

EXTRA PROVISIONS FOR COMPREHENSIVE STUDY

TAXBOOK⁺ - GST (CONCEPTS) & TAXBOOK⁺ - GST (PRACTICE)

For May/September 2025 and January 2026 exams

IMPORTANT NOTE

Certain provisions of the law are not important from the point of view of exams, although they are part of the syllabus. No question has ever been asked from these provisions. As per 'ABC' categorization, these provisions fall under Category C (least important). Hence, these provisions have not been printed in TaxBook⁺. This has been done to prevent the book from becoming unnecessarily bulky and burdensome.

However, exams are unpredictable and there is no guarantee that a question will never be asked from a provision. **Hence, although not necessary, I will recommend that you study these provisions from an overview perspective.** Accordingly, students with a meritorious outlook who wish to study comprehensively can study these provisions.

This file contains not only Concepts but also Practice Questions on these provisions. Thus, you get the extra content for both TaxBook⁺ (Concepts) and TaxBook⁺ (Practice).

Provisions in this file are arranged as per Chapters and Para Numbers as given in the main TaxBook⁺. Thus, if a provision is not printed in the main Book but given in this file, you just need to go to the same Chapter and the Para number in this file as the main Book.

Tax With Sharad's TaxBook⁺ (GST) – Extra Provisions for Comprehensive Study

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Introduction

8. UNINTERRUPTED CHAIN OF INPUT TAX CREDIT (ITC)

We have noted above that GST is a concurrent dual levy by the Centre and States and it is in the nature of a Value Added Tax. It is useful to understand here that GST is a **destination-based consumption tax**. Tax accrues to the destination place where consumption of goods and/or services takes place. As a result, tax base is shifted from production to consumption. Thus, SGST accrues to the **destination State (importing State)** and not the supplier State (exporting State).

How does this work? The IGST model allows seamless flow of credit in the following manner:

- ↓ Centre levies IGST (which is CGST + SGST) on all inter-State supplies.
- ↓ Inter-State supplier pays IGST on value addition after adjusting available credit of IGST, CGST and SGST on his purchases.
- ↓ Exporting State transfers to the Centre, the credit of SGST used in payment of IGST.
- ↓ The person based in the destination State (importing State) claims credit of IGST while discharging his output tax liability in his own State.
- ↓ The Centre transfers to the importing State, the credit of IGST used in payment of SGST.

The relevant information is also submitted to the Central Agency which acts as a clearing house mechanism, verifies the claims and informs the respective Governments to transfer the funds. Thus, revenue of Inter-State sale does not accrue to the exporting State but to the importing State. The major advantages of this model are:

- a) Maintenance of uninterrupted ITC chain on inter-State transactions.
- b) No upfront payment of tax or substantial blockage of funds for the inter-State supplier or recipient.
- c) No refund claim in exporting State, as ITC is used up while paying the tax.
- d) Self-monitoring model.
- e) Model takes 'Business to Business (B2B)' as well as 'Business to Consumer (B2C)' transactions into account.

BYC & MCQ

ILLUS 8.1: Intra-State Supply – Transaction 1 – P of Uttar Pradesh supplies goods of value ₹ 1 lakh to Q of Uttar Pradesh. GST rate is 18%. P does not have any Input Tax Credit (ITC). This is an intra-State sale on which CGST and SGST will apply.

Particulars	₹
Value of supply	1,00,000
Add: CGST @ 9%	9,000
Add: SGST (Uttar Pradesh) @ 9%	9,000
Price charged from Q	1,18,000

P will remit CGST of ₹ 9,000 to the account of Central Government and SGST of ₹ 9,000 to the account of Government of Uttar Pradesh.

Transaction 2 – Q further supplies these goods to R of Uttar Pradesh after making value addition of 10%. This is an intra-State sale on which CGST and SGST will apply.

Particulars	₹
Value of supply, i.e., 110% of 1,00,000	1,10,000
Add: CGST @ 9%	9,900
Add: SGST (Uttar Pradesh) @ 9%	9,900
Price charged from R	1,29,800

Q will avail ITC of CGST and SGST paid by him on purchase of goods from P and remit the balance to the respective Governments, as under:

Particulars	CGST	SGST
Output tax, i.e., GST on supply to R	9,900	9,900
Less: ITC of CGST and SGST on purchase from P	(9,000)	(9,000)
GST remitted to Central Government (CGST) and Government of Uttar Pradesh (SGST)	900	900

GST revenue will be earned by the respective Governments as under:

Particulars	Central Govt	Govt of UP
On supply of goods by P to Q	9,000	9,000
On supply of goods by Q to R	900	900
Total	9,900	9,900

In effect, Centre and State will share GST revenue equally and SGST will accrue to the destination state (UP) in consonance with the concept of GST being a destination-based consumption tax.

ILLUS 8.2: Inter-State Supply – Transaction 1 - P of Uttar Pradesh supplies goods of value ₹ 1 lakh to Q of Uttar Pradesh. GST rate is 18%. P does not have any Input Tax Credit (ITC). This is an intra-State supply. Hence, CGST and SGST will be levied.

Particulars	₹
Value of supply	1,00,000
Add: CGST @ 9%	9,000
Add: SGST (Uttar Pradesh) @ 9%	9,000
Price charged from Q	1,18,000

P will remit CGST of ₹ 9,000 to the account of Central Government and SGST of ₹ 9,000 to the account of Government of Uttar Pradesh.

Transaction 2 – Q further supplies these goods to R of Bihar after making value addition of 10%. This is an inter-State sale. Hence, IGST will be levied.

Particulars	₹
Value of supply, i.e., 110% of 1,00,000	1,10,000
Add: IGST @ 18%	19,800
Price charged from R	1,29,800

Q will avail ITC of CGST and SGST paid by him on purchase of goods from P and remit the balance of IGST to the Central Government, as under:

Particulars	₹
Output tax, i.e., IGST on supply to R	19,800
Less: ITC of CGST on purchase from P	(9,000)
Less: ITC of SGST on purchase from P	(9,000)
IGST remitted to Central Government	1,800

Government of Uttar Pradesh (exporting State) will transfer to the Central Government, the credit of SGST of ₹ 9,000 used in payment of IGST.

Transaction 3 – R further supplies these goods to S of Bihar after making value addition of 10%. This is an intra-State sale. Hence, CGST and SGST will be levied.

Particulars	₹
Value of supply, i.e., 110% of 1,10,000	1,21,000
Add: CGST @ 9%	10,890
Add: SGST (Bihar) @ 9%	10,890
Price charged from S	1,42,780

R will avail ITC of IGST paid by him on purchase of goods from Q and remit the balance to respective Governments, as under:

Particulars	CGST	SGST
Output tax, i.e., CGST and SGST on supply to S	10,890	10,890
Less: ITC of IGST of ₹ 19,800 on purchase from Q	(10,890)	(8,910)
SGST remitted to Government of Bihar	-	1,980

Central Government will transfer to the Government of Bihar (importing State), the credit of IGST used in payment of SGST, i.e., ₹ 8,910.

GST revenue will be earned by the respective Governments as under:

Particulars	Central Govt	Govt of UP	Govt of Bihar
GST remitted by P on supply by P to Q	9,000	9,000	
GST remitted by Q on supply by Q to R	1,800		
Transfer by Government of Uttar Pradesh to Centre, of credit of SGST used in payment of IGST	9,000	(9,000)	
GST remitted by R on supply by R to S			1,980
Transfer by Central Government to Government of Bihar, the credit of IGST used in payment of SGST	(8,910)		8,910
Total	10,890	Nil	10,890

In effect, Centre and State will share GST revenue equally and SGST will accrue to the destination state (Bihar) in consonance with the concept of GST being a destination-based consumption tax.



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Charge

31.4 REAL ESTATE SERVICES [EXTRA PROVISIONS]

In the case of following services also, tax is payable by the recipient under RCM:

Entry No.	Category of supply of services	Supplier of service	Recipient of service
5B Transfer of TDR/FSI	Transfer of development rights (TDR) or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter.	Any person	Promoter

Such service is exempt subject to conditions [para 53]. If not exempt, tax is payable by promoter under RCM.

Floor Space Index (FSI) – It means the ratio of a building's total floor area (gross floor area) to the size of the piece of land upon which it is built. It denotes the maximum permissible floor area that a builder can build on a particular plot or piece of land. It is also known as Floor Area Ratio (FAR). For example, if land is 1,000 sq. ft. and FSI is 1.5, one can build up to 1,500 sq. ft. of covered structure thereon.

Transferable Development Rights (TDR) – These are transferable development rights which the owner of a property obtains in the form of certificates from the local authority upon surrender of his land for construction of public utilities like roads, bridges, etc. These can be traded in the market and can be purchased and used by builders to develop their area beyond the permissible FSI.

5C – Lease of land	Long term lease of land (30 years or more) against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent for construction of a project by a promoter.	Any person	Promoter
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Such service is exempt subject to conditions [para 53]. If not exempt, tax is payable by promoter under RCM.

Sale (not lease) of land is a non-supply under Schedule III [para 21.1-5]. Since tax is not applicable, RCM does not apply.

ILLUS 31.21 to 31.26: Determine whether tax is payable under RCM by the recipient in the following cases. Assume that recipient is located in India. Ignore applicable exemption, if any.

#	Situation	RCM?	Remarks
4	Gunjan has transferred TDR certificates held by her to BCD Builders Ltd. for construction of a building project promoted by the company, for a consideration of ₹ 25 lakh. Subsequently, tax became payable in terms of the relevant provisions.	Yes u/e 5B	BCD Builders Ltd. liable to pay tax
5	Mahesh has given a plot of land, owned by him, to JK Ltd. on lease for a period of 99 years against upfront consideration of ₹ 10 crore. JK Ltd. (promoter) would undertake a construction project on the land. Subsequently, tax became payable in terms of the relevant provisions.	Yes u/e 5C	JK Ltd. liable to pay tax
6	In # 2 above, assume that Mahesh sold the plot of land to JK Ltd.	No	Non-supply under Sch. III. No GST.

BYC & MCQ

B25-30. Real estate services - Determine whether tax is payable under RCM by the recipient in the following cases. Assume that recipient is located in India. Ignore applicable exemption, if any.

