

Participant Handbook

Sector
BFSI

Sub-Sector
Lending, Fund Investment*

Occupation
Finance and Accounts

Reference ID: **BSC/Q8102, Version 2.0**
NSQF level: **4**



*** & Services, Payments,
Broking, BFSI Processing**

GST Assistant



Shri Narendra Modi
Prime Minister of India

“

Skill development of the new generation is a national need and is the foundation of Aatmnirbhar Bharat

”



Certificate

COMPLIANCE TO QUALIFICATION PACK – NATIONAL OCCUPATIONAL STANDARDS

is hereby issued by the

BANKING, FINANCIAL SERVICES & INSURANCE (BFSI) SECTOR SKILL COUNCIL OF INDIA

for

SKILLING CONTENT: PARTICIPANT HANDBOOK

Complying to National Occupational Standards of

Job Role/ Qualification Pack: 'GST Assistant'

QP No. 'BSC/Q8102, NSQF Level 4'

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Sector Skill Council of India)

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The preparation of this handbook would not have been possible without the banking sector's support. Industry feedback has been extremely beneficial since inception to conclusion, and it is with their guidance that we have tried to bridge the existing skill gaps in the industry. This participant handbook is dedicated to the aspiring youth, who desire to achieve special skills that will be a long-term asset for their future pursuits.

About this book

Welcome to the "GST Assistant" training program. This handbook is crafted to furnish participants with a comprehensive understanding of the role of a data analyst in the financial services sector, with a specific focus on managing information systems, generating insights, and ensuring data integrity and security. Throughout this training initiative, participants will delve into various facets of data analysis, including data collection, processing, interpretation, and presentation. The handbook aims to equip participants with the requisite skills to navigate through vast datasets, extract meaningful information, and provide actionable recommendations.

Participants will also be trained to stay abreast of emerging technologies, tools, and methodologies in data analysis relevant to the financial services domain. Emphasis will be placed on effective communication skills, enabling participants to convey complex data findings in a clear and concise manner to stakeholders. The handbook outlines the key competencies and proficiencies essential for successful MIS data analysts in financial services. This encompasses proficiency in data visualization, database management, statistical analysis, and adherence to regulatory compliance standards.

Performance metrics are established to motivate participants to attain the necessary skills through practical application and adherence to industry best practices.

This Participant Handbook is designed based on the Qualification Pack (QP) under the National Skill Qualification framework (NSQF) and it comprises of the following National Occupational Standards (NOS)/ topics and additional topics.

1. BSC/N8106: Identifying GST Taxable Event
2. BSC/N8107: Maintaining GST Records and Filing GST returns
3. DGT/VSQ/N0102: Employability Skills (60 Hours)

Symbols Used



Key Learning
Outcomes



Unit
Objectives



Exercise



Tips



Notes



Activity



Summary

S.No	Modules and Units	Page No
15.	Employability Skills (DGT/VSQ/N0102) (60 Hours) Employability Skills is available at the following location: https://www.skillindiadigital.gov.in/content/list Scan the QR code below to access the ebook	177
16.	Annexure	179



1. Introduction to the Banking Sector and the Job Role of GST Assistant



- Unit 1.1 - Skill India Mission and the Indian Banking Sector
- Unit 1.2 - Scope of the Banking Industry and Its Sub-Sectors
- Unit 1.3 - Job Role, Opportunities, and Banking Terminologies for a GST Assistant



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Discuss the objectives and benefits of the Skill India Mission
2. Describe the scope of the Banking Industry and its sub-sectors
3. Discuss job role and opportunities for a GST Assistant
4. List the basic terminologies used in banking services

UNIT 1.1: Skill India Mission and the Indian Banking Sector

Unit Objectives

By the end of this unit, the participants will be able to:

1. Explain the concept and objectives of the Skill India Mission
2. Understand the importance of skill development in the banking and financial sector
3. Describe the evolution of the Indian banking system
4. Identify the role of banks in economic growth and GST implementation
5. Recognise employment opportunities created through skill-based initiatives

1.1.1 Skill India Mission: An Overview

The Skill India Mission, launched in 2015 by the Government of India, aims to empower the workforce by equipping individuals with industry-relevant skills. The mission focuses on reducing unemployment, improving productivity, and aligning education with job market requirements



Skill India
कौशल भारत - कुशल भारत

Fig. 1.1.1. Skill India Mission

Key Objectives of Skill India Mission

Objective	Description
Skill Development	Train youth in employable and industry-relevant skills
Employment Generation	Increase job opportunities in organised and unorganized sectors
Standardisation	Introduce the National Skill Qualification Framework (NSQF)
Industry Linkage	Align training programs with industry needs
Entrepreneurship	Promote self-employment and startups

Benefits of Skill India Mission

The Skill India Mission has been designed to strengthen India's workforce by focusing on skill development, employability, and industry alignment. The major benefits of the mission are:



Fig. 1.1.2: Benefits of Skill India Mission

- **Enhancement of Employability**

The mission equips individuals with job-oriented and practical skills that are directly relevant to industry requirements. This increases the chances of employment in sectors such as banking, taxation, accounting, and compliance, including roles like GST Assistant.

- **Reduction in Unemployment**

By providing structured skill training and certification, the mission helps reduce unemployment and underemployment, particularly among youth, by preparing them for formal sector jobs and self-employment opportunities.

- **Industry-Academia Alignment**

Skill India bridges the gap between traditional education and industry needs by aligning training curricula with real-world job roles. This ensures that trained candidates possess the competencies required by banks, financial institutions, and GST-related service providers.

- **Promotion of Financial Literacy and Compliance Awareness**

Training programs under Skill India emphasise financial awareness, digital transactions, and regulatory compliance. This is especially beneficial for GST Assistants, who must understand banking processes, tax payments, and documentation.

- **Support for Digital and Formal Economy**

The mission promotes digital skills and familiarity with online platforms such as banking portals, GSTN, and electronic payment systems, thereby supporting India's transition towards a formal and transparent economy.

- **Encouragement of Entrepreneurship and Self-Employment**

Skill India not only prepares individuals for jobs but also encourages entrepreneurship by enabling trained professionals to start independent services such as GST return filing, tax consultancy, and compliance assistance.

- **Standardisation of Skills through Certification**

Certification under the National Skill Qualification Framework (NSQF) ensures uniform skill standards across the country, enhancing the credibility and mobility of skilled professionals in the banking and taxation sectors.

- **Inclusive Growth and Social Empowerment**

The mission promotes inclusive development by providing equal access to skill training for women, rural youth, and economically weaker sections, thereby empowering them to participate in India's economic growth.

1.1.2 Indian Banking Sector: Meaning and Importance

The banking sector refers to institutions that accept deposits, provide loans, facilitate payments, and offer financial services. Banks act as intermediaries between savers and borrowers and are essential for implementing government policies, including GST collections.

Functions of Banks

- Accepting deposits
- Lending money
- Facilitating digital payments
- Processing tax payments
- Providing credit to businesses

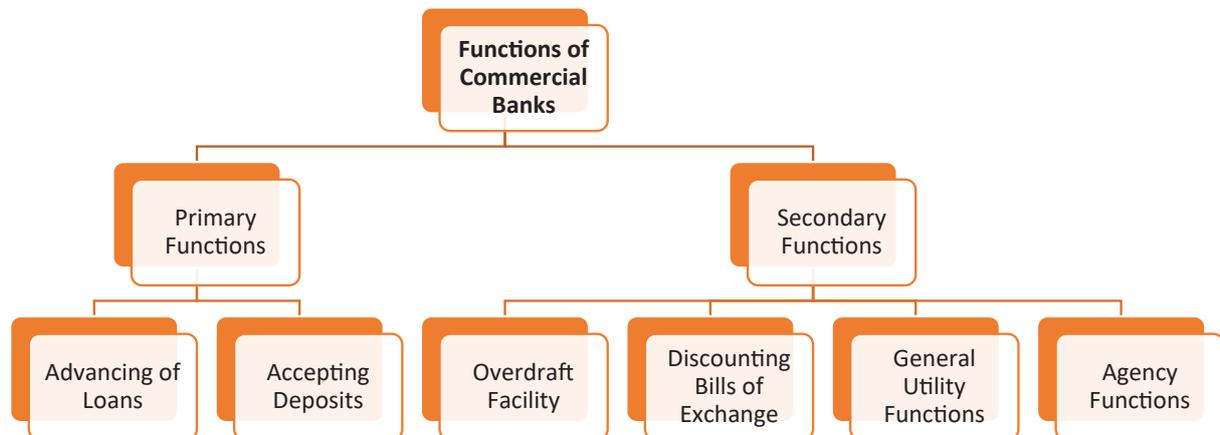


Fig. 1.1.3: Primary and Secondary Functions of Commercial Banks

1.1.3 Role of Banks in GST Framework

Banks play a crucial role in GST by:

- Enabling GST payments through challans
- Supporting electronic fund transfers
- Assisting businesses with compliance-related documentation
- Maintaining transaction records for audit purposes

UNIT 1.2: Scope of the Banking Industry and Its Sub-Sectors

Unit Objectives

By the end of this unit, the participants will be able to:

1. Identify different types of banks in India
2. Understand the scope of banking services
3. Distinguish between public, private, and cooperative banks
4. Explain the role of financial institutions in GST compliance
5. Recognise emerging trends in digital banking

1.2.1 Types of Banks in India

Type of Bank	Examples	Key Features
Public Sector Banks	<p>SBI, PNB, BOB, Canara Bank</p> 	Government ownership
Private Sector Banks	<p>HDFC, ICICI</p> 	Privately managed
Cooperative Banks	<p>Urban and Rural Co-op Banks</p> 	Community-based

Type of Bank	Examples	Key Features
Regional Rural Banks	<p>NABARD-linked RRBs</p>  <p>NABARD</p> <p>NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT</p>	Rural development
Small Finance Banks	<p>AU, Ujjivan</p>  <p>AU SMALL FINANCE BANK</p>  <p>ujjivan SMALL FINANCE BANK</p>	Financial inclusion
Payment Banks	<p>Paytm, Airtel</p>  	Limited banking services

Different Types Of Banks

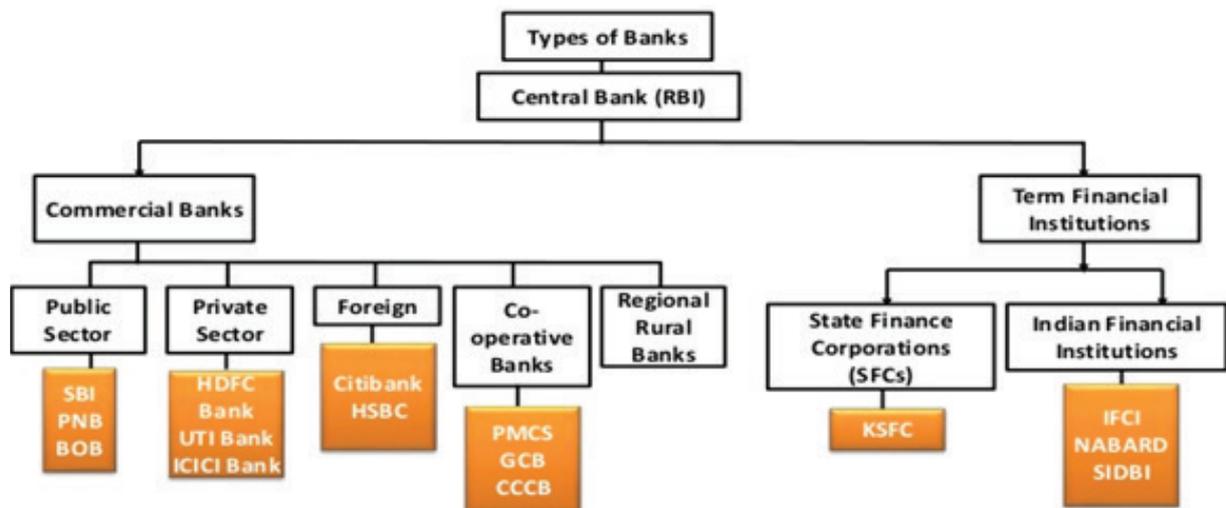


Fig. 1.2.1: Types of Banks in India

1.2.2 Scope of Banking Industry

The banking industry in India has expanded far beyond traditional deposit and lending functions. With economic growth, digitalisation, and regulatory reforms such as GST, banks now offer a wide range of services that create diverse career opportunities, including for professionals trained as GST Assistants.

Retail Banking

Retail banking deals with individual customers and small businesses. It includes services such as savings accounts, fixed deposits, personal loans, home loans, and debit and credit cards. Retail banking is significant because it handles a high volume of financial transactions that may involve GST, such as service charges and loan-related fees. GST Assistants often assist banks or customers in understanding tax components applicable to these services.

Corporate Banking

Corporate banking focuses on large businesses, companies, and institutions. It includes services like working capital loans, trade finance, cash management, and treasury services. Since corporate entities are major GST registrants, banks play an important role in facilitating high-value GST payments, maintaining transaction records, and supporting compliance requirements. GST Assistants working in this area help ensure accurate documentation and timely tax payments.

Digital Payment Systems

Digital payment systems include online banking, Unified Payments Interface (UPI), NEFT, RTGS, and mobile banking platforms. These systems have become the backbone of India's cashless economy. Banks manage digital payment infrastructure that enables GST payments, electronic challans, and real-time fund transfers. GST Assistants must understand these systems to guide taxpayers in making accurate and timely tax payments.

Tax Collection and Compliance

Banks act as authorised agents for the government in collecting taxes, including GST. They receive GST payments, issue challans, and transfer funds to the government treasury. This function creates a direct interface between banking and taxation. GST Assistants support this process by coordinating payments, resolving discrepancies, and ensuring proper reporting of tax transactions.

Financial Advisory Services

Banks also provide financial advisory services such as investment planning, risk management, and business consultancy. These services often involve tax planning and compliance advice. GST Assistants contribute by analysing GST implications on business decisions, advising on input tax credit utilisation, and ensuring adherence to GST regulations.

1.2.3 Link between Banking and GST

The implementation of GST has significantly strengthened the interdependence between the banking system and tax administration. Banks serve as the primary channel through which GST-related financial transactions are processed.

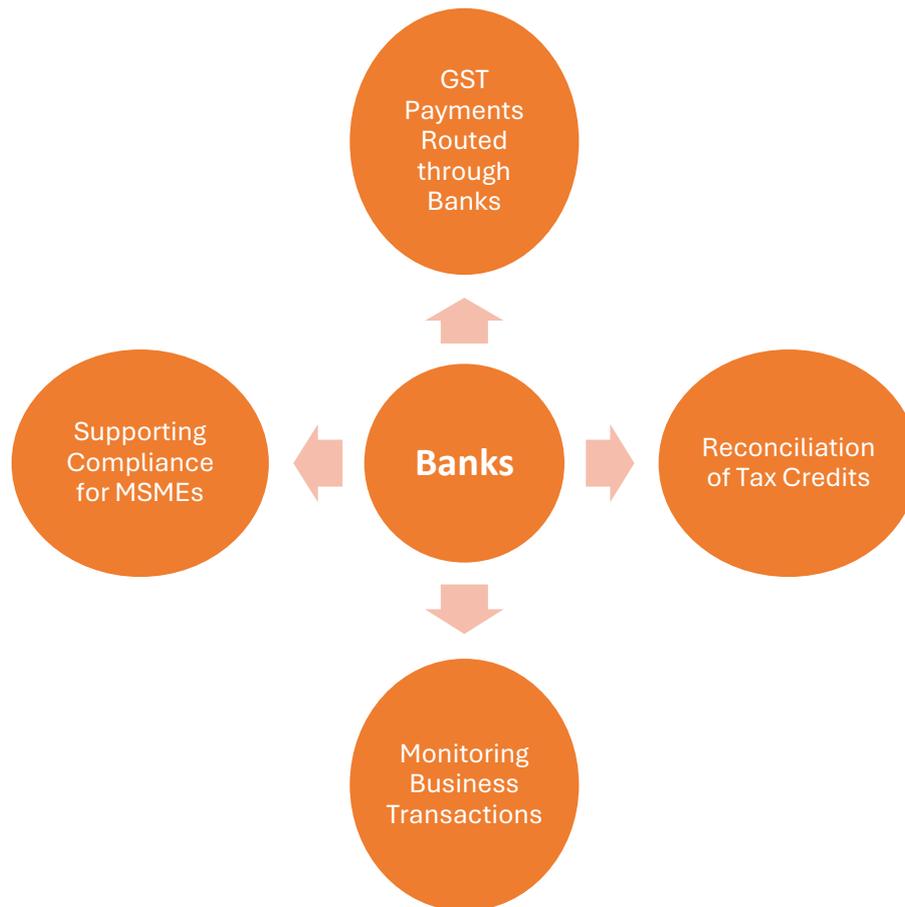


Fig. 1.2.2: Link Between Banking and GST

GST Payments Routed through Banks

All GST payments are made through authorised banks using electronic challans generated on the GST portal. Banks facilitate these payments through internet banking, debit cards, and over-the-counter options. Accurate processing of these payments is essential to avoid penalties and interest. GST Assistants assist taxpayers in generating challans and selecting appropriate payment modes.

Reconciliation of Tax Credits

Banks maintain transaction records that help in reconciling GST payments with returns filed on the GST portal. Proper reconciliation ensures that input tax credit (ITC) is accurately reflected in the taxpayer's electronic credit ledger. GST Assistants play a key role in identifying mismatches and coordinating with banks to resolve discrepancies.

Monitoring Business Transactions

Banks monitor business transactions to comply with regulatory and reporting requirements. These transaction records help tax authorities track turnover, detect tax evasion, and ensure transparency. GST Assistants analyse banking data to support accurate GST reporting and compliance.

Supporting Compliance for MSMEs

Micro, Small, and Medium Enterprises (MSMEs) rely heavily on banks for loans, digital payments, and tax payments. Banks assist MSMEs in understanding GST-related financial procedures. GST Assistants act as facilitators by helping MSMEs manage GST registrations, payments, and documentation through banking channels.

1.2.4 Emerging Trends in Banking

The banking sector in India is undergoing rapid transformation due to technological advancements, regulatory reforms, and increased emphasis on transparency and compliance. These emerging trends have strengthened the role of banks in taxation and GST administration and have increased the relevance of skilled professionals such as GST Assistants.

Digital Banking and UPI

Digital banking has enabled customers to access banking services through the internet and mobile platforms without visiting bank branches. Systems such as Unified Payments Interface (UPI), NEFT, RTGS, and mobile banking apps allow instant fund transfers and real-time payments. Digital banking plays a crucial role in GST by enabling quick and secure tax payments, the generation of electronic challans, and seamless transaction tracking. GST Assistants must be familiar with these platforms to assist taxpayers in completing GST-related financial transactions efficiently.

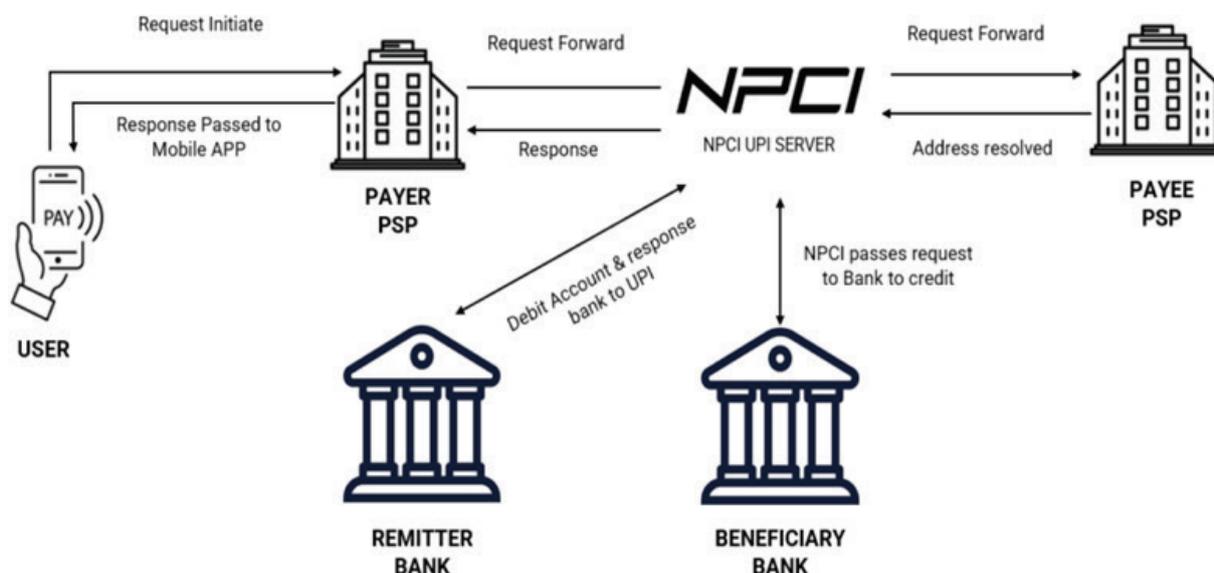


Fig. 1.2.3: UPI Transaction Process

Paperless Documentation

Banks are increasingly adopting paperless processes by using electronic records, digital signatures, and online verification systems such as e-KYC. Paperless documentation reduces processing time, minimises errors, and improves record management. In the context of GST, electronic invoices, digital returns, and online payment records support transparency and ease of compliance. GST Assistants rely on digital documents to verify transactions, maintain records, and respond to audits or assessments.

Document Required for KYC in India

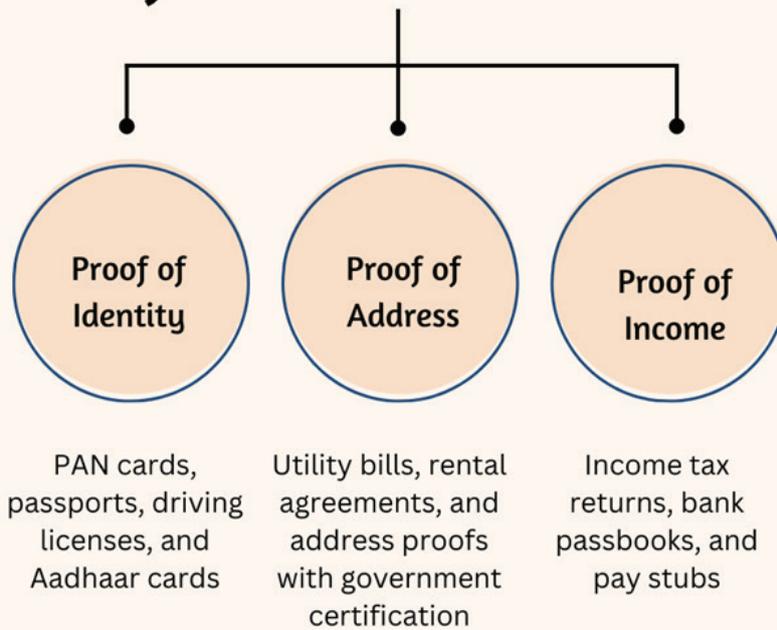


Fig. 1.2.4: Documents Required for KYC

Integration with the GSTN Portal

Banks are integrated with the Goods and Services Tax Network (GSTN) to facilitate smooth tax payments and data sharing. This integration ensures that GST payments made through banks are automatically reflected in the taxpayer's electronic cash ledger on the GST portal. It improves accuracy, reduces manual intervention, and supports timely compliance. GST Assistants benefit from this integration as it simplifies reconciliation of payments and reduces disputes related to tax credits.

