



AMENDMENTS

For SEP'2025 EXAMS

CA Intermediate

Paper - 3B

Goods and Services Tax

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SEGMENT 1 - INTRODUCTION TO GST

1. NON-TAXABLE SUPPLY SCOPE EXPANDED TO INCLUDE ADDITIONAL GOODS – SEC. 9(1) OF CGST ACT/SEC. 5(1) OF IGST ACT – FINANCE ACT, 2024:

- Earlier, alcoholic liquor for human consumption is excluded from the ambit of GST.
- Owing to this amendment, at present, supply of alcoholic liquor for human consumption and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption, are excluded from the ambit of GST.

Alcoholic Liquor for human consumption	Denatured Extra Neutral Alcohol	Rectified spirit used for manufacture of alcohol
		

2. POSITION OF GOODS UNDER GST [AFTER IMPLEMENTATION OF GST] IN COMPARISON TO EARLIER SYSTEM – AS AMENDED BY FINANCE ACT, 2024 (W.E.F 1.11.24):

Particulars	Excise Duty		CST	VAT	GST
	Centre Excise	State Excise			
1. Alcohol for human consumption, Denatured Extra Neutral Alcohol & Rectified spirit used for manufacture of alcohol	X	✓	✓	✓	X (Exclusion is permanent)
2. Petroleum products (5) ¹	✓	X	✓	✓	X (Exclusion is temporary)
3. Tobacco & Tobacco products	✓	X	X	X	✓
4. Other Goods	X	X	X	X	✓

¹ Crude Oil, Petrol (Also known as Motor Spirit), High Speed Diesel, Aviation Turbine Fuel and Natural Gas.

SEGMENT 2 - SUPPLY UNDER GST

3. EXCLUSIONS FROM SUPPLY – SECTION 7(2) READ WITH SCHEDULE III – FINANCE ACT, 2024 (W.E.F. 1.11.24)

P	Posts
I	Insurance services jointly supplied
L	Legal fees
L	Land sale (incl. sale of building)
A	Actionable claims other than specified actionable claims
R	Re-insurance commission
L	Liquor licence granted by SG
E	Employee to employer in the course of employment
S	Sovereign functions of Government
S	Sale on high seas
D	Death related
O	Outside the country movement of goods
W	Warehoused goods under customs sold

- **Apportionment of Co-insurance Premium by the Lead Insurer to Co-insurer:**
 - In co-insurance arrangements, where multiple insurers provide coverage, the lead insurer often collects the premium from the insured and distributes a portion to the co-insurers.
 - The proposed provision treats this apportionment of premium between the lead insurer and the co-insurer as neither a supply of goods nor services, **provided that** the lead insurer pays the GST on the entire premium paid by the insured.
- **Services by Insurer to Re-insurer (Reinsurance Commission or Ceding Commission):**
 - In reinsurance agreements, the insurer pays a premium to the reinsurer, while deducting a commission (ceding or reinsurance commission) as part of the arrangement.
 - The proposed insertion clarifies that the provision of these services by the insurer to the reinsurer (due to the deduction of the commission) will not be treated as supply. **However**, this is subject to the condition that the reinsurer discharges the GST liability on the gross reinsurance premium (which includes the reinsurance commission or ceding commission).

QUESTION 1

The New India Assurance Co. Ltd., a registered insurance company in India, enters into a co-insurance agreement with ICICI Lombard General Insurance Co. Ltd. to jointly provide insurance coverage to Reliance Industries Ltd. The total premium paid by Reliance Industries for the policy is ₹10 crore. As per the co-insurance agreement, New India Assurance acts as the lead insurer, collecting the entire premium from Reliance Industries, and subsequently apportions 40% of the premium (₹4 crore) to ICICI Lombard. New India Assurance pays GST on the entire premium amount of ₹10 crore, as required by law. The applicable GST rate on insurance and reinsurance services is 18%.

Calculate the GST liability for New India Assurance Co. Ltd. on the full premium collected from Reliance Industries Ltd.

Determine if ICICI Lombard General Insurance Co. Ltd. is liable to pay any GST on the ₹4 crore premium apportioned to it under the proposed insertion in Schedule III of the CGST Act, 2017.

What will be your answer if New India Assurance is not paying GST on the entire premium of ₹10 crore but instead pay GST on the share retained by them?

- (i) Services Provided by New India Assurance Co Ltd to Reliance Industries Ltd against consideration of Rs.10 Crores its treated as supply under sec 7(1)(a) GST Payable by new India Assurance Co. Ltd in FCM = $(10,00,00,000 \times 18\%)$
= 1,80,00,000.

(ii) ICICI Lombard General Insurance providing co-insurance services to lead insurer against the consideration of Rs.4 crores is excluded from supply under sec 7(2) Read with Schedule III as the Lead insurer paid GST on total permission.

(iii) If New India Assurance is Paying GST on Rs.6 Crores then the share of premium received by ICICI Lombard insurance is not excluded from supply consequently GST is payable by ICICI Lombard on Rs.4 Crores.

Note: GST is Payable on transaction value determine under Sec 15, However in present case new India assurance Violated they provision of sec 15 by paying GST on Rs.6 Crores instead of paying GST on Rs. 10 Crores.

QUESTION 2

New India Assurance reinsures a part of its risk with GIC (General Insurance Corporation of India), a domestic reinsurer. The gross reinsurance premium paid by New India Assurance to GIC is ₹5 crore, but New India Assurance deducts a 20% ceding commission (₹1 crore) before making the payment. GIC is responsible for paying GST on the gross premium inclusive of the ceding commission. The applicable GST rate on insurance and reinsurance services is 18%.

Calculate the GST liability for GIC on the gross reinsurance premium of ₹5 crore, including the ceding commission deduction.

Calculate the GST liability on New India Assurance on the services provided by them to GIC for which commission is deducted?

What will be your answer if GIC not paid GST on the gross premium but GST paid on net premium after deduction of commission to New India Assurance?

(i) Re-insurance services provided by General Insurance Corporation of India (GIC) to New India Assurance (NIA) against Premium of Rs.5 crores is supply u/s 7(1)(a) is GST Payable under FCM

=5,00,00,000*18%

=90,00,000.

(ii) Agency Services Provided by insurer (NIA) to (GIC) re-insurance against the consideration of Rs.1 Crore is excluded from supply under section 7(2), read with Schedule-III, as Re-insurance paid GST on gross premium received.

(iii) If re-insurance (GTC) Paid GST on Rs. 4 crores services by (insurer NIC to re-insurers GIC) is not excluded from supply consequently GST Payable by insurer required to pay GST on commission Rs.1 crores *18%=18,00,000.

Note: GIC Violated they provision of Sec 15 by not paying on transaction value.

QUESTION 3

(RTP Sept 25 - Final)

ABC Insurance Ltd., a registered insurer in Maharashtra, is engaged in providing insurance services. During the current financial year, the company entered into following transactions:

(i) ABC Insurance Ltd. enters into a co-insurance agreement with XYZ Insurance Ltd. where ABC Insurance Ltd. is the lead insurer. The insured – Gyaati Industries- pays a total premium of ₹ 50,00,000 which is apportioned by the lead insurer - ABC Insurance Ltd. between itself and XYZ Insurance Ltd. in the ratio of 60:40 for the insurance services jointly supplied by them to Gyaati Industries. ABC Insurance Ltd. agrees to discharge the entire GST liability on the full amount of premium received from Gyaati Industries.

(ii) A large industrial plant needs an insurance worth ₹ 500 crore. It approaches ABC Insurance Ltd. for the same. However, since ABC Insurance Ltd. is unable to underwrite the entire risk alone, it

enters into a reinsurance agreement with a reinsurer – PQR Insurance Ltd. The total premium charged is ₹ 50 lakh. The insurer - ABC Insurance Ltd. pays a reinsurance premium of ₹ 20 lakh to

PQR Insurance Ltd. This allows ABC Insurance Ltd. to manage its risk and financial exposure. While paying this amount to PQR Insurance Ltd., ABC Insurance Ltd. deducts a ceding

commission of ₹ 1,00,000 which it has charged for the services it provides to PQR Insurance Ltd. PQR Insurance Ltd. pays GST on the gross reinsurance premium including the ceding commission.

