

## GST Sectoral FAQ

It should be noted that the FAQs and the replies quoted are only for educational and guidance purposes and do not hold any legal validity.

| Question           |   | Answer  |
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| <b>Handicrafts</b> |   |   |
| 1                  | <b>How will imports be taxed under GST?</b>   | All imports will be deemed as inter-State supplies for the purposes of levy of GST. IGST is leviable on imports in addition to other duties of customs. Full set-off will be available as ITC of the IGST paid on import on goods and services.   |
| 2                  | <b>How will exports be treated under GST?</b> | All exports will be deemed as inter-State supplies. Exports of goods and services will be treated as zero rated supplies. The exporter has the option either to export under bond/Letter of Undertaking without payment of tax and claim refund of ITC or pay IGST by utilizing ITC or in cash at the time of export and claim refund of IGST paid.   |
| 3                  | <b>How can IGST be paid?</b>                  | The IGST can be paid by utilizing ITC to the extent available and balance by cash. The use of ITC for payment of IGST will be done in the following order:<br><br><ul style="list-style-type: none"><li>- ITC of IGST shall be used for payment of IGST first;</li><li>- Once ITC of IGST is exhausted, the ITC of CGST shall be used;</li><li>- If ITC of both IGST and CGST are exhausted, ITC of SGST shall be used.</li><li>- o Remaining IGST liability shall be discharged in cash. GST System will ensure maintenance of this hierarchy for payment of IGST using the credit.</li></ul><br><ul style="list-style-type: none"><li>- However, IGST on imports has to be paid in cash only.</li></ul> |

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| 4 | <b>What are the provisions for refund of taxes for exporters in GST ?</b> | Provisions relating to refund are contained in section 54 of the CGST Act, 2017. It provides for refund of tax paid on zero-rated supplies of goods or services or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilized input tax credit. Identical provisions exist under the IGST Act, 2017 and relevant SGST/UTGST Acts.   |
| 5 | <b>Can unutilized input tax credit be allowed as refund to exporters?</b> | Yes. Section 54(3) of the CGST Act, 2017 provides for refund of any unutilised input tax credit of inputs and input services at the end of any tax period except where<br><br>i) the goods exported out of India are subjected to export duty; or<br>ii) the exporter claims drawback of CGST or refund of IGST paid on such export.  |
| 6 | <b>What is the procedure for claiming refund by exporters?</b>            | Refund can be claimed by filing an application electronically in prescribed form along with required documents through the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner. The refundable amount shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund. For details Chapter X of the CGST Rules, 2017 relating to refund may be referred to. |

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|   |  | In case of refund of IGST, the shipping bill filed with the Customs is treated as an application for refund if the exporter has filed a valid return in Form GSTR-3/3B and the person in-charge of the conveyance carrying the goods to be exported has furnished an export manifest/report. Upon receipt of information regarding furnishing of a valid return in FORM GSTR-3 or FORM GSTR-3B by the exporter from the Common Portal, the Customs authorities at the port of export shall process the claim for refund and an amount equal to the integrated tax paid in respect of each shipping bill shall be electronically credited to the bank account of the exporter. |
| 7 | <b>What is the time limit for grant of refund?</b>   | Refundable amount shall be sanctioned within 60 days from the date of receipt of application complete in all respects. However, as a measure of facilitation to exporters, except for certain notified categories, ninety per cent of the amount excluding the amount of input tax credit provisionally accepted will be refunded provisionally within seven days from the date of acknowledgement.   |
| 8 | <b>Will the principle of unjust enrichment apply to exports?</b>   | The principle of unjust enrichment is not applicable in case of exports of goods or services as the recipient is located outside the taxable territory.   |
| 9 | <b>Today under VAT/CST merchant exporters can purchase goods without payment of tax on furnishing of a declaration form. Will this system be there in GST?</b> | No, there is no such provision in GST. Tax will be payable on their inward supplies and they can claim refund of the accumulated ITC.   |

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| 10 | <b>Whether goods sent by a taxable person to a job worker be treated as supply and will they be liable to GST?</b>                                      | <p>No, the goods sent by a registered person to a job worker is not a supply, as there is no transfer of title and no consideration for the goods is involved. In terms of section 143 of the CGST Act, 2017 a registered taxable person (the principal), after following the prescribed procedure, may send any inputs or capital goods, without payment of GST, to a job worker for job work and the principal shall either</p> <p>i) bring back such inputs or capital goods after completion of job work or otherwise within the prescribed period i.e. 1 year in case of inputs and 3 years in case of capital goods, or</p> <p>ii) supply such inputs or capital goods, within such prescribed period, on payment of tax within India, or with or without payment of tax for export, as the case may be.</p> <p>If the goods or, capital goods, as the case may be, are not returned to the principal within the time specified above, the same shall be deemed to have been supplied by the principal to the job worker on the date the goods were sent out to the job worker and the principal shall be required to pay tax accordingly on such supplies.</p> |
| 11 | <b>Is a job worker required to take registration?</b>   | <p>As job work is a service, it would be considered a supply and the job worker would be required to obtain registration if his aggregate turnover exceeds the prescribed threshold of Rs.20 lakhs or, as the case may be, Rs.10 Lakhs.</p>   |
| 12 | <b>Whether exemption from all duties of Customs be available on imports under exemption schemes such as EPCG, Advance licence etc under GST regime.</b> | <p>No. Exemption will be available only from Basic Customs Duty. IGST will be payable on such imports. However, the importer can avail ITC of IGST paid and utilise the same or claim refund in accordance with the provisions of the CGST Act, 2017 and rules made thereunder.</p>   |

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| 13 | <b>Can duty credit scrips received as incentive by exporters such as MEIS, SEIS etc be utilised for payment of all duties at the time of import?</b>   | No, these scrips can be utilised only for payment of Basic Customs duty. IGST cannot be paid by utilising these scrips.  |
| 14 | <b>Will drawback at higher rate be available to handicraft exporters who do not avail Input Tax Credit (ITC) like presently available to those who do not avail CENVAT credit?</b>                           | No. There will be no difference in rate of Drawback for exporters not availing ITC in GST regime. In GST regime, drawback will be admissible only at lower rate determined on the basis of customs duties paid on imported materials used in the manufacture of export goods. However, as an export facilitation measure, for the transition period of 3 months from July to September, 2017, drawback at higher composite rates will continue to be granted subject to the condition that no input tax credit of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward. |
| 15 | <b>Is GST payable on consideration received for sale of scrips?</b>  | Yes. Scrips are goods and sale of scrips has to be treated as supply of goods. GST at applicable rate will therefore be payable.   |
| 16 | <b>Would GST be payable on goods not intended to be sold, taken out for participation in overseas exhibitions and trade fairs and brought back into India as these goods are meant for exhibition only ?</b> | GST is not payable in such cases. Exporters will need exhibition participation letter and no foreign exchange involved letter from the concerned bank for the purpose of exchange control requirements. At the time of re-import, identity of goods imported with export goods needs to be established to seek exemption from import duty in accordance with Customs provisions. IGST will be exempted at the time of re-import in view of exemptions granted under Customs.   |

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| 17 | <b>Will an exporter be required to pay GST in case of goods procured from unregistered persons?</b>  | In case of supply by an unregistered person, the registered person i.e., exporter shall be liable to pay GST under reverse charge mechanism for purchases above five thousand rupees in a day. However the exporter can avail ITC of such GST paid and either utilise the ITC or claim refund of the same. |
| 18 | <b>Will credit of duties be available on inputs and inputs contained in semi-finished goods/finished goods lying in stock of an exporter who was not registered under existing laws, as on appointed day of GST?</b> | Yes, provided the exporter was not liable to be registered under the existing law.   |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017**

#### Mining

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| 1 | <b>Can small mining leaseholders with a turnover less than Rs.75 lacs operate under composition scheme?</b> | As per Sec. 10(1) of the CGST Act, 2017, a registered person whose aggregate turnover in the preceding FY did not exceed Rs.75 lakhs, would be eligible for paying GST under the composition scheme. |
| 2 | <b>What is the GST rate for minerals and ores in Composition Scheme?</b>                                    | In a case where the process amounts to manufacture, the rate of tax will be 1% (CGST) and 1% (SGST/UTGST). In any other case, the rate will be ½% (CGST) and ½% (SGST/UTGST).                        |
| 3 | <b>Will they have to deposit GST under SGST / CGST heads separately?</b>                                    | Yes. GST has to be paid separately under CGST and SGST/UTGST by generating a single challan through the common portal under a single return.   |
| 4 | <b>Can a small Mine Lease holder undertake inter-State supply if it avails composition scheme?</b>          | No. If a supplier chooses to avail of composition scheme, he shall not undertake inter-State supply.   |
| 5 | <b>What is the IGST rate for minerals and ores in case of inter – State supply?</b>                         | At present, the IGST rate is the sum of CGST and SGST/ UTGST rate. These rates have been notified and are available in public domain.  |

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| 6  | <b>Can the buyer get input credit on the supply of minerals from a mine owner in composition scheme?</b>   | No, the buyer cannot avail of the credit of tax paid by the supplier who is under the composition scheme as the person paying tax under composition scheme cannot issue a tax invoice and collect taxes on his supplies.  |
| 7  | <b>Will the recipient have to pay tax under reverse charge?</b>  | GST on reverse charge mechanism is payable under section 9(4) of the CGST Act, 2017 only in case of purchases from unregistered suppliers. As the mine owner who is paying tax under composition scheme is registered, the recipients need not pay GST on reverse charge mechanism.   |
| 8  | <b>What is the threshold limit and conditions when a small mine owner/lease holder under Composition Scheme has to migrate into full GST System?</b> | As per section 10(3) of the CGST Act, 2017, the option availed of by the small mine owner/lease holder shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds Rs. 75 lakhs. For details regarding other conditions, section 10 of the CGST Act, 2017 and the rules framed thereunder may be referred to.  |
| 9  | <b>Is the Return filing and compliance simpler under composition scheme?</b>   | Yes, Return filing and compliance is simpler under the composition scheme. The registered person has to file only one return on a quarterly basis in Form GSTR-4.   |
| 10 | <b>Will the basic exemption limit from GST be applicable to the tiny &amp; micro segment in mining?</b>  | Yes, the basic exemption limit of Rs. 20 lakhs (Rs.10 lakhs in the case of special category States) is applicable to the tiny and micro segment even in mining. However, a person engaged in making taxable supply and having aggregate annual turnover (more than Rs.20 lakhs in any State other than the special category States) would be liable to obtain registration under GST. The return has to be filed on monthly basis by regular taxable persons and on quarterly basis by the taxable persons registered under the composition scheme. |

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| 13 | <b>What is aggregate turnover?</b>  | As per section 2(6) of the CGST Act, 2017, "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes Central tax, State tax, Union territory tax, integrated tax and compensation cess.   |



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| 14 | <b>Will the buyer of goods from unregistered person pay reverse tax?</b>   | A registered person receiving taxable goods or services from a supplier who is not registered, would be liable to pay GST under reverse charge mechanism. However, in terms of notification no. 8/2017-Central Tax (rate) dated 28th June, 2017, aggregate value of supplies of goods and/or service received by a registered person from any or all the suppliers, who is or are not registered, upto five thousand rupees in a day is exempt from tax under reverse charge mechanism. This exemption will not apply if the value exceeds Rs.5000/-. |
| 15 | <b>Can a buyer of goods and services pay the value of services / goods to the supplier and deposit the GST component of the invoice in the supplier's account so that when the buyer claims input credit, he may get the same cross entry tallied from the supplier's account?</b> | No. This option is not available under GST Law.   |
| 16 | <b>In case there are disputes regarding quality, weight, etc. between the buyer and the supplier and the goods are returned fully or partially, as found unfit for use, can the excess paid tax component be adjusted from future tax liability?</b>                               | In such cases, the supplier may issue a credit note to the recipient in accordance with the provisions of section 34(1) of the CGST Act, 2017.  |
| 17 | <b>Whether deduction of Liquidity Damage (LD)/Penalty deduction from contractor's bills and charging Penalty for non-lifting of coal till targeted minimum level to Annual Contractual Quantity (ACQ) will attract GST?</b>  | Yes, it is a service being "tolerating an act" as per Schedule II of the CGST Act,2017 thus GST shall apply.  |

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| 18 | <b>Will GST be payable at the time of raising an invoice for supply of goods from a mining lease holder or it will be applicable on the amount of advance received by the mining company for booking the order?</b> | As per the provisions of section 12(2) of the CGST Act, 2017 the time of supply of goods shall be the date of issue of invoice or the date of receipt of payment, whichever is earlier. Accordingly, GST would be payable on advance payment received prior to issuance of the invoice.  |
| 19 | <b>Will the supplier have to issue “receipt voucher” against each advance received?</b>   | Yes, as per section 31(3)(d) of the CGST Act, 2017 the supplier has to issue a “receipt voucher” for every advance received.   |
| 20 | <b>How do I show the advance received in GSTR 1?</b>  | Where against an advance the invoice is issued in the same tax period, the advance need not be shown separately in Form GSTR-1 but the specified details of invoice itself can be directly uploaded on the system. Details of all advances against which the invoices have not been issued till the end of the tax period shall have to be reported on a consolidated basis in Table 11 of Form GSTR-1. As and when the invoices against these advances are issued, they have to be declared in Form GSTR-1 and the adjustment of the tax paid on advances against the tax payable on the invoices uploaded in Form GSTR-1 shall have to be done in Table 11 of Form GSTR-1. |
| 21 | <b>In case no supplies are made against an advance, will the dealer have to issue a “refund voucher” only for the advance or for advance including GST?</b>   | Refund voucher has to be made for the full value of advance, including the amount of GST.  |

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| 22 | <p><b>It will be difficult to link between “Advance Receipt Voucher” and invoices in case of sales billing on Cash Sale (Rail/Road)/e-Auction etc., especially in case of Rail Cash sale, where purchasers deposit money in advance to the tune of many crores for which lifting of coal has to be made from various loading point and time. In such situation how will the billing person at one point realize how much “balance advance” is available for adjustment while raising invoice at his end at a specific point of time?</b></p> | <p>Under GST gross amount of advance is to be reported and tax has to be paid. Advance can be adjusted in totality. While raising the invoice subsequent to receipt of advance, the tax payable will get reduced by the amount of tax paid on the advance and balance amount of advance may be adjusted against future supplies.</p>  |
| 23 | <p><b>Will GST charged on purchase of all earth moving machinery including JCB, tippers, dumpers by a mining company be allowed as input credit?</b></p>   | <p>The provision of Sec. 17(5) (a) of the CGST Act, 2017 restricts credit on motor vehicle for specified purposes listed therein. Further, in terms of the provision of Section 2(76) of the CGST Act, 2017 the expression ‘motor vehicle’ shall have the same meaning as assigned to it in Clause (28) of Section 2 of the Motor Vehicle Act, 1988, which does not include the mining equipment, viz., tippers, dumpers. Thus, as per present provisions, the GST charged on purchase of earth moving machinery including tippers, dumpers used for transportation of goods by a mining company will be allowed as input credit.</p> |
| 24 | <p><b>Whether GST is payable on royalty (to be paid to Government) for Mining Lease granted by State Govt.</b></p>   | <p>Yes, on royalty GST will apply under reverse charge mechanism. Further, such payment of GST under reverse charge mechanism would be eligible as ITC in the hands of the recipient of supply for payment of GST.</p>  |

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| 25 | <b>Is ITC available on hiring of immovable properties (land, office, warehouse, processing unit, stock yards) for facilitation of mining operations?</b>   | Yes. GST paid on hiring of land, office, warehouse, processing unit, stock yards when these are used in the course or furtherance of business, would be allowed as ITC.   |
| 26 | <b>What is the time limit for availing input credit under GST?</b>   | As per provisions of Section 16(4) of the CGST Act, 2017 the ITC is not available after the due date of furnishing the return for the month of September of the next year or furnishing of the annual return, whichever is earlier.   |
| 27 | <b>Would the net outstanding amount of unutilised input credit be refunded by the Government?</b>  | In terms of the provision of Section 54(3) of the CGST Act, 2017 subject to conditions, refund of unutilized input tax credit would be available in respect of zero rated supply or where ITC has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supply. However, such refund of ITC would not be available if export duty is payable on the goods so exported out of India. |
| 28 | <b>Will GST charged by tax consultants, advocates, Chartered Accountants, environmental consultants, canteen service providers and other service providers to mining companies be allowed as input credit?</b> | ITC on any input service/ inputs used in the course or furtherance of business would be available subject to restrictions and other conditions as per the provisions of Chapter-V of the CGST Act, 2017. However, tax paid in respect of canteen service providers shall not be available as credit.  |
| 29 | <b>Whether free issue of coal to employees paid in course of employment and on the basis of wage agreement with value below Rs. 50, 000/- per employee will attract GST?</b>                                   | Gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both (as per Schedule 1 of the CGST Act, 2017). Free issue of coal based on the wage agreement is not a gift. Therefore, free issue of coal in this case will attract GST.  |

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| 30 | <p><b>Can GST charged as per transport bill on movement of mineral from mine to the buyer be allowed as ITC to the buyer irrespective of the ownership of the transporting vehicle?</b></p> | <p>In case of an FOR contract for supply of mineral from the mine to the buyer, it is a composite supply where the consideration will be inclusive of the transportation cost. Therefore, GST on forward charge will be payable by the supplier of the mineral and credit will be available to the buyer if otherwise available. The supplier of the mineral will also pay tax on reverse charge basis on the freight charged by the GTA and the credit of the same will be available to the supplier of the mineral.</p> <p>In case of an ex-works contract of supply, where the GTA service has been booked by the supplier at the instance of the buyer and the service is billed by the GTA to the buyer and the minerals are billed by the supplier of the mineral to the buyer, then GTA on reverse charge shall be paid by the buyer who shall be entitled to take credit of the same. The tax on the mineral will be paid on forward charge by the supplier of the mineral and credit will be available to the buyer if otherwise available.</p> |
| 31 | <p><b>Will the situation as mentioned above be different if the value of mineral is less than the cost of freight in long distance consignments?</b></p>                                    | <p>In the aforesaid example relating to FOR contract, the supply under the contract shall be classified as 'composite supply' where there is a principal supply and other supplies are naturally bundled and supplied in conjunction with each other in the ordinary course of business. The GST rate of principal supply shall be applicable in this case i.e. GST rate as applicable to the mineral.</p>   |

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| 32 | <p><b>Exploration companies undertake exploration activities for preparing mining blocks for auction in different States in the country. They use rigs for exploration. CENVAT credit was available on rig operations under the existing law. Will the company be eligible to take ITC under GST?</b></p> | <p>Rigs, capitalized in the books of accounts as capital goods are used in the course or furtherance of business. Hence, it will be eligible as capital goods and ITC will be available under GST.</p>  |
| 33 | <p><b>Will ITC be available for holding Environmental Clearance (EC) and Forestry Clearance (FC) meetings and for obtaining 'consent to operate' the Mines?</b></p>   | <p>Yes, ITC on expenses incurred in the course or furtherance of business shall be available.</p>   |
| 34 | <p><b>Will the mining companies be eligible to take ITC for construction of townships, hospitals and schools?</b></p>   | <p>No. Mining companies will not be eligible for ITC on such activities even if used in course or furtherance of business. In this connection, the provisions contained in section 17(5) (c) of the CGST Act, 2017 refer.</p>   |
| 35 | <p><b>Are minerals sent for export in processed or raw form fully exempted from payment of GST or IGST?</b></p>   | <p>In terms of the provision of Section 16(1) of the IGST Act, 2017 export of goods is considered as zero rated supply. Further, in terms of the provision of Section 16(3) of the IGST Act, 2017 a registered person may export goods (i) without payment of IGST against bond/letter of undertaking and claim refund of unutilised ITC, or (ii) on payment of IGST, utilising eligible ITC and claim refund of such IGST.</p> |

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| 36 | <b>What is the procedure for return of goods under GST?</b>  | In terms of Section 34(1) of the CGST Act, 2017 in case of return of goods on which GST was paid at the time of supply, the supplier of such goods may issue a credit note for the full value, including the amount of GST in favour of the recipient, and will be entitled to reduce his output tax liability subject to the condition that the recipient of such supply has not availed credit of such GST and if availed, has reversed his ITC on the same. |
| 37 | <b>How can we take support during filing of returns, as huge mines are located throughout the districts in the country, especially in rural and backward areas, and the problem will be aggravated as the huge number of mines are operating without any IT infrastructure?</b>  | Returns may be filed from the central office of the Company which are usually located in areas with infrastructure required for filing such returns.   |
| 38 | <b>Whether GST TDS will be applicable on Works Contract Jobs (to be renamed as Supply of Services) in case of PSUs, since such GST TDS U/s 51 (1) of CGST Act. 2017 is applicable on: a) Dept. or establishment of the Central Govt. or State Govt.; or b) Local authority; or c) Govt. agencies; or d) Such persons or category of persons as may be notified by the Govt. on the recommendations of the Council.</b> | TDS, under section 51 (1) of the CGST Act, 2017 will apply to supplies made to such agencies as may be mandated by the Government for TDS. As of now, this section has not been notified and therefore TDS is not applicable on any supplies.  |

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| 39 | <b>What is the requirement for E-way bill for companies operating in the sector?</b>   | As per rule 138 of the CGST Rules, 2017, till such time as final rules are issued, the Government may, by notification, specify the documents that the person in-charge of a conveyance shall carry while the goods are in movement or in transit storage. As and when the new e-way bill rules are notified, the person transporting the goods shall carry the said e-way bill generated from the common portal along with the invoice (challan in the case of movement other than by way of supply). |
| 40 | <b>Whether an Input Service Distributer (ISD) will be eligible to distribute the ITC in respect of services received during April 17 to June 17 even if the invoices are raised and submitted by contractors after appointed date i.e. in July 17.</b> | In terms of section 140 (7) of the CGST Act, 2017 the ISD will be able to distribute the available credit even if the invoices are received after the appointed day.   |



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| 41 | <p><b>In Table 5 (b) of GST-TRAN-1, the details of Form C, F and H/I are to be given for the period April 15 to June 17 (i.e. for 27 months) which would be a voluminous task. Reasons of furnishing the details for last 27 months may please be clarified?</b></p> | <p>In cases where sales were covered by Forms C, F, H and I, the input tax credit has remained in the account of the taxpayer because the taxpayer has availed of the benefit of concessional rate/nil rate of tax on the sale/stock transfer under CST Act. The benefit of concessional rate/nil rate is available conditional upon production of the statutory forms. Therefore, allowing migration of the credit that has accrued on account of sale/stock transfer having been made on concessional rate/nil rate should be given only on production of the statutory forms. Even otherwise, the taxpayer would have claimed refund of this ITC and such refund would have been given only on production of the statutory forms. It has been presumed that forms for periods before April '15 would have either been presented or the State would have recovered the additional tax payable on account of non-production of statutory forms. Production of these forms is a statutory liability and the taxpayers have already availed the benefit.</p> |
| 42 | <p><b>Education Cess and S&amp;H Education Cess carried forward in ER-1 – whether eligible for ITC under the CGST Act, 2017?</b></p>   | <p>No. Credit of Education Cess and SH Education Cess cannot be carried forward.</p>  |
| 43 | <p><b>What will happen to the balance available in the current account (PLA) under Central excise, deposited in cash in advance by any assessee?</b></p>   | <p>Balance in PLA will not be under transition to GST since that has not been appropriated to the Government account which will be determined post completion of the pending assessment. The same can be claimed as refund under the Central Excise Law.</p>  |
| 44 | <p><b>Whether credit of Green Cess (Clean Energy Cess) paid on coal and available at the time of transition be eligible for being carried over?</b></p>  | <p>No. Credit of Clean Energy Cess cannot be carried forward on transition.</p>   |

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| 45 | <b>Whether stock held by mining companies on which Clean Energy Cess has been paid be chargeable to compensation cess in GST regime?</b>  | Yes. Compensation cess will be charged on supply of such stock.   |
| 46 | <b>Can supplies of coal under a particular order or under FSA (Fuel Supply Agreement) be eligible under the definition of 'continuous supply of goods'?</b>   | Such supplies are in the nature of continuous supply as the invoices are raised periodically. The individual dispatches may be covered under delivery challans and invoice may be issued for the supplies made during a period as per the contract. |
| 47 | <b>In case of coal, the applicable Compensation Cess is a Fixed Amount of Rs.400/- per MT. Under above situation, how such apportionment is possible since in case of FSA Sale, supply of different grade of coal as per availability of stock against single bulk receipt of "Advance" is to be adjusted?</b>      | If tax rate is not determinable, the tax rate may be determined and paid on the amount of advance at 18%.   |
| 48 | <b>Whether Railway siding in mining industry exclusively utilized for effecting dispatch of taxable goods vz. coal (i.e. directly used in the course or furtherance of business) will be treated as Plant and Machinery and ITC under GST will be allowed or treated as civil structure and ITC will be denied?</b> | ITC will not be available as railway siding is not plant and machinery as defined in section 17 of the CGST Act, 2017.  |
| 49 | <b>According to HSN Code 2516 calcareous building stone comes under 5% tax rate, but simultaneously under HSN Code 6802 it comes under 28% tax rate. Clarity on the same may be provided by the Government.</b>   | Chapter 68 covers value added articles of sandstone etc. which are further worked other than by way of roughly trimmed or merely cut into blocks or slabs.  |

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| 50 | <b>Whether supply of HSD free of cost for mining operation would attract GST and whether the input tax credit would be available for GST so charged by the Service provider?</b>   | HSD is outside GST and therefore, input tax credit would not be admissible.  |
| 51 | <b>Will ITC be available on steel, timber and sometimes cement which are used in the underground mines to provide a protective device for security purpose?</b>  | Credit will not be available if these goods are supplied for construction of an immovable property. But if these are temporarily placed for protective purposes, credit will be available. |
| 52 | <b>50 As per Section 54 (3), it is clear that no refund of ITC will be available for export in the cases where product is subject to export duty. Iron Ore export is subjected to export duty. In the earlier regime, the exporters were allowed to take refund of service tax paid on exports. Will not our exports become uncompetitive as no refund of ITC will be available?</b> | The refund of ITC credit is not admissible in view of the second proviso to section 54(3) of the CGST Act, 2017.   |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017**

#### Drugs & Pharmaceuticals

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| 1 | <b>Whether formulations cleared have to be assessed to GST under transfer price mechanism or on the basis of MRP printed on them?</b> | The assessment of drugs and formulations under GST would be on the basis of transaction value at each level of supply with end to end ITC chain for neutralizing the GST paid at the procurement level. |
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| 2 | <b>What are the requirements for clearance of physician samples distributed free of cost?</b>                                    | In case of clearance of physician samples distributed free of cost, the ITC availed on the said samples has to be reversed in view of the provisions under Section 17(5)(h) of the CGST Act, 2017. No tax is payable on clearance of physician samples distributed free of cost as the value of supply is zero and no credit has been availed.   |
| 3 | <b>What is the procedure for movement of time expired medicines from the retail outlets to the manufacturer for destruction?</b> | In such cases, the manufacturer may issue a credit note within the time specified in sub-section (2) of section 34 of the CGST Act, 2017 subject to the condition that the person returning the expired medicines reduces his ITC. Subsequently, when the time expired goods are destroyed, the manufacturer has to reverse his ITC on account of goods being destroyed. Where the goods are returned after the time limit specified in section 34(2) of the CGST Act, 2017, the registered person returning the goods shall issue a tax invoice, as it is a supply within the meaning of Section 7 of the CGST Act, 2017. |
| 4 | <b>How loan and licensee units carry out their operations in GST regime?</b>   | GST law does not have any special provision for loan and licensee units. Where the contract are in the nature of performance of job-work, these units can opt to follow the procedure laid down in section 143 of the CGST Act, 2017 i.e. the principal can send any inputs etc. to such units without payment of tax and the principal can clear the goods from the premises of such units if the principal declares these units as his additional place of business or where such units are themselves registered under section 25 of CGST Act, 2017.  |

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| 5 | <b>What is the treatment of clearances effected to Special Economic Zones?</b>         | The clearances effected to the SEZ are zero rated supplies in terms of Section 16 of the IGST Act, 2017. Accordingly, the supplier can claim refund of IGST paid on such supplies or clear the same under bond/ letter of undertaking and claim refund of the unutilised ITC.                                       |
| 6 | <b>Whether SEZ unit located in a State requires a separate registration under GST?</b> | The SEZ unit located in a State is treated as a business vertical distinct from other units located in the State outside the SEZ [first proviso to Rule 8 of the CGST Rules, 2017 read with Section 25 of the CGST Act, 2017]. Hence, separate registration is required to be obtained for the unit located in SEZ. |
| 7 | <b>Whether ISD registration is required to be obtained separately?</b>                 | In terms of second proviso to Rule 8 of the CGST Rules, 2017 read with Section 25 of the GST Act, 2017, every person being an Input Service Distributor has to make a separate application for registration.  |

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| 8 | <p><b>What is the transitional credit that can be availed on the existing stocks held by a registered person under GST, who was not required to be registered under the existing law?</b></p> | <p>In terms of Rule 117(4) of the CGST Rules, 2017 (transitional provisions) read with Section 140(3) of the CGST Act, 2017, a registered person who was not registered under the existing law and who is not in possession of any document evidencing payment of central excise duty in respect of the goods held in stock, shall be allowed credit at the rate of sixty per cent on such goods which attract central tax at the rate of nine per cent or more and forty per cent for the other goods of the central tax applicable on supply of such goods after 01st July 2017 and the said amount shall be credited in the electronic credit ledger after the central tax payable on such supply has been paid. In case where integrated tax is paid, the amount of ITC would be at the rate of thirty per cent and twenty per cent respectively of integrated tax. This facility is available for a maximum period of 6 months from the appointed day (i.e. upto 31st December, 2017) or till the goods are sold out, whichever is earlier.</p> |
| 9 | <p><b>Whether a manufacturer can avail deemed credit in respect of transitional stocks on the appointed day in respect of the stocks for which duty paying document is not available?</b></p> | <p>In terms of the proviso to Section 140(3) of the CGST Act, 2017, the manufacturer is not eligible to avail deemed credit in respect of transitional stocks, for which duty paying document is not available. Such credit is not available in case of SGST except where VAT was payable on the basis of MRP.</p>   |