#	Situation
5	Joseph has given a plot of land, owned by him, to BD Ltd. on lease for a period of 30 years against upfront consideration of ₹ 1 crore. BD Ltd. (promoter) would undertake a construction project on the land. Subsequently, tax became payable in terms of the relevant provisions.
6	In # 2 above, assume that Joseph sold the plot of land to BD Ltd.
7	Farman has transferred TDR certificates held by him, to ABC Builders Ltd., for construction of a building project promoted by the company, for a consideration of ₹ 30 lakh. Subsequently, tax became payable in terms of the relevant provisions.

■ Answer: 4. Yes - RCM u/e 5C; 5. No - Non-supply under Sch. III. GST not levied; 6. Yes - RCM u/e 5B

B59-70. RCM – Determine who is liable to pay tax in the following situations. Assume that the recipient is located in the taxable territory. Ignore application exemption, if any.

#	Situation
9	Ketan had to surrender his plot of land to the State Government for construction of expressway in lieu of which he was issued certificates for Transferable Development Rights (TDR). He transferred these to QQ Ltd., real estate developers, for ₹ 20 lakh, for construction of a project in which they were engaged as the promoter. Subsequently, GST became payable in terms of the relevant provisions.
10	Shobhit, leased a plot that he owned, to Z Pvt. Ltd. for a period of 24 months, against a lease rent of ₹ 24,000 per month.

■ Answer: 9. QQ Ltd. - RCM u/e Entry 5B; 10. Shobhit - RCM u/e 5C not applicable as it is not a long-term lease of land given to promoter

M19. Sohan owned a plot of land. 50% land was sold by Sohan to JJ Builders for ₹ 1 crore. Sohan held TDRs which were sold to KK Builders for ₹ 2 crore. 50% land was leased by Sohan to MM Builders for 50 years against upfront payment of ₹ 1.5 crore. All the builders used the land for a construction project as promoters in respect of which tax became payable subsequently in terms of the relevant provisions. On what amount would Sohan be liable to pay tax to the Government?

- (a) Nil (b) 1 crore
(c) 2 crore (d) 3.5 crore

Answer: M19 A. **Hint:** M19. Sale of land: Non supply under Schedule III. | Tax in respect of sale of TDRs: RCM u/e 5B. | Tax in respect of long term lease of land: RCM u/e 5C.

31.5 BANKING, FINANCIAL, INSURANCE SERVICES (BFSI) [EXTRA PROVISIONS]

In the case of following services also, tax is payable by the recipient under RCM:

Entry No.	Category of supply of services	Supplier of service	Recipient of service
10 – RBI	Supply of services by the members of Overseeing Committee to RBI.	Members of Overseeing Committee constituted by RBI	RBI
16 – Lending of securities	Services of lending of securities under Securities Lending Scheme, 1997 of SEBI.	Lender	Borrower

Lender – Is a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI.

Borrower – Is a person who borrows the securities under the Scheme through an approved intermediary of SEBI.



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Exemptions

40.2 Power to grant exemption from tax [S. 11] [EXTRA PROVISIONS]

U/s 11, the Government can grant exemption on the recommendation of the GST Council. Exemption can either be general or case specific. This is explained below.

Contours	General exemption [S. 11(1)]	Case specific exemption [S. 11(2)]
What can be exempted?	Goods and/or services of specified description, from the whole or any part of tax.	Goods and/or services from payment of tax.
When is exemption granted?	When it is necessary in the public interest.	When it is necessary in the public interest and under circumstances of an exceptional nature.
How is exemption granted?	By a notification .	By a special order in each case.
What type of exemption can be granted?	1: Absolute exemption, i.e., unconditional. It is <i>mandatory</i> in nature. The registered person cannot opt to forego the exemption. 2: Conditional exemption, i.e., subject to specified conditions. It is <i>optional</i> . A registered person can avail the same upon satisfaction of the conditions.	As per the order.
Effective date of exemption?	Date specified in the notification	As per the order.
Explanations issued to clarify [S. 11(3)]	The Government can insert an Explanation in the notification/order in order to clarify its scope or applicability at any time within 1 year of issue of such notification/order. Such Explanation is effective retrospectively from the date of the parent notification/order (not from the date of insertion of Explanation).	

Bar to collect tax - Where the exemption is granted absolutely, the registered person supplying such goods and/or services is not allowed to collect tax, in **excess** of the **effective rate** on such supply. Thus, if whole of tax is exempted, no tax can be collected. If part of tax is exempted, no tax can be collected in excess of the effective rate. For example, renting of residential dwelling to an unregistered person is exempt from tax. If Mr. A lets out a residential house to Mr. B who is unregistered, he cannot collect tax on rent from Mr. B.

ILLUS 40.1: The notification prescribing concessional rates on certain services was issued on 28.6.2017. Subsequently, a new entry was inserted in that notification vide another notification issued on 21.9.2017. After this, an Explanation was inserted in the said Entry vide notification issued on 26.7.2018. – The Explanation, having been inserted u/s 11(3), would be effective from the date of inception of the entry from 21.9.2017, not from 26.7.2018 [Circular 120/39/2019-GST].

BYC & MCQ

M2. Which of the following statements is not correct?

- | | |
|---|--|
| (a) Exemption from tax can only be granted by way of a notification | (b) Exemption from tax can only be granted when it is necessary in the public interest |
| (c) General exemption u/s 11(1) can either be absolute or conditional | (d) Case specific exemption u/s 11(2) can only be granted by way of a special order |

M3. Which of the following statements is correct?

- | | |
|--|---|
| (a) Government can insert an Explanation in the exemption notification at any time | (b) Effective date of exemption is the date of issue of notification |
| (c) Special order for exemption can only be issued under circumstances of exceptional nature | (d) Exemption can be granted even without recommendation of the GST Council |

M4. Entry 3A was inserted vide Notification No. 2/2018-CT(R) with effect from 25.1.2018 in the principal exemption Notification No. 12/2017-CT(R) dated 28.6.2017. Entry 3A is effective from which date?

- | | |
|---------------|---------------|
| (a) 25.1.2018 | (b) 28.6.2017 |
| (c) 1.4.2018 | (d) 1.4.2019 |

M5. A new Entry was inserted vide Notification No. 2/2018-CT(R) dated 25.1.2018 in the principal exemption Notification No. 12/2017-CT(R) dated 28.6.2017. Subsequently, an Explanation was inserted in the said Entry vide Notification No. 5/2019-CT(R) dated 5.1.2019. What is the date from which the Explanation is effective?

- | | |
|---------------|---------------|
| (a) 25.1.2018 | (b) 28.6.2017 |
| (c) 5.1.2019 | (d) 1.4.2019 |

M6. Gopichand has performed a religious ceremony for Mr. G for a consideration of ₹ 10,000. He has asked Mr. G to pay him ₹ 11,800 inclusive of GST @ 18%. Said service is exempt under Notification No. 12/2017-CT(R). How much amount can Gopichand collect from Mr. G?

- | | |
|------------|------------|
| (a) 1,800 | (b) 10,000 |
| (c) 11,800 | (d) 10,900 |

Answer: M2 A; M3 C; M4 A M5 A; M6 B

Hint: M2. Exemption can be granted by way of notification or special order

M3. A: Within 1 year. B: Date specified in notification. D. Exemption can be granted on recommendation of GST Council.

M4. With effect from date of insertion of the exemption Entry.

M5. Effective retrospectively from the date of parent exemption notification.

M6. Cannot collect tax from Mr. G as service is exempt.

40.3 Power not to recover GST not levied or short-levied as a result of general practice [S. 11A] [EXTRA PROVISIONS]

Clarification regarding the scope of "as is / as is, where is basis" mentioned in the GST Circulars issued on the basis of recommendation of the GST Council in its meetings – Circular 236/30/2024-GST

Circulars have been issued based on recommendation of the GST Council wherein GST non-payment/ short-payments for past period have been regularized "As is" or "As is, where is basis" in certain cases for supply of goods or services or both. Regularization for the past period has been done, on the recommendations of the Council, in situations, such as, where genuine doubts have arisen as there are two competing entries with different rates in the notifications or issues have arisen due to diverse interpretation resulting in a situation where some suppliers have paid a lower rate of GST (including nil rate on account of an exemption entry) and some suppliers have paid a higher rate of GST. It has also been clarified that where taxpayers had paid at the higher GST rate, in such situations they shall not be entitled to any refund.

The phrase 'as is where is' is generally used in the context of transfer of property and means that the property is being transferred in its current condition, whatever this condition happens to be and the transferee of property has accepted it with all its faults and defects, whether or not immediately apparent. In the context of GST, the phrase 'regularized on as is where is' basis means that the payment made at lower rate or exemption claimed by the taxpayer shall be accepted and no refund shall be made if tax has been paid at the higher rate. The intention of the Council is to regularize payment at a lower rate including nil rate due to the tax position taken by taxable person, as full discharge of tax liability. The tax position of a taxable person is reflected in the returns filed by the person where the applicable rate of tax (or relevant exemption entry) on a transaction/supply is declared.

Thus, in cases where the matters have been regularized on "as is" or "as is, where is basis", in case of two competing rates and the GST is paid at lower of the two rates, or at nil rate where one of the competing rates was

nil under notification entry, by some suppliers while other suppliers have paid at higher rate, payment at lower rate shall be treated as tax fully paid for the period that is regularized.

Illustration 1: In a situation where certain tax payers have paid 5% GST on supply of “X”, while some have paid 12% and the GST Council recommends to reduce the rate to 5% prospectively and regularize the past on “as is where is basis” which is notified on 1.12.2023, this means that for the period prior to 1.12.2023, the 5% GST paid by taxpayer will be treated as tax fully paid and they would not be required to pay duty differential of 7% between 5% and 12%. For those tax payers who have paid 12% GST, no refund would be allowed.

Illustration 2: In a situation where certain tax payers have paid 5% GST on supply of “X” while some have paid nil duty due to the genuine doubt that there was an exemption entry for “X”, and the GST Council recommends to clarify that the applicable rate is 5% and to regularize the past on “as is where is basis”, in view of prevailing genuine doubts, which is notified on 1.12.2023, this means that for the period prior to 1.12.2023, non payment of GST and declaring such transactions as exempted supply in their return by the tax payer will be treated as full discharge of tax liability and they would not be required to pay duty differential of 5% between Nil and 5%. For those tax payers who have paid 5%, no refund would be made.