AI-Based Compliance Monitoring

Banks are increasingly using artificial intelligence (AI) and data analytics to monitor transactions, detect irregularities, and ensure regulatory compliance. AI-based systems help identify unusual transaction patterns, possible tax evasion, and reporting inconsistencies. These technologies support GST compliance by improving accuracy and risk assessment. GST Assistants work alongside such systems by interpreting reports, resolving discrepancies, and ensuring that clients or institutions remain compliant with GST laws.

UNIT 1.3: Job Role, Opportunities, and Banking Terminologies for a GST Assistant

Unit Objectives

By the end of this unit, the participants will be able to:

1. Describe the job role of a GST Assistant
2. Identify key responsibilities and work areas
3. Understand employment opportunities in banking and finance
4. Use basic banking terminologies accurately
5. Relate GST compliance with banking operations

1.3.1 Who is a GST Assistant?

A GST Assistant is a trained professional who assists businesses, banks, and financial institutions in complying with GST laws by handling registrations, returns, payments, and documentation.

Key Responsibilities

- GST registration assistance
- Return filing (GSTR-1, GSTR-3B, etc.)
- GST payment coordination through banks
- Invoice verification
- Record maintenance

1.3.2 Career Opportunities for GST Assistants

GST Assistants play a crucial role in ensuring tax compliance, documentation accuracy, and smooth coordination between taxpayers and authorities. Their skills are highly demanded across multiple sectors due to the complexity and continuous evolution of GST law.

1. Banking Sector

Banks require GST Assistants for backend compliance and operational support. Since banks handle large volumes of financial transactions, GST-related reporting and reconciliation are critical.

Key Roles Include:

- Assisting in GST compliance for banking services
- Supporting tax processing related to service charges and fees
- Reconciling GST payments and input tax credits
- Coordinating with internal audit and compliance teams

GST Assistants help banks reduce compliance risks and ensure timely filings.

2. Chartered Accountant (CA) Firms

CA firms offer extensive opportunities as they handle GST compliance for multiple clients across industries.

Opportunities Include:

- Preparation and filing of GST returns (GSTR-1, GSTR-3B, etc.)
- Assisting in GST audits and assessments
- Maintaining GST records and documentation
- Client coordination and compliance tracking

This sector provides strong exposure to practical GST application and advisory work.

3. Corporate Sector

Large and medium-sized companies employ GST Assistants for in-house tax compliance.

Typical Responsibilities:

- Managing GST registrations and amendments
- Tracking inward and outward supplies
- Ensuring timely return filing and tax payments
- Supporting departmental audits and assessments

In-house roles offer job stability and specialisation in industry-specific GST practices.

4. Government Projects and GST Facilitation Centres

Government initiatives and outsourced GST facilitation centres employ GST Assistants to support taxpayers.

Functions Include:

- Assisting small businesses with GST registration
- Helping taxpayers understand return filing procedures
- Supporting grievance redressal and compliance awareness
- Acting as a bridge between taxpayers and GST authorities

These roles emphasize public service and administrative support.

5. Self-Employment and GST Consultancy

With experience and continuous learning, GST Assistants can establish their own consultancy services.

Self-employment Opportunities:

- Providing GST registration and return filing services
- Advising MSMEs and startups on compliance
- Handling notices and basic representations
- Offering compliance training to small businesses

This path offers professional independence and income growth potential.

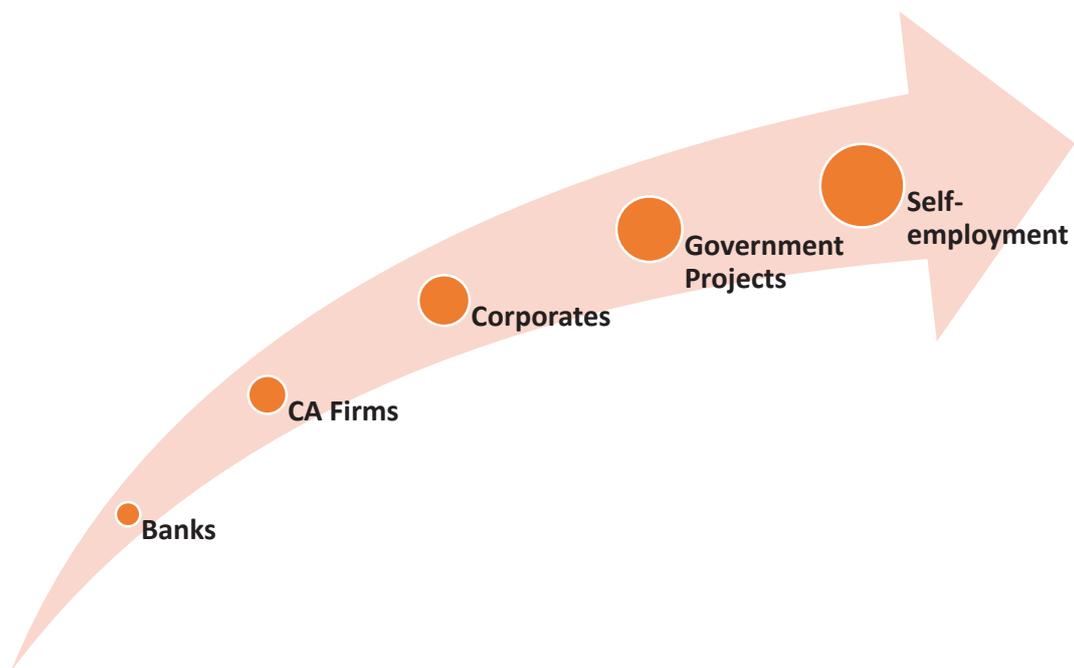


Fig. 1.3.1: Career Opportunities for GST Assistants

1.3.3 Basic Banking Terminologies

Term	Meaning
Account	Record of financial transactions
Deposit	Money is placed in a bank
Loan	Borrowed money
Interest	Cost of borrowing
NEFT/RTGS	Electronic fund transfers
UPI	Instant digital payment system
Challan	Tax payment document
Ledger	Record of transactions

1.3.4 Skills Required for a GST Assistant

- Basic banking knowledge
- Understanding of GST laws
- Numerical and analytical skills
- Digital literacy
- Attention to detail

Summary

- The Skill India Mission aims to enhance employability by providing industry-relevant skills and standardized training under the NSQF framework.
- The banking sector serves as the backbone of India's economy by facilitating deposits, credit, digital payments, and tax collection.
- Indian banking comprises various sub-sectors, including public sector banks, private banks, cooperative banks, and digital banking institutions.
- Banks play a crucial role in the GST framework by enabling tax payments, maintaining transaction records, and supporting compliance.
- The scope of banking offers diverse career opportunities in retail banking, corporate banking, digital payments, and financial advisory services.
- The role of a GST Assistant has gained importance due to increased compliance requirements under the GST regime.
- Emerging trends such as digital banking, paperless documentation, GSTN integration, and AI-based monitoring have transformed banking operations.
- A sound understanding of basic banking terminologies and systems is essential for effective GST compliance and professional practice.

Exercise

Multiple Choice Questions (MCQs):

1. The primary objective of the Skill India Mission is to:
 - a. Increase tax revenue
 - b. Enhance employability through skill development
 - c. Regulate banking institutions
 - d. Replace formal education
2. Which of the following banks primarily focuses on financial inclusion?
 - a. Investment Banks
 - b. Cooperative Banks
 - c. Small Finance Banks
 - d. Foreign Banks
3. GST payments made through banks are reflected in which ledger on the GST portal?
 - a. Credit Ledger
 - b. Liability Ledger
 - c. Cash Ledger
 - d. Audit Ledger
4. Which digital payment system enables instant fund transfer in India?
 - a. RTGS
 - b. NEFT
 - c. UPI
 - d. Cheque
5. AI-based compliance monitoring in banking is mainly used for:
 - a. Increasing interest rates
 - b. Detecting transaction irregularities
 - c. Issuing loans
 - d. Customer onboarding

Descriptive Questions

1. Explain the objectives and benefits of the Skill India Mission with reference to employment in the banking and GST sectors.
2. Describe the scope of the Indian banking industry and its major sub-sectors.
3. Discuss the role of banks in the implementation and functioning of the GST system in India.
4. Explain the job role, responsibilities, and career opportunities of a GST Assistant.
5. Examine the impact of emerging trends in banking on GST compliance and administration.

2. Fundamentals of GST



Unit 2.1 - Background and Evolution of GST

Unit 2.2 - Benefits and Structure of GST

Unit 2.3 - Types of GST



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Background of GST
2. Discuss the Benefits of GST
3. Explain the Structure of GST
4. Detailed Description of IGST, CGST, SGST and UTGST

UNIT 2.1: Background and Evolution of GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Define GST and explain its basic concept
2. Understand the indirect tax structure before GST
3. Identify shortcomings of the pre-GST tax system
4. Trace the legislative and policy evolution of GST
5. Explain the rationale behind introducing GST
6. Appreciate GST as a unifying tax reform

2.1.1 Meaning and Concept of GST

Goods and Services Tax (GST) is a comprehensive indirect tax levied on the supply of goods and services in India. It is a destination-based tax, meaning that the tax revenue accrues to the state or territory where the goods or services are finally consumed. GST is charged at every stage of the supply chain; however, the burden of tax is passed on to the final consumer due to the availability of Input Tax Credit (ITC).

The central idea behind GST is to eliminate the cascading effect of taxes, which existed under the earlier indirect tax system. By allowing credit for taxes paid on inputs, GST ensures that tax is levied only on the value added at each stage.

2.1.2 Indirect Tax System Before GST

Before the introduction of GST, India followed a fragmented indirect tax system, where the Central Government and State Governments levied and collected separate taxes independently.

Central Taxes	State Taxes
Central Excise Duty	Value Added Tax (VAT)
Service Tax	Sales Tax
Customs Duty	Entry Tax
Central Sales Tax (CST)	Entertainment Tax

This multiplicity of taxes resulted in a higher compliance burden, a lack of uniformity across states, and an increased cost of goods and services.

2.1.3 Limitations of the Pre-GST Tax System

The pre-GST tax regime suffered from several structural and administrative limitations. One of the major drawbacks was the cascading effect of taxes, where tax was levied on top of another tax without allowing credit for previously paid taxes. This increased prices for consumers and reduced competitiveness for businesses.

Additionally, the existence of multiple taxes led to complex compliance requirements, such as separate registrations, returns, and assessments at the central and state levels. Lack of uniform tax rates across states also created trade barriers and discouraged the free movement of goods.

2.1.4 Evolution of GST in India

The idea of GST was introduced to address these challenges and create a unified indirect tax system.

- **Year 2000: Introduction of the GST Concept**

The idea of Goods and Services Tax was first proposed to reform India's indirect tax system. It aimed to replace the complex structure of multiple indirect taxes with a unified and comprehensive tax framework.

- **Year 2006: GST Proposed in the Union Budget**

In the Union Budget of 2006–07, the government officially announced its intention to implement GST. This marked the formal beginning of discussions and consultations with states and stakeholders for tax reform.

- **Year 2014: Constitution (101st Amendment) Bill Introduced**

The Constitution (101st Amendment) Bill was introduced to provide constitutional backing for GST. It enabled both the Central and State Governments to levy GST concurrently.

- **Year 2016: GST Acts Passed**

In 2016, Parliament passed key GST legislations, including the CGST, SGST, IGST, and UTGST Acts. These laws laid down the legal framework for the implementation and administration of GST in India.

- **1 July, 2017: GST Implemented Nationwide**

GST was officially implemented across India on 1 July 2017, replacing multiple central and state indirect taxes. This milestone marked the introduction of the "One Nation, One Tax" system.

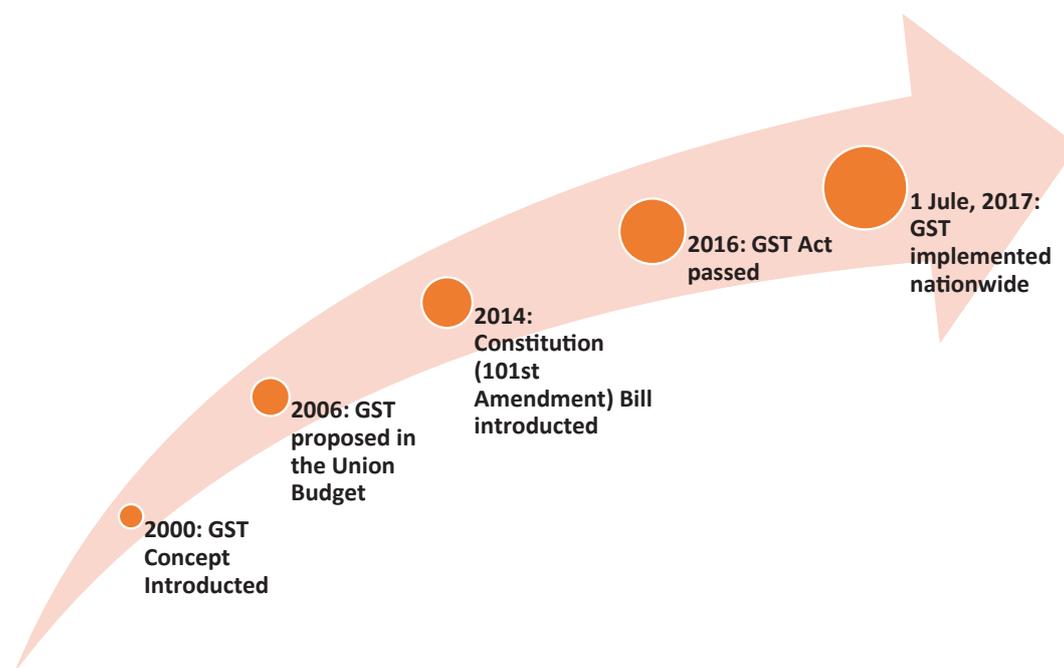


Fig. 2.1.1: Evolution of GST in India

UNIT 2.2: Benefits and Structure of GST

Unit Objectives

At the end of this unit, you will be able to:

1. Explain the economic and administrative benefits of GST
2. Understand how GST eliminates cascading effects
3. Describe the dual GST model
4. Identify the components of GST structure
5. Understand GST rate slabs
6. Relate GST structure to compliance responsibilities

2.2.1 Benefits of GST

The Goods and Services Tax (GST) has brought a fundamental transformation in India's indirect taxation system by replacing a complex and fragmented tax structure with a unified and transparent framework. GST not only simplifies tax administration but also enhances efficiency, accountability, and economic growth. The major benefits of GST are discussed below:

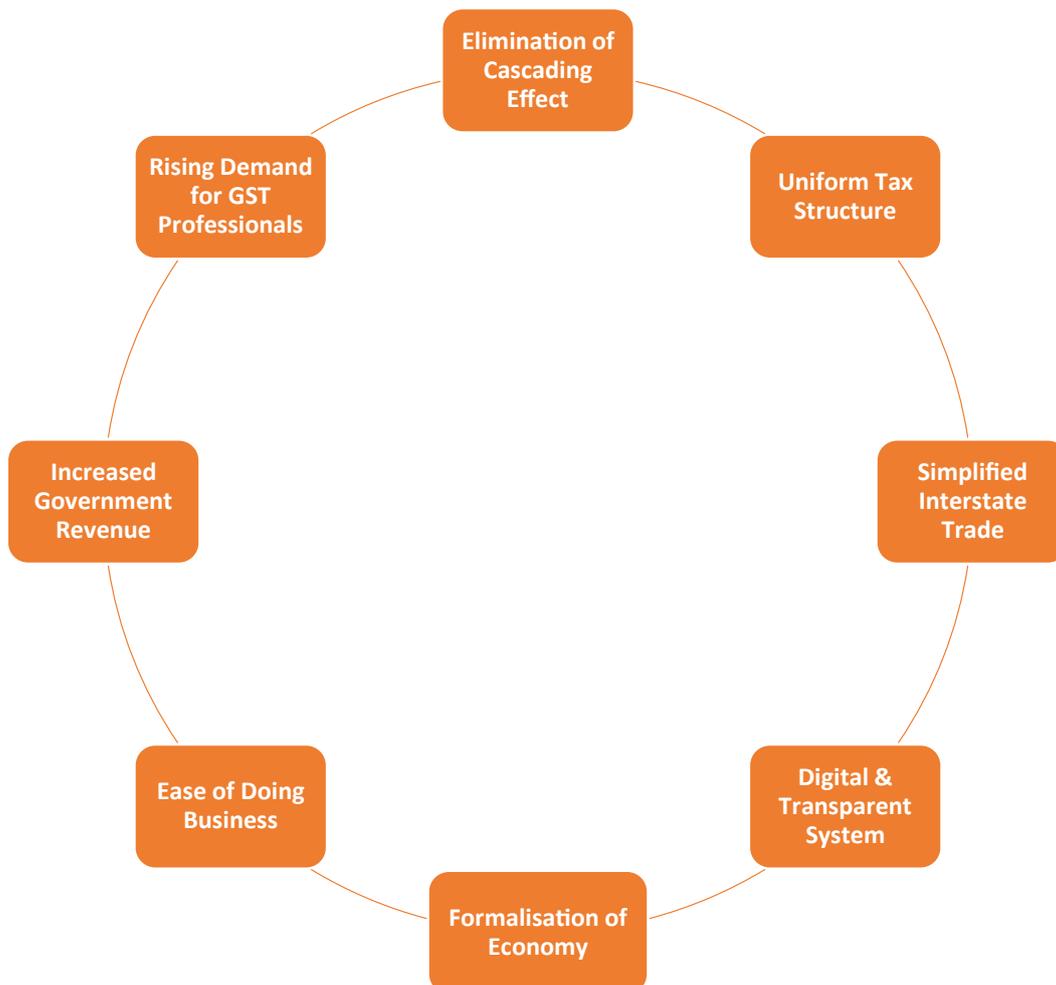


Fig. 2.2.1: Benefits of GST

- **Elimination of the Cascading Effect of Taxes**

One of the most significant benefits of GST is the removal of the cascading effect of taxes, commonly known as “tax on tax.” Under the earlier tax system, businesses were unable to claim credit for taxes paid at different stages of production and distribution. GST addresses this issue through the Input Tax Credit (ITC) mechanism, which allows taxpayers to claim credit for taxes paid on inputs and input services. This ensures that tax is levied only on the value added at each stage, thereby reducing the overall tax burden.

- **Uniform Tax Structure Across India**

GST has introduced a uniform tax structure across states, ensuring consistency in tax rates and procedures. Earlier, different states followed different tax laws and rates, which created barriers to inter-state trade. With GST, businesses can operate across India without facing multiple tax regimes, promoting the concept of “One Nation, One Tax” and facilitating national market integration.

- **Simplification of Interstate Trade and Logistics**

GST has significantly simplified the interstate movement of goods by removing entry taxes and check posts. This has reduced transportation time, logistics costs, and compliance delays. As a result, businesses can optimise their supply chains, improve delivery efficiency, and reduce operational expenses, thereby enhancing their overall competitiveness.

- **Increased Transparency and Accountability**

The introduction of the GST portal has digitised the entire tax process, including registration, return filing, tax payment, and refund claims. This online system minimises human intervention, reduces corruption, and ensures better transparency. Every transaction is recorded electronically, enabling easy tracking and audit by tax authorities.

- **Formalisation of the Economy**

GST has played a crucial role in bringing unorganised and informal businesses into the formal economy. Mandatory registration, invoice matching, and return filing encourage businesses to maintain proper records and comply with tax laws. This has widened the tax base and improved revenue collection for the government.

- **Ease of Doing Business**

By consolidating multiple indirect taxes into a single system, GST has reduced compliance costs and administrative burdens for businesses. A standardised process for registration and returns has made tax compliance simpler and more predictable, improving India’s ease of doing business ranking.

- **Boost to Government Revenue**

Improved compliance, wider tax base, and technology-driven monitoring under GST have contributed to increased tax revenues. Reduction in tax evasion and better enforcement mechanisms ensure a steady revenue flow to both the Centre and States.

- **Enhanced Role of GST Assistants**

With increased compliance requirements, digital reporting, and frequent filings, the demand for trained GST Assistants has grown substantially. GST Assistants play a vital role in helping businesses manage registrations, returns, payments, and reconciliations, making them indispensable in the GST ecosystem.

2.2.2 Structure of GST in India

India follows a dual GST model, where both the Central Government and State Governments levy taxes simultaneously on the same transaction. This structure maintains fiscal autonomy while ensuring a harmonised tax system.

GST Component	Levied By	Applicable On
CGST	Central Government	Intra-state supply
SGST	State Government	Intra-state supply
IGST	Central Government	Inter-state supply
UTGST	Union Territory Government	Intra-UT supply

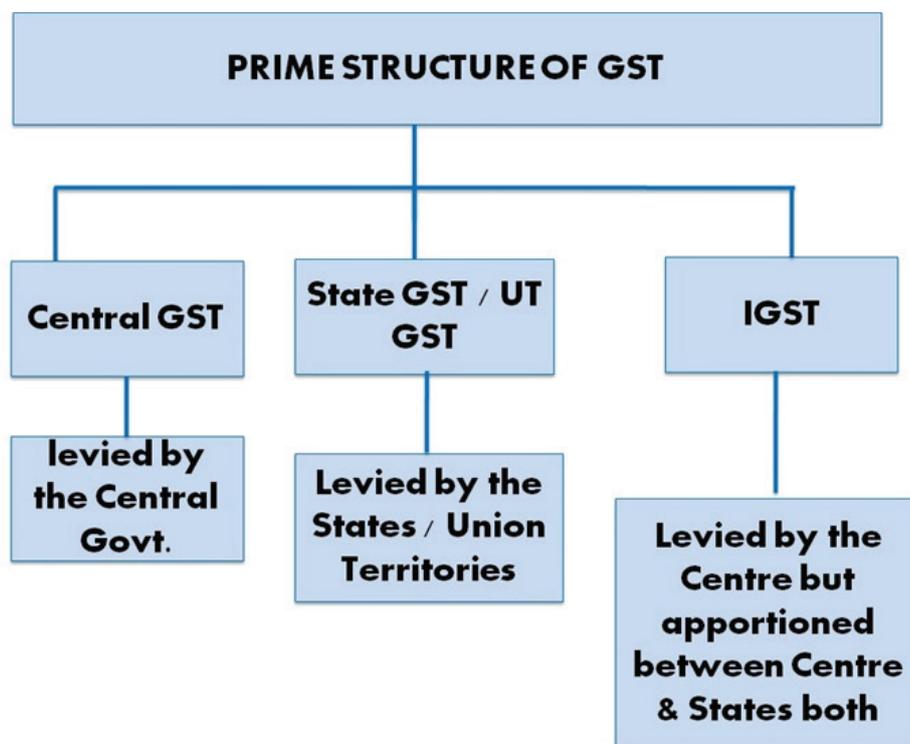


Fig. 2.2.2: Structure of GST in India

2.2.3 GST Rate Structure

GST is levied under multiple rate slabs to ensure social and economic balance.

