



ICSI - GST

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GOODS AND SERVICES TAX

Significant Economic Reform Towards Common Good



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

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MESSAGE FROM PRESIDENT

Warm greetings for the New Year 2018!!

At the dawn of this New Year, one of the most historic indirect tax reforms, the Goods & Services Tax (GST), is six months old and is constantly evolving. As we step into a fresh period, we bid adieu to an eventful 2017 when the Nation witnessed the implementation of one of the biggest reform of indirect taxation in the country post-independence.

The Institute of Company Secretaries of India (ICSI) has always been in absolute support and a partner in the Government of India initiatives in making of One Nation, One Tax a success. ICSI stands for sustainable governance and an accomplished GST, resulting in a technologically empowered New India along with socially and economically enabled states.

Along with the monthly Newsletter dedicated to GST, numerous other initiatives concerning the new indirect tax regime saw light including GST Point, a dedicated helpline for GST (which opens twice a week), a series of daily one pager on GST known as GST Educational Series, Launch of ICSI-GST App, bringing out various publications on GST, Launch of GST Certificate Course, Nationwide programmes on GST at all Regional Chapters level along with setting-up of GST Physical Counters and inclusion of GST in the Course Curriculum, to name a few. ICSI also made representations of the challenges being faced in GST at various forums and for the greater good of the fraternity.

Continuing the successful publication of previous issues of ICSI GST Newsletter, the Institute presents the next in the series and first for the year 2018, the January issue of the ICSI GST Newsletter with a view to update the fellow professionals for ensuing their utmost dedication and commitment for the subject and for capacity building of the students.

CS (Dr.) Shyam Agrawal
President, ICSI


GLIMPSES: GST PROGRAMMES



5th ICSI-GST Core Advisory Group Meeting held on December 26, 2017, in presence of CS (Dr.) Shyam Agrawal, President, ICSI, under the Chairmanship of Dr. Girish Ahuja



5th ICSI-GST Core Advisory Group Meeting in progress



GST NEWS

1. GST: E-way bill system set for all-India rollout by February

- Nine Indian states and one Union territory are likely to have the e-way bill system under GST in place by the New Year in preparation for an all-India rollout by February
- Karnataka, Rajasthan and Uttarakhand have all started the e-way bill system with Karnataka the first to move to an e-way bill system in September, 2017
- Kerala, Madhya Pradesh, Nagaland, Gujarat, Jharkhand, Meghalaya and the Union territory of Puducherry are likely to launch such systems over the next few days
- At present, Karnataka, which led the implementation, sees an average of 100,000 e-way bills generated every day and inspects only around two in 1,000 shipments
- Rejections are less than 10% of the total inspections

2. First Post-GST Budget Likely in February, 2018

- Finance Minister is likely to present India's first post-GST and the current government's last full Budget on February 01, 2018
- The Budget session of Parliament may begin on January 30, 2018 with the President addressing the Joint Session of both the Houses of Parliament

3. Natural gas likely to come under GST in 2018

- The Centre may try to bring up inclusion of natural gas at the next GST Council meeting in January
- Out of the 5 petroleum products, natural gas is an easier candidate for bringing into GST, adding that a 5 percent GST, equivalent to that being charged on coal, which will benefit states in reducing price of CNG as well as cooking gas piped into kitchens

4. For ongoing projects, Railways GST-Neutral, will bear extra tax burden

- Railways has decided to make all its ongoing projects "GST-neutral" by bearing the additional burden under the new tax regime to benefit its contractors
- The policy decision issued in December by the Railway Board is aimed at contracts awarded to individual contractors before the new tax regime came into being

5. Exporters file over 10,000 applications for GST refunds

- With over 10,000 applications for refunds filed by exporters till November, 2017, the GST Network asked exporters to ensure that the claims do not exceed the GST paid in that month
- Central Board of Excise and Customs (CBEC) had last month started refunds for exporters of goods who have paid IGST and have claimed refund based on shipping bill by filling up Table 6A of GSTR1

6. Odisha registers 2.3 per cent growth in tax collection after GST

- Odisha has registered a growth of 2.3 per cent in tax collection after implementation of the GST in July
- Odisha Finance Minister claims the state has collected Rs 3735.14 crore as GST from July to October, 2017 which is about 2.3 per cent more than the corresponding period of the last fiscal

7. Advisory group on GST submits report, suggests changes

- An advisory group on GST has suggested several changes in the new indirect tax regime with a view to simplifying procedures and ensuring automatic refund of taxes, said CAIT General Secretary and member of the panel
- The six-member panel set up by the government has made over 100 recommendations regarding GST
- Refund process should be automated, return process should be simplified and rationalised, allowing revision in returns, and formation of a National Advance Ruling Authority
- The panel submitted its report to the Revenue Secretary
- The panel received more than 700 representations on problems faced by industry over return filing, the e-way bill, input tax credit and exports

8. Anti-profiteering: Filing complaints against firms not an easy task

- The government has notified a format for filing complaints
- The format requires details on input tax credit, Harmonised System of Nomenclature code and GSTIN of a company along with self-attested copies of every documentary evidence such as proof of identity, invoice and price, and a declaration by the complainant that all information furnished is true and that due diligence has been exercised in submitting such information
- The anti-profiteering structure has a three-tiered framework, with state-level screening committees and a standing committee at the national level forming the first level of examination of complaints
- If these committees find a prima facie case after preliminary examination, the matter will be referred to the Director General of Safeguards for a detailed investigation
- The director general will investigate the company's balance sheet and the allegations levelled

- The investigation report will then go to the National Anti-Profiteering Authority for the final decision

9. Importers of food, cosmetics to get refund on excess GST; Government Extends Deadline To Paste New MRP Stickers

- Unsold inventory of imported chocolates, confectionery and cosmetics, which attracted 28% Integrated Goods & Services Tax during inbound shipments but are now retailing with an 18% levy, can claim refunds on the excess tax paid
- All imports face customs duty and IGST (CGST+SGST), unless specifically exempted
- GST Council had slashed tax slabs on 178 products, including chocolates, confectionery, deodorants and shampoo, from 28% to 18%
- Almost all Indian firms have dropped prices in relevant categories after the cut
- The government has allowed companies, till March 2018, to paste price stickers on unsold packaged products to reflect new MRP post GST
- After GST became effective from July 1, companies were asked to use stickers on unsold packaged commodities to display new maximum retail price (MRP) till September, which was later extended till December, 2017

10. Government hints at reviewing rates in top GST bracket

- After slashing the GST rates of over 200 items, the government hinted at reviewing levies on the items in the top 28 per cent tax bracket
- We have already reduced GST slabs of 12 per cent to 5 per cent and 5 per cent to zero per cent (on six items), going forward, we may look at reviewing the 28 per cent slab - Union Minister of State for Finance

11. Revise erroneous credit claims under GST by December 27: Government to taxpayers

- The government has warned the industry to amend any inflated input tax credit claimed in lieu of taxes paid prior to roll out of GST, failing which it will initiate audit and enforcement action
- Taxpayers who have claimed transitional credit erroneously are advised to avail of the opportunity to revise Form TRAN-1 by December 27, 2017 and ensure that only correct and bonafide credit is availed in transition

12. GST Network simplifies returns filing process

- The GST Network has introduced a functionality which simplifies the returns filing process for taxpayers
- A new functionality has been introduced on the GST portal for ease of the taxpayers under which questions will be posed as soon as the taxpayer enters the Returns dashboard and only relevant tiles will be displayed to the taxpayers based on the answers to the questions posed

- This has been started first with GSTR-3B returns (initial sales return)
- For 'nil' GSTR 3B returns, one-click filing has been introduced as no tile will be shown to such taxpayers
- Also, a help section has been provided on each page for the convenience of the taxpayer

13. GST Council may bring petrol, realty under GST in future

- All powerful GST Council will consider bringing electricity, petroleum products and some other items like real estate and stamp duty under the ambit of GST in future- Bihar Finance Minister
- These can be included without amendment in Constitution

14. Auto industry seeks two GST rates for passenger vehicles

- Automobile industry body SIAM is seeking two tax rates for passenger vehicles under the GST regime instead of multiple rates levied currently
- The industry body has also sought from the Finance Minister Arun Jaitley a special tax rate of 12 per cent for electric and hydrogen fuel cell powered vehicles
- Currently, under GST regime, small petrol cars with engine capacity less than 1200cc attract 1 per cent cess, while diesel cars with engine capacity of less than 1500cc attract 3 per cent cess, on top of the 28 per cent tax
- Similarly, cess on hybrid cars, including mid, large and SUVs, remains at 15 per cent, likewise those vehicles used for transport not more than 13 passengers
- The auto industry has also urged the government for tax on used cars to be fixed at 5 per cent GST on the differential value between sale and purchase price of the used car

15. GST revenue collection declines in the last two months

- Official data claims November GST collections were just Rs 80,808 crore, down from around Rs 83,350 crore revenue garnered in October till the corresponding reporting time, and much lower than a comparable monthly average of close to Rs 92,000 crore in the July-September period
- Analysts attribute the dip in collections to the GST rate cuts for as many as 200 items on November 15 – 130 items had seen rate reductions earlier – commencement of refunds to exporters and settlement of transitional credits.



