

INDIRECT TAX PART 2 FOR JUNE AND DEC 2021

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6. He is Engaged with **Professional Institutes** for **content/study material generation**.
7. He had been engaged with **Income Tax Department** for Training of Income Tax personnel.
8. His Students have scored **All India Merit Ranks** & have been amongst **All India Toppers**.
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CHAPTER - 10

EXEMPTIONS

Sec 2(47) : Exempt supply means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax **u/s 11, or u/s 6** of the IGST Act, and includes non-taxable supply

Sec 11 : Power to Grant exemption from Tax

Sec 11(1) : Exemption by notification

- Where the Government is satisfied
- that it is necessary in the public interest so to do,
- it may, on recommendations of Council,
- by notification,
- exempt generally, either absolutely or
- subject to such conditions as may be specified therein,
- goods or services or both of any specified description
- from the whole or any part of the tax leviable thereon
- with effect from such date
- as may be specified in such notification.

Sec 11(2) : Exemption by special order

- Where the Government is satisfied
- that it is necessary in the public interest so to do,
- it may, on the recommendations of the Council,
- by special order in each case,
- under circumstances of an exceptional nature
- to be stated in such order,
- exempt from payment of tax any goods or services or both
- on which tax is leviable.

Sec 11(3) : Explanation in Notification/Special order

- The Government may,
- if it considers necessary or expedient so to do
- for the purpose of clarifying the scope or applicability
- of any notification issued u/s 11(1) or order issued u/s 11(2)
- insert an explanation in such notification or order,
- by notification
- at any time within one year of issue of the notification or order and
- every such explanation shall have effect
- as if it had always been the part of the first such notification or order

Special point : Where exemption in respect of any goods or services or both from twwhole or part of tax leviable thereon has been granted absolutely, registered person supplying such goods or services or both shall not collect the tax, in excess of the effective rate, on such supply of goods or services or both.

Notification No. 12/2017- Central Tax (Rate) as Amended**1. Services relating to Cultivation of Plants & Rearing of all life forms of animals**, except rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—

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

Special point :

- 1. **Agricultural extension means** application of scientific research and knowledge to agricultural practices through farmer education or training;
- 2. **Agricultural produce means** any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;
- 3. **Agricultural Produce Marketing Committee or Board means** any committee or board constituted under a State law for the time being in force for the purpose of regulating the marketing of agricultural produce;

2. **Services by an entity registered u/s 12AA of Income-tax Act, 1961 by way of charitable activities.**

Special point :

“Charitable activities” means activities relating to -

- (i) public health by way of , -
 - (a) care or counseling of
 - (I) terminally ill persons or persons with severe physical or mental disability;
 - (II) persons afflicted with HIV or AIDS;
 - (III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - (b) public awareness of preventive health, family planning or prevention of HIV infection;
- (ii) advancement of religion , spirituality or yoga;
- (iii) advancement of educational programmes or skill development relating to,-
 - (a) abandoned, orphaned or homeless children;
 - (b) physically or mentally abused and traumatized persons;
 - (c) prisoners; or
 - (d) persons over the age of 65 years residing in a **rural area**;
- (iv) preservation of environment including watershed, forests and wildlife;

Special point : Rural area means the area comprised in a village as defined in land revenue records, excluding- the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or any area that may be notified as an urban area by the Central Government or a State Government;

3. **Services by way of-**

(a) Health care services by clinical establishment, authorised medical practitioner or para-medics;

(b) Services provided by way of transportation of patient in ambulance, other than those specified in (a) above.

Special point :

1. Clinical establishment means

- Hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called , that offers services or facilities
- requiring diagnosis or treatment or care
- for illness, injury, deformity, abnormality or pregnancy
- in any recognised system of medicines in India,
- or place established as independent entity or part of an establishment
- to carry out diagnostic or investigative services of diseases;

2. Health care services means

- any service by way of diagnosis or treatment or care
- for illness, injury, deformity, abnormality or pregnancy
- in any recognised system of medicines in India and
- includes services by way of transportation of the patient to and from a clinical establishment,

but does not include

- hair transplant or cosmetic or plastic surgery,
- except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;

3. Authorised medical practitioner means

- a medical practitioner
- registered with any of the councils
- of the recognised system of medicines
- established or recognised by law in India and
- includes a medical professional having the requisite qualification
- to practice in any recognised system of medicines in India as per any law

4. Transmission or Distribution of Electricity by Electricity Transmission or distribution utility.**5. Services by a hotel, inn, guest house, club or campsite,** by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below or equal to ₹1,000 per day or equivalent.

Special point : “Declared tariff” includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit.

6. Services by way of transfer of a going concern, as a whole or an independent part thereof**6. Services by way of renting of residential dwelling for use as residence****7. Services by a person by way of-**

(a) conduct of any religious ceremony;

(b) renting of precincts of **religious place** meant for general public, owned or managed by entity registered as Charitable or religious trust u/s 12AA of Income-tax Act, 1961 or trust or institution registered u/s 10(23C) of Income-tax Act or body or authority covered u/s 10(23BBA) of said Income-tax Act:

Provided that nothing contained in entry (b) of this exemption shall apply to,-

(i) renting of rooms where charges are 1,000 rupees or more per day;

(ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day;

(iii) renting of shops or other spaces for business or commerce where charges are ₹10,000 or more per month.

Special point : Religious place means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality;

8. Transport of passengers, with or without accompanied belongings, by –

- (a) air, **embarking from or terminating** in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal;
- (b) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or
- (c) stage carriage other than air-conditioned stage carriage.

9. **Services provided to** the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding:

Provided that nothing contained in this entry shall apply on or after the expiry of a period of **3 years** from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.

10. **Service of transportation of passengers, with or without accompanied belongings, by—**

- (a) railways in a class other than—
 - (i) first class; or
 - (ii) air-conditioned coach;
- (b) metro, monorail or tramway;
- (c) inland waterways;
- (d) public transport, other than predominantly for tourism purpose, in vessel between places located in India; and
- (e) metered cabs or auto rickshaws (including e-rickshaws).

Special point :

Metered cab means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 (but does not include radio taxi)

“Radio taxi” means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using the Global Positioning System or General Packet Radio Service

e-rickshaw” means a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf

11. Services by way of transportation of goods-

- (a) by road except the services of—
 - (i) Goods transportation agency;
 - (ii) **Courier agency**;
- (b) by inland waterways.

Special point : Courier agency means any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles;

12. Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.

13. Services by way of transportation by rail or a vessel from one place in India to another of the following goods –

- (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
- (b) defence or military equipments;
- (c) newspaper or magazines registered with the Registrar of Newspapers;
- (d) railway equipments or materials;
- (e) agricultural produce;
- (f) milk, salt and food grain including flours, pulses and rice; and
- (g) organic manure.

14 . Services provided by a goods transport agency, by way of transport in a goods carriage of -

- (a) agricultural produce;
- (b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;
- (c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;
- (d) milk, salt and food grain including flour, pulses and rice;
- (e) organic manure;
- (f) newspaper or magazines registered with the Registrar of Newspapers;
- (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
- (h) defence or military equipments.

Special point : Goods transport agency means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called;

15. Services by way of giving on hire –

- (a) Motor vehicle meant to carry more than 12 passengers to state transport undertaking; or
- (b) Means of transportation of goods. to goods transport agency,
- (c) Motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent

16. Service by way of access to a road or a bridge on payment of toll charges.**17. Services by way of loading, unloading, packing, storage or warehousing of rice.****18. Services by Reserve Bank of India.****19. Services by way of—**

- (a) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services);
- (b) *inter se* sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.

20. Services by

a) Employees' State Insurance Corporation (ESIC) to persons governed under the Employees' State Insurance Act, 1948 .

b)EPF Organisation(EPFO) to the persons governed under EPF Act, 1952 .

c) Insurance Regulatory and Development Authority of India(IRDAI) to insurers under IRDA of India Act, 1999 .

d)Securities and Exchange Board of India(SEBI) set up under SEBI Act, 1992 by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.

21. Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service.

Explanation : For the purposes of this entry, “acquiring bank” means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.

22. Services of general insurance business provided under following schemes –

- (a) Hut Insurance Scheme;
- (b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna ;
- (c) Scheme for Insurance of Tribals;
- (d) Janata Personal Accident Policy and Gramin Accident Policy;
- (e) Group Personal Accident Policy for Self-Employed Women;
- (f) Agricultural Pumpset and Failed Well Insurance;
- (g) Export credit insurance;
- (h) Restructured Weather Based Crop Insurance Scheme (RWCIS);
- (i) Jan Arogya Bima Policy;
- (j) Pradhan Mantri Fasal Bima Yojana (PMFBY)

- (k) Pilot Scheme on Seed Crop Insurance;
- (l) Central Sector Scheme on Cattle Insurance;
- (m) Universal Health Insurance Scheme;
- (n) Rashtriya Swasthya Bima Yojana;
- (o) Coconut Palm Insurance Scheme;
- (p) Pradhan Mantri Suraksha Bima Yojna;
- (q) Niramaya Health Insurance Scheme

23. Services of life insurance business provided under following schemes-

- (a) Janashree Bima Yojana;
- (b) Aam Aadmi Bima Yojana;
- (c) Life micro-insurance product approved by IRDA, maximum cover of Rs 2 lac;
- (d) Varishtha Pension Bima Yojana;
- (e) Pradhan Mantri Jeevan Jyoti Bima Yojana;
- (f) Pradhan Mantri Jan Dhan Yojana;
- (g) Pradhan Mantri Vaya Vandan Yojana.

24. Services of life insurance business provided by way of annuity under NPS regulated by the Pension Fund Regulatory and Development Authority of India (PFRDA) under the Pension Fund Regulatory and Development Authority Act, 2013 .

25. Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of Central Government.

26. Services by way of collection of contribution under the Atal Pension Yojana.

27. Services by way of collection of contribution under any pension scheme of the State Governments.

28. Services by the following persons in respective capacities –

- (a) **Business facilitator** or a business correspondent to a banking company with respect to accounts in its rural area branch;
- (b) Any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or
- (c) Business facilitator or a business correspondent to an insurance company in a rural area.

Special point :

Business facilitator or business correspondent” means an intermediary appointed under the business facilitator model or the business correspondent model by a banking company or an insurance company under the guidelines issued by the Reserve Bank of India

29. Taxable services, provided by Recognised Technology Business Incubator or Recognised Science and Technology Entrepreneurship Park (STBT)

30. Services provided by an incubatee up to a total turnover of 50 lakh rupees in F/Y subject to the following conditions, namely:-

- (a) Total turnover had not exceeded 50 lakh rupees during the preceding F/Y; and
- (b) Period of 3 years has not elapsed from the date of entering into an agreement as an incubatee.

31. Services provided by-**(a) Arbitral tribunal to –**

- (i) any person other than business entity; or
- (ii) Business entity with aggregate turnover up to 20 lakh rupees (10 lakh rupees in case of special category states) in preceding F/Y;
- (iii) Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;

(b) Partnership firm of advocates or Individual as advocate other than senior advocate, by way of legal services to-

- (i) Advocate or partnership firm of advocates providing legal services;
- (ii) Any person other than a business entity; or
- (iii) Business entity with aggregate turnover up to 20 lakh rupees (10 lakh rupees in case of special category states) in the preceding F/Y;
- (iv) Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity,

(c) Senior advocate by way of legal services to-

- (i) any person other than a business entity; or
- (ii) Business entity with aggregate turnover upto 20 lakh rupees (10 lakh rupees in case of special category states) in preceding F/Y.
- (iii) Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;

Special point :

1. **Senior advocate** has the same meaning u/s 16 of the Advocates Act, 1961
2. Legal service means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority;

32. Services by a veterinary clinic in relation to health care of animals or birds.

33. Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.

34. Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material

- 35. Services provided by the Goods and Services Tax Network(GSTN) to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.**
- 36. Services by an organiser** to any person in respect of a business exhibition held outside India.
- 37. Services by way of sponsorship of sporting events** organised –
- (a) by National sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country;
 - (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
 - (c) by Central Civil Services Cultural and Sports Board;
 - (d) As part of national games, by the Indian Olympic Association; or
 - (e) under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.
- 38. Carrying out an intermediate production process as job work** in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.
- 39. Services by way of slaughtering of animals.**
- 40. Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling** of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.
- 41. Services by a foreign diplomatic mission** located in India.
- 42. Services by a specified organisation in respect of a religious pilgrimage** facilitated by the ~~Ministry of External Affairs,~~ Government of India, under bilateral arrangement.
- Special point : Specified organisation shall mean,**
- (i) Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or
 - (ii) 'Committee' or 'State Committee' as defined u/s 2 of the Haj Committee Act, 2002 ;
- 43. Services provided -**
- a) by an educational institution to its students, faculty and staff;
 - b) **by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;**
 - c) to an educational institution, by way of, -
 - a. transportation of students, faculty and staff;
 - b. catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;
 - c. security or cleaning or housekeeping services performed in such educational institution;
 - d. services relating to admission to, or conduct of examination by, such institution;
 - e. **supply of online educational journals or periodicals .**

However, nothing contained in **sub-items (i), (ii) and (iii) of item (c)** shall apply to an educational institution other than an institution providing services by way of pre - school education and education up to higher secondary school or equivalent.

Further nothing contained in sub-item (v) of item (c) shall apply to an institution providing services by way of,-

- (i) **pre-school education and education up to higher secondary school or equivalent;**
or
- (ii) **education as a part of an approved vocational education course**

Special point :

Educational institution means an institution providing services by way of,-

- (i) pre-school education and education up to higher secondary school or equivalent;
- (ii) education as a part of a curriculum for obtaining a qualification recognised by any law
- (iii) education as a part of an **approved vocational education course**;

Approved vocational education course means

- (i) Course run by an industrial training institute or an industrial training centre affiliated to National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 ; or
- (ii) Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship;

44. Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme: -

- (a) Two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management;
- (b) fellow programme in Management;
- (c) five year integrated programme in Management. [Deleted]

Circular No. 82/01/2019 dated

Indian Institutes of Management are empowered to (i) grant degrees, diplomas, and other academic distinctions or titles, (ii) specify the criteria and process for admission to courses or programmes of study, and (iii) specify the academic content of programmes.

Therefore, with effect from 31st January, 2018, all the IIMs are “educational institutions” as defined under notification No. 12/ 2017 as they provide education as a part of a curriculum for obtaining a qualification recognised by law for the time being in force.

SUMMARY

(1) 1st July, 2017 to 30th January, 2018

Exempt from GST

i. two-year full time Post Graduate Programmes in Management for Post Graduate Diploma in Management, to which admissions are made on the basis of CAT conducted by IIM

ii. fellow programme in Management,

iii. five years integrated programme in Management.

Not exempt from GST

i. One- year Post Graduate Programs for Executives,

ii. Any programs other than those mentioned in notification No. 12/2017

iii. All short duration executive development programs or need based specially designed programs (less than one year).

(2) 31st January, 2018 onwards

Exempt from GST

GST All long duration programs (one year or more) conferring degree/ diploma as recommended by Board of Governors as per the power vested in them under the IIM Act, 2017 including one- year Post Graduate Programs for Executives.

Not exempt from GST

All short duration executive development programs or need based specially designed programs (less than one year) which are not a qualification recognized by law.

45. Services provided to a recognised sports body by-

- (a) Individual as player, referee, umpire, coach or team manager for participation in sporting event organised by a recognized sports body;
- (b) another recognised sports body.

Special point : Recognised sports body means :

- (i) Indian Olympic Association;
- (ii) Sports Authority of India;
- (iii) National sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations;
- (iv) National sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government;
- (v) International Olympic Association or a federation recognised by the International Olympic Association; or
- (vi) Federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India;

46. Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.

47. Services provided by operators of the common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto

48. Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.

49. Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution –

(a) as trade union;

(b) for provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or

(c) upto Rs,7500/- pm per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.

50. Services by an artist by way of a performance in folk or classical art forms of-

(a) music, or

(b) dance, or

(c) theatre,

if the consideration charged for such performance is not more than 1,50,000 rupees:

Provided that the exemption shall not apply to service provided by such artist as a **brand ambassador**

Special point : Brand ambassador means a person engaged for promotion or marketing of a brand of goods, service, property or actionable claim, event or endorsement of name, including a trade name, logo or house mark of any person

51. Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve ,zoo, protected monument so declared under Ancient Monuments and Archaeological Sites and Remains Act 1958 or any of the State Acts

52. Services by way of training or coaching in recreational activities relating to-

(a) arts or culture, or

(b) sports by charitable entities registered u/s 12AA of the Income-tax Act.

53. Services by way of right to admission to-

(a) circus, dance, or theatrical performance including drama or ballet;

(b) award function, concert, pageant, musical performance or any sporting event other than a **recognised sporting event;**

(b) recognised sporting event,

3. Planetarium

where the consideration for right to admission to the events or places as referred to in items (a), (b), (c) or (d) above is not more than Rs 500 per person

Special point : Recognised sporting event means any sporting event,

- (i) organised by a recognised sports body where the participating team or individual represent any district, state, zone or country;
- (ii) organised -
 - (A) by national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone;
 - (B) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
 - (C) by Central Civil Services Cultural and Sports Board;
 - (D) as part of national games, by Indian Olympic Association; or
 - (E) under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme;

54. Services by way of providing information under the Right to Information Act, 2005

55. Supply of service by way of access to a road or a bridge on payment of annuity, has been exempted from GST

56. Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India have been exempted till 30.09 .2018

57. Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India have been exempted till 30.09.2018

58. Services provided by and to Federation Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India.

Condition to be fulfilled: Director (Sports), Ministry of Youth Affairs and Sports have to certify that the services are directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020.

59. Services by way of giving on hire –

- (a) to a state transport undertaking (STU), motor vehicle meant to carry more than 12 passengers; or
- (b) to a local authority, Electrically operated vehicle (EOV) meant to carry more than 12 passengers

EOV means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 which is run solely on electrical energy derived from an external source or from one/more electrical batteries fitted to such road vehicle..

- 60.** Services by way of storage/ warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.
- 61.** Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020

EXEMPT Service BY GOVT / EXEMPT services TO Govt

- 62. Pure services** (excluding works contract service or other composite supplies involving supply of any goods) **provided to** Central Government, State Government or Union territory or local authority or Governmental authority or Government entity by way of any activity in relation to any function entrusted to a Panchayat under Constitution
- 63. Services by** ~~Central Government, State Government, Union territory, local authority~~ or governmental authority by way of any activity in relation to any function entrusted to a municipality under Constitution.
- 64. Services by** a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Constitution
- 65. Services by** the Central Government, State Government, Union territory or local authority excluding the following services—
- (a) Services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory;
 - (b) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 - (c) transport of goods or passengers; or
 - (d) Any service, other than services covered under entries (a) to (c) above, provided to business entities.
- 66. Services provided by** the Central Government, State Government, Union territory or local authority to a **business entity** with an aggregate turnover of upto 20 lakh rupees (10 lakh rupees in case of a **special category state**) in the preceding F/Y.

Special point :

1. **Business entity means** any person carrying out business
2. **Special category States shall mean** the States as specified under article 279A of Constitution

Explanation.- For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to-

(a) services,-

- (i) by Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government, Union territory;
- (ii) in relation to aircraft or vessel, inside or outside precincts of port or airport;
- (iii) of transport of goods or passengers; and

(b) services by way of **renting of immovable property**.

Special point : Renting in relation to immovable property means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property

67. Services provided by Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority:

Provided that nothing contained in this entry shall apply to services-

- (i) by Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory;
- (ii) in relation to aircraft or vessel, inside or outside precincts of port or airport;
- (iii) of transport of goods or passengers.

68. Services provided by Central Government, State Government, Union territory or local authority where consideration for such services does not exceed 5,000 rupees:

Provided that nothing contained in this entry shall apply to-

- (i) Services by Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to person other than Central Government, State Government, Union territory;
- (ii) Services in relation to aircraft or vessel, inside or outside precincts of port or airport;
- (iii) Transport of goods or passengers:

Provided further that in case where continuous supply of service, as defined u/s 2(33) of CGST, 2017, is provided by Central Government, State Government, Union territory or local authority, the exemption shall apply only where consideration charged for such service does not exceed 5,000 rupees in F/Y.

69. Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other **original works** pertaining to the beneficiary-led individual house construction or enhancement under Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.

Special point : Original works means- all new constructions;

(i) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;

(ii) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise;

70. Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a **single residential unit otherwise than as a part of a **residential complex**.**

Special point :

1. **Residential complex means** any complex comprising of a building or buildings, having more than one single residential unit

2. **Single residential unit means** a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family;

71. Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.

72. Upfront amount payable in respect of service by way of granting of long term lease of 30 years, or more, of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings **or by any other entity having 50% or more ownership of Central Government, State Government, Union territory** to the industrial units **or the developers in any industrial or financial business area,** has been exempted from CGST

[Notification No. 32/2017].

It has been clarified vide Circular No. 101/20/2019 GST dated 30.04.2019 that GST exemption on the upfront amount is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront.

73. Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to 1/4/2016, on payment of licence fee or spectrum user charges, as the case may be.

74. Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways

75. Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.

- 76. Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract** for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.
- 77. Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources** to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.
- 78. Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use any natural resource** where such right to use was assigned by the Central Government, State Government, Union territory or local authority before 1st April, 2016: Provided that the exemption shall apply only to tax payable on one time charge payable, in full upfront or in installments, for assignment of right to use such natural resource.
- 79. Services provided by Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays** for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges.
- 80. Services provided by the Central Government, State Government, Union territory or local authority by way of-**
 (a) Registration required under any law ;
 (b) Testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law
- 81. Any services provided by, _**
 (a) National Skill Development Corporation set up by the Government of India;
 (b) Sector Skill Council approved by the National Skill Development Corporation;
 (c) Assessment agency approved by Sector Skill Council or National Skill Development Corporation;
 (d) Training partner approved by National Skill Development Corporation or Sector Skill Council, in relation to-
 (i) National Skill Development Programme implemented by National Skill Development Corporation; or
 (ii) Vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
 (iii) Any other Scheme implemented by National Skill Development Corporation.
- 82. Services of assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development & Entrepreneurship** by way of assessments under Skill Development Initiative Scheme.
- 83. Services provided by training providers (Project implementation agencies)** under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by Ministry of Rural

Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.

84. Services provided to the Central Government, State Government, Union territory administration under any training programme for which total expenditure is borne by the Central Government, State Government, Union territory administration.

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

86. Services by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin

87. Supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants, has been exempted from CGST.

“Government Entity” means an authority or a board or any other body including a society, trust, corporation,

- (i) set up by an Act of Parliament or State Legislature; or
- (ii) established by any Government, with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority

[Notification No. 32/2017 CT (R) dated 13.10.2017].

88. Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, -

- (a) Department or Establishment of Central Government or State Government or Union territory; or
 - (b) local authority; or
 - (c) Governmental agencies, which has taken registration under CGST Act, 2017 only for purpose of deducting tax u/s 51 and not for making a taxable supply of goods or services.
- (Notification No. 28/2018)

89. Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY). (Notification No. 28/2018)

90. Services supplied by Central/State Government/Union territory to their undertakings or Public Sector of Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions (Notification No. 28/2018)

91. Services provided by rehabilitation professionals recognised under Rehabilitation Council of India Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or entity registered u/s 12AA of Income tax Act, 1961. (Notification No. 28/2018)

- 92.** Supply of TDR (Transfer of development rights), FSI (Floor Space Index), long term lease (premium) of land by a landowner to a developer have been exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them.

Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses.

This will achieve a fair degree of taxation parity between under construction and ready to move property

SPECIFIC EXEMPTIONS FROM IGST

Notification No. 9/2017-Integrated Tax (Rate)

1) Services received from a provider of service located in a non- taxable territory by

(a) Central Government, State Government, Union territory, local authority, governmental authority or individual in relation to any purpose other than commerce, industry or any other business or profession;

(b) an entity registered u/s 12AA of Income-tax Act, 1961 for purposes of providing charitable activities; or

(c) a person located in a non-taxable territory:

Provided that the exemption shall not apply to –

(i) online information and database access or retrieval services received by persons specified in entry (a) or entry (b); or

(ii) services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry

2) Services received by RBI, from outside India in relation to management of foreign exchange reserves.

3) Services provided by a **tour operator** to a foreign tourist in relation to a tour conducted wholly outside India.

Special point : Tour operator means any person engaged in the business of planning scheduling, organizing, arranging tours (which may include arrangements for accommodation sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours

~~4) Inter-State supply of services having place of supply in Nepal or Bhutan, against payment in Indian Rupees—~~

5) Services received from a provider of service located in a non- taxable territory by way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of -

- (i) pre-school education and education up to higher secondary school or equivalent; or
- (ii) education as a part of an approved vocational education course

OTHER EXEMPTIONS

1. Services imported by a unit or a developer in SEZ for authorised operations, is exempt from the whole of the integrated tax leviable thereon u/s 5 of the IGST Act, 2017
N/N. 18/2017 -Integrated Tax (Rate)
2. Goods imported by unit/developer in SEZ exempt from IGST:
All goods imported by a unit or a developer in the Special Economic Zone for authorised operations, is exempt from the whole of the integrated tax leviable thereon under Customs Tariff Act, 1975.
N/N .64/2017 (Customs)
3. Intra-State supplies of goods or services or both received by a registered person from any supplier, who is not registered, from the whole of the central tax leviable u/s 9(4) of CGST Act, 2017
NN.8/2017-Central Tax (Rate)
4. Intra-State supplies of goods or services or both received by a deductor u/s 51 of the said Act, from any supplier, who is not registered, from the whole of the central tax leviable thereon u/s 9(4) of the said Act, subject to the condition that the deductor is not liable to be registered otherwise than under u/s 24(vi) of the said Act.
NN.9/2017-Central Tax (Rate)
5. The intra-State supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, has been exempted from so much of CGST as is leviable on the consideration paid to the Central Government in the form of Central Government's share of profit petroleum as defined in the contract entered into by the Central Government in this behalf.
NN. 5/2018 Central (Rate)
6. IGST leviable on import of services in relation to temporary transfer or permitting the use or enjoyment of any intellectual property right has been exempted to the extent of the aggregate of the duties of customs leviable under section 3(7) of the Customs Tariff Act, 1975, on the consideration declared under section 14(1) of the Customs Act, 1962 towards royalties and license fees included in the transaction value as specified under rule 10(1)(c) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 on which the appropriate duties of customs have been paid.
NN. 6/2018 Integrated (R)

CHAPTER - 10 **REGISTRATION**

Sec 22 : Persons liable for Registration

Sec 22(1) : Liability for Registration

- Every supplier shall be liable to be registered under this Act in the State or Union territory,
- other than special category States,
- from where he makes a taxable supply of goods or services or both,
- if his **aggregate turnover** in a **F/Y exceeds 20 lakhs**
-

Provided that where such person makes taxable supplies of goods or services or both from any of the special category States, he shall be liable to be registered if his aggregate turnover in F/Y **exceeds 10 lakhs**

Provided further that the Government may, at the request of a special category State and on recommendations of the Council, enhance the aggregate turnover referred to in the first proviso from ten lakh rupees to such amount, not exceeding twenty lakh rupees and subject to such conditions and limitations, as may be so notified.

Provided also that the Government may, at the request of a State and on the recommendations of the Council, enhance the aggregate turnover from twenty lakh rupees to such amount not exceeding forty lakh rupees in case of supplier who is engaged exclusively in the supply of goods, subject to such conditions and limitations, as may be notified.

Explanation : For the purposes of this sub-section, a person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

Special point :

1. Special category states for limit of 10 lakhs are

- **Manipur**
- **Mizoram**
- **Nagaland**
- **Tripura**

2. Sec 2(6) : Aggregate turnover means

- Aggregate value of all taxable supplies
- (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),
- exempt supplies,
- exports of goods or services or both and
- inter-State supplies of
- persons having the same PAN,
- to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess

3. Subsequently, with effect from 01.04.2019, Notification No. 10/2019 CT dated 07.03.2019 is issued which exempts any person who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed ` 40 lakh.

Exceptions to this exemption are as follows:

- a) Persons required to take compulsory registration under section 24 of the CGST Act.
- b) Persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and all goods of Chapter 24, i.e. Tobacco and manufactured tobacco substitutes.
- c) Persons engaged in making intra-State supplies in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand.
Inter-State supplies of goods are nevertheless liable to compulsory registration and are thus covered in above exception
- d) Person who has opted for voluntary registration or such registered persons who intend to continue with their registration under the CGST Act.

Sec 22(2) : Registered under old law

- Every person who,
- on the day immediately preceding the appointed day,
- is registered or holds a licence under an existing law,
- shall be liable to be registered under this Act
- with effect from the appointed day.

Sec 22(3): Transfer of Business

- Where a business carried on by a taxable person
- registered under this Act is transferred,
- whether on account of succession or otherwise,
- to another person as a going concern,
- the transferee or the successor, as the case may be,
- shall be liable to be registered with effect from the date of such transfer or succession.

Explanation.—For the purposes of this section,—

(i) “Aggregate turnover” shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals;

(ii) Supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to u/s 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;

Sec 23 : Persons not liable for registration

Sec 23(1) : No liability for Registration

The following persons shall not be liable to registration, namely:—

- (a) Any person engaged exclusively in business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under IGST Act;

(b) An agriculturist, to the extent of supply of produce out of cultivation of land.

Sec 23(2): Person exempted by government

The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

Special point :

1) Notification No. 5/2017

The Central Government has specified that Persons who are **only engaged** in making **supplies of taxable goods or services or both**, the total tax on which is liable to be paid on **reverse charge basis** by the recipient of such goods or services or both u/s 9(3) of the CGST Act as the category of persons **EXEMPTED** from obtaining registration under the Act.

2) Notification No. 65/2017

The Central Government hereby specifies the **persons making supplies of SERVICES, other than supplies u/s 9(5) through ECO** who is required to collect tax at source u/s 52, and **having an aggregate turnover, to be computed on all India basis, not exceeding an amount of twenty lakh rupees in F/Y**, as the category of persons **exempted** from obtaining registration under the said Act,

Provided that the aggregate value of such supplies, to be computed on all India basis, **should not exceed** an amount of **ten lakh rupees** in case of “special category States.

Sec 24 : Compulsory registration in certain cases.

Notwithstanding anything contained u/s 22(1), the following categories of persons shall be required to be registered under this Act,—

(1) Persons making any inter-State taxable supply;

Special point :

Notification No.10/2017- IGST

Government has notified that person making **inter-state supply of SERVICES** having turnover not exceeding threshold limit of 20 lakh in the financial year is not required to get registered.

This exemption is to a person making **inter-state supply of services only**.

Also provided that the aggregate value of such supplies, to be computed on all India basis, should not exceed an amount of ten lakh rupees in case of “special category States” as specified in article 279A(4)(g) of the Constitution, other than the State of Jammu and Kashmir.

Notification No.8/2017-IGST

Supplier Making inter-state supplies of handicraft goods. Such supplier shall be exempt from taking registration provided

- i) Person is required to obtain PAN
- ii) Generate E-way Bill as per the provisions of Rule 138.

(2) **casual taxable persons making taxable supply;**

Special point :

Notification No.32/2017-IGST

Supplier who is a Casual taxable person making taxable supplies of handicraft goods. Such supplier shall be exempt from taking registration. Provided:

i) Person is required to obtain PAN

ii) Generate E-way Bill as per the provisions of Rule 138.

(iii) persons who are required to pay tax under reverse charge;

(3) **persons who are required to pay tax under reverse charge;**

(4) **Person who are required to pay tax u/s 9(5);**

(5) **Non-resident taxable persons making taxable supply;**

(6) **Persons who are required to Deduct tax u/s 51, whether or not separately registered under this Act;**

(7) **Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;**

(8) **Input Service Distributor, whether or not separately registered under this Act;**

(9) **Persons who supply goods or services or both, other than supplies specified u/s 9(5), through such ECO who is required to collect tax at source u/s 52;**

Special point :

1. Notification No- 65/2017

Persons making supplies of services, other than supplies specified u/s 9(5) through an ECO who is required to collect tax at source u/s 52, and having an aggregate turnover, to be computed on all India basis, not exceeding an amount of 20 lakh rupees in a f/y, is exempted from obtaining registration

Provided that the aggregate value of such supplies, to be computed on all India basis, should not exceed an amount of 10 lakh rupees in case of “special category States” as specified in article 279A(4)(g) of Constitution, other than State of J&K

(10) **Every Electronic commerce operator** who is required to collect tax at source u/s 52

(11) Every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than registered person; and

(12) Such other person/ class of persons as notified by Govt on recommendations of Council.

Special point :

1. **Sec 2(77) : “Non-resident taxable person”** means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.
2. **Sec 2(61) : “Input Service Distributor”** means an office of the supplier of goods or services or both which receives tax invoices issued u/s 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office.
3. **Sec 2(20) : “Casual taxable person”** means a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.
4. **Sec 2(45) : “Electronic commerce operator”** means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce;
5. **Sec 51 : Person required to deduct Tax**

(1) Notwithstanding anything to contrary contained in this Act, Government may mandate,—

- (a) Department or establishment of the Central Government or State Government; or
- (b) Local authority; or
- (c) Governmental agencies; or
- (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council, (hereafter in this section referred to as “the deductor”),

to deduct tax at the rate of 1% from the payment made or credited to the supplier (hereafter in this section referred to as “the deductee”) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds 2,50,000:

Provided that no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

6. Sec 52 : Collection of Tax at source

- Notwithstanding anything to the contrary contained in this Act,
- every electronic commerce operator (“operator”),
- not being agent,
- shall collect amount calculated at such rate not exceeding 1%.,
- as may be notified by Government
- on recommendations of Council,
- of net value of taxable supplies made through it by other suppliers where consideration with respect to such supplies is to be collected by operator.

Sec 25 : Procedure for registration**Sec 25(1) : Time limit**

- Every person who is liable to be registered u/s 22 or u/s 24
- shall apply for registration in every such State or Union territory
- in which he is so liable
- within 30 days from the date
- on which he becomes liable to registration,
- in such manner and subject to such conditions as may be prescribed:

Provided that **a casual taxable person or a non-resident taxable person** shall apply for registration **at least 5 days prior** to the commencement of business.

