Indian Railways
GST Manual
Updated as on 1st October, 2019

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Abbreviations:

GST	Goods and Services Tax	VAT	Value Added Tax
CGST	Central Goods and Services Tax	SBC	Swachh Bharat Cess
SGST	State Goods and Services Tax	KKC	Krishi Kalyan Cess
IGST	Integrated Goods and Services Tax	PAN	Permanent Account Number
B2B	Business to Business	FY	Financial Year
B2C	Business to Consumer	GTA	Goods Transport Agency
LUT	Letter of Undertaking	TCS	Tax Collected at Source
SEZ	Special Economic Zone	TDS	Tax Deducted at Source
ITC	Input Tax Credit	ISD	Input Service Distributor
PO	Purchase Order	DC	Delivery Challan
RCM	Reverse Charge Mechanism	NA	Not Applicable
ED	Excise Duty	CN	Credit Note
ASP	Application Service Provider	DN	Debit Note
GSP	GST Suvidha Provider	HSN	Harmonized System of Nomenclature
DSC	Digital Signature Certificate	UQC	Unique Quantity Code

CONCEPT OF GST

1.1 Taxability structure

Following are some major duties which were being levied under erstwhile indirect tax regime,

- **Excise Duty**: On Manufacturing levy by Centre
- **VAT:** On Sale levy by State
- **Service Tax:** On Services levy by Centre
- **Entry Tax:** On Entry of Goods levy by State

Earlier Tax Structure

Central Levies

- Central excise duty
- Additional excise duties
- ED under the Medicinal & Toiletries Preparation Act
- Service tax
- Additional Customs Duty (CVD)
- Special additional duty (SAD)
- All other cesses including Clean Energy Cess

GST

CGST
SGST
IGST

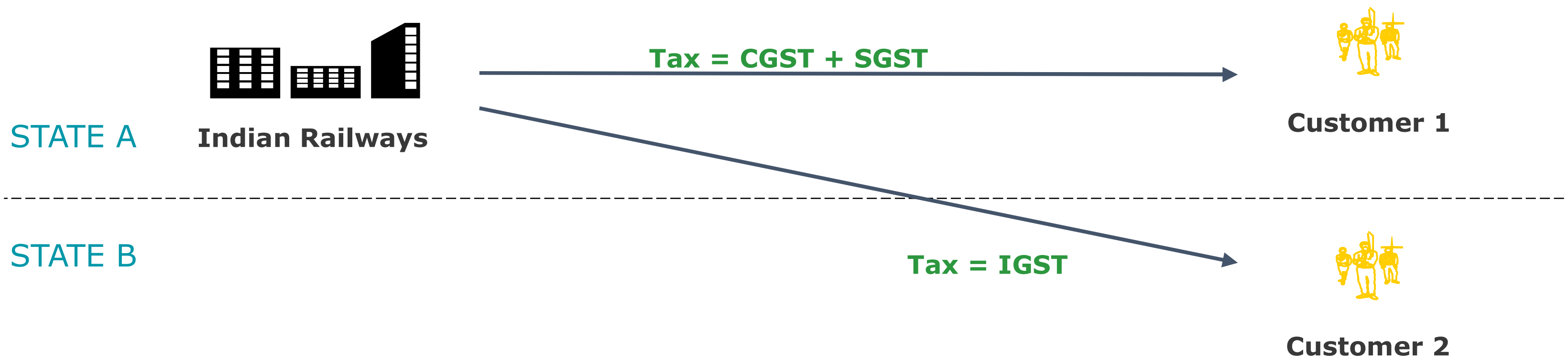
State Levies

- VAT/Sales tax
- Central Sales Tax (CST)
- Entertainment tax (other than levied by local bodies)
- Octroi and Entry tax
- Purchase tax
- Luxury tax
- Taxes on lottery, betting, gambling
- State surcharges, cesses relating to supply of goods and services

Duties of Customs (i.e. BCD, Anti-Dumping Duty, Safeguard Duty, etc) continues to be levied on Import of Goods in India

GST is a dual levy with

- **CGST** by the Centre,
- **SGST by the states and**
- **IGST** by the Centre (tax **revenue** of IGST will be shared by the Centre and the States).



Section 9(1) of the CGST Act provides that CGST shall be levied on all **intra-state supplies** of goods or services or both, except on below:

- supply of alcoholic liquor for human consumption, on the value determined under section 15 (will be elaborated below) of the CGST Act – State taxes continues to be levied
- supply of petroleum crude, high speed diesel, petrol, natural gas and aviation turbine fuel – GST will be applicable on these goods as and when notified by government

Similar provisions have been inserted under IGST Act vide Section 5(1), which provides for the levy of IGST on all **inter-state supplies** under similar conditions as exist in the CGST Act as above.

On perusal of above provisions, it may be noted that all supply transactions would be subject to levy of both SGST and CGST or levy of IGST, as applicable.

CONCEPT OF "SUPPLY"
&
NATURE OF SUPPLY

2.1 'Supply' under GST

In this respect, supply has been defined under Section 7 of CGST Act, to include-

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

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

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

Further, a new section was inserted via the amendment act to specify that if any transaction constitutes a supply under of the above categories, the same can further be specified as Supply of goods or supply of services in accordance with provisions of Schedule II of the CGST Act.

<u>'Supply' at a Glance:</u>

Supply means : Any sale, transfer, barter, exchange, etc. + in the course or furtherance of business +for consideration

<u>Includes</u>

- Import of services for a consideration
- Supplies without consideration **(Schedule I)**

<u>Excludes (neither supply of goods nor supply of services)</u>

- Activities not to be treated as Supply as per **Schedule III**
- Activities undertaken by Central/ State Govt/ Local authority as notified

Schedule I : <u>Activities to be treated as supply even if made without consideration</u>

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:

Provided that gifts to employees up to value of rupees fifty thousand in a financial year shall be not be treated as supply.

3. Supply of goods—
   (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
   (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
4. Import of services by a taxable person **from a related person** or from any of his other establishments outside India, in the course or furtherance of business.

Schedule II : Clarifications in respect of certain activities as to whether it is to be treated as supply of goods or of services as mentioned below:

1. **Transfer**
   a) any transfer of the title in goods is a supply of goods;
   b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;
   c) any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods.
2. **Land and Building**
   a) any lease, tenancy, easement, licence to occupy land is a supply of services;
   b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.
3. **Treatment or process**
   Any treatment or process which is applied to another person's goods is a supply of services.
4. **Transfer of business assets**
   a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of goods by the person;
   b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services;
   c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless
      (*i*) the business is transferred as a going concern to another person; or
      (*ii*) the business is carried on by a personal representative who is deemed to be a taxable person.
5. **Supply of services**
   The following shall be treated as supply of services, namely:—
   a) renting of immovable property;
   b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of

completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

Explanation.—For the purposes of this clause—

1) the expression "competent authority" means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:—
    i. an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or
    ii. a chartered engineer registered with the Institution of Engineers(India); or
    iii. a licensed surveyor of the respective local body of the city or town or village or development or planning authority;
2) *the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;*

c) temporary transfer or permitting the use or enjoyment of any intellectual property right;
d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;
e) *agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and*
f) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

6. **Composite supply**

The following composite supplies shall be treated as a supply of services, namely:—

a) works contract as defined in clause (119) of section 2 – *"works contract means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract"*; and
b) supply, by way of or as part of any service or in any other manner whatsoever,of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

7. **Supply of Goods**

The following shall be treated as supply of goods, namely:—

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

Schedule III enumerates the activities which shall be treated neither as supply of goods nor a supply of services which implies that such activities as mentioned under this schedule shall not attract levy of GST. These activities shall be treated as non-GST supplies. The activities listed under the said schedule are put in the below given table for reference at glanc**e.**

Employment *Services by an employee to an employer in the course of or in relation to his employment*	**Courts** Services by any court (including district court, high court and supreme court) or tribunal established under law for the time being in force.	**Funeral** Services of funeral, burial, crematorium or mortuary including transportation of the deceased

Elected Representatives/ Government officials

- Functions performed by an MP, MLA, members of panchayats, municipalities and local authorities
- Person who hold post under constitution
- Duty by any person as chairman/member/director in a body established by CG/ SG or local authorities

Actionable Claims: Other than Lottery.