EXEMPTION OF GST ON CHARITABLE AND RELIGIOUS TRUST-A CRITICAL ANALYSIS*

1. INTRODUCTION:

1.1 General:

As a GST professional, author and speaker, I am regularly interacting with various stakeholders of GST. Regarding Charitable Trusts/Institutions, lot of people are keen to know more about taxability of services provided or received by such entities. The queries that were raised, based on practical difficulties faced by them, because of exemption and taxability of some of its activities under GST, I write this Article.

Generally Charitable Trusts/Institutions supplement the work of a welfare State and the State in turn has recognized its contribution by giving them generous tax treatment. The Indian Trust Act was enacted in 1882 and from 1886 Charitable Trust received a favored and preferential treatment in Indian Income tax Act at that time. The major exemptions were offered in Service tax vide Mega Notification No.25/2012 dated 20th June, 2012 and now under GST vide Entry No. 1 of the Notification No.12/2017-Central Tax (Rate) dated 28th June, 2017 exempt services provided by entity registered under Section 12AA of the Income-tax Act, 1961 by way of charitable activities from whole of GST. The said notification specifies that “services by an entity **registered under Section 12AA** of Income-tax Act, 1961 by way of **charitable activities**” are exempt from whole of the GST.

The said notification specified to satisfy two restrictive conditions to get exemption. i.e. Entity must be registered under Section 12AA of the Income Tax Act, 1961 and such services by way of Charitable Activities.

1.2 Brief provisions of Section 12AA of Income Tax Act, 1961:

12AA of Income Tax Act, 1961 is about procedure for registration of Trust or Institution. As per provision of sub section of said Section, “The Principal Commissioner or Commissioner, on receipt of an application for registration of a trust or institution made under clause (a) or clause (aa) [or clause (ab)] of sub-section (1)] of section 12A, shall –

- (a) call for such documents or information from the trust or institution as he thinks necessary in order to satisfy himself **about the genuineness of activities of the trust or institution** and may also make such inquiries as he may deem necessary in this behalf; and
- (b) after satisfying himself about the objects of the trust or institution and the genuineness of its activities, he –
 - (i) shall pass an order in writing registering the trust or institution;
 - (ii) shall, if he is not so satisfied, pass an order in writing refusing to register the trust or institution, and a copy of such order shall be sent to the applicant.

**Contributed by Mr. P.K. Singh, CS, CA; Member, ICSI GST Core Advisory Group*

Thus, it is confirming that genuineness of activities of the Trust verified by the Principal Commissioner or Commissioner of Income Tax. But, still the second condition of the above notification is that the activities must be charitable activities.

Therefore, it is of utmost important to understand the term “Charitable Activities”. It is good for the service providers that “Charitable Activities” has been defined in the said notification, which is as under:

1.3 Meaning of Charitable Activities:

“Charitable Activities” means activities relating to:

(i) public health by way of:

(A) care or counseling of:

(i) terminally ill persons or persons with severe physical or mental disability;

(ii) persons afflicted with HIV or AIDS;

(iii) persons addicted to a dependence-forming substances such as narcotics drugs or alcohol; or

(B) public awareness of preventive health, family planning or prevention of HIV infection;

(i) advancement of religion, spirituality or yoga;

(ii) advancement of educational programmes or skill development relating to:

(A) abandoned, orphaned or homeless children;

(B) physically or mentally abused and traumatized persons;

(C) prisoners; or

(D) persons over the age of 65 years residing in a rural area;

(iv) preservation of environment including watershed, forests and wildlife.

It is to be noted that those Trusts or Institutions which are not registered under Section 12AA of Income Tax Act, 1961 are not eligible to get exemption under the provision of Entry 1 of the Notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017. Secondly, this notification is related to exemption of only activities as services, not for the goods. Therefore, for Trust or Institution even though registered under section 12AA of the Income Tax Act, 1961, the supply of goods is taxable under GST.

2. EXEMPTION OR TAXABILITY OF CHARITABLE ACTIVITIES UNDER GST-A CRITICAL ANALYSIS:

All the activities of Charitable or Religious Trusts or Institutions registered under 12AA of the Income Tax Act, 1961 are exempt from GST. Such Trusts or Institutions are not required to register under GST.

Income from the activities other than charitable activities is taxable under GST and in this case Charitable Trusts/Institutions should be registered under GST subject to fulfillment of turnover criteria for the registration under GST.

It is obvious now that all services/activities provided by Charitable Trusts/Institution are not exempt under GST. There are many services/activities provided by such entities comes under the taxable territory of GST. It is to be noted that similar provisions of Charitable Trusts/Institutions were in erstwhile service tax law.

Hence, it requires in-depth analysis of other activities of such entities. Some of such services/activities are discussed as under:

2.1 Import of Services by Charitable Trusts:

Importation of Services comes under purview of Inter-State supply, so the provisions of IGST Act, 2017 are applicable in case of Inter-State Supply. In this regard, Entry No.10, clause (b) of Notification No.9/2017-Integrated Tax (Rate) dated 28.06.2017 specifies that **Services received from a provider of service located in a non-taxable territory by –**

(b) an entity registered under section 12AA of the Income-tax Act, 1961 for the purposes of providing charitable activities;

Based on above notification, it is clear that activities of Charitable Trusts for charitable purposes are not chargeable to GST under the reverse charge mechanism.

2.2 Renting out of Religious Precincts:

Charitable Trusts/Institutions are getting more problems in renting out of religious precincts because under entry no.13 of notification no.12/2017, scope of exemption is limited to such entities and if activities are not covered in this entry, then activities would be taxable.

2.2.1 Entry No.13 of Notification No.12/2017:

Entry No.13 of notification no.12/2017-Central Tax (Rate) dated 28th June, 2017, provides the following exemption to entities registered under Section 12AA of the Income Tax Act:

Services by a person by way of:

(a) conduct of any religious ceremony;

(b) renting of precincts of a **religious place** meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income tax Act:

Provided that nothing contained in entry (b) of this exemption shall apply to:

(i) **renting of rooms where charges are one thousand rupees or more per day;**

(ii) **renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day;**

(iii) **renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month.**

Entry No.13 has given above and specific exemption of income of conduct of any religious ceremony and renting of precincts of a religious place meant for general public, owned or managed by an entity subject to taxability of point no. (i),(ii) and (iii).

Conduct of any **Religious Ceremony** and Renting of **Precincts** of **Religious place** meant for **general public** are important terms to get exemption under Entry No.13.