Illustration 3: In a situation where the interpretational issue is between 5% and 12% rates and some taxpayers have paid 5%, others have paid 12% while certain taxpayers have not paid GST on supply of “X”, and the GST Council recommends to clarify that the applicable rate is 12% and regularize the past on “as is where is basis” which is notified on 1.12.2023, this means that for the period prior to 1.12.2023, the 5% GST paid by tax payer will be treated as tax fully paid and they would not be required to pay duty differential between 5% and 12% . For those tax payers who have paid 12%, no refund would be made. However, the regularization would not apply to situations where no tax has been paid. In such cases, the applicable tax i.e. 12% shall be recovered.

44.2 Skill development [EXTRA PROVISIONS]

Following services relating to skill development are also exempt from tax:

Entry No.	Description of services
69 – Skill development programs [provision effective till 9.10.2024]	<p>Any services provided by:</p> <ol style="list-style-type: none"> 1. The National Skill Development Corporation set up by the Government of India; 2. A Sector Skill Council approved by the National Skill Development Corporation; 3. An assessment agency approved by the Sector Skill Council or the National Skill Development Corporation; 4. A training partner approved by National Skill Development Corporation or Sector Skill Council, <p>in relation to-</p> <ol style="list-style-type: none"> 1. The National Skill Development Programme implemented by the National Skill Development Corporation; or 2. A vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or 3. Any other Scheme implemented by the National Skill Development Corporation.
69 – Skill development programs [provision effective from 10.10.2024]	<p>Any services provided by:</p> <ol style="list-style-type: none"> 1. The National Skill Development Corporation set up by the Government of India; 2. The National Council for Vocational Education and Training; 3. An Awarding Body recognized by the National Council for Vocational Education and Training; 4. An Assessment Agency recognized by the National Council for Vocational Education and Training;

	<p>5. A Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training,</p> <p>in relation to-</p> <ol style="list-style-type: none"> 1. The National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or 2. A vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or 3. Any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package.
70 – Skill assessment	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship, by way of assessments under the Skill Development Initiative Scheme.
71 – DDUGK Yojana	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India, by way of offering skill or vocational training courses certified by the National Council for Vocational Education and Training.

47. SERVICES PROVIDED BY GOVERNMENT – SPECIFIC CASES [EXTRA PROVISIONS]

Following services provided by Government are also exempt:

Entry No.	Description of services			
9C, 34A, 65, 65B – Special cases	Following services are exempt:			
	Entry	Supplier	Recipient	Service which is exempt
	9C	Government entity	CG/SG/UT/LA ¹	Supply of service against consideration received from CG/SG/UT/LA in the form of grants .
	<i>Government Entity</i> - It means an authority or a board or any other body including a society, trust, corporation, (a) set up by an Act of Parliament or State Legislature; or (b) established by any Government, with 90% or more participation by way of equity or control, to carry out a function entrusted by the CG/SG/UT/LA.			
	34A	CG/SG/UT	Undertaking of CG/SG/UT or Public Sector Undertaking (PSU)	Guaranteeing the loans taken by recipient from banking companies and financial institutions.
65	CG/SG/UT	-	Deputing officers after office hours or on <i>holidays</i> for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges .	
65B	SG	Excess Royalty Collection Contractor (ERCC)	Assigning the right to collect royalty on behalf of SG on the mineral dispatched by the mining lease holders.	
<i>Mining lease holder</i> - It means a person who has been granted mining lease, quarry lease or license or other mineral concession under Mines and Minerals (Development and Regulation) Act, 1957.				

¹ Or any person specified by CG/SG/UT/LA.

	<i>Net GST loss</i> - GST deposited by mining lease holders on royalty should not be less than GST exempted for ERCC under this Entry. If it is so, excess exemption is withdrawn and ERCC is required to pay the difference.
9F – Intra-Railway services	W.e.f. 15.7.2024, services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).

ILLUS 47.1 to 47.23: Determine whether the following services are exempt from GST. Consider threshold of turnover for registration at ₹ 20 lakh.

#	Service	Exempt?
22	The State Government of West Bengal has provided services to a public sector undertaking (PSU) by way of guaranteeing the loan taken by such PSU from the Bank of India.*	Exempt u/e 34A
23	XYZ Pvt. Ltd. pays ₹ 10,000 as merchant overtime charges to the Customs Department for deputing Customs Officers on a public holiday for inspection of its import cargo.*	Exempt u/e 65

48. SERVICES PROVIDED TO GOVERNMENT [EXTRA PROVISIONS]

Following services provided to Government are also exempt:

48. SERVICES PROVIDED TO GOVERNMENT [Entries 3, 3A, 3B, 9G, 11A, 22, 40, 45, 72]	
Entry No.	Description of services
3B – Govt. Authority	Services provided to a Governmental Authority by way of (a) water supply; (b) public health; (c) sanitation conservancy; (d) solid waste management; and (e) slum improvement and upgradation.
9G – Railways	W.e.f. 15.7.2024, services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Indian Railways to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Indian Railways to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.

49. TRANSPORTATION – PASSENGERS [EXTRA PROVISIONS]

Following services are also exempt:

Entry No.	Description of services
16 – RCS airport	Services provided to CG, by way of transport of passengers (with or without accompanied belongings), by air , embarking from OR terminating at a regional connectivity scheme (RCS) airport, against consideration in the form of viability gap funding . Exemption ceases to apply on or after the expiry of 3 years from the date of commencement of operations of such airport as notified by the Ministry of Civil Aviation.

RCS Scheme aims to connect small underserved regional airports to key airports by providing subsidy to airlines so as to facilitate or stimulate regional connectivity by making it affordable. In absence of Government support, flight operations connecting such airports would not be commercially viable. Such financial support is called viability gap funding.

BYC & MCQ

M48. Viability gap funding provided by Central Government to regional connectivity scheme airports is exempt up to what period from the date of commencement of operations of the airport?

- (a) 1 year (b) 2 years
(c) 3 years (d) 4 years

Answer: M48 C

50. TRANSPORTATION – GOODS [EXTRA PROVISIONS]

The following services are also exempt:

Entry No.	Description of services
Entry 9B – Transit cargo	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).
Services associated with transit cargo both to and from Nepal and Bhutan are exempt. Further, movement of empty containers returning to India from Nepal and Bhutan, after delivery of goods there, is a service associated with the transit cargo to Nepal and Bhutan and is, therefore, covered by the exemption. ² [Circular 177/09/2022-TRU]	
Entry 61A – National Permit	Services by way of granting National Permit to a goods carriage to operate throughout India / contiguous States.

51. BANKING & FINANCE [EXTRA PROVISIONS]

The following services are also exempt:

Entry No.	Description of services
27 – Foreign currency	Inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.
This Entry only covers services between banks and dealers. Such service provided to general public is not exempt.	
27A – BSBD A/c under PMJDY	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
34 – Settlement of card transaction	Services by an acquiring bank , to any person in relation to settlement of an amount up to ₹ 2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.
<i>Acquiring bank</i> - It means any banking company, financial institution including NBFC or any other person, who makes the payment to any person who accepts such card.	
39A – IFSC	Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR).
Intermediary of financial services in IFSC is a person who is –	
<ol style="list-style-type: none"> 1. Permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or 2. Treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or 3. Registered under the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or 	

² The applicable regulations governing transit / transshipment should be followed in addition to ensuring that an electronic track and trace facility is in place. This facility uses container numbers to locate the cargo. Thus, it is verifiable that the empty container returning from Nepal or Bhutan is the same container which was used to deliver goods to Nepal or Bhutan.

4. Permitted as such by SEBI under SEBI (International Financial Services Centres) Guidelines, 2015.

BYC & MCQ

M62. Which of the following services is exempt from GST?

- (a) Services by RBI (b) Inter se sale/purchase of foreign currency amongst banks
(c) Services provided by SEBI (d) Interest charged on credit card dues

Answer: M62 B. **Hint:** M62. B: Exempt u/e 27

52. INSURANCE & PENSION [EXTRA PROVISIONS]

The following services are also exempt:

Entry	Description of services																		
LIFE INSURANCE																			
28	Services of life insurance business provided by way of annuity under the National Pension System (NPS) regulated by the Pension Fund Regulatory and Development Authority of India (PFRDAI).																		
29	Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force , respectively, under the Group Insurance Schemes of the CG.																		
29A	Services of life insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of the CG.																		
29B	Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force .																		
36	Services of life insurance business provided under following schemes -																		
	<table border="1"> <tbody> <tr> <td>1. Janashree Bima Yojana</td> <td>2. Aam Aadmi Bima Yojana</td> </tr> <tr> <td>3. Pradhan Mantri Vaya Vandana Yojana</td> <td>4. Varishtha Pension Bima Yojana</td> </tr> <tr> <td>5. Pradhan Mantri Jeevan Jyoti Bima Yojana</td> <td>6. Pradhan Mantri Jan Dhan Yojana</td> </tr> </tbody> </table>	1. Janashree Bima Yojana	2. Aam Aadmi Bima Yojana	3. Pradhan Mantri Vaya Vandana Yojana	4. Varishtha Pension Bima Yojana	5. Pradhan Mantri Jeevan Jyoti Bima Yojana	6. Pradhan Mantri Jan Dhan Yojana												
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GENERAL INSURANCE																			
35	Services of general insurance business provided under following schemes -																		
	<table border="1"> <tbody> <tr> <td>1. Hut Insurance Scheme</td> <td>2. Cattle Insurance under Swarna-jayanti Gram Swarozgar Yojana</td> </tr> <tr> <td>3. Scheme for Insurance of Tribals</td> <td>4. Janata Personal Accident Policy and Gramin Accident Policy</td> </tr> <tr> <td>5. Group Personal Accident Policy for Self-Employed Women</td> <td>6. Agricultural Pumpset and Failed Well Insurance</td> </tr> <tr> <td>7. Premia collected on export credit insurance</td> <td>8. Restructured Weather Based Crop Insurance Scheme (RWCIS)</td> </tr> <tr> <td>9. Jan Arogya Bima Policy</td> <td>10. Pradhan Mantri Fasal Bima Yojana (PMFBY)</td> </tr> <tr> <td>11. Pilot Scheme on Seed Crop Insurance</td> <td>12. Central Sector Scheme on Cattle Insurance</td> </tr> <tr> <td>13. Universal Health Insurance Scheme</td> <td>14. Rashtriya Swasthya Bima Yojana</td> </tr> <tr> <td>15. Coconut Palm Insurance Scheme</td> <td>16. Pradhan Mantri Suraksha Bima Yojana</td> </tr> <tr> <td>17. Niramaya Health Insurance Scheme</td> <td>18. Bangla Shasya Bima</td> </tr> </tbody> </table>	1. Hut Insurance Scheme	2. Cattle Insurance under Swarna-jayanti Gram Swarozgar Yojana	3. Scheme for Insurance of Tribals	4. Janata Personal Accident Policy and Gramin Accident Policy	5. Group Personal Accident Policy for Self-Employed Women	6. Agricultural Pumpset and Failed Well Insurance	7. Premia collected on export credit insurance	8. Restructured Weather Based Crop Insurance Scheme (RWCIS)	9. Jan Arogya Bima Policy	10. Pradhan Mantri Fasal Bima Yojana (PMFBY)	11. Pilot Scheme on Seed Crop Insurance	12. Central Sector Scheme on Cattle Insurance	13. Universal Health Insurance Scheme	14. Rashtriya Swasthya Bima Yojana	15. Coconut Palm Insurance Scheme	16. Pradhan Mantri Suraksha Bima Yojana	17. Niramaya Health Insurance Scheme	18. Bangla Shasya Bima
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36A	Services by way of reinsurance of the insurance schemes under Entry 35, 36 [see above] or 40 [para 48].																		