Sale of Land and Building: Sale of land and, subject to 5(b) of Schedule II, sale of building.

Supply of Goods **from a place in the non-taxable territory to another place in the non-taxable territory** without such goods entering into India.

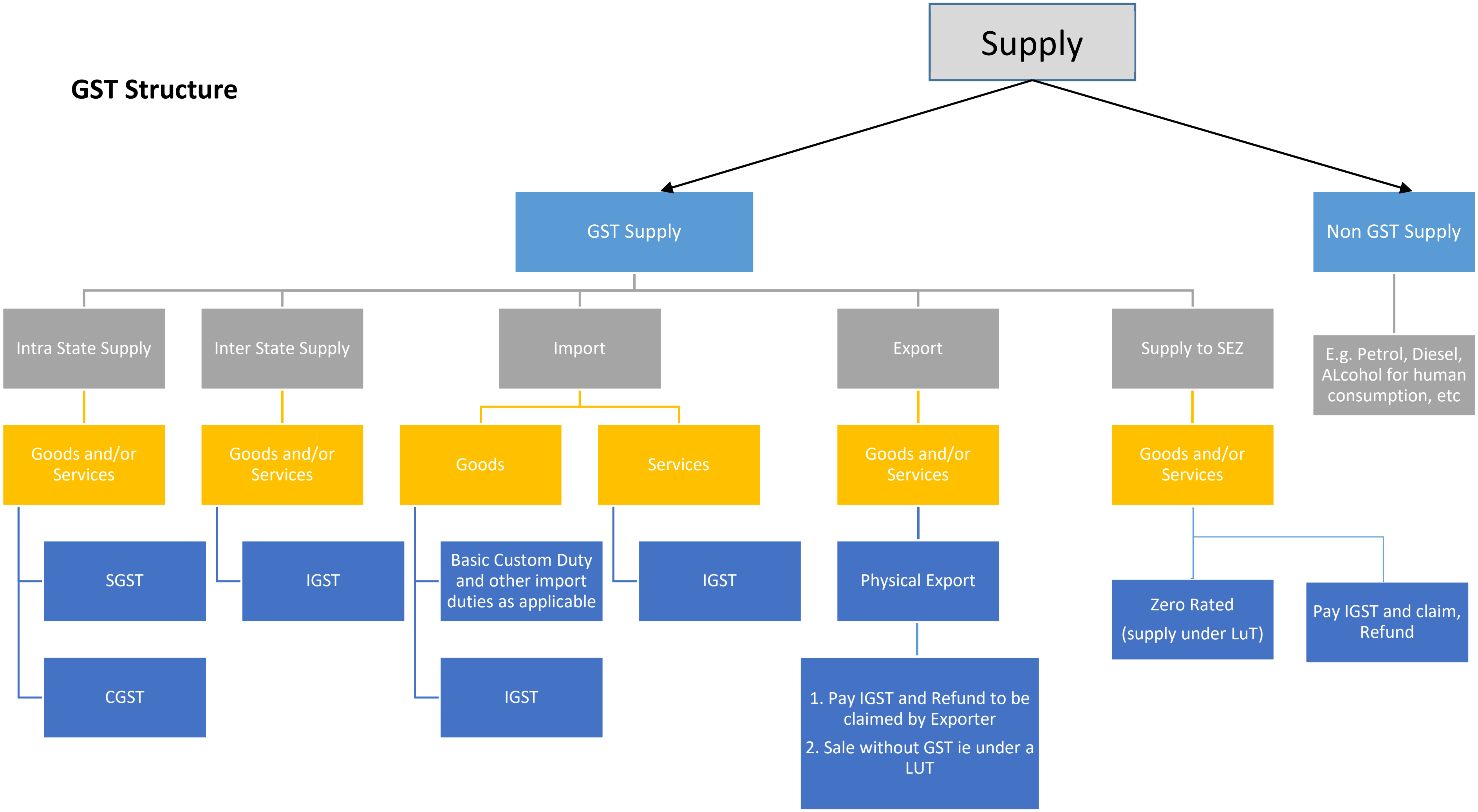
Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but **before clearance for home consumption.**

2.2 Determination of Supply Type

However, in order to levy GST, it is pertinent to understand which supply constitutes an intra-state supply or inter-state supply (i.e., determination of nature of supply).

The IGST Act, 2017 provides for the determination of the place of supply of goods/services so as to determine the nature of supply and whether CGST and SGST or IGST is to be paid on a transaction. The GST levy logic is shown in the figure below.

GST Structure



- ✓ All intra state supplies of goods and/or services would attract SGST and CGST
- ✓ Interstate supplies of goods and/or services would attract IGST.
- ✓ All import of goods would attract basic customs duty and IGST which has replaced the Special Additional Duty (SAD) and Countervailing Duty (CVD). IGST would be levied on all import of services.
- ✓ Export transactions would be zero rated wherein the supplier has the following two options-
  a) export without payment of IGST under bond or LUT
  b) export on payment of IGST and claim refund later
- ✓ Similar to the export transactions, supplies to SEZ are covered under zero-rated supply.

Situation	Nature of supply
Interstate Supplies (Leviable to IGST)	If location of supplier and **place of supply** are in different States.
Intra State Supplies (Leviable to CGST / SGST)	If location of supplier and **place of supply** are in same State.
Import of services/goods(Leviable to BCD+IGST)	Deemed to be interstate supply of goods and services
Export of services/goods	Deemed to be interstate supply of goods and services
Supply to SEZ Unit/ SEZ Developer	Deemed to be interstate supply of goods and services

2.3 Time of supply

Time of supply determines the **time, when liability to pay tax arises** under GST law in respect of supply of goods or services made by a taxable person. In general, the time of supply is as follows:

Supply of goods: In case of Supply of goods, TOS shall be determined as follows:
Earlier of following dates:

- Date of issue of Invoice; or
- Removal of goods; or
- Date of receipt of payment/ consideration[1]

Supply of Services: In case of Supply of services, TOS shall be determined as follows:

a) *If invoice is issued within the 30 days from provision of supply of service*, then **earlier** of the following dates:
- Date of issue of Invoice; or
- Date of receipt of payment/ consideration

[1] The Government has issued **Notification No. 66/2017-Central Tax dated 15th November 2017**, vide which a registered person (who did not opt for the composition levy) is ***not required to pay tax on advances received towards supply of Goods***

b) *If invoice is **not issued** within the prescribed time limit*, then **earlier** of the following:
- Date of provision of service; or
- Date of receipt of payment/ consideration

Continuous supply of service: *In case of **continuous supply of services**, tax invoice is required to be raised as per the following time limits:*

a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;
b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;
c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event

Further, in case of **continuous supply of goods**, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

Reverse charge Mechanism: Where the supplies are subject to Reverse Charge Mechanism i.e. liability to pay tax is on the recipient of the supply, TOS shall be determined as follows:

Earlier of following dates:

- Date of receipt of goods *(not applicable for services)*;
- Date of payment as entered in the books of recipient or actual date on which payment is debited from recipient's bank account; or
- Date immediately following thirty days (in case of goods)/ sixty days (in case of services) from the date of issue of invoice by the supplier;

However, in case of *supply of services by associated enterprises located outside India*, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

Interest, late fee or Penalty for delayed payment of consideration:

Time of Supply shall be the date of receipt of such Interest, late fee or Penalty by the supplier.

Excess Amount Received upto INR 1,000/-

In case of receipt of excess amount upto Rs. 1,000/-, the supplier has an option to pay tax on such excess amount on the date of issue of invoice in respect of such excess amount.