Based on the provisions of Schedule III of the CGST Act, 2017, discuss whether the following activities amount to supply:

(a) Apportionment of co-insurance premium by ABC Insurance Ltd. To XYZ Insurance Ltd. for the insurance services jointly supplied by them to Gyaati Industries.

(b) Services by ABC Insurance Ltd. to PQR Insurance Ltd. for which ceding commission is deducted from reinsurance premium paid by ABC Insurance Ltd. to PQR Insurance Ltd.

(a) As per para 9 of Schedule III of the CGST Act, 2017, activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured is neither supply of goods nor supply of services and hence no GST is charged on the apportionment transaction. However, the lead insurer (ABC Insurance Ltd.) is required to pay the entire GST (CGST and SGST or IGST, as applicable) on the full premium amount paid by the insured – Gyaati Industries, of ₹ 50,00,000. The co-insurer – XYZ Insurance Ltd. does not pay GST on its share of the premium separately.

(b) As per para 10 of Schedule III of the CGST Act, 2017, services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer is neither supply of goods nor supply of services, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

However, the reinsurer (PQR Reinsurers Ltd.) is liable to pay GST on the gross reinsurance premium payable by the insurer (₹ 20 lakh), inclusive of the ceding commission (₹ 1 lakh).

4. CLARIFICATIONS REGARDING APPLICABILITY OF GST ON PENAL CHARGES BEING LEVIED BY THE REGULATED ENTITIES (REs)²:

As per RBI instructions dated 18.08.2023, **Regulated Entities (REs)** like banks and NBFCs must **replace penal interest** with **penal charges** for non-compliance with loan terms, effective from 01.01.2024. These instructions do not apply to **credit cards, ECBs, trade credits, or structured obligations**.

The **intent of penal charges** is to **promote credit discipline**, not to treat them as a consideration for "tolerating an act" under GST.

Referring to **earlier circular on Liquidated damages**³, CBIC clarifies that such penal charges:

- Are for breach of contract,
- Are not consideration for tolerating a breach,
- As the same is to discourage a person from doing so (Penal in nature) and
- Are not liable to **GST**.

QUESTION 4

Mr. Rahul Mehra availed a car loan of ₹12 lakhs from HDFC Bank Ltd. on 10th January 2024. The loan agreement clearly specified that timely EMI payment on the 5th of every month was a material term.

Rahul defaulted on his EMI for April and May 2024. As per the RBI circular dated 18.08.2023, HDFC Bank levied a penal charge of ₹1,500 per default instead of penal interest. On 10th June 2024, the bank raised a debit note for ₹3,000 (₹1,500 × 2 months) and charged 18% GST on the penal charges.

² Circular No. 245/02/2025 GST dated 28.01.2025

³ Circular No. 178/10/2022 GST dated 03.08.2022

Simultaneously, Rahul also holds a credit card with Bajaj Finance Ltd. He delayed the credit card bill payment due on 15th May 2024, for which Bajaj Finance levied a late payment charge of ₹750 along with 18% GST, citing it as a standard practice for credit card dues.

Rahul has now approached you as his GST consultant to understand:

1. Whether HDFC Bank is correct in charging GST on the penal charges levied for loan EMI default.
2. Whether Bajaj Finance is correct in charging GST on late payment charges for credit card dues.

Penal Charges by HDFC Bank on EMI Defaults:

HDFC Bank is an RBI Regulated Entity, and the defaulted loan is a car loan—a standard term loan falling under the RBI circular. Penal charges are levied in place of penal interest, following RBI instruction dated 18.08.2023.

As clarified by CBIC, these charges are not for "tolerating an act" (i.e., not a service), but are deterrent in nature and part of loan compliance framework. Hence, HDFC Bank is incorrect in charging GST on penal charges of ₹3,000.

Late Payment Charges by Bajaj Finance on Credit Card Default:

Credit card dues are explicitly excluded from the purview of the RBI circular. Such charges are typically included in the product-specific guidelines under credit card operations. CBIC in earlier clarifications (e.g., FAQ and Circular 121/40/2019-GST) has clarified that late payment charges on credit card dues are consideration for supply of financial service, and hence liable to GST. (Circular on liquidated damages is not applied in this case).

Therefore, GST is applicable on late payment charges related to credit card dues and Bajaj Finance is correct in charging GST on ₹750.



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SEGMENT 3 – LIABILITY TO PAY GST

5. AMENDMENTS IN THE LIST OF NOTIFIED SERVICES TAX ON WHICH IS PAYABLE UNDER REVERSE CHARGE BY THE RECIPIENT⁴

Service	Exemptions	Conditions for RCM	Non applicability of RCM i.e., FCM is applicable
R = Renting of immovable property – Commercial property		1. Supplier should be unregistered 2. Recipient should be registered but not opting for composition scheme	- Supplier is registered (or) - Recipient is opting for composition scheme
S = Sponsorship Services		1. Supplier is other than body corporate 2. Recipient is body corporate or firm	- Supplier is body corporate (or) - Recipient is other than body corporate or firm

QUESTION 1

Who is liable to pay GST in the following scenarios, in case of sponsorship services

- Mr. Ramesh (unregistered Individual) lets out his commercial shop to Sky Retail Pvt. Ltd., a registered company, on a monthly rent of ₹25,000.
 - Mr. Suresh (Registered Individual) lets out his commercial shop to M/s Tej Foods, a restaurant registered under composition scheme for a monthly rent of 40,000.
 - Mr. Rajesh (Unregistered Individual) lets out his commercial complex to M/s A1 mobiles, a trader registered under composition scheme.
- As supplier is unregistered and recipient is registered, it is covered under RCM
 - As supplier is registered, it is always covered under FCM
 - Even though supplier is unregistered, but recipient is registered and opting for composition scheme, it is not covered under RCM and GST payable under FCM. As supplier is not registered, GST is not payable.

QUESTION 2

Who is liable to pay GST in the following scenarios, in case of sponsorship services

- Tata Steel Ltd. sponsors a sports event organized by Green City NGO (registered as a society but not a body corporate).
 - ABC Pvt. Ltd., a registered partnership firm, is the recipient of the sponsorship benefit and brand display w.r.to an event hosted by Paper Mills Ltd.
- As per amended Entry No. 4, RCM applies only when the supplier (i.e., Organiser) is not a body corporate, and the recipient is a body corporate or partnership firm located in taxable territory. In the present case, Green City NGO is organiser and they are other than body corporate and recipient is Tata Steel Ltd. being a body corporate, RCM is applicable.
 - As the supplier of sponsorship service (i.e., Paper Mills Ltd.) is body corporate, RCM is not applicable and GST payable by Paper Mills Ltd. under FCM, even though recipient is firm.

QUESTION 3

Regal Foundation of Commerce organized a business summit in Surat, Gujarat, in which all the startups were invited to pitch their business ideas. Pandit Jewels Pvt Ltd., registered in the State of Maharashtra, sponsored the summit and paid a sponsorship fee of ₹ 1,50,000 to Regal

⁴ Notification No. 07/2025 CT(R) dated 16.01.2025 and Notification No. 07/2025 IT(R) dated 16.01.2025

Foundation of Commerce.

You are required to determine, who is the person liable to pay tax if:

(I) Regal Foundation of Commerce is a body corporate.

(II) Regal Foundation of Commerce is not a body corporate.

(i) In case of services provided by way of sponsorship service to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.

Since Regal Foundation of Commerce, the supplier, is a body corporate in this case, so reverse charge provisions are not applicable in this case.

Thus, Regal Foundation of Commerce is required to pay tax under forward charge on the supply of the sponsorship services.

(ii) In case of services provided by way of sponsorship to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.

Since Regal Foundation of Commerce, the supplier, is not a body corporate in this case, so reverse charge provisions are applicable in this case.

