The Institute of Company Secretaries of India, as a capacity building initiative, started a daily GST Educational Series which are being very well received by all the stakeholders as well as public at large. The series have been successful and academically useful. With this issue, we bring out a concise compilation of Educational Series brought out till date. The GST Educational Series are also available on the GST Corner of the ICSI website at https://www.icsi.edu/GSTEducationalSeries.aspx.

**Advantages of GST include**
- Replaces multiple indirect taxes such as Excise, VAT and Service Tax
- Lower compliance cost, Online simpler procedure under GST
- Faster withholding
- Increased efficiency in logistics
- Lead to accelerated development of common national market

**Company Secretary- Serving you GST solutions**
As per section 46(1) of the Central Goods & Services Tax Act, 2017 (CGST Act), a Company Secretary is fully qualified and authorized to practice GST. You can avail amongst the following services:
- Furnish details of outward/forward supplies
- Furnish monthly/Six-monthly, annual or final return
- Make deposit or credit into Electronic Cash Register
- File a claim for refund
- File an application for amendment or cancellation of registration

**ICSI Key Initiatives on GST**
- Organised Webinar Series on GST to help all stakeholders to embrace GST
- Celebrating GST Awareness Month through sharing knowledge & resource material
- Launched GST Common portal to provide regular updates on GST
- Joint hands with Industry chamber for workshops on GST
Understanding Basics of GST

- Single tax rate for a product or service in any part of the country (except J&K)
- The following 17 different indirect taxes will be subsumed under GST

<table>
<thead>
<tr>
<th>Central taxes</th>
<th>State taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Duties of Excise (Medicinal and Toilet</td>
<td>10. Central Sales Tax;</td>
</tr>
<tr>
<td>Preparations);</td>
<td>11. Purchase Tax;</td>
</tr>
<tr>
<td>3. Additional Duties of Excise (Goods of</td>
<td>12. Luxury Tax;</td>
</tr>
<tr>
<td>Special Importance);</td>
<td>13. Entry Tax (All forms);</td>
</tr>
<tr>
<td>4. Additional Duties of Excise (Textiles and</td>
<td>14. Entertainment Tax (except those levied by</td>
</tr>
<tr>
<td>Textile Products);</td>
<td>the local bodies);</td>
</tr>
<tr>
<td>5. Additional Duties of Customs (commonly</td>
<td>15. Taxes on advertisements;</td>
</tr>
<tr>
<td>known as CVD);</td>
<td>16. Taxes on lotteries, betting and gambling;</td>
</tr>
<tr>
<td>6. Special Additional Duty of Customs (SAD);</td>
<td>17. State cesses and surcharges insofar as they</td>
</tr>
<tr>
<td>7. Service Tax;</td>
<td>relate to supply of goods or services.</td>
</tr>
<tr>
<td>8. Cesses and surcharges insofar as they relate</td>
<td></td>
</tr>
<tr>
<td>to supply of goods or services.</td>
<td></td>
</tr>
</tbody>
</table>

- Better compliance for trade and industry sector
- Seamless flow of credit across the value chain.
- Removal of cascading effect.
- Dual GST (Central GST & State GST) and Integrated GST (IGST)
- Tax rates: 5%, 12%, 18% & 28%
- Destination based tax
- Taxable event – SUPPLY
- Threshold exemption limit: Rs 20 lakhs & Rs 10 lakhs (for special category States & North Eastern States)
- Composition scheme threshold: Rs 50 lakhs
- Pan based registration
- Tax can be deposited by internet banking, NEFT/RTGS, debit card, credit card & Over the Counter (OTC)
- Goods and service tax network (GSTN), the technology backbone of GST. It provides IT infrastructure and services to the Central and State Governments, tax payers and other stakeholders for implementation of the Goods and Services Tax (GST)
- GST Suvidha Provider (GSP) is an online compliance platform which will enable the taxpayer to comply with the provisions of the GST law through its web platform.

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Supply – an Integral Part

Previously, under the old regime, taxable events for various taxes were different. For example, for excise duty the taxable event was manufacture or production of goods in India. Similarly, for services the taxable event was provision of service. Under Central Sales Tax (GST) and Value Added Tax (VAT) it was sale of goods. Thus, all this led to plethora of taxable events under different taxes. To replace such multiplicity, GST has brought a single and uniform taxable event, which is, SUPPLY. It is important that the term “Supply” be understood in depth as the levy of GST will be based on the occurrence of the taxable event.