Rate Slab	Nature of Goods/ Services
0%	Essential goods
5%	Basic necessities
12%	Standard goods
18%	The majority of services
28%	Luxury and sin goods

UNIT 2.3: Types of GST

Unit Objectives

At the end of the unit, you will be able to:

1. Explain each type of GST
2. Distinguish between intra-state and inter-state supply
3. Understand revenue-sharing mechanisms
4. Apply GST components to transactions
5. Support accurate GST return filing
6. Assist in compliance and documentation

2.3.1 Central Goods and Services Tax (CGST)

Central Goods and Services Tax (CGST) is levied by the Central Government on the intra-state supply of goods and services. When a transaction occurs within the same state, GST is divided equally between the Centre and the State.

CGST replaces earlier central taxes such as excise duty and service tax. The revenue collected under CGST is retained by the Central Government and is used for national expenditure.

Example:

If a product worth ₹1,000 is sold within a state at 18% GST:

CGST = 9% (₹90)

SGST = 9% (₹90)

2.3.2 State Goods and Services Tax (SGST)

State Goods and Services Tax (SGST) is levied by the respective State Government on intra-state supplies of goods and services. SGST operates alongside CGST and ensures that states receive their share of tax revenue under the GST regime.

SGST has replaced earlier state-level indirect taxes such as VAT, entry tax, luxury tax, and entertainment tax. The revenue collected under SGST accrues to the consuming state, reinforcing the destination-based principle of taxation.

For GST Assistants, correct calculation and reporting of SGST is crucial to avoid mismatches in returns and input tax credit claims.

2.3.3 Integrated Goods and Services Tax (IGST)

Integrated Goods and Services Tax (IGST) is levied by the Central Government on inter-state supplies of goods and services, including imports and supplies to Special Economic Zones (SEZs). IGST ensures smooth flow of input tax credit between states.

Under IGST, tax is collected by the Centre and later apportioned between the destination state and the Centre. This mechanism avoids the need for separate central and state tax payments on interstate transactions.

2.3.4 Union Territory Goods and Services Tax (UTGST)

Union Territory Goods and Services Tax (UTGST) is levied on intra-UT supplies in Union Territories that do not have a legislature. UTGST operates in a manner similar to SGST.

UTGST replaces earlier local taxes in these territories and ensures uniform taxation across India.



Fig. 2.2.3: Types of GST

2.3.5 Comparative Overview of GST Components

Aspect	CGST	SGST	IGST	UTGST
Levied by	Centre	State	Centre	UT
Applicable on	Intra-state	Intra-state	Inter-state	Intra-UT
Revenue beneficiary	Centre	State	Centre & State	UT

Summary

- Goods and Services Tax (GST) is a comprehensive, destination-based indirect tax levied on the supply of goods and services in India.
- The introduction of GST replaced the earlier fragmented indirect tax system that consisted of multiple central and state taxes.
- One of the key objectives of GST is to eliminate the cascading effect of taxes through the Input Tax Credit mechanism.
- GST has brought uniformity in taxation across states, promoting ease of doing business and national market integration.
- India follows a dual GST model, allowing both the Central and State Governments to levy tax on the same transaction.
- GST is structured into four components—CGST, SGST, IGST, and UTGST—depending on the nature and location of supply.
- IGST ensures smooth tax credit flow on inter-state transactions, while CGST and SGST apply to intra-state supplies.
- A thorough understanding of GST fundamentals is essential for GST Assistants to ensure accurate compliance, reporting, and advisory support.

Exercise

Multiple-choice Question:

1. GST is best described as a:
 - a. Origin-based tax
 - b. Destination-based tax
 - c. Direct tax
 - d. Wealth tax
2. Which of the following taxes was replaced by CGST?
 - a. VAT
 - b. Entry Tax
 - c. Service Tax
 - d. Entertainment Tax
3. Which component of GST is applicable to inter-state supply of goods and services?
 - a. CGST
 - b. SGST
 - c. UTGST
 - d. IGST
4. GST was implemented nationwide in India on:
 - a. 1 April 2016
 - b. 1 July 2017
 - c. 1 January 2018
 - d. 1 July 2016
5. UTGST is applicable in:
 - a. States only
 - b. Union Territories with legislatures
 - c. Union Territories without legislatures
 - d. All inter-state transactions

Descriptive Questions

1. Explain the background and evolution of GST in India.
2. Discuss the major benefits of GST for businesses, consumers, and the government.
3. Describe the dual structure of GST followed in India.
4. Explain the applicability and significance of CGST and SGST in intra-state transactions.
5. Analyse the role of IGST in facilitating inter-state trade and seamless input tax credit.

3. Taxable Event in GST



Unit 3.1 - Concept of Supply as a Taxable Event

Unit 3.2 - Related Persons and Distinct Persons under GST

Unit 3.3 - Special Transactions under GST



Key Learning Outcomes

By the end of this module, the participants will be able to:

1. Explain the overview of Supply
2. Detailed Discussion of Related person and Distinct person
3. Discuss the GST on fringe benefits to employees
4. Narrate the transaction between the principal and the agent
5. Discuss GST on Land and Building

UNIT 3.1: Concept of Supply as a Taxable Event

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the meaning of supply under GST law
2. Identify different forms of supply
3. Distinguish taxable and non-taxable supplies
4. Recognise transactions deemed as supply even without consideration
5. Apply the concept of supply in practical scenarios

3.1.1 Meaning of Supply under GST

Under the Goods and Services Tax (GST) regime, tax is levied on the “supply” of goods or services or both, as provided under Section 7 of the Central Goods and Services Tax (CGST) Act, 2017. Unlike the earlier indirect tax system, which taxed manufacture, sale, or provision of services separately, GST adopts a comprehensive and unified concept of supply as the sole taxable event.

The term “supply” has been intentionally defined in a broad and inclusive manner to cover almost every form of commercial transaction undertaken in the economy. This wide definition ensures that tax is imposed on the economic value addition, irrespective of the form in which a transaction occurs.

Forms of Supply under GST

Supply includes the following activities when carried out for a consideration and in the course or furtherance of business:

1. Sale

A sale refers to the transfer of ownership of goods for a monetary consideration. For example, when a trader sells goods to a customer for a price, it constitutes a taxable supply under GST.

2. Transfer

Transfer involves passing control or ownership of goods or services from one person to another. This may occur even without a traditional sale arrangement, such as the transfer of assets between business units for consideration.

3. Barter

Barter is the exchange of goods or services without the involvement of money. For instance, exchanging advertising services for office furniture still constitutes a supply under GST and is taxable based on open market value.

4. Exchange

Exchange involves mutual transfer of goods or services between parties, where both sides provide consideration in kind. Such transactions are treated as supplies and taxed accordingly.

5. License

A license grants permission to use intellectual property, software, trademarks, or patents for consideration. Licensing transactions are treated as a supply of services under GST.

6. Rental

Rental involves allowing the use of goods or property for a specified period in return for payment. Renting of machinery, vehicles, or commercial property is considered a supply of services.

7. Lease

Lease refers to transfer of the right to use goods or property for a longer duration, usually under a formal agreement. Leasing transactions attract GST as supply of services.

8. Disposal

Disposal includes discarding or transferring business assets for consideration, such as selling old machinery or scrap. These transactions are also treated as taxable supplies under GST.

Essential Conditions for Taxable Supply

For any activity to qualify as a taxable supply under GST, the following conditions must generally be satisfied:

- There must be a supply of goods or services or both
- The supply must be for a consideration, whether in money or kind
- The supply must be made in the course or furtherance of business
- The supply must be made by a taxable person
- The supply must be a taxable supply and not specifically exempt

If any of these elements are absent, the transaction may not attract GST, unless it is specifically treated as a supply under Schedule I (supplies without consideration).



Fig. 3.1.1: Taxable Supplies in GST

3.1.2 Supply Without Consideration (Deemed Supply)

Under the GST framework, while most supplies require the presence of consideration, the law recognises that certain transactions may result in tax leakage if consideration is intentionally avoided. To address this, Schedule I of the CGST Act, 2017 specifies certain activities that are treated as supply even when no consideration is involved. Such transactions are commonly referred to as “deemed supplies.”

These provisions ensure that GST is levied on economic substance rather than the form of the transaction.

Categories of Deemed Supply under Schedule I

1. Permanent Transfer or Disposal of Business Assets

When a business permanently transfers or disposes of assets on which Input Tax Credit (ITC) has been availed, such transfer is treated as a supply even without consideration.

Examples:

- Gifting business machinery to a related party
- Donating computers used in business to a charitable institution

Rationale:

Since ITC was already claimed on the asset, taxing its disposal ensures neutrality and prevents misuse of credit.

2. Supply Between Related Persons

Supply of goods or services between related persons, when made in the course or furtherance of business, is treated as a supply even without consideration.

Examples of related persons include:

- Employer and employee (subject to specified exemptions)
- Directors and the company
- Partners and partnership firm
- Family members with business connections

Rationale:

Related parties may manipulate pricing or avoid consideration to reduce tax liability. Deeming such transactions as supply prevents revenue loss.

3. Supply Between Distinct Persons

A person registered under GST in more than one state is treated as distinct persons for GST purposes. Any supply between these registrations is taxable even without consideration.

Examples:

- Transfer of goods from a Delhi branch to a Mumbai branch of the same company
- Provision of services between head office and branch offices

Rationale:

Each GST registration is treated as a separate taxable entity to ensure proper allocation of tax revenue among states.

4. Principal-Agent Transactions

Supply of goods by a principal to an agent or by an agent to a principal is treated as supply even if no consideration is charged, provided the agent is authorized to supply or receive goods on behalf of the principal.

Examples:

- Goods sent by a manufacturer to a commission agent
- Return of goods by agent to principal

Rationale:

This provision ensures tax compliance in agency arrangements where ownership or possession changes without immediate consideration.

Underlying Rationale of Deemed Supply Provisions

The primary objective of treating these transactions as supply is to:

- Prevent tax evasion and revenue leakage
- Curb artificial structuring of transactions
- Maintain input tax credit integrity
- Ensure fair and uniform taxation

By focusing on substance over form, GST law ensures that tax is levied wherever there is a real economic activity.

3.1.3 Importance of Supply Concept for GST Assistants

For GST Assistants, understanding supply is crucial because:

- GST liability arises only when supply exists
- Incorrect identification may lead to wrong tax payment
- It affects place of supply, valuation, and tax rate
- It determines eligibility for input tax credit

GST Assistants must evaluate every transaction to confirm whether it qualifies as a supply under GST law.

UNIT 3.2: Related Persons and Distinct Persons under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Define related persons under GST
2. Identify distinct persons across registrations
3. Understand tax implications of related-party transactions
4. Apply valuation rules for such transactions
5. Assist businesses in compliance for inter-unit transfers

3.2.1 Related Persons under GST

Persons are considered related under GST if:

- They are officers or directors of each other's businesses
- One controls the other directly or indirectly
- They are legally recognised partners
- They belong to the same family
- They are employer and employee

Transactions between related persons are closely scrutinised because of the possibility of price manipulation.

3.2.2 Distinct Persons under GST

Under GST, registrations in different states for the same PAN are treated as distinct persons.

Example:

A company registered in Maharashtra and Karnataka is treated as two separate persons for GST purposes.

Scenario	GST Treatment
Inter-state branch transfer	Taxable supply
Head office to branch	Deemed supply
Stock transfer	GST applicable



Fig. 3.2.1: Related vs. Distinct Persons under GST

3.2.3 Tax Implications of Related and Distinct Person Transactions

Such transactions are taxable even without consideration. GST must be paid based on:

- Open market value
- Value of similar goods/services
- Cost plus margin method

GST Assistants must ensure:

- Proper invoicing
- Correct valuation
- Timely reporting

3.2.4 Practical Importance for GST Assistants

The provisions relating to supply without consideration have significant practical implications in GST compliance. GST Assistants play a critical operational role in identifying, recording, and reporting such transactions accurately to ensure adherence to GST law.

1. Identifying Deemed Supply Transactions

GST Assistants must carefully examine business transactions to identify supplies that are taxable even without consideration. These include branch transfers, related-party transactions, asset disposals, and principal-agent supplies. Such transactions are often overlooked due to the absence of monetary payment, making vigilant identification essential.

2. Preventing Under-Valuation of Supplies

Since deemed supplies lack consideration, valuation must be determined using GST valuation rules, such as open market value or cost-based methods. GST Assistants ensure that supplies are not undervalued, which could otherwise lead to tax shortfall and interest liability.

3. Ensuring Input Tax Credit (ITC) Compliance

Transactions involving deemed supply often have direct implications for ITC. GST Assistants verify whether ITC has been correctly availed, reversed, or adjusted, especially in cases involving asset transfers or supplies between distinct persons. Proper ITC compliance helps prevent future reversals and penalties.

4. Assisting During Audits and Assessments

During GST audits, inspections, or departmental assessments, deemed supply transactions are closely scrutinised. GST Assistants support auditors by providing accurate documentation, valuation workings, invoices, and reconciliation statements. Their role helps in resolving queries efficiently and avoiding prolonged disputes.

Consequences of Errors

Errors or omissions in identifying and reporting deemed supplies frequently result in:

- Demand notices
- Interest and penalties
- Litigation and compliance disputes

Therefore, a strong understanding of deemed supply provisions enables GST Assistants to minimise risks, ensure compliance, and support smooth business operations.

UNIT 3.3: Special Transactions under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand GST on employee benefits
2. Analyse principal-agent relationships
3. Explain GST on land and buildings
4. Apply exemptions correctly
5. Support compliance in complex transactions

3.3.1 GST on Fringe Benefits to Employees

Employer-employee services are generally excluded from GST if provided in the course of employment. However, certain benefits are taxable.

Benefit Type	GST Applicability
Salary	Not taxable
Free accommodation	Taxable (subject to valuation)
Gift above ₹50,000	Taxable
Employee insurance	Taxable in certain cases

GST Assistants must assess whether benefits fall under Schedule III or Schedule I.

3.3.2 Principal and Agent Transactions

When an agent supplies goods on behalf of the principal or vice versa, such transactions are deemed a supply.

Examples:

- Commission agents
- Clearing and forwarding agents
- Del credere agents

GST Assistants must verify:

- Existence of agency agreement
- Flow of goods
- Ownership and risk transfer

3.3.3 GST on Land and Building

GST does not apply to:

- Sale of land
- Sale of completed buildings

However, GST applies to:

- Under-construction property
- Works contracts
- Leasing of commercial property

Transaction	GST Applicability
Sale of land	Exempt
Ready-to-move flat	Exempt
Under-construction flat	Taxable

GST Assistants must carefully evaluate real estate transactions to determine taxability.

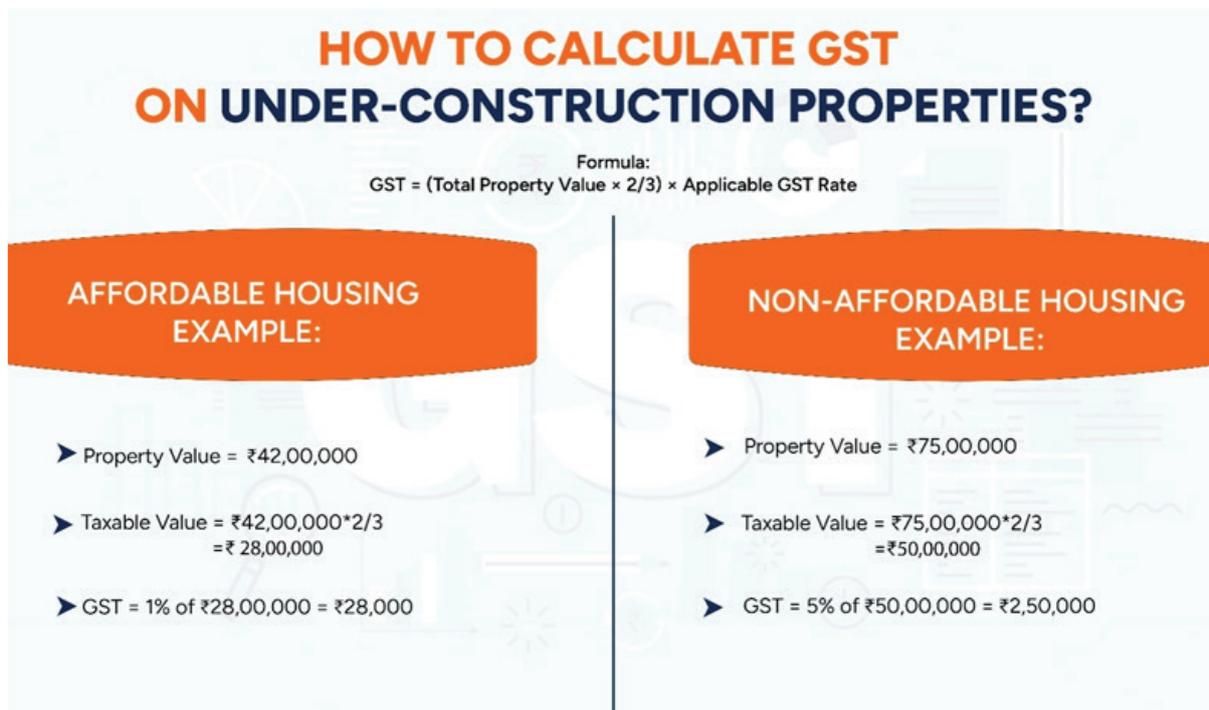


Fig. 3.3.1: GST Calculation for Under-Construction Properties

Summary

- GST is levied on the taxable event of supply
- Supply includes sale, transfer, barter, lease, and disposal
- Certain supplies are taxable even without consideration
- Related and distinct persons are treated separately under GST
- Employer–employee benefits may attract GST in specific cases
- Principal–agent transactions are deemed supplies
- Land sale is exempt, but construction services are taxable
- GST Assistants play a vital compliance and advisory role

Exercise

Multiple Choice Questions (MCQs):

- Under GST, tax is levied on:
 - Manufacture
 - Sale
 - Supply
 - Consumption
- Supply without consideration is covered under:
 - Schedule II
 - Schedule III
 - Schedule I
 - Schedule IV
- Branches in different states are treated as:
 - Same person
 - Related persons
 - Distinct persons
 - Agents
- Sale of land under GST is:
 - Taxable
 - Exempt
 - Zero-rated
 - Nil-rated
- Gifts exceeding ₹50,000 to employees are:
 - Exempt
 - Non-supply
 - Taxable
 - Zero-rated

Descriptive Questions

- Explain the concept of supply under GST with examples.
- Discuss the treatment of related and distinct persons under GST.
- Analyse GST applicability on employee fringe benefits.
- Explain principal–agent transactions under GST.
- Discuss GST implications on land and building transactions.

4. Time, Value and Place of Supply under GST



Unit 4.1 - Time of Supply under GST

Unit 4.2 - Place of Supply, Import, Export and Transportation

Unit 4.3 - Value of Supply and Discounts



Key Learning Outcomes

By the end of this module, the participants will be able to:

1. Explain Time of Supply
2. Discuss Time of Supply in other situations
3. Explain Place of Supply
4. Narrate Import and Export under GST
5. Detailed evaluation of transportation of goods
6. Explain Value of Supply
7. Discussion the Discount or incentives on supply

UNIT 4.1: Time of Supply under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand why Time of Supply is crucial under GST
2. Determine time of supply for goods and services
3. Apply time of supply rules to reverse charge cases
4. Analyse continuous and special supplies
5. Support timely tax payment and compliance

4.1.1 Concept, Importance and Legal Framework of Time of Supply

The Time of Supply refers to the point in time when a supply is deemed to have occurred for GST purposes. It is at this point that the liability to pay GST arises, irrespective of whether payment has actually been received or not. The concept ensures that tax is collected in a timely and predictable manner and prevents deferment of tax liability.

Under the GST law, different provisions govern the time of supply for goods and services, recognising the practical differences between these two forms of supply. The determination of the time of supply is important because it influences:

- The tax rate applicable (rates may change over time)
- The tax period in which the supply must be reported
- The due date for payment of tax
- Interest liability in case of delayed payment

4.1.2 Time of Supply of Goods

As per Section 12 of the CGST Act, the time of supply of goods is generally the earlier of the date of issue of the invoice or the date of receipt of payment. If the invoice is not issued within the prescribed time, the last date on which the invoice should have been issued becomes relevant.

This rule ensures that tax liability cannot be postponed merely by delaying invoicing or payment.

Illustrative Table:

Situation	Time of Supply
Invoice issued before payment	Date of invoice
Payment received before the invoice	Date of payment
The invoice is delayed beyond the prescribed period	Due date of invoice

For GST Assistants, careful examination of invoice dates, payment receipts, and contractual terms is essential to determine the correct time of supply.

4.1.3 Time of Supply of Services

The time of supply of services is governed by Section 13 of the CGST Act. In general, it is the earlier of the date of invoice or the date of receipt of payment, provided the invoice is issued within the prescribed period. If the invoice is not issued on time, the date of provision of service becomes the determining factor.

Services often involve continuous or milestone-based delivery, making this determination more complex than for goods. GST Assistants must verify:

- Whether the invoice has been issued within the statutory period
- The date on which the service was actually rendered
- The date on which the advance or payment was received



Fig. 4.1.1: Time of Supply under GST

4.1.4 Time of Supply in Special Situations

Certain transactions require special rules for determining the time of supply.

Reverse Charge Mechanism (RCM):

Under RCM, the recipient is liable to pay GST instead of the supplier. In such cases, the time of supply is determined based on the date of payment or a specified number of days from the invoice date, whichever is earlier.

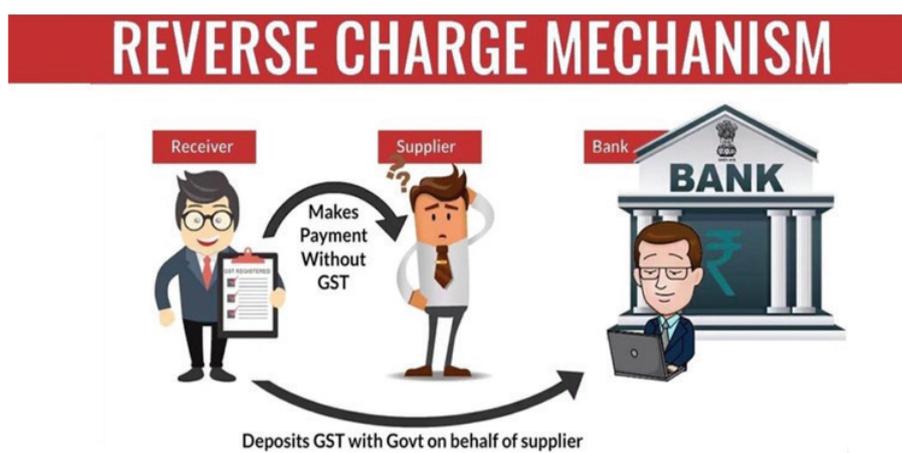


Fig. 4.1.2: Reverse Charge Mechanism under GST

Continuous Supply:

For supplies made on a continuous basis, such as those provided through construction services or long-term contracts, the time of supply is linked to contractual milestones or periodic invoicing.

Vouchers:

For vouchers that are redeemable against specific goods or services, the time of supply is the date of issue of the voucher. For general-purpose vouchers, it is the date of redemption.

