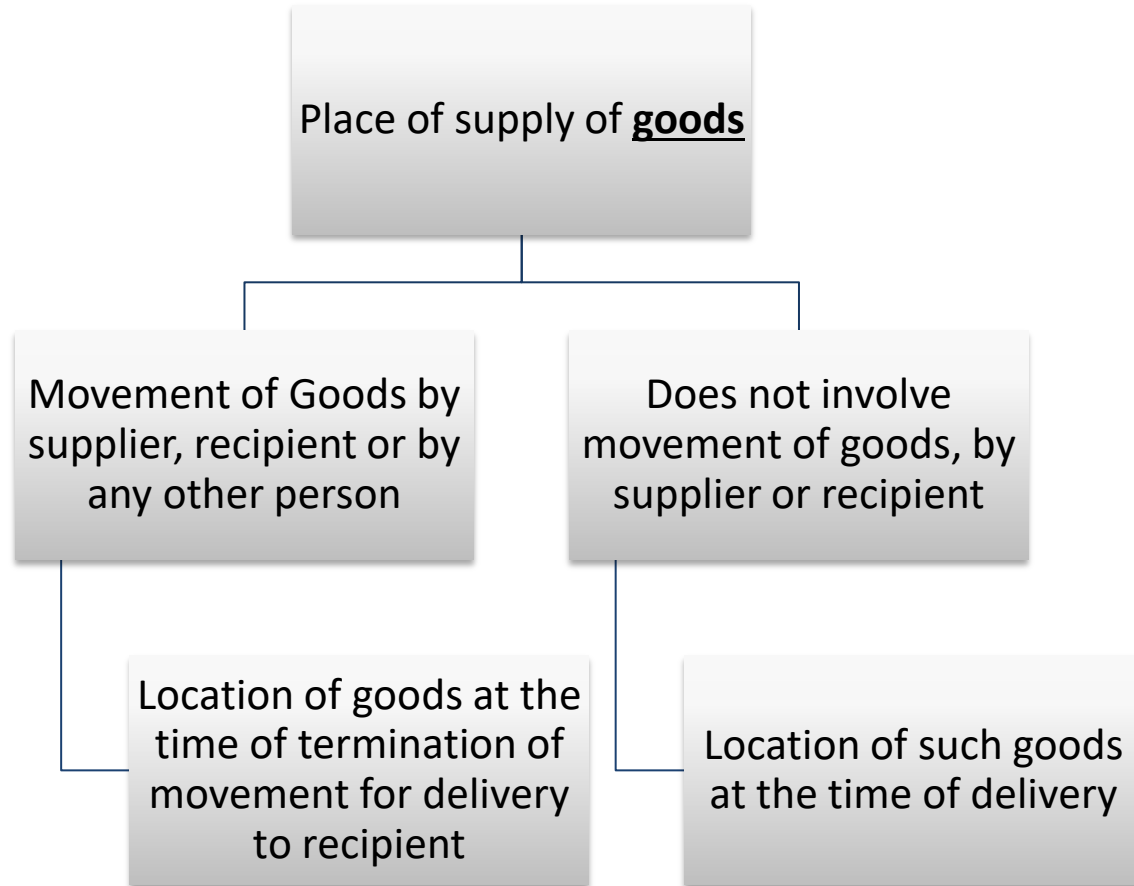
Unlike “Location of supplier of Service”, location of supplier of goods has not been defined



Place of Supply of goods



Place of Supply of Goods domestically (Section 10)



Recipient means

Consideration is payable

- Person liable to pay consideration

No consideration is payable for supply of goods

- Person to whom goods are delivered or made available or to whom possession or use of goods is given or made available

Reference to recipient shall include an agent acting as such on behalf of recipient

Case Study 1 – Movement of goods or not?

Supplier at Mumbai

Mr. A

Sale

Purchaser at Delhi

Mr. B

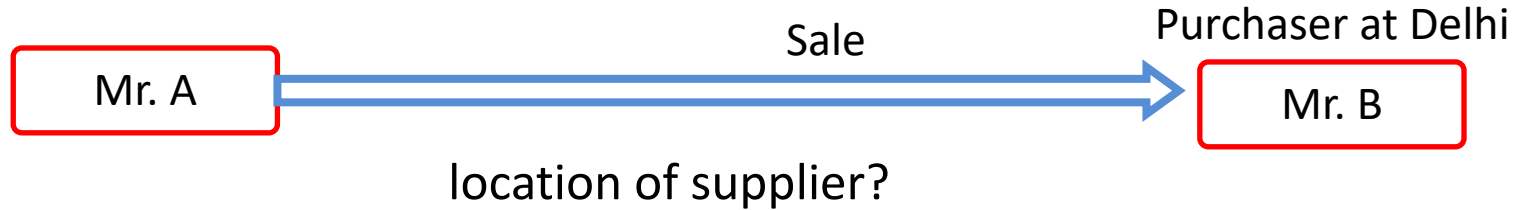


- Mr. A travels and delivers Jewellery to Mr. B
- Whether there is any movement of goods?

- **Location of supplier – Maharashtra**
- **Place of supply – Delhi**
- **IGST**

Case Study 1 – Branch

Supplier HO at Mumbai but branch at Delhi



Registration requirement

- Registration to be taken in the State/UT/s from where taxable supplies are effected

Does not involve movement of Goods: Sale on as such basis

Supplier at West Bengal

Mr. A

Sale



Purchaser from Goa

Mr. B

- Location of supplier – West Bengal
- Place of supply – West Bengal
- **CGST + SGST**
- **Credit of CGST and SGST to Mr. B??**

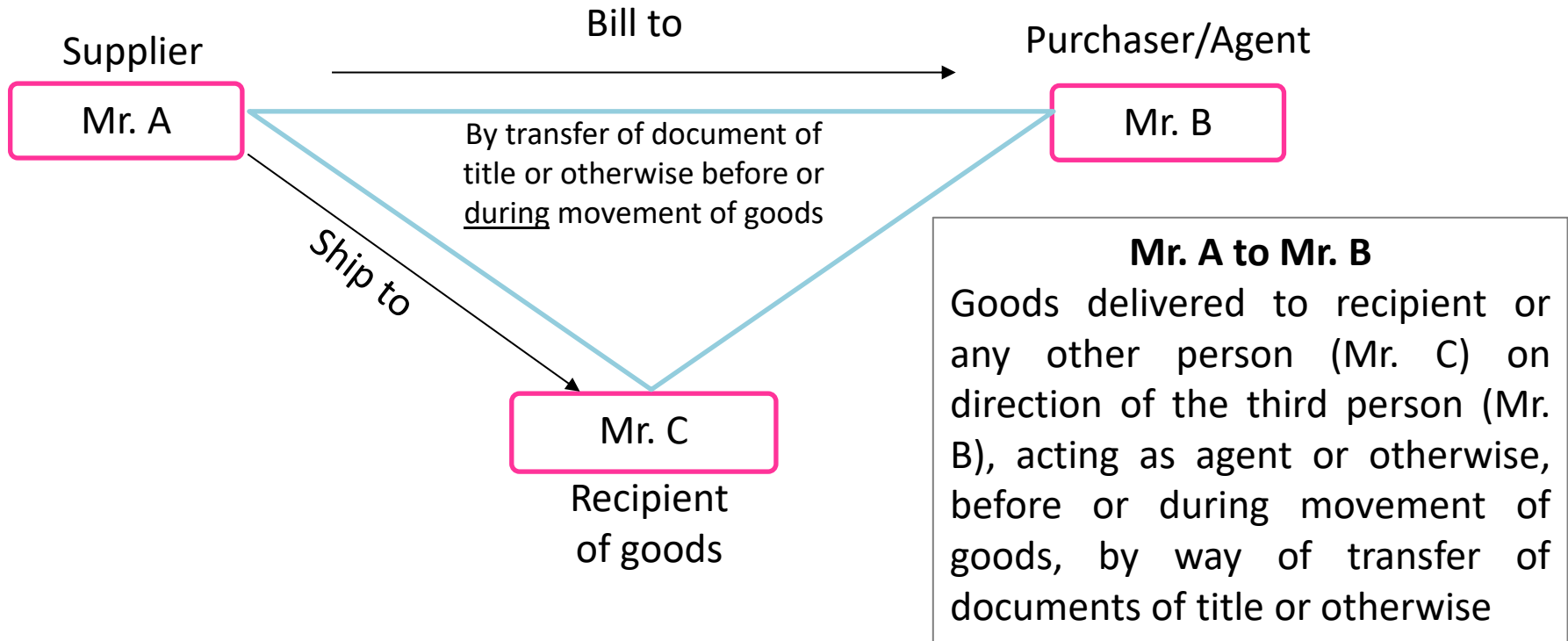
Principal place of business

Means

Place of business specified as the principal place of business in the **certification of registration**

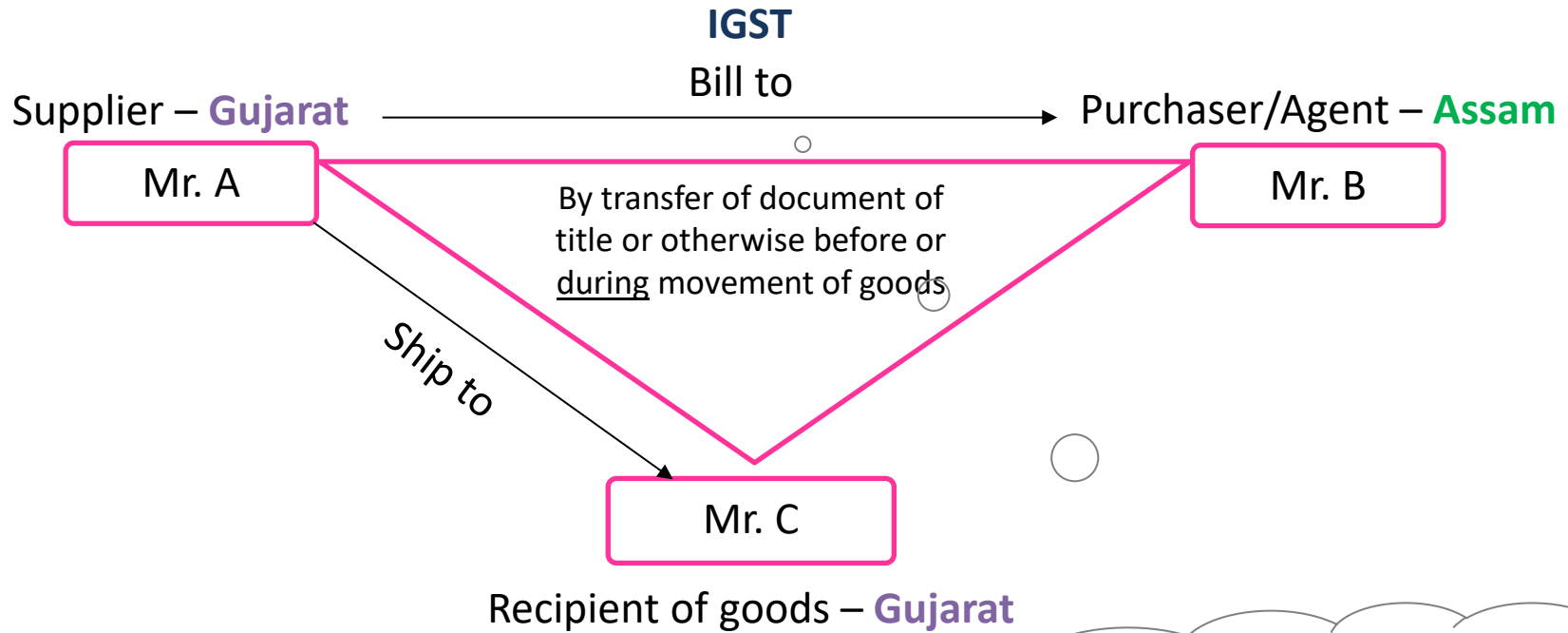


Case Study 3 – Sale in transit – Place of Supply?



Place of supply: Location of principal place of business of the third person (Mr. B)

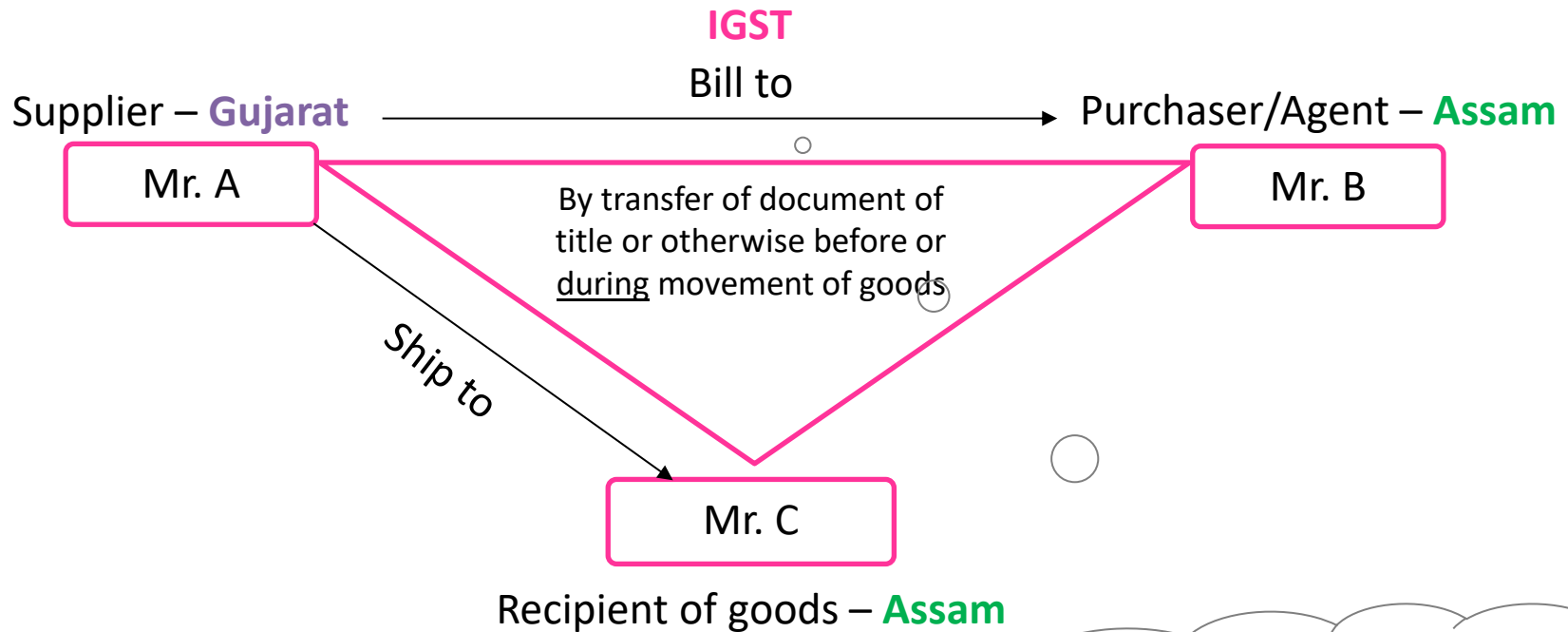
Case Study 3 – Sale in transit – Place of Supply?



Location of principal place of business of the third person (Mr. B)

- Location of supplier – Gujarat
- Place of supply – Assam
- **IGST**

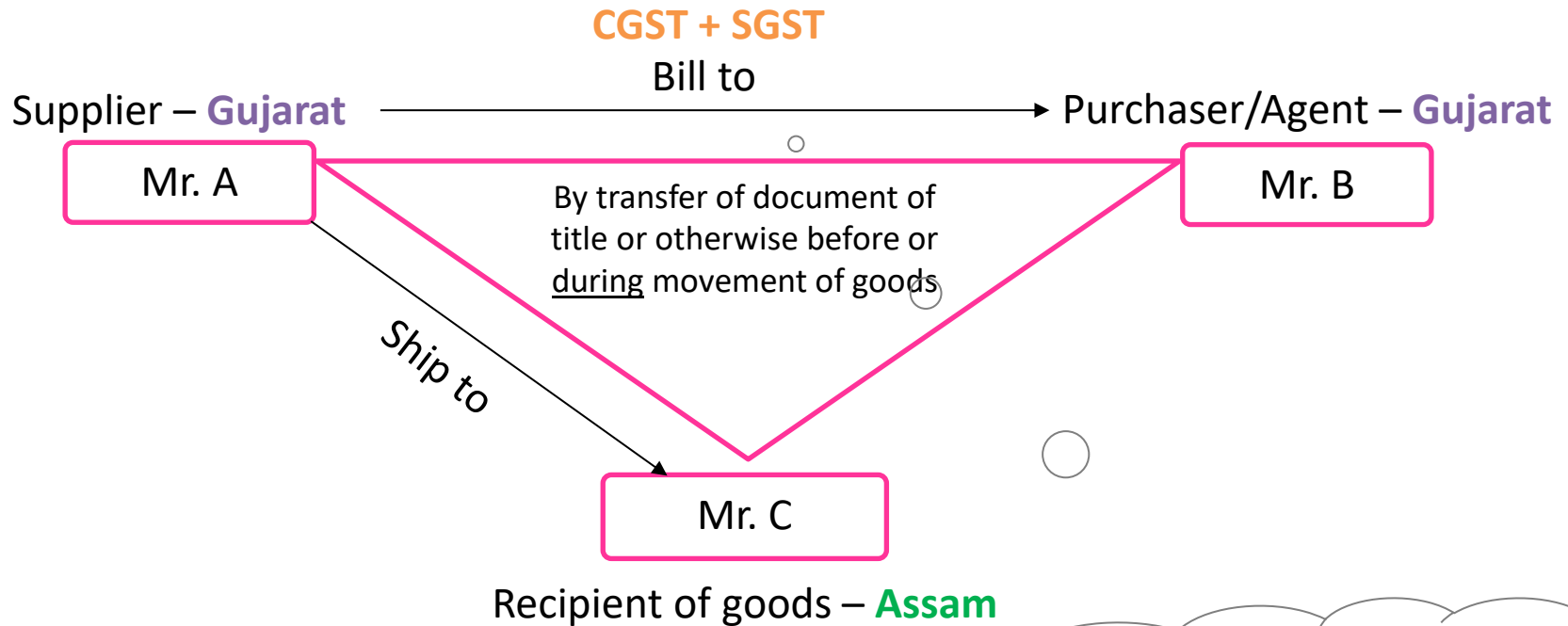
Case Study 3 – Sale in transit – Place of Supply?



Location of principal place of business of the third person (Mr. B)

- Location of supplier – Gujarat
- Place of supply – Assam
- **IGST**

Case Study 3 – Sale in transit – Place of Supply?



Location of principal place of business of the third person (Mr. B)

- Location of supplier – Gujarat
- Place of supply – Gujarat
- **Gujarat CGST + Gujarat SGST**

...Place of Supply of Goods (Section 10 of IGST Act)

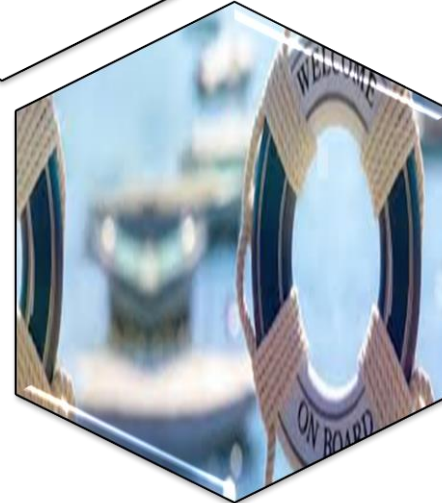


**Assembled or
installed at site**

**the place of such installation or
assembly**

**location at which such goods
are taken on board**

**Where the
goods are
supplied on
board a
conveyance
including a
vessel, an
aircraft, a train
or a motor
vehicle**

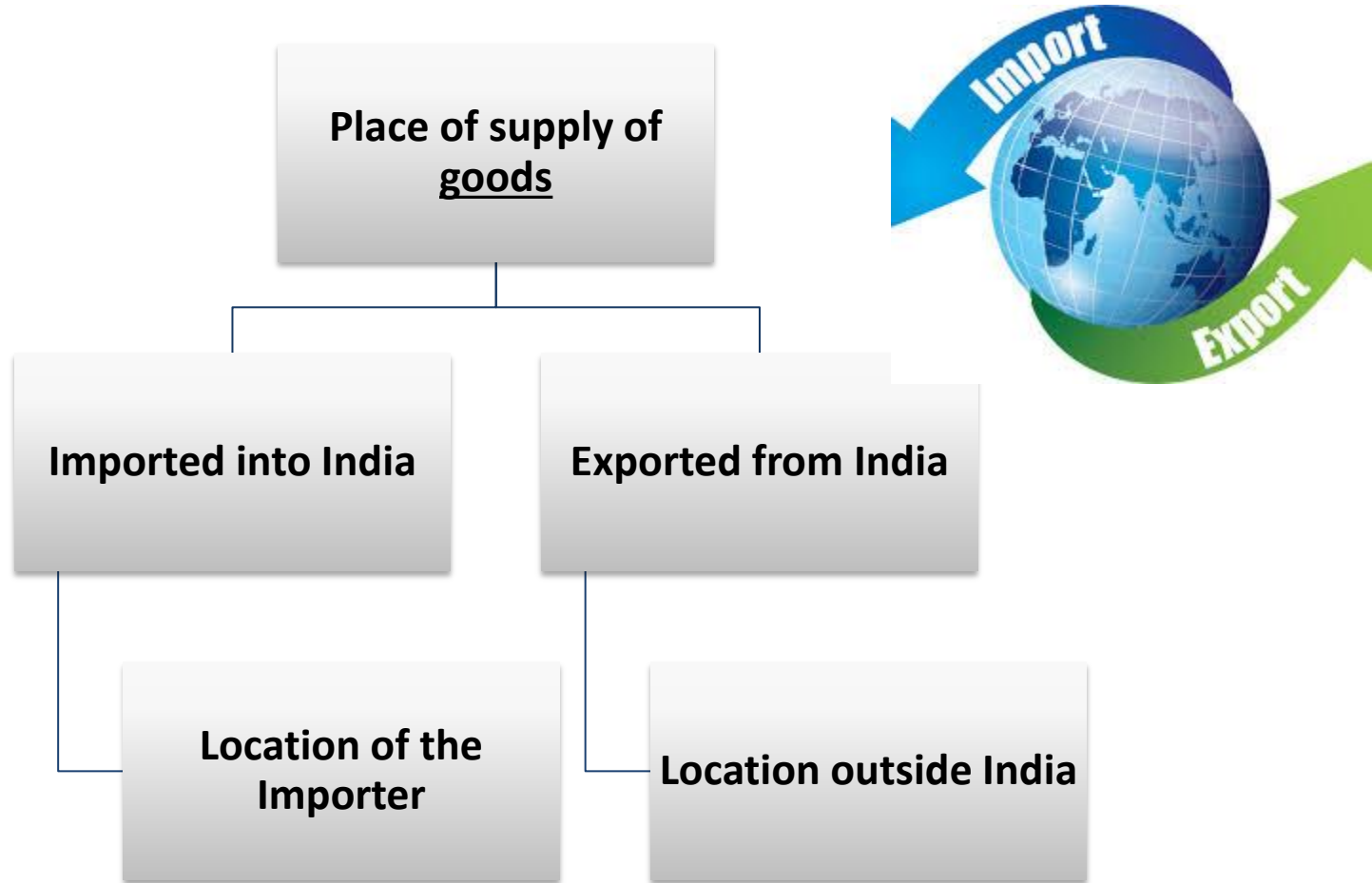


What if place of supply of goods cannot be determined by foregoing Sections?



Place of supply
to be
determined in
such manner
as may be
prescribed

Import/Export Goods (Section 11 of IGST Act)



- ✓ Goods are supplied on board a conveyance including a vessel, an aircraft a train or motor vehicle
 - POS = Location at which such goods taken on board



Location of supplier of services means

Supply from registered place of business

- Location of such place of business

Supply from unregistered place of business, a fixed establishment

- Location of fixed establishment

Supply from more than one establishment (place of business or fixed establishment)

- Location of the establishment most directly concerned with provision of supply

Other cases

- Location of usual place of residence of supplier

Location of recipient of services means

Supply received at registered place of business

- Location of such place of business

Supply received at unregistered place of business, a fixed establishment

- Location of fixed establishment

Supply received at more than one establishment (place of business or fixed establishment)

- Location of the establishment most directly concerned with receipt of supply

Other cases

- Location of usual place of residence of recipient



PLACE OF SUPPLY OF SERVICES

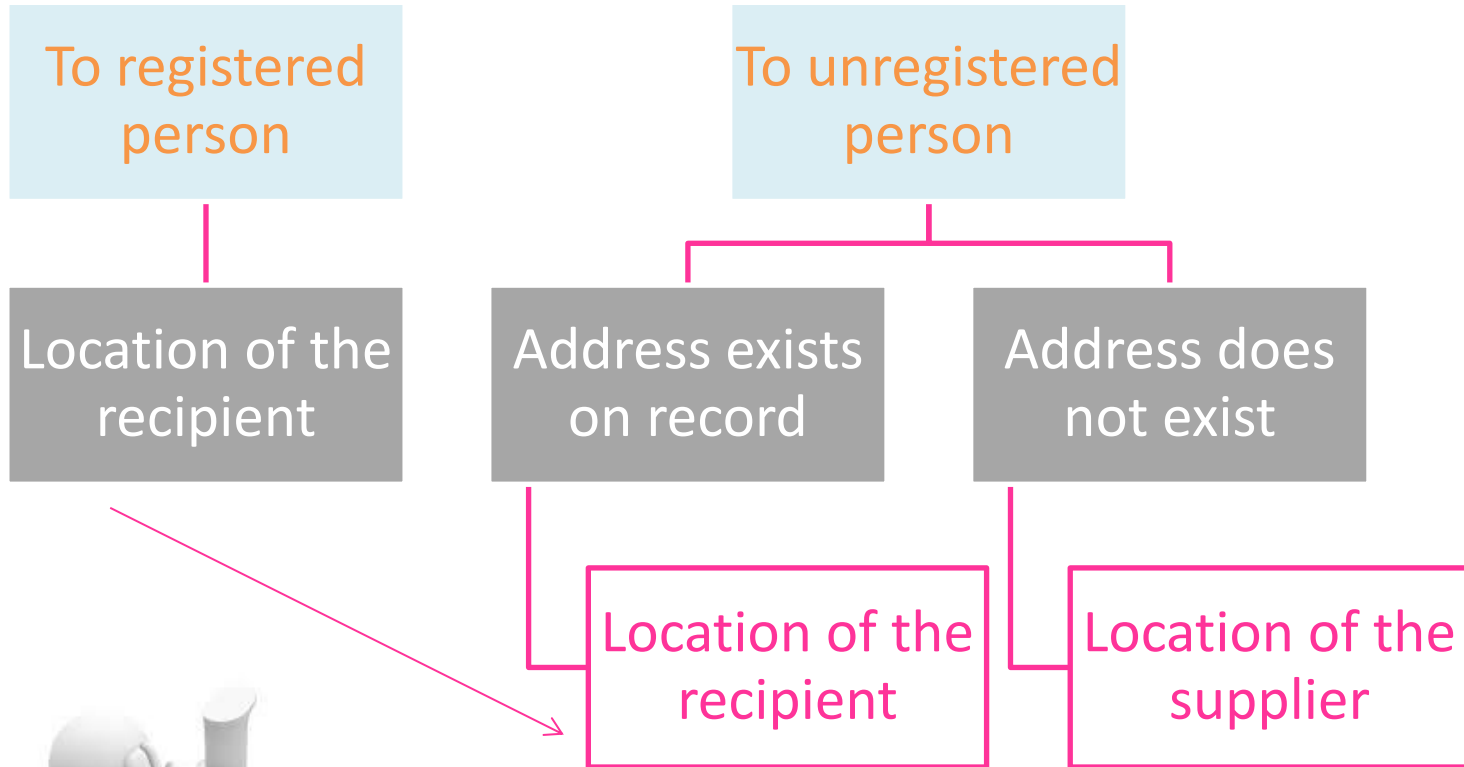


Place of supply of services

General Rule
(Residual)

Specific Rule
(Preferred over
general)

General Rule



Recipient means

- ✓ Consideration is payable
 - Person liable to pay consideration
- ✓ No consideration is payable for supply of services
 - The person to whom service is rendered
- ✓ Reference to recipient shall include an agent acting as such on behalf of recipient

Place of supply = Place of location of registered recipient [Memory :T3OI-BP



Place of Supply = Location of Immovable Property

Location of the Immovable property or boat or vessel is located or intended to be located

(a) Directly in relation to an immovable property including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents or service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work

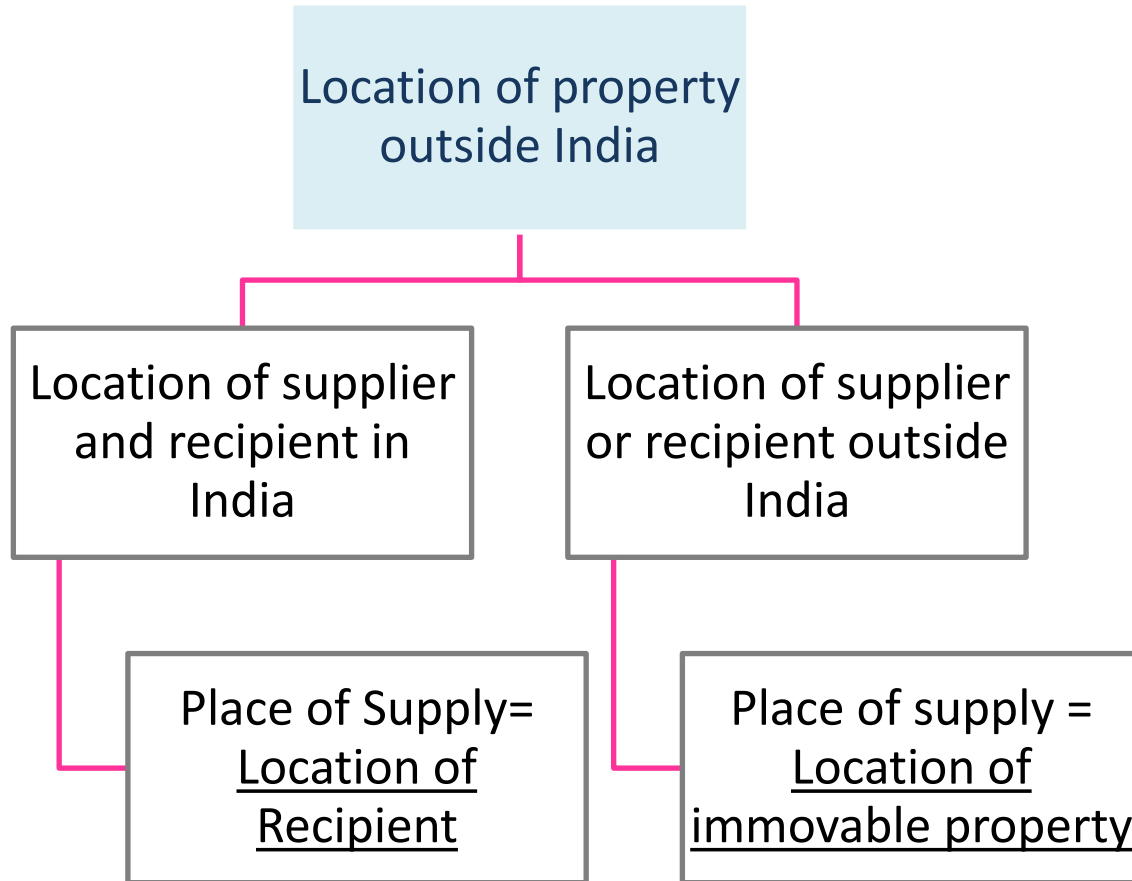
(b) By way of lodging accommodation by a hotel, inn, guest house, home stay, club or campsite, by whatever name called, and including a house boat or any other vessel

(c) By way of accommodation in any immovable property for organizing any marriage or reception or matters related thereto, official, social, cultural, religious or business function including services provided in relation to such function at such property

(d) any services ancillary to the services referred to in clause (a), (b) and (c)



...Immovable Property related services





INDIA



Renting



Place of supply of services where the location of the supplier or the location of the recipient is outside India

Location of Immovable Property



CHINA

Renting



Place of supply of services where the location of the supplier or the location of the recipient is outside India

Location of Immovable Property



SRK House at Dubai



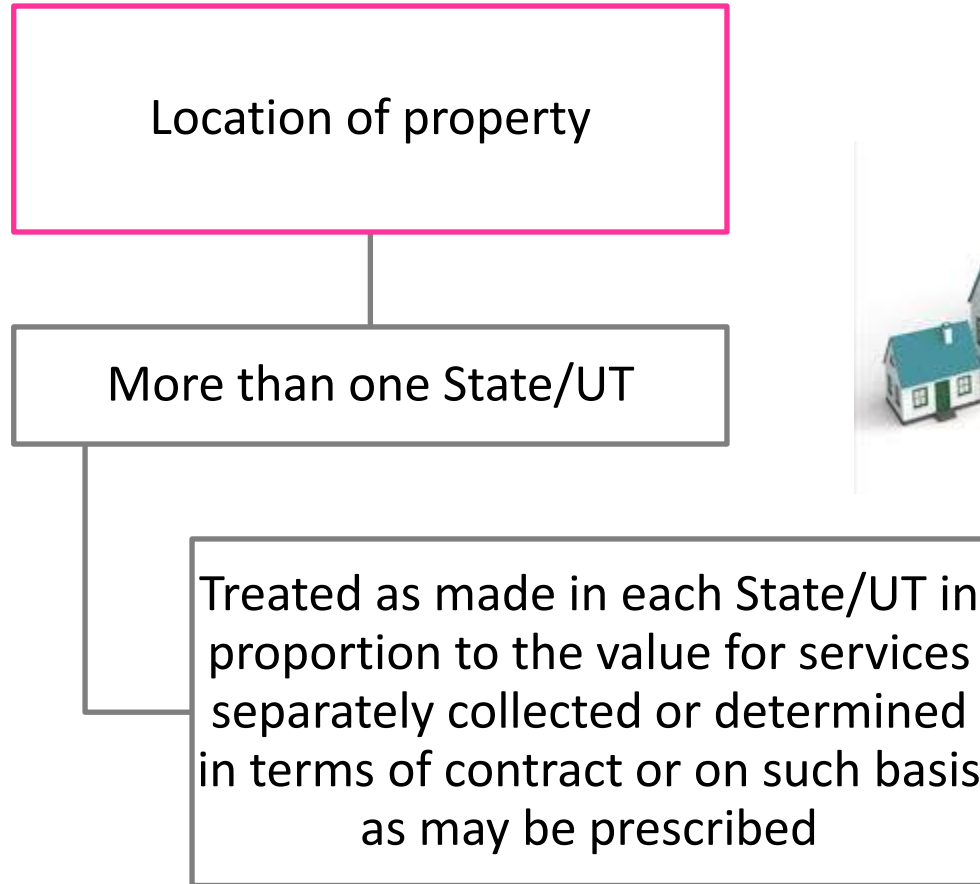
Renting



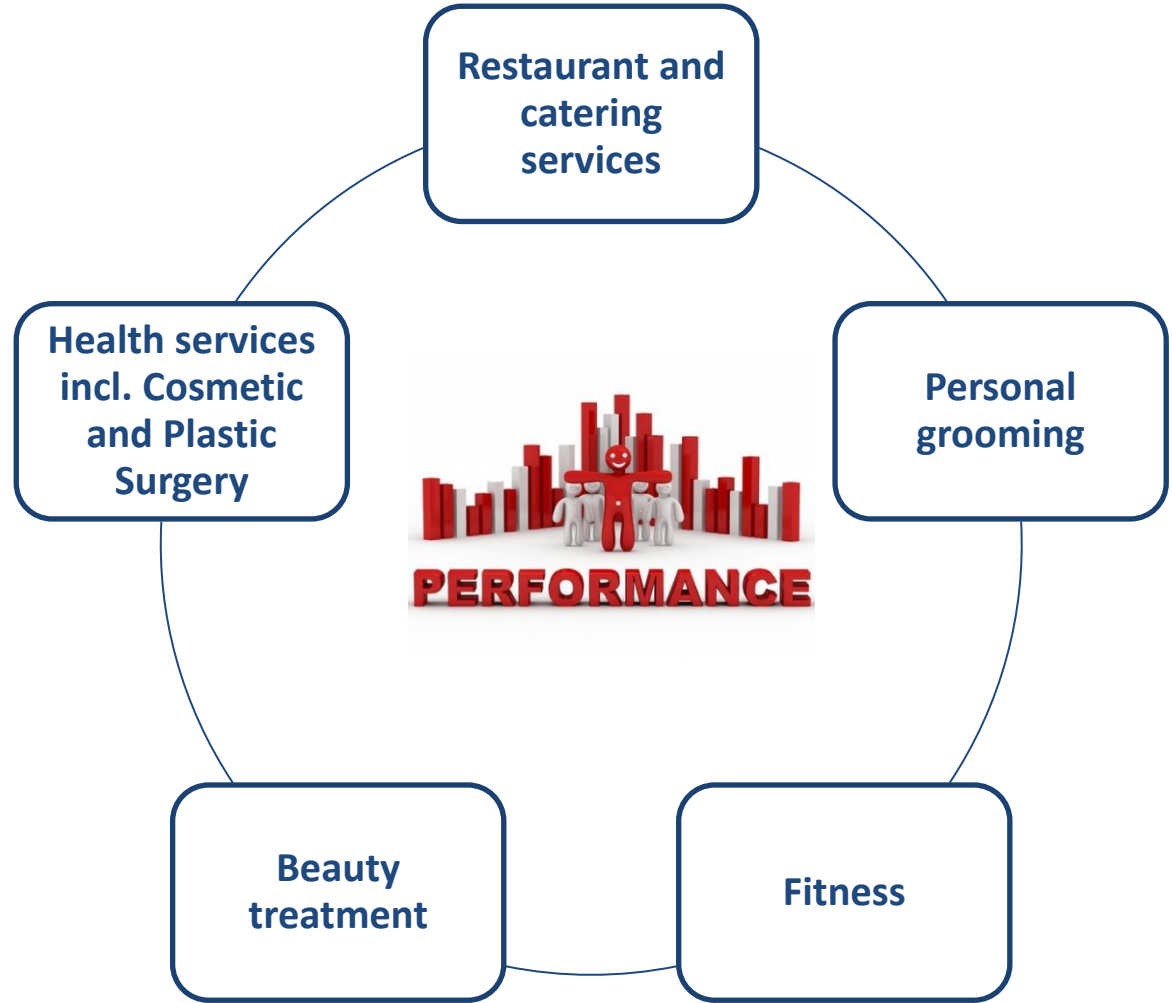
Location of supplier and location of recipient in India

Both located in India and property outside India, Location of Service Recipient (Taxable under reverse charge)

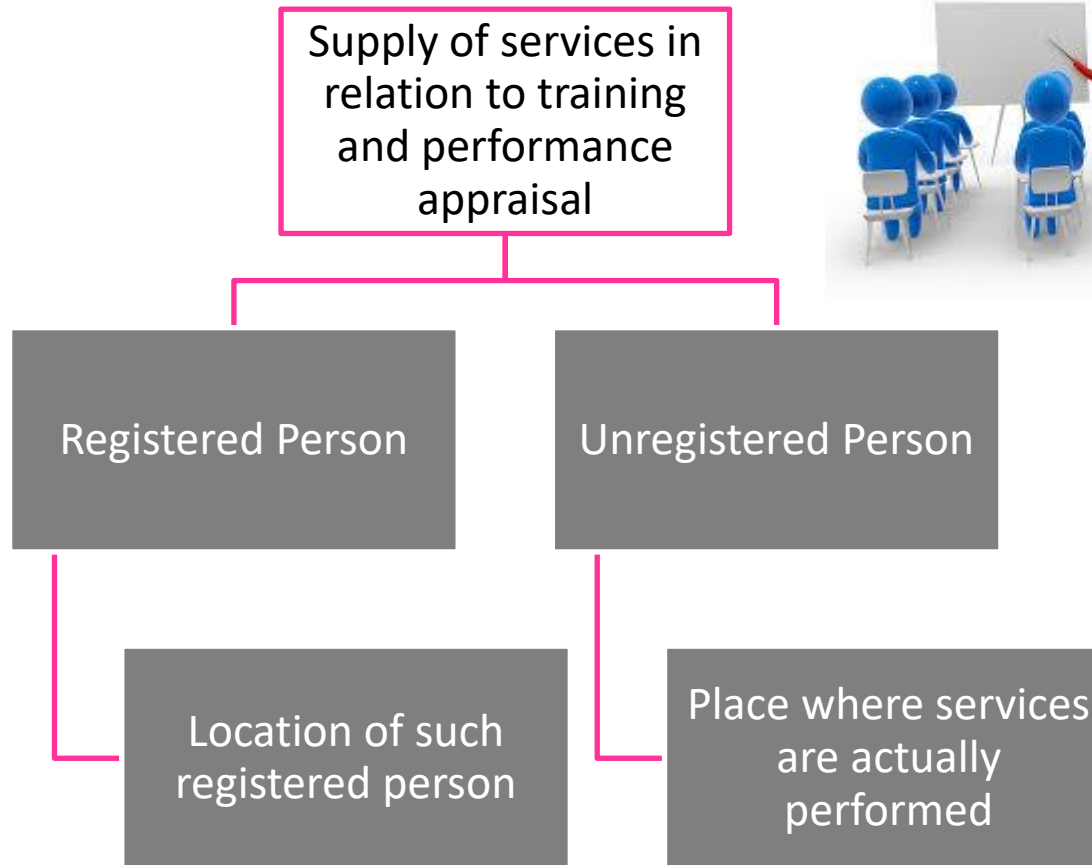
...Immovable Property related services



Place of supply
= Place of
Performance



Training and Performance appraisal



Services by way of admission



Where the event is actually held or where the park/place is located

Cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place

Ancillary services

Organization of an event



To registered person –
location of such person

To unregistered person –
location where event is
actually held

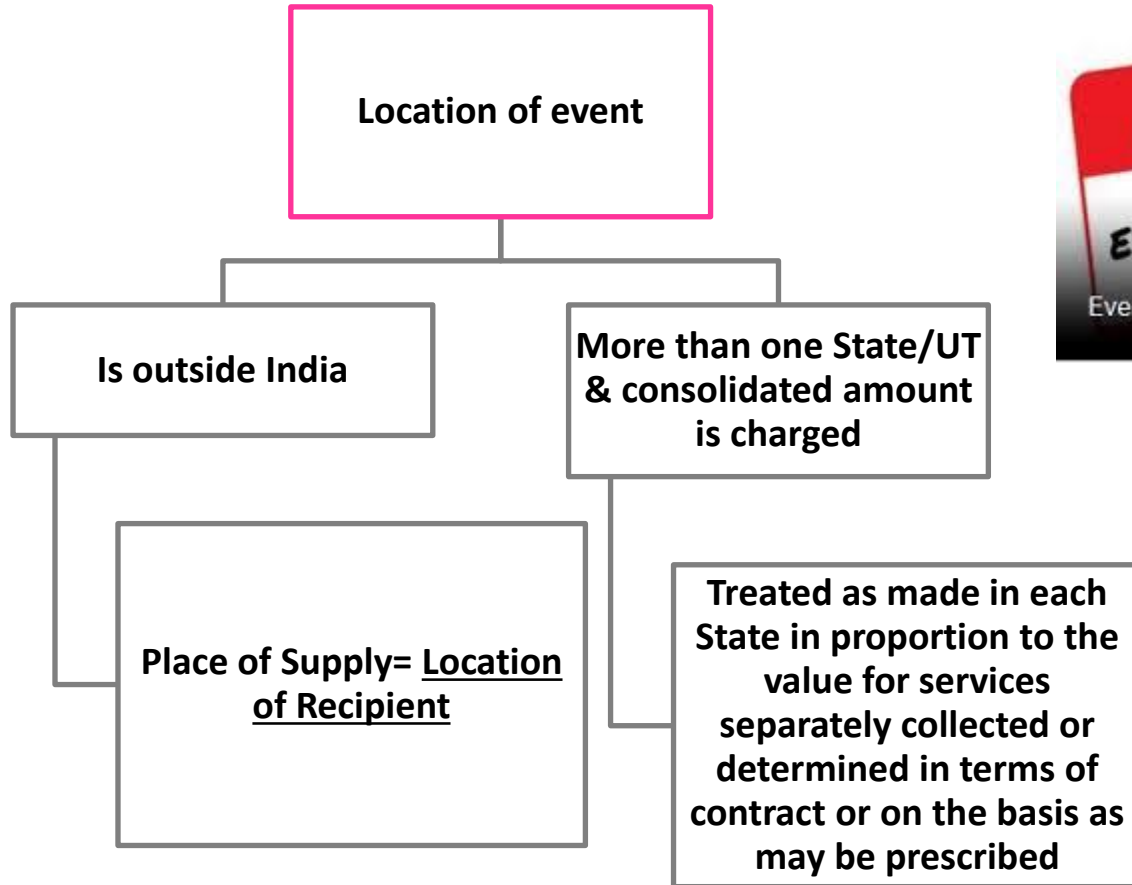
organization of a
cultural, artistic,
sporting, scientific,
educational or
entertainment
event