Accordingly, Pandit Jewels Pvt Ltd is required to pay tax under the reverse charge on sponsorship fees paid to Regal Foundation of Commerce.

6. CLARIFICATION IN RESPECT OF INPUT TAX CREDIT AVAILABLE BY ELECTRONIC COMMERCE OPERATORS WHERE SERVICES NOTIFIED UNDER SECTION 9(5) OF THE CGST ACT, 2017 ARE SUPPLIED THROUGH THEIR PLATFORM⁵

Electronic Commerce Operators (ECOs) may:

1. Pay tax under Section 9(5) for notified services (HATE), as if they are the supplier.
2. Provide own services (like platform access, commission, listing fee), for which they charge users and pay tax under normal forward charge.

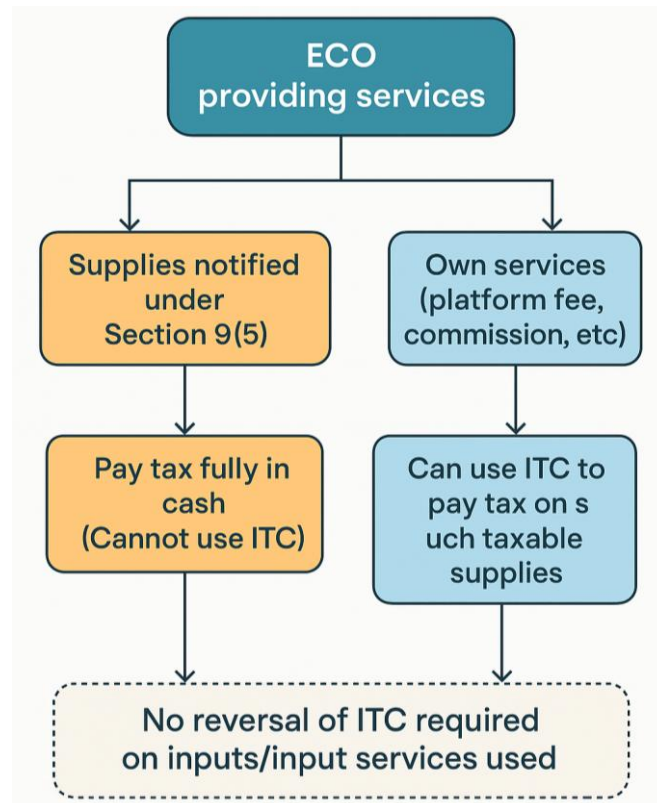
Issue:

- (i) Whether the ECO is required to reverse proportionate ITC on inputs/input services used commonly for Their own taxable services (forward charge), and Section 9(5) supplies
- (ii) Whether ITC available to ECO be utilised for payment of GST under Section 9(5)?

Clarification:

1. No reversal of ITC is required under Section 17(1) or 17(2) just because ECO is paying tax under Section 9(5).
2. However, the ITC cannot be used to pay tax under Section 9(5). That tax must be paid fully in cash. (Earlier, this condition was only for restaurant services through ECO, but now it is extended to all notified services through ECO)
3. The ITC can still be used to pay GST liability on ECO's own services.

⁵ Circular No. 240/34/2024 GST dated 31.12.2024



QUESTION 4

UrbanStay Pvt. Ltd. is an electronic commerce operator (ECO) facilitating short-term accommodation services through its platform (a notified service under Section 9(5) of the CGST Act). In the month of April 2025, it had the following transactions:

Outward supplies:

Nature of Supply	Amount (Excl. GST)	GST Rate
Booking charges for homestays provided by unregistered persons through platform	₹10,00,000	12%
Platform usage fee charged to property owners (commission)	₹2,00,000	18%
Advertising space sold on website to brands	₹1,00,000	18%

Inward supplies:

Description	Amount (Excl. GST)	GST Rate
Google Ads and marketing services	₹1,00,000	18%
Office rent (commercial property)	₹70,000	18%
Laptop purchases for marketing team	₹1,20,000	18%
Food and catering for in-house training	₹20,000	5%
Cloud server subscription	₹60,000	18%

Determine the net GST payable in cash, after adjusting eligible ITC against liability. Clearly bifurcate the amount payable under Section 9(5) and own supplies.

Inward Supply	Amount	GST Rate	GST Amount	ITC Allowed
Google Ads and marketing	₹1,00,000	18%	₹18,000	₹18,000
Office Rent	₹70,000	18%	₹12,600	₹12,600
Laptops	₹1,20,000	18%	₹21,600	₹21,600
Catering for training	₹20,000	5%	₹1,000	Nil

Cloud Server Subscription	₹60,000	18%	₹10,800	₹10,800
Total ITC				₹63,000

Tax Payable Under Section 9(5):

Nature of Supply	Value	GST Rate	Tax Liability	Payment Mode
Homestay Booking	₹10,00,000	12% (6% CGST + 6% SGST)	₹1,20,000	In Cash only

→ ₹60,000 CGST + ₹60,000 SGST

2. Tax on UrbanStay's Own Services (Forward Charge):

Nature	Value	GST Rate	Tax
Platform Fee	₹2,00,000	18%	₹36,000
Ad Revenue	₹1,00,000	18%	₹18,000

→ Total = ₹54,000 (₹27,000 CGST + ₹27,000 SGST)

Can be paid using **available ITC**.

- **Total Tax Payable** = ₹1,74,000
- **ITC Utilized** = ₹54,000 (Only for own supplies)
- **Cash Payable** = ₹1,20,000 (Only for Section 9(5) liability)

Balance ITC to be carried forward = ₹63,000 (-) ₹54,000 = ₹9,000

7. CLARIFICATION WHETHER DDA CAN BE TREATED AS LOCAL AUTHORITY UNDER GST LAW⁶:

- Delhi Development Authority (DDA) is not a local authority, as the same is not an elected municipal body.
- Usually services provided by Local authority to business entities is covered under RCM as per Sec. 9(3) read with Notification No. 13/2017. As DDA is not a local authority, services provided by them to business entity is not covered under RCM.
- However, they fall under Governmental authority as they are setup under an Act of parliament to carry out functions under constitution (Article 243W)
- Any services provided by Government authority is exempted and Consequently services provided by DDA is exempted.

QUESTION 5

Skyline Constructions Pvt. Ltd., a registered real estate developer in Delhi, enters into a lease agreement with the Delhi Development Authority (DDA) in April 2025 for acquiring a plot of land on long-term lease (99 years) for commercial development.

DDA raises an invoice of ₹50 lakhs as upfront lease premium.

Skyline Constructions intends to not pay GST under reverse charge, claiming that since DDA is a local authority, the services fall under Sr. No. 5 of Notification No. 13/2017-CT(R), and hence RCM applies.

However, the jurisdictional officer contends that DDA is not a "local authority" under Section 2(69) of the CGST Act and demands GST payment under forward charge by DDA.

Justify your answer with legal provisions and clarification.

As per Section 2(69) of the CGST Act, 2017, a "local authority" includes only elected self-governing bodies such as municipalities or bodies entrusted with the control of a municipal or local fund. CBIC has specifically clarified that DDA does not qualify as a local authority since it is not an elected body and is not entrusted with the management of a municipal fund. Therefore, the reverse charge mechanism (RCM) under Sr. No. 5 of Notification No. 13/2017 – Central Tax (Rate), which applies only to services provided by a local authority to a business entity, is not applicable in this case.

⁶ Circular No. 245/02/2025-GST dated 28.01.2025

However, DDA qualifies as a “Governmental Authority” under GST, since it is a statutory body established under the Delhi Development Act, 1957 (an Act of Parliament), is under the administrative control of the Ministry of Housing and Urban Affairs, and performs functions such as urban planning and land development — which are among the functions listed under Article 243W of the Constitution. As such, DDA is eligible for exemption under Notification No. 12/2017 – Central Tax (Rate).

Therefore, the supply of service by DDA in the form of long-term lease of land is exempt from GST. As a result, there is no GST liability under either the reverse charge mechanism (RCM) or the forward charge mechanism. The contention of jurisdictional officer is not correct.