Religious Ceremony and precincts have not been defined, neither in said notification nor anywhere in GST Laws so dictionary meaning of “ceremony” which is “a formal religious or public occasion, especially one celebrating a particular event, achievement, or anniversary, the ritual observances and procedures required or performed at grand and formal occasions etc.” would be considered. The dictionary meaning of “precincts” is an area within the walls or

perceived boundaries of a particular building or place, an enclosed or clearly defined area of ground around a cathedral, church, temple, college, etc. **whereas religious place and general public are defined, which are as under:**

As per Clause (zy) “**religious place**” means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality;

As per Clause (zc) “**general public**” means the body of people at large sufficiently defined by some common quality of public or impersonal nature;

Income from a religious ceremony organised by a charitable trust/institution is exempt, therefore, Income from Ganesh, Navratri, RamNavami, Christmas etc. functions/ festivals ,other religious functions/ festivals of Hindus, Muslims, Sikhs and Christians etc., conducted on special occasions for this purpose by the charitable or religious activities by Religious Trust/Institutions are exempt from GST.

It is to be noted that if income loses its religious nature, then it is chargeable to GST. For example:

- ✓ rent out space to agencies for advertisement through hoardings or any other means of advertisement; rented out space for shops etc. subjects to point no. (i),(ii) and (iii) of clause (b) of Entry No.13.
- ✓ if donation for religious ceremony is received with specific instructions to advertise the name of a donor, such donation income will be subject to GST. But if donation for religious ceremony is received without such instructions, it may not be subject to GST.
- ✓ After above analysis, it is implied that any immovable property of religious trusts/ institutions situated within the premises of a religious place are rented out, income from letting out of such property is wholly exempt from GST. Whereas such immovable properties which are not situated in the precincts of a religious place then income received from such letting out will be liable to tax under GST.

2.3 Running of public libraries by charitable trusts:

Entry No.50 of Notification No. 12/2017- Central Tax (rate) provides that GST will not be attracted on **Services of public libraries** by way of lending of books, publications or any other knowledge-enhancing content or material. This entry is applicable to all other persons including Charitable Trusts/Institutions.

After perusal of above provisions, it is obvious that services provided by **private libraries are not exempt** under GST.

2.4 Services by and to Educational Institutions:

Entry No.66 of Notification no.12/2017-Central Tax (Rate) provides for exemption for supply by and to educational institutions and only the following services received by eligible educational institution are exempt:

Services provided -

- (a) by an educational institution to its students, faculty and staff;
- (b) to an educational institution, by way of,-

- (i) Transportation of students, faculty and staff;
- (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;
- (iii) security or cleaning or house-keeping services performed in such educational institution;
- (iv) services relating to admission to, or conduct of examination by, such institution; upto higher secondary;

Provided that nothing contained in entry (b) shall apply to an educational institution other than an institution providing services by way of **pre-school education and education up to higher secondary school or equivalent**.

As per clause (y) of said notification, “**educational institution**” means an institution providing services by way of,-

- (i) pre-school education and education up to higher secondary school or equivalent;
- (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
- (iii) education as a part of an approved vocational education course;

- It is again reminded that exemption is available on charitable activities mentioned in the objects of the Charitable Trusts/Institutions and such entities must register under section 12AA of the Income Tax Act, 1961 otherwise exemption is not available.
- It is to be noted that like renting out of premises owned by such entities to others and any other income received which is not in the nature of charitable activities then all such types of income will be chargeable to GST.
- Meaning of Charitable Activities given in point no. 1.3 above covered activities of trusts which are running schools, colleges or any other educational institutions specifically for abandoned, orphans, homeless children, physically or mentally abused persons, prisoners or persons over age of 65 years or above residing in a **rural area**, such activities will be **considered as charitable activities and income from such supplies will be wholly exempt from GST**.
- Rural area has been defined in the said notification as “Rural area means the area comprised in a village as defined in land revenue records excluding the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee or any area that may be notified as an urban area by the Central Government or a State Government.”
- If a charitable trust is conducting training programs, yoga camps, or other programs that are not free for participants, it will be considered as a commercial activity and hence will be liable for GST. Even the donation received for such an activity will be liable for taxation under GST.
- Services provided by way of training or coaching in recreational activities relating to arts and culture, or sports by a charitable entity will be exempt from GST.
- Auxiliary services received by such educational institutions for the purpose of education up to Higher Secondary level are also exempt from GST.
- Other services related to education, not covered by the exemption would be taxed at a standard rate of 18% with full admissibility of Input Tax Credit for such taxable services in cases where the output service is not exempt.

2.5 Hospital and Health-related activities of Charitable Trust/Institution:

Entry no. 74 of Notification No. 12/2017-Central Tax (Rate) Services by way of-

- (a) health care services by a clinical establishment, an authorised medical practitioner or para-medics;
- (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.

This entry is also applicable to Charitable Trust/Institution like other persons.

As per clause (k) of said Notification, “**authorised medical practitioner**” means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognised by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force;

As per clause (s) of said Notification, “**clinical establishment**” means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases;

As per clause (zg) of said Notification, “**health care services**” means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, **but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;**

Therefore,

- Health care services by a clinical establishment, an authorized medical practitioner or para-medics and services provided by way of transportation of patients in an ambulance are exempt from tax under GST.
- Services such as hair transplant, cosmetic or plastic surgery done purely as a luxury are taxable under GST.
- Where charitable trusts running a hospital appoint specialist doctors, nurses and provide medical services to patients at a concessional rate, such services are not liable to GST.
- Where hospitals hire visiting doctors or specialists and deduct some money from the consultation fees payable to doctors, there may be GST on such amount deducted from fees paid to doctors.
- All services other than mentioned above provided by charitable trusts will attract GST.
- As mentioned in introduction, no exemption for supply of goods by a charitable trust. Thus any goods supplied by such charitable trusts for consideration shall be liable to GST.

2.6 Exemption of Services by way of training or coaching in Recreational Activities by Charitable Trust/Institution:

Entry No.80 of notification no.12/2017-Central Tax (Rate), provides the following exemption:

Services by way of training or coaching in recreational activities relating to:

- (a) **arts or culture**, or
- (b) **sports by charitable entities registered under section 12AA of the Income-tax Act.**

Above services provided by Charitable entities are exempt from GST.

2.7 Grant of Sponsorship to Charitable Trust/Institution:

Section 9(3) of CGST/SGST Acts provides that, Government may specify categories of supply of goods or services which shall be paid on reverse charge basis i.e. tax shall be paid by the recipient of such goods or services.

Grant of sponsorship is subject to reverse charges mechanism. Services provided by way of sponsorship to a body corporate or partnership firm. It is to be noted that Supplier of service will be any person, thus, it includes Charitable Trust/Institution. Recipient of supply will be a body corporate or partnership firm located in the taxable territory.

As per section 31(3)(f), person discharging GST liability under reverse charge under section 9(3) shall issue an invoice in respect of goods or services or both received by him from the supplier.

2.8 Donation to Charitable Trust/Institution:

- ✓ Donations are subject to GST when the recipient of the donation has done something that benefits the donor in order to receive the donation
- ✓ When the recipient **does not provide any benefit in return** to the donor, there is no supply to the donor. Thus, GST is not applicable.
- ✓ When the recipient **provides benefits in return** to the donor in the form of goods or services, there is a supply to the donor. Thus, GST is applicable.

3. CONCLUSION:

Charitable Trusts/Institutions should properly plan about the registration under section 12AA of Income Tax Act, 1961 to get exemption under GST Laws and suitably arrange its charitable activities at the time of its registration under the applicable Laws. In fact, after perusal of above analysis, it is noticeable that many services/activities provided by Charitable Trust/Institution would be within the domain of GST. Except educational institutions, most of the other charitable Trusts/Institutions input cost of services would be enlarged, because those services are not exempted if Charitable Trusts/Institutions are service receivers. At the same time, there is no exemption from Reverse Charge Mechanism if the Charitable Trusts/Institutions are receiving services notified under section 9(3) of CGST Act, 2017 and Section 5(3) of IGST Act, 2017 and such entities must register because of provisions of Reverse Charges Mechanism despite getting exemption under notification 12/2017. The clarity on taxability of constructions of charitable building by the works contractors should be clarified otherwise the objective of exemption provided to the charitable Trusts/ Institutions will not accomplish.