Reinsurance includes retrocession services [Circular 228/22/2024-GST].

'Retrocession' means a re-insurance transaction whereby a part of assumed reinsured risk is further ceded to another Indian Insurer or a CBR (Cross Border Re-insurer).

PENSION

37 Services by way of collection of contribution under the **Atal Pension Yojana**.

38 Services by way of collection of contribution under any **pension scheme of the SG**.

SERVICES BY SPECIFIED ENTITIES

Entry	Services provided by	Services provided to or by way of
30	Employees' State Insurance Corporation (ESIC)	To persons governed under Employees' State Insurance Act, 1948 (ESI Act)
31	Employees Provident Fund Organisation (EPFO)	To persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (EPF Act)
31A	Coal Mines Provident Fund Organisation	To persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948
31B	National Pension System (NPS) Trust	To its members (against consideration in the form of administrative fee)

BYC & MCQ

M69. Which of the following services is not exempt from GST?

- (a) Life insurance for Army, Navy, Air Force under the group insurance scheme of Central Government
 (b) Life insurance under Aam Aadmi Bima Yojana
 (c) Personal Accident Policies for the general public
 (d) Reinsurance of Varishtha Pension Bima Yojana

70. Reinsurance of which of the following schemes is exempt from GST?

- (a) Insurance scheme for which total premium is paid by Government
 (b) Pradhan Mantri Vaya Vandan Yojana
 (c) Jan Arogya Bima Policy
 (d) All of the above

M71. Services provided by which of the following entities is exempt from GST?

- (a) ESIC
 (b) EPFO
 (c) NPS Trust
 (d) All of the above

Answer: M69 C; M70 D; M71 D

Hint: M69. A: Exempt u/e 29. B: Exempt u/e 36. D: Exempt u/e 36A. C: Not exempt as only personal accident schemes specified u/e 35 are exempt.

M70. Exempt u/e 36A

M71. A exempt u/e 30. B exempt u/e 31. C exempt u/e 31B.

53. IMMOVABLE PROPERTY & INFRASTRUCTURE [EXTRA PROVISIONS]

The following services are also exempt:

Entry No.	Description of services
41 – Lease of industrial plots or plots for financial business infrastructure	<p>Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for granting of long-term lease (30 years or more) of industrial plots or plots for development of infrastructure for financial business is exempt subject to following conditions:</p> <ol style="list-style-type: none"> Lease is granted by (a) State Government Industrial Development Corporations or Undertakings or (b) any other entity having 20% or more ownership of CG/SG/UT³. Lease is granted to industrial units or developers in any industrial or financial business area. Leased plots shall be used for the purpose for which they are allotted, i.e., for industrial or financial activity in an industrial or financial business area. <p>In case of any violation or subsequent change of land use, the original lessor, original lessee as well as any subsequent lessee/buyer/owner shall be jointly and severally liable to pay the tax exempted on the upfront amount along with applicable interest and penalty.</p> <p>Location charges or preferential location charges (PLC) paid upfront in addition to the lease premium constitute part of upfront amount charged for long term lease of land and are eligible for the same tax treatment, and are, thus, exempt u/e 41 [Circular 177/09/2022-TRU].</p>
41A, 41B – Transfer of TDR, FSI or lease of land for apartments	<p>Service by way of transfer of development rights (TDR) or Floor Space Index (FSI) (including additional FSI) for construction of residential apartments by a promoter in a project, intended for sale to a buyer, wholly or partly, <i>except</i> 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.</p> <p>If residential apartments remain un-booked on the date of issuance of completion certificate or first occupation of the project, as the case may be, exemption is withdrawn. In such case:</p> <ol style="list-style-type: none"> The promoter is liable to pay tax under RCM [para 31.4] on the value of TDR/FSI or lease premium attributable to un-booked residential apartments. However, tax payable is restricted to 1% of the value in case of affordable residential apartments and 5% of value in case of other residential apartments. <p>Liability to pay such tax arises on the earlier of date of completion or first occupation of project, as the case may be.</p>

ILLUS 53.1 to 53.22: Determine whether the following services are exempt from GST.

#	Service	Exempt?
22	Karnataka Industrial Development Corporation has granted lease of industrial plot to Real Ltd. for a period of 50 years against upfront lease premium of ₹ 1 crore for development of financial business infrastructure.*	Exempt u/e 41

BYC & MCQ

M79. Which of the following is not a condition for exemption of upfront amount for granting of long-term lease of industrial plots or plots for development of infrastructure for financial business?

- | | |
|---|--|
| (a) Lease should be for 10 years or more | (b) Lease should be granted to industrial units or developers in any industrial or financial business area |
| (c) Leased plots should be used for the purpose for which they are allotted | (d) All of the above |

³ Directly or through an entity which is wholly owned by CG/SG/UT.

M80. Which of the following is a condition for exemption in respect of transfer of TDR or FSI?

- (a) Transfer should be for construction of residential apartments intended to be let out to users
- (b) Transfer should be for construction of commercial complex
- (c) Entire consideration should not be received after the later of issuance of completion certificate or first occupation
- (d) Transfer should be for construction of residential apartments

Answer: M79 A; M80 D

Hint: M79. Lease should be for 30 years or more in terms of entry 41

M80. Entry 41A is applicable. A: Should be intended for sale. B: Should be for construction of residential apartments. C: Should not be received after 'earlier' of these dates.

57. BUSINESS ACTIVITIES [EXTRA PROVISIONS]

The following services are also exempt:

Entry No.	Description of services
44, 48 Incubation	<p>Entry 44 - Services provided by an incubatee up to a total turnover of ₹ 50 lakh in a FY subject to the following conditions:</p> <ol style="list-style-type: none"> The total turnover had not exceeded ₹ 50 lakh during the preceding FY; and A period of 3 years has not elapsed from the date of entering into an agreement as an incubatee. <p>Entry 48 - Taxable services, provided or to be provided, by a TBI or STEP or bio-incubators.</p> <p>'Incubatee' means an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognised by National Science and Technology Entrepreneurship Development Board (NSTEDB) of Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or STEP to enable himself to develop and produce hi-tech and innovative products.</p> <p>Bio-incubators should be recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.</p> <p>Thus, by virtue of this Entry, an incubatee is exempted from tax up to a turnover of ₹ 50 lakh in a FY for a period of 3 years, in accordance with the above conditions.</p>

BYC & MCQ

M97. Chris Pvt. Ltd. is an entrepreneur located within the premises of a recognised Science and Technology Entrepreneurship Park (STEP). It has entered into an agreement with the STEP to develop and produce hi-tech products. In which of the following cases will Chris Pvt. Ltd. not be allowed exemption of tax for the FY 2024-25?

- (a) Agreement was entered on 15.12.2023
- (b) Turnover is ₹ 40 lakh for FY 2024-25
- (c) Turnover was ₹ 51 lakh for FY 2023-24
- (d) None of the above

Answer: M97 C. **Hint: M97.** To be exempt u/e 44, turnover should not exceed 50 lakh in preceding FY

58. MISCELLANEOUS [EXTRA PROVISIONS]

The following services are also exempt:

Entry No.	Description of services
19C – Satellite launch	Satellite launch services.
59 – Diplomatic mission	Services by a foreign diplomatic mission located in India .

Services **to** a foreign diplomatic mission located in India is **not** exempt.



8 Input Tax Credit

77.2 Time limit in case of revocation of cancellation of registration [S. 16(6)]

We will study in Chapter 10 that registration of a registered person can be cancelled under certain circumstances u/s 29 [para 95]. Subsequently, the cancellation of registration can be revoked by an order u/s 30 [para 96]. It can also be revoked pursuant to an order made by the Appellate Authority, Appellate Tribunal or court. In such case, all returns due for the period from the date of order of cancellation (or the effective date of cancellation) till the date of order of revocation should be filed within 30 days from the date of order of revocation [para 96.3]. ITC cannot be availed once registration is cancelled. It can be availed once cancellation is revoked but in that case the standard time limit u/s 16(4) referred in para 77.1 above may have expired. ***In order to enable availment of ITC in such cases, it is provided that where availment of ITC in respect of an invoice or debit note was not restricted u/s 16(4) on the date of order of cancellation of registration (i.e., the time limit had not yet expired), the said person shall be entitled to take such ITC, in a return u/s 39, —***

1. ***Filed within the standard time limit, i.e., up to 30 November following the FY to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier, or***
2. ***For the period from the date of cancellation of registration (or the effective date of cancellation of registration, as the case may be) till the date of order of revocation of cancellation of registration, where such return is filed within 30 days from the date of order of revocation of cancellation of registration, whichever is later.***

80.4 Blocked ITC – Others – Goods lost, disposed, etc. [EXTRA PROVISIONS]

Clarification on procedure in respect of return of time expired drugs or medicines [Circular 72/46/2018-GST] - The common trade practice in the pharmaceutical sector is that the drugs or medicines (“goods”) are sold by the manufacturer to the wholesaler and by the wholesaler to the retailer on the basis of an invoice or bill of supply, as case may be. Such goods have a defined life term (date of expiry). **Expired** goods are returned to the manufacturer through the supply chain. It has been clarified that the retailer/wholesaler can return the time expired goods **either** by (A) treating it as fresh supply (discussed below) or (B) issuing Credit Note (discussed in para 109.1).