SEGMENT 4 - EXEMPTIONS UNDER GST

8. POWER NOT TO RECOVER GOODS AND SERVICES TAX NOT LEVIED OR SHORT-LEVIED AS A RESULT OF GENERAL PRACTICE – SEC. 11A OF CGST ACT/SEC. 6A OF IGST ACT – FINANCE ACT, 2024 (W.E.F 1.11.24):

Notwithstanding anything contained in this Act, if the Government is satisfied that-

- a) a practice was, or is, generally prevalent regarding levy of central tax (including non-levy thereof) on any supply of goods or services or both; and
- b) such supplies were, or are, liable to, -
 - (i) central tax, in cases where according to the said practice, central tax was not, or is not being, levied, or
 - (ii) a higher amount of central tax than what was, or is being, levied, in accordance with the said practice, the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the central tax payable on such supplies, or, as the case may be, the central tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the central tax was not, or is not being levied, or was, or is being, short-levied, in accordance with the said practice

Example,

A few years ago, **restaurant services** were charging a **service charge** as part of their bill, but they were not applying GST to it because of a common industry practice. The CBIC later clarified that GST should be levied on the entire bill, including service charges. Using this provision, the government could issue a notification that, as a general practice, as the restaurant are not charging GST on service charges, the GST on such service charges may be exempted.

9. SERVICES PROVIDED BY TRAINING PARTNER APPROVED BY NSDC OR NCVET IS EXEMPTED:

Any services provided by –

- a) the National Skill Development Corporation set up by the Government of India;
- b) the National Council for Vocational Education and Training;
- c) an Awarding Body recognized by the National Council for Vocational Education and Training;
- d) an Assessment Agency recognized by the National Council for Vocational Education and Training;
- e) a Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training,
- f) **a training partner approved by the National Skill Development Corporation**, in relation to-
 - (i) the National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or
 - (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
 - (iii) any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package, is EXEMPTED

QUESTION 1

SkillBridge Pvt. Ltd., a GST-registered training organization based in Hyderabad, enters into the following arrangements in **January 2025**:

1. It signs an MoU with the **National Skill Development Corporation (NSDC)** to act as an **approved training partner** under the **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**, a scheme implemented by NSDC. It conducts training on **retail sales associate skills** aligned to **NSQF Level 4** and receives ₹50 lakhs from NSDC for this purpose. However, they are not training body accredited by NSDC.

2. It provides **soft skills and spoken English training** independently to college students, charging ₹6,000 per student, without any NSDC affiliation or recognition from NCVET (National Council for Vocational Education and Training). The program is not aligned with NSQF.
3. It provides services as awarding body recognised by NCVET by way of designing the curriculum for training in **mobile handset repair**. The training program is part of a **qualification package approved by NCVET** and aligned to NSQF Level 3. The program is funded by a State Government skill mission.

Which of the above services provided by SkillBridge Pvt. Ltd. are eligible for GST exemption?

Case	Description	Taxability	Reason
1	Training under PMKVY as NSDC-approved training partner	Exempted	They are covered under approved training partner and even if they are not training body, exemption is available
2	Soft skills training not NSQF-aligned or NSDC/NCVET-linked	Taxable	They are neither approved awarding body or assessment agency or training body or training partner
3	Designing curriculum for Mobile repair training with NCVET-recognized Awarding Body	Exempted	They are approved awarding body

10. EXEMPTION W.R.TO SERVICES PROVIDED BY MOTOR VEHICLE ACCIDENT FUND:

Services of insurance provided by the Motor Vehicle Accident Fund, constituted under section 164B of the Motor Vehicles Act, 1988, against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles.

Explanation:

- The **Motor Vehicle Accident Fund** is constituted under **Section 164B of the Motor Vehicles Act, 1988**.
- It is a **statutory fund** created by the **Central Government**.
- The fund is used to provide **compensation or medical treatment** to victims of motor vehicle accidents (hit and run cases, unidentified vehicles, etc.).
- Funded through **contributions made by insurance companies**.
- These contributions come **out of the premiums collected on third-party motor vehicle insurance policies**.
- Therefore, the contributions collected under this fund is exempted

QUESTION 2

Sure Life Insurance Ltd., a registered general insurance company, collects premiums from policyholders for third-party motor vehicle insurance. As per the Motor Vehicles Act, 1988, the company is mandated to contribute a portion of such premium collections to the Motor Vehicle Accident Fund constituted under Section 164B of the Act. The fund is used to provide insurance or compensation to victims of hit-and-run motor accidents and to meet certain emergency medical expenses.

During FY 2025–26, Sure Life:

- Collected ₹100 crores in third-party insurance premiums.
- Contributed ₹4 crores to the Motor Vehicle Accident Fund, as per statutory obligation.

Sure Life is uncertain whether GST needs to be paid on the services of insurance provided by the Fund against such contributions.

(a) Whether third party insurance premium collected by Sure Life Insurance Ltd. Is chargeable to GST?

(b) Analyze whether the services of insurance provided by the Motor Vehicle Accident Fund are subject to GST by way of collection of contribution from SureLife Insurance Ltd. Is liable to pay GST?

(c) If the fund later makes payments to victims or their families, would such payouts be treated as taxable consideration for any supply under GST?

(a) Yes, third-party motor vehicle insurance premium collected by insurers is taxable under GST.

(b) Contributions made by insurers like SureLife to the Fund **are not subject to GST**, as they are statutorily required and the corresponding service provided by the Fund is exempt.

(c) The payouts made by the Fund to accident victims or their legal heirs are **not treated as consideration for any supply** (Liquidated damages which are compensatory in nature) and hence **do not attract GST**.

11. CLARIFICATION IN RESPECT OF APPLICABILITY OF GST ON FACILITY MANAGEMENT SERVICES PROVIDED TO MUNICIPAL CORPORATION OF DELHI (MCD) HEADQUARTERS⁷:

- Entry 3A provides exemption to composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the Government or local authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution of India or in relation to any function entrusted to a Municipality under Article 243W of the Constitution of India.
- The services of facility management such as housekeeping, civil maintenance, furniture maintenance and horticulture agency for the upkeep of office of MCD are not supplied in relation to performing any functions entrusted to a Municipality under Article 243W of the Constitution of India. Such services are not covered under the scope of Entry 3A.
- Thus, it has been clarified that GST is applicable on the services provided by facility management agency to MCD, Delhi HQ for upkeep of its head quarter building at applicable rates as these services are not covered under the scope of Entry 3A.

QUESTION 3

(RTP Sept 25)

Examine whether GST is exempted in the following independent cases of supply of services:

(i) Apex Facilities provided civil maintenance services for the upkeep of the Municipal Corporation of Delhi (MCD) head office building. Value of supply of goods constitute 20% while providing such maintenance services.

(ii) M/s Talreja & Talreja, a firm of advocates, provides legal services to the State Government for representation in the High Court.

(iii) BLF Mall, Noida provides services by way of vehicle parking to general public in the basement of mall.

(iv) Service provided by a private transport operator to Scholar Boys Higher Secondary School by way of transportation of students to and from the school.

(i) If the composite supply of goods and services provided to local authority, in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply, by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution, then it would be exempt under GST.

Further, it has been clarified vide a Circular that civil maintenance services received for the upkeep of the MCD office are not in relation to any function entrusted under Article 243W of the Constitution and thus not covered under the exemption. Therefore, such civil maintenance services are not exempt and hence taxable.

(ii) Services provided by a partnership firm of advocates to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity are exempted from GST. Thus, legal services provided by Talreja & Talreja, a firm of

⁷ Circular No. 245/02/2025 GST dated 28.01.2025

advocates, to the State Government for representation before the High Court are exempted from GST.

