

CONTENTS

Acronyms in GST

PAGE

I-17

PART I **BASICS OF GST**

1 **BACKGROUND**

1.1	Background of GST	3
1.2	What is Goods and Services Tax?	4
1.3	Broad definition of 'service'	6
1.4	Rates of GST	10
1.5	GST Compensation Cess on goods and services	19
1.6	Definition of 'deemed sale' to continue	20
1.7	Taxation powers of district council	20
1.8	Goods and Services Tax Network (GSTN)	20
1.9	IGST for inter-State transactions	21
1.10	Union Territory Goods and Services Tax (UTGST)	24
1.11	CGST Act	26
1.12	SGST Act	26

2 **TAXABLE EVENT IN GST**

2.1	Meaning of taxable event	27
2.2	Supply as per GST law	28

2.3	Transactions that will be taxable as 'supply' even if no consideration	29
2.4	Business	35
2.5	Deemed supply of goods and services	36
2.6	Activities or transactions which are neither supply of goods nor supply of services	39
2.7	Services provided by Government or local authority which are not taxable	44
2.8	Tax liability in case of Mixed supply and composite supply	44
2.9	Meaning of 'goods'	46
2.10	Actionable claim	46
2.11	Supply of goods at future date - Hire purchase and financial lease	48
2.12	Securities are neither 'goods' nor 'service'	48
2.13	Supply of Services	48

3

CLASSIFICATION OF GOODS AND SERVICES

3.1	Need for classification	49
3.2	Overview of HSN	51
3.3	Application of GIR in Tariff	54
3.4	Classification in case of conflict between various headings	55
3.5	Other provisions relating to classification	56
3.6	Classification of services	57

4

VALUE OF TAXABLE SUPPLY OF GOODS OR SERVICES OR BOTH

4.1	Transaction value is basis for valuation	59
4.2	Subsidies directly linked to supply other than Government subsidies	63
4.3	Discount or incentive given after supply	63
4.4	Meaning of 'consideration'	67
4.5	Meaning of 'related person'	70

	PAGE
4.6 Rate of exchange of currency for determination of value	71
4.7 Determination of value when value not ascertainable	71
4.8 Value of supply of goods or services or both between distinct or related persons, other than through an agent	73
4.9 Value of supply of goods or services or both based on cost	76
4.10 Residual method for determination of value of supply of goods or services or both	77
4.11 Margin scheme for valuation in buying and selling second hand goods	77
4.12 Value of supply of services in case of pure agent	78
4.13 GST on Reimbursement of expenses	80

5

INPUT TAX CREDIT (ITC)

5.1 ITC is core provision of GST	82
5.2 Manner of taking input tax credit	85
5.3 Requirements for availing Input Tax Credit	88
5.4 Blocked credit - Supply of goods and services ineligible for ITC	97

6

INPUT TAX CREDIT WHEN EXEMPTED AS WELL AS TAXABLE SUPPLIES MADE

6.1 Proportionate ITC when partly used for business or taxable supplies	114
6.2 Special provisions in respect of Banks, FI and NBFC	117
6.3 Determination of input tax credit when partly used for taxable supply and partly for exempt supply	118
6.4 Determination of input tax credit in respect of capital goods used partly for taxable supply and partly for exempt supply	125
6.5 Reversal of Input Tax Credit means ITC not taken	132

7**INPUT TAX CREDIT - OTHER ISSUES**

7.1	Input Tax Credit of capital goods	133
7.2	Merger, amalgamation or sale of business	135
7.3	Input Tax Credit when taxable person becomes eligible for first time	138
7.4	Reversal of input tax credit if goods become exempt or taxable person switches to composition scheme	142
7.5	Recovery of ITC wrongly taken	144

8**INPUT SERVICE DISTRIBUTOR (ISD)**

8.1	Purpose of Input Service Distributor	145
8.2	Manner of distribution of credit by Input Service Distributor	146
8.3	Tax Invoice by Input Service Distributor	148
8.4	Monthly return by ISD	149
8.5	Procedure for distribution of input tax credit by Input Service Distributor	149