Including supply of
services in relation to
a conference, fair,
exhibition,
celebration or similar
events

services ancillary to
organization of any of
the above events or
services

assigning of
sponsorship

...Organization of an event



Transportation of goods incl. mail or courier



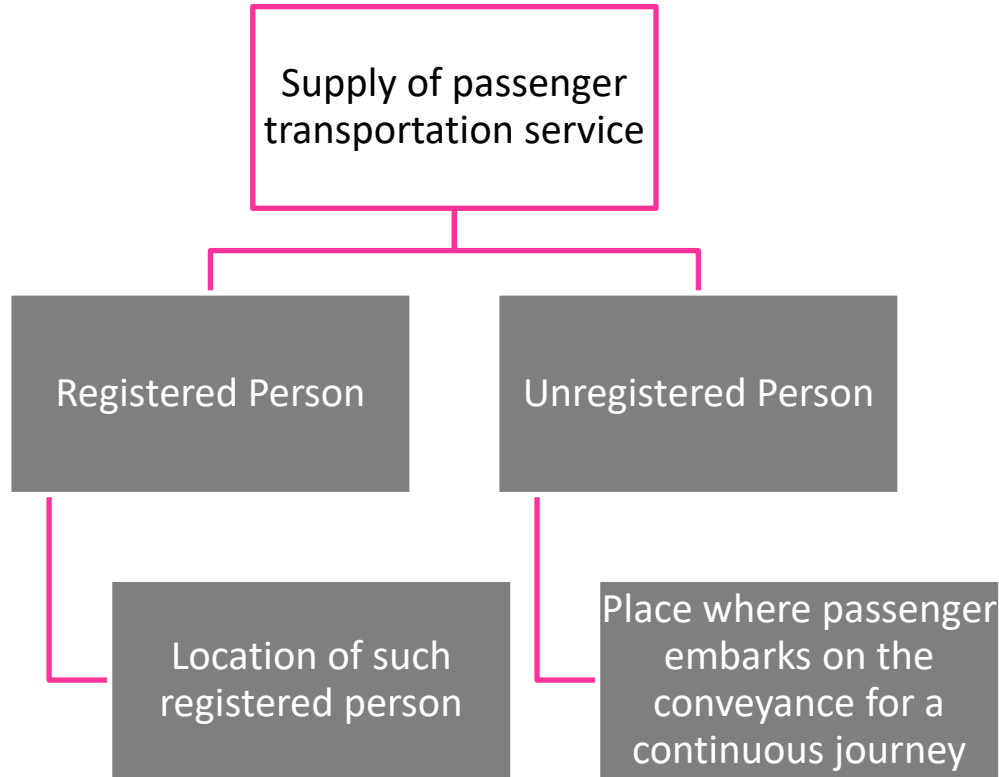
Registered Persons

Place of Supply =
Location of recipient

Non registered persons

Place of Supply = Place
where the goods are handed
over for the transportation

Transportation of passengers




Return journey shall be treated as a separate journey even if the right to passage for onward and return journey is issued at the same time

Transportation of passenger services

- ✓ Right to passage is given for future use
- ✓ Point of embarkation not known at the time of issue of right to passage
- ✓ Place of Supply = Residuary Rule
 - Register Person : Location of registered person
 - Unregistered Person
 - If address on record exists : Location of recipient
 - Other cases : Location of supplier

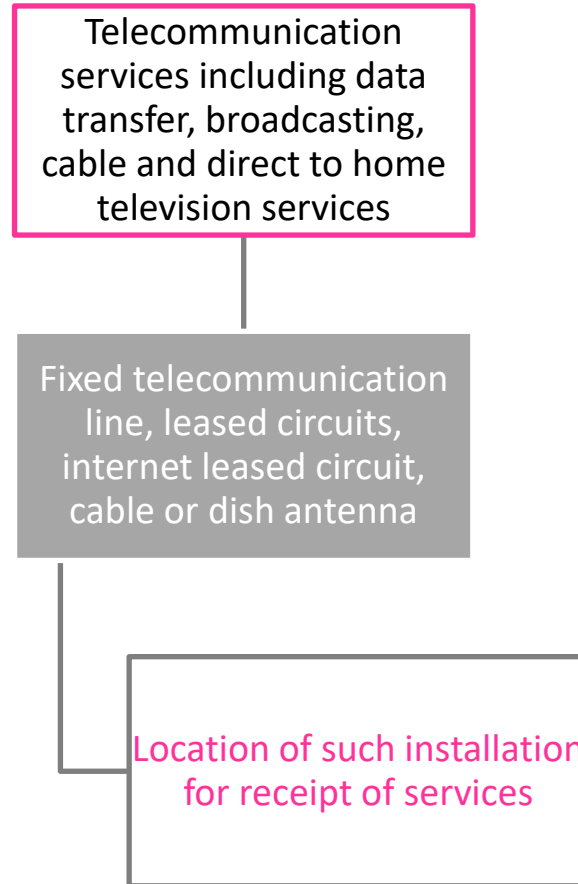
Services on board

Services on board a conveyance including vessel, aircraft, train or motor vehicle



Place of Supply = Location of the first scheduled point of departure of that conveyance for the journey

Telecommunication services





Mobile connection for telecommunication and internet services

Post paid

Location of billing address of recipient on record of supplier

If pre-paid service or recharge through electronic mode- Place of Supply = Location of recipient on record of supplier

Pre paid i.e. voucher or any other means (Including DTH)

Through selling agent or re-seller or a distributor of SIM card or re-charge voucher

Address of selling agent/re-seller/distributor on records of supplier at the time of supply

To final subscriber

Location where pre-payment is received or vouchers are sold

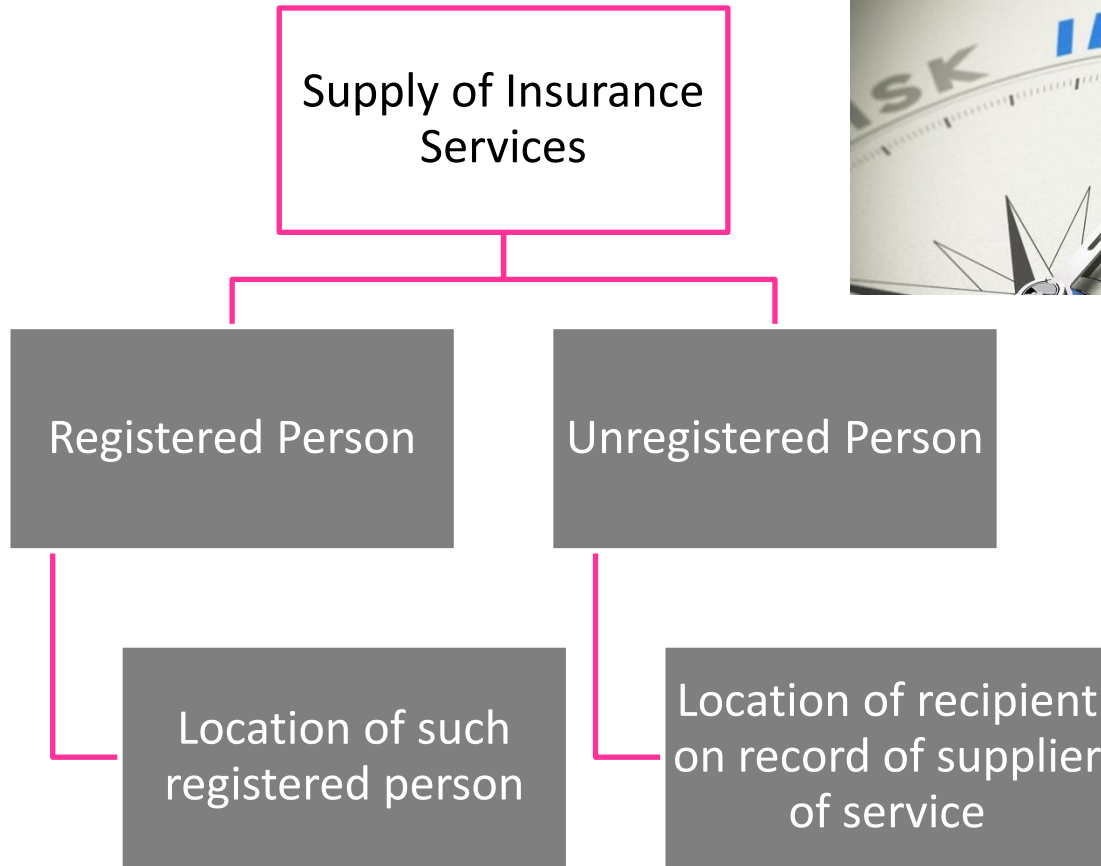
Other cases

Address of recipient on records of supplier

If address of recipient on records of supplier is not available – Place of Supply = Location of Supplier

Where the leased circuit is installed in more than one State/UT and a consolidated amount is charged for supply of services relating to such circuit, place of supply shall be each State/UT in proportion to the value for services separately collected or determined in terms of contract or on the basis as may be prescribed

Insurance services Sec. 9(14) of IGST



Advertisement services Sec. 9(15) of IGST

Advertisement Services to
Central/State Government,
Statutory body, Local
authority being recipient



Respective proportion in
each of the State as per the
contract

If no contract – On the
basis as may be prescribed

IMPORT OF SERVICES

Import of services

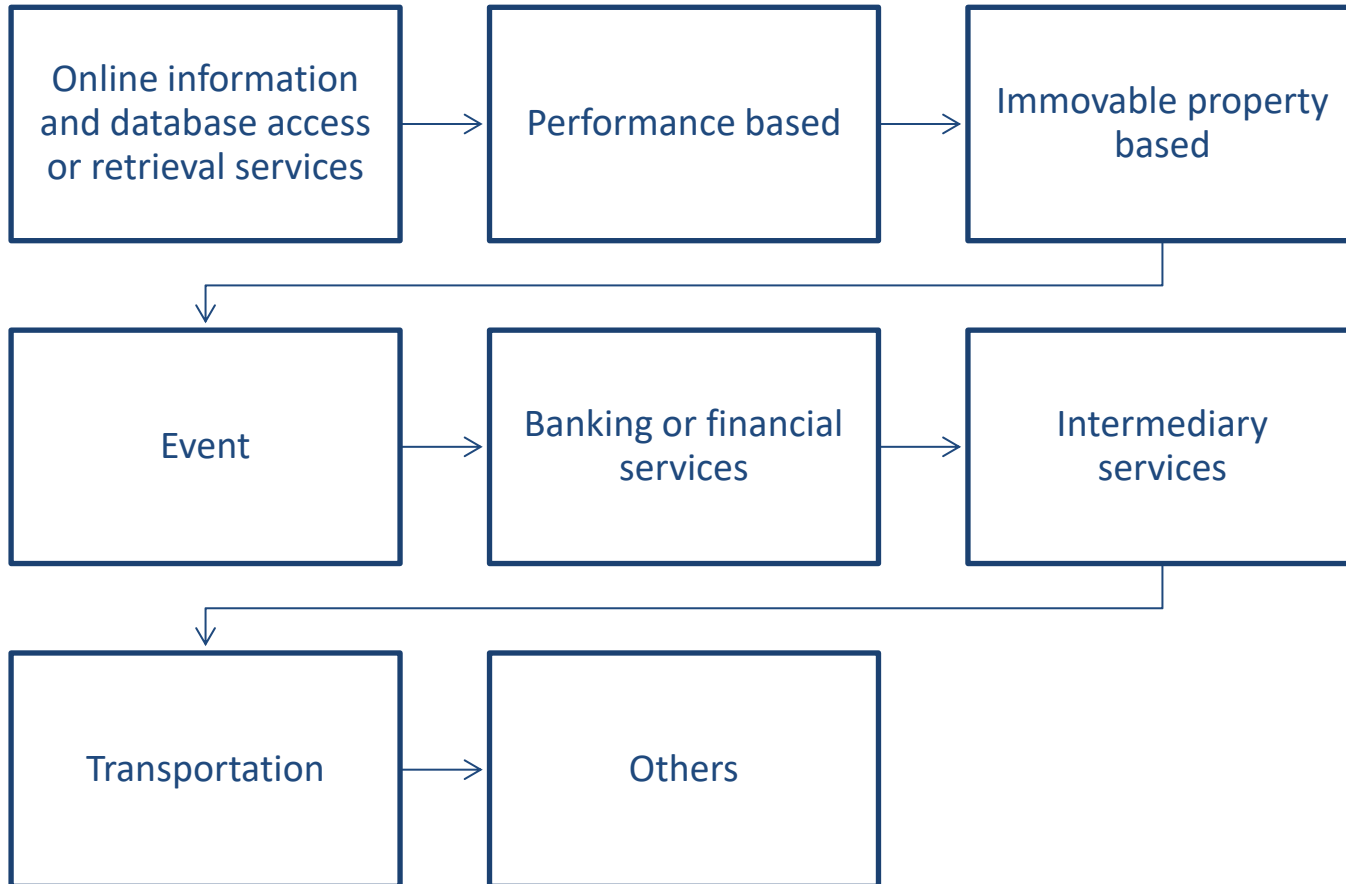
Service tax
under RCM
including
import of
services



IGST

If location of supplier or location of recipient of service is outside

India – Place of supply



General/residual rule

Nature of service	In general context
Rule	The location of service receiver
Example	'A' receives service in Mumbai from 'B' of New York. The place of provision will be Mumbai



Performance based

Nature of services	<ul style="list-style-type: none">• Services in respect of goods that are required to be made physically available• Services where physical presence of service receiver required
Rule	Performance based
Example	Maintenance, Erection etc
When these services are provided from a remote location by way of electronic means, what will be the place of provision? Location where goods are situated at the time of supply of services	

Not applicable for goods temporarily imported in India for repairs, later exported without being put to use except repairs

Property based

Nature of service



Services directly in relation to immovable property, including service supplied by experts, estate agents, supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of right to use immovable property, services for carrying out or co-ordination of construction work, including that of architects or interior decorators

Rule

Location of the property

Example

Architect, hotel accommodation, Construction etc

Event based

Nature of service	Services in relation to admission to or organisation of events and ancillary services
Rule	Place where it is held
Example	Exhibition, conference etc.



Services supplied at more than 1 location

Nature of service	Multiple location services
Rule	<p>More than 1 Countries: <u>Location in the taxable territory</u></p> <p>More than 1 State/UT (for import or export of services only):</p> <p>Proportionate basis as per value separately collected or contract</p> <p>If no contract: On the basis as may be prescribed</p>
Example	<p>‘A’ has provided management consultancy service to the extent of 20% in Delhi, 30% in Mumbai and 50% in Bangkok. The Place of Provision is Mumbai since greatest proportion of service is provided in the Mumbai i.e. taxable territory</p>




Specified Category

Nature of service	Banking services to account holders, intermediary, hiring of transport including yachts, other than aircrafts and vessels, upto 1 month
Rule	Place of supplier of service
Example	'A' is account holder at Guwahati and Banking services located at USA, the place of provision will be USA
<ul style="list-style-type: none">• <u>Intermediary</u> means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods/services, between two or more persons, but does not include a person who supplies the main goods/service or securities on his account	

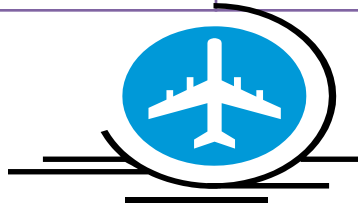


Goods Transportation

Nature of service	Goods transportation (not covering mail or courier)
Rule	Place of destination of goods
Example 	•If 'A' of Mumbai transports goods to 'B' at New York, the place of provision will be New York

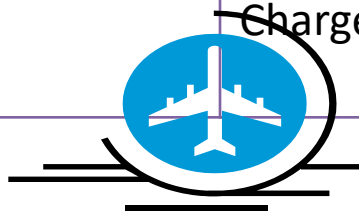
Transportation of passengers

Nature of service	Passenger transportation services
Rule	Place where the passenger embarks for continuous journey
Example	'A' from Mumbai travels to UK by airline. The place of provision is Mumbai



Services on board

Nature of service	Services on board a conveyance including services intended to be wholly or substantially consumed while on board
Rule	Place which is the first scheduled point of departure of that conveyance for the journey
Example	'A' from Mumbai travels to Africa by a flight and during the journey, he buys Charger. The place of provision is Mumbai



Online information and database access or retrieval services Provider or Recipient outside India

Place of Supply = Location of recipient

Location of Recipient in taxable territory if any two of below mentioned non-contradictory conditions are in taxable territory:

- the location of address presented by the recipient of service through internet
- Issue of Credit/debit/store-value/charge card/smart card/other card used as mode of payment
- the billing address of recipient of service
- IP address of device used
- Bank account
- Country code of SIM card
- Fixed land line

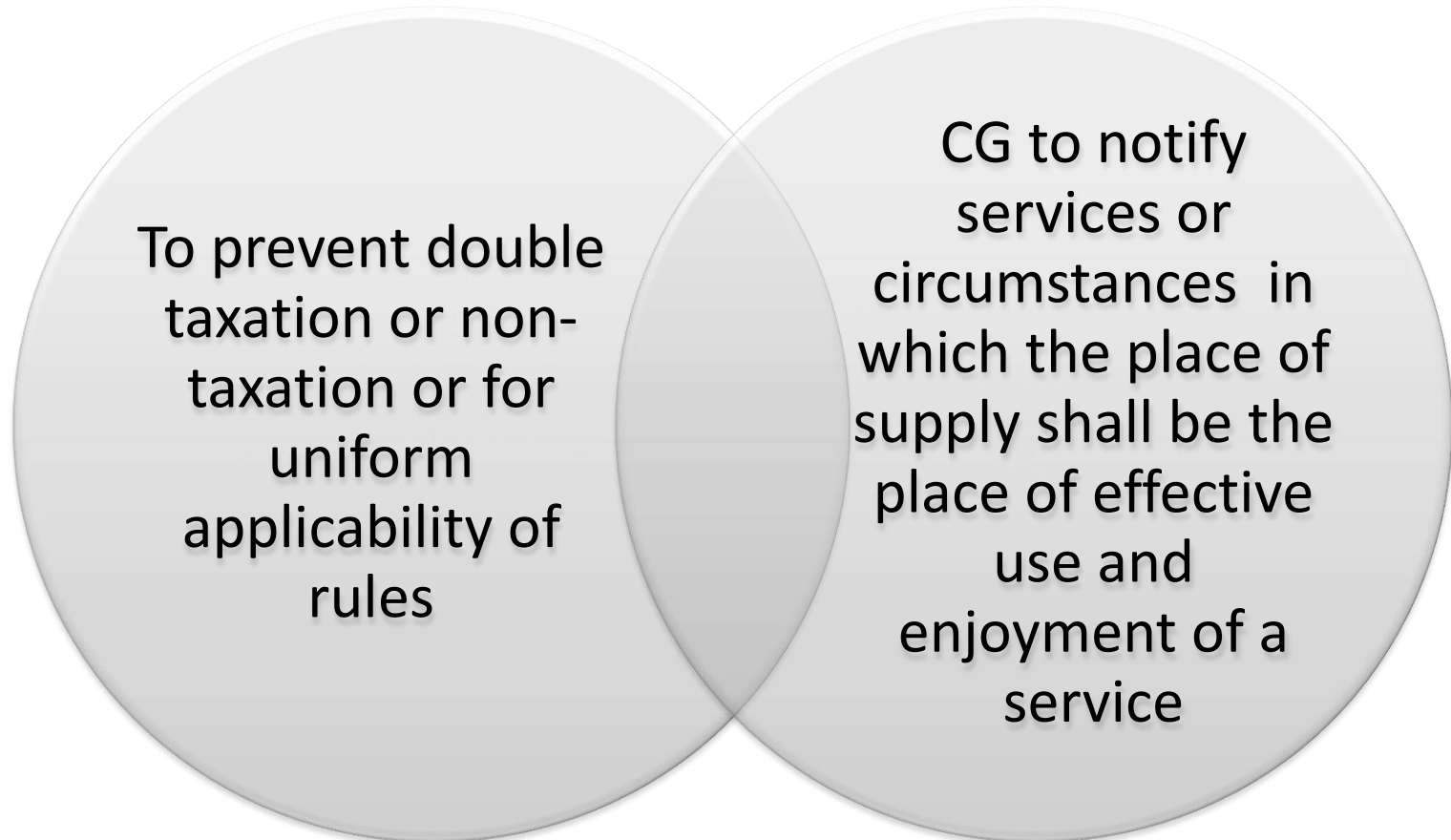
Online information & database access or retrieval services

- Supply of online information and database access or retrieval services
- by any person located in a non-taxable territory and
- received by non-taxable online recipient
- the supplier of service located in a non-taxable territory shall be the person liable for paying IGST**
- Take single registration in simplified registration scheme to discharge IGST

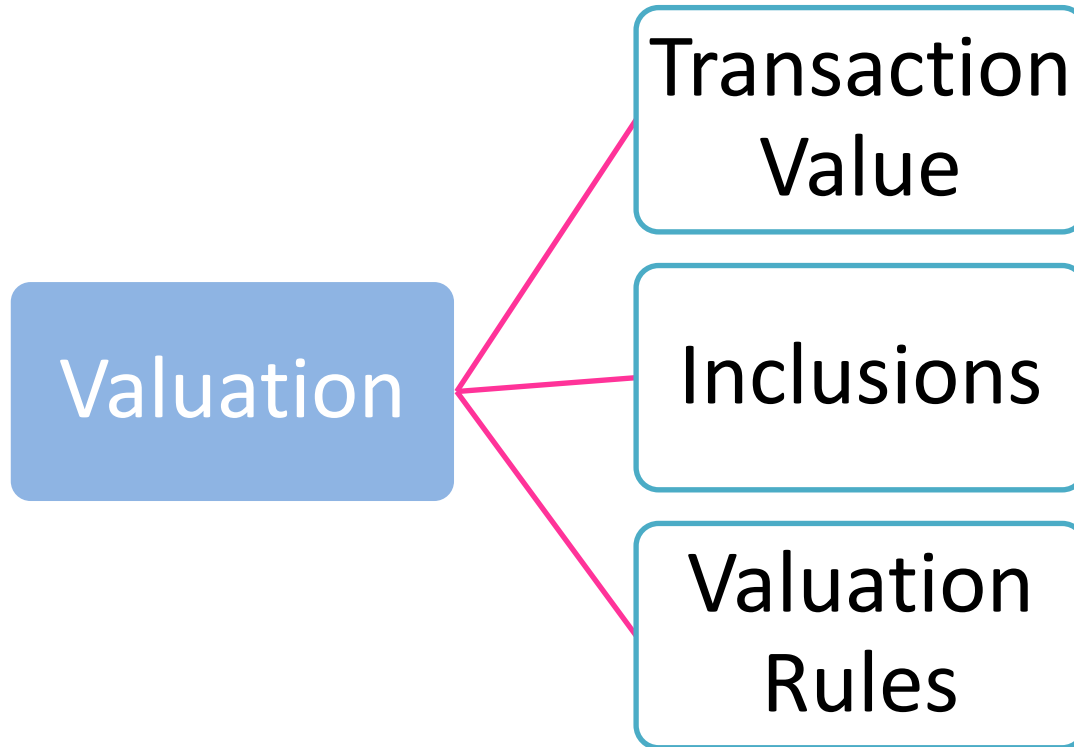
Analysis of OIDAR Services

Service Provider	Service Recipient	Charge	Liability
OIDAR	Govt, LA, GA	Service by OIDAR to NTOR therefore under normal charge	OIDAR will be liable under normal charge
OIDAR	URD or any person receiving service for any purpose other than business	Service by OIDAR to NTOR therefore under normal charge	OIDAR will be liable under normal charge
OIDAR	Charitable Trust	Charitable trust to NTOR, Hence covered under RCM	Charitable trust is liable
OIDAR	Registered Person using for the purpose of Business	Not NTOR, Covered under RCM	RP is liable to Pay

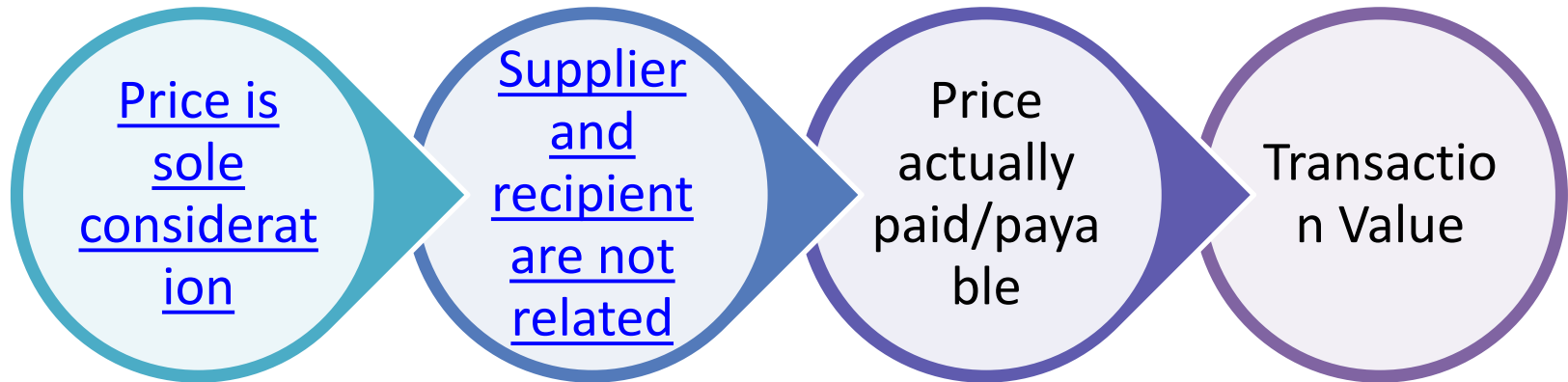
Place of effective use and enjoyment of services



Valuation



Value of Taxable Supply - Sec. 15(1)



```
graph LR; A[Price is sole consideration] --> B[Any extra commercial consideration is flowing?]; B --> C[If yes, check Valuation Rules];
```

Price is sole consideration

Any extra commercial consideration is flowing?

If yes, check Valuation Rules

Supplier & recipient are not related


- ✓ Persons shall be deemed to be “related persons” if
 - (i) such persons are officers or directors of one another’s businesses
 - (ii) such persons are legally recognised partners in business
 - (iii) such persons are employer and employee
 - (iv) any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them
 - (v) one of them directly or indirectly controls the other
 - (vi) both of them are directly or indirectly controlled by a third person
 - (vii) together they directly or indirectly control a third person; or they are members of the same family

- ✓ Persons who are associated in the business of one another in that one is the **sole agent or sole distributor or sole concessionaire**, howsoever described, of the other, shall be **deemed to be related**.


Inclusions in Transaction Value...



Tax/ Duty/ Cesses/Charges /Fees levied under any Statute other than GST only when charged separately

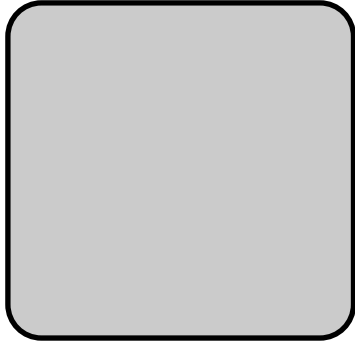


Supplier is liable to pay but incurred by recipient but not included in price actually paid/payable

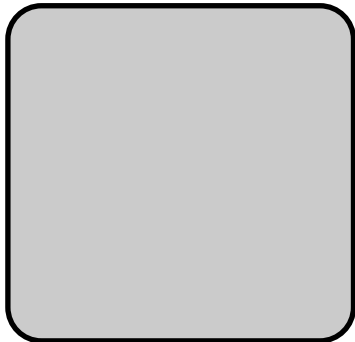


Incidental Expenses, including commission & packaging, charged by supplier to recipient and any amount charged for anything done by supplier in respect of supply of goods and/or services at the time of or before delivery of goods or supply of services

...Inclusions in Transaction Value



Interest or late fees or penalty for delayed payment of consideration for supply



Subsidies directly linked to the price excluding subsidies provided by Central and State Governments

- Subsidy amount included in value of supply of supplier who receives the subsidy

Discount/incentive

Discount/incentive

Post effecting supply = Include in TV

Before or at the time of supply = Exclude from TV

Exceptions

Duly recorded in the invoice issued in respect of the supply

Established as per the agreement at or before the time of supply and specifically linked to relevant invoices

ITC reversed by recipient as is attributable to discount on the basis of document issued by supplier

Valuation Rules

Rule	Description
27	Consideration not wholly in money
28	Supply between related persons including branches except agent
29	Supply of goods made or received through agent
30	Cost method
31	Residual method
32	Specific supplies (Presumptive Valuation)
33	Pure Agent
34	Rate of exchange for determination of value

Rule 27 – Consideration not wholly in money

- a) Open market value of such supply
- b) If Open Market value is not available under clause (a):
 - Consideration in money + Amount **in money equivalent** to consideration not in money, **if such amount is known at the time of supply**
- c) Not determinable as above
 - Value of supply of like kind & quality
- d) Not determinable still
 - Total consideration in money + Further amount equivalent to consideration not in money as per Rule 30 or 31

Consideration not wholly in money

✓ Open market value of supply

of a supply of goods or services or both means the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction, where the supplier and the recipient of the supply are not related and price is the sole consideration, to obtain such supply at the same time when the supply being valued is made

Consideration not wholly in money

- ✓ “supply of goods or services or both of like kind and quality”

means any other supply of goods or services or both made under **similar circumstances** that, in respect of the characteristics, quality, quantity, functional components, materials, and reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both

Rule 28 – Supply between related persons including branches except agent

- ✓ Open market value
- ✓ If not available
 - Value of supply of like kind & quality
- ✓ Not determinable still
 - Rule 30 or 31
- ✓ Provided that where goods are intended for further supply
 - 90% of price charged for supply of **goods** of like kind & quality by recipient to his customer (Unrelated) (This Proviso applicable only to goods and not services)
- ✓ **Provided where recipient is eligible for full ITC**
 - **Value declared in invoice shall be deemed to be open market value of goods/services**

Example

✓ **Case :**

- ✓ Sky height limited sold a product for Rs. 26000 to Earth Ltd. OMV of the product is not available. Product of same like kind and quality is not available.. Earth Limited is selling the same kind of product to his consumer for Rs. 70000. Sky height limited holds 70% share in Earth Limited. Determine Value of supply for the purpose of levy of GST.

Answer:

- OMV or value of like kind and quality is not available then supplier can make valuation as per proviso = 90% of 70000.

✓ **Note :**

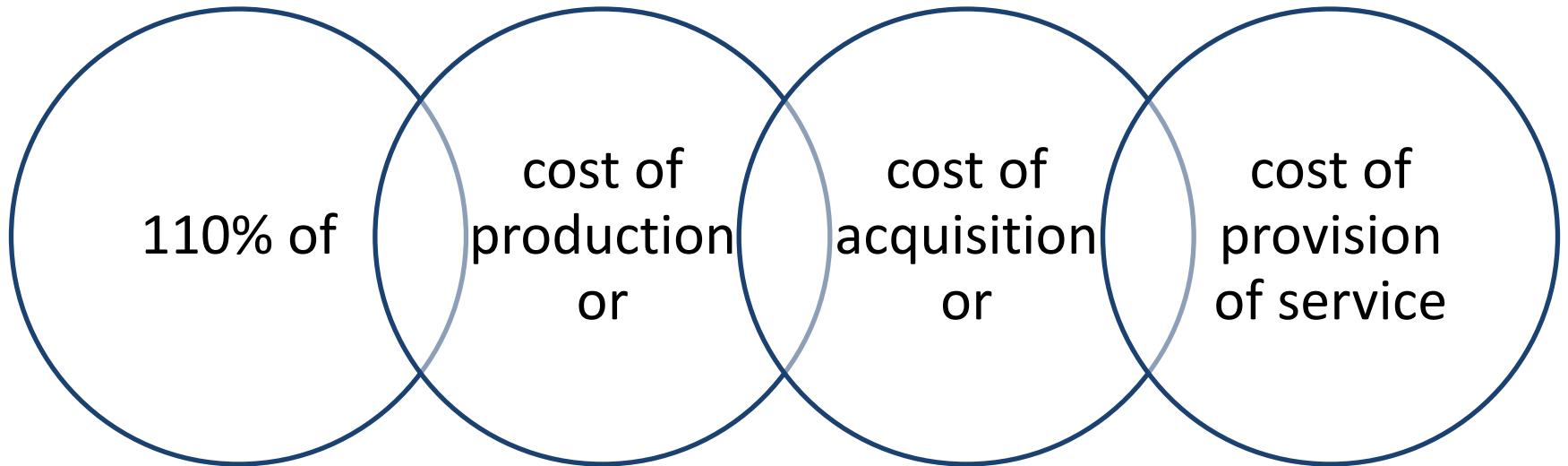
- ✓ If goods are sold after processing then this proviso is not applicable.

Rule 29 – Supply of goods made or received through agent

- ✓ If intention of further supply
 - Open market value or 90% of price charged for supply of goods of like kind & quality by recipient to his customer (Unrelated)

- ✓ If not determinable
 - Rule 30 or 31

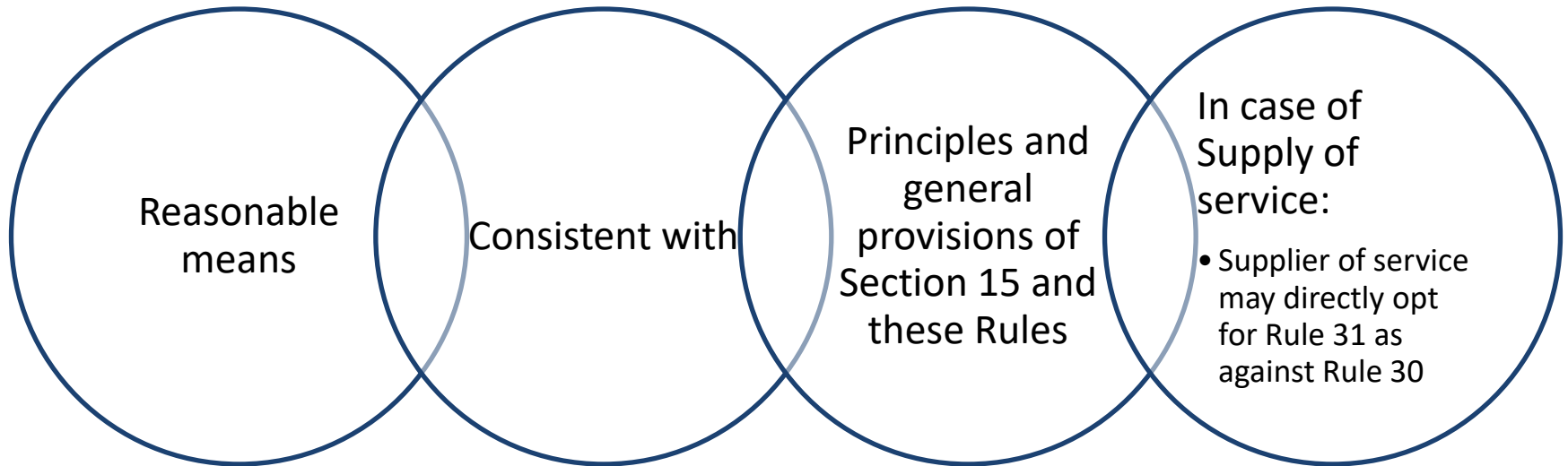
Rule 30 – Cost method



When to apply Rule 30

- ✓ Rule 30 is applicable in following 2 cases:
 - Transaction is covered under rule 27,28,29 but valuation cannot be done by applying those principals given in rules
 - Transaction is not covered by any of above rules 27,28,29 but valuation cannot be done by applying those principals given in rules.
 - Eg. Person ceases to be a taxable person
 - Transfer of business asset without consideration

Rule 31 – Residual method



Rule 32 – Specific Supplies

- ✓ Purchase or sale of foreign currency including money changing
- ✓ Booking of tickets for travel by air
- ✓ Life Insurance business
- ✓ Buying & selling of second hand goods
- ✓ Token/Voucher/Coupon/Stamp
- ✓ Notified branch Transfers where ITC is not covered in negative list of ITC
 - Value = NIL



Purchase or sale of foreign currency including money changing

Particulars	<u>Value</u>
Currency when exchanged from or to INR	Difference in buying/selling rate and RBI reference rate for that currency at that time x Total units of Currency
If RBI reference rate is not available	1% of gross amount of INR provided/received by person changing money
If neither of the currencies exchanged are INR	1% of lesser of 2 amounts the person changing money would have received by converting them to INR on that day at reference rate of RBI

Examples

✓ RBI Rate is available

US\$ 500 are sold by a customer at the rate of Rs. 45 per US\$. RBI reference rate for US\$ 45.50 for that day.