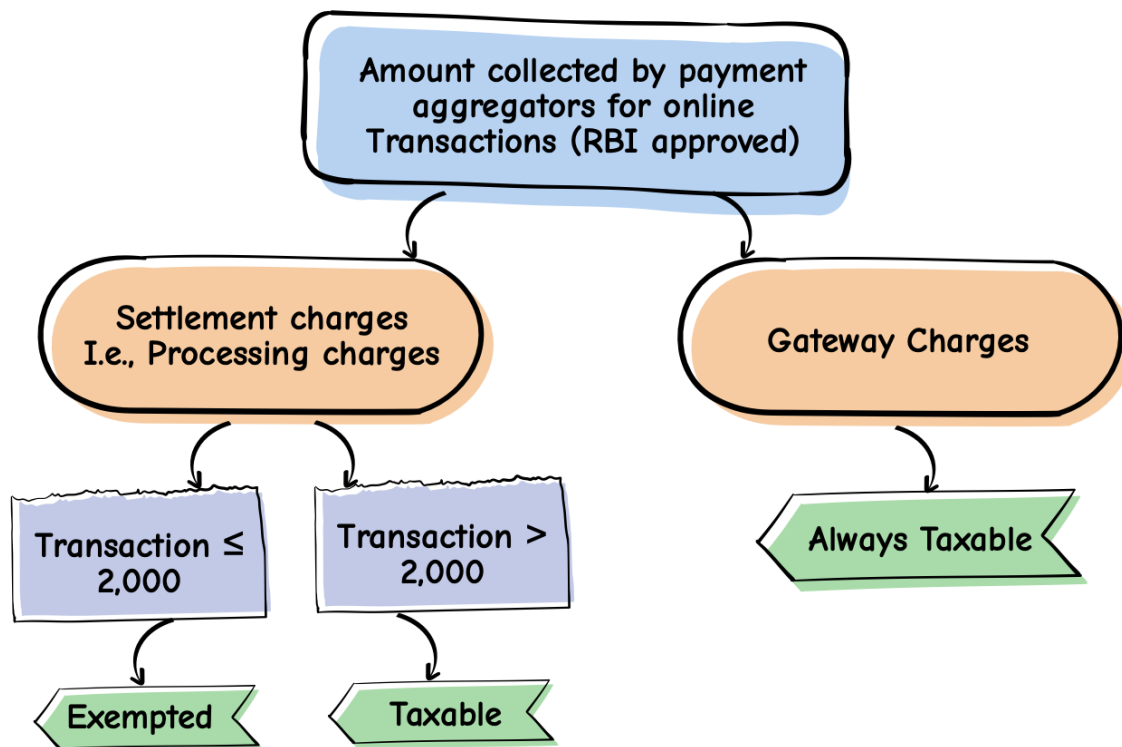
(iii) Services provided by way of vehicle parking to general public are not specifically exempted from GST. Therefore, GST is payable on the same.

(iv) Services by way of transportation of students provided to an educational institution which is engaged in providing services by way of pre-school education and education up to higher secondary school or equivalent are exempted from GST.

Therefore, in the given case the services provided by private transport operator are exempt.

12. CLARIFICATION IN RESPECT OF EXEMPTION TO PAYMENT AGGREGATORS IN RELATION TO SETTLEMENT OF AN AMOUNT, UP TO ₹ 2,000 IN A SINGLE TRANSACTION, TRANSACTED THROUGH CREDIT CARD, DEBIT CARD, CHARGE CARD OR OTHER PAYMENT CARD SERVICES:

- Entry 34 exempts services by an **acquiring bank** related to **settlement of card transactions up to ₹2,000** in a single transaction.
- "Acquiring bank" includes:
 - Banking companies
 - Financial institutions
 - Any person making payment to card-accepting merchants
- **Payment Aggregators (PA)**, regulated by RBI, collect payments from customers and transfer funds to merchants, hence they:
 - Handle money
 - Qualify as "acquiring banks" under the definition
- Therefore, RBI-regulated PAs are **eligible for exemption under Entry 34 only for their payment settlement function**.
- **Payment Gateways (PGs)**, who merely provide **technology infrastructure** without handling funds, are **not eligible** for this exemption.



SEGMENT 5 - TIME OF SUPPLY

13. TIME OF SUPPLY IN CASE OF SERVICES COVERED UNDER RCM – SEC. 13(3) OF CGST ACT READ WITH RULE 47A OF CGST RULES⁸ – FINANCE ACT, 2024 (W.E.F 1.11.24):

In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:

- a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
- b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof **by the supplier, in cases where invoice is required to be issued by the supplier, or**
- c) **the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient:**

The proposed amendments to **Section 13** and **Section 31(3)(f)** of the **CGST Act** deal with the provisions for determining the **time of supply** and the issuance of **self-invoice** in cases where reverse charge mechanism (RCM) is applicable.

Here's a breakdown of the proposed changes:

1. **Time of Supply under Reverse Charge:**

Section 13 is being amended to specify that for supplies taxable under **reverse charge**, where the **recipient** is required to issue an invoice (self-invoice), the **time of supply** will be the **date of issuance of the invoice** by the recipient. This clarifies the point at which the tax liability arises for supplies covered under the reverse charge mechanism.

2. **Amendment to Section 31(3)(f):**

Section 31(3)(f) currently mandates the recipient to issue a **self-generated invoice** for supplies received from unregistered suppliers under the reverse charge. The proposed amendment will require that this **self-invoice** be issued within a **prescribed time period**, ensuring more clarity and compliance with time limits.

3. **Time limit for issuing tax invoice (Rule 47A):**

Invoice shall be issued within a period of **30 days** from the date of receipt of the said supply of goods or services.

4. **Explanation for Suppliers Registered Solely for TDS Deduction:**

The amendment also introduces an **explanation** stating that a supplier who is registered **only for deducting TDS** will be considered as an **unregistered person** for the purpose of reverse charge. This means that if a recipient receives supplies from such a TDS-deductor supplier, they will be required to issue a **self-invoice** as though the supplier were unregistered.

QUESTION 1

XYZ Pvt. Ltd., a registered company under GST, whose aggregate turnover during the previous year exceeds threshold limit, procures legal consultancy services from Mr. Santhanam, an advocate who is not registered under GST. The legal consultancy services are provided on June 15, 2023, and Mr. Santhanam charges a fee of ₹1,00,000, which is paid by XYZ Pvt. Ltd. on June 16, 2023.

However, the company's accountant issues the invoice for the legal consultancy services only on August 20, 2024, and pays the applicable GST in the GSTR-3B of August 2024 filed on September 18, 2024 and also wanted to avail ITC in August 2024. Answer the following questions:

- (i) Who is liable to pay GST in this case?
- (ii) What is the due date of invoice and who is required to issue invoice?
- (iii) What is the time of supply of service and due date of payment of GST assuming that due date of GSTR-3B is 20th of next month?
- (iv) By when XYZ Pvt. Ltd. can avail ITC and whether they can avail ITC in June 2023?

⁸ Notification No. 20/2024 – Central Tax (Dt: 8.10.2024)

(v) Is there any interest payable in the present case?

- (i) As per Sec 9(3) of CGST Act 2017 read with Notification No. 13/2017, advocate services provided by individual advocate to business entity, where aggregate turnover during previous year exceeds threshold limits is taxable under RCM. In the Present Case with respect to legal services by Mr. Santhanam to XYZ Pvt Ltd, GST Payable by XYZ Pvt Ltd Under RCM.
- (ii) As Supplier is not registered, Invoice to be issued by XYZ Pvt Ltd as per sec 31(3)(f). Self-invoice within 30 days from the date of receipt of legal services. Therefore, Due date of invoice (15th June 2023 + 30 days = 15th July 2023).
- (iii) As Per Sec 13(3) if Invoice is to be issued by recipient to unregistered supplier, Time of Supply is
 - (a) Date of Payment to Supplier = 16th June 2023
 - (b) Date of Invoice to Supplier = 20th Aug 2024
 Whichever is earlier i.e., 16th June 2023. Due date of Payment of GST is 20th July 2023.
- (iv) Time Limit for availment of ITC U/s 16(4) FY in which invoice is issued
 - (a) 30th Nov of Next FY i.e., (30/11/2025) or
 - (b) Date of Filing of annual return whichever is earlier.
 Even through service are received in June 2023, ITC cannot be availed in June 2023 as invoice is issued by recipient to supplier is Aug 2024. Therefore, ITC can be availed in Aug 2024 (or) Later months before time limit for availing of ITC.
- (v) Interest on account of delay in payment of tax shall be payable @18% p.a. from 20th July 2023
 - till 18th Sep 2024. (365+11+31+18=426 days)
 - Interest Payable = (1,00,000*18%) * 18%*426/366 = 3,771.14/-
 - Note: As invoice is issued by recipient beyond due date penalty can be levied.

