




Beginners
Course on GST
(Unlocking
GST)

WIRC of ICAI
17/06/2021

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Person liable to
pay tax under GST

Forward / Reverse
/ Special Charge

What is done till today

1. Supply

2. Place of Supply

3. Nature of Supply

4. Rate / Exempt

5. Levy (FCM & RCM)

Supplier

Person making the supply or agent making supply on his behalf.

Recipient

Person making payment of consideration or whom supply has been made.

GST Basic Principle

Rate of tax and all other principle are equally applicable to both supplier or recipient.

Person
Liable to
pay Tax



Aao.....aao.....aaaooo

Levy & Collection

Section 9(1):

‘Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on **all intra-State supplies of goods or services or both**, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and **collected in such manner** as may be prescribed and **shall be paid by the taxable person**.

Section 2(107):

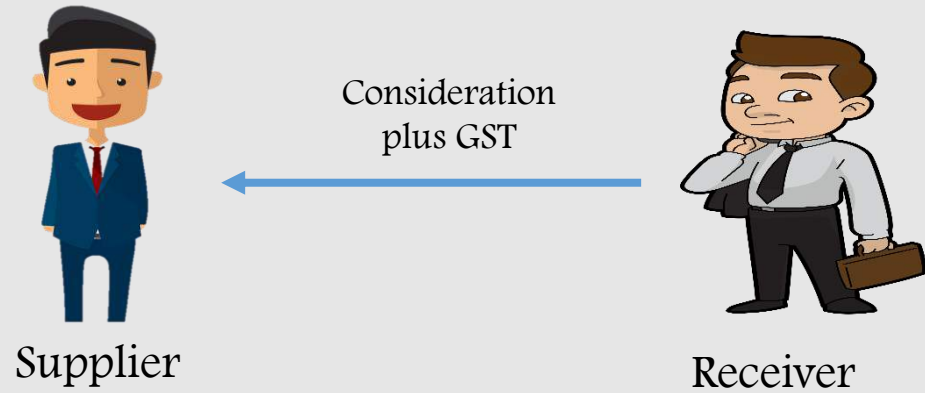
‘taxable person’ means a person who is registered or liable to be registered under section 22 or section 24

Levy & Collection

Supplier supplies goods or services or both to recipient, and Recipient make payment **along with GST** amount to Supplier.

The **Supplier is liable** to pay GST amount to Government, which is **collected from Recipient**.

Forward Charge Mechanism



Deposit GST



Government

Reverse Charge Mechanism



Deposit GST

Why RCM



Why RCM

- Collect tax on the supply which is usually escaping
- Collect tax from organized sector
- Hassle free collection of taxes
- Facilitates tax administration as reduced number of taxpayers

RCM Timeline

1997

Service Tax

First time it was introduced on C&F agent and GTA. Withdrawn in 1998.

2001

Bounce back

Re-introduced with one service & expanded over the period.

2012

Complicated Partial Charge

New concept of partial reverse charge. List of services expanded largely.

2017

RCM continues in GST

RCM continued in GST with some exclusions & included goods also.

2019

RCM on Unregistered Supply

Amended in RCM on specified Unregistered supply. (was there since 2017)

Reverse Charge

Section 2(98):

‘Reverse Charge’ means the **liability to pay tax** by the **recipient of supply** of goods or services or both **instead of the supplier** of such goods or services or both under section 9(3)/9(4), or under section 5(3)/5(4) of the IGST Act.

Recipient of Supply



Recipient
(Goods/Services)

Consideration
payable for
goods/services



Who is paying
consideration

No Consideration
payable for
goods/services



Whom goods are
delivered/services are
rendered

Section 9(3) –
RCM on
notified goods
/ services

Section
5(3)
IGST Act

Government may, on recommendations of the Council,

by
notification

specify
categories of
supply of goods
/ services

tax on which
shall be paid
on Reverse
Charge Basis

by recipient of
such goods /
services

all provisions
of this act shall
apply to such
recipient

Section 9(4) –
RCM on
Unregistered
Supplier

Section
5(4)
IGST Act

Government may, on recommendations of the Council,

by
notification

specify a **class
of registered
person** who
shall,

in respect of
supply of
**specified
categories of
goods /
services**

**received From
unregistered
suppliers** pay
tax on reverse
charge basis as
recipient of
such supply

all provisions
of this act shall
apply to such
recipient

Before 01/01/2019 – RCM on all unregistered purchases by registered person
(exempted w.e.f. 13.10.2017)