- Value = $(45.5 - 45) * 500$
- Rs. 250

✓ RBI Rate is not available

Moon Limited has received consideration amounting US\$ 7000 and sold the foreign currency for Rs. 61 per US \$

- Value = $1\% * (61 * 7000) = 4270$

Examples

- ✓ If US \$ 9000 converted in pound 4500. RBI reference rate Rs. 63/US \$ and Rs. 101/Pound
 - US \$ to INR = \$ 9000 * 63 = 567000
 - UK pound to INR = 4500P * 101 = 454500
- ✓ 1% of lesser of the two amounts = 1% of 454500 = 4545

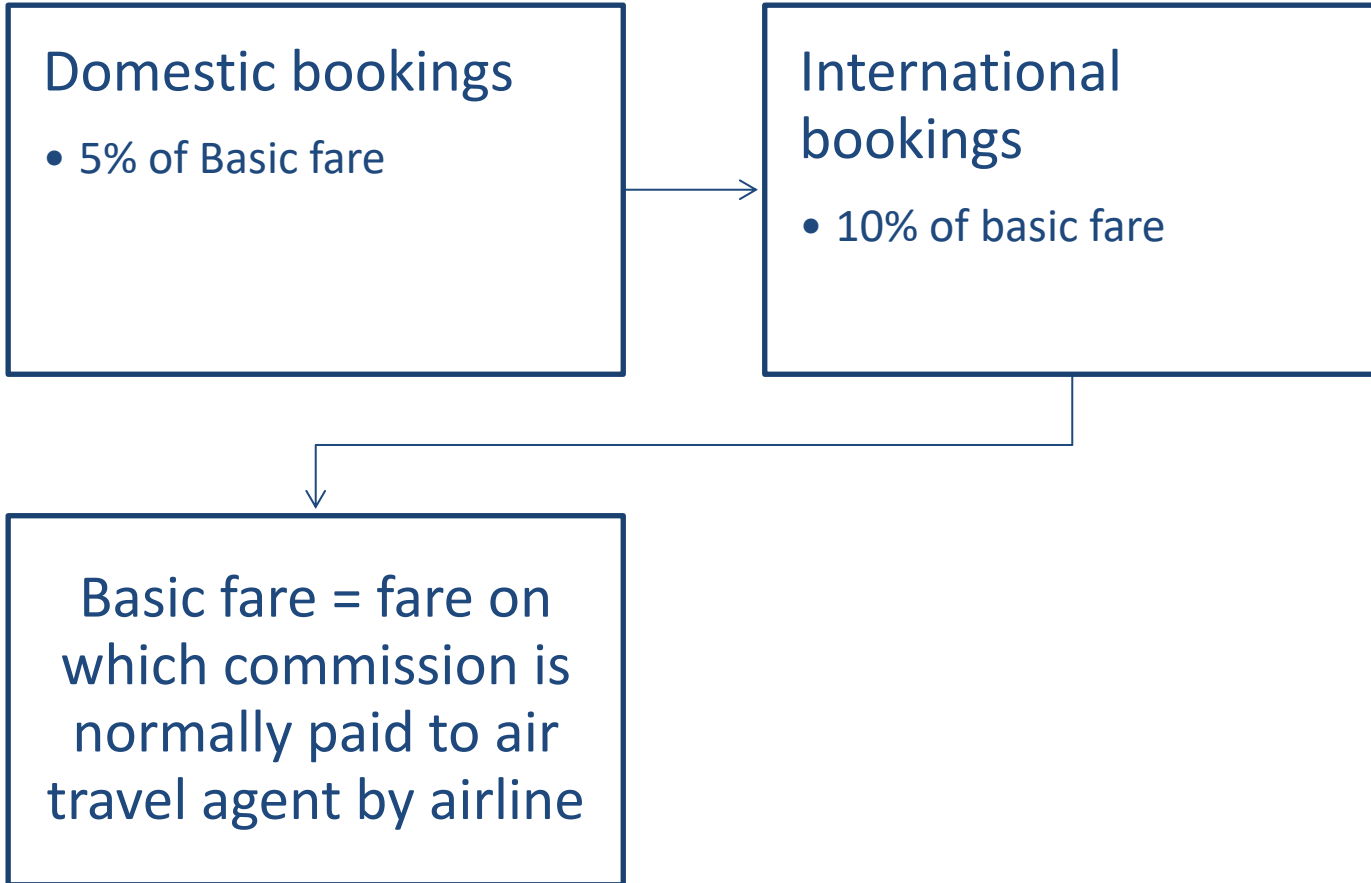
Purchase or sale of foreign currency including money changing – Optional

Gross amount of currency exchanged	Value
for amount upto Rs. 1 Lakh	1% of gross amount subject to Min. 250/-
for amount exceeding Rs. 1 Lakh and upto Rs. 10 Lakhs	1,000/- + 0.5% of gross amount
for amount exceeding Rs. 10 Lakhs	5,000/- + 0.1% of gross amount subject to Max. 60,000/-
Option once exercised for 1 FY cannot be withdrawn during remaining part of that FY	

Exchange rate 1\$ = 45.50

Particulars	Case 1	Case 2	Case 3	Case 4	Case 5
Foreign Currency Exchange	\$ 100	\$ 1000	\$ 10000	\$ 100000	\$ 5000000
Gross Exchange Value in Rs	4,550	45,500	4,55,000	45,50,000	22,85,00,000
Calculation of value for GST	1% of 4550 or 250	1% of 45500 or 250	1000 + 0.5% * 355000	5500 + 0.1% * 3550000	5500 + 0.1% * [227500000 – 1000000]
Value for GST	250	455	2775	9055	60000

Air Travel Agents



Life Insurance Business

Particulars	Value
If amount of investment/savings on behalf of policy holder is intimated to policy holder at the time of supply of service	Gross premium charged from policy holder (-) Amount allocated for investment or savings on behalf of policy holder
If single premium annuity policies (other than above)	10% of single premium charged from policy holder
All other cases	25% of premium charged from policy holder in 1 st year 12.5% of premium charged from policy holder in subsequent years
If entire premium paid towards risk cover in life insurance – Above Valuation Rule is not applicable	

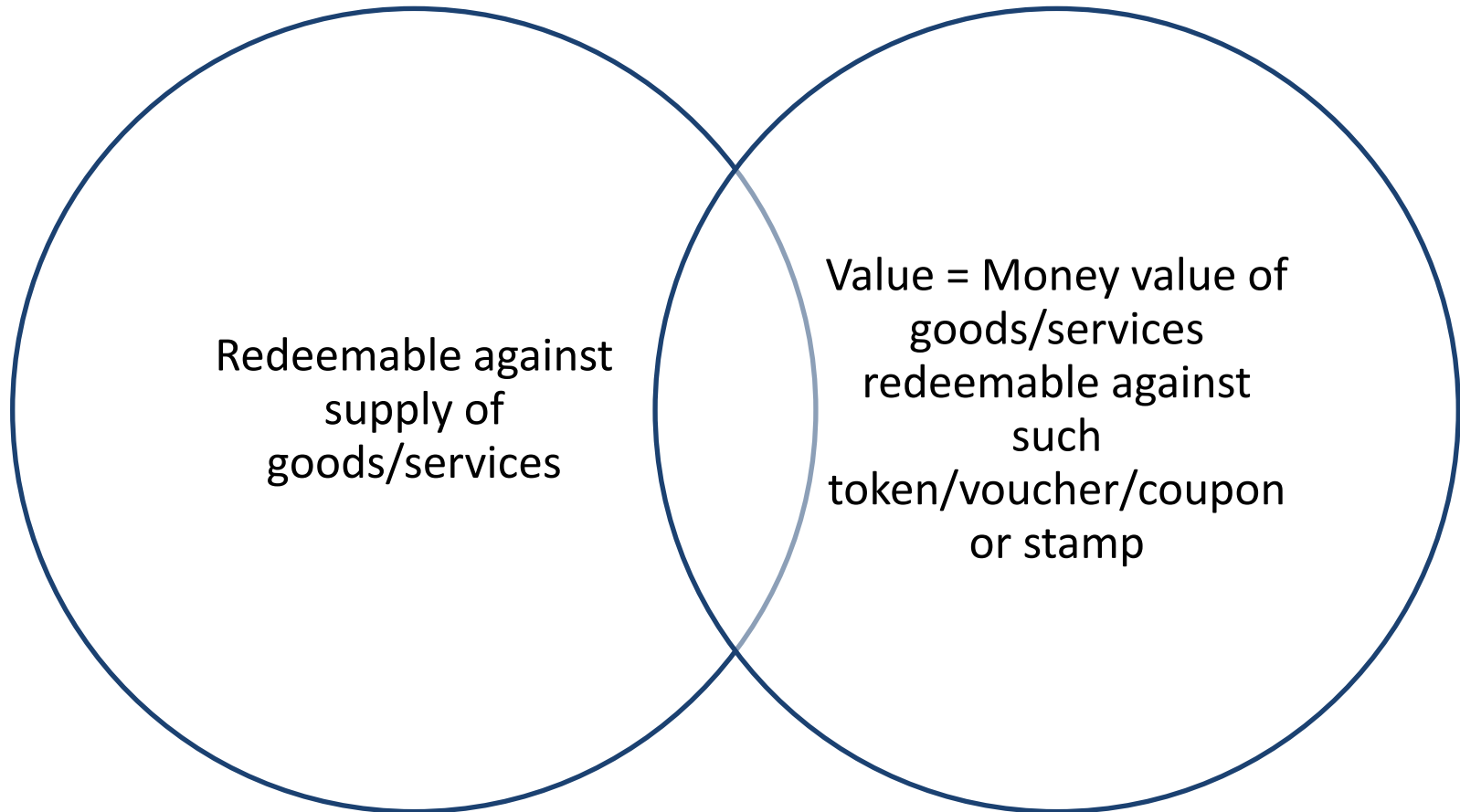
Buying & Selling of Second Hand Goods

- ✓ Used goods as such or after minor processing which does not change nature of goods
- ✓ No ITC is availed on purchase of goods
- ✓ Value
 - Selling Price (-) Purchase Price
 - What if value is negative?
 - Ignore
- ✓ Provided that purchase value of goods repossessed from defaulting borrower who is not registered for the purpose of recovery of loan or debt shall be deemed to be :
 - [Purchase price – 5% for every quarter or part thereof from purchase date till date of disposal]

Exemption (N/No. 10/2017- Central Tax)

- ✓ Intra State supplies of second hand goods received by a registered person :
 - Dealing in buying and selling of second hand goods and
 - Who pays the central tax on value of outward supply of such second hand goods as per Rule 32(5)
 - From any unregistered person

Token/Voucher/Coupon/Stamp (Other than Postage Stamp)



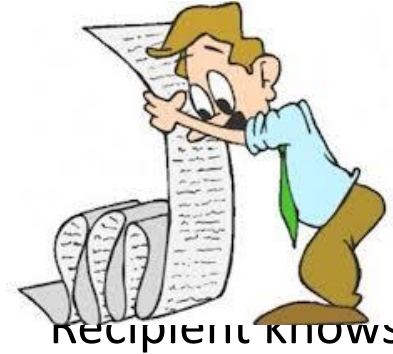
Rule 33 – Pure Agent

Conditions- Pure agent

- ✓ Contractual arrangement
- ✓ Neither Intends to hold nor holds any Title
- ✓ Does not use his own interest
- ✓ Receives only the actual amount incurred ✓

8 Conditions:

- ✓ Pure agent
- ✓ Recipient uses
- ✓ Recipient liable to make payment
- ✓ Recipient authorises



- ✓ Separate indication in Invoice
- ✓ Actual recovery
- ✓ Procurements in addition to services provided

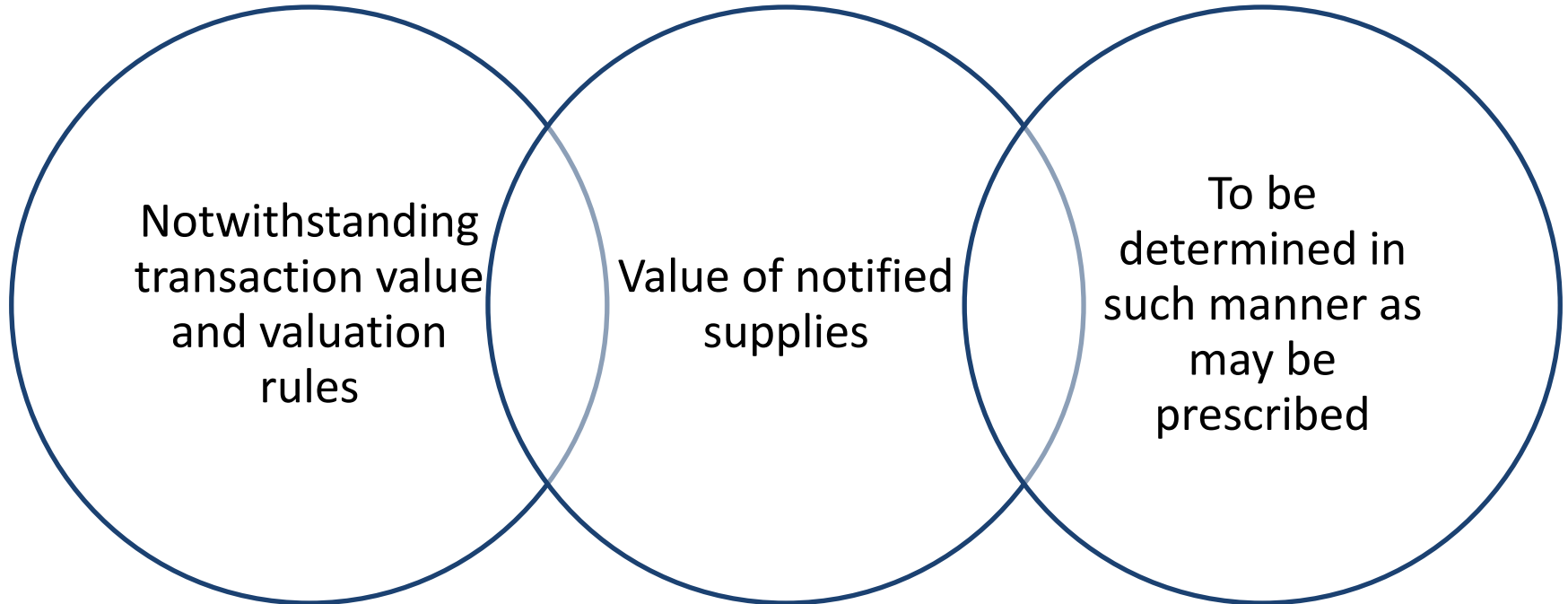
Rule 34 Rate of Exchange of Currency for Determination of Value

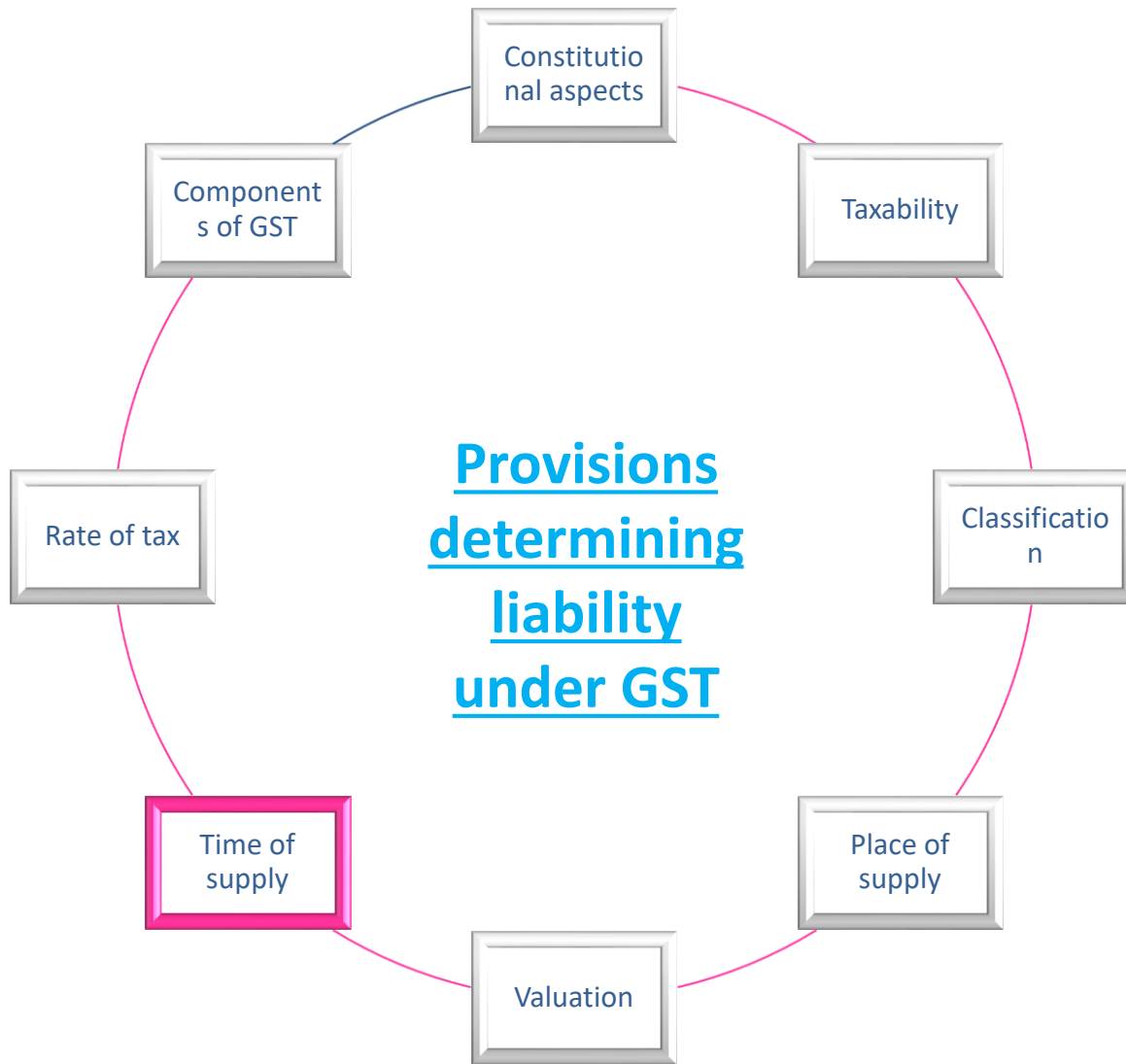
- ✓ Supply of Goods = Rate of Exchange as notified by the board of date of TOS
- ✓ Supply of Services = Rate of Exchange as per GAAP [AS- 11] of date of TOS

Rule 35

- ✓ Value of Supply inclusive of taxes
- ✓ Tax amount = $\frac{\text{Value inclusive of taxes} * \text{tax rate in \% of IGST}}{(100 + \text{sum of tax rate inclusive of \%})}$

Valuation – Notified Supplies





What is the need of understanding Time of supply provisions?

SUPPLY OF GOODS

Time of supply

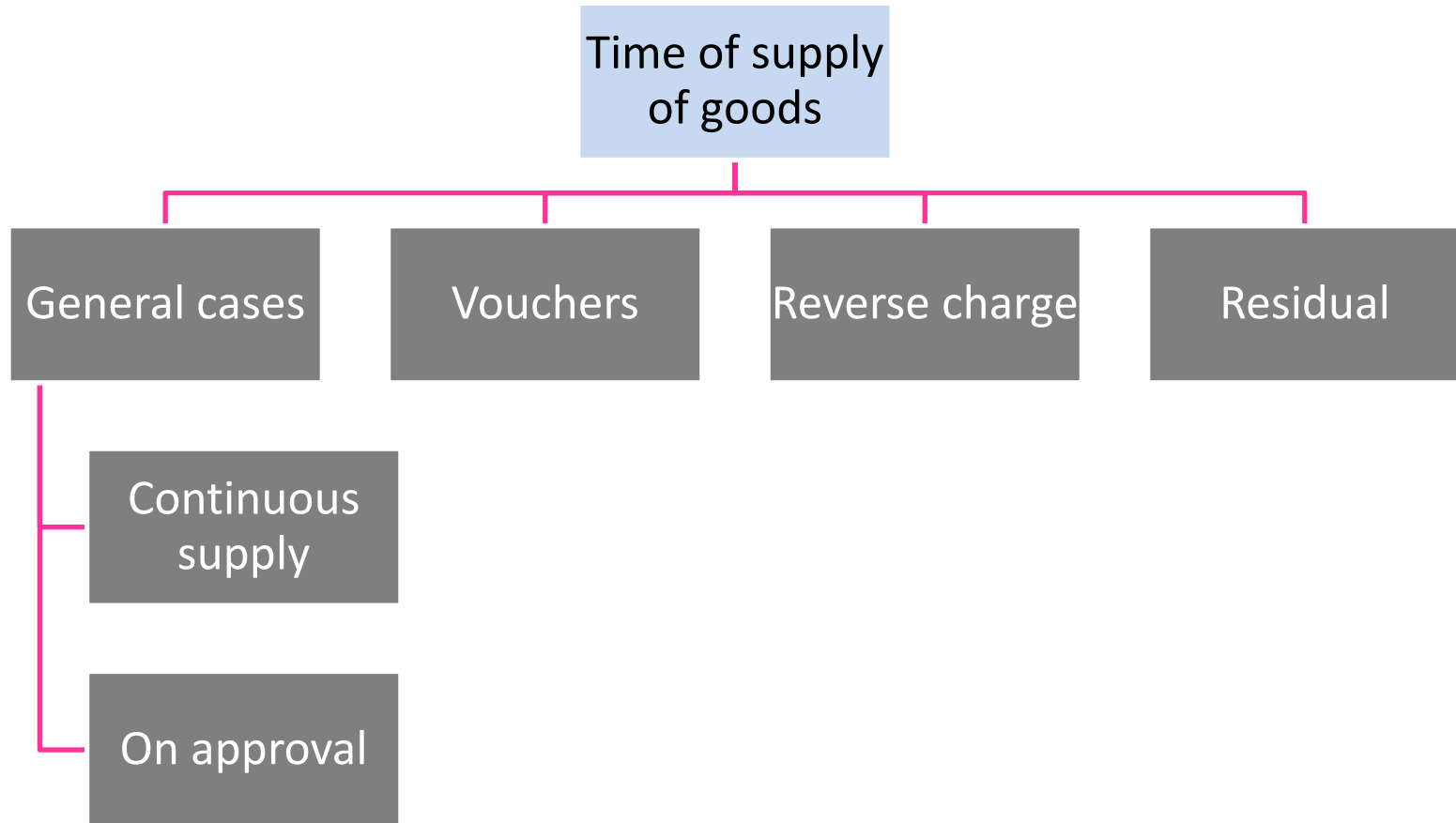
Time of
supply

```
graph TD; A[Time of supply] --- B[Goods (Sec. 12)]; A --- C[Services (Sec. 13)];
```

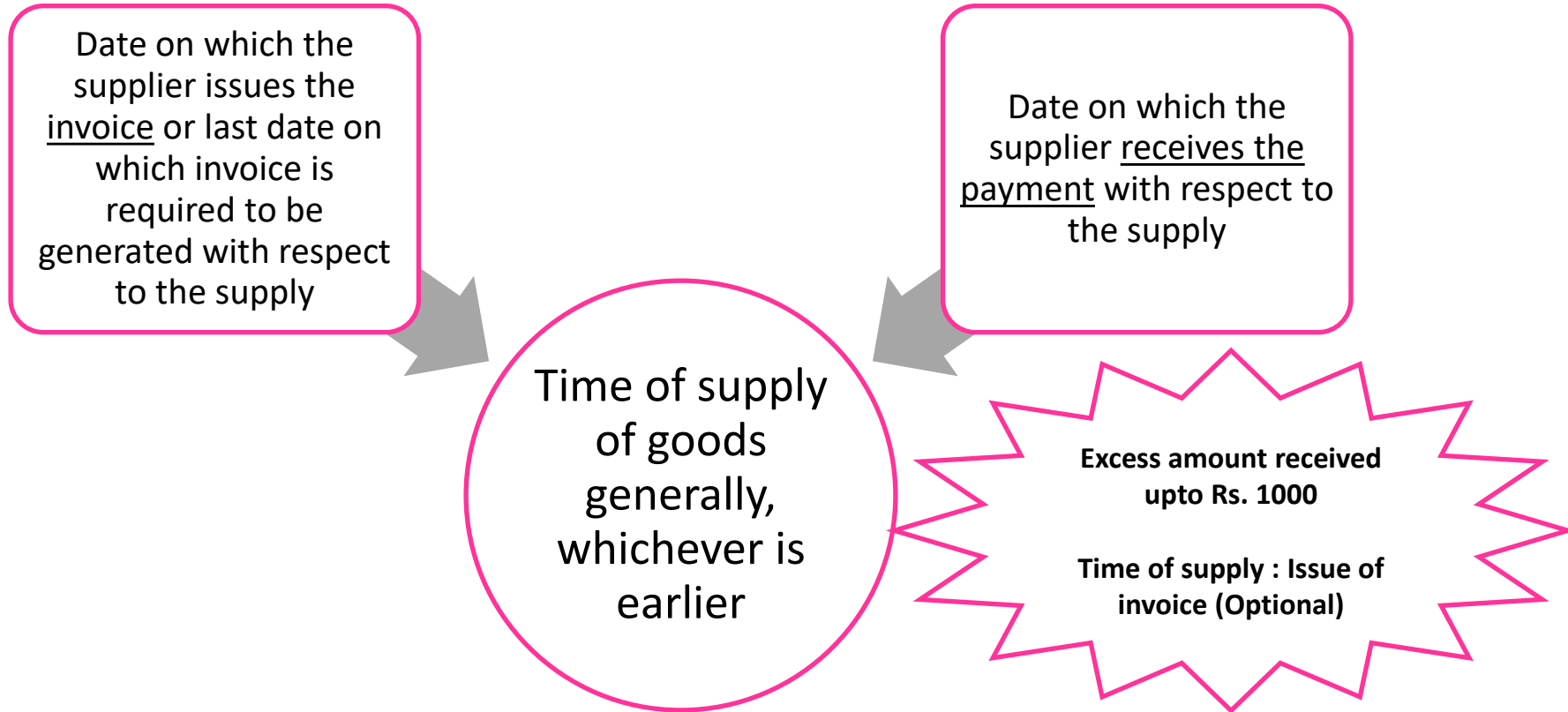
Goods
(Sec. 12)

Services
(Sec. 13)

Time of supply of goods (Section 12)

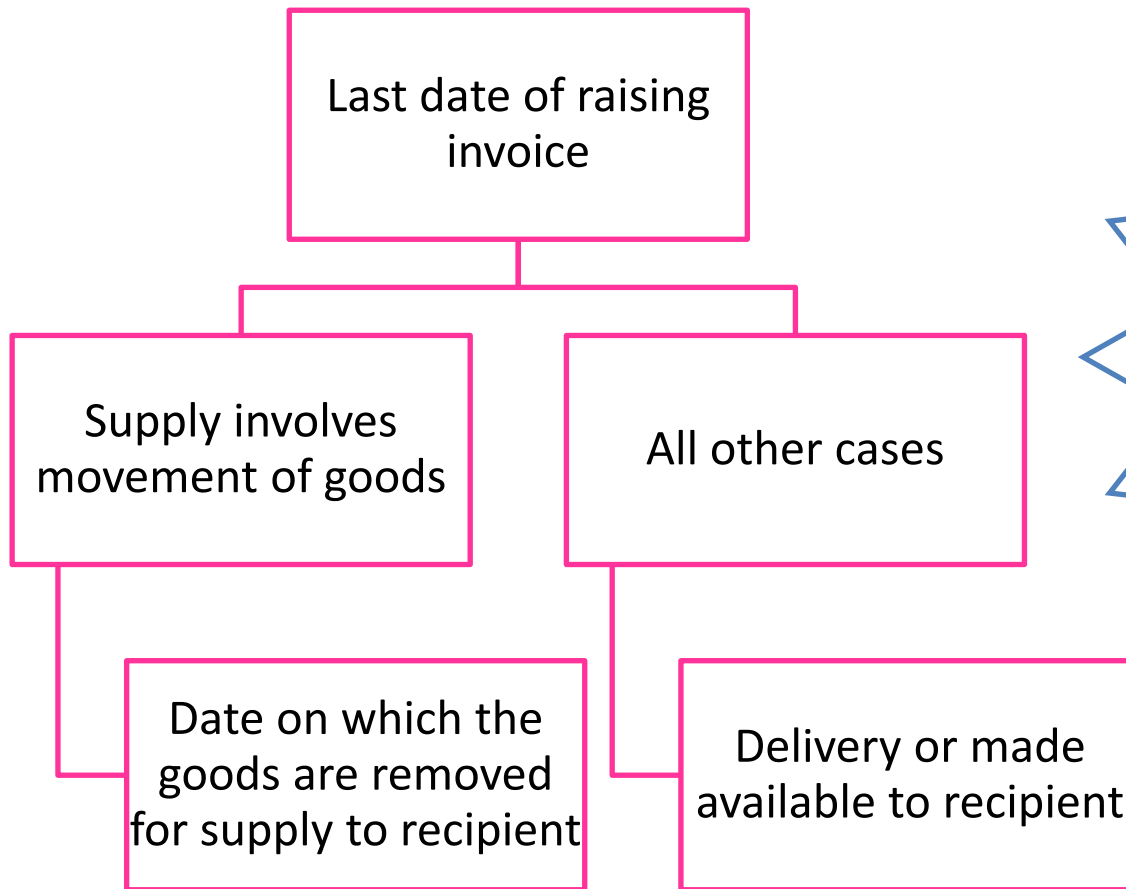


Goods - Time of Supply (Section – 12)



- ✓ The date on which **supplier receives the payment** shall be :
 - The date on which the payment is **entered in his books of account**
 - or
 - The date on which the payment is **credited to his bank account**

Goods - Time of Supply(Extract- Section 31)



Goods - Time of Supply

Includes supply of notified goods subject to specified conditions

Continuous supply of goods

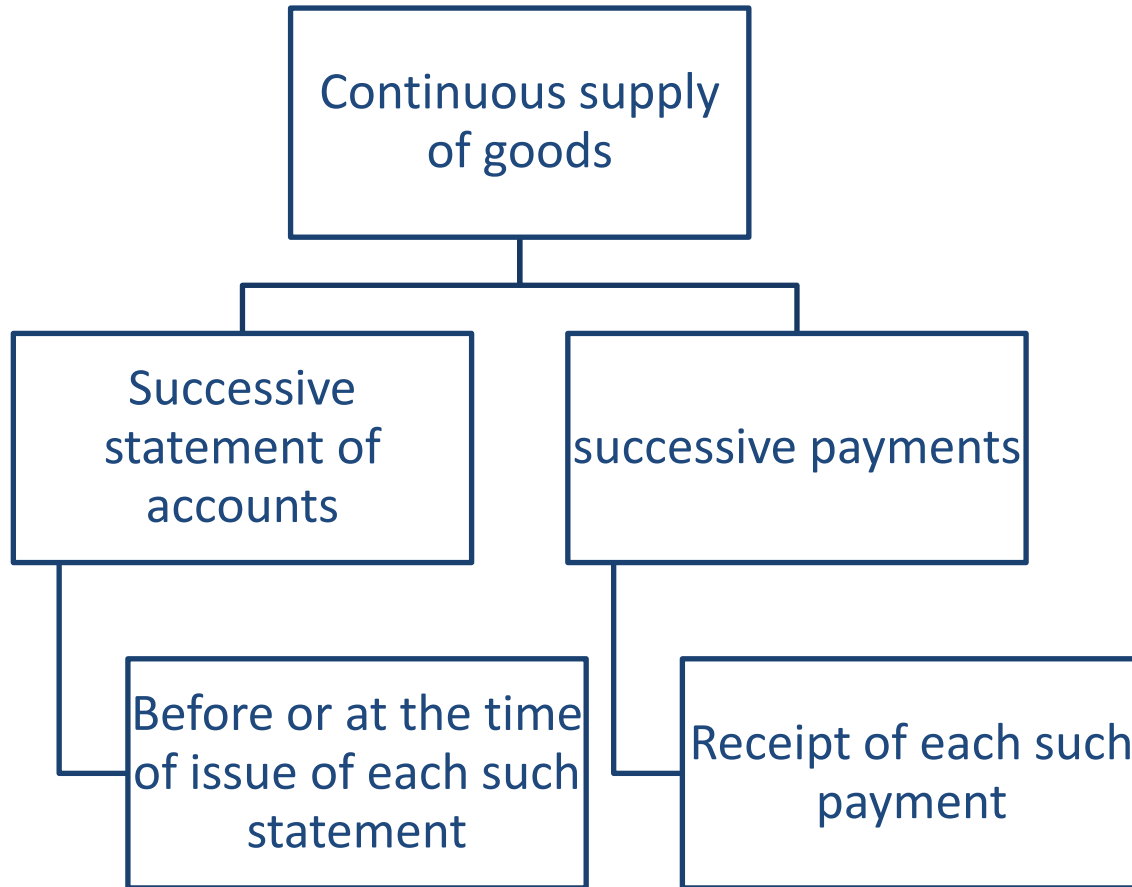
means

a supply of goods which is provided, or agreed to be provided, **continuously or on recurrent basis, under a contract**

whether or not by means of a wire, cable, pipeline or other conduit,

and for which the supplier invoices the recipient on a regular or periodic basis

Continuous supply of goods- Invoice



TOS- GOODS

Date of Removal of Goods	Date of Invoice	Last date of Invoice	Receipt of payment : In Suppliers books	Credit in Bank Account	Time of Supply
20.09.17	10.09.17	20.09.17	29.09.17	30.09.17	10.09.17
01.05.18	01.05.18	01.05.18	10.04.18	13.04.18	10.04.18
15.06.18	12.06.18	15.06.18	01.08.18	01.08.18	12.06.18

- ✓ M/s AB HUF removed the goods valuing Rs. 12 lakh on 19.06.2018 and part payment Rs. 4 lakh received on 21.06.2018 and balance payment received on 02-07-2018(book entry and bank realisation on same date

Amount	Date of removal of goods	Date of Invoice	Last date of invoice	Date of receipt of payment: Book entry	Date of receipt of payment: Credit in bank	TOS
400000	19.06.18	19.06.18	19.06.18	21.06.18	19.06.18	19.06.18
800000	19.06.18	19.06.18	19.06.18	02.07.18	02.07.18	19.06.18

Supply of goods- on approval

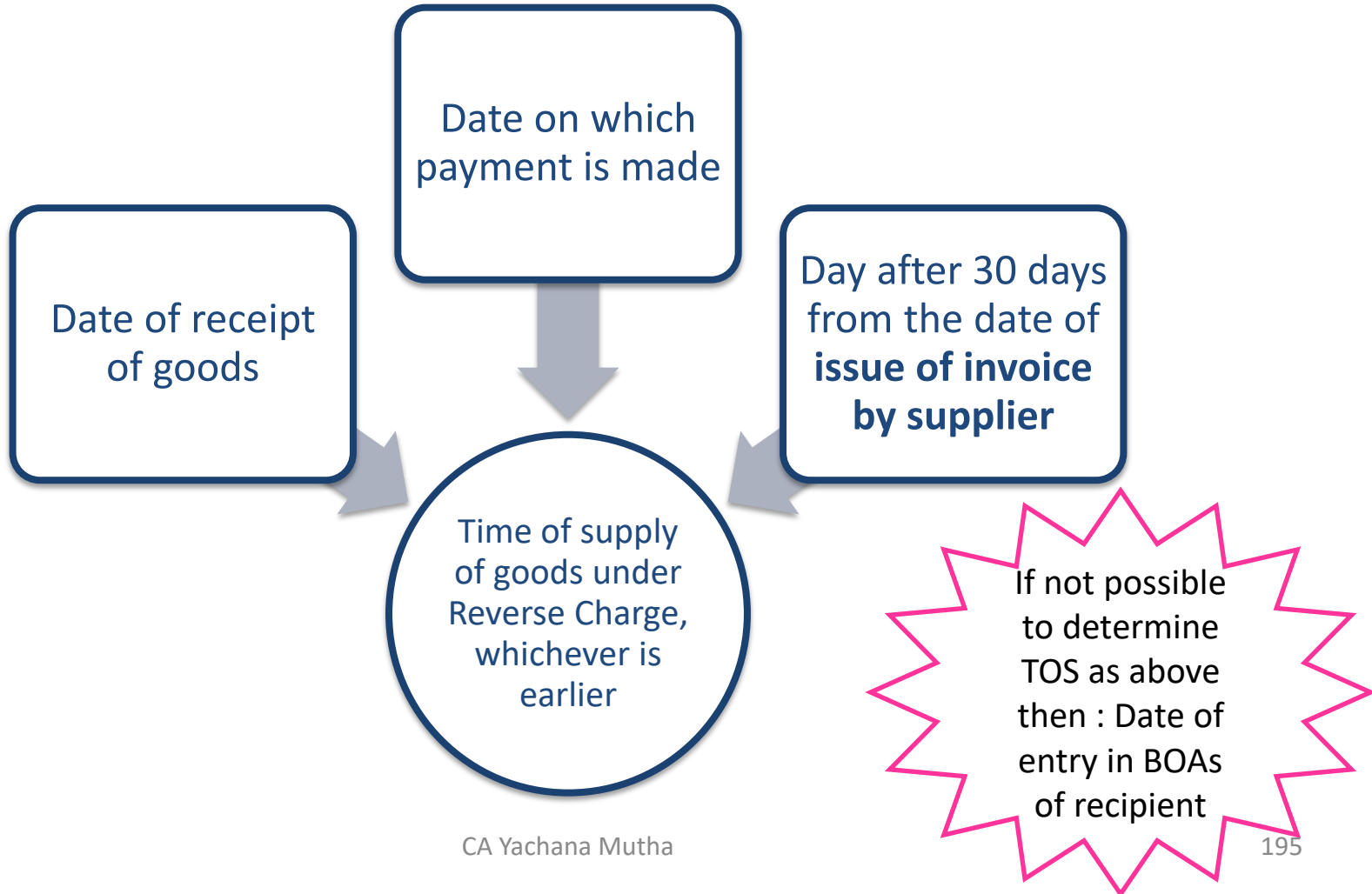
Last date to issue invoice, earlier of following dates

```
graph TD; A[Last date to issue invoice, earlier of following dates] --> B[When it becomes known that the supply has taken place]; A --> C[6 months from the date of removal];
```

When it becomes known that the supply has taken place

6 months from the date of removal

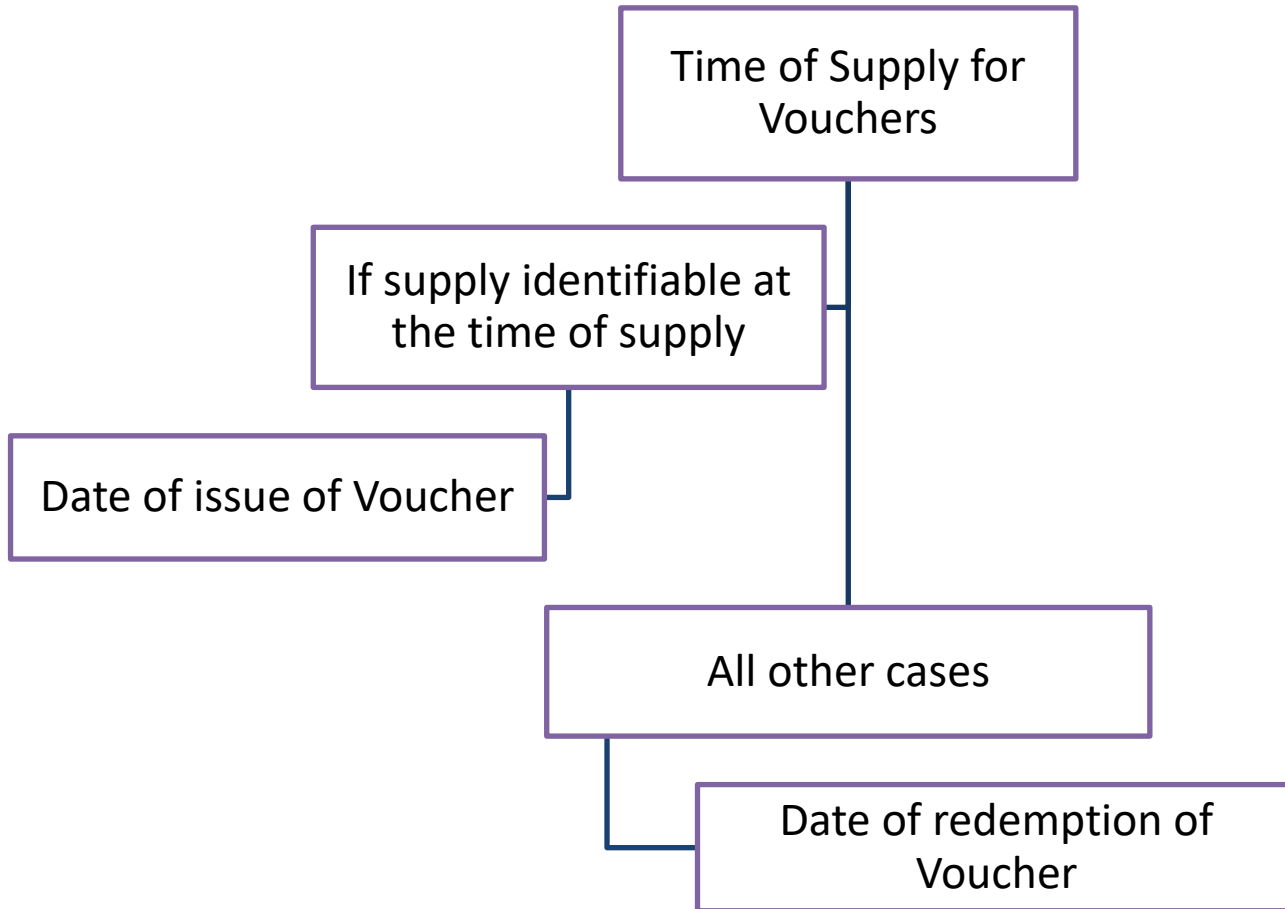
Goods - Time of Supply –Reverse charge (Section 12(3))



TOS: Reverse Charge

Date of receipt of goods	Date of issue of invoice by supplier	31 st day after invoice	Date of payment : in books of recipient	Dr. in book Bank account	TOS
22.10.17	20.10.17	20.11.17	23.10.17	25.10.17	22.10.17
22.10.17	15.10.17	15.11.17	20.10.17	18.10.17	18.10.17

Goods - Time of Supply – Voucher



Supply of goods- Residual cases(Sec: 12(5) : Eg. Fraudulent cases

Time of supply

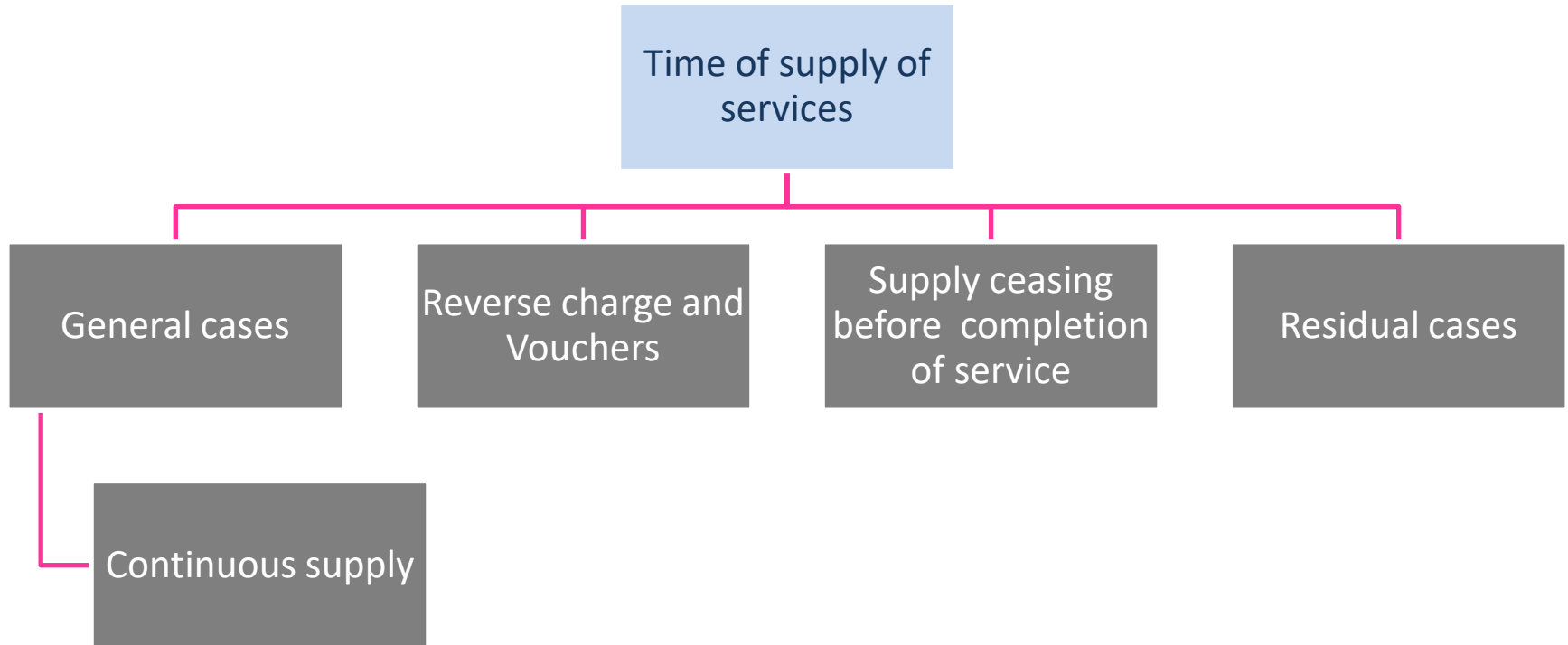
```
graph TD; A[Time of supply] --> B[where a periodical return has to be filed –due date]; A --> C[Other case – Date on which CGST/SGST is paid]
```

where a periodical
return has to be
filed –due date

Other case – Date
on which
CGST/SGST is paid

SUPPLY OF SERVICES

Supply of services (Section 13)



Services - Time of Supply

Date on which the supplier issues the invoice (If invoice is issued within specified time)

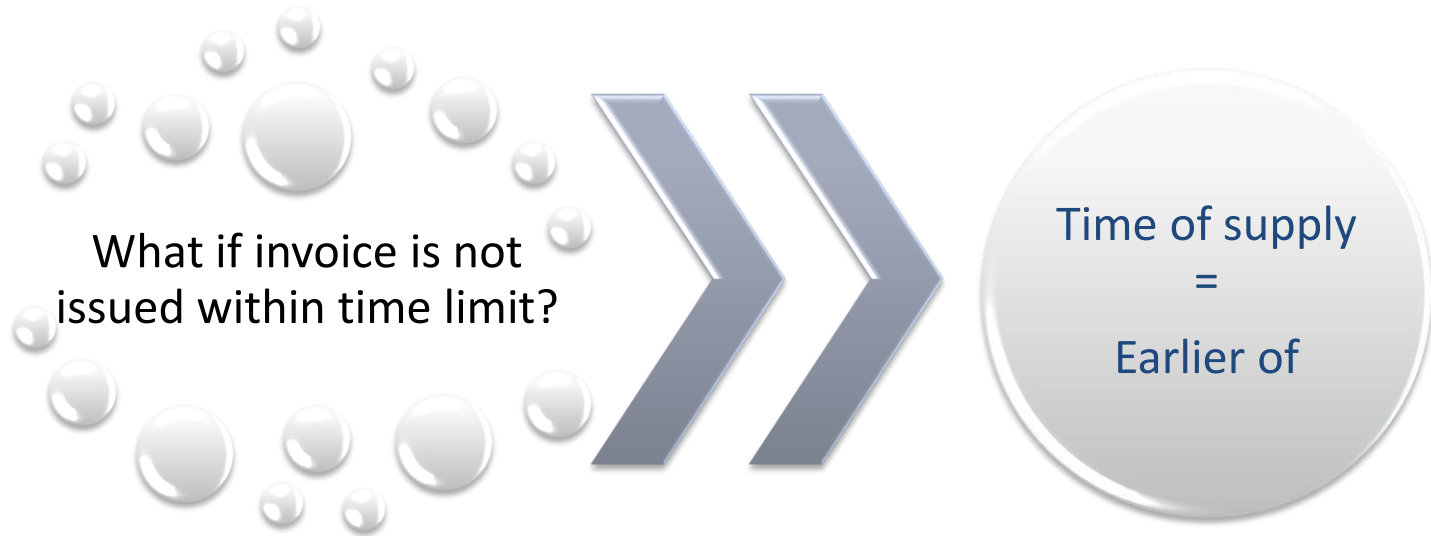
Date on which the supplier receives the payment with respect to the supply