“Provided further that a person having a unit, as defined in the SEZ Act, 2005, in a SEZ or being a SEZ developer shall have to apply for a separate registration, as distinct from his place of business located outside the Special Economic Zone in the same State or Union territory.”;

Explanation : Every person who makes a supply from the territorial waters of India shall obtain registration in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

Special point :

Rule 10 : Effective date of registration

- The registration shall be effective from the date on which the person becomes liable to registration where the application for registration has been submitted within 30 days from such date.
- Where an application for registration has been submitted by applicant after the expiry of 30 days from the date of his becoming liable to registration, the effective date of registration shall be the date of the grant of registration

Sec 25(2) : Single / Multiple registration

A person seeking registration under this Act shall be granted a single registration in a State or Union territory:

"Provided that a person having multiple places of business in a State or Union territory may be granted a separate registration for each such place of business, subject to such conditions as may be prescribed."

Special point :

Rule 8 : A person having a unit(s) in a **SEZ** or being a SEZ developer shall make a **separate application for registration** as a business vertical distinct from his other units located outside the Special Economic Zone.

Sec 25(3) : Voluntary registration

- A person, though not liable to be registered u/s 22 or u/s 24
- may get himself registered voluntarily, a
- nd all provisions of this Act,
- as are applicable to a registered person,
- shall apply to such person.

Sec 25(4) : Distinct person

- A person who has obtained or
- is required to obtain more than one registration,
- whether in one State or Union territory or more than one State or Union territory
- shall, in respect of each such registration,
- be treated as distinct persons for the purposes of this Act.

Sec 25(5) : Establishments of distinct persons

- Where a person who has obtained or is required to obtain registration
- in a State or Union territory in respect of an establishment,
- has an establishment in another State or Union territory,
- then such establishments
- shall be treated as establishments of distinct persons
- for the purposes of this Act.

Sec 25(6) : Requirement of PAN

Every person shall have a PAN issued under the Income tax Act, 1961 in order to be eligible for grant of registration:

Provided that a person required to deduct tax under section 51 may have, in lieu of a PAN, a Tax Deduction and Collection Account Number issued under the said Act in order to be eligible for grant of registration.

(6A) Every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in such form and manner and within such time as may be prescribed:

Provided that if an Aadhaar number is not assigned to the registered person, such person shall be offered alternate and viable means of identification in such manner as Government may, on the recommendations of the Council, prescribe:

Provided further that in case of failure to undergo authentication or furnish proof of possession of Aadhaar number or furnish alternate and viable means of identification, registration allotted to such person shall be deemed to be invalid and the other provisions of this Act shall apply as if such person does not have a registration.

(6B) On and from the date of notification, every individual shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number, in such manner as the Government may, on the recommendations of the Council, specify in the said notification:

Provided that if an Aadhaar number is not assigned to an individual, such individual shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

(6C) On and from the date of notification, every person, other than an individual, shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number of the Karta, Managing Director, whole time Director, such number of partners, Members of Managing Committee of Association, Board of Trustees, authorised representative, authorised signatory and such other class of persons, in such manner, as the Government may, on the recommendations of the Council, specify in the said notification:

Provided that where such person or class of persons have not been assigned the Aadhaar Number, such person or class of persons shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

(6D) The provisions of sub-section (6A) or sub-section (6B) or sub-section (6C) shall not apply to such person or class of persons or any State or Union territory or part thereof, as the Government may, on the recommendations of the Council, specify by notification.

Sec 25(8) : Compulsory registration

- Where a person who is liable to be registered under this Act
- fails to obtain registration,
- the proper officer may,
- without prejudice to any action which may be taken under this Act or under any other law for the time being in force,
- proceed to register such person
- in such manner as may be prescribed.

Sec 25 (9) : UN/Diplomats

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

(a) any specialised agency of UNO or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries; and

(b) Any other person or class of persons, as may be notified by the Commissioner,

shall be granted a Unique Identity Number in such manner and for such purposes, including refund of taxes on the notified supplies of goods or services or both received by them, as may be prescribed.

Sec 25(10) : Granting of registration

The registration or the Unique Identity Number shall be granted or rejected after due verification in such manner and within such period as may be prescribed.

Sec 25(11) : Certificate of registration

A certificate of registration shall be issued in such form & with effect from such date as may be prescribed.

Sec 25(12) : Deemed registration

- A registration or a Unique Identity Number shall be
- deemed to have been granted
- after the expiry of the period prescribed under sub-section (10),
- if no deficiency has been communicated to the applicant within that period.

Sec 26 : Deemed registration / Non registration

(1) The grant of registration or the Unique Identity Number under the SGST Act or the UTGST Act shall be deemed to be a grant of registration or the Unique Identity Number under this Act subject to the condition that the application for registration or the Unique Identity Number has not been rejected under this Act within the time specified u/s 25(10).

(2) Notwithstanding anything contained u/s 25(10), any rejection of application for registration or the Unique Identity Number under the SGST Act or the UTGST Tax Act shall be deemed to be a rejection of application for registration under this Act.

Sec 27 : Special provisions relating to casual taxable person and non-resident taxable person.

(1) The certificate of registration issued to a casual taxable person or a non resident taxable person shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier and such person shall make taxable supplies only after the issuance of the certificate of registration:

Provided that the proper officer may, on sufficient cause being shown by the said taxable person, extend the said period of ninety days by a further period not exceeding ninety days.

(2) A casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration u/s 25(1), make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought:

Provided that where any extension of time is sought under sub-section (1), such taxable person shall deposit an additional amount of tax equivalent to the estimated tax liability of such person for the period for which the extension is sought.

(3) The amount deposited under sub-section (2) shall be credited to the electronic cash ledger of such person and shall be utilised in the manner provided under section 49.

Sec 28 : Amendment of registration

(1) Every registered person and a person to whom a Unique Identity Number has been assigned shall inform the proper officer of any changes in the information furnished at the time of registration or subsequent thereto, in such form and manner and within such period as may be prescribed.

(2) The proper officer may, on the basis of information furnished under sub-section (1) or as ascertained by him, approve or reject amendments in the registration particulars in such manner and within such period as may be prescribed:

Provided that approval of the proper officer shall not be required in respect of amendment of such particulars as may be prescribed:

Provided further that the proper officer shall not reject the application for amendment in the registration particulars without giving the person an opportunity of being heard.

Sec 29 : Cancellation Of registration + Rule 20 -22

Sec 29(1) : Application for cancellation or Suspension

The proper officer may,

- either on his own motion or
- on an application filed by registered person or by his legal heirs, in case of death of such person,
[Form REG -16 within 30 days of event*]
- cancel the registration,

having regard to the circumstances where,—

(a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or

(b) there is any change in the constitution of the business; or

(c) the taxable person is no longer liable to be registered u/s 22 or u/s 24 or intends to optout of registration voluntarily made u/s 25(3).

“Provided that during pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended for such period and in such manner as may be prescribed.”

Special point :

**** Where a person was voluntarily registered, the application can be filed only after the expiry of 1 year from the effective date of registration***

Clarification that transfer/change in the ownership of business to include the transfer /change in the ownership of business due to death of the sole proprietor

Section 29(1) of the CGST Act provides that reason of transfer of business includes “death of the proprietor”.

Similarly, for uniformity and for the purpose of section 22(3) of the said Act, it is clarified that transfer or change in the ownership of business under said section will include transfer/change in the ownership of business due to death of the sole proprietor.

Circular No. 96/15/2019 GST dated 28.03.2019

Sec 29(2) : Cancellation by Proper officer on contravention

The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where,—

- (a) a registered person has contravened such provisions of the Act or the rules as may be prescribed; or
- (b) a person paying tax u/s 10 has not furnished returns for **3 consecutive tax periods**; or
- (c) any registered person, other than a person specified in clause (b), has not furnished returns for a continuous period of six months; or
- (d) any person who has taken voluntary registration u/s 25(3) has not commenced business within six months from the date of registration; or
- (e) registration has been obtained by means of fraud, wilful misstatement or suppression of facts:

Provided that the proper officer shall not cancel the registration without giving the person an opportunity of being heard.

“Provided further that during pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration for such period and in such manner as may be prescribed.”.

Sec 29(3): Cancellation not to effect liability

The cancellation of registration under this section shall not affect the liability of the person to pay tax and other dues under this Act or to discharge any obligation under this Act or the rules made thereunder for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.

Sec 29(4) : Cancellation under SGST/UTGST

The cancellation of registration under the SGST Act or the UTGST Act, as the case may be, shall be deemed to be a cancellation of registration under this Act.

Sec 29(5) : Reversal of credit

Every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher, calculated in such manner as may be prescribed:

Provided that in case of capital goods or plant and machinery, the taxable person shall pay an amount equal to the ITC taken on the said capital goods or plant and machinery, reduced by such **percentage points as may be prescribed** or the tax on the transaction value of such capital goods or plant and machinery under section 15, whichever is higher.

Sec 30 : Revocation of cancellation of registration (Rule 23)**Sec 30(1) : Application for revocation**

Subject to such conditions as may be prescribed, any registered person, whose registration is cancelled by the proper officer on his own motion, may apply [**Form REG-21**] to such officer for revocation of cancellation of the registration in the prescribed manner within 30 days from the date of service of the cancellation order.

“Provided that such period may, on sufficient cause being shown, & for reasons to be recorded in writing, be extended,—

(a) by Additional Commissioner or Joint Commissioner, as the case may be, for a period not exceeding 30 days;

(b) by Commissioner, for a further period not exceeding 30 days, beyond the period specified in clause (a).

Sec 30(2) : Order of revocation

The proper officer may, in such manner and within such period as may be prescribed, by order, either revoke cancellation of the registration or reject the application:

Provided that the application for revocation of cancellation of registration shall not be rejected unless the applicant has been given an opportunity of being heard.

Sec 30(3) : Revocation under SGST/UTGST

The revocation of cancellation of registration under the SGST Act or the UTGST Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under this Act.

RULE 8 to 26 : REGISTRATION

Rule 8 : Application for registration

(1) Every person, other than a non-resident taxable person, a person required to deduct tax at source under section 51, a person required to collect tax at source under section 52 and a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 who is liable to be registered under sub-section (1) of section 25 and every person seeking registration under sub-section (3) of section 25 (hereafter in this Chapter referred to as —the applicant) shall, before applying for registration, declare his Permanent Account Number, mobile number, e-mail address, State or Union territory in **Part A** of **FORM GST REG-01** on the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that a person having a unit(s) in a Special Economic Zone or being a Special Economic Zone developer shall make a separate application for registration as a business vertical distinct from his other units located outside the Special Economic Zone:

Provided further that every person being an Input Service Distributor shall make a separate application for registration as such Input Service Distributor.

(2)

(a) The Permanent Account Number shall be validated online by the common portal from the database maintained by the Central Board of Direct Taxes.

(b) The mobile number declared under sub-rule (1) shall be verified through a one-time password sent to the said mobile number; and

(c) The e-mail address declared under sub-rule (1) shall be verified through a separate one-time password sent to the said e-mail address.

(3) On successful verification of the Permanent Account Number, mobile number and e-mail address, a temporary reference number shall be generated and communicated to the applicant on the said mobile number and e-mail address.

(4) Using the reference number generated under sub-rule (3), the applicant shall electronically submit an application in **Part B** of **FORM GST REG-01**, duly signed or verified through electronic verification code, along with the documents specified in the said Form at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

(4A) The applicant shall, while submitting an application under sub-rule (4), with effect from 01.04.2020, undergo authentication of Aadhaar number for grant of registration.

(5) On receipt of an application under sub-rule (4), an acknowledgement shall be issued electronically to the applicant in **FORM GST REG-02**.

(6) A person applying for registration as a casual taxable person shall be given a temporary reference number by the common portal for making advance deposit of tax in accordance with the provisions of section 27 and the acknowledgement under sub-rule (5) shall be issued electronically only after the said deposit.

Rule 9 : Verification of the application and approval

(1) The application shall be forwarded to the proper officer who shall examine the application and the accompanying documents and if the same are found to be in order, approve the grant of registration to the applicant within a period of three working days from the date of submission of the application.

Provided that where a person, other than those notified under sub-section (6D) of section 25, fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8, then the registration shall be granted only after physical verification of the principle place of business in the presence of the said person, not later than sixty days from the date of application, in the manner provided under rule 25 and the provisions of sub-rule (5) shall not be applicable in such cases.

(2) Where the application submitted under rule 8 is found to be deficient, either in terms of any information or any document required to be furnished under the said rule, or where the proper officer requires any clarification with regard to any information provided in the application or documents furnished therewith, he may issue a notice to the applicant electronically in **FORM GST REG-03** within a period of three working days from the date of submission of the application and the applicant shall furnish such clarification, information or documents electronically, in **FORM GST REG-04**, within a period of seven working days from the date of the receipt of such notice.

Explanation.- For the purposes of this sub-rule, the expression —clarification‡ includes modification or correction of particulars declared in the application for registration, other than Permanent Account Number, State, mobile number and e-mail address declared in **Part A of FORM GST REG-01**.

(3) Where the proper officer is satisfied with the clarification, information or documents furnished by the applicant, he may approve the grant of registration to the applicant within a period of seven working days from the date of the receipt of such clarification or information or documents.

(4) Where no reply is furnished by the applicant in response to the notice issued under sub-rule (2) or where the proper officer is not satisfied with the clarification, information or documents furnished, he shall, for reasons to be recorded in writing, reject such application and inform the applicant electronically in **FORM GST REG-05**.

(5) If the proper officer fails to take any action, -

- (a) within a period of three working days from the date of submission of the application; or
- (b) within a period of seven working days from the date of the receipt of the clarification, information or documents furnished by the applicant under sub-rule (2), the application for grant of registration shall be deemed to have been approved.

Rule 10 : Issue of registration certificate

(1) Subject to the provisions of sub-section (12) of section 25, where the application for grant of registration has been approved under rule 9, a certificate of registration in **FORM GST REG-06** showing the principal place of business and additional place or places of business shall be made available to the applicant on the common portal and a Goods and Services Tax Identification Number shall be assigned subject to the following characters, namely:-

- (a) two characters for the State code;
 - (b) ten characters for the Permanent Account Number or the Tax Deduction and Collection Account Number;
 - (c) two characters for the entity code; and
 - (d) one checksum character.
- (2) The registration shall be effective from the date on which the person becomes liable to registration where the application for registration has been submitted within a period of thirty days from such date.
- (3) Where an application for registration has been submitted by the applicant after the expiry of thirty days from the date of his becoming liable to registration, the effective date of registration shall be the date of the grant of registration under sub-rule (1) or sub-rule (3) or sub-rule (5) of rule 9.
- (4) Every certificate of registration shall be [duly signed or verified through electronic verification code by the proper officer under the Act.
- (5) Where the registration has been granted under sub-rule (5) of rule 9, the applicant shall be communicated the registration number, and the certificate of registration under sub-rule (1), duly signed or verified through electronic verification code, shall be made available to him on the common portal, within a period of three days after the expiry of the period specified in sub-rule (5) of rule 9.

Rule 10A : Furnishing of Bank Account Details.

After a certificate of registration in **FORMGST REG-06** has been made available on the common portal and a Goods and Services Tax Identification Number has been assigned, the registered person, except those who have been granted registration under rule 12 or, as the case may be rule 16, shall as soon as may be, but not later than forty five days from the date of grant of registration or the date on which the return required under section 39 is due to be furnished, whichever is earlier, furnish information with respect to details of bank account, or any other information, as may be required on the common portal in order to comply with any other provision.

Rule 11 : Separate registration for multiple places of business within a State or a Union territory.

(1) Any person having multiple places of business within a State or a Union territory, requiring a separate registration for any such place of business under sub-section (2) of section 25 shall be granted separate registration in respect of each such place of business subject to the following conditions, namely:-

- (a) such person has more than one place of business as defined in clause (85) of section 2;
- (b) such person shall not pay tax under section 10 for any of his places of business if he is paying tax under section 9 for any other place of business;
- (c) all separately registered places of business of such person shall pay tax under the Act on supply of goods or services or both made to another registered place of business of such person and issue a tax invoice or a bill of supply, as the case may be, for such supply.

Explanation. - For the purposes of clause (b), it is hereby clarified that where any place of business of a registered person that has been granted a separate registration becomes ineligible to pay tax under section 10, all other registered places of business of the said person shall become ineligible to pay tax under the said section.

(2) A registered person opting to obtain separate registration for a place of business shall submit a separate application in **FORM GST REG-01** in respect of such place of business.

(3) The provisions of rule 9 and rule 10 relating to the verification and the grant of registration shall, *mutatis mutandis*, apply to an application submitted under this rule.

Rule 12 : Grant of registration to persons required to deduct tax at source or to collect tax at source.-

(1) Any person required to deduct tax in accordance with the provisions of section 51 or a person required to collect tax at source in accordance with the provisions of section 52 shall electronically submit an application, duly signed or verified through electronic verification code, in **FORM GST REG-07** for the grant of registration through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

(1A) A person applying for registration to deduct or collect tax in accordance with the provisions of section 51, or, as the case may be, section 52, in a State or Union territory where he does not have a physical presence, shall mention the name of the State or Union territory in **PART A** of the application in **FORM GST REG-07** and mention the name of the State or Union territory in **PART B** thereof in which the principal place of business is located which may be different from the State or Union territory mentioned in **PART A**.

(2) The proper officer may grant registration after due verification and issue a certificate of registration in **FORM GST REG-06** within a period of three working days from the date of submission of the application.

(3) Where, upon an enquiry or pursuant to any other proceeding under the Act, the proper officer is satisfied that a person to whom a certificate of registration in **FORM GST REG-06** has been issued is no longer liable to deduct tax at source under section 51 or collect tax at source under section 52, the said officer may cancel the registration issued under sub-rule (2) and such cancellation shall be communicated to the said person electronically in **FORM GST REG-08**:

Provided that the proper officer shall follow the procedure as provided in rule 22 for the cancellation of registration.

Rule 13 : Grant of registration to non-resident taxable person.

(1) A non-resident taxable person shall electronically submit an application, along with a self-attested copy of his valid passport, for registration, duly signed or verified through electronic verification code, in **FORM GST REG-09**, at least five days prior to the commencement of business at the common portal either directly or through a Facilitation Centre notified by the Commissioner:

Provided that in the case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its Permanent Account Number, if available.

(2) A person applying for registration as a non-resident taxable person shall be given a temporary reference number by the common portal for making an advance deposit of tax in accordance with the provisions of section 27 and the acknowledgement under sub-rule (5) of rule 8 shall be issued electronically only after the said deposit in his electronic cash ledger.

(3) The provisions of rule 9 and rule 10 relating to the verification and the grant of registration shall, *mutatis mutandis*, apply to an application submitted under this rule.

(4) The application for registration made by a non-resident taxable person shall be duly signed or verified through electronic verification code by his authorised signatory who shall be a person resident in India having a valid Permanent Account Number.

Rule 14 : Grant of registration to a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient.

(1) Any person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient shall electronically submit an application for registration, duly signed or verified through electronic verification code, in **FORM GST REG-10**, at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

(2) The applicant referred to in sub-rule (1) shall be granted registration, in **FORM GST REG-06**, subject to such conditions and restrictions and by such officer as may be notified by the Central Government on the recommendations of the Council.

Rule 15 : Extension in period of operation by casual taxable person and non-resident taxable person.

(1) Where a registered casual taxable person or a non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in **FORM GST REG-11** shall be submitted electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner, by such person before the end of the validity of registration granted to him.

(2) The application under sub-rule (1) shall be acknowledged only on payment of the amount specified in sub-section (2) of section 27.

Rule 16 : Suomoto registration. (1) Where, pursuant to any survey, enquiry, inspection, search or any other proceedings under the Act, the proper officer finds that a person liable to registration under the Act has failed to apply for such registration, such officer may register the said person on a temporary basis and issue an order in **FORM GST REG- 12**.

(2) The registration granted under sub-rule (1) shall be effective from the date of such order granting registration.

(3) Every person to whom a temporary registration has been granted under sub-rule (1) shall, within a period of ninety days from the date of the grant of such registration, submit an application for registration in the form and manner provided in rule 8 or rule 12:

Provided that where the said person has filed an appeal against the grant of temporary registration, in such case, the application for registration shall be submitted within a period of thirty days from the date of the issuance of the order upholding the liability to registration by the Appellate Authority.

(4) The provisions of rule 9 and rule 10 relating to verification and the issue of the certificate of registration shall, *mutatis mutandis*, apply to an application submitted under sub-rule (3).

(5) The Goods and Services Tax Identification Number assigned, pursuant to the verification under sub-rule (4), shall be effective from the date of the order granting registration under sub-rule (1).

Rule 17 : Assignment of Unique Identity Number to certain special entities.

(1) Every person required to be granted a Unique Identity Number in accordance with the provisions of sub-section (9) of section 25 may submit an application electronically in **FORM GST REG-13**, duly signed or verified through electronic verification code, in the manner specified in rule 8 at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

(1A) The Unique Identity Number granted under sub-rule (1) to a person under clause (a) of sub-section (9) of section 25 shall be applicable to the territory of India.

(2) The proper officer may, upon submission of an application in **FORM GST REG-13** or after filling up the said form or after receiving a recommendation from the Ministry of External Affairs, Government of India, assign a Unique Identity Number to the said person and issue a certificate in **FORM GST REG-06** within a period of three working days from the date of the submission of the application.

Rule 18 : Display of registration certificate and Goods and Services Tax Identification Number on the name board.(1)Every registered person shall display his certificate of registration in a prominent location at his principal place of business and at every additional place or places of business.

(2)Every registered person shall display his Goods and Services Tax Identification Number on the name board exhibited at the entry of his principal place of business and at every additional place or places of business.

Rule 19 : Amendment of registration.

(1)Where there is any change in any of the particulars furnish edin the application for registration in **FORM GST REG-01** or **FORM GST REG-07** or **FORM GST REG-09** or **FORM GST REG-10** or for Unique Identity Number in **FORM GST-REG-13**,either at the time of obtaining registration or Unique Identity Number or as amended from time to time, the registered person shall, within a period of fifteen days of such change, submit an application, duly signed or verified through electronic verification code, electronically in **FORM GST REG-14**, along with the documents relating to such change at the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that –(a) where the change relates to,-

(i) legal name of business;

(ii) address of the principal place of business or any additional place(s) of business; or

(iii) addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for the day to day affairs of the business,- which does not warrant cancellation of registration under section 29, the proper officer shall, after due verification, approve the amendment within a period of fifteen working days from the date of the receipt of the application in **FORM GST REG-14** and issue an order in **FORM GST REG-15** electronically and such amendment shall take effect from the date of the occurrence of the event warranting such amendment;

(b) the change relating to sub-clause (i) and sub-clause (iii) of clause (a) in any State or Union territory shall be applicable for all registrations of the registered person obtained under the provisions of this Chapter on the same Permanent Account Number;

(c) where the change relates to any particulars other than those specified in clause (a), the certificate of registration shall stand amended upon submission of the application in **FORM GST REG- 14** on the common portal;

(d) where a change in the constitution of any business results in the change of the Permanent Account Number of a registered person, the said person shall apply for fresh registration in **FORM GST REG-01**: Provided further that any change in the mobile number or e-mail address of the authorised signatory submitted under this rule, as amended from time to time, shall be carried out only after online verification through the common portal in the manner provided under sub-rule(2) of rule 8.

(1A) Notwithstanding anything contained in sub-rule (1), any particular of the application for registration shall not stand amended with effect from a date earlier than the date of submission of the application in **FORM GST REG-14** on the common portal except with the order of the Commissioner for reasons to be recorded in writing and subject to such conditions as the Commissioner may, in the said order, specify.]22

(2) Where the proper officer is of the opinion that the amendment sought under sub-rule (1) is either not warranted or the documents furnished therewith are incomplete or incorrect, he may, within a period of fifteen working days from the date of the receipt of the application in **FORM GST REG-14**, serve a notice in **FORM GST REG-03**, requiring the registered person to show cause, within a period of seven working days of the service of the said notice, as to why the application submitted under sub-rule (1) shall not be rejected.

(3) The registered person shall furnish a reply to the notice to show cause, issued under sub-rule (2), in **FORM GST REG-04**, within a period of seven working days from the date of the service of the said notice.

(4) Where the reply furnished under sub-rule (3) is found to be not satisfactory or where no reply is furnished in response to the notice issued under sub-rule (2) within the period prescribed in sub-rule (3), the proper officer shall reject the application submitted under sub-rule (1) and pass an order in **FORM GST REG -05**.

(5) If the proper officer fails to take any action,-

(a) within a period of fifteen working days from the date of submission of the application, or

(b) within a period of seven working days from the date of the receipt of the reply to the notice to show cause under sub-rule (3), the certificate of registration shall stand amended to the extent applied for and the amended certificate shall be made available to the registered person on the common portal.

Rule 20 : Application for cancellation of registration A registered person, other than a person to whom a registration has been granted under rule 12 or a person to whom a Unique Identity Number has been granted under rule 17, seeking cancellation of his registration under sub-section (1) of section 29 shall electronically submit an application in **FORM GST REG-16**, including therein the details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock and of capital goods held in stock on the date from which the cancellation of registration is sought, liability thereon, the details of the payment, if any, made against such liability and may furnish, along with the application, relevant documents in support thereof, at the common portal within a period of thirty days of the occurrence of the event warranting the cancellation, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that no application for the cancellation of registration shall be considered in case of a taxable person, who has registered voluntarily, before the expiry of a period of one year from the effective date of registration.

Rule 21 : Registration to be cancelled in certain cases

The registration granted to a person is liable to be cancelled, if the said person,-

- (a) does not conduct any business from the declared place of business; or
- (b) issues invoice or bill without supply of goods or services in violation of the provisions of this Act, or the rules made thereunder; or
- (c) violates the provisions of section 171 of the Act or the rules made thereunder.
- (d) violates the provision of rule 10A

Rule 21A : Suspension of registration

(1) Where a registered person has applied for cancellation of registration under rule 20, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration under rule 22.

(2) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under section 29 or under rule 21, he may, after affording the said person a reasonable opportunity of being

heard, suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration under rule 22.

(3) A registered person, whose registration has been suspended under sub-rule (1) or sub-rule (2), shall not make any taxable supply during the period of suspension and shall not be required to furnish any return under section 39.

Explanation.—For the purposes of this sub-rule, the expression “shall not make any taxable supply” shall mean that the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the period of suspension.

(4) The suspension of registration under sub-rule (1) or sub-rule (2) shall be deemed to be revoked upon completion of the proceedings by the proper officer under rule 22 and such revocation shall be effective from the date on which the suspension had come into effect.

(5) Where any order having the effect of revocation of suspension of registration has been passed, the provisions of clause (a) of sub-section (3) of section 31 and section 40 in respect of the supplies made during the period of suspension and the procedure specified therein shall apply.

Sec22 : Cancellation of registration

(1) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under section 29, he shall issue a notice to such person in **FORM GST REG-17**, requiring him to show cause, within a period of seven working days from the date of the service of such notice, as to why his registration shall not be cancelled.

(2) The reply to the show cause notice issued under sub-rule (1) shall be furnished in **FORM REG-18** within the period specified in the said sub-rule.

(3) Where a person who has submitted an application for cancellation of his registration is no longer liable to be registered or his registration is liable to be cancelled, the proper officer shall issue an order in **FORM GST REG-19**, within a period of thirty days from the date of application submitted under sub-rule (1) of rule 20 or, as the case may be, the date of the reply to the show cause issued under sub-rule (1), cancel the registration, with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty including the amount liable to be paid under sub-section (5) of section 29.

(4) Where the reply furnished under sub-rule (2) is found to be satisfactory, the proper officer shall drop the proceedings and pass an order in **FORM GST REG -20**:

Provided that where the person instead of replying to the notice served under sub-rule (1) for contravention of the provisions contained in clause (b) or clause (c) of sub-section (2) of section 29, furnishes all the pending returns and makes full payment of the tax dues along with applicable interest and late fee, the proper officer shall drop the proceedings and pass an order in **FORM GST-REG 20**

(5) The provisions of sub-rule (3) shall, *mutatis mutandis*, apply to the legal heirs of a deceased proprietor, as if the application had been submitted by the proprietor himself.

Rule 23 : Revocation of cancellation of registration (1) A registered person, whose registration is cancelled by the proper officer on his own motion, may submit an application for revocation of cancellation of registration, in **FORM GST REG-21**, to such proper officer, within a period of thirty days from the date of the service of the order of cancellation of registration at the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that no application for revocation shall be filed, if the registration has been cancelled for the failure of the registered person to furnish returns, unless such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns:

Provided further that all returns due for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration shall be furnished by the said person within a period of thirty days from the date of order of revocation of cancellation of registration:

Provided also that where the registration has been cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within a period of thirty days from the date of order of revocation of cancellation of registration

(2) (a) Where the proper officer is satisfied, for reasons to be recorded in writing, that there are sufficient grounds for revocation of cancellation of registration, he shall revoke the cancellation of registration by an order in **FORM GST REG-22** within a period of thirty days from the date of the receipt of the application and communicate the same to the applicant.

(b) The proper officer may, for reasons to be recorded in writing, under circumstances other than those specified in clause (a), by an order in **FORM GST REG-05**, reject the application for revocation of cancellation of registration and communicate the same to the applicant.

(3) The proper officer shall, before passing the order referred to in clause (b) of sub-rule (2), issue a notice in **FORM GST REG-23** requiring the applicant to show cause as to why the application submitted for revocation under sub-rule (1) should not be rejected and the applicant shall furnish the reply within a period of seven working days from the date of the service of the notice in **FORM GST REG-24**.

(4) Upon receipt of the information or clarification in **FORM GST REG-24**, the proper officer shall proceed to dispose of the application in the manner specified in sub-rule (2) within a period of thirty days from the date of the receipt of such information or clarification from the applicant.

Rule 24 : Migration of persons registered under the existing law

(1) (a) Every person, other than a person deducting tax at source or an Input Service Distributor, registered under an existing law and having a Permanent Account Number issued under the provisions of the Income-tax Act, 1961 shall enrol on the common portal by validating his e-mail address and mobile number, either directly or through a Facilitation Centre notified by the Commissioner.

(b) Upon enrolment under clause (a), the said person shall be granted registration on a provisional basis and a certificate of registration in **FORM GST REG-25**, incorporating the Goods and Services Tax Identification Number therein, shall be made available to him on the common portal:

Provided that a taxable person who has been granted multiple registrations under the existing law on the basis of a single Permanent Account Number shall be granted only one provisional registration under the Act:

(2)(a) Every person who has been granted a provisional registration under sub-rule (1) shall submit an application electronically in **FORM GST REG-26**, duly signed or verified through electronic verification code, along with the information and documents specified in the said application, on the common portal either directly or through a Facilitation Centre notified by the Commissioner.

(b) The information asked for in clause (a) shall be furnished within a period of three months or within such further period as may be extended by the Commissioner in this behalf.

(c) If the information and the particulars furnished in the application are found, by the proper officer, to be correct and complete, a certificate of registration in **FORM GST REG-06** shall be made available to the registered person electronically on the common portal.

(3) Where the particulars or information specified in sub-rule (2) have either not been furnished or not found to be correct or complete, the proper officer shall, after serving a notice to show cause in **FORM**

GST REG-27 and after affording the person concerned a reasonable opportunity of being heard, cancel the provisional registration granted under sub-rule (1) and issue an order in **FORM GST REG-28**:

(3A) Where a certificate of registration has not been made available to the applicant on the common portal within a period of fifteen days from the date of the furnishing of information and particulars referred to in clause (c) of sub-rule (2) and no notice has been issued under sub-rule (3) within the said period, the registration shall be deemed to have been granted and the said certificate of registration, duly signed or verified through electronic verification code, shall be made available to the registered person on the common portal.

Provided that the show cause notice issued in **FORM GST REG- 27** can be withdrawn by issuing an order in **FORM GST REG- 20**, if it is found, after affording the person an opportunity of being heard, that no such cause exists for which the notice was issued.

(4) Every person registered under any of the existing laws, who is not liable to be registered under the Act may, on or before 31st March, 2018, at his option, submit an application electronically in **FORM GST REG-29** at the common portal for the cancellation of registration granted to him and the proper officer shall, after conducting such enquiry as deemed fit, cancel the said registration.

Rule 25 : Physical verification of business premises in certain cases

Where the proper officer is satisfied that the physical verification of the place of business of a person is required due to failure of Aadhaar authentication before the grant of registration, or due to any other reason after the grant of registration, he may get such verification of the place of business, in the presence of the said person, done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of fifteen working days following the date of such verification.

Rule 26 : Method of authentication

(1) All applications, including reply, if any, to the notices, returns including the details of outward and inward supplies, appeals or any other document required to be submitted under the provisions of these rules shall be so submitted electronically with digital signature certificate or through e-signature as specified under the provisions of the Information Technology Act, 2000 (21 of 2000) or verified by any other mode of signature or verification as notified by the Board in this behalf:

Provided that a registered person registered under the provisions of the Companies Act, 2013 shall furnish the documents or application verified through digital signature certificate.

Provided further that a registered person registered under the provisions of the Companies Act, 2013 shall, during the period from the 21st day of April, 2020 to the 30th day of September, 2020, also be allowed to furnish the return under section 39 in **FORM GSTR-3B** verified through electronic verification code (EVC).

Provided also that a registered person registered under the provisions of the Companies Act, 2013 shall, during the period from the 27th day of May, 2020 to the 30th day of September, 2020, also be allowed to furnish the details of outward supplies under section 37 in **FORM GSTR-1** verified through electronic verification code (EVC).

