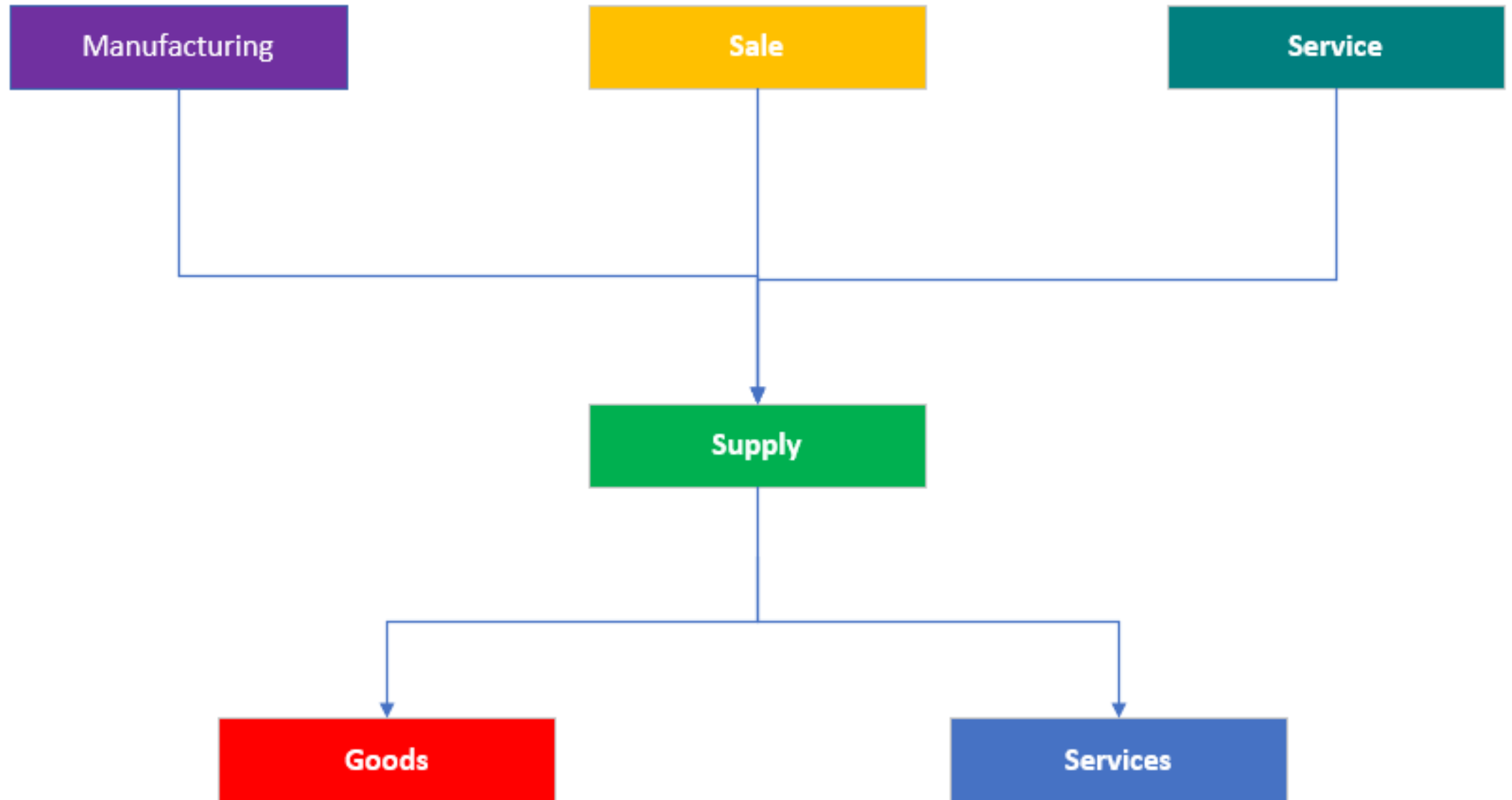


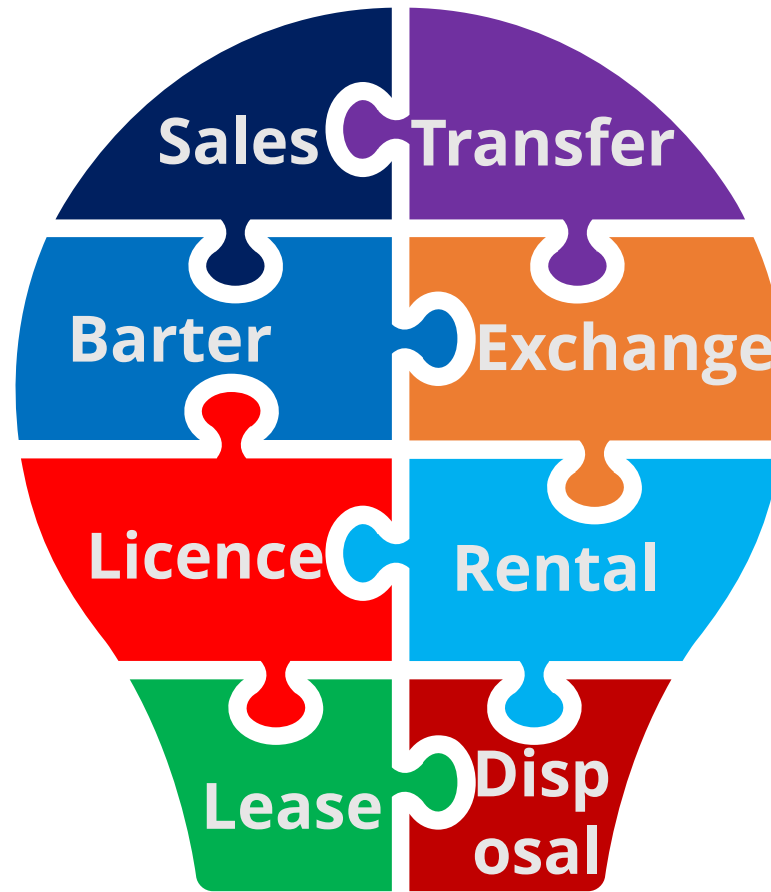
# SUPPLY

# SUPPLY



# Supply

Section 7 of CGST Act 2017



Agreed to be made

Consideration

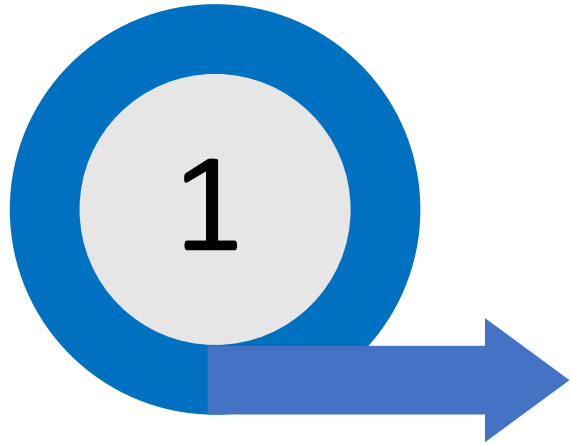
Furtherance

Course

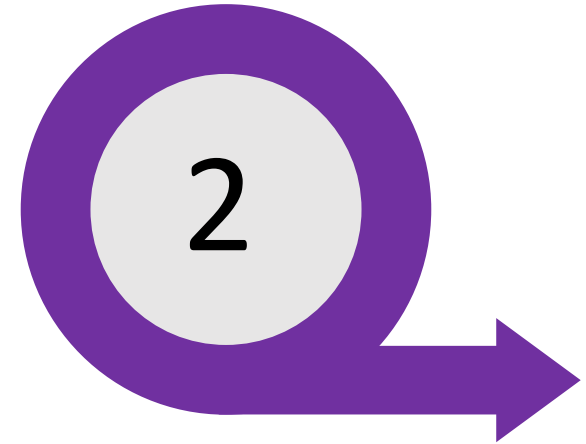
# **SCHEDULES**

## Schedules

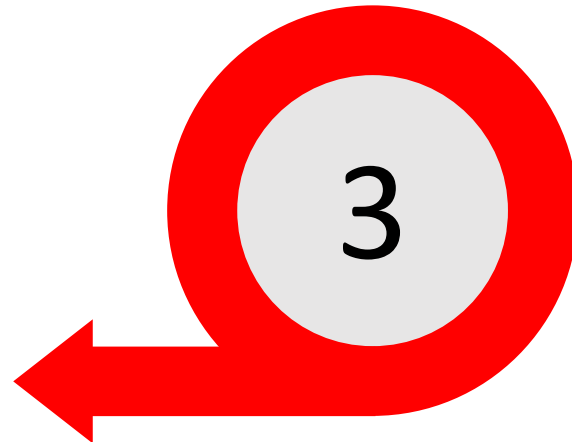
# Supply



Supply without consideration



Activities treated as supply of  
Goods or Services



Neither Supply of Goods or  
Services

## Schedule – 1

# Supply

### Supply without Consideration



# **SCHEDULE – II**

## **Supply of Goods or Services**



## Schedule – 2

# Supply

Activities considered as Supply of Goods



Transfer of title of goods

Supply of goods by any unincorporated association or body of persons to a member

Transfer of title of goods at a future date

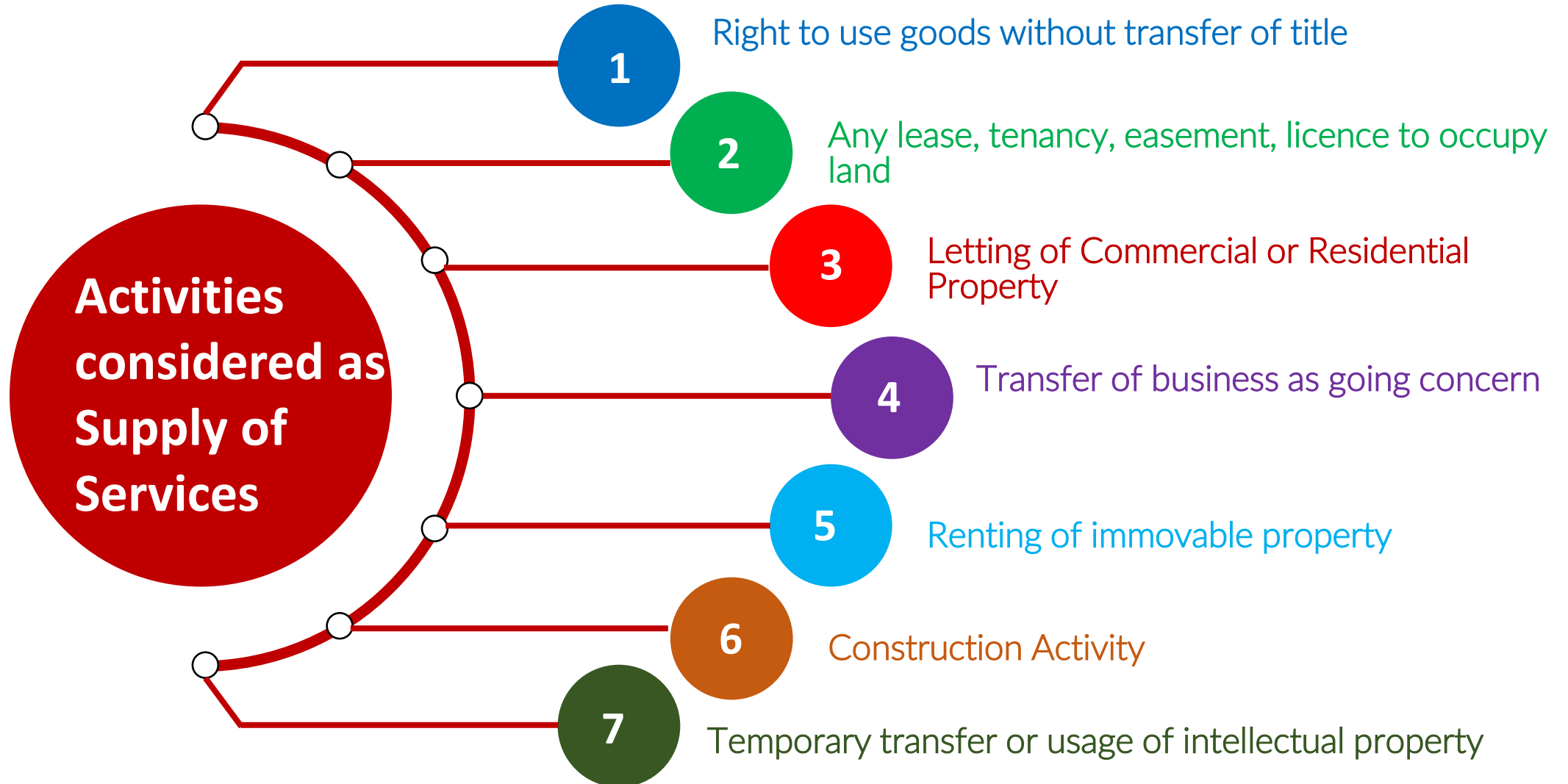
Business Assets disposed of by the person using