These provisions require GST Assistants to go beyond invoices and examine contracts, payment terms, and business practices.

UNIT 4.2: Place of Supply, Import, Export and Transportation

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the importance of the Place of Supply
2. Determine whether a supply is intra-state or inter-state
3. Apply the Place of Supply rules for goods and services
4. Analyse import and export transactions under GST
5. Evaluate transportation-related supplies

4.2.1 Concept and Significance of Place of Supply

Under the Goods and Services Tax (GST) framework, the Place of Supply refers to the location where a supply of goods or services is deemed to have occurred for tax purposes. The concept of place of supply is fundamental because GST is a destination-based tax, meaning that tax revenue accrues to the state or territory where the goods or services are ultimately consumed.

Determination of Applicable Tax

The place of supply plays a decisive role in identifying whether a transaction is classified as an intra-state supply or an inter-state supply, which in turn determines the type of GST to be levied:

- CGST and SGST are applicable when the location of the supplier and the place of supply are in the same State or Union Territory.
- IGST is applicable when the location of the supplier and the place of supply are in different States or Union Territories, or when the supply involves imports or exports.

Thus, accurate determination of the place of supply ensures that the correct type of tax is charged and collected.

Significance of Place of Supply in GST

1. Allocation of Tax Revenue

Since GST follows the destination principle, the place of supply determines which State or Union Territory is entitled to receive the tax revenue. This ensures equitable distribution of tax collections among states.

2. Input Tax Credit (ITC) Eligibility

Incorrect determination of the place of supply may lead to payment of the wrong type of tax. For example, paying CGST and SGST instead of IGST can result in:

- Denial or blockage of Input Tax Credit
- Requirement to reverse wrongly claimed credit
- Additional cash outflow and compliance burden

3. Compliance and Reporting Accuracy

Place of supply directly impacts:

- Invoice details
- Return filing (GSTR-1, GSTR-3B)
- Reconciliation of outward and inward supplies

Errors in place of supply often trigger departmental notices and audits.

4. Importance of Service Transactions

Determining the place of supply is particularly complex for services, especially those involving:

- Multiple locations
- Online or digital services
- Cross-border transactions

Consequences of Incorrect Determination

Failure to correctly identify the place of supply may result in:

- Payment of incorrect GST
- Interest and penalty liabilities
- Loss or reversal of ITC
- Increased scrutiny during audits

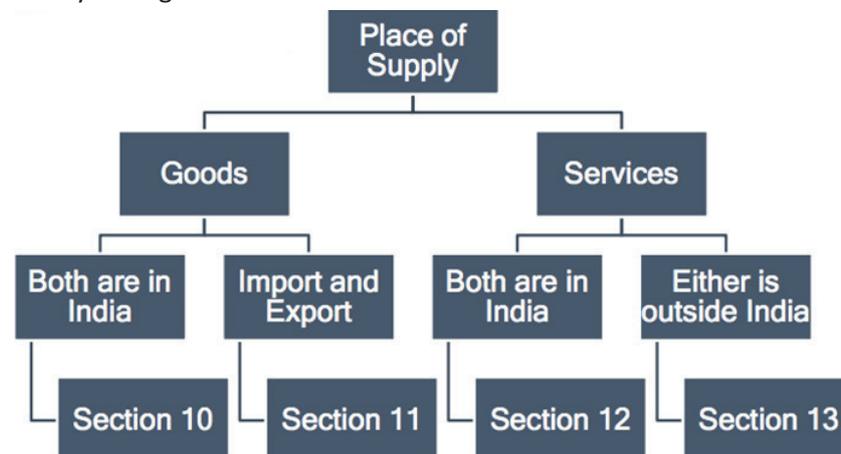


Fig. 4.2.1: Place of Supply under GST

4.2.2 Place of Supply of Goods

For goods involving movement, the place of supply is generally the location where the movement of goods terminates for delivery to the recipient. In cases where goods are delivered without movement, the place of supply is the location of the goods at the time of delivery.

Special rules apply for:

- Goods installed at the site
- Goods supplied on board a conveyance
- Bill-to ship-to transactions

GST Assistants must analyse shipping documents, delivery terms, and logistics arrangements to determine the correct place of supply.

4.2.3 Place of Supply of Services

For services, the general rule is that the place of supply is the location of the recipient. However, several exceptions exist, particularly for services related to immovable property, transportation, events, and performance-based services.

For example:

- Services related to immovable property are taxed at the location of the property
- Transportation of goods is taxed at the destination of goods
- Restaurant and catering services are taxed at the place of actual performance

These exceptions require careful legal interpretation, making this area particularly important for GST Assistants.

4.2.4 Import and Export under GST

Imports of goods and services are treated as inter-state supplies and are subject to IGST. In the case of goods, IGST is collected at the time of customs clearance along with customs duties.

Exports are treated as zero-rated supplies, meaning that GST is not levied, and exporters are eligible to claim refunds of input tax credit.

Transaction	GST Treatment
Import of goods	IGST payable
Import of services	IGST under RCM
Export of goods/services	Zero-rated

GST Assistants play a critical role in ensuring compliance with documentation and refund procedures.

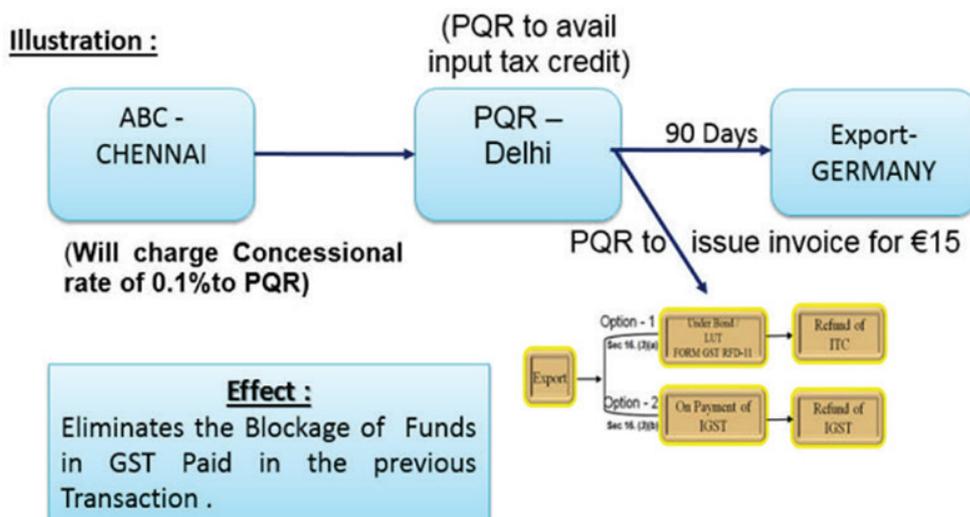


Fig. 4.2.2: GST on Export of Goods and Services

4.2.5 Transportation of Goods under GST

Transportation services form a vital link in supply chains. GST applicability depends on:

- Mode of transport
- Nature of goods
- Status of the recipient

Goods Transport Agency (GTA) services may be taxed under forward charge or reverse charge, depending on the parties involved. Certain essential goods are exempt from GST on transportation to reduce inflationary impact.

GST Assistants must verify contracts, consignment notes, and recipient categories to determine correct tax treatment.



Fig. 4.2.3: Goods Transport Agency

UNIT 4.3: Value of Supply and Discounts

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the concept of Value of Supply
2. Identify components included and excluded in valuation
3. Apply valuation rules in special cases
4. Analyse discounts and incentives
5. Assist in accurate tax computation

4.3.1 Value of Supply: Meaning and Legal Basis

Valuation is crucial because even a small error can lead to significant tax differences.

Components of Value of Supply

The value of supply includes:

- Taxes other than GST
- Incidental expenses such as packing and freight
- Late fees, penalties, or interest
- Subsidies linked directly to price

GST itself is excluded from the value.

Valuation in Special Cases

Special valuation rules apply in cases involving:

- Related persons
- Distinct persons
- Principal–agent relationships

In such cases, valuation may be based on open market value, value of similar supply, or cost-based methods. GST Assistants must apply these rules carefully to avoid under-valuation.

4.3.2 Discounts and Incentives under GST

Discounts and incentives are common business practices used to promote sales and reward performance. Under GST, their treatment directly affects the value of supply and the amount of tax payable.

1. Discounts under GST

Discounts refer to reductions in price offered by the supplier to the recipient.

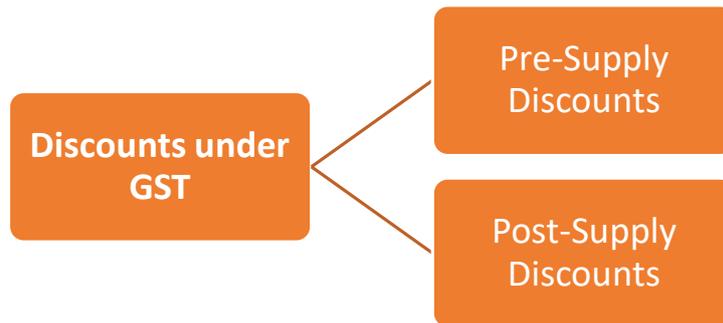


Fig. 4.3.1: Types of Discounts under GST

- **Pre-Supply Discounts**

Pre-supply discounts are:

- Agreed before or at the time of supply
- Clearly shown on the tax invoice

GST Treatment:

- Allowed as a deduction from the value of supply
- GST is charged on the net (discounted) value

- **Post-Supply Discounts**

Post-supply discounts are given after the supply is completed.

Conditions for Deduction:

- Discount must be pre-agreed
- Linked to specific invoices
- Recipient must reverse proportionate ITC

GST Treatment:

- Deductible only if all conditions are met
- Otherwise, GST remains payable on the original value

2. Incentives under GST

Incentives are performance-based rewards, such as:

- Turnover bonuses
- Target-based incentives
- Year-end rewards

GST Treatment Depends on Nature:

- If linked to supply → treated as discount
- If linked to promotion or services → treated as separate taxable supply

3. Role of GST Assistants

GST Assistants must:

- Classify discounts and incentives correctly
- Verify agreements and documentation
- Ensure proper valuation and ITC adjustment
- Avoid disputes during audits

Summary

- Time of Supply determines when GST liability arises
- Special rules apply for reverse charge and continuous supply
- Place of Supply decides tax jurisdiction
- Imports attract IGST, exports are zero-rated
- Transportation services have specific GST rules
- Value of Supply forms the tax base
- Discounts affect valuation subject to legal conditions
- GST Assistants ensure accuracy and compliance

Exercise

Multiple Choice Questions (MCQs):

1. Time of supply of goods under GST is generally the earlier of:
 - a. Date of dispatch of goods or date of delivery
 - b. Date of issue of invoice or date of receipt of payment
 - c. Date of contract or date of payment
 - d. Date of removal of goods or date of acceptance

2. In case of services where the invoice is not issued within the prescribed time, the time of supply shall be:

a. Date of receipt of payment	b. Date of invoice
c. Date of provision of service	d. Date of contract execution

3. Which tax is applicable on the import of goods into India under GST?

a. CGST only	b. SGST only
c. IGST	d. No GST is applicable

4. For goods involving movement, the place of supply is:
 - a. Location of supplier
 - b. Location of recipient
 - c. Location where movement of goods terminates for delivery
 - d. Place of invoice issuance

5. Which of the following is included in the value of supply under GST?
 - a. GST charged on the invoice
 - b. Post-supply discounts without prior agreement
 - c. Packing and incidental expenses charged by supplier
 - d. Government subsidies not linked to price

Descriptive Questions

1. Explain the concept of Time of Supply under GST and discuss its importance in determining tax liability.
2. Discuss the rules for determining Time of Supply in special situations such as the reverse charge mechanism and continuous supply of services.
3. Explain the concept of Place of Supply of goods and services under GST and analyse its significance in determining whether a supply is intra-state or inter-state.
4. Discuss the GST treatment of imports and exports of goods and services, highlighting the concept of zero-rated supplies.
5. Explain the concept of Value of Supply under GST. Discuss the inclusion and exclusion of discounts and incentives in determining taxable value.

5. Classification and Rate of GST



Unit 5.1 - Classification of Goods and Services under GST

Unit 5.2 - GST Rates and Change in Rate of Tax



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Discuss the Types of goods and services
2. Narrate GST Rates on goods and services
3. Explain Change in Rate of Tax in respect of Supply of goods or services

UNIT 5.1: Classification of Goods and Services under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the importance of classification under GST
2. Identify types of goods and services
3. Apply HSN and SAC codes correctly
4. Analyse classification-related issues
5. Assist in accurate compliance and reporting

5.1.1 Meaning and Importance of Classification

Classification under GST refers to the process of identifying the appropriate category or code under which goods or services fall. This classification determines:

- Applicable GST rate
- Eligibility for exemptions
- Compliance requirements

GST follows internationally accepted classification systems to maintain uniformity and reduce ambiguity.

5.1.2 Classification of Goods under GST (HSN System)

Goods under GST are classified using the Harmonised System of Nomenclature (HSN). The HSN system categorises goods into:

- Sections
- Chapters
- Headings
- Sub-headings

This structured system ensures uniform classification across countries.

Illustrative Table: HSN Structure

Level	Description
Section	Broad category (e.g., Food, Chemicals)
Chapter	Two-digit code
Heading	Four-digit code
Sub-heading	Six or eight-digit code

Examples of HSN Classification

Goods	HSN Code	Category
Rice	1006	Food grains
Pharmaceutical products	3004	Medicines
Mobile phones	8517	Electronics

GST Assistants must ensure correct HSN reporting to avoid mismatches and disputes.

5.1.3 Classification of Services under GST (SAC System)

Services are classified using the Services Accounting Code (SAC) system. Each service is assigned a unique SAC to determine:

- Nature of service
- Applicable GST rate

Examples of SAC Classification

Service	SAC Code
Legal services	998212
Banking services	9971
Transportation services	9965
IT services	9983

Correct service classification is essential, especially where multiple services appear similar.

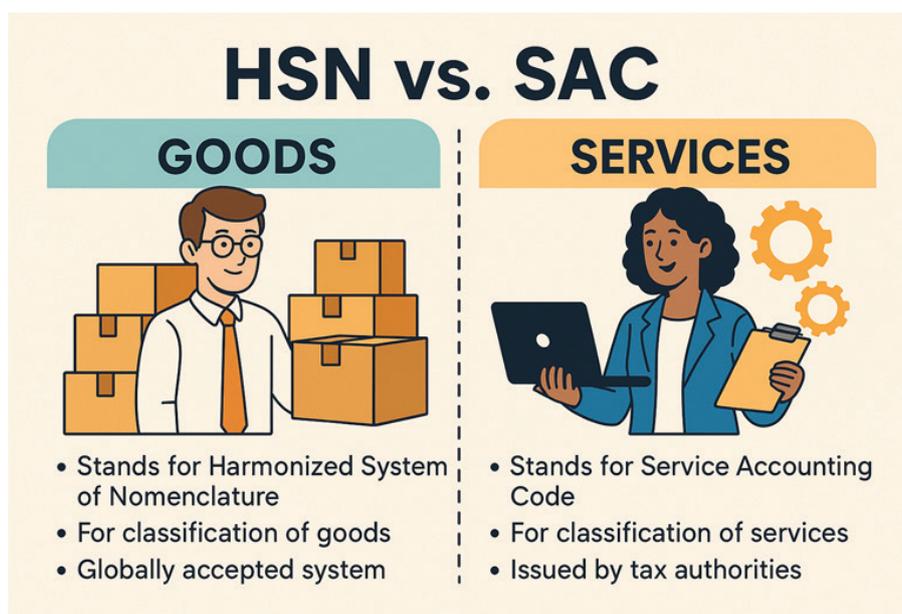


Fig. 5.1.1: Classification of Goods and Services under GST

5.1.4 Types of Goods and Services under GST

Under the GST regime, goods and services are classified into different categories based on their taxability status. Correct classification is essential for determining tax liability, Input Tax Credit eligibility, return filing, and compliance requirements.

Types of Goods

1. Exempt Goods

Exempt goods are goods on which GST is not levied. Suppliers of such goods are generally not required to charge GST, and Input Tax Credit on related inputs is not available. Examples include certain food items and essential commodities.

2. Nil-Rated Goods

Nil-rated goods attract a GST rate of 0%, meaning they are taxable but at a zero rate. While no tax is charged on outward supply, compliance requirements such as return filing may still apply.

3. Taxable Goods

Taxable goods are goods on which GST is levied at prescribed rates such as 5%, 12%, 18%, or 28%. Suppliers can collect GST from customers and are eligible to claim Input Tax Credit on inputs used.

4. Zero-Rated Goods (Exports)

Zero-rated goods include exports and supplies to SEZs. These supplies are taxable at a zero rate, and exporters are eligible to claim refunds of Input Tax Credit or IGST paid.

Types of Services

1. Taxable Services

Taxable services are services on which GST is levied at applicable rates. Examples include professional services, consultancy, and transportation services. Input Tax Credit is available on eligible inputs.

2. Exempt Services

Exempt services are services that are fully exempt from GST by notification. No GST is charged on such services, and ITC on related inputs is generally not allowed.

3. Zero-Rated Services

Zero-rated services mainly include the export of services and supplies to SEZs. Although no GST is charged, the supplier can claim a refund of Input Tax Credit, making this category beneficial for exporters.

5.1.5 Common Classification Challenges

Correct classification of goods and services is essential for determining the applicable GST rate. However, classification disputes are common due to the complexity of modern business transactions. Some of the major challenges faced in classification are explained below:



Fig. 5.1.2: Challenges Related to the Classification of Goods and Services

1. Similar Nature of Goods or Services

Many goods or services have similar characteristics, functions, or appearances, making it difficult to distinguish between different tariff headings or service codes.

Key Issues:

- Products may serve multiple purposes
- Minor differences in composition may lead to different GST rates
- Similar services may fall under different SAC codes

Example:

Herbal supplements may be classified either as food products or as medicaments, depending on their ingredients and intended use.

2. Composite and Mixed Supplies

Classification becomes complex when two or more goods or services are supplied together.

Composite Supply:

- Consists of a principal supply and ancillary supplies
- Tax rate applicable to the principal supply applies to the entire supply

Mixed Supply:

- Consists of multiple independent supplies
- The highest GST rate among the items applies

Challenge:

Identifying the principal supply requires careful analysis of the nature and intent of the transaction.

3. Technological Advancements

Rapid technological developments often result in new products and services that were not envisaged at the time of drafting the GST tariff.

Key Challenges:

- Lack of specific classification codes
- Overlapping categories for digital and technology-driven services
- Difficulty in applying traditional classification rules

Example:

Cloud computing services or bundled digital platforms may not clearly fall under a single SAC.

4. Change in Product Usage or Market Perception

The classification of a product may change over time due to:

- Change in consumer usage
- Change in marketing strategy
- Change in product functionality

Impact:

A product initially classified under one heading may later qualify under another heading with a different GST rate.

Example:

A product marketed as a cosmetic earlier may later be positioned as a therapeutic product.

5. Interpretation of Tariff and Explanatory Notes

Tariff headings and explanatory notes often contain technical language that requires careful interpretation.

Challenges Include:

- Ambiguous wording
- Multiple possible interpretations
- Cross-referencing between chapters

UNIT 5.2: GST Rates and Change in Rate of Tax

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand GST rate structure
2. Identify applicable GST rates for goods and services
3. Analyse changes in GST rates
4. Apply transitional provisions correctly
5. Assist businesses during rate revisions

5.2.1 GST Rate Structure in India

GST rates in India are structured into multiple slabs to balance revenue needs and consumer affordability.

Standard GST Rate Slabs

GST Rate	Nature of Goods/Services
0%	Essential goods, exports
5%	Basic necessities
12%	Standard consumer goods
18%	Most services and goods
28%	Luxury and sin goods

Certain goods also attract Compensation Cess.

5.2.2 GST Rates on Goods

GST rates on goods depend on their classification under HSN.

Illustrative Table: GST Rates on Goods

Goods	GST Rate
Fresh vegetables	0%
Packaged food items	5%
Electrical appliances	18%
Luxury cars	28% + cess
28%	Luxury and sin goods

GST Assistants must regularly track notifications for rate changes.

5.2.3 GST Rates on Services

Most services are taxed at 18%, unless specifically notified otherwise.

Illustrative Table: GST Rates on Services

Service	GST Rate
Healthcare services	Exempt
Education services	Exempt
Transport services	5% / 12% / 18%
Professional services	18%

5.2.4 Change in Rate of Tax under GST

Changes in GST rates may occur due to:

- Policy decisions
- Revenue considerations
- Economic conditions

The GST law provides specific rules to determine the applicable rate when the rate changes between:

- Date of supply
- Date of invoice
- Date of payment

5.2.5 Treatment of Change in Rate of Tax

Situation	Applicable Rate
Invoice and payment before the change	Old rate
Invoice before, payment after	Rate based on time of supply
Invoice after, payment before	Rate based on time of supply

Correct determination ensures proper tax payment and avoids disputes.

5.2.6 Role of GST Assistants in Rate Compliance

GST Assistants are responsible for:

- Applying correct classification and rates
- Monitoring GST rate notifications
- Advising businesses during rate changes
- Ensuring accurate invoicing and reporting

Incorrect application of rates can result in financial loss and penalties.

Summary

- Accounts Assistant supports accurate financial record-keeping in banks, insurance, and financial institutions.
- The role ensures the smooth execution of daily accounting operations, including vouchers, ledgers, and reconciliations.
- Key duties include transaction recording, documentation, bookkeeping, and account reconciliation.
- Compliance with statutory requirements and regulatory guidelines is maintained through proper financial support.
- Skills required include accounting knowledge, software proficiency, analytical ability, and attention to detail.
- Qualifications typically include a Commerce background and familiarity with accounting software.
- The role contributes to operational efficiency by assisting senior accountants and finance teams.
- Timely and accurate financial data enables effective reporting, budgeting, and decision-making.
- Integrity, confidentiality, and adherence to internal controls are essential for the role.
- The Accounts Assistant ensures transparency, accuracy, and reliability in financial and accounting operations.

Exercise

Multiple Choice Questions (MCQs):

1. What system is used to classify goods under GST?
 - a. SAC (Services Accounting Code)
 - b. HSN (Harmonized System of Nomenclature)
 - c. CIF (Cost, Insurance, Freight)
 - d. NAICS (North American Industry Classification System)

2. Which of the following is a correct principle for classifying a composite supply under GST?
 - a. Apply the lowest rate among the items
 - b. Apply the rate of the principal supply
 - c. Apply the average rate of all items
 - d. Apply only the highest tax rate for all items

3. In case of a mixed supply under GST, the applicable tax rate is:
 - a. Tax rate of the principal item
 - b. Tax rate of the item with highest value
 - c. Highest GST rate among all items
 - d. Average GST rate

4. Which factor does NOT generally create classification challenges under GST?
 - a. Technological advancements
 - b. Similar nature of goods or services
 - c. Availability of tax invoices
 - d. Change in product usage or marketing

5. Services are classified under GST using which system?
 - a. HSN
 - b. SAC
 - c. CIF
 - d. ISIC

Descriptive Questions

1. Explain the importance of proper classification of goods and services under GST.
2. Discuss the difference between composite supply and mixed supply with examples.
3. Identify and explain the common challenges faced in the classification of goods and services under GST.
4. Explain the role of HSN and SAC codes in GST compliance. Why is accurate coding important?
5. How can GST Assistants use tariff notes, explanatory notes, and judicial precedents to resolve classification disputes?