Time of supply of services generally, whichever is earlier

Excess amount received upto Rs. 1000

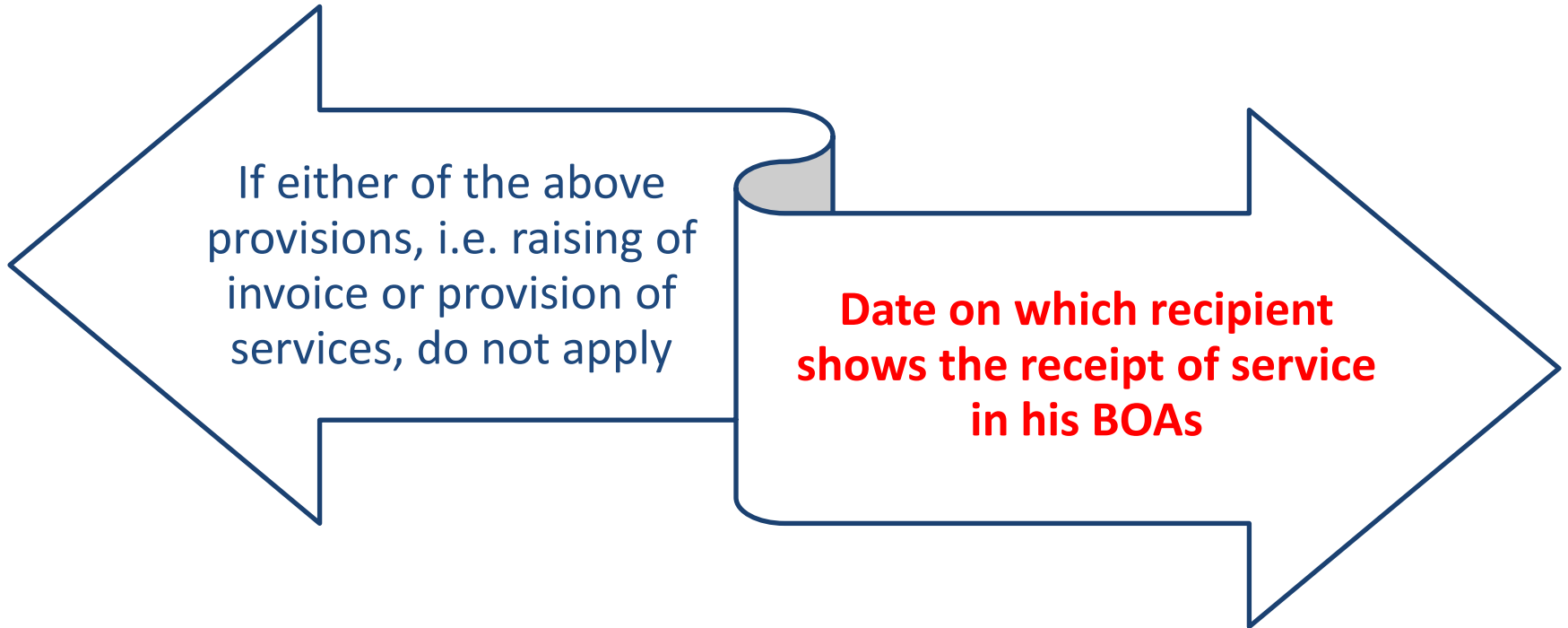
Time of supply : Issue of invoice (Optional)

Services - Time of Supply



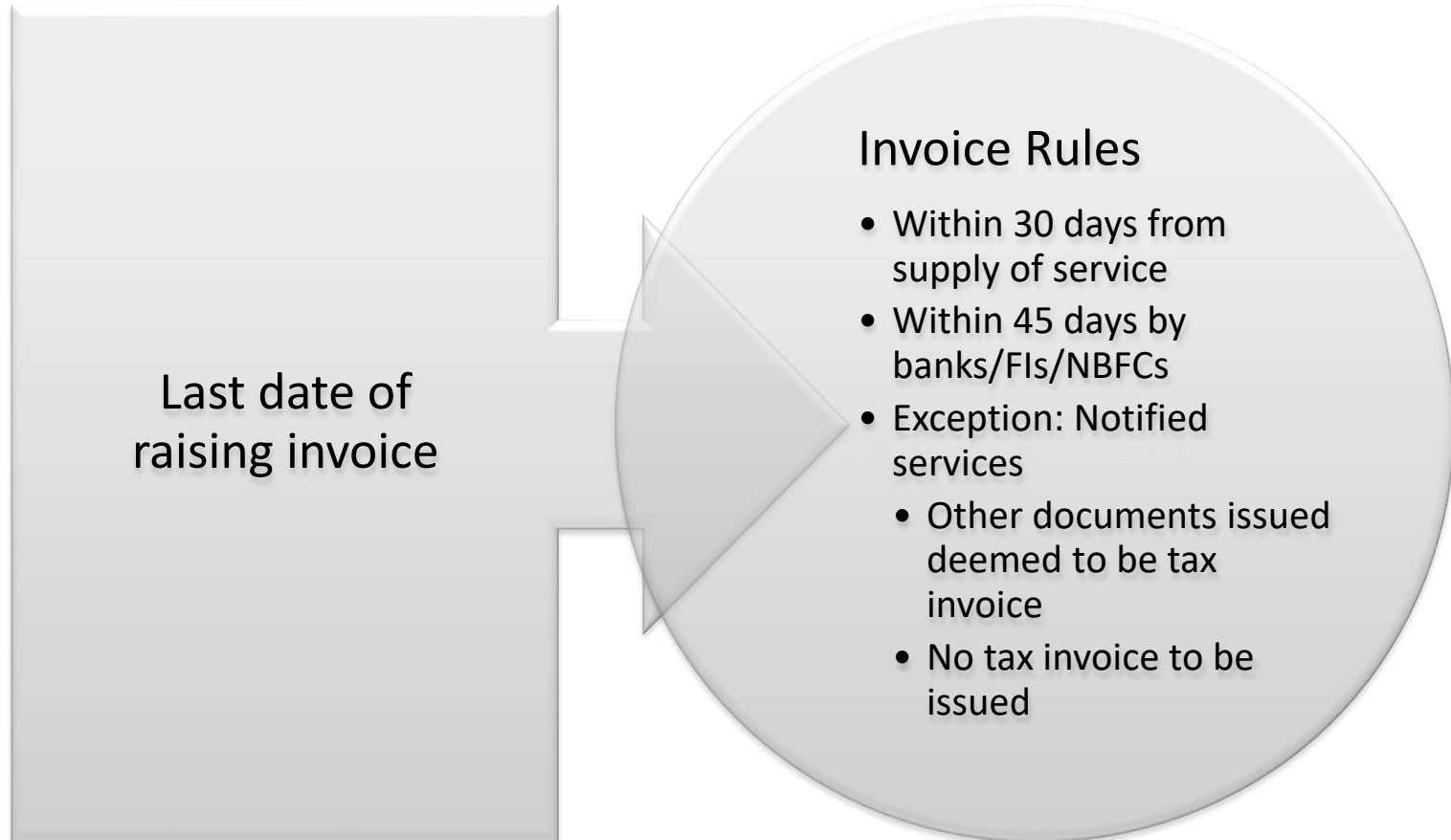
- Date of provision of service or
- date of receipt of payment

Services - Time of Supply



Case	Date of Supply of Service	Date of Invoice	Date on which payment received	Point of Taxation
I	September 5, 2017	September 28, 2017	October 10, 2017	September 28, 2017
II	September 5, 2017	October 3, 2017	September 20, 2017	September 20, 2017
III	September 5, 2017	October 8, 2017	September 25, 2017	September 5, 2017
IV	September 5, 2017	October 8, 2017	Amount received partly on September 3, 2017 and remaining on September 20, 2017	September 3, 2017 and September 5, 2017 for respective amounts
V	September 5, 2017	September 3, 2017	September 6, 2017	September 3, 2017
VI	September 5, 2017	September 5, 2017	September 1, 2017	September 1, 2017

Services - Time of Supply



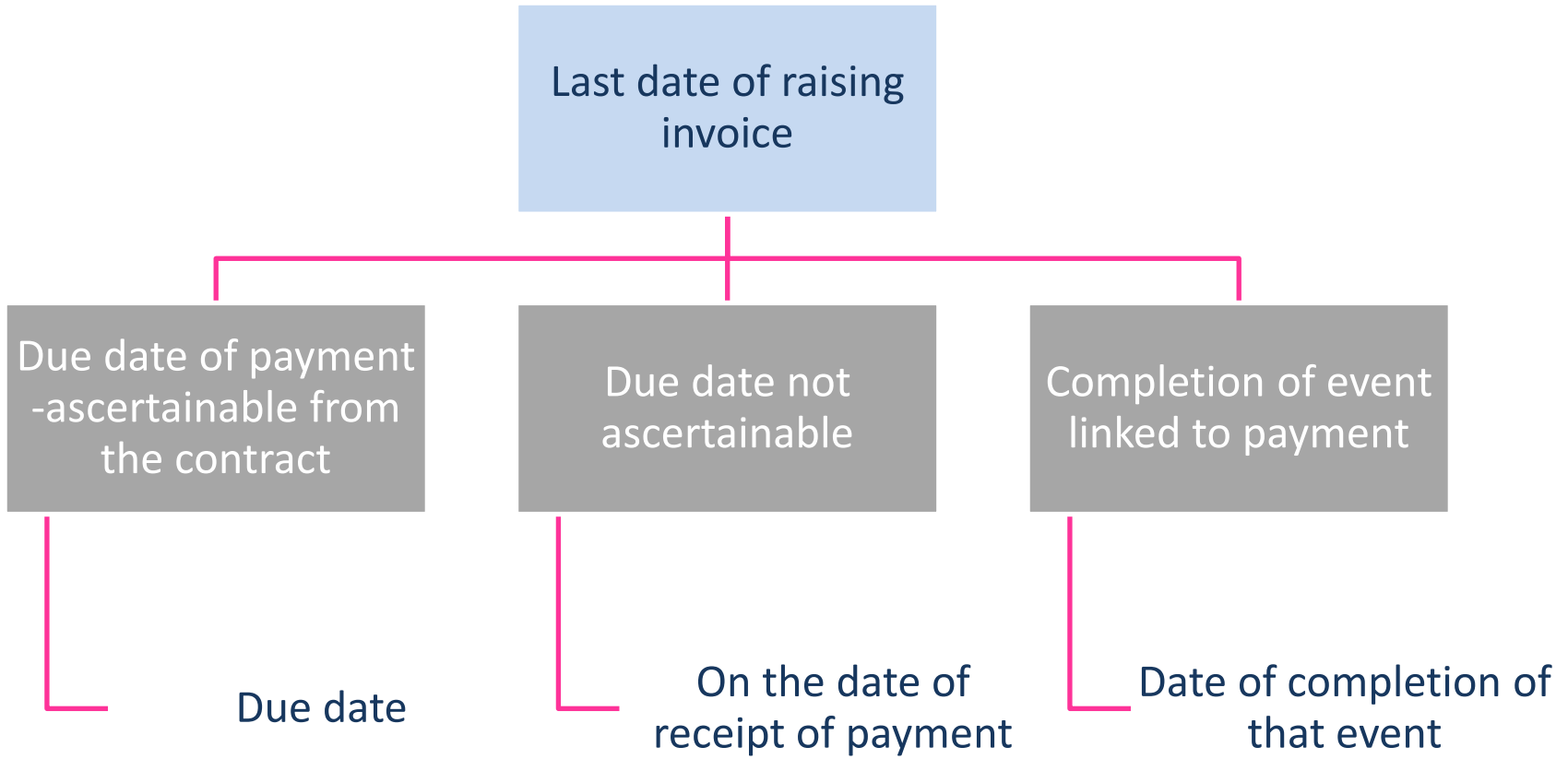
Services - Time of Supply

Continuous supply of services
Means

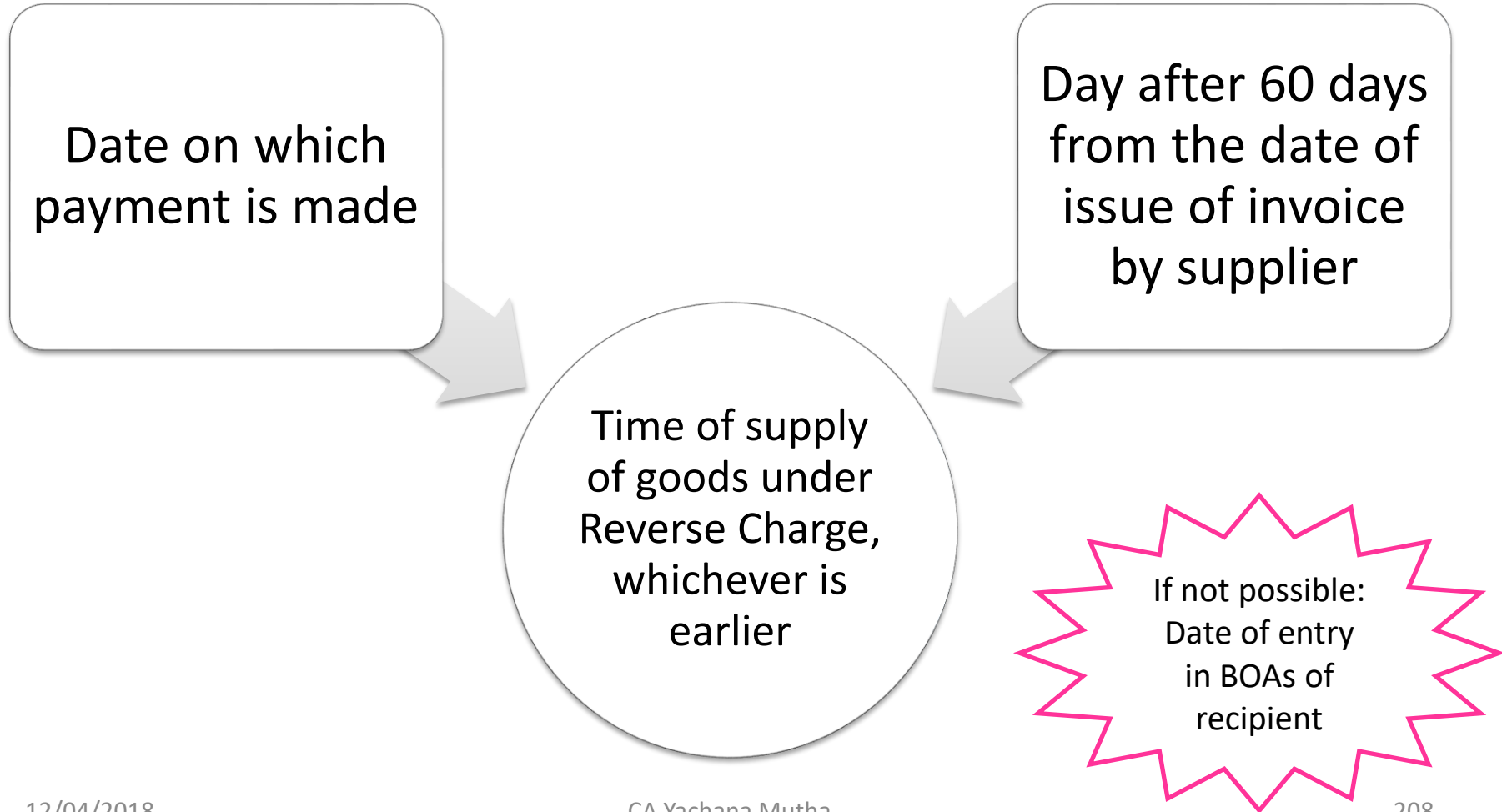
a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, **for a period exceeding three months** with periodic payment obligations

and **includes supply of notified goods subject to specified conditions**

Continuous supply of services



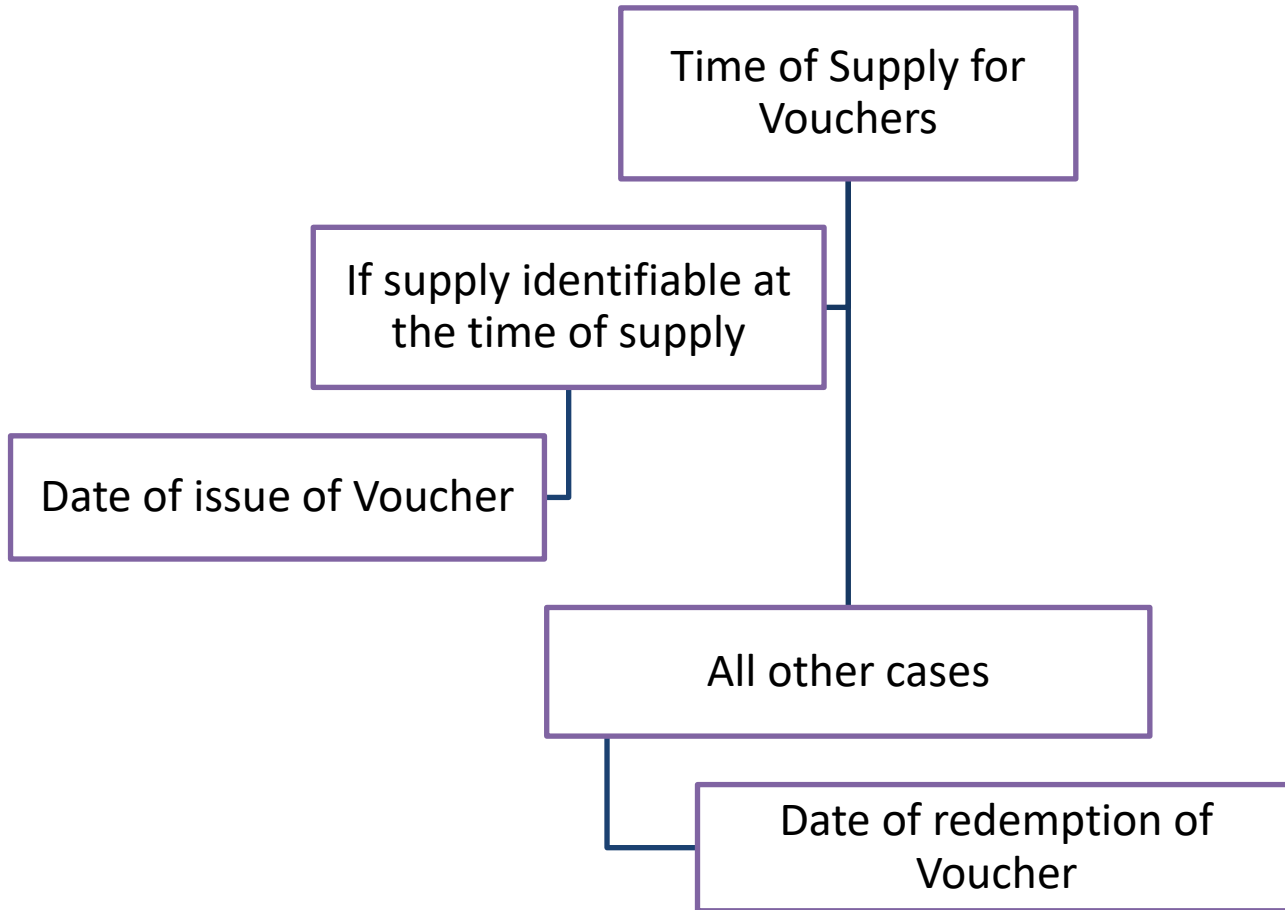
Services - Time of Supply –Reverse charge



Services - Time of Supply –Reverse charge-AE



Services – Time of Supply – Voucher



Supply of services – Residual cases

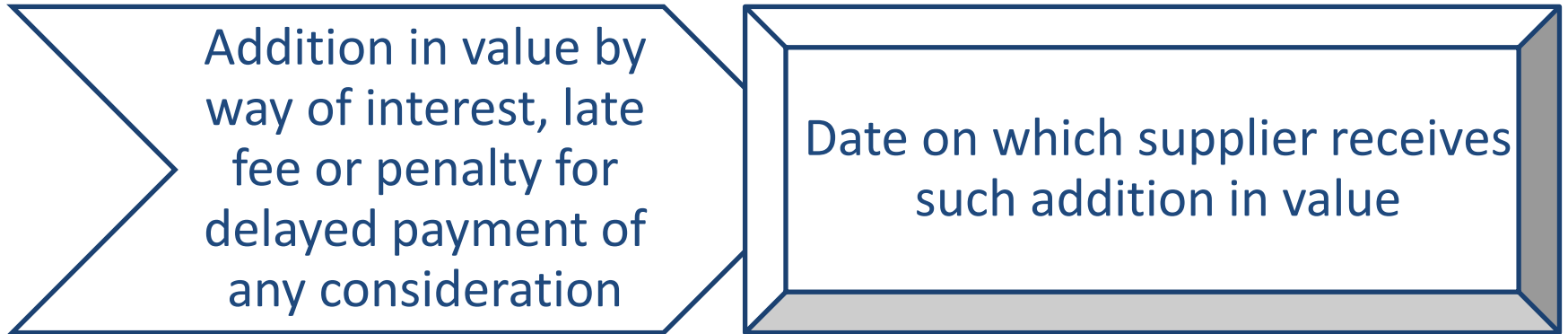
Time of supply

```
graph TD; A[Time of supply] --> B[Where a periodical return has to be filed – due date]; A --> C[Other cases – Date on which CGST/SGST is paid];
```

Where a periodical return has to be filed – due date

Other cases – Date on which CGST/SGST is paid

Interest/late fee/penalty



CHANGE IN RATE OF TAX

Time of Supply – Change in rate of tax

Particulars	Invoice raised	Payment received	Date of Payment	Date of Invoice	Earlier of dates of payment or invoice
Supply of goods/Services prior to change in Effective ROT	Prior	Later		√	
	Later	Prior	√		
	Later	Later			√
Supply of goods/Services after change in Effective ROT	Prior	Prior			√
	Prior	Later	√		
	Later	Prior		√	

TOS : Change in Rate of Tax (Section : 14)

- ✓ TOS under section 14(a) :
 - If supply before change in rate then TOS is on Invoice or receipt whichever is earlier.
- ✓ TOS under 14(b) :
 - In case goods or services or both supplied after change in rate i.e supply after change in rate :
 - TOS = Invoice or Receipt whichever is later
 - But if Invoice **AND** receipt occurred before change in rate then TOS is on Invoice or Receipt whichever is earlier.
- ✓ Note : Date of payment = Date of credit in bank account = if such credit in bank account is after 4 working days from the date of change in rate of tax.

Change in Rate of Tax – 01st Sep 2017

Change in Rate 12% to 18%

Determine TOS

Date of Supply	Date of Invoice	Date of receipt of Payment	TOS as per Section 14/13	Applicable Rate
25.09.17	21.08.17	10.09.17	10.09.17(14(b))	18%
25.09.17	21.08.17	15.11.17	15.11.17 (14b))	18%
25.09.17	01.08.17	14.08.17	01.08.17 (14(b)	12%
21.08.17	03.09.17	15.09.17	03.09.17(14(a))	18%
01.07.17	11.07.17	20.07.17	11.07.17(13)	12%

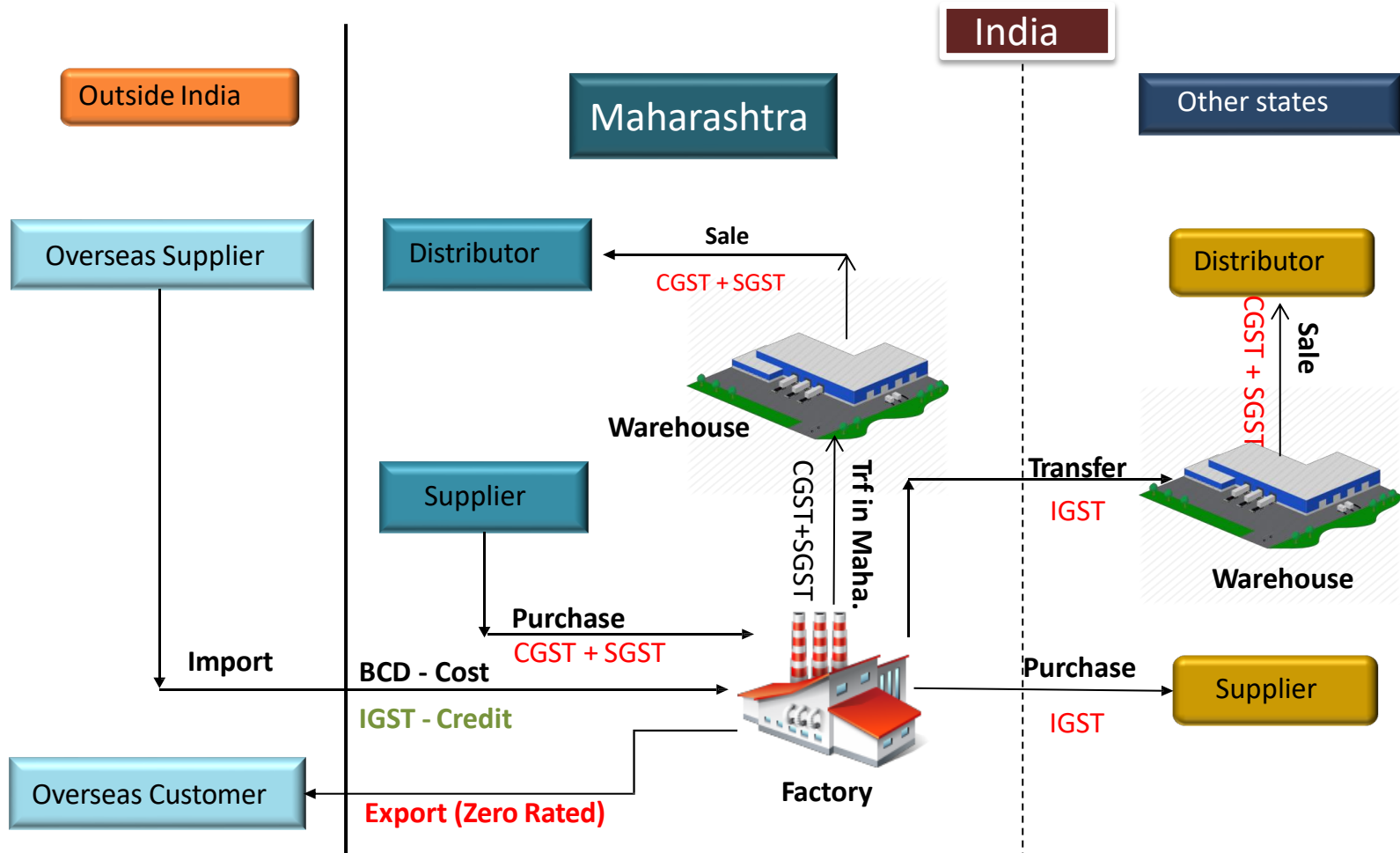
TOS : Only on Invoice Basis

- ✓ As per the N/n: 40/2017 C.T dated 13th Oct 2017 **supplier of goods** is required to pay tax i.e. TOS only on the basis of invoice or last date of issue of invoice if following conditions are satisfied :
 - If assessee is registered person then aggregate turnover of PFY doesnot exceed 1.5cr
 - If assessee applied for registration in current year then his aggregate turnover likely to be less than 1.5 cr
 - This notification is not applicable to composition taxable person (It implies that such person is required to pay on receipt or invoice basis whichever is earlier)

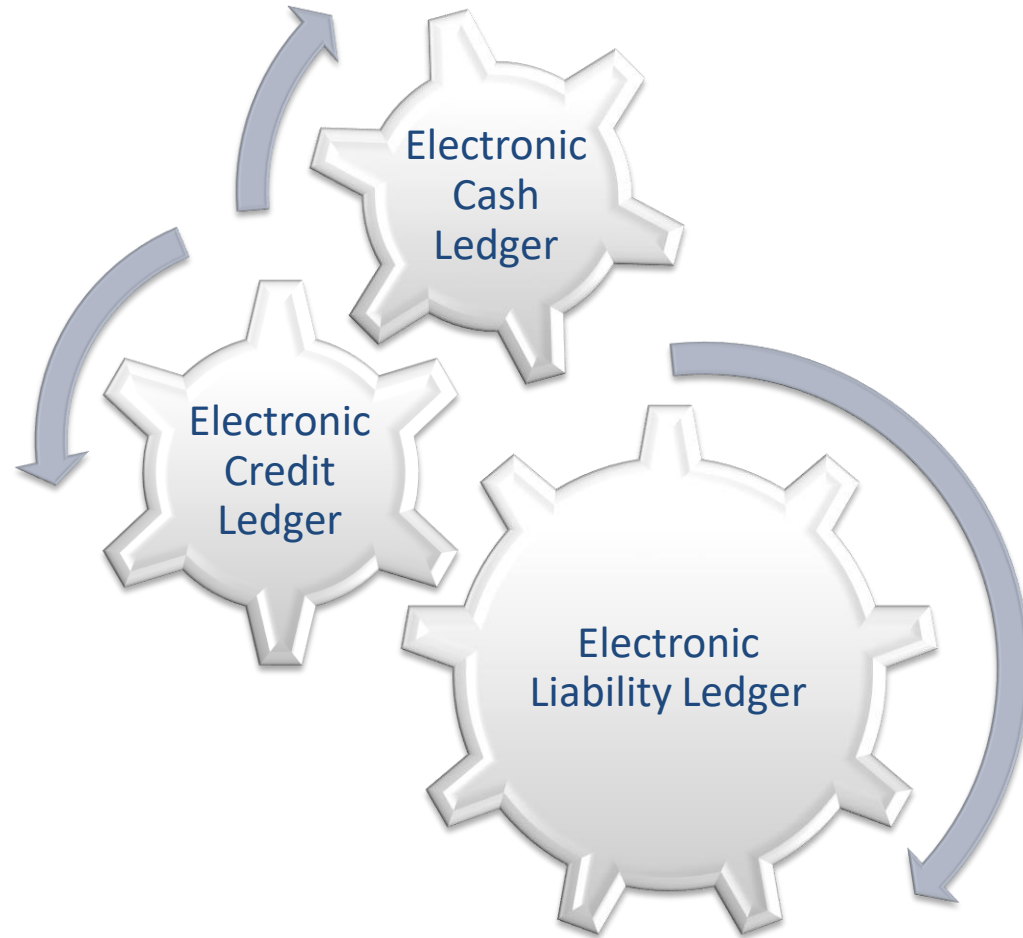
Area of Litigation

- ✓ In case of Continuous supply of services TOS shall be determined by applying section 13(2)(c) only, where TOS is date of receipt shown in books of accounts.
- ✓ Section 13(2)(a) and 13(2) (c) is not applicable in this case as section 13(2) (a) and 13(2) (b) gives reference to 31(2) and not 31(5).

SUPPLY CHAIN UNDER GST



PAYMENT



Electronic Liability Register-FORM GST PMT 1



Debits:

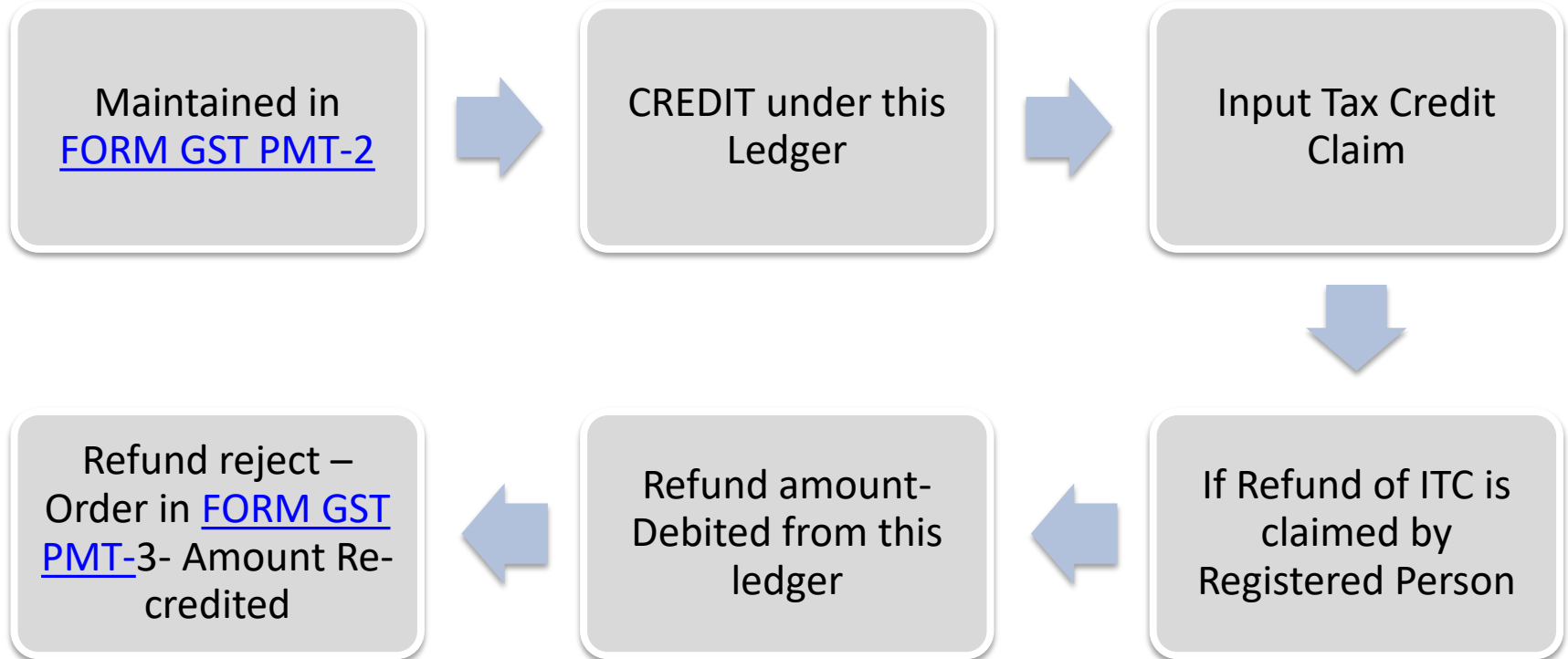
- As per return
 - Tax
 - Interest
 - Late fee
 - Any other amount payable
- As determined by the officer
 - Tax
 - Interest
 - Penalty
 - Any other amount payable
 - Tax and interest – mismatch
 - TDS/TCS/Composition tax



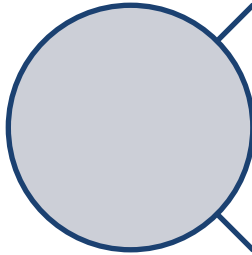
Credits:

- Payment made towards taxes
- Relief granted by appellate authority
- Penalties reduced due to payment of tax, interest & penalties against SCN

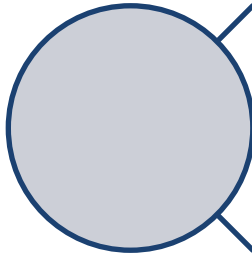
ELECTRONIC CREDIT LEDGER



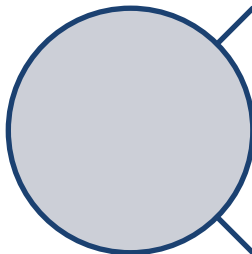
Input Tax Credit



Documents based on which ITC can be claimed:
Invoice, Self – invoice in case of URD Purchases,
Debit Note, BOE, ISD Invoice/ISD Credit Note



ITC is available only if all applicable particulars
are contained in the said document and relevant
information is furnished in GSTR-2

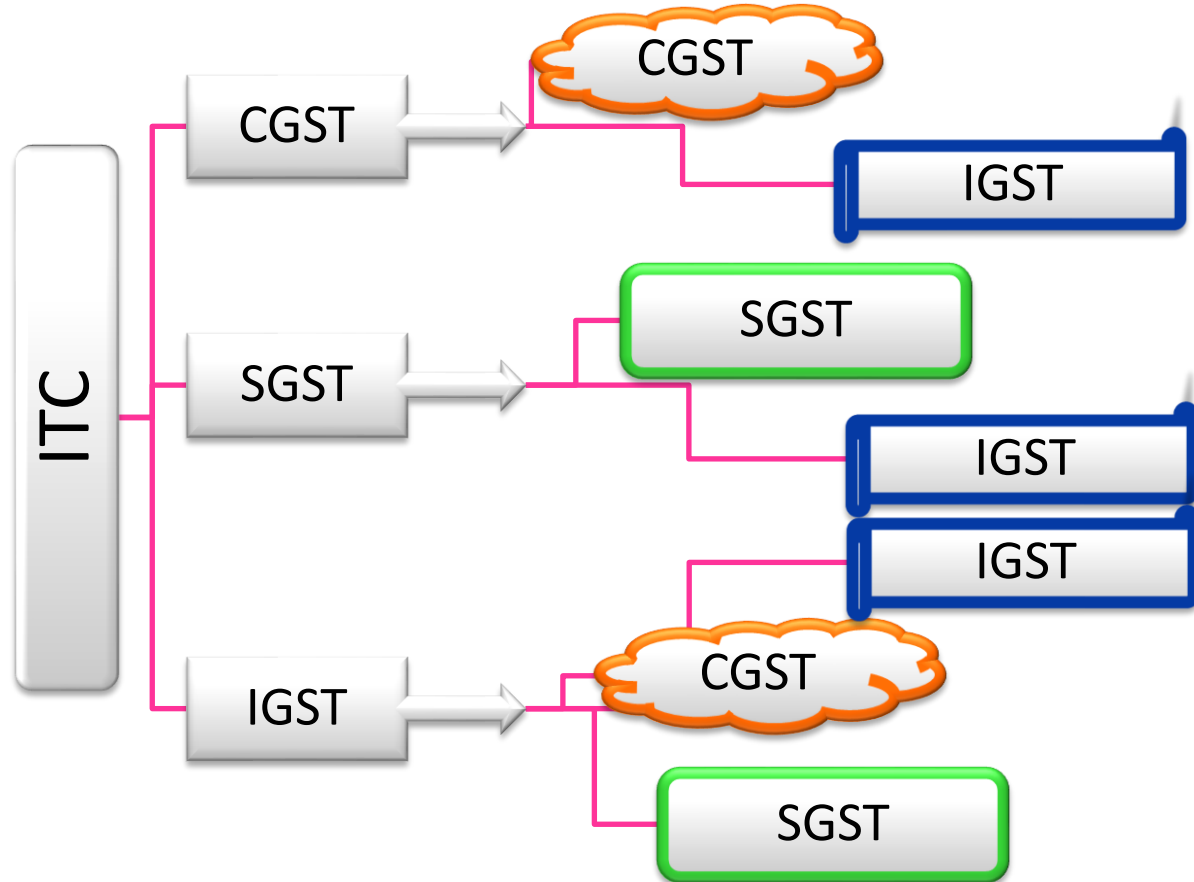


No ITC available if tax paid in pursuance of
adjudication order on account of fraud, mis-
statement or suppression of facts

ITC Credit and provisional acceptance (Section 41)

- Every registered taxable person
- Subject to prescribed conditions and restrictions
- Entitled to take credit of self assessed ITC
- Provisional ITC allowed to Electronic Credit Ledger
- Credit to be utilised only for payment of self-assessed output tax liability**

Utilisation of ITC



Example

TAX	LIABILITY	CREDIT	BALANCE Liability	Comments
IGST	25000	20000	5000	Use 5000 from SGST
CGST	30000	15000	15000	Balance need to be discharged in cash Rs. 15000
SGST	30000	40000		Excess 10000, 5000 can be used for IGST Payment and balance will be carried forward.

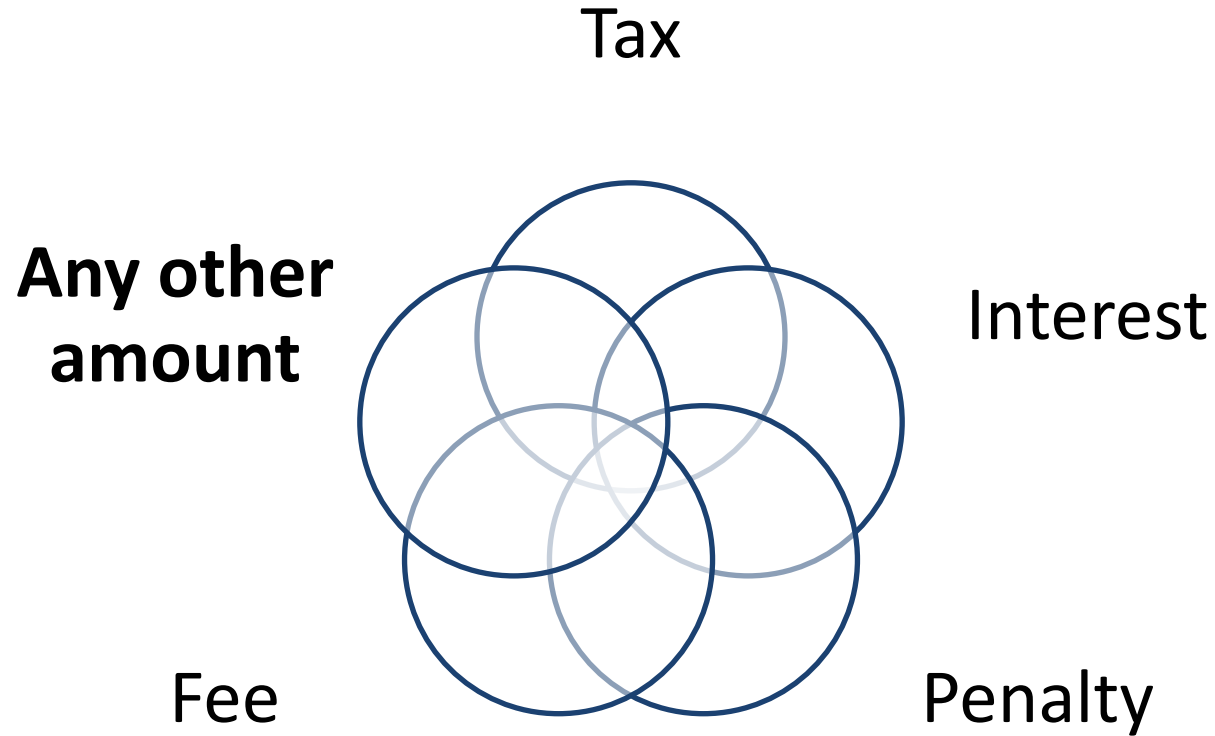
Utilization of Electronic Credit Ledger

<u>Particulars</u>	<u>Utilization of cash ledger</u>	<u>Utilisation of Credit Ledger</u>
<u>Tax Dues :</u>		
GST	Yes	Yes
<u>Other Dues :</u>		
Interest	Yes	No
Penalty	Yes	No
Fees	Yes	No
Other Amount	Yes	No

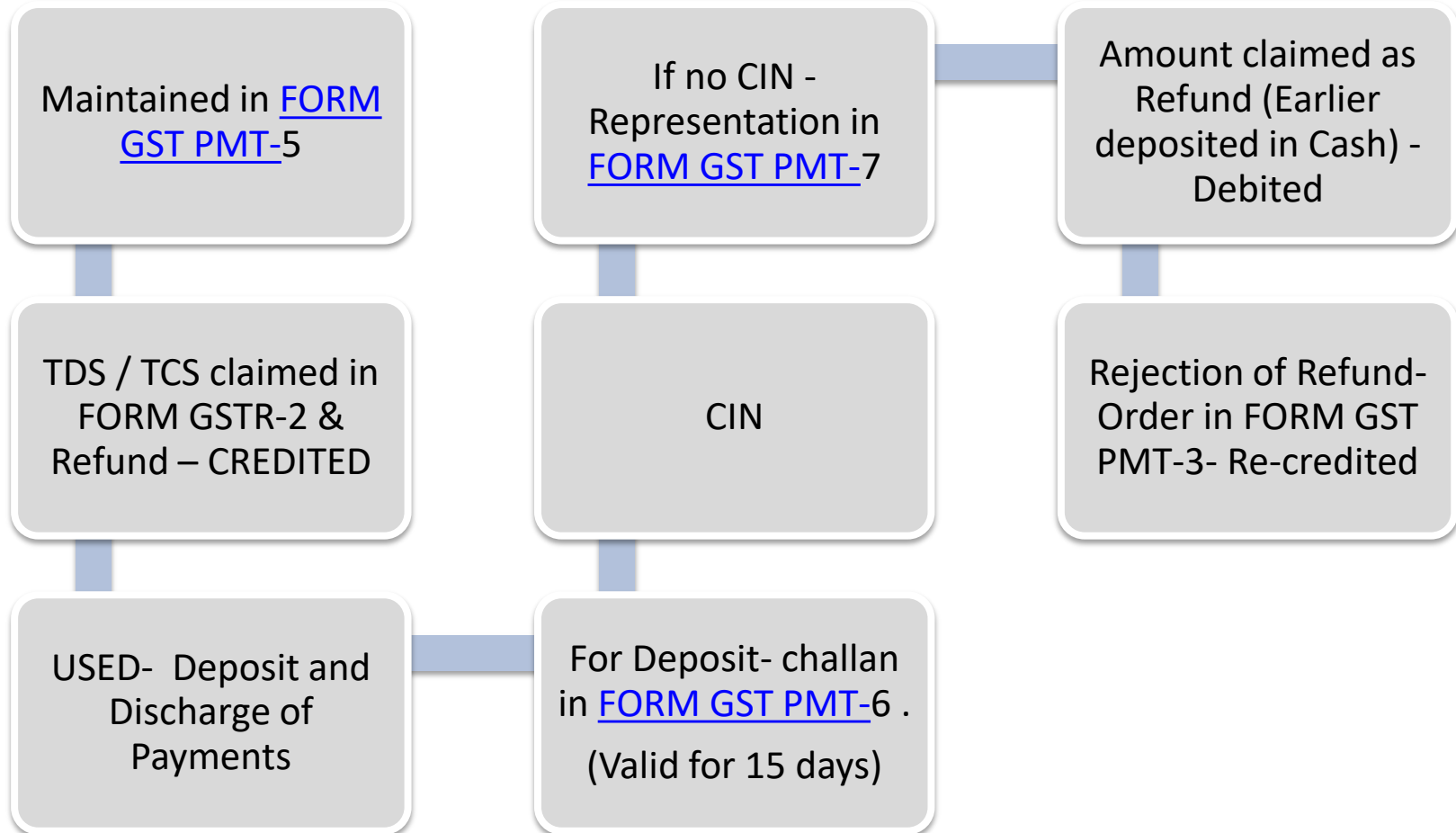
Utilisation only for payment for the respective major and minor heads

Major Head	Minor Head				
IGST	Tax	Interest	Penalty	Fees	Other
CGST	Tax	Interest	Penalty	Fees	Other
SGST/UTGST	Tax	Interest	Penalty	Fees	Other
CESS	Tax	Interest	Penalty	Fees	Other

Electronic Cash Ledger



ELECTRONIC CASH LEDGER (ECL)




How to Deposit in ECL?