Supply has been very subjectively and inclusively defined in the CGST Act. The types of supply identified under the Act are:

- Supply which are made or agreed to be made for a consideration by a person in the course or furtherance of business. The following list indicates different forms of supply which although on the surface sometimes may not be considered as supply but fall under the ambit of supply in GST regime.

- Import of services which are for consideration (whether or not in the course or furtherance of business).
- Schedule I activities (whether or not for consideration) like transfer of goods from principle-agent transaction etc.
- Schedule II activities (activities to be treated as supply of goods or supply of services)

Following few activities are specifically not to be considered as SUPPLY and these are:

1. Schedule III activities which include :
   - Services from an employee to employer
   - Services by any court or Tribunal
   - Functions performed by Member of Parliament etc.
   - Sale of land and, Schedule II(5)(b), sale of building
   - Actionable claims, other than lottery, betting and gambling
2. Activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council.

### Understanding Schedule I

Schedule I lists activities that are to be treated as supply even if they are without a consideration. The important point to note here is that though the following activities will be considered as supply even if there is no consideration involved, it is required that the activity is done in the course or furtherance of business. The forms of Supply listed in Schedule I are as follows:

- **Permanent transfer or disposal of business assets where input tax credit (ITC) has been availed on such assets.**
  - When ITC is availed on a particular asset and the asset is disposed off or transferred permanently without a consideration, it will be considered as supply and attract GST. Example: Suppose, if XYZ Ltd. purchases 10 laptops worth Rs. 5,00,000 + GST Rs. 25,000 for office purpose and further avails ITC of Rs. 25,000 on GST paid, and after few years disposes these laptops, it will be deemed as supply without consideration.

- **Supply of goods or services between Related Parties**
  - Supply of goods or services between related parties or between distinct persons (as in section 25) will attract tax when made in the course or furtherance of business.
  - Although gifts from an employer to an employee not exceeding Rs. 50,000 will not be considered as goods or services and thus there will be no supply.

- **Principal – Agent Transactions**
  - In the current indirect tax regime, supply of goods between principal to his agent or agent to its principle was not taxable but under GST, such a supply will be taxable.

- **Import of services**
  - Any services imported by a taxable person from a related person or from any of his other establishments outside India, will attract GST. Thus, for example if an office located out of India provides interior designing services to its office in India, the service will be a taxable service under GST.
The business is transferred as a going concern.

In the previous issue we discussed about the activities which are to be considered as supply of goods or supply of services even if they are without a consideration, but are done in the course or furtherance of business. Schedule II of the Central Goods & Services Tax Act, 2017 lists activities which are to be treated as supply of goods and supply of services. In this issue, activities which form supply of goods are discussed. The next issue will cover the list of activities to be treated as supply of services, as enumerated in Schedule II.

### Activities to be treated as supply of goods

<table>
<thead>
<tr>
<th>Form of supply</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transfer</strong></td>
<td>Transfer of title in goods</td>
</tr>
<tr>
<td><strong>Permanent transfer or disposal of goods forming part of business assets</strong></td>
<td>Transfer of title in goods under an agreement where property in goods passes at a future date or payment of full consideration</td>
</tr>
<tr>
<td><strong>Transfer of business assets</strong></td>
<td>Permanent transfer or disposal of goods forming part of business assets by or under the directions of the person carrying on the business whether or not for consideration</td>
</tr>
<tr>
<td><strong>Any goods forming a part of business assets will be deemed to be transferred in furtherance of business, before any person ceases to be a taxable person</strong></td>
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</tr>
<tr>
<td><strong>Exception</strong></td>
<td>• The business is transferred as a going concern</td>
</tr>
<tr>
<td></td>
<td>• The business is carried on by a personal representative who is deemed to be a taxable person</td>
</tr>
<tr>
<td><strong>Supply by unincorporated association</strong></td>
<td>Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.</td>
</tr>
</tbody>
</table>