9**PLACE OF SUPPLY OF GOODS OR SERVICES**

9.1	Importance of place of supply	152
9.2	Place of supply of goods other than imports and exports	156
9.3	Bill to ship to transaction	158
9.4	Place of supply of services if location of supplier and recipient of service is in India	159
9.5	Place of supply of service except export or import of services - Residuary provision	162
9.6	The place of supply of services in cases directly relating to immovable property or lodging in boat or vessel	162
9.7	Performance based services <i>i.e.</i> Restaurant, beauty treatment, health services	164
9.8	Training and performance appraisal service	164

	PAGE
9.9 Admission to events	164
9.10 Other event based services	164
9.11 Transportation of goods	165
9.12 Passenger transportation service	166
9.13 Service on board a conveyance originating	167
9.14 Telecommunication service, data transfer, broadcasting, DTH	167
9.15 Banking and other financial services	167
9.16 Insurance service	167
9.17 Advertisement services to Government	167
9.18 Place of supply in case Residuary services	168
9.19 Place of supply in case of exports and imports	168
9.20 Comparison of provisions of 'place of supply' within India and in course of imports and exports	169

10

TIME OF SUPPLY OF GOODS AND SERVICES

10.1 Liability of GST on basis of time of supply	173
10.2 Time of supply of goods	173
10.3 Time of supply when GST on goods payable on reverse charge basis	175
10.4 Time of supply in case of supply of vouchers for goods	175
10.5 Time of supply in other situations	175
10.6 Time of supply of services	176
10.7 Time of supply of service when GST on services is payable on basis of reverse charge	177
10.8 Time of supply in reverse charge when service received from Associated Enterprise outside India	177
10.9 Supply of voucher for services	178
10.10 Time of supply of service in other cases	178
10.11 Time of supply when interest, late fee or penalty for late payment is received	178
10.12 Time of supply in case of change in rate of tax in respect of supply of goods or services or both	178

11**REVERSE CHARGE**

11.1	Meaning of reverse charge	<i>181</i>
11.2	General provisions applicable where reverse charge applies	<i>183</i>
11.3	Reverse charge in case of receipt of supply from unregistered person	<i>185</i>
11.4	Inter-State transactions - Whether IGST payable or CGST and SGST/UTGST payable under reverse charge	<i>186</i>
11.5	Persons supplying services where service recipient is liable to pay GST under reverse charge need not register under GST	<i>187</i>
11.6	Procedure for reverse charge	<i>188</i>
11.7	Supply of goods where GST payable under reverse charge	<i>188</i>
11.8	Supply of services liable for reverse charge	<i>189</i>

12**PROCEDURES IN GST**

12.1	Background	<i>197</i>
12.2	Administration of GST	<i>200</i>
12.3	Proper Officer	<i>203</i>
12.4	Common Portal	<i>204</i>
12.5	Accounts and other records	<i>204</i>
12.6	Audit by Chartered/Cost Accountant in GSTR-9C not required after 2020-21	<i>207</i>
12.7	Period of retention of accounts	<i>207</i>
12.8	Requirement of registration	<i>207</i>
12.9	Persons who are not required to register under GST	<i>211</i>
12.10	Persons requiring registration without threshold limit of 40/20/10 lakhs	<i>211</i>
12.11	Requirements and procedure for registration	<i>213</i>
12.12	Multiple registrations for multiple places of business in a State or Union Territory	<i>219</i>
12.13	Voluntary registration	<i>219</i>
12.14	Registration by person liable to deduct tax at source (TDS)	<i>220</i>
12.15	Registration by non-resident taxable person	<i>220</i>

	PAGE
12.16 Unique Identity Number (UIN) to UN Agencies, Embassy, Consulates and other persons without registration	220
12.17 Registration of casual taxable person and non-resident taxable person	220
12.18 Grant of registration to a person supplying online information and data base access or retrieval services (OIDAR) from a place outside India to a non-taxable online recipient	222
12.19 Grant of registration to persons required to deduct tax at source or to collect tax at source	223
12.20 Amendment of registration	223
12.21 Invoice for supply of goods or services or both	224
12.22 Tax Invoice in respect of services	229
12.23 Contents of tax invoice	231
12.24 Bill of Supply when no tax invoice is required	235
12.25 Receipt voucher in case of receipt of advance	236
12.26 Invoice and payment voucher when GST payable under reverse charge, if supplier not registered	238
12.27 Credit note, debit notes or supplementary invoice	238
12.28 Tax payment	244
12.29 Electronic payment of tax, interest, penalty and other amounts	245
12.30 Utilisation of amount in electronic credit ledger	248
12.31 Electronic Liability Register (ELR) for recording liability of a taxable person	255
12.32 Sequence of discharge of tax and dues by taxable person	255
12.33 Returns under GST	258
12.34 GSTR-3B return by every registered person supplying goods or services or both	263
12.35 Furnishing details of outward supplies in form GSTR-1	271
12.36 Ascertaining details of inward supplies	275
12.37 Annual return GSTR-4 by taxable person paying tax under composition scheme	277
12.38 Annual Return under GST	280
12.39 Late fee for late filing of details and returns	284