## Schedule – 2

# Supply

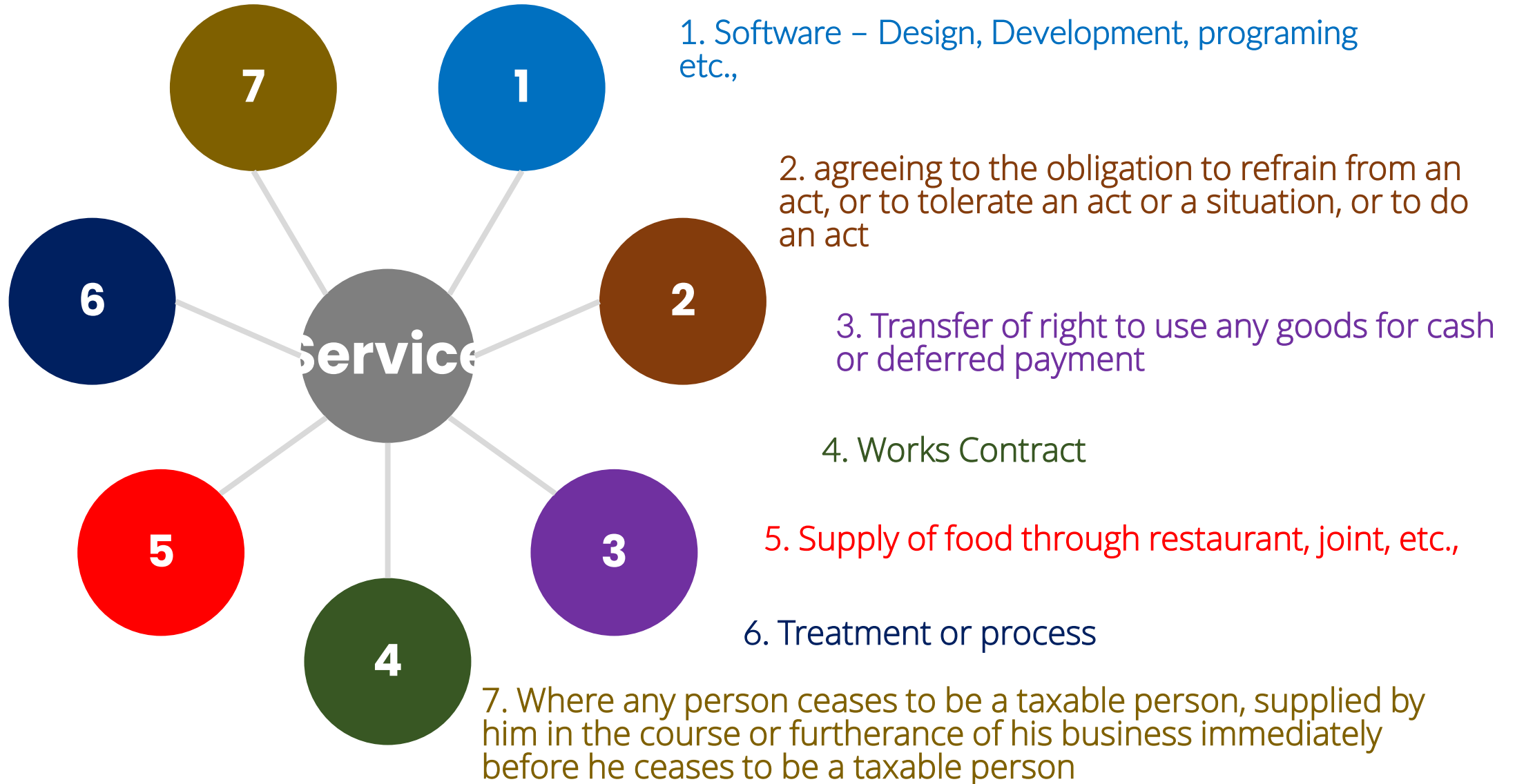
### Activities considered as Supply of Service



## Schedule – 2

# Supply

### Activities considered as Supply of Service



# SCHEDULE – II

## Supply of Service

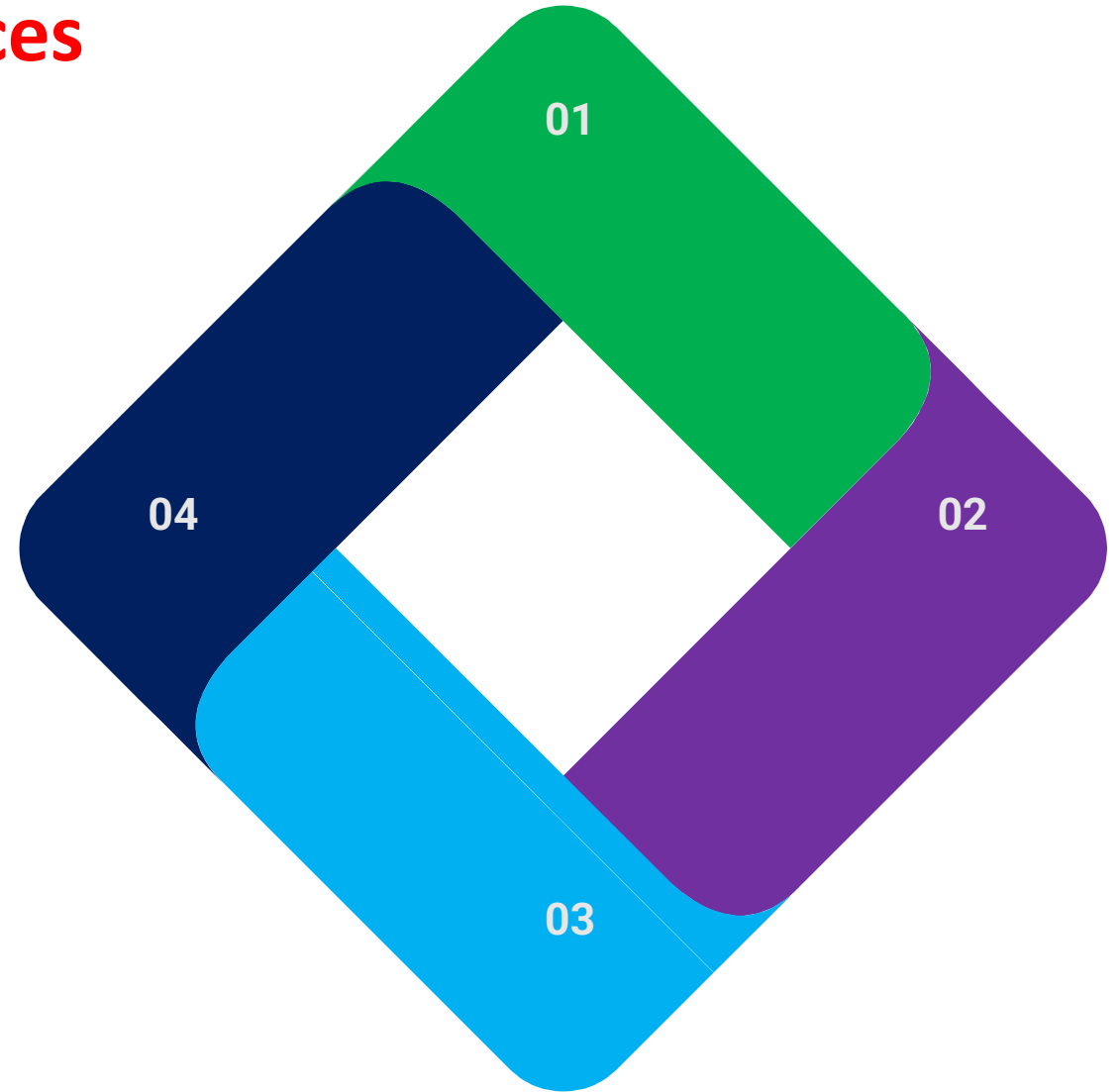
### **Supply of food or drinks**

Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

# SCHEDULE – III

## Neither Supply of Goods or Services

- 01 Services by employee to employer
- 02 Services by court or tribunal
- 03 Elected Members
- 04 Persons holding Constitutional posts



# SCHEDULE – III

## Neither Supply of Goods or Services



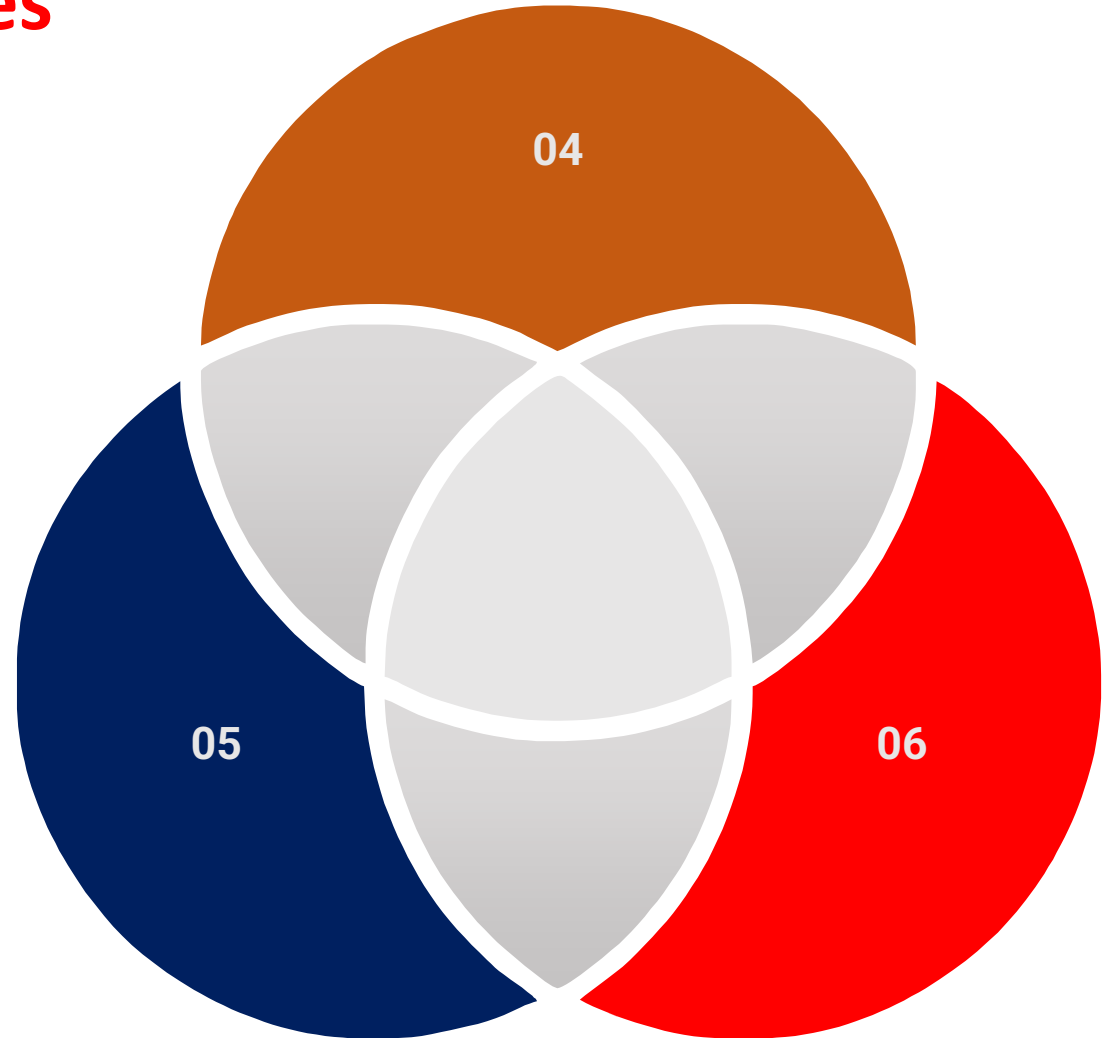
Chairperson or Member or director  
appointed before rollout of GST Acts