### Activities to be treated as supply of services

<table>
<thead>
<tr>
<th>Form of supply</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transfer</strong></td>
<td>Ant transfer of right in goods or undivided share in goods without transfer of title</td>
</tr>
<tr>
<td><strong>Land and Building</strong></td>
<td>Any lease, tenancy, easement, licence to occupy land</td>
</tr>
<tr>
<td><strong>Treatment or process</strong></td>
<td>Any treatment or process which is applied to another person’s goods</td>
</tr>
<tr>
<td><strong>Transfer of business assets</strong></td>
<td>Where, by or under the direction of a person carrying on a business, goods held or used for the purpose of business are put for any private use or made available to any person for any use other than for the purpose of business, at the direction of the person carrying on the business, whether or not for a consideration.</td>
</tr>
<tr>
<td><strong>Inmovable property</strong></td>
<td>Renting of immovable property</td>
</tr>
<tr>
<td><strong>Construction or Sale</strong></td>
<td>Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier</td>
</tr>
<tr>
<td><strong>Intellectual Property rights</strong></td>
<td>Temporary transfer or permitting the use or enjoyment of any intellectual property right</td>
</tr>
<tr>
<td><strong>Information technology software</strong></td>
<td>Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software</td>
</tr>
<tr>
<td><strong>Action</strong></td>
<td>Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act</td>
</tr>
<tr>
<td><strong>Rights to use goods</strong></td>
<td>Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration</td>
</tr>
<tr>
<td><strong>Composite Supplies</strong></td>
<td>Works Contract as defined under Section 2(19)</td>
</tr>
</tbody>
</table>

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Goods & Services Tax

Educational Series

June 06, 2017

Composite Supply and Mixed Supply

When two or more goods are sold in a combination, it becomes difficult to identify the rate of tax to be levied. For such goods or services, CGST Act, 2017 has provided with two terms -- "Composite Supply" and "Mixed Supply". Composite supply is similar to the concept of "bundled service" as under service tax laws in the existing regime. Both Composite supply and Mixed supply consist of two or more taxable supplies of goods or services or both but the main difference between the two is that Composite supply is naturally bundled i.e., goods or services are usually provided together in normal course of business and cannot be separated. Whereas in Mixed supply, the goods or services can be sold separately.

Let's take an example:

Booking of Air tickets which involves cost of the meal to be provided during travel will be Composite supply and tax will be calculated on the principle supply which in this case is transportation through flight.

On the other hand, Diwali gift hamper which consists of different items packed in one pack or more taxable supplies of goods or services or both but the main difference between the two is that Composite supply is naturally bundled i.e., goods or services are usually provided together in normal course of business and cannot be separated. Whereas in Mixed supply, the goods or services can be sold separately.

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Composition Scheme

Composition Scheme is a scheme which is mainly devised for small taxpayers who find filing of monthly returns both difficult and costly. A registered tax payer under this scheme enjoys benefits like concessional rate of tax and filing of quarterly returns instead of monthly return. To be eligible for registration under Composition scheme it is required that the aggregate turnover of a registered tax payer should not exceed Rs. 50,00,000 in the preceding financial year.

It is important to note that, registration under this scheme is optional and the registered tax payer whose aggregate turnover is less than Rs. 50,00,000 can opt not to register for the scheme. A quarterly return in form GSTR-4 is required to be filed within eighteen days after the end of each quarter or part thereof.

Conditions & Restrictions

- A Casual tax payer and a non-resident taxable person cannot register under this scheme.
- The registered person under composition scheme is not permitted to collect tax and thus cannot issue a taxable invoice.
- Input tax credit is not available.
- Tax payers making inter-State supplies or making supplies through e-commerce operators who are required to collect tax at source shall not be eligible for composition scheme.
- A person should not be engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II, and
- Supplier of goods which are not taxable under the CGST Act/SGST Act/UTGST Act is not eligible to register under this scheme.

Rate of tax

Tax is to be paid, as calculated at such rate as may be prescribed, but not exceeding,

(a) one per cent of the turnover in State or turnover in Union territory in case of a manufacturer
(b) two and a half per cent of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and
(c) half per cent of the turnover in State or turnover in Union territory in case of other suppliers, subject to such conditions and restrictions as may be prescribed.

