


Important Terms – Services

2(102) Services Means – Anything other than Goods



+ Transaction in Money for which a separate consideration is charged.

- Money
- Securities

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Charge of GST (Cont...)

Supply (7)

For Consideration & For Business	Sale, transfer, barter, exchange, license, rental, lease, disposal
For Consideration	Import of Services
Supply Without Consideration	Schedule I
Deemed Supply	Schedule II
Schedule III & Notified Govt. Supplies	

Power to Notify transaction to be:

- Supply of Goods and not a supply of services
- Supply of Services and not a supply of goods

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Charge of GST (Cont...)

Schedule – III : Activities or transactions which shall be treated neither as a supply of Goods nor as a supply of services

Negative List

- Services by Employee to Employer
- Services by Court or Tribunal
- Functions performed by a MP, MLA, & Members of Municipalities & Panchayats etc.
- Duties performed in constitutional capacity.
- Duties performed by Chairman/ Director of Govt. bodies

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Specific Provisions for Government & Government Undertakings

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Important Terms

Sec. 2(84): **Person** Includes:

- (a) an individual;
- (b) a Hindu Undivided Family;
- (c) a company;
- (d) ...
- (e) ...
- (f) ...
- (g) ...
- (h) ...
- (i) ...
- (j) **Local Authority**
- (k) **Central Govt. OR State Govt.**

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Important Terms

Sec. 2(69): **Local Authority** Means:

- (a) a "**Panchayat**" as defined in clause (d) of article 243 of the Constitution;
- (b) a "**Municipality**" as defined in clause (e) of article 243P of the Constitution;
- (c) a **Municipal Committee**, a **Zilla Parishad**, a **District Board**, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;
- (d) a **Cantonment Board** as defined in section 3 of the Cantonments Act, 2006;
- (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;
- (f) a Development Board constituted under article 371 of the Constitution; or
- (g) a Regional Council constituted under article 371A of the Constitution;

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Important Terms

Sec. 2(17) **Business** Includes:

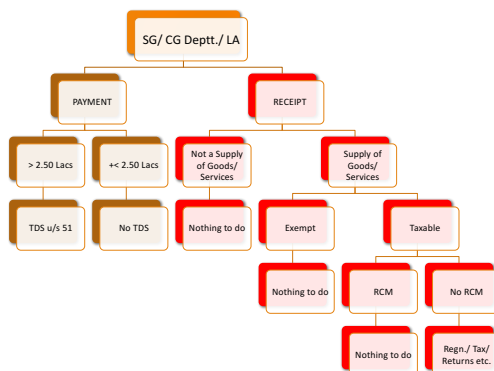
- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
 (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
 (c)...
 (d)...
 (e)...
 (f)...
 (g)...
 (h)...
 (i) any activity or transaction undertaken by the **Central Government**, a **State Government** or any **local authority** in which they are engaged as **public authorities**;

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Govt. – GST Transactions



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Legal Diary (Important Notifications)

Description	Notification No.	Date
Tax Rate – Goods	1/2017(CTR)	28.06.2017
Exempted Goods	2/2017(CTR)	28.06.2017
Goods – RCM	4/2017(CTR) 36/2017(CTR)	28.06.2017 13.10.2017
Tax Rate – Services	11/2017(CTR)	28.06.2017
Exempted Services	12/2017(CTR)	28.06.2017
Services – RCM	13/2017(CTR)	28.06.2017

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Time of Supply

Activities involved in Supply !




Earliest



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Time of Supply (Cont...)

Sec. 12 ToS – Goods

12(2) – ToS of Goods shall be earliest of the following :

- Date of **Invoice** or the last date on which it is required to issue Invoice.
- The date on which supplier receives **payment** with respect to the supply.

Provided – Advance received upto INR 1,000 – Optional.

Exp. – The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be payment.

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Time of Supply (Cont...)

Sec. 13 ToS – Services

13(2) – ToS of Services shall be earliest of the following :

- Date of **Invoice** or the last date on which supplier required to issue Invoice.
- The date on which supplier receives **payment** with respect to the supply.

Provided – Advance received upto INR 1,000 – Optional.

Exp. – The supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be payment.

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Time of Supply (Cont...)