"TIME OF SUPPLY" PROVISIONS APPLICABLE ON INDIAN RAILWAYS AT A GLANCE

a. Time of supply of goods

Taxable under Forward charge

Earlier of:

- Date of issuance of invoice
- Last date on which invoice has to be issued

Taxable under Reverse charge

Earlier of:

- Date of issuance of invoice
- Date when payment is made
- Date immediately following 30 days from the date of invoice.

b. Time of supply of services

Taxable under Forward charge

- **Invoice issued in 30 days**

  Earlier of:
  -Date of issuance of invoice, or
  -Date of receipt of payment

- **Invoice not issued in 30 days**

  Earlier of:
  -Date of provision of service, or
  -Date of receipt of payment

Taxable under Reverse charge

Earlier of:

- Date of payment is made
- Date immediately following 60 days from the date of invoice

In case ToS is not determined basis above, date of entry in the books of accounts of recipient of supply shall be the time of supply.

2.4 Place of supply

The IGST Act provides for the determination of the place of supply of goods/services. It is important to determine the place of supply so as to find out whether IGST would be levied or CGST and SGST would be levied.

a. Place of supply of goods

The rules for determining place of supply of goods is given in the table below:

Sr. No.	Situation	Place of Supply
1	Supply involves movement of goods, whether by the supplier or the recipient or by any other person	Location of the goods at the time at which the movement of goods terminates for delivery to the recipient. i.e. place of delivery of goods
2	Goods are delivered by the supplier to a recipient or any other person, on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise	Principal place of business of third person on whose direction the goods are being transported.
3	Supply does not involve movement of goods	Location of goods at the time of the delivery to the recipient
4	Goods are assembled or installed at site	Place of installation or assembly
5	Goods are supplied on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle	Location at which goods are taken on board
6	Goods are Imported into India	Location of Importer
7	Goods are Exported outside India	Location Outside India
8	All other cases	Shall be determined by law made by the Parliament in accordance with the recommendation of the Council

b. Place of supply of services (both supplier and recipient is in India)

The rules for determining place of supply of services is given in the table below:

Sr. No.	Services	Place of supply (B2B)	Place of supply (B2C)
1.	General rule	Location of Recipient	If address available on record then location of recipient otherwise location of supplier.
2.	In relation to Immovable Property including accommodation services, etc	Location of immovable Property Note that if the immovable property is outside India, the n the place of supply will be location of the recipient.	Location of immovable property
3.	Restaurant and Catering, Personal Grooming, Fitness, Beauty Treatment, Health including Cosmetic and Plastic Surgery Services	Location where services actually performed	Location where services actually performed
4.	Training and Performance Appraisal	Location where service recipient is registered	Location where services are actually performed
5.	Admission to cultural, artistic, sporting, scientific, educational or entertainment or amusement or any other place and ancillary services	Location where event is held or such park situated	Location where event is held or such park situated
6.	Organizing cultural, artistic, sporting, scientific, educational or entertainment and other ancillary service	Location of registered service recipient	Location where event is held
7.	*Transportation of Passengers*	*Location of the recipient*	*Location where passenger embarks the train for continuous journey.*

8.	*Transportation of Goods* *Note – If goods are to be transported to a place outside India, then place of supply shall be the destination of such goods*	*Location of the recipient*	*Location where goods are handed over for transportation*
9	Banking and other financial services	Location of the recipient as per records	If address available on record then location of recipient otherwise location of supplier.
10	Insurance services	Location of the recipient	Location of the recipient as per records
11	Advertisement services to the Central Government, a State Government, a statutory body or a local authority	Location for whose benefit the advertisement is being undertaken as per the agreement.	

“PLACE OF SUPPLY” PROVISIONS FOR INDIAN RAILWAYS AT A GLANCE:

SUPPLY OF SERVICES

S. No.	Nature of Supply	Customer	POS
1	Transportation of Goods	Registered	State of Registration of customer
		Unregistered	State of registration of Railways (supplier) where goods are handed over for transportation.
2	Transportation of Passenger	Registered	State of Registration of customer
		Unregistered	Place of Embarkation of customer
3	Services in relation to Immovable Property e.g., Retiring Rooms	Registered/ Unregistered	Location of Immovable Property
4	Restaurant &Catering Services (Catering)	Registered/ Unregistered	Location where services are actually performed
5	Supply of services on board a train	Registered/ Unregistered	Location which was the first scheduled departure of that conveyance for that journey.

SUPPLY OF GOODS

S. No.	Nature of Supply	Customer	POS
1	Sale of Goods (No movement involved)	Registered/ Unregistered	State of registration of Railways (supplier)
2	Sale of Goods and movement by Railways	Registered/ Unregistered	State of Termination of Movement
3	Sale of Goods and Movement by Customer(LUT taken)	Registered/ Unregistered	State of Termination of Movement (as per LUT)
4	Sale of Goods and Movement by Customer(LUT not taken)	Registered/ Unregistered	State of registration of Railways (Supplier)

Illustration on GST implication:

Given below are some sample transactions assuming an SGST rate of 9%, CGST rate of 9% and IGST rate of 18%.	
Sr. No.	**Transactions**
I.	**<u>Taxable event: Intra-state supply of goods and/or services</u>** Suppose a supplier, "Supplier Enterprises" is registered in Delhi and a buyer, "Buyer Enterprises" is also registered in Delhi. Supplier Enterprises and Buyer Enterprises make a supply transaction for taxable goods and /or services and the place of supply is in Delhi. This is an intra-state supply transaction and SGST and CGST would be levied on the transaction. The amount of tax to be paid would be calculated as shown below: ▪ Transaction value/ taxable value = Rs.10,000 ▪ SGST tax (@ 9%) = Rs.900 and CGST tax (@ 9%) = Rs.900 ▪ Total tax payable = Rs.1800
II.	**<u>Taxable event: Inter-state supply of goods and/or services</u>** Suppose a supplier, "Supplier Enterprises" is registered in Delhi and a buyer, "Buyer Enterprises" is registered in Rajasthan. Supplier Enterprises and Buyer Enterprises make a supply transaction for taxable goods and /or services and the place of supply is in Rajasthan. This is an inter-state supply transaction and IGST would be levied on the transaction. The amount of tax to be paid would be calculated as shown below: ▪ Transaction value/ taxable value = Rs.10,000 ▪ IGST tax (@ 18%) = Rs.1,800 ▪ Total tax payable = Rs.1,800
III.	**<u>Taxable event: Export of goods and/or services*</u>** Suppose a supplier, "Supplier Enterprises" is registered in Delhi and a buyer, "Buyer Enterprises" is registered in the US. Supplier Enterprises and Buyer Enterprises make a supply transaction for taxable goods and /or services and the place of supply is in the US. This is an export transaction and there could be two scenarios a) Without payment of IGST under bond or LUT b) Payment of tax and claiming of refund.

	The calculation for tax to be paid in both the scenarios is shown below **<u>Scenario A</u>:**Without payment of IGST Transaction value/ taxable value = Rs. 10,000 IGST tax (@ 0%) = 0 No tax to be paid **<u>Scenario B</u>:** Payment of tax and claim refund Transaction value/ taxable value = Rs. 10,000 IGST tax (@ 18%) = Rs. 1,800 Total IGST paid = Rs. 1,800 which can be claimed as refund
IV.	**<u>Taxable event: Import of goods and/or services*</u>** Suppose a buyer, "Buyer Enterprises" of taxable goods and /or services is registered in Delhi, the seller is registered in US and the place of supply is also Delhi. This is an import transaction and tax would have to be paid by the buyer on reverse charge basis. The calculation for tax to be paid is shown below Transaction value/ taxable value = Rs. 10,000 IGST tax (@ 18%) = Rs. 1,800 * Please note that a Basic Customs Duty (BCD) would also be levied on the import of goods.

In nutshell, Location of Supplier and Place of Supply decide whether CGST+SGST/IGST/BCD+IGST will apply.