TRANSFER OF CONSTRUCTION MATERIALS PLANTS, EQUIPMENTS, TOOLS, SPARES, HANDLING EQUIPMENTS FROM ONE SITE TO ANOTHER SITE? – ANY GST IS PAYABLE ?*

After the promulgation of CGST Act, 2017, various significant and important issues were agitating in the minds of Real Estate Developers and the companies engaged in execution of "Works Contract" in relations to (A) transfer of construction materials such as (a) Cement (b) Steel (c) Marble (d) Tiles (e) Floorings (f) Wooden Doors, Windows, Floors, False Ceiling (g) Electrical & Electronics Items (h) Sanitary Items (i) Air-conditioning items (j) Finishing, Furnishing, Items required for completion (k) Paints, Polish, Distemper, Finishing materials (l) other materials, articles, goods required for Construction, Completion, Renovations, Additions, Alterations, Modification etc.etc. (hereinafter called the said "materials" (B) Material Handling Equipment such as (i) Loaders (ii) Dumpers (iii) Excavators (iv) Road Rollers (v) Paver Finishers (vi) Generators (vii) Welding Machines Trucks, (ix) Trailers (x) Tankers (xi) Vessels (xii) Buses (C) Spare Parts, Tools, Tackles. etc.

2: It is seldom seen and/or possible that all the materials, as aforesaid, required for one project is fully consumed and utilized for the said project and nothing is left out to be used and utilized for any other project. Naturally, therefore, any or all the said materials is required to be transferred to any other site(s) either within the same state or outside the State. So long as said the materials/equipments are transferred to any other site within the state, it does not pose any difficulty as it may not amount to supply within the meaning of Section 7 of CGST Act and obviously, therefore, no GST shall be payable. However, if the said materials/equipments are transferred or shifted to any place, outside the State, even without payment of consideration, it would be a case of Clause 2 of Schedule-I of CGST Act – warranting the payment of CGST Act. (Schedule-I speaks of supply without consideration even).

3: Section 7(1) For the purpose of this Act, the expression supply includes:-

- a) All forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business; b)
- c) the activities specified in Schedule I, made or agreed to be made

**Contributed by Mr. Pradeep K Mittal, Advocate; Member, ICSI-GST Core Advisory Group*

3.1: The clause 2 of Schedule-I reads as under:-

Supply of goods or services or both between the related persons or between distinct persons as specified in Section 25, when made in the course or furtherance of business.

3.2: Section 25(5) of CGST Act, reads as under:-

Where a person who has obtained or is required to obtain registration in a State or Union Territory in respect of an establishment, has an establishment in another State or Union Territory, then such establishments shall be treated as establishments of distinct persons for the purpose of this Act.

- 4: Let me first deal with the transfer/shifting/movement/carriage of all or any types of material(s) from one site in a state to any other site or sites outside the State. So long as the transfer/shifting/movement is within the same state, it does not pose any problem and undoubtedly no GST shall be payable. The difficulty arises only when there is transfer/shifting/movement from one state to another State. In accordance with the provisions of Clause 2 of Schedule-I (reproduced in para 3.1 above), it shall amount to supply within the meaning of Section 7 of CGST Act and, therefore, GST would be payable. The question arises as what price or value, such materials or plant is required to be transferred without in any manner violating the provisions of Section 15 of CGST Act or Rule 27 to 33 of CGST Rules. The valuation of materials may not pose serious threat or problem - valuation or pricing of plant, machinery, equipments, tools or tackle or spares, rigs etc. would really pose serious problem as all these items would have been bought in the distant past and valuation or pricing would really call for intense and serious calculation - valuation ultimately may not satisfy Tax Authorities. The process of valuation of materials would be dealt with in another Article as the transfer/movement/shifting of materials from one site to another site in another state or UT shall definitely be termed as "supply" within the meaning of Section 7 of CGST Act as much as the materials would be used for execution of a project.
- 5: In order to find answer to issue of payability of GST, we may have to see Circulars issued by the Government. The Government of India, Ministry of Finance, Department of Revenue (TRU) has come out with a Circular No.1/1/2017-IGST dated 7th July, 2017 which has further been modified/clarified/enlarged by another Circular No.21/21/2017-GST dated 22.11.2017. Both these Circulars are re-produced below for ready reference.

Circular No.1/1/2017-IGST

Dated the 7th of July, 2017

F. No 354/119/2017- TRU (Pt)

Government of India

Ministry of Finance

Department of Revenue

Tax Research Unit

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioner / Commissioner of Central Tax (All)/ Director General of Systems 3

Subject: Clarification on Inter- state movement of various modes of conveyance, carrying goods or passengers or for repairs and maintenance- regarding.

The issue relating to levy of IGST exemption on inter- state movement of various modes of conveyance, carrying goods or passengers or for repairs and maintenance, between distinct persons as specified in section 25(4) of the Central Goods and Services Tax Act, 2017, carrying goods or passengers or both; or for repairs and maintenance, [except in cases where such movement is for further supply of the same conveyance] has been examined.

In the above context, the legal provisions in GST laws are as under:

- a. As per section 24(1) (i) of the Central Goods and Services Tax Act, 2017, persons making any inter-State taxable supply shall be required to be registered under this Act.
- b. As per section 25(4) of the said Act a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.
- c. Schedule I to the said Act specifies situations where activities are to be treated as supply even if made without consideration which also includes supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business.
- d. Section 7 (2) envisages where that 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 recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

Against the above background, the issue of interstate movement of goods like movement of various modes of conveyance, between distinct persons as specified in section 25(4) of the said Act, not involving further supply of such conveyance, including-

- | | |
|--------------|-----------------|
| i. Trains | v. Trailers |
| ii. Buses, | vi. Vessels |
| iii. Trucks, | vii. Containers |
| iv. Tankers, | viii. Aircrafts |

carrying goods or passengers or both; or (b) for repairs and maintenance, [except in cases where such movement is for further supply of the same conveyance] was discussed in GST Council's meeting held on 11th June, 2017 and the Council recommended that such inter-4

state movement shall be treated 'neither as a supply of goods or supply of service' and therefore not be leviable to IGST.

In view of above, it is hereby clarified that "inter-state movement of goods like movement of various modes of conveyance, between distinct persons as specified in section 25(4) of the Central Goods and Services Tax Act, 2017, including the ones specified at (i) to (viii) of para 3, may not be treated as supply and consequently IGST will not be payable on such supply.

However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done for such conveyance.

Circular No. 21/21/2017-GST

Dated the 22nd of November, 2017

F. No. 354/320/2017-TRU (Pt)

Government of India

Ministry of Finance

Department of Revenue

Tax Research Unit

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioner / Commissioner of Central Tax (All)/ Director General of Systems

Subject: Clarification on Inter-state movement of rigs, tools and spares, and all goods on wheels [like cranes] - regarding.

The issue of IGST exemption on interstate movement of various modes of conveyance, between distinct persons as specified in Section 25(4) of the Central Goods and Services Tax Act, 2017, carrying goods or passengers or both ; or for repairs and maintenance, [except in cases where such movement is for further supply of the same conveyance] was examined and a circular 1/1/2017-IGST dated 7.7.2017, was issued clarifying that such interstate movement shall be treated " neither as a supply of goods nor supply of Service" and therefore would not be leviable to IGST.

The issue pertaining to inter- state movement of rigs, tools and spares , and all goods on wheels [like cranes] was discussed in GST Council's meeting held on 10th November , 2017 and the Council recommended that circular 1/1/2017- IGST shall mutatis mutandis apply to inter-state movement of such goods, and except in cases where movement of such goods is for supply of the same goods, such inter- state movement shall be treated 'neither as supply of goods or supply of service, and consequently no IGST would be applicable on such movements.

In this context, it is also reiterated that applicable CGST/SGST/IGST, as the case maybe, is leviable on repairs and maintenance done for such goods.