Sale of Land



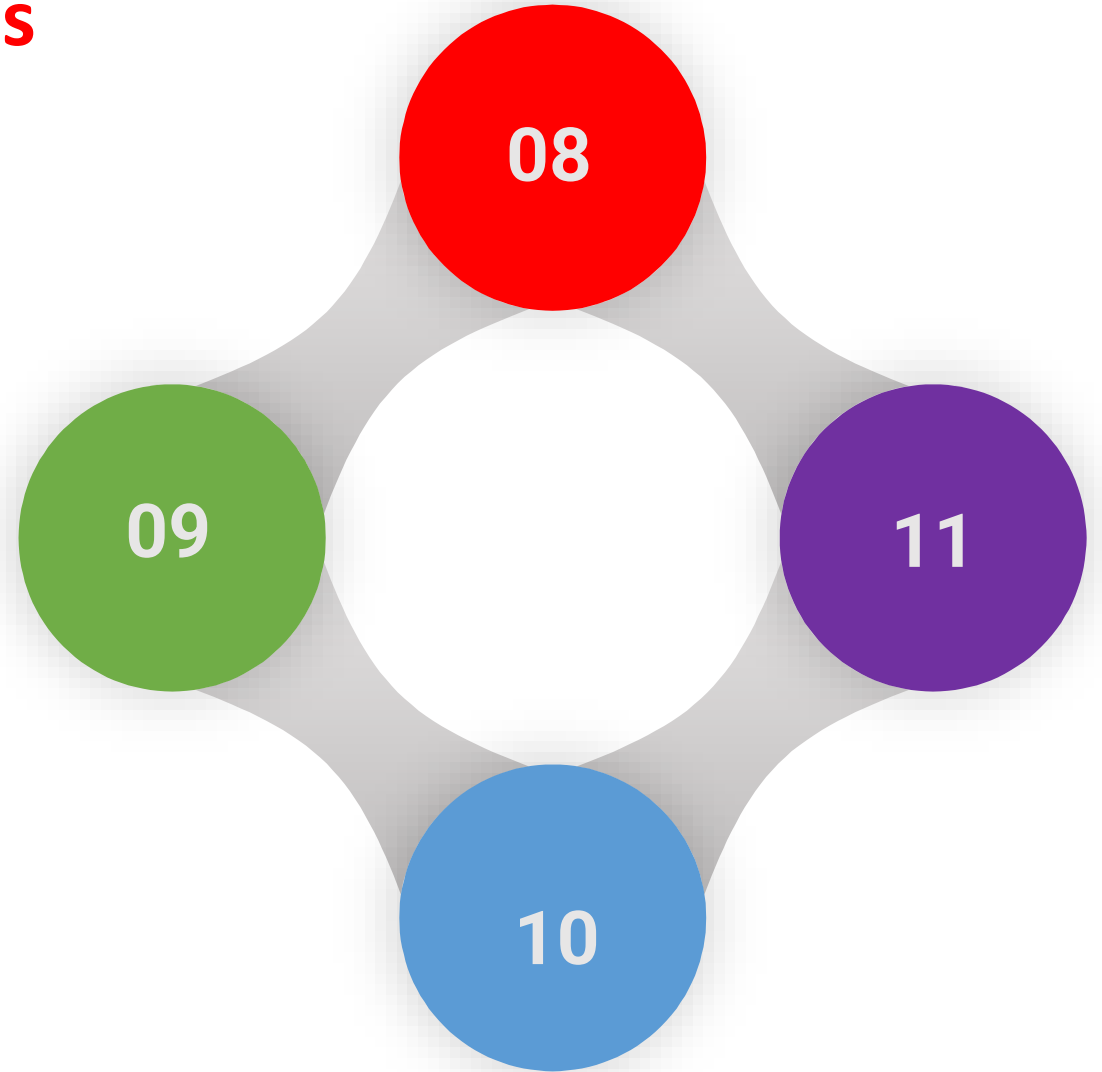
Services of funeral, burial, crematorium  
or mortuary including transportation of  
the deceased.



# SCHEDULE – III

## Neither Supply of Goods or Services

- 08 Actionable Claims
- 09 Supply of goods from non taxable territory to a non taxable territory without goods entering India
- 10 Supply of goods before creation of bill of entry for home consumption
- 11 High Sea Sales



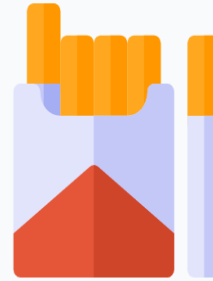
**LEVY**

# LEVY



## **Alcohol Liquor for Human Consumption**

Power to tax remains with the State Government



## **Tobacco**

Part of GST but the Central Government Has to power to levy under Additional Excise Duty



## **Petroleum Products**

GST Council to decided the date from which these products will be brought into GST – Crude Oil, Diesel, Petrol, Natural Gas & ATF

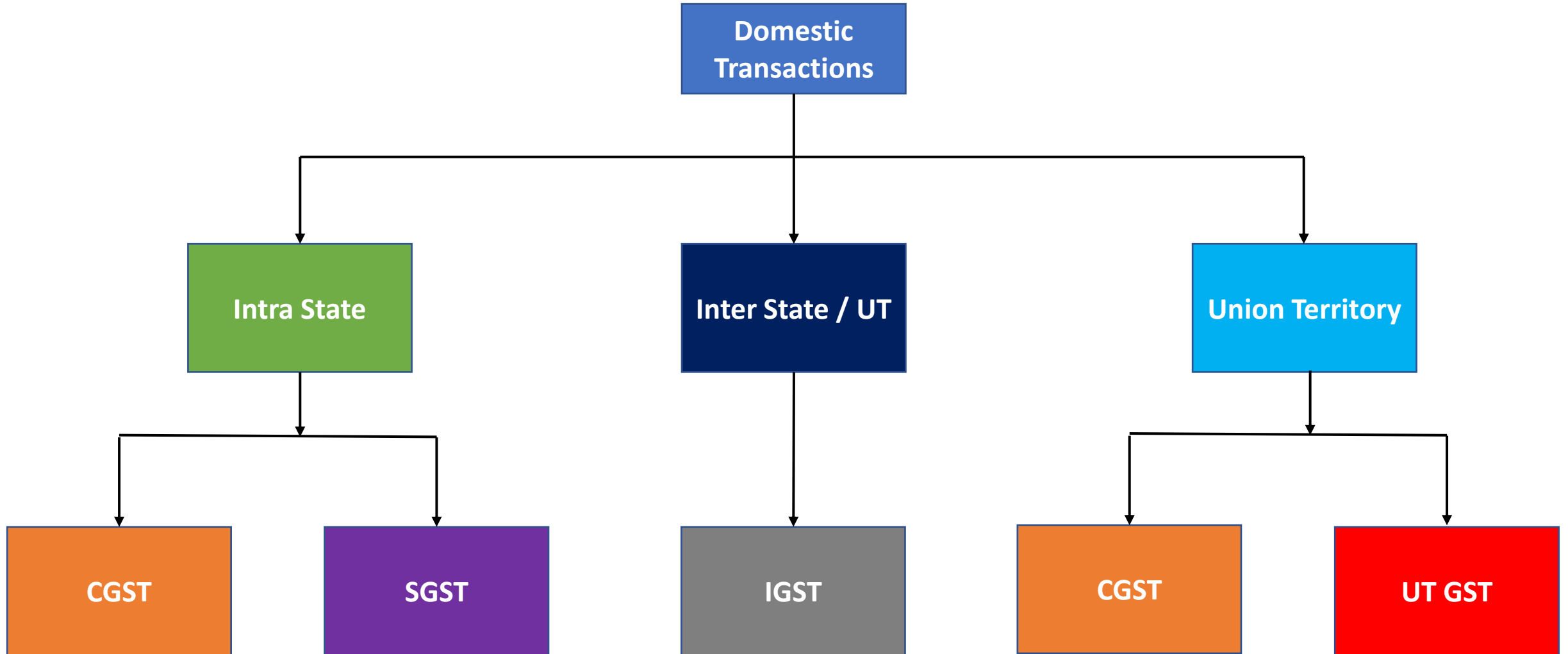


## **Entertainment Tax**

Entertainment Tax can be levied by the local bodies



# LEVY



# EXEMPTIONS

# EXEMPTIONS

## Exemptions under GST



Exemption should be in public interest

01



By way of issue of notification

02



On recommendation from the Council

03



Absolute / conditional exemption may be for any  
goods and / or services

04



Exemption by way of special order

05

# EXEMPTIONS

## Exemptions under GST

### Illustrations for Absolute Exemptions:

1. The Central Government has exempted the tax payable under the CGST / UTGST / IGST Acts by any taxable person on supply of “salt” with effect from 01.07.2017.
2. Transmission or distribution of electricity by an electricity transmission or distribution utility

### Illustrations for Conditional Exemptions:

1. The Central Government has exempted the tax payable under the CGST/ UTGST/ IGST Acts by any taxable person on supply of "Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation less than ` 1000/- per day".

# EXEMPTIONS

## Exemptions under GST

### Sec. 11 – Illustration I

**Notification Issued** u/s 11(1): Conditional, partial exemption

Intra state supplies of goods or services or both received by a registered person from an unregistered person is exempted from payment of tax under reverse charge provided the aggregate value of such supplies received by a registered person from all or any of the suppliers does not exceed ` 5000/- in a day.

*[Notification No. 08/2017-Central Tax (Rate) dated 28.06.2017]*

# EXEMPTIONS

## Exemptions under GST

### Sec. 11 – Illustration II

**Notification issued u/s 11(1): Absolute exemption**

**Exemption to following taxable services from tax leviable thereon:**

- **Services by way of renting of residential dwelling for use as residence**
- Services by Reserve Bank of India.**
- **Services by a veterinary clinic in relation to health care of animals or birds.**

*Notification No. 12/2017 - Central Tax (Rate) dt.28.06.2017*

# EXEMPTIONS

## Statutory Provisions

9(1)

There shall be levied a tax called CGST on all intra state supplies of goods and services or both except on the supply of **alcoholic liquor for human consumption**.

9(2)

The central tax on the supply of **petroleum crude, HSD, motor spirit (petrol), natural gas and aviation turbine fuel** shall be levied w.e.f. such date as may be notified.

9(3)

The Govt. may, on recommendation of council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on **Reverse Charge basis** by recipient.

9(4)

The central tax on the supply of taxable goods or services or both by a supplier, who is **not registered**, to a registered person shall be paid by as Such person on Reverse Charge basis as the recipient.