(2) Each document including the return furnished online shall be signed or verified through electronic verification code-

(a) in the case of an individual, by the individual himself or where he is absent from India, by some other person duly authorised by him in this behalf, and where the individual is mentally incapacitated from attending to his affairs, by his guardian or by any other person competent to act on his behalf;

(b) in the case of a Hindu Undivided Family, by a Karta and where the Karta is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family or by the authorised signatory of such Karta;

(c) in the case of a company, by the chief executive officer or authorised signatory thereof;

(d) in the case of a Government or any Governmental agency or local authority, by an officer authorised in this behalf;

(e) in the case of a firm, by any partner thereof, not being a minor or authorised signatory thereof;

(f) in the case of any other association, by any member of the association or persons or authorised signatory thereof;

(g) in the case of a trust, by the trustee or any trustee or authorised signatory thereof; or

(h) in the case of any other person, by some person competent to act on his behalf, or by a person authorised in accordance with the provisions of section 48.

(3) All notices, certificates and orders under the provisions of this Chapter shall be issued electronically by the proper officer or any other officer authorised to issue such notices or certificates or orders, through digital signature certificate[or through E-signature as specified under the provisions of the Information Technology Act, 2000 or verified by any other mode of signature or verification as notified by the Board in this behalf.

CHAPTER - 12
TAX INVOICE**Sec 31 : Tax Invoice****Sec 31(1) : Time limit for issue of invoice of goods**

A registered person **supplying taxable goods** shall, before or at the time of,—

- (a) **removal of goods for supply to the recipient**, where the supply involves movement of goods; or
- (b) **delivery of goods or making available thereof to the recipient**, in any other case,

issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:

Sec 31(2) : Time limit for issue of invoice of services

A registered person supplying taxable services shall, before or after the provision of service but within a **prescribed period**, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:

“Provided that the Government may, on the recommendations of the Council, by notification,—

(a) specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;

(b) subject to the condition mentioned therein, specify the categories of services in respect of which—

- (i) any other document issued in relation to the supply shall be deemed to be a tax invoice; or
- (ii) tax invoice may not be issued.”

Special point :

Rule 47 : Time limit for issuing tax invoice

The invoice in the case of the taxable supply of services, shall be issued within a period of **30 days** from the date of the supply of service:

Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be **45 days** from the date of the supply of service:

Sec 31(3) : Special cases

Notwithstanding anything contained in sub-sections (1) and (2)—

- (a) A registered person may, within **one month** from the date of issuance of certificate of registration and in prescribed manner, issue a revised invoice against the invoice already issued during the period

beginning with the effective date of registration till the date of issuance of certificate of registration to him;

(b) registered person may not issue a tax invoice if the value of the goods or services or both supplied is less than ₹200 subject to such conditions and in such manner as may be prescribed;

(c) registered person supplying exempted goods or services or both or paying tax under section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed:

Provided that the registered person may not issue a bill of supply if value of goods or services or both supplied is less than 200 rupees subject to prescribed conditions and prescribed manner

(d) registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment

(e) where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment;

(f) a registered person who is liable to pay tax u/s section 9(3) or 9(4) shall 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;

(g) a registered person who is liable to pay tax u/s 9(3) or 9(4) shall issue a payment voucher at the time of making payment to the supplier.

Sec 31(4) : Invoice in case of continuous supply of goods

- In case of continuous supply of goods,
- where successive statements of accounts or successive payments
- are involved,
- the invoice shall be issued
- before or at the time each such statement is issued or,
- as the case may be, each such payment is received.

Sec 31(5) : Invoice in case of continuous supply of services

Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services,—

(a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;

(b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;

(c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

Sec 31 (6) : Supply ceases before completion

- In a case where the supply of services ceases under a contract
- before the completion of the supply,
- the invoice shall be issued
- at the time when the supply ceases and
- such invoice shall be issued to the extent
- of the supply made before such cessation.

Sec 31(7) : Goods sent on approval basis

- Notwithstanding anything contained in sub-section (1),
- where the goods being sent or taken on approval for sale or return
- are removed before the supply takes place,
- the invoice shall be issued
- before or at the time of supply or
- six months from the date of removal,
- whichever is earlier.

Explanation.—For the purposes of this section, the expression “tax invoice” shall include any revised invoice issued by the supplier in respect of a supply made earlier.

Sec 31A : Electronic payments

The Government may, on the recommendations of council, prescribe class of registered persons who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him and give option to such recipient to make payment accordingly, in such manner and subject to such conditions and restrictions, as may be prescribed.

Sec 32. : Prohibition of unauthorised collection of tax

- (1) A person who is not a registered person shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act.
- (2) No registered person shall collect tax except in accordance with the provisions of this Act or the rules made thereunder.

Sec 33 : Amount of tax to be indicated in tax invoice and other documents.

Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

Sec 34 : Credit & Debit Notes

Sec 34(1) : Credit note

- Where one or more tax invoices have been issued and
- the taxable value or tax charged in that tax invoice
- is found to exceed
- the taxable value or
- tax payable in respect of such supply, or
- where the goods supplied are returned by the recipient, or
- where goods or services or both supplied are found to be deficient,
- the registered person,
- who has supplied such goods or services or both,
- may issue to the recipient
- one or more credit notes for supplies made in a financial year
- containing such particulars as may be prescribed.

Sec 34(2) : Declaration of details of credit note

- Any registered person
- who issues a credit note in relation to a supply of goods or services or both
- shall declare the details of such credit note
- in the return for the month during which such credit note has been issued but
- not later than
- September following the end of F/Y in which such supply was made, or
- the date of furnishing of the relevant annual return,
- whichever is earlier,
- and the tax liability shall be adjusted in such manner as may be prescribed:

Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

Sec 34(3) : Debit note

- Where one or more tax invoice have been issued
- for supply of any goods or services or both and
- the taxable value or tax charged in that tax invoice
- is found to be less than the taxable value or tax payable in respect of such supply,
- the registered person,
- who has supplied such goods or services or both,
- shall issue to the recipient
- one or more debit notes for
- supplies made in a financial year”
- containing such particulars as may be prescribed.

Sec 34(4) : Declaration of details of debit note

- Any registered person
- who issues a debit note
- in relation to a supply of goods or services or both
- shall declare the details of such debit note
- in the return for the month during which such debit note has been issued and
- the tax liability shall be adjusted in such manner as may be prescribed.

Explanation : For the purposes of this Act, the expression “debit note” shall include a supplementary invoice.

Rule 46 to 55A : TAX INVOICE, CREDIT AND DEBIT NOTES**Rule 46 : Tax invoice**

Subject to rule 54, a tax invoice referred to in section 31 shall be issued by the registered person containing the following particulars, namely,-

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as — and —/ respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (e) name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is fifty thousand rupees or more;
- (f) name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is less than fifty thousand rupees and the recipient requests that such details be recorded in the tax invoice;
- (g) Harmonised System of Nomenclature code for goods or services;
- (h) description of goods or services;
- (i) quantity in case of goods and unit or Unique Quantity Code thereof;
- (j) total value of supply of goods or services or both;
- (k) taxable value of the supply of goods or services or both taking into account discount or abatement, if any;
- (l) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (m) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (n) place of supply along with the name of the State, in the case of a supply in the course of inter-State trade or commerce;
- (o) address of delivery where the same is different from the place of supply;
- (p) whether the tax is payable on reverse charge basis; and
- (q) signature or digital signature of the supplier or his authorised representative:

Provided that the Board may, on the recommendations of the Council, by notification, specify-

(i) the number of digits of Harmonised System of Nomenclature code for goods or services that a class of registered persons shall be required to mention, for such period as may be specified in the said notification; and

(ii) the class of registered persons that would not be required to mention the Harmonised System of Nomenclature code for goods or services, for such period as may be specified in the said notification:

Provided further that where an invoice is required to be issued under clause (f) of sub-section (3) of section 31, a registered person may issue a consolidated invoice at the end of a month for supplies covered under sub-section (4) of section 9, the aggregate value of such supplies exceeds rupees five thousand in a day from any or all the suppliers:

Provided also that in the case of the export of goods or services, the invoice shall carry an endorsement —SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAXI or —SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAXII, as the case may be, and shall, in lieu of the details specified in clause (e), contain the following details, namely,- (i) name and address of the recipient; (ii) address of delivery; and (iii) name of the country of destination:

Provided also that a registered person, other than the supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens,¹⁸³ may not issue a tax invoice in accordance with the provisions of clause (b) of sub-section (3) of section 31 subject to the following conditions, namely,-

- (a) the recipient is not a registered person; and
- (b) the recipient does not require such invoice, and

shall issue a consolidated tax invoice for such supplies at the close of each day in respect of all such supplies.

Provided also that the signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of an electronic invoice in accordance with the provisions of the Information Technology Act, 2000 (21 of 2000).

Provided also that the Government may, by notification, on the recommendations of the Council, and subject to such conditions and restrictions as mentioned therein, specify that the tax invoice shall have Quick Response (QR) code.

Rule 46A : Invoice-cum-bill of supply.- Notwithstanding anything contained in rule 46 or rule 49 or rule 54, where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single —invoice-cum-bill of supplyI may be issued for all such supplies.¹⁸⁶

Rule 47 : Time limit for issuing tax invoice.- The invoice referred to in rule 46, in the case of the taxable supply of services, shall be issued within a period of thirty days from the date of the supply of service:

Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be forty five days from the date of the supply of service: Provided further that an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council, making taxable supplies of services between distinct persons as specified in section 25, may issue the invoice before or at the

time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made.

48. Manner of issuing invoice.

(1) The invoice shall be prepared in triplicate, in the case of supply of goods, in the following manner, namely,-

- (a) the original copy being marked as ORIGINAL FOR RECIPIENT;
- (b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
- (c) the triplicate copy being marked as TRIPLICATE FOR SUPPLIER.

(2) The invoice shall be prepared in duplicate, in the case of the supply of services, in the following manner, namely,-

- (a) the original copy being marked as ORIGINAL FOR RECIPIENT; and
- (b) the duplicate copy being marked as DUPLICATE FOR SUPPLIER.

(3) The serial number of invoices issued during a tax period shall be furnished electronically through the common portal in **FORM GSTR-1**.

(4) The invoice shall be prepared by such class of registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in **FORM GST INV-01** after obtaining an Invoice Reference Number by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification.

(5) Every invoice issued by a person to whom sub-rule (4) applies in any manner other than the manner specified in the said sub-rule shall not be treated as an invoice.

(6) The provisions of sub-rules (1) and (2) shall not apply to an invoice prepared in the manner specified in sub-rule (4).⁸⁷

87Inserted vide Notf no. 68/2019-CT dt.13.12.2019

Rule 49. Bill of supply.-A bill of supply referred to in clause (c) of sub-section (3) of section 31 shall be issued by the supplier containing the following details, namely,-

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as —|| and —/|| respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (e) Harmonised System of Nomenclature Code for goods or services;
- (f) description of goods or services or both;
- (g) value of supply of goods or services or both taking into account discount or abatement, if any; and
- (h) signature or digital signature of the supplier or his authorised representative:

Provided that the provisos to rule 46 shall, *mutatis mutandis*, apply to the bill of supply issued under this rule:

Provided further that any tax invoice or any other similar document issued under any other Act for the time being in force in respect of any non-taxable supply shall be treated as a bill of supply for the purposes of the Act.

Provided also that the signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of an electronic bill of supply in accordance with the provisions of the Information Technology Act, 2000

Provided also that the Government may, by notification, on the recommendations of the Council, and subject to such conditions and restrictions as mentioned therein, specify that the bill of supply shall have Quick Response (QR) code.

Rule 50 : Receipt voucher.- A receipt voucher referred to in clause (d) of sub-section (3) of section 31 shall contain the following particulars, namely,-

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as —|| and —/|| respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (e) description of goods or services;
- (f) amount of advance taken;
- (g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (h) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce;
- (j) whether the tax is payable on reverse charge basis; and
- (k) signature or digital signature of the supplier or his authorised representative;

Provided that where at the time of receipt of advance,-

- (i) the rate of tax is not determinable, the tax shall be paid at the rate of eighteen per cent.;
- (ii) the nature of supply is not determinable, the same shall be treated as inter-State supply.

Rule 51. Refund voucher

A refund voucher referred to in clause (e) of sub-section (3) of section 31 shall contain the following particulars, namely:-

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as —|| and —/|| respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (e) number and date of receipt voucher issued in accordance with the provisions of rule 50;
- (f) description of goods or services in respect of which refund is made;
- (g) amount of refund made;
- (h) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) amount of tax paid in respect of such goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (j) whether the tax is payable on reverse charge basis; and
- (k) signature or digital signature of the supplier or his authorised representative.

Rule 52 : Payment voucher

A payment voucher referred to in clause (g) of sub-section (3) of section 31 shall contain the following particulars, namely:-

- (a) name, address and Goods and Services Tax Identification Number of the supplier if registered;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as —|| and —/|| respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;

- (d) name, address and Goods and Services Tax Identification Number of the recipient;
- (e) description of goods or services;
- (f) amount paid;
- (g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (h) amount of tax payable in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce; and
- (j) signature or digital signature of the supplier or his authorised representative.

Rule 53 : Revised tax invoice and credit or debit notes.

(1) A revised tax invoice referred to in section 31 [and credit or debit notes referred to in section 34]90 shall contain the following particulars, namely:-

- (a) the word —Revised Invoice, wherever applicable, indicated prominently;
- (b) name, address and Goods and Services Tax Identification Number of the supplier;
- (c) nature of the document;
- (d) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as —/ and —// respectively, and any combination thereof, unique for a financial year;
- (e) date of issue of the document;
- (f) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (g) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
- (h) serial number and date of the corresponding tax invoice or, as the case may be, bill of supply; and
- (i) value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient;
- (j) signature or digital signature of the supplier or his authorised representative.

(1A) A credit or debit note referred to in section 34 shall contain the following particulars, namely:-

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) nature of the document;
- (c) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as —/ and —// respectively, and any combination thereof, unique for a financial year;
- (d) date of issue of the document;
- (e) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (f) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
- (g) serial number(s) and date(s) of the corresponding tax invoice(s) or, as the case may be, bill(s) of supply;
- (h) value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
- (i) signature or digital signature of the supplier or his authorised representative.

(2) Every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue revised tax invoices in respect of taxable supplies effected during the period starting from the effective date of registration till the date of the issuance of the certificate of registration:

Provided that the registered person may issue a consolidated revised tax invoice in respect of all taxable supplies made to a recipient who is not registered under the Act during such period:

Provided further that in the case of inter-State supplies, where the value of a supply does not exceed two lakh and fifty thousand rupees, a consolidated revised invoice may be issued separately in respect of all the recipients located in a State, who are not registered under the Act.

(3) Any invoice or debit note issued in pursuance of any tax payable in accordance with the provisions of section 74 or section 129 or section 130 shall prominently contain the words —INPUT TAX CREDIT NOT ADMISSIBLE

Rule 54 : Tax invoice in special cases.-

(1) An Input Service Distributor invoice or, as the case may be, an Input Service Distributor credit note issued by an Input Service Distributor shall contain the following details:-

(a) name, address and Goods and Services Tax Identification Number of the Input Service Distributor;

(b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as- —-|, —/| respectively, and any combination thereof, unique for a financial year;

(c) date of its issue;

(d) name, address and Goods and Services Tax Identification Number of the recipient to whom the credit is distributed;

(e) amount of the credit distributed; and

(f) signature or digital signature of the Input Service Distributor or his authorised representative:

Provided that where the Input Service Distributor is an office of a banking company or a financial institution, including a non-banking financial company, a tax invoice shall include any document in lieu thereof, by whatever name called, whether or not serially numbered but containing the information as mentioned above.

(1A) (a) A registered person, having the same PAN and State code as an Input Service Distributor, may issue an invoice or, as the case may be, a credit or debit note to transfer the credit of common input services to the Input Service Distributor, which shall contain the following details:-

i. name, address and Goods and Services Tax Identification Number of the registered person having the same PAN and same State code as the Input Service Distributor;

ii. a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as —-| and —/| respectively, and any combination thereof, unique for a financial year;

iii. date of its issue;

iv. Goods and Services Tax Identification Number of supplier of common service and original invoice number whose credit is sought to be transferred to the Input Service Distributor;

v. name, address and Goods and Services Tax Identification Number of the Input Service Distributor;

vi. taxable value, rate and amount of the credit to be transferred; and

vii. signature or digital signature of the registered person or his authorised representative.

(b) The taxable value in the invoice issued under clause (a) shall be the same as the value of the common services.

(2) Where the supplier of taxable service is an insurer or a banking company or a financial institution, including a non-banking financial company, the said supplier [may]⁹⁵ issue a [consolidated]⁹⁶ tax invoice or any other document in lieu thereof, by whatever name called [for the supply of services made during a month at the end of the month]⁹⁷, whether issued or made available, physically or electronically whether or not serially numbered, and whether or not containing the address of the recipient of taxable service but containing other information as mentioned under rule 46.

Provided that the signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of a consolidated tax invoice or any other document in lieu thereof in accordance with the provisions of the Information Technology Act, 2000 (21 of 2000).

(3) Where the supplier of taxable service is a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, containing the gross weight of the consignment, name of the consigner and the consignee, registration number of goods carriage in which the goods are transported, details of goods transported, details of place of origin and destination, Goods and Services Tax Identification Number of the person liable for paying tax whether as consigner, consignee or goods transport agency, and also containing other information as mentioned under rule 46.

(4) Where the supplier of taxable service is supplying passenger transportation service, a tax invoice shall include ticket in any form, by whatever name called, whether or not serially numbered, and whether or not containing the address of the recipient of service but containing other information as mentioned under rule 46.

Provided that the signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of ticket in accordance with the provisions of the Information Technology Act, 2000 (21 of 2000).

(4A) A registered person supplying services by way of admission to exhibition of cinematograph films in multiplex screens shall be required to issue an electronic ticket and the said electronic ticket shall be deemed to be a tax invoice for all purposes of the Act, even if such ticket does not contain the details of the recipient of service but contains the other information as mentioned under rule 46: Provided that the supplier of such service in a screen other than multiplex screens may, at his option, follow the above procedure.

(5) The provisions of sub-rule (2) or sub-rule (4) shall apply, *mutatis mutandis*, to the documents issued under rule 49 or rule 50 or rule 51 or rule 52 or rule 53.

Rule 55 : Transportation of goods without issue of invoice.

(1) For the purposes of-

- (a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
- (b) transportation of goods for job work,
- (c) transportation of goods for reasons other than by way of supply, or
- (d) such other supplies as may be notified by the Board,

the consigner may issue a delivery challan, serially numbered not exceeding sixteen characters, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely:-

- (i) date and number of the delivery challan;
- (ii) name, address and Goods and Services Tax Identification Number of the consigner, if registered;
- (iii) name, address and Goods and Services Tax Identification Number or Unique Identity Number of the consignee, if registered;
- (iv) Harmonised System of Nomenclature code and description of goods;
- (v) quantity (provisional, where the exact quantity being supplied is not known);
- (vi) taxable value;
- (vii) tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee;
- (viii) place of supply, in case of inter-State movement; and
- (ix) signature.

(2) The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner, namely:–

- (a) the original copy being marked as ORIGINAL FOR CONSIGNEE;
- (b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
- (c) the triplicate copy being marked as TRIPLICATE FOR CONSIGNER.

(3) Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared as specified in rule 138.

(4) Where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.

(5) Where the goods are being transported in a semi knocked down or completely knocked down condition [or in batches or lots-

- (a) the supplier shall issue the complete invoice before dispatch of the first consignment;
- (b) the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- (c) each consignment shall be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
- (d) the original copy of the invoice shall be sent along with the last consignment.

Rule 55A : Tax Invoice or bill of supply to accompany transport of goods.

The person-in-charge of the conveyance shall carry a copy of the tax invoice or the bill of supply issued in accordance with the provisions of rules 46, 46A or 49 in a case where such person is not required to carry an e-way bill under these rules.

CHAPTER - 13
RETURN**Sec 37 to 47****Sec 37 : Furnishing of details of outward supplies.****Sec 37(1) : Furnishing of Return of outward supply (Rule 59)**

- Every registered person,
- other than ISD, Non-resident taxable person and person paying tax u/s 10 or u/s 51 or u/s 52,
- shall furnish, **electronically**,
- in **prescribed form (Form GSTR-1)** and
- **prescribed manner**,
- the details of outward supplies of goods or services or both
- effected during a tax period
- **on or before 10th of month**
- succeeding the said tax period and
- such details shall be communicated (**Form GSTR -2A**) to the recipient of the said supplies
- within such time and in such manner as may be **prescribed**:

Provided that registered person shall not be allowed to furnish the details of outward supplies during the period from the 11th day to 15th day of the month succeeding the tax period:

Provided further that Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details for such class of taxable persons as may be specified therein:

Provided also that any extension of time limit notified by Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be notified by Commissioner.

Sec 37(2) : Supplier to accept/reject details

- Every registered person who has been communicated the details u/s 38(3) or
- details pertaining to inward supplies of ISD u/s 38(4),
- shall either accept or reject the details so communicated,
- on or before the 17th Day, but not before the 15th day,
- of the month succeeding the tax period and
- the details furnished by him under sub-section (1) shall stand amended accordingly.

Sec 37(3) : Time limit for mismatch correction

- Any registered person,
- who has furnished the details under sub-section (1)
- for any tax period and which have remained unmatched u/s 42 or u/s 43,
- shall, upon discovery of any error or omission therein,
- rectify such error or omission
- in such manner as may be prescribed, and
- shall pay the tax and interest, if any,

- in case there is a short payment of tax on account of such error or omission,
- in the return to be furnished for such tax period:

Provided that

- No rectification of error or omission
- in respect of the details furnished under sub-section (1)
- shall be allowed after furnishing of the return u/s 39 for month of September following end of the f/y to which such details pertain, or
- furnishing of relevant annual return,
- whichever is earlier.

Explanation : “Details of outward supplies” shall include details of invoices, debit notes, credit notes and revised invoices issued in relation to outward supplies made during any tax period.

Sec 38 : Furnishing details of inward supplies

Sec 38(1): Preparation of inward return

- Every registered person,
- *other than ISD or Non-resident taxable person or a person paying tax u/s 10 or u/s 51 or u/s 52,*
- shall verify, validate, modify or delete, if required,
- details of outward supplies & credit/debit notes communicated u/s 37(1)[**Form GSTR-2A**]
- to prepare the details of his inward supplies and credit or debit notes and
- may include therein, the details of inward supplies and credit or debit notes received by him in respect of such supplies that have not been declared by the supplier u/s 37(1).

Sec 38(2) : Furnishing of Inward return

- Every registered person,
- *other than ISD or Non-resident taxable person or a person paying tax u/s 10 or u/s 51 or u/s 52,*
- shall furnish, electronically,
- the details of inward supplies of taxable goods or services or both,
- including inward supplies of goods or services or both on which the tax is payable on reverse charge basis under this Act and
- inward supplies of goods or services or both taxable under the IGST Act or
- on which IGST is payable u/s 3 of Customs Tariff Act, 1975, and
- credit or debit notes received in respect of such supplies during a tax period
- after the **10th day but on or before 15th day of month** succeeding the tax period in such form and manner as may be prescribed.[**Form GSTR -2**]

Provided that the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details for such class of taxable persons as may be specified therein:

Provided further that any extension of time limit notified by the Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be notified by Commissioner.

Sec 38(3) : Communication of changes to supplier

The details of supplies modified, deleted or included by the recipient and furnished u/s 38(2) shall be communicated to the supplier concerned in such manner and within such time as may be prescribed.[Form GSTR -1A]

Sec 38(4): Communication of changes to supplier in case of reverse charge

The details of supplies modified, deleted or included by the recipient in the return furnished u/s 39(2) or 39(4) shall be communicated to the supplier concerned in such manner and within such time as may be prescribed.

Sec 38(5) : Time limit for mismatch correction

- Any registered person, who has furnished the details u/s 38(2) for any tax period and
- which have remained unmatched u/s 42 or u/s 43,
- shall, upon discovery of any error or omission therein,
- rectify such error or omission in the tax period during which such error or omission is noticed
- in such manner as may be prescribed, and
- shall pay the tax and interest, if any,
- in case there is a short payment of tax on account of such error or omission,
- in the return to be furnished for such tax period:

Provided that

- No rectification of error or omission
- in respect of the details furnished u/s 38(2)
- shall be allowed after furnishing of the return u/s 39 for the month of September following the end of F/Y to which such details pertain, or
- furnishing of the relevant annual return,
- whichever is earlier.

Sec 39 : Furnishing of returns**Sec 39(1) : Furnishing of monthly return**

- Every registered person,
- other than ISD or a non-resident taxable person or a person paying tax u/s 10 or 51 or u/s 52
- shall, for every calendar month or part thereof, furnish,
- in such form, manner and within such time as may be prescribed.[Form GSTR-3]
- Return, electronically,
- of inward and outward supplies of goods or services or both,
- input tax credit availed,
- tax payable, tax paid and
- such other particulars as may be prescribed,

Provided that the Government may, on the recommendations of the Council, notify certain classes of registered persons who shall furnish return for every quarter or part thereof, subject to such conditions and safeguards as may be specified therein.

Sec 39(2) : Furnishing of Quarterly return by composite dealer

- A registered person paying tax under u/s 10
- shall, for each quarter or part thereof,
- furnish, in such form and manner as may be prescribed, [GSTR-4]
- a return, electronically,
- of turnover in the State or Union territory,
- inward supplies of goods or services or both,
- tax payable and tax paid **within 18 days after the end of such quarter.**

Sec 39(3) : Return by person liable to deduct tax

- Every registered person required to deduct tax at source u/s 51
- shall furnish, in such form and manner as may be prescribed,
- a return, electronically,
- for the month in which such deductions have been made
- within **10 days** after the end of such month.

Sec 39(4) : Return by ISD

- Every taxable person registered as ISD
- shall, for every calendar month or part thereof,
- furnish, in such form and manner as may be prescribed,
- a return, electronically,
- within **13 days** after the end of such month.

Sec 39(5) : Return by non resident taxable person

- Every registered non-resident taxable person
- shall, for every calendar month or part thereof,
- furnish, in such form and manner as may be prescribed,
- a return, electronically,
- within 20 days after the end of a calendar month or
- within 7 days after the last day of the period of registration specified u/s 27(1),
- whichever is earlier.

Sec 39(6) : Extension of time limit

- The Commissioner may,
- for reasons to be recorded in writing,
- by notification, extend the time limit
- for furnishing the returns under this section
- for such class of registered persons as may be specified therein:

Provided that any extension of time limit notified by the Commissioner of State tax or Union territory tax shall be deemed to be notified by the Commissioner.

Sec 39(7) : Last date of payment of tax

- Every registered person, who is required to furnish a return u/s 39,
- shall pay to the Government the tax due as per such return
- not later than the last date on which he is required to furnish such return.

Provided that the Government may, on the recommendations of the Council, notify certain classes of registered persons who shall pay to the Government the tax due or part thereof as per the return on or before the last date on which he is required to furnish such return, subject to such conditions and safeguards as may be specified therein.

Sec 39(8) : Return even if no supplies made

- Every registered person who is required to furnish
- a return u/s 39 (1) or u/s 39 (2)
- shall furnish a return for every tax period
- whether or not any supplies of goods or services or both have been made during such tax period.

Sec 39(9) : Rectification of mistake or omission

- Subject to the provisions of sections 37 and 38,
- If any registered person after furnishing a return u/s 39
- discovers any omission or incorrect particulars therein,
- other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities,
- he shall rectify such omission or incorrect particulars in
- such form and manner as may be perscribed,
- subject to payment of interest under this Act:

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter following the end of the financial year to which such details pertain, or the actual date of furnishing of relevant annual return, whichever is earlier.

Sec 39(10) : Non filing of return

- A registered person shall not be allowed
- to furnish a return for a tax period
- if the return for any of the previous tax periods
- has not been furnished by him.

Sec 40 : First return

- Every registered person
- who has made outward supplies
- in the period between the date on which he became liable to registration
- till the date on which registration has been granted
- shall declare the same in the first return
- furnished by him after grant of registration.

Sec 41 : Claim of input tax credit and provisional acceptance thereof.

(1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to take the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited on a provisional basis to his electronic credit ledger.

(2) The credit referred to in sub-section (1) shall be utilised only for payment of self assessed output tax as per the return referred to in the said sub-section.

Sec 42 : Matching, reversal and reclaim of input tax credit.

(1) The details of every inward supply furnished by a registered person (hereafter in this section referred to as the “recipient”) for a tax period shall, in such manner and within such time as may be prescribed, be matched—

(a) with the corresponding details of outward supply furnished by the corresponding registered person (hereafter in this section referred to as the “supplier”) in his valid return for the same tax period or any preceding tax period;

(b) with the integrated goods and services tax paid under section 3 of the Customs Tariff Act, 1975 in respect of goods imported by him; and

(c) for duplication of claims of input tax credit.

(2) The claim of input tax credit in respect of invoices or debit notes relating to inward supply that match with the details of corresponding outward supply or with the integrated goods and services tax paid under section 3 of the Customs Tariff Act, 1975 in respect of goods imported by him shall be finally accepted and such acceptance shall be communicated, in such manner as may be prescribed, to the recipient.

(3) Where the input tax credit claimed by a recipient in respect of an inward supply is in excess of the tax declared by the supplier for the same supply or the outward supply is not declared by the supplier in his valid returns, the discrepancy shall be communicated to both such persons in such manner as may be prescribed.

(4) The duplication of claims of input tax credit shall be communicated to the recipient in such manner as may be prescribed.

(5) The amount in respect of which any discrepancy is communicated under sub-section (3) and which is not rectified by the supplier in his valid return for the month in which discrepancy is communicated shall be added to the output tax liability of the recipient, in such manner as may be prescribed, in his return for the month succeeding the month in which the discrepancy is communicated.

(6) The amount claimed as input tax credit that is found to be in excess on account of duplication of claims shall be added to the output tax liability of the recipient in his return for the month in which the duplication is communicated.

(7) The recipient shall be eligible to reduce, from his output tax liability, the amount added under sub-section (5), if the supplier declares the details of the invoice or debit note in his valid return within the time specified in section 39(9).

(8) A recipient in whose output tax liability any amount has been added under sub-section (5) or sub-section (6), shall be liable to pay interest at the rate specified under sub-section (1) of section 50 on the amount so added from the date of availing of credit till the corresponding additions are made under the said sub-sections.

(9) Where any reduction in output tax liability is accepted under sub-section (7), the interest paid under sub-section (8) shall be refunded to the recipient by crediting the amount in the corresponding head of his electronic cash ledger in such manner as may be prescribed:

Provided that the amount of interest to be credited in any case shall not exceed the amount of interest paid by the supplier.

(10) The amount reduced from the output tax liability in contravention of the provisions of sub-section (7) shall be added to the output tax liability of the recipient in his return for the month in which such contravention takes place and such recipient shall be liable to pay interest on the amount so added at the rate specified in sub-section (3) of section 50.

Sec 43 : Matching, reversal and reclaim of reduction in output tax liability

(1) The details of every credit note relating to outward supply furnished by a registered person (hereafter in this section referred to as the —supplier!) for a tax period shall, in such manner and within such time as may be prescribed, be matched—

(a) with the corresponding reduction in the claim for input tax credit by the corresponding registered person (hereafter in this section referred to as the —recipient!) in his valid return for the same tax period or any subsequent tax period; and

(b) for duplication of claims for reduction in output tax liability.

(2) The claim for reduction in output tax liability by the supplier that matches with the corresponding reduction in the claim for input tax credit by the recipient shall be finally accepted and communicated, in such manner as may be prescribed, to the supplier.

(3) Where the reduction of output tax liability in respect of outward supplies exceeds the corresponding reduction in the claim for input tax credit or the corresponding credit note is not declared by the recipient in his valid returns, the discrepancy shall be communicated to both such persons in such manner as may be prescribed.

(4) The duplication of claims for reduction in output tax liability shall be communicated to the supplier in such manner as may be prescribed.

(5) The amount in respect of which any discrepancy is communicated under sub-section (3) and which is not rectified by the recipient in his valid return for the month in which discrepancy is communicated shall be added to the output tax liability of the supplier, in

such manner as may be prescribed, in his return for the month succeeding the month in which the discrepancy is communicated.

(6) The amount in respect of any reduction in output tax liability that is found to be on account of duplication of claims shall be added to the output tax liability of the supplier in his return for the month in which such duplication is communicated.

(7) The supplier shall be eligible to reduce, from his output tax liability, the amount added under sub-section (5) if the recipient declares the details of the credit note in his valid return within the time specified in sub-section (9) of section 39.

(8) A supplier in whose output tax liability any amount has been added under sub-section (5) or sub-section (6), shall be liable to pay interest at the rate specified under sub-section (1) of section 50 in respect of the amount so added from the date of such claim for reduction in the output tax liability till the corresponding additions are made under the said sub-sections.

(9) Where any reduction in output tax liability is accepted under sub-section (7), the interest paid under sub-section (8) shall be refunded to the supplier by crediting the amount in the corresponding head of his electronic cash ledger in such manner as may be prescribed: Provided that the amount of interest to be credited in any case shall not exceed the amount of interest paid by the recipient.

(10) The amount reduced from output tax liability in contravention of the provisions of sub-section (7) shall be added to the output tax liability of the supplier in his return for the month in which such contravention takes place and such supplier shall be liable to pay interest on the amount so added at the rate specified in sub-section (3) of section 50.

Sec 44 : Annual return

Sec 44(1) :

- Every registered person,
- other than ISD, person paying tax u/s 51 or u/s 52, casual taxable person and a non-resident taxable person,
- shall furnish an annual return for every F/Y electronically
- in such form and manner as may be prescribed [**GSTR -9**]
- on or before the 31st day of December following the end of such F/Y.

Provided that Commissioner may, on the recommendations of Council and for reasons to be recorded in writing, by notification, extend the time limit for furnishing the annual return for such class of registered persons as may be specified therein:

Provided further that any extension of time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

Sec 44(2) : Every registered person who is required to get his accounts audited u/s 35(5) shall furnish, electronically, the annual return under sub-section (1) along with a copy of the audited annual accounts

and a reconciliation statement, reconciling the value of supplies declared in the return furnished for F/Y with the audited annual financial statement, and such other particulars as may be prescribed.