Cash/Cheque/DD




- Internet Banking



- Credit of Debit Card

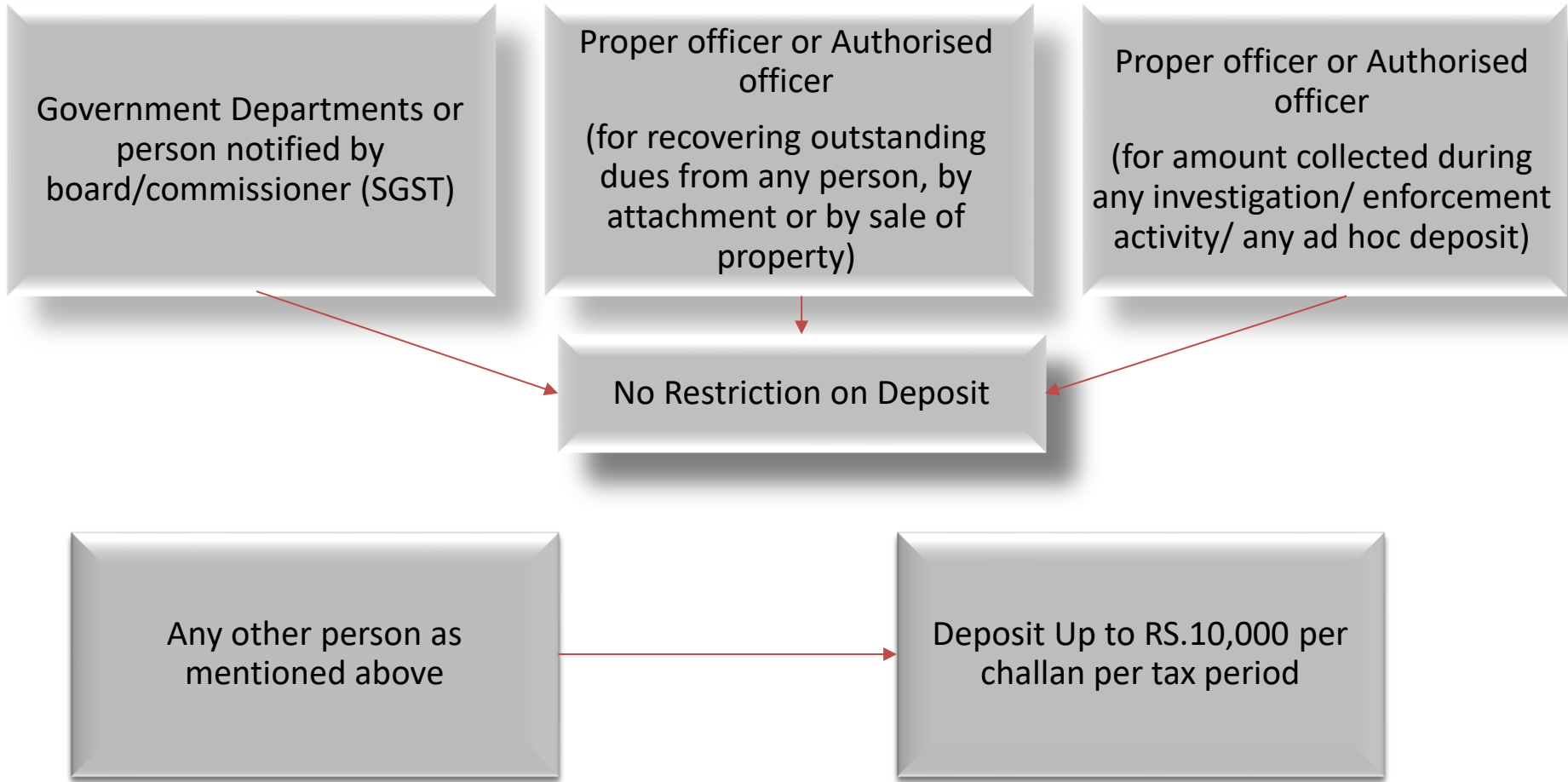


NEFT or RTGS



Over the Counter

Over the counter payment



Order of utilisation

Self-assessed tax and other dues related to returns of previous tax periods



Self-assessed tax and other dues related to return of current tax period

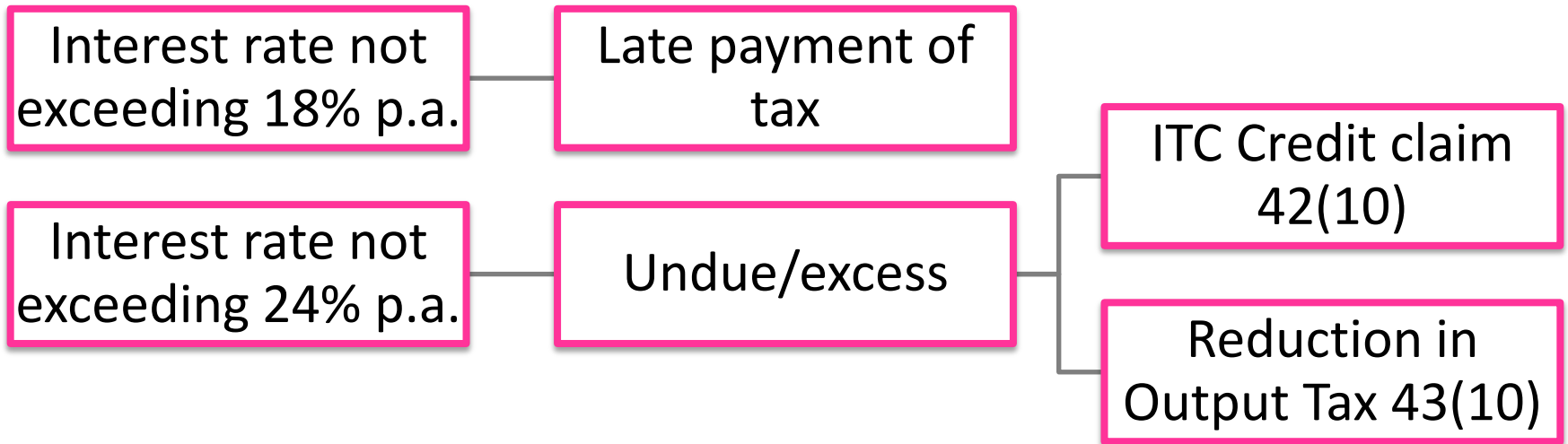


Any other amount payable under the Act or the rules made thereunder including the demand determined under section 66 or 67

Certain Liability *only* to be discharged through *cash*

- ✓ TDS u/s 51 or TCS u/s 52
- ✓ RCM Payment
- ✓ Composition Levy U/s 10
- ✓ Interest, Penalty, Fee, any other amount under this act

Interest liability – Section 50

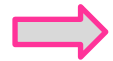
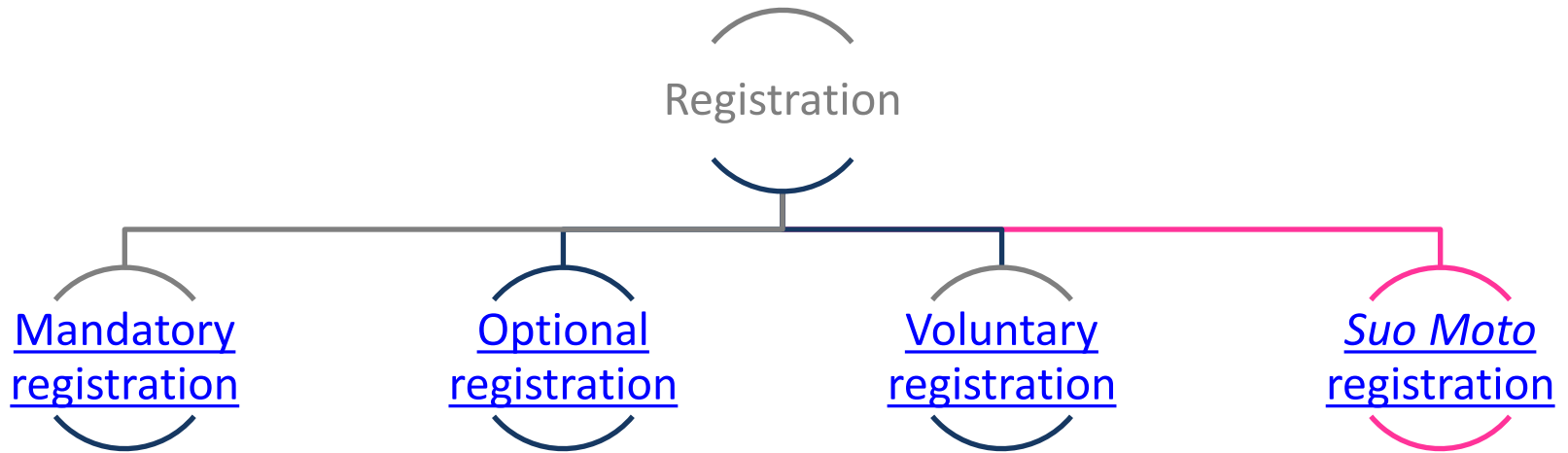


Important points : Interest

- ✓ Period of Interest : From the date following the due date of payment to the actual date of payment. (i.e caluclated on day wise basis)
- ✓ The Liability for interest can be settled by adjustment with balance in Electronic cash ledger but not with balance in Electronic credit ledger

REGISTRATION (CGST 22 TO 30)

Registration (Sections 22 to 28)



Mandatory Registration (Section 25)

Every person
who is liable to
be registered
under Section 22
or 24

shall apply for
registration in
every State/UT
in which he is so
liable

within 30 days
from the date on
which he
becomes liable
to registration

in such manner
and subject to
such conditions,
as may be
prescribed

Sections 22 & 24

Liability to be registered

Existing Registrant

Registered or holds license under existing law

From the date Act comes into effect

New Registrant

Every supplier in the State from where he makes a taxable supplies

From the date T/O > 20 Lakhs

Specific Registrants

Without threshold

Transferee/successor

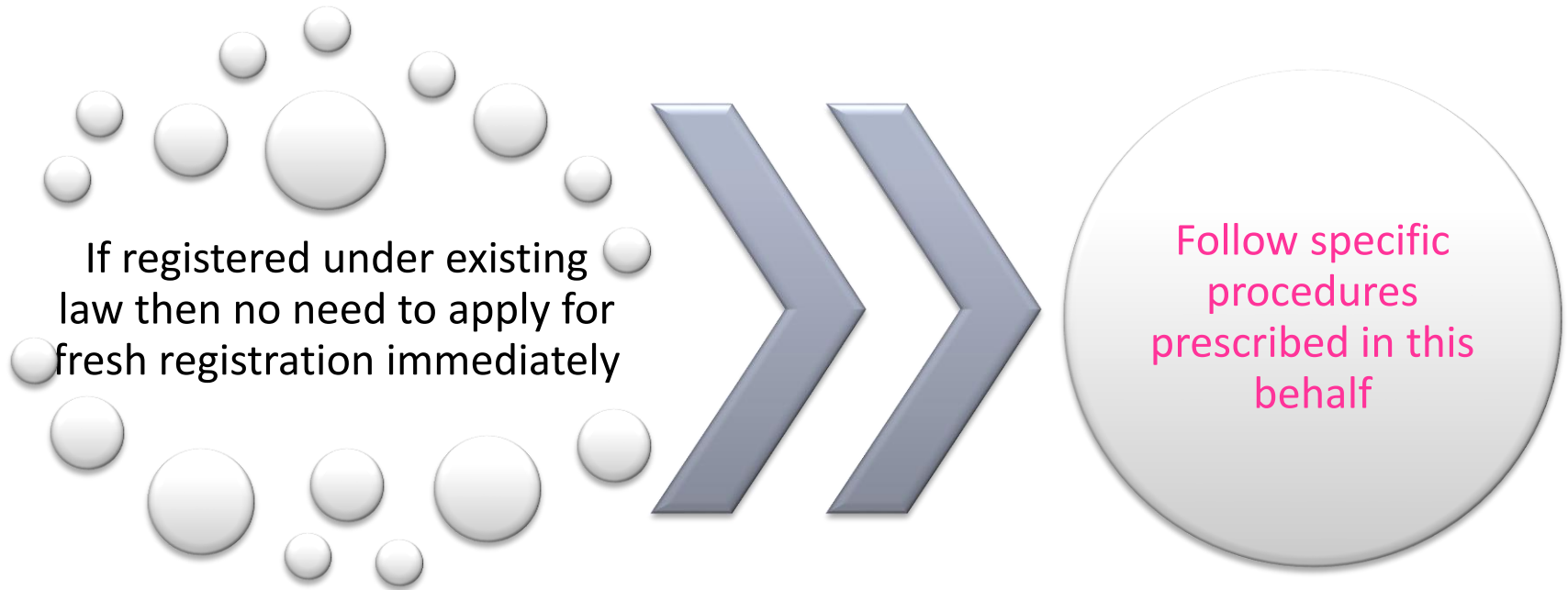
Transfer of business as going concern

From the date of transfer/succession

Amalgamation/De-merger

From the date, registrar of companies issues COI

Existing Registration



Liability to be registered generally



Every supplier shall be liable to be registered in the State/UT **from where he makes a taxable supply of goods and/or services** if his aggregate turnover in a FY exceeds **Rs. 20 Lakhs**

- If taxable person conducts his business in Special Category States
 - Threshold: **Rs. 10 Lakhs**



Not a taxable person till Aggregate turnover in a FY > **Rs. 20 Lakhs**

(Section 2 (107))

- In case business in any of Special Category States
 - Threshold: **Rs. 10 Lakhs**

Aggregate Turnover (Section 2 (6))

Means

All taxable supplies

Exempt Supplies

Exports:
goods/services

Inter state supplies
of a person having
the same PAN

Non taxable
supplies ?

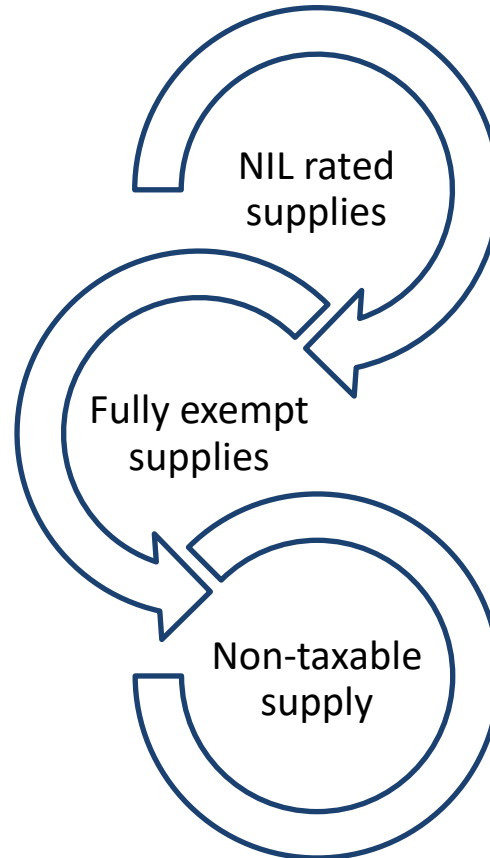
To be
computed on
all India basis

Excludes

GST

Inward supplies under RCM

Exempt supply



Location of supplier



Location of supplier of
goods-Not defined



Location of supplier of
service
(Section 2 (71) - CGST)

Location of supplier of service means

Supply from registered place of business

- Location of such place of business

Supply from unregistered place of business, say, fixed establishment

- Location of fixed establishment

Supply from more than one establishment (business or fixed establishment)

- Location of the establishment most directly concerned with provision of supply

Other cases

- Location of usual place of residence of supplier

Place of Business includes (Section 2 (85))

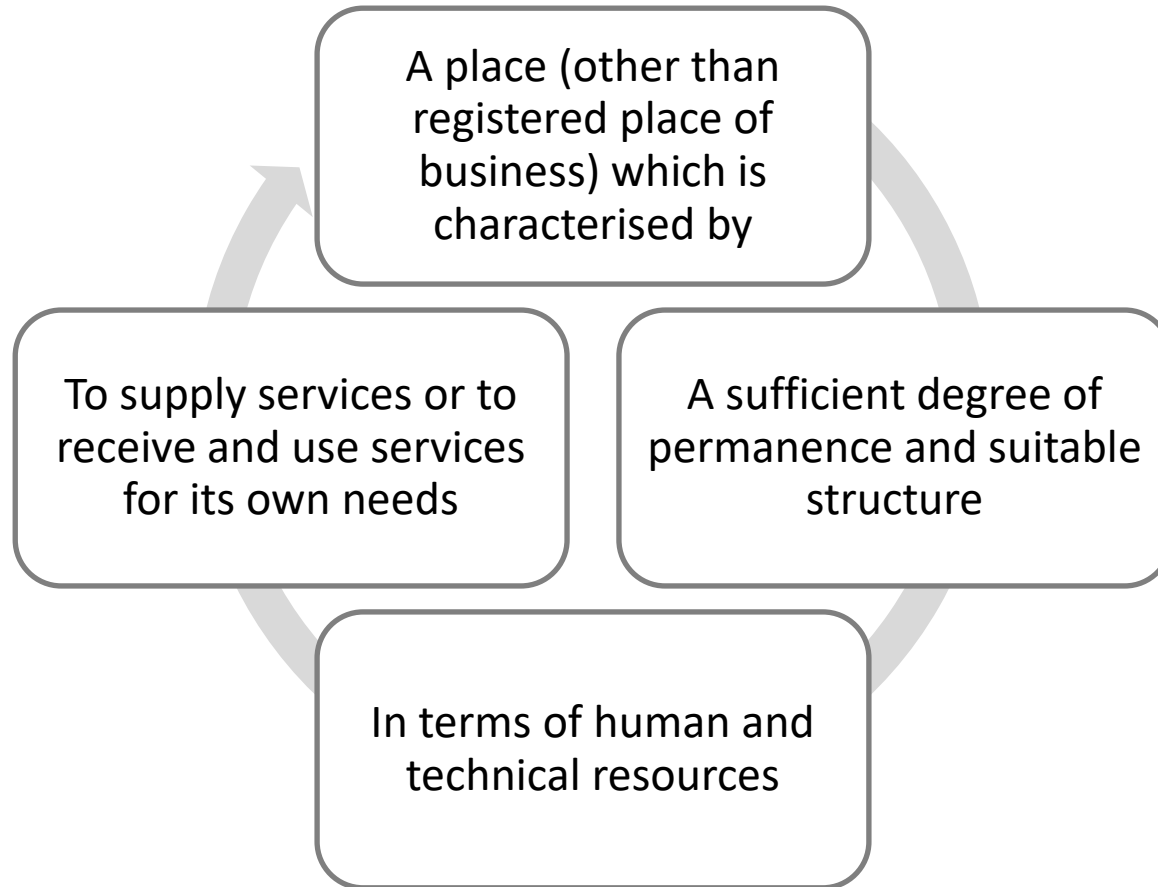
A place from where
the business is
ordinarily carried on

A place where a
taxable person
maintains his books of
accounts or

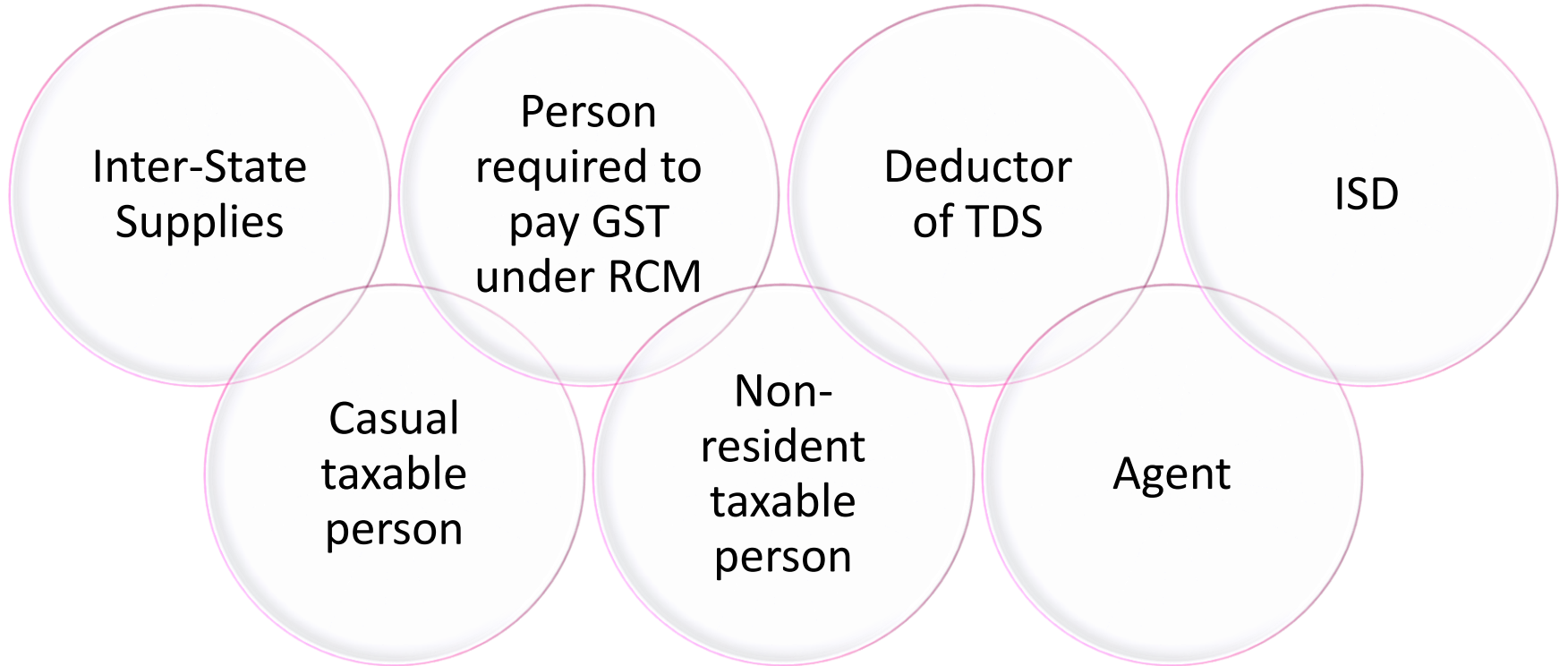
and includes a
warehouse, a godown
or any other place
where a taxable
person stores his
goods, supplies or
receives goods and/or
services or

A place where a
taxable person is
engaged in business
through agent, by
whatever name called

Fixed establishment means (Section 2 (50))



Mandatory Registration-Threshold not applicable (24)



- ✓ Inter State Supplies : Exemption to -
 - Interstate **Services** : < 20 lacs [10 lacs in case of Special category states except J&K]
 - Exemption to **Handicraft goods** supplier < 20 lacs [10 lacs in case of Special category states except J&K]
 - Exemption to **Jobworker**

- ✓ Causal taxable persons making taxable supply
 - Exemption to **Handicraft goods** supplier < 20 lacs [10 lacs in case of Special category states except J&K]

Mandatory Registration-Threshold not applicable

Vendor on E-commerce platform

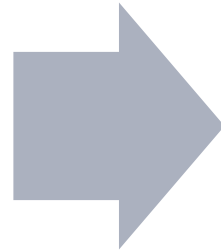
E-commerce operator

Supplier of online information and database access or retrieval services from outside India to unregistered person in India

Persons notified by Central or State Government on recommendations of the Council

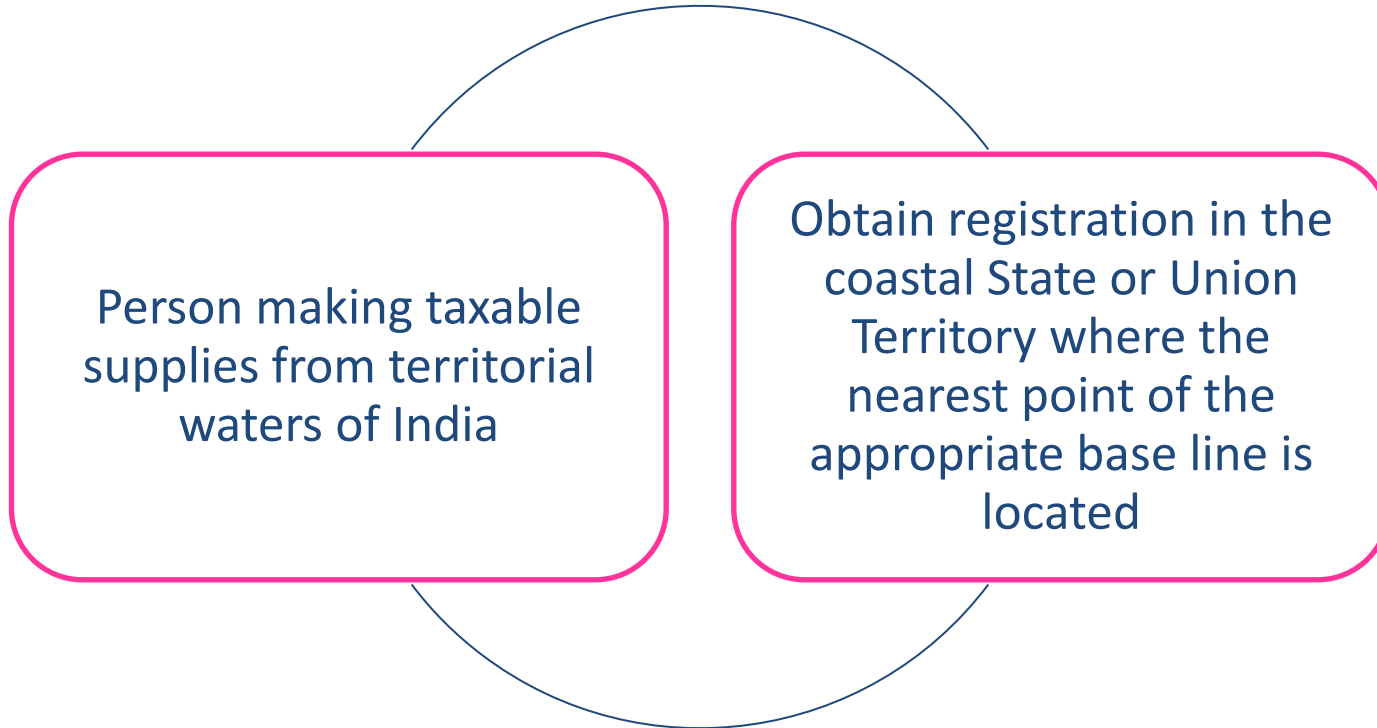
Proviso to Section 25 (1)

Casual taxable
person or non
resident taxable
person



Apply for
registration 5
days prior to
commencement
of business

Explanation to Section 25 (1)



Optional Registration (Section 25 (2))



Business vertical means

A distinguishable component of an enterprise



engaged in the supply of individual goods or services or a group of related products or services



Which is subject to risks and returns that are different from those of other business verticals

Business vertical means

Explanation: Factors that should be considered in determining whether goods or services are related include:

(a) the nature of the goods or services

(b) the nature of the production processes

(c) the type or class of customers for the goods or services

(d) the methods used to distribute the goods or supply of services and

The nature of the regulatory environment (wherever applicable), including, banking, insurance, or public utilities



Voluntary Registration (Section 25 (3))

- ✓ All provisions of this Act applicable

- ✓ Why would one take voluntary registration?
 - For claiming ITC
 - Due to Customer's specific demand
 - To have unbroken chain of GST till the goods/services reach end consumer

Suo Moto Registration (25(8))

A person liable to be registered



Fails to register



officer



may proceed to register



Registration (Section 25(6) & (7))

- ✓ PAN mandatory
- ✓ If registration under GST for TDS, TAN under Income tax mandatory
- ✓ NRI- If no PAN then other documents as may be prescribed
- ✓ After verification, 2 options to department:
 - Grant RC
 - Reject RC
- ✓ If no deficiency communicated within specific time limit, registration deemed to be granted

Section 23

Persons
not liable
to
registration

Any person engaged exclusively in the business of supplying

- Goods/services not liable to tax
- Wholly exempted goods/services

An agriculturist to the extent of supply of produce out of cultivation of land

Notified persons: CG specified person who are engaged in supply of taxable goods or services the **total tax on which is liable to be paid under 9(3) of CGST Act (i.e Tax liability under notified RCM)**

Consequences of default in taking Registration

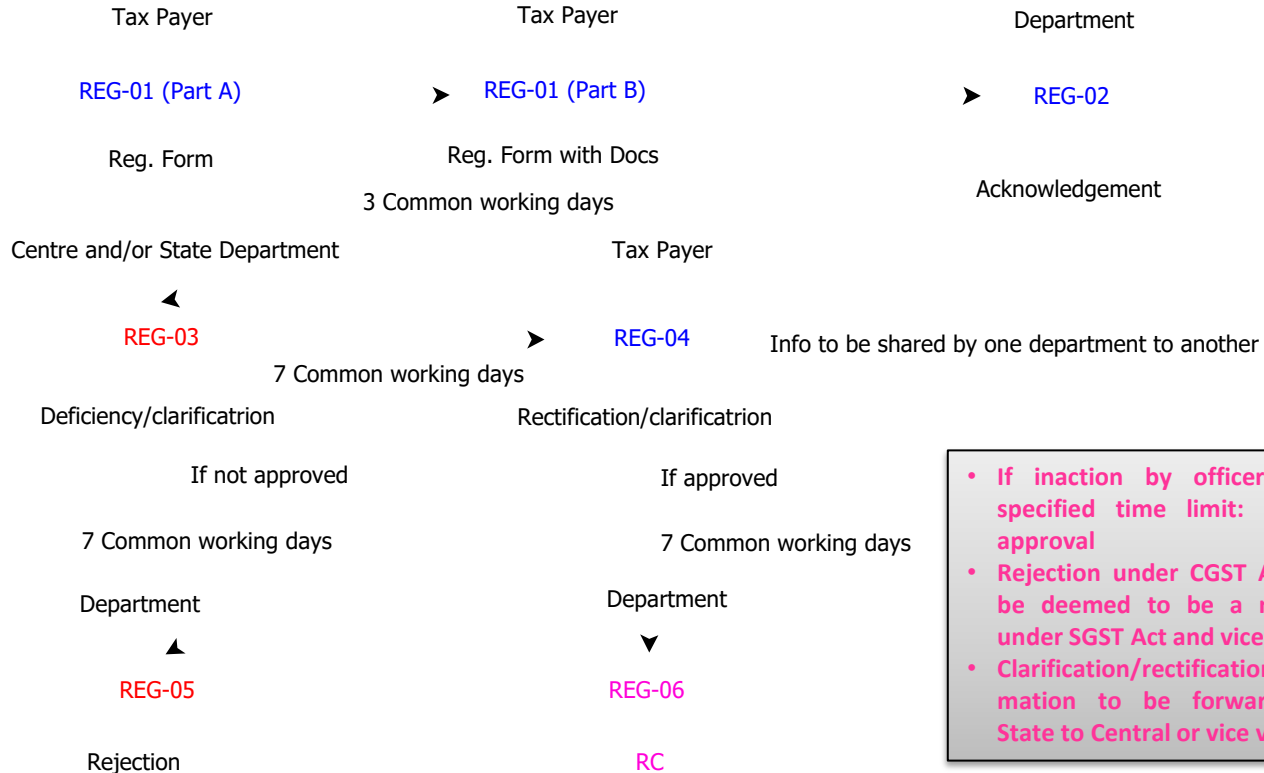
Liable to a penalty

- Higher of
 - Rs. 10,000/- or
 - 100% of tax evaded or
- The tax not deducted or short deducted

ITC cannot be claimed for the period prior to registration
(Effective date of Registration)

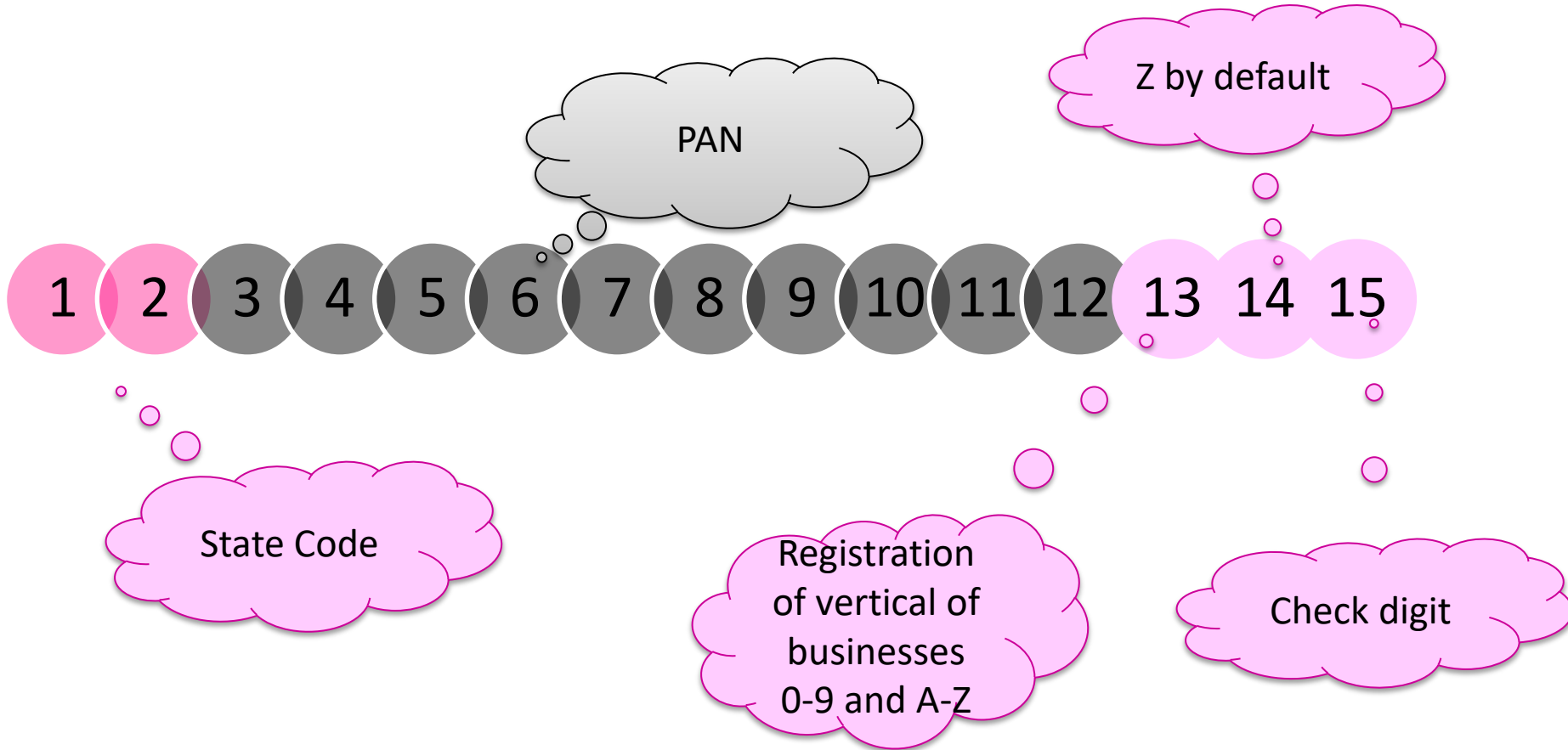
Pay Liability with interest

Process of Registration

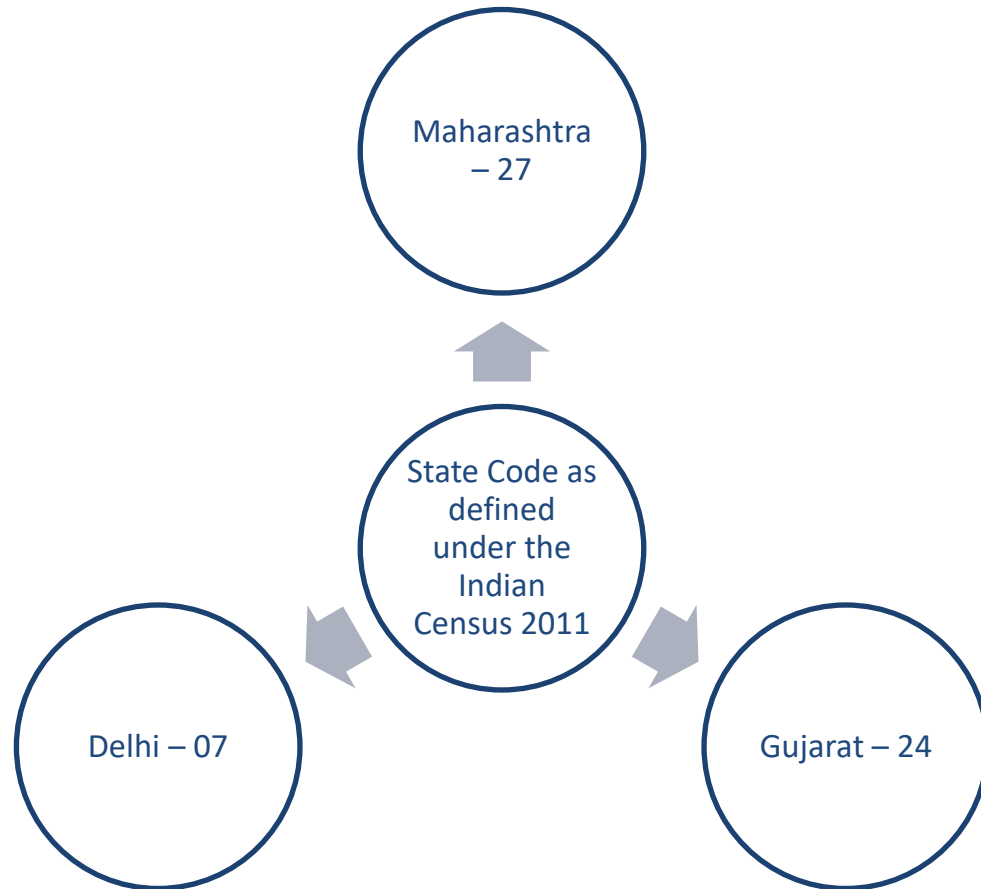


- If inaction by officer within specified time limit: Deemed approval
- Rejection under CGST Act shall be deemed to be a rejection under SGST Act and vice versa
- Clarification/rectification/information to be forwarded by State to Central or vice versa

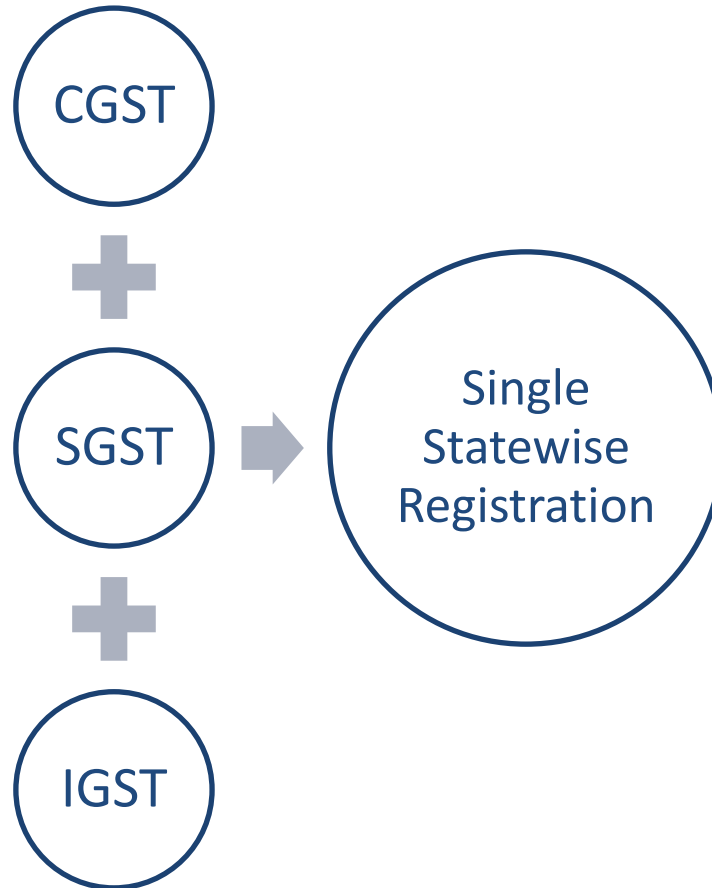
GSTIN (Goods and Services Tax Identification Number)