Difference 9(3) & 9(4)

9(3): RCM on notified Supplies

- Notified Goods / Services
- Registered / Unregistered Supplier
- Recipient – specified in notification
- Original provision

9(4): RCM unregistered supplier

- Notified class of registered persons in respect of supplies of specified categories of goods / services
- Unregistered Supplier
- Recipient – notified class of persons
- Amended – 01.04.2019

FCM

v/s

RCM

Person Liabile

- FCM ~ Supplier
- RCM – Receiver

Turnover

- FCM – Limit of 20/40 Lakhs
- RCM – No Limit

Registration

- FCM – Section 22/23/24
- RCM – Section 24

Payment of Tax

- FCM – Cash or Credit
- RCM – Cash only

Invoice

- FCM – All supplies
- RCM – Self Invoice (RD and URD)

Payment Voucher

- FCM – Not required
- RCM – Mandatory

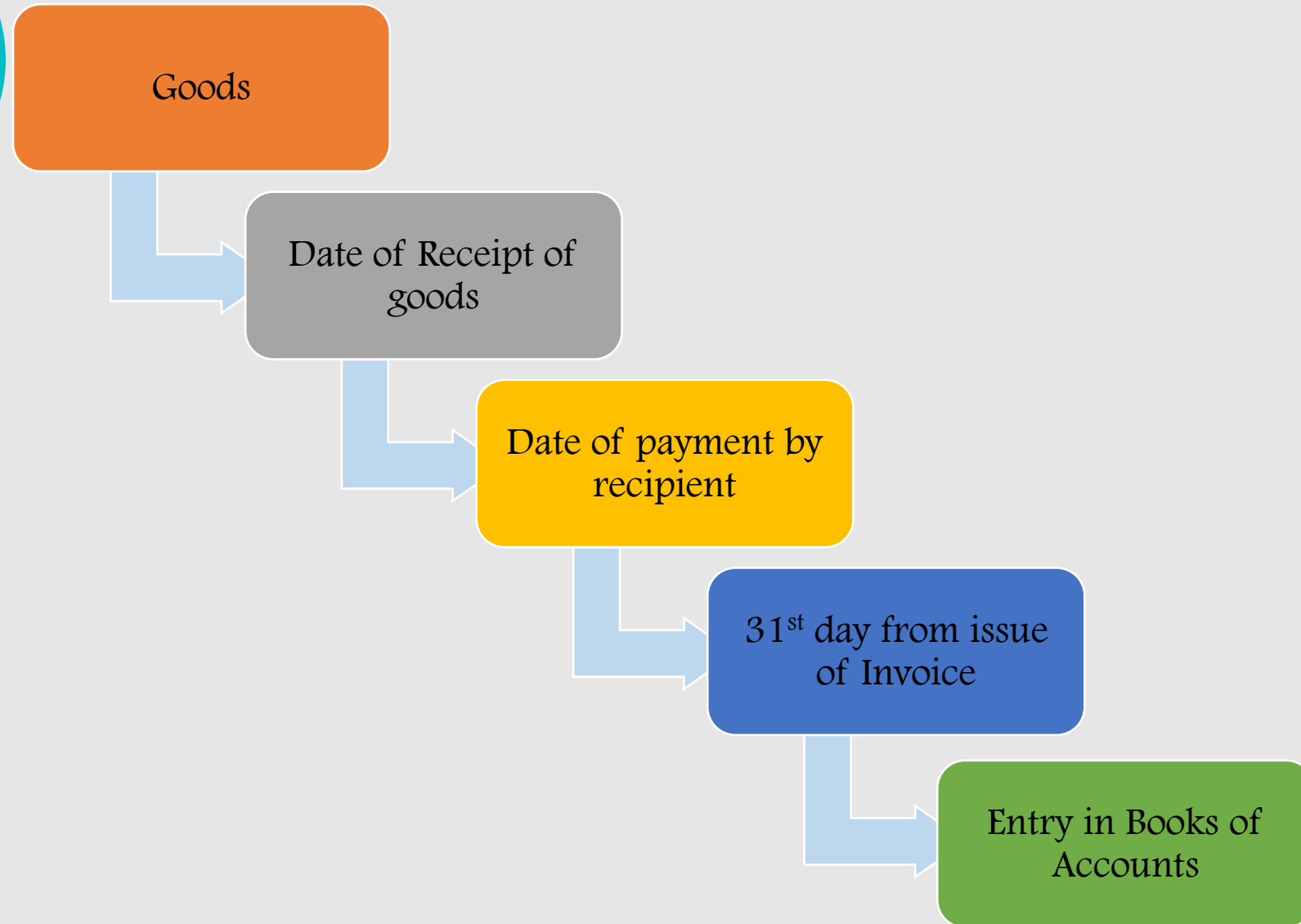
Registration RCM

Sec 24(iii) – Compulsory Registration for RCM :
persons who are required to pay tax under reverse charge;

Notification No. 5/2017 – Central Tax dated 19th July, 2017

The persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods or services or both under sub-section (3) of section 9 of the said act as the category of persons exempted from obtaining registration under the aforesaid Act.

Time of Supply (RCM)



Time of Supply (RCM)

Services

Date of payment by recipient

61st day from issue of Invoice

Entry in Books of Accounts

Import by Associated Enterprise

What under RCM

Services
Not 13/2017 CT(R)
28.6.17

Services
Not 10/2017 IT(R)
28.6.17

Notifications

Goods / Services
Not 07/2019 CT(R)
29.03.19

Goods
Not 04/2017 CT / IT (R)
28.06.17

Services



Notification 13/2017 – CT (R) dated 28.06.2017

Entry No.1 Goods Transport Agency Services



Supplier

Goods
Transport
Agency



Receiver

Specified Recipients ~

- Factory (Factories Act)
- Casual Taxable Person
- Partnership Firm/LLP/AOP
- Body Corporate
- Person Reg. under GST
- Co- operative Society
- Society (Society/Other Act)



GTA means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called'

If Recipient is other than specified recipients (i.e. URC or persons registered only for purpose of TDS) : Exempt

Notification 20/17 (22.08.17) : GTA – Forward Charge @ 12% with ITC (on all services of GTA supplied)

Entry No.
2 & 3
Legal Services



Supplier



Receiver



“LEGAL SERVICE” means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.

2. by Individual Advocate including senior advocate or firm of advocates

3. by Arbitral Tribunal

Any business entity located in taxable territory

Entry No. 4 ~
Sponsorship