Sec 45 : Final return

- Every registered person
- who is required to furnish a return u/s 39(1) and
- whose registration has been cancelled
- shall furnish a final return
- within three months of the date of cancellation or
- date of order of cancellation,
- whichever is later,
- in such form and manner as may be prescribed.[GSTR -10]

Sec 46. Notice to return defaulters

- Where a registered person
- fails to furnish a return u/s 39 or u/s 44 or u/s 45,
- a notice shall be issued requiring him to furnish
- such return within 15 days
- in such form and manner as may be prescribed.[GSTR-3A]

Sec 47 : Levy of late fee

(1) Any registered person who fails to furnish the details of outward or inward supplies required u/s 37 or u/s 38 or returns required u/s 39 or u/s 45 by the due date shall pay a late fee of 100 rupees for every day during which such failure continues subject to a maximum amount of five thousand rupees.

(2) Any registered person who fails to furnish the return required u/s 44 by the due date shall be liable to pay a late fee of 100 rupees for every day during which such failure continues subject to a maximum of an amount calculated at a 0.25% of his turnover in the State or Union territory.

Sec 48 : Goods and Services tax practitioners

(1) The manner of approval of goods and services tax practitioners, their eligibility conditions, duties and obligations, manner of removal and other conditions relevant for their functioning shall be such as may be prescribed.

(2) A registered person may authorise an approved goods and services tax practitioner to furnish the details of outward supplies u/s 37, the details of inward supplies u/s 38 and the return u/s 39 or u/s 44 or u/s 45 and to perform such other functions in such manner as may be prescribed.

(3) Notwithstanding anything contained in sub-section (2), the responsibility for correctness of any particulars furnished in the return or other details filed by the goods and services tax practitioners shall continue to rest with the registered person on whose behalf such return and details are furnished.

Normal Supplier (GSTR 3B)

UPTO 31/12/2019 : 20th of following month (All States in all cases)

WEF JAN 2020 :

1. Aggregate annual turnover of previous year of more than 5 crores : 20th of following month
(All States in All cases)

2. Aggregate annual turnover of previous year upto 5 crores –

Chhattisgarh, Madhya Pradesh, Gujarat, Daman & Diu Dadra and Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh : 22nd of following month

J&K, Ladakh, Himachal Pradesh, Punjab, Chandigarh, Uttara hand, Haryana, Delhi, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha : 24th of following month

Composite Supplier

Period	Frequency	Statement/ Return	Due date
Tax payment	Quarterly	Statement in Form GST CMP- 08	18 th of following month
Return filing	Annual	Statement in Form GSTR-4	30 th April of subsequent year

RULE 59 to RULE 82 : RETURN**Rule 59 : Form and manner of furnishing details of outward supplies.**

(1) Every registered person, other than a person referred to in section 14 of the Integrated Goods and Services Tax Act, 2017, required to furnish the details of outward supplies of goods or services or both under section 37, shall furnish such details in **FORM GSTR-1** electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

(2) The details of outward supplies of goods or services or both furnished in **FORM GSTR-1** shall include the—

(a) invoice wise details of all -

(i) inter-State and intra-State supplies made to the registered persons; and

(ii) inter-State supplies with invoice value more than two and a half lakhs rupees made to the unregistered persons;

(b) consolidated details of all -

(i) intra-State supplies made to unregistered persons for each rate of tax; and

(ii) State wise inter-State supplies with invoice value upto two and a half lakh rupees made to unregistered persons for each rate of tax;

(c) debit and credit notes, if any, issued during the month for invoices issued previously.

(3) The details of outward supplies furnished by the supplier shall be made available electronically to the concerned registered persons (recipients) in **Part A** of **FORM GSTR-2A**, in **FORM GSTR-4A** and in **FORM GSTR-6A** through the common portal after the due date of filing of **FORM GSTR-1**.

(4) The details of inward supplies added, corrected or deleted by the recipient in his **FORM GSTR-2** under section 38 or **FORM GSTR-4** or **FORM GSTR-6** under section 39 shall be made available to the supplier electronically in **FORM GSTR-1A** through the common portal and such supplier may either accept or reject the modifications made by the recipient and **FORM GSTR-1** furnished earlier by the supplier shall stand amended to the extent of modifications accepted by him.

Rule 60 : Form and manner of furnishing details of inward supplies.

(1) Every registered person, other than a person referred to in section 14 of the Integrated Goods and Services Tax Act, 2017, required to furnish the details of inward supplies of goods or services or both received during a tax period under sub-section (2) of section 38 shall, on the basis of details contained in Part A, Part B and Part C of **FORM GSTR-2A**, prepare such details as specified in sub-section (1) of the said section and furnish the same in **FORM GSTR-2** electronically through the common portal, either directly or from a Facilitation Centre notified by the Commissioner, after including therein details of such other inward supplies, if any, required to be furnished under sub-section (2) of section 38.

(2) Every registered person shall furnish the details, if any, required under sub-section (5) of section 38 electronically in **FORM GSTR-2**.

(3) The registered person shall specify the inward supplies in respect of which he is not eligible, either fully or partially, for input tax credit in **FORM GSTR-2** where such eligibility can be determined at the invoice level.

(4) The registered person shall declare the quantum of ineligible input tax credit on inward supplies which is relatable to non-taxable supplies or for purposes other than business and cannot be determined at the invoice level in **FORM GSTR-2**.

(4A) The details of invoices furnished by an non-resident taxable person in his return in **FORM GSTR-5** under rule 63 shall be made available to the recipient of credit in **Part A** of **FORM GSTR 2A** electronically through the common portal and the said recipient may include the same in **FORM GSTR-2**.

(5) The details of invoices furnished by an Input Service Distributor in his return in **FORM GSTR-6** under rule 65 shall be made available to the recipient of credit in **Part B** of **FORM GSTR 2A** electronically through the common portal and the said recipient may include the same in **FORM GSTR-2**.

(6) The details of tax deducted at source furnished by the deductor under sub-section (3) of section 39 in **FORM GSTR-7** shall be made available to the deductee in **Part C** of **FORM GSTR-2A** electronically through the common portal and the said deductee may include the same in **FORM GSTR-2**.

(7) The details of tax collected at source furnished by an e-commerce operator under section 52 in **FORM GSTR-8** shall be made available to the concerned person in **Part C** of **FORM GSTR 2A** electronically through the common portal and such person may include the same in **FORM GSTR-2**.

(8) The details of inward supplies of goods or services or both furnished in **FORM GSTR-2** shall include the-

- (a) invoice wise details of all inter-State and intra-State supplies received from registered persons or unregistered persons;
- (b) import of goods and services made; and
- (c) debit and credit notes, if any, received from supplier.

Rule 61 : Form and manner of submission of monthly return.

(1) Every registered person other than a person referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 or an Input Service Distributor or a non-resident taxable person or a person paying tax under section 10 or section 51 or, as the case may be, under section 52 shall furnish a return specified under sub-section (1) of section 39 in **FORM GSTR-3** electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

(2) **Part A** of the return under sub-rule (1) shall be electronically generated on the basis of information furnished through **FORM GSTR-1**, **FORM GSTR-2** and based on other liabilities of preceding tax periods.

(3) Every registered person furnishing the return under sub-rule (1) shall, subject to the provisions of section 49, discharge his liability towards tax, interest, penalty, fees or any other amount payable under the Act or the provisions of this Chapter by debiting the electronic cash ledger or electronic credit ledger and include the details in **Part B** of the return in **FORM GSTR-3**.

(4) A registered person, claiming refund of any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49, may claim such refund in **Part B** of the return in **FORM GSTR-3** and such return shall be deemed to be an application filed under section 54.

(5) Where the time limit for furnishing of details in **FORM GSTR-1** under section 37 or in **FORM GSTR-2** under section 38 has been extended, the return specified in sub-section (1) of section 39 shall, in such manner and subject to such conditions as the Commissioner may, by notification, specify, be furnished in **FORM GSTR-3B** electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that where a return in **FORM GSTR-3B** is required to be furnished by a person referred to in sub-rule (1) then such person shall not be required to furnish the return in **FORM GSTR-3**.]104

(6) Where a return in **FORM GSTR-3B** has been furnished, after the due date for furnishing of details in **FORM GSTR-2**—

(a) Part A of the return in **FORM GSTR-3** shall be electronically generated on the basis of information furnished through **FORM GSTR-1**, **FORM GSTR-2** and based on other liabilities of preceding tax periods and PART B of the said return shall be electronically generated on the basis of the return in **FORM GSTR-3B** furnished in respect of the tax period;

(b) the registered person shall modify Part B of the return in **FORM GSTR-3** based on the discrepancies, if any, between the return in **FORM GSTR-3B** and the return in **FORM GSTR-3** and discharge his tax and other liabilities, if any; (c) where the amount of input tax credit in **FORM GSTR-3** exceeds the amount of input tax credit in terms of **FORM GSTR-3B**, the additional amount shall be credited to the electronic credit ledger of the registered person.

Rule 62 : Form and manner of submission of statement and return

(1) Every registered person [paying tax under section 10 or paying tax by availing the benefit of notification of the Government of India, Ministry of Finance, Department of Revenue No. 02/2019–Central Tax (Rate), dated the 7th March, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.189 (E), dated the 7th March, 2019 shall–

(i) furnish a statement, every quarter or, as the case may be, part thereof, containing the details of payment of self-assessed tax in **FORM GST CMP-08**, till the 18th day of the month succeeding such quarter; and

(ii) furnish a return for every financial year or, as the case may be, part thereof in **FORM GSTR-4**, till the thirtieth day of April following the end of such financial year, electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

Provided that the registered person who opts to pay tax under section 10 with effect from the first day of a month which is not the first month of a quarter shall furnish the return in **FORM GSTR-4** for that period of the quarter for which he has paid tax under section 10 and shall furnish the returns as applicable to him for the period of the quarter prior to opting to pay tax under section 10.]109110

(2) Every registered person furnishing the [statement under sub-rule (1) shall discharge his liability towards tax or interest]111payable under the Act or the provisions of this Chapter by debiting the electronic cash ledger.

(3) The return furnished under sub-rule (1) shall include the–

(a) invoice wise inter-State and intra-State inward supplies received from registered and un-registered persons; and

(b) consolidated details of outward supplies made.

(4) A registered person who has opted to pay tax under section 10 or by availing the benefit of notification of the Government of India, Ministry of Finance, Department of Revenue No. 02/2019–Central Tax (Rate), dated the 7th March, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.189 (E), dated the 7th March, 2019 from the beginning of a financial year shall, where required, furnish the details of outward and inward supplies and return under rules 59, 60 and 61 relating to the period during which the person was liable to furnish such details and returns till the due date of furnishing the return for the month of September of the succeeding financial year or furnishing of annual return of the preceding financial year, whichever is earlier.

Explanation.— For the purposes of this sub-rule, it is hereby declared that the person shall not be eligible to avail of input tax credit on receipt of invoices or debit notes from the supplier for the period prior to his opting for the composition scheme[or opting for paying tax by availing the benefit of notification of the Government of India, Ministry of Finance, Department of Revenue No. 02/2019– Central Tax (Rate), dated the 7th March, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.189 (E), dated the 7th March, 2019

(5) A registered person opting to withdraw from the composition scheme at his own motion or where option is withdrawn at the instance of the proper officer shall, where required, furnish [a statement in **FORM GST CMP-08** for the period for which he has paid tax under the composition scheme till the 18th day of the month succeeding the quarter in which the date of withdrawal falls and furnish a return in **FORM GSTR-4** for the said period till the thirtieth day of April following the end of the financial year during which such withdrawal falls]115.

(6) A registered person who ceases to avail the benefit of notification of the Government of India, Ministry of Finance, Department of Revenue No. 02/2019– Central Tax (Rate), dated the 7th March, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.189 (E) , dated the 7th March, 2019, shall, where required, furnish a statement in **FORM GST CMP-08** for the period for which he has paid tax by availing the benefit under the said notification till the 18th day of the month succeeding the quarter in which the date of cessation takes place and furnish a return in **FORM GSTR - 4** for the said period till the thirtieth day of April following the end of the financial year during which such cessation happens.

Rule 63. Form and manner of submission of return by non-resident taxable person.-

Every registered non-resident taxable person shall furnish a return in **FORM GSTR-5** electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner, including therein the details of outward supplies and inward supplies and shall pay the tax, interest, penalty, fees or any other amount payable under the Act or the provisions of this Chapter within twenty days after the end of a tax period or within seven days after the last day of the validity period of registration, whichever is earlier.

Rule 64. Form and manner of submission of return by persons providing online information and database access or retrieval services.-Every registered person providing online information and data base access or retrieval services from a place outside India to a person in India other than a registered person shall file return in **FORM GSTR-5A** on or before the twentieth day of the month succeeding the calendar month or part thereof.

Rule 65 : Form and manner of submission of return by an Input Service Distributor.-

Every Input Service Distributor shall, on the basis of details contained in **FORM GSTR-6A**, and where required, after adding, correcting or deleting the details, furnish electronically the return in **FORM GSTR-6**, containing the details of tax invoices on which credit has been received and those issued under section 20, through the common portal either directly or from a Facilitation Centre notified by the Commissioner.

Rule 66 : Form and manner of submission of return by a person required to deduct tax at source

(1) Every registered person required to deduct tax at source under section 51 (hereafter in this rule referred to as deductor) shall furnish a return in **FORM GSTR-7** electronically through the common portal either directly or from a Facilitation Centre notified by the Commissioner.

(2) The details furnished by the deductor under sub-rule (1) shall be made available electronically to each of the [deductees]117[suppliers in **Part C** of **FORM GSTR-2A** and **FORM-GSTR-4A**]118on the common portal after [the due date of]119filing of **FORM GSTR-7**[for claiming the amount of tax deducted in his electronic cash ledger after validation]120.

(3) The certificate referred to in sub-section (3) of section 51 shall be made available electronically to the deductee on the common portal in **FORM GSTR-7A** on the basis of the return furnished under sub-rule (1).

Rule 67 : Form and manner of submission of statement of supplies through an e-commerce operator.

(1) Every electronic commerce operator required to collect tax at source under section 52 shall furnish a statement in **FORM GSTR-8** electronically on the common portal, either directly or from a Facilitation Centre notified by the Commissioner, containing details of supplies effected through such operator and the amount of tax collected as required under sub-section (1) of section 52.

(2) The details furnished by the operator under sub-rule (1) shall be made available electronically to each of the suppliers [in **Part C** of **FORM GSTR-2A**]¹²¹ on the common portal after [the due date of filing of **FORM GSTR-8** for claiming the amount of tax collected in his electronic cash ledger after validation

Rule 67A : Manner of furnishing of return or details of outward supplies by short messaging service facility

Notwithstanding anything contained in this Chapter, for a registered person who is required to furnish a Nil return under section 39 in **FORM GSTR-3B** or a Nil details of outward supplies under section 37 in **FORM GSTR-1** for a tax period, any reference to electronic furnishing shall include furnishing of the said return or the details of outward supplies through a short messaging service using the registered mobile number and the said return or the details of outward supplies shall be verified by a registered mobile number based One Time Password facility.

Explanation. - For the purpose of this rule, a Nil return or Nil details of outward supplies shall mean a return under section 39 or details of outward supplies under section 37, for a tax period that has nil or no entry in all the Tables in **FORM GSTR-3B** or **FORM GSTR-1**, as the case may be.

Rule 68. Notice to non-filers of returns.- A notice in **FORM GSTR-3A** shall be issued, electronically, to a registered person who fails to furnish return under section 39 or section 44 or section 45 or section 52.

Rule 69. Matching of claim of input tax credit .-

The following details relating to the claim of input tax credit on inward supplies including imports, provisionally allowed under section 41, shall be matched under section 42 after the due date for furnishing the return in **FORM GSTR-3**-

- (a) Goods and Services Tax Identification Number of the supplier;
- (b) Goods and Services Tax Identification Number of the recipient;
- (c) invoice or debit note number;
- (d) invoice or debit note date; and
- (e) tax amount:

Provided that where the time limit for furnishing **FORM GSTR-1** specified under section 37 and **FORM GSTR-2** specified under section 38 has been extended, the date of matching relating to claim of input tax credit shall also be extended accordingly:

Provided further that the Commissioner may, on the recommendations of the Council, by order, extend the date of matching relating to claim of input tax credit to such date as may be specified therein.

Explanation.- For the purposes of this rule, it is hereby declared that –

- (i) The claim of input tax credit in respect of invoices and debit notes in **FORM GSTR-2** that were accepted by the recipient on the basis of **FORM GSTR-2A** without amendment shall be treated as matched if the corresponding supplier has furnished a valid return;
- (ii) The claim of input tax credit shall be considered as matched where the amount of input tax credit claimed is equal to or less than the output tax paid on such tax invoice or debit note by the corresponding supplier.

Rule 70 : Final acceptance of input tax credit and communication thereof.-(1) The final acceptance of claim of input tax credit in respect of any tax period, specified in sub-section (2) of section 42, shall be made available electronically to the registered person making such claim in **FORM GST MIS-1** through the common portal.

(2) The claim of input tax credit in respect of any tax period which had been communicated as mismatched but is found to be matched after rectification by the supplier or recipient shall be finally accepted and made available electronically to the person making such claim in **FORM GST MIS-1** through the common portal.

Rule 71 : Communication and rectification of discrepancy in claim of input tax credit and reversal of claim of input tax credit.

(1) Any discrepancy in the claim of input tax credit in respect of any tax period, specified in sub-section (3) of section 42 and the details of output tax liable to be added under sub-section (5) of the said section on account of continuation of such discrepancy, shall be made available to the recipient making such claim electronically in **FORM GST MIS-1** and to the supplier electronically in **FORM GST MIS-2** through the common portal on or before the last date of the month in which the matching has been carried out.

(2) A supplier to whom any discrepancy is made available under sub-rule (1) may make suitable rectifications in the statement of outward supplies to be furnished for the month in which the discrepancy is made available.

(3) A recipient to whom any discrepancy is made available under sub-rule (1) may make suitable rectifications in the statement of inward supplies to be furnished for the month in which the discrepancy is made available.

(4) Where the discrepancy is not rectified under sub-rule (2) or sub-rule (3), an amount to the extent of discrepancy shall be added to the output tax liability of the recipient in his return to be furnished in **FORM GSTR-3** for the month succeeding the month in which the discrepancy is made available.

Explanation.- For the purposes of this rule, it is hereby declared that -

- (i) Rectification by a supplier means adding or correcting the details of an outward supply in his valid return so as to match the details of corresponding inward supply declared by the recipient;
- (ii) Rectification by the recipient means deleting or correcting the details of an inward supply so as to match the details of corresponding outward supply declared by the supplier.

Rule 72 : Claim of input tax credit on the same invoice more than once.

Duplication of claims of input tax credit in the details of inward supplies shall be communicated to the registered person in **FORM GST MIS-1** electronically through the common portal.

Rule 73. Matching of claim of reduction in the output tax liability

The following details relating to the claim of reduction in output tax liability shall be matched under section 43 after the due date for furnishing the return in **FORM GSTR-3**, namely:-

- (a) Goods and Services Tax Identification Number of the supplier;

- (b) Goods and Services Tax Identification Number of the recipient;
- (c) credit note number;
- (d) credit note date; and
- (e) tax amount:

Provided that where the time limit for furnishing **FORM GSTR-1** under section 37 and **FORM GSTR-2** under section 38 has been extended, the date of matching of claim of reduction in the output tax liability shall be extended accordingly:

Provided further that the Commissioner may, on the recommendations of the Council, by order, extend the date of matching relating to claim of reduction in output tax liability to such date as may be specified therein.

Explanation.- For the purposes of this rule, it is hereby declared that –

(i) the claim of reduction in output tax liability due to issuance of credit notes in **FORM GSTR-1** that were accepted by the corresponding recipient in **FORM GSTR-2** without amendment shall be treated as matched if the said recipient has furnished a valid return.

(ii) the claim of reduction in the output tax liability shall be considered as matched where the amount of output tax liability after taking into account the reduction claimed is equal to or more than the claim of input tax credit after taking into account the reduction admitted and discharged on such credit note by the corresponding recipient in his valid return.

Rule 74 : Final acceptance of reduction in output tax liability and communication thereof.-

(1) The final acceptance of claim of reduction in output tax liability in respect of any tax period, specified in sub-section (2) of section 43, shall be made available electronically to the person making such claim in **FORM GST MIS-1** through the common portal.

(2) The claim of reduction in output tax liability in respect of any tax period which had been communicated as mis-matched but is found to be matched after rectification by the supplier or recipient shall be finally accepted and made available electronically to the person making such claim in **FORM GST MIS-1** through the common portal.

Rule 75. Communication and rectification of discrepancy in reduction in output tax liability and reversal of claim of reduction.

(1) Any discrepancy in claim of reduction in output tax liability, specified in sub-section (3) of section 43, and the details of output tax liability to be added under sub-section (5) of the said section on account of continuation of such discrepancy, shall be made available to the registered person making such claim electronically in **FORM GST MIS- 1** and the recipient electronically in **FORM GST MIS-2** through the common portal on or before the last date of the month in which the matching has been carried out.

(2) A supplier to whom any discrepancy is made available under sub-rule (1) may make suitable rectifications in the statement of outward supplies to be furnished for the month in which the discrepancy is made available.

(3) A recipient to whom any discrepancy is made available under sub-rule (1) may make suitable rectifications in the statement of inward supplies to be furnished for the month in which the discrepancy is made available.

(4) Where the discrepancy is not rectified under sub-rule (2) or sub-rule (3), an amount to the extent of discrepancy shall be added to the output tax liability of the supplier and debited to the electronic

liability register and also shown in his return in **FORM GSTR-3** for the month succeeding the month in which the discrepancy is made available.

Explanation.- For the purposes of this rule, it is hereby declared that –

(i) rectification by a supplier means deleting or correcting the details of an outward supply in his valid return so as to match the details of corresponding inward supply declared by the recipient;

(ii) rectification by the recipient means adding or correcting the details of an inward supply so as to match the details of corresponding outward supply declared by the supplier.

Rule 76. Claim of reduction in output tax liability more than once.-The duplication of claims for reduction in output tax liability in the details of outward supplies shall be communicated to the registered person in **FORM GST MIS-1** electronically through the common portal.

Rule 77 : Refund of interest paid on reclaim of reversals.

The interest to be refunded under sub-section (9) of section 42 or sub-section (9) of section 43 shall be claimed by the registered person in his return in **FORM GSTR-3** and shall be credited to his electronic cash ledger in **FORM GST PMT-05** and the amount credited shall be available for payment of any future liability towards interest or the taxable person may claim refund of the amount under section 54.

Rule 78 : Matching of details furnished by the e-Commerce operator with the details furnished by the supplier.-The following details relating to the supplies made through an e-Commerce operator, as declared in **FORM GSTR-8**, shall be matched with the corresponding details declared by the supplier in **FORM GSTR-1**,

- (a) State of place of supply; and
- (b) net taxable value:

Provided that where the time limit for furnishing **FORM GSTR-1** under section 37 has been extended, the date of matching of the above mentioned details shall be extended accordingly. Provided further that the Commissioner may, on the recommendations of the Council, by order, extend the date of matching to such date as may be specified therein.

Rule 79 : Communication and rectification of discrepancy in details furnished by the e-commerce operator and the supplier.(1) Any discrepancy in the details furnished by operator and those declared by the supplier shall be made available to the supplier electronically in **FORM GST MIS-3** and to the e-commerce operator electronically in **FORM GST MIS-4** on the common portal on or before the last date of the month in which the matching has been carried out.

(2) A supplier to whom any discrepancy is made available under sub-rule (1) may make suitable rectifications in the statement of outward supplies to be furnished for the month in which the discrepancy is made available.

(3) An operator to whom any discrepancy is made available under sub-rule (1) may make suitable rectifications in the statement to be furnished for the month in which the discrepancy is made available.

(4) Where the discrepancy is not rectified under sub-rule (2) or sub-rule (3), an amount to the extent of discrepancy shall be added to the output tax liability of the supplier in his return in **FORM GSTR-3** for the month succeeding the month in which the details of discrepancy are made available and such addition to the output tax liability and interest payable thereon shall be made available to the supplier electronically on the common portal in **FORM GST MIS-3**.

Rule 80. Annual return. (1) Every registered person [other than those referred to in the proviso to sub-section (5) of section 35] 126, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return as specified under sub-section (1) of section 44 electronically in **FORM GSTR-9** through the common portal either directly or through a Facilitation Centre notified by the Commissioner:

Provided that a person paying tax under section 10 shall furnish the annual return in **FORM GSTR-9A**.

(2) Every electronic commerce operator required to collect tax at source under section 52 shall furnish annual statement referred to in sub-section (5) of the said section in **FORM GSTR -9B**.

(3) Every registered person whose aggregate turnover during a financial year exceeds two crore rupees shall get his accounts audited as specified under sub-section (5) of section 35 and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in **FORM GSTR-9C**, electronically through the common portal either directly or through Facilitation Centre notified by the Commissioner.

Provided that every registered person whose aggregate turnover during the financial year 2018-2019 exceeds five crore rupees shall get his accounts audited as specified under sub-section (5) of section 35 and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in **FORM GSTR-9C** for the financial year 2018-2019, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

Rule 81. Final return. -Every registered person required to furnish a final return under section 45, shall furnish such return electronically in **FORM GSTR-10** through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

Rule 82. Details of inward supplies of persons having Unique Identity Number.-

(1) Every person who has been issued a Unique Identity Number and claims refund of the taxes paid on his inward supplies, shall furnish the details of such supplies of taxable goods or services or both electronically in **FORM GSTR-11**, along with application for such refund claim, through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

(2) Every person who has been issued a Unique Identity Number for purposes other than refund of the taxes paid shall furnish the details of inward supplies of taxable goods or services or both as may be required by the proper officer in **FORM GSTR-11**.

CHAPTER - 14

TDS/TCS

Sec 51 : Person required to deduct Tax

(1) Notwithstanding anything to contrary contained in this Act, Government may mandate,—

- (a) Department or establishment of the Central Government or State Government; or
- (b) Local authority; or
- (c) Governmental agencies; or
- (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council, (hereafter in this section referred to as “the deductor”),

to deduct tax at the rate of 1% from the payment made or credited to the supplier (hereafter in this section referred to as “the deductee”) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds 2,50,000:

Provided that no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Explanation.—For the purpose of deduction of tax specified above, the value of supply shall be taken as the amount excluding the central tax, State tax, Union territory tax, integrated tax and cess indicated in the invoice.

(2) The amount deducted as tax under this section shall be paid to the Government by the deductor within ten days after the end of the month in which such deduction is made, in such manner as may be prescribed.

(3) A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed.

~~(4) If any deductor fails to furnish to the deductee the certificate, after deducting the tax at source, within five days of crediting the amount so deducted to the Government, the deductor shall pay, by way of a late fee, a sum of one hundred rupees per day from the day after the expiry of such five days period until the failure is rectified, subject to a maximum amount of five thousand rupees.~~

(5) The deductee shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the return of the deductor furnished under sub-section (3) of section 39, in such manner as may be prescribed.

(6) If any deductor fails to pay to the Government the amount deducted as tax under sub-section (1), he shall pay interest in accordance with the provisions of sub-section (1) of section 50, in addition to the amount of tax deducted.

(7) The determination of the amount in default under this section shall be made in the manner specified in section 73 or section 74.

(8) The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of section 54:
Provided that no refund to the deductor shall be granted, if the amount deducted has been credited to the electronic cash ledger of the deductee.

Sec 52 : Collection of Tax at source

(1) Notwithstanding anything to the contrary contained in this Act,

- every electronic commerce operator (“operator”),
- not being agent,
- shall collect amount calculated at such rate not exceeding 1%.,
- as may be notified by Government
- on recommendations of Council,
- of net value of taxable supplies made through it by other suppliers where consideration with respect to such supplies is to be collected by operator.

Explanation.—For the purposes of this sub-section, the expression —net value of taxable supplies shall mean the aggregate value of taxable supplies of goods or services or both, other than services notified under sub-section (5) of section 9, made during any month by all registered persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month.

(2) The power to collect the amount specified in sub-section (1) shall be without prejudice to any other mode of recovery from the operator.

(3) The amount collected under sub-section (1) shall be paid to the Government by the operator within ten days after the end of the month in which such collection is made, in such manner as may be prescribed.

(4) Every operator who collects the amount specified in sub-section (1) shall furnish a statement, electronically, containing the details of outward supplies of goods or services or both effected through it, including the supplies of goods or services or both returned through it, and the amount collected under sub-section (1) during a month, in such form and manner as may be prescribed, within ten days after the end of such month:

Explanation: - For the purposes of this sub-section, it is hereby declared that the due date for furnishing the said statement for the months of October, November and December, 2018 shall be the 07th February, 2019

Provided that the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing the statement for such class of registered persons as may be specified therein:

Provided further that any extension of time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

(5) Every operator who collects the amount specified in sub-section (1) shall furnish an annual statement, electronically, containing the details of outward supplies of goods or services or both effected through it, including the supplies of goods or services or both returned through it, and the amount collected under the said sub-section during the financial year, in such form and manner as may be prescribed, before the thirty first day of December following the end of such financial year

Provided that the Commissioner may, on the recommendations of the Council and for reasons to be recorded in writing, by notification, extend the time limit for furnishing the annual statement for such class of registered persons as may be specified therein:

Provided further that any extension of time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

(6) If any operator after furnishing a statement under sub-section (4) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the statement to be furnished for the month during which such omission or incorrect particulars are noticed, subject to payment of interest, as specified in sub-section (1) of section 50:

Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of statement for the month of September following the end of the financial year or the actual date of furnishing of the relevant annual statement, whichever is earlier.

(7) The supplier who has supplied the goods or services or both through the operator shall claim credit, in his electronic cash ledger, of the amount collected and reflected in the statement of the operator furnished under sub-section (4), in such manner as may be prescribed.

(8) The details of supplies furnished by every operator under sub-section (4) shall be matched with the corresponding details of outward supplies furnished by the concerned supplier registered under this Act in such manner and within such time as may be prescribed.

(9) Where the details of outward supplies furnished by the operator under sub-section (4) do not match with the corresponding details furnished by the supplier under section 37 or section 39, the discrepancy shall be communicated to both persons in such manner and within such time as may be prescribed.

(10) The amount in respect of which any discrepancy is communicated under sub-section (9) and which is not rectified by the supplier in his valid return or the operator in his statement for the month in which discrepancy is communicated, shall be added to the output tax liability of the said supplier, where the value of outward supplies furnished by the operator is more than the value of outward supplies furnished by the supplier, in his return for the month succeeding the month in which the discrepancy is communicated in such manner as may be prescribed. The concerned supplier, in whose output tax liability any amount has been added under sub-section

(10), shall pay the tax payable in respect of such supply along with interest, at the rate specified under sub-section (1) of section 50 on the amount so added from the date such tax was due till the date of its payment.

(12) Any authority not below the rank of Deputy Commissioner may serve a notice, either before or during the course of any proceedings under this Act, requiring the operator to furnish such details relating to—

(a) supplies of goods or services or both effected through such operator during any period; or

(b) stock of goods held by the suppliers making supplies through such operator in the godowns or warehouses, by whatever name called, managed by such operator and declared as additional places of business by such suppliers, as may be specified in the notice.

(13) Every operator on whom a notice has been served under sub-section (12) shall furnish the required information within fifteen working days of the date of service of such notice.

(14) Any person who fails to furnish the information required by the notice served under sub-section (12) shall, without prejudice to any action that may be taken under section 122, be liable to a penalty which may extend to twenty-five thousand rupees.

Explanation.—For the purposes of this section, the expression —concerned supplier shall mean the supplier of goods or services or both making supplies through the operator.

CHAPTER - 15

TAX PAYMENT

Sec 49 : Payment of tax, interest, penalty and other amounts

Sec 49(1) : Credit to Electronic cash ledger

- Every deposit made towards tax, interest, penalty, fee or any other amount
- by a person
- by internet banking or by using credit or debit cards or NEFT or RTGS or by such other mode
- subject to such conditions and restrictions as may be prescribed,
- shall be credited to the electronic cash ledger of such person
- to be maintained in such manner as may be prescribed.

Sec 49(2) : Credit to electronic credit ledger

- The input tax credit
- as self-assessed in the return of a registered person
- shall be credited to his electronic credit ledger,
- in accordance with section 41 or 43A,
- to be maintained in such manner as may be prescribed.

Sec 49(3) : Utilization of electronic cash ledger

- The amount available in the electronic cash ledger
- may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under
- in such manner and subject to such conditions and
- within such time as may be prescribed.

Sec 49(4) : Utilisation of electronic credit ledger

- The amount available in the electronic credit ledger
- may be used for making any payment
- towards output tax under this Act or under the IGST Act
- in such manner and subject to such conditions and
- within such time as may be prescribed.

Sec 49(5) : Priority of set off

The amount of ITC available in the electronic credit ledger of the registered person on account of—

(a) integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;

(b) the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;

(c) the State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax;

Provided that the input tax credit on account of State tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax

(d) the Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax;

Provided that the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax

(e) the central tax shall not be utilised towards payment of State tax or Union territory tax; and

(f) the State tax or Union territory tax shall not be utilised towards payment of central tax.

Sec 49(6) : Refund

- The balance in the electronic cash ledger or electronic credit ledger
- after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder
- may be refunded in accordance with the provisions of section 54.

Sec 49(7) : Electronic liability register

- All liabilities of a taxable person under this Act
- shall be recorded and maintained
- in an electronic liability register
- in such manner as may be prescribed.

Sec 49(8) : Adjustment of tax

Every taxable person shall discharge his tax and other dues under this Act or the rules in the following order, namely:—

(a) self-assessed tax, and other dues related to returns of previous tax periods;

(b) self-assessed tax, and other dues related to the return of the current tax period;

(c) any other amount payable under this Act or rules including demand determined u/s 73 or u/s 74.

Sec 49(9) : Incidence of tax

- Every person who has paid the tax on goods or services or both under this Act
- shall, unless the contrary is proved by him,
- be deemed to have passed on the full incidence of such tax
- to the recipient of such goods or services or both.