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Under the existing indirect tax regime, there is a clear demarcation on the levy of taxes. The Centre has the power to levy taxes on manufacture of goods (except few items like alcoholic liquor for human consumption, opium, narcotics etc) which is referred to as “Central Excise Duty”, while the States have the power to levy taxes on sale of goods under Value Added Tax. In case of interstate sales, the Centre has the power to levy tax, called the Central Sales Tax, but this tax is collected and retained by the originating states. With the introduction of GST, an amendment in the Constitution was made to empower both Centre and State to levy and collect tax.

Under GST regime, the tax shall be levied as Dual GST separately but concurrently by the Union (CGST) as well as the States (including Union Territories with legislatures) (SGST) and Union territories without legislatures (UTGST). The Parliament would have exclusive power to levy GST integrated GST (IGST) on inter-State trade or commerce (including imports) on goods or services or both.

Alcohol for human consumption is kept out of the purview of GST. Also, GST on specified petroleum products (crude, high speed diesel, petrol, ATF and natural gas) would be levied from a later date on the recommendation of the GST Council.

**Classification**

Goods under GST regime, will be classified under, Harmonised System of Nomenclature (HSN) code whereas services will be classified as per the Services Accounting code (SAC). HSN is an internationally standardized system of names and numbers to classify traded products. At present, HSN code is used to classify goods under Value added tax.

**Levy and Classification**

Goods & Services Tax

Educational Series

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Time of Supply

Central GST Act, 2017 states provisions to determine time of supply of goods under section 12 and time of supply of services under section 13 of the Act.

<table>
<thead>
<tr>
<th>Type</th>
<th>Goods (Sec 12)</th>
<th>Services (Sec 13)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General provision (sub section 2)</td>
<td>(Earliest of the three)</td>
<td>(Earliest of the three)</td>
</tr>
<tr>
<td>o date of issue of invoice</td>
<td>o date of issue of invoice (sec 31(1))</td>
<td>o date of issue of invoice (sec 31(2))</td>
</tr>
<tr>
<td>o last date when invoice is required to be issued (sec 31(1))</td>
<td>o date of receipt of payment</td>
<td>o date of receipt of payment</td>
</tr>
<tr>
<td>o receipt of payment</td>
<td>o date as entered in the books of account</td>
<td>o date of redemption of voucher, in all other cases</td>
</tr>
</tbody>
</table>

Excess amount amount received is up to Rs. 1000 in excess to the amount indicated in tax invoice

- date of issue of invoice (with respect to such excess amount), if discount or charge have been applied or (at the option of supplier)
- the date immediately following thirty days from the date of issue of invoice or any other document

Where it is not possible to determine the time of supply

- the date of entry in the books of account of the recipient of supply
- the date on which the payment is credited to his bank account

Reverse Charge Basis (sub section 3)

| (Earliest of the following) | (Earliest of the following) |
| o date of the receipt of goods | o the date of payment as entered in the books of account or the date when payment is debited in his bank account, whichever is earlier or |
| o the date immediately following thirty days from the date of issue of invoice or any other document | o the date of payment as entered in the books of account or the date immediately following sixty days from the date of issue of invoice or any other document |

Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—

- in a case where a periodical return has to be filed, be the date on which such return is to be filed; or
- in any other case, be the date on which the tax is paid.

The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

Supply of services by associated enterprises: where the supplier of service is located outside India, the date of entry in the books of account of the recipient or the date of payment, whichever is earlier.

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**Goods & Services Tax Educational Series**

**Place of Supply of Goods**

Section 10 of the Integrated Goods & Services Tax Act, 2017, specifies place of supply of goods, other than supply of goods imported into, or exported from India. Place of supply of goods is important to determine the nature of sale (inter-state, intra-state, import or export) and the State where State component of GST will accrue.

- **Supply involving movement of goods** (whether by the supplier or the recipient or by any other person)
  - location of the goods at the time at which the movement of goods terminates for delivery to the recipient

- **Delivery of goods** (by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise) either by way of transfer of documents of title to the goods or otherwise, before or during movement of goods, it shall be deemed that the third person has received such goods
  - principal place of business of such person

- **Supply not involving movement of goods** (whether by the supplier or the recipient)
  - location of such goods at the time of the delivery to the recipient

- **Installation/Assembling of goods**
  - place of such installation or assembly

- **Goods supplied on board a conveyance, including a vessel, train, aircraft or motor vehicle**
  - location at which such goods are taken on board
### Goods & Services Tax

#### Education Series

**PD & PP : GST: 14/2017**

**June 16, 2017**

**Input Tax Credit**

Input tax credit is a provision of reducing the tax already paid on inputs, to avoid the cascading effect if taxes. This can be understood with the help of the following diagram:

![Input Tax Credit Diagram](Diagram)

#### Section 16 of the CGST Act, 2017, states the conditions and eligibility to obtain ITC. Following four conditions are required to be fulfilled by a registered taxable person:

- he should be in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
- he should have received the goods or services or both;
- the supplier should have actually paid the tax charged in respect of the supply to the Government; and
- he should have furnished the return under section 39.