- ***Where person returning goods is a registered person (other than a composition taxpayer)*** - He may, at his option, return the goods by treating it as a **fresh supply** and issuing invoice for the same (“return supply”). Value of goods shown in the invoice on the basis of which the goods were supplied earlier may be taken as the value of such return supply. Recipient of such supply (wholesaler or manufacturer) shall be **eligible to avail ITC** of tax levied on return supply (subject to fulfilling conditions u/s 16 (para 74).
- ***Where person returning goods is a composition taxpayer*** - He may return the goods by issuing a bill of supply and pay tax at the rate applicable to a composition taxpayer. ITC will **not be available** to the recipient of return supply.
- ***Where person returning goods is an unregistered person*** - He may return the goods by issuing any commercial document **without charging any tax** on the same.
- ***Where the returned goods are destroyed by the manufacturer*** - Manufacturer is required to **reverse** the ITC availed on the return supply [as ITC is blocked in respect of goods destroyed]. ITC which is required to be reversed is the ITC availed on the return supply and not the ITC that is attributable to the manufacture of such time expired goods.

Though the above stated circular discusses scenarios in relation to return of goods on account of expiry, it may be applicable to such other scenarios where goods are returned on account of reasons other than the one detailed above.

Clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period [Circular 195/07/2023-GST; 216/10/2024-GST] – The following clarifications have also been issued:

Issue	Clarification
<p>5: In the <i>above scenario</i> where distributor provides replacement of goods/parts to the customer as part of warranty on behalf of manufacturer, whether any supply is involved between distributor and manufacturer and whether distributor is required to reverse ITC in respect of such replacement?</p>	<p>Case A: Distributor replaces goods/part to customer under warranty either by using his stock or by purchasing from a third party and charges the consideration for such goods/parts from the manufacturer, by issuance of a tax invoice, for the said supply made by him to the manufacturer. In such case, GST is payable by distributor on the said supply by him to the manufacturer and manufacturer is entitled to avail ITC of the same. In such case, no reversal of ITC by distributor is required in respect of the same.</p> <p>Case B: Distributor raises a requisition to the manufacturer for goods/parts to be replaced by him under warranty and manufacturer then provides the said goods/parts to distributor for such replacement. In such case, where manufacturer is providing such goods/parts to distributor for replacement to customer during warranty period, without separately charging any consideration, no GST is payable on such replacement by the manufacturer. Further, no reversal of ITC is required to be made by manufacturer in respect of goods/parts so replaced by distributor.</p> <p>Case C: Distributor replaces goods/parts to the customer under warranty out of the supply already received by him from manufacturer and manufacturer issues credit note in respect of goods/parts so replaced. Accordingly, tax liability may be adjusted by manufacturer, subject to the condition that the distributor has reversed the ITC availed against goods/parts so replaced.</p> <p>Case D: Distributor replaces goods/parts to the customer under warranty by using his stock and then raises a requisition to the manufacturer for the goods/parts. Manufacturer then provides said goods/parts to distributor through a delivery challan, without separately charging any consideration. In such case, no GST is payable on such replenishment of goods/parts. Further, no reversal of ITC is required to be made by manufacturer in respect of goods/parts so replenished.</p>
<p>6: Where distributor provides repair service, in addition to replacement of goods/parts or otherwise, to customer without any consideration, as part of warranty, on behalf of manufacturer but charges manufacturer for such service (by way of issue of tax invoice or debit note), is GST payable on such activity by the distributor?</p>	<p>In such scenario, there is a supply of service by distributor and manufacturer is the recipient of such supply of repair services. Hence, GST is payable on such provision of service by distributor to manufacturer and manufacturer is entitled to avail ITC of the same.</p>

81. ENTITLEMENT OF ITC IN CERTAIN SITUATIONS [S. 18(1)/(2); R. 40(1)] [EXTRA PROVISIONS]

Procedure to claim ITC:

1. The registered person should make a **declaration** in FORM GST ITC-01, electronically on the common portal, to the effect that he is eligible to avail ITC as aforesaid.
2. Declaration should be made within 30 days from the date of **becoming eligible** to avail ITC (such period can be extended by the Commissioner).
3. Declaration should clearly specify the details relating to inputs or capital goods as on the day specified in the Table above.
4. Details furnished in the declaration should be duly **certified** by a practicing chartered accountant or a cost accountant if the **aggregate** value of the ITC claim (on account of CSGST, SGST, UTGST, IGST) > ₹ 2 lakh.

84. TRANSFER OF ITC UPON CHANGE IN CONSTITUTION [S. 18(3); R. 41] [EXTRA PROVISIONS]

Procedure –

1. The registered person should furnish the details of such change in the constitution electronically on the common portal along with a request for transfer of unutilized ITC to the transferee.
2. Transferor should also submit a copy of a **certificate** issued by a practicing chartered accountant or cost accountant certifying that such change in constitution has been done with a specific provision for the transfer of liabilities.
3. Once the transferee **accepts** the details, so furnished by the transferor, on the common portal, the unutilized ITC is credited to his electronic credit ledger.
4. Inputs and capital goods so transferred should be duly accounted for by transferee in his books of account.

85. TRANSFER OF ITC ON OBTAINING MULTIPLE REGISTRATIONS WITHIN A STATE/UT [R. 41A] [EXTRA PROVISIONS]

Procedure –

1. The transferor should furnish the prescribed details, electronically on the common portal, within 30 days from obtaining such separate registrations.
2. ITC is transferred to the transferees in the ratio of the **value of assets** held by them at the time of registration. For this purpose, the value of assets means the value of the **entire** assets of the business whether or not ITC has been availed thereon.
3. The transferee should, on the common portal, **accept** the details so furnished by the transferor.
4. Upon such acceptance, the unutilised ITC is credited to the electronic credit ledger of the transferee.

86.3 Transfer of ITC [S. 53 of CGST Act; S. 18 of IGST Act]

On utilisation of ITC of **CGST** for payment of **IGST**, the amount collected as CGST stands reduced by the amount of such ITC. The amount so reduced is transferred by the Central Government from CGST A/c to IGST A/c.

Similarly, on utilisation of ITC of **IGST** for payment of **CGST/UTGST**, the amount collected as IGST stands reduced by the amount of such ITC. The amount so reduced is transferred by the Central Government from IGST A/c to CGST A/c or UTGST A/c, as the case may be.

On utilisation of ITC of **IGST** for payment of **SGST**, the amount collected as IGST stands reduced by the amount of such ITC. However, in this case the amount so reduced is **apportioned** to the appropriate State Government and Central Government transfers the amount so apportioned to the account of the appropriate State Government.

ILLUS: See illustrations 8.1 and 8.2 in Chapter 1.



10

Registration

88.6 Transfer of business [S. 22(3)/(4)]

Registration of transferee/successor - Where a business carried on by a taxable person **registered** under GST is transferred, whether on account of succession or otherwise, to another person as a **going concern**, the transferee or successor, as the case may be, is liable to be registered with effect from **date** of such transfer or succession.

Transfer pursuant to order - However, in case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may be, demerger of two or more companies pursuant to an order of a High Court, Tribunal or otherwise, the transferee is liable to be registered, with effect from the date on which the Registrar of Companies **issues a certificate of incorporation** giving effect to such order of the High Court or Tribunal.

Death of sole proprietor – This provision also covers transfer or change in ownership of business due to **death** of sole proprietor. [Circular 96/15/2019-GST]

Transferee/successor is not entitled to the benefit of a fresh registration threshold limit.

ILLUS 88.25: Mr. X, registered under GST, transfers his business of supplying engineering equipment in the State of Uttarakhand to Mr. Y on 1 October. ATO of the business for the FY before transfer was ₹ 15 lakh and that after transfer was ₹ 16 lakh. Mr. Y contends that he is not liable to get registered as his own ATO of ₹ 16 lakh does not exceed the registration threshold of ₹ 20 lakh. – Mr. Y is not correct. Since the business carried on by Mr. X, registered under GST, is transferred, the transferee Mr. Y is liable to be registered with effect from 1 October.

89.8 Registration in certain cases - Other cases [S. 24]⁴

Following categories of persons are required to be registered **compulsorily** (irrespective of ATO):

- Input Service Distributor (ISD), whether or not separately registered under GST;
- Every person supplying online information and data base access or retrieval (OIDAR) services from a place outside India to a person in India, other than a registered person;
- Every person supplying online money gaming [para 21.1-6] from a place outside India to a person in India;
- Such other person or class of persons as may be notified by the Government.

91.7 Unique Identification Number (UIN) [S. 25(9)/(10), R. 17] [EXTRA PROVISIONS]

Procedure for assignment of UIN:

1. The eligible person should submit an application in the prescribed form at the common portal.
2. The proper officer may, upon submission of the application in the prescribed form or after filling up the said form or after receiving a recommendation from the Ministry of External Affairs, Government of India, assign a UIN to the said person and issue a certificate in FORM GST REG-06 within 3 working days from the date of the submission of the application.



⁴ Details of these provisions are relevant for CA Final level. Provisions are given here only for knowledge purposes and for sake of completeness.

11 Invoice & Documents

99 E-INVOICING [S. 31; R. 48(4)] [EXTRA PROVISIONS]

99.4 Certain important terms used in e-invoicing

99.4-1 E-invoice schema

Businesses use various accounting/billing software, each generating and storing invoices in their own electronic formats. These different formats are neither understood by GST system nor among the systems of suppliers and receivers. For example, an invoice generated by SAP system cannot be read by a machine which is using 'Tally' system, unless a connector is used. With more than 300 accounting/billing software products, there is no way to have connectors for all.

In this scenario, 'e-invoicing' aims at machine-readability and uniform interpretation. To ensure complete 'interoperability' of e-invoices across the entire GST eco-system, an invoice standard is a must. Schema simply means a structured template or format. E-invoice schema is the **standard format** for e-invoice. By using the schema, e-invoices generated by one software can be read by any other software, thereby eliminating the need of fresh/manual data entry. This standard/format has been notified as **Form GST INV-1**. The schema mandates what particulars shall be reported to IRP so as to receive a signed e-invoice from IRP.

With the help of schema, e-invoicing facilitates exchange of invoices between supplier and buyer in a structured electronic format.