Difficulty if any, in the implementation of the circular should be brought to the notice of the Board. Hindi version would follow

(Ruchi Bisht)

Under Secretary (TRU) 5

- 6: Para 3 of the Circular No.1/1/2017 dated 7th July, 2017, inter-alia, clarify that whenever there is inter-state movement of goods like movement of various modes of conveyance such as (i) trains, (ii) buses, (iii) trucks, (iv) tankers, (v) trailers, (vi) vessels, (vii) containers and (viii) aircrafts for the purpose of movement of either goods or passenger or both and not for the purpose of supply, such movement shall not be treated as "Supply" within the meaning of Section 7 of CGST Act entailing payment of IGST. In other words, whenever there is a inter-state movement of goods which are in the nature of (i) trains (ii) buses, (iii) trucks, (iv) tankers, (v) trailers, (vi) vessels, (vii) containers and (viii) aircrafts (ix) other vehicles of similar nature and when any of these move from one site to another site in another state, there would not be any levy of GST as per above Circular dated 7th July, 2017. It would be beneficial to know, at this stage, the definition of "goods" as defined in Section 2(52) of CGST Act, reproduced below:-

"Section 2(52): "Goods" means every kind of moveable 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."

- 7: The Supreme Court in the case of H Anraj Vs. Government of Tamil Nadu MANU/SC/0318/1985 has defined the "goods" in the following words:-

"Section 2(7) of the Sale of Goods Act defines 'goods' as meaning "every kind of movable property other than actionable claims and money". Section 3(26) of the General Clauses Act, 1897 defines 'immovable property' by stating that it "shall include land, benefit to arise out of land, and things attached to the earth, or permanently fastened to anything attached to the earth", while 'movable property' is defined in Section 3(36) thus: "Movable property" shall mean property of every description, except immovable property.

It is thus clear that when Section 2(7) of the Sale of Goods Act defines 'goods' as meaning 'every kind of movable property other than actionable claims and money', the expression 'movable property' occurring therein must mean property of every description except immovable property."

- 8: Therefore, with such expansive and wide meaning of word "goods", it would cover everything available on the earth except (i) land and (ii) immovable property. In other words, the "goods" would encompass all types of plant, machinery, equipments etc and would include (i) Trains, (ii) Buses, (iii) Trucks, (iv) Tankers, (v) Trailers, (vi) Vessels, (vii) Containers, (viii) Aircrafts (ix) Road Rollers (x) Paver Finishers (xi) Mixer (xii) Grinders (xiii) Generators (xiv) Welding machines (xv) Rigs (xvi) Cranes (xvii) all other Material Handling Equipments and when any of these move from one state to another state or UT in the aid or for the purpose of execution of any project or for any other purpose such as (i) repair (ii) maintenance or (iii) renewals/overhauling, it shall not amount to "supply" within the meaning of Section 7 of CGST Act, as explained and amplified in para 3 of the Circular No.1/1/2017 dated 7.7.2017 and obviously, therefore, shall not be subject to payment of IGST. In fact, the above issue has been troubling the mind of trade and industry engaged in (a) Real Estate Business (b) Works Contract (c) Execution of Turn-Key Contract. Needless to say, if the movement of any of the above items takes place within the same State, there is absolutely no question of supply within the meaning of Section 7 CGST Act, and obviously no question payment of either CGST or SGST or UTGST.

- 9: The interpretation which I am canvassing is fully supported by some of the landmark judgments of the Hon'ble Supreme Court in the case of Standard Chartered Bank and Ors. vs. Directorate of Enforcement and Ors. (24.02.2006 - SC): MANU/SC/8069/2006, has observed as under:-

"In view of the immunity from challenge enjoyed by the provisions of the Act, there arises no necessity to read down the provisions of the Act so as to ensure that they do not violate the rights conferred by Article 14 of the Constitution. The provisions, therefore, call for a natural interpretation and, if necessary, a purposive interpretation, keeping in view the object sought to be achieved by the Act. In the guise of interpretation, there is no occasion to whittle down the ambit of the provisions to save them from the charge of arbitrariness, hit by Article 14 of the Constitution."

- 10: The Supreme Court in the case of Southern Electricity Supply Company of Orissa Limited (Southco) and Another V. Sri Seetaram Rice Mill MANU/SC/1334/2011 : (2012) 2 SCC 108 laid down golden rule of interpretation.

"57. No doubt, it is possible that two interpretations can be given to the expression 'accidental falling of a passenger from a train carrying passengers', the first being that it only applies when a person has actually got inside the train and thereafter falls down from the train, while the second being that it includes a situation where a person is trying to board the train and falls down while trying to do so. Since the provision for compensation in the Railways Act is a beneficial piece of legislation, in our opinion, it should receive a liberal and wider interpretation and not a narrow and technical one. Hence, in our opinion the latter of the abovementioned two interpretations i.e. the one which advances the object of the statute and serves its purpose should be preferred"

- 11: The Supreme Court in the case of RBI V. Peerless General Finance and Investment Company Limited MANU/SC/0073/1987 : (1987) 1 SCC 424 has observed as under:-

"33. Interpretation must depend on the text and the context. They are the bases of interpretation. One may well say if the text is the texture, context is what gives the colour. Neither can be ignored. Both are important. That interpretation is best which makes the textual interpretation match the contextual. A statute is best interpreted when we know why it was enacted. With this knowledge, the statute must be read, first as a whole and then section by section, clause by clause, phrase by phrase and word by word. If a statute is looked at, in the context of its enactment, with the glasses of the statute-maker, provided by such context, its scheme, the sections, clauses, phrases and words may take colour and appear different than when the statute is looked at without the glasses provided by the context. With these glasses we must look at the Act as a whole and discover what each section, each clause, each phrase and each word is meant and designed to say as to fit into the scheme of the entire Act. No part of a statute and no word of a statute can be construed in isolation. Statutes have to be construed so that every word has a place and everything is in its place. It is by looking at the definition as a whole in the setting of the entire Act and by reference to what preceded the enactment and the reasons for it that the Court construed the expression 'Prize Chit' in Srinivasa and we find no reason to depart from the Court's construction."

- 12: In the light of the above well-settled principle of interpretation, in my humble view, whenever there is a shifting/ transfer/ movement/ transportation of any of the items (as specified in para 8 hereinabove) from one site to another site within the same State or from one place to another place but outside the State or UT, it shall not be treated as "Supply" within the meaning of Section 7 of CGST Act and consequently, no IGST shall be payable so long as the assessee himself is not treating "supply".
- 13: In the above case, since there is no "supply" within the meaning of Section 7, hence "Tax Invoice" within the meaning of Rule 46 of CGST Rules shall not be required to be issued whenever there is a movement, transfer, shifting or transportation of items (outlined in para 8 above) outside the State to any other State or UT, the delivery challan shall be required to be issued as required under Rule 55 (1) (c) of CGST Rule.
- 14: The transfer, movement, shifting or transportation from one state to another State or UT, of any of the items as specified in para 8 hereinabove, if not treated as supply, it shall substantially save the working capital of the company – otherwise whenever there is movement, transfer, shifting or transportation, the IGST would be payable.
- 15: The next issue which falls for consideration is about the treatment of (A) transfer of construction materials such as (a) Cement (b) Steel (c) Marble (d) Tiles (e) Floorings (f) Wooden Doors, Windows, Floors, False Ceiling (g) Electrical & Electronics Items (h) Sanitary Items (i) Air-condition items (j) Finishing, Furnishing, Items required for completion (k) Paints, Polish, Distemper, Finishing materials (l) other materials, articles, goods required for Construction, Completion, Renovations, Additions, Alterations, Modification etc.etc. (hereinafter called the said "materials" (B) Material Handling Equipment such as (i) Loaders (ii) Dumpers (iii) Excavators (iv) Road Rollers (v) Paver Finishers (vi) Generators (vii) Welding Machines (viii) Trucks, (ix) Trailers (x) Tankers (xi) Vessels (xii) Buses (C) Spare Parts, Tools, Tackles, Oils, Lubricants etc.etc. In order to find answer to the above, it would be beneficial to read para 3(a) of the Circular No.1/1/2017 dated 7th July, 2017 read with para 2 of the Circular No.21/21/2017 dated 22nd November, 2017 and conjoint reading of the above two circulars, makes it very clear that any materials, items, goods, substance, when carried on any conveyance on wheels, the same shall again not amount to supply within the meaning of Section 7 of CGST Act and naturally, therefore, not liable to payment of IGST.