QUESTION 1

(RTP Sept 25)

Mr. Muttswami, an electronics dealer registered in Bangalore, Karnataka hired M/s Parivahan Logistics, an unregistered Good Transport Agency (GTA), to deliver his goods at the place of business of customer in Jaipur, Rajasthan. M/s Parivahan Logistics charged ₹ 60,000 for the transportation of goods, which was paid by Muttswami on 4th January through account payee cheque. The delivery was also made on the same day.

M/s Parivahan Logistics did not raise the tax invoice for these services, since it was unregistered.

In this case, you are required to determine:

- (i) Person liable to issue the tax invoice
 - (ii) Time limit for issuance of the tax invoice
 - (iii) Time of supply of transportation services provided by GTA,
- assuming that tax invoice is issued on the last day on which it should have been issued.

Answer:

Supply of services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to any person registered under the GST is taxable under reverse charge mechanism in terms of section 9(3) of the CGST Act, 2017. Thus, Mr. Muttswami, being the registered recipient is liable to pay tax under reverse charge mechanism in respect of services received from unregistered GTA.

(i) Person liable to issue the tax invoice

As per section 31(3)(f) of the CGST Act, 2017, a registered person who is liable to pay tax under reverse charge mechanism under section 9(3)/ 9(4), shall within the period as may be prescribed

issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.

Since, M/s Parivahan Logistics is an unregistered GTA, Mr. Muttswami, being liable to pay the tax under reverse charge mechanism under section 9(3) is required to issue the tax invoice.

(ii) Time limit for issuance of the tax invoice

Rule 47A of the CGST Rules, 2017 provides that where an invoice referred to in rule 46 is required to be issued under section 31(3)(f) by a registered person, who is liable to pay tax under section 9(3)/ 9(4), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be. Thus, Mr. Muttswami is required to issue a tax invoice till 3rd February (i.e. within 30 days of receipt of services).

(iii) Time of supply of transportation services supplied by GTA.

As per section 13(3) of the CGST Act, 2017, in case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:—

- the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
- the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier, in cases where invoice is required to be issued by the supplier, or
- the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient. Since, in this case the reverse charge mechanism is applicable on receipt of services provided by GTA and invoice is issued by recipient, time of supply would be earliest of the following date:

(a) Date of payment i.e. 4th January

(b) The date of issue of invoice by the recipient i.e. 3rd February. So, the time of supply in this case will be 4th January.

14. CLARIFICATION ON VARIOUS ISSUES PERTAINING TO GST TREATMENT OF VOUCHERS:⁹

- A **voucher** (Sec. 2(118), CGST Act) is an instrument that can be used as **consideration** or **part consideration** for a future supply of goods or services.
- Prepaid Payment Instruments (PPIs)** like wallets, cards etc., regulated by the **RBI**, are a subset of vouchers.

Whether Voucher is supply?

If Voucher is a PPI recognized by RBI	If Voucher not recognized as PPI
<ul style="list-style-type: none"> Treated as "money" under Section 2(75). Since money is excluded from goods/services, issuing such voucher is: Neither supply of goods nor services → No GST 	<ul style="list-style-type: none"> Not treated as money. Such voucher is an actionable claim (not a "specified" actionable claim). Covered under Schedule III, Entry 6: Neither supply of goods nor services → No GST

When transaction in vouchers is chargeable to GST?

Principal-to-Principal (P2P) Basis	Agency/Commission Basis
Distributor buys vouchers at discount, sells at markup. Owns vouchers, operates independently. No GST on voucher sale → It's just trading in "money" or "actionable claim".	<ul style="list-style-type: none"> Distributor acts as agent of voucher issuer. Gets commission/fee for marketing/distribution. GST is payable on such commission or service fee

⁹ Circular No. 243/37/2024 GST dated 31.12.2024

- Services like **marketing, advertising, tech support, co-branding, customization** provided to voucher issuer by distributors/partners, **GST is payable** at applicable rate on such services
- If voucher **expires unused**, the retained amount by the issuer is called **breakage**. Since **no underlying supply** of goods/services occurs, **No GST is applicable** on breakage.

QUESTION 2

GiftKart India Pvt. Ltd. is an Indian startup that issues prepaid gift cards and vouchers redeemable at multiple retail outlets and e-commerce platforms. These vouchers are issued both as RBI-recognized PPIs (reloadable digital wallets) and closed-loop gift cards (not recognized by RBI).

GiftKart enters into two types of arrangements for distribution:

1. With Happy Distributors Pvt. Ltd. (HDPL) – on a Principal-to-Principal (P2P) basis, where HDPL purchases ₹10 lakh worth of vouchers at a 10% discount and sells them to corporates at face value.
2. With ClickPay Solutions LLP – as an agent, where ClickPay distributes vouchers via online platforms and earns a commission of ₹1.5 lakh per month. ClickPay also charges ₹50,000/month for tech support and marketing services related to voucher issuance.

During FY 2024–25, GiftKart reports:

- ₹3 lakh worth of vouchers that expired unredeemed.
- It has issued both RBI-regulated PPIs and closed-loop gift cards under these models.

Examine whether GST is applicable and compute GST liability, if any on the above transactions, if such vouchers are recognized as RBI-regulated PPIs or Not recognized by RBI and hence treated as non-PPI vouchers

a) Sale of vouchers to HDPL on P2P basis –

No GST is applicable.

Since the arrangement is on Principal-to-Principal basis and HDPL takes ownership of vouchers and sells them at its own discretion, the transaction is considered a **trading of vouchers**, which are treated as either:

- **Money** (if RBI-recognized PPI) or
- **Actionable claim** (if not RBI-recognized)

In either case, it is **neither supply of goods nor supply of services** under GST (as per Section 7 read with Schedule III and CBIC circular).

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b) Commission and additional service charges by ClickPay –

ClickPay acts as an **agent**, earning a commission (₹1.5 lakh) and service fees for tech support/marketing (₹50,000).

As per clarification:

- **Commission** is consideration for intermediary services → **Taxable**
- **Marketing/tech support** are additional services → **Taxable**

Therefore, GST liability = (₹1.5 lakh + ₹50,000) × 18% = ₹36,000

c) Unredeemed vouchers (breakage) –

The ₹3 lakh worth of expired vouchers is **not liable to GST**, since there is **no underlying supply** of goods or services when a voucher is not redeemed.

As per Circular No. 178/10/2022-GST and recent clarification:

- No GST on breakage as it is **not a consideration for supply**.
- There's **no express/implied agreement** to forfeit or charge for non-redemption.

SEGMENT 6 – PLACE OF SUPPLY

No amendments in this segment

SEGMENT 7 – VALUE OF SUPPLY

No amendments in this segment



SEGMENT 8 – INPUT TAX CREDIT

15. Clarification on availability of input tax credit as per clause (b) of section 16(2) of the CGST Act, 2017 in respect of goods which have been delivered by the supplier at his place of business under Ex-Works Contract¹⁰

- In **EXW contracts**, the supplier (e.g., OEM in the automobile sector) completes **delivery at their own factory gate**, and the **property in goods transfers** to the buyer (e.g., dealer) at that point.
- Transport and insurance may be arranged **on behalf of the dealer**, and any loss is **claimable by the dealer**.
- As per **Explanation to Section 16(2)(b)**, Goods are deemed “received” **when handed over to the transporter on behalf of the buyer**, even if physically received later. Therefore, the **dealer can avail ITC on the date goods are billed and handed over to the transporter at OEM’s factory gate**.
- If the Goods diverted for **non-business use (or) the Goods are lost, stolen, destroyed, written off, or given away as free samples/gifts** after receipt, then ITC not available and the ITC already availed needs to be reversed.
- Applies **not only to automobiles**, but to **all goods** under an EXW contract where ownership transfers at supplier’s location.