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6. RCM and Composition Scheme



BFSI Sector Skill Council of India
"An Initiative of NSDC"

Unit 6.1 - Composite and Mixed Supply

Unit 6.2 - Composition Levy and Exemptions

Unit 6.3 - Reverse Charge Mechanism (RCM)



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Key Learning Outcomes

By the end of this module, the participants will be able to:

1. Explain composite and mixed supply
2. Discuss Composition Levy
3. Narrate Exemption of Goods and Services
4. Explain Reverse Charge Mechanism
5. Identify the applicability of Reverse Charge Mechanism

UNIT 6.1: Composite and Mixed Supply

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the concepts of composite and mixed supply
2. Identify principal and ancillary supplies
3. Determine GST rate applicability for composite and mixed supplies
4. Analyse real-life business examples
5. Assist in correct invoicing and reporting

6.1.1 Composite Supply

Definition:

A composite supply consists of two or more goods or services, where one of them is the principal supply and the others are ancillary or supplementary to it. GST is charged on the entire supply at the rate of the principal supply.

Key Features:

- Principal supply determines GST rate
- Ancillary supplies are naturally bundled
- Cannot be split for tax purposes

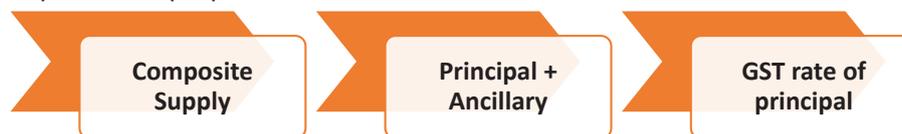


Fig. 6.1.1: Flow of GST Rate Determination for Composite Supply

Examples:

Supply	Principal Item	GST Rate
Meal in a restaurant including beverages	Meal	5%
Mobile phone with charger and earphones	Mobile phone	18%
Laptop with warranty service	Laptop	18%

6.1.2 Mixed Supply

Definition:

A mixed supply consists of two or more goods or services supplied together, each capable of being supplied separately, and not naturally bundled. The highest applicable GST rate among the items applies.

Key Features:

- Each item is independent
- Taxed at the highest rate among the supplies
- Requires careful invoicing



Fig. 6.1.2: Flow of GST Rate Determination for Mixed Supply

Examples:

Supply	Items Included	GST Rate
Gift hamper	Chocolates, toys, books	Highest rate: 18%
Combo pack	Soft drinks, snacks, cosmetic items	Highest rate: 28%

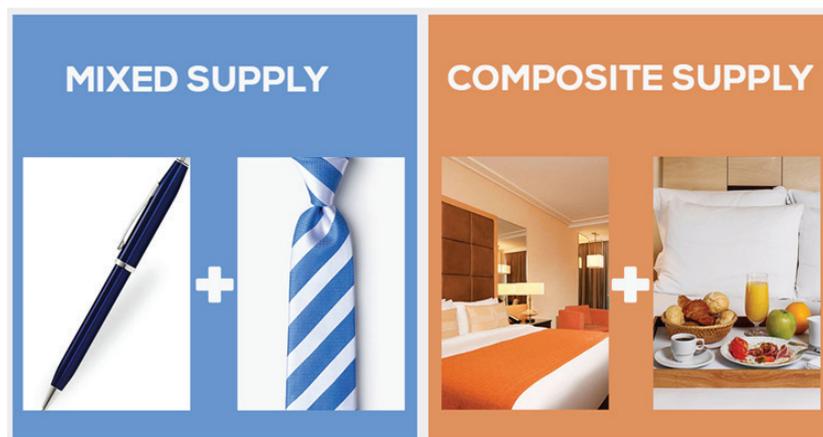


Fig. 6.1.3: Mixed and Composite Supply under GST

UNIT 6.2: Composition Levy and Exemptions

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the composition scheme and eligibility criteria
2. Compute GST liability under composition levy
3. Identify exempt goods and services
4. Prepare returns for composition scheme taxpayers
5. Advise businesses on opting for composition levy

6.2.1 Composition Scheme under GST

Definition:

The Composition Scheme is a simplified GST scheme for small taxpayers, allowing them to pay tax at a fixed percentage of turnover instead of full GST compliance.

Eligibility Criteria:

- Aggregate turnover \leq ₹1.5 crore (varies by state)
- Supply of goods or services excluding certain notified items
- Registered under GST

Rates under the Composition Scheme:

Taxpayer Type	Rate of Tax	Notes
Manufacturers and traders	1% (CGST 0.5% + SGST 0.5%)	Only for goods
Restaurants not serving alcohol	5%	Fixed rate
Service providers	6%	CGST + SGST combined

Key Features:

- Cannot claim Input Tax Credit (ITC)
- Simplified quarterly returns (GSTR-4)
- Cannot supply inter-state goods

Advantages:

- Reduced compliance burden
- Predictable tax liability
- Easier accounting

6.2.2 Exemptions under GST

Exempted Goods/Services:

Certain goods and services are exempt from GST to reduce compliance burden or protect essential sectors.

Categories:

- Basic food items (e.g., unbranded cereals, milk)
- Educational services and goods (e.g., school textbooks)
- Healthcare services and medicines
- Financial services

Importance for GST Assistants:

- Must identify exempt supplies correctly
- Helps prevent misclassification and unnecessary tax liability

Example Table:

Item	HSN / SAC	GST Rate
Fresh milk	0401	Nil
School textbooks	4901	Nil
Healthcare services	9993	Nil

UNIT 6.3: Reverse Charge Mechanism (RCM)

Unit Objectives

By the end of this unit, the participants will be able to:

1. Explain the concept of reverse charge
2. Identify notified goods and services under RCM
3. Determine the GST liability on the recipient
4. Apply RCM for inter-state and notified services
5. Ensure proper compliance and reporting

6.3.1 Reverse Charge Mechanism Explained

Definition:

RCM shifts the liability to pay GST from the supplier to the recipient. It applies to notified goods and services, interstate supplies, or unregistered suppliers.



Fig. 6.3.1: Flow of RCM

Key Features:

- Tax is paid by the recipient
- Supplier does not charge GST in invoice
- Input Tax Credit (ITC) can be claimed by recipient

Examples of RCM Applicability:

Goods/Services	Supplier	Recipient (RCM liable)
Legal services	Individual advocate	Company receiving service
GTA (Goods Transport Agency)	GTA registered/unregistered	Recipient business
Import of services	Foreign supplier	Indian recipient

6.3.2 Applicability of RCM

RCM applies in several scenarios:

1. Unregistered supplier to registered recipient
2. Specified services notified by the government
3. Inter-state supplies by certain suppliers

Compliance Steps under RCM:

1. Identify if the supply is notified under RCM
2. Compute GST liability based on applicable rate
3. Deposit GST in government account
4. Claim Input Tax Credit (if eligible)

6.3.3 Role of GST Assistants in RCM

GST Assistants play a critical role by:

- Checking if RCM is applicable
- Verifying invoices for unregistered suppliers
- Ensuring correct tax payment and ITC claims
- Avoiding penalties and interest for the recipient

Summary

- Composite supply - GST applies at rate of principal supply
- Mixed supply - GST applies at highest rate among items
- Composition scheme - simplified tax for small taxpayers with fixed turnover-based rate
- Exempted goods/services - Nil-rated items or sectors
- Reverse Charge Mechanism - Tax liability shifts to recipient for notified supplies
- GST Assistants ensure proper classification, compliance, and accurate reporting

Exercise

Multiple-choice Question:

1. In a composite supply, the GST rate applicable is based on:
 - a. The item with the highest tax rate
 - b. The principal supply
 - c. Average of all items
 - d. Ancillary supply

2. Which of the following statements is true about a mixed supply?
 - a. Tax rate of principal supply applies
 - b. Each item is taxed separately at its own rate
 - c. Highest tax rate among all items applies
 - d. Only the first item is taxed

3. Which taxpayer is eligible for the Composition Scheme?
 - a. Large inter-state suppliers
 - b. Taxpayers with turnover \leq ₹1.5 crore
 - c. Exporters of goods
 - d. Suppliers of alcohol

4. Under Reverse Charge Mechanism (RCM), the liability to pay GST is on:
 - a. The supplier
 - b. The recipient of goods or services
 - c. Both supplier and recipient
 - d. State government

5. Which of the following supplies is generally exempt from GST?
 - a. Luxury cars
 - b. Packaged snacks
 - c. Healthcare services
 - d. Air conditioners

Descriptive Questions

1. Explain the difference between composite supply and mixed supply under GST with examples.
2. Discuss the eligibility criteria, GST rates, and compliance requirements under the Composition Scheme.
3. List and explain the major categories of goods and services exempt from GST.
4. Define Reverse Charge Mechanism (RCM). Explain the circumstances in which GST liability shifts to the recipient.
5. Describe the role of a GST Assistant in ensuring compliance under RCM and Composition Scheme. Include practical examples.



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7. Input Tax Credit

Unit 7.1 - Concept and Eligibility of Input Tax Credit

Unit 7.2 - Blocked Credits, Reversal, and Ledgers



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Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Explain the Concept of Input Tax credit
2. Identify the eligibility fortaking Input Tax Credit
3. Discuss Blocked Credits
4. Explain methods of Reversal of Credits
5. Explain the Cash Ledger
6. Describe the Credit Ledger

UNIT 7.1: Concept and Eligibility of Input Tax Credit

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the concept of ITC under GST
2. Identify eligible and ineligible taxpayers
3. Recognize the types of inputs, input services, and capital goods eligible for ITC
4. Understand the conditions required to claim ITC
5. Apply ITC correctly in accounting and reporting

7.1.1 Concept of Input Tax Credit

Definition:

Input Tax Credit is the credit a taxpayer can claim for the GST paid on purchases of goods and services, which can be used to offset GST liability on sales.

Key Points:

- ITC prevents double taxation
- It applies to inputs, input services, and capital goods
- ITC can be claimed only when GST is paid by the supplier and recorded in the recipient's GST return

Example Table: ITC Mechanism

Particulars	GST Paid	Output GST	Net GST Payable
Purchase of raw materials	₹10,000 (18%)	–	–
Sale of finished goods	–	₹15,000 (18%)	₹15,000 – ₹1,800 = ₹13,200

Here ₹1,800 is ITC available to offset output GST.

Utilization of Input Tax Credit (ITC)

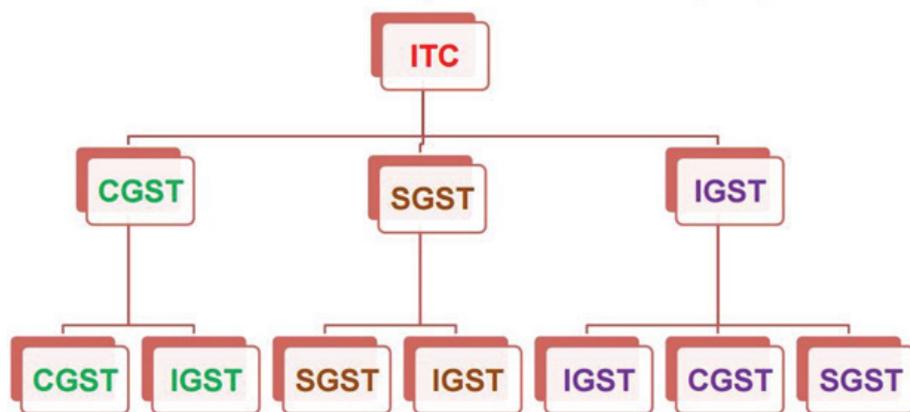


Fig. 7.1.1: Utilisation of ITC

7.1.2 Eligibility for Claiming ITC

ITC can be claimed only if the following conditions are satisfied:

1. **Possession of Tax Invoice or Debit Note**
 - Recipient must have a valid tax invoice, debit note, or other prescribed documents.
2. **Receipt of Goods or Services**
 - The goods or services must be received by the recipient.
 - Partial receipt allows proportionate ITC.
3. **GST Paid to Government by Supplier**
 - Supplier should have paid GST for the supply.
4. **Filing of GST Returns**
 - ITC can be claimed only if the recipient has filed GSTR-2B/3B as required.
5. **Use in Business**
 - ITC is allowed only for business purposes, not for personal consumption.



Fig. 7.1.2: Eligibility Criteria for ITC

7.1.3 Types of Eligible Inputs

- **Inputs:** Raw materials, consumables, goods used for business
- **Input Services:** Professional services, utilities, logistics
- **Capital Goods:** Machinery, equipment, furniture

Key Note:

- ITC on capital goods is claimed over the useful life of the asset or according to depreciation rules.

UNIT 7.2: Blocked Credits, Reversal, and Ledgers

Unit Objectives

By the end of this unit, the participants will be able to:

1. Identify credits blocked under GST
2. Understand reversal of ITC and related circumstances
3. Maintain Cash Ledger and Credit Ledger
4. Apply ITC in compliance reporting
5. Assist in reconciling ITC with supplier data

7.2.1 Blocked Credits

Definition:

Blocked credits refer to ITC that cannot be claimed under GST due to legal restrictions.

Common Blocked Credits:

Item	Reason
Motor vehicles	Personal use or transportation of goods not specified
Food, beverages, club memberships	Personal or non-business expenses
Goods/services used for exempt supplies	ITC is not allowed if supplies are exempt
Goods lost, stolen, destroyed	ITC cannot be claimed

Importance:

- Prevents misuse of ITC
- Ensures compliance with Section 17(5) of CGST Act

7.2.2 Reversal of ITC

Definition:

Reversal of ITC occurs when claimed ITC needs to be returned to the government due to blocked credits, exempt use, or other adjustments.

Methods of Reversal:

1. **Manual Reversal**
 - Adjusted in GSTR-3B return
2. **Proportionate Reversal**
 - When inputs are used for both taxable and exempt supplies

Formula for Proportionate Reversal:

$$ITC \text{ to be reserved} = \text{Total ITC} \times \frac{\text{Exempt Turnover}}{\text{Total Turnover}}$$

Example Table: Reversal Calculation

Particulars	Amount (₹)
Total ITC Available	50,000
Exempt Turnover	20%
ITC to be reversed	50,000 × 20% = 10,000

7.2.3 Cash Ledger

Definition:

Cash Ledger is a government-maintained ledger showing tax, interest, penalty, and fee payments made by a taxpayer.

Features:

- Maintains tax paid under each head (CGST, SGST, IGST)
- Payments can be used to discharge GST liability
- Accessible via the GST portal



Fig. 7.2.1: Components of Cash Ledger under GST

7.2.4 Credit Ledger

Definition:

The Credit Ledger is an electronic ledger maintained on the GST portal that reflects the Input Tax Credit (ITC) available to a registered taxpayer. It shows the amount of tax paid on inputs, input services, and capital goods that can be used to offset output GST liability.

Key Features of Credit Ledger

- Separate ITC Balances:**
 The Credit Ledger displays ITC balances separately for CGST, SGST, and IGST, ensuring clarity in credit utilisation as per GST rules.
- Utilisation for Tax Payment:**
 ITC available in the Credit Ledger can be used to pay output tax liability, subject to prescribed order and conditions. However, it cannot be used to pay interest, penalty, or late fees.
- Real-Time Tracking:**
 The ledger helps taxpayers and GST Assistants track ITC availability, utilisation, and reversals, ensuring accurate compliance and reconciliation.
- Auto-Population from Returns:**
 ITC entries are generally auto-populated based on returns filed by suppliers and recipients, enhancing transparency and reducing manual errors.

Example Table: Ledger Snapshot

Ledger Type	Opening Balance (₹)	ITC Received (₹)	ITC Utilised (₹)	Closing Balance (₹)
CGST Credit	5,000	10,000	8,000	7,000
SGST Credit	3,000	8,000	5,000	6,000
IGST Credit	2,000	12,000	10,000	4,000

Electronic Credit Ledger ANGADJASBIRSINGHARORA 22AJIPA1572E62L

Select Period

From 01/07/2017 To 01/08/2017 GO

Viewing Electronic Credit ledger details from 01/07/2017 to 01/08/2017

Sr. No.	Date	Reference No.	Tax Period, if any	Description	Transaction Type (Debit / Credit)	Credit / Debit (₹)				
						Integrated Tax (₹)	Central Tax	State Tax	CESS	Tot.
1	-	-	-	Opening Balance	-	-	-	-	-	-
2	29/07/2017	AA180717000024M	Jul-17	ITC accrued through - Inputs	Credit	75,58,576.00	66,20,995.00	13,009.00	288.00	1,41,92.00
3	-	-	-	Closing Balance	-	-	-	-	-	-

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Fig. 7.2.2: Electronic Credit Ledger under GST

7.2.5 Role of GST Assistants in ITC Management

GST Assistants are responsible for:

- Verifying ITC eligibility on invoices
- Monitoring blocked credits and reversals
- Ensuring accurate reporting in GSTR-3B
- Reconciling ITC with supplier returns
- Maintaining proper ledgers for audit and compliance

Summary

- ITC prevents cascading of taxes and ensures cost efficiency
- Eligibility depends on invoice possession, receipt of goods/services, GST payment, business use
- Blocked credits cannot be claimed under GST (personal use, exempt supplies, etc.)
- Reversal of credits occurs for exempt use or errors, using proportionate methods
- Cash Ledger records payments, Credit Ledger records ITC
- GST Assistants ensure compliance and correct ledger management

Exercise

Multiple-choice Question:

1. Input Tax Credit (ITC) allows a taxpayer to:
 - a. Pay GST only on purchases
 - b. Offset GST paid on inputs against GST payable on outputs
 - c. Avoid filing GST returns
 - d. Claim a refund of GST paid by the supplier

2. Which of the following is NOT eligible for ITC under GST?

a. Raw materials used in business	b. Motor vehicles for personal use
c. Professional services used in business	d. Capital goods for business use

3. The proportionate reversal of ITC is required when:

a. Inputs are used wholly for taxable supplies	b. Inputs are used partly for exempt supplies
c. GST rates change	d. Supplier delays the invoice

4. Which of the following is recorded in the Cash Ledger under GST?

a. ITC received	b. Tax paid
c. Credit of exempt supplies	d. HSN codes

5. The Credit Ledger shows:

a. GST liability of the taxpayer	b. Payments made to the government
c. ITC available for offsetting tax	d. Penalties paid

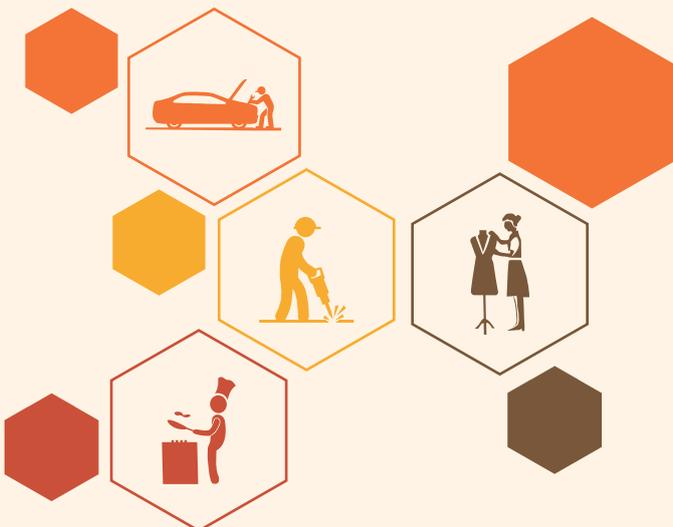
Descriptive Questions

1. Explain the concept of Input Tax Credit (ITC) and its importance under GST.
2. Describe the eligibility conditions required for claiming ITC under GST.
3. Discuss the concept of blocked credits with examples of common blocked items.
4. Explain the methods of ITC reversal, including proportionate reversal, with an example.
5. Differentiate between the Cash Ledger and Credit Ledger in GST. Explain their roles and importance for a GST Assistant.

8. TDS and TCS Provision



Unit 8.1 - TDS and TCS under GST



Key Learning Outcomes

By the end of this module, the participants will be able to:

1. Explain Concepts of Tax Deducted at a source
2. Describe Tax Collected at a Source
3. Discuss the guidelines of deduction and deposit of TDS

UNIT 8.1: TDS and TCS under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Explain the concept and purpose of TDS under GST
2. Explain the concept and purpose of TCS under GST
3. Identify the entities liable to deduct TDS and collect TCS
4. Discuss the procedure for deduction, deposit, and reporting
5. Apply TDS/TCS rules in practical scenarios

8.1.1 Concept of Tax Deducted at Source (TDS)

Definition:

Under GST, TDS is a mechanism where the recipient of goods or services deducts a certain percentage of GST from the payment made to the supplier. This deducted amount is deposited with the government, reducing the risk of non-payment of GST.

Legal Basis:

- Section 51 of the CGST Act, 2017 provides for TDS
- Applicable to specified government bodies and notified entities

Key Features:

- Deductor is the recipient of goods/services
- Deducted at the rate of 1% (0.5% CGST + 0.5% SGST) for intra-state supplies, and 2% (IGST) for inter-state supplies
- TDS is deducted while making payment to the supplier

Eligible Deductors:

- Central Government or State Government departments
- Local authorities
- Government agencies and autonomous bodies
- Any notified entity by the government

Examples:

Scenario	Payment (₹)	TDS Deduction (₹)
Supply to Government Department	1,00,000	1,000
Services by contractor to notified entity	50,000	500
Import of services	Foreign supplier	Indian recipient

8.1.2 Tax Deducted at Source (TDS) Procedure

Stepwise Procedure:

1. **Identify Deductor**
 - Check if the recipient is a notified TDS deductor.
2. **Verify Supplier GSTIN**
 - TDS can be deducted only if the supplier is registered under GST.
3. **Deduct TDS on Payment/Invoice**
 - Deduct 1% CGST + SGST or 2% IGST from invoice value excluding GST.
4. **Deposit TDS with the Government**
 - Deposit amount in Form GSTR-7
 - Payment must be made within 10 days from the end of the month
5. **File TDS Return**
 - TDS deductors file GSTR-7 monthly
 - Supplier receives credit of TDS deducted

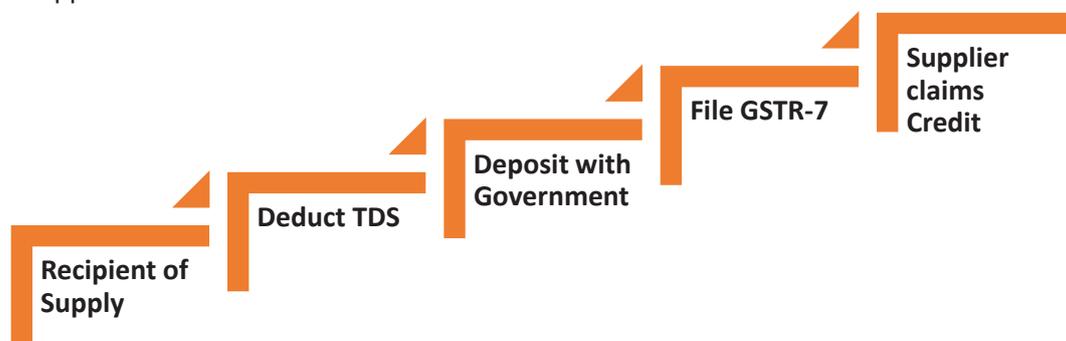


Fig. 8.1.1: TDS Process under GST

8.1.3 Concept of Tax Collected at Source (TCS)

Definition:

TCS under GST is a mechanism where suppliers of goods/services collect a specified percentage of GST from the recipient at the time of supply. This is applicable to supplies by e-commerce operators and other notified entities.

