



*(For Internal Dept. Use Only)*

# **Handbook for GST Officers**

***Second Edition  
(June, 2024)***



***National Academy of Customs, Indirect Taxes and Narcotics (NACIN),  
Andhra Pradesh Zonal Institute, Visakhapatnam***

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## ***Handbook for GST Officers***

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*Compiled by*  
**National Academy of Customs, Indirect Taxes and Narcotics (NACIN)**  
**Andhra Pradesh Zonal Institute, Visakhapatnam**

# ***Handbook for GST Officers***

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**Published by  
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**For training and internal use within NACIN/CBIC only**

**Your valuable suggestions and feedback may be sent to  
[psadg.nacinvsp-cbec@gov.in](mailto:psadg.nacinvsp-cbec@gov.in)**

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**Disclaimer:** *This handbook is a compilation of select provisions of GST law meant for Departmental training and reference purposes. For ease of understanding, the provisions are tabulated and explained in simple terms. The publication is strictly for internal use within NACIN/CBIC and no portion of the publication can be quoted for legal purposes.*

## Foreword

I am happy that NACIN Zonal Campus, Visakhapatnam has brought out the Second Edition of Handbook for GST officers which is a handy compilation of key provisions of GST Acts, Rules etc. useful for officers in their day-to-day work.

The First Edition (January 2024) was released by Shri Sanjay Pant, the then Principal Chief Commissioner of Visakhapatnam Zone. We could share the copies with all the Zonal Training Institutes of NACIN and formations of Visakhapatnam Zone. We thank all the officers who had given feedback about the First Edition.

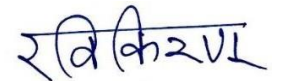
The present Second Edition is an improved version over the First one. This version contains additional tables, links for technology tools, four articles contributed from our departmental officers from other Zones, in addition to other updates. **Important portions are highlighted for ease of reference.**

While this handbook is primarily meant for the new Trainee officers entering CBIC, the book serves as a handy reference for any GST officer in the Country. Inclusion of extracts relating to Vigilance and Administration, e.g., Conduct Rules, Leave Rules, Allowances, GFR, etc. make it a one-stop resource for all Departmental matters.

As more than 220 Inspectors of Central Tax have recently joined Visakhapatnam Zone through CGLE 2023, I am sure, the print version serves as a veritable 'Text Book' not only during their pre-training and training periods but also during their service in the field. It avoids the tedium of carrying and referring multiple Books, Bare Act texts etc.

We request active feedback and suggestions from the Departmental fraternity, so as to improve it in its next versions. ***(Your valuable comments on corrections, additions/deletions may kindly be e-mailed at [psadg.nacinvsp-cbec@gov.in](mailto:psadg.nacinvsp-cbec@gov.in))***

I sincerely thank the Director General, NACIN, for active encouragement and support for this endeavour of NACIN ZTI, Vizag. I acknowledge the contributions of Shri A Ramesh Kumar, AD, Shri KV Mohan Rao, AAD, Shri KVV Satyanarayana, Superintendent (CCO, Vizag), Shri AM Mathews, AD and Shri P Raghuvier, CAO in making this compilation possible.



(Ravi Kiran Edara)  
Additional Director General  
NACIN, Visakhapatnam

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**Part-A**  
**Introduction**

## Introduction

### **Taxation:**

'Tax' is defined in different ways. In simple words, it is 'a compulsory financial contribution upon an activity'. Such an activity in legal terms is called '**taxable event**'. The person (*individual person or a business organization*) who is undertaking such taxable event is liable to pay tax and he/she is called a '**taxpayer**'. While the Legislature *levies* the tax by enacting a law, the Executive *collects* the tax and the Judiciary interprets and corrects the tax law and procedures, whenever they are called into question.

Taxation is an important source of revenue to the Governments. As per Article 265 of the Constitution of India, "**No tax shall be levied or collected except by authority of law**". There are clearly spelt out lists giving powers of taxation to the Union, the States and the Local Bodies.

At the Union government level, Ministry of Finance takes care of tax administration through the Department of Revenue. All the taxes are broadly divided into **Direct Taxes and Indirect Taxes**. The Department of Revenue has two Boards viz Central Board of Direct Taxes (CBDT) and Central Board of Indirect Taxes and Customs (CBIC). They administer direct and indirect taxes, respectively.

**Income Tax** is tax levied on income earned by individuals. **Corporation Tax** is tax paid on a company's taxable income. Both these taxes are direct taxes since the *tax is paid directly* by the individual/corporate to the Government.

**Customs Duty** is levied on the value of goods imported or exported. Union Excise duties are levied on the manufacture of goods (*other than liquor for human consumption which is taxed by States and commonly referred as 'State Excise' duty.*) Despite the advent of GST, few goods are still subject to '**Central Excise**'. '**Service Tax**' which levied earlier on services was fully subsumed under GST. From 1-7-2017, **Goods and Services Tax (GST)** is the new levy on *supply* of goods or services or both. Customs, Central Excise, Service Tax and GST are all indirect taxes. They are indirect in the sense that they are *indirectly collected* by the Government from consumers/public via business entities. So, in case of indirect taxes, the ultimate consumer is the one who pays tax and the businesses ('Taxpayers') indeed **collect the tax as a sort of agent of the Government**.

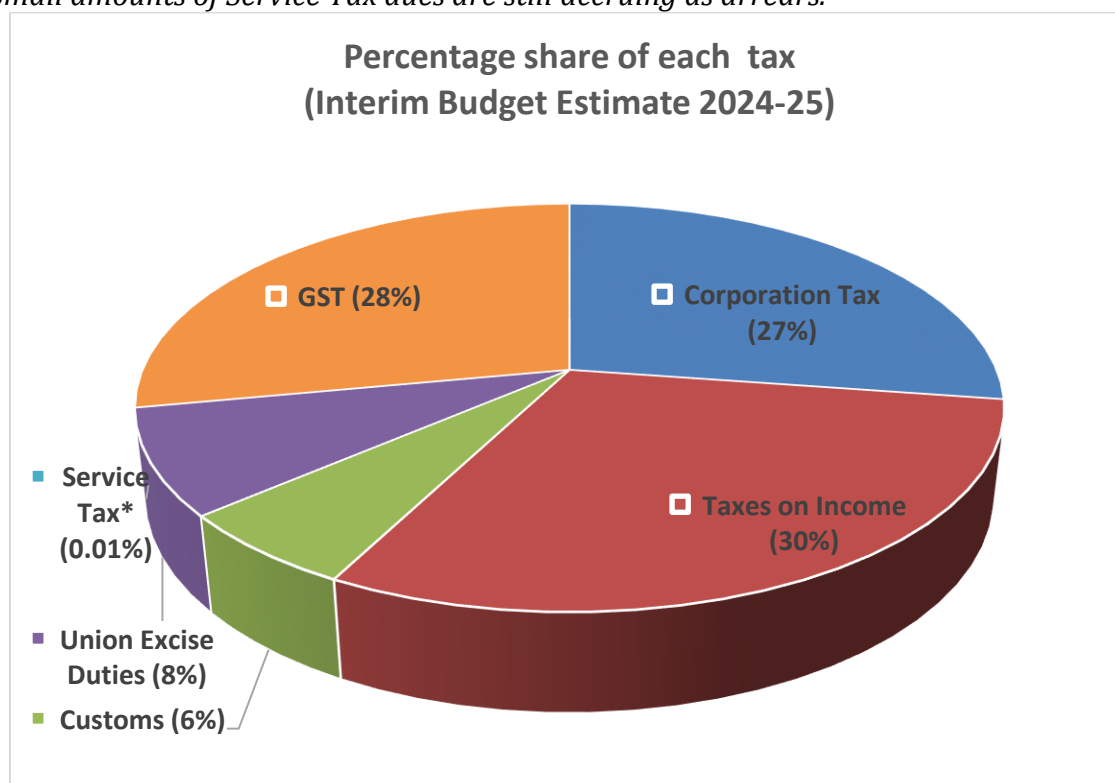
As per the Interim Union Budget 2024-25, the composition of direct and indirect



taxes to the Union (Gross Tax Revenue - Budget Estimates for 2024-25) is as below:

Nature of Tax	Name of the Tax and % Share	Interim Budget Estimate for 2023-24 (In Rs. Crores)
Direct Tax	Corporation Tax (27%)	1042830
	Taxes on Income (30%)	1156000
Indirect Tax	Customs (6%)	231310
	Union Excise Duties (8%)	318780
	Service Tax* (0.01%)	100
	GST (28%)	1067650

\* Small amounts of Service Tax dues are still accruing as arrears.



### Basics of Indirect Taxation:

In case of Direct Taxes, the tax burden is *directly borne* by the taxpayer whereas in the indirect taxes, the tax *burden is passed on* to the ultimate consumer. In addition to the value of supply, Consumers pay indirect tax component also which forms part of the Bill/Invoice. Such suppliers/businesses in turn have to pay that tax amount so collected to the Government, within stipulated time. Because of this 'indirect' nature, collection of indirect taxes assumes critical importance so as ***to ensure the taxes paid by the***

***public/consumers indeed reaches the Government kitty and not pocketed by the Business entities.*** This aspect explains the significance of close monitoring of tax payments and prevention of revenue leakage by the Departmental officers.

Indirect taxes are basically '***Consumption Taxes***'. Every person who consumes the goods or services or both, pays the tax. These are unlike Direct Taxes which are on Income earned and normally exempt for some persons and up to a certain income limit. Therefore, the rates of indirect taxes are decided based on the needs of economic levels of consumers and items of consumption. Cost of collection of indirect taxes is also very low, especially in India. Certain exemptions are provided in the public interest. Conditional exemptions are also provided sometimes to encourage Trade and investment. Good practices of indirect taxation collection result in growth of GDP and exports, thereby favourable balance of trade and foreign exchange reserves.

Tax on Goods and Services (GST/VAT) is a well-known Indirect Tax. It is based on the principle of Value-Added Taxation. Globally, especially in countries of EU etc., Tax on Goods and Services is called as Value Added Tax (VAT). Thus, 'VAT' connotes both a name of a Tax (GST) and a principle of taxation. As the name suggests, VAT involves collection of tax ***on value addition at each stage of the supply chain***. The net VAT payable by a taxpayer is arrived at by duly deducting the VAT already paid on inputs/input services [***called as Input Tax Credit (ITC)***] from the VAT amount payable on the output goods/services. This approach serves for elimination of '***cascading effect***' of taxation. If VAT is allowed to be levied and collected on each stage without giving the benefit of deduction of VAT already paid, it results in ***payment of tax on tax***, thereby inflating the value of supply at each stage.

Thus, 'ITC' is almost like 'cash' for the taxpayer and therefore claiming of ITC, its actual eligibility, verification of the same and refund etc., are very important areas in any VAT regime.

### **Goods and Services Tax (GST) in India:**

Spirit of federalism is one of the basic and fundamental features of our Constitution. The Seventh Schedule to the Constitution contains separate lists viz., Union List, State List and Concurrent List. These lists include powers of taxation by Union and State Legislatures. Accordingly, Income Tax, Corporate Tax, Duties of Central Excise (and earlier Service Tax) etc. were levied by the Parliament and collected by the Central Government. Similarly, "Sales Tax" / "Value Added Tax" was levied by the Legislatures of States on Sales of Goods and collected by the State Executives concerned. In line with this legacy, when Goods and Services Tax (GST) was envisioned for India, a '***Concurrent & Dual GST Model***' was adopted.