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| 10 | <b>Whether deemed credit is available in respect of goods purchased from tax free zones?</b>               | The deemed credit in terms of Rule 117(4) of the CGST Rules, 2017 (transitional provisions) read with Section 140(3) of the CGST Act, 2017 would be available in respect of the goods, which were not unconditionally exempt from the whole of the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not nil rated in the said Schedule. As the goods purchased from tax free zones were exempted from duty payment under a Notification issued under Section 5 of the Central Excise Act, 1944 and not Nil rated in the First Schedule to the Central Excise Tariff Act, 1985, the deemed credit would be available in respect of such goods held in stock on the appointed day. |
| 11 | <b>What is the obligation cast on the Registered Person in case of purchases from Unregistered Person?</b> | In terms of Section 9(4) of the CGST Act, 2017 read with Section 31(3) ibid, the Registered Person procuring the taxable supplies from an Unregistered Supplier has to raise invoice and pay GST on reverse charge basis in respect of such supplies.   |
| 12 | <b>What is the treatment of supplies made from erstwhile tax free zones?</b>                               | Since GST is a destination based consumption tax with seamless transfer of ITC credit, no exemptions are accorded to supplies made by erstwhile tax free zones. Accordingly, the goods cleared from erstwhile tax free zones would be subjected to GST from the appointed day (01st July, 2017).  |

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| 13 | <b>What is the effect of non-payment of consideration in respect of taxable supplies received by the recipient?</b>   | If the recipient fails to pay to the supplier the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, the amount of input tax credit availed proportionate to the amount of consideration not paid would be added to his output tax liability along with interest thereon. The ITC so reversed can be reclaimed by the recipient after payment of consideration along with tax payable thereon subsequently. This provision is not applicable in respect of deemed supplies made without consideration in terms of Schedule I to the CGST Act, 2017. |
| 14 | <b>Whether separate sequence numbers can be maintained for invoices issued by the Registered Person in respect of supplies made under GST?</b>                            | In terms of Rule 46(b) of the CGST Rules, 2017 single or multiple series of invoices can be raised by the Registered Person for the supplies made under GST as long as such invoice numbers are unique for a financial year.   |
| 15 | <b>Which is the document required to be issued by the Registered Person for supply of goods from one premises to another premises under the same registration number?</b> | In terms of Rule 55(1)(c) of the CGST Rules, 2017 such movements have to be effected under the cover of a delivery challan along with any other document that may be prescribed in lieu of the e-way bill.   |



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| 16 | <b>Whether discounts can be claimed as an abatement from the price for assessing GST?</b>  | In terms of Section 15(3) of the CGST Act, 2017, the value of supply for charging GST shall not include any discount which is given before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply. The value of supply shall also not include any discount which is given after the supply has been effected, if such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices and ITC attributable to such discount has been reversed by the recipient of the supply. |
| 17 | <b>What are the relevant provisions for movement of transitional goods lying at the premises of contract manufacturer on or after appointed day?</b> | The procedure for movement of transitional goods lying at the premises of Contract Manufacturers/Loan Licencee is governed by the provisions under Section 141(1), (2) & (3) of the CGST Act, 2017.   |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017**

### E-Commerce

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| 1 | <b>What is Electronic Commerce?</b>                                    | Electronic Commerce has been defined in Sec. 2(44) of the CGST Act, 2017 to mean the supply of goods or services or both, including digital products over digital or electronic network.                           |
| 2 | <b>Who is an e-commerce operator?</b>                                  | Electronic Commerce Operator has been defined in Sec. 2(45) of the CGST Act, 2017 to mean any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.             |
| 3 | <b>Is it mandatory for e-commerce operator to obtain registration?</b> | Yes. As per Section 24(x) of the CGST Act, 2017 the benefit of threshold exemption is not available to e-commerce operators and they are liable to be registered irrespective of the value of supply made by them. |

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| 4 | <b>Whether a person supplying goods or services through e-commerce operator would be entitled to threshold exemption?</b>                      | No. Section 24(ix) of the CGST Act, 2017 lays down that the threshold exemption is not available to such persons and they would be liable to be registered irrespective of the value of supply made by them. This requirement is, however, applicable only if the supply is made through such electronic commerce operator who is required to collect tax at source under section 52 of the CGST Act, 2017. However, where the e-commerce operators are liable to pay tax on behalf of the suppliers under a notification issued under section 9 (5) of the CGST Act, 2017, the suppliers of such services are entitled for threshold exemption. |
| 5 | <b>Will an e-commerce operator be liable to pay tax in respect of supply of goods or services made through it, instead of actual supplier?</b> | Yes, but only in case of services notified under Sec. 9(5) of the CGST Act, 2017. In such cases tax shall be paid by the electronic commerce operator if such services are supplied through it and all the provisions of the Act shall apply to such electronic commerce operator as if he is the supplier liable to pay tax in relation to the supply of such services. A similar provision for inter-State supply is provided for in Sec. 5(5) of the IGST Act, 2017. (Refer to Notification No. 17/2017- Central Tax (Rate) and 14/2017- Integrated Tax (Rate) dated 28.06.2017).   |
| 6 | <b>Will threshold exemption be available to electronic commerce operators liable to pay tax on notified services?</b>                          | No. Threshold exemption is not available to e-commerce operators who are required to pay tax on notified services supplied through them.   |

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| 7  | <b>What is Tax Collection at Source (TCS)?</b>  | The e-commerce operator is required to collect an amount at the rate of one percent (0.5% CGST + 0.5% SGST) of the net value of taxable supplies made through it, where the consideration with respect to such supplies is to be collected by such operator. The amount so collected is called as Tax Collection at Source (TCS). (Refer to Section 52(1) of the CGST Act, 2017.)   |
| 8  | <b>It is very common that customers of e-commerce companies return goods. How these returns are going to be adjusted?</b> | An e-commerce company is required to collect tax only on the net value of taxable supplies. In other words, the value of supplies which are returned are adjusted in the aggregate value of taxable supplies. (Refer to Explanation to Sec. 52(1) of the CGST Act, 2017.)   |
| 9  | <b>What is meant by “net value of taxable supplies”?</b>  | The “net value of taxable supplies” means the aggregate value of taxable supplies of goods or services or both, other than the services on which entire tax is payable by the e-commerce operator, made during any month by all registered persons through such operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month. (Refer to Explanation to Section 52(1) of the CGST Act, 2017.) |
| 10 | <b>Is every e-commerce operator required to collect tax on behalf of actual supplier?</b>                                 | Yes, every e-commerce operator (other than an operator required to pay tax under section 9(5) of the CGST Act, 2017) is required to collect tax where consideration with respect to a taxable supply is collected by such e-commerce operator. (Refer to Section 52(1) of the CGST Act, 2017.)  |
| 11 | <b>What time should the e-commerce operator make such collection?</b>   | The e-commerce operator should make the collection during the month in which the consideration amount is collected from the recipient.  |
| 12 | <b>What is the time within which such TCS is to be remitted by the e-commerce operator to Government?</b>                 | The amount collected by the operator is to be paid to the government within 10 days after the end of the month in which amount was so collected. (Refer to Section 52(3) of the CGST Act, 2017.)  |

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| 13 | <b>How can actual suppliers claim credit of this TCS?</b>  | The amount of TCS paid by the operator to the government will be reflected in the GSTR-2 of the actual registered supplier (on whose account such collection has been made) on the basis of the statement filed by the operator. The same can be used at the time of discharge of tax liability in respect of the supplies made by the actual supplier. (Refer to Section 52(7) of the CGST Act, 2017.)   |
| 14 | <b>Is the e-commerce operator required to submit any statement? What are the details that are required to be submitted in the statement?</b> | Yes, every operator is required to furnish a statement, electronically, containing the details of outward supplies of goods or services effected through it, including the supplies of goods or services returned through it, and the amount collected by it as TCS during a month within ten days after the end of such month. The statement will be filed in FORM GSTR-8. The operator is also required to file an annual statement by 31st day of December following the end of the financial year in which the tax was collected. (Refer to Section 52(4) and Section 52(5) of the CGST Act, 2017.) |
| 15 | <b>What is the concept of matching in e-commerce provisions and how it is going to work?</b>   | The details of supplies furnished by every operator in his statement for the month will be matched with the corresponding details of outward supplies furnished by the concerned supplier in his valid return for the same month or any preceding month. Where the details of outward supplies declared by the operator in his statement do not match with the corresponding details declared by the supplier, the discrepancy shall be communicated to both persons. (Refer to Section 52(8) and Section 52(9) of the CGST Act, 2017.)   |

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| 16 | <b>What will happen if the details remain mismatched?</b>   | The amount in respect of which any discrepancy is communicated and which is not rectified by the supplier in his valid return or the operator in his statement for the month in which discrepancy is communicated shall be added to the output liability of the said supplier in his return for the month succeeding the month in which the discrepancy is communicated. The concerned supplier in whose output tax liability any amount has been added, shall be liable to pay the tax payable in respect of such supply along with interest on the amount so added from the date such tax was due till the date of its payment. (Refer to Section 52(10) and Section 52(11) of the CGST Act, 2017.) |
| 17 | <b>Are there any powers given to tax officials under the GST Act to seek information on supply/stock details from e-commerce operators?</b>   | Yes. Any officer not below the rank of Deputy Commissioner may issue a notice to the electronic commerce operator to furnish such details within a period of 15 working days from the date of service of such notice. (Refer to Section 52(12), (13) and (14) of the CGST Act, 2017).   |
| 18 | <b>The sellers supplying goods through e-Commerce operators (ECO) may have common places of business, especially if their goods are stored in a shared facility operated by the ECO. This will result in the same additional place of business being registered by multiple suppliers. Is this allowed?</b> | Yes, this is allowed. Any registered person can declare a premises as a place of business if he has requisite documents for use of the premises as his place of business (like ownership document, agreement with the owner etc.) and there is no restriction about use of a premises by multiple persons. The registered person shall have to comply with the requirements of maintaining records as per section 35 of the CGST Act, 2017 and Rules 56 to 58 of the CGST Rules, 2017.  |
| 19 | <b>Do travel agents providing services through digital or electronic platform qualify as ECOs? Will they be required to collect tax at source as per the provisions of Section 52 of the GST Act?</b>   | Online travel agents providing services through digital or electronic platform will fall under the category of ECOs liable to deduct TCS under Section 52 of the CGST Act, 2017.  |

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| 20 | <b>There are transactions in which two or more ECOs are involved. In such cases who would deduct the TCS?</b>   | In such cases, each transaction needs to be treated separately and examined according to the provisions of Section 52 of the CGST Act, 2017. The TCS will be deducted accordingly.   |
| 21 | <b>There are cases in which the ECO does not provide invoicing solution to the seller. In such cases, invoice is generated by the seller and received by the buyer without ECO getting to know about it. The payment flows through the ECO. In such cases, on what value is TCS to be collected? Can TCS be collected on the entire value of the transaction?</b> | Section 52(1) of the CGST Act, 2017 mandates that TCS is to be collected on the net taxable value of such supplies in respect of which the ECO collects the consideration. The amount collected should be duly reported in GSTR-8 and remitted to the Government. Any such amount collected will be available to the concerned supplier as credit in his electronic cash ledger.   |
| 22 | <b>GST requires a dealer to maintain a consecutive serial number for invoices. If we are supplying from multiple locations, do we need to centrally maintain the invoice numbers serially?</b>  | Section 46 of the CGST Rules, 2017 provides that invoice may have "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". Therefore, a supplier can have multiple series for the same year, so long as the same series is not used across financial years. Therefore, you may have a different invoice series for each location having consecutive serial numbers running across that series. |
| 23 | <b>There are sellers who are selling exempted or zero-tax goods like books through ECOs. Will marketplaces be required to collect TCS on such supplies?</b>   | As per Section 52(1) of the CGST Act, 2017 TCS is to be collected on “the net value of taxable supplies” made through an ECO. When the supply itself is not taxable, the question of TCS does not arise.   |

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| 24 | <p><b>I am a supplier selling my own products through a web site hosted by me. Do I fall under the definition of an “electronic commerce operator”? Am I required to collect TCS on such supplies?</b></p> | <p>As per the definitions in Section 2 (44) and 2(45) of the CGST Act, 2017, you will come under the definition of an “electronic commerce operator”. However, according to Section 52 of the Act ibid, TCS is required to be collected on the net value of taxable supplies made through it by other suppliers where the consideration is to be collected by the ECO. In cases where someone is selling their own products through a website, there is no requirement to collect tax at source as per the provisions of this Section. These transactions will be liable to GST at the prevailing rates.</p>   |
| 25 | <p><b>We purchase goods from different vendors and are selling them on our website under our own billing. Is TCS required to be collected on such supplies?</b></p>  | <p>No. According to Section 52 of the CGST Act, 2017, TCS is required to be collected on the net value of taxable supplies made through it by other suppliers where the consideration is to be collected by the ECO. In this case, there are two transactions - where you purchase the goods from the vendors, and where you sell it through your website. For the first transaction, GST is leviable, and will need to be paid to your vendor, on which credit is available for you. The second transaction is a supply on your own account, and not by other suppliers and there is no requirement to collect tax at source. The transaction will attract GST at the prevailing rates.</p> |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017**

### Food Processing

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| 1 | <p><b>If I have multiple manufacturing units in a State/UT, do I have to register all my companies separately or as a group?</b></p> | <p>You shall be granted a single registration in the State/UT. However, you have the option to take separate registration for each of your business verticals (as defined in section 2(18) of the CGST Act, 2017) in the State/UT.</p> |
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| 2 | <p><b>A registered person is sending semi-cooked food from his manufacturing unit at Gurgaon to his branch in Delhi. Is he required to pay any tax?</b></p>   | <p>In accordance with the provisions of section 25(4) of the CGST Act, 2017, branches in different States are considered as distinct persons. Further, as per Schedule I, this constitutes supply made in the course or furtherance of business between distinct persons even if made without consideration. As it is an inter-State supply, the registered person is required to pay IGST.</p> |
| 3 | <p><b>A registered person is supplying manufactured food products to another person. Transportation charges are required to be paid by the supplier but are actually paid by the recipient. Whether this transportation charges would be added in the supply value?</b></p> | <p>If the supplier is liable to pay any amount in relation to a supply, such amount would be a part of transaction value, even if the same has been paid by the recipient. In this case, the transportation charges shall be added to the value of supply.</p>  |
| 4 | <p><b>A registered person is a manufacturer of taxable food items. His factory is in rental premises. Whether this person is eligible to claim ITC on tax charged on the rental amount?</b></p>   | <p>Yes, the person is eligible to claim ITC of tax charged on the rental amount.</p>  |
| 5 | <p><b>Whether the supplier can reduce the tax elements against goods returned to him?</b></p>   | <p>Yes, the person is eligible to reduce the tax liability by issuing credit notes to his recipient for such returned goods subject to the condition that the recipient reduces the claim of ITC to that extent if ITC was availed by him. (Credit Note must bear reference of original invoice No.)</p>  |
| 6 | <p><b>What will be the rate of tax on cold drinks (non- alcoholic beverages) and ice cream when served in non-AC Restaurant along with food ?</b></p>   | <p>The rate of tax shall be 12 %. In the event of the supply being made in an AC restaurant, the rate of tax shall be 18%. If the restaurant was availing composition scheme (can do so only if ice cream is not manufactured by the restaurant), the rate of tax shall be 5% of the aggregate turnover.</p>  |



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| 7 | <p><b>The supplier has sold machinery for hotel industry on 28-06-2017. The purchaser has received the invoice and machinery on 05-07-2017. Whether ITC of Duty / VAT paid ( under the existing law ) on machinery can be allowed to be claimed?</b></p>  | <p>No. Such credit is not admissible in case of machinery, being capital goods. As per Section 140 ( 5 ) of the CGST Act, 2017, credit of eligible duties and taxes in respect of only inputs / input services in transit during transition from Pre-GST to Post-GST is allowable. This is subject to the condition that the tax on such supply is paid under the existing law and the recipient records this receipt in his books of accounts within thirty days of the appointed day.</p>  |
| 8 | <p><b>Is Atta / Maida/ Besan supplied in bulk liable to tax under GST?</b></p>  | <p>Outward supply of these goods if effected without registered brand name is exempt under GST. However , if the outward supply is made under a registered brand name and put up in unit container then it would be liable to tax @ 5%.</p>  |
| 9 | <p><b>I am a whole seller of rice dealing in both branded and un-branded rice. I purchase them locally (i.e. from within the State) and also from outside the State (inter-State purchase). In the last financial year my turnover was Rs 5.5 Crore. Today, I am not registered under VAT. My questions are:-</b></p> | <p><b>(i) Will I have to get myself registered now?</b></p> <p>Rice put in a unit container and bearing a registered brand name is taxable @ 5%. In accordance with the provisions of section 22 of the CGST Act, 2017 (applicable in your case), a person becomes liable to be registered in the State/UT from where he makes taxable supply of goods or services or both if his aggregate turnover (which includes value of exempt supplies as well) in a financial year exceeds Rs. 20 Lakh. Hence, liability to get registration accrues in your case from the date the aggregate turnover in the current financial year exceeds Rs. 20 lakh.</p> <p><b>(ii) The suppliers of basmati rice (branded) are saying that they will charge 5% IGST and I must get myself registered to avail the ITC. What do I do?</b></p> |

As rice put up in a unit container and bearing a registered brand name is taxable @ 5%, the suppliers of branded basmati rice located in other States would be charging IGST @ 5%, whose credit can be availed only when the recipient is registered under the CGST Act, 2017. Therefore, if you want to avail of input tax credit, you must get yourself registered. That said, for making inter-State purchases one is not mandatorily required to be registered.

**(iii) 90% of my turnover will of un-branded rice, while 10% only will of branded one. Can I sell both of them in one invoice?**

As per Invoice Rules, a registered person supplying taxable goods is required to issue a tax invoice and in case of exempted goods, he is required to issue a bill of supply. As all the contents of bill of supply are included in the tax invoice, a separate bill of supply need not be issued in case of the exempt component. Thus, both branded and unbranded rice can be included in one invoice.

**(iv) As an un-registered taxable person now, am I required to furnish information like HSN, place of supply, taxable value, etc in my invoice? (I know that it is mandatory for a tax invoice only).**

HSN codes, taxable value, place of supply are required to be recorded in a tax invoice to be issued by a registered person under rule 46 of the CGST Rules, 2017. An unregistered person cannot issue a tax invoice.

**(v) Assuming, I apply for voluntary registration and obtain GST registration -**

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| (a) | <b>Will I get ITC on the IGST paid on branded rice lying in stock on the date prior to the date of my liability?</b> | person who takes voluntary registration is entitled to take credit of input tax in respect of inputs held in stock on the day immediately preceding the date of grant of registration. In this connection, section 18(1)(b) read with section 25(3) of |
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**Will I get  
ITC on  
CGST &  
SGST paid  
on  
packing**

Two important points being that the goods in stock must qualify as "input" and that the tax paid at the time of its purchase must qualify as "input tax" under GST.

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|  |  |     | <p>packing materials, office stationery, computer and accounting software purchased and lying with me as stock as business assets on the date preceding the date from which I have become liable to pay tax under GST?</p> | <p>which have been capitalised in the books of account will not be treated as an input. Hence credit on computers will not be available if the value of the same has been capitalized in the books of accounts. Further, in terms of section 18(1)(b) of the CGST</p> |
|  |  | (b) | <p>When shall I start charging tax i.e.</p>  | <p>- Only from date the registration has been granted.</p> <p>- The tax invoice also can be issued from that date only.</p>   |

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| (c) | <p><b>from the date I apply for registration or only after I have got my registration number?</b></p>                          | <p>- Prior to it neither you can issue tax invoice nor charge any tax on the invoice.</p>  |
| (d) | <p><b>Will I have to issue tax invoice for all sales that I make i.e. branded or un-branded after getting registered ?</b></p> | <p>up in a unit container and bearing a registered brand name is taxable @ 5% and tax invoice has to be issued for supply of taxable goods [ Section 31(1) of the CGST Act, 2017 read with Rule 46 of the CGST Rules, 2017]. For sale of goods</p> |
| (e) | <p><b>Is it compulsory to show the tax amount separately on the face of the tax invoice?</b></p>                               | <p>Yes, it is mandatory under section 33 of the CGST Act, 2017.</p>  |

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|    |  | (f) | <p><b>I have three shops in the city, can I issue tax invoices using prefix for these different locations?</b></p> | <p>Yes. It may, however, be ensured that the invoice conforms to the requirements under Rule 46(b) of the CGST Rules, 2017.</p>  |
|    |  | (g) | <p><b>Is place of supply required to be mentioned in the tax invoice for local sales also?</b></p>                 | <p>No. Under Rule 46(b) of the CGST Rules, 2017, the place of supply along with the name of the State is required to be mentioned in case of an inter-State supply only.</p> |
| 10 | Caterpillar is a restaurant cum bar in Kolkata. It has successfully migrated to GST. | (i) | <p><b>Whether they will charge GST @ 12% on supplies made from ground floor or 18%?</b></p>                        |  |



**While the first floor area of the restaurant is air conditioned and supplies food as well as liquor, the ground floor serves only food and is non-air-conditioned. Cater pillar wants to know,–**

Tax will have to be charged @ 18% irrespective of from where the supply is made, first floor or second floor. If any part of the establishment has a facility of air conditioning then the rate will be 18% for all supplies from the restaurant.

**(ii) Whether they can raise one tax invoice for both food and liquor or not?**

Tax invoice has to be issued for supply of food, while for liquor a bill of supply has to be issued or any invoice as may be required under the provisions of local VAT or sales tax law of the concerned State.

**(iii) What will the rate of tax to be charged for supplies of food made from their takeaway counter?**

Tax has to be charged @18% on supplies of food made from their takeaway counter.

**(iv) Can they claim ITC of CGST and SGST paid on crockery items to be used in the restaurant?**

Yes, they can claim ITC of CGST and SGST paid on crockery items to be used in the restaurant. It may be stated that they are entitled to the credit of even IGST paid where such goods are procured from outside the State against a tax invoice.

**(v) Whether they will be eligible for ITC on crockery items purchased locally in the month of March, 2017 paying VAT of Rs. 72,500/-. The goods have been shown as business assets.**

If the State VAT law allowed ITC on such goods, the credit was available on the date of purchase. Section 140(1) of the SGST Act, 2017 allows them to carry forward the credit on account of VAT.

**(vi) Whether they can opt for composition (last year their turnover was more than rupees one Crore)?**

No. they are not eligible for composition levy as they are also supplying liquor.

**(vii) Can they issue separate series of tax invoices for their supplies from first floor, ground floor and takeaway counter?**

In accordance with the provisions of Rule 46(b) of the CGST Rules, 2017 the tax invoice need to be serially numbered not exceeding sixteen characters, in one or multiple series. As such, they can issue different series of tax invoices as stated but it must conform to the requirements as given in the said rule.

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017**

### Textiles

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| 1 | <p><b>As per Chapter 53 heading 5303 of the GST rate schedule, raw jute has been kept at the NIL rate slab. Thus, it is presumed that suppliers dealing only in raw jute are not required to register themselves under GST. But Jute Mills are asking their raw jute suppliers to mandatorily register themselves else their supplies would not be accepted. Please clarify whether raw jute suppliers are liable for registration?</b></p> | <p>Raw jute has been kept at NIL rate of GST i.e. there would be no tax on raw jute. Therefore, as per Section 23 (1)(a) of the CGST Act, 2017 the suppliers dealing only in raw jute are not required to register.</p> <p>Jute mills are not required to pay tax under Reverse Charge Mechanism (RCM) as mentioned under Section 9(4) of the CGST Act, 2017 because both the goods have been kept at NIL rate of duty.</p> |
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|   |  | Similarly, Raw Silk has also been kept at NIL rate of GST i.e. there would be no tax on raw silk. Therefore, the suppliers dealing only in raw silk are also not required to register.  |
| 2 | <b>Cotton under chapter heading 5201 and 5203 has been kept in 5% rate slab. Does this mean that cotton farmer is required to register under GST?</b>  | No. As per Section 23(1)(b) of the CGST Act, 2017 an agriculturist, to the extent of supply of produce out of cultivation of land is not liable to registration.  |
| 3 | <b>Does the buyer of raw cotton (who is a registered person) from the farmer need to pay GST on Reverse Charge basis?</b>  | Yes. As the cotton under heading 5201 and 5203 has been placed under 5% rate and the cotton farmer is not liable to registration, the buyers of raw cotton (who are registered persons) from the farmers are required to pay tax on reverse charge basis as per Section 9 (4) of the CGST Act, 2017.  |
| 4 | <b>In respect of goods classified under Chapters 61, 62 and 63, the rate of tax for goods of sale value not exceeding Rs.1000/- is 5% and for those exceeding Rs.1000/- is 12%. Is this value transaction value or MRP?</b>  | As per the rate schedule, all goods of sale value not exceeding Rs.1000/- per piece would be taxed at 5% and the goods of sale value exceeding Rs.1000/- per piece would be taxed at 12%. Therefore, it is the sale value i.e. the transaction value on which the tax has to be paid and not the MRP. |
| 5 | <b>No rates have been announced for Jute bags and Jute blended bags. It is feared that they may be placed under Chapter 42 for leather wherein the rate for leather bags is indicated as 28%. It is suggested that the Jute bags may be kept at zero % to promote production of green Jute Diversified products for combating pollution and safe guarding environment?</b> | The bags made of jute are clearly specified in the rate schedule under heading 4202 22 30. The rates for Hand bags and shopping bags of jute is 18%.  |

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| 6 | <p><b>Man-made textile yarns have been kept at 18% while fabrics have been kept at 5%. If I buy yarn worth Rs. 100 by paying tax at 18% i.e. Rs. 18/- and I sell grey fabrics at Rs. 150/- considering 50% value addition by paying tax at 5% i.e. Rs. 7.50, what will be the treatment of remaining input credit of Rs. 11.50. Whether I would get refund of remaining credit and how much credit would I get?</b></p>   | <p>You will be eligible for full ITC of Rs. 18/- paid on your inputs i.e. yarn but whatever credit remains unutilized will remain in your electronic credit ledger and no refund of the same will be allowed.</p>   |
| 7 | <p><b>We are a small saree manufacturer at Surat. We buy ready dyed fabrics and get job work, hand work, stitching etc. done to create designer sarees. Wholesalers and retailers from all over India buy these sarees on credit basis for 30 days to 240 days. I as a trader have some queries regarding implementation of GST from 1st July 2017:-</b></p> <p><b>(a) Whatever is sold, 15-30% is returned. What would be treatment of goods returned and how would I adjust my tax liability if the entire GST has already been paid.</b></p> | <p>(a) You can issue a credit note in respect of the goods returned and adjust your tax liability if the person returning the goods has reversed the credit availed by him at the time of original supply. Such credit note cannot be issued after September of the following year or filing of annual return whichever is earlier.</p> <p>(b) Full credit of the tax paid on the stock would be available if the documents evidencing tax payment are available. However, if only documents relating to procurement are available with no documents evidencing tax payment, deemed credit would be admissible in respect of textiles only if the goods were taxable under the Central Excise Act. Such credit would be available after the tax has been paid on supply of these goods. This facility is available for 6 months period only or till the date of sale of such stock whichever is earlier and is limited to 40% of the central tax paid by you.</p> |

**(b) What would happen to my opening stock on 1st July 2017. Will I get input credit on it or do I just need to supply it after adding 5% GST on it.**

(c) As per the second proviso to Section 16(2)(d) of the CGST Act, 2017 if a recipient of the supply does not pay to its supplier the value of the supply along with the tax within 180 days from the date of issue of invoice by the supplier, the amount of ITC availed proportionate to the unpaid amount would be added to the output tax liability of the recipient of the supply along with the interest thereon. The credit so reversed can be reclaimed when the value is paid to the supplier along with the tax thereon. Thus the government is not assuring payment within 180 days.

**(c) Is government assuring of payment within 180 days. There are rumours that the wholesaler/retailer has to pay within 180 days. Is it true?**

(d) A normal invoice has to be issued irrespective of whether the buyer is under composition scheme or not. The difference would be only when you receive supplies from the person registered under the composition scheme.