Services



Supplier



Receiver

Any Person

To any body
corporate or
partnership firm
located in taxable
territory

Entry No. 5
Government
Services



Supplier

CG, SG, Union
territory or local
Authority



Receiver

Any business entity
located in taxable
territory



Exclusions ~

- Renting of Immovable Property
- Services by Department of Posts ~ speed / express parcel post, life insurance, & agency services provided to a person other than CG, SG or UT or local authority
- services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport
- transport of goods or passengers

Entry No. 5A
Government
Services

(w.e.f. 25/01/18)



Supplier

CG, SG, Union
territory or local
Authority



Receiver

Any business entity
located in taxable
territory



Renting of
immovable property
services provided by
government

Entry No. 5B & 5C
Services to
Promoter

(w.e.f. 01/04/19)



Supplier

Any person



Receiver

Promoter



5B. Services supplied by way of transfer of **Development Rights** or **Floor Space Index** including additional FSI for construction of a project.

5C. Long term lease of land(30 years or more) against consideration in the form of upfront amount and/or periodic rent for construction of a project

Entry No. 6 Services by Director



Supplier

A director of
company or body
corporate



Receiver

The company or a
body corporate
located in the taxable
territory.



- Taxable: Services other than terms of contract of employment (Sch III)
- Rajasthan AAR – M/s Clay Craft India P. Ltd.
- CBIC Circular – 140/10/2020 (10/6/20)
- Non Executive Directors, Nominee Directors, Independent Directors
- Income Tax TDS – 192 or 194 J

CBIC Circular –
140/10/2020
(10/6/20)



Director

Independent
Director

Taxable Services

Direct
Employee

TDS u/s 192

Exempt Service

TDS u/s 194J

Taxable Services

Entry No. 7 & 8
Insurance Agent
Recovery Agent



7. Insurance Agent

Any person carrying on Insurance business

8. Recovery Agent

Banking company or financial institution or NBFC

Entry No. 9 & 9A

Copy Right Services by

Artist / Author

(w.e.f. 01/04/19)



Supplier

9. Music composer,
photographer, artist
or the like

9A. Author



Receiver

Music company,
producer or the like

Publisher



By way of transfer or permitting the use or enjoyment of a copyright covered U/s 13(1)(a) of Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works

by an author by way of transfer or permitting the use or enjoyment of a copyright covered U/s.13(1)(a) of the Copyright Act 1957 relating to original literary work.