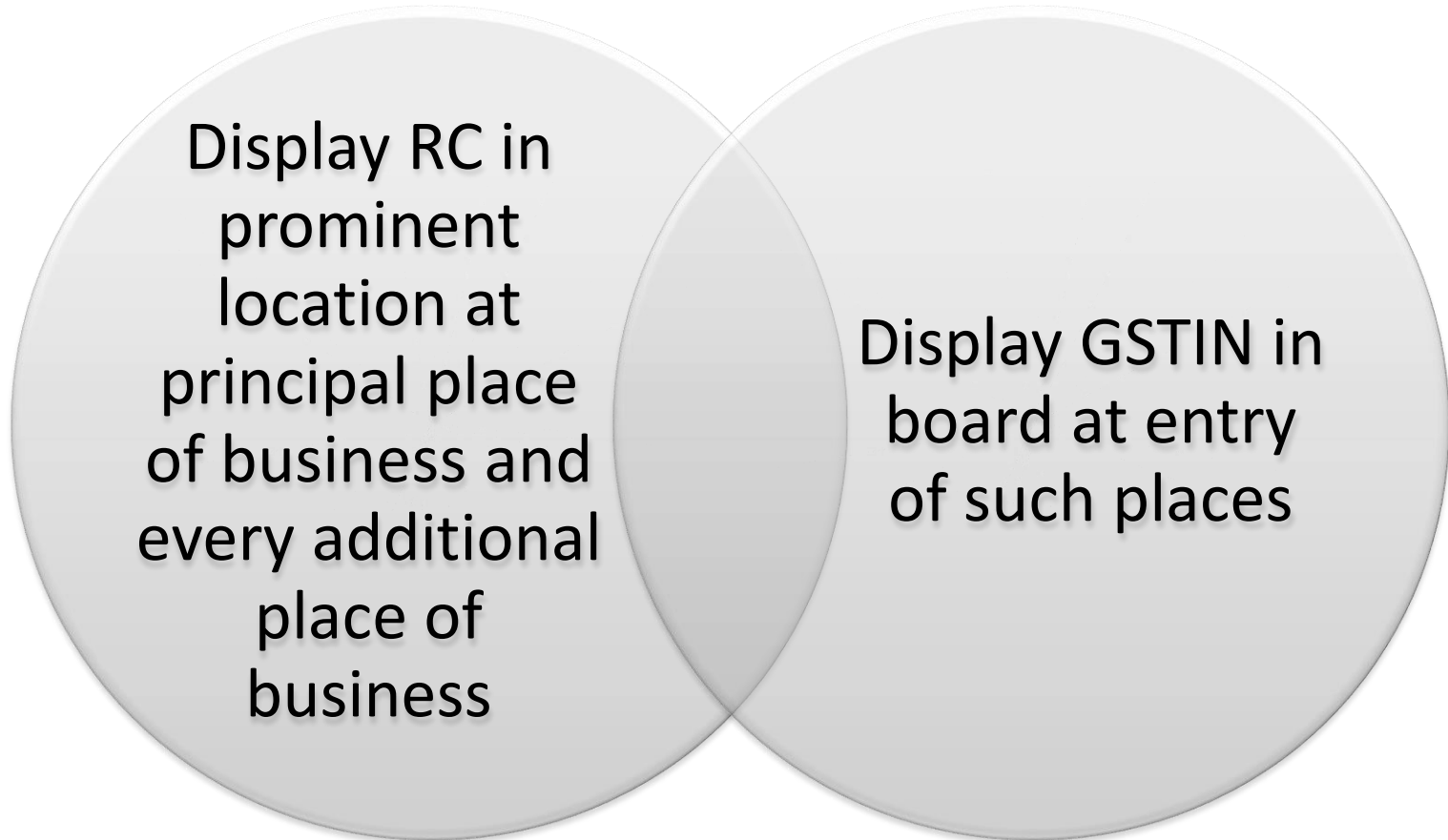
GSTIN



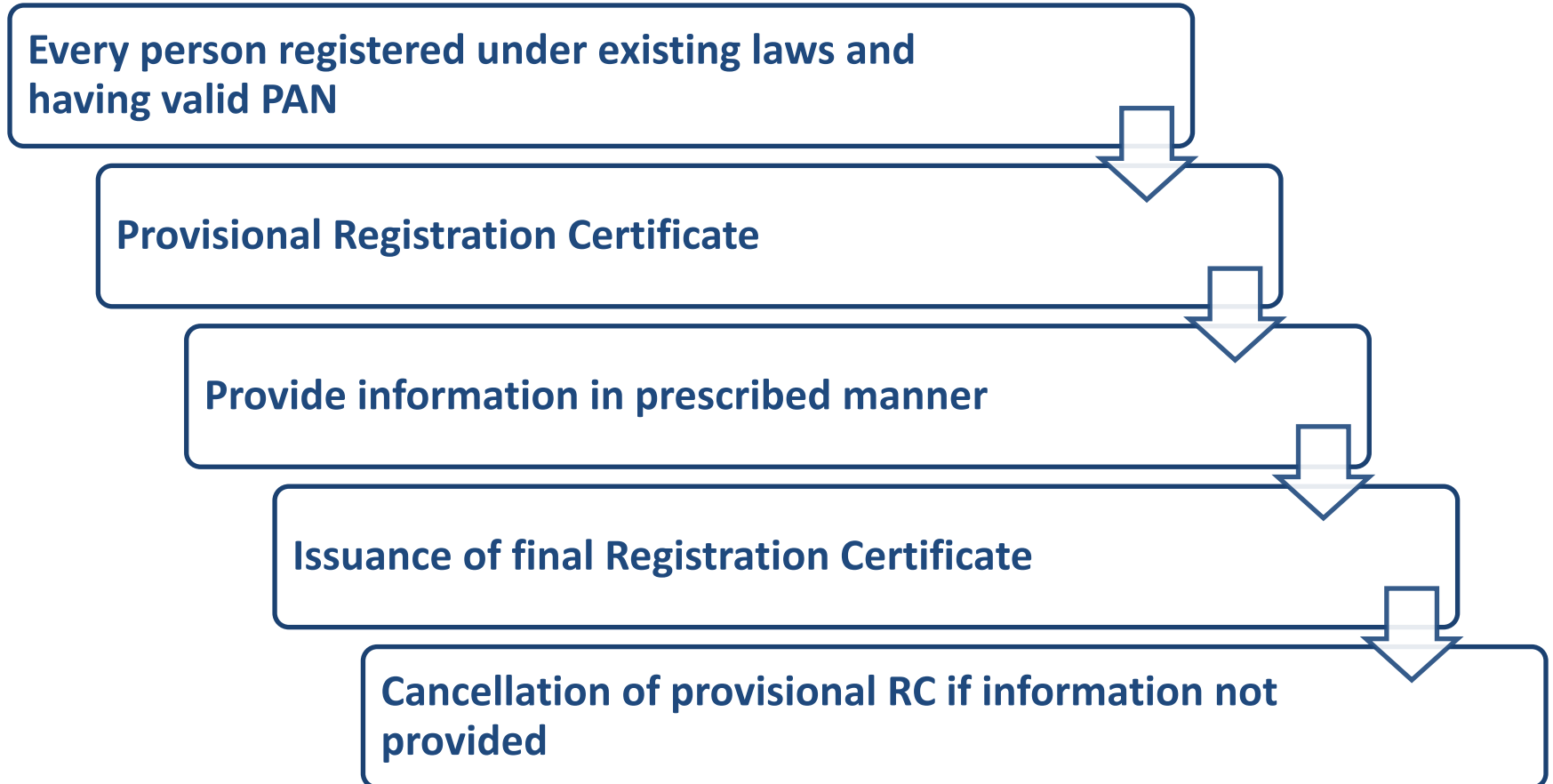
Registration Business Process

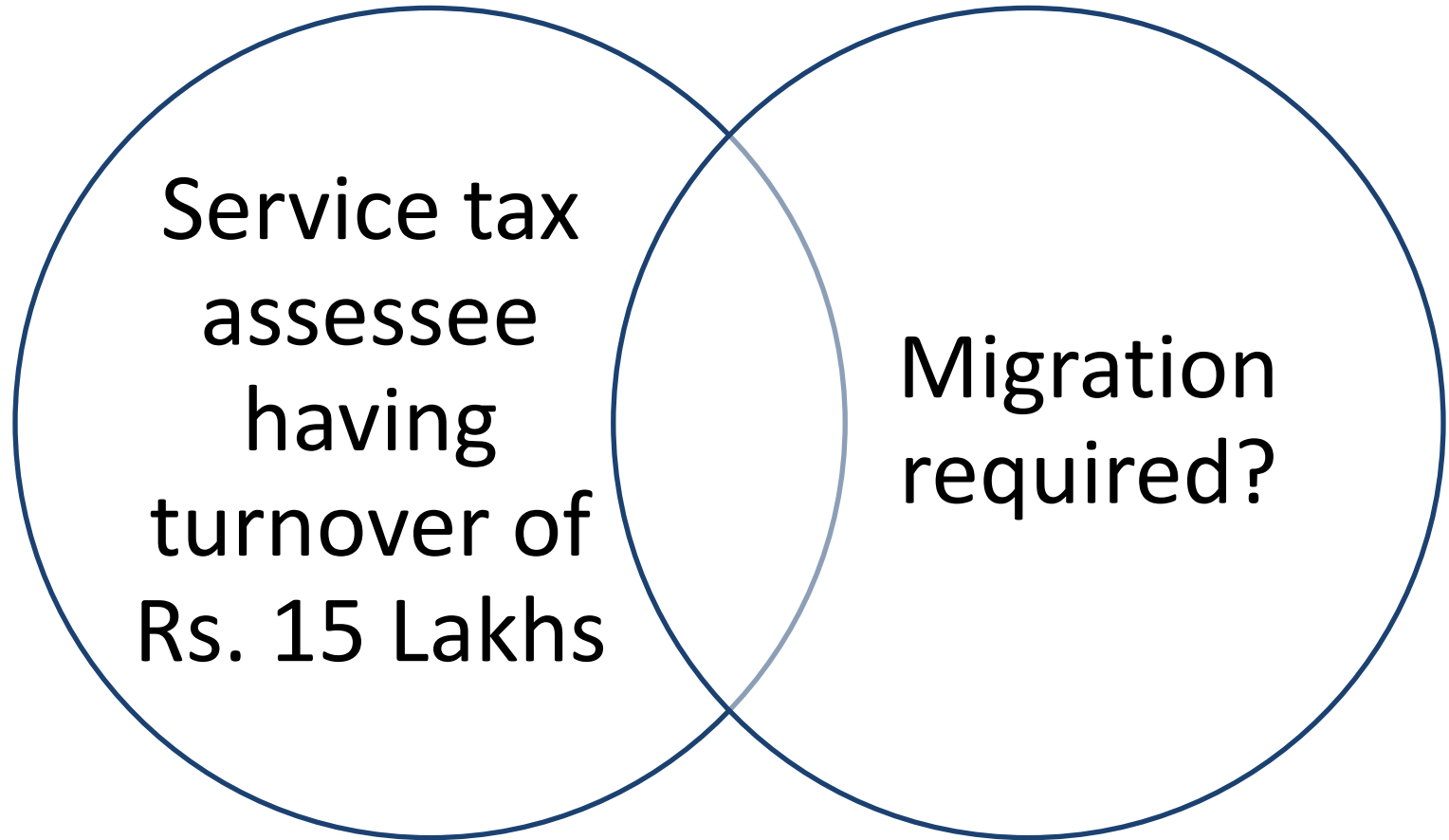


Display Registration



Existing Registration – Migration





Provisional ID Enrolment

Skip to Main Content A+ A-



Goods and Services Tax

UMESH SINGH

Dashboard

Help

Provisional ID Enrolment

My Saved application

Register/ Update DSC

Application Type	Provisional ID	Last Modified	Profile
Enrolment	10BHBPS7793B1ZG	07/10/2016	90%

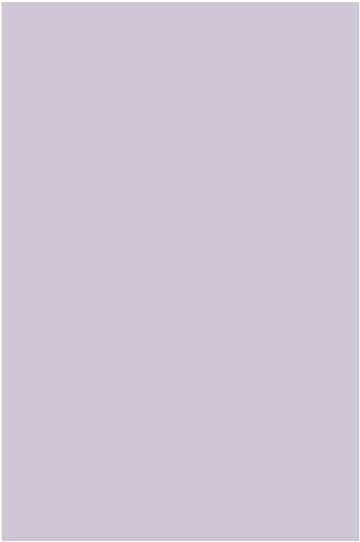
Business Details ✓	Promoter / Partners ✓	Authorized Signatory ✓	Principal Place of Business ✓	Additional place of business ✓	Goods & Services	Bank Accounts ✓	Verification
--------------------	-----------------------	------------------------	-------------------------------	--------------------------------	------------------	-----------------	--------------

Provisional ID Enrolment

Business Details

- Auto-populated basic details such as name, PAN, Ward/Circle/Sector No. etc.
- Trade name can be edited
- Constitution of business, existing registrations etc. to be filled up
- Upload documents providing proof of constitution of business

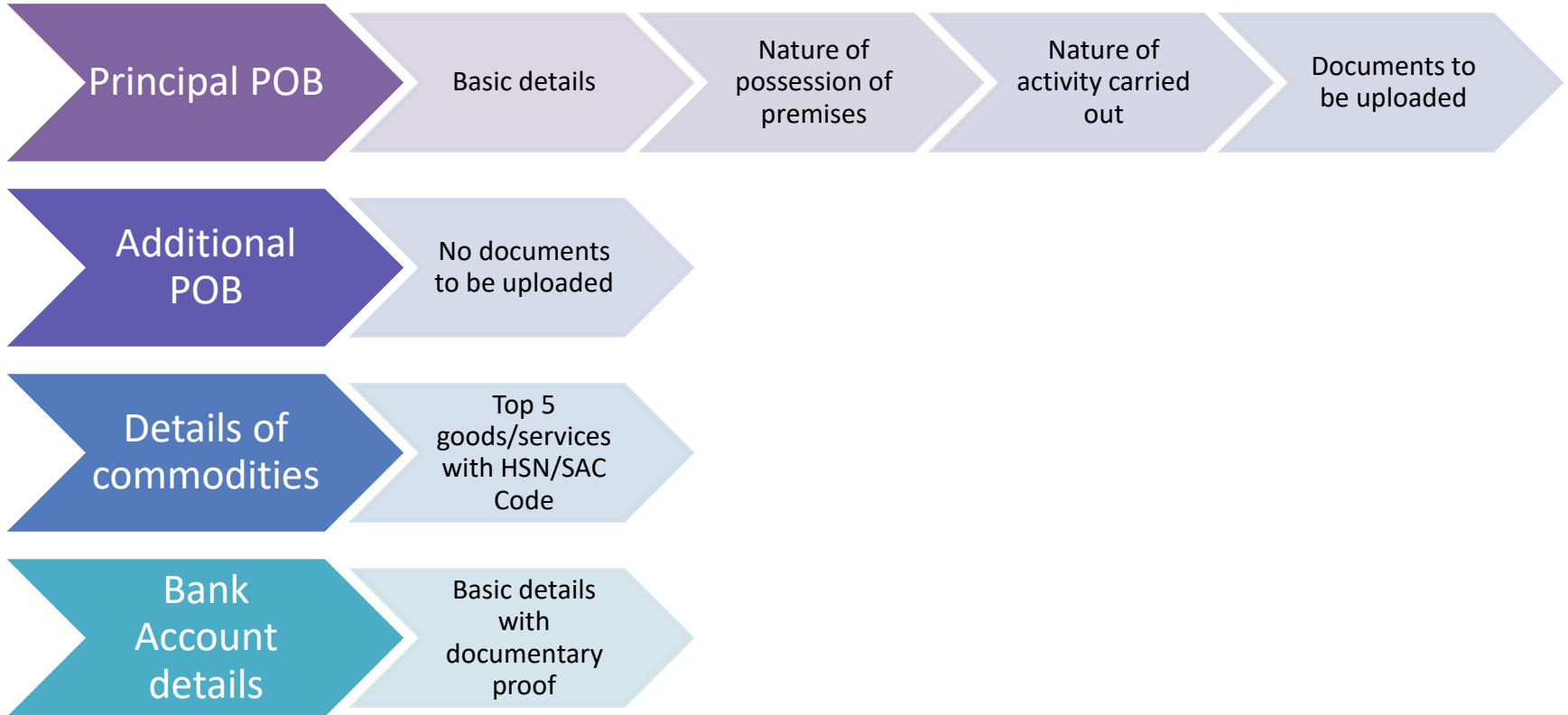
Provisional ID Enrolment



Details of Proprietor/Partner etc. & Authorised Signatory to be provided

- Personal Details
- Residential address
- Aadhar No.
- Passport if NRI
- Photograph
- Primary authorised signatory or not
- Proof of appointment of authorised signatory

Provisional ID Enrolment



Provisional ID Enrolment

Verification

Digital Signature using DSC

- Register the DSC

Option to save/submit

Acknowledgement in 15 minutes on registered mail ID and mobile no.

Application Reference No. (ARN) receipt sent to registered mail ID and mobile no.

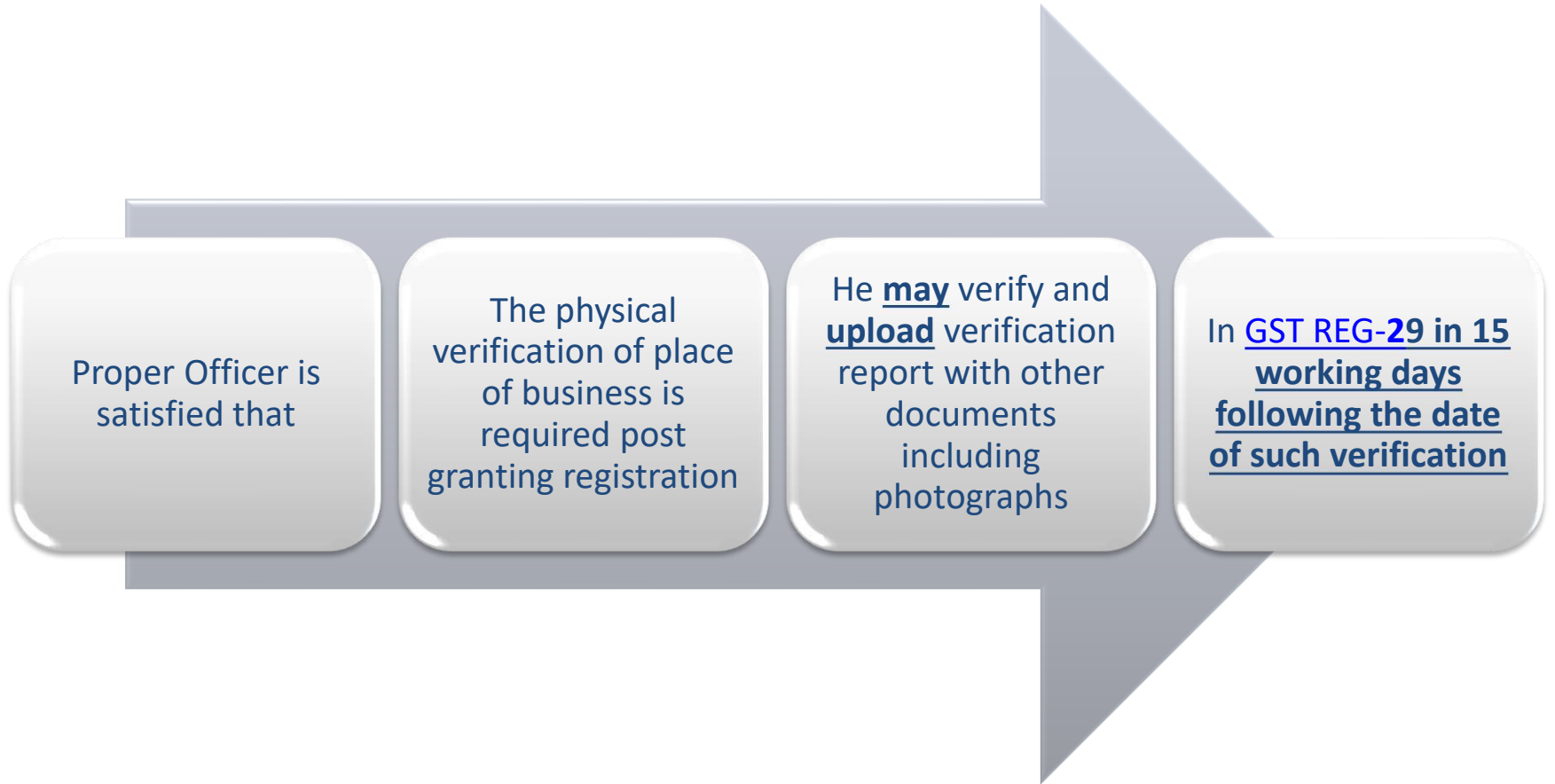
Existing Registration – Migration issues

Expansion Ltd.
Has presence
across India

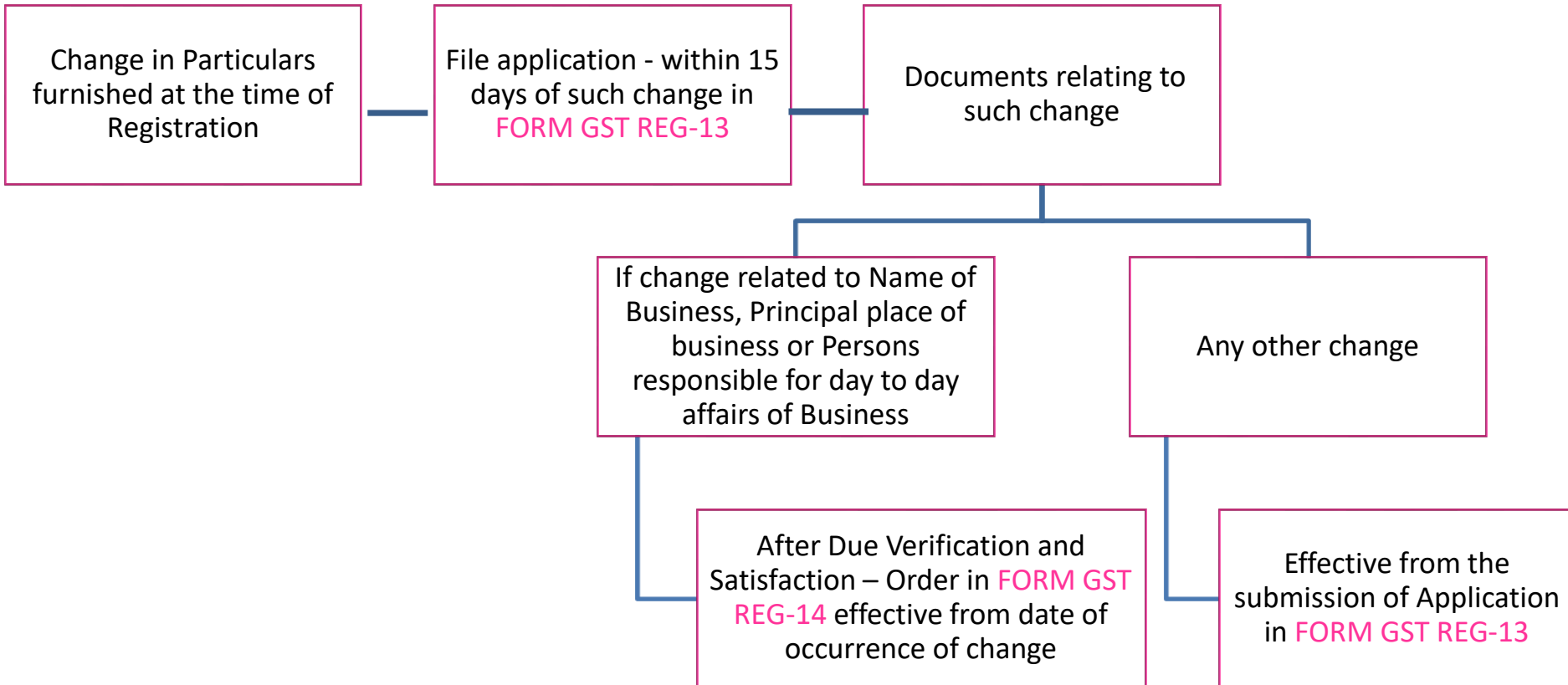


Whether he
needs to provide
information of
all POBs of all
States in all GST
registrations?

Physical verification of business premises



Amendments to registration...



...Amendments to registration...

If the change is related to
Change in Mobile No. or
Email Address of Authorised
Signatory



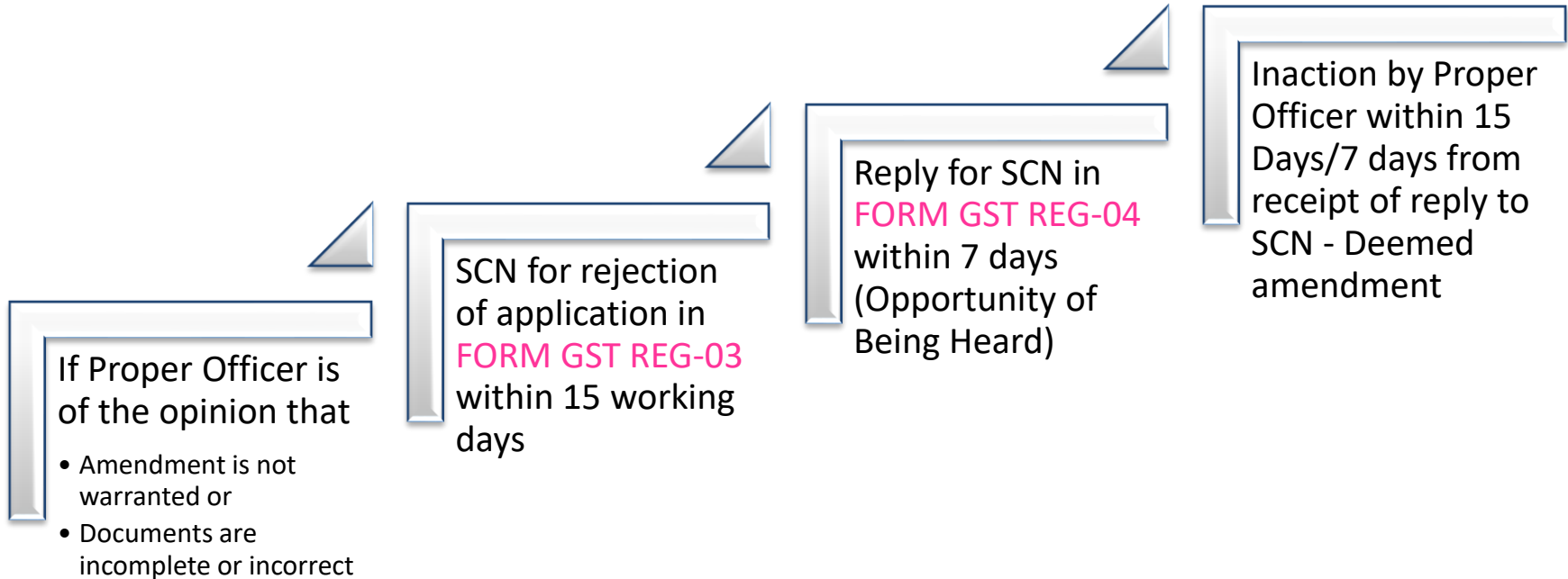
Effective after online
verification through the
common portal

Change in Constitution
of Business as result in
change of PAN



Fresh Registration is
Required

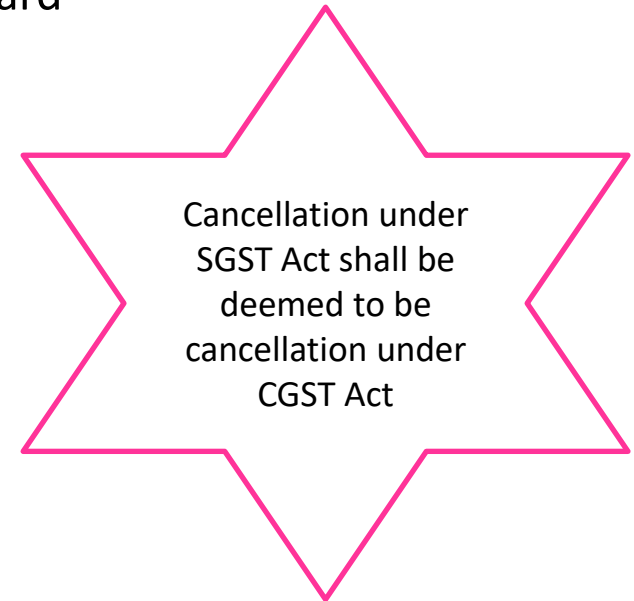
...Amendments to registration...



Section 29 - Cancellation of registration...

- ✓ Cancellation - By **Proper Officer** or Application by tax payer
 - Issuance of SCN except in case of death
 - Providing reasonable opportunity of being heard

- ✓ Reasons for cancellation
 - Transfer/discontinuation of business
 - Discontinuation of business
 - Full transfer of business for any reason
 - Death of proprietor
 - Amalgamation
 - De-merger
 - Disposal of business
 - Change in constitution of business
 - No longer liable to be registered



...Cancellation of registration...

- ✓ **Cancellation possible even from earlier date if**
 - Contravention of provisions of GST Law
 - Composition dealers – returns not furnished consecutively for 3 tax periods
 - Other dealers – returns not furnished consecutively for 6 months
 - Voluntary registration – Business not commenced in 6 months from the date of registration
 - Registration obtained by fraud, willful mis-statement, suppression of facts

- ✓ **ITC**
 - Pay ITC of inputs in stock, contained in semi-finished or finished goods or capital goods or plant & machinery or output tax, whichever is higher
 - Capital goods: Pay either ITC (-) specific % or tax on transaction value, whichever is higher
 - Detailed draft rules for calculation prescribed

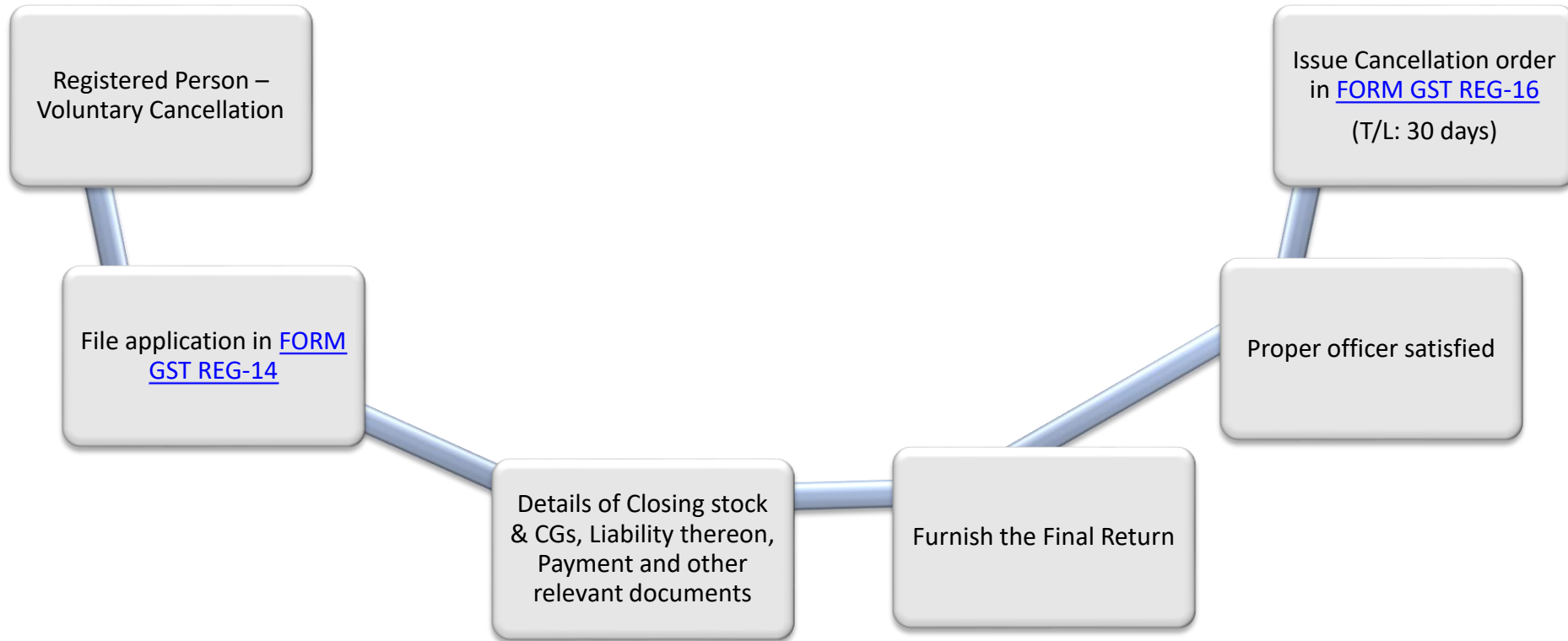
...Cancellation of registration

Cancellation of registration shall not affect liability of taxable person for period prior to cancellation

- to pay tax and other dues or
- to discharge any obligation

Irrespective of the time of determination i.e. either before or after the date of cancellation

Procedure - Cancellation of registration (voluntary)



Voluntary Registration: Cancellation not possible till 1 year from the effective date of registration

Documents for Registration

- ✓ Valid PAN
- ✓ Valid Indian Mobile phone no
- ✓ Valid E-mail address
- ✓ Prescribed documents and information on all mandatory fields of Registration application
- ✓ Place of business
- ✓ Jurisdiction details
- ✓ Valid bank account no from India
- ✓ IFSC number of the same bank and branch
- ✓ At least one proprietor/ Printer
- ✓ An authorised signatory who is resident of India with valid details including PAN

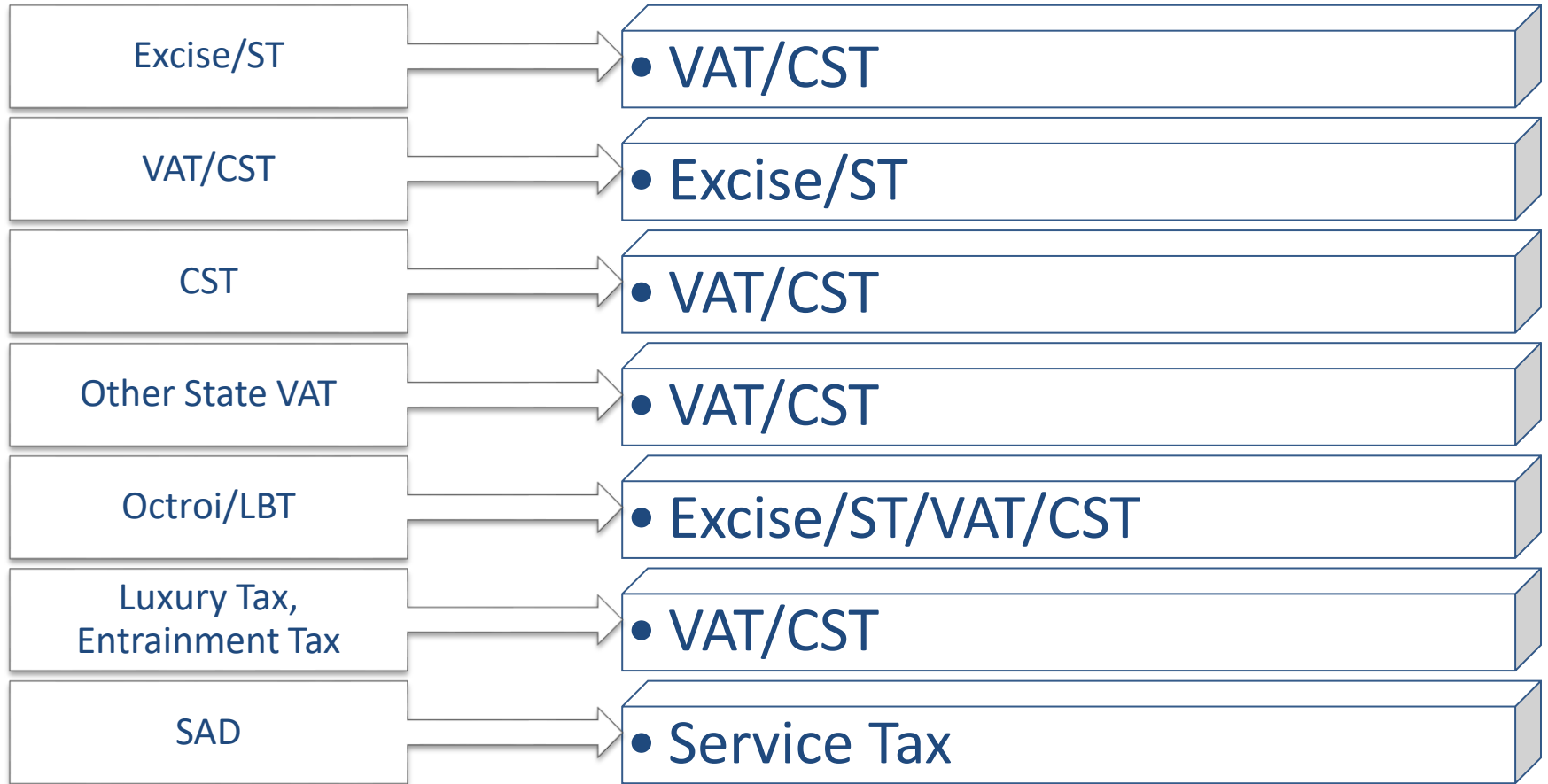
Effective Date of Registration

Where an applicant submits application for registration	Effective date of registration is
Within 30 days from the date he becomes liable to registration	The date on which he becomes liable to registration
After 30 days from the date he becomes liable to registration	Date of grant of registration

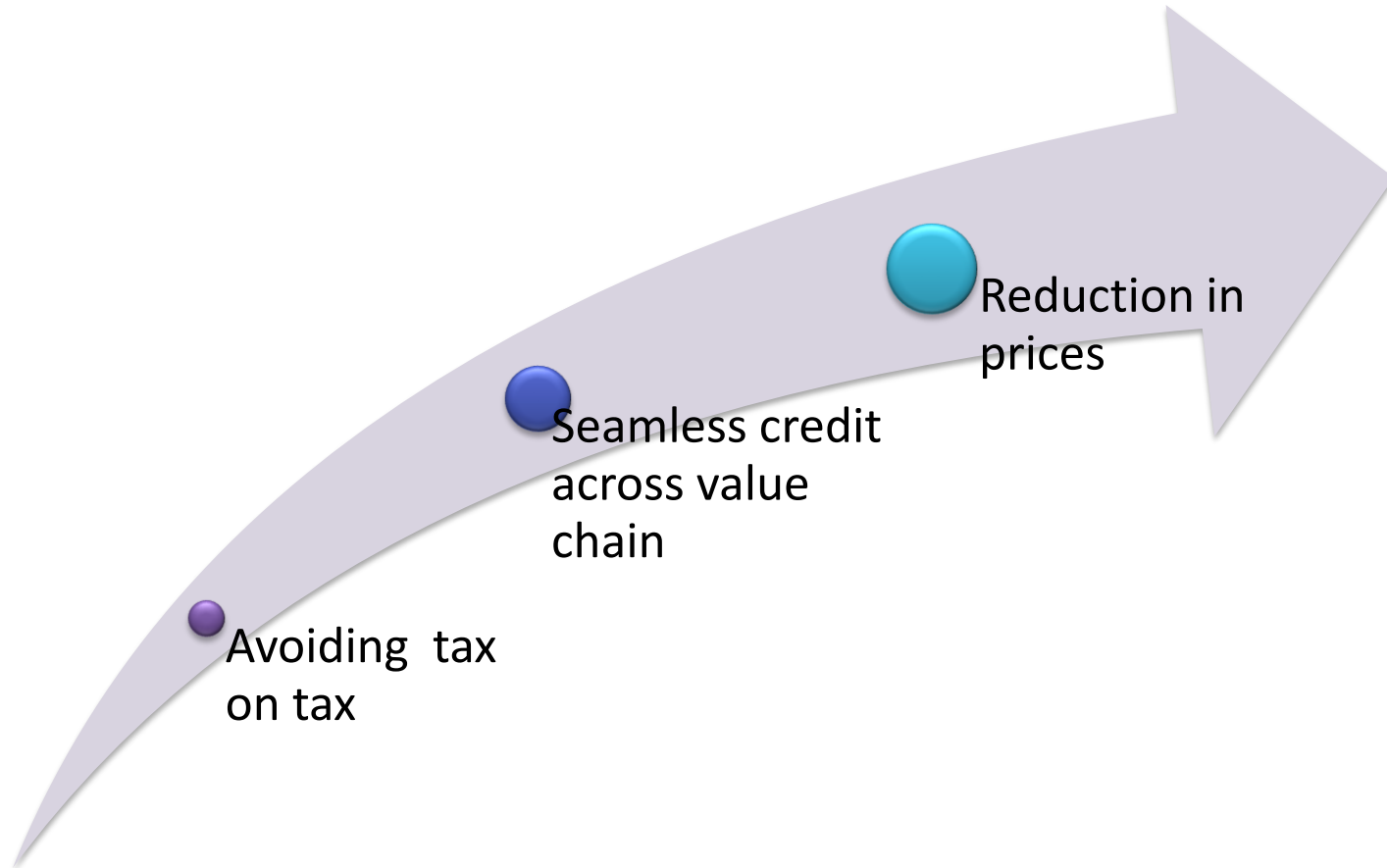


ITC/SET OFF

Present scenario-Credits not available



Importance in GST



Definitions – Input, Capital Goods & Input Tax

Input Tax

- IGST (including that on import of goods), CGST and SGST charged on any supply
- Includes tax payable under RCM and excludes tax paid under composition

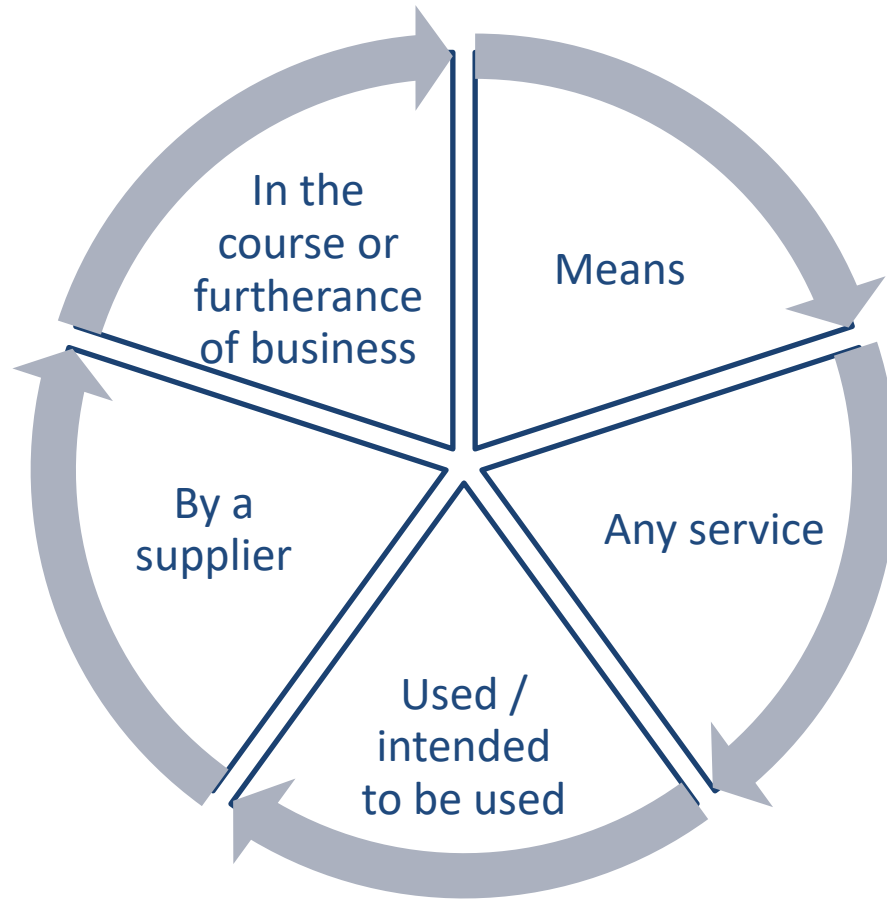
Input

- Means any goods other than capital goods used / intended to be used by a supplier in the course or furtherance of business

Capital Goods

- Means goods, value of which is capitalised in books of accounts of the person claiming ITC and which are used/intended to be used in the course or furtherance of business

Input service under GST



Eligibility for taking Input tax credit (Sec 16)

- ✓ Every **Registered Person** subject to conditions and restrictions as specified in section 49 :
 - Entitled to **take credit of input tax charged** on supply of goods /services or both to him
 - Which are **used or intended to be used** in the **course or furtherance of business**

Pre-requisites for claiming ITC

Possession of Tax Invoice, Debit Note, issued by registered supplier or other **tax paying document** as may be prescribed

Receipt of goods/services

Tax charged has been paid to the credit of Govt.