# SOME DEFINITIONS

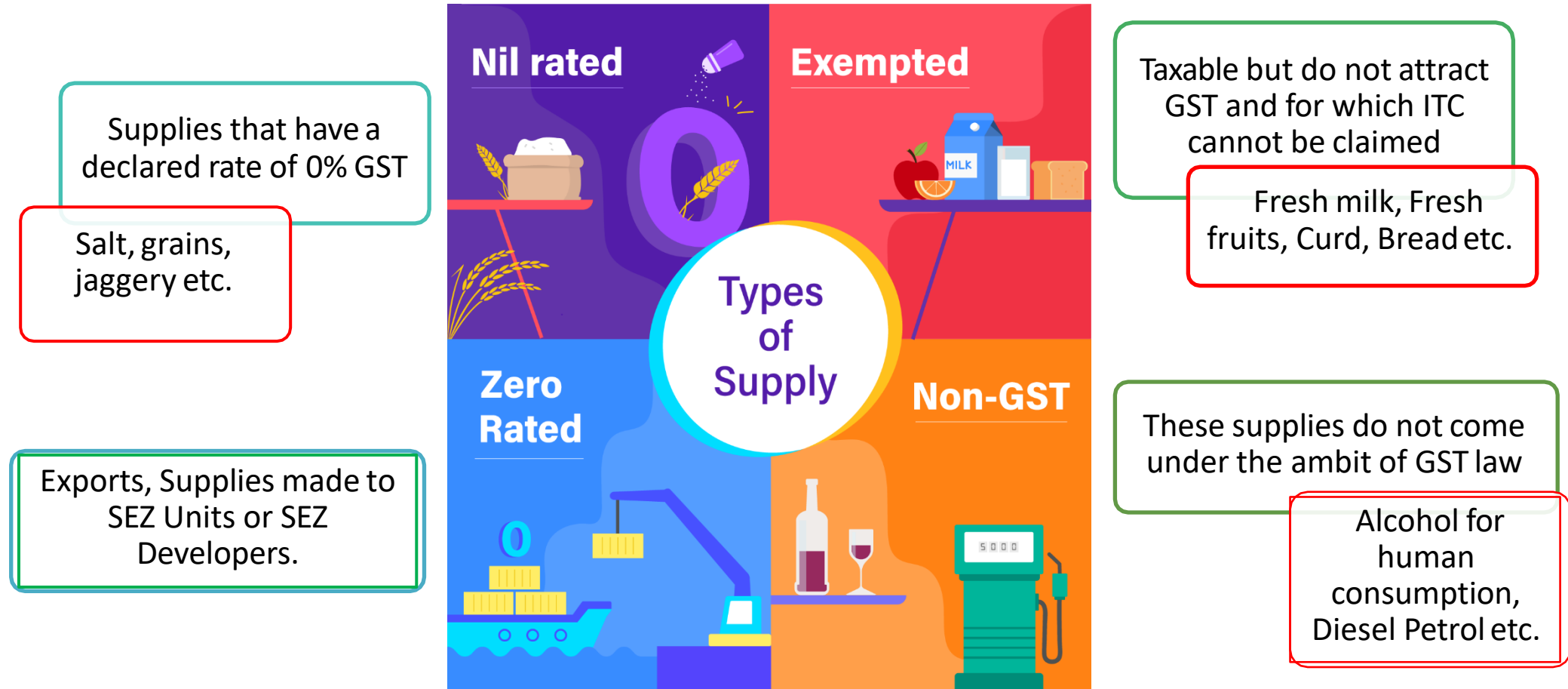
Section 2(47) – “exempt supply” means supply of any goods and/ or services which attract nil rate of tax; or which may be exempt from tax under Section 11 or Section 6 of IGST Act and includes non-taxable supply

Section 2(78) – “non-taxable supply” means a supply of goods and/or services which is not leviable to tax under this Act or IGST Act

Section 16(1) of IGST Act – “zero-rated supply” means any of the following supplies of goods and/or services, namely - Export of goods and/or services  
Supply of goods and/or services to a SEZ developer or an SEZ unit



# ZERO RATED, NIL RATED, EXEMPT AND NON-GST SUPPLIES





### Upsides

- No GST is levied on output prices and the goods or services become cheaper for the consumer.
- The supplier is freed from the hassle of computing GST on output supplies considering its valuation, place of supply etc
- No record of taxes is required to be maintained by the suppliers
- No hassle of matching of input tax credit to the consumer

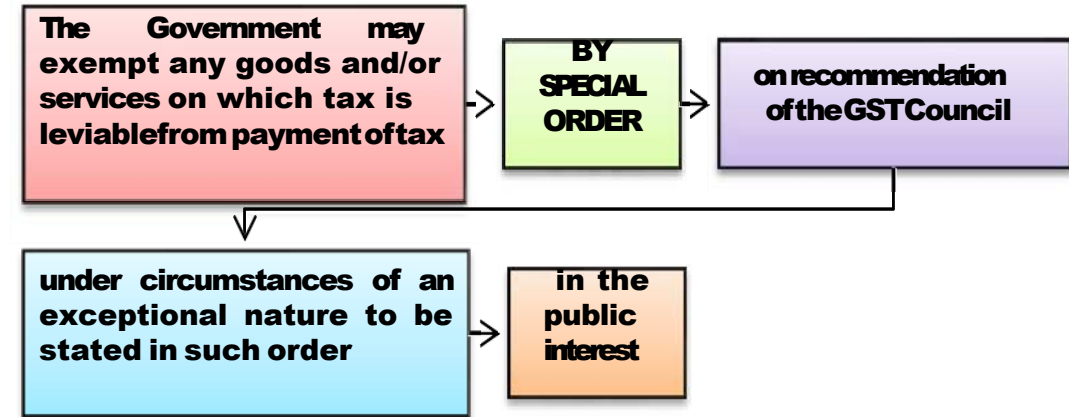
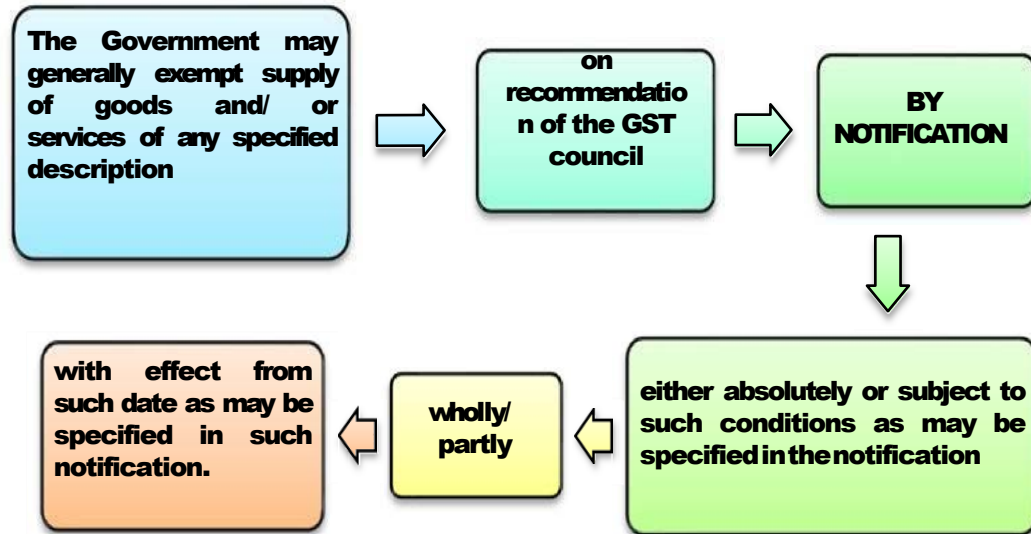


### Downsides

- ITC on inputs becomes part of cost of supplier thereby becoming an invisible barrier to the seamless credit in the value chain
- GST on input supplies of the supplier is still to be borne by the consumer and thus, some GST is inherent in the price of the exempt goods or services.

# EXEMPTIONS

## Exemptions under GST



# EXEMPTIONS

## Exempted Goods



Live fish (0301)



Fresh Milk (0401)



Potatoes (0701)



Grapes (0806)



Indian National Flag (63)



Plastic Bangles (3926)

# EXEMPTIONS

## Exempted Services

### SERVICES PROVIDED BY CHARITABLE/RELIGIOUS



Sarvsewa Trust, a charitable trust registered under section 12AA of the Income-tax Act, 1961, has organized a Skill

Development Programme for the old age people over the age of 65 years residing in Bangalore city (an urban area).

Services provided by Sarvsewa Trust do not fall within the purview of 'charitable activities'. The activities relating to advancement of skill development relating to persons over the age of 65 years, are covered under the definition of 'charitable activities' only when such persons are residing in rural area.

# EXEMPTIONS

## Exempted Services

KMVN supplies numerous services, namely, medical facilities, catering services, security, accommodation services, etc. to the pilgrims undertaking Kailash-Mansarovar pilgrimage. Such services provided by KMVN in respect of the religious pilgrimage to Kailash-Mansarovar are covered under entry 60 and thus, are exempt.

Bhavyajyoti Foundation, a charitable trust registered under section 12AA of the Income-tax Act, 1961, has organized a 'Meditation Camp' for the old age people. GST would be exempt on the same as services provided by entity registered under section 12AA of the Income-tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt.



Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—



## AGRICULTURAL RELATED SERVICES

Services by way of fumigation in a warehouse of agricultural produce.

# EXEMPTIONS

## Renting or leasing of agro machinery or vacant land

Moolchand has leased out to a farmer – Tulsidas - a vacant land for agriculture. The land has a greenhouse and a storage shed which are incidental to its use for agriculture. Leasing of vacant land with a greenhouse and a storage shed which is incidental to its use for agriculture is exempt from GST.

Renting or leasing of agro machinery or vacant land tem (d) of the entry exempts renting or leasing of agro machinery or vacant land with or without a structure incidental to its use.





# EXEMPTIONS

## Education

Education services provided	Covered in sub-clause (ii)	Reasons
Conduct of <b>degree courses by colleges, universities or institutions</b>	✓	These courses lead to grant of qualifications recognized by law
Training given by private coaching institutes	✗	Such training does not lead to grant of a recognized qualification.
Education as a part of a prescribed curriculum for obtaining a qualification recognized by a law of a foreign country	✗	Only a course recognized by an Indian law is covered herein.

The term 'education as a part of curriculum for obtaining a qualification recognised by any law for the time being in force'

Private coaching centres or other unrecognized institutions, though self- styled as educational institutions, would not be treated as educational institutions under GST and thus cannot avail exemptions available to an educational institution.

# EXEMPTIONS

No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Goods	Rate (%)	Condition
10	Heading 9954	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual <b>house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.</b>	Nil	NII
11	Heading 9954	Services by way of pure labour contracts of construction, erection, commissioning, or installation of <b>original works</b> pertaining to a <b>single residential unit otherwise than as a part of a residential complex.</b>	Nil	NII

# EXEMPTIONS

No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Goods	Rate (%)	Condition
12	Heading 9963 or 9972	Services by way of renting of residential dwelling for use as residence.	Nil	NII
13	Heading 9963 or Heading 9972 or Heading 9995 or any other Heading of Section 9	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,-	Nil	NII

# EXEMPTIONS

No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Goods	Rate (%)	Condition
14	Heading 9963	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation <b>below one thousand rupees per day or equivalent</b>	Nil	Nil
15	Heading 9964	Transport of passengers, with or without accompanied belongings, by – (a) air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; (b) non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or (c) stage carriage other than air-conditioned stage carriage.	Nil	Nil

# EXEMPTIONS

No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Goods	Rate (%)	Condition
22	Heading 9966 or Heading 9973	Services by way of giving on hire – (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or (b) to a goods transport agency, a means of transportation of goods.	Nil	Nil
As per Notification 2/2018- Central Tax Rate, dated 25.01.18 against serial number 22, in the entry in column (3), after item (b), the following item shall be inserted, namely				
22	Heading 9966 or Heading 9973	Services by way of giving on hire – (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or (b) to a goods transport agency, a means of transportation of goods. (c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent.	Nil	Nil

# EXEMPTIONS

No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Goods	Rate (%)	Condition
26	Heading 9971	Services by the Reserve Bank of India.	Nil	Nil
<p>“<b>Reserve Bank of India</b>” means the bank established under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);</p>				
27	Heading 9971	Services by way of— (a) <b>extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services);</b> (b) <i>inter se</i> sale or purchase of foreign currency amongst banks or authorized dealers of foreign exchange or amongst banks and such dealers.	Nil	Nil

# EXEMPTIONS

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;

“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;

No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Goods	Rate (%)	Condition
74	Heading 9993	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.	Nil	Nil