2.5 <u>EX FACTORY SALE SCENARIOS</u>

The scenarios where the delivery and termination of the movements of the goods are at different locations are captured below:

Location of Supplier	Location of person on which Invoice is raised	Document to support the supply		Terms of Delivery of Goods	Responsibility for Transportation	Movement of goods terminates at	Place of supply	GST	Remarks
		PO	**Invoice**						
Delhi	Delhi	PO	Invoice	Ex-factory Delhi	Supplier	Receiver Location i.e. Delhi	Delhi	CGST/ SGST	
Delhi	Delhi	PO	Invoice	Ex-factory Delhi	Receiver	Receiver Location i.e. Delhi	Delhi	CGST/ SGST	
Delhi	Delhi	Spot purchase	Invoice	Ex-factory Delhi	Receiver	Not Known	Delhi	CGST/ SGST	Movement by Receiver is not in pursuance of Supplier transaction
Delhi	Haryana	PO	Invoice	Ex-factory Delhi	Supplier	Receiver Location i.e. Haryana	Haryana	IGST	
Delhi	Haryana	PO	Invoice	Ex-factory Delhi	Receiver	Receiver Location i.e. Haryana	Haryana	IGST	
Delhi	Not Known	Spot purchase Without GSTIN	Invoice	Ex-factory Delhi	Receiver	Not known	Delhi	CGST/ SGST	

2.6 Bill to Ship to Model

GST provides for tripartite transaction whereby goods/services can be supplied by the supplier to the receiver on the direction of third person. These transactions are commonly known as bill to ship to transactions.

E.g. A enters into contract with B to sell goods to B and B enters into contract with C to sell goods to C.
B requires A to deliver the goods directly to C.

Here there are two sale transactions taking place- one between A and B and the other between B and C. GST will be applicable on each sale (A to B & B to C) and the place of supply for the sale transaction between A and B would be the place of business of B.

GST implications on bill to ship to supplies

Scenarios	Location of Seller (Party A)	Location of GSTIN where bill is raised (Party B)	Location of GSTIN where goods are shipped (Party C)	Transaction	GST applicable
Case 1	Orissa	Orissa	Orissa	B/w A & B	CGST/SGST
				B/w B&C	CGST/SGST
Case 2	Orissa	Orissa	Maharashtra	B/w A & B	CGST/SGST
				B/w B & C	IGST
Case 3	Orissa	Maharashtra	Orissa	B/w A & B	IGST
				B/w B & C	IGST
Case 4	Orissa	Maharashtra	Maharashtra	B/w A & B	IGST
				B/w B&C	CGST/SGST
Case 5	Orissa	Maharashtra	Jharkhand	B/w A & B	IGST
				B/w B&C	IGST

Below Table depicting the various scenarios where Location of Supplier & Recipient and Place of Destination& Supply are shown.

In Every transaction mentioned below there are three parties and two supply transactions. (Between Supplier to Recipient and Recipient to third Person i.e., Destination of Goods).

But for the sake of clarity only first transaction is covered (Supplier to Recipient).

Location of Supplier	Location of Recipient on which invoice is raised	Place of Destination of goods	Place of Supply	Nature of Supply	Tax	
					CGST/ SGST	IGST
Maharashtra	Maharashtra	Maharashtra	Maharashtra	Intra-state	Yes	NA
Maharashtra	Maharashtra	Delhi	Maharashtra	Intra-state	Yes	NA
Maharashtra	Maharashtra	Australia	Maharashtra	Intra-state	Yes	NA
Maharashtra	Delhi	Maharashtra	Delhi	Inter State	Yes	NA
Maharashtra	Delhi	Delhi	Delhi	Inter-state	NA	Yes
Maharashtra	Delhi	Kerala	Delhi	Inter-state	NA	Yes
Maharashtra	Delhi	Australia	Delhi	Inter-state	NA	Yes
Maharashtra	Australia	Australia	Australia	Inter-state-Export-zero rated	NA	NA
Maharashtra	Australia	Australia	Australia	Inter-state-export on payment of GST and claim refund	NA	Yes
Maharashtra	Maharashtra	MH SEZ	Maharashtra	Intra-state	Yes	NA

EXEMPTIONS UNDER GST

3.1 GST Exemptions

Below table depicts the various GST exemptions available in respect of services between Government/ Government Entities/ Governmental Authorities. [Notification No. 12/2017-Central Tax (Rate)]

Table 1- GST Exemptions specific to **supplies between Government/Government Entities/ Governmental Authorities**

Sl. No.	Provider of Services	Recipient/Taxability of Services			Serial No. as per Notification	Remarks
		Government (T / E)	Government Entity (T / E)	Governmental Authority (T / E)		
1	**Government**	**Exempt**	**Taxable**	**Taxable**	8	(a) All services provided by Government to Government are exempt **except-** (i) Services by deptt. of post (ii) service in relation to an aircraft or a vessel (iii) service of transport of goods or passengers (b) There is no specific exemption for supply of services by Government to- (i) Government Entity (ii) Governmental Authority
2	**Government Entity**	**Exempt [Refer (a)]**	**Taxable [Refer (b)]**	**Taxable [Refer (b)]**	9C,43	(a) Consideration received by Government Entity from Government in the form of Grants (b) There is no specific Exemption for supply of services by Government Entity to- (i) Government Entity (ii) Governmental Authority

3	**Governmental Authority**	**Taxable**	**Taxable**	**Taxable**	-	There is no specific exemption for supply of services by Government Entity to Government, Government Entity and Governmental Authority

Table 2- GST Exemptions pertaining to specific **supplies made by Government**

Below table depicts the various GST exemptions available in respect of supply of services. [Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 as amended from time to time, issued by CBIC]

Sl. No.	Nature of Supply of Services	S. No. as per Notification	Remarks
1	Any Service provided to any person : - other than business entity, or - to a business entity with an aggregate turnover up to the limit which makes him eligible for exemption from registration under GST, or - where consideration for such services does not exceed Rs 5,000	6,7,9	Such exemption shall not apply to the following: (a) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services (b) services in relation to an aircraft or a vessel (c) transport of goods or passengers (d) services by way of renting of immovable property (exception only for business entity & where consideration exceeds Rs 5,000)
2	Transportation of Passengers by- (a)railways in a class other than— (i) first class (ii) an air-conditioned coach (b) metro, monorail or tramway (c) inland waterways (d)public transport, other than predominantly for tourism purpose, in a vessel between places located in India	17	-

	(e)metered cabs or auto rickshaws (including e-rickshaws)		
3	Services by way of transportation by rail or a vessel of the following– (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap (b) defence or military equipments (c)newspaper or magazines registered with the Registrar of Newspapers (d) railway equipments or materials (e) agricultural produce (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure	20	-
4	Upfront amount payable for providing long term lease of 30 years or more of industrial plots or plots for development of infrastructure for financial business provided by specified entities (State Government Industrial Development Corporations or Undertakings or by any other entity having 50% or more ownership of Central Government, State Government, Union territory)	41	Such exemption shall apply only on one time charge payable (in full upfront or in instalments)
5	Service of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April, 2016, on payment of licence fee or spectrum user charges	42	-

6	Services of registration required under any law and services of testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law	47	-
7	Services of issuance of passport, visa, driving licence, birth certificate or death certificate	61	-
8	Services of tolerating non-performance of a contract for which consideration is received in the form of fines or liquidated damages	62	-
9	Services of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals (except the rearing of horses)	63	-
10	Services of right to use any natural resource where such right to use was assigned before the 1st April, 2016	64	-
11	Services of deputing officers after office hours or on holidays in relation to import export cargo on payment of Merchant Overtime charges	65	-

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Table 3- GST Exemptions pertaining to specific supplies made by Governmental Authority

Below table depicts the various GST exemptions available in respect of supply of services made **by Governmental Authority**. [Notification No. 12/2017-Central Tax (Rate)]

Sl. No.	Nature of Supply of Services	Serial No. as per Notification	Remarks
1	Services related to any function entrusted under Article 243W (Municipality) of the Constitution.	4	
2	Services related to any function entrusted under Article 243G (Panchayat) of the Constitution	5	

Relevant definitions:

- **<u>Government Entity</u>** is defined under GST law to mean an authority or a board or any other body including a society, trust, corporation-
  - i set up by an Act of Parliament or State Legislature; or
  - ii established by any Government, with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.