The Constitution (101<sup>st</sup> Amendment) Act, 2016 paved the way for rollout GST in India w.e.f 1-7-2017. Article 246A of the Constitution gave powers to the Parliament

(‘CGST’) and State Legislatures (‘SGST’) to make law to levy GST on supply of goods or services or both and to Parliament to levy the tax (‘IGST’) where such supply takes place in the course of inter-State trade or commerce.

GST subsumed following taxes:

<b>Taxes levied and collected by the Union</b>	<b>Taxes levied and collected by the States</b>
Central Excise Duty (CENVAT) Additional Excise Duties	Value Added Tax / Sales tax Entertainment tax
Excise Duty levied under the Medicinal and Toiletries Preparations (Excise Duties) Act 1955	Luxury tax
Service Tax	Taxes on lottery, betting and gambling
Additional Customs Duty Special Additional Duty of Customs	State Cesses and Surcharges in so far as they relate to supply of goods and services
	Octroi and Entry Tax
	Purchase Tax

Some of the features of India’s Goods and Services Tax:

- GST Council as Apex federal body (Art 279A)
- Destination-based consumption tax
- Concurrent ‘dual’ GST
- Components of GST – Central GST, State GST/Union Territory GST and Integrated GST
- Uniform Law by Union and States
- Taxable event is Supply of goods or services or both
- Multiple rates of tax
- Place of supply provisions to determine the destination of consumption
- Input Tax Credit on value addition
- Interface through IT-based system
- E-Way Bill System and Elimination of check posts at the borders of the States
- Provision of threshold limits so as to keep small businesses out of GST net
- Composition Scheme, so as to allow small players to opt out of ITC chain
- Distribution of assesseees between the Centre and the States for administering the tax in normal course (scrutiny, audit etc.) while providing “cross-empowerment” in case of intelligence-based investigation and enforcement
- Distribution of IGST proceeds between the Centre and the States

**CBIC – Role & Functions:**

Central Board of Indirect Taxes and Customs (CBIC) (*earlier known as ‘Central Board of Excise & Customs (CBEC)’*) is a part of the Department of Revenue under the Ministry of Finance, Government of India. It deals with the tasks of formulation of policy

concerning levy and collection of Customs, Central Excise duty, Central Goods and Services Tax (CGST) and Integrated Goods and Services Tax (IGST). CBIC administers these taxes through its subordinate organizations, including Custom Houses, Central GST Commissionerates etc.,

**Vision:** Partnering in India's socio-economic growth by formulating and implementing progressive indirect tax policies adopting stakeholder- centric approach and protecting the frontiers.

**Mission:** a robust indirect tax and border control administration, with a view towards delivery of services, *which is*

- Simple and predictable,
- Fair and just, Transparent,
- Technology-driven and

*Which*

- Encourages trust based voluntary compliance,
- Protects honest taxpayers' rights,
- Facilitates trade with risk-based enforcement,
- Enables legitimate movement of people, goods and services,
- Supplements the efforts to ensure national security, and
- Continually invests in capacity building to achieve professional and ethical excellence.

The motto of CBIC is "***Desh Sevarth Kar Sanchay***" i.e., "**Tax collection in Service of the Nation**".

**Core Values:**

*Integrity and judiciousness Impartiality and Fairness Courtesy and Understanding Objectivity and Transparency*

*Uprightness and Conscientiousness Promptness and Efficiency*

**Expectations:**

CBIC expects citizens to:

*Uphold and respect the laws of the land Voluntarily discharge all tax liabilities*

*Fulfill their duties and legal obligations in time Be honest in furnishing information*

*Be co-operative and forthright in inquiries and verifications Avoid unnecessary litigation.*

**Commitment:**

*CBIC shall strive to:*

*To encourage voluntary compliance*

*To educate citizens about indirect tax laws*

*To continuously enhance service delivery standards*

*To promote a consultative and collaborative environment*

*To provide information and other assistance at the GST Seva Kendras/Facilitation Counters as also on the website [www.cbic.gov.in](http://www.cbic.gov.in)*

*To effectively combat corruption as part of the comprehensive national mission for promotion of integrity*

### **Grievance Redressal**

*CBIC will acknowledge grievances within 48 hours of receipt and attempt to provide final reply within 30 days of their receipt.*

*In case the grievance is not responded to within the prescribed time norms or the remedy offered is not satisfactory, an appeal can be filed with the next higher authority. The appeal will be decided within 15 days of the receipt.*

*Common grievances can be taken up in Open House meetings of Public Grievance Committee, Customs Clearance Facilitation Committee, Permanent Trade Facilitation Committee, Regional Advisory Committee.*

*The grievance redressal mechanism including contact details of public grievance officers are available on the website [www.cbic.gov.in](http://www.cbic.gov.in)*

### **CBIC – Organisational Structure:**

CBIC has various Zones covering the whole country. The Zones are further divided into various **Commissionerates, Divisions and Ranges** for administering CGST and IGST (and Customs in case of some zones). In major cities, there are exclusive Customs Commissionerates (**'Custom Houses'**) and even Zones to administer Customs duties.

In case of GST (and Central Excise), while **'Executive'** Commissionerates handle matters of general and day-to-day compliance, there are exclusive **'Audit'** and **'Appeal'** Commissionerates for regular auditing of taxpayers' businesses and to hear appeals filed by aggrieved taxpayers.

Aside from these **'Field Formations'**, there are many **"Directorates"** which take care of specialized functions of the CBIC such as Human Resources (DGHRD), Revenue Intelligence in Customs (DRI), GST Intelligence and Investigation (DGGI), Training and Capacity Building (NACIN), Taxpayer Services (DGTS), Performance Management (DGPM), Vigilance (DGV), Analytics & Risk Management (DGARM), Legal Affairs (DLA), Logistics, Valuation, Export Promotion, Central Revenues Control Laboratories etc.

National Academy of Customs, Indirect Taxes & Narcotics (**'NACIN'**) is one of such Directorates with a mandate to train all the new recruits in Group A, B & C cadres and serving officers. The Headquarters of NACIN is located at Palasamudram, Satya Sai District of Andhra Pradesh. It largely caters to the induction training of Direct Recruit Group-A (IRS (C&IT)) officers, Mid-career trainings of IRS (C&IT) Officers, International trainings etc. There are many Zonal Campuses of NACIN (**'ZTIs'**) with a mandate to take up Induction Trainings for all cadres of officers and in-service training to all cadres.


**Important Websites:**


Ministry of Finance : <https://finmin.nic.in>  
Department of Revenue : <https://dor.gov.in>  
Central Board of Indirect Taxes and Customs (CBIC):  
<https://www.cbic.gov.in/> GST Portal for Taxpayers: <https://services.gst.gov.in/> GST  
Council : <https://gstcouncil.gov.in>  
GST Network : <https://gstn.org.in>  
E-way Bill Portal : <https://ewaybillgst.gov.in> E-Invoice Portal :  
<https://einvoice1.gst.gov.in> Intranet portal for Departmental Officers:  
<https://antarang.icegate.gov.in/> , <https://saksham.cbic.gov.in/>

**Checklist for newly joined Officers**

S.No.	Name of the procedure
1	Identity Card
2	Enrollment in AEBAS (Aadhar Enabled Biometric Attendance System)
3	Opening of PRAN (Permanent Retirement Account Number) Account through NSDL website
4	Creation of Profile in PFMS (Public Financial Management System)
5	Opening of Service Book
6	Registering with e-HRMS (e-Human Resources Management System)
7	Enrolling with iGOT (Integrated Government Online Training) Portal
8	Submission of nomination forms viz., Form-1 & 2, Common Nomination Form for CGEGIS (Central Government Employees Group Insurance Scheme) & Gratuity and Home Town Declaration.
9	CGHS (Central Government Health Scheme) Application, if eligible
10	Creation of Govt. Mail id.
11	Getting SSOID (Single Sign on Identification)
12	Mapping in VPN (Virtual Private Network) and e-Office
13	Mapping in Sparrow
14	Mapping in GST Back Office (BO) Application
15	Mapping with MS 365 log in using SSOID Based Credentials
16	Name Plate
17	Uniform/Formal Wear

**“Working Smart” – Short videos on  
Technology Tips for personal and office productivity**

S.No.	Items in playlist (Office 365 and GOV Mail)	QR Code of Playlist
1	Microsoft 365 - Overview and Features	
2	Microsoft 365 - How to create and share a document?	
3	Microsoft 365 - How to use it effectively in a CBIC Executive Commissionerate	
4	Conducting online meetings on MS Teams	
5	e-Office Overview for Beginners (7.2.5 Version)	
6	e-mailing letters & attachments directly from e-office ('self-dispatch' option in e-office (7.2.5))	
7	Basic tips to use GOV mail effectively	
8	Syncing GOV mail on mobile / Enabling IMAP for GOV mail	

S.No.	Some of the Items in playlist (Tech Shortcuts)	QR Code of Playlist
1	How to Enable Voice Typing in Android devices	
2	How to scan pages and create single PDF file?	
3	How To Use Voice Typing On iPhone Keyboard?	
4	Voice Typing in Windows 10/11   Voice to Text in Windows	
5	How to take a screenshot on a PC or laptop with Windows	
6	How to Screen Record with Audio on Windows 11 or 10	
7	The BEST Way to Screen Record on Android	
8	Word: Track Changes and Comments	
9	How to Share Live Location on WhatsApp	
10	How To Use Split Screen on Windows	

**Part-B**  
**GST At a Glance**



## GST-At a Glance

### GST IN TABLES

Law	CGST Act, IGST Act, UT GST Act and SGST Acts of various States
Rules	CGST Rules, IGST Rules, UT GST Rules and SGST Rules of various States
Effective from	01.07.2017
Taxable event	Supply of goods or services or both
Goods that are presently not subjected to levy of GST	Petroleum Crude, Motor Spirit, High Speed Diesel, Aviation Turbine Fuel and Natural Gas
Rates	Zero, 5%, 12%, 18% & 28% in general. <i>Separate tax rate for precious metals</i>
Authority to recommend tax rates, changes etc.,	Goods and Services Tax Council
Aggregate Annual Turnover for registration <b>(Supply of Goods)</b>	Rs 40 Lakhs in the previous FY (for Normal Category States) Rs 20 Lakhs in the previous FY (for Special Category States) (w.e.f. 01.04.2019) <i>(Revision of limits is optional for the States)</i>
Aggregate Annual Turnover for registration <b>(Supply of Services)</b>	Rs. 20 Lakhs in the previous FY (for Normal Category States) Rs. 10 Lakhs in the previous year for Special Category States. (W.e.f. 01.07.2017)
Eligibility limit for Quarterly Return Monthly Payment (QRMP) & Invoice Furnishing Facility (IFF) Scheme	Rs 5 Cr. of Aggregate Annual Turnover in the previous year
Limit for Composition Levy	Aggregate Annual Turnover of Rs 1.5 Cr for Goods and Rs 50 Lakhs for Services, subject to other conditions
E-Way Bill exemption limit	Up to Rs. 50,000 (Value of goods)
E-Invoice exemption limit (w.e.f. 01.08.2023)	Businesses with < Rs 5 Cr of Aggregate Annual Turnover in any of the previous FY need not generate e-invoice