**(d) How will I make my invoices if a buyer under the composition scheme come to buy our sarees.**

(e) Relaxation in filing of returns for the month of July and August, 2017 has already been provided as per which for the first two months of GST implementation, the tax would be payable based on a simple return (Form GSTR-3B) containing summary of outward and inward supplies which will be submitted before 20th of the succeeding month. However, the invoice-wise details in regular GSTR – 1 would have to be filed for the month of July and August, 2017 as per the timelines given below –

**(e) We are confused about GST implementation as there was no tax on us before. Will we get relaxation for the return filing?**

| Month        | GSTR - 3B         | GSTR - 1          | GSTR-2 (auto populated from GSTR-1) |
|--------------|-------------------|-------------------|-------------------------------------|
| July, 2017   | By 20th August    | By 5th September  | 6th - 10th September                |
| August, 2017 | By 20th September | By 20th September | 21st - 25th September               |

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| 8  | <p>I have a manufacturing unit of Cotton trouser where customer gives me fabric and I have to convert it into trouser. What would be the rate applicable on me 5 % or 18 %?</p>  | <p>The services provided by you fall under the category of job work by virtue of the definition of job work provided under Section 2 (68) of the CGST Act, 2017. The rate for job work in relation to trouser, which is a wearing apparel, is 18%.</p> |
| 9  | <p>We are manufacturing Floor Coverings falling under Chapter 57. As per GST Council meeting dated 11.06.2017, the rate on Coir mats, mattings and floor coverings falling under Chapter 57 have been reduced from 12% to 5%. Kindly clarify as to whether rate of 5% will be applicable on all types of mattings and floor coverings of Chapter 57 or only to those made of coir?</p> | <p>5% rate will apply to only the specified items of coir.</p>   |
| 10 | <p>We are manufacturing laminated textile under chapter 59. Previously, our product was exempted under Notification no. 30/2004-CE. But in States we were paying 4% VAT. Also we are doing job work of textile lamination for some customers. Our invoice value is sum total of raw material used for job work, labour charges and profit. Under GST regime:-</p>                      | <p>(a) Yes. You would be eligible for credit of tax paid on material used for job work.</p>  |

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|    | <p>(a) Whether we will get input credit on material?</p> <p>(b) How can we make invoice, which rate, or we have to make two different invoice, one for material used for lamination and other for service charges?</p>   | <p>(b) No. You are not required to raise two different invoices. You would be raising one invoice similar one to what you have been doing till now and GST at the applicable rate will be charged on the invoice value. You can pay your tax liability by using Input Tax Credit (ITC). However, invoice should carry all the details as required by the CGST Act, 2017 and the CGST Rules.</p> |
| 11 | <p><b>We are in Furnishing Fabrics Industries for curtain and upholstery fabrics. We mainly deal in Woven, Knitted, Polyester and Coated fabrics. You are requested to help us to know the chapter number under which our fabrics as mentioned herein above are covered and GST rate applicable to us?</b></p> | <p>The woven fabrics are classifiable under the various headings depending upon their composition. The knitted or crocheted fabrics fall under Chapter 60. Polyester fabrics fall under Chapter 54 and 55 and Coated fabrics fall under Chapter 59.</p>   |

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| 12 | <p><b>There is a gross confusion on the tax applicable for Embroidered Sarees and Fabric. Typically, principal manufacturers supply fabric/Sarees to Job workers and get various embroidery designs done on the fabric/sarees. We understand that the textile jobworker would charge an output supply GST of 5% on the composite jobwork supply. This embroidery fabric/saree are then sold by the principal manufacturers to wholesale and retail sellers. What would be the output GST applicable on such embroidered fabric/sarees when the same is sold by the principal manufacturer?</b></p> | <p>The rate of 5% would be chargeable on the job process relating to the textile yarns (other than Man Made Fibre/Filament) and fabrics. Sarees are treated as fabrics and a saree remains fabrics only as no new item emerges having distinct name, character and use. Stitching of two or more different kinds of fabrics also does not take away its classification. Therefore, the sarees whether embroidered or not would be taxed at the same rate at which the fabric is taxed.</p> |
| 13 | <p><b>Will the 5 % fabric GST be applied or 12% GST of embroidery strips / badges be applied?</b></p>  | <p>Embroidery strips/ badges (narrow woven fabrics) are classified under heading 5810 and chargeable to tax at 12%.</p>  |
| 14 | <p><b>What is the difference between Fabric and Made-ups? Whether Shawl is a fabric or apparel or made-up. What is the rate on Shawls?</b></p>   | <p>Shawls fall in the category of articles of apparel and clothing accessories and are classified under heading 61.17, if knitted or crocheted and under heading 62.14, if not knitted or crocheted. The rate of tax is 5% if the sale value of shawl does not exceed Rs.1000/- per piece and the rate is 12% if the sale value exceeds Rs.1000/- per piece.</p>   |
| 15 | <p><b>Dress material are sold by length. They can include upto 3 pieces. These can be plain or embroidered (value-addition or further worked upon). Where should dress material be classified?</b></p>   | <p>Dress sets are classified under heading 6307 and the rate of tax on the dress materials/patterns is similar to the apparels i.e. for dress material of sale value not exceeding Rs.1000/-, tax at 5% would be charged and for dress material of sale value exceeding Rs.1000/-, tax at 12% would be charged.</p>  |



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| 16 | <p><b>Please clarify the ITC (HS) of yarn made from worn clothing, the material composition of which varies from lot to lot. It is uncertain as the clothing may be of cotton/woollen/man made fibre?</b></p>   | <p>Under HSN, the classification of yarn is on predominance basis. So the yarn having predominance of wool would fall under Chapter 51. If all kinds are in equal proportion i.e. no fibre is predominant, it will get classified in the chapter covering the fibre last in the numerical order, so Chapter 54 or 55 in case MMF are present.</p>   |
| 17 | <p><b>What would be the GST rate on old cotton dhoti used for cleaning purpose? It is a used product recycled for cleaning purpose. Is there any GST on old dhoti because there is no VAT on old dhoti?</b></p>   | <p>Dhoti is classifiable under Chapter 52 or Chapter 54 as fabrics. Old dhoti is classifiable under heading 63.09 as worn clothing. The tax for chapter 63 is similar to apparels and related to sale value whereas cotton fabrics/man-made fabrics, irrespective of value, are taxed at 5%. Whatever be the classification, as presumably the old cotton dhoti would be below the sale value of Rs.1000/- per piece, it would be taxed at 5%.</p>  |
| 18 | <p><b>We are small traders of textile dealing in Suiting, Shirting, Sarees, Dress Material, Blankets, Dhoti etc. We have some queries regarding implementation of GST from 1st July 2017:-</b></p> <p><b>a) What will be the status of opening Stock of Textile items? Will 5% be added on closing stock as on 30th June 2017?</b></p> <p><b>b) What is the GST rate in Fabrics, as there are various types of fabrics like cotton, synthetics, man-made fabrics, acrylic, Mixture of cotton and other fabrics etc. Will there be flat rate of 5% on all fabrics or different rate?</b></p> | <p>(a) When you make supplies out of this stock after 1st July, 2017 you will be liable to pay tax as applicable to the goods sold by you.</p> <p>(b) GST rate on fabric is flat 5% irrespective of composition.</p> <p>(c) Upto Rs. 1.5 cr turnover, no HSN code is required to be mentioned. For those having turnover of Rs. 1.5 to 5 Cr, first 2 digits of the HSN code are required i.e. the chapter number. Only those who have turnover above Rs. 5 Cr are required to mention 4 digits of the HSN code. You will start getting the HSN code in your supplier's invoice, so it would not cause any issues once the supplies under new regime take place.</p> |

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|    | <p>c) Please provide clarification on HSN number. Is it mandatory to quote in invoice by B2C traders &amp; B2B traders? Further there are various codes in one type of item, would it not create confusion among traders?</p> <p>d) As per news in CNBC, input tax credit would not be allowed in textile for some period? Please clarify.</p> <p>e) Is Rs 1000/- bracket for 18% rate applicable on Sarees and suit lengths or will it attract flat rate?</p> | <p>(d) ITC would be admissible as per the Transitional provisions of GST Law.</p> <p>(e) Rate of tax linked to the sale value applies only to garments and not for sarees and suit lengths which are fabrics.</p>   |
| 19 | <p><b>I am an un-registered trader dealing in textile fabrics which was exempted from tax under the State VAT Act. If I get registered under the GST Act, will I be eligible to avail of input tax credit on my stock of goods lying on the appointed day?</b></p>   | <p>Since the goods you are dealing with are exempted from tax under the State Act, you will not be eligible to avail input tax credit as SGST under the SGST Act, 2017 on your stock of goods lying on the appointed day.</p> <p>But, you will be eligible to enjoy CENVAT credit as Central Tax on your stock if you have invoices or other prescribed documents evidencing payment of excise duty under the existing law and such invoices/prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.</p> |

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|    |  | <p>Your product was not unconditionally exempt from the whole of the duty of excise under the Central Excise Tariff. If you do not possess invoices/other documents evidencing payment of excise duty in respect of your stock of goods, you will be allowed to avail input tax credit on goods held in stock on the appointed day at the rate of 40% of the central tax on your intra-State supply of goods after the appointed day or 20% of the integrated tax on your inter-State supply of goods after paying central tax/integrated tax on such supply. You are allowed to enjoy the scheme for six months from the appointed day or till such stock is sold out, whichever is earlier, and tax paid by you shall be credited as central tax in your electronic credit ledger.</p>   |
| 20 | <p><b>I am a manufacturer of readymade garments. If I send any inputs to the job worker, will it be treated as taxable supply under the GST Act? Can I supply the goods after completion of job work from the place of business of the job worker?</b></p> | <p>You can send your inputs or capital goods to a job-worker for job work without payment of tax and also bring back the same, after completion of job work, within one year or three years respectively.</p> <p>You can also supply the inputs or capital goods from the place of business of the job worker subject to the condition that you have to declare the place of business of the job-worker as your additional place of business if the job-worker is not a registered person.</p> <p>However, if the inputs or the capital goods, other than moulds and dies, jigs and fixtures or tools, which have been sent to the job-worker are not received back within the specified time period, it shall be deemed that you have supplied the inputs or capital goods on the day when you have sent it to the job-worker and you have to pay tax on such supply accordingly.</p> |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also.**

| Exports |   |  |
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| 1       | <b>How are exports treated under the GST Law?</b>   | <p>Under the GST Law, export of goods or services has been treated as:<br/>inter-State supply and covered under the IGST Act.</p> <p>'zero rated supply' i.e. the goods or services exported shall be relieved of GST levied upon them either at the input stage or at the final product stage.</p>  |
| 2       | <b>What will be the impact of GST on zero rating of export of goods?</b>                                | <p>This will make Indian exports competitive in the international market.</p>  |
| 3       | <b>Have the procedures relating to exports by manufacturer exporters been simplified in GST regime?</b> | <p>Yes. The procedures relating to export have been simplified so as to do away with the paper work and intervention of the department at various stages of export. The salient features of the scheme of export under GST regime are as follows:</p> <p>The goods and services can be exported either on payment of IGST which can be claimed as refund after the goods have been exported, or under bond or Letter of Undertaking (LUT) without payment of IGST.</p> <p>In case of goods and services exported under bond or LUT, the exporter can claim refund of accumulated ITC on account of export.</p> <p>In case of goods the shipping bill is the only document required to be filed with the Customs for making exports. Requirement of filing the ARE 1/ARE 2 has been done away with.</p> <p>The supplies made for export are to be made under self-sealing and self-certification without any intervention of the departmental officer.</p> <p>The shipping bill filed with the Customs is treated as an application for refund of IGST and shall be deemed to have been filed after submission of export general manifest and furnishing of a valid return in Form GSTR-3 by the applicant.</p> |

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| 4 | <b>For merchant exporters, is there any change in the Export Procedure under the GST regime?</b>  | The concept of merchant or manufacturer exporter would become irrelevant under the GST regime. The procedure in respect of the supplies made for export is same for both merchant exporter and a manufacturer exporter.   |
| 5 | <b>The supplies to a SEZ unit or SEZ developer are treated as zero rated supplies in the GST Law. Then why there is no specific mention in the GST Law about not charging of tax in respect of supplies from DTA unit to a SEZ unit or SEZ developer?</b> | Yes, supplies made to an SEZ unit or a SEZ developer are zero rated. The supplies made to an SEZ unit or a SEZ developer can be made in the same manner as supplies made for export:<br><br>either on payment of IGST under claim of refund;<br><br>or under bond or LUT without payment of any IGST.   |
| 6 | <b>When a SEZ unit or SEZ developer procures any goods or services from an unregistered supplier, whether the SEZ unit or SEZ developer needs to pay IGST under reverse charge or these will be zero rated supplies?</b>                                  | Supplies to SEZ unit or SEZ developer have been accorded the status of inter-State supplies under the IGST Act. Under the GST Law, any supplier making inter-State supplies has to compulsorily get registered under GST. Thus anyone making a supply to a SEZ unit or SEZ developer has to necessarily obtain GST registration.  |
| 7 | <b>How soon will refund in respect of export of goods or services be granted during the GST regime?</b>   | (a) In case of refund of tax on inputs used in exports:<br><br>Refund of 90% will be granted provisionally within seven days of acknowledgement of refund application.<br><br>Remaining 10% will be paid within a maximum period of 60 days from the date of receipt of application complete in all respects.<br><br>Interest @ 6% is payable if full refund is not granted within 60 days.<br>(b) In the case of refund of IGST paid on exports: |

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|    |  | <p>Upon receipt of information regarding furnishing of valid return in Form GSTR-3 by the exporter from the common portal, the Customs shall process the claim for refund and an amount equal to the IGST paid in respect of each shipping bill shall be credited to the bank account of the exporter.</p>   |
| 8  | <p><b>Will export of goods to Nepal and Bhutan treated as zero rated and thereby qualify for all the benefits available to zero rated supplies under the GST regime?</b></p> | <p>Export of goods to Nepal or Bhutan fulfils the condition of GST Law regarding taking goods out of India. Hence, export of goods to Nepal and Bhutan will be treated as zero rated and consequently will also qualify for all the benefits available to zero rated supplies under the GST regime. However, the definition of 'export of services' in the GST Law requires that the payment for such services should have been received by the supplier of services in convertible foreign exchange.</p>                                      |
| 9  | <p><b>What is deemed export under GST Law? Whether any supply has been categorized as deemed export by the Government?</b></p>   | <p>Deemed export has been defined under Section 2(39) of CGST Act, 2017 as supplies of goods as may be notified under section 147 of the said Act. Under section 147, the Government may, on the recommendations of the Council, notify certain supplies of goods manufactured in India as deemed exports, where goods supplied do not leave India, and payment for such supplies is received either in Indian rupees or in convertible foreign exchange. However, till date, the government has not notified any supply as deemed export.</p> |
| 10 | <p><b>Whether the EOU scheme will continue to be in operation in the GST regime and whether EOU is required to take registration under the GST Law?</b></p>                  | <p>EOU is like any other supplier under GST and all the provisions of the GST Law will apply. However, the benefit of Basic Customs Duty exemption on imports will continue.</p>   |

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| 11 | <b>What tax benefits will be available to EOU scheme in GST regime?</b>   | The duty free imports under GST regime will be restricted to Basic Customs Duty. Exemption from the additional duties of Customs, if any, under section 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 and exemption from Central Excise duty will be available for goods specified under the fourth Schedule to the Central Excise Act. IGST or CGST plus SGST will be payable by the suppliers who make supplies to the EOU. The EOU will be eligible, like any other registered person, to take Input Tax Credit of the said GST paid by its suppliers. |
| 12 | <b>Whether supplies to or from EOU will be exempted from GST?</b>   | <p>No.</p> <p>Under the GST Law, IGST or CGST plus SGST will be payable by the suppliers who make supplies to the EOU. The EOU will be eligible to take Input Tax Credit of the said GST paid by its suppliers.</p> <p>The supplies from EOU will not be exempted from GST, except in the case of zero rated supplies defined under section 16 of the IGST Act, i.e. supplies made by EOU in the form of physical export or supplies to a SEZ Unit or SEZ Developer for authorized operations.</p>  |
| 13 | <b>What procedure will be followed by EOU to import goods without payment of Customs duty in the GST regime?</b>  | To avail such import benefits, EOUs will have to follow the procedure under the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.   |
| 14 | <b>Whether an EOU can clear goods to another EOU (inter-unit transfer)? And whether an EOU can send goods for carrying out job work on such goods? In such situations, how will be the tax liability be discharged?</b> | Supply of goods from one EOU to another EOU will be treated as any other supply under GST Law. An EOU can send goods for job work as per section 143 of the CGST Act, 2017 and rule 45 of the CGST Rules, 2017 and the tax liability shall be discharged accordingly.   |

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| 15 | <p><b>M/s XYZ is engaged in export of goods only having exports of approx. Rs. 5 crores and no clearances for home consumption are affected. M/s XYZ was not required to be registered under Central Excise. Whether M/s XYZ would be required to get itself registered under GST?</b></p>   | <p>Yes, because exports have been treated as inter-State supplies under IGST Law.</p>   |
| 16 | <p><b>We are engaged in the manufacture of exempted excisable goods for export. We availed input stage rebate used in the manufacture of exported goods. How would our case be dealt under GST law if our supply remains an exempt supply?</b></p>   | <p>Under IGST law a person engaged in export of goods which is an exempt supply is eligible to avail input stage credit for zero rated supplies. Once goods are exported, refund of unutilized credit can be availed under Section 16(3)(a) of IGST Act, 2017 and Section 54 of the CGST Act, 2017 and the rules made thereunder.</p>   |
| 17 | <p><b>We are merchant exporters dealing in various products. As per current procedure, we purchase goods from a particular factory against CT1/ARE1 so that no excise is levied on us. After goods are exported, we provide proof of export and Form H (for sales tax exemption) to the concerned factory. How would GST impact us and what will be the process now?</b></p> | <p>Taxable event in the GST regime is supply of goods. Exports being inter-State supply, you would be required to obtain GST registration. The manufacturer would be supplying you the goods on the payment of IGST or CGST and SGST/UTGST as applicable. You may avail of input stage credit of the tax paid on goods and services and export the goods under bond/LUT. Unutilized credit can be availed as refund. Alternatively, you may export the goods on payment of integrated tax and refund of integrated tax would be available to you.</p> |



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| 18 | <b>I have stock of inputs, semi-finished goods and finished goods on the date on which GST comes into force. But I have no duty paying documents. How am I going to be compensated for the taxes paid on the said inputs, semi-finished goods, and finished goods before GST for the exports made after GST is implemented?</b> | A transition period of three months has been provided for availing of drawback. For exports during this period, higher rate of duty drawback (composite AIR) shall be available subject to conditions that no ITC of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward. |
| 19 | <b>I supply goods to SEZ units and developers. For such supplies, presently drawback is available to the recipient or to me (if recipient gives a disclaimer). What is status of such drawback under GST regime?</b>  | There is no change except for the fact that if drawback is claimed by DTA supplier, the claim needs to be filed with the jurisdictional Customs Authorities.  |
| 20 | <b>Whether an EOU can clear goods in DTA?</b>   | Yes, an EOU can clear goods in DTA in accordance with the provisions laid in the Foreign Trade Policy.  |
| 21 | <b>Will an exporter be required to pay GST in case of goods procured from unregistered persons (including unregistered job workers)?</b>  | In case of supply by an unregistered person (including unregistered job workers), the registered person i.e., exporter shall be liable to pay GST under reverse charge mechanism. However the exporter can avail ITC of such GST paid and either utilise the ITC or claim refund of the same.   |
| 22 | <b>Is GST payable on Agency Commission earned by buying agents of foreign buyers?</b>   | Yes. Since commission is received by agents in India, and the place of supply of service is in India, GST will be payable.  |
| 23 | <b>Whether every registered person who intends to export requires fresh Bond/LUT even if the same was issued on or before 30 Jun, 2017 and is still live i.e. not one year old.</b>   | Circular No. 4/4/2017 - GST dated 07.07.2017 clarifies this. Old LUT/bond is valid till 31.07.2017, after which fresh LUT/Bond in the new format is required to be submitted.   |

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| 24 | <p><b>Some assesseees had multiple central excise registrations under the earlier regime and were having different LUT/ Bond for each premises. In GST, there will be single registration for such assesseees. Do they require furnishing fresh bond/LUT for their principal place of business or the existing Bond/LUT issued to them prior to 30.06.2017 shall be applicable for the export purpose.</b></p>  | <p>Circular No. 4/4/2017 - GST dated 07.07.2017 clarifies this. Old LUT/bond is valid till 31.07.2017, after which fresh LUT/Bond in the new format is required to be submitted.</p>   |
| 25 | <p><b>With reference to clause 5 of Rule 96 A as inserted vide Ntf No. 15/2017 – Central Tax dated 01st July 2017 “(5) The Board, by way of notification, may specify the conditions and safeguards under which a Letter of Undertaking may be furnished in place of a bond.” It may be clarified as to whether any conditions and safeguard has been notified by the Board as on date, as certain parties have filed LUT for export in this office</b></p> | <p>Yes, conditions and safeguards have been specified by Notification No. 16/2017-Central Tax dated 07.07.2017 and clarified in detail in Circular No. 4/4/2017 - GST dated 07.07.2017. The sum and substance of these documents is that the facility of Letter of Undertaking in place of a bond is available to a registered person who is either (a) a status holder as specified in the Foreign Trade Policy 2015-2020; or (b) who has received the due foreign inward remittances amounting to a minimum of 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year. The person should not have been prosecuted for any offence under the Central Goods and Services Tax Act, 2017 (12 of 2017) or under any of the existing laws in a case where the amount of tax evaded exceeds two hundred and fifty lakh rupees.</p> |
| 26 | <p><b>In case of export of services, who will pay the service tax as for Bhutan, Nepal and Bangladesh?</b></p>  | <p>The place of supply is outside India but as the supplier is located in India, it is a case of inter-State supply and subject to IGST. It will be zero rated if the sale proceeds are realized in convertible foreign exchange.</p>  |

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| 27 | Will GST be debited in duty credit scrips such as Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS)?  | No.  |
| 28 | In view of definition of 'export of goods' given in Section 2(5) of the IGST Act, 2017, the supply of goods by the manufacturer to merchant exporter cannot be treated as exports as he is not taking out the goods out of India. He is supplying the goods to the merchant-exporter. Therefore, is the manufacturer required to pay CGST and SGST in all cases of exports by merchant-exporter even though the goods are being sealed in container for export from the premises of manufacturer-exporter? Does the merchant-exporter have the option either to avail option of Bond/LUT or to pay IGST for export of such goods? | <p>Yes</p> <p>The manufacturer would be liable to pay CGST and SGST.</p> <p>The merchant-exporter has the option either to avail option of Bond/LUT or to pay IGST for export of such goods.</p> <p>There is no provision on the lines of Form H under the CST Act in the GST.</p> |

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| 29 | <p><b>As per Rule 96A of Central Tax, the LUT is to be accepted by the Jurisdictional Commissioner, Udaipur whereas in pre GST era the same was accepted by the jurisdictional Deputy/Assistant Commissioner Kota. The Commissioner of Kota region has office at Udaipur which is 290 Kilometers away from Kota due to which it is impractical to file LUT at Udaipur with Commissioner as compared to previous procedure.</b></p> | <p>Circular No. 2/2/2017-GST dated 04.07.2017 has clarified that an exporter wishing to export without payment of integrated tax may approach the jurisdictional AC/DC for acceptance of bond/LUT. Circular No. 4/4/2017-GST dated 07.07.2017 has further clarified that the bond /LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter.</p> |
| 30 | <p><b>As per sub-rule 5 of rule 96A of Central Tax Rule, Board will notify where LUT is to be furnished in place of Bond. Since Board has not notified so far, therefore, this office is of the view that Bond is to be furnished in all cases as of now. Please clarify</b></p>   | <p>The Board has, vide Notification 16/2017-Central Tax dated 07.07.2017, specified the conditions and safeguards under which an exporter may file a LUT instead of a bond.</p>  |
| 31 | <p><b>Whether in case of assesses exporting goods under LUT in Central Excise Act 1944, can export goods after 01.07.2017 under GST on the basis of the said LUT filed under Central Excise Act, 1944 until that LUT expires.</b></p>  | <p>In terms of Para 6 of Circular No. 4/4/2017 dated 07.07.2017 exports are allowed under existing LUTs/Bonds till 31st July 2017. Exporters shall submit the LUTs/bond in the revised format latest by 31st July, 2017.</p>   |

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| 32 | <p>There is lack of clarity in the trade regarding the eligibility conditions for the LUT/Bond as per the Notification No. 16/2017 – Central Tax. Para i(b) of the said notification requires the exporter to receive the due foreign inward remittances amounting to a minimum 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year. It is not clear for the exporters having an export turnover of say Rs. 5 Crore. For such people whose 10% of the export turnover is below one crore, what is the implication? Are those exporters who have received their total due inward remittance of e.g. Rs. 5 Crore eligible for availing the facility of LUT?</p> | <p>Condition i(b) in the said Notification means that:</p> <p>the registered person should have received at least 10% of his/her export turnover as foreign inward remittance in the preceding financial year and the foreign inward remittance in the preceding financial year should not be less than one crore rupees.</p> <p>E.g. if a registered person has an export turnover in FY 2016-17 of Rs. 5 crores and has received foreign inward remittance of Rs. 5 crores in the same FY, then he shall satisfy Condition i(b), and shall be eligible for execution of LUT.</p> |
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**Transition of Export Promotion Scheme on implementation of GST**

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| 1 | <p>Will duty Drawback scheme continue under GST regime? If yes, what will be the rates of Drawback?</p> | <p>Yes. Duty Drawback scheme with certain modifications will continue under the GST regime. The changes in the said scheme are as follows:</p> |
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|   |  | <p>The Drawback shall be available only of Customs duties on imported inputs and Central Excise duty on items specified in the Fourth Schedule to the Central Excise Act 1944 (specified petroleum products, tobacco etc.) used as inputs or fuel for captive power generation.</p> <p>As an export facilitation measure, for the transition period of 3 months, from July to September, 2017, Drawback at higher composite rates will continue to be granted subject to certain safeguards i.e. for claiming the higher rate of drawback, the exporter has to make a declaration and certificate is required that no Input Tax Credit (ITC) of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.</p> <p>In absence of such certification, drawback will be restricted to the customs portion of drawback.</p> |
| 2 | <b>Is Drawback at a higher All Industry Rate (AIR) admissible if an exporter has not availed Input Tax Credit of GST or refund of IGST paid on exported goods ?</b>                                  | No. After 30th September 2017, drawback will be admissible only at lower rate determined on the basis of the custom duties paid on the goods imported for supplying goods for export.   |
| 3 | <b>If an exporter has stock of GST paid inputs as well as inputs from pre-GST period and if inputs from both lots are used in export goods, what shall be Drawback on such exports?</b>              | During the transition period upto 30th September 2017, exporters can avail drawback at higher rate subject to the conditions that no Input Tax Credit (ITC) of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.   |
| 4 | <b>Will brand rate of Drawback be admissible for Central Excise duty and Service Tax in respect of exports made prior to GST implementation, for which application is filed after 1st July 2017?</b> | For the exports made prior to 1st July 2017, application for fixation of brand rate as per the Drawback scheme under the earlier law (defined as 'existing law' in section 2(48) of the CGST Act, 2017) can be filed even after 1st July 2017.  |

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| 5 | <p><b>Applications for fixation of brand rate used to be filed with jurisdictional Commissioner of Central Excise having jurisdiction over the factory where export goods were manufactured. Under GST regime, will there be any change regarding filing of application for fixation of brand rate?</b></p> | <p>With effect from 1st July 2017, applications for fixation of brand rate shall be filed with the Commissioner of Customs having jurisdiction over place of export of goods i.e the port/Airport/ICD etc. where Shipping Bill was filed. This shall be applicable even for exports made prior to 1st July 2017 for which application is yet to be filed. In case exports are from multiple places, application shall be filed with the Commissioner of Customs having jurisdiction over any one of the places of export of goods.</p>                      |
| 6 | <p><b>Is there also a change under the GST regime in respect of filing of application for fixation of brand rate of Drawback for supplies to SEZ units and SEZ Developers?</b></p>  | <p>Prior to 1st July 2017, applications for fixation of brand rate for supplies to SEZ units and SEZ Developers used to be filed with the jurisdictional Commissioner of Central Excise. With effect from 1st July 2017, applications for fixation of brand rate will be required to be filed with the Commissioner of Customs having jurisdiction over the principal place of business of the DTA supplier. This shall be applicable even for exports made prior to 1st July 2017 for which application for fixation of brand rate is yet to be filed.</p> |

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| 7 | <p><b>On re-export of imported goods, drawback of all duties paid at the time of importation was admissible earlier, as per the rates prescribed in this regard. What will be the position in respect of re-export made after 1st July 2017, of the goods imported prior to 1st July 2017? After 1st July 2017, IGST and Compensation Cess will also be payable on the imported goods. If such imported goods on which IGST and Compensation Cess were paid, are re-exported, whether Drawback of IGST and Compensation Cess will also be granted?</b></p> | <p>Drawback under Section 74 of the Customs Act, 1962 is available for duties paid at the time of importation. Therefore, whatever duties / taxes are paid at the time of importation of goods, Drawback of the same will be granted. Drawback of Basic Customs Duty plus Additional Duty of Customs (CVD) plus Special Additional Duty (SAD) paid on the goods imported prior to 1st July 2017 will be paid even if the re-export is made after 1st July 2017. Similarly, in respect of the goods imported after 1st July 2017, Basic Customs Duty plus IGST plus Compensation Cess will be paid and Drawback of all of these would be paid on re-export of such imported goods.</p> |
| 8 | <p><b>Under the GST regime, will benefit of exemption from all duties available under Advance authorization scheme, EPCG scheme and duty credit scrips such as Merchandise Exports from India Scheme (MEIS) &amp; Service Exports from India Scheme (SEIS) will continue?</b></p>  | <p>After 1st July 2017, the benefits under all the said schemes shall be restricted only to Basic Customs Duty, Safeguard Duty, Transitional Product Specific Safeguard Duty and Anti-dumping Duty in respect of goods leviable to IGST.</p> <p>For items specified in the Fourth Schedule to the Central Excise Act, 1944 (specified petroleum products, tobacco etc.) exemption from Additional Duty leviable under Sections 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 shall be available.</p>  |
| 9 | <p><b>Under GST regime, can we get duty free benefit (all duties exempted) if we import capital goods using EPCG authorization?</b></p>  | <p>Only basic customs duty will be exempted on imports made under EPCG Authorization. The EPCG holder will have to pay IGST on import of capital goods and take Input Tax Credit.</p>   |