Explanation.—For the purposes of this section,—

(a) Date of credit to the account of Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger;

(b) the expression,—

(i) “tax dues” means the tax payable under this Act and does not include interest, fee and penalty; and

(ii) “other dues” means interest, penalty, fee

Sec 49A : Utilisation of input tax credit subject to certain conditions.

Notwithstanding anything contained in section 49, the input tax credit on account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully towards such payment.

Sec 49B : Order of utilisation of input tax credit.

Notwithstanding anything contained in this Chapter and subject to the provisions of clause (e) and clause (f) of sub-section (5) of section 49, the Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax.

Sec 50 : Interest on delayed payment of tax.**Sec 50(1) : Rate of interest**

- Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder,
- but fails to pay the tax or any part thereof to the Government
- within the period prescribed,
- shall for the period for which the tax or any part thereof remains unpaid,
- pay, on his own, interest at such rate,
- not exceeding 18% ,
- as may be notified by the Government on the recommendations of the Council.

Sec 50(2) : Calculation of interest

- The interest under sub-section (1)
- shall be calculated,
- in such manner as may be prescribed,
- from the day succeeding the day on which such tax was due to be paid.

Sec 50(3) : Interest on undue or excess claim

- A taxable person who makes an undue or excess claim of input tax credit u/s 42(10) or
- undue or excess reduction in output tax liability u/s 43(10),
- shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be,
- at such rate not exceeding 24%.,
- as may be notified by the Government on the recommendations of the Council.

Rule 85 to 88A : PAYMENT OF TAX**Rule 85 : Electronic Liability Register**

(1) The electronic liability register specified under sub-section (7) of section 49 shall be maintained in **FORM GST PMT-01** for each person liable to pay tax, interest, penalty, late fee or any other amount on the common portal and all amounts payable by him shall be debited to the said register.

(2) The electronic liability register of the person shall be debited by- (a) the amount payable towards tax, interest, late fee or any other amount payable as per the return furnished by the said person; (b) the amount of tax, interest, penalty or any other amount payable as determined by a proper officer in pursuance of any proceedings under the Act or as ascertained by the said person; (c) the amount of tax and interest payable as a result of mismatch under section 42 or section 43 or section 50; or (d) any amount of interest that may accrue from time to time.

(3) Subject to the provisions of section 49, [section 49A and section 49B]134, payment of every liability by a registered person as per his return shall be made by debiting the electronic credit ledger maintained as per rule 86 or the electronic cash ledger maintained as per rule 87 and the electronic liability register shall be credited accordingly.

(4) The amount deducted under section 51, or the amount collected under section 52, or the amount payable on reverse charge basis, or the amount payable under section 10, any amount payable towards interest, penalty, fee or any other amount under the Act shall be paid by debiting the electronic cash ledger maintained as per rule 87 and the electronic liability register shall be credited accordingly.

(5) Any amount of demand debited in the electronic liability register shall stand reduced to the extent of relief given by the appellate authority or Appellate Tribunal or court and the electronic tax liability register shall be credited accordingly.

(6) The amount of penalty imposed or liable to be imposed shall stand reduced partly or fully, as the case may be, if the taxable person makes the payment of tax, interest and penalty specified in the show cause notice or demand order and the electronic liability register shall be credited accordingly.

(7) A registered person shall, upon noticing any discrepancy in his electronic liability ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in **FORM GST PMT-04**.

Rule 86 : Electronic Credit Ledger.-(1) The electronic credit ledger shall be maintained in **FORM GST PMT-02** for each registered person eligible for input tax credit under the Act on the common portal and every claim of input tax credit under the Act shall be credited to the said ledger.

(2) The electronic credit ledger shall be debited to the extent of discharge of any liability in accordance with the provisions of section 49 or section 49A or section 49B

(3) Where a registered person has claimed refund of any unutilized amount from the electronic credit ledger in accordance with the provisions of section 54, the amount to the extent of the claim shall be debited in the said ledger.

(4) If the refund so filed is rejected, either fully or partly, the amount debited under sub-rule (3), to the extent of rejection, shall be re-credited to the electronic credit ledger by the proper officer by an order made in **FORM GST PMT-03**.

(4A) Where a registered person has claimed refund of any amount paid as tax wrongly paid or paid in excess for which debit has been made from the electronic credit ledger, the said amount, if found admissible, shall be re-credited to the electronic credit ledger by the proper officer by an order made in **FORM GST PMT-03**.

(5) Save as provided in the provisions of this Chapter, no entry shall be made directly in the electronic credit ledger under any circumstance.

(6) A registered person shall, upon noticing any discrepancy in his electronic credit ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in **FORM GST PMT-04**.

Explanation.— For the purposes of this rule, it is hereby clarified that a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking to the proper officer that he shall not file an appeal.

Rule 86A : Conditions of use of amount available in electronic credit ledger.-

(1) The Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, having reasons to believe that credit of input tax available in the electronic credit ledger has been fraudulently availed or is ineligible in as much as-

a) the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36-

i. issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or

ii. without receipt of goods or services or both; or

b) the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36 in respect of any supply, the tax charged in respect of which has not been paid to the Government; or

c) the registered person availing the credit of input tax has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or

d) the registered person availing any credit of input tax is not in possession of a tax invoice or debit note or any other document prescribed under rule 36,

may, for reasons to be recorded in writing, not allow debit of an amount equivalent to such credit in electronic credit ledger for discharge of any liability under section 49 or for claim of any refund of any unutilised amount.

(2) The Commissioner, or the officer authorised by him under sub-rule (1) may, upon being satisfied that conditions for disallowing debit of electronic credit ledger as above, no longer exist, allow such debit.

(3) Such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction..

Rule 87 : Electronic Cash Ledger.

(1) The electronic cash ledger under sub-section (1) of section 49 shall be maintained in **FORM GST PMT-05** for each person, liable to pay tax, interest, penalty, late fee or any other amount, on the common portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount.

(2) Any person, or a person on his behalf, shall generate a challan in **FORM GST PMT-06** on the common portal and enter the details of the amount to be deposited by him towards tax, interest, penalty, fees or any other amount:

Provided that the challan in **FORM GST PMT-06** generated at the common portal shall be valid for a period of fifteen days.

Provided further that a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017) may also do so through the Board's payment system namely, Electronic Accounting System in Excise and Service Tax from the date to be notified by the Board.

(3) The deposit under sub-rule (2) shall be made through any of the following modes, namely:-

- (i) Internet Banking through authorised banks;
- (ii) Credit card or Debit card through the authorised bank;
- (iii) National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or
- (iv) Over the Counter payment through authorised banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft:

Provided that the restriction for deposit up to ten thousand rupees per challan in case of an Over the Counter payment shall not apply to deposit to be made by –

- (a) Government Departments or any other deposit to be made by persons as may be notified by the Commissioner in this behalf;
- (b) Proper officer or any other officer authorised to recover outstanding dues from any person, whether registered or not, including recovery made through attachment or sale of movable or immovable properties;
- (c) Proper officer or any other officer authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any *ad hoc* deposit:

Provided further that a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 may also make the deposit under sub-rule (2) through international money transfer through Society for Worldwide Interbank Financial Telecommunication payment network, from the date to be notified by the Board.

Explanation.– For the purposes of this sub-rule, it is hereby clarified that for making payment of any amount indicated in the challan, the commission, if any, payable in respect of such payment shall be borne by the person making such payment.

(4) Any payment required to be made by a person who is not registered under the Act, shall be made on the basis of a temporary identification number generated through the common portal.

(5) Where the payment is made by way of National Electronic Fund Transfer or Real Time Gross Settlement mode from any bank, the mandate form shall be generated along with the challan on the common portal and the same shall be submitted to the bank from where the payment is to be made: Provided that the mandate form shall be valid for a period of fifteen days from the date of generation of challan.

(6) On successful credit of the amount to the concerned government account maintained in the authorised bank, a Challan Identification Number shall be generated by the collecting bank and the same shall be indicated in the challan.

(7) On receipt of the Challan Identification Number from the collecting bank, the said amount shall be credited to the electronic cash ledger of the person on whose behalf the deposit has been made and the common portal shall make available a receipt to this effect.

(8) Where the bank account of the person concerned, or the person making the deposit on his behalf, is debited but no Challan Identification Number is generated or generated but not communicated to the common portal, the said person may represent electronically in **FORM GST PMT-07** through the common portal to the bank or electronic gateway through which the deposit was initiated.

(9) Any amount deducted under section 51 or collected under section 52 and claimed [in **FORM GSTR-02**]141 by the registered taxable person from whom the said amount was deducted or, as the case may be, collected shall be credited to his electronic cash ledger [in accordance with the provisions of rule 87]

(10) Where a person has claimed refund of any amount from the electronic cash ledger, the said amount shall be debited to the electronic cash ledger.

(11) If the refund so claimed is rejected, either fully or partly, the amount debited under sub-rule (10), to the extent of rejection, shall be credited to the electronic cash ledger by the proper officer by an order made in **FORM GST PMT-03**.

(12) A registered person shall, upon noticing any discrepancy in his electronic cash ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in **FORM GST PMT-04**.

Explanation 1.—The refund shall be deemed to be rejected if the appeal is finally rejected.

Explanation 2.— For the purposes of this rule, it is hereby clarified that a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking to the proper officer that he shall not file an appeal.

(13) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in **FORM GST PMT-09**.

Rule 88 : Identification number for each transaction.

(1) A unique identification number shall be generated at the common portal for each debit or credit to the electronic cash or credit ledger, as the case may be.

(2) The unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic liability register.

(3) A unique identification number shall be generated at the common portal for each credit in the electronic liability register for reasons other than those covered under sub-rule (2).

Rule 88A : Order of utilization of input tax credit.

Input tax credit on account of integrated tax shall first be utilised towards payment of integrated tax, and the amount remaining, if any, may be utilised towards the payment of central tax and State tax or Union territory tax, as the case may be, in any order:

Provided that the input tax credit on account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully.

CHAPTER - 16

REFUND

Sec 54 : Refund

Sec 54(1) : Application for Refund

- Any person claiming refund of any tax and interest, if any,
- paid on such tax or any other amount paid by him,
- may make an application
- before the expiry of two years
- from the relevant date
- in such form and manner as may be prescribed:

Provided that a registered person, claiming refund of any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49, may claim such refund in the return furnished under section 39 in such manner as may be prescribed.

Sec 54(2) : Refund of tax paid on inward supplies

- A specialised agency of United Nations Organisation or
- any Multilateral Financial Institution & Organisation notified under UN (Privileges and Immunities) Act, 1947,
- Consulate or Embassy of foreign countries or
- any other person or class of persons, as notified u/s 55,
- entitled to a refund of tax paid by it on inward supplies of goods or services or both,
- may make an application for such refund,
- in such form and manner as may be prescribed,
- before the expiry of six months
- from the last day of the quarter in which such supply was received.

Sec 54(3) : Refund of unutilised input tax credit

A registered person may claim refund of any unutilised input tax credit at end of any tax period:

Provided that no refund of unutilised input tax credit shall be allowed in cases other than—

(i) Zero rated supplies made without payment of tax;

(ii) Where the credit has accumulated on account of rate of tax on inputs being higher than rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council:

Provided further that no refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty:

Provided also that no refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of integrated tax paid on such supplies.

Sec 54(4) : Documentary evidence with application

The application shall be accompanied by—

(a) such documentary evidence as may be prescribed to establish that a refund is due to the applicant; and

(b) such documentary or other evidence (including the documents referred u/s 33 as the applicant may furnish to establish that the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person:

Provided that where the amount claimed as refund is less 2 lakh rupees, it shall not be necessary for the applicant to furnish any documentary and other evidences but he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.

Sec 54(5) : Refund credited to Consumer Welfare Fund

If, on receipt of any such application, the proper officer is satisfied that the whole or part of the amount claimed as refund is refundable, he may make an order accordingly and the amount so determined shall be credited to consumer welfare fund.

Sec 54(6) : Refund on provisional basis

- Notwithstanding anything contained in sub-section (5),
- the proper officer may,
- in the case of any claim for refund
- on account of zero-rated supply of goods or services or both
- made by registered persons,
- other than such category of registered persons
- as may be notified by the Government
- on the recommendations of the Council,
- refund on a provisional basis,
- 90% of the total amount so claimed,
- excluding the amount of input tax credit provisionally accepted,
- in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.

Sec 54(7) : Time limit for issue of order

The proper officer shall issue the order under 54(5) within 60 days from the date of receipt of application complete in all respects.

Sec 54(8) : Payment of refund

- Notwithstanding anything contained in sub-section (5),
- the refundable amount shall,
- instead of being credited to the Fund,
- be paid to the applicant, if such amount is relatable to—

- (a) refund of tax paid on **export** of goods or services or both or on inputs or input services used in making such **exports**;
- (b) refund of unutilised input tax credit under sub-section (3);
- (c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;
- (d) refund of tax in pursuance of section 77;
- (e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or
- (f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.

Sec55 : Notification of person for refund

- The Government may,
- on recommendations of the Council,
- by notification,
- specify any specialised agency of UNO or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947,
- Consulate or Embassy of foreign countries and
- any other person or class of persons as may be specified in this behalf,
- who shall, subject to such conditions and restrictions
- as may be prescribed,
- be entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them.

Sec56 : Interest on refund

- If any tax ordered to be refunded u/s 54(5)
- to any applicant is not refunded within 60 days
- from the date of receipt of application u/s 54(1),
- interest at such rate not exceeding 6%.
- as may be specified in the notification
- issued by the Government on the recommendations of the Council
- shall be payable in respect of such refund
- from the date immediately after the expiry of 60 days
- from the date of receipt of application under the said sub-section
- till the date of refund of such tax:

Provided that where any claim of refund arises from order passed by adjudicating authority or Appellate Authority or Appellate Tribunal or court

which has attained finality and the same is not refunded within 60 days from the date of receipt of application filed consequent to such order,

interest at such rate not exceeding 9% . as may be notified by the Government on the recommendations of the Council shall be payable

in respect of such refund from the date immediately after the expiry of 60 days from the date of receipt of application till the date of refund.

Sec 57 : Constitution of consumer welfare fund

The Government shall constitute a Fund, to be called Consumer Welfare Fund and there shall be credited to tFund,—

- (a) the amount referred to u/s 54(5);
- (b) any income from investment of the amount credited to the Fund; and
- (c) such other monies received by it, in such manner as may be prescribed.

Sec 58 : Utilisation of amount in consumer welfare fund

(1) All sums credited to the Fund shall be utilised by the Government for the welfare of the consumers in such manner as may be prescribed.

(2) The Government or the authority specified by it shall maintain proper and separate account and other relevant records in relation to the Fund and prepare an annual statement of accounts in such form as may be prescribed in consultation with the CAG of India.

Rule 89 to 97 : REFUND**Rule 89 : Application for refund of tax, interest, penalty, fees or any other amount**

(1) Any person, except the persons covered under notification issued under section 55, claiming refund of any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file an application electronically in **FORM GST RFD-01** through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that any claim for refund relating to balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 may be made through the return furnished for the relevant tax period in **FORM GSTR-3** or **FORM GSTR-4** or **FORM GSTR-7**, as the case may be: Provided further that in respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, the application for refund shall be filed by the –

(a) supplier of goods after such goods have been admitted in full in the Special Economic Zone for authorised operations, as endorsed by the specified officer of the Zone;

(b) supplier of services along with such evidence regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone:

Provided also that in respect of supplies regarded as deemed exports, the application may be filed by, –

(a) the recipient of deemed export supplies; or

(b) the supplier of deemed export supplies in cases where the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund

Provided also that refund of any amount, after adjusting the tax payable by the applicant out of the advance tax deposited by him under section 27 at the time of registration, shall be claimed in the last return required to be furnished by him.

(2) The application under sub-rule (1) shall be accompanied by any of the following documentary evidences in Annexure 1 in **FORM GST RFD-01**, as applicable, to establish that a refund is due to the applicant, namely:-

(a) the reference number of the order and a copy of the order passed by the proper officer or an appellate authority or Appellate Tribunal or court resulting in such refund or reference number of the payment of the amount specified in sub-section (6) of section 107 and sub-section (8) of section 112 claimed as refund;

(b) a statement containing the number and date of shipping bills or bills of export and the number and the date of the relevant export invoices, in a case where the refund is on account of export of goods;

(c) a statement containing the number and date of invoices and the relevant Bank Realisation Certificates or Foreign Inward Remittance Certificates, as the case may be, in a case where the refund is on account of the export of services;

(d) a statement containing the number and date of invoices as provided in rule 46 along with the evidence regarding the endorsement specified in the second proviso to sub-rule (1) in the case of the supply of goods made to a Special Economic Zone unit or a Special Economic Zone developer;

(e) a statement containing the number and date of invoices, the evidence regarding the endorsement specified in the second proviso to sub-rule (1) and the details of payment, along with the proof thereof, made by the recipient to the supplier for authorised operations as defined under the Special Economic Zone Act, 2005, in a case where the refund is on account of supply of services made to a Special Economic Zone unit or a Special Economic Zone developer;

(f) a declaration to the effect that tax has not been collected from the Special Economic Zone unit or the Special Economic Zone developer, in a case where the refund is on account of supply of goods or services or both made to a Special Economic Zone unit or a Special Economic Zone developer;

(g) a statement containing the number and date of invoices along with such other evidence as may be notified in this behalf, in a case where the refund is on account of deemed exports;

(h) a statement containing the number and the date of the invoices received and issued during a tax period in a case where the claim pertains to refund of any unutilised input tax credit under sub-section

(3) of section 54 where the credit has accumulated on account of the rate of tax on the inputs being higher than the rate of tax on output supplies, other than nil-rated or fully exempt supplies;

(i) the reference number of the final assessment order and a copy of the said order in a case where the refund arises on account of the finalisation of provisional assessment;

(j) a statement showing the details of transactions considered as intra-State supply but which is subsequently held to be inter-State supply;

(k) a statement showing the details of the amount of claim on account of excess payment of tax;

(l) a declaration to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed does not exceed two lakh rupees:

Provided that a declaration is not required to be furnished in respect of the cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;

(m) a Certificate in Annexure 2 of **FORM GST RFD-01** issued by a chartered accountant or a cost accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed exceeds two lakh rupees:

Provided that a certificate is not required to be furnished in respect of cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;

Explanation.— For the purposes of this rule—

(i) in case of refunds referred to in clause (c) of sub-section (8) of section 54, the expression —invoice means invoice conforming to the provisions contained in section 31;

(ii) where the amount of tax has been recovered from the recipient, it shall be deemed that the incidence of tax has been passed on to the ultimate consumer.

(3) Where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant by an amount equal to the refund so claimed.

(4) In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the

Integrated Goods and Services Tax Act, 2017 , refund of input tax credit shall be granted as per the following formula –

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover

Where, -

(A) "Refund amount" means the maximum refund that is admissible;

(B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both;

(C) —Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, whichever is less, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;

(D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-

Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

(E) —Adjusted Total Turnover means the sum total of the value of-

(a) the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services; and

(b) the turnover of zero-rated supply of services determined in terms of clause (D) above and non-zero-rated supply of services,

excluding-

(i) the value of exempt supplies other than zero-rated supplies; and

(ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any,

during the relevant period.'

(F) —Relevant period means the period for which the claim has been filed.

(4A) In the case of supplies received on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated the 18th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R 1305 (E) dated the 18th October, 2017, refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted.

(4B) Where the person claiming refund of unutilised input tax credit on account of zero rated supplies without payment of tax has –

(a) received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 40/2017-Central Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section

3, Sub-section (i), vide number G.S.R 1320 (E), dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321(E), dated the 23rd October, 2017; or

(b) availed the benefit of notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299(E), dated the 13th October, 2017,

the refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted.]149]150]151

(5) In the case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula:-

Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} - tax payable on such inverted rated supply of goods and services.

Explanation:- For the purposes of this sub-rule, the expressions –

(a) —Net ITC shall mean input tax credit availed on inputs during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both; and
—Adjusted Total turnover and —relevant period shall have the same meaning as assigned to them in sub-rule (4).

Rule 90 : Acknowledgement

(1) Where the application relates to a claim for refund from the electronic cash ledger, an acknowledgement in **FORM GST RFD-02** shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.

(2) The application for refund, other than claim for refund from electronic cash ledger, shall be forwarded to the proper officer who shall, within a period of fifteen days of filing of the said application, scrutinize the application for its completeness and where the application is found to be complete in terms of sub-rule (2), (3) and (4) of rule 89, an acknowledgement in **FORM GST RFD-02** shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.

(3) Where any deficiencies are noticed, the proper officer shall communicate the deficiencies to the applicant in **FORM GST RFD-03** through the common portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies.

(4) Where deficiencies have been communicated in **FORM GST RFD-03** under the State Goods and Service Tax Rules, 2017, the same shall also be deemed to have been communicated under this rule along with the deficiencies communicated under sub-rule (3).

Rule 91 : Grant of provisional refund.

(1) The provisional refund in accordance with the provisions of sub-section (6) of section 54 shall be granted subject to the condition that the person claiming refund has, during any period of five years immediately preceding the tax period to which the claim for refund relates, not been prosecuted for

any offence under the Act or under an existing law where the amount of tax evaded exceeds two hundred and fifty lakh rupees.

(2) The proper officer, after scrutiny of the claim and the evidence submitted in support thereof and on being *prima facie* satisfied that the amount claimed as refund under sub-rule (1) is due to the applicant in accordance with the provisions of sub-section (6) of section 54, shall make an order in **FORM GST RFD-04**, sanctioning the amount of refund due to the said applicant on a provisional basis within a period not exceeding sevendays from the date of the acknowledgement under sub-rule (1) or sub-rule (2) of rule 90:

Provided that the order issued in **FORM GST RFD-04** shall not be required to be revalidated by the proper officer.

(3) The proper officer shall issue a [payment order]¹⁵⁵ in **FORM GST RFD-05** for the amount sanctioned under sub-rule (2) and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund on the basis of a consolidated payment advice¹⁵⁶:

Provided that the payment order in **FORM GST RFD-05** shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said [payment order]¹⁵⁸ was issued.

(4) The Central Government shall disburse the refund based on the consolidated payment advice issued under sub-rule (3).¹⁶⁰

Rule 92 : Order sanctioning refund

(1) Where, upon examination of the application, the proper officer is satisfied that a refund under sub-section (5) of section 54 is due and payable to the applicant, he shall make an order in **FORM GST RFD-06** sanctioning the amount of refund to which the applicant is entitled, mentioning therein the amount, if any, refunded to him on a provisional basis under sub-section (6) of section 54, amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable:

Provided that in cases where the amount of refund is completely adjusted against any outstanding demand under the Act or under any existing law, an order giving details of the adjustment shall be issued in Part A of **FORM GST RFD-07**.

(1A) Where, upon examination of the application of refund of any amount paid as tax other than the refund of tax paid on zero-rated supplies or deemed export, the proper officer is satisfied that a refund under sub-section (5) of section 54 of the Act is due and payable to the applicant, he shall make an order in **FORM RFD-06** sanctioning the amount of refund to be paid, in cash, proportionate to the amount debited in cash against the total amount paid for discharging tax liability for the relevant period, mentioning therein the amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable and for the remaining amount which has been debited from the electronic credit ledger for making payment of such tax, the proper officer shall issue **FORM GST PMT-03** re-crediting the said amount as Input Tax Credit in electronic credit ledger.

(2) Where the proper officer or the Commissioner is of the opinion that the amount of refund is liable to be withheld under the provisions of sub-section (10) or, as the case may be, sub-section (11) of section 54, he shall pass an order in Part B of **FORM GST RFD-07** informing him the reasons for withholding of such refund.

(3) Where the proper officer is satisfied, for reasons to be recorded in writing, that the whole or any part of the amount claimed as refund is not admissible or is not payable to the applicant, he shall issue a notice in **FORM GST RFD-08** to the applicant, requiring him to furnish a reply in **FORM GST RFD-09** within a period of fifteen days of the receipt of such notice and after considering the reply, make an order in **FORM GST RFD-06** sanctioning the amount of refund in whole or part, or rejecting the said refund claim and the said order shall be made available to the applicant electronically and the provisions of sub-rule (1) shall, *mutatis mutandis*, apply to the extent refund is allowed:

Provided that no application for refund shall be rejected without giving the applicant an opportunity of being heard. (4) Where the proper officer is satisfied that the amount refundable under sub-rule (1) [or sub-rule (1A)]¹⁶² or sub-rule (2) is payable to the applicant under sub-section (8) of section 54, he shall make an order in **FORM GST RFD-06** and issue a [payment order]¹⁶³ in **FORM GST RFD-05** for the amount of refund and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund [on the basis of a consolidated payment advice]¹⁶⁴:

Provided that the order issued in **FORM GST RFD-06** shall not be required to be revalidated by the proper officer:

Provided further that the [payment order]¹⁶⁵ in **FORM GST RFD-05** shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said payment order was issued.

(4A) The Central Government shall disburse the refund based on the consolidated payment advice issued under sub-rule (4).¹⁶⁸

(5) Where the proper officer is satisfied that the amount refundable under sub-rule (1) or sub-rule (1A)]¹⁶⁹ or sub-rule (2) is not payable to the applicant under sub-section (8) of section 54, he shall make an order in **FORM GST RFD-06** and issue [a payment order]¹⁷⁰ in **FORM GST RFD-05**, for the amount of refund to be credited to the Consumer Welfare Fund.

Rule 93. Credit of the amount of rejected refund claim.

(1) Where any deficiencies have been communicated under sub-rule (3) of rule 90, the amount debited under sub-rule (3) of rule 89 shall be re-credited to the electronic credit ledger.

(2) Where any amount claimed as refund is rejected under rule 92, either fully or partly, the amount debited, to the extent of rejection, shall be re-credited to the electronic credit ledger by an order made in **FORM GST PMT-03**.

Explanation.— For the purposes of this rule, a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking in writing to the proper officer that he shall not file an appeal. **94. Order sanctioning interest on delayed refunds.**—Where any interest is due and payable to the applicant under section 56, the proper officer shall make an order along with a payment order in **FORM GST RFD-05**, specifying therein the amount of refund which is delayed, the period of delay for which interest is payable and the amount of interest payable, and such amount of interest shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund.

Rule 95 : Refund of tax to certain persons.

(1) Any person eligible to claim refund of tax paid by him on his inward supplies as per notification issued section 55 shall apply for refund in **FORM GST RFD-10** once in every quarter, electronically on the common portal or otherwise, either directly or through a Facilitation Centre notified by the Commissioner, along with a statement of the inward supplies of goods or services or both in **FORM**

GSTR-11, prepared on the basis of the statement of the outward supplies furnished by the corresponding suppliers in **FORM GSTR-1**.

(2) An acknowledgement for the receipt of the application for refund shall be issued in **FORM GST RFD-02**.

(3) The refund of tax paid by the applicant shall be available if-

(a) the inward supplies of goods or services or both were received from a registered person against a tax invoice and the price of the supply covered under a single tax invoice exceeds five thousand rupees, excluding tax paid, if any ;

(b) name and Goods and Services Tax Identification Number or Unique Identity Number of the applicant is mentioned in the tax invoice; and

(c) such other restrictions or conditions as may be specified in the notification are satisfied.

(4) The provisions of rule 92 shall, *mutatis mutandis*, apply for the sanction and payment of refund under this rule.

(5) Where an express provision in a treaty or other international agreement, to which the President or the Government of India is a party, is inconsistent with the provisions of this Chapter, such treaty or international agreement shall prevail.

Rule 95A : Refund of taxes to the retail outlets established in departure area of an international Airport beyond immigration counters making tax free supply to an outgoing international tourist.-

(1) Retail outlet established in departure area of an international airport, beyond the immigration counters, supplying indigenous goods to an outgoing international who is leaving India shall be eligible to claim refund of tax paid by it on inward supply of such goods.

(2) Retail outlet claiming refund of the taxes paid on his inward supplies, shall furnish the application for refund claim in **FORM GST RFD- 10B** on a monthly or quarterly basis, as the case may be, through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

(3) The self-certified compiled information of invoices issued for the supply made during the month or the quarter, as the case may be, along with concerned purchase invoice shall be submitted along with the refund application.

(4) The refund of tax paid by the said retail outlet shall be available if-

(a) the inward supplies of goods were received by the said retail outlet from a registered person against a tax invoice;

(b) the said goods were supplied by the said retail outlet to an outgoing international tourist against foreign exchange without charging any tax;

(c) name and Goods and Services Tax Identification Number of the retail outlet is mentioned in the tax invoice for the inward supply; and

(d) such other restrictions or conditions, as may be specified, are satisfied.

(5) The provisions of rule 92 shall, *mutatis mutandis*, apply for the sanction and payment of refund under this rule.

Explanation.- For the purposes of this rule, the expression —outgoing international tourist shall mean a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.

Rule 96 : Refund of integrated tax paid on goods or services exported out of India.

(1) The shipping bill filed by an exporter of goods shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India and such application shall be deemed to have been filed only when:-

(a) the person in charge of the conveyance carrying the export goods duly files a departure manifest or an export manifest or an export report covering the number and the date of shipping bills or bills of export; and

(b) the applicant has furnished a valid return in **FORM GSTR-3** or **FORM GSTR-3B**, as the case may be;

(2) The details of the relevant export invoices in respect of export of goods contained in **FORM GSTR-1** shall be transmitted electronically by the common portal to the system designated by the Customs and the said system shall electronically transmit to the common portal, a confirmation that the goods covered by the said invoices have been exported out of India.

Provided that where the date for furnishing the details of outward supplies in **FORM GSTR-1** for a tax period has been extended in exercise of the powers conferred under section 37 of the Act, the supplier shall furnish the information relating to exports as specified in Table 6A of **FORM GSTR-1** after the return in **FORM GSTR-3B** has been furnished and the same shall be transmitted electronically by the common portal to the system designated by the Customs:

Provided further that the information in Table 6A furnished under the first proviso shall be auto-drafted in **FORM GSTR-1** for the said tax period.]180

(3) Upon the receipt of the information regarding the furnishing of a valid return in **FORM GSTR-3** or **FORM GSTR-3B**, as the case may be from the common portal, the system designated by the Customs or the proper officer of Customs, as the case may be, shall process the claim of refund in respect of export of goods and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account of the applicant mentioned in his registration particulars and as intimated to the Customs authorities.

(4) The claim for refund shall be withheld where,-

(a) a request has been received from the jurisdictional Commissioner of central tax, State tax or Union territory tax to withhold the payment of refund due to the person claiming refund in accordance with the provisions of sub-section (10) or sub-section (11) of section 54; or

(b) the proper officer of Customs determines that the goods were exported in violation of the provisions of the Customs Act, 1962.

(5) Where refund is withheld in accordance with the provisions of clause (a) of sub-rule (4), the proper officer of integrated tax at the Customs station shall intimate the applicant and the jurisdictional Commissioner of central tax, State tax or Union territory tax, as the case may be, and a copy of such intimation shall be transmitted to the common portal.

(6) Upon transmission of the intimation under sub-rule (5), the proper officer of central tax or State tax or Union territory tax, as the case may be, shall pass an order in **Part B** of **FORM GST RFD-07**.

(7) Where the applicant becomes entitled to refund of the amount withheld under clause (a) of sub-rule (4), the concerned jurisdictional officer of central tax, State tax or Union territory tax, as the case may be, shall proceed to refund the amount after passing an order in **FORM GST RFD-06**.

(8) The Central Government may pay refund of the integrated tax to the Government of Bhutan on the exports to Bhutan for such class of goods as may be notified in this behalf and where such refund is paid to the Government of Bhutan, the exporter shall not be paid any refund of the integrated tax.

(9) The application for refund of integrated tax paid on the services exported out of India shall be filed in **FORM GST RFD-01** and shall be dealt with in accordance with the provisions of rule 89

(10) The persons claiming refund of integrated tax paid on exports of goods or services should not have -

(a) received supplies on which the benefit of the Government of India, Ministry of Finance notification No. 48/2017-Central Tax, dated the 18th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1305 (E), dated the 18th October, 2017 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme or notification No. 40/2017-Central Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E), dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E), dated the 23rd October, 2017 has been availed; or

(b) availed the benefit under notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E), dated the 13th October, 2017 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme.

(10) The persons claiming refund of integrated tax paid on exports of goods or services should not have received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated the 18th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1305 (E) dated the 18th October, 2017 or notification No. 40/2017-Central Tax (Rate) 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E) dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate) dated the 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E) dated the 23rd October, 2017 or notification No. 78/2017-Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E) dated the 13th October, 2017 or notification No. 79/2017-Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E) dated the 13th October, 2017

Rule 96A : Export of goods or services under bond or Letter of Undertaking.

(1) Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in **FORM GST RFD-11** to the jurisdictional Commissioner, binding himself to pay the tax due along with the interest specified under sub-section (1) of section 50 within a period of —

(a) fifteen days after the expiry of three months , or such further period as may be allowed by the Commissioner,] from the date of issue of the invoice for export, if the goods are not exported out of India; or

(b) fifteen days after the expiry of one year, or such further period as may be allowed by the Commissioner, from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange [or in Indian rupees, wherever permitted by the Reserve Bank of India]189.

(2) The details of the export invoices contained in **FORM GSTR-1** furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system.

Provided that where the date for furnishing the details of outward supplies in **FORM GSTR-1** for a tax period has been extended in exercise of the powers conferred under section 37 of the Act, the supplier shall furnish the information relating to exports as specified in Table 6A of **FORM GSTR-1** after the return in **FORM GSTR-3B** has been furnished and the same shall be transmitted electronically by the common portal to the system designated by the Customs:

Provided further that the information in Table 6A furnished under the first proviso shall be auto-drafted in **FORM GSTR-1** for the said tax period.

(3) Where the goods are not exported within the time specified in sub-rule (1) and the registered person fails to pay the amount mentioned in the said sub-rule, the export as allowed under bond or Letter of Undertaking shall be withdrawn forthwith and the said amount shall be recovered from the registered person in accordance with the provisions of section 79.

(4) The export as allowed under bond or Letter of Undertaking withdrawn in terms of sub-rule (3) shall be restored immediately when the registered person pays the amount due.