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- the supplier should have actually paid the tax charged in respect of the supply to the Government; and
- he should have furnished the return under section 39.

(Where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment)

Availability of ITC to recipient has been made dependent on payment of tax by supplier, other than supplies where tax is payable on reverse charge basis. Thus, even if the receiver has paid the amount of tax to the supplier and the goods and/or services so procured are eligible for ITC, no credit would be available, till the time tax so collected by the supplier is deposited to the Government. Also, if a recipient fails to pay the amount of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon.

<table>
<thead>
<tr>
<th>Sub Section</th>
<th>Applicability</th>
<th>Type</th>
<th>Place of Supply of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>(8)</td>
<td>Transportation of goods, including by mail or courier</td>
<td>registered person</td>
<td>location of such person</td>
</tr>
<tr>
<td>(9)</td>
<td>Passenger transportation service</td>
<td>registered person</td>
<td>location of such person</td>
</tr>
<tr>
<td></td>
<td></td>
<td>unregistered person</td>
<td>location at which such goods are handed over for their transportation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>unregistered person</td>
<td>location where the passenger embarks on the conveyance for a continuous journey</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Made to a registered person</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Made to unregistered person</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- location of recipient where address on records exist</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- location of the supplier of services in other cases</td>
</tr>
<tr>
<td>(10)</td>
<td>On board a conveyance</td>
<td>including a vessel, an aircraft, a train or a motor vehicle</td>
<td>location of the first scheduled point of departure of that conveyance for the journey</td>
</tr>
<tr>
<td>(12)</td>
<td>Banking and other financial services</td>
<td>including stock broking services to any person</td>
<td>location of the recipient of service on records of supplier or</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- if location of recipient is not available, location of the supplier of services</td>
</tr>
<tr>
<td>(13)</td>
<td>Insurance services</td>
<td>Made to a registered person</td>
<td>location of such person</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Made to unregistered person</td>
<td>location of the recipient of Services on the records of the supplier of services</td>
</tr>
</tbody>
</table>

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**PD & PP : GST: 14/2017**

**June 16, 2017**

**Input Tax Credit**

Input tax credit is a provision of reducing the tax already paid on inputs, to avoid the cascading effect if taxes. This can be understood with the help of the following diagram:

![Input Tax Credit Diagram](Diagram)

### Section 16 of the CGST Act, 2017, states the conditions and eligibility to obtain ITC. Following four conditions are required to be fulfilled by a registered taxable person:

- he should be in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
- he should have received the goods or services or both;
- the supplier should have actually paid the tax charged in respect of the supply to the Government; and
- he should have furnished the return under section 39.

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- he should have furnished the return under section 39.

(Where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment)

Availability of ITC to recipient has been made dependent on payment of tax by supplier, other than supplies where tax is payable on reverse charge basis. Thus, even if the receiver has paid the amount of tax to the supplier and the goods and/or services so procured are eligible for ITC, no credit would be available, till the time tax so collected by the supplier is deposited to the Government. Also, if a recipient fails to pay the amount of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon.

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Goods & Services Tax

Job Work

A large number of industries depend upon outside support for completing manufacturing activity. Job work means undertaking any treatment or process by a person on goods belonging to another registered taxable person. The person who is treating or processing the goods belonging to other person is called ‘job worker’ and the person to whom the goods belongs is called ‘principal’.

Section 143 of CGST Act, 2017 states that a Principal under intimation and subject to such conditions as may be prescribed can send inputs or capital goods to a job worker without payment of tax for further process or treatment and from there subsequently to another job worker(s) and shall either bring back such inputs/capital goods after completion of job work or otherwise within 1 year/3years of their being sent out or supply such inputs/capital goods after completion of job work or otherwise within 1 year/3years of their being sent out, from the place of business of a job worker on payment of tax within India or with or without payment of tax for export. (Capital Goods excludes moulds and dies, jigs and fixtures, or tools.)