Furnished the Return (Monthly Return)

ITC not allowed for invoice of 1 FY after 20th October of next FY or date of filing annual return, whichever is earlier

Payment to supplier of goods/services to be made within 180 days from invoice date

If payment not made within prescribed time limit, ITC to be reversed with interest

Re-credit of only ITC at the time of payment of value and tax

Rule 36 :Documentary req. and condition for claiming ITC (Extract)

- ✓ The ITC shall be availed by registered person on the basis of following documents :
 - An invoice issued by supplier of goods / service or both
 - In RCM cases : An invoice issued by recipient along with proof of payment
 - A debit note
 - A Bill of Entry
 - Revised Invoice
 - Documents issued by ISD

Rule 37: Reversal of ITC in case of non-payment of consideration

- ✓ If default in payment of value and tax within 180 days, furnish following details in GSTR – 2 for the month immediately following 180 days
 - Details of such supply
 - Amount of value not paid
 - Amount of ITC availed in proportion to amount not paid

- ✓ For **Schedule 1** activity : value deemed to have been paid : i.e no reversal required

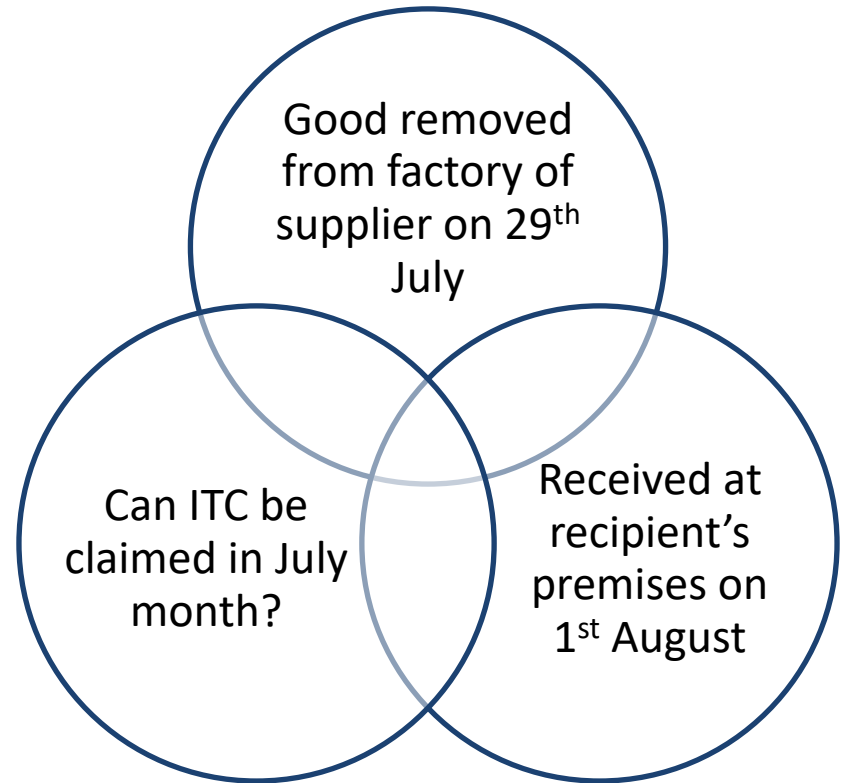
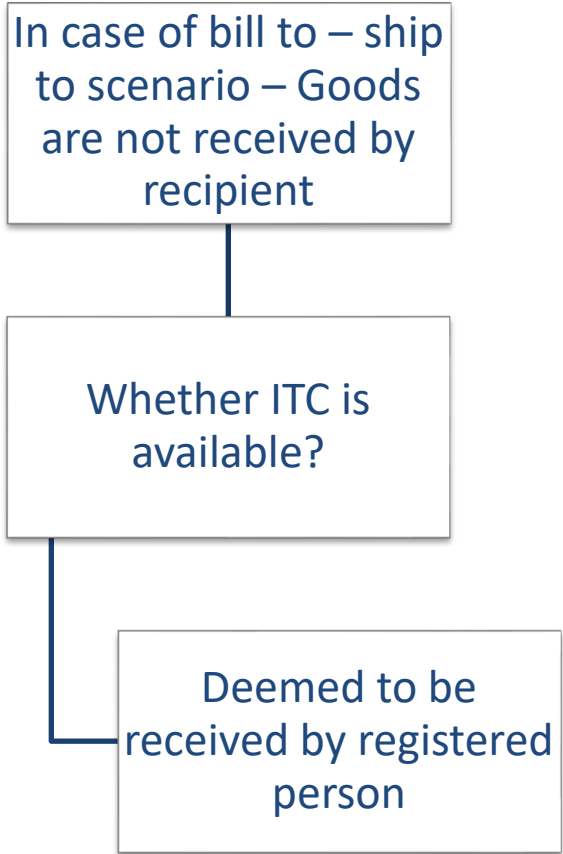
- ✓ Interest @ 18% from date of availment till the date when amount added to the output tax liability

- ✓ Time limit not to apply for re-availing any credit, reversed earlier

ITC Credit and provisional acceptance (Section 41)

- Every registered taxable person
- Subject to prescribed conditions and restrictions
- Entitled to take credit of self assessed ITC
- Provisional ITC allowed to Electronic Credit Ledger
- Credit to be utilised only for payment of self-assessed output tax liability**

ITC availability

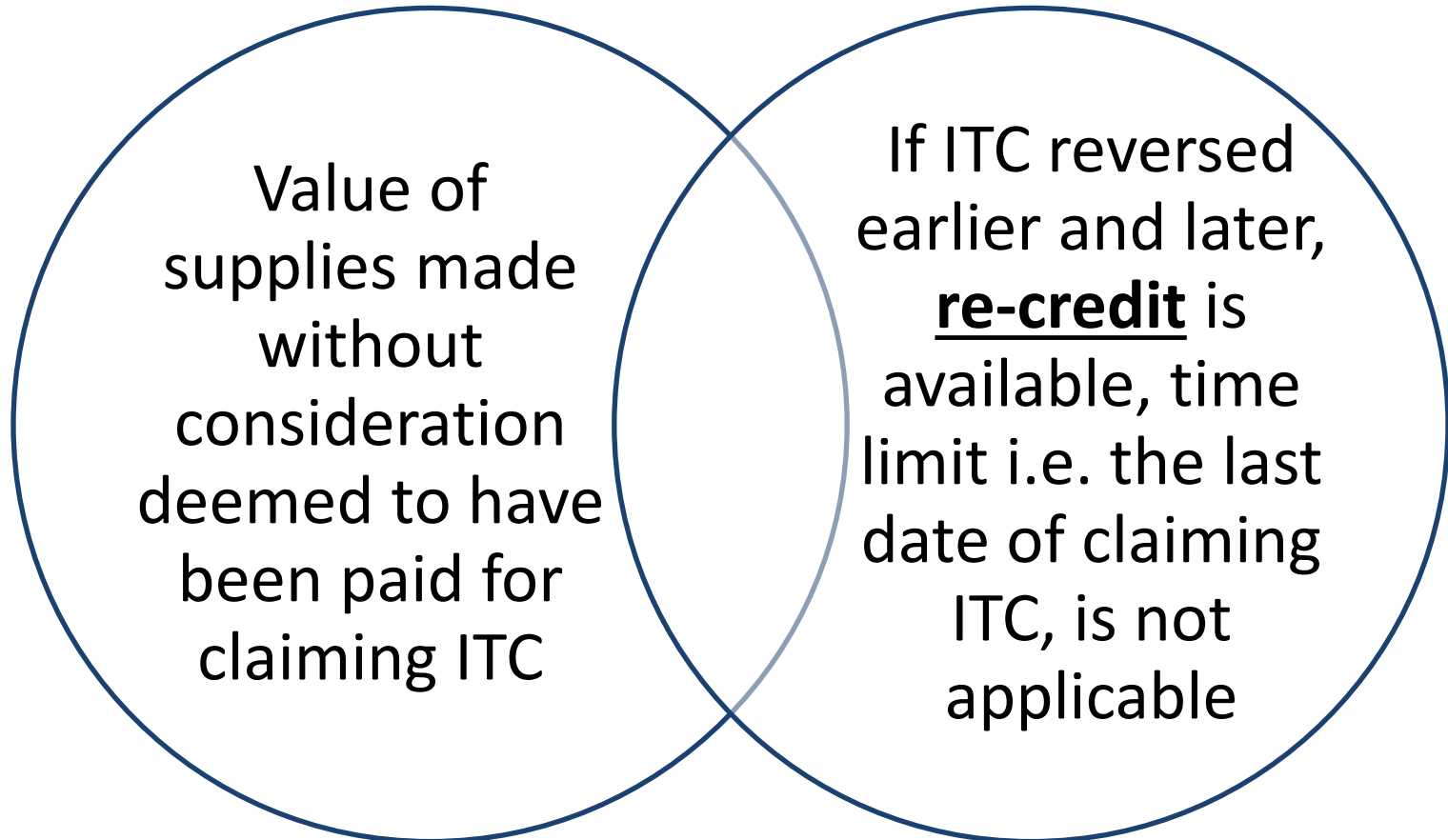


ITC Rules

- ✓ If default in payment of value and tax within 180 days, furnish following details in GSTR – 2 for the month immediately following 180 days
 - Details of such supply
 - Amount of value not paid
 - Amount of ITC availed in proportion to amount not paid

- ✓ Amount to be added to output tax liability for the month in which details are furnished
 - Interest from the date of availment of ITC till the date when amount is added to output tax liability

ITC Rules



Tax charged has been paid to the Government

How to ensure?

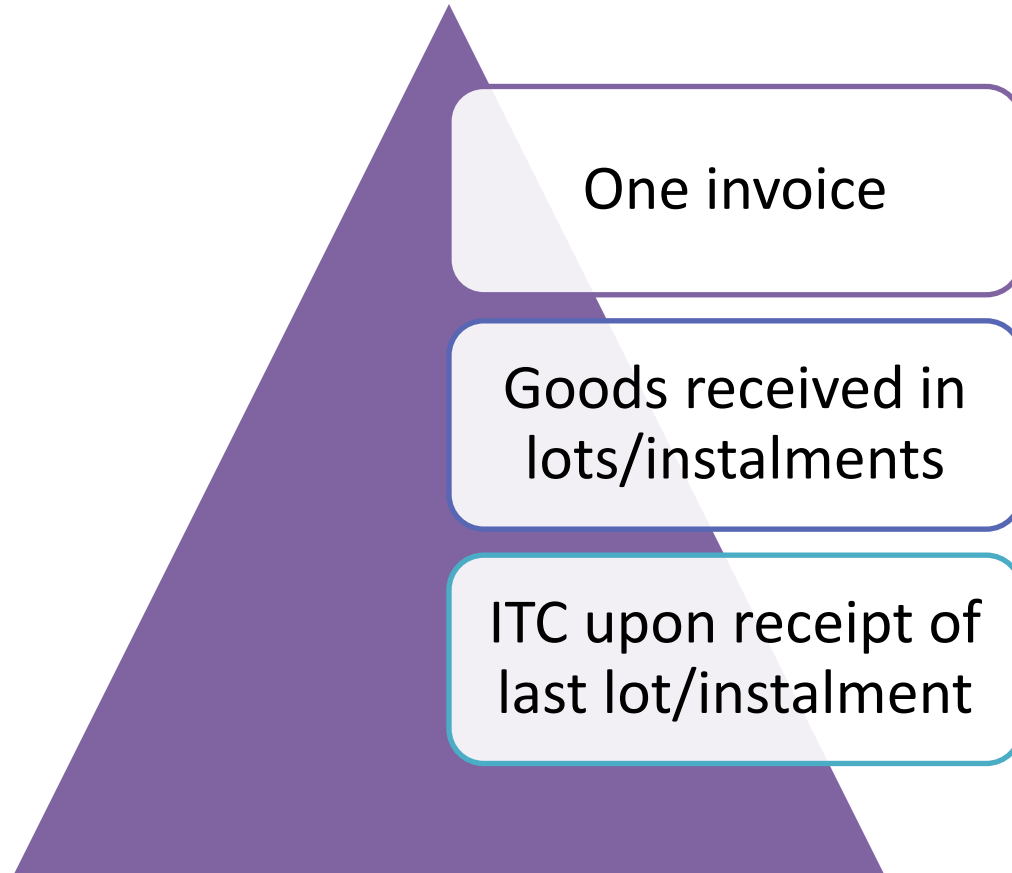
Hey! My ITC claim is rejected. I hope you have paid GST collected from me to Government...

There is mis-match of tax credits in some of my inward supplies hence it is in dispute, I will not pay as I have already paid tax to my supplier

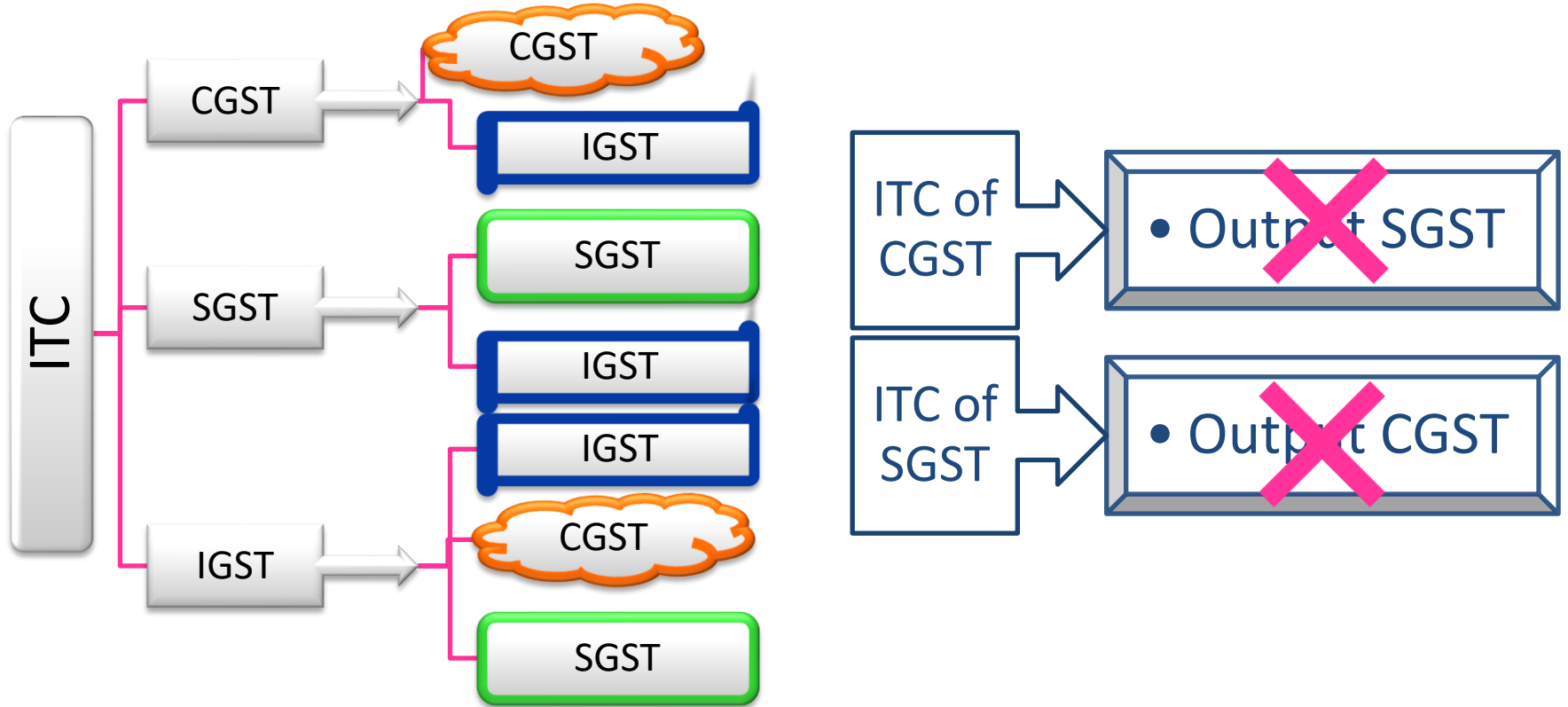


I have paid GST to Government but my CA paid GST under wrong assessee code. I would try to rectify the assessee code BUT would not pay GST again...

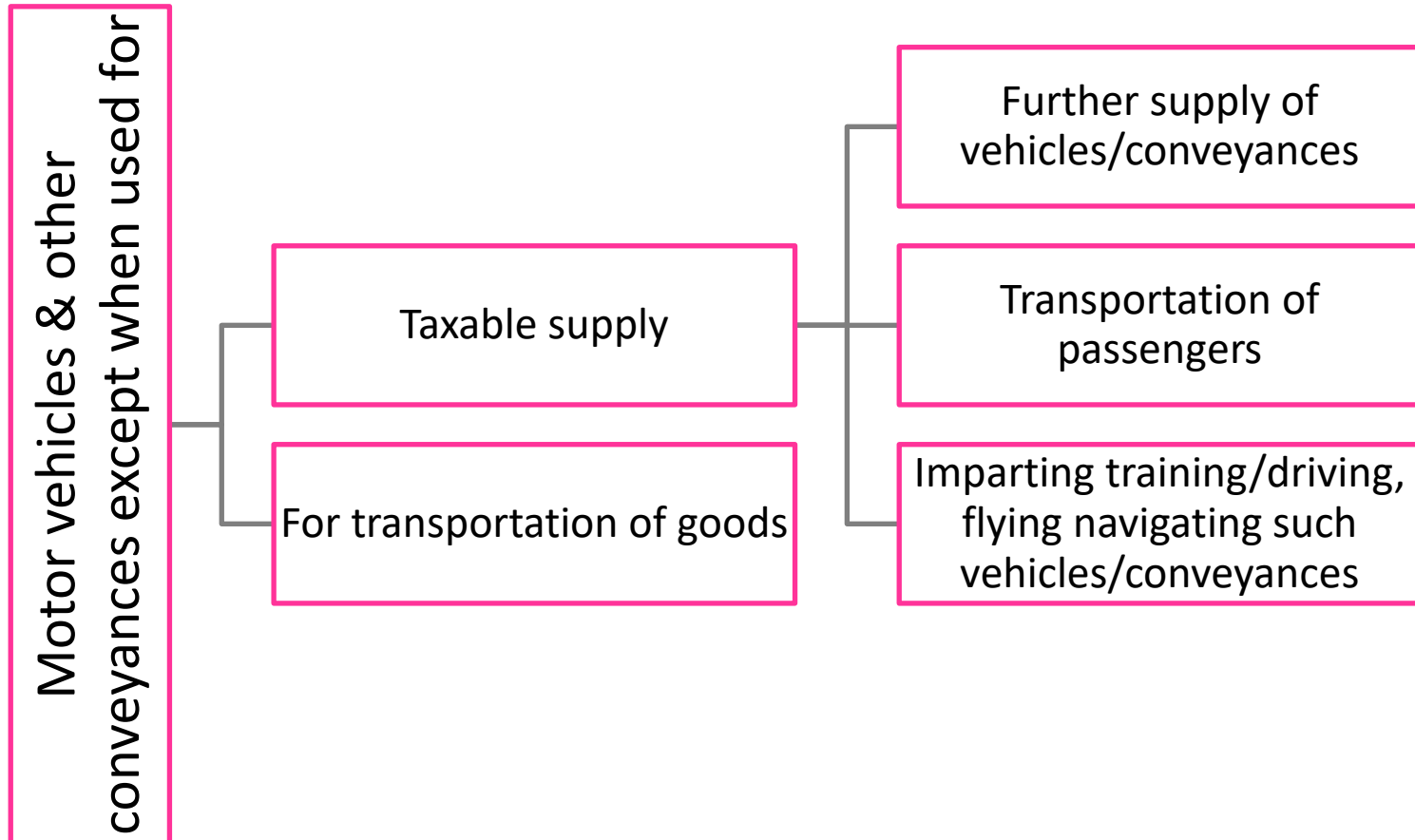
Goods received in lots



ITC Mechanism



ITC – Blocked Credits...



...ITC – Blocked Credits...

Goods lost, stolen, destroyed, written off or disposed off by way of gift or free samples

Goods/services used for personal consumption

Food & beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except when used for same output services or as element of outward taxable composite/mixed supply

...ITC – Blocked Credits...

- ✓ Rent-a-cab, life insurance and health insurance except when
 - Mandatorily required to be provided by employer to employee or
 - When used for same output services or as composite/mixed supply
- ✓ Travel benefits extended to employees on vacation such as leave or home travel concession
- ✓ Membership of a club, health & fitness centre
- ✓ Tax paid under composition
- ✓ Tax paid due to demand by GST Authorities due to *mala fide* intentions or detention, seizure or confiscation of goods
- ✓ Goods/services received by NRI except import of goods

...ITC – Blocked Credits

Works contract services when supplied for construction of immovable property (other than plant & machinery), except where it is input service for further supply of WCS

Goods /Services received for construction of immovable property (other than plant or machinery) on his own account including when goods/services used in the course or furtherance of business

‘Construction’ includes re-construction, renovation, additions/alteration or repairs, to the extent of capitalisation, to the said immovable property

Plant & Machinery means

Means

Apparatus

Equipment

Machinery fixed to earth by foundation or structural support that are used for making outward supply

and includes such foundation & structural supports

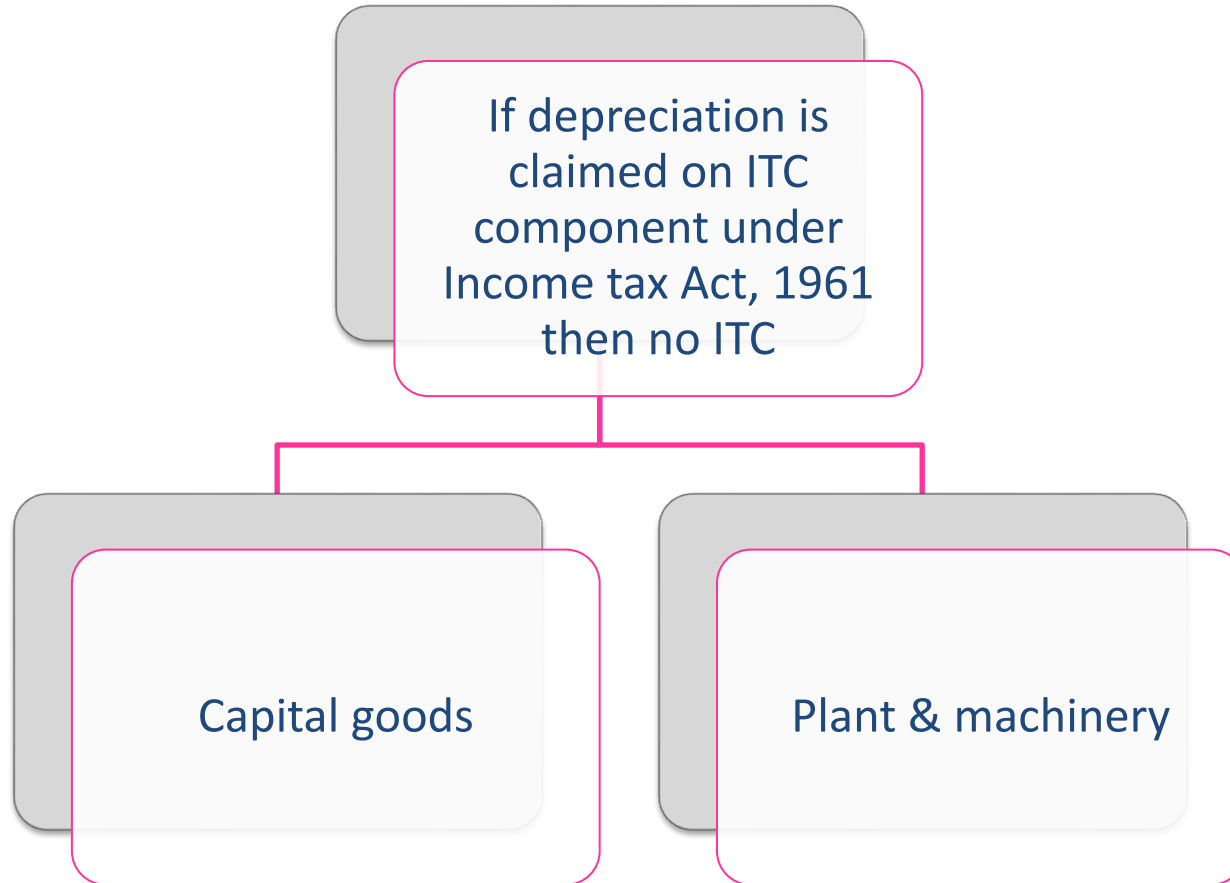
Excludes

land, building or any other civil structure

Telecommunication towers

Pipelines laid outside the factory premises

Depreciation



Restrictions to claim Full ITC

Partly for business purposes and partly for other purposes



ITC restricted to ITC attributable to business purposes

Partly for taxable supplies including zero rated supplies and partly for exempt supplies



ITC restricted to ITC attributable to taxable supplies including zero rated supplies

Exempt supply

Exempt supplies (Section 2 (47))

- NIL rated supplies
- Fully exempt supplies
- Non-taxable supply

For ITC reversal (Section 17 (3)), exempt supplies also include:

- Supplies where recipient is liable to pay tax under RCM
- Transaction in securities
- Sale of land and building (Subject to Sch. II – Para 5 (b))

Reversal of ITC

- ✓ Common Credit = Total ITC less amounts determined as under:
 - Bifurcation of ITC of inputs & input services at invoice level intended to be used exclusively for
 - Purposes other than business
 - Effecting exempt supplies
 - Blocked ITC (Section 17 (5))
 - ITC on Taxable Supplies fully available

- ✓ Balance ITC to be denoted as “Common ITC” and reversal of Common ITC to be done on the basis of aggregate value of exempt supplies viz-a-viz total turnover in the State for the tax period

Reversal of ITC

- ✓ What if no turnover for that tax period or information is not available?
 - Take details of last tax period

- ✓ Excise duty or VAT element to be removed from turnover for reversal of ITC

- ✓ Common inputs and input services used partly for business and partly for non-business purposes
 - ITC attributable to non-business purpose – 5% of Common ITC

Reversal of ITC

If additional liability

- Add to output liability till September of next FY
- Interest to be paid from 1st April of next FY till date of payment

If ITC reversed more than actual reversal required

- Re-credit to be claimed till September of next FY

Final ITC reversal to be done by 20th October of next FY

ITC if registration obtained within time limit

Credit can be claimed in respect of:

- Inputs in stock
- Inputs contained in semi finished/finished goods in stock

Availment of ITC
within 12 months
from invoice date

On the day immediately preceding the date of liability

related
registration?

Condition: Application for registration **within 30 days** from the date of the assessee becomes liable for registration and registration is granted

ITC in case of voluntary registration

Input tax credit
in respect of

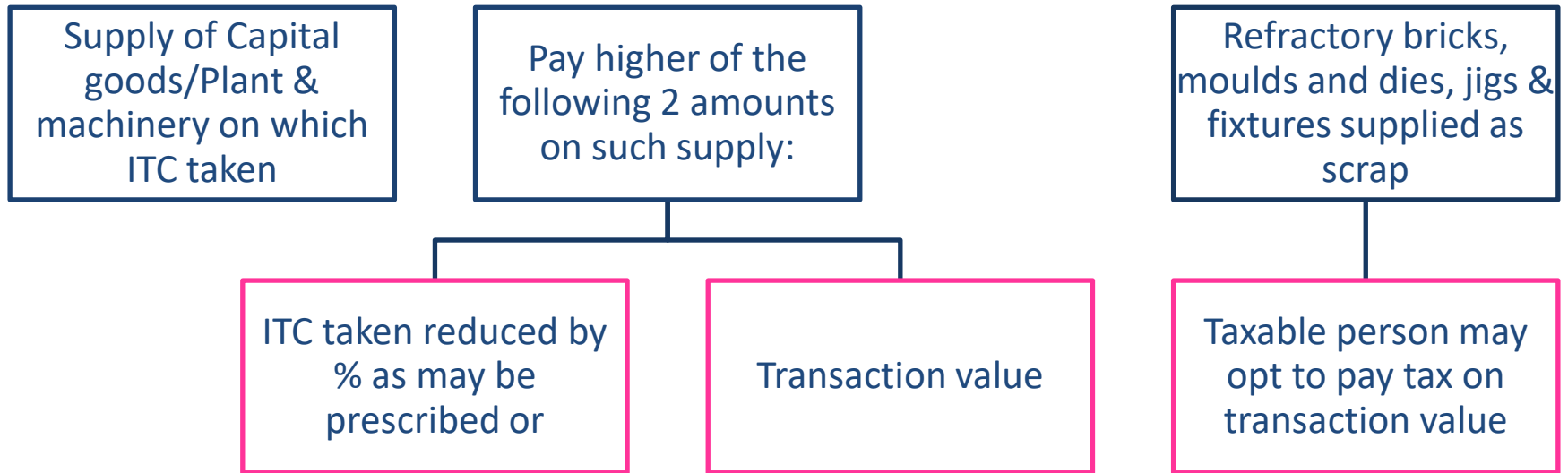
- Inputs in stock
- Inputs contained
in semi
finished/finished
goods in stock

On the day
immediately
preceding the
date of grant
of registration

Availment of
ITC within 12
months from
invoice date

ITC IN SPECIFIC CIRCUMSTANCES

Supply of Capital goods/Plant & machinery



Exempt supplies becomes taxable supplies (18 (1) (d))

Input Tax credit in respect of

- Inputs in stock (relatable to exempt supply)
- Inputs contained in semi-finished or finished goods in stock (relatable to exempt supply)
- Capital goods (Exclusively used in exempt supply)

On the day immediately preceding the date from which supply becomes taxable

ITC on Capital goods to be reduced as per Rules

Availment of ITC within 12 months from invoice date

ITC when opted out of Composition Scheme (18 (1) (c))

Input Tax credit in respect of

- Inputs in stock
- Inputs contained in semi-finished or finished goods in stock
- Capital goods

On the day immediately preceding the date from which composition dealer liable to pay tax normally

ITC on Capital goods to be reduced as per Rules

Availment of ITC within 12 months from invoice date

Input tax Credit

- ✓ Section 18
 - (a) Mandatory registration
 - (b) Voluntary registration
 - (c) Person opting out of Composition Scheme
 - (d) Exempt supply becomes taxable supply
- ✓ Declaration to be furnished within 30 days from becoming eligible to avail ITC
- ✓ If aggregate value of claim exceeds 2 Lakhs
 - Certification by a practicing Chartered Accountant or a Cost Accountant
- ✓ Details submitted in declaration would be matched with GSTR 1 of supplier if assessee under Section 18 (c) and 18 (d)

Opting for
composition
scheme/Goods/
services wholly
exempt

- ✓ Credit of ITC to be paid through cash or ITC
 - Inputs held in stock
 - Inputs contained in semi-finished/finished goods in stock
 - Capital goods – As reduced by % as may be prescribed
- ✓ On the day immediately preceding the date of exercising option or date of exemption

Sale/merger/amalgamation etc.

- ✓ Change in constitution of registered person on account of
 - Sale
 - Merger
 - Demerger
 - Amalgamation
 - Lease
 - Transfer of business with specific provisions for transfer of liabilities
- ✓ Unutilised ITC allowed to be transferred
- ✓ In the manner as may be prescribed

Transfer of ITC on
account of sale/
merger/de-
merger/amalgamation/
ease or transfer or
change in ownership of
business for any reason

- ✓ Online request for transfer of unutilised ITC
 - De-merger – ITC to be apportioned in the ratio of value of assets of new units specified in de-merger scheme
- ✓ Copy of certificate by CA or Cost accountant certifying that the sale, merger etc. is done with specific provision for transfer of liabilities
- ✓ Transferee to accept the details of unutilised online
- ✓ Inputs and CGs to be duly accounted in Transferee's BOAs

Banking or other financial Institutions including NBFC

- ✓ Supply of services by way of accepting deposits, extending loans or advances

- ✓ Option
 - Normal reversal option i.e. avail ITC attributable to taxable supplies or
 - Avail 50% of eligible ITC and rest to lapse

- ✓ Option once exercised cannot be withdrawn during remaining part of FY

- ✓ In case of branch transfers – Restriction of 50% shall not apply

Banking or other financial Institutions including NBFC

Eligible ITC if opted to avail 50% of ITC

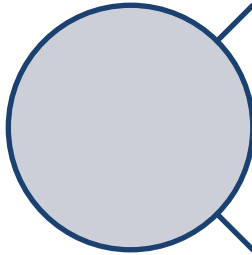
```
graph TD; A[Eligible ITC if opted to avail 50% of ITC] --> B[Not to avail ITC of inputs and input services used for non-business purposes and blocked credits]; B --> C[Avail ITC on branch transfer of inputs and input services]; C --> D[Avail 50% of remaining input tax];
```

Not to avail ITC of inputs and input services used for non-business purposes and blocked credits

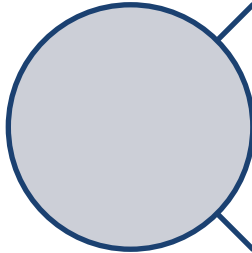
Avail ITC on branch transfer of inputs and input services

Avail 50% of remaining input tax

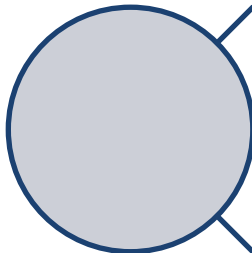
Input Tax Credit



Documents based on which ITC can be claimed:
Invoice, Self – invoice in case of URD Purchases,
Debit Note, BOE, ISD Invoice/ISD Credit Note



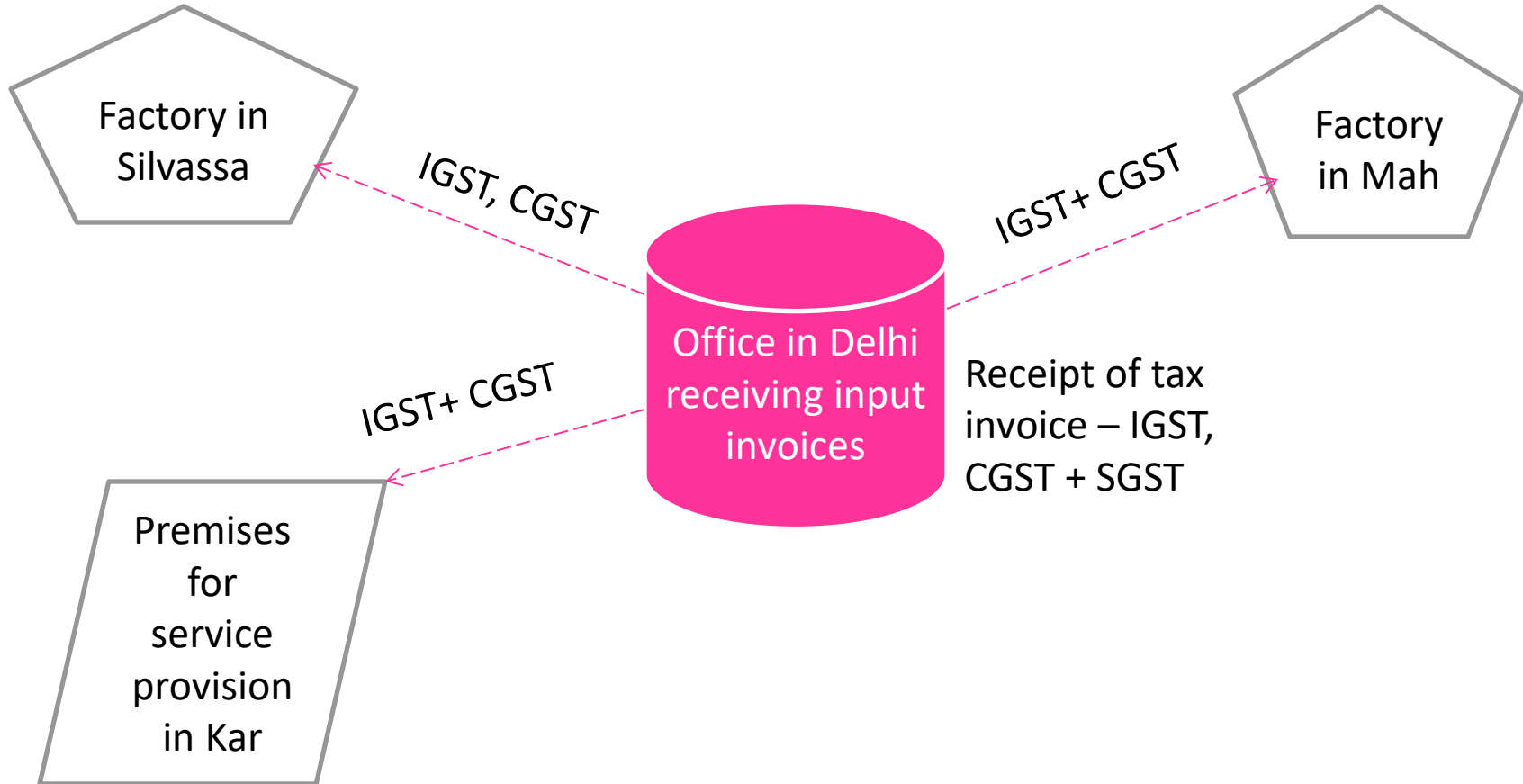
ITC is available only if all applicable particulars
are contained in the said document and relevant
information is furnished in GSTR-2



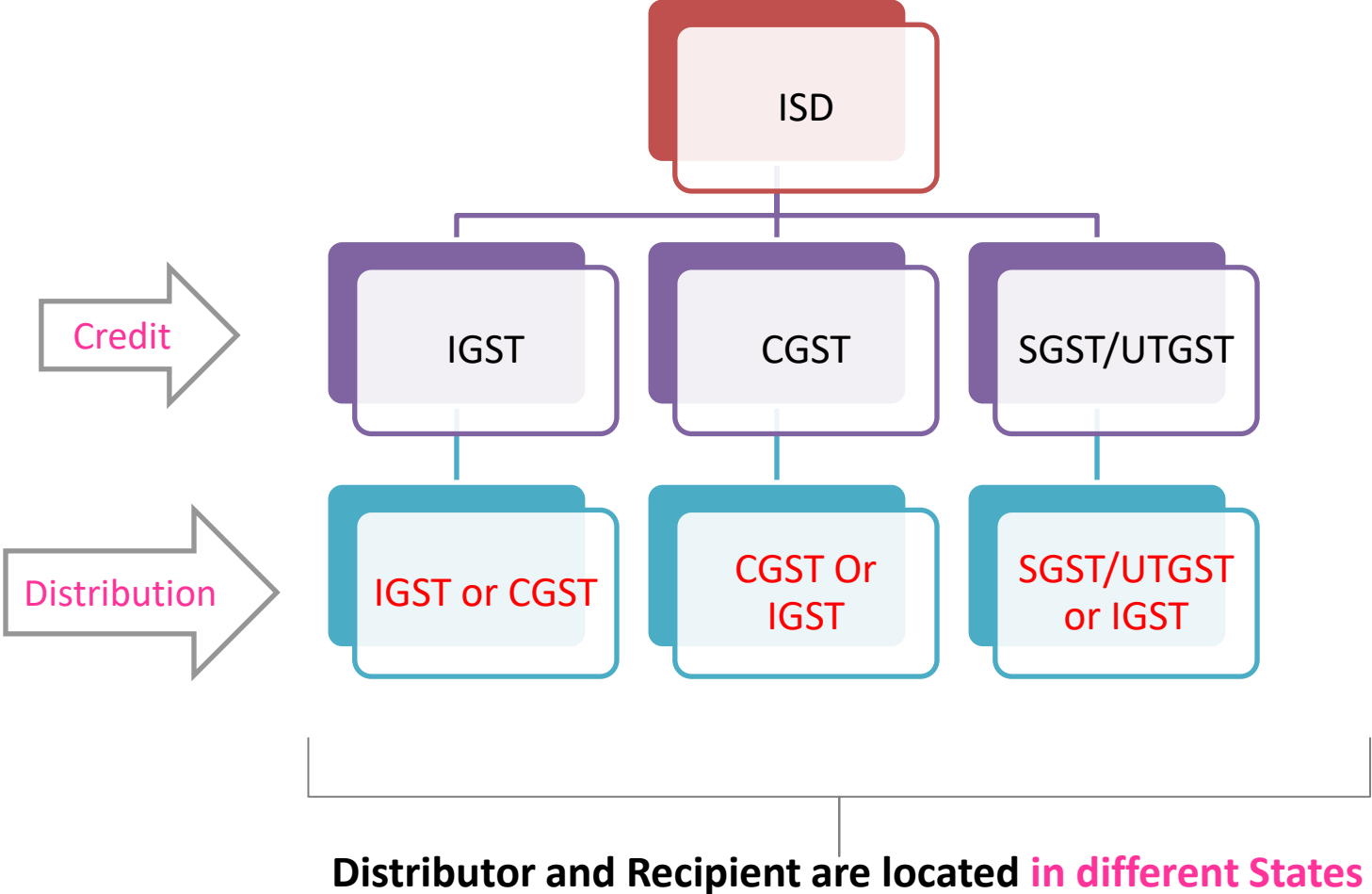
No ITC available if tax paid in pursuance of
adjudication order on account of fraud, mis-
statement or suppression of facts

INPUT SERVICE DISTRIBUTOR

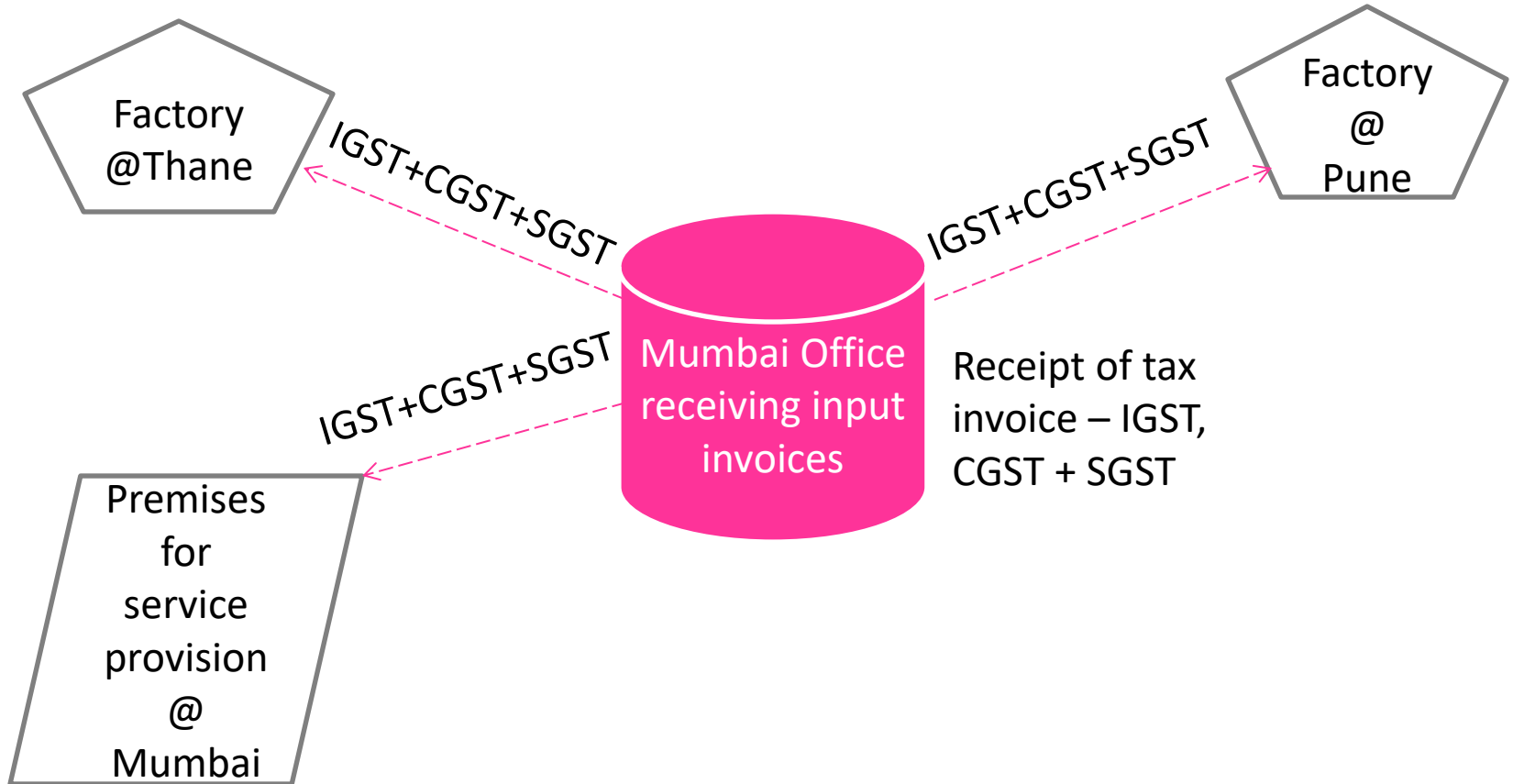
Input Service Distributor – different State