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| 10 | <b>Can duty credit scrips such as Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS) be used for payment of GST?</b> | No. MEIS and SEIS scrip can be used only for payment of Basic Customs Duty or additional duties of Customs on items not covered under GST for imports under GST regime.   |
| 11 | <b>What will be exemptions available for various authorizations/scrips which have been issued prior to 1.7.2017 and remain unutilized on 1.7.2017?</b>      | No exemption under GST Law is provided. The EXIM scrips under the export incentive schemes of chapter 3 of FTP (for example MEIS and SEIS) can be utilised only for payment of Customs duties or additional duties of Customs, on items not covered by GST, at the time of import. The scrips cannot be utilized for payment of Integrated Tax and Compensation Cess. Similarly, scrips cannot be used for payment of CGST, SGST or IGST for domestic procurements. |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also.**

#### MSME

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| 1 | <b>What is GST?</b>                  | GST stands for Goods and Services Tax, which is levied on supply of goods or services. "Supply" is a legal term which has very broad sweep and various types of economic activities are covered by it. For example, sale of goods is a type of supply.  |
| 2 | <b>On what supply is GST levied?</b> | GST is levied on all types of supplies which are – (i) made for a consideration and (ii) are for the purpose of furtherance of business. There are some exceptions when these conditions are not met, yet supply is considered to have been made, for example, interstate stock transfer of goods even without consideration or importation of services even if not in the furtherance of business. |

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| 3 | <b>Will GST be levied on all goods or services or both?</b>   | No, GST will not be levied on alcohol for human consumption. GST on Crude, Motor Spirit (Petrol), High Speed Diesel, Aviation Turbine Fuel and Natural Gas will be levied with effect from a date to be decided by the GST Council. Electricity and sale of land and building are exempted from levy of GST. Securities are neither goods nor services for the purposes of the CGST Act, 2017 and therefore supply of securities is not taxable.   |
| 4 | <b>How many types of GST will be levied on different kinds of supply of goods or services?</b>  | GST is a dual levy to be simultaneously levied by both Centre and State. On every supply within a State / Union Territory without legislature (intra-State supply), GST levied will have two components Central Tax and State Tax/ Union Territory Tax popularly called CGST and SGST/UTGST. On every supply across States (inter-State), Integrated Tax popularly called IGST will be levied. The rate of CGST and SGST/UTGST would be equal. IGST would be levied at a rate equal to the sum total of CGST and SGST/UTGST.   |
| 5 | <b>Whether a registered person will have to approach two authorities - Centre as well as State for various permissions, audit etc. under the Act?</b> | No, a registered person will have to approach only one tax authority for all practical purposes. Each registered person would have one tax administration office, either of the Centre or of the State. Legal provisions (called cross-empowerment) have been made to ensure that one officer can discharge all functions under CGST, SGST and IGST Act. The registered person would be informed of the tax administration concerned with him. A single registration is granted for the purposes of CGST, SGST/UTGST and IGST. |

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| 6 | <b>What is destination based consumption tax?</b> | When a supply originates in one State and is consumed in another State, tax can accrue to either of the two States. In a destination based consumption tax, taxes accrue to the State where the supply is consumed. In origin based tax, the tax accrues to the State where the supply originates. GST is basically a destination based consumption tax. For example, if a car is manufactured in Chennai but is purchased eventually by a consumer in Mumbai, SGST (or the State component in IGST) would accrue to Maharashtra and not to Tamil Nadu. |
| 7 | <b>Who will pay GST?</b>                          | GST is generally paid by the supplier, i.e. the one who makes the supply after collecting it from the recipient. The supplier collects GST from the recipient of the supply as part of the consideration. However, in a few exceptional cases, the recipient, would be liable to pay GST to the Government on reverse charge basis.   |
| 8 | <b>What is Input Tax Credit?</b>                  | A person doing business will be purchasing goods/availing services for making further supplies in the course or furtherance of business. When such purchases are made by him, tax would have been charged by his supplier and collected from him. Since tax is collected from him, he can avail credit of the tax paid by him to his supplier (that is to say, he can use this amount for making payment of tax due from him on further supply made by him). This is known as input tax credit for the recipient.                                       |

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| 9  | <b>Is GST going to increase compliance burden on the trade?</b>   | No. On the contrary GST will result in streamlining of processes and reduction of compliance burden. GST is a simple tax which uniformly applies across the country. GST has been designed to have minimal human interface and would be implemented through strong IT platform run by GSTN. Also, in the earlier regime there were multiple compliances required for taxes such as Central Excise, Service tax, VAT etc. with Centre and State. GST makes it single and uniform compliance for indirect taxes across the country. Under GST, there is just one interface with no face-to-face meeting between taxpayers and tax authorities and practically every activity will be done online. |
| 10 | <b>What is the threshold for registration in GST?</b>   | A person having business which has aggregate turnover of more than Rs. 20 lakhs calculated for a given PAN across the country would need to register under GST. There are some exceptions to this rule as mentioned in section 24 of the CGST Act, 2017. Aggregate turnover is defined in section 2(6) of the said Act.<br><br>For example, assume that a taxable person's business is in many States on same PAN. All supplies are below Rs. 10 lakhs but collectively they are above Rs. 20 lakhs. He would be required to register under GST.  |
| 11 | <b>Is an agriculturist liable to registration?</b>  | No. An agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration.   |
| 12 | <b>What is the most important precaution to be taken to avail the facility of threshold exemption?</b>                                  | An MSME availing threshold exemption should not make any inter-State supply whatsoever, though the MSME may receive supply from other States.   |
| 13 | <b>I am engaged exclusively in the business of supplying goods or services which are exempt from GST. Am I liable for registration?</b> | No.   |

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| 14 | <b>How do I make supply, if I have not applied for registration?</b>   | You should apply for registration at the earliest on the GST common portal and obtain application reference number (ARN). You need not disrupt your business and may continue to make supplies on invoices without GSTIN. The application for registration must be made within 30 days of the turnover crossing Rs.20 lakhs or attracting any of the conditions mentioned in section 24 of the CGST Act, 2017. After registration, you can issue revised invoices as permitted under section 31(3)(a) of the said Act. These supplies should be shown in the return and taxes paid on them. |
| 15 | <b>How can an application for fresh registration be made under GST? Within what time will registration be granted?</b>               | Application for fresh registration is to be made electronically on the GST common portal ( <a href="http://www.gst.gov.in">www.gst.gov.in</a> ) in FORM GST REG-01. If the details and documents are in order, registration will be granted within 3 working days, except in cases where an objection has been raised within this period in which case registration will be granted within a maximum period of 17 days.   |
| 16 | <b>I was registered under VAT but not under Central Excise. Do I need to apply for new registration?</b>                             | No. Existing registrants of VAT having valid PAN have been issued Provisional ID and password. If you have not received provisional ID, please contact your tax administration to obtain the same. This Provisional Identity Number (PID) would eventually be your GSTIN, when the migration process is completed.  |
| 17 | <b>If I have obtained provisional GSTIN (PID), can I use the same on the invoice to make supply without waiting for final GSTIN?</b> | Provisional GSTIN (PID) would eventually be your final GSTIN. The number would remain the same. Yes, you can use this PID on invoice for making supply without waiting for final GSTIN.   |

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| 18 | <p><b>I am a SME selling printed books after printing and have a turnover of twenty-five lakhs rupees per annum. I print only Children's picture, drawing or colouring books which are exempt from GST. Do I need to register?</b></p> | <p>No. A person dealing with only exempted supplies is not liable to registration irrespective of his turnover. Section 23(1)(a) of the CGST Act, 2017 refers.</p>  |
| 19 | <p><b>If I register voluntarily though my turnover is less than Rs. 20 lakhs, am I required to pay tax on supplies made post registration?</b></p>   | <p>Yes. If you obtain voluntary registration despite the turnover being below Rs. 20 lakhs, you would be treated as a normal taxable person and would need to pay tax on supplies even if they are below the threshold for registration. You will also be entitled to take input tax credit.</p>  |
| 20 | <p><b>How will taxpayer get the certificate of registration?</b></p>   | <p><a href="http://www.gst.gov.in">The taxpayer can himself download the certificate of registration online from the GST common portal (www.gst.gov.in).</a></p>  |
| 21 | <p><b>Can registration particulars once furnished be amended?</b></p>  | <p>Yes, request for amendment has to be made online. All amendments in registration particulars, except some core fields, can be amended in the system without the intervention of any official by merely filing the details of the amendment. Also for some amendments, approval may be needed. Examples of fields which require approval are- legal name of business, address of the place of business and addition, deletion or retirement of partners or directors etc. responsible for day to day affairs of the business. Examples of fields which can be amended without any approval are- change of telephone number, email ID, bank account etc.</p> |
| 22 | <p><b>In which State will a person be registered?</b></p>  | <p>A person liable to be registered has to apply for registration in each State from where he makes or intends to make outward supplies under GST. Within each State, generally only one registration is required to be obtained.</p>   |

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| 23 | <b>Are all manufacturers necessarily required to be registered under GST?</b>                | No, there is no provision requiring that a manufacturer irrespective of threshold or nature of supply to register himself under GST. For example, a manufacturer dealing only in exempted goods or where his turnover is only intra-State and below Rs. 20 lakhs, is not required to be registered.   |
| 24 | <b>Who is liable to issue a 'tax invoice' and how many copies are required to be issued?</b> | Every registered person (other than a registered person availing the benefit of composition or a registered person supplying exempted goods or services) supplying goods or services or both is required to issue 'tax invoice'. Invoice should be issued in triplicate in case of supply of goods. The original copy is meant for buyer, duplicate for transporter and triplicate copy for record of the seller. A registered person under composition scheme or supplying exempted goods or services shall issue a bill of supply instead of a tax invoice. |
| 25 | <b>What details are to be contained in a 'tax invoice'?</b>                                  | The tax invoice shall contain details as specified in the rule in this regard. The key details specified in the rules are - name, address and GSTIN of the supplier and the recipient (if registered), a unique number of the invoice and the date of issue, description of goods, value of goods, rate of tax, amount of tax and signature.  |
| 26 | <b>Is it necessary to issue invoices even if the value of transaction is very low?</b>       | A registered person may not issue a tax invoice if the value of the goods/services supplied is less than Rs.200/-, subject to the condition that the recipient is not a registered person and the recipient does not ask for such invoice (if the recipient asks for the invoice then the same must be issued, irrespective of the value). In such cases, the registered person shall issue a consolidated invoice at the end of the day in respect of all such supplies.   |

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| 27 | <b>When should a tax invoice be issued for goods?</b>  | Tax invoice for goods shall be issued on or before the time of removal/delivery of goods. In case of continuous supply of goods, it shall be issued on or before the time of issue of statement of accounts /receipt of payment.  |
| 28 | <b>In case of supply of exempt goods or when tax is paid under Composition Scheme, is the registered person required to issue a tax invoice? How a bill of supply is different from a tax invoice?</b> | No. In such cases, the registered person shall issue a Bill of Supply and not a tax invoice. The bill of supply is different from a tax invoice both in name and details contained. While most of the details to be provided in a bill of supply are similar to tax invoice, the bill of supply does not contain the rate of tax and the amount of tax charged as the same cannot be collected.                                   |
| 29 | <b>If goods are transported in semi-knocked down condition, when shall the complete invoice be issued?</b>   | When goods are transported in semi-knocked down condition, the complete invoice shall be issued before dispatch of the first consignment. Delivery challan shall be issued for subsequent consignments. Original copy of invoice shall be sent along with the last consignment.   |
| 30 | <b>Is there any scheme for payment of taxes under GST for small traders and manufacturers?</b>   | Yes. Composition levy is an alternative method of levy of tax designed for small taxpayers whose turnover is up to Rs. 75 lakhs (Rs.50 lakhs for special category States, excluding J&K and Uttrakhand). It is a kind of turnover tax. The objective of the scheme is to provide a simplified tax payment regime for the small tax payers. The scheme is optional and is mainly for small traders, manufacturers and restaurants. |



| 31      | <p><b>What is the eligibility criteria for opting for composition levy? Which are the Special Category States in which the turnover limit for Composition Levy for CGST and SGST purpose shall be Rs. 50 lakhs?</b></p> | <p>Composition scheme is a scheme for payment of GST available to small taxpayers whose aggregate turnover in the preceding financial year did not cross Rs.75 Lakhs. In the case of 9 special category States, the limit of turnover is Rs.50 Lakhs in the preceding financial year, namely - Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh. However, if you are a manufacturer of ice-cream, pan masala or tobacco or tobacco products or if you are a service provider other than a restaurant, you are not eligible for composition scheme.</p>   |         |             |             |  |  |  |
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| 32      | <p><b>What is the form in which an intimation to pay tax under the composition scheme needs to be made by the taxable person?</b></p>   | <p>Composition scheme is optional and intimation that option has been availed should be made electronically in FORM GST CMP-01 by the migrating taxable person. A person who has already obtained registration and opts for payment under composition levy subsequently needs to give intimation electronically in FORM GST CMP-02.</p>   |         |             |             |  |  |  |
| 33      | <p><b>What is the rate of tax under Composition levy for a manufacturer?</b></p>  | <p>Composition rate for manufacturers is 2% (1% CGST and 1% SGST).</p>  |         |             |             |  |  |  |
| 34      | <p><b>Are all manufacturers eligible for composition scheme?</b></p>  | <p>A manufacturer is eligible to avail composition scheme except manufacturers -</p> <ul style="list-style-type: none"> <li>a) whose aggregate turnover in the preceding financial year crossed Rs. 75 lakhs;</li> <li>b) who have purchased goods or services from unregistered suppliers unless they have paid GST on such goods or services on reverse charge basis;</li> <li>c) who make any inter-State outward supplies of goods;</li> <li>d) who make supply of goods through an electronic commerce operator;</li> <li>e) who manufacture the following goods:</li> </ul> <table border="1" data-bbox="711 1791 1091 1856"> <thead> <tr> <th data-bbox="711 1791 836 1856">Sl. No.</th> <th data-bbox="836 1791 961 1856">Tariff Head</th> <th data-bbox="961 1791 1091 1856">Description</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | Sl. No. | Tariff Head | Description |  |  |  |
| Sl. No. | Tariff Head   | Description   |         |             |             |  |  |  |
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|----|--|--|---|---------|---|---|---------|------------|---|----|--|
|    |  | <table border="1"> <tr> <td>1</td> <td>2105 00</td> <td>Ice cream and other edible ice, whether or not containing cocoa</td> </tr> <tr> <td>2</td> <td>2106 20</td> <td>Pan Masala</td> </tr> <tr> <td>3</td> <td>24</td> <td>Tobacco and manufactured tobacco substitutes</td> </tr> </table>   | 1 | 2105 00 | Ice cream and other edible ice, whether or not containing cocoa | 2 | 2106 20 | Pan Masala | 3 | 24 | Tobacco and manufactured tobacco substitutes |
| 1  | 2105 00  | Ice cream and other edible ice, whether or not containing cocoa  |   |         |   |   |         |            |   |    |  |
| 2  | 2106 20  | Pan Masala   |   |         |   |   |         |            |   |    |  |
| 3  | 24   | Tobacco and manufactured tobacco substitutes   |   |         |   |   |         |            |   |    |  |
| 35 | <b>When will a registered person have to pay tax?</b>  | A registered person will have to pay GST on monthly basis on or before 20th of the succeeding month and if he has opted for composition levy he will have to pay GST on a quarterly basis on or before the 18th day of the month after the end of the quarter.   |   |         |   |   |         |            |   |    |  |
| 36 | <b>A person availing composition scheme during a financial year crosses the turnover of Rs. 75 Lakhs / Rs. 50 Lakhs during the course of the year i.e. say, he crosses the turnover of Rs. 75 Lakhs/Rs. 50 Lakhs in December? Will he be allowed to pay tax under composition scheme for the remainder of the year i.e. till 31st March?</b> | No. The option to pay tax under composition scheme shall lapse from the day on which his aggregate turnover during the financial year exceeds Rs. 75 Lakhs/50 Lakhs. Once he crosses the threshold, he shall file an intimation for withdrawal from the scheme in <b>FORM GST CMP-04</b> within seven days of the occurrence of such event. He shall also furnish a statement in <b>FORM GST ITC-01</b> containing details of the stock of inputs and capital goods as per the rules in this regard. This would help him join the input tax credit chain and avail credit of tax that he has paid on his inputs/goods lying in stock on the day he crosses over. |   |         |   |   |         |            |   |    |  |

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| 37 | <b>For the purpose of availing composition how will aggregate turnover be computed for the purpose of composition?</b>   | Aggregate turnover shall be computed on the basis of turnover on all India basis. It includes aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number but excludes GST and cess.   |
| 38 | <b>Can a person who has opted to pay tax under the composition scheme avail Input Tax Credit on his inward supplies?</b>   | No, a taxable person opting to pay tax under the composition scheme is out of the credit chain. He cannot take input tax credit on the supplies received.   |
| 39 | <b>How is a manufacturer under the composition scheme required to bill his supply? Can a registered person, who purchases goods from a composition manufacturer take input tax credit?</b>                               | A manufacturer opting to pay tax under the composition scheme cannot issue a tax invoice to his buyer but would issue a Bill of Supply. He cannot collect any tax supplies made by him on his Bill of Supply and is required to show only the price charged for the supply. Consequently, the registered person buying goods from a composition manufacturer cannot take input tax credit.  |
| 40 | <b>How would a manufacturer under the composition scheme who receives inputs or input services from an unregistered person pay GST? What will be the tax rate if the purchase is from a person availing composition?</b> | GST will have to be paid on inputs and input services received by such manufacturer under reverse charge at normal rates and not at the composition rates. Purchase from a person under the composition scheme is purchase from a registered person and hence will not attract tax under reverse charge under section 9(4) of the CGST Act, 2017. Any person migrating from the existing law to a composition scheme and holding stock of goods purchased from unregistered persons is required to pay tax on such goods. |

| 41  | <p>In case a person has registration in multiple States, can he opt for payment of tax under composition levy only in one State and not in other States?</p> | <p>No. An intimation that composition scheme has been availed in one State shall be deemed to be an intimation in respect of all other places of business registered on the same Permanent Account Number in other States.</p>  |           |                                    |   |                        |
|---|--|---|-----------|------------------------------------|---|------------------------|
| 42  | <p>What is the effective date of composition levy?</p>   | <p>There can be three situations with respective effective dates as shown below:</p> <table border="1" data-bbox="711 514 966 1396"> <thead> <tr> <th data-bbox="711 514 841 661">Situation</th> <th data-bbox="841 514 966 661">Effective date of composition levy</th> </tr> </thead> <tbody> <tr> <td data-bbox="711 661 841 1396"> <p>Persons who have been granted provisional registration and who opt for composition levy (Intimation is filed under Rule 3(1) in FORM GST CMP-01)</p> </td> <td data-bbox="841 661 966 1396"> <p>1st July, 2017.</p> </td> </tr> </tbody> </table> | Situation | Effective date of composition levy | <p>Persons who have been granted provisional registration and who opt for composition levy (Intimation is filed under Rule 3(1) in FORM GST CMP-01)</p> | <p>1st July, 2017.</p> |
| Situation   | Effective date of composition levy   |   |           |                                    |   |                        |
| <p>Persons who have been granted provisional registration and who opt for composition levy (Intimation is filed under Rule 3(1) in FORM GST CMP-01)</p> | <p>1st July, 2017.</p>   |   |           |                                    |   |                        |

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|    |   | <p>Persons opting for composition levy at the time of making application for new registration in the same registration application itself (The intimation under Rule 3(2) in FORM GST REG-01)</p>                        | <p>Effective date of registration; Intimation shall be considered only after the grant of registration and his option to pay tax under composition scheme shall be effective from the effective date of registration.</p> |
|    |   | <p>Persons opting for composition levy after obtaining registration (The intimation is filed under Rule 3(3) in FORM GST CMP-02)</p>   | <p>The beginning of the next financial year</p>   |
| 43 | <p><b>What is the validity of composition levy?</b></p> | <p>The option exercised by a registered person to pay tax under the composition scheme shall remain valid so long as he satisfies all the conditions specified in the law. The option is not required to be renewed.</p> |   |

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| 44 | <p><b>What are the other compliances which a provisionally registered person opting to pay tax under the composition levy need to make?</b></p> | <p>Such person is required to furnish the details of stock, including the inward supply of goods received from unregistered persons, held by him on the 30th day of June, 2017 electronically, in FORM GST CMP-03, on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, within a period of sixty days from the date on which the option for composition levy is exercised or within such further period as may be extended by the Commissioner in this behalf. Further, if on 1st July, 2017 such person holds in stock goods that have been received from outside the State or imported from outside the Country, he is not eligible to opt for composition scheme.</p> |
| 45 | <p><b>Can a person paying tax under composition levy, withdraw voluntarily from the scheme?</b></p>   | <p>Yes, the registered person who intends to withdraw from the composition scheme can file a duly signed or verified application in FORM GST CMP-04. In case he wants to claim input tax credit on the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date of withdrawal, he is required to furnish a statement in FORM GST ITC-01 containing the details of such stock within a period of thirty days of withdrawal.</p>   |
| 46 | <p><b>Will withdrawal intimation in any one place be applicable to all places of business?</b></p>  | <p>Yes. Any intimation or application for withdrawal in respect of any place of business in any State or Union territory, shall be deemed to be an intimation for withdrawal in respect of all other places of business registered on the same Permanent Account Number.</p>   |
| 47 | <p><b>Can a person paying tax under composition scheme make exports or supply goods to SEZ?</b></p>   | <p>No, because exports and supplies to SEZ from Domestic Tariff Area are treated as inter-State supply. A person paying tax under composition scheme cannot make inter-State outward supply of goods.</p>  |

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| 48 | <b>Can a manufacturer under composition scheme do job-work for other manufacturers?</b>      | Job-work is a supply of service and not eligible for composition scheme. Any manufacturer or processor who wishes to carry out job-work for others would not be eligible for composition scheme.   |
| 49 | <b>How can tax payments be made by a registered person under the composition scheme?</b>     | A registered person under composition scheme would not have input tax credit and he would make all his tax payments by debit in the electronic cash ledger maintained at the common portal. The taxpayer can deposit cash anytime in the electronic cash ledger at his convenience. The payment in electronic cash ledger can be made through all modes available like e-payment through net-banking, credit card and debit card, over the counter of banks, RTGS or NEFT. |
| 50 | <b>Does a registered person under the composition scheme pay his taxes every month?</b>      | No, registered person under the composition scheme will not pay taxes every month. He would file return and pay taxes on a quarterly basis i.e. for each quarter of the financial year. Due date for payment of tax for them would be on or before the 18th day after the end of such quarter.   |
| 51 | <b>What are the accounts a manufacturer under the composition scheme needs to maintain ?</b> | Rules on Accounts and Records provide details of the accounts to be maintained. They are maintained under normal course of business by any small manufacturer. The details to be maintained in accounts inter-alia consists of goods supplied, inward supplies attracting reverse charge, invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers etc.  |

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| 52 | <b>Does a manufacturer under the composition scheme need to maintain details of accounts of every supply received and made?</b>      | No, the requirement to maintain detailed accounts of stocks in respect of goods received and supplied, work in progress, lost, destroyed etc. does not apply to a manufacturer under the composition scheme. Such a person shall maintain a true and correct account of production or manufacture of goods, inward and outward supply of goods, stock of goods, tax payable and paid. |
| 53 | <b>Does a manufacturer under the composition scheme needs to maintain account of inputs tax credit?</b>                              | A manufacturer under the composition scheme need not maintain account of input tax, input tax credit claimed etc. as he is neither allowed to avail of input tax credit nor can he issue an invoice showing tax using which buyer can avail input tax credit.   |
| 54 | <b>Can a manufacturer under the composition scheme maintain his accounts manually? And can he issue his bill of supply manually?</b> | Yes, a manufacturer under the composition scheme can maintain his accounts in registers serially numbered and also issue bill of supply manually following the conditions specified in rules in this regard.  |
| 55 | <b>Whether a registered person under the composition scheme needs to learn HSN code of any input purchases and output supplies?</b>  | No, a registered person under the composition scheme would not need to specify HSN code of their products in bill of supply or return.  |
| 56 | <b>What return a registered person under the composition scheme needs to file and at what frequency?</b>                             | A registered person under the composition scheme of GST is required to furnish quarterly return called GSTR-4 between the 11th day and 18th day of the month succeeding the quarter.  |
| 57 | <b>What details are required to be furnished in the return to be filed by the registered person under the composition scheme?</b>    | GSTR-4 may be referred for details required to be filled in the return. It is a very simple return containing consolidated details of outward supplies, details of import of services or other supplies attracting reverse charge and inward supplies which shall be auto-populated.  |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also.**

**Reverse Charge Mechanism**



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| 1 | <b>What is meant by Reverse Charge?</b>   | It means the liability to pay tax is on the recipient of supply of goods or services instead of the supplier of such goods or services in respect of notified categories of supply.   |
| 2 | <b>Is the reverse charge mechanism applicable only to services?</b>   | No, reverse charge applies to supplies of both goods or services, as notified by the Government on the recommendations of the GST Council.  |
| 3 | <b>What will be the implications in case of receipt of supply from unregistered persons?</b>                              | In case of receipt of supply from an unregistered person, the registered person who is receiving goods or services shall be liable to pay tax under reverse charge mechanism.   |
| 4 | <b>How will a recipient who receives a supply under reverse charge mechanism pay GST?</b>                                 | A person who is required to pay tax under reverse charge has to compulsorily register under GST. The threshold limit of Rs. 20 lakhs (Rs. 10 lakhs for special category States) is not applicable in such case.   |
| 5 | <b>What is the time of supply of goods in case of tax payable under reverse charge?</b>                                   | The time of supply will be the earliest of the following dates:<br>a) date of receipt of goods; or<br>b) date of payment as per books of account or date of debit in bank account, whichever is earlier; or<br>c) the date immediately following 30 days from the date of issue of invoice by the supplier. |
| 6 | <b>What is the time of supply of service in case of tax payable under reverse charge?</b>                                 | The time of supply will be the earlier of the following dates:<br>a) date of payment as per books of account or date of debit in bank account, whichever is earlier; or<br>b) the date immediately following sixty days from the date of issue of invoice by the supplier.                                  |
| 7 | <b>Can GST paid on reverse charge basis be considered as input tax?</b>   | Yes. The definition of input tax includes the tax payable under reverse charge mechanism.   |
| 8 | <b>Can a person take input tax credit without payment of consideration for the supply along with tax to the supplier?</b> | Yes, the recipient can take ITC. The condition of payment of consideration to along with tax within 180 days from the date of issue of invoice is not applicable where tax is payable on reverse charge basis.  |

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| 9  | <b>Whether old gold jewellery sold by an individual to a jeweller will be taxed under reverse charge mechanism?</b>                | No, even though the sale of old gold by an individual is for a consideration, it cannot be said to be in the course or furtherance of his business (as selling old gold jewellery is not the business of the said individual), and hence does not qualify to be a supply per se. Accordingly, the sale of old jewellery by an individual to a jeweller will not attract the provisions of Section 9(4) and jeweller will not be liable to pay tax under reverse charge mechanism on such purchases. |
| 10 | <b>Whether old gold jewellery sold by an unregistered supplier will be taxed under reverse charge mechanism?</b>                   | Yes, as the sale is for consideration and is in the course or furtherance of business of such unregistered supplier.  |
| 11 | <b>Does aggregate turnover include value of inward supplies received on which RCM is payable?</b>                                  | Aggregate turnover does not include value of inward supplies on which tax is payable on reverse charge basis. In other words, aggregate turnover, in the hands of supplier, would include value of those supplies on which tax is not payable by him but by the recipient of such supplies.   |
| 12 | <b>Whether legal services provided by advocate firm are under reverse charge?</b>  | Yes.  |
| 13 | <b>Is an advocate providing interstate supply chargeable under Reverse Charge liable for registration?</b>                         | No, suppliers who are making only those supplies on which recipient is liable to discharge GST under RCM are exempted from registration.  |
| 14 | <b>A person receives a supply from an unregistered person in another state. Whether he has to pay tax on reverse charge basis?</b> | No, the person supplying the inter-state supply will have to compulsorily register irrespective of his turnover and will be liable to pay tax, unless the supplier has been exempted from taking registration Thus question of unregistered supplies making inter-state supplies does not arise.  |

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| 15 | <b>Who will issue the tax invoice in case of reverse charge supplies?</b>   | The recipient receiving supplies from unregistered supplier will have to issue invoice on self and pay tax. In other words, the recipient receiving supplies, which are subject to reverse charge, from a registered person need not issue a tax invoice.                           |
| 16 | <b>Under supply from unregistered dealer the purchaser have to pay GST on RCM basis. so whether stipend paid to intern will also come under RCM?</b>                      | No, stipend paid to interns will be employer-employee transactions. Hence, not liable for GST.  |
| 17 | <b>Do even small sundry purchases from unregistered persons have to be levied to tax on reverse charge basis?</b>   | No, purchases by registered persons from any or all unregistered persons of up to Rs. 5000/- per day are exempted from GST.   |
| 18 | <b>A registered person purchases goods worth Rs. 6000/- on a single day from unregistered persons. Whether he has to pay GST on Rs. 1000/- or Rs. 6000/-?</b>             | He will have to pay GST on Rs. 6000/-. Exemption is available only if the value of purchases per day is less than Rs. 5000/-.   |
| 19 | <b>If an Assessee pays GST on behalf of an unregistered supplier/SSI/exempted unit, will he be able to take Input Tax Credit of the GST paid on reverse charge basis?</b> | Yes, input tax credit of tax paid on reverse charge basis by the recipient is allowed to the recipient and the credit can be taken even in the same month.  |
| 20 | <b>Whether, any Indian providing services to PayPal on contract basis is required to pay reverse charges on charges deducted by PayPal?</b>                               | It depends on the nature of charges deducted.<br><br>The place of supply is outside India but as the supplier is located in India, it is a case of inter-State supply and subject to IGST. It will be zero rated if the sale proceeds are realized in convertible foreign exchange. |
| 21 | <b>Under the new GST Act, the liability or payment of GST still with consignee or consignor?</b>  | Reverse charge mechanism has been provided in GST law for GTA and the recipient of GTA service ( he may be consignor or consignee) is required to pay GST. Notification No 13/2017-Central tax (rate) may be referred to.   |