QUESTION 1

SpeedAuto Pvt. Ltd., a registered automobile dealer in Chennai, entered into an Ex-Works (EXW) contract with M/s. Alpha Motors Ltd., an Original Equipment Manufacturer (OEM) located in Pune. As per the terms of the contract, the ownership of the goods (cars) passed to SpeedAuto at the factory gate of Alpha Motors once the cars were handed over to the transporter, M/s. XYZ Logistics, arranged by Alpha Motors on behalf of SpeedAuto.

The details of the transaction are as follows:

- Tax invoice was issued by Alpha Motors on 20th April 2025 for 10 cars, each priced at ₹10,00,000 plus GST @ 28%.
- Goods were handed over to the transporter at Pune factory gate on 22nd April 2025.
- Goods reached SpeedAuto’s premises in Chennai on 28th April 2025.
- Out of the 10 cars:
 - 6 cars were sold to customers during May 2025.
 - 2 cars were used by company directors for personal use.
 - 1 car was gifted to a business partner.
 - 1 car was damaged in transit and written off in the books of accounts.

Assume that SpeedAuto files GSTR-3B within the prescribed time limit.

Based on the above facts, answer the following:

- What is the date of deemed receipt of goods for the purpose of availing input tax credit (ITC) under Section 16(2)(b) of the CGST Act, 2017?
 - Compute the eligible amount of ITC that SpeedAuto Pvt. Ltd. can claim in the month of April 2025.
 - Would your answer change if the contract had been on FOR (Free on Road) basis instead of EXW?
- (i) As per clause (b) of Section 16(2) of the CGST Act, 2017, a registered person is entitled to avail ITC only when the goods are “received” by him. The Explanation to Section 16(2)(b) provides that where the goods are delivered by the supplier to a transporter for transmission to the recipient, the goods shall be deemed to be received by the recipient at the time of such delivery to the transporter. In the given case, the goods were handed over to the transporter by Alpha Motors at their factory gate on 22nd April 2025. Since the contract is Ex-Works, the property in goods and responsibility for transit

¹⁰ Circular No. 241/35/2024 GST dated 31.12.2024

passes to SpeedAuto at that point. Therefore, the goods shall be deemed to have been received by SpeedAuto on **22nd April 2025**, and ITC can be availed from that date.

- (ii) The invoice issued by Alpha Motors is for 10 cars at ₹10,00,000 each, and GST is chargeable @28%.

Total GST: 10 cars × ₹10,00,000 × 28% = ₹28,00,000

However, ITC is eligible only to the extent the goods are used for business purposes.

Particulars	GST Amount (₹)	ITC Eligibility
6 cars sold to customers	6 × 2,80,000 = 16,80,000	Fully allowed (business use)
2 cars used by directors (personal use)	2 × 2,80,000 = 5,60,000	Not allowed – Not for business
1 car gifted to business partner	1 × 2,80,000 = 2,80,000	Blocked – Sec 17(5)(h)
1 car written off due to damage in transit	1 × 2,80,000 = 2,80,000	Blocked – Sec 17(5)(h)

Therefore, Total Eligible ITC = ₹16,80,000

- (iii) In a **Free on Road (FOR)** contract, the supplier is responsible for delivering the goods to the recipient's premises. Therefore, the ownership and delivery would be deemed to take place at the time the goods physically reach SpeedAuto's location in Chennai.

Accordingly, the **date of receipt for ITC eligibility would shift to 28th April 2025** in this case.

However, the amount of ITC eligible (₹16,80,000) remains unchanged, assuming no disqualifications arise later.

QUESTION 2

(RTP Sept 25)

Mascot Motors Private Limited (hereinafter referred as MMPL), a dealer of motor vehicles, registered in Udaipur, Rajasthan, has given an ex- works contract to M/s Ganesh Traders, registered in Ahmedabad, Gujarat

for manufacturing 10 units of Pick-Up vans.

M/s Ganesh Traders manufactured the vans and handed them over to transporter on behalf of MMPL on 29th April and delivery on its part is complete at it's factory gate in Ahmedabad. Further, it raised the invoice for all ten Pick-Up vans on same day. MMPL has recorded the invoice in it's books on the same day. Price of the vans (ex-factory) was ₹ 10 lakh each (excluding GST @ 28%).

However, the vans were physically received by MMPL at its showroom in Udaipur, Rajasthan on 2nd May and payment was also made on the same day. After the payment, two Vans got damaged completely in a fire in

the showroom in first week of May and therefore, they were written off in the books in the month of receipt by MMPL.

Discuss the availability of ITC on pick-up vans to MMPL with reference to the provisions under GST law. In which month, MMPL is eligible to avail ITC on the purchase of vans and how much ITC is available in respect of the vans?

Section 16(2)(b) of the CGST Act, 2017 provides that no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless he has received the goods or services or both.

Explanation to section 16(2)(b) of the CGST Act, 2017 provides that it shall be deemed that the registered person has received the goods or, as the case may be, services, where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise.

Further, it has been clarified vide a circular that in case of Ex-works contract, the property in the goods can be considered to have been passed on to the dealer by the Original Equipment Manufacturer (OEM) upon handing over of the said goods to the transporter at his factory

gate, meaning thereby that the goods can be considered to have been delivered to the registered person (the dealer), through the transporter, by the supplier (the OEM) at his factory gate and the supply of the said goods can be considered to have fructified at the factory gate of the OEM, even though the goods may be physically received by the registered person (the dealer) after the transit period.

In the given case, since the contract between M/s Ganesh Traders (OEM) and MMPL (dealer) is ex-works, pick up vans are considered to be received by MMPL on 29th April i.e. the date on which the vans are handed over to the transporter, even though they were physically received in the month of May.

So, initially on 29th April, full ITC of ₹28 lakh [$₹10 \text{ lakh} \times 10 \text{ vans} \times 28\%$] can be availed while filing the return of the month of April. Subsequently, after the receipt of vans in the showroom, 2 vans were destroyed due to fire and written off in the books.

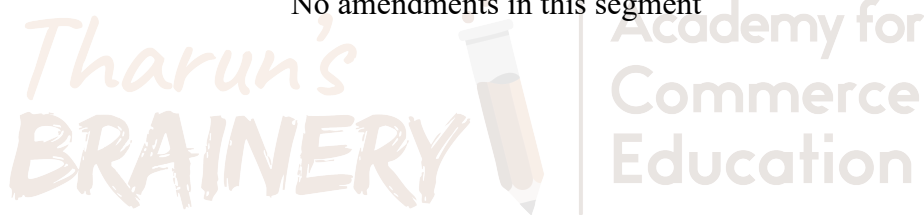
So, ITC in respect of such vans, which was already availed has to be reversed while filing the return of the next month-May, since ITC on the goods, which are destroyed is not available in accordance with section

17(5) of the CGST Act, 2017.

The Amount of ITC which has to be reversed in the return of next month is = ₹5.6 lakh [$₹10 \text{ lakh} \times 2 \text{ vans} \times 28\%$].