## 1. TYPES OF SUPPLY

No.	Type	Definition/Reference	Nature	Implications
1	Taxable Supply	Section 7 of CGST Act	Taxable	GST to be paid
2	Non- Taxable/ Non-GST Supply	Exclusion in Section 9 of CGST Act	Not Taxable – (1) Outside purview of charging section (2) categories viz. Petroleum products and Alcohol for Human Consumption)	No GST is required to be paid unconditionally
3	Zero Rated Supply	Section 16 of IGST Act	Taxable	GST is payable if procedure of LuT/ Bond is not followed
4	Exempt Supply / Nil Rated Supply	Section 2(47) of CGST Act	Taxable but exempt	GST is not required to be paid
5	No Supply	Schedule III & Sec 7(2)(b) of CGST Act	Outside purview of GST Law	NO GST

## 2. MEANING AND SCOPE OF SUPPLY

<b>SUPPLY INCLUDES</b>	
For Consideration & for business	For Consideration whether or not for business
Sale, Barter, Transfer, Exchange, License, Rental, Lease, Disposal	Importation of service for Consideration
<b>Supply without Consideration</b>	
Permanent transfer/disposal of business assets only where ITC has been availed Supply b/w related persons and distinct person as specified Supply of goods by agent to principal and vice-versa Importation of service from related person or any of his other establishment outside India in course or furtherance of business	
<b>Supply by Club Etc.</b>	
Activities or transactions, by a person other than an individual, to its members or	

constituents or vice-versa, for cash, deferred payment or other valuable consideration.	
<b>Goods</b>	<b>Services</b>
“Goods means every kind of movable property	“Services” means anything other than goods
Includes (1) actionable claim, (2) growing crops (3) grass and things attached to or forming part of the land	Includes (1) activity relating to the use of money or its conversion by cash or by any other mode, for which a separate consideration is charged
Excludes (1) Money (2) Securities	Excludes (1) Goods (2) Money (3) Securities

### 3. MIXED SUPPLY, COMPOSITE SUPPLY & PRINCIPAL SUPPLY

<b>Mixed Supply Sec. 2(74)</b>	<b>Composite Supply Sec. 2(30)</b>	<b>Principal Supply Sec.2(90)</b>
<ul style="list-style-type: none"> <li>• Means two or more individual supplies of goods or services, or any combination thereof,</li> <li>• for a single price where such supply does not constitute a composite supply</li> </ul>	<ul style="list-style-type: none"> <li>• Means a supply of two or more taxable supplies of goods or services, or any combination thereof,</li> <li>• which are naturally bundled &amp; supplied in conjunction with each other in the ordinary course of business,</li> <li>• one of which is a principal supply;</li> </ul>	<ul style="list-style-type: none"> <li>• Means the supply of goods or services which constituted the predominant element of a composite supply and</li> <li>• to which any other supply forming part of that composite supply is ancillary</li> </ul>
<p><b>Illustration:</b> A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other.</p>	<p><b>Illustration:</b> Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is the principal supply.</p>	

#### 4. Rate of Tax applicable for Composite taxpayers

Sl. No.	Section under which composition levy is opted	Category of registered persons	Rate of tax
(1)	(1A)	(2)	(3)
1.	Sub-sections (1) and (2) of section 10	Manufacturers and Traders – (For Goods)- Aggregate Turnover – Rs. 1.5 crores/ Rs. 75 Lakhs for specified special category states	1% (0.5% CGST + 0.5% SGST)
2.	Section 10(1) & 10(2) of CGST Act	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II Eg.-Restaurant (except restaurants serving alcohol)	5% (2.5% CGST + 2.5% SGST)
3.	Section 10(2A) of CGST Act	Registered persons not eligible under the composition levy under sub-sections (1) and (2), whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees	6% (3% CGST + 3% SGST) Of the turnover of supplies of goods and services in the State or Union territory.

#### 5. REVERSE CHARGE MECHANISM UNDER SECTION 9(3) FOR “GOODS”

Sl. No.	Description of supply of Goods	Supplier of goods	Recipient of Goods
1	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
2	Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
3	Tobacco leaves	Agriculturist	Any registered person
4	Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	Any registered person
4A	Raw cotton	Agriculturist	Any registered person

<b>Sl. No.</b>	<b>Description of supply of Goods</b>	<b>Supplier of goods</b>	<b>Recipient of Goods</b>
5	Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent
6	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap	Central Government, State Government, Union territory or a local authority	Any registered person

#### **6. REVERSE CHARGE MECHANISM UNDER SECTION 9(3) FOR “SERVICES”**

<b>Sl. No</b>	<b>Description of supply of Service</b>	<b>Supplier of Service</b>	<b>Recipient of service</b>
1	Any service supplied by any person who is located in a non-taxable territory to any person other than nontaxable online recipient.	Any person located in a non-taxable territory	Any person located in the taxable territory other than nontaxable online recipient.
2	GTA Services	Goods Transport Agency (GTA) who has not paid integrated tax at the rate of 12%	Any factory, society, cooperative society, registered person, body corporate, partnership firm, casual taxable person; located in the taxable territory
3	Legal Services by advocate	An individual advocate including a senior advocate or firm of advocates	Any business entity located in the taxable territory
4	Services supplied by an arbitral tribunal to a business entity	An arbitral tribunal	Any business entity located in the taxable territory
5	Services provided by way of sponsorship to anybody corporate or partnership firm	Any person	Anybody corporate or partnership firm located in the taxable territory
6	Services supplied by the Central Government, State Government, Union	Central Government, State Government, Union territory or local	Any business entity located in the taxable territory

<b>Sl. No</b>	<b>Description of supply of Service</b>	<b>Supplier of Service</b>	<b>Recipient of service</b>
	territory or local authority to a business entity excluding, - (1) renting of immovable property, and (2) services specified below- (i) 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 Central Government, State Government or Union territory or local authority; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passenger	authority	
7	Services supplied by a director of a company or a body corporate to the said company or the body corporate	A director of a company or a body corporate	The company or a body corporate located in the taxable territory
8	Services supplied by an insurance agent to any person carrying on insurance business	An insurance agent	Any person carrying on insurance business, located in the taxable territory
9	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory
10	Services supplied by a person located in non-taxable territory by way of	A person located in non-taxable territory	Importer, as defined in clause (26) of section 2 of the Customs Act,

<b>Sl. No</b>	<b>Description of supply of Service</b>	<b>Supplier of Service</b>	<b>Recipient of service</b>
	transportation of goods by a vessel from a place outside India up to the customs station of clearance in India		1962(52 of 1962), located in the taxable territory
11	Supply of services by an author, music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher, music company, producer or the like	Author or music composer, photographer, artist, or the like	Publisher, music company, producer or the like, located in the taxable territory
12	Supply of services by the members of Overseeing Committee to Reserve Bank of India	Members of Overseeing Committee constituted by the Reserve Bank of India	Reserve Bank of India

**7. Reverse charge mechanism under Sec. 9(4) of the CGST Act/ Sec. 5(4) of IGST Act (Where recipient of goods and services is a “promoter”)**

<b>Notification no.</b>	<b>Category of Supply of goods or services</b>	<b>Analysis</b>
Notification No. 07/2019-Central Tax (Rate) Effective from 01.04.2019	1)Supply of such goods and services or both [other than services by way of grant of development rights, long term lease of land (against upfront payment in the form of premium, salami, development charges etc.) or FSI (including additional FSI)] which constitute the shortfall from	As of now three supplies are notified and all are in context of real estate 1) Input goods and services, if purchases from unregistered person exceeds 20% of total purchase. From 01.04.2019 promoter has to buy inputs and input services used in the construction of said project at least 80% from registered suppliers only. If there is any short fall below 80%,

	<p>the minimum value of goods or services or both required to be purchased by a promoter for construction of project, in a financial year (or part of the financial year till the date of issuance of completion certificate or first occupation, whichever is earlier) as prescribed in notification No. 11/ 2017- Central Tax (Rate), dated 28th June, 2017, at items (i), (ia), (ib), (ic) and (id) against serial number 3 in the Table, published in Gazette of India vide G.S.R. No. 690, dated 28th June, 2017, as amended.</p> <p>2) Cement falling in chapter heading 2523 in the first schedule to the Customs Tariff Act, 1975 (51 of 1975) which constitute the shortfall from the minimum value of goods or services or both required to be purchased by a promoter for construction of project, in a financial year (or part of the financial year till the date of issuance of completion certificate or first occupation, whichever is earlier) as prescribed in notification No. 11/ 2017- Central Tax (Rate), dated 28th June, 2017, at items (i), (ia), (ib), (ic) and (id) against serial Promoter. number 3 in the Table, published in Gazette of India</p>	<p>then the promoter needs to pay tax under RCM on the said shortfall @ 18% even though the rates on the respective goods is below 18%. (Read Notification no. 03/2019- Central Tax (Rate)</p> <p>2) Any value of cement purchased from an unregistered person by a promoter would be liable in his hands under RCM irrespective of the threshold limit. Promoter shall pay tax under RCM at 28% (Clarification issued in Notification no. 24/2019- Central Tax (Rate).</p>
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	<p>vide G.S.R. No. 690, dated 28th June, 2017, as amended.</p> <p>3) Capital goods falling under any chapter in the first schedule to the Customs Tariff Act, 1975 (51 of 1975) supplied to a promoter for construction of a project on which tax is payable or paid at the rate prescribed for items (i), (ia), (ib), (ic) and (id) against serial number 3 in the Table, in notification No. 11/2017- Central Tax (Rate), dated 28th June, 2017, published in Gazette of India vide G.S.R. No. 690, dated 28th June, 2017, as amended.</p>	<p>3) Promoter is liable to pay GST under reverse charge on Capital goods supplied to promoter by unregistered person for construction of a project</p>
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**8. Reverse charge mechanism under Sec. 9(5) of the CGST Act/ Sec. 5(5) of IGST Act -**

<b>Sl. No.</b>	<b>Taxability of supply of services –output tax of which shall be paid by e-commerce operator</b>
1	Passenger transport services - Services by way of transportation of passengers by a radio-taxi, motor cab, maxi cab and motor cycle
2	Housekeeping services - such as plumbing, carpentering etc., except where the person supplying such service through electronic commerce operator is liable for registration
3	Restaurant services (includes cloud kitchens) - Supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises. "Specified premises means premises providing hotel accommodation service having declared tariff of any unit of accommodation above seven thousand five hundred rupees per unit (Rs 7500/- per unit) per day or equivalent
4	Accommodation services - Services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration

## 9. COMPOSITION SCHEME

Section	Supplier	Turnover Limit	Rate of GST	Limit of service portion
10(1) & 10(2) (Regular Composition Scheme)	Manufacturers	1.50 Crore# In Current FY & Previous FY*	1% of Aggregate Turnover (w.e.f. 01-01-2018)*	10% of turnover of Previous Financial Year OR 5 Lakhs Whichever is Higher (w.e.f. 01-02-2019)
	Restaurant service		5% of Aggregate Turnover (w.e.f. 01-07-2017)	
	Traders		1% of Taxable Supply (w.e.f. 01-07-2017)	
10(2A (Mixed Composition Scheme)	Tax payers not eligible for above composition scheme (w.e.f. 01-04-2019)	50 Lakhs in Current FY & Previous FY	6% of Aggregate Turnover of goods and services (w.e.f. 01-04-2019)	50 Lakhs (w.e.f. 01-04-2019)