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| 22                          | <b>Whether RCM is applicable on payments made for hiring of transport from unregistered GST traders?</b>  | RCM under section 9(3) is applicable for GTA and not for transport of goods. Where the vehicle is taken on rent or lease , it will be supply of service under 9966 or 9973 and supply of service will be taxable under RCM under section 9(4).  |
| 23                          | <b>We are also paying small payments like unloading charges, detention charges and under miscellaneous payments to petty contractors. Is GSTN under reverse charge applicable for these payments?</b>                     | If you are not registered, payment on reverse charge under section 9(4) of CGST Act, 2017 is not required. That said, if such services availed fall within the domain of any service that is subject to reverse charge under section 9(3) of CGST Act, 2017 you have to get yourself registered and GST has to be paid. |
| 24                          | <b>Can any unregistered transporter having a turnover below 20 lacks carry the goods for a registered dealer?</b>   | Yes, GTA can carry the goods. GST on GTA services is liable to be paid on RCM basis by the recipient. The supply of services of goods transport by road transporter other than a GTA and a courier is exempted under Notification No. 9/2017- Central Tax (rate).   |
| 25                          | <b>Whether reimbursement of expenses to staff comes under RCM?</b>  | Re-imburement is an expense in the course or furtherance of business and if the same is against a taxable supply taken from an unregistered supplier, RCM will apply.   |
| 26                          | <b>Whether tax under RCM is applicable for expenses incurred towards doctor sponsorship programme?</b>  | As per notification no. 13/2017-Central Tax (Rate), Sl. No. 4 sponsorship to anybody Corporate/Partnership firm comes under RCM.  |
| <b>Gems &amp; Jewellery</b> |   |   |
| 1                           | <b>Whether advertising and communication material (banners/hoardings/posters) provided to distributors would be treated as supply in the course of business by the company thereby not requiring any reversal of ITC.</b> | (a) Where the material is provided free of cost:<br><br>This would not amount to a supply and hence no tax is payable on such transaction and in such a case credit availed by the company would need to be reversed in accordance with section 17(5) of the CGST Act, 2017.  |

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|   |  | (b) Where the material is provided for a consideration:<br>This would amount to a normal supply.  |
| 2 | <b>Currently Banks do not pay any VAT on import of precious metals. Banks/nominated agencies pay only customs duty on imports. In the new regime of GST, will the Banks have to pay IGST while importing?</b>  | Yes, 3% IGST is payable on all imports of precious metals in addition to the basic customs duty. IGST paid can be taken as input tax credit by the banks.   |
| 3 | <b>Banks import gold / silver on consignment basis wherein the ownership of the metal is with the supplier of the bullion which maybe an overseas entity. Is the overseas entity required to have GST registration because currently they do not file returns and are governed by multi-nation treaties?</b> | This amounts to an import in accordance with the definition of the word "import" in the IGST Act, 2017 which provides that "bringing into India of any goods from any place outside India" is an import of the goods. What is material in this definition is the mere act of bringing into India; the ownership is not material for determining whether an import has taken place. Banks, being registered entities, would be liable to pay IGST on such imports but not the overseas entities since they are not effecting the import. |
| 4 | <b>Gold and silver imported by banks/nominated agencies on consignment basis are lying in stock as on 1st July. Clarification is required on how to charge the customers in transition phase from VAT to GST. Will customers be liable to pay GST rates?</b>   | GST is payable @ 3% with effect from 01.07.2017.  |

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| 5 | <p><b>Banks lend gold in physical form for a period not exceeding 6 months. Banks receive interest on the gold ounces disbursed and the same is converted into Rupees after calculation of interest on the ounces and the USD/INR conversion. Will the same methodology continue in case of GST as well wherein Banks shall pay a provisional GST (i.e. IGST/SGST/CGST) on ongoing market prices and pay the final GST as and when the prices are fixed?</b></p> | <p>Yes, Banks may avail of the benefit of provisional assessment provided under section 60 of the CGST Act, 2017.</p>   |
| 6 | <p><b>Banks pay provisional VAT currently at the time of delivery of gold on the basis of ongoing market prices. When customer fixes the price of metal, Banks pay actual VAT on the maturity date of the Gold Loan. Banks must be allowed to set-off the excess provisional GST paid to the government against future fixation of prices. In case of excess payment, the same should be refunded on Pan - India basis and not on the basis of States.</b></p>   | <p>Banks may claim refund in accordance with the provisions of section 54 of the CGST Act, 2017. Interest is payable in such cases as provided in section 56 of the CGST Act, 2017. In this connection, section 60(5) of the CGST Act, 2017 may be referred to.</p> |

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| 7 | <p><b>When we are selling Gold, Diamond or Silver Jewellery to the end consumer (Customer) like a Gold Chain weighing 10 gm at a total value of Rs. 30,000/- (gold value is Rs. 28000/- and making charges on that gold chain is Rs 2000/-), can we charge GST @3% on the total value or @3% on the gold value and @5% on making charges.?</b></p> | <p>GST is payable at the rate of 3% of the total transaction value of jewellery, whether the making charge is shown separately or not.</p>  |
| 8 | <p><b>When we issue gold as raw material to our Job Worker for Job Work and he returns that gold as finished goods, what GST treatment will be done and how to calculate the value?</b></p>  | <p>The job worker, if registered, would be required to pay GST at the rate of 5% on job charges only. The jewellery manufacturer would in turn take credit of GST paid on such job work and may utilize the same for payment of GST on his outward supply of manufactured jewellery. However, if the job worker is exempted from registration, the jewellery manufacturer would be required to pay GST on his input supply from the job worker [of jewellery made out of precious metal given by him] on reverse charge basis. Nonetheless, he would be eligible to avail input credit of the tax so paid under reverse charge mechanism.</p> |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also.**

**IT/ITES**

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| 1 | <p><b>Whether software is regarded as goods or services in GST?</b></p> | <p>In terms of Schedule II of the CGST Act 2017, development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software and temporary transfer or permitting the use or enjoyment of any intellectual property right are treated as services.</p> |
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|   |   | But, if a pre-developed or pre-designed software is supplied in any medium/storage (commonly bought off-the-shelf) or made available through the use of encryption keys, the same is treated as a supply of goods classifiable under heading 8523.  |
| 2 | <b>What are the implications of recognising the development, design, programming, customisation, adaptation, upgradation, enhancement, and implementation of information technology software as a service?</b>  | The primary implication is that the place of supply rules applicable to services would apply in determining taxability of the supply of software services. The same would be applicable in situations of supply of services involving a temporary transfer or permitting the use or enjoyment of any intellectual property right. The other implication is that the supplier of software services would not be eligible for the composition scheme. |
| 3 | <b>'A' is a dealer in Computers and Computer parts having turnover of Rs. 8 lakh in a year; does 'A' have to register under GST?</b>  | Every supplier located in a State or Union territory, whose "aggregate turnover" in a financial year exceeds twenty lakh rupees, is liable to be registered under GST. This limit of turnover for a special category State is ten lakh rupees. 'A', whose aggregate turnover is only Rs. 8 lakh in a year, is therefore not liable to registration.   |
| 4 | <b>The registered person 'B' receives small portions of software code from individuals which he then integrates and supply as a package to clients. These individuals are having small turnover of Rs 5 to 10 lakh, and therefore are not registered in GST. Whether there is any liability on 'B' in respect of services provided by such individuals?</b> | If the supplies are made by unregistered suppliers, GST is liable to be paid by the recipient, who is a registered person, under section 9(4) of the CGST Act, 2017. Therefore, in this case 'B' is liable to pay GST on services provided by these individuals. 'B' can claim credit of this tax paid by him on reverse charge.  |
| 5 | <b>What is the rate of tax on IT services?</b>  | The rate of GST on IT services is 18%.  |



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| 6 | <b>Whether exports of software services attract GST?</b>                                   | <p>Exports and supplies to SEZ units and SEZ developers are zero-rated in GST. Zero-rating effectively means that no tax is payable on exports but the exporter/supplier is entitled to the input tax credit on inputs/input services used in relation to exports. The exporters have two options for zero rating, which are as follows,-</p> <p>(1) To pay integrated tax on supplies meant to be exported and get refund of tax so paid after the supply is exported.</p> <p>(2) To make export supplies under a bond or letter of undertaking and claim refund of taxes suffered on inputs and input services in relation to such exports.</p>              |
| 7 | <b>How do I determine whether IT services provided by me constitute export of service?</b> | <p>The supply of any service is considered an export of service, where the following conditions are met:</p> <ol style="list-style-type: none"> <li>1) the supplier of service is located in India;</li> <li>2) the recipient of service is located outside India;</li> <li>3) the place of supply of service is outside India;</li> <li>4) the payment for such service has been received by the supplier of service in convertible foreign exchange; and</li> <li>5) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with explanation 1 of section 8 of the IGST Act, 2017.</li> </ol> |
| 8 | <b>How do I determine the place of supply of IT/ITES services?</b>                         | <p>Place of supply of IT/ITES services is the location of the recipient in terms of section 12 and 13 of the IGST Act, 2017. However, if the recipient is not registered and his address is not available on the records of the supplier, the place of supply would be the location of the supplier.</p>   |

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| 9  | <b>How to determine the location of the recipient?</b>  | Location of the recipient of service is defined in section 2(14) of the IGST Act. A recipient of services is treated as located outside India if his place of business where he receives services is outside India or, if he does not have a place of business, his usual place of residence is outside India.  |
| 10 | <b>Would I be liable to pay GST on reverse charge even if the foreign supplier of software from whom I buy for use in my firm registered under GST was to accept the payment in Indian Rupees?</b>  | <p>Yes, you would be liable to pay GST. A supply is treated as an import of service if the following conditions are satisfied:</p> <ol style="list-style-type: none"> <li>1) the supplier of service is located outside India;</li> <li>2) the recipient of service is located in India; and</li> <li>3) the place of supply of service is in India.</li> </ol> <p>The place of such supply would be taken to be the location where the firm is registered (in GST) and the supplies would attract integrated tax (IGST). The factum of which currency was used to pay the consideration is immaterial.</p> |
| 10 | <b>I am an Indian Company who makes software and sells it outside the country. I have hired a firm (not a related party) 'C' located abroad to facilitate the supply of software in Europe and the USA; would I be liable to pay GST on the payments that I make to this entity abroad?</b> | <p>No. In this case, 'C' is covered by the definition of 'intermediary' [section 2(13) of the IGST Act, 2017]. The place of supply of such intermediary service is location of the supplier in terms of section 13(8) of the IGST Act, 2017. As 'C' is located outside India, GST is not payable in this case.</p>  |
| 11 | <b>What factors determine the location of 'C' (in question 11) as being outside India?</b>  | <p>In terms of section 2 (15) of the IGST Act, 2017, the location of a service provider is to be determined by applying the following steps sequentially:</p> <ol style="list-style-type: none"> <li>1) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;</li> </ol>  |

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|    |   | <p>2) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;</p> <p>3) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and</p> <p>4) in absence of such places, the location of the usual place of residence of the supplier.</p> <p>The location of 'C' is to be determined by applying the criterion from (2), or (3), or as the case may be, (4).</p> |
| 12 | <p><b>I am an agent in India of a foreign IT/ITES provider (principal located outside India). For agency services, I bill the principal in convertible foreign exchange. Whether GST liability arises in this case?</b></p> | <p>You are an intermediary and the place of supply of the service provided by you to the principal is in India irrespective of the mode of payment. Hence, GST is payable on the services provided by you as an intermediary to the principal.</p>  |
| 13 | <p><b>I have more than one SEZ unit in different States; do I need to take separate registrations? Also, I have two SEZ units in one State. Can I take a single registration?</b></p>                                       | <p>1) Yes. Under GST, every entity shall take GST registration in each State from which it makes taxable supplies. However, a single registration can be taken for all your SEZ units within a State, whether located in one SEZ or more than one SEZ.</p> <p>2) A person having unit(s) in a Special Economic Zone as well as outside the SEZ in a State shall make a separate application for registration for SEZ unit(s) as a business vertical distinct from his other units located outside the Special Economic Zone in that State (Refer Rule 8(1) of CGST Rules, 2017).</p>  |

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| 14 | <b>I have a unit in the DTA and another in the SEZ; can I take a common registration?</b>   | No. A person having unit(s) in a Special Economic Zone as well as outside the SEZ in a State, shall make a separate application for registration for SEZ unit(s) as a business vertical distinct from his other units located outside the Special Economic Zone in that State (Refer Rule 8(1) of CGST Rules, 2017).  |
| 15 | <b>If I supply a laptop bag along with the laptop to my customer, what would be the rate of tax leviable?</b>   | If the laptop bag is supplied along with the laptop in the ordinary course of business, the principal supply is that of the laptop and the bag is an ancillary. Therefore, it is a composite supply and the rate of tax would that as applicable to the laptop.   |
| 16 | <b>I am obtaining online database access services from a company abroad over the net, would I have to pay tax on reverse charge?</b>  | The recipient, if registered, has to pay the applicable IGST on reverse charge basis. If the recipient is not registered, the matter is treated as an online information and database access or retrieval service (OIDAR) and the OIDAR service provider is liable to take registration and pay tax.  |
| 17 | <b>When would it be construed that I have made a supply of services involving temporary transfer or permitting the use or enjoyment of any intellectual property right?</b> | <p>Generally, the End User Licence Agreement (EULA) is the legal contract between a software application author or publisher and the user of that application governing the usage. The agreement is renewable and/or could be amended from time to time. To find out as to whether there is an element of supply involved when software is delivered to its customer, the terms and conditions of EULA are material.</p> <p>The contract for supply therefore assumes significance in this test to decide whether or not there has been 'temporary transfer or permitting the use or enjoyment of any intellectual property right'.</p> |

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| 18 | <b>What special provisions are attracted in GST with regard to associated enterprises?</b>   | An enterprise which participates, either directly or indirectly, through one or more intermediaries, in the management, or control or capital of the other enterprise is an associated enterprise. In the context of GST, associated enterprise is particularly relevant in the case of supply of services, where the supplier is located outside India. In such cases, the time of supply will be the earlier of date of entry in the books of account of the recipient of supply or the date of payment – thus, within ‘associated enterprises’, the levy under GST is attracted once such book entries are made even if no actual payment takes place or no invoice is issued. |
| 19 | <b>What would be the tax liability on replacement of parts (no consideration is charged from a customer) under a warranty and whether the supplier is required to reverse the input tax credit?</b>  | As parts are provided to the customer without a consideration under warranty, no GST is chargeable on such replacement. The value of supply made earlier includes the charges to be incurred during the warranty period. Therefore, the supplier who has undertaken the warranty replacement is not required to reverse the input tax credit on the parts/components replaced.  |
| 20 | <b>An Original Equipment Manufacturer (OEM) has an obligation to provide repair services to their customers in the warranty period. This activity is outsourced by OEM to ‘D’, who bills the OEM for the services he provides to the customer. What is the tax liability of ‘D’?</b> | ‘D’ is providing service to the OEM. GST is payable on the value of any supplies made by ‘D’ to OEM i.e. in respect of bills raised by ‘D’ on the OEM.  |
| 21 | <b>How will the defective parts be sent to the mother warehouse/repairing centre for repair by the downstream repairing centres? What is the tax liability?</b>  | The defective parts shall be sent for repair on a delivery challan accompanied by such e-way bill as may be prescribed. GST shall be chargeable on the repair amount, including the cost of parts, charged by the repairing centre.   |

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| 22 | <b>What is the tax liability in a scenario where supplies are made from multiple locations (in different States) of the supplier to the recipient under a single contract?</b>  | Delivering services from various locations and integrated pricing for the contract as a whole is the norm in IT/ITES industry. Normally the contract or agreement with the recipient is entered into by one of the branches (let us say “Main Branch”). Therefore, in such cases of service delivery from multiple locations of the supplier to the recipient, the supply could be visualized as consisting of two distinct supplies. First supply- the different branches of the supplier located across different States are making the supply to the main branch which entered into a contact or an agreement with the recipient for the supply of such service. Second supply- main branch is making a supply to the customer. GST is to be levied accordingly. In such a scenario, the main branch would get input tax credit of GST paid by the other branches on supplies made by them to the main branch. |
| 23 | <b>In the scenario envisaged in previous question, the main branch is said to be entitled to ITC of the GST paid by the other branches. Thus, it is a revenue neutral situation. What are the valuation guidelines for such services?</b> | The second proviso to rule 28 of the CGST Rules, 2017 provides that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of goods and services.   |
| 24 | <b>Can payment of IGST on reverse charge basis on import of goods/services be done through book entry or ITC?</b>   | No. GST payable on reverse charge basis is to be discharged through cash only. Rule 85(4) of the CGST Rules, 2017 refers.   |
| 25 | <b>Is the requirement of transferring of credit through ISD mechanism mandatory?</b>  | The ISD provision under the CGST Act, 2017 is not mandatory. It only provides the manner of distribution of ITC wherever the business entity wishes to distribute the ITC as an Input Service Distributor.  |

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| 26 | <b>What is the format for invoices to be issued in the case of reverse charge payment of GST?</b>   | No separate format for any type of invoicing including self-invoicing has been prescribed. The contents of the invoice have been prescribed in Rule 46 of the CGST Rules, 2017.                           |
| 27 | <b>I am a software provider, registered at Mumbai. I supply software to my clients in Bangalore- would I be required to take a registration in Karnataka?</b> | No. The supplies would be treated as inter –State supplies and IGST is chargeable on the same.  |
| 27 | <b>I am a software provider, registered at Mumbai. I supply software to my clients in Bangalore- would I be required to take a registration in Karnataka?</b> | No. The supplies would be treated as inter –State supplies and IGST is chargeable on the same.  |
| 28 | <b>I am an exporter of services. Would I be entitled to refund after the 1st of July (appointed day)?</b>   | For exports upto 30th June, 2017 refund may be claimed under the provisions of the Chapter V of the Finance Act, 1994. Exports made on and after 1st July would be eligible for refund under the GST law. |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017.**

#### Government Services

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| 1 | <b>Are all services provided by the Government or local authority exempted from payment of tax?</b> | No, all services provided by the Government or a local authority are not exempt from tax. As for instance, services, namely, (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of an airport or a port; (iii) transport of goods or passengers; or (iv) any service, other than services covered under (i) to (iii) above, provided to business entities are not exempt and that these services are liable to tax. |
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|   |  | <p>That said, most of the services provided by the Central Government, State Government, Union Territory or local authority are exempt from tax. These include services provided by government or a local authority or governmental authority by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution and services by a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.</p>  |
| 2 | <p><b>Are Government or local authority or governmental authority liable to pay tax?</b></p> | <p>Yes. The Government or a local authority or a governmental authority is liable to pay tax on supply of services other than the services notified as exempt or notified as neither a supply of goods nor a supply of services under clause (b) of sub-section (2) of section 7 of the CGST Act, 2017. In respect of services other than – (i) renting of immovable property; (ii) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government; and (iii) services in relation to an aircraft or a vessel, inside or outside the precincts of an airport or a port, the service recipients are required to pay the tax under reverse charge mechanism.</p> |



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| 3 | <b>What is the meaning of 'Government'?</b> | <p>As per section 2(53) of the CGST Act, 2017, 'Government' means the Central Government. As per clause (23) of section 3 of the General Clauses Act, 1897 the 'Government' includes both the Central Government and any State Government. As per clause (8) of section 3 of the said Act, the 'Central Government', in relation to anything done or to be done after the commencement of the Constitution, means the President. As per Article 53 of the Constitution, the executive power of the Union shall be vested in the President and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution. Further, in terms of Article 77 of the Constitution, all executive actions of the Government of India shall be expressed to be taken in the name of the President. Therefore, the Central Government means the President and the officers subordinate to him while exercising the executive powers of the Union vested in the President and in the name of the President. Similarly, as per clause (60) of section 3 of the General Clauses Act, 1897, the 'State Government', as respects anything done after the commencement of the Constitution, shall be in a State the Governor, and in an Union Territory the Central Government. As per Article 154 of the Constitution, the executive power of the State shall be vested in the Governor and shall be</p> |
| 4 | <b>Who is a local authority?</b>            | <p>Local authority is defined in clause (69) of section 2 of the CGST Act, 2017 and means the following:-</p> <p>a "Panchayat" as defined in clause (d) of article 243 of the Constitution;</p> <p>a "Municipality" as defined in clause (e) of article 243P of the Constitution;</p> <p>a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;</p> <p>a Cantonment Board as defined in section 3 of the Cantonments Act, 2006;</p>  |

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|   |  | <p>a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;</p> <p>a Development Board constituted under article 371 of the Constitution; or</p> <p>a Regional Council constituted under article 371A of the Constitution;</p>  |
| 5 | <p><b>Are all local bodies constituted by a State or Central Law regarded as local authorities for the purposes of the GST Acts?</b></p> | <p>No. The definition of 'local authority' is very specific and means only those bodies which are mentioned as 'local authorities' in clause (69) of section 2 of the CGST Act, 2017. It would not include other bodies which are merely described as a 'local body' by virtue of a local law.</p> <p>For example, State Governments have setup local developmental authorities to undertake developmental works like infrastructure, housing, residential &amp; commercial development, construction of houses, etc. The Governments setup these authorities under the Town and Planning Act. Examples of such developmental authorities are Delhi Development Authority, Ahmedabad Development Authority, Bangalore Development Authority, Chennai Metropolitan Development Authority, Bihar Industrial Area Development Authority, etc. Such developmental authorities formed under the Town and Planning Act are not qualified as local authorities for the purposes of the GST Acts.</p> |

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| 6 | <p><b>Would a statutory body, corporation or an authority constituted under an Act passed by the Parliament or any of the State Legislatures be regarded as ‘Government’ or “local authority” for the purposes of the GST Acts?</b></p> | <p>A statutory body, corporation or an authority created by the Parliament or a State Legislature is neither ‘Government’ nor a ‘local authority’. Such statutory bodies, corporations or authorities are normally created by the Parliament or a State Legislature in exercise of the powers conferred under article 53(3)(b) and article 154(2)(b) of the Constitution respectively. It is a settled position of law (Agarwal Vs. Hindustan Steel AIR 1970 Supreme Court 1150) that the manpower of such statutory authorities or bodies do not become officers subordinate to the President under article 53(1) of the Constitution and similarly to the Governor under article 154(1). Such a statutory body, corporation or an authority as a juridical entity is separate from the State and cannot be regarded as the Central or a State Government and also do not fall in the definition of ‘local authority’. Thus, regulatory bodies and other autonomous entities would not be regarded as the government or local authorities for the purposes of the GST Acts.</p> |
| 7 | <p><b>Would services provided by one department of the Government to another Department of the Government be taxable?</b></p>   | <p>Services provided by one department of the Central Government/State Government to another department of the Central Government/ State Government are exempt under notification No. 12/2017-Central Tax (Rate), dated 28.06.2017 [S No 8 of the Table].</p> <p>However, this exemption is not applicable to:</p> <p>a) services provided by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, the State Government and Union Territory;</p>   |

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|    |  | <p>b) services in relation to a vessel or an aircraft inside or outside the precincts of a port or an airport;</p> <p>c) services of transport of goods and/or passengers.</p>  |
| 8  | <p><b>What are the transport services provided by the Government or local authorities exempt from tax?</b></p>   | <p>Transport services provided by the Government to passengers by — (i) railways in a class other than— (a) first class; or (b) an air-conditioned coach; (ii) metro, monorail or tramway; (iii) inland waterways; (iv) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (v) metered cabs or auto rickshaws (including E-rickshaws) are exempt from tax.</p>  |
| 9  | <p><b>Are various corporations formed under the Central Acts or State Acts or various government companies registered under the Companies Act, 1956/2013 or autonomous institutions set up by special Acts covered under the definition of ‘Government’?</b></p> | <p>No. The corporations formed under the Central or a State Act or various companies registered under the Companies Act, 1956/2013 or autonomous institutions set up by the State Acts will not be covered under the definition of ‘Government’ and therefore, services provided by them will be taxable unless exempted by a notification.</p>   |
| 10 | <p><b>Are various regulatory bodies formed by the Government covered under the definition of ‘Government’?</b></p>   | <p>No. A regulatory body, also called regulatory agency, is a public authority or a governmental body which exercises functions assigned to them in a regulatory or supervisory capacity. These bodies do not fall under the definition of Government.</p> <p>Examples of regulatory bodies are - Competition Commission of India, Press Council of India, Directorate General of Civil Aviation, Forward Market Commission, Inland Water Supply Authority of India, Central Pollution Control Board, Securities and Exchange Board of India.</p> |

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| 11 | <p><b>Will the services provided by Police or security agencies of Government to PSUs or corporate entities or sports events held by private entities be taxable?</b></p> | <p>Yes. Services provided by Police or security agencies of Government to PSU/private business entities are not exempt from GST. Such services are taxable supplies and the recipients are required to pay the tax under reverse charge mechanism on the amount of consideration paid to Government for such supply of services.</p> <p>Illustration: The Karnataka Cricket Association, Bangalore requests the Commissioner of Police, Bangalore to provide security in and around the Cricket Stadium for the purpose of conducting the cricket match. The Commissioner of Police arranges the required security for a consideration. In this case, services of providing security by the police personnel are not exempt. As the services are provided by Government, Karnataka Cricket Association is liable to pay the tax on the amount of consideration paid under reverse charge mechanism.</p> |
| 12 | <p><b>The Department of Posts provides a number of services. What is the status of those services for the purpose of levy of tax?</b></p>                                 | <p>The services by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Government or Union territory are not exempt. In respect of these services the Department of Posts is liable to pay tax without application of reverse charge.</p> <p>However, the following services provided by the Department of Posts are not liable to tax.</p> <p>a) Basic mail services known as postal services such as post card, inland letter, book post, registered post provided exclusively by the Department of Posts to meet the universal postal obligations.</p> <p>b) Transfer of money through money orders, operation of savings accounts, issue of postal orders, pension payments and other such services.</p>  |

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| 13 | <b>What is the scope of agency services provided by the Department of Posts mentioned in the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017?</b>  | The Department of Posts also provides services like distribution of mutual funds, bonds, passport applications, collection of telephone and electricity bills on commission basis. These services are in the nature of intermediary and generally called agency services. In these cases, the Department of Posts is liable to pay tax without application of reverse charge.  |
| 14 | <b>Would services received by Government, a local authority, a governmental authority from a provider of service located outside India be taxable?</b>  | No tax is payable on the services received by the Government / local authority/ governmental authority from a provider of service located outside India. However, the exemption is applicable to only those services which are received for the purpose other than commerce, industry or any other business or profession. In other words, if the Government receives such services for the purpose of business or commerce, then tax would apply on the same.         |
| 15 | <b>Whether the exemption is applicable to online information and database access or retrieval services received by Government or local authorities from provider of service located in non taxable territory?</b> | No. Online information and database access or retrieval services received by Government or local authorities from non taxable territory for any purpose including furtherance of business or commerce are liable to tax.   |
| 16 | <b>What are the functions entrusted to a municipality under Article 243W of the Constitution?</b>   | The functions entrusted to a municipality under the Twelfth Schedule to Article 243W of the Constitution are as under:<br><br>a) Urban planning including town planning.<br><br>b) Regulation of land-use and construction of buildings.<br>c) Planning for economic and social development.<br><br>d) Roads and bridges.<br>e) Water supply for domestic, industrial and commercial purposes.<br>f) Public health, sanitation conservancy and solid waste management. |

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|    |   | <p>g) Fire services.</p> <p>h) Urban forestry, protection of the environment and promotion of ecological aspects.</p> <p>i) Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.</p> <p>j) Slum improvement and upgradation.</p> <p>k) Urban poverty alleviation.</p> <p>l) Provision of urban amenities and facilities such as parks, gardens, playgrounds.</p> <p>m) Promotion of cultural, educational and aesthetic aspects.</p> <p>n) Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.</p> <p>o) Cattle pounds; prevention of cruelty to animals.</p> <p>p) Vital statistics including registration of births and deaths.</p> <p>q) Public amenities including street lighting, parking lots, bus stops and public conveniences.</p> <p>r) Regulation of slaughter houses and tanneries.</p> |
| 17 | <p><b>What are the functions entrusted to a Panchayat under Article 243G of the Constitution?</b></p> | <p>The functions entrusted to a Panchayat under the Eleventh Schedule to Article 243G of the Constitution are as under:</p>  |

(i) Agriculture, including agricultural extension. (ii) Land improvement, implementation of land reforms, land consolidation and soil conservation. (iii) Minor irrigation, water management and watershed development. (iv) Animal husbandry, dairying and poultry. (v) Fisheries. (vi) Social forestry and farm forestry. (vii) Minor forest produce. (viii) Small scale industries, including food processing industries. (ix) Khadi, village and cottage industries. (x) Rural housing. (xi) Drinking water. (xii) Fuel and fodder. (xiii) Roads, culverts, bridges, ferries, waterways and other means of communication. (xiv) Rural electrification, including distribution of electricity. (xv) Non-conventional energy sources. (xvi) Poverty alleviation programme. (xvii) Education, including primary and secondary schools. (xviii) Technical training and vocational education. (xix) Adult and non-formal education. (xx) Libraries. (xxi) Cultural activities. (xxii) Markets and fairs. (xxiii) Health and sanitation, including hospitals, primary health centres and dispensaries. (xxiv) Family welfare. (xxv) Women and child development. (xxvi) Social welfare, including welfare of the handicapped and mentally retarded. (xxvii) Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes. (xxviii) Public distribution system. (xxix) Maintenance of community assets.