ONE NATION ONE E-WAY: STEP TOWARDS DIGITAL INDIA*



Introduction

Systems, Documentation, Processes etc. are marching towards digitalisation. Digital India dream will soon be visible in movement of goods. From traditional physical system of Way bill, we are heading towards Electronic Way Bill. Electronic system of Way bill will bring transparency, uniformity and simplification in movement of goods. It will mitigate tax evasion and also save cost and time involved in movement of goods. Monitoring of movement of goods both intra state and inter state will be possible without much human interface.

Meaning of E Way Bill

E way bill is a document or receipt generated from GSTN Portal for making movement of goods. E way bill is generated before movement of goods for both inter state and intra state. Section 68 of CGST Act 2017 and Rule 138 of CGST Rules 2017 explain requirement and mechanism of E way bill. It is authentic evidence of movement of goods.

Basic Criterion and circumstances for generating E way Bill

As per Rule 138 of CGST Rules 2017: Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees –

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an unregistered person, shall, before commencement of such movement, furnish information relating to the said goods in Part A of FORM GST EWB-01, electronically, on the common portal.

**Contributed by CS Payal Kataria; Special Invitee, ICSI GST Core Advisory Group*

Mandatory generation of E way bill under following cases:

1. where goods are sent by a principal located in one State to a jobworker located in any other State, the e-way bill shall be generated by the principal irrespective of the value of the consignment
2. where handicraft goods are transported from one State to another by a person who has been exempted from the requirement of obtaining registration under clauses (i) and (ii) of section 24, the e-way bill shall be generated by the said person irrespective of the value of the consignment.

Who will generate E way Bill

E-way bill is to be generated by the consignor or consignee himself if the transportation is being done in own/hired conveyance or by railways by air or by vessel. If the goods are handed over to a transporter for transportation by road, E-way bill is to be generated by the Transporter. Where neither the consignor nor consignee generates the e-way bill and the value of goods is more than Rs.50,000/- it shall be the responsibility of the transporter to generate it.

Transporter will generate consolidated E way bill under the circumstance of carrying more than one consignment of different parties.

Documents/ devices to be carried in Transportation of goods by a person in charge of Conveyance

The person in charge of a conveyance shall carry the invoice or bill of supply or delivery challan, as the case may be and a copy of the e-way bill or the e-way bill number, either physically or mapped to a Radio Frequency Identification Device embedded on to the conveyance in such manner as may be notified by the Commissioner.

Validity of e way Bill

An e-way bill or a consolidated e-way bill generated under this rule shall be valid for the period as mentioned in table below:

Sr.No.	Distance	Validity period
1	Upto 100 km	One day
2	For every 100 km or part thereof thereafter	One additional day

*One day is equal to 24 hours

Commissioner may, by notification, extend the validity period of e-way bill for certain categories of goods as may be specified therein. Under circumstances of an exceptional nature, the goods cannot be transported within the validity period of the e-way bill, the transporter may generate another e-way bill after updating the details in Part B of FORM GST EWB-01.

Cancellation of E Way bill

Where an e-way bill has been generated and goods are not transported as per details mentioned in generated E way bill, it can be cancelled electronically within 24 hours of its generation. However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B of the CGST Rules, 2017. E Way bill cannot be modified or deleted, it can only be cancelled if required.

When E way Bill is not required

Under following circumstances, E way bill is not required to be generated:

1. where the goods being transported are specified in Annexure to Rule 138
2. where the goods are being transported by a non-motorised conveyance
3. where the goods are being transported from the port, airport, aircargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs;
 1. in respect of movement of goods within such areas as are notified under clause (d) of sub-rule (14) of rule 138 of the Goods and Services Tax Rules of the concerned State.

Implementation of E way bill

As per GST Council meeting held on 16th December 2017 through video conferencing, following schedule for its implementation has been informed:

16 th Jan 2018	the nationwide e-way Bill system on trial bases
1 st Feb 2018	the nationwide e-way Bill system for inter-State movement of goods on a compulsory basis
Before 1 st June 2018	States to make arrangement for intra state implementation of E way bill
1 st June 2018	uniform system of e-way Bill for inter-State as well as intra-State movement

Conclusion

E Way bill mechanism is a paradigm shift for movement of goods. It's effective implementation can provide solution to various current problems faced by business houses, transporters and Government. It is a scanner to trace location of goods and it's movement. It is welcome step to check tax evasion.



GST QUIZ*

Q1. Taxable levy in case of manufacture under composite scheme	<ul style="list-style-type: none">a) Two percentb) Three per centc) One per centd) Half per cent
Q2. Quarter means	<ul style="list-style-type: none">a) Marchb) Septemberc) Decemberd) All the above
Q3. Taxable event means	<ul style="list-style-type: none">a) Tax on supplyb) Tax on servicesc) Either a or bd) Both A and B
Q4. Powers to declare certain activities/transactions as neither supply of goods nor of services	<ul style="list-style-type: none">a) Schedule Ib) Schedule IIIc) Schedule IId) Schedule IV
Q5. IGST tax levy means	<ul style="list-style-type: none">a) Within stateb) Between two statesc) Only Ad) None of the above

Ans: Q1-C, Q2-D, Q3-C, Q4-B, Q5-B

*Contributed by Mr. A.Rengarajan, Practising Company Secretary; Member, ICSI-GST Core Advisory Group



FREQUENTLY ASKED QUESTIONS (FAQs)*

GST Migration

Q1. I am an existing PAN-based Service Tax (ST) and Central Excise (CE) assessee, and wish to enroll in GST. I have business premises and factories in the State of Telangana. Through the ACES portal, I received the Provisional ID and password for the State of Andhra Pradesh, whereas my Principle Place of Business is in Telangana.

A: Assessee situated in the State of "Telangana", but incorrectly issued Provisional IDs and passwords for "Andhra Pradesh", have now been issued new Provisional IDs and passwords for "Telangana". The previous Provisional IDs and passwords issued for "Andhra Pradesh" have been cancelled, and can no longer be used for migrating to GST. You are requested to get new Provisional IDs and passwords through the ACES portal at www.aces.gov.in and complete the GST migration process. In case of any difficulties, please contact the CBEC Mitra Helpdesk at cbecmitra.helpdesk@icegate.gov.in or call at the toll-free number 1800-1200-232.

Q2. I am an existing PAN-based Service Tax (Centralized registration) assessee, and wish to enroll in GST. I have multiple registered business premises in different States (i.e., 5 different States on the same PAN) from where services are provided. I have not received the Provisional IDs and passwords for all the different States (i.e., I have received the Provisional IDs and passwords for two States only).

A: On ACES portal, the Centralized Registration (CR) captures the address details (including State) of the assessee's registered business premises in a State, as well as, branches or many registered addresses in different States across the country from where services are provided.

As a policy, these assessee are issued only one Provisional ID and password for each State (across the CR premises and all branches). For example, an assessee having CR number ABCDE1234FSD002 is having business premises in Delhi, and branches in Haryana, Karnataka, Maharashtra and Tamil Nadu. In this case, the assessee is issued five Provisional IDs and passwords, one for each State.

The CR assessee may also have a factory (under Central Excise or CE registration) or a Service Tax (ST) single premises registration (independent of CR) in the State of Tamil Nadu (registration number ABCDE1234FXM001 or ABCDE1234FSD001). Then a Provisional ID and password for the State of Tamil Nadu will be issued against either the CE or ST registration number mentioned earlier. In this case, the

Source : CBEC



Central Board of Excise and Customs

Department of Revenue, Ministry of Finance, Government of India

Q3. I am an existing taxpayer and wish to enroll in GST. To complete the Provisional Registration process on the GST Common Portal, I need to enter the one-time-password (OTP) in the OTP Verification window. However, I received the OTP on my mobile number, and not on my registered email ID.

A: For further assistance, please contact the GST helpdesk at helpdesk@gst.gov.in or call at 0124-4688999. To find the answer to your question, you can also refer to the Frequently Asked Questions or FAQs on the GST Common Portal.