\* Before 01-01-2018 it was 2% # For special category States limit is 75 Lakh

### **Conditions for Eligibility under Composition Scheme**

- (1) He is not engaged in supply of service (other than restaurant services) more than the limit specified above.
- (2) He is not engaged in making supply of goods and services which are not leviable to tax.
- (3) He is not engaged in making inter-state outward supplies of goods and services.
- (4) He is not engaged in making supply of goods and services through an electronic commerce operator who is required to collect tax at source under section 52
- (5) He is not a manufacturer of Tobacco, Pan masala, Aerated water & Ice-cream.
- (6) He is not a Casual Taxable Person or Non-Resident Taxable Person.
- (7) Composition scheme option is available on Permanent Account Number (PAN) basis. So, the firm who has opted for composition scheme in one state has to opt for composition scheme in other states compulsorily.
- (8) Value of deposits, loans & advances shall not be considered for computing Aggregate Turnover for determining eligibility of this scheme, to determine tax payable under this scheme & for determining value of turnover in state/UT for the purpose of second proviso to section 10(1).
- (9) Value of supplies made from 1st April of FY up to the date when such person becomes liable for registration under this Act for computing Aggregate Turnover for determining eligibility under this scheme. However, it will not be considered to determine tax payable u/s 10

### 10. Valuation- Inclusion in transaction value and the conditions thereon

Sl. No.	Inclusion	Condition
(a)	any taxes, duties, cesses, fees and charges levied under any law other than GST	If charged separately by the supplier
(b)	any amount incurred by the recipient	Which supplier was liable to pay and not included in the price
(c)	Any amount charged by the supplier	<b>(i)</b> For incidental expenses including commission, packing etc.; and <b>(ii)</b> for anything done in respect of the supply at the time of or before delivery of goods or supply of services
(d)	interest or late fee or penalty	For delayed payment of consideration
(e)	Subsidies directly linked to the price	Other than Central/State Government subsidies. [The amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy]

### 11. Valuation- Exclusion from transaction value and the conditions thereon

Sl. No.	Exclusion (Any discount)	Condition
(a)	given before or at the time of the supply	if such discount is duly recorded in the invoice issued in respect of such supply
(b)	given after the supply has been effected	<b>(i)</b> if such discount is:in terms of an agreement entered into before or at the time of such supply; and <ul style="list-style-type: none"> <li>• specifically linked to relevant invoices; and</li> </ul> <b>(ii)</b> The recipient has reversed the input tax credit (ITC) attributable to such discount on the basis of document issued by the supplier.

### 12. INPUT TAX CREDIT PROVISIONS

**Limit beyond the Input Tax Credit (ITC) availment/ utilization in FORM GSTR-3B as compared to that detailed in FORM GSTR-2A**

Period	ITC availment/ utilization -limit beyond the ITC available as per FORM GSTR2A
From 1.7.2017 to 8.10.2019	No restriction
From 9.10.2019 to 31.12.2019	20%

From 01.01.2020 to 31.12.2020	10%
From 01.01.2021 to 31.12.2021	5%
From 01.01.2022 onwards	Not allowed

### 13. Availment of ITC on transition to Normal Levy under GST:

Sl. No.	Types	Avail ITC on	on the day immediately preceding the date
1.	Person <b>applying for registration</b> within 30 days of becoming liable to registration and has been granted such registration	Inputs	when he becomes liable to pay tax
2.	Person taking <b>voluntary registration</b> u/s 25 (3) of the CGST Act	Inputs	of grant of registration
3.	Registered Person <b>ceases to pay tax under composition levy</b> u/s 10 of the CGST Act	Inputs and Capital Goods	from which he is liable to pay tax u/s 9 of the CGST Act
4.	<b>exempt supply becomes a taxable supply</b>	Inputs and Capital Goods	from which such supply becomes taxable

### 14. ITC AVAILABILITY ON WORKS CONTRACT SERVICES

No.	Types of Inward Supply	Types of Property	Use of the Property for	Type of Expenditure	Credit Eligibility	
1	Works Contract	Immovable Property	Own use	Capital	No	
				Revenue	Yes	
			Further supply of works Contract Service	Capital	Yes	
				Revenue	Yes	
2	Goods or Services	Plant & Machinery#	Any Business use	Capital or Revenue	Yes	
				Own use	Capital	No
					Revenue	Yes
Further supply of	Capital	No				

			works Contract Service	Revenue	Yes
		Plant & Machinery#	Any Business use	Capital or Revenue	Yes

# The expression “Plant and machinery” means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are use for making outward supply of goods or services or both and includes such foundation and structural support but excludes- (I) Building of any other civil structures; (II) Telecommunications towers; and (III) Pipelines laid outside the factory premises.

#### 15. Sec. 17(5) of CGST Act “Blocked Credit”

Sl. No.	Goods/services/supplies	Exceptions (ITC not blocked)
(a)	Motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver)	When they are used for making the following taxable supplies - (A) further supply of such motor vehicles; or (B) transportation of passengers; or (C) imparting training on driving such motor vehicles
(aa)	Vessels and aircraft	(i) When they are used for making the following taxable supplies - (A) further supply of such vessels or aircraft; or (B) transportation of passengers; or (C) imparting training on navigating such vessels; or (D) imparting training on flying such aircraft (ii) When they are used for transportation of goods
(ab)	Services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in Sl. No. (a) or (aa) above	(i) Where the motor vehicles, vessels or aircraft referred to in Sl. No. (a) or (aa) above are used for the purposes specified therein; (ii) Where received by a taxable person engaged— (1) in the manufacture of such motor vehicles, vessels or aircraft; or (II) in supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him
(b)(i)	* Food and beverages, *Outdoor catering,	(i) Where an inward supply of such goods or services or both is used by a registered person

<b>Sl. No.</b>	<b>Goods/services/supplies</b>	<b>Exceptions (ITC not blocked)</b>
	<ul style="list-style-type: none"> <li>* Beauty treatment,</li> <li>* Health services,</li> <li>* Cosmetic &amp; plastic surgery,</li> <li>* Leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in Sl. No. (a) or (aa) above except when used for the purposes specified therein,</li> <li>* Life insurance,</li> <li>* Health insurance</li> </ul>	<p>for making an outward taxable supply:</p> <ul style="list-style-type: none"> <li>- of the same category of goods or services or both, or</li> <li>- as an element of a taxable composite or mixed supply</li> </ul> <p>(ii) Where it is obligatory for an employer to provide the same to its employees under any law for the time being in force</p>
(b)(ii)	Membership of a club, health and fitness center	Where it is obligatory for an employer to provide the same to its employees under any law for the time being in force
(b)(iii)	Travel benefits extended to employees on vacation such as leave or home travel concession	Where it is obligatory for an employer to provide the same to its employees under any law for the time being in force
(c)	Works contract services when supplied for construction of immovable property, other than plant and machinery. [also see notes below this table]	Where it is an input service for further supply of works contract service
(d)	Goods or services or both received by a taxable person for construction of an immovable property on his own account, other than plant or machinery, even when used in course or furtherance of business. [also see Notes below this table]	
(e)	Goods/services on which tax has been paid under sec 10 as composition levy	
(f)	Goods/services received by a nonresident taxable person	Goods imported by him

Sl. No.	Goods/services/supplies	Exceptions (ITC not blocked)
(fa)	Goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in sec 135 of the Companies Act,2013	
(g)	Goods/services used for personal consumption	
(h)	* Goods lost, stolen, destroyed, written off, or * Goods disposed of by way of gift or free samples.	
(i)	Any tax paid in terms of sec 74, 129 or 130. A * Sec 74 deals with determination of tax not paid or short paid or erroneously refunded; ITC wrongly availed or utilized by reason of fraud, etc. * Sec 129 deals with payment of tax at the time of detention, seizure and release of goods and conveyances in transit. * Sec 130 deals confiscation of goods and/or conveyances and levy of penalty.	

Notes:

The word "**construction**" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property.

'**Plant and Machinery**' means apparatus, equipment, machinery fixed to earth by foundation or structural support that are used for making outward supply and includes such foundation and structural supports but excludes -

- (i) land, building or any other civil structures;
- (ii) telecommunication towers; and
- (iii) pipelines laid outside the factory premises.

## 16. Relevant Section/Rule/Circular on ITC

<b>Topics</b>	<b>Relevant Section/Rules/Circular</b>
Market Price of Goods shall be certified by CA/CMA	Rule 44(5)
ITC to be reversed on Capital Goods & PM = ITC attributable to remaining useful life on prorata basis	Rule 44(1)(b)
ITC of CGST, SGST, UGST and IGST shall be determined separately	Rule 44(2)
Reversed ITC shall be added to Output Tax Liability in ITC-03/GSTR-10	Rule 44(4)
Tax Payable on Sale of Capital Goods & PM on which ITC has been taken	Section 18(6) & Rule 44(6)
On change in constitution, Registered Person shall transfer unutilized ITC to new entity	Section 18(3)
Registered Person shall furnish ITC-02 containing details of sale, merger etc.	Rule 41(1)
Apportionment of ITC in the ratio of the value of assets in case of demerger	Proviso to Rule 41(1)
Certificate by CA on sale, merger etc.	Rule 41(2)
Acceptance of ITC-02 by transferee	Rule 41(3)
Inputs and capital goods to be accounted for in books of transferee	Rule 41(4)
Clarification in respect of transfer of ITC in case of death of sole proprietor	Circular No. 96/15/2019-GST dt. 28-03-2019
Clarification in respect of apportionment of ITC on business reorganization u/s 18(3)	Circular No. 133/03/2020 GST dt. 23-03-2020
transfer of ITC on obtaining separate registrations for multiple places of business within a State/ UT	Rule 41A(1)
On acceptance of details in ITC-02A by transferee, ITC shall be credited to his Electronic Credit Ledger	Rule 41A(2)
Proportionate ITC is available on inward supplies used for both business & other purpose	Section 17(1)
Proportionate ITC is available on inward supplies used for Taxable & zero-rated supplies and also for Exempt supplies	Section 17(2)
Meaning of Exempt supplies for Section 17(2)	Section 17(3)
Exclusion from Aggregate value of exempt supplies	Explanation 1 to Rule 43
ITC is available on inward supplies used for zero	Section 16(2) of IGSTA, 2017



<b>Topics</b>	<b>Relevant Section/Rules/Circular</b>
rated supplies	
Determination of common ITC for each tax period	Rule 42(1)
Determination of ITC on Capital Goods (CG)	Rule 43(1)
Calculation of final ITC for each Project on input and input services	Rule 42(3), (4), (5), (6)
Calculation of final ITC for each Project on Capital Goods	Rule 43(2), (3), (4), (5)
Bank may avail ITC as per Section 17(2) or 50% of Eligible ITC	Section 17(4) & Rule 38
Blocked ITC u/s 17(5)	Section 17(5)