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| 18 | <b>What is the significance of services provided by Government or a local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Government or the local authority?</b> | <p>Non-performance of a contract or breach of contract is one of the conditions normally stipulated in the Government contracts for supply of goods or services. The agreement entered into between the parties stipulates that both the service provider and service recipient abide by the terms and conditions of the contract. In case any of the parties breach the contract for any reason including non-performance of the contract, then such person is liable to pay damages in the form of fines or penalty to the other party. Non-performance of a contract is an activity or transaction which is treated as a supply of service and the person is deemed to have received the consideration in the form of fines or penalty and is, accordingly, required to pay tax on such amount.</p> <p>However non performance of contract by the supplier of service in case of supplies to Government is covered under the exemption from payment of tax. Thus any consideration received by the Government from any person or supplier for non performance of contract is exempted from tax.</p> |
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|    |  | <p>Illustration: Public Works Department of Karnataka entered into an agreement with M/s. ABC, a construction company for construction of office complex for certain amount of consideration. In the agreement dated 10.7.2017, it was agreed by both the parties that M/s. ABC shall complete the construction work and handover the project on or before 31.12.2017. It was further agreed that any breach of the terms of contract by either party would give right to the other party to claim for damages or penalty. Assuming that M/s. ABC does not complete the construction and handover the project by the specified date i.e., on or before 31.12.2017. As per the contract, the department asks for damages/penalty from M/s. ABC and threatened to go to the court if not paid. Assuming that M/s ABC has paid an amount of Rs. 10,00,000/- to the department for non performance of contract. Such amount paid to department is exempted from payment of tax.</p> |
| 19 | <p><b>Whether services in the nature of change of land use, commercial building approval, utility services provided by a governmental authority are taxable?</b></p> | <p>Regulation of land-use, construction of buildings and other services listed in the Twelfth Schedule to the Constitution which have been entrusted to Municipalities under Article 243W of the Constitution, when provided by governmental authority are exempt from payment of tax.</p>  |
| 20 | <p><b>Whether fines and penalty imposed by Government or a local authority for violation of a statute, bye-laws, rules or regulations liable to tax?</b></p>         | <p>No. This gets covered under the exemption by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Government or the local authority.</p>   |

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| 21 | <p><b>Whether services provided by Government or a local authority to a business entity located in a special category State are subject to tax?</b></p>   | <p>The expression “special category States” provided in Explanation (iii) to section 22 of the CGST Act, shall mean the States as specified in sub-clause (g) of clause (4) of Article 279A of the Constitution. As per the said clause, the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand have been given the status of special category States for the purpose of GST Acts. Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017 (Sl. No. 7 of the Table) provides for exemption from payment of tax in respect of services provided to a business entity located in a special category State with a turnover up to Rs. 10 lakh rupees. However, this exemption is not be applicable to (a) services - (i) by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government; (ii) in relation to an aircraft or a vessel, inside or outside the precincts of an airport or a port; (iii) of transport of goods or passengers and (iv) services by way of renting of immovable property.</p> |
| 22 | <p><b>A small business entity is carrying on a business relating to consulting engineer services in Delhi. Does it need to pay tax on the services received from Government or a local authority?</b></p> | <p>If turnover of the entity is less than the limit of Rs. 20 lakhs in a financial year, no tax would be payable. The exemption from payment of tax is applicable to services provided to a business entity having a turnover up to Rs. 20 lakh rupees. However, this exemption is not applicable to (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of an airport or a port; (iii) services of transport of goods or passengers and (iv) services by way of renting of immovable property.</p>   |

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| 23 | <b>What is reverse charge in GST?</b>  | As per 2(98) of the CGST Act, 2017, "reverse charge" means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9 of the CGST Act, 2017, or under sub-section (3) or subsection (4) of section 5 of the IGST Act, 2017.  |
| 24 | <b>Whether reverse charge is applicable to services provided by Government or local authorities?</b> | <p>Yes, reverse charge is applicable in respect of services provided by Government or local authorities to any person whose turnover exceeds Rs. 20 lakhs (Rs. 10 lakhs for Special Category States) excluding the following services;</p> <p>(i) renting of immovable property;</p> <p>(ii) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government;</p> <p>(iii) services in relation to an aircraft or a vessel, inside or outside the precincts of an airport or a port;</p> <p>(iv) transport of goods or passengers.</p> <p>Thus, the recipient of supply of goods or services is liable to pay the entire amount of tax involved in such supply of services or goods or both.</p> |

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| 25 | <p><b>What is the scope of 'pure services' mentioned in the exemption notification No. 12/2017-Central Tax (Rate), dated 28.06.2017?</b></p> | <p>In the context of the language used in the notification, supply of services without involving any supply of goods would be treated as supply of 'pure services'. For example, supply of man power for cleanliness of roads, public places, architect services, consulting engineer services, advisory services, and like services provided by business entities not involving any supply of goods would be treated as supply of pure services. On the other hand, let us take the example of a governmental authority awarding the work of maintenance of street lights in a Municipal area to an agency which involves apart from maintenance, replacement of defunct lights and other spares. In this case, the scope of the service involves maintenance work and supply of goods, which falls under the works contract services. The exemption is provided to services involves only supply of services and not for works contract services.</p> |
| 26 | <p><b>Would services in relation to supply of motor vehicles to Government be taxable?</b></p>   | <p>Supply of a motor vehicle meant to carry more than twelve passengers by way of giving on hire to a state transport undertaking is exempted from tax. The exemption is applicable to services provided to state transport undertaking and not to other departments of Government or local authority. Generally, such State transport undertakings/corporations are established by law with a view to providing public transport facility to the commuters. In some cases, transport undertakings hire the buses on lease basis from private persons on payment of consideration. The services by way of supply of motor vehicles to such state transport undertaking are exempt from payment of tax. However, supplies of motor vehicles to Government Departments other than the state transport undertakings are taxable.</p>   |

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| 27 | <b>Can the supplier of services claim the tax paid under reverse charger mechanism as input tax credit?</b> | Yes. The supplier of services may claim the input tax credit on the amount of tax paid under reverse charge mechanism subject to the provisions of Chapter V of CGST Act, 2017 read with Chapter V of the CGST Rules, 2017.   |
| 28 | <b>What is the concept called 'tax deduction at source'?</b>  | <p>As per section 51 of the CGST Act, 2017, the Government may mandate (a) a department or establishment of the Central Government or State Government; or (b) local authority; or (c) Governmental agencies; or (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council, to deduct tax at the rate of one per cent on account of CGST and one percent on account of SGST from the payment made or credited to the supplier where the total value of the supply under a contract exceeds two lakh and fifty thousand rupees (excluding tax payable under the GST Acts). The deductor shall remit the deducted amount to the Government and is also required to furnish a certificate to the deductee by mentioning the details of the amount deducted and payment of such deducted amount.</p> <p>Illustration: ABC Ltd supplies the service valued at Rs. 3,00,000/- excluding tax to Government department. The department while making the payment of Rs. 3,00,000/- should deduct Rs. 3000/- on account of CGST and Rs. 3000/- on account of SGST and make a net payment of Rs. 2,94, 000/- to ABC Ltd. Thereafter, the department shall pay the amount of Rs. 3,000/- to the Central Government and Rs. 3,000/- to the State Government and furnish a certificate to the deductee, containing the details of such deduction including the details of such deductee.</p> |

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| 29 | <b>Whether the deductee can claim the input tax credit on the deduction of tax at source amount?</b>  | No. The tax deducted at source is not input tax credit. However, the amount deducted shall be credited to the electronic cash ledger (upon being accepted by the deductee in his Form GSTR-2A) of the deductee and can be utilized for payment of output tax.  |
| 30 | <b>Whether an amount in the form of royalty or any other form paid/payable to the Government for assigning the rights to use of natural resources is taxable?</b> | The Government provides license to various companies including Public Sector Undertakings for exploration of natural resources like oil, hydrocarbons, iron ore, manganese, etc. For having assigned the rights to use the natural resources, the licensee companies are required to pay consideration in the form of annual license fee, lease charges, royalty, etc to the Government. The activity of assignment of rights to use natural resources is treated as supply of services and the licensee is required to pay tax on the amount of consideration paid in the form of royalty or any other form under reverse charge mechanism. |
| 31 | <b>Whether a Government Department, required to deduct tax at source, is liable to take registration as a normal taxpayer?</b>                                    | The Government Department is required to take registration as a normal taxpayer only if it makes a taxable supply of goods and/or services and in such cases, the registration shall be obtained on the basis of PAN but Bank account is not mandatory. However, if it is not making any taxable supply of goods and/or services, it is required to register only as a deductor of tax at source on the basis of TAN/PAN.  |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017.**

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| 1                            | <b>Whether a person can avail the composition scheme on Small Retail Trading of goods if he is holding both incomes like Sale of business: Rs.25 lakh (Small Retail Trader) and Rental income: Rs.12lakhs, whereas the person was registered earlier in VAT Composition Scheme and was paying Service Tax on rental income?</b> | Renting is a service and supplier of service, except restaurant service, cannot opt for composition scheme. Since you are supplying both goods & services, you are not eligible for composition scheme.   |
| 2                            | <b>Can traders selling on ecommerce portals avail composition scheme if their turnover is less than 75 lakhs?</b>   | No, Sub-section (2) of section 10 refers.   |
| <b>Invoice &amp; Returns</b> |   |   |
| 1                            | <b>If an Assessee has two or more units with single registration, how the invoices are to be maintained viz., separate invoices unit wise or single invoice for all units?</b>  | He can issue unit-wise invoice also. But there should not be any duplication in numbering system.   |
| 2                            | <b>Do we have clarity on when invoice data uploading will begin on the GSTN?</b>  | Government is ready to launch this. However, a simpler return called GSTR-3B has also been devised due to the demands from the trade and industry for extension of time limit for filing of normal returns.   |
| 3                            | <b>Would head offices providing centralized HR, Finance and IT functions also need to raise invoices to its branches?</b>   | Yes, if the head office and branches are distinct persons as specified in section 25(4), invoice is required to be issued and GST should also be paid.  |
| 4                            | <b>Kindly clarify the accounting treatment of Credit Note while raising Invoice after implementation of GST?</b>  | For the purpose of GST law, credit note can be issued to reduce the taxable value or to reduce tax payable or to claim goods return, where the relevant invoice had already been issued and taxable value or tax charged in that tax invoice is in excess. Section 34 of CGST Act, 2017 may be referred to for further details. |



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| 5  | <b>Whether any trader having turnover of less than Rs. 20 lakh needs to sell his goods on proper invoice/billing?</b>   | Only registered persons are required to issue tax invoices as per provision of Section 31 read with rules. An unregistered person may supply goods on ordinary commercial invoices and he cannot issue tax invoice.   |
| 6  | <b>What is the procedure/documents required for sending free replacement to the customers at free of cost?</b>  | Where free replacement is provided to the customers without consideration under warranty, no GST is chargeable on such replacement. In such cases goods may be sent on delivery challan as provided in rule 55 of the CGST Rules, 2017.   |
| 7  | <b>If we are only dealing in exempted items what is the type of invoice we are required to issue to our buyers? Is it bill of supply or regular GST Invoice?</b>              | You may issue a commercial invoice in such cases. However, if you are a registered person, you may issue a bill of supply for exempt supplies.  |
| 8  | <b>How the invoicing should be done for free goods given along with sale so that corresponding input tax credit is not required to be reversed for products under scheme?</b> | Invoice value would include value of all goods including those supplied free. In such cases, ITC is not required to be reversed.  |
| 9  | <b>Under GST, how to send demonstration equipment and instruments to customers or branch offices with in India on returnable basis? – No sale is involved</b>                 | As the goods are sent on returnable basis and no transfer of title is involved, it is not a supply of goods. If some element of service is involved, the same will be a taxable supply. The goods may be sent on delivery challan without invoice as it is not a supply of goods. |
| 10 | <b>How to send equipment and instruments to manufacturers' factory for repairs and calibration with in India on returnable basis? – No sale is involved.</b>                  | Challan for movement of goods without supply is to be issued in terms of Rule 55 of CGST Rules.   |

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| 11                      | <b>Clarification is sought on the following: Revision in GSTR Returns</b>   | Mistakes can be corrected in subsequent returns to be filed through amendment Table (For example Table 11 of GSTR-1). Such mistakes can be corrected till the due date for filing of the return for the month of September subsequent to end of the year or filing of the annual return, whichever is earlier.   |
| 12                      | <b>Whether customers have to furnish any detail or file any return while availing services from taxi aggregators?</b>                             | Customers availing services from taxi aggregators do not have to make any declaration or file any return. They are outside GST.  |
| 12                      | <b>Whether taxi aggregators can issue any other document in lieu of invoice and issue consolidated invoice for such services?</b>                 | The law provides flexibility to such service providers to issue tickets or tax invoice within one month from the date of supply of service. Except banking and financial service providers, service providers such as taxi aggregators do not have the option to issue consolidated invoices. Whereas, the proposal for providing consolidated invoices for various service providers may be explored. |
| 12                      | <b>Can a provision be made in the GST Act, to ensure that the invoice number becomes part of the bank statement every time a payment is made?</b> | The suggestion to include Invoice No/Bill No in the bank statement itself, wherever a payment is made for any service or goods, can be examined further.   |
| <b>Input Tax Credit</b> |   |  |
| 1                       | <b>How can a trader avail ITC while selling goods/services to unregistered/exempted GST traders?</b>  | The fact that a registered person is supplying goods to an unregistered or exempted person has no consequence on availment of ITC by the supplier.   |
| 2                       | <b>Please clarify the procedure of availing ITC on Additional Compensation Cess on some products like Tobacco, Coke, Cigarettes.</b>              | ITC of cess can be used only for payment of cess   |

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| 3 | <p><b>Please clarify ITC Credit status for the following condition: If Recipient (Good &amp; Service) is registered under GST &amp; Reseller/Supplier is under exemption OR composition schemes</b></p>  | <p>In case of unregistered dealer, recipient will pay tax on reverse charge basis. He can get the ITC provided he fulfills other conditions as mentioned in section 16 of the CGST Act, 2017.</p> <p>In case of purchase from composition taxable person, the composition person cannot charge any tax and hence the question of availing ITC does not arise.</p> |
| 4 | <p><b>Please clarify ITC Credit status for the following condition: On GST Deducted Commission for Distributor registered under GST Taxpayer</b></p>   | <p>The GST deducted out of your commission as TDS will be claimed by you in your cash ledger.</p>   |
| 5 | <p><b>Please clarify ITC Credit status for the following condition: if Commission received Without Deducting GST in cases where distributor under Exemption OR composition Scheme</b></p>  | <p>The section concerning GST deduction (Section 51 of CGST Act, 2017) has not been operationalized till now. But if the distributor is under threshold exemption or under composition scheme, the requirement for GST deduction depends upon the taxable supply and value of contract rather than the nature of the supplier.</p>                                |
| 6 | <p><b>How should importers take credit of clean energy cess paid on goods lying as stock 30.06.2017?</b></p>   | <p>No credit for clean energy cess can be taken.</p>  |
| 7 | <p><b>Since our products are under 0% and we are using various services like telephone, professional charges for which we will be paying GST to our registered service providers and this amount will not be utilized towards any payment of outward goods. Are we eligible for refund on the services obtained and GSTN paid for the same? If yes what is the procedure? If no what is the accounting effect?</b></p> | <p>You are not eligible for refund of unutilized Input Tax Credit as there is no tax on output supply.</p>  |

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|    | accounting effect:   | Tax paid on such services may be accounted along with the services availed i.e. booked as expenses.   |
| 8  | <b>Whether ITC Transition provisions on goods purchased within the State on which tax on MRP has been paid, covered under 140(3) or 140(1)? If covered under 140(1) then how a credit claim be made, as presently in Vat return only the amount is reflected and it is non-adjustable?</b> | ITC could be availed on the goods, on which tax on MRP has been paid at earlier stage, therefore it could get covered by section 140(3), if the state GST provides for that. In any case, section 140(1) would not be applicable, because section 140(1) is applicable only if the supplier is carrying forward ITC in his return for June, 2017. The dealer, who was not eligible for ITC under existing law, because the goods had suffered tax at first point of sale only obviously cannot claim ITC in the said return also. |
| 9  | <b>Please clarify on availment of input tax credit of GST paid on trucks, commonly used for G.T.A business, Safex, Multi-modal and packing business?</b>   | No ITC is permitted to GTA engaged in providing GTA services which are under RCM and are treated as exempted supplies in the hand of GTA. However, if GTA is also liable to pay tax under forward charge as supplier, he is not permitted to avail ITC if he is claiming the concessional rate of 5%. If ITC is claimed, the GST rate for GTA in forward charge will be 18%.  |
| 10 | <b>What will be the Input Credit of newly launched project of building construction after 01.07.2017?</b>  | ITC is permitted to pay output tax of construction/work contract services. Please see section 17(5) (c) and (d) of CGST Act, 2017.  |
| 11 | <b>What are the provisions under CGST Act as to the eligibility of CENVAT credit of service tax on invoices which are received after the appointed date for the services received under the service tax regime?</b>  | ITC is available in terms of section 140(5) of CGST Act, 2017.  |
| 12 | <b>How a service Provider can get input GST credit benefit in pure labour Contract under Input Credit?</b>   | He needs to use input for furtherance of business and should fulfill the conditions mentioned in section 16 of CGST Act, 2017. The input should not fall within the negative list provided in section 17(5) of the CGST Act, 2017.  |

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| 13 | <b>GSTR-1 (Point 9) – As banks are eligible to claim only 50% of Input credit consider excluding banks from reporting of exempt/ non-GST supplies in GSTR-1?</b> | Return Rules have already been notified. It is not possible to make exception for one sector.  |
| 14 | <b>Clarification is sought for the following: Penal Interest on loans and advances</b>   | Penal interest is a consideration for tolerating an act and it is a supply of service and will be taxable.   |
| 15 | <b>In case of takeover of a Partnership firm by a Private Limited Company, then who will get the ITC credit? And who should file the GST TRAN-1?</b>             | If the business is transferred as a going concern, and liabilities are also transferred then ITC can be transferred to the company. The company can file TRAN-1. |
| 16 | <b>Whether credit is restricted under the GST Act, especially for rent-a-cab Service?</b>  | Input tax credit for rent-a-cab service is not available under GST.  |

#### Job Work

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| 1 | <b>Whether the job worker (who converts barley into Malt) has to charge GST from the Principal only on the Job Work charges or full value of goods, i.e. (Value of Raw Material + Job Work Charges)?</b>  | The job worker has to pay GST on job work charges only.   |
| 2 | <b>In case of job workers not operating under Notification 214/86-CE (i.e. registered under excise at present), whether they can carry forward the credit availed on RM/PM supplied to them by the principal manufacturer? Also is there any restriction on carry forward of the credit on input services distributed to them by the principal as ISD under Rule 7 of the Credit Rules and remaining unutilized on the day of GST implementation?</b> | The credit on RM/PM supplied by the principal manufacturer can be availed by the manufacturer rather than the job worker. Section 141 of CGST Act, 2017 refers. |

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|             |  | Further if job worker is registered under existing law, Cenvat Credit in respect of input services received from ISD as shown in return can be carried forward.   |
| <b>Levy</b> |  |   |
| 1           | <b>Should GST be charged on labour charges in an invoice?</b>  | Yes, if the activity is taxable.  |
| 2           | <b>Would tax be payable on sale of business assets on which no credit was claimed?</b>   | Yes provided the aggregate value of supplies is more than Rs. 20 lakhs (Rs. 10 lakhs in special category States).   |
| 3           | <b>What kind of facilities provided by employer to employee would be liable to GST? For instance, whether club membership provided will be considered as "service"?</b>              | The compensation to employees in the form of money is not a supply. However, fringe benefits are supply of goods or services and are liable to tax if not exempted. These are transactions in furtherance of business and even if supplied without consideration, the same are deemed supply. |
| 4           | <b>PayPal is USA based company. It provides services to its account holders spread worldwide. Whether services given by PayPal would be covered under Section 13(8) of IGST Act?</b> | If the place of supply is in India, the registered recipient will have to pay tax under reverse charge and if the recipient is unregistered, PayPal will pay GST in accordance with section 14 of IGST Act.   |
| 5           | <b>Whether 5% GST applicable to the Transport service provider is to be charged on the total freight amount bill?</b>  | It will be on the invoice value of GTA services determined in terms of section 15   |
| 6           | <b>Does Rental Income less than Rs. 20 Lac per annum attract GST?</b>  | No. That said, where the rental income from a single property is less than Rs. 20 lakhs but the aggregate rental income from various properties exceed rupees twenty lakhs, the requirement for registration and GST payment will be there.   |

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| 7  | <p><b>In reference to Section 15 of GST, CTT and STT are statutory levy under Income Tax. Is there any GST tax on another governmental Tax, SEBI Fees and Stamp Duty as per Various State Government rates?</b></p>   | <p>As per Section 15 the value will be inclusive of all taxes except CGST, SGST, UTGST and IGST. So all taxes will be included in the value for the purpose of GST except where benefit of Pure agent as provided in Rule 33 of CGST Rules, 2017 is availed.</p>          |
| 8  | <p><b>Provisions of Notification no. 7/2017 are applicable under CGST only. Kindly clarify whether provisions of notification no. 7/2017 will be applicable for SGST ACT, IGST ACT and UTGST ACT?</b></p>   | <p>Separate notifications are issued under SGST Act, IGST Act and UTGST Act.</p>  |
| 9  | <p><b>Whether GST would be payable in case of demand of excise duty made upon finalization of provisional excise assessment in post GST period?</b></p>   | <p>Demands arising from finalization of provisional assessments under the Central Excise Act, unless recovered under the said Act, shall be recovered as an arrear of tax under GST Act.</p>  |
| 10 | <p><b>What option shall be opted while clearing samples from factory to warehouse location:</b><br/> <b>a) No GST should be levied but corresponding ITC should be reversed</b><br/> <b>b) GST should be levied but GST (ITC) paid on samples cleared should be reversed at receiving warehouse location.</b></p> | <p>Depends upon the location of the factory and warehouse. If both are located in the same State and not registered separately, no GST is to be charged. Once finally supplied to any other recipient, no GST is to be charged but ITC on the same is to be reversed.</p> |

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| 11 | <p><b>What is the taxable treatment of the services provided by a Service Provider in respect of such services which are covered under circular 25/2012-Mega Exemption Notification for Government, railways and other Departments? Such Services are exempt from Service Tax, hence who will bear the GST tax element of 18%, the Service Provider or the Principal Employer?</b></p> | <p>Exemption notification for services have been notified. Refer Not. No. 12/2017- Central Tax (Rate) &amp; Not. No. 9/2017-Integrated Tax (Rate).</p>   |
| 12 | <p><b>Normally the Service Provider does not issue invoice in Government Jobs. The Sectional /departmental engineers prepare the measurement books and record the details of work done on a subsequent date. Hence how Point of Service will be reckoned since the Service Provider does not raise the Invoice?</b></p>  | <p>Time of supply of services has been explained in Section 13 of CGST Act. The supplier of services will have to issue a tax invoice within 30 days of supply of service (the measurement is finalized by the departmental engineers or service provider whichever is earlier.)</p> <p>In case of reverse charge , Govt. Dept. will raise invoice accordingly. [Refer Section 13(3)].</p> |
| 13 | <p><b>In construction work, after raising of the Invoice, physical verification of the same is done by the Engineers of the Client and this work is delayed abnormally: in some instances the period taken goes up to two months, then how the Point of Service will be determined?</b></p>  | <p>Time of supply of services has been explained in Section 13 of CGST Act.</p> <p>The date of issue of Invoice will the time of supply</p>  |



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| 14 | <p><b>Is it practically feasible that Service Provider submits an Invoice after execution of work and the Principal Employer makes arrangement for payment of the bill after three months whereas as per point of service rule, the Point of Service stands for one month from the date of issue of raise invoice or services whichever is earlier and the Service Provider has to pay Service Tax @ 18% on value of work done although he has not received any payment from the client till date?</b></p> | <p>Time of supply of services has been explained in Section 13 of CGST Act. The terms for payment do not decide the taxability of a particular transaction. So even if payment for a particular supply has not been received it will still be liable for GST.</p>                   |
| 15 | <p><b>Clarification is sought for the following:- 1. Intermediary services and services provided by Banking Company to its Account Holders – Intra-state or Inter-state supply?</b></p>  | <p>Place of supply provisions in sub-section (12) of section 12 of IGST Act may be referred to.</p>   |
| 16 | <p><b>Cross border services provided by an Indian branch to offshore branch /HO which are not “Intermediary Services” – are they exempted?</b></p>   | <p>Section 13 of IGST Act, 2017 may be referred. The place of supply is outside India but as the supplier is located in India, it is a case of inter-State supply and subject to IGST. It will be zero rated if the sale proceeds are realized in Convertible foreign exchange.</p> |
| 17 | <p><b>Pure Agent – Issuance of a circular similar to CBEC Circular on STT/Stamp duty dated 17th Sept. 2010</b></p>   | <p>Detailed Rule provided. Pl see Rule 33 of CGST Rules.</p>  |
| 18 | <p><b>Charging of GST in case of travel by a passenger to beyond India's border viz., to Pakistan or Bangladesh?</b></p>   | <p>The place of supply is the place of embarkation for the continuous journey. If a passenger embarks at Amritsar for journey to a place in Pakistan, it is taxable because the place of embarkation is in the taxable territory.</p>   |

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| 19                  | <b>Levy of GST in respect of ticket booked in India if place of boarding is outside India?</b>   | The place of supply is outside India but as the supplier is located in India, it is a case of inter-State supply and subject to IGST. It will be zero rated if the sale proceeds are realized in convertible foreign exchange.   |
| <b>Registration</b> |  |  |
| 1                   | <b>Dealers below Rs.20 lakhs turnover cannot do business through online portals like Amazon without mandatorily taking registration. Why the additional and discriminatory burden on unregistered dealers?</b> | This requirement is there only in those cases where the supplier is supplying through e-commerce company is liable for TCS.  |
| 2                   | <b>Does a Medical Service Provider needs to get registered under GST if his aggregate turnover (u/s 2 (6) is more than Rs. 20 Lakhs but has taxable supply of only an amount of Rs.2.4 Lakh p.a.?</b>          | Yes, he should get registered and also pay GST on taxable supply.  |
| 3                   | <b>Whether the registration under GST is compulsory by Transport Service Provider.</b>   | No, if the entire services supplied by the transporter are covered under the reverse charge mechanism under section 9 (3).   |
| 4                   | <b>Will from 1/7/17, my corner kariyanawala charge me GST on goods or services depending on his turnover or both and give me an authentic/printed memo for purchases?</b>                                      | Liability for registration under GST arises if the aggregate turnover is more than Rs. 20 Lakhs. If the corner kariyanawla has turnover greater than Rs. 20 lakhs in the preceding financial year he is liable to be registered, charge GST and provide you an invoice for your purchase.  |
| 5                   | <b>How will I know if his turnover is below Rs 20L and if he is exempt from GST and that he will not charge me any GST?</b>  | Person having turnover over Rs. 20 lakhs will take registration and registration certificate will be displayed at a prominent location along with GSTIN on the name board. If you suspect that he has not taken registration, a complaint can be made and suo-moto registration will be given under rule 16 of CGST Rules, 2017. |

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| 6  | <b>Will all establishments display a certificate from government (displaying his turnover category) and their GST Registration No. which should appear on all his cash memos/bills?</b>                           | Yes. For details, rule 18 of CGST Rules, 2017 may be referred to.  |
| 7  | <b>Does a trader who has turnover of less than 20 lakh and are selling on ecommerce websites, have to register for GST?</b>   | Yes, if such e-commerce operator is required to collect tax at source. Please see Section 24 of CGST Act, 2017.  |
| 8  | <b>Can a trader whose account has been blocked by ecommerce portal apply for GST and still be eligible to sell for some period of time without GST, till they get their GST registrations completed?</b>          | Supply can take place during the process of registration and revised invoices can be issued in accordance with the provisions of section 31(3) of the CGST Act, 2017.  |
| 9  | <b>Do traders having turnover less than Rs. 20 Lakhs need to get registered under GST? If not, how can they purchase primary goods from other states without having GST Registration No?</b>                      | Traders having turnover of less than Rs 20 lakhs can buy from other States also without registration except in case of those goods which are subject to reverse charge.  |
| 10 | <b>Do I, a Mutual fund Distributor working in Delhi, need to register under GST, having income Less than Rs. 20 Lakhs but working for offices that are registered in Mumbai and have branch offices in Delhi?</b> | If you are supplying services to the branch office in the same State, it will be intra-State supply and you will not be liable for registration. If you are making inter-State supply, you will be liable for registration and benefit of threshold exemption would not be admissible. |