Sec. 31: Tax Invoice

Tax Invoice to be issued by a Reg. TP for supply of goods, **before or at the time of**:

- Removal of Goods
 - Delivery of Goods or Making Available to the recipient
- In specified category of goods – Extended Time for issue of invoice.

Tax Invoice to be issued by a Reg. TP for supply of services, **before or at the time of**

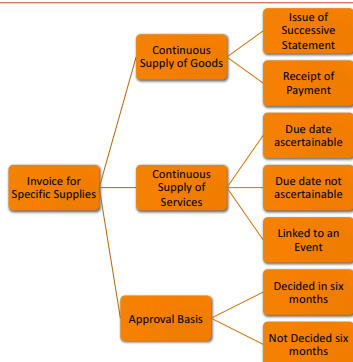
- Provision of Services
- Within specified time

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Time of Supply (Cont...)



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Time of Supply (Cont...)

Notification No. 40/2017 (CT)

In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the 'said Act'), the Central Government, on the recommendations of the Council, hereby notifies the registered person whose aggregate turnover in the preceding financial year did not exceed one crore and fifty lakh rupees or the registered person whose aggregate turnover in the year in which such person has obtained registration is likely to be less than one crore and fifty lakh rupees and who did not opt for the composition levy under section 10 of the said Act as the class of persons who shall pay the central tax on the outward supply of goods at the time of supply as specified in clause (a) of sub-section (2) of section 12 of the said Act including in the situations attracting the provisions of section 14 of the said Act, and shall accordingly furnish the details and returns as mentioned in Chapter IX of the said Act and the rules made thereunder and the period prescribed for the payment of tax by such class of registered persons shall be such as specified in the said Act.

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Time of Supply (Cont...)

Notification No. 66/2017 (CT)

In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act) and in supercession of notification No. 40/2017-Central Tax, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.1254(E), dated the 13th October, 2017, except as respects things done or omitted to be done before such supercession, the Central Government, on the recommendations of the Council, hereby notifies the registered person who did not opt for the composition levy under section 10 of the said Act as the class of persons who shall pay the central tax on the outward supply of goods at the time of supply as specified in clause (a) of sub-section (2) of section 12 of the said Act including in the situations attracting the provisions of section 14 of the said Act, and shall accordingly furnish the details and returns as mentioned in Chapter IX of the said Act and the rules made thereunder and the period prescribed for the payment of tax by such class of registered persons shall be such as specified in the said Act.

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Valuation

Sec. 15 – Value of Taxable Supply

The value of a supply of goods or services or both shall be the **transaction value**, that is **the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and price is the sole consideration for supply.**

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Valuation

Criteria

- Unrelated Parties
- Price is sole consideration

Includes

- Duties and Taxes except GST
- **Obligation of supplier** – Paid by Recipient – Not Included in Price
- **Exp. Incidental** to supply.
- **Interest or Late Fee or Penalty** for delayed payment
- Non-Govt. **Subsidies** directly linked to supplies

Excludes

- Discount before or at the time of Supply
- Discount after supply
- As per agreement
- ITC reversed by the recipient

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Input Tax Credit

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Input Tax Credit

2(59) – Input
Means any goods **other than capital goods** used or intended to be used by a supplier in the course or furtherance of business.

2(60) – Input Services
Means any service used or intended to be used by a supplier in the course or furtherance of business.

2(19) – Capital Goods
Means **goods**, the value of which is **capitalized** in the books of accounts of the person claiming the credit and which are used or intended to be used in the course or furtherance of business.

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Input Tax Credit - Summary

Input Tax Credit

Eligibility 16(1):

- Registered Person
- Input Tax charged on Supply of Goods/ Services
- Used or intended to be used
- In the course or furtherance of Business

Conditions 16(2):

- Possession of Tax Paying Document
- Receipt of Goods or Services
- Tax in respect of such supplies has been paid
- Furnishing of Return

Apportionment of ITC or Blocked ITC 17:

- Apportionment – Business Vs. Personal – Taxable Vs. Exempt
- Motor Vehicle (Except for Supply/ Transportation/ Training etc.)
- Food/ Outdoor catering/ beauty treatment/ Health/ C & P Surgeries/ Club Membership
- Works Contracts Services
- Construction of an immovable property
- Supplies on which Tax paid under composition, Supplies Consumed Personally
- Goods Stolen/ Lost, destroyed, written off, Gift or Samples