Legal Basis:

- Section 52 of the CGST Act, 2017
- Applicable for supplies through e-commerce platforms or notified categories

Key Features:

- Tax collected is added to the invoice
- TCS is credited to the supplier's GST account
- Rate of TCS is 1% (0.5% CGST + 0.5% SGST) for intra-state, 2% IGST for inter-state

Example Table

Supplier	Invoice Value (₹)	TCS Rate	TCS Collected (₹)
E-commerce operator	20,000	1%	200
Notified supplier	50,000	1%	500



Fig. 8.1.2: TDS and TCS

8.1.4 Guidelines for Deduction and Deposit of TDS

1. Deduction Timing:

- TDS must be deducted at the time of payment or crediting the amount in accounts, whichever is earlier.

2. Deposit of TDS:

- Deducted TDS should be deposited within 10 days from the end of the month with the government.

3. Filing of TDS Return:

- Deductors file Form GSTR-7 monthly
- Report includes:
 - Amount deducted
 - Supplier details
 - GSTIN of supplier
 - Invoice details

4. Claiming Credit by Supplier:

- Supplier can claim the TDS deducted as ITC
- TDS appears in GSTR-2A/2B of supplier

5. Interest and Penalties:

- Non-deduction or delay leads to interest at 18% per annum
- Penalties under GST may apply

8.1.5 Guidelines for TCS

1. Deduction Timing:

- TCS collected at the time of supply or receipt of payment, whichever is earlier.

2. Deposit of TCS:

- Collected amount must be deposited monthly to the government

3. Filing of TCS Return:

- Suppliers or e-commerce operators file Form GSTR-8

-

4. Credit to Buyer:

- Amount collected under TCS is available as ITC to recipient

5. Reporting and Compliance:

- Maintain proper records of TCS invoices
- Ensure reconciliation with GST portal

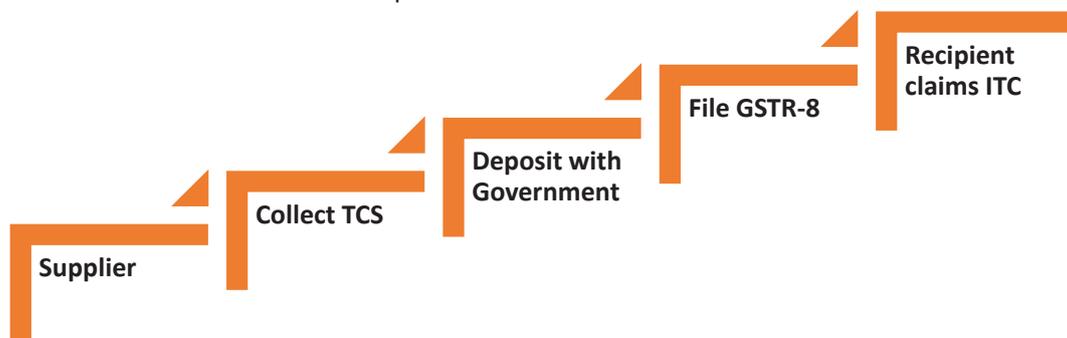


Fig. 8.1.3: Process Flow for TCS under GST

Summary

- TDS under GST: Deducted by the recipient from supplier payment, deposited in the government account.
- TCS under GST: Collected by supplier/e-commerce operator from the recipient at the supply.
- TDS/TCS is filed through GSTR-7 and GSTR-8, respectively.
- Timely deduction, deposit, and filing are mandatory to avoid penalties.
- GST Assistants play a crucial role in ensuring compliance, accurate reporting, and ITC credit management.

Exercise

Multiple-choice Question:

1. Under GST, TDS is applicable to which of the following?

a. All private sector suppliers	b. Specified government and notified entities
c. Exporters of goods only	d. Any supplier registered under GST

2. The rate of TDS under GST for intra-state supplies is:

a. 0.5%	b. 1%
c. 1.5%	d. 2%

3. Which form is used by the deductor to file TDS under GST?

a. GSTR-3B	b. GSTR-1
c. GSTR-7	d. GSTR-8

4. TCS under GST is primarily applicable for:
 - a. All inter-state transactions
 - b. Supplies made by e-commerce operators and notified suppliers
 - c. Any supply above ₹1 lakh
 - d. Services provided to unregistered persons only

5. The TCS amount collected by the supplier is:

a. Paid directly by the government	b. Claimed as ITC by the recipient
c. Deducted from the supplier's output tax	d. Ignored in GST returns

Descriptive Questions

1. Explain the concept of Tax Deducted at Source (TDS) under GST and its importance.
2. Describe the procedure for deduction, deposit, and reporting of TDS under GST. Include relevant forms.
3. Explain Tax Collected at Source (TCS) under GST and identify the entities responsible for collecting it.
4. Discuss the guidelines for the deposit of TCS and filing of GSTR-8. How does the recipient claim credit?
5. Describe the role of a GST Assistant in ensuring compliance with TDS and TCS provisions. Include practical examples.



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9. Basic Procedure in GST



Unit 9.1 - Administration and Audit under GST

Unit 9.2 - Assessment Procedure and Financial Services under GST



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Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Discuss the Administration of GST
2. Describe Audit Procedure
3. Explain Assessment procedure
4. Narrate Financial Services under GST

UNIT 9.1: Administration and Audit under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the administrative structure of GST in India
2. Identify the roles of Central and State tax authorities
3. Explain the GST audit process and its objectives
4. Understand types of audits under GST
5. Assist taxpayers during audit proceedings

9.1.1 Administration of GST

The administration of GST in India follows a dual model, where both the Central Government and State Governments have the power to levy and collect GST. This structure ensures cooperative federalism while maintaining uniformity in taxation.

Administrative Authorities under GST

Authority	Role
<p>Central Board of Indirect Taxes and Customs (CBIC)</p> 	Administers CGST and IGST
<p>State GST Departments</p> 	Administer SGST
<p>GST Network (GSTN)</p> 	IT backbone for GST operations

Authority	Role
<p>GST Council</p>  <p>माल और सेवा कर परिषद GOODS AND SERVICES TAX COUNCIL</p>	<p>Policy-making and recommendations</p>

Key Features of GST Administration:

- Centralized GST portal for registration, returns, payments, and refunds
- Uniform procedures across states
- Technology-driven compliance to reduce manual intervention
- Shared responsibility between Centre and States

The GST Council, consisting of representatives from the Centre and States, plays a crucial role in rate rationalization, procedural changes, and dispute resolution.

The objectives of the GST Council are as follows:

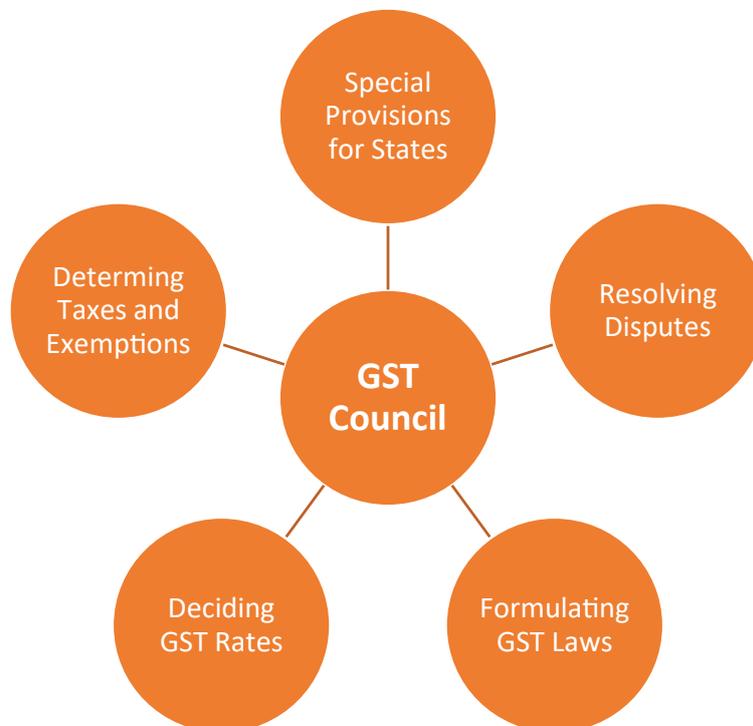


Fig. 9.1.1: Objectives of the GST Council

9.1.2 Role of GST Authorities

GST authorities are responsible for:

- Registration and cancellation of GST registration
- Verification of returns and payments
- Conducting audits and inspections
- Initiating assessments and recovery proceedings
- Enforcing penalties and prosecution where required

9.1.3 Audit under GST-Concept and Objectives

Audit under GST refers to the examination of records, returns, and documents maintained by a registered person to verify:

- Correctness of turnover declared
- Accuracy of tax paid
- Proper availment of Input Tax Credit
- Compliance with GST provisions

Objectives of GST Audit:

- Ensure tax compliance
- Detect tax evasion or incorrect reporting
- Promote voluntary compliance
- Protect government revenue

9.1.4 Types of Audit under GST

The three types of audit under GST are:

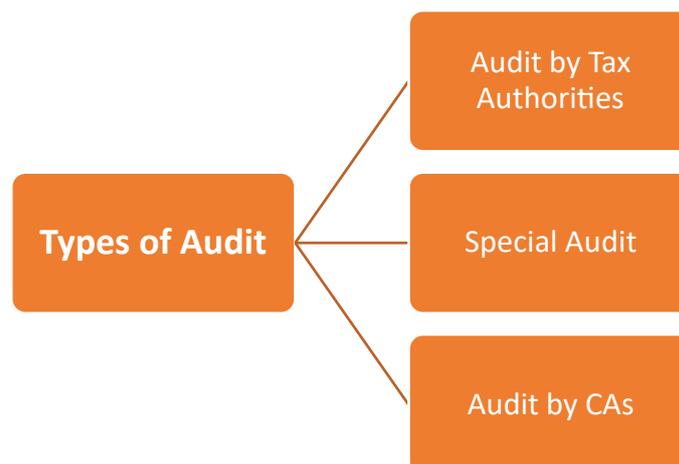


Fig. 9.1.2: Types of Audit

1. Audit by Tax Authorities

Conducted by Central or State GST officers as per Section 65 of the CGST Act.

Key Features:

- Prior notice of at least 15 days
- Audit to be completed within 3 months (extendable)
- Findings communicated to the taxpayer

2. Special Audit

Ordered when tax authorities suspect complexity or incorrect valuation.

Conducted by:

- Chartered Accountant or Cost Accountant nominated by authorities

Purpose:

- Verify complex transactions
- Check valuation or ITC misuse

3. Audit by Chartered Accountant (Turnover-based)

Applicable earlier when turnover exceeded prescribed limits (now optional but still relevant for internal compliance).

9.1.5 Audit Procedure under GST

Step-by-Step Audit Process:**1. Issue of Audit Notice**

- Authority informs the taxpayer about the audit

2. Submission of Records

- Invoices, returns, books of accounts

3. Verification and Examination

- Cross-checking returns with financial records

4. Audit Findings

- Discrepancies communicated to taxpayer

5. Rectification or Proceedings

- Voluntary payment or further action

UNIT 9.2: Assessment Procedure and Financial Services under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the meaning and importance of assessment
2. Identify types of assessments under GST
3. Explain assessment procedures in detail
4. Understand GST applicability to financial services
5. Assist financial institutions in GST compliance

9.2.1 Meaning of Assessment under GST

Assessment refers to the determination of tax liability under GST. It ensures that tax payable by a registered person is correctly computed and paid.

Assessment may be:

- Self-assessed by the taxpayer
- Conducted by tax authorities in specific cases

9.2.2 Types of Assessment under GST

Type of Assessment	Description
Self-Assessment	Taxpayer determines liability while filing returns
Provisional Assessment	Applied when value or rate is uncertain
Scrutiny Assessment	Verification of returns by authorities
Best Judgment Assessment	Applied when returns are not filed
Summary Assessment	Immediate assessment to protect revenue

9.2.3 Self-Assessment

Self-assessment is the foundation of GST compliance. Taxpayers calculate tax liability and file returns accordingly.

Importance:

- Encourages voluntary compliance
- Reduces administrative burden
- Requires accuracy and honesty

GST Assistants play a key role in ensuring correct self-assessment through accurate data entry and reconciliation.

9.2.4 Provisional and Best Judgment Assessment

Provisional Assessment:

- Used when tax rate or valuation is unclear
- Taxpayer pays tax on provisional basis
- Final assessment done later

Best Judgment Assessment:

- Applied when taxpayer fails to file returns
- Authority determines tax based on available data
- Often results in higher liability

9.2.5 Financial Services under GST

Financial services form a significant part of the GST framework and include:

- Banking services
- Insurance services
- Stockbroking and mutual fund services
- NBFC services

9.2.6 GST on Banking and Financial Services

Key Characteristics:

- Services generally taxed at 18% GST
- Banks can opt for 50% ITC reversal method
- Transactions like interest on loans are exempt

Service	GST Applicability
Loan interest	Exempt
Account maintenance	Taxable
Credit card fees	Taxable
Insurance premium	Taxable

9.2.7 Challenges in GST for Financial Services

Financial institutions such as banks, insurance companies, and NBFCs face several operational and compliance challenges under GST due to the unique nature of their services.

High Volume of Transactions

Multiple Branches and Registrations



Fig. 9.2.1: Challenges in GST for Financial Services

1. High Volume of Transactions

Financial institutions handle thousands of transactions daily, including deposits, withdrawals, loans, card payments, and service charges.

Why this is a challenge:

- Each taxable transaction must be identified and reported correctly
- Errors in reporting may lead to a mismatch in returns
- Requires strong IT systems and continuous monitoring

Impact:

Managing GST compliance becomes complex due to the scale and frequency of transactions.

2. Multiple Branches and Registrations

Banks and financial institutions usually operate through multiple branches across different states, each requiring GST registration.

Key Issues:

- Separate GST registrations for each state
- Inter-branch services treated as taxable supplies
- Increased compliance and reporting burden

Impact:

Coordinating GST compliance across branches is time-consuming and prone to errors.

3. ITC Apportionment Complexity

Financial institutions provide both taxable and exempt services, such as taxable account charges and exempt interest on loans.

Challenges in ITC:

- ITC must be proportionately reversed for exempt services
- Complex calculations are required
- Institutions may opt for the 50% ITC reversal option

Impact:

Incorrect ITC apportionment may result in penalties and interest.

4. Cross-Border Services

Many financial institutions provide services to foreign clients or receive services from abroad.

Key Issues:

- Determining place of supply
- Applicability of IGST
- Compliance with import/export of services rules

Impact:

Cross-border transactions require careful classification and documentation to avoid disputes.

Summary

- GST administration follows a dual model involving Centre and States
- GST Council plays a key role in policy decisions
- Audit ensures accuracy, compliance, and revenue protection
- Multiple types of audits and assessments exist under GST
- Assessment determines correct tax liability
- Financial services are largely taxable under GST with specific exemptions
- GST Assistants support compliance, audits, and assessments

Exercise

Multiple-choice Question:

1. Which of the following best explains why GST compliance is complex for financial services due to transaction volume?
 - a. Low tax rates
 - b. Large number of small-value transactions
 - c. Limited customer base
 - d. Exemptions under GST

2. Financial institutions often require multiple GST registrations mainly because:
 - a. Different tax slabs apply
 - b. They operate across multiple states
 - c. Services are exempt
 - d. GST is optional for banks

3. Input Tax Credit (ITC) apportionment becomes complex in financial services because:
 - a. All services are taxable
 - b. Services are only exports
 - c. Both taxable and exempt supplies coexist
 - d. ITC is fully restricted

4. Which GST provision specifically restricts ITC for banking and financial institutions opting for a simplified scheme?
 - a. Section 16
 - b. Section 17(2)
 - c. Section 17(4)
 - d. Section 54

5. Cross-border financial services under GST primarily raise issues related to:
 - a. Customs duty
 - b. Place of supply and valuation
 - c. E-way bills
 - d. Composition scheme

Descriptive Questions

1. Explain how a high volume of transactions creates compliance challenges for financial service providers under GST.
2. Discuss the impact of multiple branches and state-wise registrations on GST compliance for banks and financial institutions.
3. Examine the complexities involved in Input Tax Credit (ITC) apportionment in the financial services sector under GST.
4. Analyse the GST implications of cross-border financial services, with reference to place of supply and taxability.
5. Critically evaluate the overall GST compliance challenges faced by financial institutions and suggest measures to improve compliance efficiency.



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10. Registration under GST



Unit 10.1 - Concept, Applicability and Legal Framework of GST Registration

Unit 10.2 - Procedural Aspects, Documentation and Cancellation of GST Registration



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Key Learning Outcomes

By the end of this module, the participants will be able to:

1. Discuss the concept of GSTIN
2. Describe Benefit of GST registration
3. Identify the applicability of GST registration
4. Exemption of Registration
5. Law of Registration
6. Documents for Registration
7. Narrate the cancellation of Registration

UNIT 10.1: Concept, Applicability and Legal Framework of GST Registration

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the concept and importance of GST registration
2. Explain the structure and significance of GSTIN
3. Identify who is liable to obtain GST registration
4. Understand the benefits arising from GST registration
5. Analyse exemptions available from compulsory registration
6. Examine the statutory provisions governing GST registration

10.1.1 Introduction to GST Registration

GST registration is the foundational requirement for compliance under the Goods and Services Tax regime. It establishes a person as a recognised taxable entity under GST law and enables the levy, collection, and remittance of tax to the government. Registration acts as the gateway for participation in the GST ecosystem, ensuring transparency, accountability, and traceability of transactions across the supply chain.

Under GST, registration is not merely a procedural formality but a legal obligation for persons who meet prescribed conditions. Without registration, a person cannot lawfully collect GST, issue tax invoices, or claim Input Tax Credit.

10.1.2 Concept of GSTIN

Upon successful registration, a taxpayer is allotted a Goods and Services Tax Identification Number (GSTIN). GSTIN is a 15-digit alphanumeric identifier that is unique to each registered person and state of registration.

Structure of GSTIN:

- First two digits: State code
- Next ten digits: PAN of the entity
- Thirteenth digit: Entity number
- Fourteenth digit: Alphabet "Z" by default
- Fifteenth digit: Checksum character

GSTIN - GST Identification Number

Format of GSTIN

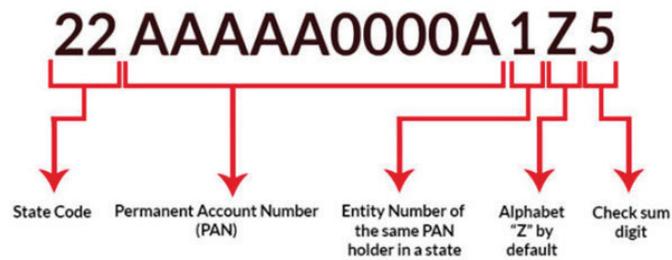


Fig. 10.1.1: GSTIN Format

GSTIN facilitates:

- Identification of taxpayers
- Tracking of inter-state supplies
- Seamless flow of Input Tax Credit
- Integration of GST returns, payments, and assessments

10.1.3 Benefits of GST Registration

GST registration provides several tangible and intangible benefits, including:



Fig. 10.1.2: Benefits of GST Registration

1. Legal Recognition

Registered persons are legally recognised as suppliers of goods or services.

2. Right to Collect Tax

Only registered persons can charge GST on outward supplies.

3. Input Tax Credit (ITC)

Registration enables claiming and utilisation of ITC, reducing tax burden.

4. Inter-State Trade Enablement

Registration permits interstate supply without legal hurdles.

5. Enhanced Business Credibility

Registered businesses gain trust among customers, vendors, and financial institutions.

6. Access to GST Compliance Mechanisms

Registered persons can issue tax invoices, e-invoices, and generate e-way bills.

10.1.4 Applicability of GST Registration

GST registration becomes mandatory under various circumstances as prescribed under the CGST Act.

Key situations requiring compulsory registration include:

- Aggregate turnover exceeding the prescribed threshold
- Inter-state supply of goods or services
- Supply through e-commerce platforms
- Persons liable under reverse charge mechanism
- Casual taxable persons
- Non-resident taxable persons
- Input Service Distributors
- Agents supplying on behalf of others

Threshold limits vary based on the nature of supply and category of states.

10.1.5 Exemption from GST Registration

Certain persons are exempt from compulsory registration, such as:

- Persons engaged exclusively in exempt supplies
- Agriculturists supplying produce from cultivation of land
- Small suppliers below threshold limits
- Persons notified by the government through exemptions

These exemptions aim to reduce compliance burden on small and low-risk taxpayers.

10.1.6 Law Governing GST Registration

GST registration is governed by Sections 22 to 30 of the CGST Act, 2017, read with the CGST Rules.

Key legal provisions include:

- **Section 22:** Persons liable for registration
- **Section 23:** Persons not liable for registration
- **Section 24:** Compulsory registration
- **Section 25:** Procedure for registration

These provisions ensure uniformity and legal certainty in the registration process.

UNIT 10.2: Procedural Aspects, Documentation and Cancellation of GST Registration

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the procedural requirements for GST registration
2. Identify documents required for registration
3. Explain amendment and verification procedures
4. Describe circumstances for cancellation of registration
5. Understand the legal implications of cancellation

10.2.1 Procedure for GST Registration

GST registration is primarily an online process conducted through the GST portal. The applicant submits required details, verifies identity through Aadhaar or alternative methods, and receives approval from tax authorities.

The process involves:

- Submission of application
- Verification of details
- Grant of registration certificate
- Allocation of GSTIN

The registration certificate serves as proof of lawful compliance.

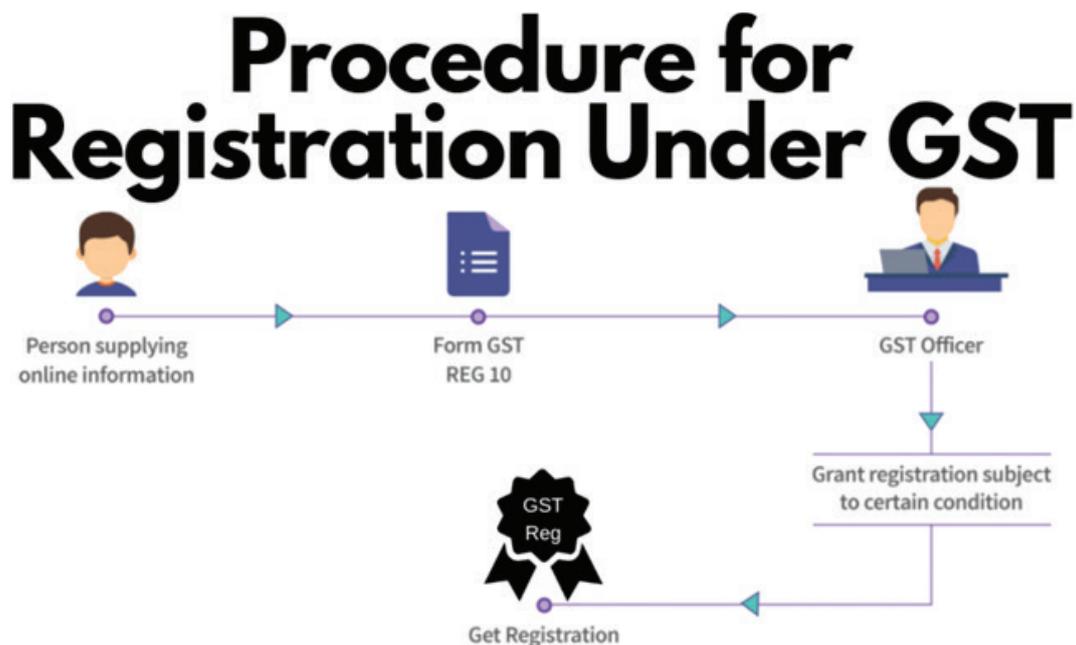


Fig. 10.2.1: GST Registration Process

10.2.2 Documents Required for GST Registration

The documents required depend on the nature of the business entity.