13**E-WAY BILL FOR TRANSPORT OF GOODS**

13.1	Background of e-way bill provisions	285
13.2	Generation of e-way Bill	292
13.3	Part B of the Form GST EWB-01	306
13.4	When Part B is not required to be filled in	309
13.5	Generation of e-way bill by portal	309
13.6	Procedure by transporter after generation of e-way bill	312
13.7	Intimation of acceptance of details by recipient/supplier	316
13.8	Transport of goods for which e-way bill is not required	316
13.9	Other provisions relating to e-way bill	318
13.10	Road checks and Verification of documents and conveyances	319
13.11	Penalty for transporting goods without valid documents - provision w.e.f. 1-1-2022	323
13.12	Confiscation of goods or Conveyance and levy of penalty	330

14**MISCELLANEOUS ISSUES IN GST**

14.1	Anti-Profiteering Measure	331
14.2	Tax deduction at source (GST TDS)	336
14.3	Advance Ruling	343

PART II**TAXABILITY OF WORKS CONTRACTS
AND REAL ESTATE TRANSACTIONS****15****TRANSACTIONS RELATING TO REAL ESTATE**

15.1	Coverage of GST on transactions relating to real estate	351
15.2	Sale of developed plots by including development cost in sale value of plots	353
15.3	LD Charges, demurrage, notice pay	354

	PAGE
15.4 Services of housing societies or Resident Welfare Association for monthly contribution	358

16

REAL ESTATE SERVICES RELATING TO RESIDENTIAL AND COMMERCIAL APARTMENTS

16.1 Background	363
16.2 Definitions of various terms used	372
16.3 GST Rate w.e.f. 1-4-2019 on various types of real estate projects	380
16.4 Value for GST when total amount charged includes value of land	384
16.5 Reverse charge if receipts of input and services and capital goods received from registered supplier	386
16.6 Provisions in respect of ongoing projects where promoter opts to avail Input Tax Credit	391
16.7 Apportionment of ITC between taxable supply and exempt supply on basis of value except in case of real estate services	393
16.8 Contracts for construction of affordable residential apartments	394
16.9 Valuation of apartments sold by promoter	395
16.10 Development of land into plots by joint development agreement	398
16.11 Sale of apartments by land owner-promoter	398

17

TDR/FSI/UPFRONT AMOUNT IN LONG TERM LEASE IN REAL ESTATE TRANSACTIONS

17.1 Tax on real estate transactions except sale of land or completed building/apartment	400
17.2 Transfer of development rights	401
17.3 Transferable Development Rights <i>i.e.</i> transfer of FSI	402
17.4 GST on Upfront amount payable for long term lease of land	403
17.5 GST on Development Rights/FSI/Upfront Amount in real estate transactions by promoter under reverse charge	406

	PAGE
17.6 Transfer of development rights/FSI after 1-4-2019 for construction of residential apartments exempt, if sold before completion	407
17.7 GST on Development Rights/FSI transferred or long term lease amount paid before 31-3-2019	413
17.8 Valuation of transfer of development rights and construction service provided by promoter	414
17.9 Accommodation/rent given to earlier tenants/owners during transition period	417
17.10 Joint Development by land owner and promoter	417
17.11 Summary of liability in case of transfer of development rights or FSI or long term lease of land	418
17.12 Area sharing arrangement between landowner-promoter and promoter developer	422

18

LEASING AND RENTING OF REAL ESTATE

18.1 Leasing or renting of land and building is 'supply of services'	427
18.2 Renting of Immovable Property	430
18.3 Renting Service supplied jointly by co-owners	433
18.4 Renting of precincts of a religious place exempt upto limit	433
18.5 Reverse charge in respect of service of renting of immovable property supplied by Government	434