### **17. Place of Supply of Goods**

<b>Particulars</b>	<b>Location of Supplier AND Recipient is in India</b>
Movement of Goods	Place where movement of goods terminates for delivery to the recipient
Supply on direction of Third Person	Principal place of business of such third person
Supply without movement	Location of goods at the time of delivery to recipient
Supply of goods assembled or installed at site	Place where such assembly or installation took place
Supply on Board Conveyance	Location at which goods are taken on board
Others	As per law or Parliament based on Council's suggestion
<b>Particulars</b>	<b>Location of Supplier OR Recipient is Outside India</b>
Import of Goods in India	Location of Importer
Export of Goods Outside India	Location outside India

## 18. Place of Supply of Services

<b>Particulars</b>	<b>Location of Supplier AND Recipient is in India</b>	<b>Location of Supplier OR Location of Recipient is Outside India</b>
General Provision	Supply to Registered Person- Location of such person Supply to Unregistered Person- Location of recipient where the address is on record; and in other cases, location of supplier of service	Location of recipient If location of recipient is not available -location of supplier of service
Immovable property incl. Hotel, Inn, etc.	Locations of such property Property outside India - Location of recipient	Location of such property
Restaurant, personal grooming, fitness  Training & Performance Appraisal Service	Location where the services are performed Supply to Registered Person - Location of such person Supply to unregistered person - location where services are performed	Place of Performance This rule shall not apply to any Goods which are temporarily imported for repairs or any treatment or process & are re-exported without any use.
Admission to a cultural, sporting event/amusement facility etc.	Place where event is actually held or where the park or such other place is located	Place where event is actually held
Organization of a cultural, sporting event, fair, exhibition etc.	Supply to Registered Person- Location of such person Supply to any other person- location where event is held If event is held outside India - location of recipient	Place where event is actually held
Goods Transportation	Supply to Registered Person- Location of such person	General provision (W.e.f. 01.10.2023)
Service including mail & Courier	Supply to any other person- location where goods are handed over for their transportation	
Passenger Transportation Service	Supply to Registered Person- Location of such person Supply to any other person-	Location from where the passenger embarks on the conveyance for a continuous

<b>Particulars</b>	<b>Location of Supplier AND Recipient is in India</b>	<b>Location of Supplier OR Location of Recipient is Outside India</b>
	location from where the passenger embarks on the conveyance for a continuous journey	journey
Services provided on board a conveyance	Location of first scheduled point of departure of that conveyance	Location of first scheduled point of departure of that conveyance
Banking & other financial services	Location of recipient as per record of supplier If record is not available- location of supplier of service	Location of recipient of service
Insurance Services	Supply to Registered Person- Location of such person Supply to any other person- location from where the passenger embarks on the	Location of recipient of service
Online information and database access or retrieval services	As per General Provisions	Location of recipient of service
Intermediary Services	As per General Provisions	Location of recipient of service
Hiring of means of transport for less than a month (Incl. Yachts but excludes Aircrafts and Vessels)	As per General Provisions	Location of recipient of service

### **19. Time of Supply of Goods**

<b>Normal Continuous Supply</b>	Earliest of <ul style="list-style-type: none"> <li>• Date of issue of invoice or last date of invoice required to be issued (Invoice shall be issued on date of removal of goods or date on which goods made available to recipient)</li> </ul>
<b>Reverse Charge</b>	Earliest of <ul style="list-style-type: none"> <li>• Date of receipt of goods</li> <li>• Date of payment - earlier of entered in books or debited in bank</li> <li>• Date immediately following thirty days from the date of issue of invoice by the supplier</li> </ul>

	If not possible to determine from above date of entry in books of recipient
<b>Other Cases</b>	In case of supply of vouchers, supply shall be -date of issue of voucher, if supply is identifiable at that point or -the date of redemption of voucher, in all other cases If time of supply is not determinable -in a case where a periodical return has to be filed, be the date on which such return is to be filed, or -in any other case, be the date on which the CGST/SGST is paid

## 20. Time of Supply of Services

<b>Normal Continuous Supply</b>	Earliest of <ul style="list-style-type: none"> <li>• Date of issue of invoice or last date of invoice required to issue Invoice shall issue before or after the provision of service but within period prescribed</li> <li>• Date on which supplier receives payment</li> </ul>
<b>Reverse Charge</b>	Earliest of <ul style="list-style-type: none"> <li>• Date of payment earlier of entered in books or debited in bank</li> <li>• Date immediately following Sixty days from the date of issue of invoice by the supplier</li> </ul> If not possible to determine from above date of entry in books of recipient
<b>Other Cases</b>	In case of supply of vouchers, supply shall be -date of issue of voucher, if supply is identifiable at that point or -the date of redemption of voucher, in all other cases If time of supply is not determinable -in a case where a periodical return has to be filed, be the date on which such return is to be filed, or -in any other case, be the date on which the CGST/SGST is paid

## 21.LIABILITY ON THE ADVANCE RECEIVED FOR GOODS

<b>Particulars</b>	<b>From 01.07.17 to 12.10.2017</b>	<b>From 13.10.17 to 14.11.17</b>	<b>From 15.11.17 onwards</b>
Any amount	Yes	Yes	No
Turnover up to Rs 1.50 Crore	Yes	No	No

**22.LIABILITY ON THE ADVANCE RECEIVED FOR SERVICES**

<b>Particulars</b>	<b>From 01.07.17 to 12.10.2017</b>	<b>From 13.10.10 to 14.11.17</b>	<b>From 15.11.17 onwards</b>
<b>Any amount</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Aggregate Turnover up to Rs 1.50 Crore</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

**23.GST RATE APPLICABILITY ON RATE CHANGE**

<b>Sl. No.</b>	<b>Date of supply of service</b>	<b>Date of issue of invoice</b>	<b>Date of receipt of payment</b>	<b>Time of supply shall be</b>	<b>Applicable rate</b>
1.	Before the change in rate of tax	After the change in rate of tax	After the change in rate of tax	Date of receipt of payment or Date of issue invoice, whichever is earlier	New rate
2.		Before the change in rate of tax	After the change in rate of tax	Date of issue of invoice	Old rate
3.		After the change in rate of tax	Before the change in rate of tax	Date of receipt payment	Old rate
1.	After the Change in rate of tax	Before the change in rate of tax	After the change in rate of tax	Date of receipt of payment	Old rate
2.		Before the change in rate of tax	Before the change in rate of tax	Date of receipt of payment or Date of issue invoice, whichever is earlier	New rate
3.		After the change in rate of tax	Before the change in rate of tax	Date of issue of invoice	Old rate

## 24. RETURNS UNDER GST

Form	Particulars	Taxpayer	Due Date
GSTR-1	Outward Supplies	Regular	11 <sup>th</sup> of next month
		QRMP	13 <sup>th</sup> of next month from end of quarter
GSTR-3B	Return	Regular	20 <sup>th</sup> next month
		QRMP	22 <sup>nd</sup> /24 <sup>th</sup> of next month from end of Quarter
GSTR-4	Annual Return	Composition Taxpayer	30 <sup>th</sup> April of next FY
GSTR-5	Return	NRTP	13 <sup>th</sup> of next month
GSTR-5A	Return	OIDAR	20 <sup>th</sup> of next month
GSTR-6	Return	Input Service Distributor	13 <sup>th</sup> of next month
GSTR-7	Return	Personliable to deduct TDS	20 <sup>th</sup> of next month
GSTR-8	Return	E-Commerce Operator	20 <sup>th</sup> of next month
GSTR-9	Annual Return	Regular	31 <sup>st</sup> dec of next FY
GSTR-9C	Reconciliation Statement	Regular	31 <sup>st</sup> dec of next FY
GSTR-10	Final Return	Registered Person	3 months from the date of cancellation
CMP-08	Quarterly Return	Composition Taxpayer	18 <sup>th</sup> of next month
<p><b>Particulars with respect to Return:</b></p> <p>(1) Registered person shall not be allowed to file GSTR-1/ GSTR-3B for current month if last GSTR-1 or GSTR-3B is not filed.</p> <p>(2) In case of any error or omission, it can be rectified: -</p> <ul style="list-style-type: none"> <li>• Up to the date of filing of the periodic return for the month of September following the end of the financial year to which such details pertain; or</li> <li>• Filing of the relevant annual return, whichever is earlier.</li> </ul>			

## 25. e-Invoice:

<p><b>What is 'e-invoicing'?</b></p>	<p>As per Rule 48(4) of CGST Rules, notified class of taxpayers have to “prepare” their GST invoice by uploading specified particulars of invoice (in FORM GST INV-01) on Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN).</p> <p>After following above ‘<i>e-invoicing</i>’ process, the invoice copy containing <i>inter alia</i>, the IRN (with QR Code) issued by the notified supplier to buyer is commonly referred to as ‘<i>e-invoice</i>’ in GST.</p> <p>Because of the standard e-invoice schema (INV-01), ‘e-invoicing’ facilitates exchange of the invoice document (structured invoice data) between a supplier and a buyer in an integrated electronic format.</p> <p>‘e-invoicing’ doesn’t mean generation of invoice by a Government portal.</p>
<p><b>For which businesses, e-invoicing is mandatory?</b></p>	<p>For Registered persons whose aggregate turnover (based on PAN) in any preceding financial year (from 2017-18 onwards) is <b><i>more than prescribed limit (as per relevant notification)</i></b>, e-invoicing is mandatory.</p>
<p><b>What are the advantages of e-invoice for businesses?</b></p>	<p>e-invoice has many advantages for businesses such as <i>Auto-reporting of invoices into GST return, auto-generation of e-way bill (where required)</i>.</p> <p>e-invoicing will also facilitate <i>standardisation and inter-operability leading to reduction of disputes among transacting parties, improve payment cycles, reduction of processing costs and thereby greatly improving overall business efficiency</i>.</p>
<p><b>What documents are presently covered under e-invoicing?</b></p>	<p>i. Invoices ii. Credit Notes iii. Debit Notes,</p> <p>when issued by notified class of taxpayers (<i>to registered persons (B2B) or for the purpose of Exports</i>) are currently covered under e-invoice.</p> <p>Though different documents are covered, for ease of reference and understanding, the system is referred as ‘e-invoicing’.</p>
<p><b>How to verify an invoice is duly reported to IRP?</b></p>	<p>One can verify the authenticity or correctness of e-invoice by uploading the signed JSON file or Signed QR Code (string) on e-invoice portal: <a href="http://einvoice1.gst.gov.in">einvoice1.gst.gov.in</a> &gt; <b><i>Search</i></b> &gt; <b><i>Verify Signed Invoice</i></b> <b><i>(<a href="https://einvoice1.gst.gov.in/Others/VSignedInvoice">https://einvoice1.gst.gov.in/Others/VSignedInvoice</a>)</i></b> Alternatively, with “<b><i>Verify QR Code</i></b>” <b><i>mobile app</i></b> which may be</p>

	downloaded from <a href="http://einvoice1.gst.gov.in">einvoice1.gst.gov.in</a> > <i>Help</i> > <i>Tools</i> > <b><u>Verify QR Code App</u></b> <b><u>(<a href="https://einvoice1.gst.gov.in/Others/QRCodeVerifyApp">https://einvoice1.gst.gov.in/Others/QRCodeVerifyApp</a>)</u></b>
<b>More Information on e-invoice</b>	<a href="https://www.gstn.org.in/e-invoicing">https://www.gstn.org.in/e-invoicing</a>