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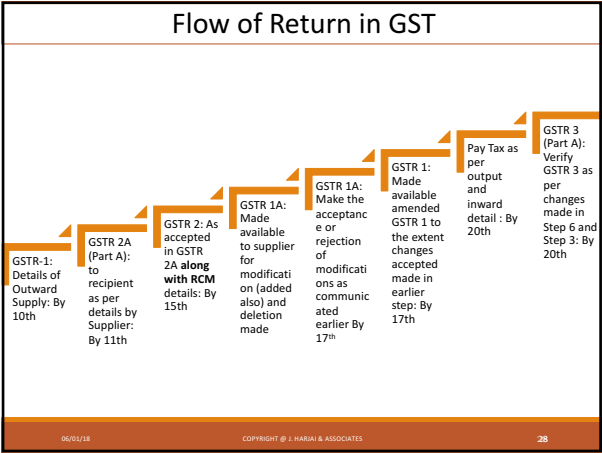
Flow of Return in GST

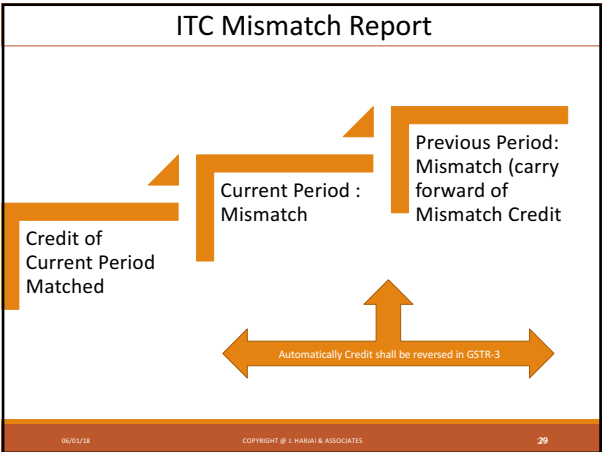


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Frequently Asked Questions on

GST for Government &

Government Undertakings

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FAQ'S

Are Government or local authority or governmental authority liable to pay tax?

Yes.

The State Govt., Central Govt. or Local Authority or Governmental Authorities are liable to pay tax on supply of services other than:

- Notified Exempt Services
- Supplies mentioned in Schedule III (Activities or transaction which shall neither be treated as Supply of Goods or Services)
- Supplies on which Recipient is liable to pay tax under Reverse Charge Mechanism u/s 9(3).

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FAQ'S

Are all services provided by the Government or local authority exempted from payment of tax ?

No, all services provided by the Government or a local authority are not exempt from tax.

As for instance, services, namely,

- 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 Government;
- services in relation to an aircraft or a vessel, inside or outside the precincts of an airport or a port;
- transport of goods or passengers; or
- any service, other than services covered under (i) to (iii) above, provided to business entities

are not exempt and that these services are liable to tax .

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FAQ'S

Are various corporations formed under the Central Acts or State Acts or various government companies registered under the Companies Act, 1956/2013 or autonomous institutions set up by special Acts covered under the definition of 'Government'

No.

The corporations formed under the Central or a State Act or various companies registered under the Companies Act, 1956/2013 or autonomous institutions set up by the State Acts will not be covered under the definition of 'Government' and therefore, services provided by them will be taxable unless exempted by a notification.

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FAQ'S

Are various regulatory bodies formed by the Government covered under the definition of 'Government'?

No.

A regulatory body, also called regulatory agency, is a public authority or a governmental body which exercises functions assigned to them in a regulatory or supervisory capacity. These bodies do not fall under the definition of Government.

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FAQ'S

Will the services provided by Police, Fire and Rescue Services or security agencies of Government to PSUs or corporate entities or sports events held by private entities be taxable?

Yes.

Services provided by Police, Fire and Rescue Services or security agencies of Government to PSU/private business entities are not exempt from GST. Such services are taxable supplies and the recipients are required to pay the tax under reverse charge mechanism on the amount of consideration paid to Government for such supply of services.

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FAQ'S

Whether services in the nature of change of land use, commercial building approval, utility services provided by a governmental authority are taxable?