19

CONSTRUCTION AND WORKS CONTRACT SERVICES

19.1 Tax on construction activity	435
19.2 Works contract service	435
19.3 Tax Rate of works contract as composite supply	444
19.4 GST on Construction of residential, Commercial or Industrial complex upto 31-3-2019	450
19.5 No refund of ITC even if input tax credit more than GST payable on outward supply in case of construction of complex	452
19.6 Distinction between construction service and works contract service	452

	PAGE
19.7 GST @ 12% in case of certain infrastructure related works contract	452
19.8 Exemptions in respect of services supplied to Government	459
19.9 Main contractor is entitled to partial or full exemption does not mean sub-contractor is also exempt or entitled to concessional rate	459

20

GOVERNMENT RELATED ACTIVITIES

20.1 Public administration services	460
20.2 Services provided by Government which will not be subject to GST	467
20.3 Exemptions in respect of services supplied by Government	469
20.4 Exemptions in respect of services supplied to State/Central Government, Union Territory or Local Authority	474
20.5 Concessional rate in respect of certain services provided to State/Central Government, Union Territory and Local Authority	488
20.6 Reverse charge in respect of services provided by Government	494

APPENDICES

APPENDIX I :	RELEVANT SECTIONS OF CENTRAL GOODS AND SERVICES TAX ACT, 2017	503
APPENDIX II :	RELEVANT SECTIONS OF INTEGRATED GOODS AND SERVICES TAX ACT, 2017	526
APPENDIX III :	RELEVANT EXTRACTS FROM CENTRAL GOODS AND SERVICES TAX RULES, 2017	537
APPENDIX IV :	RELEVANT EXTRACTS FROM NOTIFICATION 11/2017-CENTRAL TAX (RATE), DATED 28-6-2017	574
APPENDIX V :	RELEVANT EXTRACTS FROM NOTIFICATION NO. 12/2017-CENTRAL TAX (RATE), DATED 28-6-2017	598
APPENDIX VI :	CALCULATION OF ITC ATTRIBUTABLE TO RESIDENTIAL PORTION IN REAL ESTATE PROJECT (REP) OTHER THAN RREP	609
APPENDIX VII :	CALCULATION OF ITC ATTRIBUTABLE TO RESIDENTIAL PORTION IN RESIDENTIAL REAL ESTATE PROJECT (RREP) OTHER THAN REP	617

	PAGE
APPENDIX VIII : CALCULATION OF GST PAYABLE UNDER REVERSE CHARGE WHEN INPUTS AND INPUT SERVICES PROCURED FROM UNREGISTERED PERSONS	623
APPENDIX IX : DECLARATION FOR EXERCISING OPTION TO AVAIL ITC IN RESPECT OF ONGOING PROJECTS	625
APPENDIX X : REVERSE CHARGE IN RESPECT OF SERVICES	627
APPENDIX X-A : SECTION 5 OF THE IGST ACT, 2017 - LEVY & COLLECTION OF TAX - REVERSE CHARGE ON CERTAIN SPECIFIED SUPPLIES OF SERVICES	634
APPENDIX XI : TIME OF SUPPLY WHEN PROMOTER IS LIABLE TO PAY GST UNDER REVERSE CHARGE	644
APPENDIX XII : PERSON LIABLE TO PAY TAX UNDER REVERSE CHARGE ON SUPPLIES RECEIVED FROM UNREGISTERED PERSON IN REAL ESTATE PROJECTS	646
APPENDIX XIII : GST RATE PAYABLE UNDER REVERSE CHARGE BY PROMOTER ON RECEIPTS OF INPUT AND SERVICES FROM REGISTERED SUPPLIER	648
APPENDIX XIV : TIME OF SUPPLY WHEN LAND OWNER TRANSFERS DEVELOPMENT RIGHTS OR FSI TO PROMOTER IN RESPECT OF RIGHTS TRANSFERRED PRIOR TO 31-3-2019	650
APPENDIX XV : CLARIFICATIONS ON REAL ESTATE PROJECTS PART I	651
APPENDIX XVI : CLARIFICATIONS ON REAL ESTATE PROJECTS PART II	667
SUBJECT INDEX	675