99.4-2 Invoice Registration Portal (IRP): IRP is the website for uploading/reporting of invoices by the notified persons. Following 10 portals have been notified [*Notification 69/2019-CT*]: www.einvoice1.gst.gov.in; www.einvoice2.gst.gov.in; www.einvoice3.gst.gov.in; www.einvoice4.gst.gov.in; www.einvoice5.gst.gov.in; www.einvoice6.gst.gov.in; www.einvoice7.gst.gov.in; www.einvoice8.gst.gov.in; www.einvoice9.gst.gov.in; www.einvoice10.gst.gov.in.

99.4-3 JSON: Invoice details in prescribed schema (INV-01) have to be reported to IRP in JSON format. 'JSON' stands for *JavaScript Object Notation*. It can be thought of as a common language for systems/machines to communicate between each other and exchange data. JASON format is generated by the ERP or Accounting software. This format is also used in GST system for reporting all data to GST System.

99.4-4 Invoice Reference Number (IRN): IRN is **not the same** as invoice number. Invoice number (e.g., ABC/1/2019-20) is assigned by supplier and is internal to business. IRN, on other hand, is a unique reference number (hash) generated and returned by IRP, on successful registration of e-invoice. IRN is a unique 64-character hash, e.g., 35054cc24d97033afc24f49ec4444dbab81f542c555f9d30359dc75794e06bbe.

99.4-5 QR Code: We have noted above that the IRP generates a QR code containing the unique IRN along with certain other key particulars. The QR code (which can be printed on invoice) enables offline verification of the fact whether the e-invoice has been reported on the IRP or not (using Mobile App etc.). The QR code consists of the following key particulars of e-invoice:

- a. GSTIN of Supplier
- b. GSTIN of Recipient
- c. Invoice number, as given by Supplier
- d. Date of generation of invoice
- e. Invoice value (taxable value and gross tax)
- f. Number of line items
- g. HSN Code of main item (line item having highest taxable value)

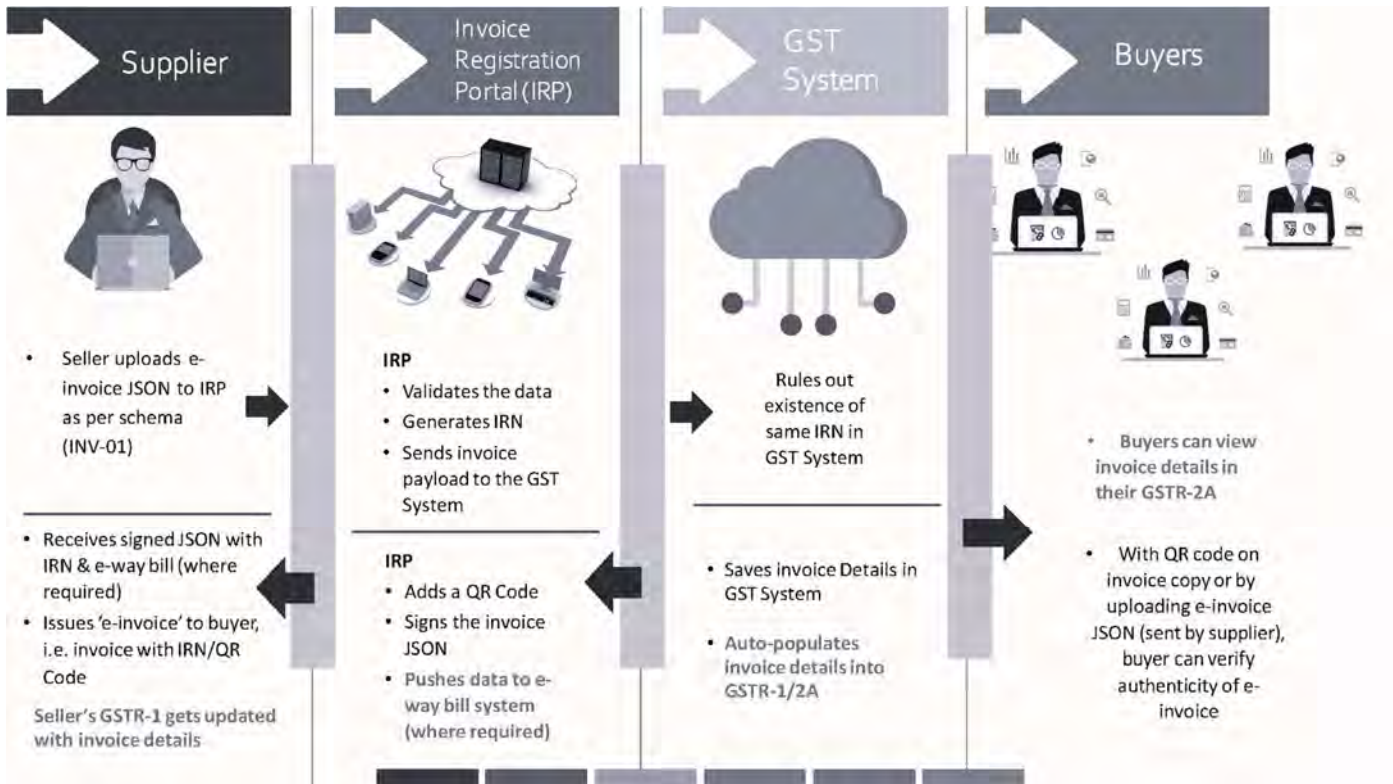
h. Unique IRN (Invoice Reference Number/hash)

i. Date of generation of IRN

IRN need not be printed on e-invoice since it is already embedded in the QR Code.

99.5 Interaction between supplier, IRP, GST system and buyers

Following chart depicts the interaction between supplier, IRP, GST system and buyers in e-invoicing mechanism.



As can be noted above, on successful reporting of invoice details to IRP by the supplier, the invoice data (payload) including IRN, is saved in the GST System. The IRP also pushes the data to the **e-way bill system** (where required). The GST system auto-populates the data into **GSTR-1** of the supplier and **GSTR-2A** of respective receivers. This way, e-invoicing facilitates automation of reporting documents for various compliances under GST.

100. DYNAMIC QR CODE ON B2C INVOICES [S. 31; R. 46] [EXTRA PROVISIONS]

100.3 Certain typical situations

Situation	Compliance with Dynamic QR code requirements
<p>1: If a supplier provides/displays Dynamic QR code, but the customer opts to make payment without using such code.</p>	<p>If the supplier has issued invoice having Dynamic QR code for payment, the said invoice is <i>deemed</i> to have complied with Dynamic QR code requirements.</p> <p>In cases where the supplier has digitally displayed the Dynamic QR Code and the customer pays for the invoice: -</p> <p>A. using any mode (UPI, credit/ debit card or online banking or cash or combination of various modes of payment) <u>with or without</u> using Dynamic QR code, and the supplier provides a cross reference of the payment (transaction ID along with date, time and amount of payment, mode of payment like UPI, credit card, debit card, online banking, etc.) on the invoice; or</p>

Situation	Compliance with Dynamic QR code requirements
	<p>B. in cash, <u>without</u> using Dynamic QR code and the supplier provides a cross reference of the amount paid in cash, along with date of such payment on the invoice; the said invoice is <i>deemed</i> to have complied with the requirement of having Dynamic QR code.</p>
<p>2: If the supplier makes available to customers an electronic mode of payment like UPI Collect, UPI Intent or similar other modes of payment, through mobile applications or computer-based applications, where though Dynamic QR code is not displayed, but the details of merchant as well as transaction are displayed/ captured otherwise.</p>	<p>In such cases, if the cross reference of payment made using such electronic modes of payment is made on the invoice, the invoice is <i>deemed</i> to comply with the requirement of Dynamic QR code. However, if payment is made after generation / issuance of invoice, the supplier should provide Dynamic QR code on the invoice.</p>
<p>3: Is generation/ printing of Dynamic QR code mandatory for pre-paid invoices, i.e., where payment has been made before issuance of the invoice?</p>	<p>If cross reference of payment received, either through electronic mode or through cash or combination thereof, is made on the invoice, then the invoice is <i>deemed</i> to have complied with the requirement of Dynamic QR code. In cases other than pre-paid supply, i.e., where payment is made after generation / issuance of invoice, the supplier should provide Dynamic QR Code on the invoice.</p>
<p>4: In some instances of retail sales over the counter, the payment from the customer is received on the payment counter by displaying dynamic QR code on digital display, whereas the invoice, along with invoice number, is generated on the processing system being used by supplier/merchant after receiving the payment. In such cases, it may not be possible for merchant/supplier to provide details of invoice number in the dynamic QR code displayed to the customer on payment counter. However, each transaction, i.e., receipt of payment from a customer, is having a unique Order ID/ sales reference number, which is linked with the invoice for the said transaction.</p>	<p>The unique order ID/unique sales reference number, which is uniquely linked to the invoice issued for the said transaction, may be provided in the Dynamic QR Code for digital display, as long as the details of such unique order ID/sales reference number linkage with the invoice are available on the processing system of the merchant/supplier and the cross reference of such payment along with unique order ID/sales reference number are also provided on the invoice.</p>
<p>5: When part-payment has already been received by the merchant / supplier, either in advance or by adjustment (e.g., using a voucher, discount coupon etc.), before the dynamic QR Code is generated, what amount should be provided in the Dynamic QR Code for "invoice value"?</p>	<p>The dynamic QR code may provide only the remaining amount payable by the customer/recipient against "invoice value". The details of total invoice value, along with details / cross reference of the part-payment/advance/adjustment done, and the remaining amount to be paid, should be provided on the invoice.</p>
<p>6: Once the e-commerce operator or online application has complied with the Dynamic QR code requirements, are suppliers using such e-commerce portal or application for supplies still required to comply with the requirement of Dynamic QR Code?</p>	<p>The provisions of Dynamic QR code apply to each supplier/registered person separately, if such person is liable to issue invoices with Dynamic QR code. In case the supplier is making supply through the e-commerce portal or application, and the said supplier gives cross references of the payment received in respect of the said supply on the invoice, then such invoices are <i>deemed</i> to have complied with the requirements of Dynamic QR code. In cases other than pre-paid supply, i.e., where payment is made after generation / issuance of invoice, the supplier should provide Dynamic QR code on the invoice.</p>

Situation	Compliance with Dynamic QR code requirements
7: Whether Dynamic QR code is to be provided on an invoice issued to a UIN holder ?	A UIN holder is not a registered person [para 91.7]. Therefore, any invoice issued to such person is considered as invoice issued for a B2C supply and is required to comply with the requirement of Dynamic QR code.
8: Where receiver of services is located outside India and payment is being received by the supplier of services through RBI approved modes of payment, but as per provisions of IGST Act, the place of supply of such services is in India, then such supply of services is not considered as export of services as per IGST Act. Whether in such cases, Dynamic QR code is required on invoice issued for such supply of services to such recipient located outside India?	No. Wherever an invoice is issued to a recipient located outside India, for supply of services, for which place of supply is in India, as per provisions of IGST Act, and the payment is received by the supplier, in convertible foreign exchange or in Indian Rupees wherever permitted by RBI, such invoice may be issued without having a Dynamic QR code, as such dynamic QR code cannot be used by the recipient located outside India for making payment to the supplier.