Q4. I am an existing taxpayer and wish to enroll in GST. For migrating to GST, I created a new username and password on the GST Common Portal. However, I have forgotten the username (or password) created. When I tried to create a new username (or password), I received the message: "Provisional ID entered is already mapped to a user. Kindly login with a valid username".

A: For further assistance, please contact the GST helpdesk at helpdesk@gst.gov.in or call at 0124-4688999. To find the answer to your question, you can also refer to the Frequently Asked Questions or FAQs on the GST Common Portal.

Q5. I am an existing taxpayer and wish to enroll in GST. I have received the Provisional ID and password. On the Login page of the GST Common Portal, I entered the Provisional ID and password. After clicking the LOGIN button, I received the message: "User name or password is not valid. Please ensure that enrollment for your State has started".

A: For further assistance, please contact the GST helpdesk at helpdesk@gst.gov.in or call at 0124-4688999. To find the answer to your question, you can also refer to the Frequently Asked Questions or FAQs on the GST Common Portal.

Q6. I am an existing taxpayer and wish to enroll in GST. I received the Provisional ID and password for migrating to GST. On the GST Common Portal, on the Login page, I entered the Provisional ID and password in the respective fields. After clicking the LOGIN button, I got the message: "Not activated".

A: For further assistance, please contact the GST helpdesk at helpdesk@gst.gov.in or call at 0124-4688999. To find the answer to your question, you can also refer to the Frequently Asked Questions or FAQs on the GST Common Portal.



Central Board of Excise and Customs

Department of Revenue, Ministry of Finance, Government of India

Q7. I am an existing PAN-based Service Tax (ST), Central Excise (CE) and State VAT assessee. I received the Provisional ID and password from the State VAT. While migrating to GST through VAT on the GST Common Portal, I did not add my ST and CE details in the Enrolment Application.

A: The facility to add existing registrations in the Enrolment Application is available on the GST Common Portal. You can add the remaining registrations at the time of enrolment under GST. However, if you have submitted the Enrolment Application with DSC or E-sign without adding the remaining registrations, and have already received the Application Reference Number (ARN), you will not be able to add the remaining registrations now. You will be able to add or remove the other registrations in the Enrolment Application only after the appointed date (i.e., date of implementation of GST) through the process of amendment (non-core).

Q8. I am an existing PAN-based Service Tax (ST), Central Excise (CE) and State VAT assessee. I did not receive the Provisional ID and password for migrating to GST.

A: You may have multiple registrations under the State VAT department. For further investigation, please contact CBEC Mitra Helpdesk at cbecmitra.helpdesk@gst.gov.in or call at the toll-free number 1800-1200-232. When requesting help, please provide your registration details to CBEC Mitra Helpdesk. CBEC Mitra Helpdesk will notify you as soon as the issue is resolved.

Q9. I am an existing PAN-based Service Tax (ST), Central Excise (CE) and State VAT assessee. For migrating to GST, I received the Provisional ID and password from the State VAT department. Do I also need to add my ST and CE registration details in the Enrolment Application also?

A: Yes, you must add your Service Tax (ST) and Central Excise (CE) registration details in GST FORM-20 on the GST Common Portal.

Note: Since GST registration is based on PAN and State, only one Provisional ID and password will be issued to a given PAN for a given State, irrespective of the number of registrations on that PAN within the State. In case the assessee wishes to enroll in GST for the other registrations as well, the details of these registrations (addresses of premises) may be included as 'Additional Place of Business'.

Q10. I am an existing PAN-based Service Tax (ST) and Central Excise (CE) assessee. After logging into the ACES portal, under SERVICE TAX, the Provisional ID is showing "Awaited".

A: If you are already registered as a Central Excise (CE) or Service Tax (ST) assessee on the ACES portal, after 31.01.2017, then your Provisional ID and password for migrating to GST has not yet been generated. You are advised to wait for the same. Any updates on issuance of Provisional IDs and passwords, to such assessees, will be published on both the CBEC and ACES websites. So, please checking the status of your registration at www.cbec.gov.in and www.aces.gov.in.



Central Board of Excise and Customs

Department of Revenue, Ministry of Finance, Government of India

Q11. I am an existing taxpayer and wish to enroll in GST. My previous registration number was ST001 and after cancellation (or surrender), my current registration number is ST002. However, a Provisional ID and password has been issued against my previous registration number ST001. I logged into the ACES portal (using my existing ACES username and password), and received the Provisional ID and password for my previous registration number ST001, but not for the current registration number ST002.

A: As a policy, if the assessee has multiple registrations within a State on the same PAN, only one Provisional ID and password will be issued, as per the following order: Only one Provisional ID and password will be issued to a given PAN within a State, irrespective of the number of registrations on that PAN within that State.

Apparently, you have more than one registration i.e., ST001 and ST002, of which registration number ST001 is either "Inactive" or "Surrendered". However, as per CBEC guidelines, a Provisional ID and password has already been allotted against the registration number ST001. For further assistance, please contact CBEC Mitra Helpdesk at cbecmitra.helpdesk@gst.gov.in or call at the toll-free number 1800-1200-232, and provide your registration details (both earlier and current registration numbers).

Note: As per the ACES website, the registration number ST001 is "Active" and thus eligible for issuance of Provisional ID and password.

Q12. I am an existing taxpayer and wish to enroll in GST. I have received the Provisional ID and password. On the GST Common Portal, I entered the Provisional ID and password in the respective fields. After clicking the LOGIN button, I received the message: "Provisional ID is invalid".

A: Firstly, clear your web browser's cache i.e., delete your browsing history, and then sign into the GST Common Portal again. You will receive a 10-digit access token (or password) along with the Provisional ID. In case you have received an access token of less than 10 digits, please insert a "0" or zero as prefix to the token i.e., if you received an access token of "12345678", then the corrected token number is "0012345678". If the issue persists, please contact the GST Helpdesk at helpdesk@gst.gov.in or call at 0124-4688999 for further assistance. When you send your service request over email or phone, a support ticket is registered with GST Helpdesk and the issue is forwarded to the appropriate technical team for analysis and resolution.



Central Board of Excise and Customs

Department of Revenue, Ministry of Finance, Government of India

Q13. I am an existing taxpayer and wish to enroll in GST. I received the Provisional ID and password for migrating to GST. On the GST Common Portal, on the Login page, I entered the Provisional ID and password in the respective fields. After clicking the LOGIN button, I got the message: "Not activated".

A: Multiple causes may have contributed to this problem. For further investigation, please contact the GST Helpdesk at helpdesk@gst.gov.in or call at 0124-4688999. When you send your service request over email or phone, a support ticket is registered with GST Helpdesk and the issue is forwarded to the appropriate technical team for analysis and resolution.

Q14. I am an existing taxpayer and wish to enroll in GST. For enrolment under GST, I want to create a new username and password. However, I have not received the one-time-password (OTP) on my registered mobile number. The problem continued even after I clicked the "RESEND OTP" button on the GST Common Portal.

A: Your mobile number may be registered for Do Not Disturb (DND) services, due to which the OTP cannot not be delivered. You are advised to de-activate DND services from your mobile network. Once de-registered, you must redo the entire process of registration on the GST Common Portal. If the problem persists, please contact the GST Helpdesk at helpdesk@gst.gov.in or call at 0124-4688999 for further investigation.

Q15. I am an existing taxpayer and wish to enroll in GST. For enrolment under GST, I wanted to create a new username and password. However, I have not received the one-time- password (OTP) on my registered email. The problem continued even after I clicked the "RESEND OTP" button on the GST Common Portal.

A: The one-time-password (OTP) may have been delivered to the spam folder of your registered email ID. Please check the spam folder of your email account. If you find the OTP in the spam folder, please change the spam-filter policy settings of your email account to allow legitimate emails sent by GSTN. This will ensure that a future OTP sent by GSTN is not marked or filtered as spam. If you do not find the OTP in the spam folder, please contact the GST Helpdesk at helpdesk@gst.gov.in or call at 0124-4688999 for further investigation. When you send your service request over email or phone, a support ticket is registered with GST Helpdesk and the issue is forwarded to the appropriate technical team for analysis and resolution.