Exempt

Regulation of land-use, construction of buildings and other services listed in the Twelfth Schedule to the Constitution which have been entrusted to Municipalities under Article 243W of the Constitution, when provided by governmental authority are exempt from payment of tax.

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FAQ'S

Whether fines and penalty imposed by Government or a local authority for violation of a statute, bye-laws, rules or regulations liable to tax?

No

This gets covered under the exemption by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Government or the local authority

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FAQ'S

Whether reverse charge is applicable to services provided by Government or local authorities?

Yes.

Reverse charge is applicable in respect of services provided by Govt. or local authorities to any person whose turnover exceeds Rs.20 lakhs excluding the following services;

- (i) renting of immovable property,
- (ii) 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 Government,
- (iii) services in relation to an aircraft or a vessel, inside or outside the precincts of an airport or a port;
- (iv) transport of goods or passengers.

Thus, the recipient of supply of goods or services is liable to pay the entire amount of tax involved in such supply of services or goods or both.

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FAQ'S

Would services in relation to supply of motor vehicles to Government be taxable?

Yes.

Supply of a motor vehicle meant to carry more than twelve passengers by way of giving on hire to a state transport undertaking is exempted from tax. The exemption is applicable to services provided to state transport undertaking and not to other departments of Government or local authority. Generally, such State transport undertakings/corporations are established by law with a view to providing public transport facility to the commuters. In some cases, transport undertakings hire the buses on lease basis from private persons on payment of consideration. The services by way of supply of motor vehicles to such state transport undertaking are exempt from payment of tax. **However, supplies of motor vehicles to Government Departments other than the state transport undertakings are taxable.**

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FAQ'S

Can the supplier of services claim the tax paid under reverse charge mechanism as input tax credit?

Yes.

The supplier of services may claim the input tax credit on the amount of tax paid under reverse charge mechanism subject to the provisions of Input Tax Credit Rules.

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FAQ'S

What is the concept called 'tax deduction at source'?

The Government may mandate (a) 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, to deduct tax at the rate of one per cent on account of CGST and one percent on account of SGST from the payment made or credited to the supplier where the total value of the supply under a contract exceeds two lakh and fifty thousand rupees (excluding tax payable under the GST Acts). The deductor shall remit the deducted amount to the Government and is also required to furnish a certificate to the deductee by mentioning the details of the amount deducted and payment of such deducted amount.

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FAQ'S

Whether a Government Department, required to deduct tax at source, is liable to take registration as a normal taxpayer?

Not Always.

The Government Department is required to take registration as a normal taxpayer only if it makes a taxable supply of goods and/or services and in such cases, the registration shall be obtained on the basis of PAN. B. However, if it is not making any taxable supply of goods and/or services, it is required to register only as a deductor of tax at source on the basis of TAN/PAN.

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FAQ'S

Whether a Government department making only non taxable or exempted supplies need to take regular registration?

No

But if it has liability to deduct TDS it will have to take TDS registration.

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FAQ'S

Whether separate registration is required for regular taxable supplies and for TDS

Yes.

If the Department makes taxable supplies, it will have to obtain regular registration. if it deduct TDS, it will have to obtain TDS registration too.

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FAQ'S

Whether the Government Department will have to take regular registration for all its units or District wise or Office wise?

Institutional PAN can be obtained from IT department by any office. Hence, any office can get registered under GST Act. But registration brings in responsibilities like timely return filing,, . It is ideal that, an office of a department which is making regular taxable supplies should take registration and those offices which have only occasional transactions can file their details through higher offices having regular taxable supplies. However, the matter is to be decided internally in the department.

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FAQ'S

Whether the deductee can claim the input tax credit on the deduction of tax at source amount?

No.

The tax deducted at source is not input tax credit. However, the amount deducted shall be credited to the electronic cash ledger of the deductee and can be utilized for payment of output tax.

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FAQ'S

We were remitting tax on supplies in VAT by payment of chalang in treasury. Whether we can adopt the same procedure in GST?

No.

Payments can be made only through by internet banking or by using credit or debit cards or NEFT or RTGS or Generating chalan from the GSTN portal and make payment to the bank. It can be done only based on a regular return or a TDS return.

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Thank you



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Source of Information/ Data:

Act, Rules, Notifications and other material available on Official websites of the Central & State Governments

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