- **<u>Governmental Authority</u>** is defined under GST law to mean an authority or a board or any other body, -
  - i set up by an Act of Parliament or a State Legislature; or
  - ii established by any Government, with 90% or more participation by way of equity or control, to carry out any function entrusted to a Municipality under Article 243 W of the Constitution or to a Panchayat under Article 243 G of the Constitution.

GST RATES ON SUPPLIES BY IR

I. Supplies liable to tax under Forward Charge Mechanism, i.e. wherein IR is liable to collect GST from recipient

S. No.	Supply	GST Rate	Notification No [Central Tax (Rate)] & S. No.	Remarks/Conditions
1	Transportation of goods	5	11/2017 - S.No. 9	Transportation by rail of the following goods is **exempt from GST-** (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) defence or military equipments; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) railway equipments or materials; (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.
2	Transportation of passengers	5	11/2017 - S.No. 8	Transportation is in **first class** or **air conditioned coach**
3	Renting of immovable property to **unregistered business entity**	18	12/2017 - S.No. 6	-
4	Retiring rooms to **unregistered business entity**	NIL	12/2017 - S.No. 14	Value of Supply per day **up to INR 1000**
		12	11/2017 - S.No. 7(i)	Value of Supply per day **above INR 1,000 up to INR 7,500**
		18	11/2017 - S.No. 7(vi)	Value of Supply per day **above INR 7,500**
5	Sale of Chapter 86 goods (except 8609)	12	1/2017 - S.No. 205A-205H	-
6	Sale of scrap of Ferrous/ Copper/Aluminium to **unregistered person**	18	1/2017 - S.No. 199/263	-
7	Sale of scrap of Wood/Plastics to **unregistered person**	5	1/2017 - S.No. 187A/198	-

II. Supplies liable to tax under Reverse Charge Mechanism, i.e. wherein recipient shall pay GST directly

S. No.	Supply	GST Rate	Notification No [Central Tax (Rate)] & S. No.	Remarks/Conditions
1	Renting of immovable property to **registered business entity**	18	12/2017 - S.No. 6 *read with* 13/2017 - S.No.5A	-
2	Retiring rooms to **registered business entity**	NIL	12/2017 - S.No. 14	Value of Supply per day **up to INR 1000**
		12	11/2017 - S.No. 7(i) *read with* 13/2017- S.No. 5A	Value of Supply per day **above INR 1,000 up to INR 7,500**
		18	11/2017 - S.No. 7(vi) *read with* 13/2017- S.No. 5A	Value of Supply per day **above INR 7,500**
3	Sale of scrap of Wood/Plastics to **registered person**	5	1/2017 - S.No. 187A/198 *read with* 4/2017- S.No.6	-
4	Sale of scrap of Ferrous/ Copper/Aluminium to a **registered person**	18	1/2017 - S.No. 199/263 & *read with* 4/2017- S.No.6	

Note: ***Any other service to business entity is liable to tax under RCM****. Rate of tax will depend upon the nature of services supplied.*

INPUT TAX CREDIT

4.1 DEFINITIONS UNDER CGST ACT/SGST ACT RELEVANT TO INPUT TAX CREDIT

SECTION 2 OF CGST/SGST ACT, 2017:

2(19) Capital Goods:

- Capital Goods means goods, the value of which is ***capitalised in the books of accounts*** of the person claiming the input tax credit and which are used or intended to be used in the ***course or furtherance of business.***

2(59) Input:

- Input means any goods other than capital goods used or intended to be used by a supplier in the ***course or furtherance of business.***

2(60) Input Service:

- Input Service means any service used or intended to be used by a supplier in the ***course or furtherance of business.***

2(62) Input Tax:

- Input tax in relation to a registered person, means the IGST, including that on import of goods, CGST and SGST charged on any supply of goods or services to him and includes the tax payable under sub-section (3) and (4) of section 9 of CGST Act but does not include the tax paid under section 10.

- However, tax leviable under section 9(4) of CGST Act has been exempted *vide* Notification no. 38/2017-Central Tax (Rate), dated 13th October, 2017 till 31st day of March, 2018.

2(63) Input Tax Credit:

- Input Tax Credit means credit of 'input tax' as defined in sub-section (62).

4.2 INPUT TAX CREDIT

- Input Tax Credit Mechanism under GST is business based concept i.e. input tax in respect of every inward supply received in the course or furtherance of business is available as credit to supplier except some supplies mentioned in negative list which is provided under Section 17(5) of CGST Act. Therefore, GST paid on all supplies used in the course or furtherance of business are eligible for credit which are used during the course or furtherance of business.

- In all the cases involved, the courts discussed the basic principle of 'commercial expediency'. The courts laid down the law that if an expenditure is commercially required to be incurred with a view to benefit the trade and to facilitate the carrying on the business, such expenditure will be allowed as deduction under section 37 of the Income Tax Act, 1961.

CONDITIONS FOR AVAILMENT OF ITC AS PER SECTION 16 OF THE CGST ACT, 2017

Particulars	GST Regime
Payment of tax by vendor	Under GST, ITC is available only when payment of GST has been made by vendor to Government. To ensure this it is mandatory that the vendor reports the said invoice in his GSTR -1. The invoice will accordingly be reflected in GSTR 2A of the recipient, basis which the recipient would be in a position to take ITC of the same.
Documents	Tax invoice, debit note, or such other taxpaying document provided under CGST Rules, issued by a supplier/recipient in case of self-invoice, registered under CGST Act or the IGST Act;
Payment to service vendors	For ITC on inward supplies, whether for goods or services, payment to vendor should be made within 180 days of invoice. If Company fails to pay to the supplier, the value of supply of invoice along with GST within 180 days from the date of issue of invoice, Input Tax Credit availed by Company shall be paid along with interest.
Receipt of Goods/ Services	The taxpayer should be in possession of the goods for which the respective ITC is being claimed or have received the services as the case may be.

Maximum time limit of availing credit	In GST Regime, Taxpayer shall not be entitled to take ITC of any invoice or debit note after furnishing monthly return for September of next financial year or filing annual return, whichever is earlier. The above restriction is applicable on inputs / input services / capital goods.
Advance Payment on Goods/Services	In case of advance payment of services, position of credit is same. However, there is no tax on advances received against supply of goods, exemption provided *vide* Notification NO 66/2017-Central Tax, dated 15-11-2017, Therefore, recipient is not required to pay tax amount to supplier.

UTILIZATION OF ITC

- ITC of IGST is allowed to be utilized for payment of IGST initially.
- ITC of IGST, if left unutilized after adjusting against the liability of IGST, can be used to discharge output tax liability of CGST and SGST in any proportion and in any order.
- ITC of CGST is allowed to be utilized for payment of CGST and IGST in the respective order, after the ITC of IGST has exhausted/utilized fully.
- ITC of SGST is allowed to be utilized for payment of SGST and IGST in the respective order, after ITC of IGST and CGST has exhausted/utilized fully.
- ITC of CGST can never be utilized for payment of SGST and vice versa.

LIST OF CREDITS NOT ELIGIBLE IN GST REGIME

Input tax credit shall not be available in respect of the following:

1. **Petroleum Products**
   Light diesel oil, high speed diesel oil/Petrol/Natural Gas has been kept out of ambit of GST and hence excise duty/VAT/CST paid to the vendor will not be creditable under GST Law

2. **Motor Vehicles**
   Motor vehicle for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used for making the following taxable supplies, namely:—
   a) Providing taxable supply for transportation of passengers, or
   b) Providing taxable supply of imparting training on driving, flying, navigating such vehicles or conveyances or
   c) Providing taxable supply of such vehicles or conveyances

3. Miscellaneous Services

Services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles as mentioned in S. No. 2 above, except when they are used for purposes other than specified under S. No. 2 above.