- Author can pay under FCM
- Can not withdraw for period of 1 year once option is exercised as FCM

Entry No. 10
Member of
committee
of RBI

(w.e.f. 13/07/17)



Supplier

Member of
overseeing
committee
constituted by the



Receiver

Reserve Bank Of
India



Overseeing
committee was
formed by RBI to
look at the stressed
assets of banking
sector

Entry No. 11/12/13

Services by

Direct Selling Agent

Business Facilitator

Business Correspondent



Supplier



Receiver



11. Direct Selling Agent
(w.e.f.26/07/18)

Banking company or NBFC

DSAs other than Body Corporate / Partnership / LLP

12. Business Facilitator
(w.e.f.26/07/18)

Banking Company

BF cannot carry out transactions on behalf of bank and cannot handle cash transactions

13. Agent of Business Correspondent
(w.e.f.26/07/18)

Business Correspondent

BC can carry out transactions on behalf of bank and can handle cash transactions

Entry No. 14 Security Services

(w.e.f. 31/12/18)



Supplier

Any person other
than body corporate



Receiver

A registered person



Not Applicable to :

- Department or Establishment of CG/SG/UG
- Local Authority / Governmental Agencies taken Registration Under Sec51 (TDS)
- Registered Person under Composition Scheme

- Security services provided by body corporate are covered under FCM

Entry No. 15 Renting of Motor Vehicle

(w.e.f. 31/12/19)



Supplier

Any person other
than body corporate



Receiver

A body corporate
located in taxable
territory



- Renting of any motor vehicle designed to carry passengers
- the cost of fuel is included in the consideration charged
- Services provided by body corporate are covered under FCM @ 5% (without ITC - except same line of business) or 12% (with ITC)
- Services provided by any other person than body corporates to other than body corporates are also covered under FCM

Entry No. 16 Lending of Securities

(w.e.f. 01/10/19)



Supplier

Lender, i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorized on his behalf with an approved intermediary for the purpose of lending under the scheme.



Receiver

Borrower, i.e. a person who borrows the securities under the scheme through an approved intermediary of SEBI.



- Lending of Securities under Securities Lending Scheme, 1997 (scheme) of SEBI, as amended.

Services



Notifcation 10/2017 – IT (R) dated 28.06.2017

Other Services under IGST – Import of Services



Supplier

any person located
in a non taxable
territory

any person located
in a non taxable
territory.



Receiver

Any person located
in taxable territory
other than non
taxable online
recipient

Importer located
in taxable territory



Any service supplied

Ocean Freight-
Transportation of goods by
vessel from place outside
India up to the customs
station of clearance in
India

Services / Goods



Notification 7/2019 – CT (R) dated 29.03.2019

Sec 9(4)
Unregistered
Suppliers



Unregistered
suppliers

Promoter

80:20 supplies –

- Supply of such **goods / services** which constitute shortfall from the minimum value of goods or services or both required to be purchased by a promoter for construction of project, in a FY (or part of the FY till the date of issuance of completion certificate or first occupation, whichever is earlier) – **18%**
- **Cement** which constitute the shortfall from the minimum value of goods or services, or both required purchased by a promoter for construction of project, in a FY (or part of FY till the date of issuance of completion certificate or first occupation, whichever is earlier) – **28%**
- **Capital goods** supplied to a promoter for construction of a project on which tax is payable or paid at the rate prescribed for items (i), (ia), (ib), (ic) and (id) against serial number 3 in the Table, in Notf. No. 11/ 2017- CT(R) dt.28/06/17, as amended.

Goods



Notification 4/2017 – CT (R) & IT (R) dated 28.06.2017

Supplier – Agriculturist
Receiver – Any registered person

Cashew Nuts



Tobacco Leaves



Tendu Leaves (Bidi Wrapper)



Raw Cotton



“agriculturist” means

- ~ an individual or a HUF
- ~ who undertakes cultivation of land-
 - (a) by own labour, or
 - (b) by the labour of family, or
 - (c) by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family.