Further, a principal can supply goods from the place of business of job worker if the principal declares the place of business of the job worker as his additional place of business, except in following two conditions:

- where the job worker is registered under section 25; or
- where the principal is engaged in the supply of such goods as may be notified by the Commissioner.

The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal. Any waste and scrap generated during the job work may be supplied by the job worker directly from his place of business on payment of tax, if such job worker is registered, or by the principal, if the job worker is not registered.

Under GST regime, when goods are sent from a taxable person to a job worker it shall be treated as supply and will be liable to GST if the goods so sent are not received back within 1 year or 3 years in case of inputs or capital goods as the case may be. For the purposes of job work, input includes intermediate goods arising from any treatment or process carried out on the inputs by the principal or the job worker.

Input Tax Credit in case of Job Work

Section 19 of the CGST Act, 2017 states that the principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on inputs sent to a job worker for job work. Although section 16 of the CGST Act, 2017 specifically states that ITC will be provided only when goods are actually received, but under Job Work this condition is exempted and ITC can be availed even if inputs or capital goods are directly sent to the Job Worker without being first brought to the place of business of Principal.

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Nature of Supply

GST is a destination based consumption tax, which means tax will be levied where goods and services are consumed and will accrue to that state. Thus, it is of immense importance that the place of supply of any transaction is determined correctly. To determine the correct place of supply, it is important that the nature of supply be understood first. Following table list provisions as contained in Integrated GST Act, 2017, to know whether a supply will be treated as Inter State or Intra State supply:

<table>
<thead>
<tr>
<th>Inter State Supply (Sec 7)</th>
<th>Goods</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Location of the supplier and the place of supply are in</td>
<td>two different States; two different Union territories; or a State and a Union territory</td>
<td></td>
</tr>
<tr>
<td>b. Import</td>
<td>till they cross the customs frontiers of India</td>
<td></td>
</tr>
<tr>
<td>c. supplier located in India and the place of supply is outside India</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. to or by a Special Economic Zone developer or a Special Economic Zone unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. in the taxable territory, not being an Intra-State supply and not covered elsewhere in this section</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intra State Supply (Sec 8)</th>
<th>Goods</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of the supplier and the place of supply are in</td>
<td>same State or same Union territory</td>
<td></td>
</tr>
</tbody>
</table>

Following will not be considered as Intra State Supply:

- a. supply of goods/services to or by a Special Economic Zone developer or a Special Economic Zone unit |
- b. goods imported into the territory of India till they cross the customs frontiers of India |
- c. supplies of goods made to a tourist |

Following will be treated as establishments of distinct persons.

1. an establishment in India and any other establishment outside India;
2. an establishment in a State or Union territory and any other establishment outside that State or Union territory; or
3. an establishment in a State or Union territory and any other establishment being a business vertical registered within that State or Union territory.

A person carrying on a business through a branch or an agency or a representative office in any territory shall be treated as having an establishment in that territory.

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Place of supply of Telecommunication Services

Section 12(11) of the Integrated GST Act, 2017 states the provisions for determining the place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person.

- In any other cases, be the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services.
- If pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services on the record of the supplier of services shall be the place of supply of such services.
- Where the leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such circuit, the place of supply of service shall be proportionately allocated amongst states/Union Territories as per the value of service received or as per the contract or as may be prescribed.
Input Tax Credit Restriction

Goods and Services Tax aims at providing seamless flow of credit throughout supply chain. However, below is a list of a few situations as mentioned in section 17 of Central GST Act, 2017 where input tax credit will not be available:

- **a.) Goods or services partly used for business purpose**: The Act specifically states that input tax credit can only be taken for the amount of input tax paid on goods or services or both used for the purpose of business. Thus, if goods or services or both are used partly for purpose of business and partly for other purpose, only that amount of input tax which is attributable to the purpose of business will be allowed as credit.

- **b.) Zero rated and Exempted Supplies**: Where Goods or services or both are used partly for taxable supplies including zero rated supplies under IGST or under CGST Act, and partly for exempted supplies, only that amount of input tax which is attributable to the taxable supplies including zero rated supplies will be allowed as credit.