4. Specific goods and services

- Food and beverages, outdoor catering, beauty treatment, health services, leasing, renting or hiring of motor vehicles referred to in S. No. 2 above when used for the purposes specified therein, life insurance and health insurance except where such inward supply of goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both
- Membership of a club, health and fitness centre; and
- Travel benefits extended to employees on vacation such as leave or home travel concession except where it is obligatory for an employer to provide to its employees under any law for the time being in force.

5. Inputs and Inputs Services for Construction of Immovable Property

- Works contract services received by a person for construction of immovable property (other than plant and machinery). However, input tax credit shall be available where such services are input services for further supply of works contract services.
- Goods or services or both received by a taxable person for construction of immovable property (other than plant and machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

In short, no input tax credit will be available to registered person in respect of construction of building / civil structure. However, input tax credit would be available in respect of goods/services used in setting up of plant & machinery. Goods and services used for laying of foundation or making of structures for support of capital goods shall be available.

6. Disposal of goods in specific situations

ITC is barred in the following cases:

- Loss of goods
- Steal of goods
- Destroy of goods
- Write off of goods
- Disposal of goods by way of Gift or free samples

7. Supply from Composition Vendors

Goods and/or services on which tax has been paid under Composition Scheme by the vendor is not creditable.

8. Inputs Used for Personal Consumption

Goods and/or services used for personal consumption

9. Taxability of Final Product

Availment of ITC, besides the conditions already mentioned above, is also based on taxability of the outward supplies for which input is going to be put to use and also on the restriction of availment of ITC enforced by any notification issued under the provisions of CGST Act, SGST Act, UTGST Act or IGST Act.

The eligibility of GST credit is case specific and need to be analyzed on independent basis. To cater to such complexity of GST credit availment the credit which is available to Indian Railways, has been classified under 5 categories namely: Full Credit, Partial credit, No Credit (Non-business), No credit (Exempt Supply), No credit (Credit restriction). For every category of ITC classification, a flag has also been specified in the systems to identify and calculate the final ITC eligible amount at the end of the month. The flagging as made part of the system utilities provided by CRIS, is tabulated below:

S. No.	ITC Flag
1)	T1- No Credit (Non Business)
2)	T2- No Credit (Exempt)
3)	T3- No Credit (Credit Restriction)
4)	T4- Full Credit
5)	C2- Partial Credit

For sake of clarification, the ITC eligibility of some major operations of Indian Railways is mentioned as follows.

Sl. No.	Nature of goods / services	ITC Flagging	Utilization ITC (Y/N)	Remarks
1.	**Goods** procured for capital works such as manufacturing of coaches, wagons, locomotives for sale to IRFC	T4 – full Credit	Y	To be utilized only for discharging GST liability on outward supply of finished goods to IRFC on payment of 5% GST and not to be utilised for discharging GST liability on Goods and Passenger

				transportation services by respective GSTIN.
2.	**Services** provided by various contractors for capital works such as manufacturing of coaches, wagons, locomotives for sale to IRFC	T4 – full Credit	Y	No restriction.
3.	Goods procured for use in repairing wagons, coaches, locomotives etc., after IRFC leases them to IR.	T3-No Credit	N	ITC pertaining to these purchases not to be utilised for discharging GST liability on Goods and Passenger transportation services by respective GSTIN.
4.	Services received at workshop in relation to procurement of goods for repair of coaches, wagons, locomotives, etc.	C2 – Partial Credit	Y	No restriction
5.	Services provided by various contractors in relation to repair of wagons, coaches, locomotives, etc.	C2 – Partial Credit	Y	No restriction
6.	Procurement of goods and services for creation of new assets which are in the nature of Immovable Property (other than plant and machinery) like Bridges, Tunnels, Roads, Buildings etc.	T3- No Credit	N	Not to be availed. Respective accounting codes can be mapped as T3 – No credit in order to avoid wrong availment of credit on these line items

7.	Procurement of goods relating to Plant and Machinery like Railway track, Signalling and Telecommunication equipments, lathe machines, cranes.	T3- No Credit	N	Not be utilized for discharging GST liability on Goods and Passenger transportation services by respective GSTIN
8.	Procurement of works contract services, repair and maintenance services, etc. relating to laying of railway track (Plant and Machinery)	C2- Partial Credit	Y	Can be utilized for discharging GST liability on Goods and Passenger transportation services by respective GSTIN
9.	Goods Transport Agency services received for both inward and outward transportation of goods used in workshop.	C2- Partial Credit	Y	In this case, both the consignor and consignee, being Indian railways, GST on GTA services to be discharged by IR. If the GTA service provider discharges GST under forward charge (12%) then IR is not liable to pay GST to the department under RCM but in any of the case, tax paid can be availed as credit.

10.	Taxi hire by IR at different locations by the staff / officers for any use.	T3 – No Credit	N	ITC on Rent-a-cab service is covered under the negative list as per Section 17(5) of CGST Act, 2017 and hence no credit is available on this service. Respective accounting codes can be mapped as T3 – No credit in order to avoid wrong availment of credit on these line items.

4.3 HOW TO ENSURE SEAMLESS FLOW OF CREDIT IN GST REGIME

STEP 1: Proper vendor management system

- Proper Vendor Management for ensuring seamless flow of Credit is required.
- Under GST, ITC is available only if Supplier pays the GST to government. Further, details of sale invoice uploaded by Supplier in his outward return and details of purchase invoice uploaded by registered person in its inward return should match for availing credit.
- Coordination is required in recording of transactions by Vendors and Company.
- Vendor should be educated through awareness program conducted by Company for proper compliance of GST by vendor. Company has to ensure that data uploaded by vendor and recorded by Company shall be in same format with same fields of data like HSN etc. so that credit can be availed with less hurdles in reconciliation.
- Necessary Safeguard clauses to be inserted in contract for recovery of tax amount
    - One Time Vendors-Company will hold the amount equivalent to outward tax payable by the supplier and payment shall be released only after the Supplier has made payment of tax.
    - Regular vendors-Company will recover the amount of tax, if any, is added to the output tax liability of Company due to non-payment by the supplier.
    - Bank Guarantees/Security deposits to be taken to safeguard GST Credit amount.
- Compliance rating of vendor to be considered carefully while selection of vendor

STEP 2: Company shall decide on GSTIN at the time of issuance of PO only.

- The PO raised on vendors shall specifically mention the GSTIN of Company on which invoice is to be raised by Vendor. Company to decide which GSTIN is to be given to vendor while placing purchase order to ensure seamless flow of credit. If Company in State A is purchasing goods and services from vendors located in another state charging CGST/SGST of that state, the credit of same will not be available to Company in State A. Certain situations where credit can get blocked due to this is as under:

- To illustrate, Plant A is receiving accommodation services for employees in respect of any event/ meeting in hotel at Maharashtra. The hotel will raise invoice charging Maharashtra CGST & SGST. If GSTIN of other state is given, Company would not be in a position to avail the SGST credit. Alternatively, if GSTIN of Maharashtra is given, the credit of the same will be eligible and the same can be routed through ISD route.
- To illustrate, repair of immovable property related services received by depot in Jharkhand from local vendors. If invoice is raised on Head Office, local vendor will charge CGST/SGST and head office will not be able to take credit of SGST of Jharkhand. Vendors shall raise invoice on depot so that SGST credit of Jharkhand can be taken by depot.

In a nutshell, GST allows seamless flow of all types of credit (except covered under negative list) subject to proper documentation and planning.

4.4 Apportionment of ITC on inputs and input services under Flag C2:

- Where credit is attributable to goods and/or services which are used partly for taxable supplies and partly for non-taxable supplies, credit is restricted to so much of the input tax as is attributable to taxable supplies.
- Flag C2- Partial Credit- It comprises of credits of such goods and/or services which are used partly for taxable supplies and partly for non-taxable supplies. Ineligible portion of ITC needs to be reversed using the following formula-

$$\text{ITC to be reversed} = \text{Amount of credit flagged under C2} \times \frac{\text{Exempt Supplies}}{\text{Taxable Supplies + Exempt Supplies}}$$

Exempt Supplies includes-

- Supplies which are exempted from tax e.g. Intra IR transfer of goods, Transport of passengers in non-air-conditioned coach
- Supplies not covered under GST Act E.g. Diesel, etc.
- Supplies which are liable to RCM. e.g. Renting of Immovable Property, etc.
- Supplies which attracts nil rate of tax.