## **26. e-Invoice – Turnover Limits**

<b>Phase</b>	<b>Applicable to taxpayers having an aggregate turnover of more than</b>	<b>Applicable date</b>	<b>Notification number</b>
I	Rs 500 crore	01.10.2020	61/2020 – Central Tax and 70/2020 – Central Tax
II	Rs 100 crore	01.01.2021	88/2020 – Central Tax
III	Rs 50 crore	01.04.2021	5/2021 – Central Tax
IV	Rs 20 crore	01.04.2022	1/2022 – Central Tax
V	Rs 10 crore	01.10.2022	17/2022-Central Tax
VI	Rs 5 crore	01.08.2023	10/2023-Central Tax

## **27. Comparison between Notice under Sections 73, 74 & 76**

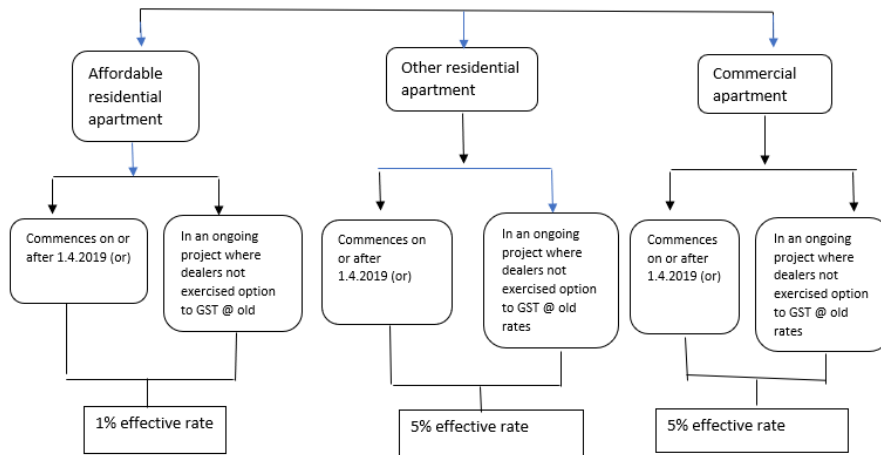
<b>S.No.</b>	<b>Section 73</b>	<b>Section 74</b>	<b>Section 76</b>
1.	No allegation of fraud, willful mis-statement or suppression.	Allegation of fraud, willful mis-statement or suppression.	Collection amount by way of tax and not paying to the Government is sufficient to invoke this section
2.	Show cause notice shall be issued within 2 years and 9 months from the due date of filing of annual return. This is so even for those taxpayers for whom filing of annual return was made optional.	Show cause notice shall be issued within 4 years and 6 months from the due date of filing of annual return. This is so even for those taxpayers for whom filing of annual return was made optional.	No time limit is prescribed for issuance of SCN.
3.	The final order needs to be passed within the time limit of 3 years from the due date of filing of annual return or refund of	The final order can be passed within the time limit of 5 years from the due date of filing of annual return or refund	The final order needs to be passed within 1 year from the date of issuance of SCN



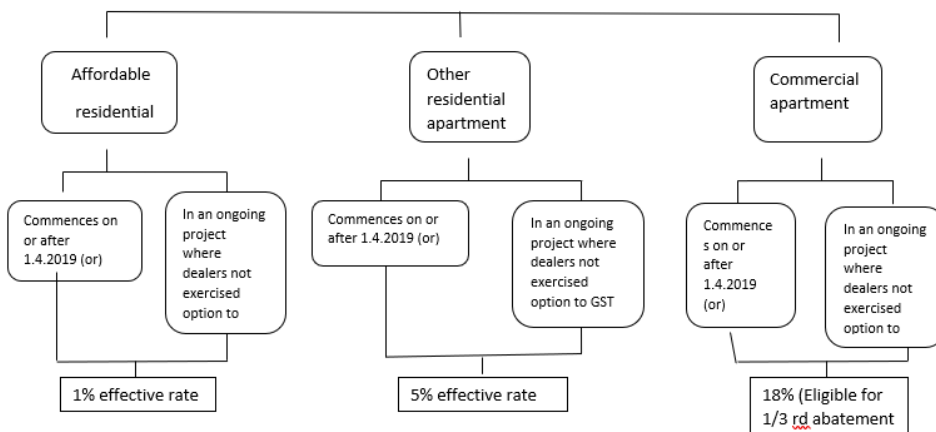
S.No.	Section 73	Section 74	Section 76
	input tax credit	of input tax credit	
4.	Statement of demand in lieu of show cause notice can be served	Statement of demand in lieu of show cause notice can be served	Only SCN is prescribed. No Statement of demand.
5.	Option for zero penalty is available when the disputed amount is other than self-assessed tax or any amount collected as tax.	No question of zero penalty	No question of zero penalty
6.	Penalty is 10% of tax liability or Rs.10,000/- whichever is higher	Penalty will be imposed at 15%, 25%, 50% and also upto 100% of tax liability.	100% of tax will be imposed as penalty

## 28. Construction

### RESIDENTIAL REAL ESTATE PROJECT



### REAL ESTATE PROJECT (OTHER THAN RREP)



## 29. Penalties Under GST

1.	Sec. 10(5)- If a taxable person was not eligible to pay tax under composition but opted the scheme under Sec. 10	As per the provision of Sec. 73 or 74						
2.	Sec 47(1)- Registered person who fails to furnish the details of outward supplies required under sec 37 or returns for every day; Maxi-required under sec 39 or sec 45 or sec 52 by the due date	Late fee of INR 100/- for every day; maximum INR 5000/-						
3.	See 44 read with see 47(2) - Failure to furnish Annual Return	Late fee of INR 100/- for every day of default; Maximum: 0.25% of turnover in the State/UT						
4.	See 73(9) - Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for any reason other than fraud or any willful misstatement or suppression of facts	INR. 10,000 or 10% of the tax, whichever is higher						
5.	See 74(5), (8), (11) - Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized by reason of fraud or any willful-misstatement or suppression of facts.	<table border="1"> <tr> <td>Payment of penalty before service of notice</td> <td>15% of tax</td> </tr> <tr> <td>Payment of penalty after service of notice</td> <td>25% of tax</td> </tr> <tr> <td>Payment of penalty after service of Order by the proper officer</td> <td>50% of tax</td> </tr> </table>	Payment of penalty before service of notice	15% of tax	Payment of penalty after service of notice	25% of tax	Payment of penalty after service of Order by the proper officer	50% of tax
Payment of penalty before service of notice	15% of tax							
Payment of penalty after service of notice	25% of tax							
Payment of penalty after service of Order by the proper officer	50% of tax							
6.	Sec. 122(1)  21 listed offences	INR 10000/- or amount equivalent to the tax default, whichever is higher						
7.	Sec. 122(1A)  Any person who retains the benefit of certain transactions and at whose instance such transaction is conducted	Equivalent to the tax evaded or input tax credit availed of or passed on						
8.	Sec. 122(1B)  Any electronic commerce operator for certain offences	INR 10000/- or amount equivalent to amount of tax involved had such supply been made by a registered person other than a person paying tax under Section 10 (Composition Levy), whichever is higher						
9.	Sec. 122(2) -  Any registered person who supplies any goods or services or both on which any tax has not been paid or short-paid or erroneously refunded, or where the input							

	tax credit has been wrongly availed or utilized		
	For any reason, other than the reason of fraud or any willful misstatement or suppression of facts to evade tax	INR 10,000 or 10% of the tax due, whichever is higher	
	For reason of fraud or any willful misstatement or suppression of facts to evade tax	INR 10,000 or tax due, whichever is higher	
10.	Sec 122(3) Penalties to any 'person' for certain offences	Up to INR 25,000/-	
11.	Sec 123 Penalty for failure to furnish information return	INR 100/day- Maximum INR 5,000	
12.	Sec 124  Fine for failure to furnish statistics	INR 10,000/-; In case of continuing offence - Further fine up to INR 100/- per Maximum- INR 25,000/-	
13.	Sec 125 <b>General Penalty:</b> Any person, who contravenes any of the provisions of this Act or any rules made thereunder for which no penalty is separately provided for in this Act	Up to INR 25,000/-	
14.	Sec 127 Where the proper officer is of the view that a person is liable to a penalty and the same is not covered under any proceedings under section 62, 63,64,73,74, 129 or 130, he may issue an order levying such penalty	Penalty as per the order issued by the proper officer	
15.	Sec 129: Detention, seizure and release of goods and conveyances in transit		
	Where the owner of the goods comes forward for payment of such tax and penalty	Taxable Goods	200% of the tax
		Exempted Goods	2% of the value of goods or INR 25,000/-, whichever is less
	Where the owner of the goods does <b>not</b> come forward for payment of such tax and penalty	Taxable Goods	50% of the value of goods or 200% of the tax whichever is higher
		Exempted Goods	5% of the value of goods or INR 25000/-, whichever is less
16.	Sec 130 Confiscation of goods or conveyances and levy of penalty	100% of the tax	

### 30. Penalty on Voluntary Payment

S.No.	Time of payment of tax and Penalty	Penalty payable under Sec. 73	Penalty payable under Sec. 74
1	Before issue of SCN Sec 73(5)/Sec 74(5)	Nil [No SCN shall be issued]	15% of Tax [No SCN shall be issued]
2	After issue of SCN; but within 30 days from issue of SCN [All proceedings deemed to be concluded] [Sec 73(8)/Sec 74(8)]	Nil	25% of Tax
3	Within 30 days from the date of communication of the Order Sec 73(9)/Sec 74(11)	10% of Tax amount or INR 10,000/-, whichever is higher	50% of Tax [All proceedings deemed to be concluded]
4	After expiry of 30 days from the date of communication of the Order Sec 73(9)/Sec 74(1)		100% of Tax

### 31. Liability to pay in certain cases

	Section	Event	Person liable
1.	85(1)	<b>Transfer of business</b>	Transferor and Transferee (jointly and severally)
2.	85(2)	<b>Transfer of business</b>	
		A) If the transferee is unregistered dealer	Transferee
		B) If the transferee is registered dealer	Transferee
3.	86	<b>Principal &amp; Agent</b>	Agent and his principal, jointly and severally.
4.	87	<b>Amalgamation/Merger</b>	Such transactions of supply and receipt shall be included in the turnover of supply or receipt of the respective companies and they shall be liable to pay tax accordingly.
5.	88(1)	<b>Liquidator</b>	Personal liability of Liquidator(s)
6.	88(3)	<b>Directors</b>	Directors - during the period for which tax is due. (Jointly severally); and unless they prove that non recovery is not due to their gross neglect or

	<b>Section</b>	<b>Event</b>	<b>Person liable</b>
			breach of duty.
7.	89	<b>Directors</b>	Directors - during the period for which tax is due. (Jointly severally); and unless they prove that non recovery is not due to their gross neglect or breach of duty.
8.	90	<b>Continuing firm</b>	Each of the partners (Jointly & severally).
9.	Proviso to Sec. 90	<b>Retirement of a partner</b> from the firm.	Retiring partner.
10.	91	Where the business, in respect of which tax is payable, is being carried on by any guardian, trustee or agent of a minor or incapacitated person.	Such guardian, trustee or agent. (Personal liability) - assessed on minor or Other incapacitated person as if he was conducting business.
11.	92	Where the business in respect of which tax is payable is under the control of the <b>Court of Wards, the Administrator General, the official trustee</b> or any receiver or manager appointed by or under any order of Court.	Such Court of Ward, Administrator General, Official Trustee, Receiver or Manager. (Personal liability) recoverable from the taxable person as if he himself was conducting business.
12.	93(1)(a)	Where a dealer dies and the business is carried on by his <b>legal representatives</b> or Any other person.	Such legal representatives other person, as if he was himself the taxable person.
13.	93(1)(b)	<b>Legal representative</b> - Where a dealer dies and the business is discontinued, whether before or after his death.	Legal representative of the deceased, to the extent of the value of estate of deceased
14.	93(2)	A <b>Hindu Undivided Family or an Association of Persons - property partitioned</b>	Each member or group of members - Jointly & severally liable.
15.	93(3)	Where a firm has <b>dissolved</b> its business.	Each of its partners at the time of dissolution - Jointly and severally.