Common documents include:

- PAN of the applicant
- Aadhaar authentication
- Proof of the constitution of the business
- Proof of principal place of business
- Bank account details
- Authorisation letter
- Photographs of promoters or partners

Accurate documentation ensures smooth approval and avoids delays.

10.2.3 Amendment of GST Registration

Registered persons may amend registration details due to:

- Change in business name
- Change in address
- Addition of business locations
- Change in authorised signatory

Certain amendments require approval, while others are auto-approved, ensuring flexibility in compliance.

10.2.4 Cancellation of GST Registration

Cancellation refers to the termination of GST registration, either voluntarily or by the authorities.

- Grounds for cancellation include:
- Discontinuance of business
- Transfer or merger
- Non-filing of returns
- Registration obtained by fraud
- Violation of GST provisions

10.2.5 Procedure for Cancellation

The cancellation process includes:

- Filing of application
- Issuance of notice by authorities
- Opportunity to respond

- Passing of cancellation order
- Filing of final return

This ensures adherence to principles of natural justice.

10.2.6 Consequences of Cancellation

Post-cancellation:

- GSTIN becomes inactive
- Tax collection is prohibited
- ITC reversal may be required
- Final return must be filed

Failure to comply can attract penalties and legal consequences.

10.2.7 Revocation of Cancellation

In eligible cases, cancellation can be revoked upon application, provided:

- Defaults are rectified
- Returns are filed
- Outstanding dues are cleared

Revocation restores GSTIN and compliance privileges.

Summary

- GST registration provides legal recognition to persons engaged in taxable supply of goods or services under the GST regime.
- Upon registration, a unique Goods and Services Tax Identification Number (GSTIN) is allotted, enabling identification and compliance tracking.
- Registration is mandatory for persons crossing prescribed turnover thresholds or falling under specific categories such as inter-state suppliers and e-commerce operators.
- Registered persons are authorized to collect GST, issue tax invoices, and claim Input Tax Credit (ITC).
- Certain categories of persons, including agriculturists and suppliers of exempt goods or services, are exempt from GST registration.
- GST registration is governed by statutory provisions under the CGST Act, 2017 and corresponding rules.
- The registration process is largely digital and requires submission of prescribed documents and verification.
- Registration details may be amended to reflect changes in business particulars, subject to legal conditions.
- GST registration may be cancelled voluntarily or by authorities, with provisions for revocation in eligible cases.

Exercise

Multiple-choice Question:

1. GST registration becomes mandatory when a person:
 - a. Engages in any supply
 - b. Supplies only exempt goods
 - c. Exceeds the prescribed turnover threshold
 - d. Is an agriculturist
2. GSTIN consists of how many digits?
 - a. 12
 - b. 14
 - c. 15
 - d. 16
3. Which of the following persons is not required to obtain GST registration?
 - a. Inter-state supplier
 - b. E-commerce operator
 - c. Agriculturist supplying produce from own land
 - d. Casual taxable person
4. Which section of the CGST Act deals with persons liable for registration?
 - a. Section 16
 - b. Section 22
 - c. Section 30
 - d. Section 49
5. Cancellation of GST registration may be initiated due to:
 - a. Regular filing of returns
 - b. Discontinuance of business
 - c. Increase in turnover
 - d. Claiming ITC

Descriptive Questions

1. Explain the concept and importance of GST registration under the GST regime.
2. Describe the structure of GSTIN and discuss its significance in GST administration.
3. Discuss the applicability of GST registration and identify categories of persons for whom registration is compulsory.
4. Examine the exemptions available from GST registration with relevant provisions.
5. Explain the grounds and procedure for cancellation of GST registration and its legal consequences.



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11. Returns under GST

Unit 11.1 - Furnishing of Returns and Forms of GSTR

Unit 11.2 - Revision, Quarterly, Annual and Special Returns under GST



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Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Describe Furnishing of Returns
2. Explain Forms of GSTR
3. Discuss Revision of Returns
4. Explain Concept of NIL Return
5. Briefly Narrate GST Monthly Return
6. Explain steps of Quarterly Return
7. Describe Yearly Return
8. Discuss Return After Cancellation of GSTIN

UNIT 11.1: Furnishing of Returns and Forms of GSTR

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the concept and importance of furnishing GST returns
2. Explain who is required to file GST returns
3. Identify various types of GSTR forms
4. Distinguish between monthly and quarterly returns
5. Appreciate the role of GST returns in tax administration

11.1.1 Concept of Furnishing of Returns

Furnishing of returns under GST refers to the process by which a registered person submits prescribed details of business transactions to the tax authorities through the GST portal. These details include outward supplies, inward supplies, tax collected, tax paid, and Input Tax Credit claimed.

Returns serve multiple purposes:

- Enable tax authorities to track compliance
- Facilitate matching of ITC between suppliers and recipients
- Ensure transparency in tax collection
- Act as legal evidence of transactions

Every registered person is required to file returns unless specifically exempted, even if there is no business activity during a tax period.

11.1.2 Importance of GST Returns

The importance of GST returns can be understood from the following aspects:

- **Compliance Monitoring:** Returns help authorities monitor tax compliance regularly.
- **Input Tax Credit Flow:** ITC is allowed only if returns are filed correctly and on time.
- **Revenue Collection:** Returns ensure accurate assessment and collection of tax.
- **Legal Accountability:** Filed returns are treated as self-declarations with legal validity.

Failure to furnish returns may result in:

- Late fees
- Interest liability
- Blocking of e-way bills
- Cancellation of GST registration

11.1.3 Forms of GSTR

GST law prescribes different return forms based on the nature of the taxpayer and type of transaction.

Major GSTR Forms

Return Form	Purpose	Filed By	Frequency
GSTR-1	Details of outward supplies	Regular taxpayer	Monthly / Quarterly
GSTR-3B	Summary return with tax payment	Regular taxpayer	Monthly
GSTR-4	Return for composition dealers	Composition taxpayer	Quarterly
GSTR-5	Return for non-resident taxable persons	Non-resident	Monthly
GSTR-6	Return for Input Service Distributors	ISD	Monthly
GSTR-7	Return for TDS deductors	Deductor	Monthly
GSTR-8	Return for TCS collectors	E-commerce operator	Monthly
GSTR-9	Annual return	Regular taxpayer	Yearly
GSTR-10	Final return	Cancelled registrant	One-time

11.1.4 Monthly GST Returns

Monthly returns are primarily filed by regular taxpayers. These include:

GSTR-1

- Contains invoice-wise details of outward supplies
- Filed monthly or quarterly depending on turnover
- Forms the basis for ITC availability to recipients

GSTR-3B

- A self-declared summary return
- Includes tax liability, ITC claimed, and tax paid
- Mandatory even if no outward supply exists

Form GSTR-3B
[See rule 61(5)]

Year	2017-18
Month	December

1. GSTIN	97AJIPA1572E7Z8
2. Legal name of the registered person	ANGAD JASBIRSINGH ARORA

3.1 Tax on outward and reverse charge inward supplies

Nature of Supplies	Total Taxable value	Integrated Tax	Central Tax	State/UT Tax	Cess
(a) Outward taxable supplies (other than zero rated, nil rated and exempted)	0	0	0	0	0
(b) Outward taxable supplies (zero rated)	0	0	-	-	0
(c) Other outward supplies (Nil rated, exempted)	0	-	-	-	-
(d) Inward supplies (liable to reverse charge)	0	0	0	0	0
(e) Non-GST outward supplies	0	-	-	-	-

3.2 Inter-state supplies

Nature of Supplies	Total Taxable value	Integrated Tax
Supplies made to Unregistered Persons	0	0
Supplies made to Composition Taxable Persons	0	0
Supplies made to UIN holders	0	0

Fig. 11.1.1: Form GSTR-3B

11.1.5 Concept of NIL Return

A NIL return is filed when:

- There are no outward supplies
- No inward supplies attracting reverse charge
- No tax liability
- No ITC claim

Even in the absence of transactions, filing NIL returns is mandatory to maintain compliance and avoid penalties.

UNIT 11.2: Revision, Quarterly, Annual and Special Returns under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the legal framework governing correction and revision of GST returns
2. Explain the Quarterly Return Monthly Payment (QRMP) scheme in detail
3. Describe the procedure, purpose, and significance of annual returns
4. Understand the compliance requirements after cancellation of GST registration
5. Appreciate the practical role of GST Assistants in return-related compliance

11.2.1 Revision and Rectification of GST Returns

Concept of Revision under GST

Unlike earlier indirect tax regimes such as VAT and Service Tax, the GST law does not permit the filing of a revised return once a return has been submitted. This restriction is intentional and is aimed at promoting accuracy, self-discipline, and accountability among taxpayers.

However, the GST law provides flexibility by allowing rectification of errors or omissions in subsequent returns within prescribed limits.

Legal Position

Errors or omissions discovered in a return can be rectified:

- In the return for the month in which such error is noticed, or
- In the annual return, whichever is earlier, but not after November of the following financial year.

Types of Errors Commonly Rectified

Errors generally rectified through subsequent returns include:

- Incorrect invoice number or date
- Wrong GST rate applied
- Incorrect taxable value
- Missed outward or inward supply
- Wrong classification of supply

Practical Importance

This mechanism ensures:

- Continuity of compliance
- Prevention of misuse through repeated revisions
- Maintenance of audit trail

For GST Assistants, understanding rectification is crucial to avoid penalties, interest, and disputes.

11.2.2 Quarterly Return Monthly Payment (QRMP) Scheme

Introduction to QRMP Scheme

The QRMP scheme was introduced to reduce the compliance burden on small and medium taxpayers. It allows eligible registered persons to file quarterly returns while making monthly tax payments.

Eligibility Criteria

Criteria	Requirement
Turnover limit	Up to ₹5 crore in the preceding financial year
Registration type	Regular taxpayer
Exclusions	Composition taxpayers, NRTPs

Structure of QRMP Scheme

Under the QRMP scheme:

- GSTR-1 is filed quarterly
- GSTR-3B is filed quarterly
- Tax is paid monthly using Form PMT-06

Methods of Monthly Tax Payment

Two methods are available:

1. Fixed Sum Method

- Taxpayer pays a fixed amount equal to:
 - 35% of tax paid in the previous quarter (if quarterly filer), or
 - 100% of tax paid in previous month (if monthly filer)

2. Self-Assessment Method

- Taxpayer calculates actual tax liability for the month
- Pays tax after adjusting ITC

Advantages of QRMP Scheme

- Reduced frequency of return filing
- Lower compliance cost
- Flexibility in tax payment
- Ease of compliance for MSMEs

Challenges

- Estimation errors in fixed sum method
- ITC reconciliation issues
- Increased reliance on accurate bookkeeping

GST Assistants must guide taxpayers in choosing the appropriate payment method.

11.2.3 Detailed Steps for Filing Quarterly Returns

Step-by-Step Process

1. **Opting for QRMP Scheme**
 - Option exercised on GST portal within prescribed timeline
2. **Invoice Furnishing Facility (IFF)**
 - Optional monthly upload of outward supply invoices
 - Helps recipients avail ITC on time
3. **Monthly Tax Payment**
 - Use Form PMT-06
 - Payment by 25th of succeeding month
4. **Quarterly Filing**
 - File GSTR-1 and GSTR-3B after quarter ends



Fig. 11.2.1: Steps for Filing Quarterly Returns

Compliance Significance

Failure to comply with timelines may lead to:

- Late fees
- Interest
- Suspension of GSTIN

11.2.4 Annual Return under GST (GSTR-9)

Concept and Purpose

The annual return is a consolidated statement of all transactions undertaken during a financial year. It acts as a reconciliation document between:

- Monthly/quarterly returns
- Books of accounts

Who Must File an Annual Return

Category	Requirement
Regular taxpayer	Mandatory
Composition dealer	Mandatory
ISD	Not required
TDS/TCS deductor	Not required

Contents of Annual Return

The annual return includes:

- Outward supplies
- Inward supplies
- ITC availed and reversed
- Tax paid
- Demands and refunds

Importance of Annual Return

- Facilitates audit and assessment
- Helps identify discrepancies
- Strengthens transparency

GST Assistants play a key role in data reconciliation and error identification at this stage.

11.2.5 Return After Cancellation of GST Registration (GSTR-10)

Meaning of Final Return

When GST registration is cancelled-whether voluntarily or by the department-the registered person must file a final return in Form GSTR-10.

Time Limit

- Within 3 months from:
 - Date of cancellation, or
 - Date of cancellation order, whichever is later

Purpose of GSTR-10

- Declaration of closing stock
- Payment of tax on stock and capital goods
- Formal closure of GST compliance

Consequences of Non-Filing

- Penalties
- Continued liability
- Legal action

11.2.6 Role of GST Assistants in Advanced Return Compliance

GST Assistants are responsible for:

- Monitoring filing deadlines
- Ensuring accurate data entry
- Advising on correction mechanisms
- Assisting in annual reconciliation
- Handling post-cancellation compliance

Their role directly impacts:

- ITC flow
- Tax liability
- Legal compliance of businesses

Summary

- GST returns are statutory documents through which registered persons report details of supplies, tax liability, tax payment, and Input Tax Credit.
- Furnishing of returns ensures transparency, accountability, and effective tax administration under the GST regime.
- Different types of GSTR forms are prescribed based on the nature of the taxpayer and the type of transaction.
- Monthly returns such as GSTR-1 and GSTR-3B form the core compliance requirement for regular taxpayers.
- NIL returns must be filed even when there are no business transactions during a tax period.
- GST does not permit direct revision of returns; errors are corrected through subsequent returns or annual returns.
- The QRMP scheme reduces compliance burden for small taxpayers by allowing quarterly filing with monthly tax payments.
- Annual returns consolidate year-wide transactions and play a crucial role in reconciliation and audit.
- After cancellation of GST registration, filing of final return (GSTR-10) is mandatory to close tax liability.

Exercise

Multiple-choice Question:

- Which return is used for furnishing details of outward supplies?
 - GSTR-3B
 - GSTR-1
 - GSTR-9
 - GSTR-10
- Which return is mandatory even when there are no transactions during a tax period?
 - Annual Return
 - Final Return
 - NIL Return
 - Revised Return
- Under the QRMP scheme, tax is paid monthly using:
 - GSTR-3B
 - GSTR-1
 - PMT-06
 - GSTR-9
- Which of the following statements is correct regarding revision of GST returns?
 - Returns can be revised any number of times
 - Returns cannot be revised but errors can be rectified later
 - Returns can be revised only annually
 - Returns can be revised with approval of officer
- GSTR-10 is required to be filed when:
 - Annual turnover exceeds limit
 - GSTIN is suspended
 - GST registration is cancelled
 - Business files NIL returns

Descriptive Questions

- Explain the concept and importance of furnishing GST returns under the GST law.
- Discuss the different forms of GSTR and their relevance for various categories of taxpayers.
- Explain the QRMP scheme and evaluate its benefits for small and medium enterprises.
- Describe the annual return under GST and its role in reconciliation and audit.
- Explain the procedure and significance of filing returns after cancellation of GST registration.



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12. E-Way Bill

Unit 12.1 - E-Way Bill - Concept, Applicability and Documentation



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Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Explain E-Way Bill
2. Discuss Applicability of E-Way Bill
3. Discuss the documents for E-way Bill

UNIT 12.1: E-Way Bill - Concept, Applicability and Documentation

Unit Objectives

By the end of this unit, the participants will be able to:

1. Explain the concept and legal basis of the E-Way Bill
2. Understand the purpose and significance of the E-Way Bill system
3. Identify transactions where E-Way Bill generation is mandatory
4. Recognize situations where E-Way Bill is not required
5. Describe documents required for E-Way Bill generation
6. Understand the compliance responsibilities of GST Assistants

12.1.1 Concept of E-Way Bill

An E-Way Bill is an electronic document generated on the GST portal for the movement of goods from one place to another when the value of the consignment exceeds the prescribed limit. It is governed by Rule 138 of the CGST Rules, 2017.

The E-Way Bill contains details of:

- The supplier and recipient
- The goods being transported
- The transporter
- The distance and mode of transport

The objective is to ensure that goods in transit are backed by valid documentation and that tax has been duly accounted for.

12.1.2 Purpose and Importance of E-Way Bill

The E-Way Bill system serves multiple objectives:

- **Prevention of Tax Evasion:** Ensures movement of goods is recorded digitally
- **Transparency:** Enables authorities to verify goods in transit
- **Efficient Logistics:** Reduces physical check-posts and delays
- **Uniform Compliance:** Establishes a standardised system across states

For businesses, the E-Way Bill system ensures smoother movement of goods while maintaining legal compliance.

12.1.3 Purpose and Importance of E-Way Bill

An E-Way Bill is required to be generated before the commencement of the movement of goods when the value of the consignment exceeds ₹50,000.

Applicability Based on Nature of Supply

Situation	E-Way Bill Required
Supply of goods	Yes
Supply for reasons other than sale (return, transfer, exhibition)	Yes
Inward supply from unregistered person	Yes
Job work	Yes
Imports and exports	Yes

E-Way Bill may also be generated voluntarily even when the consignment value is below the threshold.

12.1.4 Persons Responsible for Generating E-Way Bill

Responsibility depends on the mode of transport:

- **Registered supplier or recipient:** When transporting goods in own or hired conveyance
- **Transporter:** When goods are handed over for transportation
- **Unregistered supplier:** In certain cases, responsibility shifts to the registered recipient

12.1.5 Situations Where E-Way Bill is Not Required

E-Way Bill is not required in certain cases, such as:

- Transportation of exempt goods
- Movement of goods within specified distance limits
- Non-motorized conveyance
- Goods transported to or from a customs port under bond
- Certain notified goods like LPG for domestic use

Category	Exemption Reason
Exempt supplies	No tax liability
Local movement	Minimal compliance risk
Non-motorised transport	Limited scope of evasion

12.1.6 Documents Required for E-Way Bill Generation

To generate an E-Way Bill, the following documents are required:

Mandatory Documents

- Tax Invoice or Bill of Supply
- Delivery Challan (if applicable)
- Transporter ID or Vehicle Number

Supporting Documents

- Purchase order
- E-Invoice reference (if applicable)
- Transport contract details

12.1.7 Structure of an E-Way Bill

An E-Way Bill consists of two parts:

Part A

Contains details of:

- GSTIN of supplier and recipient
- Invoice number and date
- Value of goods
- HSN code

Part B

Contains details of:

- Vehicle number
- Transporter details
- Mode of transport

Both parts together make the E-Way Bill valid for movement.

Print e-Way Bill / Slip

E-Way Bill



e-Way Bill No: **5574 XXXX 2563**
e-Way Bill Date: **15/10/2022 06:40 PM**
Generated By: **18BAB UC960 3R1ZA, Ganesh Enterprises**
Valid From: **15/10/2022 06:40 PM (200kms)**
Valid Until: **18/10/2022**

Part - A

GSTIN of Supplier: **25DEFCZ1234G5T3**
Place of Dispatch: **Karnataka**
GSTIN of Recipient: **22HIJCJ5432K1Z9**
Place of Delivery: **Bijapur**
Document No: **81462**
Document Date: **16/10/2022**
Value of Goods: **₹2,00,000**
Reason for Transportation: **Outward Supplier**
Transporter: **Ambika Transport**

Part - B

Mode	Vehicle No	From	Entered Date	Entered By
Road	KA 99 K 1234	Karnataka	08/09/2021	18BAB UC960 3R1ZA, Ganesh Enterprises

Print
Detailed Print
Exit



Fig. 12.1.1: Sample of an E-Way Bill Format

12.1.8 Validity of E-Way Bill

Validity depends on the distance travelled:

Distance	Validity Period
Up to 200 km	1 day
Every additional 200 km	Additional 1 day

Failure to deliver goods within the validity requires extension of the E-Way Bill.

12.1.9 Consequences of Non-Compliance

Non-compliance with E-Way Bill provisions may lead to:

- Detention or seizure of goods
- Penalty under GST law
- Delay in delivery and increased costs

12.1.10 Role of GST Assistant in E-Way Bill Compliance

GST Assistants are responsible for:

- Verifying applicability of E-Way Bill
- Ensuring accurate data entry
- Coordinating with transporters
- Monitoring validity and extensions
- Handling departmental verification

Their role ensures seamless logistics and compliance.

Summary

- The E-Way Bill is an electronic document generated under GST to regulate the movement of goods and prevent tax evasion.
- It is mandatory for movement of goods where the consignment value exceeds the prescribed threshold, irrespective of whether the supply is for sale or other purposes.
- The E-Way Bill system enhances transparency, enables real-time tracking, and reduces physical verification barriers.
- Applicability of E-Way Bill depends on factors such as nature of supply, value of goods, distance travelled, and category of goods.
- Responsibility for generation of E-Way Bill may lie with the supplier, recipient, or transporter, depending on the mode of transportation.
- Certain goods and situations are exempt from E-Way Bill requirements to reduce compliance burden.
- E-Way Bill consists of Part A (supply details) and Part B (transport details), both of which are essential for validity.
- Validity of an E-Way Bill is linked to the distance travelled and must be monitored carefully.
- Non-compliance with E-Way Bill provisions can lead to detention of goods, penalties, and delays in business operations.

Exercise

Multiple Choice Questions (MCQs):

- An E-Way Bill is required to be generated when the consignment value exceeds:
 - ₹25,000
 - ₹40,000
 - ₹50,000
 - ₹1,00,000
- Which rule of the CGST Rules governs the E-Way Bill system?
 - Rule 42
 - Rule 54
 - Rule 89
 - Rule 138
- Which part of the E-Way Bill contains vehicle details?
 - Part A
 - Part B
 - Annexure I
 - Annexure II
- E-Way Bill is not required for transportation of:
 - Taxable goods
 - Exempt goods
 - Inter-state supplies
 - Job work goods
- Validity of an E-Way Bill depends primarily on:
 - Value of goods
 - Type of supply
 - Distance travelled
 - Mode of payment

Descriptive Questions

- Explain the concept and objectives of the E-Way Bill system under GST.
- Discuss the applicability of E-Way Bill with reference to different types of supply and persons involved.
- Describe the documents required for generating an E-Way Bill and explain their importance.
- Explain the structure of an E-Way Bill and the significance of Part A and Part B.
- Discuss the consequences of non-compliance with E-Way Bill provisions and the role of a GST Assistant in ensuring compliance.