(Person not liable to registration – Sec 23(1)(b))

Supply of Lottery ~

- Supplier > SG to Lottery Distributor
- Recipient > Lottery Distributor or Agent



Silk Yarn ~

- Supplier > Any Person who Manufacturers Silk Yarn from Raw Silk or Silkworm Cocoons
- Recipient > Any Registered Person



Used Vehicles, Seized & Confiscated Goods, Old and used goods, waste & scrap

- Supplier > CG / SG
- Recipient > Any Registered Person
- Notf.36 /2017 CT(R) dt.13/10/17



Priority Sector Lending Certificate ~

- Supplier > Registered Person
- Recipient > To Another Registered Person
- Notf No 11/2018 CT(R) DT.28/05/18



When ads start popping up for stuff I've only thought about inside my head.



it grabs your **special attention**..... Special Charge :

Sec 9(5)
Special
provisions w.r.t
E- Commerce

Section
5(5)
IGST Act

Government may, on recommendations of the Council,

specify categories of services the tax on intra state suppliers of which tax shall be paid by E-Commerce Operator, if such services are supplied through it

Services by way
Of
transportation
of passengers by
a radio taxi, etc.

Services by way
of renting of
Hotel
Accommodation
Services by way
of house
keeping

Services by way
of house
keeping such as
plumbing,
carpentering,
etc.

Not applicable
if supplier of
such service is
liable to be
registered

It's a kind of third party charge where neither the supplier nor the receiver is required to deposit tax rather the facilitator or intermediary is required to deposit the same with the government.

ECO does not have a physical presence in the taxable territory -


- any person representing such electronic commerce operator for any purpose in the taxable territory shall

ECO – no physical presence and no representative in the said territory -

- such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.



अगर ये हो सकता है, तो सरकार ने GST में किसीपे टॅक्स नही लगाना कौनसी बडी बात है!



Important
Exemption Entries



GST Exemptions

Sec. 11 of CGST Act, 2017 / Sec. 6 of IGST Act, 2017

- Government, on the recommendations of the Council, exempt goods or services by issuing **Notification**
 - either absolutely or subject to conditions
 - wholly or partially
- Also, government may exempt goods or services by issuing **Special Order** in each case of exceptional nature.
- NN 02/2017 CT(R) – Notification for exempting **Goods**
- NN 11/2017 CT(R) – Notification for exempting **Services**

Exempted Services

- ❖ Charitable or Religious activities
- ❖ Agriculture related to services
- ❖ Education services
- ❖ Health care services
- ❖ Services provided by Government
- ❖ Services provided to Government
- ❖ Legal Services
- ❖ Construction Services
- ❖ Entertainment Services
- ❖ Other Exempted Services

Charitable Activities

Services by way of **Charitable Activities** provided by an entity registered u/s 12AA of Income Tax Act, 1961

Services by way of

- Conducting religious ceremony
- Renting of precincts of religious place for general public

Note: Charitable Activities has been defined as activities relating to

- Public Health by way of care or counseling or public awareness
- Advancement of religion, spirituality or yoga
- Advancement of educational program
- Preservation of environment, forest, wildlife

Agricultural Services

- 54 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—
- (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
 - (b) supply of farm labour;
 - (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;
 - (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;
 - (e) loading, unloading, packing, storage or warehousing of agricultural produce;
 - (f) agricultural extension services;
 - (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce;
 - (h) services by way of fumigation in a warehouse of agricultural produce.

24 Services by way of loading, unloading, packing, storage or warehousing of rice

57 Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables;

58 Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination;

Educational Services

Educational institutions are -

- Pre-school and Higher secondary school
- Institutions providing education relating to recognized qualification
- Institutions providing education relating to approved vocational courses

As a **Service Provider** : Services provided by all of above institutions

- To its students, staff and faculty
- By way of conducting entrance examinations

As a **Service Recipient** : Services received by institutions

- Transportation of students, staff and faculty¹
- Catering (including mid-day meals scheme by CG, SG, UT)¹
- Security, cleaning or house-keeping services¹
- Supply of journals or periodicals²
- Services relating to admission or conduct of examination^{1,2,3}

Healthcare Services

Services by way of **healthcare services** by

- Clinical establishments
- Authorized medical practitioners
- Para-medics

Services by way of transportation of patient in an ambulance

Services by way of healthcare services of animals or birds

Note: Healthcare services means

- Diagnosis or treatment or care for illness, injury, pregnancy, abnormality
- Transportation of patient
- Hair transplant or cosmetic or plastic surgery undertaken **only in case to restore** functions of body affected due to injury

Services provided by Govt.