- **c.) Motor Vehicle and other conveyance**: Input tax credit is not available on motor vehicle and other conveyance. However, if motor vehicle and other conveyance are used for taxable purpose of transportation of such vehicles/conveyances, transport of passengers or imparting training on flying, driving and navigating such vehicles or conveyances or for transportation of such goods, Input Tax Credit will be allowed.

- **d.) Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery**: Input tax credit is not available on supply of above mentioned services wherever an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both as an element of a taxable composite or mixed supply. Thus, if a caterer uses a service of another caterer, Input Tax Credit will be allowed.

- **e.) Membership of a club, health and fitness centre**: Input tax credit is not available on supply of membership of a club, health and fitness centre.

- **f.) Rent-a-cab, life insurance and health insurance**: Input tax credit is not available on supply of services of rent-a-cab, life insurance and health insurance. However, where the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force or such inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both as an element of a taxable composite or mixed supply, input tax credit will be available.

- **g.) Travel benefits extended to employees on vacation such as leave or home travel concession**: Input tax credit is not available on travel benefits extended to employees on vacation such as leave or home travel concession.

- **h.) Works contract services**: Input tax credit is not available on works contract services when supplied for construction of an immovable property (other than plant and machinery). However, Input Tax Credit will be allowed when it is an input service for further supply of works contract service.

- **i.) Construction on own account**: Input tax credit on goods or services by a person for construction of immovable property, other than plant and machinery, is not allowed.

- **j.) Tax paid under Composition Scheme**: If tax has been paid under composition scheme on supply of goods or services or both, input tax credit is not allowed.

- **k.) Goods or services both received by a non-resident taxable person**: Input Tax Credit is not allowed when goods or services or both are received by a non-resident taxable person, however, if goods are imported by a non-resident taxable person, input tax credit will be allowed.

- **l.) Goods or services or both used for personal consumption**: Input tax credit is not allowed for goods or services or both used for personal consumption.

- **m.) Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples**: Input tax credit is not allowed with respect to goods lost, stolen, destroyed or written off as well as on goods given as gifts or free samples will also be not allowed.

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Invoicing under GST

All registered taxpayers are free to design their own invoice format under GST; however, it is required that certain fields as mentioned in the invoice rules be incorporated in all invoices. Some of these fields are as follows:

- name, address and GSTIN of the supplier;
- a consecutive serial number, in one or multiple series,
- date of issue;
- name, address and GSTIN or UIN, if registered, of the recipient;
- name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more;
- HSN code of goods or Accounting Code of services;
- description of goods or services;
- quantity in case of goods and unit or Unique Quantity Code thereof;
- total value of supply of goods or services or both;
- taxable value of supply of goods or services or both taking into account discount or abatement, if any;
- rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
- address of delivery where the same is different from the place of supply;
- whether the tax is payable on reverse charge basis;
- signature or digital signature of the supplier or his authorized representative etc.

Manner of issuing Invoice

Invoice under GST shall be issued in the following manner:

- Original for recipient
- Duplicate for transporter
- Duplicate for supplier
- Original for supplier

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Documents in lieu of Invoice

Bill of Supply
Where a supplier is not required to charge any tax, he shall raise a bill of supply instead of invoice. Bill of supply will be raised by:

- a registered person supplying exempted goods or services or both or
- a registered person paying tax under the provisions of Section 10

Delivery Challan
Invoice Rules list few situations where a delivery challan, serially numbered, will be issued instead of invoice. Such situations are as follows:

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

Manner of issuing Delivery Challan

The supplier is required to issue a tax invoice after delivery of goods where tax invoice could not be issued at the time of removal of goods for the purpose of supply.

Where the goods are being transported in a semi knocked down or completely knocked down condition:

- the supplier shall issue the complete invoice before dispatch of the first consignment;
- the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- each consignment shall be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
- the original copy of the invoice shall be sent along with the last consignment.
Motto
“सत्यं वद | धर्मं चर।
Speak the truth. abide by the law.”

Vision
“To be a global leader in promoting good corporate governance”

Mission
“To develop high calibre professionals facilitating good corporate governance”

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Statutory body under an Act of Parliament

Headquarters
ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003
tel 011-45341000, 4150 4444 fax +91-11-2462 6727
e-mail info@icsi.edu website www.icsi.edu