SEGMENT 9 – COMPOSTION SCHEME

No amendments in this segment



SEGMENT 10 – TAX INVOICE, DEBIT AND CREDIT NOTES

16. CLARIFICATION REGARDING PLACE OF SUPPLY AND MENTIONING OF RECIPIENT DETAILS IN CASE OF ONLINE SERVICES SUPPLIED BY THE SUPPLIERS OF SERVICES TO UNREGISTERED RECIPIENTS¹¹:

Before Amendment	After Amendment
In respect of following cases of supplies to unregistered recipients, the suppliers are mandatorily required to record the name of the State of the recipient on the tax invoice, irrespective of the value of supply of such services:- (i) supply of services through ECO (ii) OIDAR services and (iii) online money gaming	In respect of following cases of supplies to unregistered recipients, the suppliers are mandatorily required to record the name of the State of the recipient on the tax invoice, irrespective of the value of supply of such services, and to declare place of supply of the said services as the location of the recipient (based on the name of State of the recipient) in their details of outward supplies in Form GSTR-1/1A:- (i) supply of any such online/ digital services, (ii) OIDAR services and (iii) online money gaming

QUESTION 1

Digital One Pvt. Ltd., a registered person based in Karnataka, is engaged in providing a range of online/digital services to customers across India. During the month of December 2024, it makes the following supplies to unregistered recipients:

Sr. No.	Type of Service	Mode of Supply	Recipient's Location	Invoice Value	GSTIN of Recipient
1	OTT Subscription (streaming service)	Supplied directly via company's website	Maharashtra	₹1,200	Not registered
2	E-newspaper subscription	Supplied through a third-party ECO (e.g., NewsCart App)	Gujarat	₹800	Not registered
3	Language translation app (OIDAR)	Supplied directly via app store	Tamil Nadu	₹3,000	Not registered
4	Online quiz game credits	Supplied through gaming aggregator (ECO)	Kerala	₹1,900	Not registered
5	Business analytics software (SaaS)	Supplied directly	Delhi	₹10,000	Registered recipient

While preparing invoices and GSTR-1 for the month, Digital One:

- Mentions "Consumer - PAN India" as recipient address for invoices below ₹1,000.
- Leaves the State field blank for some invoices to unregistered customers.
- Declares place of supply as Karnataka (supplier's location) for all B2C supplies, irrespective of recipient's actual state.
- Files B2C summary without state-wise break-up in GSTR-1.

Explain whether the compliance followed by Digital One is correct as per the updated provisions of CGST rules, 2017?

¹¹ Circular No. 242/36/2024 GST dated 31.12.2024

As per the **amended Rule 46(f) of the CGST Rules, 2017**, read with the clarification issued (effective from **01.11.2024**), and Section 12(2)(b) of the IGST Act:

- Invoices for all **online/digital services** (including services through ECO, OIDAR, and **online money gaming**) made to **unregistered persons** must:
 - Mention the name of the State of the recipient, irrespective of the invoice value, and
 - Declare the place of supply (POS) as the **recipient's State**, not the supplier's location.
- The **State mentioned** in the invoice is treated as the **address on record**, enabling the application of Section 12(2)(b)(i), i.e., **POS = location of recipient**.
- Reporting in **Form GSTR-1/1A** must reflect this POS and be **state-wise**, even if the value is less than ₹2.5 lakhs.

In the present case, For Sr. Nos. 1–4, **state of the recipient must be mentioned** on the invoice, and **recipient's location must be declared as POS**. Also, in GSTR – 1 or GSTR – 1A, it will be reported as B2C transaction state wise.

Sr. No. 5 is a **B2B transaction** (registered recipient), so general GST rules apply, and **Rule 46(f) is not applicable**. Also, in GSTR – 1 or GSTR – 1A, it will be reported as B2B transaction invoice wise.

17. TIME LIMIT FOR ISSUING TAX INVOICE SPECIFIED IN CASES WHERE RECIPIENT IS REQUIRED TO ISSUE INVOICE [RULE 47A INSERTED]¹²

- Earlier, **Section 31(3)(f)** required a registered person to issue an invoice if they received goods/services from an **unregistered supplier** and were liable to pay tax under **Reverse Charge Mechanism (RCM)** [Section 9(3) or 9(4)].
- However, there was **no specific time limit** for issuing such invoice.
- Finance (No. 2) Act, 2024** amended Section 31(3)(f) to **enable the government** to prescribe a time limit for issuing such invoice.
- Rule 47A** (inserted via Notification No. 20/2024 CT) now **prescribes the time limit**.
- It states the "Where a registered person is required to issue an invoice under Section 31(3)(f) (i.e., for RCM supplies from unregistered persons), the **invoice must be issued within 30 days** from the **date of receipt** of goods or services."
- Effective from 01.11.2024**, under RCM, if you receive supply from an unregistered person, you **must issue an invoice within 30 days** of receiving the goods/services.

QUESTION 2

Harsha Textiles Pvt. Ltd., a registered company in Tamil Nadu, is engaged in the manufacture of garments. The company procured the following supplies in November 2024:

Date	Description of Inward Supply	Supplier Type	Value (₹)
3rd Nov 2024	Legal consultancy services from Advocate V. Kumar	Unregistered	50,000
5th Nov 2024	Services of Goods Transport Agency (GTA) – Consignment note issued	Registered	20,000
7th Nov 2024	Raw cotton purchased from farmer	Unregistered	60,000
10th Nov 2024	Manpower supply services received from Sam Workforce Pvt. Ltd.	Unregistered	80,000
13th Nov 2024	Purchase of steel shelves from a local unregistered trader for office infrastructure	Unregistered	30,000
20th Nov 2024	Sponsorship services availed from Chennai Sports Club, a registered entity	Registered	1,00,000

¹² Notification No. 20/2024 CT dated 8th October, 2024 with effect from 01.11.2024.

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Identify the supplies on which Harsha Textiles Pvt. Ltd. is liable to pay tax under reverse charge mechanism and also Determine who shall issue the tax invoice for each transaction. Also specify the due date by which the invoice is to be issued by Harsha Textiles Pvt. Ltd

S. No.	Description of Supply	Supplier Type	FCM/RCM	Reason	Invoice by	Due date of self-invoice
1	Legal services from Advocate V. Kumar	Unregistered	RCM	Legal services by individual advocate to business – notified under 9(3)	Recipient	03-Dec-2024
2	GTA services (with consignment note)	Registered	RCM	GTA services – notified under 9(3) (Default option)	Supplier	N.A
3	Raw cotton from unregistered farmer	Unregistered	RCM	Raw cotton by agriculturist to registered person – notified under 9(3)	Recipient	07-Dec-2024
4	Manpower services from registered supplier	unregistered	FCM, but no GST	Manpower supply is not notified and only security agency is notified	N.A	N.A
5	Steel shelves from local unregistered trader	Unregistered	FCM, but no GST	Not covered under notified goods for RCM	N.A	N.A
6	Sponsorship from registered club	Registered	RCM	Sponsorship to body corporate – notified under 9(3)	Supplier	N.A

SEGMENT 11 – REGISTRATION UNDER GST

No amendments in this segment

SEGMENT 12 – TDS AND TCS

No amendments in this segment

SEGMENT 13 – GST PAYMENT PROCESS

No amendments in this segment

SEGMENT 14 – RETURNS UNDER GST

18. TDS RETURNS TO BE FILED EVERY MONTH, EVEN IF TDS IS NOT DEDUCTED DURING SUCH MONTH – SEC. 39 OF CGST ACT – FINANCE ACT, 2024 (W.E.F 1.11.24)

Every registered person required to deduct tax at source under section 51 shall electronically furnish a return for every calendar month of the deductions made during the month in such form and manner and within such time as may be prescribed:

Provided that the said registered person shall furnish a return for every calendar month whether or not any deductions have been made during the said month.

19. WAIVER OF LATE FEE FOR DELAY IN FILING NIL GSTR-7¹³:

Provided further that the total amount of late fee payable under section 47 of the said Act by the registered person, who fails to furnish the return in FORM GSTR-7 for a month by the due date, where the total amount of central tax deducted at source in the said month is nil, shall stand waived.



¹³ NOTIFICATION No. 23/2024–Central Tax

SEGMENT 15 – ACCOUNTS AND RECORDS, E-WAY BILL

20. MANDATORY GENERATION OF UNIQUE ENROLLMENT NUMBER FOR E-WAY BILL:

- Unregistered person opting for generating E-way bill
- Unregistered interstate supplier of handicraft goods