Any activity relating to functions to be performed by Municipality under article 243W of the Constitution

Any activity relating to functions to be performed by Panchayat under article 243G of the Constitution

Services by way of registration required under any law (e.g. GST Act, Companies Act)

Services by way of testing, calibration, safety check, fire license (e.g. FSSAI)

Services by way of issuing Birth Certificate, Death Certificate, Driving License, VISA, Passport

Services where consideration does not exceed Rs. 5,000

Services by way of tolerating non-performance of act

Merchant overtime charges

Services provided to Govt.

Pure Services by way of any activity relating to functions to be performed by Municipality/Panchayat under article 243W/243G of the Constitution respectively (excluding WCT and composite supplies involving supply of goods)

Composite Supply of Goods and Services where value of goods does not exceeds 25% of value of composite supply in case where such composite supply is provided by way of any activity relating to functions to be performed by Municipality/Panchayat under article 243W/243G of the Constitution respectively

Services provided by Fair Price Shops (FPS)

Services provided by GSTN

Legal Services

Legal services provided by an “Arbitral Tribunal” or “Senior Advocate” to

- Any person other than business entity
- Business entity having turnover below limits specified for registration
- CG, SG, UT, LA, GA, GE

Legal services provided by “Partnership firm of Advocates” or “Individual Advocate other Senior Advocate” to

- Any person other than business entity
- Business entity having turnover below limits specified for registration
- CG, SG, UT, LA, GA, GE
- Other advocate or partnership firm of advocates

Construction Services

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 house construction / enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY)

Services of Pure Labour Contracts of construction, erection, installation of single residential unit other than residential complex