Q16. I am an existing taxpayer and wish to enroll in GST. While submitting GST FORM-20 with DSC, I received the error message: "DSC is not registered with authorised signatory".

A: Please contact the GST Helpdesk at helpdesk@gst.gov.in or call at 0124-4688999 for further investigation. When you send your service request over email or phone, a support ticket is registered with GST Helpdesk and the issue is forwarded to the appropriate technical team for analysis and resolution.



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Q17. I am an existing taxpayer and wish to enroll in GST. I have submitted the Enrolment Application i.e., GST FORM-20 on the GST Common Portal. However, I have not received the Application Reference Number (ARN) through email with all details.

A: Please contact the GST Helpdesk at helpdesk@gst.gov.in or call at 0124-4688999 for further investigation. When you send your service request over email or phone, a support ticket is registered with GST Helpdesk and the issue is forwarded to the appropriate technical team for analysis and resolution.

Q18. I am an existing taxpayer and wish to enroll in GST. On submitting the Enrolment Application i.e., GST FORM-20 on the GST Common Portal, I received the message: "Submitted & Pending for verification".

A: Please contact the GST Helpdesk at helpdesk@gst.gov.in or call at 0124-4688999 for further investigation. When you send your service request over email or phone, a support ticket is registered with GST Helpdesk and the issue is forwarded to the appropriate technical team for analysis and resolution.

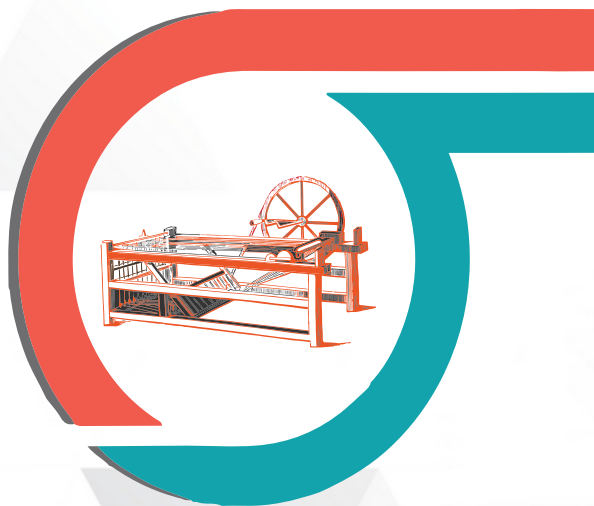
Q19. I am an existing taxpayer and wish to enroll in GST. On the GST Common Portal, while filing GST FORM-20, the desired RANGE CODE is not appearing in the drop-down list.

A: Please contact the GST Helpdesk at helpdesk@gst.gov.in or call at 0124-4688999 for further investigation. When you send your service request over email or phone, a support ticket is registered with GST Helpdesk and the issue is forwarded to the appropriate technical team for analysis and resolution.



SECTORAL ANALYSIS

Handicrafts*



सत्यमेव जयते

GST

SECTORAL SERIES

Handicrafts



Directorate General of Taxpayer Services

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FAQ: Handicrafts

Question 1: How will imports be taxed under GST?

Answer: 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.

Question 2: How will exports be treated under GST?

Answer: 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.

Question 3: How can IGST be paid?

Answer: 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:

- ITC of IGST shall be used for payment of IGST first;
- Once ITC of IGST is exhausted, the ITC of CGST shall be used;
- If ITC of both IGST and CGST are exhausted, ITC of SGST shall be used.
 - Remaining IGST liability shall be discharged in cash. GST System will ensure maintenance of this hierarchy for payment of IGST using the credit.
- However, IGST on imports has to be paid in cash only.

1



Question 4: What are the provisions for refund of taxes for exporters in GST

Answer: 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.

Question 5: Can unutilized input tax credit be allowed as refund to exporters?

Answer: 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

- (i) the goods exported out of India are subjected to export duty; or
- (ii) the exporter claims drawback of CGST or refund of IGST paid on such export.

Question 6: What is the procedure for claiming refund by exporters?

Answer: 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.

Question 7: What is the time limit for grant of refund?

Answer: 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.

Question 8: Will the principle of unjust enrichment apply to exports?

Answer: 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.

3



Question 9: 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?

Answer: 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.

Question 10: Whether goods sent by a taxable person to a job worker be treated as supply and will they be liable to GST?

Answer: 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

- (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
- (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.

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.

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Question 11: Is a job worker required to take registration?

Answer: 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.

Question 12: Whether exemption from all duties of Customs be available on imports under exemption schemes such as EPCG, Advance licence etc under GST regime?

Answer: 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.

Question 13: 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?

Answer: No, these scrips can be utilised only for payment of Basic Customs duty. IGST cannot be paid by utilising these scrips.

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Question 14: 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?

Answer: 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.

Question 15: Is GST payable on consideration received for sale of scrips?

Answer: Yes. Scrips are goods and sale of scrips has to be treated as supply of goods. GST at applicable rate will therefore be payable.

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Question 16: 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?

Answer: 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.

Question 17: Will an exporter be required to pay GST in case of goods procured from unregistered persons?

Answer: 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.

Question 17: 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?

Answer: 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.

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Sectoral Analysis

Drugs & Pharmaceuticals*



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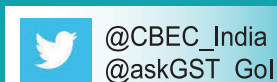
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FAQ: Drugs & Pharmaceuticals

Question 1: Whether formulations cleared have to be assessed to GST under transfer price mechanism or on the basis of MRP printed on them?

Answer: 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.

Question 2: What are the requirements for clearance of physician samples distributed free of cost?

Answer: 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.

Question 3: What is the procedure for movement of time expired medicines from the retail outlets to the manufacturer for destruction?

Answer: 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.

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Question 4: How loan and licensee units carry out their operations in GST regime?

Answer: 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.

Question 5: What is the treatment of clearances effected to Special Economic Zones?

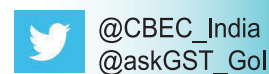
Answer: The clearances effected to the SEZ are zero rated supplies in terms of Section 16 of the IGST Act, 2017. Accordingly, the supplier can claim refund of IGST paid on such supplies or clear the same under bond/letter of undertaking and claim refund of the unutilised ITC.

Question 6: Whether SEZ unit located in a State requires a separate registration under GST?

Answer: 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.

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Question 7: Whether ISD registration is required to be obtained separately?

Answer: 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

Question 8: 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?

Answer: 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.

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Question 9: 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?

Answer: 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.

Question 10: Whether deemed credit is available in respect of goods purchased from tax free zones?

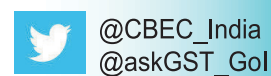
Answer: The deemed credit in terms of Rule 117(4) of the CGST Rules, 2017 (transitional provisions) read with Section 140(3) of the CGST Act, 2017 would be available in respect of the goods, which were not unconditionally exempt from the whole of the duty of excise specified in the First Schedule to 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.

Question 11: What is the obligation cast on the Registered Person in case of purchases from Unregistered Person?

Answer: 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.

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Question 12: What is the treatment of supplies made from erstwhile tax free zones?

Answer: 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).

Question 13: What is the effect of non-payment of consideration in respect of taxable supplies received by the recipient?

Answer: 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.

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Question 14: Whether separate sequence numbers can be maintained for invoices issued by the Registered Person in respect of supplies made under GST?

Answer: 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.

Question 15: 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?

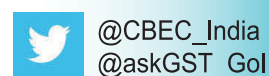
Answer: In terms of Rule 55(1)(c) of the CGST Rules, 2017 such movements have to be effected under the cover of a delivery challan along with any other document that may be prescribed in lieu of the e-way bill.

Question 16: Whether discounts can be claimed as an abatement from the price for assessing GST?

Answer: 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.

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Question 17: What are the relevant provisions for movement of transitional goods lying at the premises of contract manufacturer on or after appointed day?

Answer: 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.

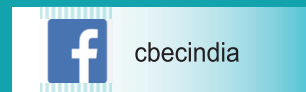
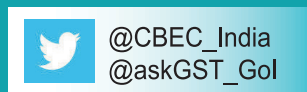
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