BYC & MCQ

M15. Chai Stop has several stores across India, all registered under GST, and its ATO for the preceding FY was ₹ 600 crore. Its Delhi store digitally displays the dynamic QR code on the payment counter but several customers make payment by cash. In which of the following situations can Chai Stop be said to be compliant with the dynamic QR code provisions?

- | | |
|--|--|
| (a) It issues invoice without making any cross reference of cash payment | (b) It does not issue invoice since payment is not made using dynamic QR code |
| (c) It provides cross reference of amount paid in cash on the invoice along with date of payment | (d) It issues the invoice with the note "payment not made using dynamic QR code" |

Answer: M15 C

101.3 Particulars of revised tax invoice

A revised tax invoice should contain the following particulars:

#	Particulars				
1	The word " Revised Invoice ", wherever applicable, indicated prominently.				
2	Name, address and GSTIN of the supplier.				
3	A consecutive serial number. ⁵				
4	Date of issue of the document.				
5	<table border="1"> <thead> <tr> <th>If recipient is registered</th> <th>If recipient is unregistered</th> </tr> </thead> <tbody> <tr> <td>Name, address and GSTIN/UIN of recipient</td> <td>Name and address of recipient and address of delivery, along with the name of State and its code</td> </tr> </tbody> </table>	If recipient is registered	If recipient is unregistered	Name, address and GSTIN/UIN of recipient	Name and address of recipient and address of delivery, along with the name of State and its code
If recipient is registered	If recipient is unregistered				
Name, address and GSTIN/UIN of recipient	Name and address of recipient and address of delivery, along with the name of State and its code				
6	Serial number and date of the corresponding tax invoice or, as the case may be, bill of supply.				
7	Signature or digital signature of the supplier or his authorised representative.				

103. BILL OF SUPPLY [S. 31(3)(c); R. 49] [EXTRA PROVISIONS]

A bill of supply *should* contain the following particulars:

#	Particulars
1	Name, address and GSTIN of the supplier.
2	A consecutive serial number. ⁶

⁵ Not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, **unique for a FY.**

3	Date of its issue.
4	Name, address and GSTIN/UIN, if registered, of the recipient.
5	HSN Code for goods or services [see #5 of Table in para 98.3 for number of digits to be mentioned].
6	Description of goods and/or services.
7	Value of supply of goods and/or services taking into account discount or abatement, if any.
8	Signature or digital signature of the supplier or his authorised representative (not required in case of issuance of an electronic bill of supply in accordance with Information Technology Act, 2000).

In addition to the above, a **composition taxpayer** is required to mention the words "*composition taxable person, not eligible to collect tax on supplies*" at the top of the bill of supply issued by him [para 36].

Since bill of supply is issued for supplies where tax is not to be collected from the recipient, the above particulars do not include tax related details in a tax invoice like taxable value, rate of tax, amount of tax charged, etc.

BYC & MCQ

M23. Mohan is a composition taxpayer supplying goods. Which of the following particulars does he need to include in the bills of supply issued by him?

- (a) Value of supply, taking into account discount or abatement, if any
- (b) Taxable value of supply
- (c) Rate of tax
- (d) Amount of tax charged

Answer: M23 A

105.3 Receipt & Refund Voucher - Particulars

A receipt/refund voucher *should* contain the following particulars:

#	Particulars	Receipt voucher	Refund voucher
1	Name, address and GSTIN of the supplier.	√	√
2	A consecutive serial number. ⁷	√	√
3	Date of its issue.	√	√
4	Name, address and GSTIN/UIN, if registered, of the recipient.	√	√
5	Number and date of receipt voucher issued.	-	√
6	Description of goods or services (for refund voucher, description of goods/services in respect of which refund is made)	√	√
7	Amount of advance taken.	√	-
8	Amount of refund made.	-	√
9	Rate of tax (CGST, SGST, IGST, UTGST or cess).	√	√
10	Amount of tax (i.e., tax charged for receipt voucher and tax paid for refund voucher) in respect of taxable goods or services (CGST, SGST, IGST, UTGST or cess).	√	√
11	Place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce.	√	-
12	Whether the tax is payable on reverse charge basis.	√	√
13	Signature or digital signature of the supplier or his authorised representative.	√	√

⁶ Not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, **unique for a FY.**

⁷ Not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, **unique for a FY.**

106. INVOICE AND PAYMENT VOUCHER IN CASE OF RCM SUPPLY [S. 31(3)(f)/(g); R. 46, 52] [EXTRA PROVISIONS]

A payment voucher should contain following particulars:

#	Particulars
1	Name, address and GSTIN of the supplier, if registered.
2	A consecutive serial number. ⁸
3	Date of its issue.
4	Name, address and GSTIN/UIN of the recipient.
5	Description of goods or services.
6	Amount paid.
7	Rate of tax (CGST, SGST, IGST, UTGST or cess).
8	Amount of tax payable in respect of taxable goods or services (CGST, SGST, IGST, UTGST or cess).
9	Place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce.
10	Signature or digital signature of the supplier or his authorised representative.

108. TRANSPORTATION OF GOODS WITHOUT ISSUE OF INVOICE – DELIVERY CHALLAN [R. 55] [EXTRA PROVISIONS]

The delivery challan should be serially numbered (not exceeding 16 characters, in one or multiple series) and should contain the following details:

#	Particulars
1	Date and number of the delivery challan.
2	Name, address and GSTIN of the consigner, if registered.
3	Name, address and GSTIN/UIN of the consignee, if registered.
4	HSN code and description of goods.
5	Quantity (<i>provisional</i> , where the exact quantity being supplied is <i>not known</i>).
6	Taxable value.
7	Tax rate and tax amount – CGST, SGST, IGST, UTGST or cess, where transportation is for supply to the consignee.
8	Place of supply, in case of inter-State movement.
9	Signature.

109. CREDIT AND DEBIT NOTES [EXTRA PROVISIONS]**109.3 Particulars of credit note or debit note**

There is no prescribed format but a credit or debit note *should* contain the following particulars:

#	Particulars
1	Name, address and GSTIN of the supplier.
2	Nature of the document.
3	A consecutive serial number. ⁹
4	Date of issue of the document.
5	Name, address and GSTIN/UIN, if registered, of the recipient.

⁸ Not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, **unique for a FY.**

⁹ Not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, **unique for a FY.**

6	Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is unregistered .
7	Serial number(s) and date(s) of the corresponding tax invoice(s) or, as the case may be, bill(s) of supply.
8	Value of taxable supply of goods or services, rate of tax and the amount of the tax <i>credited</i> or, as the case may be, <i>debited</i> to the recipient.
9	Signature or digital signature of the supplier or his authorised representative.

109.4 Clarification on procedure in respect of return of time expired drugs or medicines

The common trade practice in the pharmaceutical sector is that the drugs or medicines (“goods”) are sold by the manufacturer to the wholesaler and by the wholesaler to the retailer on the basis of an invoice or bill of supply, as case may be. Such goods have a defined life term (date of expiry). **Expired** goods are returned to the manufacturer through the supply chain. It has been clarified vide *Circular 72/46/2018-GST* that retailer/wholesaler can return time expired goods **either** by (A) treating it as fresh supply (discussed in para 80.4) or (B) issuing Credit Note (discussed below).

- The manufacturer/wholesaler who has supplied the goods to the wholesaler/retailer, as the case may be, has the option to issue a **credit note** in relation to the time expired goods returned by the wholesaler/retailer, as the case may be. The retailer/wholesaler may return the time expired goods by issuing a delivery challan. There is no time limit for issuance of a credit note except with regard to adjustment of tax liability in case of credit notes issued till 30 November following the end of FY and those issued after it.
- If credit note is issued within the time limit, tax liability may be adjusted by the supplier, subject to the condition that the person returning the time expired goods has either not availed the ITC or if availed has reversed the ITC so availed against the goods being returned.
- However, if the time limit has lapsed, a credit note may still be issued by the supplier for such return of goods but the tax liability cannot be adjusted by him in his hands. There is no requirement to declare such credit note on the common portal by the supplier (i.e., by the person who has issued the credit note) as tax liability cannot be adjusted in this case.
- Where the time expired goods, which have been returned by the retailer/wholesaler, are destroyed by the manufacturer, he/she is required to reverse the ITC attributable to the manufacture of such goods u/s 17(5)(h) [para 80.4]. This has been illustrated below.

ILLUS 109.2:

Case	Date of supply of goods from manufacturer or wholesaler TO wholesaler or retailer	Date of return of time expired goods from retailer or wholesaler TO wholesaler or manufacturer	Treatment in terms of tax liability & credit note
1	1 July 2023	20 September 2024	Credit note can be issued by the supplier (manufacturer / wholesaler) and the same can be uploaded by him on the common portal. Subsequently, tax liability can be adjusted by such supplier provided the recipient (wholesaler / retailer) has either not availed the ITC or if availed has reversed the ITC.
2	1 July 2023	20 December 2024	Credit note can be issued by the supplier (manufacturer / wholesaler) but there is no requirement to upload the same on the common portal. Subsequently tax liability cannot be adjusted by such supplier.

Though the above stated circular discusses the scenarios in relation to return of goods on account of expiry, it may be applicable to such other scenarios where the goods are returned on account of reasons other than the one detailed above.