	<b>Section</b>	<b>Event</b>	<b>Person liable</b>
16.	94(1)	Firm <b>discontinued</b> the business	Every partner/member at the time of discontinuance – Jointly and severally; as if such partner/member was himself a taxable person.

### 32. Quantum of punishment for offences under Sec. 132

<b>S. No.</b>	<b>Amount involved in relation to the offence</b>	<b>Punishment</b>
(i)	Where amount of tax evaded exceeds INR 5 crores	Imprisonment up to 5 years and fine
(ii)	Where amount of tax evaded exceeds INR 2 crores but does not exceed INR 5 crores	Imprisonment up to 3 years and fine
(iii)	Where amount of tax evaded exceeds INR 1 crore but does not exceed INR 2 crores [W.e.f. 01 Oct. 2023, it will be confined only to clause (b) of sec 132(1)]	Imprisonment up to 1 years and fine
(iv)	Commits or abets in offences specified in clause Imprisonment for a term which may (1), (g) & (j) above [Clause (g) & (j) have been omitted w.e.f. 01 Oct. 2023	Imprisonment up to 6 months and/or fine
(v)	132(2) - Every subsequent conviction	Imprisonment up to 5 years and fine

### 33.Relevant Dates for refund- For all types of Refunds, the time limit of Two years counted from the relevant dates:

<b>Sl. No.</b>	<b>Purpose of Refund</b>	<b>The Relevant dates</b>
<b>1</b>	Goods are exported out of India via sea or air	Ship or Aircraft in which goods are loaded leaves India.
<b>2</b>	Goods are exported out of India via the land route	Goods pass the custom frontier.
<b>3</b>	Goods are exported out of India via post	Goods are dispatched by post office.
<b>4</b>	Deemed Export	The return relating to deemed export is furnished.
<b>5</b>	Export of Services - when the supply of service is completed before receipt of payment	Payment is received in convertible foreign exchange, or Indian rupees wherever permitted by the RBI.
<b>6</b>	Export of Services - when payment is received in advance	The invoice is issued.

<b>Sl. No.</b>	<b>Purpose of Refund</b>	<b>The Relevant dates</b>
	before the issue of invoice	
<b>7</b>	Refund as a consequence of Judgement/ Decree/ Order/ Direction of the Appellate Authority/ Appellate Tribunal / any Court	The communication of Order, Judgement/ decree, etc. issued.
<b>8</b>	Inverted Rate Duty	Due date of the return for the tax period under section 39.
<b>9</b>	Provisional payment of tax	The tax is adjusted after the final assessment.
<b>10</b>	A person other than the supplier	Goods or Services are received by such person.
<b>11</b>	Any other case	The tax is paid.

#### **34.Procedure/steps of SCN and its Adjudication**

<b>Sl. No.</b>	<b>Rule</b>	<b>Particulars</b>	<b>Form</b>
1	142(IA)	The Proper Officer may communicate the details of tax, etc. before issue of notice [Pre-SCN]	GST DRC-01 A
2	142(2)	The person may make full payment of the demand voluntarily after issue of pre-SCN and intimate to the Proper Officer	GST DRC-03
3	142(2A)	Where partial payment is made after issue of pre-SCN, the person will intimate and make submission to the Proper Officer for remaining amount	GST DRC-03 & GST DRC-OIA - Part B
4	142(2)	Where full payment is made in Step 2, the Proper Officer shall issue an acknowledgement, accepting the payment made	GST DRC-04
5	142(1)	The Proper Officer shall issue SCN and summary or Statement for additional tax periods on the same ground, if any	GST DRC-01 & DRC-02
6	142(3)	If total payment is made by the person, the Proper Officer shall issue the order for concluding the proceedings	GST DRC-05
7	142(4)	Where the SCN is issued under Step 5, and payment is not made, the person shall furnish the reply electronically	GST DRC-06
8	142(5) & (6)	On adjudication of SCN, the Proper Officer shall issue summary of order, which shall be treated as the notice for recovery.	GST DRC-07

### 35. Monetary Limit for Issue of Notices Under Sections 73 & 74

Sl. No.	Officer of Central Tax	Tax not paid or short paid or erroneously refunded or input tax credit of tax wrongly availed or utilized for issuance of show cause notices and passing of orders under sections 73 and 74 of CGST Act made applicable to integrated tax vide section 20 of the IGST Act		
		Central tax (including cess)	Integrated tax (including cess)	Central tax and Integrated tax (including cess)
(1)	(2)	(3)	(4)	(5)
1.	Superintendent of Central Tax	Not exceeding Rupees 10 lakhs	Not exceeding Rupees 20 lakhs	Not exceeding Rupees 20 lakhs
2.	Deputy or Assistant Commissioner of Central Tax	Above Rupees 10 lakhs and not exceeding Rupees 1 crore	Above Rupees 20 lakhs and not exceeding Rupees 2 crores	Above Rupees 20 lakhs and not exceeding Rupees 2 crores
3.	Additional or Joint Commissioner of Central Tax	Above Rupees 1 crore without any limit	Above Rupees 2 crores without any limit	Above Rupees 2 crores without any limit

### 36. Time limit specified under sec 73(10) and 74(10)

S.No.	Nature of case	Time for issuance of SCN	Time for issuance of order
(1)	(2)	(3)	(4)
1	Normal Case (Sec 73)	3 Months before the time specified in Col. (4) - That is, within 2 years and 9 months from the relevant date specified in Col. (4) [Sec 73(2) read with sec 73(10)]	Within 3 years from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from date of erroneous refund [Sec 73(10)]
2	Fraud Case (Sec 74)	6 Months before the time specified in Col. (4) - That is within 4 years and 6 months from the relevant date specified in Col. (4) [Sec 74(2) read with sec 74(10)]	Within 5 years from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from date of erroneous refund [Sec 74(10)]
3	Any amount collected as	No time limit [Sec 76]	Within 1 year from the date of issue of notice [Sec 76(6)]



	tax but not paid		
4	Non-payment of self-assessed tax	No need to issue a SCN; Recovery proceedings may be started directly. [Sec 75(12) read with sec 79]	

### 37.Steps of appeals under GST

Appeal level	Orders passed by....	Appeal to -----	Sections of Act
1 <sup>st</sup>	Adjudicating Authority	First Appellate Authority	107 (Rule 109A of CGST Rules2017)
2 <sup>nd</sup>	First Appellate Authority	Appellate Tribunal	109,110
3 <sup>rd</sup>	Appellate Tribunal	High Court	111-116
4 <sup>th</sup>	High Court	Supreme Court	117-118

### 38.Validity of E-way Bill

Sl. No.	Distance	Validity period
1	Up to 200 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 200 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	Up to 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

### 39.Cases where no E-way bill is required to be generated [Rule 138(14)]

Sl. No.	No EWB required
(a)	Where the goods being transported are specified in the Annexure. Annexure

<b>Sl. No.</b>	<b>No EWB required</b>
	<p>includes –</p> <ol style="list-style-type: none"> <li>1. Liquefied petroleum gas for supply to household and non domestic exempted category (NDEC) customers.</li> <li>2. Kerosene oil sold under PDS</li> <li>3. Postal baggage transported by Department of Posts</li> <li>4. Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71)</li> <li>5. Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71)</li> <li>6. Currency</li> <li>7. Used personal and household effects</li> <li>8. Coral, unworked (0508) and worked coral (9601)</li> </ol>
<b>(b)</b>	Where the goods are being transported by a non-motorised conveyance
<b>(c)</b>	Where the goods are being transported from the customs port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs
<b>(d)</b>	In respect of movement of goods within such areas as are notified under clause (d) of sub-rule (14) of rule 138 of the State or Union territory Goods and Services Tax Rules in that particular State or Union territory
<b>(e)</b>	Where the goods, other than de-oiled cake, being transported, are specified in the Schedule appended to Notification No.2/2017- Central tax (Rate) dated the 28 <sup>th</sup> June, 2017 as amended from time to time
<b>(f)</b>	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
<b>(g)</b>	Where the supply of goods being transported is treated as 'no supply' under Schedule III of the Act
<b>(h)</b>	<p>Where the goods are being transported-</p> <p>(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</p>
<b>(i)</b>	Where the goods being transported are transit cargo from or to Nepal or Bhutan
<b>(j)</b>	Where the goods being transported are exempt from tax under Notification No.7/2017-Central Tax (Rate), dated 28* June 2017 and Notification No. 26/2017-Central Tax (Rate), dated the 21st September, 2017, both as amended from time to time
<b>(k)</b>	Any movement of goods caused by defence formation under Ministry of Defence as a consignor or consignee

<b>Sl. No.</b>	<b>No EWB required</b>
<b>(l)</b>	Where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail
<b>(m)</b>	Where empty cargo containers are being transported and
<b>(n)</b>	Where the goods are being transported upto a distance of twenty kilometers 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.
<b>(o)</b>	Where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply.

**THE CENTRAL GOODS AND SERVICES TAX ACT, 2017**  
**(ARRANGEMENT OF SECTIONS)**

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## Key Sections of CGST Act, 2017

### Section 2: Definitions

In this Act, unless the context otherwise requires," (1) "**actionable claim**" shall have the same meaning as assigned to it in section 3 of the Transfer of Property Act, 1882;

(4) "**adjudicating authority**" means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of Indirect Taxes and Customs the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, the Appellate Tribunal and the Authority referred to in sub-section (2) of section 171

(5) "**agent**" means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another;

(6) "**aggregate turnover**" means the 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 Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;

(7) "**agriculturist**" means an individual or a Hindu Undivided Family who undertakes cultivation of land"

(a) by own labour, or

(b) by the labour of family, or

(c) by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family;

(11) "**assessment**" means determination of tax liability under this Act and includes self-assessment, re-assessment, provisional assessment, summary assessment and best judgment assessment;

(13) "**audit**" means the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the rules made thereunder;

(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);

b. any activity or transaction in the nature of sub-clause (a), whether or not there is

volume, frequency, continuity or regularity of such transaction;

- c. supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
  - d. provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;
  - e. admission, for a consideration, of persons to any premises;
  - f. services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
  - g. activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and";
- (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;

(19) "**capital goods**" means goods, the value of which is capitalised in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business;

(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;

(25) "**Commissioner in the Board**" means the Commissioner referred to in section 168;

(26) "**common portal**" means the common goods and services tax electronic portal referred to in section 146;

(27) "**common working days**" in respect of a State or Union territory shall mean such days in succession which are not declared as gazetted holidays by the Central Government or the concerned State or Union territory Government;