- Capturing of exempt supplies is necessary for computation of correct amount of eligible credit.
- Non-compliance will attract interest.

4.5 Apportionment of ITC on Capital Goods under Flag C2

- Where credit is attributable to capital goods which are used partly for taxable supplies and partly for non-taxable supplies, credit is restricted to so much of the input tax as is attributable to taxable supplies.

$$\text{ITC to be reversed} = \frac{\text{Amount of credit flagged under C2}}{\text{60(5 years deemed as useful life)}} \times \frac{\text{Exempt turnover of relevant month}}{\text{Total turnover of relevant month}}$$

- Amount to be reversed along with applicable interest to be added to output tax liability during every tax period

GST RETURNS

5.1 Different types of GST returns have been discussed below. Please note that GST returns are required to be filed for each GSTIN (GST registration number) separately.

- **GSTR-1 : Details of Outward supplies**
  Every registered person is required to furnish the details of Outward supplies of goods and services made during the tax period in Form GSTR-1.

  Due date for filing GSTR-1: Initially, GSTR-1 was required to be furnished on or before the 11thof the succeeding tax period on the monthly basis, unless it is amended by issuance of a notification in official gazette, for the period of time as specified therein, made in this regard.

- **GSTR -2 : Details of Inward supplies**
  The return under Form GSTR 2 was discarded by the Central Government. Currently this return is not functional.

- **GSTR-3B : Summary Return**
  Every registered person is required to file a summary return in Form GSTR-3B.

  Due date for filing GSTR-3B: Initially, GSTR-3B was required to be furnished on or before the 20th of the succeeding tax period on the monthly basis, unless it is amended by issuance of a notification in official gazette, for the period of time as specified therein, made in this regard.

  Information which is need to be disclosed in form GSTR-3B is as follows:-

  - ✓ **Outward supplies** – Summary details of the taxable outward supplies including zero rated & exempt supplies and output tax payable thereon.
  - ✓ **Supplies subject to Reverse Charge** – Summary details of inward supplies on which tax is payable on reverse charge basis and tax payable thereon.
  - ✓ **Inter-state sale to Un-registered customers:** State-wise summary details of taxable value and IGST thereon pertaining to interstate sales made to un-registered customers.
  - ✓ **Inward Supplies:** Summary details of eligible ITC availed on import of goods & services, inward supplies liable to reverse charge, Inward supplies from ISD and all other ITC including ineligible ITC and ITC reversal details, if any.
  - ✓ **Values of exempt, nil-rated and non-GST inward supplies**

- **GSTR-9 : Annual Return**
  Every registered person, (other than a Input Service Distributor (ISD), or as a person required to deduct TDS or collect TCS, a casual taxable person and a non-resident taxable person) is required to file an Annual return in Form GSTR-9, for every financial year on or before **31st December** of the following financial year.

  Due date for furnishing GSTR-9 for the period July, 2017 to March, 2018 has been extended till **30 November 2019**.

- **Form GST ITC-04:**
  Details of goods/capital goods sent to job worker and received back on quarterly basis, are required to be filed in Form GST ITC-04, on or before 25th of the month succeeding the said quarter.

  However, waiver for filing ITC-04 has been given for the period July, 2017 to March, 2019. Further, due date for Apr'19 to June,19 has been extended till 31 August 2019.

- **GSTR- 7 Person liable to deduct TDS:**
  Every person who has taken registration as a person liable to deduct TDS under GST law, shall file return in GSTR 7 on or before the 10thof the month succeeding tax period on monthly basis, unless it is amended by issuance of a notification in official gazette, for the period of time as specified therein, made in this regard.

5.2 Late Fee for delay in filing of returns

Filing of returns enumerated above after the prescribed due date, or the date that has been notified in this regard will attract late filing fee as prescribed in the GST act.

5.3 Revision of details furnished in GST returns

GST law does not provide for filing of revised returns. However, any revision/amendment of information already furnished in the returns pertaining to earlier tax period(s) can be done by furnishing the correct details in the returns to be filed for the subsequent tax periods
Imperative it is to note that, no revision/amendment would be allowed after the due date for furnishing of return for the month of September or the actual date of furnishing of relevant annual return, whichever is earlier.

5.4 Filing of Nil GST returns

Every Registered person is mandatorily required to mandatorily furnish return for every tax period, whether or not any supplies of goods or services or both have been made during such tax period.

DOCUMENTATION

6.1 Tax invoice

A supplier of goods or services is required to raise a tax invoice for such supply in below mentioned manner.

- ✓ Supply of goods –
  - a) at the time of removal of goods for supply to the recipient, where the supply involves movement of goods, or
  - b) at the time of delivery of goods or making available thereof to the recipient, in any other case.
- ✓ Supply of services – before or after the provision of service but within a prescribed period a prescribed under Section.

Particulars to be captured in a tax invoice are as follows:

a) Name, Address and GSTIN of the supplier

b) Consecutive serial number not exceeding sixteen characters, in one or multiple series, containing only alphabets and/or numerals or special characters hyphen or dash and slash symbolized as '-' or '/' respectively, and any combination thereof, unique for a financial year.

c) Date of issuance of invoice

d) Recipient Details
- B2B Supplies: Name, Address and GSTIN/ Unique ID Number.
- B2C Supplies where value of taxable supply is Rs 50,000 or more: Name and address of the recipient and the address of delivery, along with the name of State and its code
- B2C Supplies where value is less than Rs 50,000: Name and Address of the recipient

e) HSN code for goods and Services

f) Description of goods or services

g) Quantity in case of goods and unit or Unique Quantity Code thereof

h) Taxable value of supply of goods or services or both taking into account discount or abatement, if any

i) Rate of tax (CGST, SGST or IGST)

j) Amount of tax charged in respect of taxable goods or services (CGST, SGST or IGST);

k) Total value of supply of goods or services or both

l) Place of supply i.e. Name of State and State Code.

m) Address of delivery, if the same is different from the Place of Supply

n) Specific Indication if the tax is payable on reverse charge; and

o) Signature or digital signature of the supplier or his authorized representative.

6.2 Self-invoice

A registered person is required to issue a self-invoice in respect of supplies received from unregistered persons in terms of Section 31(3)(f) of CGST Act. Such registered person in respect of such supplies also has to issue a payment voucher at the time of making payment to the supplier in terms of Section 31(3)(g) of the CGST Act.

However vide Notification Number 8/2017-Central Tax (Rate) (as amended by Notification Number 38/2017-Central Tax (Rate)), the supplies of goods or services or both received by a registered person from an unregistered person have been exempted from whole of the tax leviable under Section 9(4) of CGST Act till 31.03.2018.
Therefore, till 31.03.2018, no tax is payable under Section 9(4) of CGST Act on supplies received from unregistered persons. Accordingly, requirement to raise a self-invoice in respect of the same will not arise.
But requirement to issue self-invoice continues in case where tax is paid under Section 9(3) of CGST Act.

6.3 Payment voucher

A person who is required to pay tax under reverse charge shall issue a payment voucher at the time of making payment to supplier who is supplying goods or services under reverse charge.

Particulars to be captured in payment voucher are given below:

a) name, address and GSTIN of the supplier if registered;
b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets ornumerals or special characters -hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year
c) date of its issue;
d) name, address and GSTIN of the recipient;
e) description of goods or services;
f) amount paid;
g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
h) amount of tax payable in respect of taxable goods or services (central tax, State tax, integrated tax,Union territory tax or cess);
i) 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; and
j) Signature or digital signature of the recipient or his authorized representative.

6.4 Receipt voucher

A registered person at the time of receipt of advances for the purpose of supply of services , is required to issue a receipt voucher.In view of the specific exemption on payment of tax on advance against supply of goods, no receipt voucher is required to be issued.