110. E-WAY BILL [EXTRA PROVISIONS]

110.15 E-way bill not required to be generated

In the following *additional* cases as well, no e-way bill is required to be generated:

A: Based on category of goods

5. Where the goods being transported are exempt from tax under Notification 7/2017-CT(R) and Notification 26/2017-CT(R).¹⁰
6. Where empty cargo containers are being transported.
7. Where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply.

C: Based on area of transportation

3. Where the goods are being transported from the customs port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs.
4. Where the goods are being transported:
 - a. under customs bond from an inland container depot or a container freight station to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or
 - b. under customs supervision or under customs seal;
5. Where the goods being transported are transit cargo from or to **Nepal** or **Bhutan**.

D: Based on consignor/consignee

1. Any movement of goods caused by defence formation under Ministry of Defence as a consignor or consignee.

110.17 Verification of documents and conveyances [Rule 138B]

Commissioner (or an officer empowered by him in this behalf) can authorize proper officer to **intercept** any conveyance to **verify** e-way bill in physical or electronic form for **all** inter-State and intra-State movement of goods. The Commissioner shall get RFID readers installed at places where the verification of movement of goods is required to be carried out. Verification of movement of vehicles shall be done through such device readers where the e-way bill has been mapped with the said device.

Physical verification of conveyances shall be carried out by authorised proper officer. However, on receipt of specific information on **evasion** of tax, physical verification of a specific conveyance can also be carried out by *any other* officer after obtaining necessary approval of Commissioner (or an officer authorised by him in this behalf).

110.18 Inspection and verification of goods [Rule 138C]

A **summary** report of every inspection of goods in transit shall be recorded online by the proper officer in Part A of Form GST EWB-03 within **24 hours** of inspection and the **final** report in Part B of the said Form shall be recorded within **3 days** of such inspection.

Where circumstances so warrant, the Commissioner (or any other officer authorised by him) may, on sufficient cause being shown, extend the time for recording of the **final** report for a further period **not exceeding 3 days**.

The period of 24 hours or, as the case may be, 3 days is counted from the **midnight** of the date on which the vehicle was intercepted.

Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State/UT or in any other State/UT, no further physical verification of the said conveyance shall be carried out **again** in the State/UT, unless a specific information relating to **evasion** of tax is made available subsequently.

¹⁰ Supplies by CSD to Unit Run Canteens and supplies by CSD / Unit Run Canteens to authorised customers; Certain supplies to Nuclear Power Corporation of India Ltd.

110.19 Facility for uploading information regarding detention of vehicle [Rule 138D]

Where a vehicle has been intercepted and detained for a period **exceeding 30 minutes**, the transporter may upload the said information in the prescribed Form on the common portal.¹¹



¹¹ This works as a check against excessive use of power by the proper officer. The detention report will go to the concerned senior GST State/Central officer for redressal of grievance.

13 Payment of Tax

113. ELECTRONIC CREDIT LEDGER [EXTRA PROVISIONS]

The following additional points should be noted:

- Where a registered person has claimed **refund** of any unutilized amount from the electronic credit ledger, the amount (to the extent of the claim) is debited in the said ledger. If the claim is rejected (fully or partly), the amount debited is re-credited (to the extent of rejection) to the electronic credit ledger by the proper officer by an order made in this regard.
- Further, where a registered person has claimed **refund** of any amount paid as tax wrongly paid or paid in excess for which debit has been made from the electronic credit ledger, the said amount (if found admissible) is re-credited to the electronic credit ledger by the proper officer by an order made in this regard.
- Where a registered person deposits the amount of **erroneous** refund sanctioned to him due to claim of refund of unutilized ITC (u/s 54(3)) or refund of IGST paid on exports, along with interest and penalty, wherever applicable, by debiting the electronic cash ledger¹², on his own or on being pointed out, an amount equivalent to the amount of erroneous refund deposited by the registered person is **re-credited** to the electronic credit ledger by the proper officer by an order made in this regard.
- Except as provided under the Rules, no entry can be made **directly** in the electronic credit ledger under any circumstance.

115.2 Interest where ITC is wrongly availed and utilised [S. 50(3); R. 88B(3)] [EXTRA PROVISIONS]

Following clarifications provided by *Circular 192/04/2023-GST* should be noted:

#	Issue	Clarification
1	In cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest whether the balance of ITC available in electronic credit ledger under the head of IGST only needs to be considered or total ITC available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.	<p>Since ITC available in electronic credit ledger, under any of the heads of IGST, CGST or SGST, can be utilized for payment of liability of IGST, it is the total ITC available in electronic credit ledger, that has to be considered for calculation of interest and for determining as to whether the balance in the electronic credit ledger has fallen below the amount of wrongly availed ITC of IGST and its extent.</p> <p>Thus, in cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability if, during the time period starting from such availment and up to such reversal, the balance of ITC in the electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in electronic credit ledger individually falls below the amount of such wrongly availed IGST credit.</p> <p>However, when the balance of ITC, under the heads of IGST, CGST and SGST of electronic credit ledger taken together, falls below such wrongly availed amount of IGST credit, then it will amount to the utilization of such wrongly availed IGST credit. The extent of utilization will be the extent to which the total balance in electronic credit ledger under heads of IGST, CGST and SGST taken together falls below such amount of wrongly availed IGST credit, and will attract interest.</p>

¹² Electronic credit ledger cannot be used for payment of erroneous refund sanctioned to the taxpayer, where such refund was sanctioned in cash [*Circular 172/04/2022-GST*]. It needs to be paid through electronic cash ledger.

2	Whether credit of compensation cess available in electronic credit ledger shall be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest in respect of wrongly availed and utilized IGST, CGST or SGST credit.	ITC in respect of compensation cess can be utilised only towards payment of compensation cess. Thus, credit of compensation cess cannot be utilized for payment of any tax under CGST or SGST or IGST heads and / or reversals of credit under the said heads. Accordingly, credit of compensation cess available in electronic credit ledger cannot be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest in respect of wrongly availed and utilized IGST, CGST or SGST credit.
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14

TDS & TCS

115B.5 What are the procedural requirements regarding TCS? [EXTRA PROVISIONS]**Notice [S. 52]**

Any authority (not below the rank of Deputy Commissioner) may serve a notice (either before or during the course of any proceedings under the Act), requiring the ECO to furnish such details (as may be specified in the notice) relating to:

- Supplies of goods and/or services effected through such ECO during any period; or
- Stock of goods held by the suppliers making supplies through such ECO in the godowns or warehouses managed by such ECO and declared as additional places of business (APoB) by such suppliers.

The ECO on whom a notice is served should furnish the required information within **15 working days** of the date of service of such notice. Failure to do so attracts penal action (including penalty up to ₹ 25,000).

Penalty [S. 122]

Any ECO, who is liable to collect TCS:

1. Allows a supply of goods and/or services through it by an **unregistered** person (other than a person exempted from registration by a notification issued to make such supply);
2. Allows an **inter-State** supply of goods and/or services by a person who is not eligible to make such inter-State supply; or
3. Fails to furnish the correct details in the GSTR-8 statement of any outward supply of goods effected through it by a person **exempted** from obtaining registration,

Is liable to pay a penalty of the **higher** of the following:

1. ₹ 10,000, or
2. Amount of tax involved had such supply been made by a **registered** person (paying tax under regular provisions, i.e., not under composition scheme).



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Returns

117.7 Contents of GSTR-1

Form GSTR-1 stipulates furnishing of details on several counts. Following are the highlights.

General details	Details of outward supplies
<ul style="list-style-type: none"> FY and tax period GSTIN Legal name Trade name, if any 	<ul style="list-style-type: none"> B2B supplies (including UIN holders) B2C supplies (inter-State) of invoice value > 2.5 lakh Other B2C supplies (consolidated details) Zero-rated supplies and deemed exports Nil rated, exempted & non-GST supplies Debit/credit notes issued Amendments to details furnished in earlier tax periods Advances received/adjusted (net of refund vouchers, if any) HSN-wise summary of outward supplies Documents issued during the tax period

Points to note:

- Scanned copies of invoices are **not** required to be uploaded in GSTR-1. Only certain prescribed fields of **information** from invoices need to be uploaded like number, date, value, taxable value, rate, etc.
- Place of supply is also captured in GSTR-1.¹³
- Value as well as taxable value are to be furnished and both may be different. Where supply falls under Schedule I (i.e., supply without consideration), taxable value should be worked out as prescribed under Rules.
- The number of HSN codes to be reported depends on the **annual turnover** in the **preceding FY**. The requirement is the same as that for a tax invoice mentioned in para 98.3.
- Details of supplies not liable to GST are also to be furnished (nil rated, exempted, non-GST supplies).

BYC & MCQ

M9. Which of the following details are required to be furnished in GSTR-1?

- | | |
|-----------------------|-----------------------|
| (a) FY and Tax period | (b) Exempted supplies |
| (c) Non-GST supplies | (d) All the above |

Answer: M9 D

119.4 Contents of GSTR-3B

GSTR-3B contains the following details:

General details	Specific details
<ul style="list-style-type: none"> Year and month/quarter GSTIN Legal name 	<ul style="list-style-type: none"> Summary of outward supplies and inward supplies liable to reverse charge Summary of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders Available/reversed/ineligible ITC Values of exempt, nil rated and non-GST inward supplies

¹³ Since GST is a destination-based consumption tax, it is essential to ensure that tax paid accrues to the State in which the consumption of goods/services takes place. This is ensured by capturing the details of place of supply (State/UT).

- TDS/TCS credit
- Payment of tax

120.2 Contents of GSTR-4

GSTR-4 contains the following details:

General details	Specific details
<ul style="list-style-type: none"> • Year • GSTIN • Legal name • Trade name, if any • ATO in preceding FY (auto populated) 	<ul style="list-style-type: none"> • Inward supplies including supplies on which tax is to be paid under reverse charge (invoice-wise details) • Summary of self-assessed liability as per GST CMP-08 • Tax-rate wise details of outward supplies / inward supplies attracting reverse charge during the year • TDS/TCS credit received (auto populated) • Tax, interest, late fee payable and paid • Refund claimed from electronic cash ledger

We have learnt that a composition taxpayer can neither avail ITC nor pass on the ITC to his customers and he is required to pay tax at a fixed concessional rate on the turnover in the State/UT [para 36]. Therefore, details of ITC are not given in GSTR-4. Details of outward supplies are not required invoice-wise (consolidated details are to be given rate-wise). However, details of inter-State and intra-State inward supplies received from registered and un-registered persons are required **invoice-wise**.