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| 11 | <p>We are a private ltd. Co. having Head Office at Mumbai and Branch Office in Gujarat and U.P. dealing in products having Tax Rate @0% dealing intra state and interstate supply: Since the products are 0% GST products are we require to register under GST if turnover is above 20 Lakhs?</p>   | No  |
| 12 | <p>We are purchasing from Haryana and selling in Haryana and also interstate sales. Currently we do not have any GST registration in Haryana. Since the Product is 0% GST are we suppose to register in Haryana?</p>  | No. Registration is not required as you are dealing exclusively in products that are wholly exempted.   |
| 13 | <p>We are paying freight charges to our GTA for which currently we are paying service tax at applicable rate. In case of GST what we understand is GTA is exempt from obtaining GST registration no. Are we required to pay GSTN @5% on freight for transportation of goods which are 0%. In case we are not required to obtain registration under GST if we are under 0% products how do we make payment for the same?</p> | As you are business entity and availing GTA services you are liable to pay GST on GTA services on reverse charge basis and therefore liable to be registered. Section 24 of CGST Act, 2017 may be referred. |
| 14 | <p>Please clarify the position of GST in case of licensed Tour Guides having registered office in one state but providing services Pan India?</p>   | If the presence of tour guide is required in each State and he is supplying services from those States then registration requirement in each state would be there.  |

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| 15                | <b>Under GST regime input tax credit on goods / services can be availed against GST Output liability and there may be zero input tax credit; hence is it necessary to obtain ISD registration?</b>  | ISD is required to take separate registration under the Act.   |
| <b>Transition</b> |   |  |
| 1                 | <b>How the deemed credit of available stock and Work in progress (WIP) to be availed by an Assessee?</b>  | The provisions relating to deemed credit are contained in the proviso to section 140(3) of the CGST Act, 2017 and rule 117 (4) of the CGST Rules, 2017. ITC at the rate of 60% is allowed where the Central tax rate on goods is 9% or more; it is allowed at the rate of 40% in other cases. It is allowed only after the payment of applicable tax. It can be taken in the first six tax periods only.<br><br>Deemed credit is allowed only to traders and not to manufacturers. |
| 2                 | <b>Is there any provision/instruction under the CGST Act for taking/verifying the physical stock of the units as on 30th June 2017. It is pertinent to mention here that the Punjab Excise &amp; Taxation department is undertaking the exercise of stock taking/verification of the units which were earlier registered with them. Matter may please be clarified.</b> | There is no such bar under the CGST Act, 2017.   |
| 3                 | <b>Till the time E-way bill system is fully developed which documents/ procedure should be followed for inter-state supply of goods</b>   | The goods can be transported with documents like tax invoice, bill of supply and delivery challan. Document as may be prescribed under Rule 138 of the SGST Rules, 2017 will also have to be carried by the person in charge of the conveyance.  |

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| 4 | <p><b>Government has allowed increase in MRP due to additional incidence of GST. Can it be done for stock lying with dealers &amp; retailers or only for stock lying with manufacturer or importers?</b></p>   | <p>The prices can be revised where the incidence of tax has increased under the GST. However, one should adhere to the requirements under other statutes like the Legal Metrology Act also.</p>                |
| 5 | <p><b>Does tax need to be paid on advances in hand as of June 30th for goods to be supplied from July 1?</b></p>   | <p>No</p>  |
| 6 | <p><b>Builder is demanding balance money due to tax rate changed under GST. Do we have to pay service tax on entire amount of registration under GST, also if abatement provided before GST is available or not?</b></p>   | <p>GST is operational from 01.07.2017. Only on the balance amount GST will be applicable on future payments. For tax paid under the earlier law, section 142(11) of the CGST Act, 2017 may be referred to.</p> |
| 7 | <p><b>How to avail credit on raw material and packing materials stored outside factory on which credit could not have been availed due to the specific restriction in the permission given by the Excise department? Whether these goods can be treated as "in-transit" and credit be availed under Section 140(5) within 30 days of GST implementation?</b></p> | <p>Goods can be treated in transit only when the same have not been received by the recipient which is not the case in this scenario.</p>  |
| 8 | <p><b>Clarity is needed on the period for which details of turnover needs to be given in Table 5(b) and 5(c ) of Form GST TRAN-1.</b></p>  | <p>Period is given in the form itself i.e. 01.04.2015 to 30.06.2017.</p>   |

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| 9  | <p>The tax paid in excess in one month is allowed to be adjusted against the tax liability due for the next month. What would be treatment of such excess payment of tax (service tax/VAT) for the last month prior to appointed date?</p>   | <p>Under transitional provisions all such excess ITC and Cash can be carried forward and GST can be paid from this amount.</p>  |
| 10 | <p>The rebate given @ 60% from CGST or SGST at the higher tax rate will be provided to either whole-seller and retailer or the manufacturer or both?</p>   | <p>The facility is not available to manufacturers.</p>  |
| 11 | <p>There is a GST of 28% on a product of MRP Rs.100 and the costing price of that product is Rs. 90.90/- (taxable value + 14.5% VAT) so the taxable value of that product will be 79.38 and if the GST of 28% will be added to the amount without adding any profit then it will be 79.38+22.22(28% GST) and the total value of the product will be Rs.101.60/- which is higher than MRP. So how it will be sold at the value higher than the MRP?</p> | <p>MRP can be revised albeit with certain precautions and for only for certain time period. Press Note of Ministry of Consumer Affairs, Food &amp; Public Distribution dated 04.07.17 may be referred to.</p> |
| 12 | <p>2. Where original invoice pertained to provision of services and was subject to service tax at 14% Swachh Bharat Cess @0.5% and Krishi Kalyan Cess @0.5% and the said services are subject to GST @18% or any other rate?</p> <p>i. What tax would be reversed in the given case CGST, SGST or IGST?</p>  | <p>GST rate depends upon the service being supplied and not what was its rate under the service tax regime.</p>   |

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|                      | <p>ii. What would be the rate which would be captured in the credit note since service tax is @15% and GST on the said services is at 18%?</p> <p>iii. Does the credit note would still be required to capture the reference of the original invoice against which the credit note is issued?</p>  |   |
| 13                   | <p>What shall be impact of tax on the works after 30.06.2017 for which tenders have been processed but acceptance letters not issued?</p>  | <p>GST is payable on services supplied after 01.07.2017</p>                                       |
| 14                   | <p>Certain fabrics were exempt from payment of central excise duty vide Notification No. 30/2004-CE dated 09-07-2004. This exemption was subject to the condition that the manufacturer has not availed Cenvat credit of duty paid on inputs. Thus the said exemption was not unconditional. Will ITC @40% of CGST be admissible to the taxable person in respect of such fabrics held in stock?</p> | <p>Yes, ITC would be admissible.</p>  |
| <b>Miscellaneous</b> |  |   |
| 1                    | <p>When would advance ruling applications submission begin?</p>  | <p>The Government is in the process of constituting the Authority. It would be notified soon.</p> |
| 2                    | <p>When are the recommendations of the sector wise task force expected to be submitted to the GST Council. Can representations still be made to the sectoral task force ?</p>  | <p>Representation can be submitted to the sectoral working groups.</p>                            |



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| 3 | <b>How will I know whatever GST I pay is really paid to government by various makers/sellers and not pocketed by the seller?</b> | Person, selling to you, would have purchased his products/inputs from some supplier. That supplier while filing his outward supply details (GSTR1) will quote the GSTIN of the your seller. And he will have to accept the same in his GSTR2. Therefore the system captures the data of your seller. Action can be subsequently taken in case of evasion of tax. |
| 4 | <b>Is stock transfer possible without paying GST in case of takeover of a Partnership firm by a Private Limited Company</b>      | One has to see the conditions given in entry 4 of Schedule II of the CGST Act, 2017. If it is a supply as per this entry, it is taxable.   |

#### Taxi Aggregators / Rent-a-Cab

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| 1 | <b>Whether customers have to furnish any detail or file any return while availing services from taxi aggregators?</b>             | Customers availing services from taxi aggregators do not have to make any declaration or file any return. They are outside GST.  |
| 2 | <b>Whether taxi aggregators can issue any other document in lieu of invoice and issue consolidated invoice for such services?</b> | The law provides flexibility to such service providers to issue tickets or tax invoice within one month from the date of supply of service. Except banking and financial service providers, service providers such as taxi aggregators do not have the option to issue consolidated invoices. Whereas, the proposal for providing consolidated invoices for various service providers may be explored. |
| 3 | <b>Whether credit is restricted under the GST Act, especially for rent-a-cab Service?</b>   | Input tax credit for rent-a-cab service is not available under GST.  |

#### Banking, Insurance and Stock Brokers Sector

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| 1 | <b>Whether Banks are required to capture the details of ATMs in registration certificate as a 'place of business'?</b> | No. Banks are not required to provide the details of ATMs while applying for registration. For the purposes of registration, ATM on its own does not constitute a place of business, as defined in the CGST Act, 2017. |
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| 2 | <p><b>As per RBI guidelines, Banks can use third party ATMs, Business Correspondents (BC), Customer Service Points (CSP) or third party warehouses. Are Banks required to include these third party places also in their GST registration?</b></p> | <p>No. Third party places are neither places of business nor fixed establishments from where Banks ordinarily carry on their business. These are independent service providers to the Bank which are subject to GST. Thus, these places are not required to be declared as place of business by the Bank.</p>  |
| 3 | <p><b>What will be the time of supply in respect of services rendered upto 30th June, 2017 where the invoices are raised or payments are received after 30th June, 2017?</b></p>   | <p>Where the services are rendered upto 30th June, 2017 and invoices in respect thereof are also raised on or before 30th June, 2017, the point of taxation would be as per the earlier service tax law and the services will be subject to service tax.</p> <p>Where the services are rendered upto 30th June, 2017 and the services are liable to be taxed under the reverse charge mechanism, the point of tax for such services as per the Point of Taxation Rules, 2011 shall be the date of payment. If the payment is made on or after 1st July, 2017, the supply of services shall be liable to GST.</p> |
| 4 | <p><b>Which tax is to be applied by the service provider on invoice issued on or after 1st July 2017 for services rendered up to 30th June 2017?</b></p>   | <p>The time of supply being issuance of invoice under the CGST Act, 2017, the supplier of services must charge GST in this case. However, where the payment for such supplies has been made (prior to issuance of invoice) as advance before the 1st of July, 2017, the tax would be payable under the law prevalent prior to 1st July, 2017, as the point of taxation had arisen before this date to the extent of advance.</p>   |
| 5 | <p><b>Is it necessary for Banks / insurers to report the details of exempt and non-GST supplies in Table 8 of GSTR-1?</b></p>  | <p>Yes. In the absence of any specific exemption to the Banks / insurers, the information is required to be provided in the said table.</p>  |

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| 6 | <p><b>Is it necessary for Banks / insurers to report the details of invoices in Table 13 of GSTR-1?</b></p>   | <p>Rule 54(2) of the CGST Rules, 2017 provides that in case of an insurer or a banking company or a financial institution, including a non-banking financial company, the tax invoice or any other document in lieu thereof, may not be serially numbered. But this does not mean that such document will not have any identification number which is required for the purpose of matching. The said entities are, therefore, required to provide the details in column 5 to 7 (but not in column 3 &amp; 4) of the table 13 of FORM GSTR-1.</p> |
| 7 | <p><b>It is envisaged that many customers may not provide the GSTIN to the Banks in time. In such cases the Banks / insurers would report the supply as B-to-C transactions in the returns filed by it. Later, in case the customer reverts with the GSTIN, how should this amendment be reflected?</b></p> | <p>A transaction once reported as B2C cannot be amended later to add GSTIN and convert the transaction as B2B.</p>   |

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| 8 | <p><b>How should the turnover during the period from July 2017 to March 2018 be determined for the purposes of distribution of ISD credit?</b></p>   | <p>As per the Explanation to Section 20 of the CGST Act, 2017, the relevant period on the basis of which the ratio of aggregate turnover for distribution of ISD credit will be determined has been defined to mean the last quarter, preceding the period for which credit is to be distributed, during which turnover for all recipients is available in cases where the turnover in States/Union Territories for the previous financial year is not available. Therefore, in such cases, for the quarters after July 2017 to September 2017, the State/UT-wise turnover for the purposes of ISD can be determined based on the turnovers for the quarter of July 2017 to September 2017. For the months of July, August and September, 2017, the turnover for the month of July, 2017 may be considered for the purposes of distribution of credit.</p> |
| 9 | <p><b>Is the condition to make payment for the value of supply plus the GST thereon required to be complied with by the recipient to claim the input tax credit where supplies for services are made between distinct persons?</b></p> | <p>No, this condition is not required to be complied with by the recipient. As per the proviso to sub rule (1) of Rule 37 of the CGST Rules, 2017 the value of supplies made without consideration as specified in paragraph 2 of Schedule I of the CGST Act, 2017 shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of Section 16 of the CGST Act, 2017.</p>  |

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| 10 | <p><b>A customer may avail numerous services from the Bank / insurer in a given taxable period. Is it mandatory for Banks to issue a tax invoice for each transaction or can the Bank issue a consolidated invoice for the service rendered during the tax period?</b></p> | <p>As per the provisions contained in the first proviso to Rule 47 of the CGST Rules, 2017 an insurer, a banking company or a financial institution, including a NBFC may issue invoices within 45 days from the date of supply of service. Further, sub-rule (2) of rule 54 of CGST Rules, 2017 provides that such entities may issue any other document in lieu of the tax invoice. Accordingly, such entities may issue a consolidated statement/ invoice/ advice to the customer at the end of the month, with the details of all the charges levied during such month and GST payable thereon.</p>   |
| 11 | <p><b>When a banking company is not required to serially number its invoices / document for supply of its services, how will the service recipient get credit for GST on the services provided by the bank?</b></p>  | <p>Under Rule 54(2) of the CGST Rules, 2017 a banking company or a financial institution including a NBFC or an insurer can issue an invoice or any other document in lieu thereof whether or not serially numbered and whether or not containing the address of the recipient but containing other information as mentioned under Rule 46. There is no restriction on the invoice/document being a consolidated invoice/document but it must bear an identification number, which need not necessarily be serially numbered. The recipient of service will get the credit for GST so long as the bank, etc. uploads the details of the invoice / document under that number with GSTIN of the recipient in its statement if FORM GSTR-1.</p> |

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| 12 | <p><b>Is the registered person procuring goods or services from a supplier outside India required to raise a self-invoice, debit note or credit note in respect of the price or value of services and adjustments thereto? When should the details of such transactions be reported in the GSTR returns?</b></p> | <p>As per clause (f) of sub-section (3) of Section 31 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 a registered person liable to pay tax under subsection (3) or sub-section (4) of Section 9 of the CGST Act, 2017 (or sub-section (3) or (4) of section 5 of the IGST Act, 2017) shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both. Therefore, in case of goods or services, the registered person procuring goods or services from an unregistered person located in India or services from a person located outside India is required to raise a self-invoice on the date of receipt of such supplies. Banks / insurers may raise a self-invoice, debit note or credit note for each such supply. This invoice, debit note or credit note for each such supply should be reported in the GST return of the month in which the supply takes place as per the provisions of section 12(3) or 13(3) of the CGST Act, 2017. As the import of goods would be under the cover of a bill of entry, there is no need to raise a self-invoice.</p> <p>It may, however, be noted that section 9(4) of the CGST Act, 2017 / section 5(4) of the IGST Act, 2017 has been suspended vide notification No. 38/2017-Central Tax, as amended from time to time.</p> |
| 13 | <p><b>For supply of taxable services, can a digitally signed invoice be issued in duplicate, with the original being marked as "Original" and the duplicate copy being marked as "Duplicate"?</b></p>  | <p>In the context of digitally signed documents, the requirement of issuing original and duplicate invoices does not arise. A digitally signed invoice can be retained by the supplier and also be made available to the recipient.</p>  |

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| 14 | <p><b>Is there a requirement to issue a ‘payment voucher’ at the time of making payment to the foreign supplier? When should the details of such transactions be reported in the GSTR returns?</b></p>  | <p>Section 31(3)(g) of the CGST Act, 2017 mandates issuance of a payment voucher in such cases and the same is therefore required to be issued at the time of making payment to the foreign supplier of services. It would be reflected in the GSTR return of the tax period in which the supply takes place as per the provisions of section 13(3) of the CGST Act, 2017</p>  |
| 15 | <p><b>Banks deploy various equipment such as Point of Sale machines or ATMs at various locations. At times, the equipment is required to be moved between locations for the purpose of repairs, encryption, etc. Will such movement constitute a supply for the purpose of the GST law?</b></p> | <p>Procedure prescribed under Section 143 of the CGST Act, 2017 and Rule 55 of the CGST Rules, 2017 may be followed in such cases. Movement of equipment for the purpose of repairs, etc. does not constitute a supply. The equipment may be moved by the Banks to the location of the third party service providers and after repairs, the equipment may be moved to a central / regional location for the purpose of programming, encryption, reconfiguration, etc. and thereafter to that place of business from where the equipment had been sent earlier. The equipment can be moved between such locations on the basis of a ‘delivery challan’.</p> |
| 16 | <p><b>Is a “Bill of Supply” to be issued by a bank for exempt services like interest on loans and advances, inter-se sale or purchase of foreign currency amongst banks?</b></p>  | <p>As per clause (c) of sub-section (3) of section 31 of the CGST Act, 2017 read with Rule 49 of the CGST Rules, 2017, there is a requirement for issuance of bill of supply for supply of exempt services by Banks. It may be noted, however, that there is no need to issue a separate bill of supply in case any invoice or document has already been issued in accordance with the provisions of any other law. Further, in view of the provisions contained in sub-rule (5) of rule 54 of the CGST Rules, 2017, banks may issue any other document in lieu of bill of supply.</p>   |

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| 17 | <p><b>Would Input Tax Credit (ITC) be available to a GST registrant though the services procured from third party vendor are also directly used by various 'distinct persons'? In such cases, is distribution of ITC required to be done mandatorily through Input Service Distributor mechanism?</b></p>                                    | <p>Yes. Input Tax Credit (ITC) can be availed by a GST registrant in respect of the services procured in a consolidated manner from third party vendor which are directly used in the course or furtherance of business in more than one State, e.g. statutory audit fees, advertisement and marketing expenses, consultancy fees etc. The same needs to be appropriately invoiced or distributed through the ISD mechanism to the "distinct persons" who have actually used such services.</p>   |
| 18 | <p><b>Where a Bank takes a separate registration for a separate business vertical, say for Bullion business, whether the requirement for reversal of 50 percent will also apply to bullion purchased by the Bank?</b></p>  | <p>In terms of Section 2(94) read with Section 25(4)&amp;(5) of the CGST Act, 2017, a person required to obtain more than one registration within a State or more than one State shall be treated as a distinct person for each such registration. Section 17(4) of the CGST Act, 2017 is applicable qua each registration and not for the Bank as a whole, provided each of the business verticals is separately registered. Therefore, a bank engaged in trading in bullion may not opt for 50 percent reversal in respect of its purchases of bullion, where it is separately registered as a business vertical.</p> |
| 19 | <p><b>Where there is a supply of goods or services between registered branches of a banking company on which GST is paid, will the recipient branch/office be eligible for 100% credit of the GST charged on such supply where the bank elects the 50% option to avail input tax credit on inputs, capital goods and input services?</b></p> | <p>Yes, the recipient branch / office will be eligible for 100% credit. The second proviso to section 17(4) of the CGST Act, 2017, expressly provides that the restriction of 50% shall not apply to the tax paid on supplies made by one registered person to another registered person having the same Permanent Account Number.</p>  |



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| 20 | <b>Whether for the services received from a related person / distinct person outside India, the recipient of services would be eligible for full input tax credit?</b>             | In terms of the second proviso to section 17(4) of the CGST Act, 2017, the restriction of reversal of 50% credit would not apply to the tax paid on supplies made by one registered person to another registered person having the same PAN. The non-applicability of 50% reversal is only to the extent of inter-branch services between registered branches having the same PAN in India. Thus, tax paid on services received from a related person / distinct person located outside India would be liable to 50% reversal.     |
| 21 | <b>Whether the provision of section 18(6) for reversal of input tax credit availed on capital goods be applicable to banks only to the extent of the input tax credit availed?</b> | Yes. The provisions of section 18(6) of the CGST Act, 2017 for reversal of input tax credit availed on capital goods would be applicable to banks only to the extent of the input tax credit availed by it. In case the Bank opts to avail input tax credit to the extent of 50% in terms of the second proviso to Section 17(4) of the CGST Act, 2017, reversal of credit would be in proportion to the actual credit availed by the Bank i.e. only with reference to 50% of the input tax credit availed by it on capital goods. |
| 22 | <b>Can a Bank / insurer defer the availment of input tax credit for a month or quarter and avail of the same in subsequent months?</b>   | Yes. As per section 16(4) of the CGST Act, 2017, availment of input tax credit can be deferred and availed upto the due date of furnishing of return for the month of September following the end of financial year to which relevant invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.   |

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| 23 | <p><b>Which address should be considered for determining the 'place of supply' in the case of banking / insurance services?</b></p>  | <p>As per Section 12(12) of the IGST Act, 2017, the place of supply of banking and other financial services, including stock broking services to any person shall be the location of the recipient of services on the records of the supplier of services. Address available on the records of the Bank or Financial Institution or stock broker, which is ordinarily used for communication with the customer, may be considered as the 'Place of Supply'.</p> <p>As per Section 12(13) of the IGST Act, 2017 the place of supply of insurance services shall be the location of registered person if services are provided to a registered person and the location of the recipient of services on the records of the supplier of services if services are provided to an unregistered person. Address available on records of the insurance company, which is ordinarily used for communication with the customer, may be considered as the 'Place of Supply'.</p> |
| 24 | <p><b>With respect to registered customers, whether the Bank / insurance company is required to ascertain the place of consumption of service or whether the Bank can rely upon the GSTIN provided by the Customer?</b></p>          | <p>The Bank / insurance company can rely upon the GSTIN provided by the customer.</p>   |
| 25 | <p><b>Would intermediary services provided to an offshore client and services provided by a banking company to its offshore account holders be treated as an intra-State supply or an inter-State supply for payment of GST?</b></p> | <p>Under clause (b) of section 13(8) of the IGST Act, 2017 the place of supply of such services is the location of the provider of services. As the location of supplier and place of supply are in same State, such supplies will be treated as intra-State supply and Central tax and State tax or Union territory tax, as the case may be, will be payable.</p>  |

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| 26 | <b>Who is the 'supplier' of service of purchase or sale of foreign currency?</b>  | The 'supplier' of service of purchase or sale of foreign currency is the Authorised Dealer or authorized moneychangers who are getting the commission. For example, in case of a purchase or sale of foreign currency between a Bank and a Corporate, the bank is the 'supplier' of the service.                      |
| 27 | <b>Would services provided by banks to RBI be also taxable?</b>   | Yes. Services provided by banks to RBI would be taxable as these are not covered by any of the exemptions or excluded from the purview of GST under the CGST Act, 2017 or under the IGST Act, 2017.   |
| 28 | <b>Whether a Bank / insurer is required to charge GST on the taxable services provided to United Nations or a specified international organization or, services provided for official use of a foreign diplomatic mission or consular post in India or for personal use or for the use of the family members of diplomatic agents or career consular officers posted therein?</b> | Yes, the bank / insurer is required to charge GST in such cases. However, as per section 55 of the CGST Act, 2017, subject to such conditions and restrictions as may be prescribed, such service recipients would be entitled to claim a refund of taxes paid on the notified supplies of services received by them. |
| 29 | <b>Who is liable to comply with GST on charges levied by Overseas Correspondent Banks facilitating trade and other cross border transactions?</b>   | In this case, there are two supplies namely, from bank in India to the importer/exporter and one from the overseas correspondent banks to the bank in India. So the liability to discharge GST on such supplies will be required to be determined accordingly.  |

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| 30 | <p><b>Will the second proviso to Rule 28 apply in the case of a banking company that selects the 50% option to avail input tax credit set out in section 17(4) of the CGST Act, 2017?</b></p>                         | <p>The second proviso to Rule 28 of the CGST Rules, 2017 states that where the recipient is eligible for full input tax credit, the value as declared in the Invoice shall be deemed to be the Open Market Value of the goods or services. In view of the second proviso to section 17(4) of CGST Act, 2017, Banks claiming input tax credit under the 50% option will be covered under the scope of the second proviso to Rule 28 relating to valuation, where services are provided between the branches of the bank.</p>   |
| 31 | <p><b>Are services supplied without consideration to a recipient other than 'related party' / 'distinct person' taxable?</b></p>  | <p>Section 7 of the CGST Act, 2017 read with Schedule I thereto provides that services supplied without consideration to related persons or distinct persons only would qualify as 'supply'. Also import of services by bank from a related person or from any of its establishments outside India in the course or furtherance of business will be supply even if imported without consideration. Therefore, where the services are supplied by a supplier without consideration to an unrelated recipient or a person other than a related or distinct person, the same would not amount to supply and not liable to GST.</p> |
| 32 | <p><b>Can value of services be enhanced by invoking the CGST Rules in case of services provided by banks at a concessional / differential rate to a recipient other than 'related party' / 'distinct person'?</b></p> | <p>Banks provide various services to customers for a charge. However, at times, account holders / customers are provided services free or at a concessional / differential rate. The free or concessional / differential rate is offered considering factors such as credit rating and stability of the customer, size of relationship, expected future business or the opportunity presented in the market elsewhere etc. As a result, the charges for the same service may differ from customer to customer.</p>  |

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|    |  | Such services provided to persons who are not related persons will be taxable on the transaction value, that is, the value of the services charged or recovered from the customers or account holders as per section 15 of the CGST Act, 2017. Thus, in case of services provided at a concessional / differential rate to a recipient other than 'related party' / 'distinct person', there is no requirement for enhancing the value of services by invoking the CGST Rules, 2017.  |
| 33 | <b>In the case of Banks which are not availing the reversal of ITC at 50%, how should inter-branch services be valued where open market value of services of like kind and quality is not available?</b> | In such cases, banks can adopt any reasonable basis consistent with Rule 30 and 31 of the CGST Rules, 2017.   |
| 34 | <b>Whether a 'derivative' is included within the meaning of 'securities' in Section 2(101) of CGST Act, 2017 and whether derivatives are liable to GST?</b>  | Section 2(101) of the CGST Act, 2017 provides that 'securities' shall have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (SCRA). 'Derivatives' are included in the definition of 'securities' under section 2(h)(ia) of the SCRA. In terms of section 2(ac) of SCRA, "derivative" includes—<br><br>(A) a security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences or any other form of security;<br><br>(B) a contract which derives its value from the prices, or index of prices, of underlying securities. |

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|    |   | <p>The definition of 'derivatives' in SCRA is an inclusive definition. As 'derivatives' fall in the definition of securities, they are not liable to GST. However, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged, the same would be a consideration for provision of service and chargeable to GST.</p>   |
| 35 | <p><b>What is the nature of income / expenditure on Collateralized Borrowing and Lending Obligations (CBLO) transactions?</b></p> | <p>In CBLO transaction, the borrowing bank pays an amount as consideration to the lending bank for funds provided by it for a short term. Such amount would qualify as 'consideration represented by way of interest or discount' and hence, would not be subject to GST [serial no. 27 of the table of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017, as amended]. However, if any charges or fees are levied for such transactions, the same would be a consideration and would be chargeable to GST.</p> |
| 36 | <p><b>Would 'future contracts' be chargeable to GST?</b></p>  | <p>Future contracts are in the nature of financial derivatives, the price of which is dependent on the value of underlying stocks or index of stocks or certain approved currencies and the settlement happens normally by way of net settlement with no actual delivery.</p>   |

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|    |   | <p>Since future contracts are in the nature of derivatives these qualify as 'securities' as defined in Section 2(101) of the CGST Act, 2017. As securities are neither 'goods' nor 'services' as defined in the CGST Act, 2017, future contracts are not chargeable to GST. But where the future contracts have a delivery option and the settlement of contract takes place by way of actual delivery of underlying commodity/currency, then such forward contracts would be treated as normal supply of goods and liable to GST.</p> <p>Further, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged, the same would be a consideration for supply of service and chargeable to GST.</p> |
| 37 | <p><b>Would forward contracts in commodities or currencies be within the ambit of definition of 'supply'?</b></p> | <p>A forward contract is an agreement, executed, to purchase or sell a predetermined amount of a commodity or currency at a pre-determined future date at a pre-determined price. The settlement could be by way of actual delivery of underlying commodity/currency or by way of net settlement of differential of the forward rate over the prevailing market rate on the settlement date.</p> <p>Where the settlement takes place by way of actual delivery of underlying commodity/currency, then such forward contracts would be treated as normal supply of goods and liable to GST.</p>   |

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|    |  | <p>Where the settlement takes place by way of net settlement of differential of the forward rate over the prevailing market rate on the settlement date, the same would be falling within the purview of 'securities' as defined in Section 2(101) of the CGST Act, 2017. As securities are neither 'goods' nor 'services' as defined in the CGST Act, 2017, future contracts are not chargeable to GST. However, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged, the same would be a consideration for supply of service and chargeable to GST.</p>   |
| 38 | <p><b>What is the nature of income earned / expended in instruments like repos and reverse repos and is such income taxable under GST?</b></p> | <p>Section 45U(c) of the RBI Act, 1934 defines 'repos' as an instrument for borrowing funds by selling securities with an agreement to repurchase the securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed. Section 45U (d) of the RBI Act, 1934 defines 'reverse repos' as an instrument for lending funds by buying securities with an agreement to re-sell the securities on a mutually agreed future date at an agreed price which includes interest for the funds lent. Repos and reverse repos are financial instruments of short term call money market that are normally used by banks to borrow from or lend money to RBI.</p> <p>The margins, called the repo rate or reverse repo rate, in such transactions are nothing but interest charged for lending or borrowing of money. Thus they have the characteristics of loans and deposits for interest and are accordingly exempt from GST [serial no. 27 of the table of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017, as amended].</p> |