# Branded or unbranded

Tripura High Court





# Exemption

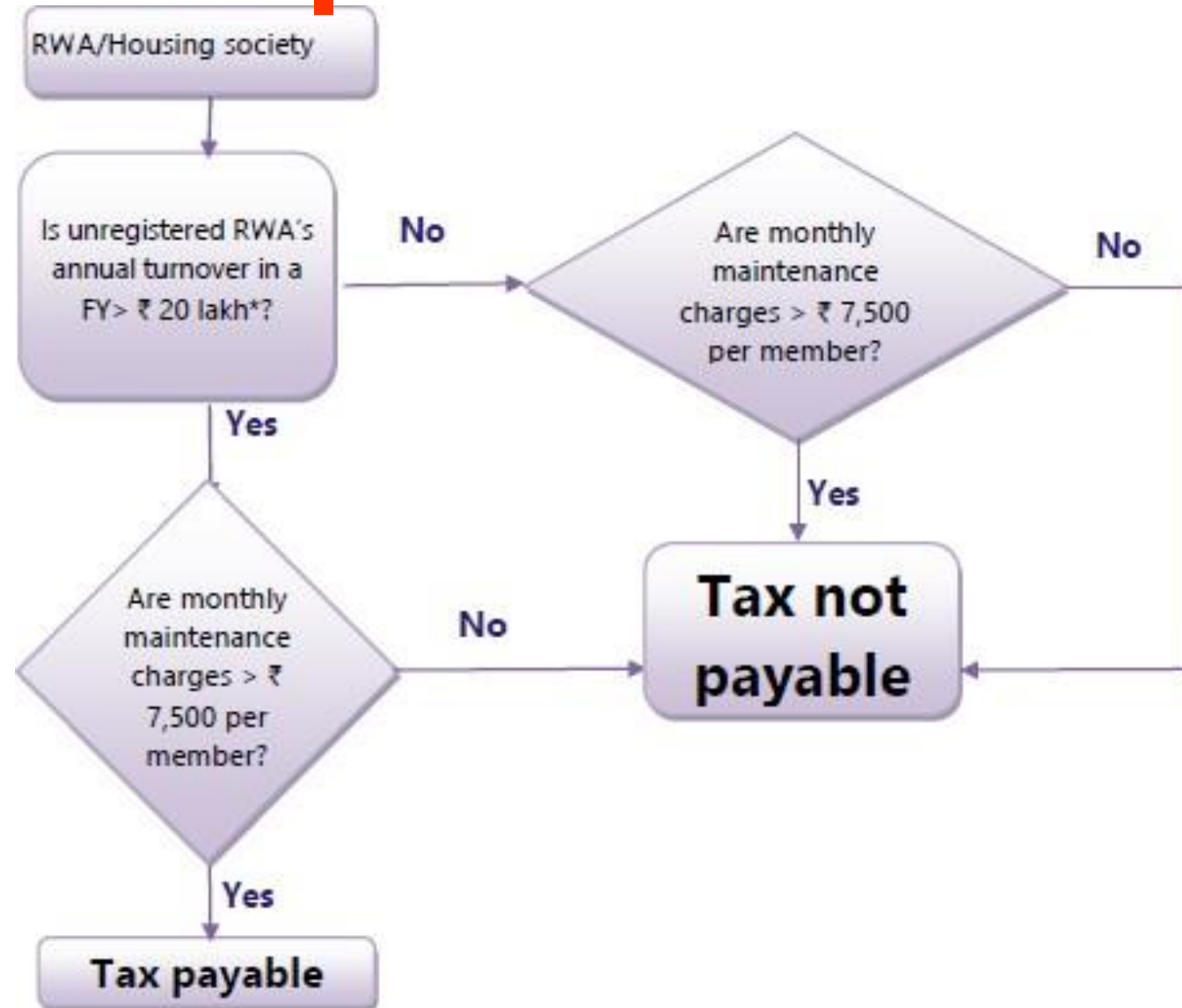
## Electricity

Transmission/distribution of electricity by an electricity transmission/ distribution utility.

However, in this regard CBIC has clarified that the other services provided by DISCOMS (distribution companies) to consumer against charges are liable to GST such as,-

- Application fee for releasing connection of electricity; Rental Charges against metering equipment;
  - Testing fee for meters/transformers, capacitors etc.;
  - Labour charges from customers for shifting of meters or shifting of service lines; charges for duplicate bill
- [Circular No. 34/8/2018 GST dated 01.03.2018].

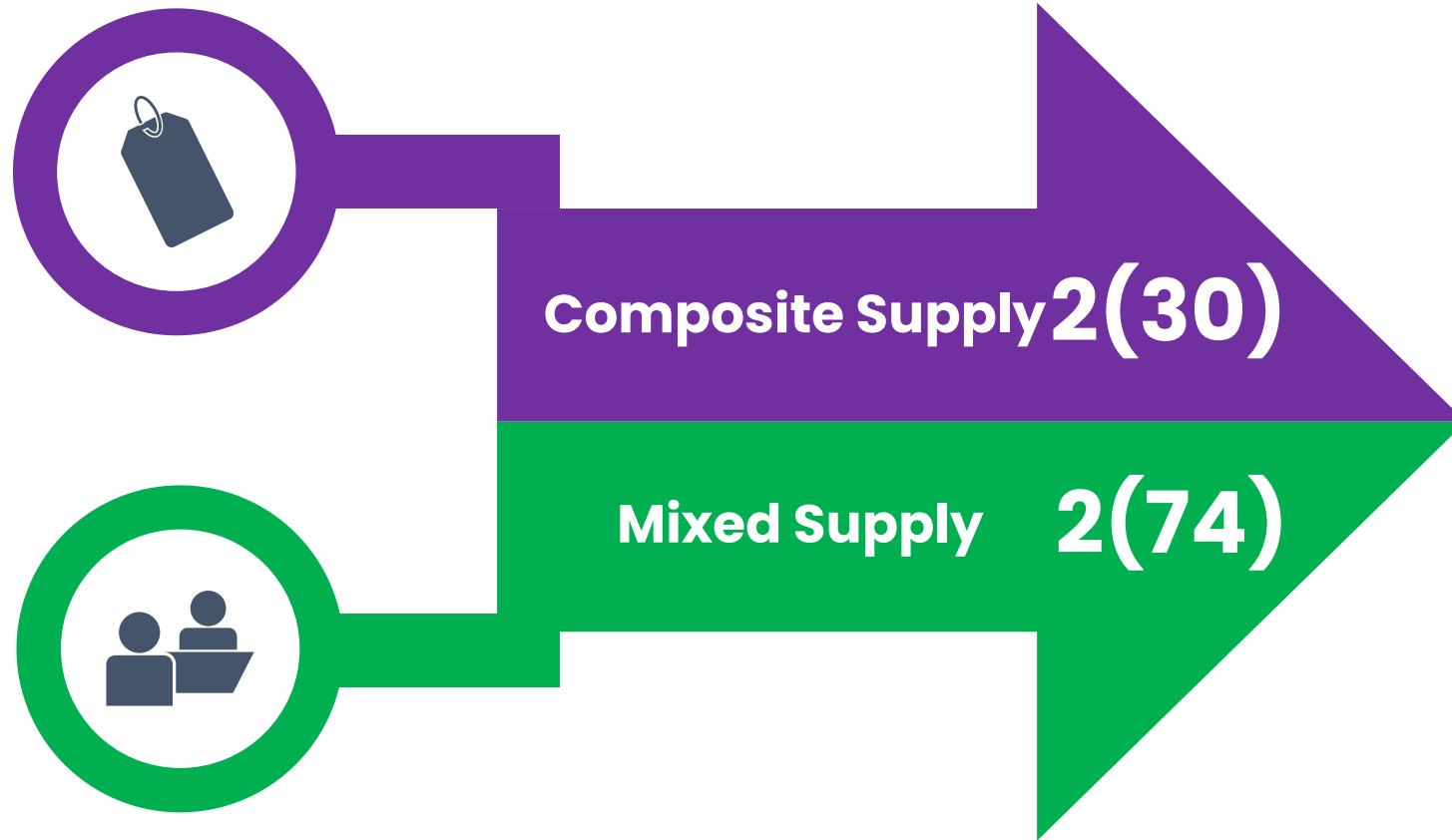
# Apartment Maintenance



# **TYPES OF SUPPLY**

# Supply

## Composite & Mixed Supply



# TYPE OF SUPPLIES

## Composite Supply

Means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

## Mixed Supply

Means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

# TYPE OF SUPPLIES

## Composite Supply

Naturally Bundled

02

03

In Conjunction with each other

01

04

Two or More Supplies

One of Which is a Principal Supply

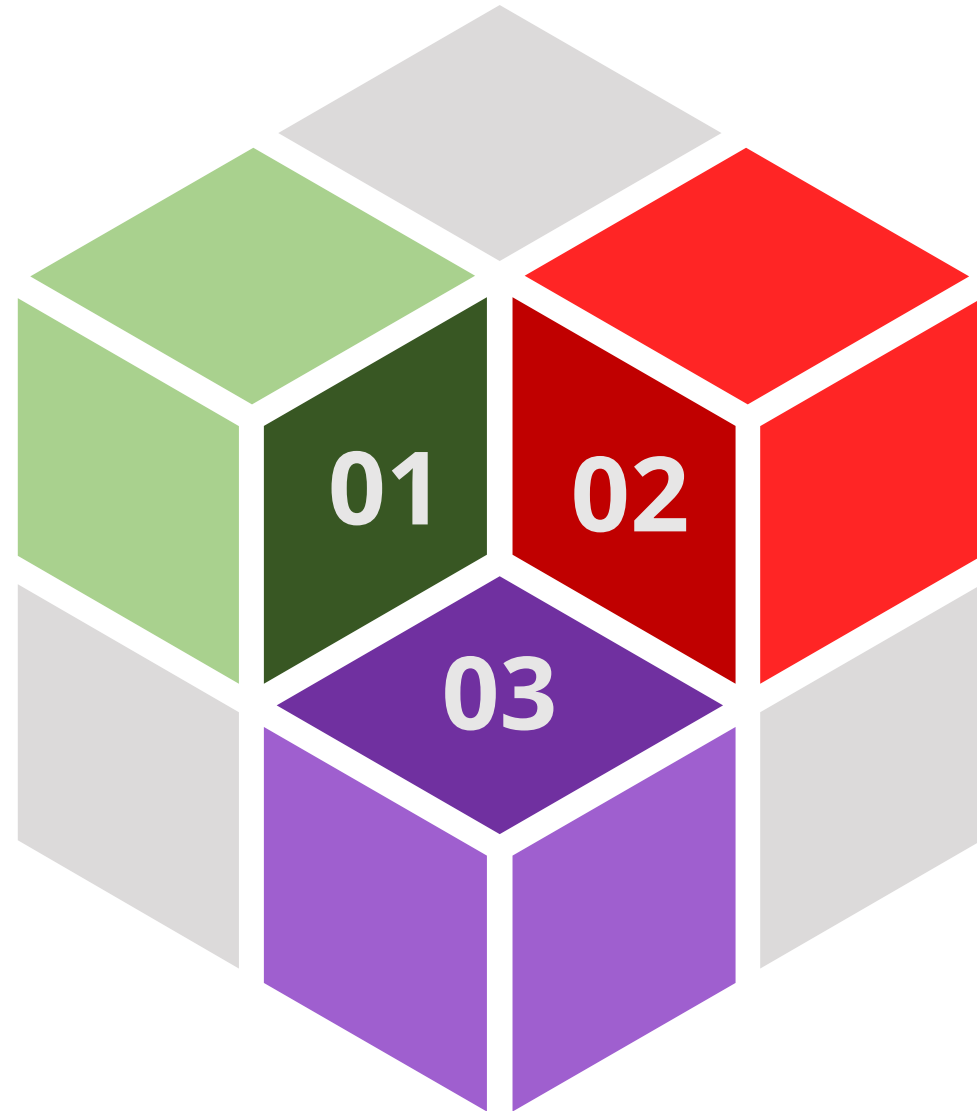
# TYPE OF SUPPLIES

## Mixed Supply

Consists of two or more supplies

Not Naturally Bundled

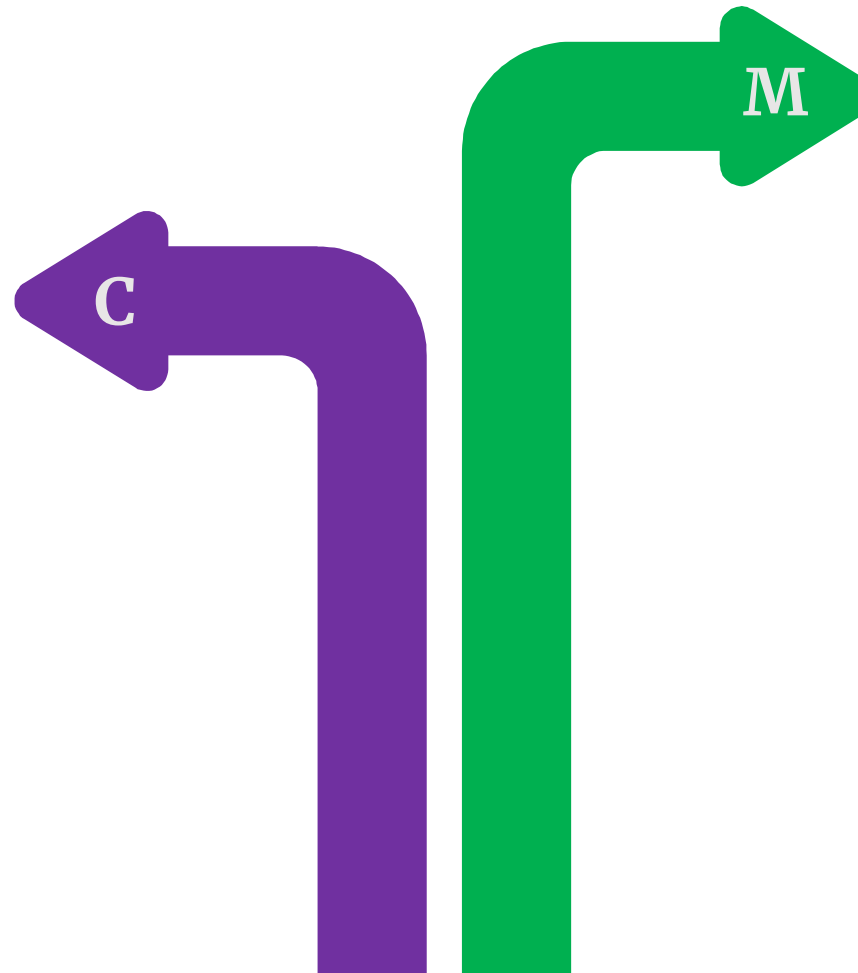
It can be supplied independently



# TYPES OF SUPPLY

## Taxability

Composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply;



Mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax



A Ltd is selling puffed rice to B Ltd.

The price of Puffed rice per Ton is ₹ 15,000

Transportation Charges is extra to be paid by B Ltd on actuals which amounted to ₹ 20,000

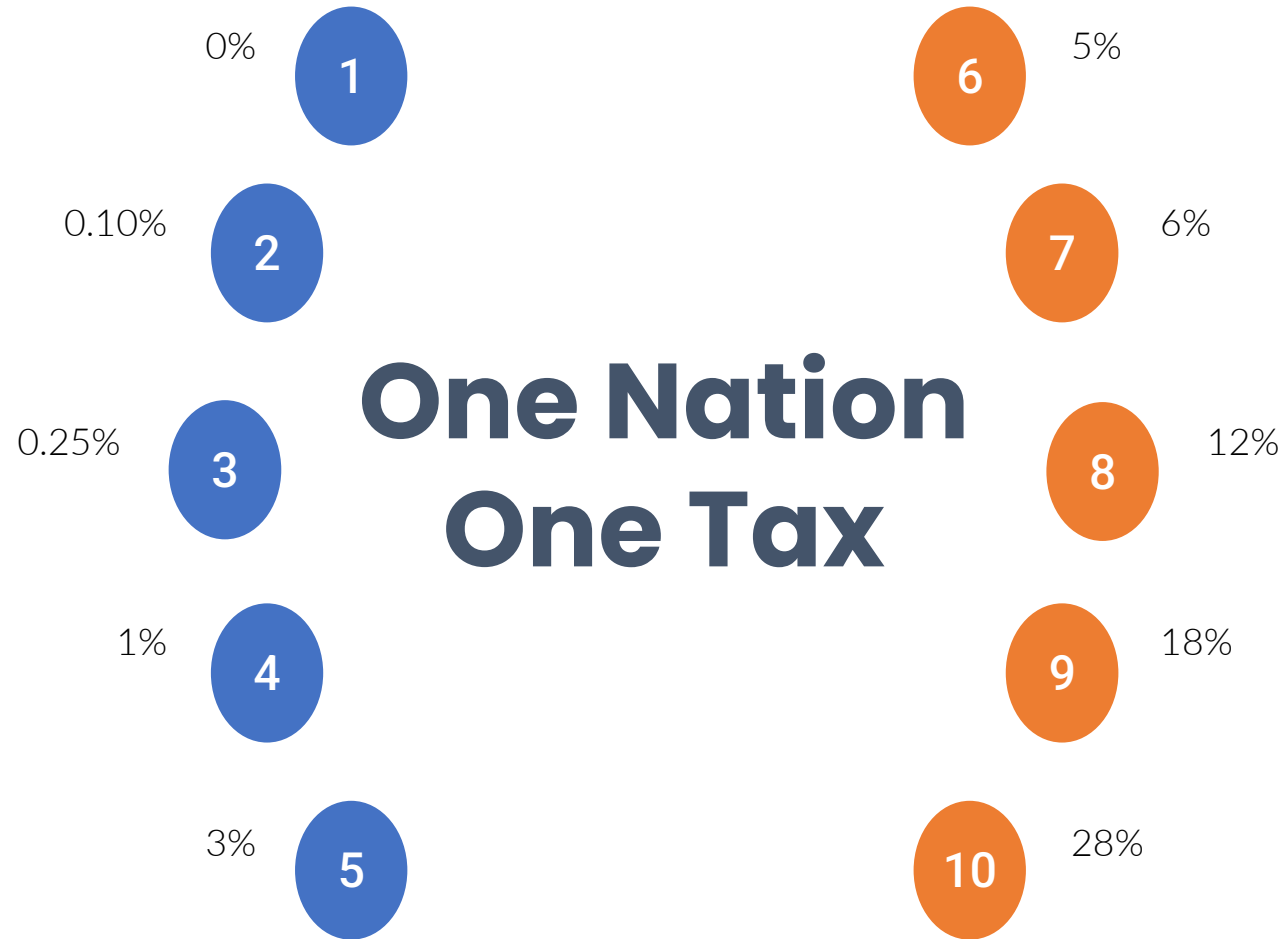
20 tons of puffed rice is supplied by A Ltd.

Is this is a composite supply or not?

What should be the tax rate for transportation?

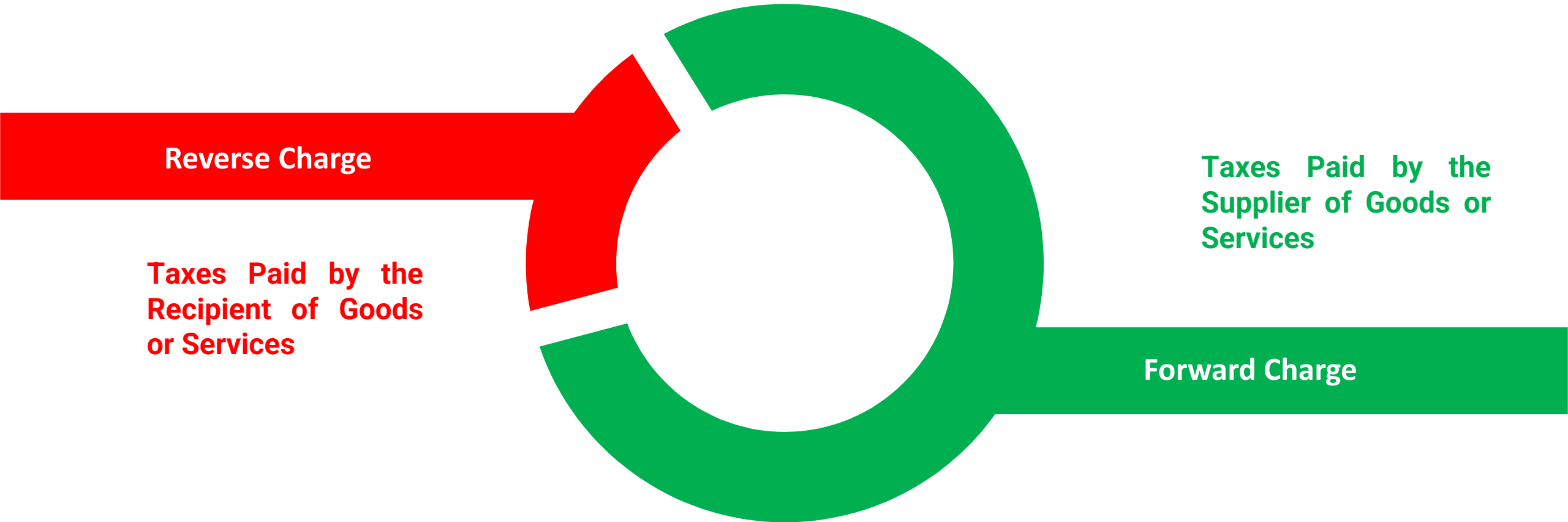
# **TAX RATES IN GST**

# TAX RATES IN GST

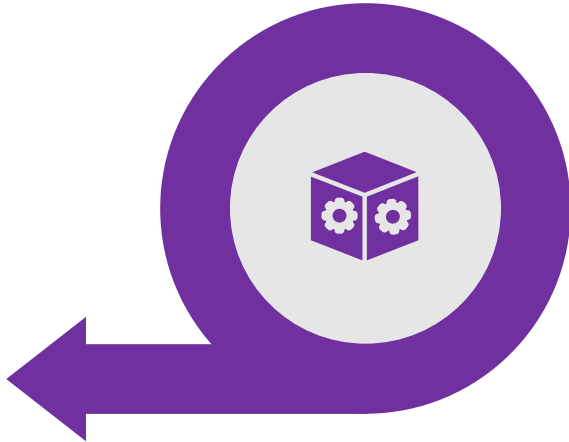


**REVERSE CHARGE**

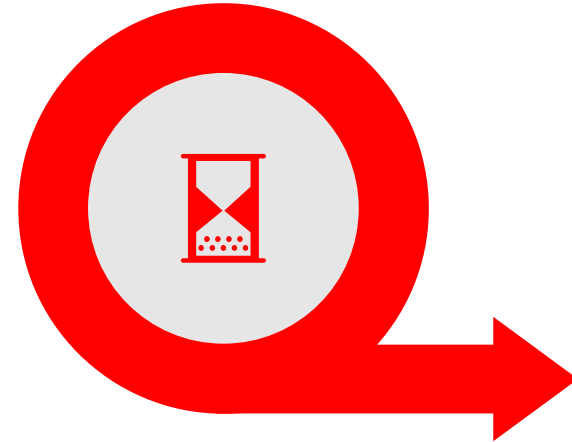
# TAX LIABILITY



# REVERSE CHARGE




Notified List of Goods & Services  
- Section 9(3)



Inward Supplies from Un-registered Tax  
payers – Section 9(4)

# REVERSE CHARGE

## Supplies from Unregistered Suppliers



Purchase of goods or  
services or both from  
Unregistered  
Taxpayers

# REVERSE CHARGE

## Supplies from Unregistered Suppliers

**1** Increase Tax base

**2** Cost of Compliance

**3** Cost of Tax Administration



# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
2	Services supplied by an individual advocate including a senior advocate by way of representational services before any court, tribunal or authority, directly or indirectly, to any business entity located in the taxable territory, including where contract for provision of such service has been entered through another advocate or a firm of advocates, or by a firm of advocates, by way of legal services, to a business entity.	An individual advocate including a senior advocate or firm of advocates	Any business entity located in the taxable territory.
3	Services supplied by an arbitral tribunal to a business entity.	An arbitral tribunal	Any business entity located in the taxable territory.

# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
4	Services provided by way of sponsorship to any body corporate or partnership firm	Any person	Any body corporate or partnership firm located in the taxable territory.
5	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, - (1) renting of immovable property, and (2) services specified below- (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers.	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory.

# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
6	Services supplied by a director of a company or a body corporate to the said company or the body corporate.	A director of a company or a body corporate	The company or a body corporate located in the taxable territory.
7	Services supplied by an insurance agent to any person carrying on insurance business	An insurance agent	Any person carrying on insurance business, located in the taxable territory
8	Services supplied by a recovery agent to a banking company or a financial institution or a nonbanking financial company.	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory.

# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
9	Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original dramatic, musical or artistic works to a music company, producer or the like.	Music composer, photographer, artist, or the like	Music company, producer or the like, located in the taxable territory. ”;
	Supply of services by the members of Overseeing Committee to Reserve Bank of India	Members of Overseeing Committee constituted by the Reserve Bank of India	Reserve Bank of India.”.

# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
8	Supply of services by an author, music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher, music company, producer or the like.	Author or music composer, photographer, artist, or the like	Publisher, music company, producer or the like, located in the taxable territory
	Supply of services by the members of Overseeing Committee to Reserve Bank of India	Members of Overseeing Committee constituted by the Reserve Bank of India	Reserve Bank of India.”.

# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
11	Services supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the Central Goods and Services Tax Act, 2017 (12 of 2017).	Central Government, State Government, Union territory or local authority	A banking company or a non-banking financial company, located in the taxable territory.”;
12	Services provided by business facilitator (BF) to a banking company	Business facilitator (BF)	A banking company, located in the taxable territory
13	Services provided by an agent of business correspondent (BC) to business correspondent (BC).	An agent of business correspondent (BC)	A business correspondent, located in the taxable territory.

# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
14	Security services (services provided by way of supply of security personnel) provided to a registered person: Provided that nothing contained in this entry shall apply to, - (i)(a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies; which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services; or (ii) a registered person paying tax under section 10 of the said Act.	Any person other than a body corporate	A registered person, located in the taxable territory.”;

# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
5B	Services supplied by any person by way of transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter.	Any Person	Promoter
5C	Long term lease of land (30 years or more) by any person against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent for construction of a project by a promoter.	Any Person	Promoter



# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
9A	Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub -section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher	Author	<p>Publisher located in the taxable territory:</p> <p>Provided that nothing contained in this entry shall apply where, - (i) the author has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017), and filed a declaration, in the form at Annexure I, within the time limit prescribed therein, with the jurisdictional CGST or SGST commissioner, as the case may be, that he exercises the option to pay central tax on the service specified in column (2), under forward charge in accordance with Section 9 (1) of the Central Goods and Service Tax Act, 2017 under forward charge, and to comply with all the provisions of Central Goods and Service Tax Act, 2017 (12 of 2017) as they apply to a person liable for paying the tax in relation to the supply of any goods or services or both and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;</p> <p>(ii) the author makes a declaration, as prescribed in Annexure II on the invoice issued by him in Form GST Inv-I to the publisher. ”;</p>

# REVERSE CHARGE

## RCM – u/s 9(3)

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
15	Services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate.	Any person, other than a body corporate who supplies the service to a body corporate and does not issue an invoice charging central tax at the rate of 6 per cent. to the service recipient	Any body corporate located in the taxable territory.”.
16	Services of lending of securities under Securities Lending Scheme, 1997 (“Scheme”) of Securities and Exchange Board of India (“SEBI”), as amended.	Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI	Borrower i.e. a person who borrows the securities under the Scheme through an approved intermediary of SEBI.”

# REVERSE CHARGE

## What is Goods Transport Agency (GTA)?

“Goods Transport Agency” means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.

### **Note:**

- If a consignment note is not issued by the transporter, the service provider will not come within the ambit of goods transport agency.
- If a consignment note is issued, it indicates that the lien on the goods has been transferred to the transporter and the transporter becomes responsible for the goods till it's safe delivery to the consignee.

# REVERSE CHARGE

## Specified persons under RCM

Normally a service provider is required to pay taxes under forward charge, but if a GTA provides the services to the following persons, recipient of services is required to pay GST under reverse charge:

Factory registered under the Factories Act, 1948

A society registered under the Societies Registration Act, 1860 or under any other law

A co-operative society established under any law

A person registered under GST

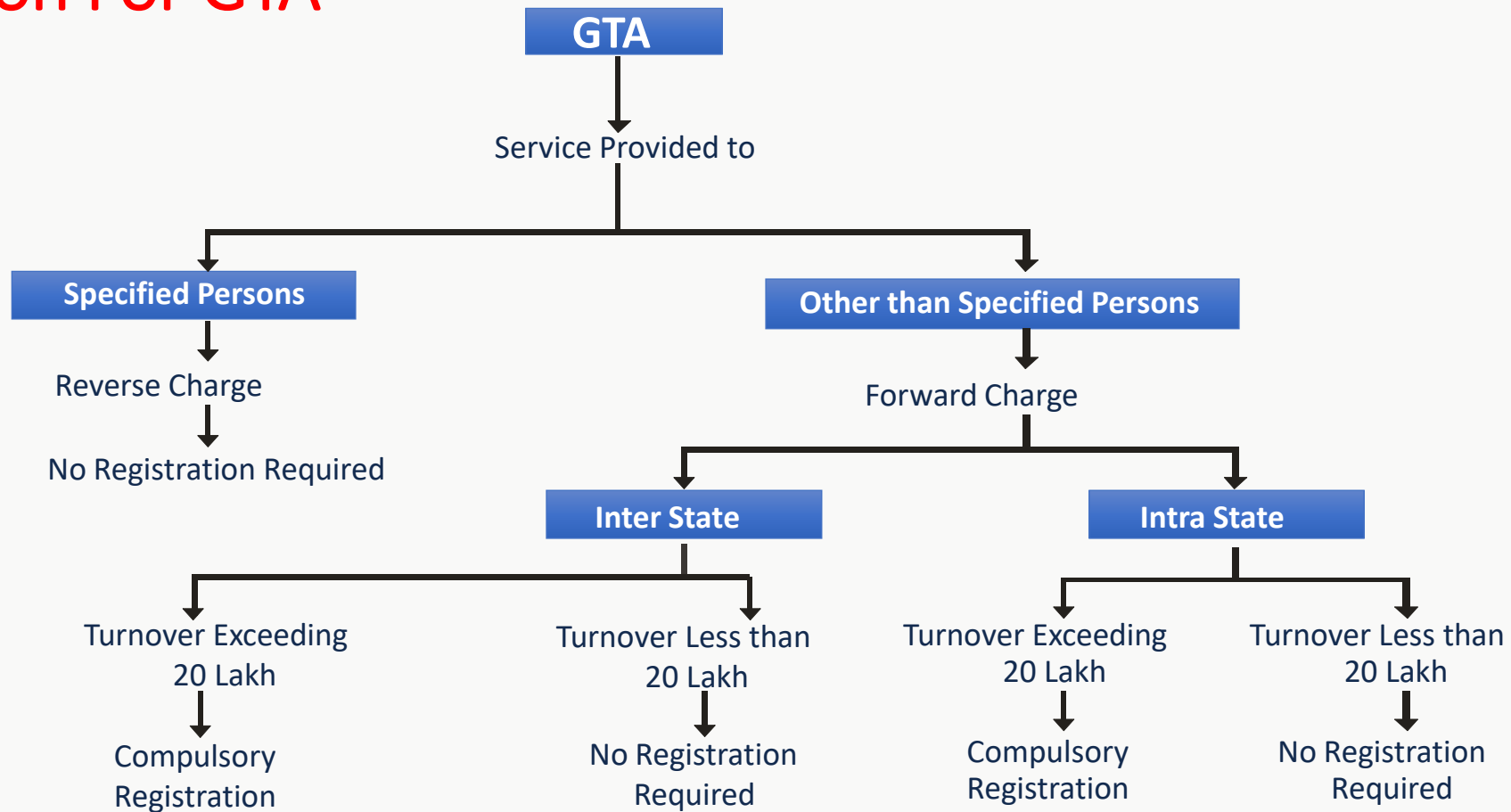
A body corporate established by or under any law

A partnership firm/LLP whether registered or not (including AOP)

Casual taxable person

# REVERSE CHARGE

## Registration For GTA



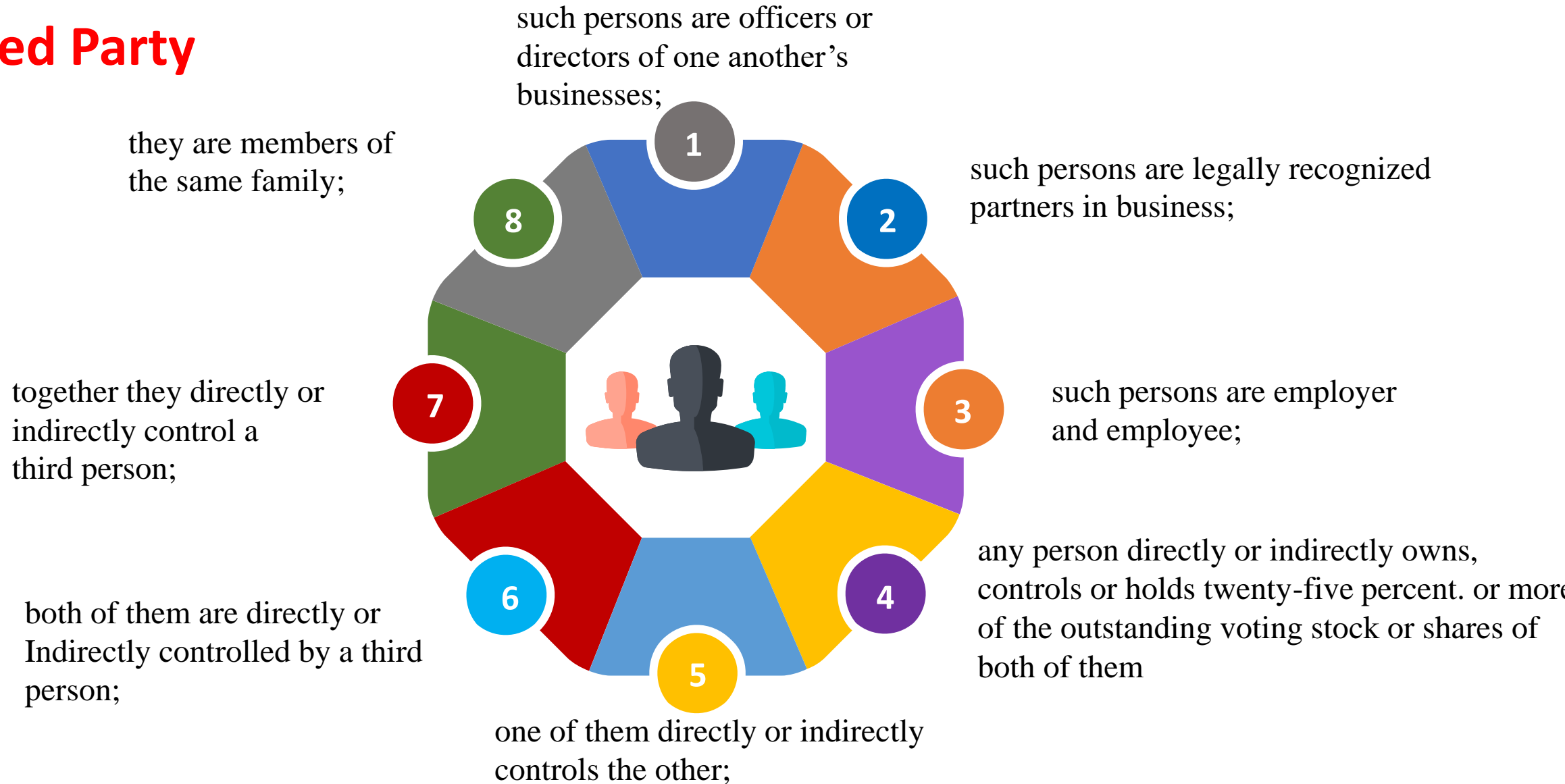
# REVERSE CHARGE

## RCM – u/s 9(3) : Notified Goods

Sr.No	Category of Supply of Service	Supplier of Service	Recipient of Service
1	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
2	Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
3	Tobacco leaves	Agriculturist	Any registered person
4	Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm yarn	Any registered person
5	Raw cotton	Agriculturist	Any registered person
6	Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent
7	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap	Central Government, State Government, Union territory or a local authority	Any registered person

# RELATED PARTY

## Related Party



# **DISTINCT PERSON**

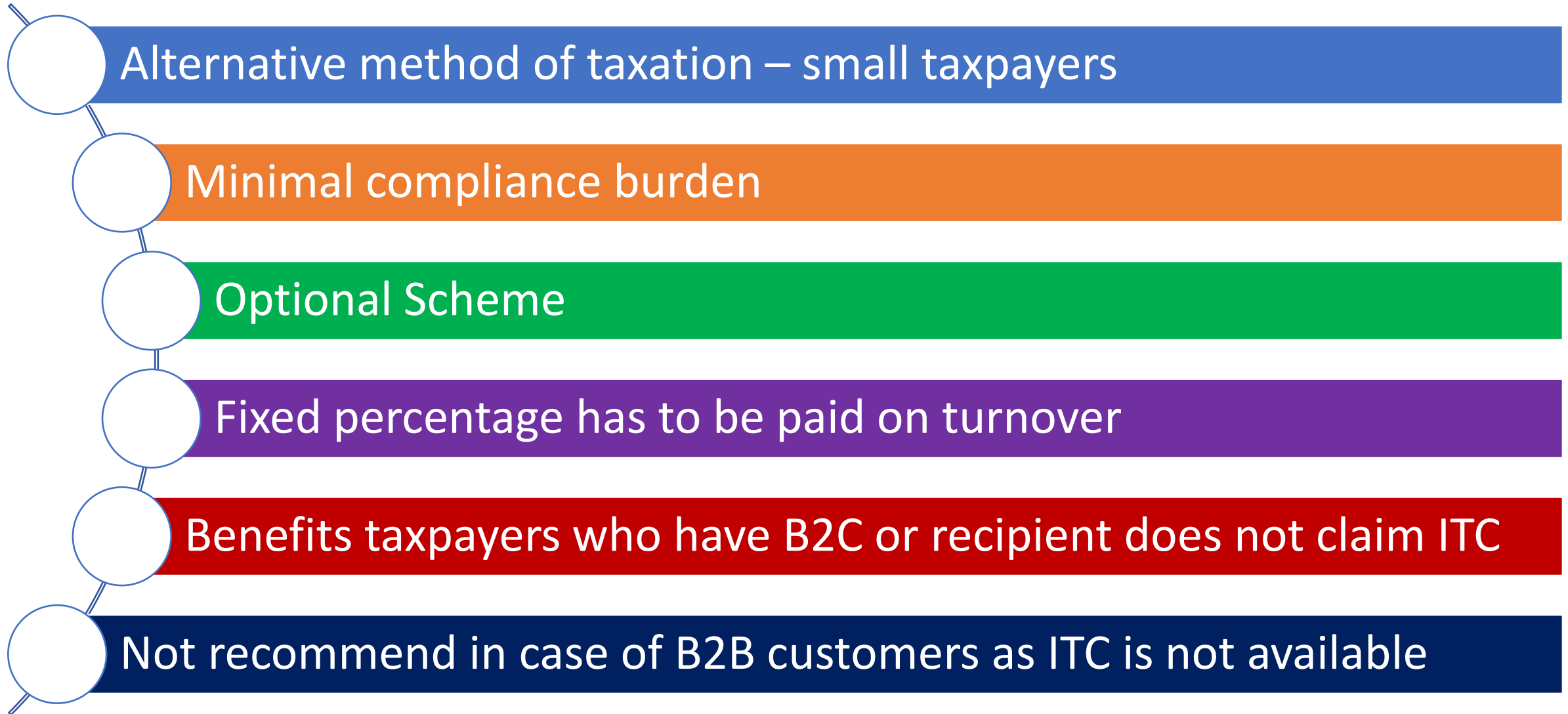
## **Distinct person**

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.



# COMPOSITION SCHEME

## Background



# COMPOSITION SCHEME

## Key Highlights

**1**

**Initially applicable to Traders, Restraints & Certain category of Manufacturers**

**2**

**On 13th Oct 2017 – Turnover Increased from ₹ 75 lacs to ₹ 100 lacs**

**3**

**Removal of Difficulties Order issued on 13<sup>th</sup> Oct 2017 to provide clarifications**

**4**

**From 1<sup>st</sup> Jan 2018, rate for manufactures have been reduced from 2% to 1%**

# COMPOSITION SCHEME

## Key Highlights

5

**Change in taxability from 1<sup>st</sup> Jan 2018 on taxable supplies in place of turnover**

6

**The act has been amended to cap the limit for composition taxpayers to ₹ 150 lacs – 1<sup>st</sup> Feb 2019**

7

**Services also included in composition scheme – 1<sup>st</sup> Feb 2019**

8

**from FY 2019 – 20 threshold increased from ₹ 100 lacs to ₹ 150 lacs**

9

**From 1<sup>st</sup> Feb 2020 – services has been introduced and limit is fixed to ₹ 50 lacs**

# **COMPOSITION SCHEME U/S – 10(1)**

# COMPOSITION SCHEME

## Composition Conditions – Section 10(1)

**01.** be engaged in provision of service except to the extent specified

**02.** be engaged in supply of good or service which are not leviable to tax under the act

**03.** be engaged in making interstate supply of good or service

**04.** be engaged in supply of good or service through an ecommerce operator

**05.** Neither a casual taxable person nor a non-resident taxable person

**06.** Cannot have registration in more than one state with same PAN Number

# COMPOSITION SCHEME

## Other Conditions – Section 10(1)

A manufacturer or trader of goods can also engage in supply of service with a limit of such supply to the higher of the following

- a) 10% of the turnover in the state or union territory in the preceding financial year or
- b) Rs.5,00,000/

The value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount shall not be taken into account for determining the value of turnover in a State or Union territory

A Ltd is registered under the Composition scheme, his turnover in the previous financial year is ₹ 30 Lacs and the current year he had supplies of services worth ₹ 4.5 Lacs. Can A Ltd be under the composition scheme?

# COMPOSITION SCHEME

## Tax Rate – Section 10(1)

Sl. No.	Category of Person	Max Rate as per Act	Effective Rate under Rule 7
1	Manufacturer of Goods	2% (CGST and SGST)	1% (CGST and SGST) of turnover
2	Restaurants	5% (CGST and SGST)	5% (CGST and SGST)
3	Traders	1% (CGST and SGST)	1% (CGST and SGST) of taxable supplies of goods and services



# **COMPOSITION SCHEME U/S – 10(2A)**

# COMPOSITION SCHEME

## Overview – Section 10(2A)



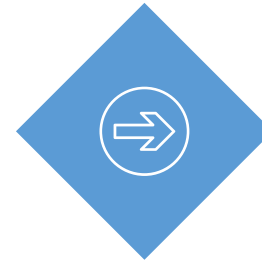
Implemented from 01.04.2019



Applicable to all taxpayers who are ineligible to opt for the scheme under section 10(1)



Initially implemented through Notification No. 02/2019-CT (R) dated 07.03.2019



The turnover limit prescribed is ₹ 50 lakhs.



Statutory force was brought to the notification by inserting sub-section (2A) through Finance (No.2) Act, 2019 effective from 01.01.2020.



Rate of tax is 6% (3% CGST and 3% SGST)

# COMPOSITION SCHEME

## Composition Conditions – Section 10(2A)

**01.** be engaged in provision of service except to the extent specified

**02.** be engaged in supply of good or service which are not leviable to tax under the act

**03.** be engaged in making interstate supply of good or service

**04.** be engaged in supply of good or service through an ecommerce operator

**05.** Neither a casual taxable person nor a non-resident taxable person

**06.** Cannot have registration in more than one state with same PAN Number

# **COMMON CONDITIONS**

# COMPOSITION SCHEME

## Common Conditions

Provision	Description
Section 10(3)— Lapse of scheme	The scheme availed shall lapse from the day on which aggregate turnover during a financial year exceeds the limit specified under section 10(1) or 10(2A) as the case may be
Section 10(4)— Tax shall not be collected & credit shall not be claimed	<ul style="list-style-type: none"><li>• Person paying tax under the scheme shall not collect any tax from recipient on supplies</li><li>• Recipient shall also not be entitled to claim ITC of the tax paid by supplier under the scheme.</li></ul>
Section 10(5)— Recovery under section 73 and 74	Where the proper officer has reasons to believe that a taxable person has paid tax under these schemes despite not being eligible, then such person shall be liable to pay the tax amount as applicable at normal rates and also liable for penalty which shall be recovered under section 73 or 74.

# COMPOSITION SCHEME

## Common Conditions

1. Liable to pay tax under reverse charge on goods or services received by him.
2. He shall mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him
3. He shall mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business

# COMPLIANCES

# COMPOSITION SCHEME

## Compliances

**1.**

### During the year of registration

- The taxable person is required to opt at the time of registration itself.
- Intimation can be given in Part-B of Form GST REG-01.

**2.**

### Subsequent Years

- Intimation is required to be given in Form GST-CMP-01 prior to commencement of FY.
- Required to reverse ITC availed on closing stock of inputs, inputs in semi-finished and finished goods and capital goods
- Required to furnish ITC-03 within 60 days from the commencement of relevant FY.

**3.**

### Tax Payment

- Quarterly through GST CMP-08
- Due date is 18th of month succeeding the quarter.

**4.**

### Return Filing

- Annual Return in Form GSTR-4
- Due date is 30th April following the end of FY



# COMPOSITION SCHEME

## Migration from Composition to Regular Scheme

**Exit from Composition Scheme can be out of the following cases:**

- Taxpayer is required to opt out of composition scheme when he exceeds the turnover or fails to satisfy the other conditions.
- Proper officer invoke proceedings under section 73 or 74 alleging that the taxable person is not entitled for composition scheme

**If taxable person opts out of scheme, the same shall be required to be intimated in Form GST CMP-04.**

**ITC on closing stock prior to exit from scheme can be claimed by filing Form GST ITC-01 within 30 days of opting out of composition scheme.**

# COMPOSITION SCHEME

## Migration from Composition to Regular Scheme

- If a taxable person is proceeded under section 73 or 74, then notice shall be served in Form GST CMP-05.
- The taxable person is required to file reply in Form GST CMP-6.
- Order shall be passed either allowing the scheme or rejecting the scheme in Form GST CMP-07.

From the date on which the benefit of the scheme has been rejected, the taxable person is entitled to claim ITC on stock of inputs, inputs in semi-finished and finished goods and capital goods by filing form GST ITC-01.

# COMPOSITION SCHEME

## Composition Scheme Types

Sr.No	Particulars	Type 1	Type 2
1	Applicability	Applicable to Manufacturers, Traders & Restaurant Service Providers	Applicable to all other persons
2	Turnover Limit	₹ 150 lacs	₹ 50 lacs
3	Tax Rate	Manufacturers & Trades - 1% Restaurants - 5%	6%
4	Other conditions	Services turnover should not exceed 10% of the turnover in preceding FY or Rs. 5 lakhs whichever is higher	No Restrictions

# COMPOSITION SCHEME

## Decision – From Whom to Buy?

	Registered	Compostion	Unregistered
Wooden Table	50,000	50,000	50,000
GST - 28%	14,000	14,000	14,000
Total Cost	50,000	64,000	64,000
Profit	5,000	5,000	5,000
Selling Price	55,000	69,000	69,000
GST - 28%	15,400	0	0
Price paid by customer	70,400	69,000	69,000
Tax paid by compostion dealer		683	
Actual profit	5,000	4,317	5,000
Cost to customer - Registered	55,000	69,000	69,000
Cost to customer - Un Registered	70,400	69,000	69,000

# COMPOSITION SCHEME

## Restaurants - Regular & Composition Scheme

Particulars	Regular Scheme	Composition Scheme
Rate of GST	5%	5%
Input Tax Credit	Not Eligible	Not Eligible
Pricing	Exclusive of GST	Inclusive of GST
Payment of GST	Monthly	Quarterly
Return Filing	Monthly/Quarterly	Annual
Threshold	No Limit	₹ 150 lacs
Supplies to e-commerce operators	Yes	Yes

## **CASE LAWS**

### **M/s. The TATA Power Company Limited Vs. Maharashtra AAR**

#### **Question Raised**

*Whether the recovery of an amount towards Top-up and parental insurance premium from the employees, amounts to a supply of any service under Section 7 of the Central Goods & Service Tax Act, 2017?*

## CASE LAWS

### M/s. The TATA Power Company Limited Vs. Maharashtra AAR

Answer

*Not a Supply*

## CASE LAWS

### M/s. The TATA Power Company Limited Vs. Maharashtra AAR

#### Reason

The Activity undertaken by the applicant like providing of mediclaim policy for the employees and their parents (parents of the employees) through the insurance company neither satisfies conditions of section 7 to be held as “supply of service” (in the instant case, insurance service) nor is it covered under the term “business” of section 2(17) of CGST ACT 2017. Hence, we find that the applicant is not rendering any services of health insurance to their employees' parent and; hence, there is no supply of insurance services in the instant case of transaction between employer and employee.



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