13. Offence and Penalties



Unit 13.1 - Offences, Penalties, Appeals, Prosecution and Evidence under GST



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Discuss Penalty and Late fees
2. Explain Appeal and Revision in GST
3. Describe Prosecution and compounding
4. Explain Provision Relating to Evidence

UNIT 13.1: Offences, Penalties, Appeals, Prosecution and Evidence under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the meaning and nature of offences under GST
2. Distinguish between penalties and late fees
3. Explain the appellate and revision mechanism under GST
4. Describe prosecution and compounding of offences
5. Understand evidentiary provisions under GST law
6. Appreciate the compliance responsibilities of GST Assistants

13.1.1 Concept of Offences under GST

An offence under GST refers to any act or omission that violates the provisions of the CGST Act, SGST Act, IGST Act, or the rules made thereunder. Offences may arise due to intentional tax evasion, fraudulent activities, or procedural non-compliance.

Common Offences under GST

Some frequently observed offences include:

- Supplying goods or services without issuing a tax invoice
- Issuing invoices without actual supply (fake invoicing)
- Collecting tax but failing to deposit it with the government
- Wrongful availing or utilisation of Input Tax Credit
- Failure to register under GST when liable
- Obstructing or preventing officers from performing duties

GST law treats both wilful defaults and negligent non-compliance seriously, though the severity of punishment may vary.

13.1.2 Penalties under GST

Meaning of Penalty

A penalty is a monetary punishment imposed for violation of GST provisions. Penalties are intended to deter non-compliance and encourage voluntary adherence to the law.

General Penalty Provision

Where no specific penalty is prescribed, a general penalty of up to ₹25,000 may be imposed under GST.

Penalty for Major Offences

Nature of Offence	Penalty Prescribed
Tax evasion or fraud	Higher of ₹10,000 or the amount of tax evaded
Incorrect ITC claim	Equivalent to wrongly availed ITC
Failure to register	Tax is due along with a penalty
Fake invoicing	Heavy penalty and prosecution

Discretion of Authorities

GST authorities have discretionary powers to impose penalties after considering:

- Nature of default
- Intention (fraudulent or genuine error)
- Past compliance record

This ensures fairness and proportionality in enforcement.

13.1.3 Late Fees under GST**Concept of Late Fees**

Late fees are charged for the delay in filing GST returns. Unlike penalties, late fees are mandatory and automatic, leaving no discretion with authorities.

Late Fee Structure

Return Type	Late Fee per Day	Maximum Limit
GSTR-3B / GSTR-1	₹50 (₹25 CGST + ₹25 SGST)	₹5,000
NIL Return	₹20 (₹10 CGST + ₹10 SGST)	₹1,000

Late fees accrue from the due date till the actual date of filing.

Impact on Taxpayers

- Increased compliance cost
- Blocking of subsequent filings
- Disruption of ITC for recipients

GST Assistants must closely monitor deadlines to avoid unnecessary late fees.

13.1.4 Appeals under GST

Right to Appeal

GST law provides a structured appeal mechanism to ensure fairness and justice. Any person aggrieved by an order passed by a GST officer may file an appeal.

Appellate Hierarchy

1. First Appeal- Appellate Authority
2. Second Appeal- Appellate Tribunal
3. Further Appeal- High Court
4. Final Appeal- Supreme Court

Time Limit for Filing Appeal

- Generally within 3 months from the date of order
- Extension may be granted in genuine cases

Pre-deposit Requirement

A prescribed percentage of disputed tax must be deposited before filing an appeal, ensuring seriousness of litigation.

13.1.5 Revision under GST

Concept of Revision

Revision is a supervisory power exercised by higher authorities to correct errors in orders passed by subordinate officers.

Purpose of Revision

- Correct improper or illegal orders
- Protect revenue interests
- Ensure uniform application of law

Revision powers cannot be exercised where an appeal is already pending on the same issue.

13.1.6 Prosecution under GST

Meaning of Prosecution

Prosecution refers to criminal proceedings initiated for serious offences involving fraud, wilful tax evasion, or fake invoicing.

Offences Attracting Prosecution

Offence	Punishment
Tax evasion exceeding ₹5 crore	Imprisonment up to 5 years
Fake invoicing	Imprisonment and fine
Obstruction of officers	Imprisonment or fine

Nature of Offences

- Cognizable and non-bailable in serious cases
- Requires the sanction of the competent authority

Prosecution is invoked only in grave cases to maintain deterrence.

13.1.7 Compounding of Offences**Meaning of Compounding**

Compounding is a mechanism that allows the offender to avoid prosecution by paying a prescribed compounding amount.

Conditions for Compounding

- Available only for specified offences
- Cannot be availed repeatedly
- Requires payment of tax, interest, and penalty

Benefits of Compounding

- Avoids lengthy litigation
- Reduces burden on courts
- Encourages voluntary compliance

13.1.8 Provisions Relating to Evidence under GST**Nature of Evidence**

GST law recognises both documentary and electronic evidence.

Examples include:

- GST returns
- Invoices and e-way bills
- Electronic records from the GST portal
- Statements recorded during the investigation

Presumption of Validity

Documents generated or stored electronically on the GST portal are treated as valid legal evidence unless proved otherwise.

Burden of Proof

In cases of wrongful ITC or tax evasion, the burden of proof often lies on the taxpayer to establish genuineness of transactions.

13.1.9 Role of GST Assistant in Preventing Offences

GST Assistants play a preventive role by:

- Ensuring timely return filing
- Verifying invoices and ITC eligibility
- Advising clients on compliance
- Maintaining proper documentation
- Assisting during audits and investigations

Effective compliance management reduces the risk of penalties and prosecution.

Summary

- GST law prescribes offences and penalties to ensure strict compliance and prevent tax evasion.
- Offences under GST may arise from fraudulent activities as well as procedural non-compliance.
- Penalties are monetary punishments imposed for violation of GST provisions, while late fees are charged for delayed return filing.
- Late fees under GST are automatic and accrue daily until returns are filed.
- The GST framework provides a structured appellate mechanism to safeguard taxpayers' rights and ensure fairness.
- Revision powers allow higher authorities to correct erroneous or improper orders passed by subordinate officers.
- Prosecution is initiated in serious cases involving wilful tax evasion, fake invoicing, or obstruction of officers.
- Compounding of offences enables offenders to avoid prosecution by paying a prescribed amount.
- GST law recognizes electronic records and documents as valid legal evidence in proceedings.

Exercise

Multiple Choice Questions (MCQs):

1. Penalty under GST is primarily imposed to:
 - a. Increase government revenue
 - b. Penalize procedural delay only
 - c. Deter non-compliance and tax evasion
 - d. Replace prosecution

2. Late fees under GST are charged for:
 - a. Incorrect tax payment
 - b. Wrong classification of goods
 - c. Delay in filing returns
 - d. Availing excess ITC

3. Which of the following authorities hears the first appeal under GST?
 - a. GST Appellate Tribunal
 - b. High Court
 - c. Appellate Authority
 - d. Supreme Court

4. Compounding of offences under GST means:
 - a. Cancellation of registration
 - b. Waiver of tax liability
 - c. Settlement of offence by payment to avoid prosecution
 - d. Automatic withdrawal of penalty

5. Electronic records generated on the GST portal are treated as:
 - a. Secondary evidence
 - b. Informal records
 - c. Valid legal evidence
 - d. Optional documents

Descriptive Questions

1. Explain the concept of offences under GST and discuss common offences prescribed under the law.
2. Distinguish between penalties and late fees under GST with suitable examples.
3. Describe the appellate and revision mechanism available under GST.
4. Explain prosecution and compounding of offences under GST and highlight their significance.
5. Discuss the provisions relating to evidence under GST and the role of electronic records in legal proceedings.

14. Inspection, Search and Seizure



Unit 14.1 - Inspection, Search and Seizure under GST



Key Learning Outcomes



By the end of this module, the participants will be able to:

1. Narrate Inspection
2. Describe Search and Seizure

UNIT 14.1: Inspection, Search and Seizure under GST

Unit Objectives

By the end of this unit, the participants will be able to:

1. Understand the concept and purpose of inspection under GST
2. Explain the legal provisions governing search and seizure
3. Identify the circumstances under which inspection or seizure may be conducted
4. Understand the rights and obligations of taxpayers during enforcement actions
5. Appreciate the role of GST Assistants during inspection and investigation proceedings

14.1.1 Concept of Inspection under GST

Inspection refers to the official examination of business premises, goods, conveyances, or records by authorised GST officers. It is a preliminary action taken to verify compliance and detect possible violations of the GST law.

Inspection may be carried out when the proper officer has reasons to believe that a taxable person:

- Has suppressed transactions
- Has claimed excess Input Tax Credit
- Is transporting goods without proper documents
- Has violated registration or return filing provisions

Inspection is less intrusive than a search or seizure and is often the first step in enforcement proceedings.

14.1.2 Legal Basis and Authority for Inspection

Inspection powers are provided under Section 67 of the CGST Act, 2017. Only officers of a prescribed rank and above can authorise inspection, ensuring controlled exercise of power.

Authorised Persons for Inspection

Authority	Power
Commissioner	May authorize inspection
Authorized Officer	Conducts inspection
Proper Officer	Records findings

The existence of “reason to believe” is mandatory and acts as a safeguard against arbitrary action.

14.1.3 Scope of Inspection and Process

Inspection may cover:

- Places of business
- Godowns or warehouses
- Transport vehicles
- Accounts and electronic records

The scope is limited to verification and collection of information relevant to GST compliance.

Inspection process under GST includes the following steps:

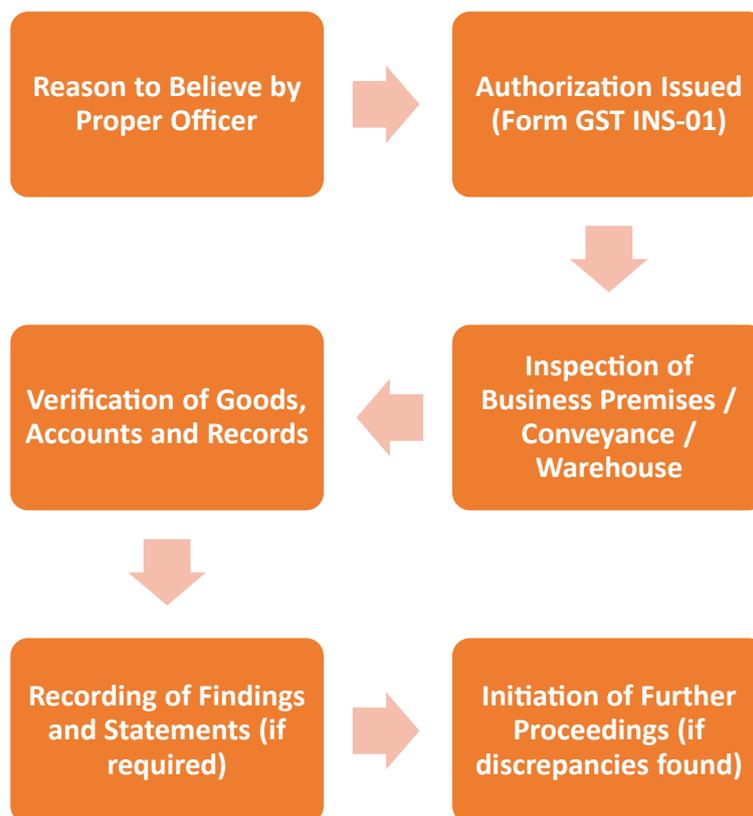


Fig. 14.1.1: Inspection Process under GST

14.1.4 Search under GST

Meaning of Search

Search refers to a thorough and formal examination of premises or persons to locate concealed goods, documents, or records suspected to be linked to tax evasion.

Search is conducted only when inspection reveals serious irregularities or when there is a strong belief of concealment.

Conditions for Search

- Authorisation in writing
- Reason to believe the existence of hidden goods or documents
- Compliance with procedural safeguards

Search proceedings are conducted in accordance with the Code of Criminal Procedure, ensuring legality and fairness.

14.1.5 Seizure under GST**Meaning of Seizure**

A seizure involves taking possession of goods, documents, or records that are liable to confiscation or are relevant for proceedings under GST.

Circumstances for Seizure

Goods or documents may be seized if:

- Goods are supplied or stored in contravention of GST provisions
- Invoices or records indicate tax evasion
- Fake or forged documents are found

Types of Seizure

Item Seized	Purpose
Goods	Prevent further illegal movement
Documents	Evidence for proceedings
Electronic devices	Data verification

14.1.6 Provisional Release of Seized Goods

GST law allows provisional release of seized goods upon:

- Execution of bond
- Furnishing of a bank guarantee
- Payment of applicable tax and penalty

This balances enforcement with business continuity.

14.1.7 Rights and Duties of Taxpayers during Inspection and Search

Rights of Taxpayers

- Right to see authorization order
- Right to legal representation
- Right to receive seizure memo
- Right to provisional release

Duties of Taxpayers

- Cooperate with officers
- Produce records when demanded
- Provide truthful information
- Avoid obstruction

Failure to cooperate may attract penalties or prosecution.

14.1.8 Time Limits and Safeguards

Legal Safeguards

- Seized documents must be returned within prescribed time if no proceedings initiated
- Goods not confiscated must be released
- Proceedings must be completed within statutory limits

These safeguards ensure fair treatment and prevent harassment.

14.1.9 Consequences of Inspection, Search and Seizure

The outcomes may include:

- Demand of tax, interest, and penalty
- Initiation of adjudication proceedings
- Prosecution in serious cases
- Cancellation of registration

Thus, enforcement actions have significant legal implications.

14.1.10 Role of GST Assistant during Enforcement Proceedings

GST Assistants play a crucial role by:

- Preparing and maintaining accurate records
- Assisting officers during inspection

- Explaining transactions and documentation
- Coordinating legal and compliance responses
- Ensuring post-inspection compliance

A well-prepared GST Assistant can minimize risks and ensure lawful handling of proceedings.

Summary

- Inspection, search and seizure are enforcement mechanisms provided under the GST law to prevent tax evasion and ensure compliance.
- Inspection refers to the preliminary verification of business premises, documents, or goods when authorities have reasons to believe that tax laws are being violated.
- Search is a more intrusive power exercised when there is credible evidence of concealment of goods, documents, or records related to tax evasion.
- Seizure involves taking possession of goods, documents, books, or things that are liable to confiscation or relevant for proceedings under GST.
- These powers are exercised by authorized officers following due process and statutory safeguards.
- Proper authorization and “reason to believe” are mandatory conditions before initiating inspection, search, or seizure.
- The GST law also provides safeguards for taxpayers, including issuance of receipts and time limits for retention of seized goods or documents.
- Inspection, search and seizure provisions aim to balance revenue protection with taxpayer rights.
- Effective use of these powers strengthens GST enforcement while discouraging tax evasion practices.

Exercise

Multiple Choice Questions (MCQs):

1. Inspection under GST can be initiated when the proper officer has:
 - a. Suspicion without evidence
 - b. Reason to believe that provisions of GST are violated
 - c. Written complaint from any person
 - d. Order from the taxpayer

2. Which section of the CGST Act deals with inspection, search and seizure?

a. Section 67	b. Section 73
c. Section 54	d. Section 132

3. Search under GST is conducted to:

a. Verify returns routinely	b. Recover unpaid tax directly
c. Locate concealed goods or documents	d. Cancel GST registration

4. Seized goods under GST can be provisionally released upon:

a. Filing of appeal	b. Payment of penalty only
c. Execution of bond and furnishing of security	d. Verbal assurance by taxpayer

5. Which of the following is a safeguard available to the taxpayer?
 - a. No time limit for retention of seized documents
 - b. Mandatory receipt for seized goods or documents
 - c. No requirement of authorization
 - d. Search without witnesses

Descriptive Questions

1. Explain the concept of inspection under GST and the circumstances under which it can be initiated.
2. Discuss the legal provisions relating to search under GST, highlighting procedural safeguards.
3. What is a seizure under GST? Explain the rules governing the provisional release of seized goods.
4. Analyse the importance of “reason to believe” in the exercise of inspection, search and seizure powers.
5. Examine the rights and protections available to taxpayers during inspection, search and seizure proceedings under GST.



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15. Employability Skills



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Employability Skills is available at the following location



<https://www.skillindiadigital.gov.in/content/list>

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16. Annexure



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Module No.	Unit No.	Topic Name	Page No.	URL	QR Code (s)
Module 1: Introduction to the Banking Sector and the Job Role of GST Assistant	Unit 1.1: Skill India Mission and the Indian Banking Sector	1.1.1 Skill India Mission: An Overview	18	https://www.youtube.com/watch?v=NDQxiSy3-SA	 Skill India Mission
	Unit 1.2: Scope of the Banking Industry and Its Sub-Sectors	1.2.4 Emerging Trends in Banking	18	https://www.youtube.com/watch?v=bpMzEYOa_Ag	 Recent Trends in Indian Banking
Module 2: Fundamentals of GST	Unit 2.1: Background and Evolution of GST	2.1.1 Meaning and Concept of GST	30	https://www.youtube.com/watch?v=-oLWs6Z9W30	 What is G.S.T Types of GST
	Unit 2.2: Benefits and Structure of GST	2.2.1 Benefits of GST	30	https://www.youtube.com/watch?v=c2EV75Z11TA	 Benefits of GST Definition of GST, Goods & Services
	Unit 2.3: Types of GST	2.3.1 Central Goods and Services Tax (CGST)	30	https://www.youtube.com/watch?v=l-AzhvjkC84	 Types of GST in India Explained in Hindi

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Module 3: Taxable Event in GST	Unit 3.1: Concept of Supply as a Taxable Event	3.1.1 Meaning of Supply under GST	44	https://www.youtube.com/watch?v=7qZdTQ6eUdQ	 Supply under GST, classification
	Unit 3.2: Related Persons and Distinct Persons under GST	3.2.2 Distinct Persons under GST	44	https://www.youtube.com/watch?v=b4gEGqZzhxk	 Who is Distinct Person in GST?
	Unit 3.3: Special Transactions under GST	3.3.1 GST on Fringe Benefits to Employees	44	https://www.youtube.com/watch?v=sZ_tJwxCKj0	 GST Applicability on Employer Employee Relationship
Module 4: Time, Value and Place of Supply under GST	Unit 4.1: Time of Supply under GST	4.1.2 Time of Supply of Goods	59	https://www.youtube.com/watch?v=1W3cFXspnLg	 Time of Supply, Goods under Time of Supply
	Unit 4.2: Place of Supply, Import, Export and Transportation	4.2.1 Concept and Significance of Place of Supply	59	https://www.youtube.com/watch?v=MelyLPTSwXo	 Place of supply of Goods & Services Section -10, Section 11 Section 12 Section 13

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	Unit 4.3: Value of Supply and Discounts	4.3.2 Discounts and Incentives under GST	59	https://www.youtube.com/watch?v=dw8DQImZbLQ	 GST Treatment on Discounts & Schemes
Module 5: Classification and Rate of GST	Unit 5.1: Classification of Goods and Services under GST	5.1.2 Classification of Goods under GST (HSN System)	72	https://www.youtube.com/watch?v=gEfd_dE8EE4	 HSN & SAC under GST
	Unit 5.2: GST Rates and Change in Rate of Tax	5.2.1 GST Rate Structure in India	72	https://www.youtube.com/watch?v=UEq6Bbd3uRw	 GST Rates GST Rate of Tax
Module 6: RCM and Composition Scheme	Unit 6.1: Composite and Mixed Supply	6.1.1 Composite Supply	83	https://www.youtube.com/watch?v=uQJtRUPLHQY	 Concept of Composite & Mix Supply in GST
	Unit 6.2: Composition Levy and Exemptions	6.2.1 Composition Scheme under GST	83	https://www.youtube.com/watch?v=h0rtsrdnfhY	 GST Composition

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Module 7: Input Tax Credit	Unit 7.1: Concept and Eligibility of Input Tax Credit	7.1.1 Concept of Input Tax Credit	95	https://www.youtube.com/watch?v=hqujnXWYI98	 What is input Tax Credit in GST?
	Unit 7.2: Blocked Credits, Reversal, and Ledgers	7.2.1 Blocked Credits	95	https://www.youtube.com/watch?v=ZMXzTDAffzo	 Practical Working of Blocked ITC under GST
Module 8: TDS and TCS Provision	Unit 8.1: TDS and TCS under GST	8.1.1 Concept of Tax Deduct- ed at Source (TDS)	105	https://www.youtube.com/watch?v=s93-sGySfrQ	 What Is TDS - Tax Deducted at Source
Module 9: Basic Proce- dure in GST	Unit 9.1: Ad- ministration and Audit under GST	9.1.3 Audit under GST - Concept and Objectives	119	https://www.youtube.com/watch?v=r4wwQL1FKew	 GST Audit under Section 65 – Officers Check These 10 Things First
	Unit 9.2: Assessment Procedure and Finan- cial Services under GST	9.2.7 Chal- lenges in GST for Financial Services	119	https://www.youtube.com/watch?v=MSE2YKGwvAc	 GST Targets and Problems, Achievement and Challenges of GST

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Module 10: Registration under GST	Unit 10.1: Concept, Applicability and Legal Framework of GST Regis- tration	10.1.2 Concept of GSTIN	131	https://www.youtube.com/-watch?v=rd8kVNuk1uE	 Understanding GSTIN and State Code
	Unit 10.2: Procedural Aspects, Documen- tation and Cancellation of GST Regis- tration	10.2.1 Proce- dure for GST Registration	131	https://www.youtube.com/-watch?v=aDeEWWV7Y3o	 GST Registration in 30 Minutes
Module 11: Returns under GST	Unit 11.1: Furnishing of Returns and Forms of GSTR	11.1.1 Concept of Furnishing of Returns	145	https://www.youtube.com/-watch?v=MwvpV3rCmDA	 Understanding GSTIN and State Code
	Unit 11.2: Revision, Quarterly, Annual and Special Re- turns under GST	11.2.2 Quar- terly Return Monthly Pay- ment (QRMP) Scheme	145	https://www.youtube.com/-watch?v=wDE4hKAh4KM	 GST Registration in 30 Minutes
Module 12: E-Way Bill	Unit 12.1: E-Way Bill - Concept, Applicability and Docu- mentation	12.1.1 Concept of E-Way Bill	156	https://www.youtube.com/-watch?v=SaM-UgZt2Qg	 e-Way Bill What is e-Way Bill?

Module No.	Unit No.	Topic Name	Page No.	URL	QR Code (s)
Module 13: Offence and Penalties	Unit 13.1: Offences, Penalties, Appeals, Prosecution and Evidence under GST	13.1.2 Penal- ties under GST	166	https://www.youtube.com/watch?v=5xcwT9rc1tk	 Offence and Penalty under GST
Module 14: Inspection, Search and Seizure	Unit 14.1: Inspection, Search and Seizure un- der GST	14.1.7 Rights and Duties of Taxpayers during In- spection and Search	176	https://www.youtube.com/watch?v=IOCD9qVRMtl	 Inspection, Search, and Seizure by GST Officials



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