Particulars to be mentioned in a receipt voucher

a) name, address and GSTIN of the supplier;
b) a consecutive serial number not exceeding sixteen 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 financial year
c) date of its issue;
d) name, address and GSTIN or UIN, if registered, of the recipient;
e) description of goods or services;
f) amount of advance taken;
g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
h) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
i) 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;
j) whether the tax is payable on reverse charge basis; and
k) signature or digital signature of the supplier or his authorized representative

6.5 Refund Voucher

A registered person who had received advance for the supply of goods or services (now services only) but subsequently no supply is made and no tax invoice is issued then such registered person shall issue a refund voucher.

Particulars to be mentioned in refund voucher

a) name, address and GSTIN of the supplier;
b) a consecutive serial number not exceeding sixteen 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 financial year
c) date of its issue;
d) name, address and GSTIN or UIN, if registered, of the recipient;
e) number and date of receipt voucher issued in accordance with provisions of sub- rule 5;
f) description of goods or services in respect of which refund is made;
g) amount of refund made;
h) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);

i) amount of tax paid in respect of such goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
j) whether the tax is payable on reverse charge basis; and
k) signature or digital signature of the supplier or his authorized representative.

6.6 Delivery challan (Cancelled tickets/ Cancelled Railway Receipt)

For the below mentioned purposes, consignor is required to issue a delivery challan in triplicate (original for consignee, duplicate for transporter and triplicate for consignor).

a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
b) transportation of goods for job work
c) transportation of goods for reasons other than by way of supply
d) such other supplies as may be notified by the Board

Particulars to be captured in a delivery challan

(i) Date and number of the delivery challan,
(ii) name, address and GSTIN of the consigner, if registered,
(iii) name, address and GSTIN or UIN of the consignee, if registered,
(iv) HSN code and description of goods,
(v) quantity (provisional, where the exact quantity being supplied is not known),
(vi) taxable value,
(vii) tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee,
(viii) place of supply, in case of inter-State movement, and
(ix) signature.

6.7 Debit note/Credit note

a) Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient a credit note.

b) Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient a **debit note** containing such particulars as may be prescribed.

Particulars to be captured in a debit note or credit note

a) name, address and GSTIN of the supplier;
b) nature of the document;
c) a consecutive serial number not exceeding sixteen 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 financial year;
d) date of issue of the document;
e) name, address and GSTIN or UIN, if registered, of the recipient;
f) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
g) serial number and date of the corresponding tax invoice or, as the case may be, bill of supply;
h) value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
i) signature or digital signature of the supplier or his authorized representative

6.8 E way bill

b) Electronic way bill (E way bill) should be generated by every person, whether registered or not under CGST Act, who causes the movement of goods, if value of consignment of goods is above Rs.50,000/-. E way bill should be generated before the movement of goods commences.

c) There are certain cases as enumerated in Annexure-A where generation of e-way is not required under GST law.

d) However, railways shall ensure that E way bill is generated before the movement of goods commences. Railways shall not deliver the goods unless e-way bill is produced at the time of delivery.

TAX DEDUCTED AT SOURCE

As per GST law, certain notified persons are liable to deduct TDS @ 2% (1% CGST & 1% SGST or 2% IGST) on payments made to supplier of taxable goods or services and/or both, where the total value of such supply, under a contract, exceeds INR 2,50,000/- (excluding taxes). *(Refer RBA Circular No. 97/2018 dated 14.09.2018)*

Persons liable to deduct TDS *(Refer RBA Circular No. 98/2018 dated 17.09.2018)*

- A department or establishment of the Central Government or State Government;
- Local authority;
- Governmental agencies;
- An authority or a board or any other body which has either been set up by an act of Parliament/State Legislature or has been established by a government, with 51% or more equity/control owned by the government;
- Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860;
- Public sector undertakings;

Accordingly, IR, being Central Government, has become liable to deduct TDS on payments made or credited to the supplier of taxable goods or services or both.

Cases where TDS is not required

- Where supplies are made inter se persons liable to deduct TDS, as listed above.
- Where contract value does not exceed INR 2,50,000/-.
- Where any advance was prior to 01.10.2018 and the tax invoice in respect of such advance has been issued on or after 01.10.18, to the extent of advance paid before 01.10.2018.
- TDS is not required in case of inward supply of goods and/or services from unregistered vendors.
- Where tax is payable under reverse charge mechanism by the recipient, i.e. IR.

- Where the location of supplier & place of supply is in a state which is different from the location of the recipient. Please refer the below table for different possible scenarios:

S. No	Location of Supplier	Place of Supply	Location of Recipient	Nature of supply	Liability to deduct TDS
1	A	A	A	Intra-state	Yes
2	A	A	B	Intra-state	No
3	A	B	A	Inter-state	Yes
4	A	B	B	Inter-state	Yes
5	A	B	C	Inter-state	Yes

Compliances *(Refer RBA Circular No. 111/2018 and RBA 112/2018both dated 12.10.2018)*

- IR is liable to deposit the amount deducted (as TDS) within 10 days after the end of the month in which such deduction is made. In case of delay in depositing TDS amount, interest @ 18% p.a. would be applicable.
- A monthly return in for GSTR-7 is required to be filed by 10th of the subsequent month. In case of delay in filing of return, late fee of INR 200/- per day (INR 100/- each under CGST & SGST/UTGST) up to maximum of INR 5,000/-
- IR is liable to furnish TDS certificate in form GSTR-7A to the Deductee mentioning the contract value, rate of deduction, amount deducted, and amount paid to the government. The said TDS certificate would be made available to the Deductee on the GST Portal based on the return filed by IR.
- Such certificate is to be furnished within 5 days from the date of deposit of TDS. Failure to furnish the certificate after deduction of TDS attracts late fee of Rs.100 per day from the day after the expiry of five days until the failure is rectified.
- The deductee would be able to claim credit, in his electronic cash ledger, the tax deducted and reflected in the Form GSTR-7 filed by IR, subject to the acceptance by the deductee on the GST portal.

Annexure- A : Cases where generation of E-way bill is not required

No E-way bill is required in following cases:

a) *where the movement of goods is taking place between two different units of Indian railways*.
b) where the goods being transported are as follows;
    a. Liquified petroleum gas for supply to household and non-domestic exempted category (NDEC) customers.
    b. Kerosene oil sold under PDS
    c. Postal baggage transported by Department of Posts
    d. Natural or cultural pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71)
    e. Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71)
    f. Currency
    g. Used personal and household effects
    h. Coral, unworked(0508) and worked coral (9601)
c) where the goods are being transported by a non-motorised conveyance;
d) 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;
e) in respect of movement of goods within such areas as are notified under clause (d) of sub-rule (14) of rule 138 of the State or Union territory Goods and Services Tax Rules in that particular State or Union territory;
f) where the goods, other than de-oiled cake, being transported, are specified in the Schedule appended to notification No. 2/2017- Central tax (Rate) dated the 28th June, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 674 (E) dated the 28th June, 2017 as amended from time to time;
g) where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel;
h) where the supply of goods being transported is treated as no supply under Schedule III of the Act;
i) where the goods are being transported—
    (i) 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
    (ii) under customs supervision or under customs seal;
j) where the goods being transported are transit cargo from or to Nepal or Bhutan;
k) where the goods being transported are exempt from tax under notification No. 7/2017-Central Tax (Rate), dated 28th June 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R

679(E)dated the 28th June, 2017 as amended from time to time and notification No. 26/2017-Central Tax (Rate), dated the 21st September, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i), vide number G.S.R 1181(E) dated the 21st September, 2017 as amended from time to time;

l) any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee;

m) where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail;

n) where empty cargo containers are being transported; and (n) where the goods are being transported upto a distance of twenty kilometres from the place of the business of the consignor to a weighbridge for weighment or from the weighbridge back to the place of the business of the said consignor subject to the condition that the movement of goods is accompanied by a

o) delivery challan issued in accordance with rule 55.

p) where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply.