

Session 1 - Sources of Dispute

Advanced Certification Course in GST Litigation Management (ACCGLM)

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Course Overview and Introduction



Advanced Certificate Course in GST Litigation Management

S. No	Topic
1	Sources of disputes - Over View of GST Laws - present Issues in Litigation
2	Scrutiny - Scrutiny of Returns, Notices handling and how to draft & submit reply
3	Assessment - Assessments - Notices, handling and how to draft & submit reply
4	Litigation arising from Audit Potential litigation arising from the audit Audit-induced legal exposure Possible legal action resulting from the audit
5	Anti Evasion - Enforcement - Search & Seizure
6	Litigation Process Specific issues in drafting the reply or filing appeal Leveraging allied laws in litigation Notices and different Prescribed Forms Adjudication Inspection, Search, Seizure, Summons & Arrest 1st Appellate Authority GSTAT
7	Advance Ruling
8	Case Study – Practical case studies

Sources of disputes - Over View of GST Laws - present Issues in Litigation

S. No	Session 1
1	Overview of GST, Jurisdiction - Centre or State or both, Conundrum of Concurrent Jurisdiction & Sec 6(2)(b) of CGST Act, Registration under GST
2	Issues related to Supply, Classifications, Taxability, exemption, Valuation
3	Notifications and Circulars issued under GST Laws - binding effect
4	Issues related to time of supply, place of supply, Registration, invoicing and related filing of returns, E-way bills - present issues
5	Issues related to Input Tax Credit including block credit and reversal of ITC, GSTR-2A, GSTR-2B etc, ISD and Job-work - present issues

**Overview of GST Jurisdiction -
Centre or State or both
- Sec 6(2)(b) of CGST Act**



Important Aspects on Jurisdiction

Mastery of jurisdiction, statutory forms, timelines, and purpose-driven authority is critical for effective GST compliance

Key Understanding:

- **Who can initiate proceedings**
- **Why different authorities act**
- **Which statutory forms to use**
- **How to handle multi-authority or multi-year SCNs**

A proactive, legally grounded, and documented approach minimizes litigation risk, penalty exposure, and procedural challenges

Important point to remember:

Distinguish Between Officer Types

- **Jurisdictional GST Officer** – Routine compliance and recovery.
- **Audit Officer** – Fact-finding; cannot issue demand.
- **DGGI / Anti-Evasion** – High-value/fraud cases, stricter penalties.
- **Delegated Officers** – Powers via notification/admin order

Who Can Initiate GST Proceedings?

Jurisdictional GST Officer (State / Central)

Statutory Basis:

- **Section 6(2)(b) CGST Act:** Only the officer assigned territorial and functional jurisdiction can initiate proceedings for a taxpayer, tax period, and issue.
- **Sections 73 / 74 / 74A:** Authority to issue demand notices for non-fraud, fraud, or unified demand cases

Purpose:

- Recovery of short-paid or unpaid tax, erroneous refunds, and misuse of ITC.
- Routine enforcement and compliance verification

GST Jurisdiction of State/ UT officers – Section 6

Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances – Section 6

Sec 6(1) - the officers appointed under the SGST or the UTGST Act are authorised to be the proper officers for the purposes of this Act, on the recommendations of the Council, by notification, specify

Sec 6(2)(b) - where a proper officer under the SGST or the UTGST Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter

Forms and Legal Relevance

Stage	Form	Statutory Reference	Legal Significance
Pre-SCN Communication	ASMT-10	Section 61	Scrutiny of returns; not SCN
Taxpayer Reply	ASMT-11	Section 61	Response to ASMT-10; does not create liability
Scrutiny Closure	ASMT-12	Section 61	Closes scrutiny; no demand created
Show Cause Notice	DRC-01	Sections 73/74/74A	Formal SCN - triggering proceedings
Reply to SCN	DRC-06	Section 75	Mandatory portal reply
Demand / Adjudication Order	DRC-07	Sections 73/74/74A	Creates enforceable liability
Payment/ Acknowledgment	DRC-03 / DRC-04	Sections 73/74/74A	Voluntary payment to reduce penalty

Audit Officer under Section 65 / Special Audit under Section 66

Statutory Basis:

- **Sec 65:** General audit for verification of turnover, ITC claims, and overall GST compliance
- **Sec 66:** Special audit in high-risk or complex cases, conducted by qualified professionals

Purpose:

- Identify discrepancies and potential non-compliance
- Provide audit reports that may later form the **basis for SCN issuance**

Stage	Form	Legal Relevance
Audit Intimation	ADT-01	Section 65; formal intimation of audit
Audit Findings / Report	ADT-02	Section 65/66; identifies discrepancies; not a SCN

Practical Insight:

Audit reports are fact-finding instruments. Submissions during audit should be thorough, supported by reconciliations, as findings often inform SCN content

**AYUSHI GALVANO V/S COMMISSIONER (AUDIT), GST & CE, BHUB.
– (2026) 38 CENTAX 113 (ORI.) [24-12-2025]**

GST proceedings restrained due to unauthorised issuance of ADT-02 causing prejudice to taxpayer – Orissa High Court

Writ petition challenged audit notice in Form GST ADT-01 by Assistant Commissioner and consequent demand-cum-SCN. Petitioner asserted ADT-02 was ***issued by Superintendent not designated as proper officer***, vitiating initiation. Revenue accepted ADT-02 was issued by Superintendent, but urged ADT-01 and demand-cum-SCN were issued by competent proper officer

HELD: It was noted that proper officer authorised had to communicate audit findings post audit. It was observed that superintendent was not declared as proper officer for informing audit findings under relevant circular. Matter required consideration. Prima facie case existed and invalid communication would cause serious prejudice if adjudication proceeded. Balance of convenience leaned in favour of petitioner. Respondents were to be directed to not to proceed further with demand-cum-SCN till next date **[Sec 73 r/w Sec 2(91) & 65 of CGST Act, 2017]**

Anti-Evasion / Investigation Officers (DGGI / SGST Intelligence)

Statutory Basis:

- Sections 74/74A and CBIC notifications empower these officers to pursue cases involving fraud, wilful misstatement, or suppression of facts

Purpose:

- Detect and prevent **tax evasion**
- Investigate high-value or **systemic fraud cases**

Forms used:

- Investigation Reports → SCN (DRC-01) → Reply (DRC-06) → Demand Order (DRC-07) → Payment / Acknowledgment (DRC-03 / DRC-04)

Practical Insight:

DGGI proceedings often involve **higher penalties and greater scrutiny**. Taxpayer responses must be **precise, evidence-based, and legally substantiated**

Delegated Officers (Notification / Administrative Order)

Power Basis:

- Commissioners may delegate authority u/s 2(91) or administrative notifications

Purpose:

- Target specific sectors, high-value areas, or compliance issues without overloading jurisdictional officers

Forms used:

- Same statutory sequence as jurisdictional officers: **DRC-01** → **DRC-06** → **DRC-07**

Practical Insight:

Always verify **delegation authority**. Actions by officers without statutory assignment may be ultra vires and challengeable

Handling Multiple Authorities & Multi-Year SCNs

Principle of “One Issue, One Authority”

- Section 6(2)(b) CGST Act: Only the officer with assigned jurisdiction may adjudicate a given issue and tax period.
- SCNs from other authorities on the same issue/period are procedurally invalid

Multi-Year / Consolidated SCNs

- SCNs may cover **multiple tax periods** together, particularly u/s **74A (unified demand)**.
- **Legal approach:** Respond period-wise, verify correct calculation of liability, and ensure **no duplication or overlap**

Handling Multiple Authorities & Multi-Year SCNs

Scenario	Recommended Action
Multiple SCNs for same issue/period	Respond to first SCN , reference other notices, cite Section 6(2)(b)
DGGI vs. State GST SCNs	Submit portal reply to first SCN, highlight jurisdictional priority
Multi-year SCN	Analyze each period individually; reconcile ITC/tax; attach supporting documents
Preliminary queries (audit/DRC-01A/ASMT-10)	Treat as information request; submit reconciliations; SCN response is authoritative
Second SCN persists despite Section 6(2)(b)	Challenge jurisdiction in SCN reply; escalate via High Court/Writ Petition if necessary

**TOYOTA KIRLOSKAR MOTOR PVT. LTD. V/S UNION OF INDIA
CITATION: (2024) 24 CENTAX 48 (KAR.) [21-08-2024]**

SGST authorities can't initiate proceedings if CGST had already initiated proceedings on same issue

Where Central GST authorities had already initiated proceedings regarding ITC matters, State GST authorities issued subsequent SCN demanding ITC along with interest and penalty. Additionally, Central GST authorities issued separate SCN denying ITC u/s 16(4) for belated availment.

HELD: Sec 6(2)(b) creates ***complete bar on State GST authorities initiating proceedings where Central GST authorities have already initiated proceedings on same subject matter***. State GST SCNs quashed being without jurisdiction. For Central GST SCN, matter remanded for reconsideration in light of ***Circular No. 211/5/24-GST dated 26.06.2024 and precedent in Bosch Limited case***. Petition partly allowed [Sec 16 r/w sec 6(2) of CGST Act, 2017]

**Armour Security (India) Ltd. V/s Commissioner, CGST, Delhi East
– (2025) 33 Centax 222 (S.C.)- Decided on 14-08-2025**

Parallel proceedings barred only for same contravention; distinct infractions not barred despite similar liability – Supreme Court

Sec 6(2)(b) of CGST Act bars "**initiation of any proceedings**" on "**same subject matter**".

Any action arising from audit of accounts or detailed scrutiny of returns must be initiated by authority to which taxpayer is assigned. Intelligence based enforcement action can be initiated by any one of Central or State tax administrations despite taxpayer having been assigned to other administration.

Parallel proceedings should not be initiated by other tax administration when one of tax administrations has already initiated intelligence-based enforcement action.

All actions that are initiated as a measure for probing an inquiry or gathering of evidence or information **do not constitute "proceedings"** as per Sec 6(2)(b).

Armour Security (India) Ltd. V/s Commissioner, CGST, Delhi East – (2025) 33 Centax 222 (S.C.)- Decided on 14-08-2025

"initiation of any proceedings" refers to formal commencement of adjudicatory proceedings by way of issuance of a SCN, and does not encompass issuance of summons, or conduct of any search, or seizure etc. "subject matter" refers to any tax liability, deficiency, or obligation arising from any particular contravention which Department seeks to assess or recover.

Where any two proceedings initiated by Department seek to assess or recover an identical or a partial overlap in tax liability, deficiency or obligation arising from any particular contravention, **bar of Sec 6(2)(b) would be immediately attracted.**

Armour Security (India) Ltd. V/s Commissioner, CGST, Delhi East – (2025) 33 Centax 222 (S.C.)- Decided on 14-08-2025

Where proceedings concern distinct infractions, same would not constitute a "same subject matter" even if tax liability, deficiency, or obligation is same or similar, and bar would not be attracted.

Two fold test for determining whether a subject matter is "same" entails,
first, determining **if an authority has already proceeded on an identical liability**
of tax or alleged offence by assessee on same facts, and
secondly, **if demand or relief sought is identical** [Sec 6 of CGST Act, 2017]

**MD. Aniquul Islam V/s DGGI
(2025) 37 Centax 375 (Del.) Dated 16-12-2025**

Where trader and manufacturer faced search, seizure, & summons regarding purchase and supply of goods, issuance of summons for information-gathering was not commencement of proceedings and writ petitions challenging these actions were premature

Petitioners comprised GST-registered trader of bidi and GST-registered manufacturer-supplier - Trader purchased finished stock from manufacturer against tax invoices, paid via banking channels, filed returns

DGGI searched trader premises and seized goods citing non-production of invoices. Summons issued same day and later referenced unrelated entity, which trader denied. DGGI searched manufacturer premises and stock tallied with records, and summons followed. Petitioners filed writs challenging summons, seeking release of seized goods, and protection against arrest

MD. Aniquul Islam V/s DGGI
(2025) 37 Centax 375 (Del.) Dated 16-12-2025

HELD: Power to summon operated for information-gathering in inquiry and inquiry was deemed judicial only for limited purposes. ***Such summons did not amount to initiation of proceedings and could not be interdicted at this stage.*** Even post-search, department must either issue notice on merits or drop matter. Statutory safeguards existed prior to any arrest, including requirement of reasons to believe and communication of grounds. Writ petitions were premature and devoid of merit and were dismissed, with liberty to approach appropriate forum at appropriate stage

How to manage SCN and related Communications – Practical Guide

- 1. Confirm Proper Officer Authority** – Verify that the officer issuing any notice or SCN has statutory jurisdiction. Check delegation orders or notifications.
- 2. Track the First Initiating Authority** – Only the first authority for a given issue and tax period can adjudicate [Sec 6(2)(b)]. Avoid duplication.
- 3. Treat Preliminary Communications as Information Requests** – Forms like ASMT 10, ADT 02, or DRC 01A are pre-SCN requests. Respond with data and reconciliations, not formal demand notices.
- 4. Follow Proper Form Compliance**
 - SCN → DRC 01
 - Reply → DRC 06 (portal submission only)
 - Demand / Adjudication → DRC 07Deviations may render proceedings procedurally defective.

How to manage SCN and related Communications – Practical Guide

- 5. Handle Multi-Year or Combined Period SCNs Carefully** – Respond period-wise with reconciliations and supporting documents; avoid double-counting.
- 6. Maintain a Documented Audit Trail** – Record all notices, replies, portal timestamps, reconciliations, and communications for legal defensibility.
- 7. Seek Jurisdiction Clarification if Multiple Authorities Are Involved** – Early clarification can prevent duplication and procedural disputes.
- 8. Strategic Early Responses Can Reduce Risk** – Proactive, compliant, and documented replies can prevent escalation, penalties, and litigation

Practical Actions to Avoid Duplication or Procedural Issues

1. Acknowledge Every Communication

- Submit receipt acknowledgment via GST portal.
- Establishes awareness and prevents claims of non-response.

2. Identify First SCN Issuer

- Determine which authority issued the first SCN for a given issue/period.
- Challenge subsequent SCNs as ultra vires, if applicable.

3. Consolidate Responses Where Possible

- Submit a single portal response referencing all prior communications.
- Attach reconciliations and prior submissions.

Practical Actions to Avoid Duplication or Procedural Issues

4. Request Formal Jurisdiction Clarification

- Cite Section 6(2)(b) and administrative instructions if multiple authorities issue notices.
- Often leads to transfer/consolidation of proceedings.

5. Maintain Accurate Reconciliations

- Reconcile returns, ITC, payments, and accounts for all affected periods.
- Reduces queries and scrutiny risk.

6. Evaluate Voluntary Payments Carefully

- Payment via DRC 03 may reduce penalties.
- Verify classification of the issue (fraud, Sec 74A) to avoid unintended implications.

Practical Actions to Avoid Duplication or Procedural Issues

7. Respond Strategically

- Avoid contradictory explanations to different authorities.
- Reference prior submissions to maintain consistency.

8. Stage-Wise Litigation Planning

- Early responses during scrutiny, audit, or pre-SCN can influence final adjudication.
- Plan carefully with legal and factual support.

9. Legal Recourse if Duplication Persists

- Challenge ultra vires SCNs through SCN reply, appeals, or High Court/Writ petition.
- Document jurisdictional arguments and timelines meticulously

10. Timely Responses

- Submit SCN replies and payments within statutory timelines.
- Late or offline submissions may be legally ineffective

Notifications & Circulars issued under GST Laws - binding effect



Sec 168 – Power to issue instructions or directions

Power to issue instructions or directions.

168.(1) The Board may, if it considers it necessary or expedient so to do for the purpose of uniformity in the implementation of this Act, issue such **orders, instructions or directions** to the **central tax officers** as it may deem fit, and thereupon **all such officers and all other persons employed in the implementation** of this Act **shall observe and follow such orders, instructions or directions.**

(2) The **Commissioner** specified in clause (91) of section 2, sub-section (3) of section 5, clause (b) of sub-section (9) of section 25, sub-sections (3) and (4) of section 35, sub-section (1) of section 37, sub-section (6) of section 39, Section 44, sub-sections (4) and (5) of section 52,] [sub-section (1) of section 143, except the second proviso thereof], clause (l) of sub-section (3) of section 158 and section 167 shall mean a **Commissioner or Joint Secretary posted in the Board and such Commissioner or Joint Secretary shall exercise the powers specified in the said sections with the approval of the Board.**

GST Notifications

Definition

GST Notifications are legal instruments issued by the central or state government under the GST Act.

All stakeholders are bound by them after publication in the Official Gazette.

Notifications implement laws or revise tax rates, exemptions, or procedural timelines.

Key Features

- ❑ Issued by the Central Government or State Governments based on recommendations of the GST Council.
- ❑ Always published in the Official Gazette.
- ❑ They modify, clarify, or bring provisions of the GST law into force.
- ❑ Binding on all taxpayers and officers.

Common Types of Notifications –

- ❑ GST rate changes for goods and services.
- ❑ Exemptions for specific categories.
- ❑ Extension of due dates for return filings.
- ❑ New procedural requirements or amendments to old ones.

Example

GST Council recommends reducing the GST rate on electric vehicles from 12% to 5%.

This change is implemented through a Notification by the Ministry of Finance and published in the Official Gazette.

GST Circulars

Definition

GST Circulars are explanatory documents issued by the Central Board of Indirect Taxes and Customs (CBIC). They are not new laws but are used to explain how existing provisions of GST law should be interpreted or implemented.

Key Features

- ❑ Issued only by the CBIC.
- ❑ They are binding on GST officers, but not necessarily on taxpayers or courts.
- ❑ Meant to provide clarity and consistency in applying GST law.

Purpose –

- ❑ Clarify ambiguous provisions of the law.
- ❑ Give direction to officers on how to apply the law uniformly.
- ❑ Provide guidance on refunds, input tax credit (ITC), reverse charge, etc.

Example

A Circular might explain whether GST is applicable on post-sale discounts offered by suppliers.

It does not change the law but helps officers interpret it the same way across the country

GST Orders

Definition

GST Orders are executive instructions or administrative directives issued by the CBIC or GST authorities.

They are often used to assign powers, designate officers, or address issues not covered directly by Notifications or Circulars

Key Features

- ❑ Used for administrative and operational purposes.
- ❑ May not always be published in the Official Gazette.
- ❑ Internal departmental clarity and efficiency.

Purpose –

- ❑ GST orders are formal, legal decisions issued by tax authorities to ensure compliance, determine tax liabilities, enforce regulations under the GST framework.
- ❑ Their primary purpose is to address tax evasion, resolve disputes, facilitate audits, and ensure taxpayers correct discrepancies in returns, ultimately fostering transparency.

Example

- ❑ Assigning jurisdiction of a taxpayer to a particular GST officer.
- ❑ Delegating authority to a department for conducting audits.
- ❑ Specifying timelines for certain assessments or appeals.

Notifications and Circulars - binding effect

Legal Hierarchy: Act vs Notification vs Circular vs Order

GST Act: Highest legal authority

Notifications: Implement changes allowed under the Act

Circulars: Clarify law for officers (not binding on courts)

Orders: Assist with GST framework administration

If there is a conflict:

The Act **overrides** Notifications.

Notifications **override** Circulars and Orders.

Circulars **cannot supersede** laws or Notifications.

Notifications and Circulars - binding effect

Feature	Notifications	Circulars	Orders
Issuing Authority	Government (Central/State)	CBIC	CBIC/ GST Officers
Legal Binding	Yes, on all taxpayers and officers	Only on department officers	Binding within department
Purpose	Implement or change law	Clarify law interpretation	Administrative execution
Publication Requirement	Yes, in Official Gazette	CBIC Portal	Not always required
Scope	Broad – affects all taxpayers	Specific – targets unclear provisions	Internal – procedural or structural

Notifications and Circulars - Real Life use cases

➤ **Case 1: Using Notification to Extend Return Filing Date**

A due date extension for GSTR-3B is not in the Act. The Ministry issues a Notification extending the date. This is mandatory for taxpayers.

➤ **Case 2: Clarification on ITC for Promotional Samples**

A Circular is issued stating that ITC is not allowed for goods distributed free of cost as part of marketing. Though not law, GST officers use this as the basis for assessments.

➤ **Case 3: Jurisdiction Change Through Order**

The CBIC issues an Order transferring control of taxpayers with turnover above ₹5 crores from State GST to Central GST officers. This impacts audits, notices, and appeals.

Notifications and Circulars - Why Understanding the Difference Is Important

- **Tax compliance:** To avoid penalties due to misunderstanding of the law.
- **Correct filing:** Return timelines and forms often change via Notifications.
- **Efficient dispute handling:** Referring to Circulars helps explain your position.
- **Administrative clarity:** Orders help businesses understand who their jurisdictional officer is, especially in large corporations.

Notifications and Circulars - Real Life use cases

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How to navigate Act, Rules, Circular, Notifications & Orders

➤ <https://taxinformation.cbic.gov.in/>

The screenshot displays the website's interface. At the top, there is a navigation bar with links for Home, GST, Customs, Central Excise, Service Tax, Finance Acts, Ordinances, and HSNS Cess. Below this is a search bar with the text "Enter Keyword" and three dropdown menus for "All Taxes", "All Contents", and "All". A search icon is located to the right of these menus. The main content area features a section titled "Latest Updates (Notifications & Circulars)" with tabs for GST, Customs, Central Excise, and Service Tax. The GST tab is active, showing four notification cards for December 31, 2025. Each card includes a title, a brief description, and language options for English and Hindi. At the bottom right, there are links to "View GST Notifications" and "View GST Circulars".

Home ₹ GST Customs Central Excise Service Tax Finance Acts, Ordinances HSNS Cess

Enter Keyword All Taxes All Contents All

Screen Re

Latest Updates (Notifications & Circulars) GST Customs Central Excise Service Tax

Notification
31-Dec-2025

20/2025-Central Tax- Seeks to notify Central Goods and Services Tax (Fifth Amendment) Rules, 2025

English हिन्दी

Notification
31-Dec-2025

19/2025-Central Tax (Rate)- Seeks to amend Notification 09/2025- Central Tax (Rate), to prescribe GST rates on tobacco products.

English हिन्दी

Notification
31-Dec-2025

19/2025-Integrated Tax (Rate)- Seeks to amend Notification 09/2025- Integrated Tax (Rate), to prescribe GST rates on tobacco products.

English हिन्दी

Notification
31-Dec-2025

19/2025-Union Territory Tax (Rate)- Seeks to amend Notification 09/2025- Integrated Tax (Rate), to prescribe GST rates on tobacco products.

English हिन्दी

View GST Notifications > View GST Circulars >

Pitambar Books Pvt Ltd. V/s Union of India – (2020) 34 Centax 196 (Del) - 21-01-2020

Circulars can not override rights vested by the Statute – Delhi High Court

Undoubtedly recognizing difficulties being faced by exporters, Department has permitted filing of refund claim for one calendar month/quarter or by clubbing successive calendar months/quarters.

However, restrictions imposed under **para 8 of Circular No. 125/44/2019-GST, dated 18-11-2019** on spreading refund claim across different financial years is, prima facie arbitrary, irrational and unjustified.

Valuable right accrued to petitioner cannot be denied merely on the ground that exports are spread over two financial years.

Accordingly, while issuing notice to Department to file a detailed reply, Para 8 of circular ibid stayed till final disposal of petition. Meanwhile, petitioner can file refund claim within four weeks which be decided on merits.

Pitambar Books Pvt Ltd. V/s Union of India – (2020) 34 Centax 196 (Del) - 21-01-2020

Circulars can not override rights vested by the Statute – Delhi High Court

Such circulars cannot take away vested right of taxpayer granted by Statute. Settled that circulars can supplant but not supplement law. While circulars may mitigate rigours of law by granting administrative relief beyond relevant provisions of Statute, these cannot withdraw benefit or impose stricter restrictions than contemplated by law

[Rule 89 of CGST Rules, 2017, Sec 54 of CGST Act, 2017 and Article 226 of Constitution of India]

Birlanu Ltd. V/s Union of India – (2026) 38 Centax 172 (Telangana) - 30-12-2025

Same month ITC distribution requirement under Rule 39(1)(a) struck down as ultra vires Section 20 – Telangana High Court

During audit in respect of petitioner for relevant period, it was observed that petitioner had accumulated ITC during each financial year and distributed ITC in last month instead of distributing it month wise and same was contrary to Rule 39(1)(a) ibid, which mandates that credit available shall be distributed in same month.

A show cause notice proposing penalty was issued. Petitioner challenged same on ground that Rule 39(1)(a) ibid, in so far it mandates distribution of ITC in same month was ultra vires Section 20 of CGST Act, 2017 as it introduces mandatory time limitation, not contemplated by CGST ACT. Assessee also challenged Audit report and show cause consequential show cause notice

Birlanu Ltd. V/s Union of India – (2026) 38 Centax 172 (Telangana) - 30-12-2025

HELD: Section 20 lays down statutory framework governing distribution of ITC and does not prescribe any time limit and Rule 39(1)(a) mandates same to be distributed in very month. Sec 20 ibid is conspicuously silent with regard to timeline for distribution of credit.

Rule-making power u/s 164 ibid is intended to enable implementation of provisions of Act and cannot be exercised to introduce substantive conditions or restrictions not envisaged by legislature.

By mandating distribution of credit within same month, Rule 39(1)(a) ibid imposes an inflexible condition which has effect of denying or forfeiting legitimately accrued Input tax credit, thereby defeating fundamental objective of GST regime, namely, elimination of cascading of taxes.

Accordingly, Rule 39(1)(a) ibid, to extent it mandated that ITC distribution shall be made in same month, was to be declared ultra vires Sec 20 ibid

Issues related to Supply, Classifications, Taxability, Exemption and Valuation



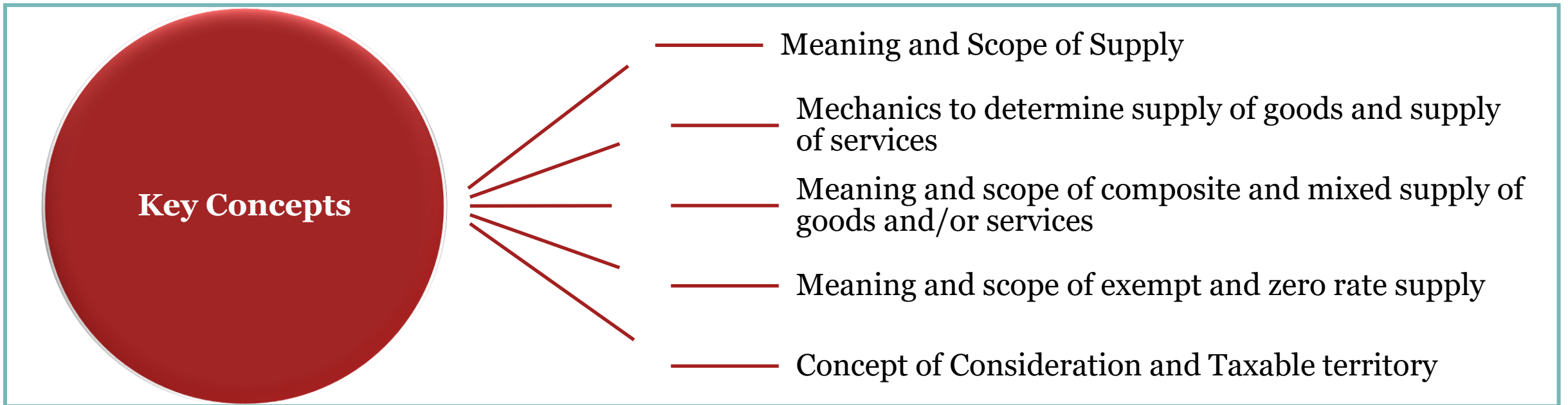
Supply – Section 7



Legal framework:

•GST to apply on

- supply of all goods and services
- in the taxable territory other than
- exempt and zero rated supply
- but including composite and mixed supply of goods and/or services



Composite Supply & Mixed Supply

Tax liability on composite and mixed supplies– Section 8 of CGST Act

Section 8 – Tax Liability on Composite or Mixed Supply	
A supply consisting of 2 or more supplies	Treated as Supply of
Composite supply of 2 or more supplies and one of which is a principal supply	Principal Supply
Mixed supply of 2 or more supplies	That particular supply which attracts highest rate of tax

Tax liability on composite and mixed supplies– Section 8 of CGST Act

Composite Supply [Sec 2(30)]:

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.

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply

Principal Supply [Sec 2(90)]:

means the supply of goods or services which constitutes the ***predominant element of a composite supply*** and to which any other supply forming part of that composite supply is ancillary

A Hotel provides a 4-D / 3-N package with the facility of breakfast. This is natural bundling of services in the ordinary course of business and thus is a composite supply. The service of hotel accommodation gives the bundle the essential character and therefore the rate of tax applicable on providing hotel accommodation would be applicable on the entire supply.

Tax liability on composite and mixed supplies– Section 8 of CGST Act

Composite Supply:

If the ancillary supply were offered on a stand-alone basis, the same would not be accepted by the recipient. Even separate prices were assigned to each of the supplies involved, the one that is ancillary would not become predominant. The end use test could be important for determination of composite supply.

Eg: Supply of equipment and installation / commissioning of the same. In this case principal / predominant supply is supply of equipment and the ancillary supply is its installation. Here the customer has just the amount of understanding about the equipment to contract for its supply and measures its satisfactory performance based on commissioning tests.

Tax liability on composite and mixed supplies– Section 8 of CGST Act

Mixed Supply [Sec 2(74)]:

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.

Illustration : A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately

- The way the supplies are naturally bundled must be examined. Merely by conjointly , supplying two or more goods or services does not constitute composite supply.

Eg: Supply of laptop and carry case - In this case the customer did not purchase the laptop to get the carry case. In fact, a carry case with the same brand as the laptop is normally not available for independent purchase. Here the predominant supply is laptop and ancillary supply is carry case. In case of carry bag is capable of being used to carry several brands of laptops this would be case of mixed supply (Sec 2(74)).

Test for ascertaining composite supply or and mixed supply:

Description	Composite Supply	Mixed Supply
Naturally bundled	Yes	No
Each supply available for supply individually	No	Yes/No
One is predominant supply for recipient	Yes	Yes/No
Other supply(ies) are ancillary or they are received because of predominant supply	Yes	No
Each supply priced separately	Yes/No	No
Supplied together	Yes	Yes
All supplies can be goods	Yes	Yes
All supplies can be services	Yes	Yes
A combination of one / more goods and one / more services	Yes	Yes

While, the above tests could be guiding principles in determining as to whether a supply is composite or mixed supply the end user test could be adopted as one of the criteria; Every supply will have to be independently analysed.

**Aerocom Cushions P. Ltd. V/s AC. (AE), CGST & CX, Nagpur-1
– (2026) 38 Centax 207 (Bom.) Decided on 09-01-2026**

GST does not apply to assignment of MIDC leasehold rights as transaction lacks business nexus or service element – Bombay High Court

A notice had been issued to petitioner under section 74(1) on ground that petitioner had concealed a transaction where he had assigned his leasehold rights in plot belonging to MIDC to one 'S'. According to respondents, said transfer of assignment of rights would amount to supply of service in terms of section 7(1).

Assessee challenged impugned notice vide instant petition

Aerocom Cushions P. Ltd. V/s AC. (AE), CGST & CX, Nagpur-1 – (2026) 38 Centax 207 (Bom.) Decided on 09-01-2026

HELD: Petitioner held lease for 95 years and transaction on face of record constituted transfer of immovable property by petitioner to 'S' with consent from MIDC. Transaction pertained exclusively to transfer of benefits arising out of an immovable property and had no nexus whatsoever with business of petitioner company. Consequently, essential element of supply of service in course of business or in furtherance of business was completely absent. In ***Gujarat Chamber of Commerce and Industry v. UOI (2025) 26 Centax 150 (Guj.) = 2025 (94) G.S.T.L. 113 (Guj.)***, identical issue was considered and held that assignment by sale and transfer of leasehold rights of plot of land allotted for a consideration shall be assignment/sale/transfer of ***benefits arising out of "immovable property"*** and in such circumstances, would not be subject to levy of GST. In view of same, instant petition was to be allowed and impugned notice was to be set aside

[Sec 7 of CGST Act, 2017]

Escorts Heart Institute and Research Centre Ltd. V/s Additional Commissioner, CGST Audit – (2026) 38 Centax 167 (Del.) - 19-12-2025

Where hospital administers medicines and gives consumables/devices to in-patients either as part of overall package or on item-by-item basis and does not separately reflect any GST on invoices raised on patients, question would be whether GST would be liable to be paid on this component or not; adjudication proceedings to continue and assessee to file reply to SCN along with all requisite documents – Delhi High Court

Supply of medicines, medical devices or consumables to patients. SCN was issued to hospital on ground that medicines, consumables, etc. dispensed to patients were billed at MRP and GST collected was not paid to Government. Hospital submitted that health services are fully exempt from GST and if any medicines, medical devices or consumables are dispensed to patient as part of health services which are administered to patients, no GST would be liable to be paid thereon. However, sales from pharmacy located in hospital, GST is collected and is also paid

Escorts Heart Institute and Research Centre Ltd. V/s Additional Commissioner, CGST Audit – (2026) 38 Centax 167 (Del.) - 19-12-2025

HELD: Hospitals, depending upon circumstances, administer medicines and also give consumables and devices to in-patients. Same are obviously billed either as part of overall package or on item-by-item basis. However, in instant case, hospital claims that it does not separately reflect any GST on invoice raised on patients. Under such circumstances, question would be whether GST would be liable to be paid on this component or not. Hospital should file proper reply to impugned SCN. As part of adjudication proceedings, since there would be factual issues that would be involved, hospital should also place before adjudicating authority, copies of invoices, as also details of procurement of medicines and other consumables/devices and tax paid at stage when same are procured and thereafter, manner in which they are billed to patients at time health services are administered. Adjudication proceedings should continue and a final order may be passed, however same shall not be given effect during pendency of instant petition [Sec 7, r/w Sec 9, of CGST Act, 2017]

DHL Express (India) Pvt. Ltd. V/s Union of India
– (2026) 38 Centax 26 (Del.) - 10-12-2025

Where under a Network Agreement with a foreign entity, assessee provided courier/shipment delivery services both in India and in Germany without receipt of any consideration, said service would not be covered under export of service as one of condition for constituting 'Zero Rated Supply' is receipt of consideration in convertible foreign exchange which was absent in instant case – Delhi High Court

Assessee discharged tax on such services as same would constitute a supply of service u/s 7(1)(a) of CGST Act, 2017 even though without consideration. However, it was submitted that since entity which was receiving service, i.e., German company was located abroad, service which was provided would also constitute 'Zero Rated Supply'. However, one of conditions for constituting 'Zero Rated Supply' is ***receipt of consideration in convertible foreign exchange***, which was absent in instant case. Thus, Petitioner contended that if there is an incongruity in provisions, same deserved to be interpreted by High Court

DHL Express (India) Pvt. Ltd. V/s Union of India

– (2026) 38 Centax 26 (Del.) - 10-12-2025

HELD: Non-receipt of foreign exchange/consideration does not exempt assessee from paying taxes; it deprives assessee of benefits arising from export of services. Prima facie, Sec 7 of CGST Act, 2017, r/w Sec 16(1)(a) & 2(6) of IGST Act, 2017 would have to be harmoniously interpreted and a view would have to be taken by High Court. Considering fact that various High Courts are considering matter, CBIC should look into this issue and might place its stand before High Court [Sec 7 r/w Sec 54 of CGST Act, 2017 and Sec 16 r/w Sec 2 of IGST Act, 2017].

Classification & Taxability



Some Questions on classification

Goods or services taxable – in all situations?

Can there be two rate % for same HSN or SAC?

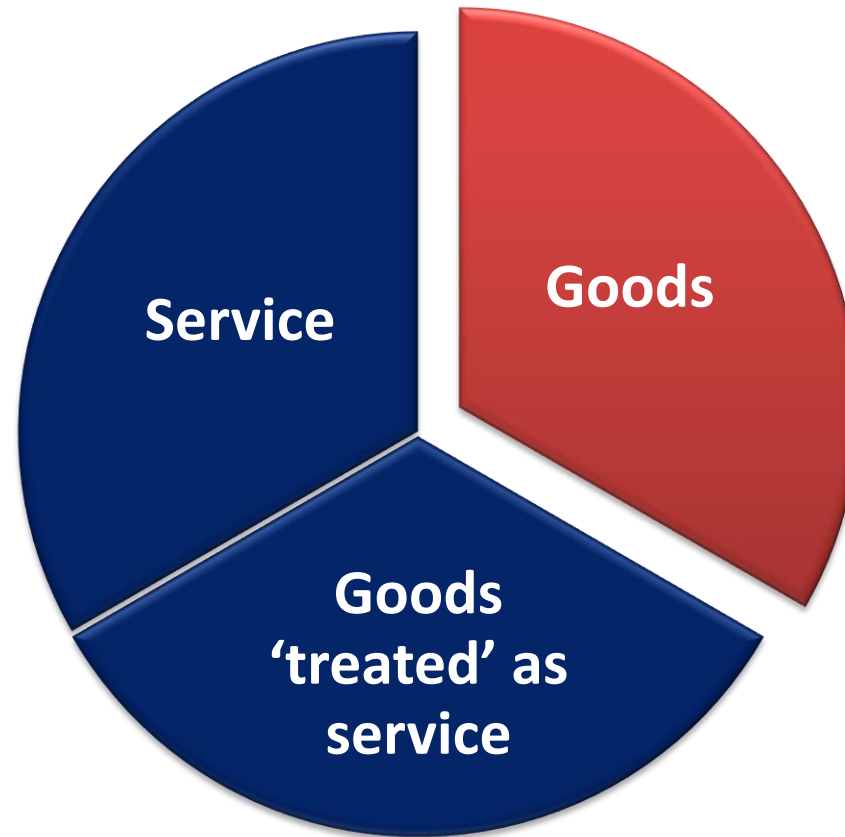
Will classification change taxability?

Can goods be classified as services? Impact on taxability?























Basics of Classification

- Purpose of classification
- Root-cause of misclassification
- Guidance in law regarding classification
- Relevance of trade parlance or dictionary
- Assistance from understanding of earlier laws
- Relevance of decisions under Customs law

Basics of Classification



Tariff Notifications

Central Tax (Rate) Notifications			
Notification No. & Date of Issue	English	हिन्दी	Subject
18/2017-Central Tax (Rate) ,dt. 30-06-2017	View  (136 KB)	देखें  (37 KB)	Seek to reduce the rate of Central Tax, Union Territory Tax, on fertilisers from 6% to 2.5% and Integrated Tax rate on fertilisers from 12% to 5%
17/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (136 KB)	देखें  (585 KB)	To notify the categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator
16/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (344 KB)	देखें  (385 KB)	To notify specialised agencies entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them under CGST Act
15/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (142 KB)	देखें  (431 KB)	To notify the supplies not eligible for refund of unutilized ITC under CGST Act
14/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (248 KB)	देखें  (318 KB)	To notify the supplies which shall be treated neither as a supply of goods nor a supply of service under the CGST Act
13/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (274 KB)	देखें  (722 KB)	To notify the categories of services on which tax will be payable under reverse charge mechanism under CGST Act
12/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (440 KB)	देखें  (990 KB)	To notify the exemptions on supply of services under CGST Act
11/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (399 KB)	देखें  (1.11 MB)	To notify the rates for supply of services under CGST Act
	Annexure  (252 KB)	Annexure  (252 KB)	
10/2017-Central Tax (Rate),dt. 28-06-2017	View  (143 KB)	देखें  (503 KB)	CGST exemption for dealers operating under Margin Scheme notified under section 11 (1)
09/2017-Central Tax (Rate),dt. 28-06-2017	View  (143 KB)	देखें  (500 KB)	Exempting supplies to a TDS deductor by a supplier, who is not registered, under section 11 (1)

Viewing 1 to 10 of 18 << 1 2 >>



[Exchange Rate Notifications](#)
[Notifications of Customs](#)



[Sitemap](#)
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Basics of Classification

4. *Explanation.*- For the purposes of this notification,-

(i) Goods includes capital goods.

(ii) Reference to “Chapter”, “Section” or “Heading”, wherever they occur, unless the context otherwise requires, shall mean respectively as “Chapter, “Section” and “Heading” in the annexed scheme of classification of services (Annexure).

(iii) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of heading 9988.

(iv) Wherever a rate has been prescribed in this notification subject to the condition that

Rules of Interpretation

- There are six General Rules used in interpreting (applying) the Tariff. These are known as the General Rules of Interpretation.
- Rules **one to four** are related and *must* be applied in sequence. Rules **five and six** stand on their own to be applied as needed.
- **Rule 1:** heading are for reference only
- **Rule 2(a):** article in an entry includes CKD-SKD
- **Rule 2(b):** articles in an entry includes mixtures
- **Rule 3(a):** specific description to be preferred
- **Rule 3(b):** material that gives essential character
- **Rule 3(c):** later-is-better
- **Rule 4:** akin goods [*akin - similar to something*]
- **Rule 5:** cases-packaging classified with article
- **Rule 6:** entries at same level comparable

Cases to Consider

- Ingredient or Use
- Effect or structure
- Relevance of 'name'
- Scientific understanding
- Domain knowledge
- User understanding
- Job-work – SAC or HSN
- Works contract:
 - Immovable property
 - Movable property
- Classification by 'touch'

Classification in Exemptions

- Relevance of Rules in exemption notifications:
 - Reference required
 - Exact words
 - Not otherwise
- Structure of exemptions
- Common misconceptions
- Compulsory and optional exemptions
- Effect of CGST exemption on SGST and IGST

**Stark Photo Book V/s Assistant Commissioner (Intelligence)
– (2025) 35 Centax 121 (Ker.) - 07-10-25**

Printing of photographs supplied by customers in digital format is a supply of printing service; taxable at 18%– Kerala High Court

Petitioners, partnership firms running offset presses, printed photographs, photo books and similar items.

Customers supplied digital content via CD or pen drive or HDD.

Petitioners supplied paper and ink and delivered printed output. They classified under HSN 4911 and paid 12%.

Proceedings under section 74 alleged service classification under SAC 998386 at 18%. Assessment orders followed. Writ petitions challenged orders relying on FAQs, circulars and AARs supporting HSN 4911

**Stark Photo Book V/s Assistant Commissioner (Intelligence)
– (2025) 35 Centax 121 (Ker.) - 07-10-25**

HELD: Activity involves supply of goods and services and is a composite supply under section 2(30).

Principal supply is printing service since customers retain title in content and photographs.

Paper is merely a medium ancillary to service per section 2(90) read with section 8.

Printing of pictures falls under **SAC 998386** including printing from digital media.

Petitioners' activity classifiable under SAC 998386 at 18%.

Writ petitions dismissed with liberty to pursue statutory remedies. Limitation during pendency excluded [Sec 2(30), r/w Sec 2(90) and sec 8, of CGST Act, 2017 and Schedule II of CGST Act, 2017]

CEAT Limited V/s Union of India – (2023) 13 Centax 268 (Del.) - 15-12-23

Where revenue passed an order for recovery of input tax credit on ground that supply of tyres, tubes and flaps were a bundled supply, and, hence, tax at rate of 28 per cent was payable by assessee while assessee contended that same were separate products and were supplied separately to costumers, since contentions of assessee had substance, revenue was to be restrained from taking any coercive steps pursuant to recovery order

Assessee was manufacturer of tyres, tubes and flaps classifiable under Chapters 4011, 4013 & 4012. In terms of Notf. No. 41/2017-CT (Rate), dt. 14-11-2017, rate of GST on tubes was reduced to 18% and further tax on flaps was reduced to 18% vide Notification No. 24/2018-CT (Rate), dt. 31-12-2018. Revenue passed order for recovery of ITC on ground that supply of tyres, tubes and flaps were a ***bundled supply*** and, therefore, ***tax at rate of 28%*** was payable. Assessee disputing same filed instant petition stating that tyre, tubes and flaps were separate products and were supplied separately to customers, and notwithstanding same, assessee had paid duty at 28% but revenue was denying ITC for same

HELD: Since contentions advanced by assessee were not in substantial, Revenue was to be restrained from taking any coercive steps pursuant to impugned order till next date of hearing [Sec 18 r/w Sec 10 of CGST Act, 2017]

Dodla Dairy Limited V/s Union of India – (2026) 38 Centax 120 (Kar.) - 11-12-25

Flavoured milk is classifiable under Tariff Item 04029990 and subject to GST at rate of 5 per cent

Flavoured milk is predominantly milk with some sweetening matter added to it. It cannot be taken out of Tariff Heading 0402 merely because of addition of flavour. Impugned goods are not beverage containing milk as contended by department. Flavoured milk is classifiable under Tariff Item 0402 99 90 and subject to GST at rate of 5 per cent as per judgment of Andhra Pradesh High Court in assessee's own case

HELD: Impugned orders are to be quashed. Department should refund amounts paid by petitioner together with applicable interest [Sec 9 of CGST Act, 2017].

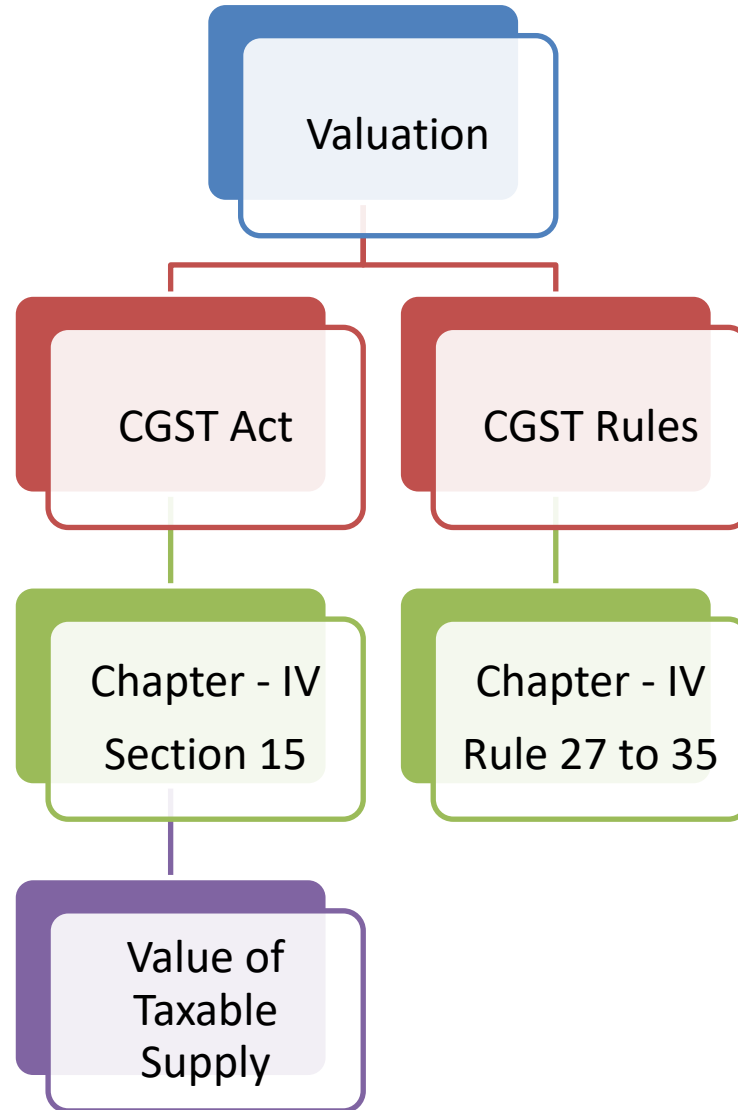
Valuation – Section 15 & Rule 27 to 35



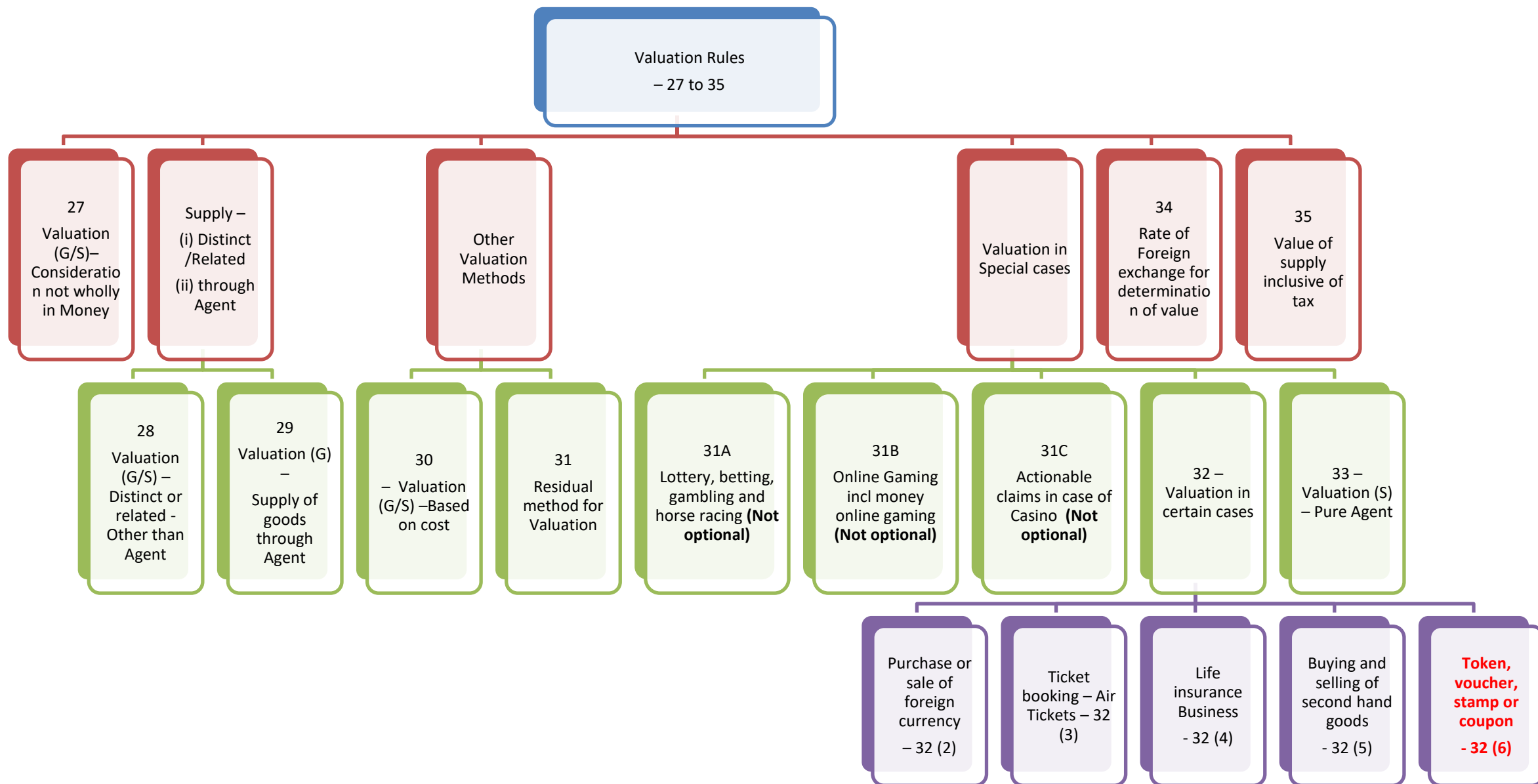
Valuation in GST



Valuation Provisions – Act & Rules



Valuation Rules – A Snapshot



Value of taxable supply

Section 15 (1) of CGST Act, 2017

Value of Supply*

=

Transaction value
+ Inclusions
- Exclusions

*If the following two conditions are satisfied:

- Price is the sole consideration for the supply
- Supply is between unrelated persons



Inclusions and exclusions in value of supply

Inclusions – Sec 15 (2)

- Any taxes duties, fees and charges if charged separately [other than CGST, SGST, UTGST, IGST or Cess if shown separately] – 15 (2) (a)
- Any amount that supplier is liable to pay but incurred by the recipient – 15 (2) (b)
- Incidental expenses (inc. Commission and packing), incurred at the time of or before delivery of goods or supply or services – 15 (2) (c)
- Interest / late fee / penalty for delayed payment of consideration – 15 (2) (d)
- Subsidies directly linked to the price (excluding subsidies provided by CG & SG) – 15 (2) (e)

Exclusions – Sec 15 (3)

- Discount if shown separately in the invoice
- Post sales discount -
 - (i) only if known earlier or recorded in agreement and **specifically linked to relevant invoices.**
- Input tax credit reversed by the recipient to the extent of discount **(through GST returns)**

Value of taxable supply

If valuation cannot be determined as per Sec 15 –
Sec 15 (4)

- where the value of the supply of goods or services or both cannot be determined under subsection (1), the same shall be determined in such manner as may be prescribed

Sec 15 (5)

- Central Government may determine the value of such supplies as may be notified on the recommendations of the Council – Special cases

Recap – Sec 15 – Transaction value

Value of taxable supply - Sec 15 (1)

The value of a supply of goods or services or both shall be **the Transaction Value (Taxable Value)**

Condition: -

the supplier and the recipient are **not related**

the **price is the sole consideration**

Sec 15(2) Transaction Value **Includes**

(a) any taxes, duties, cesses, fees and charges levied under any law but NOT CGST; SGST; UTGST & Cess (should be charged separately by the supplier)

(b) in connection to the supply incurred by the recipient on behalf of supplier & not included in the price for the goods or services

(c) incidental expenses, including commission and packing, anything incurred & charged by the supplier at the time of or before the delivery of goods or services

(d) interest or late fee or penalty for delayed payment

(e) subsidies directly linked to the price but exclude Central/State Govt.

Recap – Sec 15 – Transaction value

Transaction Value **Excludes**

(a) discount recorded in the supply (mentioned in the invoice)

(b) discount given after the supply

Condition:

Discount is based on the agreement & made on or before the supply & linked to the Original invoices

ITC to the extent of discount should be reversed by the recipient

Note - Price is not sole consideration / supplier & recipient are related / supply is a notified supply u/s 15(5) ==> Valuation is as per Chapter IV : Determination of Value of Supply of CGST Rules

**Issues related to time of supply,
place of supply, Registration,
invoicing and related filing of
returns & E-way bills**



What is time of supply?

- ❑ **Time of supply** means the point in time when goods/services are considered supplied. When the seller knows the 'time', it helps him identify due date for payment of taxes.
- ❑ In order to calculate and discharge tax liability it is important to know the date when the tax liability arises i.e. the date on which the charging event has occurred. In GST law, it is known as Time of Supply.
- ❑ GST law has provided separate provisions to determine the time of supply of goods and time of supply of services.
- ❑ Sections 12, 13 & 14 of the CGST Act, 2017, deals with the provisions related to time of supply and by virtue of section 20 of the IGST Act, 2017, these provisions are also applicable to inter-State supplies leviable to Integrated tax

Point of time when supplier receives the payment or date of receipt of payment

- ❑ The phrase “the date on which supplier receives the payment” or “the date of receipt of payment” means earlier of the 2 below
 - ✓ the date on which payment is entered in his books of accounts; or
 - ✓ the date on which the payment is credited to his bank account

Issues related to time of supply

❑ Identifying correct time of supply – Goods and Services

❑ TOS in case –

- ✓ Where invoice is not issued**
- ✓ Penalty, interest on delayed payments, fines, etc**
- ✓ Inter-company services**
- ✓ Reverse charge mechanism**
- ✓ Change in rate of tax (Increase or decrease)**
- ✓ Computation of interest on delayed payment**
- ✓ Receipt of Advance**

Place of Supply -

GST is a destination based tax, i.e., the goods/services will be taxed at the ***place where they are consumed*** and not at the origin. The state where they are consumed will have the right to collect GST.

Therefore, place of supply is crucial under GST as all the provisions of GST revolve around it.

Place of supply of goods under GST defines whether the transaction will be counted as intrastate or interstate, and accordingly, levy of SGST, CGST & IGST will be determined.

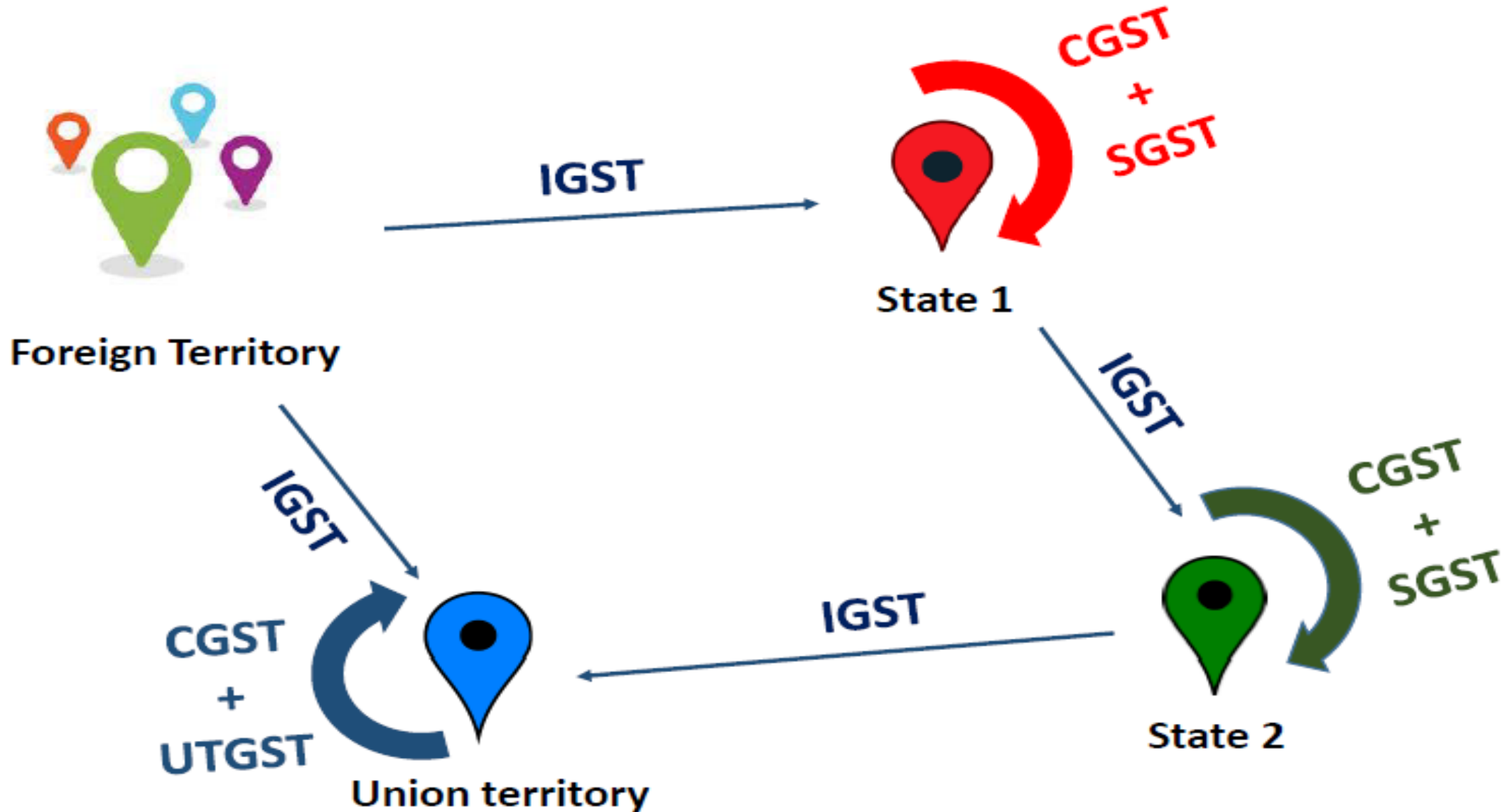
Principle behind the Place of Supply provisions

The basic principle behind provisions relating to place of supply is that GST is destination based tax. Thus, tax is finally payable where goods and services are consumed.

In many cases, location of person receiving the service is relevant. If he is registered under GST, that is taken as criteria.

Even if he is not registered, address on record of recipient is taken as criteria to determine place of supply in some cases.

Type of GST to be levied:



Intra State Supply and Inter State Supply

Goods supplied or Services Provided

**Within the state
– Intra state**

**Inter State – From one
state to other**

CGST

**SGST/
UTGST**

IGST

Supply	Supplier	Place of Supply	Result
Goods	Karnataka	Delhi	Inter State (IGST)
Goods	Delhi	Delhi	Intra State (CGST + SGST)
Services	Punjab	Goa	Inter State (IGST)
Services	Kerala	Kerala	Intra State (CGST + SGST)
Goods (import)	USA	India	Inter State (BCD+IGST)
Services (Import)	USA	India	Inter State (IGST)

Issues related to Place of supply

- ❑ Identifying correct Place of supply – Goods and Services**

- ❑ Place of supply and eligibility of ITC**

- ❑ Incorrect application of POS and remedy [Sec 19(1) of IGST Act and Sec 77(2) of CGST Act]**

- ❑ POS in special cases –**
 - ✓ Immovable property**

 - ✓ Repairs of vehicles**

 - ✓ Bill to Ship to cases**

 - ✓ Insurance, Banking, Telecommunication – Reg and URD**

Issues related to Invoice, Registration, Returns and JW

- ❑ Format of Invoice, time of raising invoice, number of copies, other documents**
- ❑ Registration – When, Where, How, documentation and type, Speedier registration**
- ❑ GST Returns – Due dates, reconciliation with books, interest on delayed payment and fines for delayed filing of returns**
- ❑ Job Work – Who, format, when and contents**

SECTION 22: PERSON LIABLE FOR REGISTRATION

**THOSE WHO EXCEEDS
THRESHOLD LIMIT**

- Refer next slide on threshold for supplier of goods and provider of services

**WHO ARE REGISTERED
UNDER EARLIER LAWS**

- Shall be liable to be registered under GST

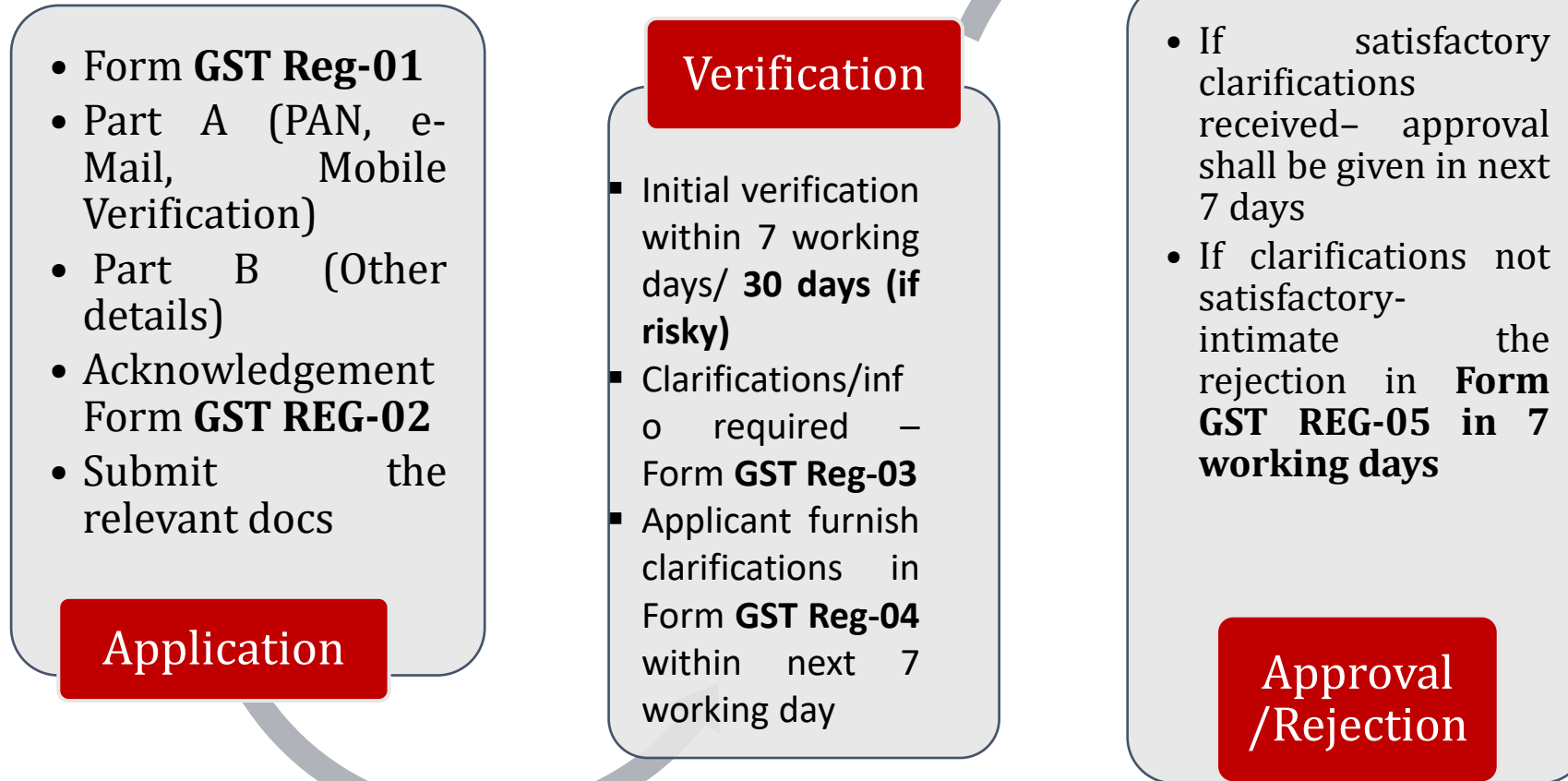
**TRANSFER OF BUSINESS ON
ACCOUNT OF SUCCESSION**

- TRANSFEREE LIABLE TO BE REGISTERED FROM THE DATE OF SUCCESSION OF BUSINESS

**AMALGAMATION / DEMERGER
BY ORDER OF NCLT**

- TRANSFEREE LIABLE TO BE REGISTERED FROM THE DATE ON WHICH ROC ISSUES CERTIFICATE OF INCORPORATION

Registration Process



Said process applicable to Inter-state, Voluntary, Casual, Reverse Charge

Registration Certificate is Issued in Form **GST Reg-06**

7 working days if in Order

Common Issues in GST Registration -

List of Issues

Incorrect Document Upload

In-correct particulars – Name or other details mismatch with Documents and application form

Supporting document for Address proof – Owned, Leased, rented or NOC cases

No reply to SCN by Department for deficiency within 7 days

Date of commencement of liability not filled in properly

Aadhar Number not linked to mobile

Incorrect particulars on GST Registration Certificate

Mobile number or email id (Unique for each signatory)

PAN name mismatch with Aadhaar

Documents more than one month old

Speedier GST Registration – (Rule 9A wef 01-11-2025)

Provision	Explanation
Grant of registration electronically – Rule 9A	Based on data analysis and risk parameters, registration shall be granted, <u>within three working days</u> from the date of submission of application

Error! Summary cannot be generated. You have opted for the 'Optional' category of registration, where net tax liabilities on B2B supplies must not exceed ₹2.5 lakhs per month. Your reported net B2B supplies are more than ₹2.5 lakhs. Please opt out from Optional category of registration in order to report supplies without any restriction.

File Nil GSTR-1

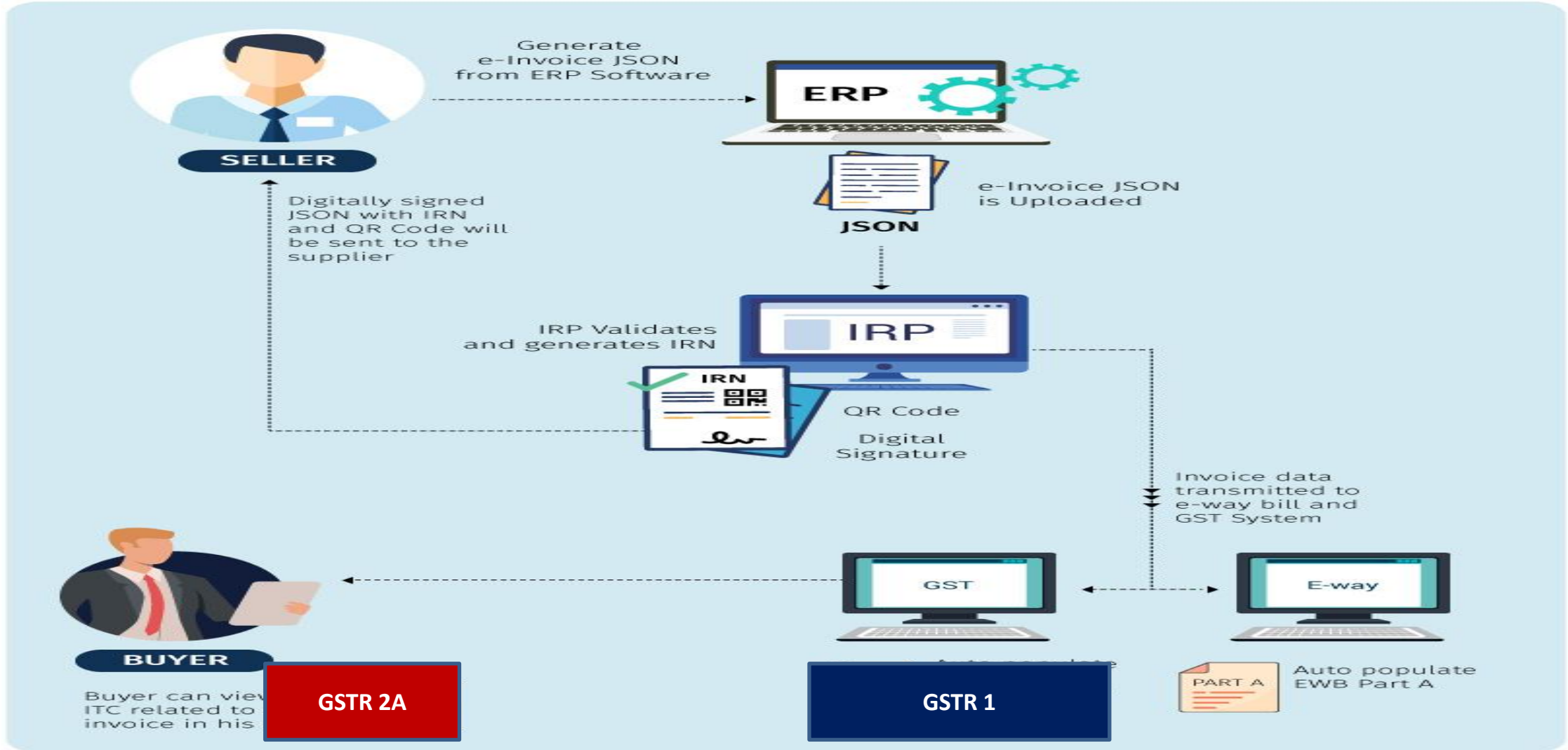
Amended Rules for GST Registration – Non-Risky taxpayers (Rule 14A)

Eligibility Criterion	Explanation
Applicant Type	The option is available only to persons applying for normal registration under Rule 8
Threshold Limit	Eligible taxpayers have a total monthly output tax liability (including CGST, SGST/UTGST, IGST, and compensation cess on B2B supplies) not exceeding ₹2,50,000 per month. Liability from B2C supplies not considered
Aadhaar Authentication	Aadhaar authentication is mandatory for all applicants under Rule 14A
Restriction on Duplicate Registration	A person cannot obtain more than one registration in the same State or Union Territory under Rule 14A against the same PAN (Permanent Account Number).
Withdrawal Provisions	<p>Registered persons intending to withdraw must file Form GST REG-32, signed or verified through electronic verification code on the GST common portal.</p> <ul style="list-style-type: none"> - For applications filed before 1st April 2026 – Furnish Minimum 3 months returns - For applications filed after 1st April 2026 – Furnish Minimum 1 month returns - Withdrawal permitted only where no proceedings u/s 29 (registration cancellation proceedings) have been initiated against the registered person. - All pending returns must be filed for processing of withdrawal application
Prohibition on Backdating	No amendment of output tax liability allowed to exceed the ₹2,50,000 limit for periods prior to the first day of the succeeding month when the withdrawal order is issued
Post-Withdrawal Procedure	Upon approval of withdrawal, one can furnish details of output tax liability exceeding the ₹2,50,000 limit from the first day of the succeeding month in which the order is issued.

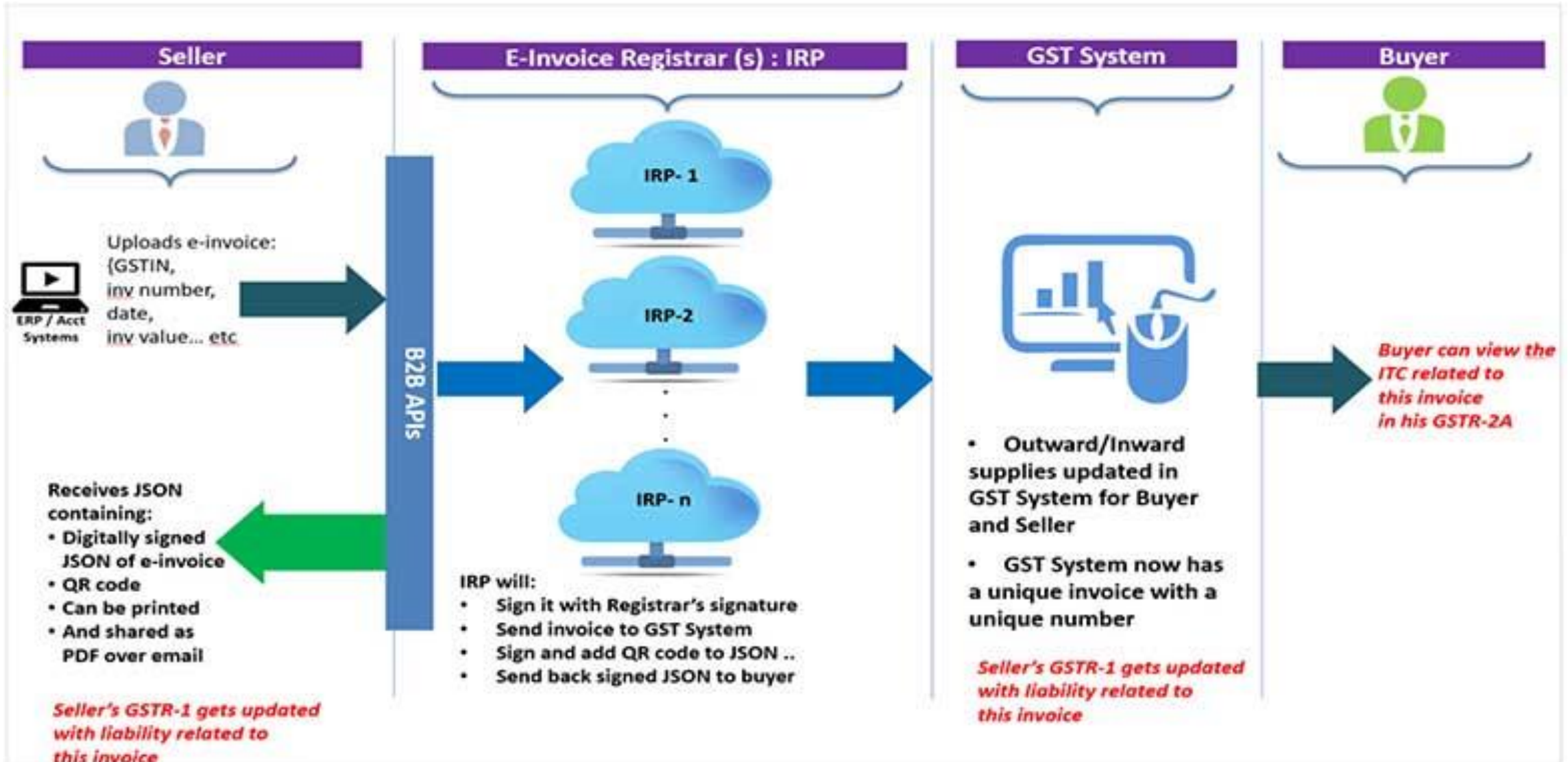
Rule 18 : Display of registration certificate and GST Number on the name board

- (1) Every registered person shall **display his certificate** of registration in a **prominent location at his principal place of business and at every additional place or places of business.**
- (2) Every registered person shall ***display his Goods and Services Tax Identification Number*** on the **name board** exhibited at the entry of his principal place of business and at every additional place or places of business.

E-Invoice System Flow – Seller to Buyer



E-Invoice System Flow



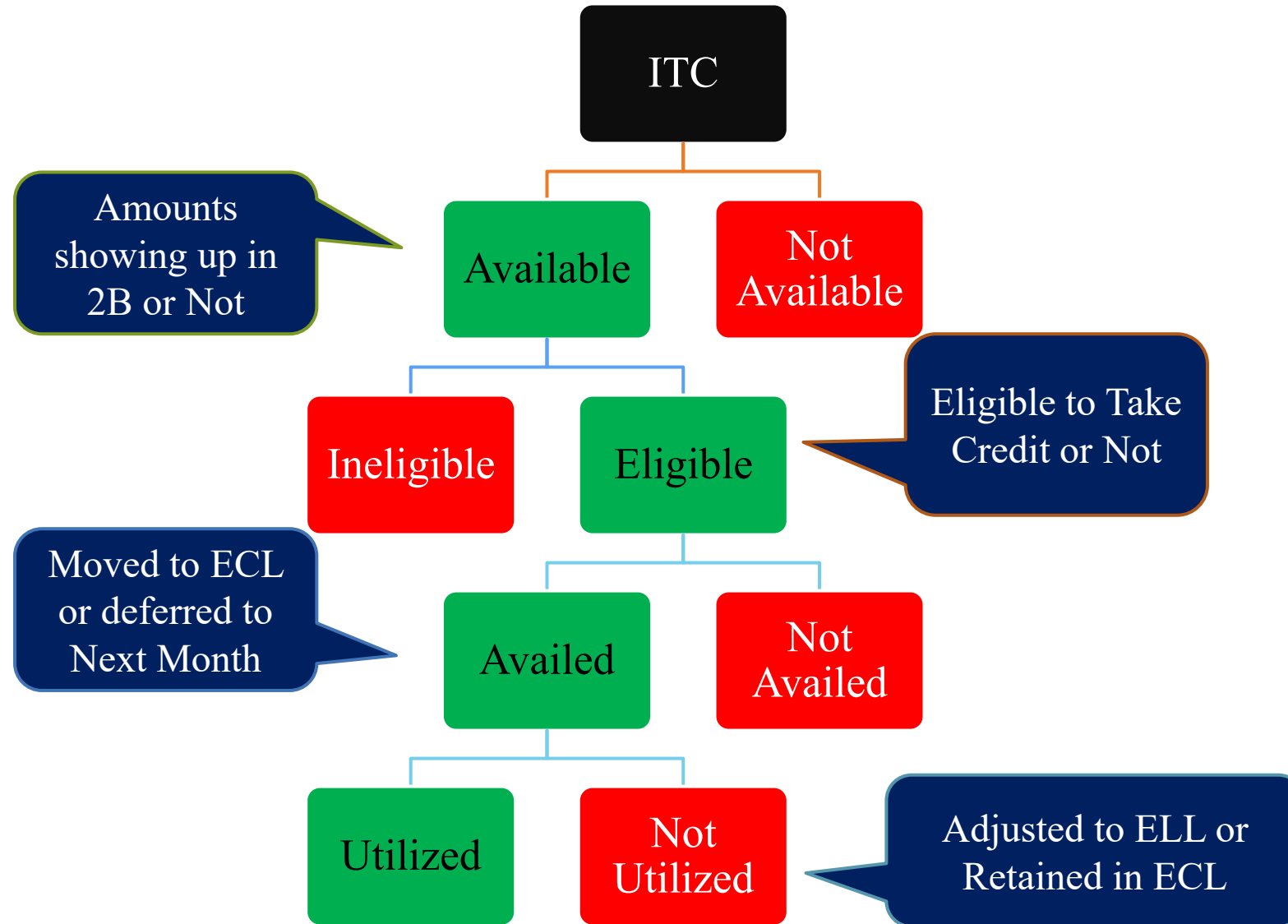
E-Invoice threshold History

Sl. No	Limit	Applicability Date	Notification No
1	Rs 5 Crores	01-08-2023	10/2023-Central Tax dated 01-05-2023
2	Rs 10 Crores	01-10-2022	07/2022-Central Tax dated 01-08-2022
3	Rs 20 Crores	01-04-2022	01/2022-Central Tax dated 24-02-2022
4	Rs 50 Crores	01-04-2021	05/2021 – Central Tax dated 08-03-2021
5	Rs 100 Crores	01-01-2021	88/2020 – Central Tax dated 10-10-2020
6	Rs 500 Crores	01-10-2020	61/2020 – Central Tax dated 30-07-2020; and 71/2020 – Central Tax dated 30-07-2020

**Issues related to Input Tax Credit
including block credit and reversal
of ITC, GSTR-2A, GSTR-2B etc, ISD
and Job-work**



Flow of Input Tax Credit – System Track



Conditions for Availing ITC

01

Tax invoice / debit note issued by a registered supplier, or other prescribed taxpaying document
[Sec 16(2)(a)]

02

ITC is appearing in GSTR 2B
[Sec 16(2)(aa)]

03

Goods and/or services have been **received***
[Sec 16(2)(b)]

04

The input tax credit has not been restricted;
[Sec 16(2)(ba)]

05

Tax actually paid by the supplier to the credit of the appropriate Government, either in cash or by utilization of **Admissible** ITC
[Sec 16(2)(c)]

06

Has furnished the monthly return
[Sec 16(2)(d)]

Validation of claim of ITC – Sec 16

Provision	Validation Check List
Possession of Tax Invoice	Supplier issues tax invoice along with E-Way Bill
Goods are received	Confirmation of receipt/payment by Buyer. Vehicle Tracking is enabled along with buyer acknowledgement
ITC appearing in GSTR 2B	ITC auto populated in GSTR 2B once supplier furnishes GSTR 1. Tax Team to validate details of invoice furnished by supplier and reaches out to supplier for any discrepancy
Tax actually paid by the supplier either in cash or by utilization of Admissible ITC	GSTR 3B is filed by the supplier
The input tax credit has not been restricted	Electronic Credit Ledger is not blocked
Recipient furnishing GST Returns	Buyer furnishing monthly GSTR 1 and GSTR 3B

Blocked Credit – ITC Restriction – Sec 17(5)

Goods or Services partly used for business purpose
(Restriction of ITC on non business use)

Motor Vehicles and other conveyance

Works Contract Services (Except P&M)

Goods, Services or both used for personal purpose

Rent a cab, life and health insurance

Food & Beverages, Outdoor catering, beauty treatment, health services, cosmetic and plastic surgery

Construction on Own Account

Goods lost, stolen, damaged, written off

Zero Rated and Exempt Supplies (ITC on Taxable and Zero rated allowed as credit)

Membership of club, health and fitness centre

Goods disposed off by way of gifts or free samples

Tax Paid under Composition Scheme

Travel benefits to employees on vacation such as LTA

Goods, Services or both received from non-resident taxable person

Goods or Services procured for compliance of CSR Activity (Sec 135 of Companies Act, 2013)

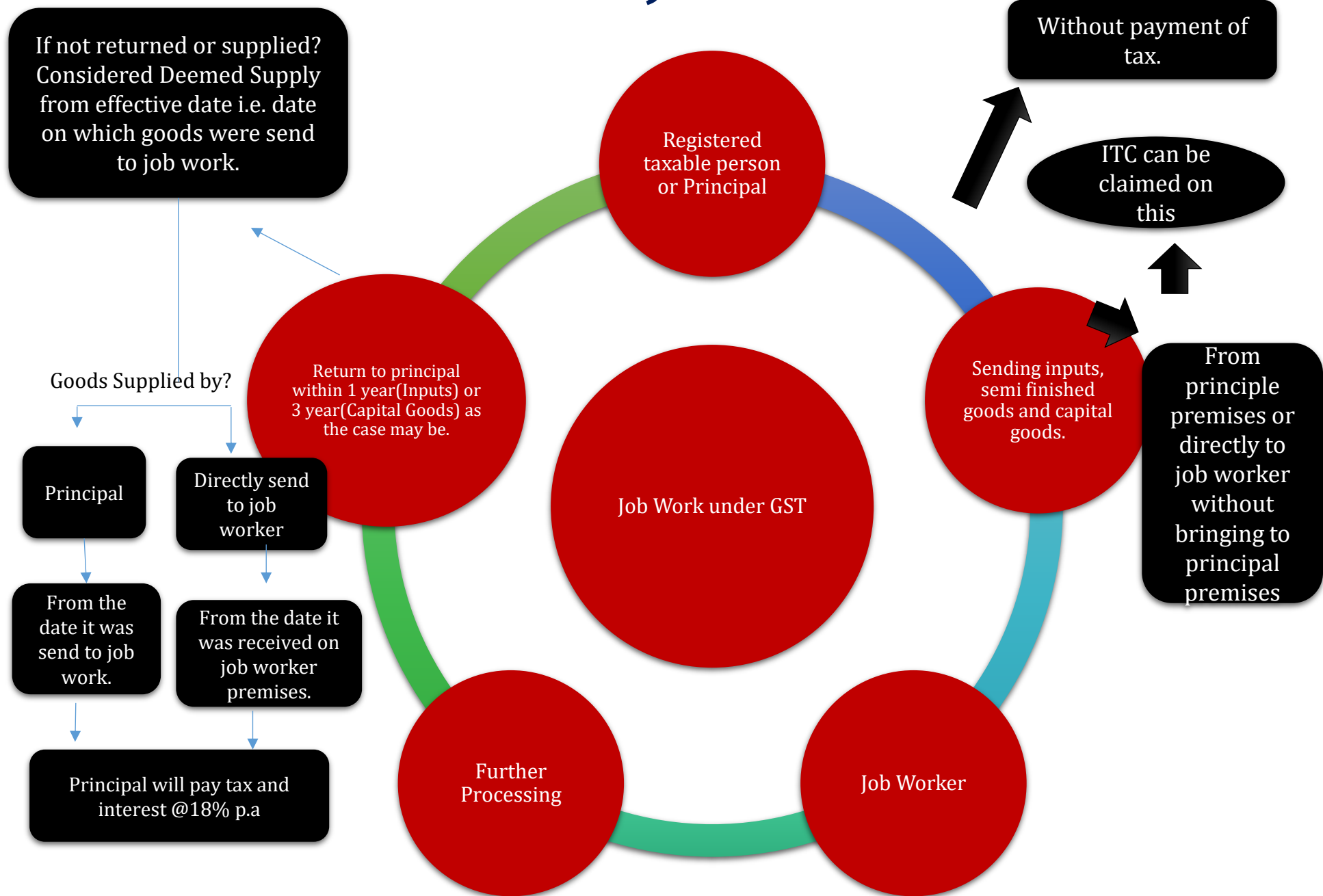
Heads of ITC reversal and Blocked ITC:

Provision	Validation Check List
Rule 37: Non-payment of consideration (180 days)	If a supplier is not paid within 180 days from the invoice date, the ITC claimed must be reversed, along with interest.
Rule 37A: Supplier does not pay tax	Reversal required if the supplier has not filed their GSTR-1, and thus the ITC does not appear in the recipient's GSTR-2B.
Rule 42: Inputs/Input Services for Exempted/Personal Use	Proportionate reversal of ITC that are used partly for business and partly for non-business or exempt purposes.
Rule 43: Capital Goods for Exempted/Personal Use	Reversal of ITC on capital goods, if they are used for making exempted or non-business supplies, based on remaining useful life.
Section 17(5): Blocked Credits	If ITC was mistakenly claimed on items specifically blocked under this section (e.g., motor vehicles, food, etc), it must be reversed.
Rate Difference/Mismatch	Reversal due to inaccuracies in invoices or return filing, including differences between GSTR-2A and GSTR-3B
Rule 44: cancellation of GST registration or switching to a composition scheme.	Reversal of ITC balance pursuant to cancellation of GST Registration or switching to Composition Scheme

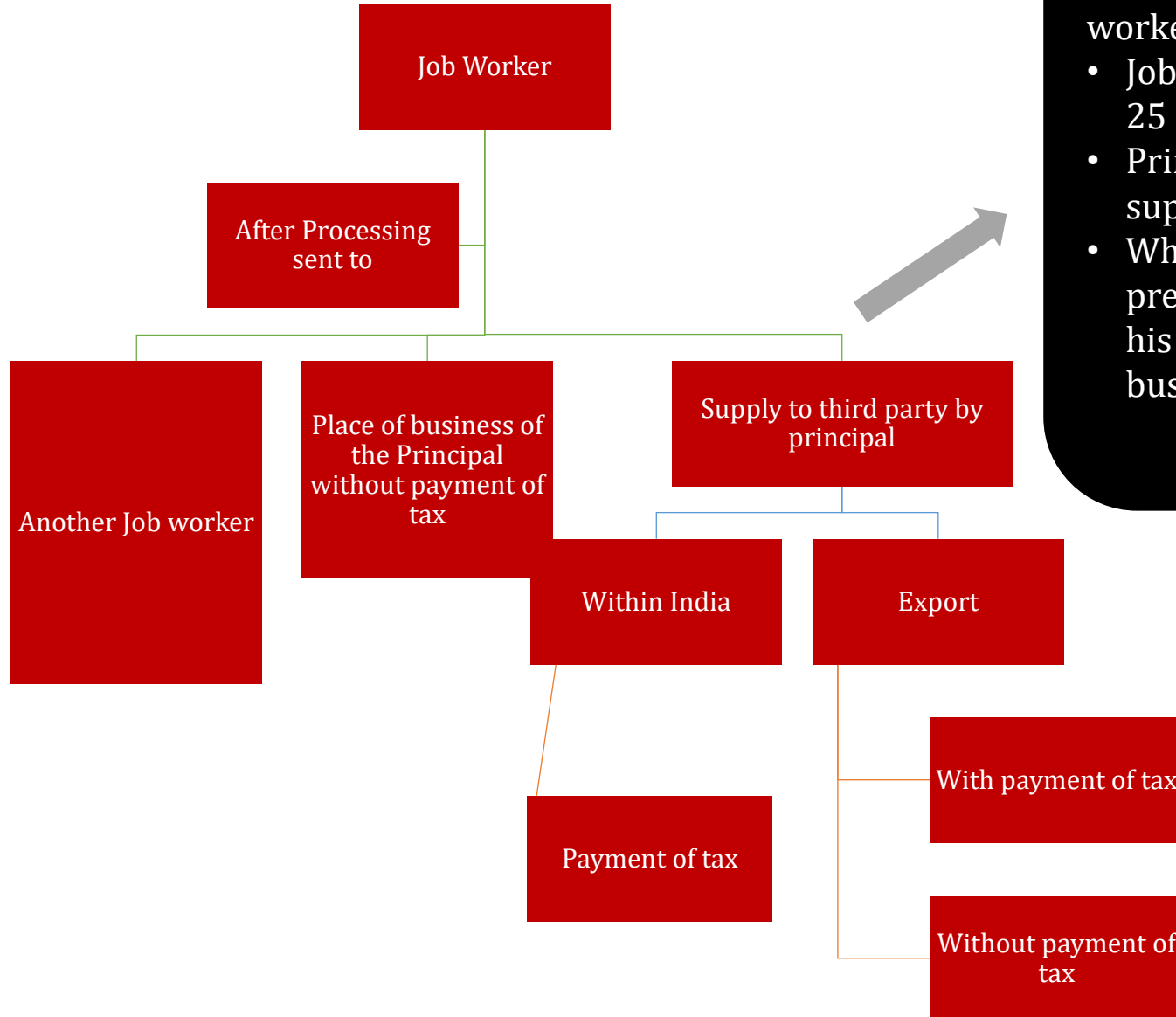
Job Work

- The term Job work is defined u/s 2(68) of the CGST Act as “Any *treatment or process* undertaken by a **person** on **goods** belonging to another *registered person*”.
- A registered person [Principal] may send inputs or capital goods under intimation, without payment of tax to a job worker for job work.
- Inputs and Capital Goods are required to be brought back after completion of job work within one year and three years respectively from the date of sending.
- Moulds and dies, Jigs and fixtures or tools are exception to above condition.
- He may supply inputs or capital goods from job worker’s place.

What is Job Work?



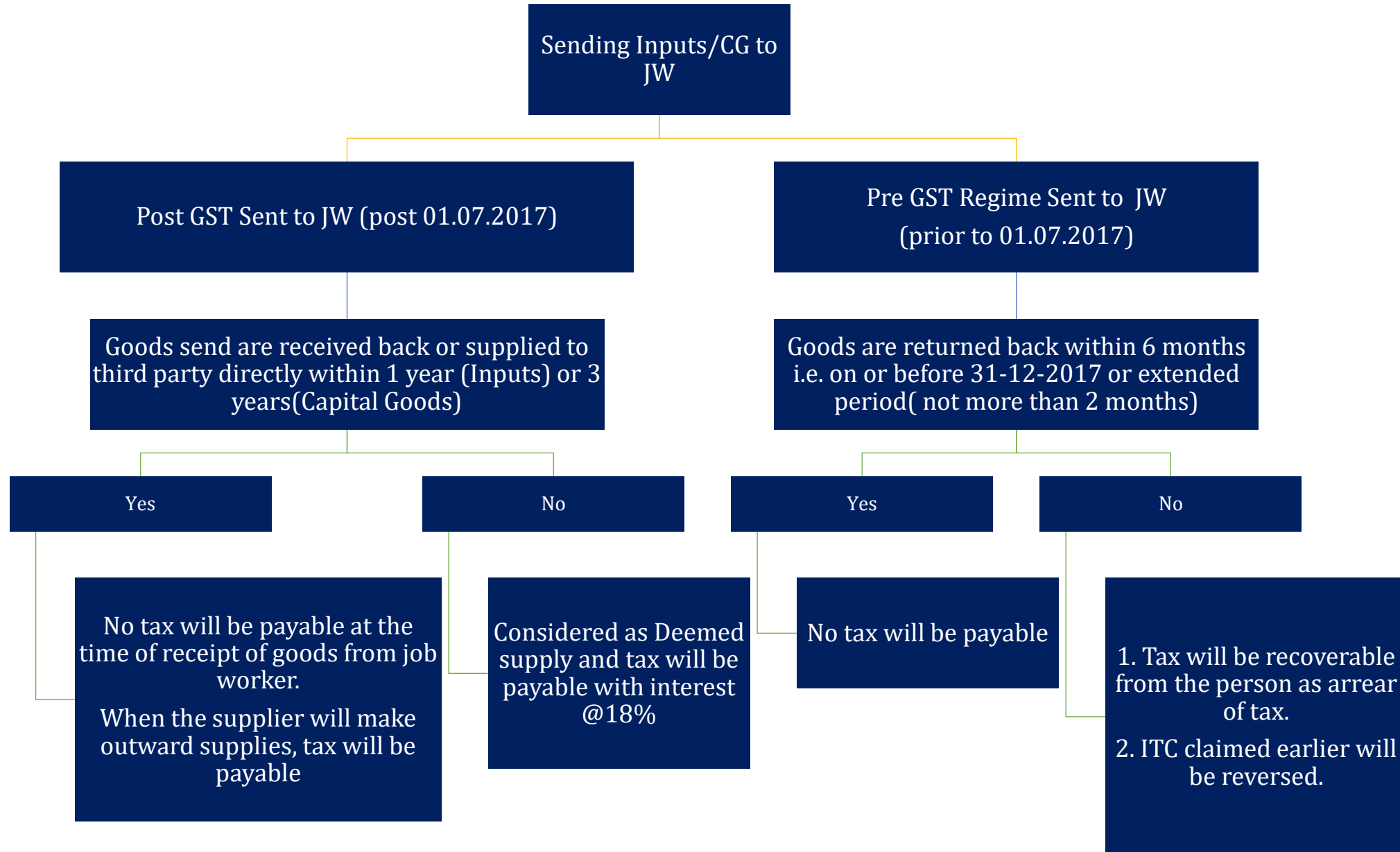
Job Work Process Flow -



Principal can Supply from job worker premises if:-

- Job worker is registered u/s 25 of CGST Act, 2017
- Principal is engaged in supply of notified goods.
- When principal declares premise of job worker as his additional place of business in registration

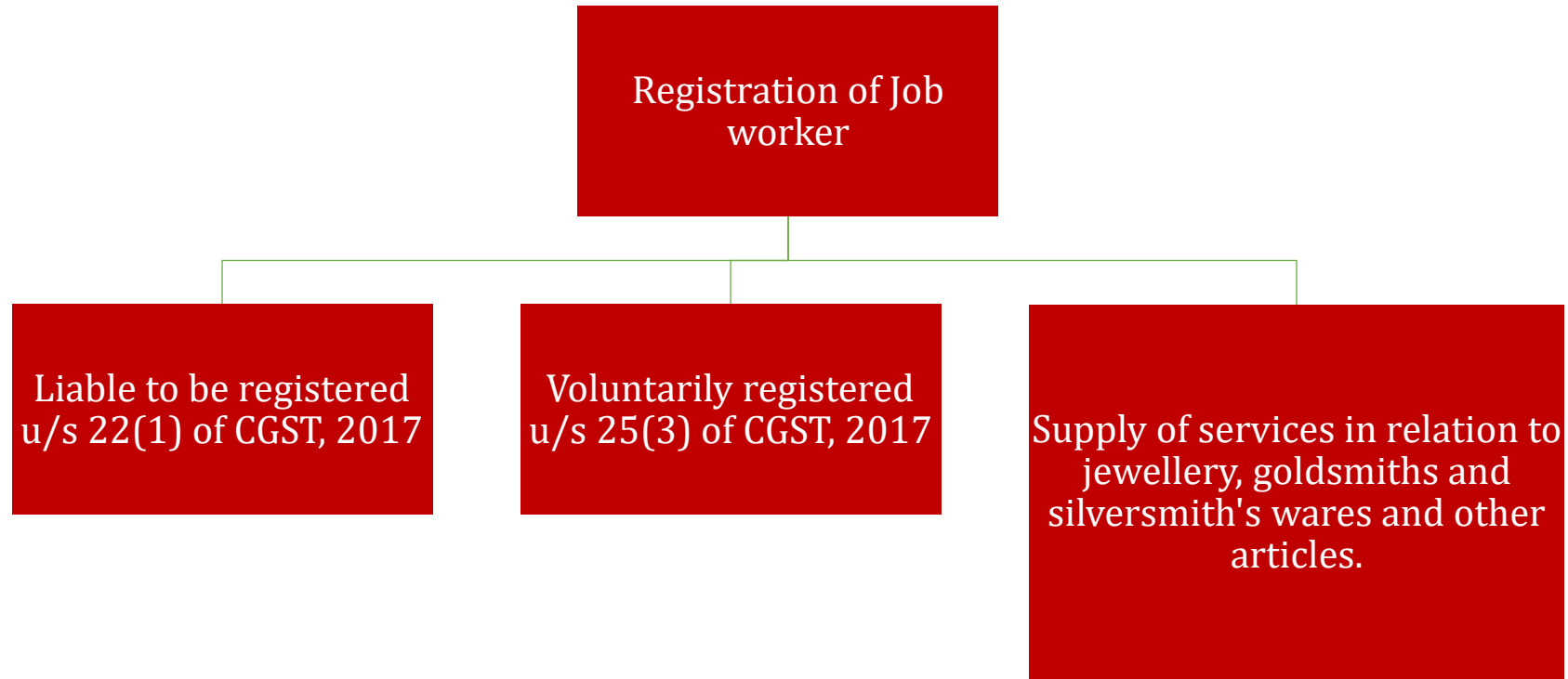
Job Work – Return of Inputs/CG Time Limit -



GST rate on Job Work – w.e.f. 22-09-2025

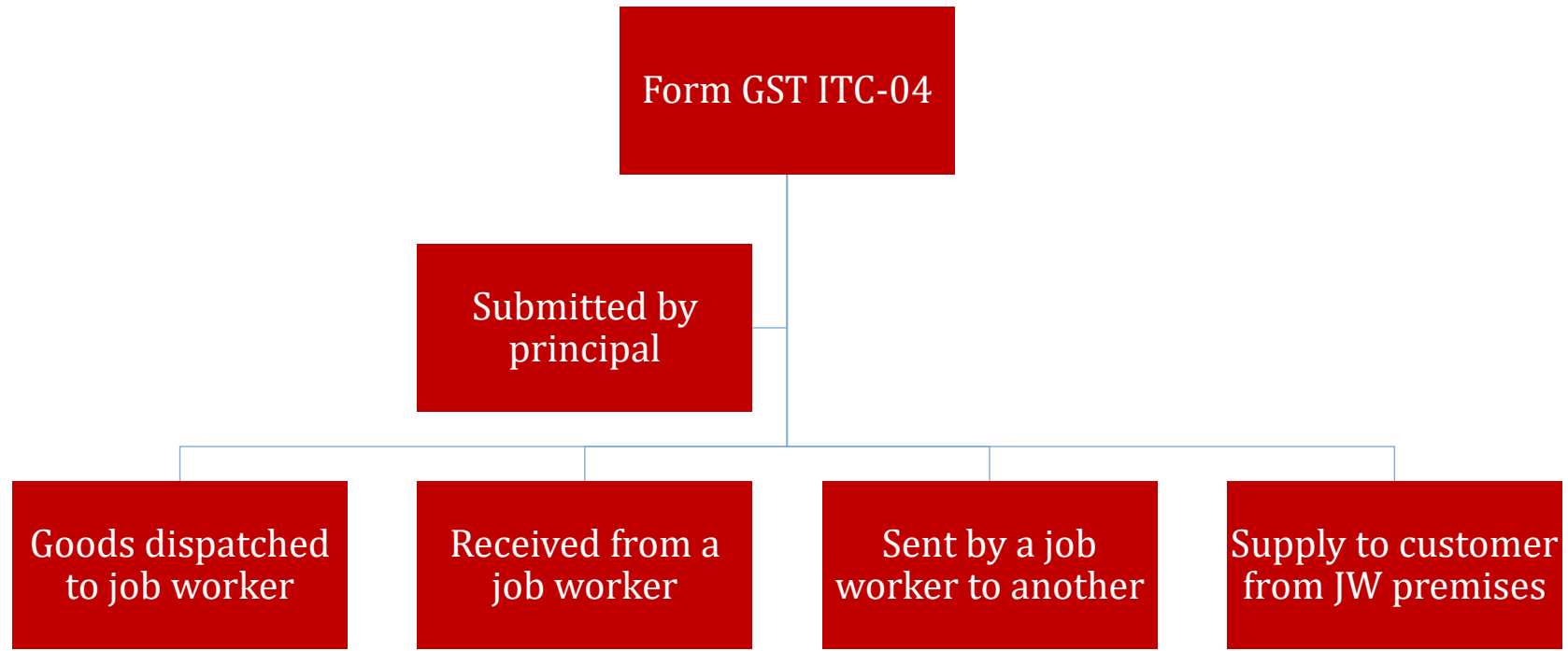
#	Nature of JW	Old Rate	New Rate
1	Supply of services by way of job work in relation to umbrella	12% with ITC	5% with ITC
2	Supply of job work services or any treatment or process in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @(12%)	12% with ITC	5% with ITC
3	Supply of job work in relation to bricks which attract GST at the rate of 5%	12% with ITC	5% with ITC
4	Supply of job-work services in relation goods falling under Chapter 30 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975) (pharmaceutical products)	12% with ITC	5% with ITC
5	Supply of job-work services in relation to Hides, skins and leather falling under Chapter 41 in the First Schedule to the Customs Tariff Act, 1975	12% with ITC	5% with ITC
6	Supply of job-work not elsewhere covered (residual entry)	12% with ITC	18% with ITC

Registration of Job Worker -



Note: If the Job worker is not covered under above provision, he can make inter state supply without getting registered. (Notification No. 7/2017-Integrated Tax)

Compliance by Principal – Form GST ITC - 04



Aggregate Turnover	Filing Frequency	Due Date
> Rs 5 Crores	Half yearly (Apr to Sep/ Oct to Mar)	25 th Oct/ 25 th Apr
< Rs 5 Crores	April to March	25 th Apr

Thank you

Thanks for your Patience and Time



Annexure – Topic 1



Supply – Sec 7

* Section 7. Scope of supply.-

(1) For the purposes of this Act, the expression - "supply" includes-

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

¹[(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation .-For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;]

Supply – Sec 7

*Section 7. Scope of supply.-

(b) import of services for a consideration whether or not in the course or furtherance of business; ²[and]

(c) the activities specified in Schedule I, made or agreed to be made without a consideration; ³[****]

(d) ⁴[****].

⁵[(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.]

Supply – Sec 7

* Section 7. Scope of supply.-

(2) Notwithstanding anything contained in sub-section (1),-

(a) activities or transactions specified in [Schedule III](#); or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

shall be treated **neither as a supply of goods nor a supply of services.**

(3) Subject to the provisions of ⁶[sub-sections (1), (1A) and (2)], the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as -

(a) a supply of goods and not as a supply of services; or

(b) a supply of services and not as a supply of goods.

Schedule I

ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION

- (1) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- (2) 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:

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

(3) Supply of goods-

- (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
- (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

(4) Import of services by a ¹[person] from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Schedule II

ACTIVITIES ¹ [OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

1. Transfer

(a) any transfer of the title in goods is a **supply of goods**;

(b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a **supply of services**;

(c) any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, **is a supply of goods.**

Schedule II

ACTIVITIES ¹ [OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

2. Land and Building

(a) any lease, tenancy, easement, licence to occupy land is a **supply of services**;

(b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a **supply of services**.

Schedule II

ACTIVITIES ¹ [OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

(3) Treatment or process

Any treatment or process which is applied to another person's goods is a **supply of services.**

Schedule II

ACTIVITIES ¹ [OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

(4) Transfer of business assets

(a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, ² [****] such transfer or disposal is a **supply of goods** by the person;

(b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, ² [****] the usage or making available of such goods is a **supply of services**;

Schedule II

ACTIVITIES ¹ [OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

(4) Transfer of business assets

(c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless-

(i) the business is transferred as a going concern to another person; or

(ii) the business is carried on by a personal representative who is deemed to be a taxable person.

Schedule II

ACTIVITIES ¹ [OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

5. Supply of services

The following shall be treated as supply of services, namely:-

- (a) renting of immovable property;
- (b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

Schedule II

ACTIVITIES ¹ [OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

6. Composite supply

The following composite supplies shall be treated as a supply of services, namely:-

(a) works contract as defined in clause (119) of [section 2](#); and

(b) 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

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any court or Tribunal established under any law for the time being in force.

Schedule III

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

3. (a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
- (b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
- (c) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.

Schedule III

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5. Sale of land and, subject to clause (b) of paragraph 5 of [Schedule II](#), sale of building.
6. Actionable claims, other than lottery, betting and gambling.

Schedule III

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

7. ¹[Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.

8. (a) Supply of warehoused goods to any person before clearance for home consumption;
(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.]

Schedule III

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

9. Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.

Clause 9 and 10 inserted wef 01-11-2024

Schedule III

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

10. Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

Clause 9 and 10 inserted wef 01-11-2024

HSN Classification List -

Section	HSN Code List
Section 1	Live Animals, Animal Products
Section 2	Vegetable Products
Section 3	Animal or Vegetable Fats and Oils and their cleavage products, prepared edible fats, Animal or Vegetable waxes
Section 4	Prepared Foodstuffs, Beverages, Spirits and Vinegar, Tobacco and Manufactured Tobacco Substitutes
Section 5	Mineral Products
Section 6	Product of the chemicals or allied Industries
Section 7	Plastics and articles thereof, Rubber and articles thereof
Section 8	Raw hides and skins, Leather, Fur, skins and articles thereof, saddlery and harness, travel goods, handbags and similar containers, articles of animal gut (other than silk-worm gut)

HSN Classification List -

Section	HSN Code List for
Section 9	Wood and articles of wood, Wood charcoal, Cork and articles of cork, Manufacturers of straw, of Esparto or of other Plaiting Materials, Basketwork and Wickerwork
Section 10	Pulp of wood or of other Fibrous Cellulosic Material, Recovered (Waste and scrap) paper or paperboard, paper and paperboard and articles thereof
Section 11	Textile and textile articles
Section 12	Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking-sticks, seat-sticks, whips, riding-crops and parts thereof, Prepared feathers and articles made therewith, Artificial flowers, Articles of human hair
Section 13	Articles of stone, plaster, cement, asbestos, mica, or similar materials, ceramic products, glass and glassware
Section 14	Natural or cultured pearls, Precious or semi-precious stones, precious metals, Metal clad with precious metal, and articles thereof, Imitation Jewellery, Coins

HSN Classification List -

Section	HSN Code List
Section 15	Base Metals and articles of Base Metal
Section 16	Machinery and mechanical appliances, electrical equipment, parts thereof, sound recorders and reproducers, television image and sound recorders and reproducers, and Parts and Accessories of such article
Section 17	Vehicles, Aircraft, Vessels and Associated Transport Equipment
Section 18	Optical, Photographic, Cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus, clocks and watches, musical instruments, parts and accessories thereof
Section 19	Arms and ammunition, parts and accessories thereof
Section 20	Miscellaneous Manufactured Articles
Section 21	Works of art, Collectors' Pieces and antiques

Exempted goods – Some examples

S. No	List
1	Milk
2	Bread
3	Butter milk
4	Children's' picture, drawing or colouring books
5	Coconuts
6	Curd
7	Earthen pot and clay lamps
8	Eggs
9	Fire wood
10	Fish
11	Judicial, Non-judicial stamp papers, Court fee stamps
12	Live trees and plants

SAC Classification List -

Heading & Group	Service Code (Tariff)	Service Description
Section 5 : Construction Services		
Heading No.9954		Construction Services
Group 99541		Construction Services of Buildings
	995411	Construction services of single dwelling or multi dwelling or multi-storied residential buildings
	995412	Construction services of other residential buildings such as old age homes, homeless shelters, hostels etc
	995413	Construction services of industrial buildings such as buildings used for production activities (used for assembly line activities), workshops, storage buildings and other similar industrial buildings
	995414	Construction services of commercial buildings such as office buildings, exhibition & marriage halls, malls, hotels, restaurants, airports, rail or road terminals, parking garages, petrol and service stations, theatres and other similar buildings.
	995415	Construction services of other non-residential buildings such as educational institutions, hospitals, clinics including veterinary clinics, religious establishments, courts, prisons, museums and other similar buildings
	995416	Construction Services of other buildings n.e.c
	995419	Services involving Repair, alterations, additions, replacements, renovation, maintenance or remodelling of the buildings covered above.