(5) The Board, by way of notification, may specify the conditions and safeguards under which a Letter of Undertaking may be furnished in place of a bond.

(6) The provisions of sub rule (1) shall apply, *mutatis mutandis*, in respect of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit without payment of integrated tax.

Rule 96B : Recovery of refund of unutilised input tax credit or integrated tax paid on export of goods where export proceeds not realised.

(1) Where any refund of unutilised input tax credit on account of export of goods or of integrated tax paid on export of goods has been paid to an applicant but the sale proceeds in respect of such export goods have not been realised, in full or in part, in India within the period allowed under the Foreign Exchange Management Act, 1999 , including any extension of such period, the person to whom the refund has been made shall deposit the amount so refunded, to the extent of non-realisation of sale proceeds, along with applicable interest within thirty days of the expiry of the said period or, as the case may be, the extended period, failing which the amount refunded shall be recovered in accordance with the provisions of section 73 or 74 of the Act, as the case may be, as is applicable for recovery of erroneous refund, along with interest under section 50:

Provided that where sale proceeds, or any part thereof, in respect of such export goods are not realised by the applicant within the period allowed under the Foreign Exchange Management Act, 1999 , but the Reserve Bank of India writes off the requirement of realisation of sale proceeds on merits, the refund paid to the applicant shall not be recovered.

(2) Where the sale proceeds are realised by the applicant, in full or part, after the amount of refund has been recovered from him under sub-rule (1) and the applicant produces evidence about such

realisation within a period of three months from the date of realisation of sale proceeds, the amount so recovered shall be refunded by the proper officer, to the applicant to the extent of realisation of sale proceeds, provided the sale proceeds have been realised within such extended period as permitted by the Reserve Bank of India.

Rule 97. Consumer Welfare Fund.

(1) All amounts of duty/central tax/ integrated tax /Union territory tax/cess and income from investment along with other monies specified in sub-section (2) of section 12C of the Central Excise Act, 1944 , section 57 of the Central Goods and Services Tax Act, 2017 (12 of 2017) read with section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017) and section 12 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017) shall be credited to the Fund:

Provided that an amount equivalent to fifty per cent. of the amount of integrated tax determined under sub-section (5) of section 54 of the Central Goods and Services Tax Act, 2017, read with section 20 of the Integrated Goods and Services Tax Act, 2017, shall be deposited in the Fund:

Provided further that an amount equivalent to fifty per cent. of the amount of cess determined under sub-section (5) of section 54 read with section 11 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), shall be deposited in the Fund.]192

(2) Where any amount, having been credited to the Fund, is ordered or directed to be paid to any claimant by the proper officer, appellate authority or court, the same shall be paid from the Fund.

(3) Accounts of the Fund maintained by the Central Government shall be subject to audit by the Comptroller and Auditor General of India.

(4) The Government shall, by an order, constitute a Standing Committee (hereinafter referred to as the 'Committee') with a Chairman, a Vice-Chairman, a Member Secretary and such other members as it may deem fit and the Committee shall make recommendations for proper utilisation of the money credited to the Fund for welfare of the consumers.

(5)

(a) The Committee shall meet as and when necessary, generally four times in a year;

(b) the Committee shall meet at such time and place as the Chairman, or in his absence, the Vice-Chairman of the Committee may deem fit;

(c) the meeting of the Committee shall be presided over by the Chairman, or in his absence, by the Vice-Chairman;

(d) the meeting of the Committee shall be called, after giving at least ten days' notice in writing to every member;

(e) the notice of the meeting of the Committee shall specify the place, date and hour of the meeting and shall contain statement of business to be transacted thereat;

(f) no proceeding of the Committee shall be valid, unless it is presided over by the Chairman or Vice-Chairman and attended by a minimum of three other members.

(6) The Committee shall have powers -

(a) to require any applicant to get registered with any authority as the Central Government may specify;

(b) to require any applicant to produce before it, or before a duly authorised officer of the Central Government or the State Government, as the case may be, such books, accounts, documents, instruments, or commodities in custody and control of the applicant, as may be necessary for proper evaluation of the application;

(c) to require any applicant to allow entry and inspection of any premises, from which activities claimed to be for the welfare of consumers are stated to be carried on, to a duly authorised officer of the Central Government or the State Government, as the case may be;

(d) to get the accounts of the applicants audited, for ensuring proper utilisation of the grant;

(e) to require any applicant, in case of any default, or suppression of material information on his part, to refund in lump-sum along with accrued interest, the sanctioned grant to the Committee, and to be subject to prosecution under the Act;

(f) to recover any sum due from any applicant in accordance with the provisions of the Act;

(g) to require any applicant, or class of applicants to submit a periodical report, indicating proper utilisation of the grant;

(h) to reject an application placed before it on account of factual inconsistency, or inaccuracy in material particulars;

(i) to recommend minimum financial assistance, by way of grant to an applicant, having regard to his financial status, and importance and utility of the nature of activity under pursuit, after ensuring that the financial assistance provided shall not be misutilised;

(j) to identify beneficial and safe sectors, where investments out of Fund may be made, and make recommendations, accordingly;

(k) to relax the conditions required for the period of engagement in consumer welfare activities of an applicant;

(l) to make guidelines for the management, and administration of the Fund.

(7) The Committee shall not consider an application, unless it has been inquired into, in material details and recommended for consideration accordingly, by the Member Secretary.

(7A) The Committee shall make available to the Board 50 per cent. of the amount credited to the Fund each year, for publicity or consumer awareness on Goods and Services Tax, provided the availability of funds for consumer welfare activities of the Department of Consumer Affairs is not less than twenty-five crore rupees per annum.

(8) The Committee shall make recommendations:-

(a) for making available grants to any applicant;

(b) for investment of the money available in the Fund;

(c) for making available grants (on selective basis) for reimbursing legal expenses incurred by a complainant, or class of complainants in a consumer dispute, after its final adjudication;

(d) for making available grants for any other purpose recommended by the Central Consumer Protection Council (as may be considered appropriate by the Committee);

(e) for making available up to 50% of the funds credited to the Fund each year, for publicity/ consumer awareness on GST, provided the availability of funds for consumer welfare activities of the Department of Consumer Affairs is not less than twenty five crore rupees per annum

Explanation.- For the purposes of this rule,

(a) 'Act' means the Central Goods and Services Tax Act, 2017 , or the Central Excise Act, 1944 as the case may be;

(b) 'applicant' means,

(i) the Central Government or State Government;

(ii) regulatory authorities or autonomous bodies constituted under an Act of Parliament or the Legislature of a State or Union Territory;

(iii) any agency or organization engaged in consumer welfare activities for a minimum period of three years, registered under the Companies Act, 2013 (18 of 2013) or under any other law for the time being in force;

(iv) village or mandal or samiti or samiti level co-operatives of consumers especially Women, Scheduled Castes and Scheduled Tribes;

(v) an educational or research institution incorporated by an Act of Parliament or the Legislature of a State or Union Territory in India or other educational institutions established by an Act of Parliament or declared to be deemed as a University under section 3 of the University Grants Commission Act, 1956 (3 of 1956) and which has consumers studies as part of its curriculum for a minimum period of three years; and

(vi) a complainant as defined under clause (b) of sub-section (1) of section 2 of the Consumer Protection Act, 1986 (68 of 1986), who applies for reimbursement of legal expenses incurred by him in a case instituted by him in a consumer dispute redressal agency.

(c) 'application' means an application in the form as specified by the Standing Committee from time to time;

(d) 'Central Consumer Protection Council' means the Central Consumer Protection Council, established under sub-section (1) of section 4 of the Consumer Protection Act, 1986 (68 of 1986), for promotion and protection of rights of consumers;

(e) 'Committee' means the Committee constituted under sub-rule (4);

(f) 'consumer' has the same meaning as assigned to it in clause (d) of sub-section (1) of section 2 of the Consumer Protection Act, 1986 (68 of 1986), and includes consumer of goods on which central tax has been paid;

(g) 'duty' means the duty paid under the Central Excise Act, 1944 or the Customs Act, 1962 ;

(h) 'Fund' means the Consumer Welfare Fund established by the Central Government under sub-section (1) of section 12C of the Central Excise Act, 1944 and section 57 of the Central Goods and Services Tax Act, 2017 ;

(i) 'proper officer' means the officer having the power under the Act to make an order that the whole or any part of the central tax is refundable

(2) Any amount, having been credited to the Fund, ordered or directed as payable to any claimant by orders of the proper officer, appellate authority or Appellate Tribunal or court, shall be paid from the Fund.

(3) Any utilisation of amount from the Consumer Welfare Fund under sub-section (1) of section 58 shall be made by debiting the Consumer Welfare Fund account and crediting the account to which the amount is transferred for utilisation.

(4) The Government shall, by an order, constitute a Standing Committee with a Chairman, a Vice-Chairman, a Member Secretary and such other Members as it may deem fit and the Committee shall make recommendations for proper utilisation of the money credited to the Consumer Welfare Fund for welfare of the consumers.

(5) The Committee shall meet as and when necessary, but not less than once in three months.

(6) Any agency or organisation engaged in consumer welfare activities for a period of three years registered under the provisions of the Companies Act, 2013 or under any other law for the time being in force, including village or mandal or samiti level co-operatives of consumers especially Women, Scheduled Castes and Scheduled Tribes, or any industry as defined in the Industrial Disputes Act, 1947 recommended by the Bureau of Indian Standards to be engaged for a period of five years in viable and useful research activity which has made, or is likely to make, significant contribution in formulation of standard mark of the products of mass consumption, the Central Government or the State Government may make an application for a grant from the Consumer Welfare Fund: Provided that a consumer may make application for reimbursement of legal expenses incurred by him as a complainant in a consumer dispute, after its final adjudication.

Rule 97A : Manual filing and processing.

– Notwithstanding anything contained in this Chapter, in respect of any process or procedure prescribed herein, any reference to electronic filing of an application, intimation, reply, declaration, statement or electronic issuance of a notice, order or certificate on the common portal shall, in respect of that process or procedure, include manual filing of the said application, intimation, reply, declaration, statement or issuance of the said notice, order or certificate in such Forms as appended to these rules.

CHAPTER - 17
ASSESSMENT**Sec 59 : Self Assessment**

Every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified u/s 39.

Sec 60 : Provisional Assessment**Sec 60(1) : Payment of tax on Provisional basis**

- Subject to the provisions of sub-section (2),
- where taxable person is unable to
- determine the value of goods or services or both or
- determine the rate of tax applicable thereto,
- he may request the proper officer in writing
- giving reasons for payment of tax
- on a provisional basis and
- the proper officer shall pass an order,
- within a period not later than 90 days
- from the date of receipt of such request,
- allowing payment of tax on provisional basis
- at such rate or on such value as may be specified by him.

Sec 60(2): Execution of bond

- The payment of tax on provisional basis
- may be allowed,
- if the taxable person executes
- a bond in such form as may be prescribed, and
- with such surety or security
- as the proper officer may deem fit,
- binding the taxable person
- for payment of the difference between the amount of tax
- as may be finally assessed and
- the amount of tax provisionally assessed.

Sec 60(3) : Final assessment

- The proper officer shall,
- within a period not exceeding six months
- from date of communication of order issued u/s 60(1)
- pass the final assessment order
- after taking into account
- such information as may be required
- finalizing the assessment

Provided that the period specified in this sub-section may, on sufficient cause being shown and for reasons to be recorded in writing, be extended by the Joint Commissioner or Additional Commissioner for a further period not exceeding 6 months and by the Commissioner for such further period not exceeding 4 years.

Sec 61 : Scrutiny of Return

Sec 61(1) : Scrutiny for verification of correctness

- The proper officer may
- scrutinize the return and related particulars
- furnished by the registered person
- to verify the correctness of the return and
- inform him of the discrepancies noticed, if any,
- in such manner as may be prescribed and
- seek his explanation thereto.

Sec 61(2) : Explanation found acceptable

- In case the explanation is found acceptable,
- the registered person
- shall be informed accordingly and
- no further action shall be taken in this regard.

Sec 61(3) : Unsatisfactory Application

- In case no satisfactory explanation is furnished
- within a period of thirty days of being informed
- by the proper officer or such further period as may be permitted by him or
- where the registered person, after accepting the discrepancies,
- fails to take the corrective measure in his return
- for the month in which the discrepancy is accepted,
- the proper officer may initiate appropriate action including
- those u/s 65 or u/s 66 or u/s 67, or
- proceed to determine the tax and other dues u/s 73 or u/s 74.

Sec 62 : Best Judgement Assessment

Sec 62(1) : Best Judgment Order

- Notwithstanding anything to contrary contained u/s 73 or u/s 74,
- where registered person fails to furnish return u/s 39 or u/s 45,
- even after service of notice u/s 46,
- the proper officer may proceed to assess
- the tax liability of the said person
- to best of his judgement taking into account
- all relevant material which is available or
- which he has gathered and
- issue assessment order
- within period of 5 years
- from date specified u/s 44 for furnishing of annual return
- for f/y to which the tax not paid relates.

Sec 62(2) : Withdrawn of Assessment order

- Where Registered person
- furnishes a valid return
- within 30 days of service of assessment order u/s 62(1),
- the said assessment order shall be
- Deemed to have been withdrawn but
- Liability for payment of interest u/s 50(1) or
- For payment of late fee u/s 47 shall continue.

Sec 63 : Assessment of unregistered persons

- Notwithstanding anything to the contrary contained u/s 73 or u/s 74,
- where a taxable person fails to obtain registration
- even though liable to do so or
- whose registration has been cancelled u/s 29(2)
- but who was liable to pay tax,
- proper officer may proceed to assess tax liability
- of such taxable person to the best of his judgment
- for the relevant tax periods and
- issue an assessment order within a period of 5 years
- from the date specified u/s 44 for furnishing of the annual return
- for F/Y to which the tax not paid relates:

Provided that no such assessment order shall be passed without giving person an opportunity of being heard.

Sec.64 : Summary Assessment in certain special cases**Sec 64(1) : Assessment to protect Interest of revenue**

- The proper officer may,
- on any evidence showing a tax liability of a person coming to his notice,
- with the previous permission of Additional Commissioner or Joint Commissioner,
- proceed to assess the tax liability of such person to protect the interest of revenue and
- issue an assessment order,
- if he has sufficient grounds to believe
- any delay in doing so may adversely affect the interest of revenue:

Provided that where the taxable person to whom liability pertains is not ascertainable & such liability pertains to supply of goods, the person in charge of such goods shall be deemed to be taxable person liable to be assessed & liable to pay tax and any other amount due under this section.

Sec 64(2) : Withdraw of Order

- On an application made by the taxable person
- within 30 days from the date of receipt of order passed under sub-section (1) or
- on his own motion,
- if the Additional Commissioner or Joint Commissioner
- considers that such order is erroneous,
- he may withdraw such order and
- follow the procedure laid down u/s 73 or u/s 74.

RULE 98 to 100**Rule 98 : Provisional Assessment**

(1) Every registered person requesting for payment of tax on a provisional basis in accordance with the provisions of sub-section (1) of section 60 shall furnish an application along with the documents in support of his request, electronically in **FORM GST ASMT-01** on the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

(2) The proper officer may, on receipt of the application under sub-rule (1), issue a notice in **FORM GST ASMT-02** requiring the registered person to furnish additional information or documents in support of his request and the applicant shall file a reply to the notice in **FORM GST ASMT – 03**, and may appear in person before the said officer if he so desires.

(3) The proper officer shall issue an order in **FORM GST ASMT-04** allowing the payment of tax on a provisional basis indicating the value or the rate or both on the basis of which the assessment is to be allowed on a provisional basis and the amount for which the bond is to be executed and security to be furnished not exceeding twenty-five per cent. of the amount covered under the bond.

(4) The registered person shall execute a bond in accordance with the provisions of sub-section (2) of section 60 in **FORM GST ASMT-05** along with a security in the form of a bank guarantee for an amount as determined under sub-rule (3):

Provided that a bond furnished to the proper officer under the State Goods and Services Tax Act or Integrated Goods and Services Tax Act shall be deemed to be a bond furnished under the provisions of the Act and the rules made thereunder.

Explanation.- For the purposes of this rule, the expression —amount shall include the amount of integrated tax, central tax, State tax or Union territory tax and cess payable in respect of the transaction.

(5) The proper officer shall issue a notice in **FORM GST ASMT-06**, calling for information and records required for finalization of assessment under sub-section (3) of section 60 and shall issue a final assessment order, specifying the amount payable by the registered person or the amount refundable, if any, in **FORM GST ASMT-07**.

(6) The applicant may file an application in **FORM GST ASMT-08** for the release of the security furnished under sub-rule (4) after issue of the order under sub-rule (5).

(7) The proper officer shall release the security furnished under sub-rule (4), after ensuring that the applicant has paid the amount specified in sub-rule (5) and issue an order in **FORM GST ASMT-09** within a period of 7 working days from the date of the receipt of the application under sub-rule (6).

Rule 99. Scrutiny of returns (1) Where any return furnished by a registered person is selected for scrutiny, the proper officer shall scrutinize the same in accordance with the provisions of section 61 with reference to the information available with him, and in case of any discrepancy, he shall issue a notice to the said person in **FORM GST ASMT-10**, informing him of such discrepancy and seeking his explanation thereto within such time, not exceeding thirty days from the date of service of the notice or such further period as may be permitted by him and also, where possible, quantifying the amount of tax, interest and any other amount payable in relation to such discrepancy.

(2) The registered person may accept the discrepancy mentioned in the notice issued under sub-rule (1), and pay the tax, interest and any other amount arising from such discrepancy and inform the same or furnish an explanation for the discrepancy in **FORM GST ASMT-11** to the proper officer.

(3) Where the explanation furnished by the registered person or the information submitted under sub-rule (2) is found to be acceptable, the proper officer shall inform him accordingly in **FORM GST ASMT-12**.

Rule 100 : Assessment in certain cases.

(1) The order of assessment made under sub-section (1) of section 62 shall be issued in **FORM GST ASMT-13** and a summary thereof shall be uploaded electronically in **FORM GST DRC-07**.

(2) The proper officer shall issue a notice to a taxable person in accordance with the provisions of section 63 in **FORM GST ASMT-14** containing the grounds on which the assessment is proposed to be made on best judgment basis and shall also serve a summary thereof electronically in **FORM GST DRC-01**, and after allowing a time of fifteen days to such person to furnish his reply, if any, pass an order in **FORM GST ASMT-15** and summary thereof shall be uploaded electronically in **FORM GST DRC-07**.

(3) The order of assessment under sub-section (1) of section 64 shall be issued in **FORM GST ASMT-16** and a summary of the order shall be uploaded electronically in **FORM GST DRC-07**.

(4) The person referred to in sub-section (2) of section 64 may file an application for withdrawal of the assessment order in **FORM GST ASMT-17**.

(5) The order of withdrawal or, as the case may be, rejection of the application under sub-section (2) of section 64 shall be issued in **FORM GST ASMT-18**.

CHAPTER - 18

AUDIT

Sec 65 : General Audit

Sec 65 (1) : Commissioner to order audit

- The Commissioner or any officer authorised by him,
- by way of a general or a specific order,
- may undertake audit
- of any registered person
- for such period,
- at such frequency and
- in such manner as may be prescribed.

Sec 65(2) : Audit at place of business

- The officers referred to in sub-section (1)
- may conduct audit
- at the place of business
- of the registered person or
- in their office.

Sec 65(3): Notice of audit

- The registered person
- shall be informed by way of a notice
- not less than 15 working days
- prior to the conduct of audit
- in such manner as may be prescribed.

Sec 65 (4) : Completion of Audit

- The audit under sub-section (1)
- shall be completed within a period of 3 months
- from the date of commencement of the audit:

Provided that where the Commissioner is satisfied that audit in respect of such registered person cannot be completed within 3 months, he may, for reasons to be recorded in writing, extend period by a further period not exceeding 6 months.

Explanation : Commencement of audit” shall mean date on which the records and other documents, called for by the tax authorities, are made available by registered person or actual institution of audit at place of business, whichever is later.

Sec 65(5) : Powers of Authorised officer

During the course of audit, the authorised officer may require the registered person,—

- (i) To afford him the necessary facility to verify the books of account or other documents as he may require;
- (ii) To furnish such information as he may require and render assistance for timely completion of the audit.

Sec 65(6) : Proper officer to inform

- On conclusion of audit,
- the proper officer shall,
- within thirty days,
- inform the registered person,
- whose records are audited,
- about the findings,
- his rights and obligations and
- the reasons for such findings.

Sec 65(7) : Action u/s 73/74

- Where the audit conducted under sub-section (1)
- results in detection of tax not paid or
- short paid or erroneously refunded, or
- input tax credit wrongly availed or utilised,
- the proper officer may initiate action u/s 73 or u/s74.

Sec 66 : Special Audit**Sec 66(1) : Order of Special audit**

- If at any stage of scrutiny, inquiry, investigation or
- any other proceedings before him,
- any officer not below the rank of Assistant Commissioner,
- having regard to the nature and complexity of the case and
- the interest of revenue,
- is of the opinion that the value has not been correctly declared or
- the credit availed is not within the normal limits,
- he may, with the prior approval of the Commissioner,
- direct such registered person
- by a communication in writing
- to get his records including books of account
- examined and audited by CA or cost accountant
- as may be nominated by Commissioner.

Sec 66(2) : Audit report

- The CA or Cost accountant
- so nominated shall,
- within the period of 90 days,
- submit report of such audit
- duly signed & certified by him
- to said Assistant Commissioner
- mentioning therein such other particulars as may be specified:

Provided that the Assistant Commissioner may, on an application made to him in this behalf by the registered person or CA or cost accountant or for any material and sufficient reason, extend the said period by a further period of 90 days.

Sec 66(3) : Provision applicable even if audit under other law

- The provisions of sub-section (1)
- shall have effect
- notwithstanding that the accounts of the registered person
- have been audited under any other provisions of this Act or
- any other law for the time being in force

Sec 66(4) : Opportunity of being heard

- The registered person
- shall be given an opportunity of being heard
- in respect of any material gathered
- on the basis of special audit
- under sub-section (1)
- which is proposed to be used
- in any proceedings against him under this Act or
- the rules made thereunder.

Sec 66(5) : Expenses of Audit

- The expenses of the examination and audit of records
- under sub-section (1),
- including the remuneration of such CA or Cost accountant,
- shall be determined and
- paid by Commissioner and
- such determination shall be final.

Sec 66(6) : Action u/s 73/74

- Where the special audit conducted
- under sub-section (1)
- results in detection of tax not paid or short paid or
- erroneously refunded, or input tax credit wrongly availed or utilised,
- the proper officer may initiate action u/s 73 or u/s 74.

Rule 101 : Audit (1) The period of audit to be conducted under sub-section (1) of section 65 shall be a financial year [or part thereof] 198 or multiples thereof.

(2) Where it is decided to undertake the audit of a registered person in accordance with the provisions of section 65, the proper officer shall issue a notice in **FORM GST ADT-01** in accordance with the provisions of sub-section (3) of the said section.

(3) The proper officer authorised to conduct audit of the records and the books of account of the registered person shall, with the assistance of the team of officers and officials accompanying him, verify the documents on the basis of which the books of account are maintained and the returns and statements furnished under the provisions of the Act and the rules made thereunder, the correctness of the turnover, exemptions and deductions claimed, the rate of tax applied in respect of the supply of goods or services or both, the input tax credit availed and utilised, refund claimed, and other relevant issues and record the observations in his audit notes.

(4) The proper officer may inform the registered person of the discrepancies noticed, if any, as observed in the audit and the said person may file his reply and the proper officer shall finalise the findings of the audit after due consideration of the reply furnished.

(5) On conclusion of the audit, the proper officer shall inform the findings of audit to the registered person in accordance with the provisions of sub-section (6) of section 65 in **FORM GST ADT-02**.

Rule 102 : Special Audit.

(1) Where special audit is required to be conducted in accordance with the provisions of section 66, the officer referred to in the said section shall issue a direction in **FORM GST ADT-03** to the registered person to get his records audited by a chartered accountant or a cost accountant specified in the said direction.

(2) On conclusion of the special audit, the registered person shall be informed of the findings of the special audit in **FORM GST ADT-04**.

CHAPTER - 19

INSPECTION, SEARCH, SEIZURE, ARREST

Sec 67 : Power of inspection, search and seizure

Sec 67(1) : Ground for Inspection

Where the proper officer, not below rank of Joint Commissioner, has reasons to believe that—

- Taxable person has suppressed any transaction relating to supply of goods or services or both or the stock of goods in hand, or
- Has claimed ITC in excess of his entitlement under this Act or
- Has indulged in contravention of Act or rules to evade tax; or
- Keeping goods which have escaped payment of tax or has kept his accounts or goods in such a manner to cause evasion of tax

He may authorise in writing any other officer of central tax to inspect any places of business of taxable person or the persons engaged in business of transporting goods or owner or operator of warehouse or godown or any other place.

Sec 67(2) : Search & Seizure

- Where proper officer, not below rank of Joint Commissioner, either pursuant to inspection carried out under sub-section (1) or otherwise,
- Has reasons to believe that any goods liable to confiscation or any documents or books or things, which in his opinion shall be useful for or relevant to any proceedings under this Act,
- Are secreted in any place, he may authorise in writing any other officer of central tax to search and seize or may himself search and seize such goods, documents or books or things:

Provided that where it is not practicable to seize any such goods, the proper officer, or any officer authorised by him, may serve on the owner or the custodian of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer:

Provided further that the documents or books or things so seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceedings under this Act.

Sec 67(3) : Return of goods

- The documents, books or things referred to in sub-section (2)
- or any other documents, books or things produced by a taxable person or any other person,
- which have not been relied upon for the issue of notice under this Act or the rules made thereunder, shall be returned to such person
- within a period not exceeding 30 days of the issue of the said notice.

Sec 67(4) : Power of Seal

- The officer authorised under sub-section (2)
- shall have the power to seal or break open the door of any premises or
- to break open any *almirah*, electronic devices, box, receptacle in which any goods, accounts, registers or documents of the person are suspected to be concealed,
- where access to such premises, *almirah*, electronic devices, box or receptacle is denied.

Sec 67(5) : Copies & Extracts

- The person from whose custody any documents
- are seized under sub-section (2)
- shall be entitled to make copies thereof or take extracts therefrom
- in the presence of an authorised officer
- at such place and time as such officer may indicate in this behalf
- except where making such copies or taking such extracts may,
- in the opinion of the proper officer,
- prejudicially affect the investigation.

Sec 67(6) : Bond & security

- The goods so seized under sub-section (2)
- shall be released,
- on a provisional basis,
- upon execution of a bond and
- furnishing of a security,
- in such manner and of such quantum, respectively, as may be prescribed or
- on payment of applicable tax, interest and penalty payable, as the case may be.

Sec 67(7) : Return of goods

- Where any goods are seized under sub-section (2) and
- no notice in respect thereof is given within 6 months of the seizure of the goods,
- the goods shall be returned to the person from whose possession they were seized:

Provided that the period of 6 months may, on sufficient cause being shown, be extended by the proper officer for a further period not exceeding six months.

Sec 67(8) : Disposal of goods

- The Government may,
- having regard to the perishable or hazardous nature of any goods,
- depreciation in the value of the goods with the passage of time,
- constraints of storage space for the goods or a
- ny other relevant considerations,
- by notification,
- specify the goods or class of goods which shall,
- as soon as may be after its seizure under sub-section (2),
- be disposed of by the proper officer in such manner as may be prescribed.

Sec 67(9) : Inventory of goods

- Where any goods, being goods specified under sub-section (8),
- have been seized by a proper officer,
- or any officer authorised by him under sub-section (2),
- he shall prepare an inventory of such goods
- in such manner as may be prescribed.

Sec 69 : Power of Arrest

Where the Commissioner has reasons to believe that a person has committed **any specified offence** u/s 132 which is **punishable under that section**, he may, by order, authorise any officer of central tax to **arrest such person**.

Sec 132 : Specified offenses

- (a) Supplies any goods or services or both without issue of any invoice, with intention to evade tax;
- (b) Issues any invoice or bill without supply of goods or services or both leading to wrongful availment or utilisation of ITC or refund of tax;
- (c) Avails ITC using such invoice or bill without receipt of supply of goods or services or both
- (d) Collects any amount as tax but fails to pay the same to the Government beyond a period of 3 months from the date on which such payment becomes due;

Punishment for the above offenses**For the 1st time offense**

Where amount of tax evaded or the amount of ITC wrongly availed or utilised or amount of refund wrongly taken

- a) **Exceeds 500 lakh rupees : Imprisonment for term which may extend to 5 years and with fine.**
- b) **Exceeds 200 lakh rupees but does not exceed 500 lakh rupees : Imprisonment for a term which may extend to 3 years and with fine;**

Subsequent offense :

Punishable for the second and for every subsequent offence with imprisonment for a term which may extend to five years and with fine.

Rule 139. Inspection, search and seizure.

(1) Where the proper officer not below the rank of a Joint Commissioner has reasons to believe that a place of business or any other place is to be visited for the purposes of inspection or search or, as the case may be, seizure in accordance with the provisions of section 67, he shall issue an authorisation in FORM GST INS-01 authorising any other officer subordinate to him to conduct the inspection or search or, as the case may be, seizure of goods, documents, books or things liable to confiscation.

(2) Where any goods, documents, books or things are liable for seizure under sub-section (2) of section 67, the proper officer or an authorised officer shall make an order of seizure in **FORM GST INS-02**.

(3) The proper officer or an authorised officer may entrust upon the owner or the custodian of goods, from whose custody such goods or things are seized, the custody of such goods or things for safe upkeep and the said person shall not remove, part with, or otherwise deal with the goods or things except with the previous permission of such officer.

(4) Where it is not practicable to seize any such goods, the proper officer or the authorised officer may serve on the owner or the custodian of the goods, an order of prohibition in **FORM GST INS-03** that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer.

(5) The officer seizing the goods, documents, books or things shall prepare an inventory of such goods or documents or books or things containing, *inter alia*, description, quantity or unit, make, mark or model, where applicable, and get it signed by the person from whom such goods or documents or books or things are seized.

Rule 140 : Bond and security for release of seized goods.

(1) The seized goods may be released on a provisional basis upon execution of a bond for the value of the goods in FORM GST INS-04 and furnishing of a security in the form of a bank guarantee equivalent to the amount of applicable tax, interest and penalty payable.

Explanation.- For the purposes of the rules under the provisions of this Chapter, the —applicable tax shall include central tax and State tax or central tax and the Union territory tax, as the case may be and the cess, if any, payable under the Goods and Services Tax (Compensation to States) Act, 2017 .

(2) In case the person to whom the goods were released provisionally fails to produce the goods at the appointed date and place indicated by the proper officer, the security shall be encashed and adjusted against the tax, interest and penalty and fine, if any, payable in respect of such goods.

Rule 141 : Procedure in respect of seized goods.

(1) Where the goods or things seized are of perishable or hazardous nature, and if the taxable person pays an amount equivalent to the market price of such goods or things or the amount of tax, interest and penalty that is or may become payable by the taxable person, whichever is lower, such goods or, as the case may be, things shall be released forthwith, by an order in **FORM GST INS-05**, on proof of payment.

(2) Where the taxable person fails to pay the amount referred to in sub-rule (1) in respect of the said goods or things, the [proper officer may dispose of such goods or things and the amount realized thereby shall be adjusted against the tax, interest, penalty, or any other amount payable in respect of such goods or things.

CHAPTER - 20

UTGST

Sec 1 : Short Title, Extent and Commencement of UTGST ACT 2017

(1) This Act may be called the Union Territory Goods and Services Tax Act, 2017.

(2) It extends to Union territories of **Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli & Daman and Diu, Ladakh, Chandigarh** and other territory.

(3) It shall come into force on such date as Central Government may, by notification in Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision

Sec 2 : Definitions

Sec 2 (1) “Appointed day” means date on which the provisions of this Act shall come into force;

Sec 2(2) “Commissioner” means the Commissioner of Union territory tax appointed u/s 3;

Sec 2(3) “Designated authority” means such authority as may be notified by Commissioner;

Sec 2(4) “Exempt supply” means supply of any goods or services or both which attracts nil rate of tax or which may be exempt from tax u/s 8, or u/s 6 of IGST Act, and includes non-taxable supply;

Sec 2(5) “Existing law” means any law, notification, order, rule or regulation relating to levy and collection of duty or tax on goods or services or both passed or made before the commencement of this Act by Parliament or any Authority or person having the power to make such law, notification, order, rule or regulation;

Sec 2(6) “Government” means the Administrator or any Authority or officer authorised to act as Administrator by the Central Government;

Sec 2(7) “Output tax” in relation to a taxable person, means Union territory tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis;

Sec 2(8) “Union territory” means territory of,—

- (i) Andaman and Nicobar Islands;
- (ii) Lakshadweep;
- (iii) Dadra and Nagar Haveli & Daman & Diu
- (iv) Ladakh;
- (v) Chandigarh; or
- (vi) Other territory.

Explanation.—For purposes of this Act, each of the territories specified in sub-clauses (i) to (vi) shall be considered to be a separate Union territory;

Sec 2(9) “Union territory tax” means the tax levied under this Act;

Sec 7 : Levy & Collection of TAX**Sec 7(1) : Charge of CGST**

- Subject to the provisions of sub-section (2),
- There shall be levied a tax called the Union territory tax
- On all intra-State supplies of goods or services or both,
- Except on the supply of alcoholic liquor for human consumption,
- On the value determined u/s 15 of CGST Act and
- At such rates, not exceeding 20%.,
- As may be notified by the Central Government
- On the recommendations of the Council and
- Collected in such manner as may be prescribed and
- Shall be paid by the taxable person.

Sec 7(2) : Supply of petroleum products

- The Union territory tax
- on the supply of
 - ✓ petroleum crude,
 - ✓ high speed diesel,
 - ✓ motor spirit (commonly known as petrol),
 - ✓ natural gas and
 - ✓ aviation turbine fuel
- shall be levied with effect from
- such date as may be notified by the Central Government
- on the recommendations of the Council.