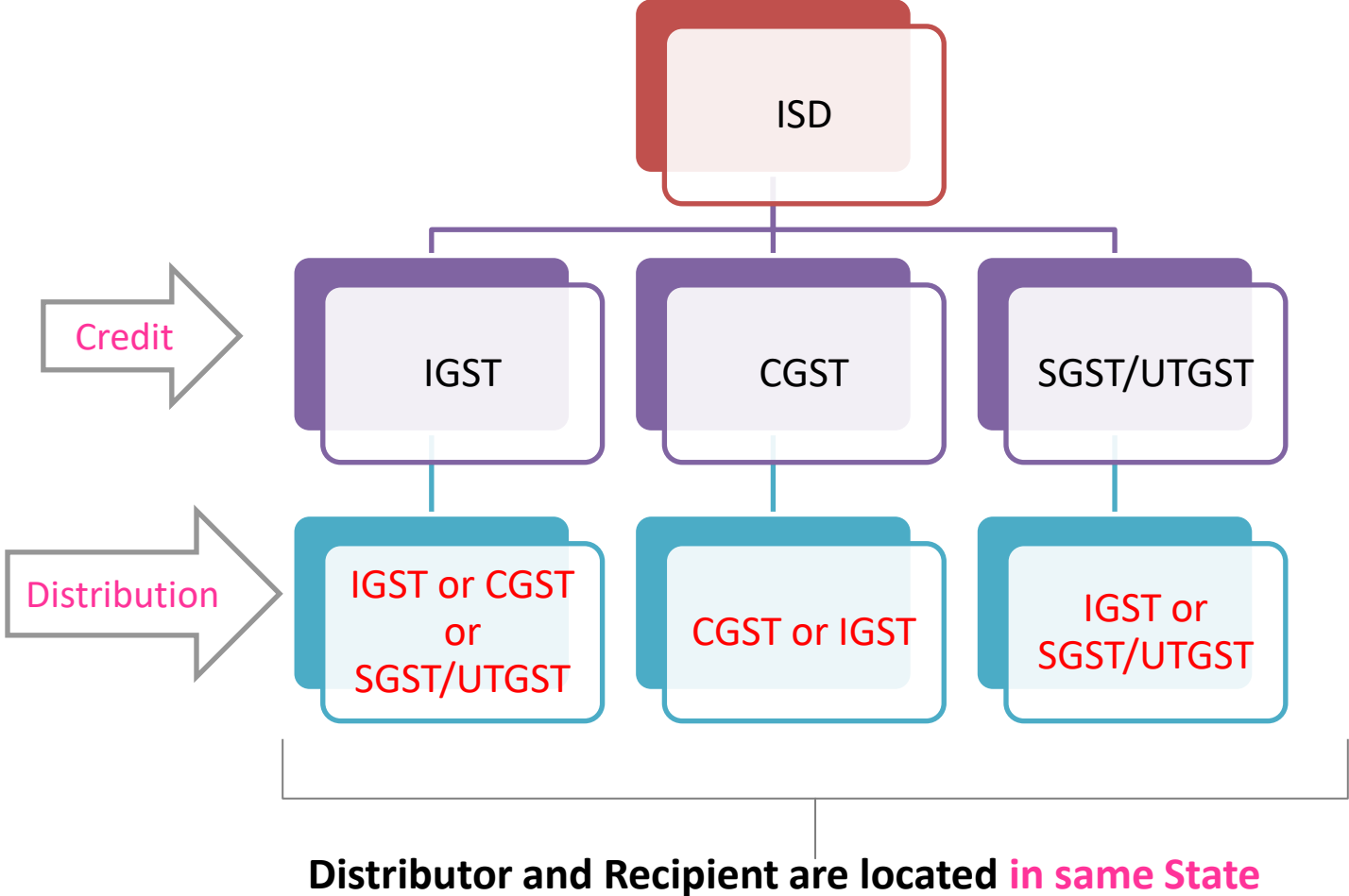
Manner of Distribution by ISD



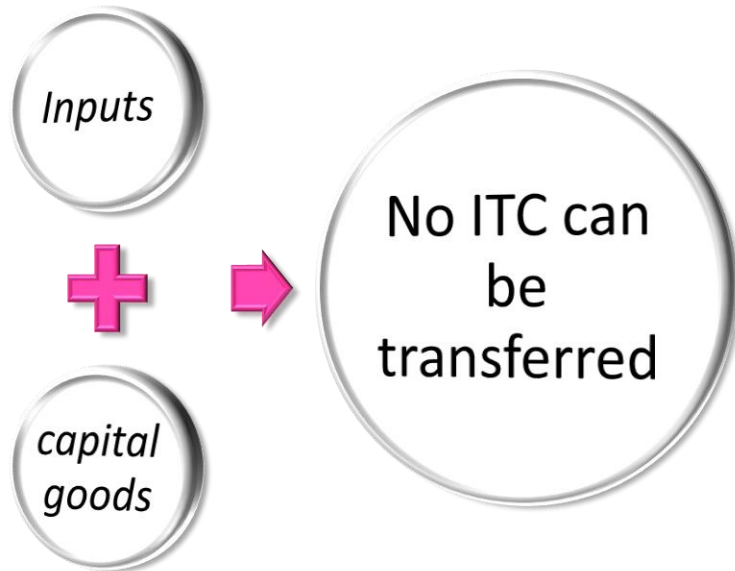
Input Service Distributor – Same State



Manner of Distribution by ISD



ISD

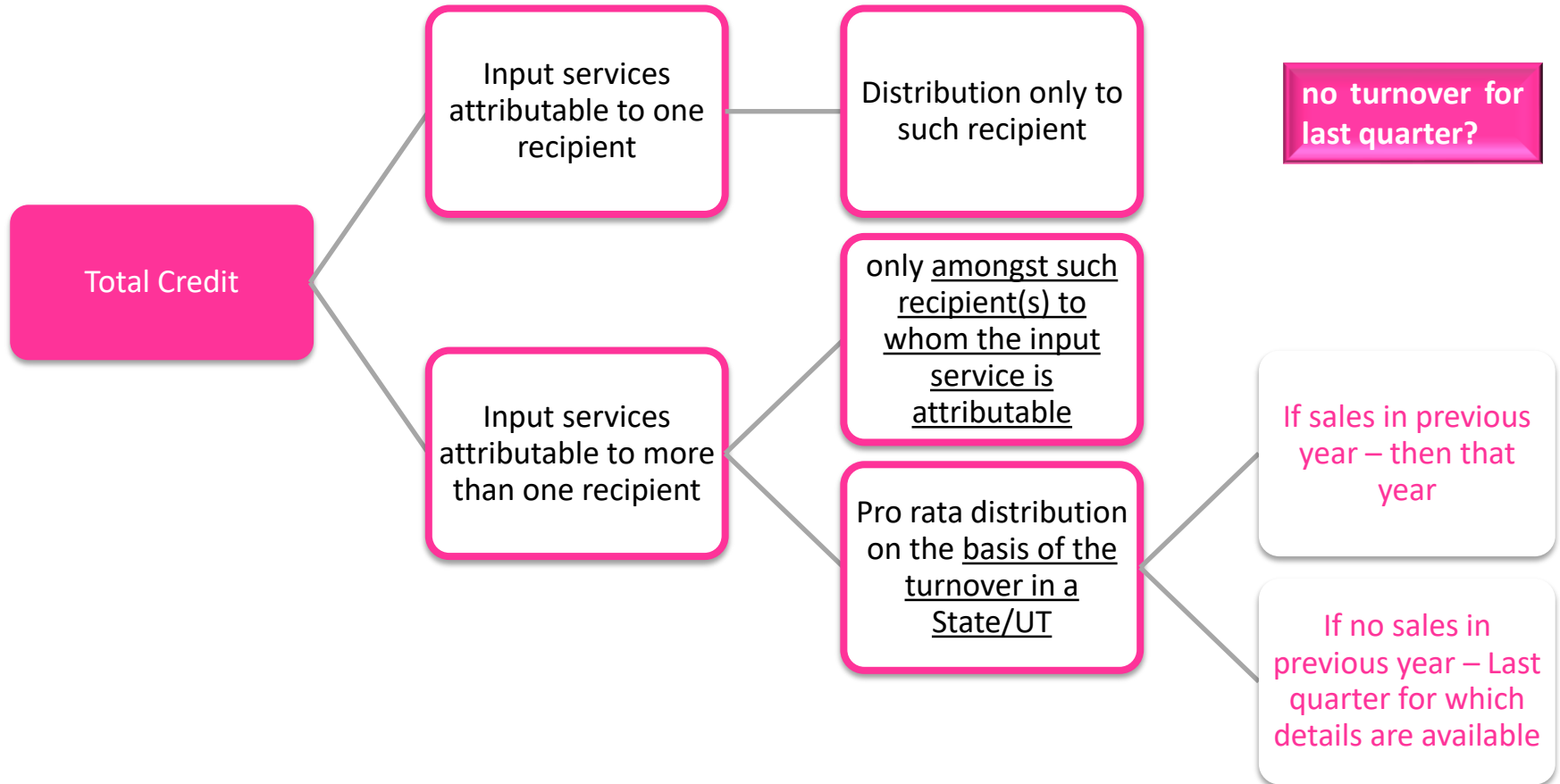


Credit can be distributed to recipient against a document containing prescribed details

Amount of distribution not to exceed amount credit available for distribution

ITC to be distributed in same month

Condition for Distribution by ISD



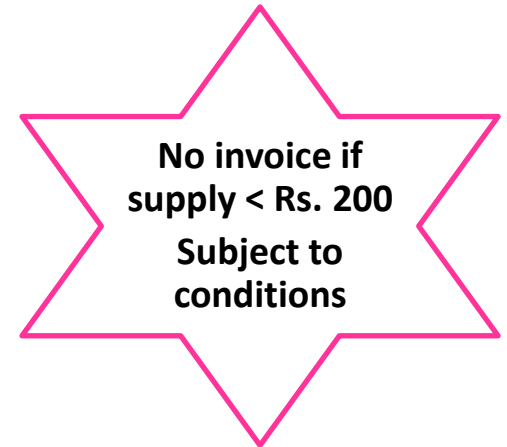
Input Service Distributor

ITC available in
a month for
distribution to
be distributed
in the same
month

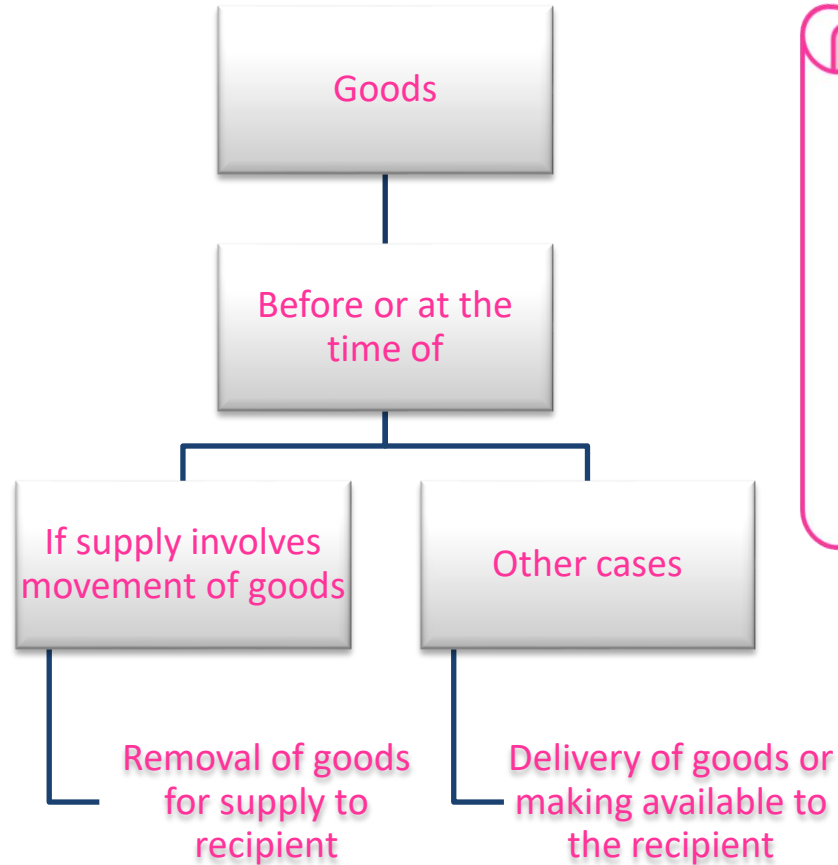
Tax Invoice

- Consecutive serial number in one or multiple series unique for a FY
- Name, address and GSTIN if B2B
- Name, address of recipient and address of Delivery with **Name and State Code** if B2C and value $\geq 50,000/-$
- **Address of delivery if different from Place of Supply (Bill to Ship to Scenario)**
- HSN Code or Accounting code of services
- Value and taxable value
- Inter State Supply – Place of supply with name of State
- Tax payable under RCM?
- Signature/Digital Signature

No Format prescribed

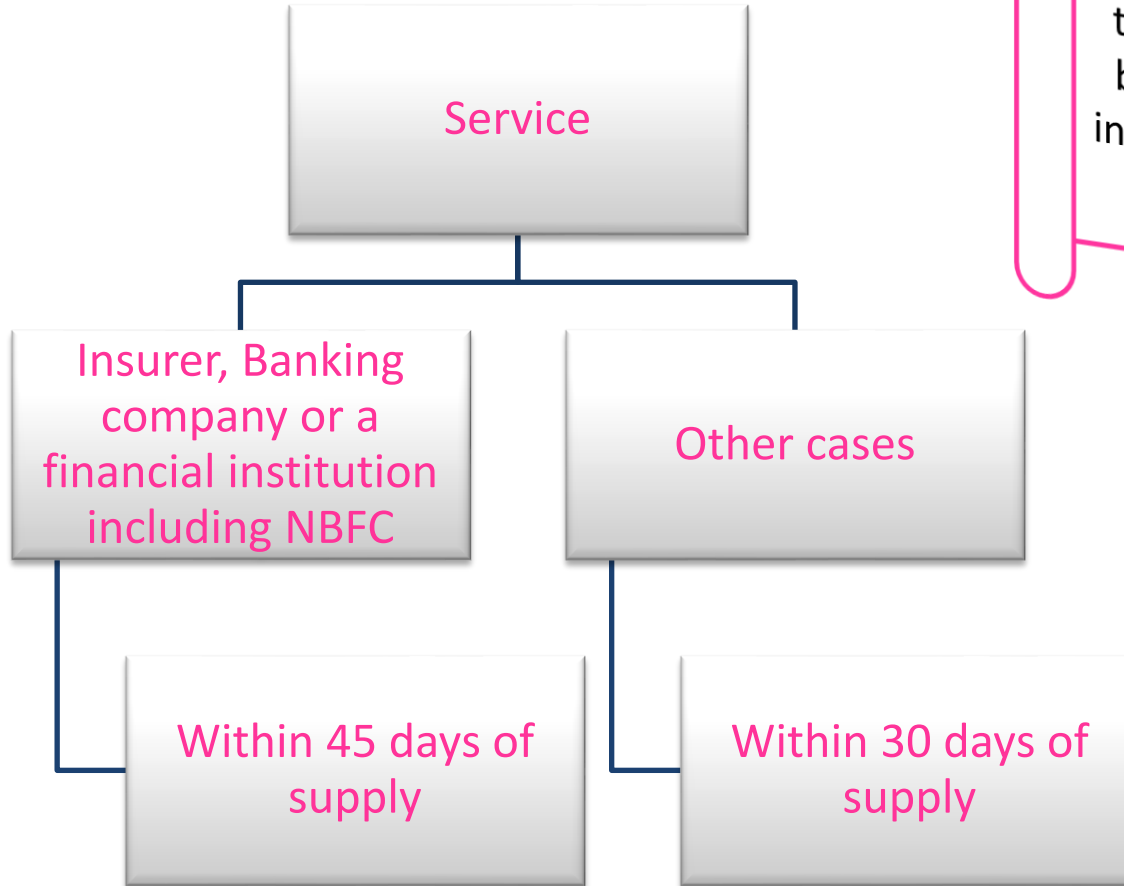


Tax Invoice – When?



Notified goods: Tax invoice to be issued within specific time limit & manner

Tax Invoice – When?

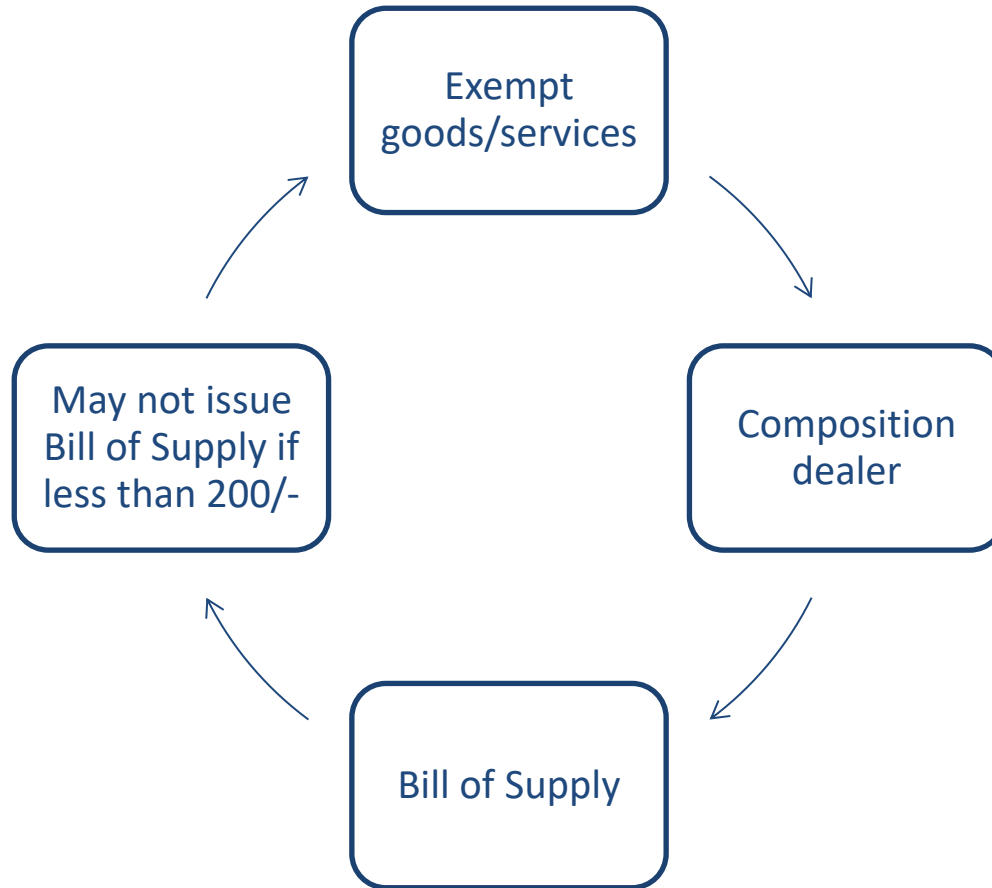


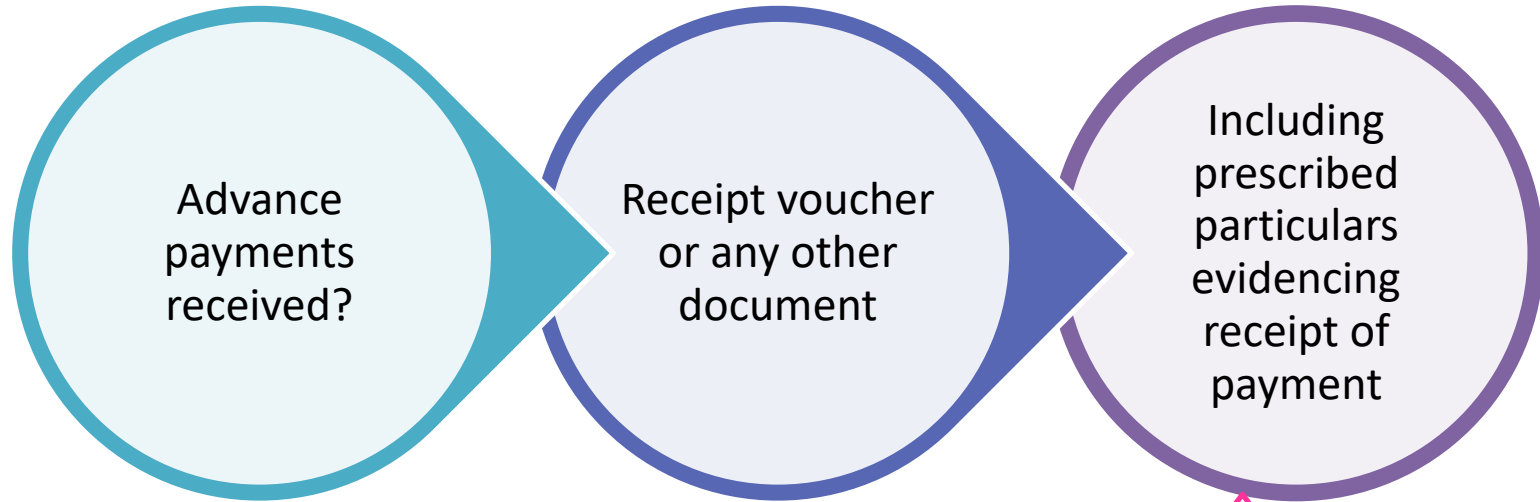
Notified services:
Other document to be deemed to be invoice or tax invoice may not be issued

Exports

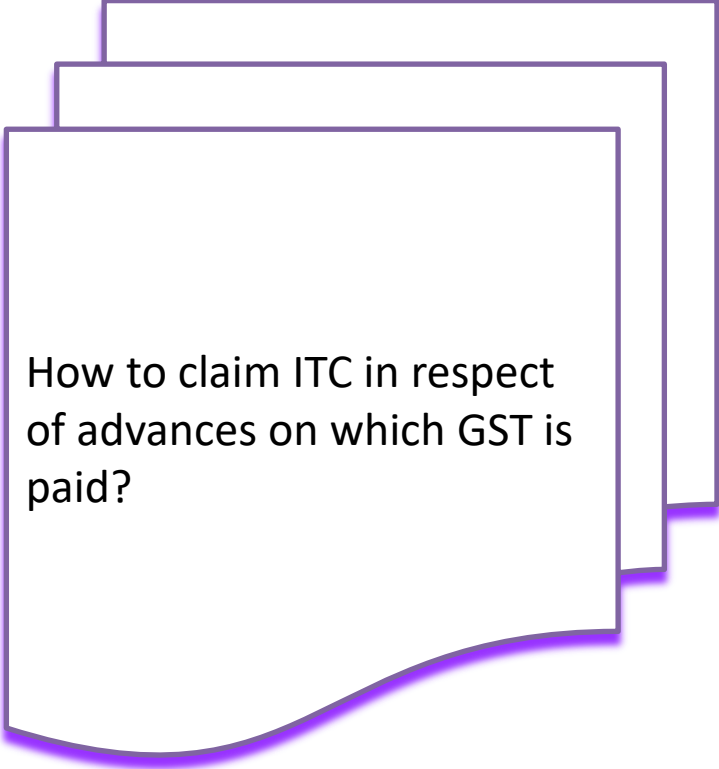
- ✓ Endorsement on invoice
 - “SUPPLY MEANT FOR EXPORT ON PAYMENT OF IGST” or
 - “SUPPLY MEANT FOR EXPORT UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF IGST”

- ✓ Contents
 - Name and address of recipient
 - Address of delivery
 - Name and Country of destination
 - No. and date of application for removal of goods for export





If subsequently no supply & no tax invoice – May issue refund voucher



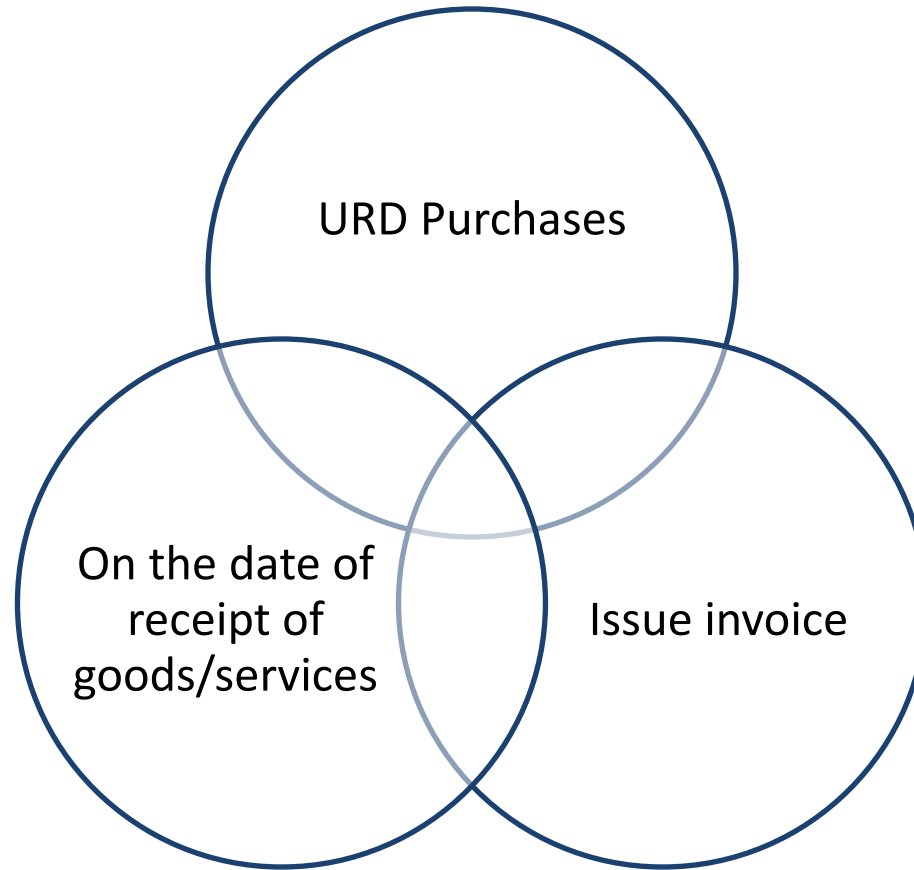
How to claim ITC in respect
of advances on which GST is
paid?

Final invoice to be generated on receipt of complete consideration

ITC to be claimed thereafter

Maximum T/L to take credit from the date of invoice/debit note:

- Due date of furnishing next FY's September month's return or
- Furnishing of annual return
- Whichever occurs earlier



Continuous supply of goods (2 (32))

Continuous supply of goods

means

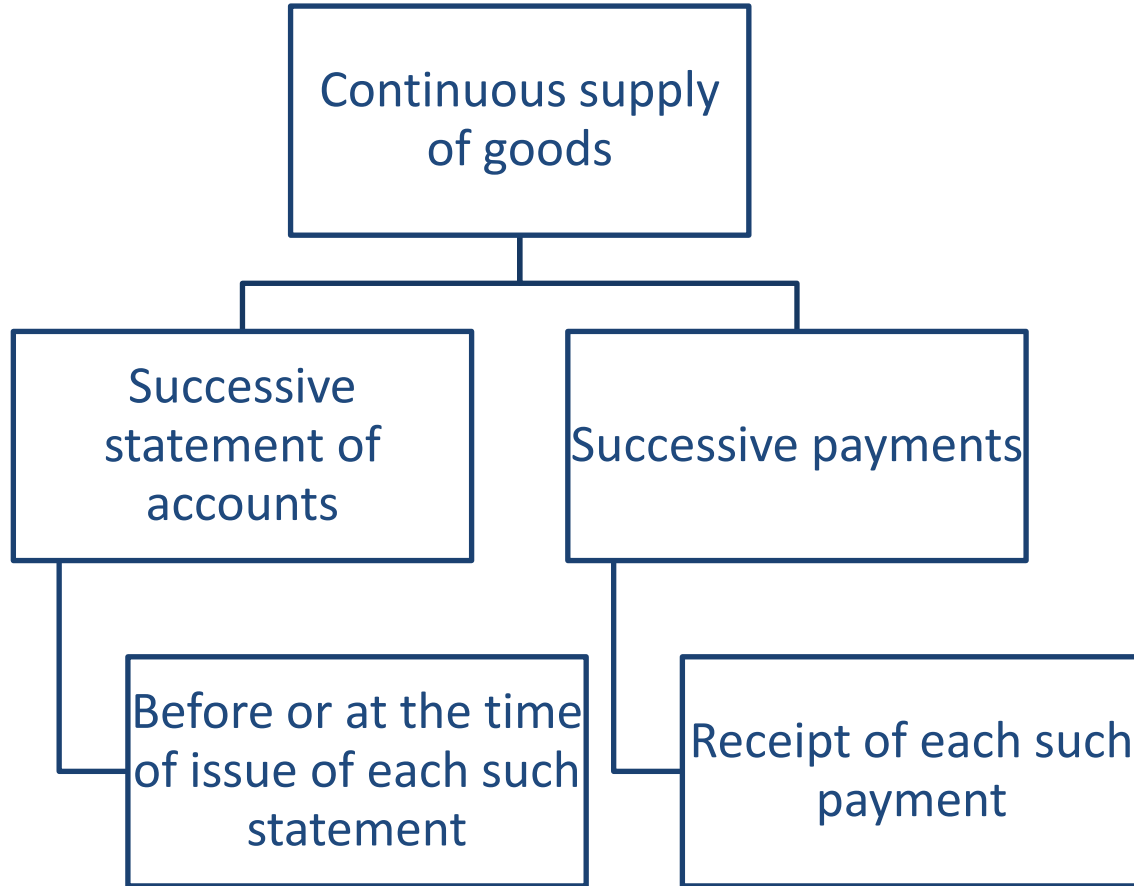
a supply of goods which is provided, or agreed to be provided,
continuously or on recurrent basis, under a contract

whether or not by means of a wire, cable, pipeline or other
conduit,

and for which the supplier invoices the recipient on a regular
or periodic basis

Includes supply of
notified goods
subject to specified
conditions

Continuous supply of goods – Invoice – 31(4)



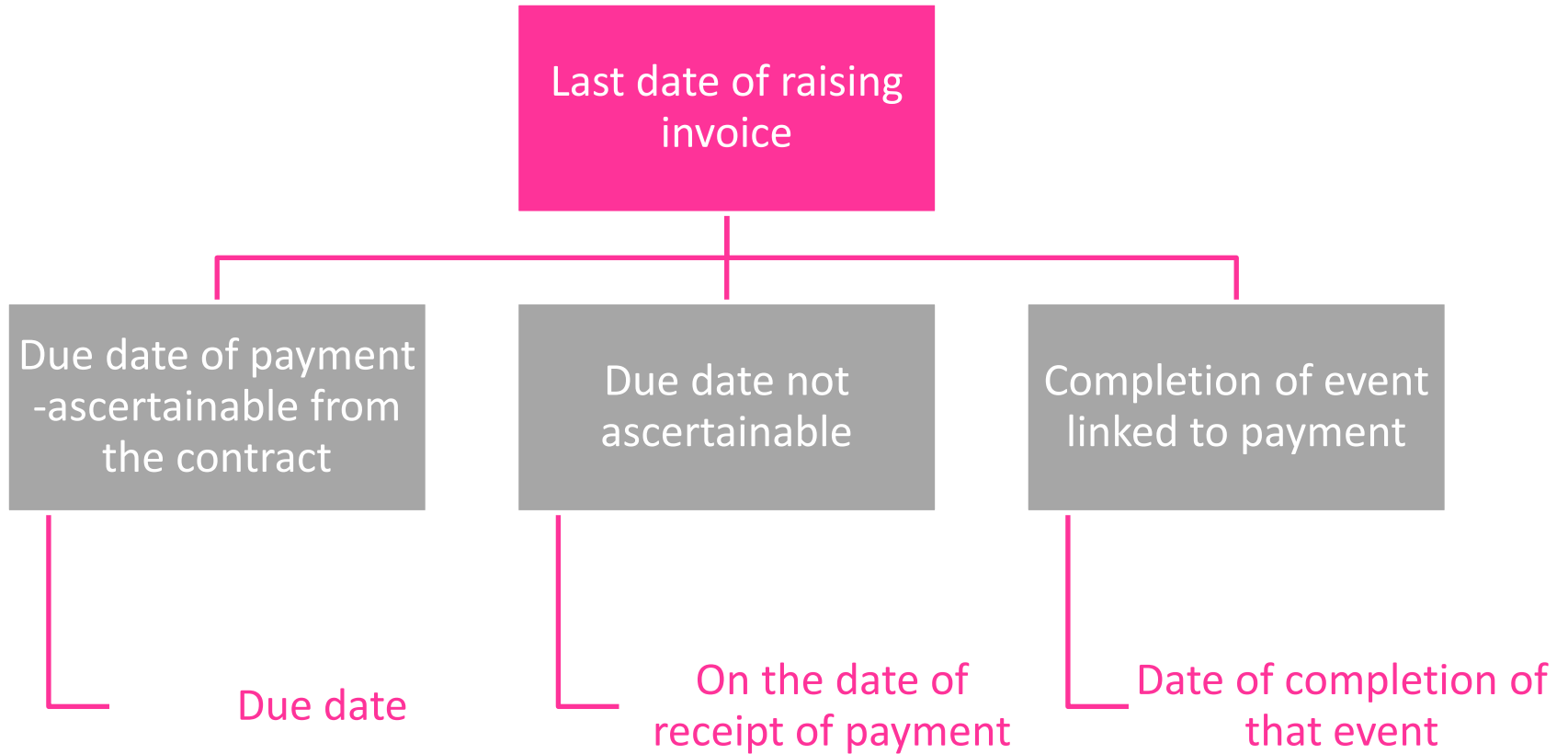
Continuous supply of services

Continuous supply of services
Means

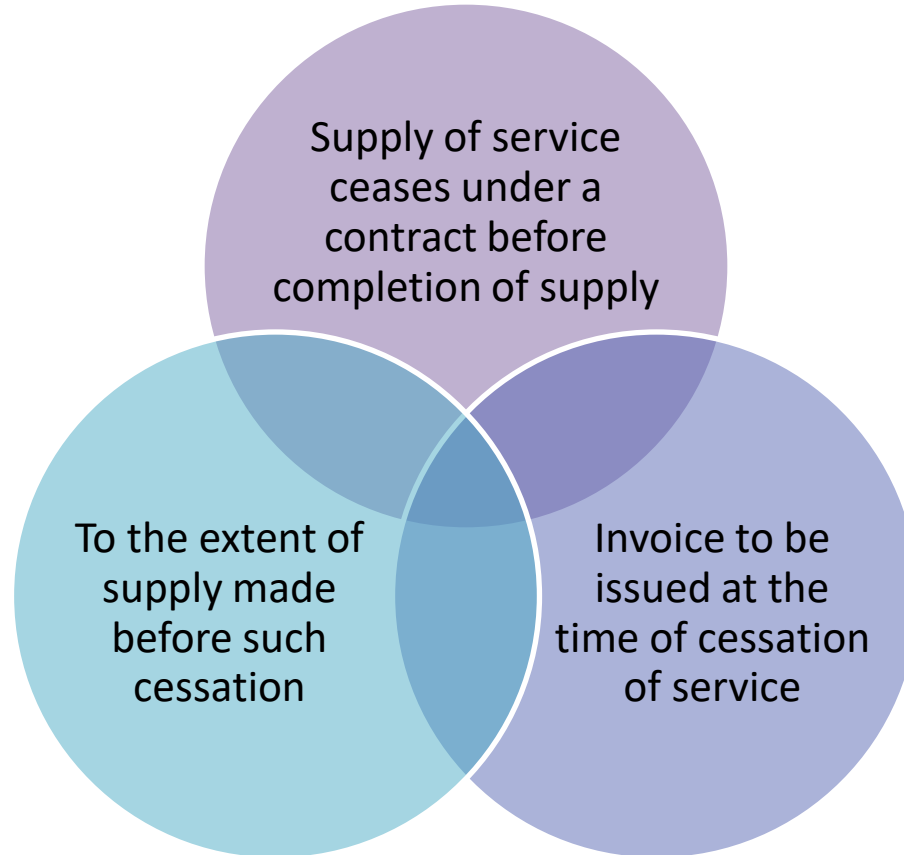
a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, **for a period exceeding three months** with periodic payment obligations

and **includes supply of notified goods subject to specified conditions**

Continuous supply of services



Cessation of supply of service



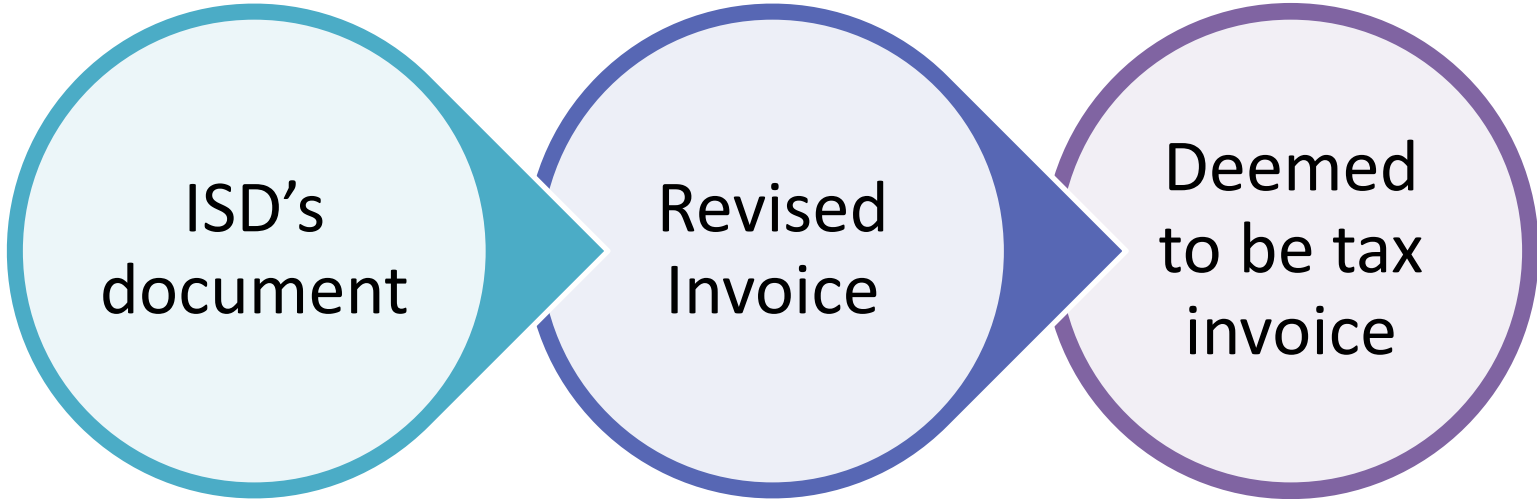
Goods sent on approval or sale or return basis etc.

Last date to issue invoice, earlier of following dates

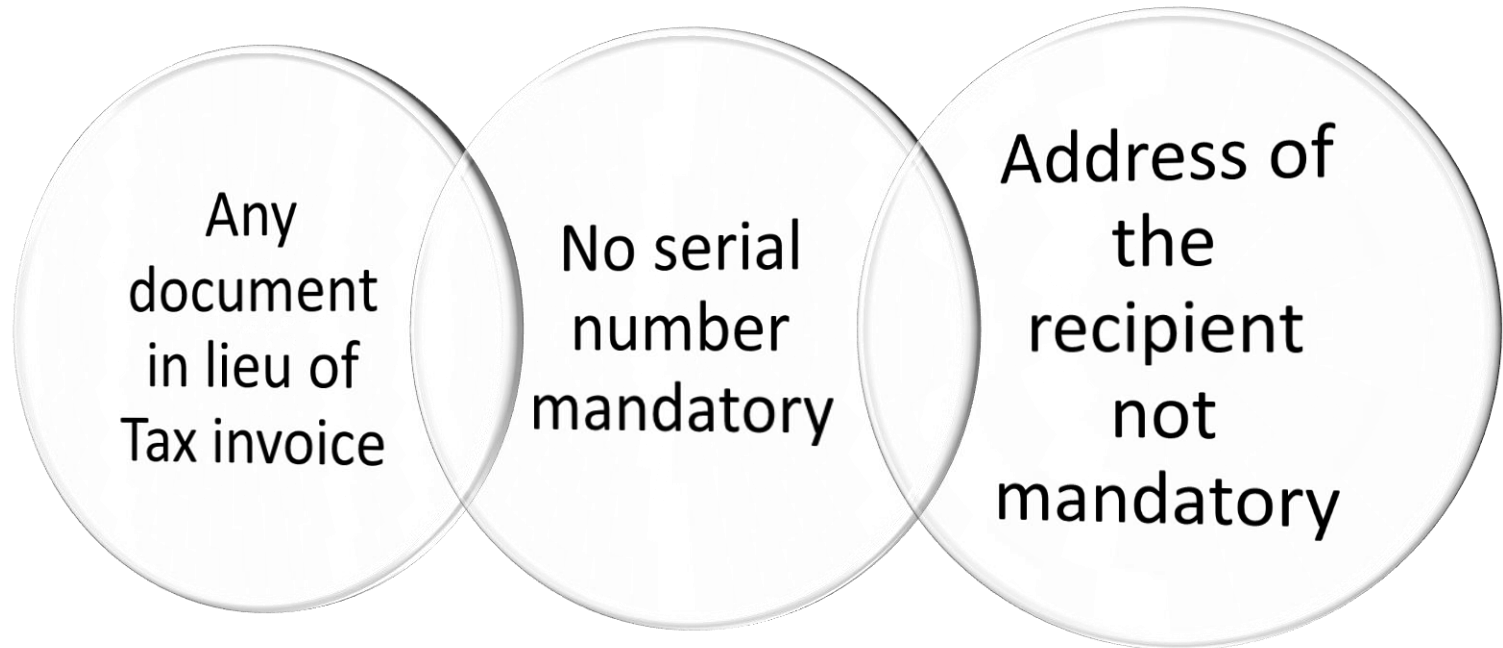
```
graph TD; A[Last date to issue invoice, earlier of following dates] --> B[When it becomes known that the supply has taken place]; A --> C[6 months from the date of removal];
```

When it becomes known that the supply has taken place

6 months from the date of removal



Tax Invoice – Banking Company



Tax Invoice – Banking Company

- ✓ where the supplier of services is an **insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator**, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council
- ✓ making taxable supplies of services between **distinct persons** as specified in section 25 as referred to in Entry 2 of Schedule I
- ✓ may issue the invoice **before or at the time such supplier records the same in his books of account or before the expiry of the quarter during** which the supply was made

Tax Invoice – Passenger transportation



Tax invoice shall include ticket in any form



Address of the recipient not mandatory

Tax Invoice – GTA

Any document

Gross weight of consignment

Name of the consignor/consignee

Registration number of the goods carriage

Details of goods transported

Place of origin and destination

GSTIN of person liable to pay tax

Invoice-Misc.

- ✓ Tax not to be collected by URD
- ✓ Notwithstanding anything contained in GST Act or any other law for the time being in force, if assessee receives consideration and is liable to pay tax
 - Predominantly Indicate amount of tax in
 - Tax invoice

Time for Issue of Invoice

Supply of Taxable Goods	Time for Issue of Tax Invoice
Involves Movement of Goods	Before or at the Time of Removal of Goods
Does not involve movement of Goods	Before or at the Time of Delivery or making available the Goods to the recipient
Certain Supplies notified by Government on recommendation of Council	Time and Manner for Issue of Invoice as may be prescribed
Continuous supply of Goods- Successive Statement of accounts are involved	Before or At the time each statement is issued
Continuous supply of Goods- Successive payments are involved	Before or At the time each payment is received
Goods sent on approval	Before or At the time of supply or six months from the date of removal whichever is earlier

Supply of Taxable Services	Time for Issue of Tax Invoice
Supply of Taxable services	Before Supply of Service or Within 30 days of Supply of Service
In case of Banks/ Financial Institutions/ NBFC/ Insurance	Within 45 days of supply of service
Continuous supply of Services- Due date for payment is ascertainable from the contract	On or before the due date for payment
Continuous supply of Services- Due date for payment is not ascertainable from the contract	On or before the time supplier receives payment
Continuous supply of Services- Payment linked to completion of an event	On or before the date of completion of event

Documents /Tax Invoice in other Situations :

Particulars	Document to be Issued
RP supplying Exempted goods/ Services	Bill of Supply
Composition Supplier	Bill of Supply
On receipt of Advance payment by RP	Receipt Voucher
Refund of Advance in case of no Supply	Refund Voucher
On receipt of Goods/ Services- RCM	Tax Invoice
If Tax Invoice Value > Taxable Value Goods return, Goods deficient	Credit Note
If Tax Invoice Value < Taxable Value Tax charged < Tax payable	Debit Note

Tax Invoice in other situation

Revised Invoice to be issued from date of Effective registration to the date of grant of registration , within one month of grant of issuance of certificate of registration

Tax invoice not required to be issued - Value of Supply is less than Rs.200

Contact Details

❑ In case of any GST related queries please contact on below contact details :

➤ Name : CA Yachana Mutha

➤ Mobile no : 09669357770, 07620181199

➤ Email id : yachanamutha@gmail.com