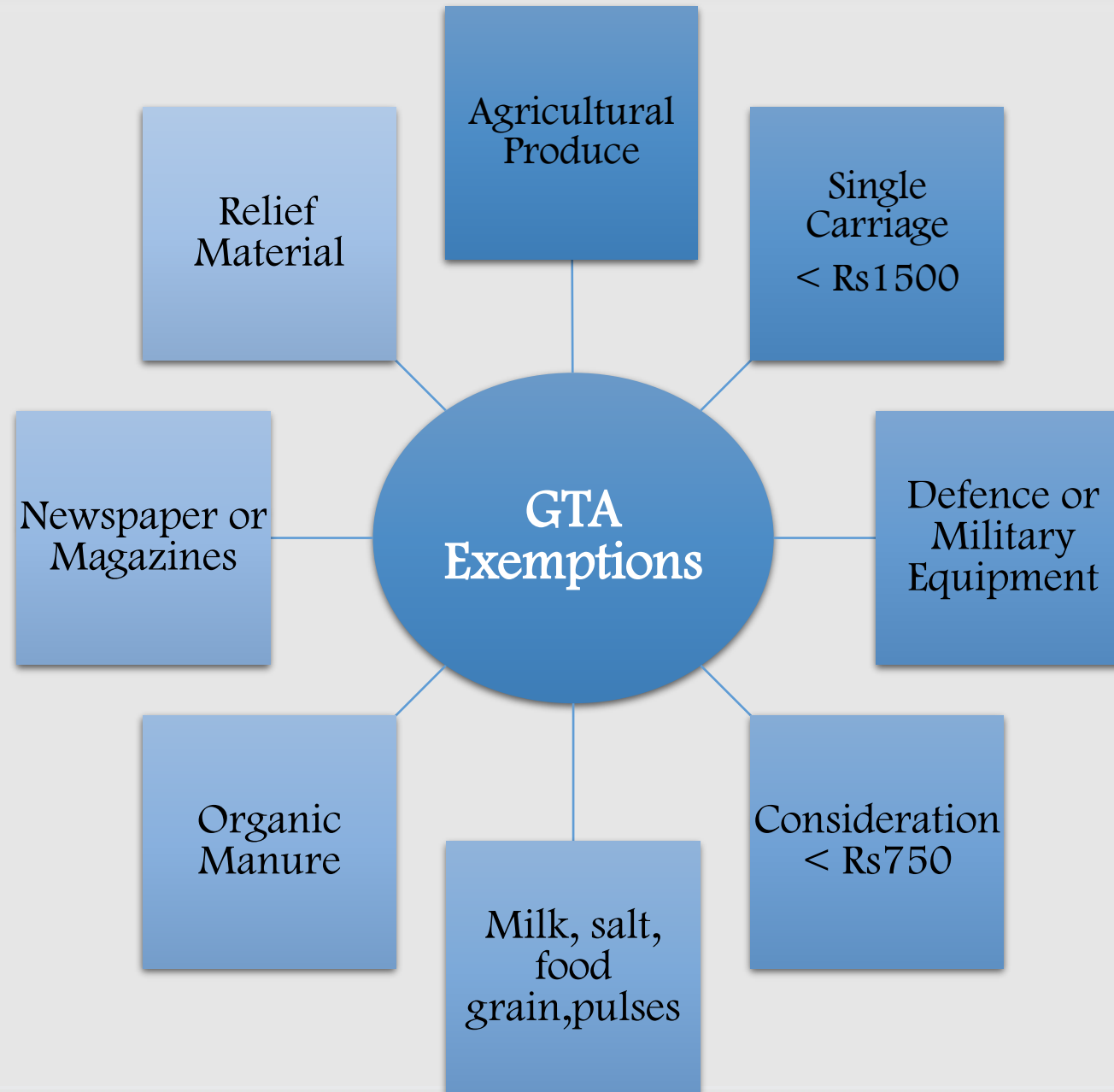
Entertainment Services

Services by an artist by performing folk or classical art forms of music, dance or theatre if consideration is not exceeding Rs. 1,50,000.00 (except in cases where such artist is providing service as a brand ambassador)

Services by way of admission to

- ~ Museum, national park, wildlife sanctuary, zoo
- ~ Protected monuments
- ~ Circus, award function, concert, sports events, planetarium*
- ~ Dance, theatrical, musical performances*

[*exempt only if consideration does not exceed Rs. 500 per person]



Sponsorship of Sporting Events Exemptions

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graph TD; A[Sponsorship of Sporting Events Exemptions] --> B[Under the Panchayat Yuva Kreedaa aur Khel Abhiyaan Scheme]; A --> C[By a national sports federation or its affiliates.]; A --> D[As part of National Games by the Indian Olympic Association]; A --> E[By the Central Civil Services Cultural & Sports Board]; A --> F[By Association of Indian Universities, Inter-university sports Board, School games Federation of India, All India Sports Council For deaf, Paralympic Committee of India or Special Olympics Bharat];
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Under the Panchayat Yuva Kreedaa aur Khel Abhiyaan Scheme

By a national sports federation or its affiliates.

As part of National Games by the Indian Olympic Association

By the Central Civil Services Cultural & Sports Board

By Association of Indian Universities, Inter-university sports Board, School games Federation of India, All India Sports Council For deaf, Paralympic Committee of India or Special Olympics Bharat

Other Services

Services by way of renting of residential dwelling for residential use

Services by hotel, guest house, club or campsite for residential or lodging purpose where value of a unit does not exceed Rs. 1,000 per day

Services by way of renting of vehicles

- To State Transport Undertaking (vehicle carrying more than 12 passengers)
- To GTA (vehicle for transportation of goods)
- To person providing service of transportation of students, staff and faculty to Pre-school and Higher Secondary Educational Institutions

Services by way of extending deposits, loans or advances where consideration is represented by way of interest or discount (e.g. Interest on bank loan or Discounting of bills)

Continued..

Other Services

Service provided by unincorporated body or non-profit entity to its members by way of reimbursement of charges or share of contribution against consideration not exceeding Rs. 7,500 per month per member

Services by way of transfer of business as a going concern

Services by way of transportation of goods by vessel or aircraft from custom station in India to a place outside India [Applicable till 30.09.2021]

Services provided by RBI, ESIC, EPFO, IRDAI, SEBI

Various insurance schemes (General insurance, Life insurance)

Various pension schemes (Atal Pension Yojana, SG Pension Scheme)



कैसे मिलेगी ?