Sec 7(3) : Reverse Charge

- The Central Government may,
- On recommendations of Council,
- By notification,
- Specify categories of supply of goods or services or both,
- Tax on which shall be paid on reverse charge basis
- By the recipient of such goods or services or both and
- All the provisions of this Act shall apply
- To such recipient as if he is the person liable for paying the tax
- In relation to the supply of such goods or services or both.

Sec 7(4) : Supply by Unregistered supplier

- The Union territory tax
- in respect of the supply of taxable goods or services or both
- by a supplier, who is not registered,
- to a registered person
- shall be paid by such person on reverse charge basis
- as the recipient and
- all the provisions of this Act shall apply

- to such recipient
- as if he is the person liable for paying the tax
- in relation to the supply of such goods or services or both.

Sec 7(5) : Services supplied through ECO

- The Central Government may,
- on recommendations of Council,
- by notification,
- specify categories of services
- the tax on intra-State supplies of which shall be
- paid by electronic commerce operator(ECO)
- if such services are supplied through it, and
- all provisions of this Act shall apply
- to such ECO
- as if he is the supplier liable for paying the tax
- in relation to the supply of such services

Provided that where ECO does not have a physical presence in taxable territory, any person representing such ECO for any purpose in taxable territory shall be liable to pay tax:

Provided further that where ECO does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such ECO shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

Sec 8 : Power to grant exemption from tax

Sec 8(1) : Power of exemption by Notification

- Where the Central Government
- Is satisfied that it is necessary in public interest so to do,
- It may, on recommendations of Council,
- **By notification,**
- Exempt generally either absolutely or subject to such conditions as may be specified therein,
- Goods or services or both of any specified description
- from the whole or any part of the tax leviable thereon
- with effect from such date as may be specified in such notification.

Sec 8(2) : Power of exemption by Order

- Where the Central Government
- is satisfied that it is necessary in the public interest so to do,
- it may, on the recommendations of the Council,
- **by special order in each case,**
- under circumstances of an exceptional nature
- to be stated in such order,
- exempt from payment of tax any goods or services or both
- on which tax is leviable.

Sec 8(3) : Explanation for notification/Order

- The Central Government may,
- if it considers necessary or expedient so to do
- for the purpose of clarifying the scope or applicability
- of any notification issued u/s 8(1) or order issued u/s 8(2)
- insert an explanation in such notification or order,
- by notification at any time
- within one year of issue of the notification u/s 8(1) or order u/s 8(2), and
- every such explanation shall have effect
- as if it had always been the part of the first such notification or order.

Sec 8(4) : Notification of CGST Act

- Any notification issued by Central Government u/s 11(1) or
- order issued u/s 11(2) of CGST Act
- shall be deemed to be a notification or order
- issued under this Act.

Explanation : For the purposes of this section, where exemption in respect of any goods or services or both from whole or part of the tax leviable thereon has been granted absolutely, the registered person supplying such goods or services or both shall not collect tax, in excess of effective rate, on such supply of goods or services or both.

Sec 9 : Payment of Tax

The amount of ITC available in Electronic Credit Ledger of the registered person on account of,—

(a) Integrated tax shall first be utilised towards payment of Integrated tax and amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;

(b) Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax;

(c) Union territory tax shall not be utilised towards payment of Central tax.

Sec 10 : Transfer of Input Tax Credit

- On utilisation of ITC of Union territory tax
- for payment of tax dues under IGST Act
- in accordance with the provisions of Sec 49(5) of CGST Act,
- as reflected in the valid return furnished u/s 39(1) of CGST Act,
- the amount collected as Union territory tax
- shall stand reduced by amount equal to such credit so utilised and
- Central Government shall transfer an amount
- equal to the amount so reduced from the Union territory tax account
- to the integrated tax account
- in such manner and within such time as may be prescribed.

Sec 11 : Inspection, Search, Seizure and Arrest

(1) All officers of Police, Railways, Customs, and those officers engaged in the collection of land revenue, including village officers, and officers of central tax and officers of the State tax shall assist the proper officers in the implementation of this Act.

(2) The Government may, by notification, empower and require any other class of officers to assist the proper officers in the implementation of this Act when called upon to do so by the Commissioner.

Sec 12 : Demands and Recovery

(1) A registered person who has paid the central tax and Union territory tax on a transaction considered by him to be an intra-State supply, but which is subsequently held to be an inter-State supply, shall be refunded the amount of taxes so paid in such manner and subject to such conditions as may be prescribed.

(2) A registered person who has paid integrated tax on a transaction considered by him to be an inter-State supply, but which is subsequently held to be an intra-State supply, shall not be required to pay any interest on the amount of the central tax and Union territory tax payable.

Sec 13 : Recovery of tax

(1) Where any amount of tax, interest or penalty is payable by a person to Government under any of the provisions of this Act/Rules and which remains unpaid, proper officer of central tax, during course of recovery of said tax arrears, may recover the amount from the said person as if it were an arrear of central tax and credit the amount so recovered to the account of Government under the appropriate head of Union territory tax.

(2) Where the amount recovered under sub-section (1) is less than the amount due to the Government under this Act and the Central Goods and Services Tax Act, the amount to be credited to the account of the Government shall be in proportion to the amount due as Union territory tax and central tax.

Sec 26 : Removal of difficulties

(1) If any difficulty arises in giving effect to any provision of this Act, the Central Government may, on the recommendations of the Council, by a general or a special order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act or the rules or regulations made thereunder, as may be necessary or expedient for the purpose of removing the said difficulty: Provided that no such order shall be made after the expiry of a period of **FIVE** years from the date of commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be, after it is made, before each House of Parliament.

CHAPTER - 21

GST Tax (Compensation to states) Act, 2017

Sec 1 : Short Title, Extent & Commencement

- (1) This Act may be called the Goods and Services Tax (Compensation to States) Act, 2017.
(2) It extends to the whole of India.
(3) It shall come into force on such date as Central Government may, by notification in Official Gazette, appoint.

Sec 2 : Definitions

- (1) In this Act, unless the context otherwise requires,—
- (a) “central tax” means the central goods and services tax levied and collected under CGST Act;
- (b) “Central Goods and Services Tax Act” means the Central Goods and Services Tax Act, 2017;
- (c) “Cess” means the goods and services tax compensation cess levied u/s 8;
- (d) “Compensation” means an amount, in the form of GST compensation, as determined u/s 7;
- (e) “Council” means the GST Council constituted under provisions of article 279A of Constitution;
- (f) “Fund” means the Goods and Services Tax Compensation Fund referred u/s 10;
- (g) “Input tax” in relation to a taxable person, means,—
- (i) Cess charged on any supply of goods or services or both made to him;
- (ii) Cess charged on import of goods and includes the cess payable on reverse charge basis;
- (h) “IGST Act” means the IGST Act, 2017;
- (i) “Integrated tax” means integrated goods and services tax levied & collected under the IGST Act;
- (j) “Prescribed” means prescribed by rules made, on recommendations of the Council, under this Act;
- (k) “Projected growth rate” means rate of growth projected for the transition period u/s 3;
- (l) “Schedule” means the Schedule appended to this Act;
- (m) “State” means,—
- (i) for purposes of sections 3, 4, 5, 6 and 7 the States as defined under CGST Act; and
- (ii) for purposes of sections 8, 9, 10, 11, 12, 13 and 14 the States as defined under CGST Act and the Union territories as defined under UTGST Act;

(n) “State tax” means the State goods & services tax levied and collected under respective State GST Act;

(o) “State Goods and Services Tax Act” means the law to be made by the State Legislature for levy and collection of tax by the concerned State on supply of goods or services or both;

(p) “Taxable supply” means a supply of goods or services or both which is chargeable to the cess under this Act;

(q) “Transition date” shall mean, in respect of any State, the date on which the SGST Act of the concerned State comes into force;

(r) “Transition period” means a period of five years from the transition date; and

(s) “Union Territories Goods and Services Tax Act” means UTGST Act, 2017.

(2) The words and expressions used and not defined in this Act but defined in the Central Goods and Services Tax Act and the Integrated Goods and Services Tax Act shall have the meanings respectively assigned to them in those Acts.

Sec 3 : Projected nominal growth rate

The projected nominal growth rate of revenue subsumed for a State during the transition period shall be 14 % pa.

Sec 4 : Base year

For the purpose of calculating the compensation amount payable in any F/Y during the transition period, the financial year ending 31st March, 2016, shall be taken as the base year.

Sec 5 : Computation of Base Year Revenue

Sec 5(1) : Inclusions & Exclusions

Subject to provision of sub-sections (2), (3), (4), (5) and (6), the base year revenue for State shall be the sum of the revenue collected by State and the local bodies during the base year, on account of the taxes levied by the respective State or Union and net of refunds, with respect to the following taxes, imposed by the respective State or Union, which are subsumed into goods and services tax, namely:—

(a) VAT, sales tax, purchase tax, tax collected on works contract, or any other tax levied by concerned State under the erstwhile entry 54 of List-II (State List) of the Seventh Schedule to the Constitution;

(b) CST levied under Central Sales Tax Act, 1956;

(c) Entry tax, octroi, local body tax or any other tax levied by the concerned State under the erstwhile entry 52 of List-II (State List) of 7th Schedule to Constitution;

(d) Taxes on luxuries, including taxes on entertainments, amusements, betting and gambling or any other tax levied by the concerned State under the erstwhile entry 62 of List-II (State List) of 7th Schedule to constitution;

(e) Taxes on advertisement or any other tax levied by the concerned State under the erstwhile entry 55 of List-II (State List) of the Seventh Schedule to Constitution;

(f) Duties of excise on medicinal and toilet preparations levied by the Union but collected and retained by the concerned State Government under the erstwhile article 268 of Constitution;

(g) Any cess or surcharge or fee leviable under entry 66 read with entries 52, 54, 55 and 62 of List-II of the Seventh Schedule to the Constitution by the State Government under any Act notified under sub-section (4), prior to the commencement of the provisions of the Constitution (101st Amendment) Act, 2016:

Provided that the revenue collected during the base year in a State, net of refunds, under the following taxes shall not be included in the calculation of the base year revenue for that State, namely:—

(a) Any taxes levied under any Act enacted under the erstwhile entry 54 of List-II (State List) of the Seventh Schedule to the Constitution, prior to the coming into force of the provisions of the Constitution (101st Amendment) Act, 2016, on the sale or purchase of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption;

(b) tax levied under CST, 1956, on the sale or purchase of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption;

(c) any cess imposed by the State Government on the sale or purchase of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption; and

(d) the entertainment tax levied by the State but collected by local bodies, under any Act enacted under the erstwhile entry 62 of List-II (State List) of the Seventh Schedule to Constitution, prior to coming into force of the provisions of Constitution (101st Amendment) Act, 2016.

Sec 5(2) : Inclusion of Service Tax in J&K

In respect of the State of J&K, the base year revenue shall include the amount of tax collected on sale of services by the said State Government during the base year.

Sec 5(3) : Revenue foregone due to exemptions to be included

In respect of the States mentioned in article 279A(4)(g) of Constitution, amount of revenue foregone on account of exemptions or remission given by said State Governments to promote industrial investment in the State, with respect to such specific taxes referred to in sub-section (1), shall be included in the total base year revenue of State, subject to such conditions as may be prescribed.

Sec 5(4) : Acts subsuming taxes shall be as notified

The Acts of the Central Government and State Governments under which the specific taxes are being subsumed into the goods and services tax shall be such as may be notified.

Sec 5(5) : Revenue net of refunds Audited by CAG

The base year revenue shall be calculated as per sub-sections (1), (2), (3) and (4) on the basis of the figures of revenue collected and net of refunds given in that year, as audited by CAG of India.

Sec 5(6) : Not credited to CFI even then it shall be included

In respect of any State, if any part of revenues mentioned in sub-sections (1), (2), (3) and (4) are not credited in the Consolidated Fund of the respective State, the same shall be included in the total base year revenue of the State, subject to such conditions as may be prescribed.

Sec 6 : Projected revenue for any year

The projected revenue for any year in a State shall be calculated by applying the projected growth rate over the base year revenue of that State.

Illustration.—If the base year revenue for 2015-16 for a concerned State, calculated as per section 5 is one hundred rupees, then the projected revenue for financial year 2018-19 shall be as follows—*Projected Revenue for 2018-19* = $100 (1 + 14/100)^3$

Sec 7 : Calculation and release of compensation.**Sec 7(1) : Compensation is payable for the transitional period**

The compensation under this Act shall be payable to any State during the transition period.

Sec 7(2) : Release of Compensation

The compensation payable to a State shall be provisionally calculated and released at the end of every two months period, and shall be finally calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor-General of India:

Provided that in case any excess amount has been released as compensation to a State in any financial year during the transition period, as per the audited figures of revenue collected, the excess amount so released shall be adjusted against the compensation amount payable to such State in the subsequent financial year.

Sec 7(3) : Computation of Compensation for Financial Year

The total compensation payable for any financial year during the transition period to any State shall be calculated in the following manner, namely:—

(a) the projected revenue for any financial year during the transition period, which could have accrued to a State in the absence of the goods and services tax, shall be calculated as per section 6;

(b) the actual revenue collected by a State in any financial year during the transition period shall be—

(i) the actual revenue from State tax collected by the State, net of refunds given by the said State under Chapters XI and XX of the State Goods and Services Tax Act;

(ii) the integrated goods and services tax apportioned to that State; and

(iii) any collection of taxes on account of the taxes levied by the respective State under the Acts specified in sub-section (4) of section 5, net of refund of such taxes, as certified by the Comptroller and Auditor-General of India;

(c) the total compensation payable in any financial year shall be the difference between the projected revenue for any financial year and the actual revenue collected by a State referred to in clause (b).

Sec 7(4) : Calculation of Loss of revenue

The loss of revenue at the end of every two months period in any year for a State during the transition period shall be calculated, at the end of the said period, in the following manner, namely:—

(a) the projected revenue that could have been earned by the State in absence of the goods and services tax till the end of the relevant two months period of the respective financial year shall be calculated on a *pro-rata* basis as a percentage of the total projected revenue for any financial year during the transition period, calculated in accordance with section 6.

Illustration.—If the projected revenue for any year calculated in accordance with section 6 is one hundred rupees, for calculating the projected revenue that could be earned till the end of the period of ten months for the purpose of this sub-section shall be $100 \times (5/6) = \text{Rs. } 83.33$;

(b) the actual revenue collected by a State till the end of relevant two months period in any F/Y during the transition period shall be—

(i) the actual revenue from State tax collected by the State, net of refunds given by the State under Chapters XI and XX of the State Goods and Services Tax Act;

(ii) the integrated goods and services tax apportioned to that State, as certified by the Principal Chief Controller of Accounts of the Central Board of Excise and Customs; and

(iii) any collection of taxes levied by the said State, under the Acts specified in sub-section (4) of section 5, net of refund of such taxes;

(c) the provisional compensation payable to any State at the end of the relevant two months period in any financial year shall be the difference between the projected revenue till the end of the relevant period in accordance with clause (a) and the actual revenue collected by a State in the said period as referred to in clause (b), reduced by the provisional compensation paid to a State till the end of the previous two months period in the said financial year during the transition period.

Sec 7(5) : Difference between final & provisional compensation

In case of any difference between the final compensation amount payable to a State calculated in accordance with the provisions of sub-section (3) upon receipt of the audited revenue figures from the Comptroller and Auditor-General of India, and the total provisional compensation amount released to a State in the said financial year in accordance with the provisions of sub-section (4), the same shall be adjusted against release of compensation to the State in the subsequent financial year.

Sec 7(6): Excess compensation to be refunded

Where no compensation is due to be released in any financial year, and in case any excess amount has been released to a State in the previous year, this amount shall be refunded by the State to the Central Government and such amount shall be credited to the Fund in such manner as may be prescribed.

Sec 8 : Levy and collection of cess

(1) There shall be levied a cess on such intra-State supplies of goods or services or both, as provided for in section 9 of the Central Goods and Services Tax Act, and such inter- State supplies of goods or services or both as provided for in section 5 of the Integrated Goods and Services Tax Act, and collected in such manner as may be prescribed, on the recommendations of the Council, for the purposes of providing compensation to the States for loss of revenue arising on account of implementation of the goods and services tax with effect from the date from which the provisions of the Central Goods and Services Tax Act is brought into force, for a period of five years or for such period as may be prescribed on the recommendations of the Council:

Provided that no such cess shall be leviable on supplies made by a taxable person who has decided to opt for composition levy under section 10 of the Central Goods and Services Tax Act.

(2) The cess shall be levied on such supplies of goods and services as are specified in column (2) of the Schedule, on the basis of value, quantity or on such basis at such rate not exceeding the rate set forth in the corresponding entry in column (4) of the Schedule, as the Central Government may, on the recommendations of the Council, by notification in the Official Gazette, specify:

Provided that where the cess is chargeable on any supply of goods or services or both with reference to their value, for each such supply the value shall be determined under section 15 of the Central Goods and Services Tax Act for all intra-State and inter-State supplies of goods or services or both:

Provided further that the cess on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975, at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962, on a value determined under the Customs Tariff Act, 1975.

Sec 9 : Returns, payments and refunds.

(1) Every taxable person, making a taxable supply of goods or services or both, shall—

- (a) pay the amount of cess as payable under this Act in such manner;
- (b) furnish such returns in such forms, along with the returns to be filed under the Central Goods and Services Tax Act; and
- (c) apply for refunds of such cess paid in such form, as may be prescribed.

(2) For all purposes of furnishing of returns and claiming refunds, except for the form to be filed, the provisions of the Central Goods and Services Tax Act and the rules made thereunder, shall, as far as may be, apply in relation to the levy and collection of the cess leviable under section 8 on all taxable supplies of goods or services or both, as they apply in relation to the levy and collection of central tax on such supplies under the said Act or the rules made thereunder.

Sec 10 : Crediting proceeds of cess to Fund.

(1) The proceeds of the cess leviable u/s 8 and such other amounts as may be recommended by the Council, shall be credited to a non-lapsable Fund known as the GST Compensation Fund, which shall form part of the public account of India and shall be utilised for purposes specified in the said section.

(2) All amounts payable to the States u/s 7 shall be paid out of the Fund.

(3) 50% of the amount remaining unutilised in the Fund at the end of the transition period shall be transferred to the Consolidated Fund of India as the share of Centre, and the balance 50% shall be distributed amongst the States in the ratio of their total revenues from the State tax or the Union territory goods and services tax, as the case may be, in the last year of the transition period.

(4) The accounts relating to Fund shall be audited by CAG of India or any person appointed by him at such intervals as may be specified by him and any expenditure in connection with such audit shall be payable by the Central Government to the CAG of India.

(5) The accounts of the Fund, as certified by CAG of India or any other person appointed by him in this behalf together with the audit report thereon shall be laid before each House of Parliament.

Sec 11 : Other provisions relating to cess.

(1) The provisions of the CGST Act, and the rules made thereunder, including those relating to assessment, ITC, non-levy, short-levy, interest, appeals, offences and penalties, shall, as far as may be, *mutatis mutandis*, apply, in relation to the levy and collection of the cess leviable u/s 8 on the intra-State supply of goods and services, as they apply in relation to the levy and collection of central tax on such intra-State supplies under the said Act or the rules made thereunder.

(2) The provisions of the IGST Act, and the rules made thereunder, including those relating to assessment, ITC, non-levy, short-levy, interest, appeals, offences and penalties, shall, *mutatis mutandis*, apply in relation to the levy and collection of the cess leviable u/s 8 on the inter-State supply of goods and services, as they apply in relation to the levy and collection of integrated tax on such inter-State supplies under the said Act or the rules made thereunder:

Provided that the ITC in respect of cess on supply of goods and services leviable u/s 8, shall be utilised only towards payment of said cess on supply of goods and services leviable under said section.

Sec 14 : Power to remove difficulties

(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, on the recommendations of the Council, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act, as appear to it to be necessary or expedient for removing the difficulty: Provided that no order shall be made under this section after the expiry of **FIVE** years from the commencement of this Act.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

Chapter -22

JOB WORK

Sec 19 : Taking ITC in respect of inputs & capital goods sent for job work.

Sec 19(1) : ITC on inputs sent for job work

The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed ITC on inputs sent to a job worker for job work.

Sec 19(2) : ITC on inputs directly sent to job worker

- Notwithstanding anything contained in section 16(2)(b),
- principal shall be entitled to
- take credit of input tax on inputs
- even if the inputs are directly sent to a job worker for job work
- without being first brought to his place of business.

Sec 19(3): Inputs Sent for job work to be received back

- Where the inputs sent for job work
- are not received back
- by principal after completion of job work or otherwise or
- are not supplied from place of business of the job worker
- in accordance with section 143(1)(a) or 143(1)(b)
- within one year of being sent out,
- it shall be deemed that such inputs
- had been supplied by the principal
- to the job worker on the day when the said inputs were sent out

Provided that where the inputs are sent directly to a job worker, the period of one year shall be counted from the date of receipt of inputs by the job worker.

Sec 19(4) : ITC on capital good sent for job work

The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on capital goods sent to a job worker for job work.

Sec 19(5) : ITC on Capital goods directly sent to job worker

Notwithstanding anything contained in 16(2)(b), the principal shall be entitled to take credit of input tax on capital goods even if the capital goods are directly sent to a job worker for job work without being first brought to his place of business.

Sec 19(6) : Capital goods Sent for job work to be received back

Where the capital goods sent for job work are not received back by principal within a period of 3 years of being sent out, it shall be deemed that such capital goods had been supplied by principal to the job worker on the day when the said capital goods were sent out:

Provided that where capital goods are sent directly to a job worker, period of 3 years shall be counted from the date of receipt of capital goods by the job worker.

Sec 19(7) : Moulds,dies etc sent for job work

Nothing contained in sub-section (3) or sub-section (6) shall apply to moulds and dies, jigs and fixtures, or tools sent out to a job worker for job work.

Explanation : For purpose of this section, “principal” means the person referred to in section 143.

Sec 143 : Job work Procedure**Sec 143(1) : Sending goods to Job worker without payment of taxes**

A registered person (hereafter in this section referred to as the “principal”) may under intimation and subject to such conditions as may be prescribed, send any inputs or capital goods, without payment of tax, to a job worker for job work and from there subsequently send to another job worker and likewise, and shall,—

(a) bring back inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out, to any of his place of business, without payment of tax;

(b) supply such inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out from the place of business of a job worker on payment of tax within India, or with or without payment of tax for export, as the case may be:

Provided that the principal shall not supply the goods from the place of business of a job worker in accordance with the provisions of this clause unless the said principal declares the place of business of the job worker as his additional place of business except in a case—

- (i) where the job worker is registered under section 25; or
- (ii) where the principal is engaged in the supply of such goods as may be notified by Commissioner.

Provided further that the period of one year and three years may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding one year and two years respectively.

Sec 143(2) : Responsibility of keeping account

The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal.

Sec 143(3) : Inputs not received back after completion of job work

Where the inputs sent for job work are not received back by the principal after completion of job work or otherwise in accordance with the Sec 143(1)(a) or are not supplied from the place of business of the job worker in accordance with Sec 143(1)(b) within a period of 1 year of their being sent out, it shall be deemed that such inputs had been supplied by the principal to the job worker on the day when the said inputs were sent out.

Sec 143(4) : Inputs not received back after completion of job work

Where the capital goods, other than moulds and dies, jigs and fixtures, or tools, sent for job work are not received back by the principal in accordance with Sec 143(1)(a) or are not supplied from the place of business of the job worker in accordance with Sec 143(1)(b) within a period of 3 years of their being sent out, it shall be deemed that such capital goods had been supplied by the principal to the job worker on the day when the said capital goods were sent out.

Sec 143(5) : Treatment of waste and scrap

Notwithstanding anything contained in sub-sections (1) and (2), any waste and scrap generated during the job work may be supplied by the job worker directly from his place of business on payment of tax, if such job worker is registered, or by the principal, if the job worker is not registered.

Explanation : For the purposes of job work, input includes intermediate goods arising from any treatment or process carried out on the inputs by the principal or the job worker.

CHAPTER - 23

ACCOUNTS & RECORDS

Sec 35 : Accounts and Records

Sec 35(1) : Maintenance of records at principal place of business

Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of—

- (a) production or manufacture of goods;
- (b) inward and outward supply of goods or services or both;
- (c) stock of goods;
- (d) input tax credit availed;
- (e) output tax payable and paid; and
- (f) such other particulars as may be prescribed:

Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business:

Provided further that the registered person may keep and maintain such accounts and other particulars in electronic form in such manner as may be prescribed.

Sec 35(2) : Maintenance of records by the owner or operator of warehouse

Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods in such manner as may be prescribed.

Sec 35(3) : Additional Accounts for the notified persons

The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.

Sec 35(4) : Not in a position to maintain accounts

Where the Commissioner considers that any class of taxable person is not in a position to keep and maintain accounts in accordance with the provisions of this section, he may, for reasons to be recorded in writing, permit such class of taxable persons to maintain accounts in such manner as may be prescribed.

Sec 35(5) : Audit of Accounts and Reconciliation Statements

Every registered person whose turnover during a financial year **exceeds the prescribed limit(2 crores)** shall get his accounts audited by a CA or a Cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement u/s 44(2) and such other documents in such form and manner as may be prescribed.

Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.

Sec 35(6) : Fails to account for the supply of the goods & services

Subject to the provisions of section 17(5)(h), where the registered person fails to account for the goods or services or both in accordance with the provisions of sub-section (1),

the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of section 73 or section 74, as the case may be, shall, *mutatis mutandis*, apply for determination of such tax.

Sec 36 : Period of retention of accounts

- Every registered person
- required to keep and maintain books of account or
- other records in accordance with section 35(1)
- shall retain them until the expiry of 72 months
- from the due date of furnishing of annual return
- for the year pertaining to such accounts and records:

Provided that a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX,

shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later.

Special point :

Sec 2(85) “Place of business” includes—

- (a) Place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both; or
- (b) Place where a taxable person maintains his books of account; or
- (c) Place where a taxable person is engaged in business through an agent, by whatever name called;

Sec 2(89) “Principal place of business” means the place of business specified as the principal place of business in the certificate of registration;

Chapter-24

E WAY BILL

Rule 138 : Information to be furnished prior to commencement of movement of goods and generation of e-way bill

- (1) Every registered person who causes movement of goods of consignment value exceeding Rs.50,000
- (i) in relation to supply; or
 - (ii) for reasons other than supply; or
 - (iii) due to inward supply from an unregistered person,

shall, before commencement of such movement, furnish information relating to the said goods as specified in **Part A** of **FORM GST EWB-01**, electronically, on the common portal along with such other information as may be required on the common portal and a unique number will be generated on the said portal:

Provided that the transporter, on an authorization received from the registered person, may furnish information in **Part A** of **FORM GST EWB-01**, electronically, on the common portal along with such other information as may be required on the common portal and a unique number will be generated on the said portal:

Provided further that where the goods to be transported are supplied through an e-commerce operator or a courier agency, on an authorization received from the consignor, the information in **Part A** of **FORM GST EWB-01** may be furnished by such e-commerce operator or courier agency and a unique number will be generated on the said portal:

Provided also that where goods are sent by a principal located in one State or Union territory to a job worker located in any other State or Union territory, the e-way bill shall be generated either by the principal or the job worker, if registered, irrespective of the value of the consignment:

Provided also that where handicraft goods are transported from one State or Union territory to another State or Union territory by a person who has been exempted from the requirement of obtaining registration under clauses (i) and (ii) of section 24, the e-way bill shall be generated by the said person irrespective of the value of the consignment.

Explanation 1. – For the purposes of this rule, the expression —handicraft goods‡ has the meaning as assigned to it in the Government of India, Ministry of Finance, notification No. 56/2018-Central Tax, dated the 23rd October, 2018,

Explanation 2.- For the purposes of this rule, consignment value of goods shall be value, determined in accordance with provisions of section 15, declared in invoice, bill of supply or delivery challan, issued for said consignment and also includes the central tax, State or Union territory tax, integrated tax and cess charged, if any, in document and shall exclude value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

- (2) Where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one or a public conveyance, by road, the said person shall generate the e-way bill in **FORM GST EWB-01** electronically on the common portal after furnishing information in **Part B** of **FORM GST EWB-01**.

(2A) Where the goods are transported by railways or by air or vessel, the e-way bill shall be generated by the registered person, being the supplier or the recipient, who shall, either before or after the commencement of movement, furnish, on the common portal, the information in **Part B** of **FORM GST EWB-01**:

Provided that where the goods are transported by railways, the railways shall not deliver the goods unless the e-way bill required under these rules is produced at the time of delivery.

(3) Where the e-way bill is not generated under sub-rule (2) and the goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in **Part A** of **FORM GST EWB-01**:

Provided that the registered person or, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than Rs.50,000:

Provided further that where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the e-way bill in **FORM GST EWB-01** on the common portal in manner specified in this rule:

Provided also that where the goods are transported for a distance of upto 50 km within the State or Union territory from the place of business of the consignor to the place of business of the transporter for further transportation, the supplier or the recipient, or as the case may be, the transporter may not furnish the details of conveyance in **Part B** of **FORM GST EWB-01**.

Explanation 1.– For the purposes of this sub-rule, where the goods are supplied by an unregistered supplier to a recipient who is registered, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of the movement of goods.

Explanation 2.– The e-way bill shall not be valid for movement of goods by road unless the information in **Part-B** of **FORM GST EWB-01** has been furnished except in the case of movements covered under the third proviso to sub-rule (3) and the proviso to sub-rule (5).

(4) Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal.

(5) Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in **Part A** of the **FORM GST EWB-01**, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in **Part B** of **FORM GST EWB-01**:

Provided that where the goods are transported for a distance of upto 50 kilometers within the State or Union territory from the place of business of the transporter finally to the place of business of the consignee, the details of the conveyance may not be updated in the e-way bill.

(5A) The consignor or the recipient, who has furnished the information in **Part A** of **FORM GST EWB-01**, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in **Part B** of **FORM GST EWB-01** for further movement of the consignment:

Provided that after the details of the conveyance have been updated by the transporter in **Part B** of **FORM GST EWB-01**, the consignor or recipient, as the case may be, who has furnished the information in **Part A** of **FORM GST EWB-01** shall not be allowed to assign the e-way bill number to another transporter.

(6) After e-way bill has been generated in accordance with the provisions of sub-rule (1), where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in **FORM GST EWB-02** may be generated by him on the said common portal prior to the movement of goods.

(7) Where the consignor or the consignee has not generated the e-way bill in **FORM GST EWB-01** and the aggregate of the consignment value of goods carried in the conveyance is more than Rs.50,000, the transporter, except in case of transportation of goods by railways, air and vessel, shall, in respect of inter-State supply, generate the e-way bill in **FORM GST EWB-01** on the basis of invoice or bill of supply or delivery challan, as the case may be, and may also generate a consolidated e-way bill in **FORM GST EWB-02** on the common portal prior to the movement of goods:

Provided that where the goods to be transported are supplied through an ecommerce operator or a courier agency, the information in **Part A** of **FORM GST EWB-01** may be furnished by such e-commerce operator or courier agency.

(8) The information furnished in **Part A** of **FORM GST EWB-01** shall be made available to the registered supplier on the common portal who may utilize the same for furnishing the details in **FORM GSTR-1**:

Provided that when the information has been furnished by an unregistered supplier or an unregistered recipient in **FORM GST EWB-01**, he shall be informed electronically, if the mobile number or the e-mail is available.

(9) Where an e-way bill has been generated under this rule, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within twenty four hours of generation of the e-way bill: Provided that an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B:

Provided further that the unique number generated under sub-rule (1) shall be valid for a period of 15 days for updation of **Part B** of **FORM GST EWB-01**.

(10) An e-way bill or a consolidated e-way bill generated under this rule shall be valid for the period as mentioned in column (3) of the Table below from the relevant date, for the distance, within the country, the goods have to be transported, as mentioned in column (2) of the said Table:-

Sl. No (1)	Distance (2)	Validity period (3)
1	Upto 100 km	One day in cases other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
2.	For every 100 km. or part thereof thereafter	One additional day in cases other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
3.	Upto 20 km	One day in case of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
4.	For every 20 km. or part thereof thereafter	One additional day in case of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship

Provided that the Commissioner may, on the recommendations of the Council, by notification, extend the validity period of an e-way bill for certain categories of goods as may be specified therein:

Provided further that where, under circumstances of an exceptional nature, including trans-shipment, the goods cannot be transported within the validity period of the e-way bill, the transporter may extend the validity period after updating the details in **Part B** of **FORM GST EWB-01**, if required.

Provided also that the validity of the e-way bill may be extended within eight hours from the time of its expiry.

Explanation 1.—For the purposes of this rule, the —relevant date shall mean the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill.

(11) The details of the e-way bill generated under this rule shall be made available to the-

(a) supplier, if registered, where the information in **Part A** of **FORM GST EWB- 01** has been furnished by the recipient or the transporter; or

(b) recipient, if registered, where the information in **Part A** of **FORM GST EWB- 01** has been furnished by the supplier or the transporter, on the common portal, and the supplier or the recipient, as the case may be, shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

(12) Where the person to whom the information specified in sub-rule (11) has been made available does not communicate his acceptance or rejection within seventy two hours of the details being made available to him on the common portal, or the time of delivery of goods whichever is earlier, it shall be deemed that he has accepted the said details.

(13) The e-way bill generated under this rule or under rule 138 of GST Rules of any State or Union territory shall be valid in every State & Union territory.