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| 39 | <p><b>Would income from Commercial Paper (CP) or Certificates of Deposit (CD) be taxable under GST?</b></p> | <p>Commercial Paper ('CP') and Certificate of Deposit ('CD') are unsecured money market instruments which are issued in the form of a promissory note or in a dematerialized form through any of the depositories approved by and registered with SEBI. CPs are normally issued by highly rated companies, primary dealers and financial institutions at a discount to the face value. CDs can be issued by Scheduled Commercial Banks (excluding Regional Rural Banks and Local Area Banks) and All – India Financial Institutions (FIs) permitted by RBI.</p> <p>Since these are instruments for lending or borrowing money wherein consideration is represented by way of a discount or subscription to CPs or CDs, the same would be covered by the entry relating to 'services by way of extending deposits, loans or advances in so far as consideration is represented by way of interest or discount' and is not liable to GST [serial no. 27 of the table of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017, as amended].</p> <p>Further, promissory note is included in the definition of 'money' as given in clause (75) of Section 2 of the CGST Act, 2017 and hence not liable to GST. However, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged, the same would be a consideration for supply of services and chargeable to GST.</p> |
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| 40 | <b>Whether assignment or sale of secured or unsecured debts is liable to GST?</b>   | Section 2(52) of the CGST Act, 2017 defines 'goods' to mean every kind of movable property other than money and securities but includes actionable claim. Schedule III of the CGST Act, 2017 lists activities or transactions which shall be treated neither as a supply of goods nor a supply of services and actionable claims other than lottery, betting and gambling are included in the said Schedule. Thus, only actionable claims in respect of lottery, betting and gambling would be taxable under GST. Further, where sale, transfer or assignment of debts falls within the purview of actionable claims, the same would not be subject to GST. Further, any charges collected in the course of transfer or assignment of a debt would be chargeable to GST, being in the nature of consideration for supply of services. |
| 41 | <b>Would sale, purchase, acquisition or assignment of a secured debt constitute a transaction in money?</b>   | Sale, purchase, acquisition or assignment of a secured debt does not constitute a transaction in money; it is in the nature of a derivative and hence a security.   |
| 42 | <b>If any service charges or administrative charges or entry charges are recovered in addition to interest on a loan, advance or a deposit, would such charges be also a part of the exemption?</b> | No. The services of loans, advances or deposits are exempt in so far as the consideration is represented by way of interest or discount. Any charges or amounts collected over and above the interest or discount would represent taxable consideration and hence liable to GST.  |
| 43 | <b>To what extent is invoice discounting or cheque discounting or any other similar form of discounting exempt under GST?</b>   | Discounting of invoices or cheques falls within the meaning of "services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount". Such discounting is exempt from payment of GST, as such discounting is nothing but a manner of extending a credit facility or a loan.   |

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|    |  | However, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged, the same would be a consideration for supply of service and chargeable to GST.  |
| 44 | <b>Is interest on debt instruments exempt from GST?</b>  | Yes. As debt instruments such as debentures, bonds etc. are in the nature of loans, interest thereon will be exempt from GST.   |
| 45 | <b>Is GST required to be paid on additional interest charged in case of default in instalment payment by the customer?</b> | As per Section 15(2) of CGST Act, 2017, the value of supply includes, inter alia, interest for delayed payment of any consideration for any supply. Additional Interest charged for default in payment of instalment in respect of any supply, which is subject to GST, will be includible in the value of such supply and therefore would be liable to GST.  |
| 46 | <b>Would charges for late payment of dues on credit card outstanding be chargeable to GST?</b>                             | Yes. The exemption from levy of GST on interest specifically excludes interest charged on outstanding credit card balances as per serial no. 27 of the table of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017, as amended.  |
| 47 | <b>Whether interest on a finance lease transaction is taxable under GST?</b>   | A finance lease is a method of borrowing against the asset. The interest represents the time value of the money expended by the Bank in financing the asset. Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) is exempt. But, in a financial lease the ownership of the asset is with the bank. In essence, it is a 'purchase the asset and lend it further' transaction for bank. Therefore, neither the services are purely in the nature of extending loans nor the consideration for a financial lease is purely in the nature of interest. Thus, interest on finance lease transactions will be taxable under GST. |

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| 48 | <p><b>Where GST is charged on a supply of service and the amounts due from the customer become irrecoverable as a bad debt in commercial practice, would such GST paid on accrual basis be refundable to the service provider by the Government?</b></p> | <p>The adjustment of GST already paid is allowed only by way of issuance of credit /debit note in terms of Section 34 of the CGST Act, 2017. The proviso to section 34(2) of the CGST Act, 2017 provides that no reduction in liability would be allowed if the incidence of tax has been passed on to another person. If bad debts are on account of deficiency in supply of services, or tax charged being greater than actual tax liability, or goods returned, GST paid on the same is refundable subject to fulfilment of the prescribed conditions. Therefore, GST already paid on bad debts, as used in the trade parlance, cannot be adjusted.</p>       |
| 49 | <p><b>Would imposition of a fine or penalty for violation of a provision of law be a consideration for the activity of breaking the law, making such activity as service?</b></p>  | <p>No. Fines and penalties are imposed for breaking the law by a person. They are not in the nature of a consideration for an activity and hence, would not constitute a supply of service.</p>  |
| 50 | <p><b>Which services will qualify as services provided to 'account holder' as per Section 13(8) of the IGST Act, 2017?</b></p>   | <p>The place of supply of services supplied by a banking company located in India to account holders located outside India is the location of the service provider i.e. banking company.</p> <p>“Account” has been defined in Explanation (a) to section 13(8) of the IGST Act, 2017 to mean an account which bears interest to the depositor, and includes a non-resident external (NRE) account and a non-resident ordinary (NRO) account.</p> <p>Services provided to holders of demand deposits, term deposits, NRE account and NRO account outside India will be covered by the definition of account referred to above. Examples of such services are:</p> |

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|    |   | <p>(i) services linked to or requiring opening and operation of bank accounts, such as, lending and deposits;</p> <p>(ii) transfer of money including telegraphic transfer, mail transfer, electronic transfer etc.</p>   |
| 51 | <p><b>Which services do not qualify as services provided to 'account holder' as per Section 13(8) of the IGST Act, 2017 and thus the place of supply will be the location of the recipient of services?</b></p> | <p>Following are examples of services that are generally not provided by a banking company or financial institution to an account holder (holder of a deposit account bearing interest to the depositor including NRE and NRO account holders) in the ordinary course of business:</p> <p>(i) financial leasing services including equipment leasing and hire-purchase;</p> <p>(ii) merchant banking services;</p> <p>(iii) securities and foreign exchange (forex) broking, and purchase or sale of foreign currency, including money changing;</p> <p>(iv) asset management including portfolio management, all forms of fund management, pension fund management, custodial, depository and trust services;</p> <p>(v) advisory and other auxiliary financial services including investment and portfolio research and advice, advice on mergers and acquisitions and advice on corporate restructuring and strategy;</p> <p>(vi) banker to an issue service.</p> <p>In case of any service which does not qualify as service provided to an account holder, the place of supply for such services shall be the location of the recipient of services.</p> |

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| 52 | <p><b>What is the location of the supplier in case of banking and other financial services where multiple locations are involved in providing the services to a customer?</b></p> | <p>Banking services emanate from the bank account opened by a customer with the branch of a bank or through a contractual relationship between the branch of a bank and the customer. The branch holding the customer's account is referred to as the 'Account Branch' or the 'Home Branch'. An account would include all types of accounts – viz. interest bearing, non- interest bearing, loan account, deposit account, etc. In the present day of "anywhere banking", the customer avails banking services through mobile/ internet banking or by visiting any branch of the bank. At times the services are provided through branches / locations other than the 'Account Branch' or the 'Home Branch'. It is clarified that the services provided by the other branches are actually services provided to the 'Home branch' and are ultimately billed to the home branch. Thus, the location of supplier in such cases is the Home Branch/Account Branch.</p> |
| 53 | <p><b>What is the manner of dealing with various services provided by banks and other financial institutions?</b></p>   | <p>Banks and financial institutions provide a bouquet of financial services relating to lending or borrowing of money or investments in money and other related services. For such services invariably a variety of instruments are used in the financial markets. Transactions in such instruments have to be examined on the touchstone of definition of 'supply' given in Section 7(1) of the CGST Act, 2017 to see whether such transactions would be chargeable to GST. Broadly, the following legal provisions would have a bearing on determining the taxability of such transactions.</p>   |

The definition of 'goods' and 'services' in Section 2(52) and Section 2(102) of the CGST Act, 2017 specifically excludes money and securities respectively. 'Money' has been defined in Section 2(75) of the CGST Act, 2017 to include instruments like cheques, drafts, pay orders, promissory notes, letters of credit, etc.

Therefore, activities that are only transactions in such instruments would be outside the definition of service. This would include transactions in Commercial Paper ('CP') and Certificate of Deposit ('CD') (as they are in the nature of promissory notes), issuance of drafts or letters of credit, etc.

While these transactions would be outside the ambit of supply, the related activity, for which a separate consideration is charged, would be chargeable to GST if other elements of taxability are present. Therefore, GST would be levied on service charges normally charged for various transactions in money including charges for making drafts, issuance charges for letter of credit etc. Definition of 'securities' includes 'derivatives'. Transactions in instruments like interest rate swaps, and foreign exchange swaps would be excluded from the definition of 'supply' since such instruments are derivatives, being securities, based on contracts of difference. However, any attendant service charges or fees would be chargeable to GST.

Further, services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount is exempt from the levy of GST.

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| 54 | <p><b>Are services supplied by a Bank to its branch / head-office outside India, which are neither intermediary services nor services to account holders, taxable under GST?</b></p>  | <p>GST is a destination based consumption tax. Such services provided by a Bank or the branch of a foreign Bank in India to its offshore branch / head-office, which are neither intermediary services nor services to account holders, are inter-State supply of services between distinct establishments (as per section 7(5)(a) read with Explanation to section 8 of the IGST Act, 2017), and will be taxable in India, as the location of the supplier is in India and the place of supply is outside India. Such services will not be treated as exports in view of the sub-clause (v) of section 2(6) of the IGST Act, 2017 read with Explanation 1 to section 8 of the IGST Act, 2017.</p> |
| 55 | <p><b>Will the management oversight or stewardship activities performed in relation to business operations by the Head Office of a Bank to a Branch in India be considered as a supply of services by the Head Office even when there is no consideration charged by the Head Office, nor any expenditure recorded in the books of account of the Branches?</b></p> | <p>As per Schedule – I to the CGST Act, 2017, supply of services between distinct entities will be a taxable supply even in absence of a consideration.</p>  |
| 56 | <p><b>If tax is payable on provision of management oversight or stewardship services by a related person, what shall be the value of supply when no invoice is raised, no payment is made by recipient or no entry is made in the books of accounts of the recipient of service? What will be the time of supply?</b></p>   | <p>As per Rule 28 of the CGST Rules, 2017, the Bank may obtain a certificate from the Branch or Office providing the estimated cost of rendering the support. It may be backed by a certificate issued by a chartered accountant or cost accountant.</p>   |



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|    |  | In such cases, the time of supply shall be the date when such costs are determined or certificate is received and the GST liability on the said costs shall be discharged accordingly. This can be done before the expiry of the quarter during which such supply was made as provided in 2nd proviso to Rule 47 of the CGST Rules, 2017. For this purpose a document may be issued by the entity supplying such services. |
| 57 | <b>Is the Nominated Bank, receiving gold on consignment basis, required to pay IGST on import of gold from the overseas supplier?</b>  | The dispatch of gold by the principal from a place outside India to the Bank in India is deemed to be a supply in terms of para 3 of Schedule I to the CGST Act, 2017. Accordingly, IGST will be payable on such import of gold by the Nominated Bank at the time of clearance of gold by the Customs.   |
| 58 | <b>Will there be another liability for payment of GST when the gold (metal) is appropriated or drawn from the consignment stock by the Nominated Bank?</b>   | The supply of gold (metal) is already deemed to have taken place in terms of para 3 of Schedule I of the CGST Act, 2017 when the same was despatched by the overseas supplier to the Nominated Bank. Since the supply has already taken place, there will not be another supply when the gold is drawn or appropriated by the Nominated Bank from the stock. There will, therefore, not be another levy of GST.            |
| 59 | <b>In the case of gold (metal) loan, whether the supply of gold (metal) to the jeweller will be deemed to take place at the time of delivery of gold (metal) or at the time when the price of gold (metal) is fixed by the jeweller?</b> | The Gold (Metal) Loan Scheme approved by the Reserve Bank of India is a means of financing. The Banks deliver gold (metal) to the jewellers who appropriate and use the same in the course of their business. The gold (metal) is seldom returned and the jeweller fixes the price of gold (metal) within the stipulated period of 180 to 270 days.  |

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|    |   | <p>Considering the nature of transaction, the supply of gold (metal) will take place on the date of delivery of gold (metal) to the jeweller. The Banks should raise the invoice at the time of delivery of gold (metal) in terms of section 12 of the CGST Act, 2017. Since the price of gold (metal) is not fixed, banks may issue an invoice wherein the value of the supply may be indicated on the basis of the metal rate in the international or domestic market. As and when the price is finally fixed by the jeweller, the Bank should issue debit or credit notes for the difference in the price as per the original invoice and the price finally fixed, along with applicable GST.</p> |
| 60 | <p><b>Whether tax is payable on interest charged by the Banks on the outstanding amount of gold (metal) loan?</b></p> | <p>The Gold (Metal) Loan Scheme is a means of financing. The jewellers can purchase gold (metal) from the Banks on outright basis on payment of the price. The gold (metal) loan only provides an option to the jeweller to avail a loan and pay for gold (metal) at a future date. For this facility, the jeweller pays interest to the Bank. The grant of loan and levy of interest is dependent on the purchase of gold, and therefore, part of the same transaction or facility; therefore the interest, which is the consideration, will not be exempt as per provisions of section 15(2)(d) of the CGST Act, 2017.</p>   |

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| 61 | <b>What will be the place of supply in cases where the account is held in a bank in one State but some services are availed in a different branch of the same bank in another State.</b> | As per the provisions of Section 12(12) of the IGST Act, 2017, the place of supply of services for a bank is the location of the recipient of the services on the records of the supplier of services. In general, this will be the State in which the account exists. For example, if the account is held in Delhi, and some services are obtained by the account holder in Maharashtra, the place of supply of services will be Delhi (and hence Central tax / State tax or Union territory tax will be chargeable). In such transactions, the branch in Maharashtra will only be a facilitator for providing these services. If the branch in Maharashtra levies any charges on the branch in Delhi for providing this facility, that will be a separate supply between the two branches, it will be chargeable to Integrated tax. |
| 62 | <b>Will GST be charged in transactions, where loan of one bank is taken over by another bank?</b>  | GST will be chargeable on any transaction processing fees levied for such takeover of loans, but not on the interest component (as interest is exempted).   |
| 63 | <b>Whether GST will be levied on sale of re-possessed asset?</b>   | Sale of repossessed asset falls within the scope of supply and will be chargeable to GST.   |
| 64 | <b>Whether GST will be levied on interchange fees on card settlement fees paid/shared by banks?</b>  | Fees charged for card settlement is a consideration which is part of a separate transaction between the banks which are parties to this transaction and shall be liable to GST. This is a B2B supply and credit of this transaction is available.   |
| 65 | <b>What is the leviability of GST on securitization transactions undertaken by banks?</b>  | Securitized assets are in the nature of securities and hence not liable to GST. However, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged, the same would be a consideration for provision of services related to securitization and chargeable to GST.  |

**INSURANCE SECTOR**

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| 66 | <b>What is the location of the supplier of service for fund management charges in ULIP policies?</b>   | The fund management charges are charges towards managing and administering the fund. These funds are managed by the Fund Management team. The location of the supplier of service for fund management charges shall be the location / office which manages the fund.  |
| 67 | <b>Whether commission paid to insurance agents shall be construed as supplies received under Section 9(3) of CGST Act, 2017? If yes, whether the Life Insurance Company can raise a consolidated invoice for such commission payments?</b>   | Sr. No. 7 of notification No. 13/2017-Central Tax (Rate), dated 28th June, 2017 as amended covers supplies received from Insurance Agents and provides for the Insurance Company to pay GST on such supplies under Section 9(3) of the CGST Act, 2017. In such cases, the insurance company may issue agent-wise consolidated invoice at the end of the month for the supply of services received during the month. |
| 68 | <b>Whether insurance policies issued to Non-Resident Indians, where the premium is paid through the NonResident External Bank account, will be 'export of services'? Would the insurance premiums be taxable in cases where the same is not received in convertible foreign exchange or from the NRE Accounts?</b> | No. The amounts paid from the Non-Resident External Accounts are paid in Indian Rupees and are not received in convertible foreign exchange. Therefore, the conditions for export of services as provided under section 2(6) of IGST Act, 2017 are not satisfied. Life Insurance services in such cases would be treated as inter-State supplies and subject to GST.  |
| 69 | <b>Will the requirements of Letter of Undertaking or Bond be required to be complied with in the case of Life Insurance Premium where the conditions of export of services are satisfied before or at the time of supply of the Life Insurance Service?</b>  | Yes. As per Section 16(3) of the IGST Act, 2017, read with Rule 96A of the CGST Rules, 2017, an exporter is required to submit a Letter of Undertaking or Bond in case the export of service is made without payment of integrated tax.   |

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| 70 | <b>What would be the time of supply of life insurance services?</b>   | <p>Insurance policies are contracts for indemnifying any loss suffered by the policyholder. The policyholder is required to pay a premium at the time of inception of the policy. Renewal premiums are required to be paid on periodical basis during the tenure of the policy. For renewal of the policies the policyholders are allowed grace period ranging from 15 days to 30 days in accordance with the IRDA (Protection of Policyholders' Interests) Regulation, 2002.</p> <p>The time of supply of life insurance services to the policy holders would be as under:-</p> <p>(a) New Policy – At the time of issuance of the policy;</p> <p>(b) Renewal of Policy – The time of issuance of renewal notice for insurance premium;</p> <p>(c) Other charges including ULIP charges – At the time of levy or recovery of the charges from the policyholder.</p> |
| 71 | <b>When service tax was paid on or before 30th June, 2017 for the services to be provided, but subsequently not provided, whether refund claim can be made under Section 142(5) of the CGST Act?</b>                  | Section 142(5) of the CGST Act, 2017 specifically provides for refund of tax paid under the Finance Act, 1994 in respect of services not provided. The same shall be disposed off in accordance with the provisions of the Chapter V of the Finance Act, 1994.   |
| 72 | <b>Can the input tax credit of Krishi Kalyan Cess be carried forward?</b>   | No. It is not permitted in terms of section 140(1) of the CGST Act, 2017 read with Rule 117(1) of the CGST Rules, 2017.  |
| 73 | <b>In the case of group insurance policies, a Master Policy is issued; the beneficiaries of the Master Policy may be located in more than one State. In such cases, what will be the place of supply of services?</b> | In the case of issuance of Master / Group Policy to a registered person where the premium charged is a single premium and not segregated based on the beneficiaries of the insurance policies, the place of supply for such policy will be the location of the registered person paying the premium.   |

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| 74                            | <b>What is the time of supply of services for deposits and advances in cases of the recipient issuing a bank guarantee or making a deposit before assumption of risk and issuance of a policy?</b>  | As per the proviso to Section 2(31) of the CGST Act, 2017, a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply. In case of advances, however, the time of supply is the time of receipt of advance as provided in section 13(2)(a) of the CGST Act, 2017. |
| 75                            | <b>Whether ITC will be allowed on motor garage services used by insurance company for claim settlement?</b>   | Yes, ITC will be allowed on services of motor garage used by an insurance company for claim settlement.   |
| 76                            | <b>Whether the service provided by the re-insurance company to an insurer will be treated as a supply?</b>  | The service of re-insurance falls within the scope of supply, and is chargeable to GST.   |
| <b>STOCK BROKING SERVICES</b> |   |   |
| 77                            | <b>In the case of stock broking, whether stamp duty or securities transaction tax or other Central or State taxes would be considered as a part of the value of supply as prescribed under Section 15 of the CGST Act, 2017, for levy of GST?</b> | GST is not payable by the stock brokers on these recoveries as long as the conditions of pure agent as provided in Rule 33 of the CGST Rules, 2017 are met. If not, then valuation will be done as per section 15 of the CGST Act, 2017 read with Rule 27 of CGST Rules, 2017.  |
| 78                            | <b>Is brokerage earned in stock broking service liable to Goods and Services Tax?</b>   | Yes. Since the stock brokers are engaged in the business of supplying the stock broking service, appropriate GST is payable on the same.  |
| 79                            | <b>Can a person take voluntary registration under the Act?</b>  | Section 25(3) of the CGST Act, 2017 states that “a person, though not liable to be registered under section 22 or section 24 of the CGST Act, 2017 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered person, shall apply to such person.” Therefore, any person may choose to get voluntary registration under the Act.                                   |

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| 80 | <p><b>Is GST leviable on interest/ delayed payment charges charged to clients for debit for settlement obligations/margin trading facility?</b></p> | <p>Any interest/ delayed payment charges charged for delay in payment of brokerage amount/ settlement obligations/ margin trading facility shall not be leviable to GST. since settlement obligations/ margin trading facilities are transactions which are in the nature of extending loans or advances and are covered by entry No. 27 of notification No.12/2017- Central Tax (Rate) dated 28th June, 2017. (Amended as on 27.12.2018)</p>   |
| 81 | <p><b>What will be the “place of supply of services” in case of stock brokers?</b></p>  | <p>In case of stock broking, the details of the address of the client are required to be updated with the Stock Exchange as part of the “Unique Client Code” details. Therefore, in case of domestic supplies of such services, address on record with the stock brokers shall be the “location of the recipient of services” in terms of section 12(12) of the IGST Act, 2017. However, in cases where the the location of the recipient is outside India, the place of supply shall be determined as per section 13(8) of the IGST Act, 2017 i.e. as an intermediary.</p> |
| 82 | <p><b>Do stock brokers fall in the definition of “intermediary” under section 2(13) of the IGST Act, 2017?</b></p>                                  | <p>Yes. Since stock brokers arrange the supply of securities between two or more persons, stock brokers would be covered by the definition of “intermediary”.</p>   |

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| 83 | <p><b>Would sub-brokers/ Authorized Persons fall in the definition of “agent” under Section 2(5) of the CGST Act, 2017? What would be the registration requirement for subbrokers/Authorized Persons in the context of the Goods and Services Tax Regime?</b></p> | <p>As per Stock Brokers and Sub Brokers Regulation, 1992 issued by SEBI, a “subbroker” means “any person, not being a member of stock exchange, who acts on behalf of a stock broker as an agent or otherwise for assisting the investors in buying, selling or dealing in securities through such stock brokers”. It is, therefore, apparent that the sub broker may not only be providing services to the stock broker but may also be providing services to the clients and receiving consideration from both. Thus, in such a scenario where the sub broker is providing services both to the broker and the investor on behalf of the broker, he would be duly covered by the definition of “agent” as provided in Section 2(5) of the CGST Act, and needs to compulsorily register without the threshold under Section 24(vii) of the CGST Act, 2017.</p> <p>In case the sub-brokers do not provide any service to the clients on behalf of stock broker (for example referral commission only), then the said sub-brokers would not fall in the definition of “agent” under the CGST Act, 2017.</p> |
| 84 | <p><b>What is the “place of business” for a stock broker?</b></p>   | <p>Section 2(85) of the CGST Act, 2017 defines “place of business” to include:</p> <p>(i) a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both; or</p> <p>(ii) a place where a taxable person maintains his books of account; or</p> <p>(iii) a place where a taxable person is engaged in business through an agent, by whatever name called.</p>  |



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|    |  | <p>In case of operations of a stock broker, it is required by law that all transactions would be via screen based trading on the Stock Exchanges. Therefore, the following would be the “place of business” in case of stock brokers:</p> <p>(i) All the branches of the stock broker where the Stock Exchange Trading terminals are located and where trade is carried out on behalf of clients;</p> <p>(ii) Main office/ Head office/ Registered Office/ Branch office where back office operations are carried out including issuing of bills/ contracts/ tax invoices/ account statements to the clients.</p> <p>In case of sub-brokers’ / Authorised Person office, where the premises are neither owned by the stock broker nor rented/ leased in favour of the stock broker and there are no employees on the payroll of the stock broker in such an office, then such premises shall not be considered a place of business of the stock broker.</p> |
| 85 | <p><b>Stock Brokers deal with clients who are not residents of India like Foreign Portfolio Investors, Non Resident Indians, Persons of Indian Origin, etc. Will brokerage earned from such clients who are not resident in India qualify as “export of service” under section 2(6) of the IGST Act, 2017?</b></p> | <p>The stock broker being an intermediary, this situation shall be covered under the provisions of section 13(8)(b) of the IGST Act, 2017 which provides that the place of supply shall be the location of the supplier of services. Thus such a supply will be treated as an intra-State supply and would be subject to Central tax and State tax / Union territory tax, as the case may be.</p>   |
| 86 | <p><b>What will be the effect if we have paid</b></p>  | <p>Under section 19(1) of the IGST Act, 2017 “a registered person who has paid integrated tax on a supply considered by him to be an inter-State supply, but which is subsequently held to be an intra-State supply, shall be granted refund of the amount of integrated tax so paid in such manner and subject to such conditions as may be prescribed”.</p>   |

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| <p><b>(i) Integrated tax instead of Central tax and State tax / Union territory tax?</b></p> <p><b>(ii) Central tax and State tax / Union territory tax instead of Integrated tax?</b></p> | <p>Under section 19(2) of the IGST Act, 2017 “a registered person who has paid Central tax and State tax or Union territory tax, as the case may be, on a transaction considered by him to be an intra-State supply, but which is subsequently held to be an inter-State supply, shall not be required to pay any interest on the amount of integrated tax payable”.</p> <p>Therefore, in case a registered person has paid Integrated tax instead of Central tax and State tax or Union territory tax, then he shall be granted refund of the amount paid as Integrated tax and he will have to pay Central tax and State tax or Union territory tax. Further, no interest will be payable on the Central tax and State tax or Union territory tax so paid. Further, in case a registered person has paid Central tax and State tax or Union territory tax instead of Integrated tax, then he shall be granted refund of the amount paid as Central tax and State tax or Union territory tax and he will have to pay Integrated tax. However, no interest shall be payable on the Integrated tax amount so paid.</p> |
| <p>87</p> <p><b>In the course of stock broking, funds are received from the clients as margin money for trade. Would the same be treated as consideration?</b></p>                         | <p>In the context of stock broking, funds/ securities are provided by the clients to the stock brokers in advance of the potential orders/ trades that would lead to margin/ settlement obligations. All such advances will fall in the category of deposit under the proviso to section 2(31) of the CGST Act, 2017 and thus will not be considered as payment made for such supply unless the stock broker applies such deposit as consideration for the said supply in his books of accounts.</p>  |

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| 88 | <p><b>Can the stock broker continue to issue bills and contracts under the normal Stock Exchange mechanism and issue a monthly tax invoice for the purpose of Goods and Services Tax?</b></p> | <p>The stock broker can issue bills and contracts under the normal Stock Exchange mechanism mentioning the GST amount but will have to issue a tax invoice as envisaged under Section 31(2) of the CGST Act, 2017 read with Rule 47 of the CGST Rules, 2017.</p>   |
| 89 | <p><b>What is considered as 'securities' under the Goods and Services Tax Act? Are they taxable under GST?</b></p>  | <p>Section 2(101) of the CGST Act, 2017 defines "securities" to have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.</p> <p>Section 2(52) of the CGST Act, 2017 defines "goods" to mean every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply. Thus, securities are not goods under the CGST Act, 2017.</p> <p>Section 2(102) of the CGST Act, 2017 defines "services" to mean anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged. Thus, securities are not services under the CGST Act, 2017.</p> <p>Since securities neither fall in the definition of goods nor in the definition of services, they fall in the definition of "non-taxable supply" under section 2(78) of the CGST Act, 2017.</p> |

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| 90 | <p><b>Stock brokers provide many other services like Depository Participant Services / Portfolio Management Services, etc. Do they require registration as separate Business Verticals?</b></p> | <p>Section 2(18) of the CGST Act, 2017 defines “business vertical” to mean “a distinguishable component of an enterprise that is engaged in the supply of individual goods or services or a group of related goods or services which is subject to risks and returns that are different from those of the other business verticals.</p> <p>Explanation.—For the purposes of this clause, factors that should be considered in determining whether goods or services are related include—</p> <ul style="list-style-type: none"> <li>(i) the nature of the goods or services;</li> <li>(ii) the nature of the production processes;</li> <li>(iii) the type or class of customers for the goods or services;</li> <li>(iv) the methods used to distribute the goods or supply of services; and</li> <li>(v) the nature of regulatory environment (wherever applicable), including banking, insurance, or public utilities”.</li> </ul> <p>It is the choice of the taxable person to build all the services provided in one vertical or separate verticals based on their business models and requirements. They may choose to obtain separate registration as a business vertical in terms of the proviso to section 25(2) of the CGST Act, 2017.</p> |
| 91 | <p><b>Whether GST will be levied on the exit-load on mutual funds?</b></p>  | <p>Exit load in the form of a fee (whether or not as a fixed percentage of the investment) is liable to GST. Even if the exit load is in the form of units in the fund, it may be concluded that the consideration received in money was later converted to NAV units.</p>   |

**Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017.**