(14) Notwithstanding anything contained in this rule, no e-way bill is required to be generated—

(a) where goods being transported are specified in Annexure;

(b) where goods are being transported by a non-motorised conveyance;

(c) where goods are being transported from the customs port, airport, air cargo complex & land customs station to inland container depot or container freight station for clearance by Customs;

(d) in respect of movement of goods within such areas as are notified under clause

(d) of sub-rule (14) of rule 138 of State or Union territory Goods and Services Tax Rules in that particular State or Union territory;

(e) where the goods, other than de-oiled cake, being transported, are specified in Schedule appended to notification No. 2/2017- Central tax (Rate) dated the 28th June, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R 674 (E) dated the 28th June, 2017 as amended from time to time;

- (f) where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel;
- (g) where the supply of goods being transported is treated as no supply under Schedule III of the Act;
- (h) where the goods are being transported—
- (i) under customs bond from an inland container depot or a container freight station to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or
- (ii) under customs supervision or under customs seal;
- (i) where goods being transported are transit cargo from or to Nepal or Bhutan;
- (j) where the goods being transported are exempt from tax under NN. 7/2017-Central Tax (Rate), dated 28th June 2017
- (k) any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee;
- (l) where the consignor of goods is Central Government, Government of any State or a local authority for transport of goods by rail;
- (m) where empty cargo containers are being transported; and
- (n) where the goods are being transported upto a distance of twenty kilometres from the place of the business of the consignor to a weighbridge for weighment or from the weighbridge back to the place of the business of the said consignor subject to the condition that the movement of goods is accompanied by a delivery challan issued in accordance with rule 55.
- (o) where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply

Explanation. - The facility of generation, cancellation, updation and assignment of e-way bill shall be made available through SMS to the supplier, recipient and the transporter, as the case may be.

ANNEXURE

S. No. (1)	Description of Goods (2)
1.	Liquefied petroleum gas for supply to household and non domestic exempted category (NDEC) customers
2.	Kerosene oil sold under PDS
3.	Postal baggage transported by Department of Posts

- | | |
|----|---|
| 4. | Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71) |
| 5. | Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71) |
| 6. | Currency |
| 7. | Used personal and household effects |
| 8. | Coral, unworked (0508) and worked coral (9601) |

Rule 138A : Documents and devices to be carried by a person-in-charge of a conveyance

(1) The person in charge of a conveyance shall carry—

(a) the invoice or bill of supply or delivery challan, as the case may be; and

(b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to conveyance in such manner as may be notified by Commissioner:

Provided that nothing contained in clause (b) of this sub-rule shall apply in case of movement of goods by rail or by air or vessel:

Provided further that in case of imported goods, the person in charge of a conveyance shall also carry a copy of the bill of entry filed by the importer of such goods and shall indicate the number and date of the bill of entry in **Part A** of **FORM GST EWB-01**.

(2) A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in **FORM GST INV-1** and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.

(3) Where the registered person uploads the invoice under sub-rule (2), the information in **Part A** of **FORM GST EWB-01** shall be auto-populated by the common portal on the basis of the information furnished in **FORM GST INV-1**.

(4) The Commissioner may, by notification, require a class of transporters to obtain a unique Radio Frequency Identification Device and get the said device embedded on to the conveyance and map the e-way bill to the Radio Frequency Identification Device prior to the movement of goods.

(5) Notwithstanding anything contained in clause (b) of sub-rule (1), where circumstances so warrant, the Commissioner may, by notification, require the person in- charge of the conveyance to carry the following documents instead of the e-way bill

- (a) Tax invoice or bill of supply or bill of entry; or
- (b) Delivery challan, where the goods are transported for reasons other than by way of supply.

Rule 138B : Verification of documents and conveyances.

1) The Commissioner or an officer empowered by him in this behalf may authorize the proper officer to intercept any conveyance to verify the e-way bill in physical or electronic form for all inter-State and intra-State movement of goods.

(2) The Commissioner shall get Radio Frequency Identification Device readers installed at places where the verification of movement of goods is required to be carried out and verification of movement of vehicles shall be done through such device readers where the e-way bill has been mapped with the said device.

(3) The physical verification of conveyances shall be carried out by the proper officer as authorised by the Commissioner or an officer empowered by him in this behalf:

Provided that on receipt of specific information on evasion of tax, physical verification of a specific conveyance can also be carried out by any other officer after obtaining necessary approval of the Commissioner or an officer authorised by him in this behalf.

Rule 138C. Inspection and verification of goods.

(1) A summary report of every inspection of goods in transit shall be recorded online by the proper officer in **Part A of FORM GST EWB-03** within twenty four hours of inspection and the final report in **Part B of FORM GST EWB-03** shall be recorded within three days of such inspection.

Provided that where the circumstances so warrant, the Commissioner, or any other officer authorised by him, may, on sufficient cause being shown, extend the time for recording of the final report in Part B of **FORM EWB-03**, for a further period not exceeding three days.

Explanation.- The period of 24 hours or, as the case may be, three days shall be counted from the midnight of the date on which the vehicle was intercepted.

(2) Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or Union territory or in any other State or Union territory, no further physical verification of the said conveyance shall be carried out again in the State or Union territory, unless a specific information relating to evasion of tax is made available subsequently.

Rule 138D : Facility for uploading information regarding detention of vehicle.

Where a vehicle has been intercepted and detained for a period exceeding thirty minutes, the transporter may upload the said information in **FORM GST EWB-04** on the common portal.

Rule 138E : Restriction on furnishing of information in PART A of FORM GST EWB- 01.-

Notwithstanding anything contained in sub-rule (1) of rule 138, no person (including a consignor, consignee, transporter, an e-commerce operator or a courier agency) shall be allowed to furnish the information in **PART A of FORM GST EWB- 01** in respect of a registered person, whether as a supplier or a recipient, who,—

- (a) being a person paying tax under section 10, has not furnished the returns for two consecutive tax periods; or

(b) being a person other than a person specified in clause (a), has not furnished the returns for a consecutive period of two months:

Provided that the Commissioner may, on sufficient cause being shown and for reasons to be recorded in writing, by order, allow furnishing of the said information in **PART A** of **FORM GST EWB 01**, subject to such conditions and restrictions as may be specified by him:

Provided further that no order rejecting the request of such person to furnish the information in **PART A** of **FORM GST EWB 01** under the first proviso shall be passed without affording the said person a reasonable opportunity of being heard:

Provided also that the permission granted or rejected by the Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be granted or, as the case may be, rejected by the Commissioner.

Explanation:— For the purposes of this rule, the expression —Commissioner shall mean the jurisdictional Commissioner in respect of the persons specified in clauses (a) and (b)

Explanation. - For the purposes of this Chapter, the expressions ‘transported by railways’, ‘transportation of goods by railways’, ‘transport of goods by rail’ and ‘movement of goods by rail’ does not include cases where leasing of parcel space by Railways takes place.

Chapter-25

Miscellaneous

Sec 101A : Constitution of National Appellate Authority for Advance Ruling.

(1) The Government shall, on the recommendations of the Council, by notification, constitute, with effect from such date as may be specified therein, an Authority known as the National Appellate Authority for Advance Ruling for hearing appeals made under section 101B.

(2) The National Appellate Authority shall consist of—

(i) President, who has been Judge of the Supreme Court or is or has been the Chief Justice of a High Court, or is or has been a Judge of a High Court for a period not less than five years;

(ii) a Technical Member (Centre) who is or has been a member of Indian Revenue Service and has completed at least fifteen years of service;

(iii) a Technical Member (State) who is or has been an officer of the State Government not below the rank of Additional Commissioner of VAT or the Additional Commissioner of State tax with at least three years of experience in the administration of an existing law or the State Goods and Services Tax Act or in the field of finance and taxation.

(3) The President of the National Appellate Authority shall be appointed by the Government after consultation with the Chief Justice of India or his nominee:

Sec 101B : Appeal to National Appellate Authority

Where conflicting Advance Rulings are given by the Appellate Authorities of two or more States or Union territories or both, any officer authorised by the Commissioner or an applicant, being distinct person referred to in section 25 aggrieved by such Advance Ruling, may prefer an appeal to National Appellate Authority

Provided that the officer shall be from the States in which such Advance Rulings have been given.

Sec 171 : Anti Profiteering Measures

(1) Any reduction in rate of tax on any supply of goods or services or the benefit of ITC shall be passed on to the recipient by way of commensurate reduction in prices.

(2) The Central Government may, on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority constituted under any law for the time being in force, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

(3) The Authority referred to in sub-section (2) shall exercise such powers and discharge such functions as may be prescribed.

(3A) Where the Authority referred to in sub-section (2) after holding examination as required under the said sub-section comes to the conclusion that any registered person has profited under sub-section (1), such person shall be liable to pay penalty equivalent to 10% of the amount so profited: Provided that no penalty shall be leviable if the profited amount is deposited within thirty days of the date of passing of the order by the Authority.

Explanation.— For the purposes of this section, the expression “profited” shall mean the amount determined on account of not passing the benefit of reduction in rate of tax on supply of goods or services or both or the benefit of input tax credit to the recipient by way of commensurate reduction in the price of the goods or services or both.

Chapter-1

INTRODUCTION TO CUSTOMS DUTY

What is custom duty

Customs duty is an indirect tax and is levied on import of goods into India and export of goods out of India.

Power to levy custom duty :

The power to levy the Custom Duty is conferred by Entry No. 83 of Union list of Constitution of India.

Customs Law

(i) **The Customs Act, 1962** : It covers provisions relating to levy, assessment, collection, import export procedures, warehousing, duty drawback, baggage, adjudication, appeal, review, revision, refund, recovery, penalties, confiscation, powers of the department to stop, search, seize, arrest, etc.

The Customs Act, 1962 is a consolidated Act dealing with imports and exports by-

- air,
- water, and
- land route.

It extends to the whole of India including the State of Jammu and Kashmir.

Although, the main purpose of the Act is revenue collection but it has many other purposes such as prevention of smuggling, conservation of foreign exchange, protection of Indian industry from dumping, regulation of imports and exports, etc.

(ii) **The Customs Tariff Act, 1975** : The Customs Tariff Act, 1975 is the supporting Act dealing with *goods, its description, classification and rates of customs duties*

It contains the following two Schedules:

- (a) Schedule I known as, 'Import Tariff. This schedule refers to goods liable to import duty of customs.
- (b) Schedule II known as 'Export Tariff. This schedule refers to goods liable to export duty of customs.

In addition, the Customs Tariff Act, makes certain provisions for levy of other duties like additional duty of Customs (also known as countervailing duty *i.e.* C.V.D.) preferential duty, anti-dumping duty, protective duties, etc.

(iii) **Rules under the Customs Act** : Section 156 of the Customs Act, 1962 provides that the Central Government has been empowered to make rules, consistent with provisions of the Act, to carry out the purposes of the Act.

Some of the major rules are:

- (a) Customs Valuation Rules, 2007
- (b) Customs and Central Excise Duties Drawback Rules, 1995
- (c) Baggage Rules, 1998

(iv) Customs Notifications and Circulars :

Circulars, clarifications, notifications, etc. issued by the Central Board of Excise and Customs (CBEC) are also relevant for understanding the customs law. The circulars and clarifications are not binding on the assessee or any court, but these are binding on customs department.

Notifications issued by the Government as well as by Central Board of Excise and Customs are, however, binding on everyone.

In addition to the above acts, rules, notification circulars, etc. we have to study the judicial decision of CEST AT (Customs, Excise and Service Tax Appellate Tribunal)/ High Courts/Supreme Court in this regard.

(v) Customs Manual, 2001

The manual gives an overview of customs law and procedures. Whatever are the instructions given in the manual, they are to be followed.

Applicability of Customs Act

The Customs Act is applicable the whole of **India**.

India : Section 2(27)

'India', includes the territorial waters of India. Territorial waters extend up to 12 nautical miles from the base line

Levy of Customs Duty

Charging section : Section 12

- Duties of customs
- shall be levied
- at such rates as may be specified
- under the Customs Tariff Act, 1975
- on goods imported into, or exported from, India.

Special point :

1. Levy is made also on goods imported or exported by Government [Section 12(2)]
2. Customs duty is charged on goods and not on the person importing them or paying the duty.
3. Export Section 2(18) : Export means taking out of India to a place out of India.
4. Import [Section 2(23)] Bringing goods into India from a place outside India
5. India Section 2(27) : India includes its territorial waters.

Taxable Event

Goods become liable to import duty or export duty when there is import into or export from India. Import and export are two taxable events under customs.

Taxable Event for Imports

Import of goods commences when the Goods cross the territorial waters reached at the time when the goods reach the customs barriers

Taxable event for Exports

Taxable event of export commences when goods cross the customs barriers and is complete when goods cross the territorial waters of India. If ship sinks within the territorial waters, export is not complete.

Exemption/remission of duty

As per section 12, customs duties are levied on imported and exported goods. Duties of customs shall be levied at such rates as may be specified under the Customs Tariff Act, 1975. Levy is subject to certain exceptional cases.

Exceptional cases

- 1. Section 13 - No duty on pilfered goods by importer.*
- 2. Section 22 - Abatement of duty (reduced duty) on damaged or deteriorated goods.*
- 3. Section 23(1) - Remission of duty on goods lost destroyed or abandoned.*
- 4. Section 23(2) - Duty is not payable in case of relinquishment of the title to the goods*
- 5. Derelict, wreck, jetsam, etc*

(1) No duty payable by importer on pilfered goods : Section 13

- ✓ If any imported goods are pilfered
- ✓ after the unloading thereof and
- ✓ before the proper officer has made an order for clearance for home consumption or
- ✓ deposit in a warehouse,
- ✓ the importer shall not be liable
- ✓ to pay the duty leviable on such goods.

Special point :

1. Where such goods are recovered back after pilferage, the importer becomes liable to duty.

2. Where goods have been pilfered after the order of clearance but before taking actual delivery, the assessee will not be eligible for benefit of Sec 13

(2) Remission of duty on goods lost, destroyed or abandoned : Section 23(1)

- ✓ Without prejudice to the section 13
- ✓ where it is shown to the satisfaction of the AC/DC,
- ✓ that any imported goods have been lost (otherwise than as a result of pilferage) or destroyed,
- ✓ at any time before clearance for home consumption,
- ✓ the AC/DC shall remit the duty on such goods.

Special point : The remission of duty is permissible only in case of total loss of goods

Differences between section 13 and section 23(1)

Section 13	Section 23(1)
Section 13 deals with pilferage Only. The word 'pilfer' Means to steal, especially in small quantities/petty theft	Section 23(1) deals with loss or destruction of goods. The word 'lost' or 'destroyed' refers to total loss of goods i.e. loss is forever and beyond recovery
No duty is payable at all under section 13. However, where pilfered goods are restored to the importer after pilferage, the Importer becomes liable to duty.	Duty is payable under section 23(1), but it is remitted by the Assistant Commissioner of Customs. Thus, unless remitted, duty has to be paid under section 23(1). Further, in case of restoration recovery is not possible
Pilferage should be before order for clearance is made	Loss or destruction can be anytime before clearance.
Section 13 is not applicable for warehoused goods	Section 23(1) is applicable for warehouse goods also.
Importer does not have to prove pilferage.	Burden of proof is on the assessee

(3) Duty is not payable in case of relinquishment of the title to the goods : Section 23(2)

Sometimes the importer does not wish to take the delivery of imported goods due to certain reasons.

Some of the reasons could be as under:

1. The goods imported are not according to the specifications;
2. The goods may have been damaged or deteriorated during voyage and as such may not be useful to the importer;
3. There might have been breach of contract and, therefore, the importer may be unwilling to take delivery of the goods.

In such cases

- The importer of the goods may
- At any time before an order of clearance of goods for home consumption or an order for permitting the deposits of goods in a warehouse has been made
- Relinquish title to the goods and
- There upon he shall not be liable to pay the duty thereon.

Special Point :

- However, the owner of any such imported goods shall not be allowed to relinquish his title to such goods regarding which an offence appears to have been committed under this Act or any other law for the time being in force.

(4) Abatement of duty (reduced duty) on damaged or deteriorated goods [Section 22]

Section 22 provides the importer with an option to pay the reduced duty if the goods are damaged or deteriorated under any of the specified circumstances.

Specified circumstances where abatement is available

Abatement is available if it is shown to the satisfaction of the Assistant Commissioner/Deputy Commissioner of Customs that the goods are damaged/ deteriorated under any of the following circumstances:

1. Any imported goods had been damaged or had deteriorated at any time before or during the unloading of the goods in India.
2. Any imported goods, **other than warehoused goods**, had been damaged on account of any accident, at any time after the unloading thereof in India but before their examination for assessment by the customs authorities.
3. Any **warehoused goods** had been damaged on account of any accident at any time before clearance for home consumption.

Duty on damaged/deteriorated goods

$$\frac{\text{Value of goods after damage}}{\text{Value of goods before damage}} \times \text{Duty payable before damage}$$

Valuation of the damaged or deteriorated go

The value shall be:

- (a) Value ascertained by the proper officer, or
- (b) The proper officer may sell such goods
 - By public auction or
 - In any other manner with the consent of owner

and the gross sale proceeds shall be deemed to be the value of such goods.

(5) : Duty to be paid on goods derelict, wreck, jetsam, etc. coming into India : Section 21

- ✓ All goods Derelict, Jetsam, Flotsam & Wreck
- ✓ Brought or coming into India,
- ✓ shall be dealt with as if they were imported into India.

Special point :

1. Thus, such goods would be liable to import duty even though such goods had not been actually imported into India.
2. However, if such goods are entitled to be admitted duty free under this Act, duty would not be levied provided it is shown to the satisfaction of the proper officer that they are so entitled.

Derelict	Cargo or Vessel abandoned in the sea with no hope of recovery.
	Goods jettisoned from the vessel to save her from sinking, Such goods got sunk
Flotsam	Goods jettisoned from the save vessel to save her for sinking In this case goods do not sink. They continue to float
Wreck	Cargo or vessel or property which is drifted ashore by tides after ship wreck

Chapter-2 **TYPE OF CUSTOMS DUTY**

1. Basic Duty

- 1 .It is levied u/s 12 of Customs Act, 1962, and specified under section 2 of the Tariff Act, 1975.
- 2 .The basic custom duty is levied on imported goods at the rate specified in the first schedule of the Customs Tariff Act, 1975.
3. Whereas, basic custom duty on export goods is levied at the rate specified in Second Schedule of the Customs Tariff Act, 1975.
4. Such duty is levied either:
 - (a) On the basis of transaction value u/s 14(1) of the Custom Act, 1962), or
 - (b) Tariff value determined *uls* 14(2)

There are two rates of duty in the First Schedule:

- (i) Standard rate
- (ii) Preferential Rate.

Standard rate

Duty at the "Standard rate" is charged where there is no provision for preferential treatment. There are different rates for different goods. But the general basic rate is 10% .which is also known as peak rate of customs duty. This basic duty may be exempted by a notification u/s 25.

Preferential rate

Preferential rate is applicable when goods are imported from "Most Favored Nation" (*E.g.* Bangladesh, Korea, Mauritius, Sri Lanka, Tonga, etc)

In such cases, lower preferential rate of duty will be applicable on such goods subject to fulfillment of certain conditions. The benefit of preferential rate shall be given to the importer only when he submits. at the time of importation, proof as to "Country of Origin" of goods, otherwise standard rate shall be applied.

The Central Government may by notification discontinue, increase, decrease the Preferential rate.

2. Integrated Tax : [Sec 3(7) CTA, 1975]

Any article which is imported into India shall be liable to integrated tax in addition to custom duties as chargeable. The highest rate at which it has been levied is 28% (as decided at the 14th GST Council meeting).

3. GST Compensation Cess : [Sec3(9) CTA 1975]

GST Compensation cess is tax levied u/s 8 of GST Compensation to State Act 2017. It is levied on intra state supply of goods and service and interstate supply of goods and service to provide compensation to the states for loss of revenue due to implementation of GST Act in India.

Provided that GST compensation cess would be applicable only on supply of those goods and services that have been notified by the Central Government.

Any article which is imported into India shall, in addition, be liable to the goods and services tax compensation cess at such rate, as is leviable u/s 8 of GST (Compensation to States) Cess Act, 2017 on a like article on its supply in India, on the value of the imported article as determined under subsection (10) or sub-section (10A), as the case may be.

4. Additional Duty of Customs Countervailing Duty [CVD] : [Sec 3(1) of CTA,1975]

Countervailing duty is imposed when excisable articles are imported in order to counter balance the excise duty, which is leviable on similar goods if manufactured within the country.

- The amount of CVD is equivalent
- To the amount of excise duty payable
- on such goods as if manufactured or produced in India

5. Special CVD (also known as SAD) : [Section 3(5) of CTA,1975]

- This is imposed on imported goods in addition to other duties if any.
- This is in lieu of sales tax/VAT, local tax or any other charges for the time being in force leviable on a like article on its sale, purchase or transportation in India
- It is levied on all goods at a rate as notified by the Government but not exceeding 4%.

Note: Due to introduction of GST, the applicability of CVD & SAD is very limited. GST is levied on all supplies of goods and /or services except supply of alcoholic liquor for human consumption. Further, GST on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

Thus, CVD & SAD will be levied only on the few products not leviable to GST

6. Safeguard Duty : [Sec 8B & 8C of CTA,1975]

- The Central Government may impose safeguard duty on specified imported goods, if it is satisfied that certain goods are being imported in LARGE quantities and they are causing serious injury to domestic Industry.
- This duty can be imposed only for a limited period, by way of a notification, after an enquiry.
- It can be imposed provisionally for a maximum period of 200 days pending final determination of injury.
- If no duty has been imposed within 200 days of provisional levy or it was determined that there was no serious injury to domestic industry, then the amount collected provisionally is refundable.
- The safeguard duty is imposed initially for a period of 4 years and is extendable upto 10 years.
- Section 8C deals with imports from China. Under this the Government, has power to impose Safeguard duty on imports from China if the larger quantities from China are likely to cause *market disruption*. The other provisions in this regard are same as are given above in case of safeguard duty.

7. Anti-Dumping Duty (ADD) : [Sec 9A CTA,1975]

Dumping means selling at a throwaway price *i.e.* exporting goods to India, at prices lower than the ones in the domestic market of the exporting country.

To prevent dumping, the Central Government, may levy Anti-Dumping Duty not exceeding the *margin of dumping*

Margin of dumping means Normal value of goods - Export price of goods.

Safeguard duty is product specific and anti dumping duty is country specific.

8. Protective duty

- (1) This duty is levied to protect the interest of any industry established in India.
- (2) It is levied by the Central Government, upon a recommendation made to it in this behalf by the Tariff Commission.
- (3) It is levied for a period as specified in the notification issued by Central Government in the behalf.
- (4) The rate of duty shall be the rate specified by Central Government in the notification but it cannot exceed the amount recommended by tariff commission.

9. Social Welfare Surcharge : [Sec 110 of FA, 2018 w.e.f. 2/2/18]

- SWS is levied on all imported goods with effect from 2nd Feb, 2018, to provide funding for Education, Health, and Social security.
- The Education Cess and the Secondary and Higher Education Cess levied on imported goods has been abolished by omitting chapter VI in Finance Act 2004, and Finance Act, 2007, respectively.
- Notification 11/ 2018- customs, of February 2, 2018, specified goods, which were exempt from the levy of Education Cess and the Secondary and Higher Education Cess are exempted from the levy of the SWS.
- SWS not levied on export of Goods
- SWS shall be calculated @ 10% on the aggregate of duties, taxes and cesses applicable u/s 12 (excluding safeguard duty, countervailing duty, anti-dumping duty, IGST and GST Compensation Cess).
- The import of petrol, high speed diesel, silver and gold shall be eligible to concessional rates of SWS @ 3%.

10. Road & Infrastructure Cess : [Sec 111 of FA, 2018 w.e.f. 2/2/18]

Road & Infrastructure Cess is levied w.e.f. 2nd Feb, 2018 as duty of Customs @ ₹ 8 per litre on motor spirit (petrol) and high speed diesel imported into India for purpose of financing infrastructure projects.

Steps for computation of Custom Duty

	Particulars	₹
(1)	Assessable Value	XXXX
(2)	Basic Custom Duty [BCD % × (1)]	XXXX
(3)	Add : Social Welfare Surcharge [10% of (2)]	XXXX
(4)	Total Value before IGST [(1)+(2)+(3)]	XXXX
(5)	IGST [IGST % × (4)]	XXXX
(6)	GST compensation Cess [GST Cess % × (4)]	XXXX
(7)	Total duty payable [(2)+(3)+(5)+(6)]	XXXX

Chapter-3

VALUATION OF GOODS

Valuation of Imported Goods : Sec 14(1)

Value of imported goods shall be the Transaction Value of such goods.

- **Transaction value** shall be
- The price actually paid or payable
- For the goods when sold for export to India
- for delivery at the time and place of importation
- where the buyer and seller of the goods are not related and
- price is the sole consideration for the sale
- subject to such other conditions as may be specified in the rules made in this behalf i.e. the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

Transaction value of imported goods shall include in addition to price aforesaid following [CIF] :

- Cost of services including commission and brokerage, engineering, design work, royalties and license fees.
- cost of Transportation to the place of importation,
- insurance, loading, unloading and handling charges
to the extent specified in the rules made in the behalf.

RULE10(2): ADJUSTMENTS IN TRANSACTION VALUE

	Particulars	Actual Cost- Ascertainable	Actual Cost- Not Ascertainable
1.	Cost of transport, loading, unloading and handling charges of the imported goods to the place of importation	Actual Charges [in case of importation by Air addition shall be restricted to 20% of FOB]	20% of FOB Where the FOB value of the goods is not ascertainable but the sum of FOB value of the goods and the cost of insurance is ascertainable then it shall be 20% of such amount
2.	Cost of Insurance to the place of importation	Actual Charges	1.125% of FOB Where the FOB value of the goods is not ascertainable but the sum of FOB value of the goods and the referred to in point 1 is ascertainable then it shall be 20% of such amount

Valuation of Exported goods : Sec 14(1)

Value of Exported goods shall be the Transaction Value of such goods.

- **Transaction value** shall be
- the price actually paid or payable
- for the goods when goods are sold for export from India,
- for delivery at the time of and place of exportation,
- provided the buyer and seller are not related to each other and
- the price is the sole consideration
- Subject to rules for valuation of export goods are given in Customs Valuation (Determination of Value of Export Goods) Rules, 2007.

Valuation on the basis of tariff values : Sec 14(2)

- Section 14(2) permits CBEC, to fix tariff values for the purpose of valuation of any class of import goods and capital goods.
- While fixing such values, the trend values (market values) of such goods shall be considered. The objective is to prevent undervaluation.
- Where any such tariff value is fixed, the transaction value becomes Irrelevant

Rate of Duty and Rate of Exchange

IMPORTED GOODS	RATE OF DUTY & TARIFF VALUATION (SEC 15)	RATE OF EXCHANGE (Proviso to Sec 14)
In case of goods Entered for home consumption u/s 46	Date of presentation of bill of entry or Date of entry inwards of Vessel / Arrival of Aircraft or Vehicle whichever is Later	On the date of presentation bill of entry.
In case of goods cleared from a warehouse u/s 68	On the date of presentation of bill of entry is presented in warehouse	On the date of presentation bill of entry.
EXPORTED GOODS	RATE OF DUTY & TARIFF VALUATION (SEC 16)	RATE OF EXCHANGE (Proviso to Sec 14)
In the case of goods are entered for export	On the date on which Customs Officer makes an order on shipping bill permitting clearance and loading of the goods for exportation.	On the date of presentation of shipping bill or bill of export.

The provisions of sec 15 & 16 shall not apply to baggage & goods exported by post

Chapter -4**CLEARANCE OF IMPORTED & EXPORTED GOODS****Import Procedure**

(1) Loading of goods: In case goods are imported by sea/air, the goods shall be loaded in the vessel/aircraft in the exporting country and sent to India. In case goods are imported by land route, the goods shall be sent in a vehicle.

(2) Calling of vessels/landing of aircraft : When the vessel carrying imported goods arrives in India, the person in charge i.e. master of such vessel entering into India from outside India shall allow calling of the vessel only at the custom port unless otherwise permitted by CBEC.

Similarly, when the aircraft carrying imported goods arrives in India, the person in charge i.e. the pilot of the aircraft entering into India from outside India shall allow landing of the aircraft only at the custom airport unless otherwise permitted by CBEC.

(3) Filing of import general manifest/import report: The person-in-charge of the vessel/aircraft is required to file the Import General Manifest (IGM) (detailed information about goods in vessel/aircraft) electronically before the arrival of the vessel or aircraft at customs port/customs airport.

In case of import by land, the person-in-charge of the vehicle shall deliver to the proper officer an import report [detailed information about goods in vehicle] within 12 hours of the arrival of vehicle at the customs station.

(4) Grant of entry Inwards: The customs authorities, on receiving import general manifest from the master of a vessel, shall check the documents, and

- (i) Grant entry inwards to the vessel,
- (ii) assign an IGM number to the manifest, and
- (iii) permit the master of the vessel to land and unload the cargo.

The master of the vessel shall not permit the goods to be unloaded until the order of Entry Inwards has been granted by the proper officer to such vessel. Date of Entry Inwards is the date on which the vessel finds a berth place for discharge of cargo.

(5) Unloading of goods : Imported goods shall be unloaded:

- (i) only if mentioned in the import manifest/import report.
- (ii) only at the approved places in any customs port/customs airport/land customs station.
- (iii) under the supervision of the proper officer.
- (iv) during working hours and shall not be unloaded on Sunday/on any holiday.

(6) Unloaded goods to be in Custody of custodian until their clearances : Once the imported goods have entered the customs area, they shall remain in the custody of the Custodian [a person approved by the Commissioner of Customs for the purpose].

If the imported goods are pilfered after unloading in a customs area, while in the custody of the Custodian, then the Custodian shall be liable to pay duty on such goods.

(7) Filing of Bill of Entry : The importer of any goods, other than goods intended for transit or transshipment, thereafter, presents a bill of entry electronically for clearance of the goods either:

- (i) for home-consumption, or
- (ii) for deposit in the warehouse.

The Bill of Entry may be of three types as follows-

(i) Bill of Entry for Home Consumption

(ii) Bill of Entry for Warehousing: In case the importer does not require the imported goods immediately and wishes to store the same in a warehouse without payment of duty, and then clear them as and when required, he files a form called 'Bill of Entry for Warehousing'. The importer is required to execute a warehousing bond in the sum equal to double the duty determined. It is accepted by the customs and "Deposit into warehouse" order given. It is also called 'Into Bond Bill of Entry'.

(iii) Bill of Entry for Ex-bond clearance for home consumption: When goods have to be cleared from warehouse, Bill of Entry is required for clearance from the warehouse on payment of duty which is known as ex-bond clearance for home consumption.

(8) Timing of Filing of Bill of Entry : A bill of entry may be presented at any time after the delivery of the import manifest/import report. However, a bill of entry may be presented even before the delivery of such import manifest if the vessel or the aircraft by which is expected to arrive within 30 days from the date of such presentation.

(9) Assessment of duty : The bill of entry is assessed by importer himself. This is known as self assessment the importer will self assess the duty after considering the applicable rate of exchange and rate of import duty.

(10) Payment of duty: If the goods are cleared for home consumption, customs duty has to be paid. However, if the goods are cleared to be stored in a warehouse, payment of duty is deferred till the time of clearance from such warehouse.

The importer has to pay the duty within 2 days (excluding holidays) of the determination of such duty amount. In case he fails to do so, he is required to pay interest.

(11) Clearance of imported goods from the custom station: The goods lying under the custody of the custodian have to be cleared either for home consumption or for warehousing or for transshipment within 30 days (or such extended time as the proper officer may allow) from the date of unloading of goods at the customs station.

The importer may exercise any of the following options:

(i) Clearance for home consumption : If the goods are being cleared for home consumption, duty determined on the goods is collected and "pass out of customs charge" is given.

(ii) Warehousing of imported goods : If the goods are to be warehoused, a warehousing bond of sum equal to double the duty determined, is executed by importer and "deposit into warehouse" order is given.

Clearance of goods kept in warehouse:

(a) The importer files another bill of entry called the 'ex-bond bill of entry', whenever he wants to clear the whole or part of the warehoused cargo. This ex-bond bill of entry is again assessed to duty .

(b) After payment of customs duty so re-determined and other charges payable to the warehouse keeper including rent and interest, the goods are removed for home consumption.

Export Procedure

(1) Filing of Shipping Bill/Bill of Export : The exporter files an application electronically for export of goods known as Shipping Bill in case of export by a vessel or an aircraft. In case of export by a vehicle the exporter has to file a Bill of Export.

The exporter assesses the duty himself . Thereafter, the export duty, export cess etc., if any, are collected.

(2) Order permitting clearance and loading of goods : The Officer after satisfying himself that all the goods entered for export are not prohibited goods & export duty is paid, he passes order permitting clearance and loading of goods for exportation.

(3) Grant of Entry Outwards : A vessel intending to start loading of export goods must be first granted an 'Entry Outwards' by the proper officer. The master of a vessel shall not permit the loading of any export goods, until the proper officer grants entry-outwards to such vessel.

Entry onwards is the permission granted by the Customs authorities to a vessel / conveyance to go on a foreign voyage to the port of consignment

(4) Loading of Goods : The export goods shall be loaded on the conveyance for exportation with the permission of person-in-charge. He shall not permit the loading at a customs station unless a shipping bill/bill of export bill of transshipment, as the case may be, duly passed by the proper officer, has been handed over to him by the exporter.

(5) Delivery of Export General Manifest : The person-in-charge of a conveyance carrying export goods shall, before departure of the conveyance from a customs station, deliver to the proper officer in the case of a vessel or aircraft, an export manifest, and in the case of a vehicle, an export report,

(6) No conveyance to leave without written order : The person in charge of conveyance which has brought any imported goods or has loaded any export goods at a custom station shall not cause or permit the conveyance to depart from the custom station unless a written order to that effect has been given by the proper officer.

TRANSIT AND TRANSSHIPMENT**(a) Transit of goods :**

- Where any goods (not being prohibited goods)
- which are imported in a conveyance and
- are mentioned in the import manifest/import report,
- as for transit in the same conveyance
- to any place outside India or
- any customs station,
- they may be allowed to be so transited
- without payment of duty.

(b) Transshipment of goods :

- Where any goods (not being prohibited goods)
- which are imported in a conveyance and
- are mentioned, in the import manifest/import report,
- as for transshipment
- to any place outside India
- they may be allowed to be so transshipped
- without payment of duty.

In the case of transshipment, goods are transferred from one conveyance to another. Where in the case of Transit goods are sent in the same conveyance.