(30) "**composite supply**" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

(31) "**consideration**" in relation to the supply of goods or services or both includes""

- (a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

(b) "the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:

Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;

(32) "**continuous supply of goods**" means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify;

(33) "**continuous supply of services**" means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations and includes supply of such services as the Government may, subject to such conditions, as it may, by notification, specify;

(34) "**conveyance**" includes a vessel, an aircraft and a vehicle;

(37) "**credit note**" means a document issued by a registered person under sub-section (1) of section 34;

(38) "**debit note**" means a document issued by a registered person under sub-section (3) of section 34;

(39) "**deemed exports**" means such supplies of goods as may be notified under section 147;

(40) "**designated authority**" means such authority as may be notified by the Board;

(41) "**document**" includes written or printed record of any sort and electronic record as defined in clause (t) of section 2 of the Information Technology Act, 2000 ;

(42) "**drawback**" in relation to any goods manufactured in India and exported, means the rebate of duty, tax or cess chargeable on any imported inputs or on any domestic inputs or input services used in the manufacture of such goods;

(43) "**electronic cash ledger**" means the electronic cash ledger referred to in subsection (1) of section 49;

(44) "**electronic commerce**" means the supply of goods or services or both, including digital products over digital or electronic network;

(45) "**electronic commerce operator**" means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce;

(46) "**electronic credit ledger**" means the electronic credit ledger referred to in subsection (2) of section 49;

(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 under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;

(48) "**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;

(49) "**family**" means,"

(i) the spouse and children of the person, and

(ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person;

(50) "**fixed establishment**" means a place (other than the **registered** place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs;

(52) "**goods**" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;

(56) "**India**" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters;

(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;

(60) "**input service**" means any service used or intended to be used by a supplier in the course or furtherance of business;

(61) "**Input Service Distributor**" means an office of the supplier of goods or services or both which receives tax invoices issued under section 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;

(62) "**input tax**" in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes"

(a) the integrated goods and services tax charged on import of goods;

(b) the tax payable under the provisions of sub-sections (3) and (4) of section 9;

(c) the tax payable under the provisions of sub-section (3) and (4) of section 5 of

the Integrated Goods and Services Tax Act;

(d) the tax payable under the provisions of sub-section (3) and sub-section (4) of section 9 of the respective State Goods and Services Tax Act; or

(e) the tax payable under the provisions of sub-section (3) and sub-section (4) of section 7 of the Union Territory Goods and Services Tax Act, but does not include the tax paid under the composition levy;

(64) "**intra-State supply of goods**" shall have the same meaning as assigned to it in section 8 of the Integrated Goods and Services Tax Act;

(65) "intra-State supply of services" shall have the same meaning as assigned to it in section 8 of the Integrated Goods and Services Tax Act;

(67) "**inward supply**" in relation to a person, shall mean receipt of goods or services or both whether by purchase, acquisition or any other means with or without consideration;

(68) "**job work**" means any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly;

(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 4[and article 371J] of the Constitution; or

(g) a Regional Council constituted under article 371A of the Constitution;

(70) "**location of the recipient of services**" means,"

(a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;

(b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

(c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and

(d) in absence of such places, the location of the usual place of residence of the recipient;

(71) "**location of the supplier of services**" means,"

(a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;

(b) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

(c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provisions of the supply; and

(d) in absence of such places, the location of the usual place of residence of the supplier;

(72) "**manufacture**" means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly;

(73) "**market value**" shall mean the full amount which a recipient of a supply is required to pay in order to obtain the goods or services or both of like kind and quality at or about the same time and at the same commercial level where the recipient and the supplier are not related;

(74) "**mixed supply**" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply; Illustration: A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

(75) "**money**" means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value;

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;

(78) "**non-taxable supply**" means a supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services Tax Act;

(79) "**non-taxable territory**" means the territory which is outside the taxable territory;

(80A) "**online gaming**" means offering of a game on the internet or an electronic



network and includes online money gaming;

(80B) "**online money gaming**" means online gaming in which players pay or deposit money or money's worth, including virtual digital assets, in the expectation of winning money or money's worth, including virtual digital assets, in any event including game, scheme, competition or any other activity or process, whether or not its outcome or performance is based on skill, chance or both and whether the same is permissible or otherwise under any other law for the time being in force;]

(82) "**output tax**" in relation to a taxable person, means the 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;

(83) "**outward supply**" in relation to a taxable person, means supply of goods or services or both, whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other mode, made or agreed to be made by such person in the course or furtherance of business;

(84) "**person**" includes"

(a) an individual;

(b) a Hindu Undivided Family;

(c) a company;

(d) a firm;

(e) a Limited Liability Partnership;

(f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;

(g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013-

(h) any body corporate incorporated by or under the laws of a country outside India;]

(i) a co-operative society registered under any law relating to co-operative societies;

(j) a local authority;

(k) Central Government or a State Government;

(l) society as defined under the Societies Registration Act, 1860;

(m) trust; and

(n) every artificial juridical person, not falling within any of the above;

(85) "**place of business**" includes"

(a) 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) a place where a taxable person maintains his books of account; or

- (c) a place where a taxable person is engaged in business through an agent, by whatever name called;
- (88) "**principal**" means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both;
- (89) "**principal place of business**" means the place of business specified as the principal place of business in the certificate of registration;
- (90) "**principal supply**" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;
- (93) "**recipient**" of supply of goods or services or both, means"
- (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
  - (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
  - (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied;
- (94) "**registered person**" means a person who is registered under section 25 but does not include a person having a Unique Identity Number;
- (96) "**removal**" in relation to goods, means"
- (a) despatch of the goods for delivery by the supplier thereof or by any other person acting on behalf of such supplier; or
  - (b) collection of the goods by the recipient thereof or by any other person acting on behalf of such recipient;
- (98) "**reverse charge**" means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9, or under sub-section (3) or subsection (4) of section 5 of the Integrated Goods and Services Tax Act;
- (102) "**services**" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;
- Explanation." "For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities;
- (102A) "**specified actionable claim**" means the actionable claim involved in or by way of-

- (i) betting;
- (ii) casinos;
- (iii) gambling;
- (iv) horse racing;
- (v) lottery; or
- (vi) online money gaming;"]

(103) "**State**" includes a Union territory with Legislature;

(105) "**supplier**" in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied; Provided that a person who organises or arranges, directly or indirectly, supply of specified actionable claims, including a person who owns, operates or manages digital or electronic platform for such supply, shall be deemed to be a supplier of such actionable claims, whether such actionable claims are supplied by him or through him and whether consideration in money or money's worth, including virtual digital assets, for supply of such actionable claims is paid or conveyed to him or through him or placed at his disposal in any manner, and all the provisions of this Act shall apply to such supplier of specified actionable claims, as if he is the supplier liable to pay the tax in relation to the supply of such actionable claims;

(107) "**taxable person**" means a person who is registered or liable to be registered under section 22 or section 24;

(110) "**telecommunication service**" means service of any description (including electronic mail, voice mail, data services, audio text services, video text services, radio paging and cellular mobile telephone services) which is made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature, by wire, radio, visual or other electromagnetic means;

(112) "**turnover in State**" or "**turnover in Union territory**" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and exempt supplies made within a State or Union territory by a taxable person, exports of goods or services or both and inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person but excludes central tax, State tax, Union territory tax, integrated tax and cess;

(113) "**usual place of residence**" means""

- (a) in case of an individual, the place where he ordinarily resides;
- (b) in other cases, the place where the person is incorporated or otherwise legally constituted;

(114) "**Union territory**" means the territory of"

- (a) the Andaman and Nicobar Islands;

- (b) Lakshadweep;
- (c) Dadra and Nagar Haveli and Daman and Diu;
- (d) Ladakh]
- (e) Chandigarh; and
- (f) other territory.

Explanation." "For the purposes of this Act, each of the territories specified in sub-clauses (a) to (f) shall be considered to be a separate Union territory;

(117) "**valid return**" means a return furnished under sub-section (1) of section 39 on which self-assessed tax has been paid in full;

(117A) "virtual digital asset" shall have the same meaning as assigned to it in clause (47A) of section 2 of the Income-tax Act, 1961;

(118) "**voucher**" means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument;

(119) "**works contract**" means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract;

#### **Section 6: Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances**

(1) Without prejudice to the provisions of this Act, **the officers appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act are authorised to be** the proper officers for the purposes of this Act, subject to such conditions as the Government shall, on the recommendations of the Council, by notification, specify.

(2) Subject to the conditions specified in the notification issued under sub-section (1),

(a) where any proper officer issues an order under this Act, he shall also issue an order under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as authorised by the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, under intimation to the jurisdictional officer of State tax or Union territory tax;

(b) where a proper officer under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter.

(3) Any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer appointed under this Act shall not lie before an officer appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.

### **Section 7: Scope of Supply**

(1) For the purposes of this Act, the expression "supply" includes""

(a) all forms of supply of goods or services or both such as **sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration** by a person **in the course or furtherance of business**;

(aa) the activities or transactions, by a person, other than an individual, **to its members or constituents or vice-versa**, for cash, deferred payment or other valuable consideration.

*Explanation.*""For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;]

(b) **import of services for a consideration** whether or not in the course or furtherance of business; and

(c) the **activities specified in Schedule I**, made or agreed to be made without a consideration;

(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.]

(2) Notwithstanding anything contained in sub-section (1),""

(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to the provisions of 1[sub-sections (1), (1A) and (2)] the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as"

(a) a supply of goods and not as a supply of services; or

(b) a supply of services and not as a supply of goods.

### **Section 8: Tax liability on composite and mixed supplies**

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:"

(a) a composite supply comprising two or more supplies, one of which is a

principal supply, shall be treated as a supply of such principal supply; and

(b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

### **Section 9: Levy and collection.**

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

(2) The central 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 Government on the recommendations of the Council.

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the 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.

(4) The Government may, on the recommendations of the Council, by notification, specify a **class of registered persons** who shall, **in respect of supply of specified categories of goods or services or both** received **from an unregistered supplier**, pay the tax on **reverse charge basis** as the recipient of such supply of 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 such supply of goods or services or both.

(5) The Government may, on the recommendations of the Council, by notification, **specify categories of services** the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply **to such electronic commerce operator** as if he is the supplier liable for paying the tax in relation to the supply of such services:

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

### **Section 10: Composition levy. (Relevant Rules 3 to 7)**

(1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year **did not exceed fifty lakh rupees exceeded one crore and fifty lakh rupees w.e.f. 1st April 2019**, vide Notification No. 14/2019-Central Tax, dt. 07-03-2019, may opt to pay, in lieu of the tax payable by him under sub-section (1) of section 9, **an amount of tax calculated at such rate** as may be prescribed, but not exceeding,-

(a) **one per cent.** of the turnover in State or turnover in Union territory in case of a manufacturer,

(b) **two and a half per cent.** of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to **in clause (b) of paragraph 6 of Schedule II**, and

(c) **half per cent.** of the turnover in State or turnover in Union territory in case of other suppliers,

subject to such conditions and restrictions as may be prescribed:

Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, **not exceeding one crore and fifty lakh rupees**, as may be recommended by the Council.

Provided further that a person who opts to pay tax under clause (a) or clause (b) or clause (c) may supply services (other than those referred to in clause (b) of paragraph 6 of Schedule II), of value not exceeding ten per cent. of turnover in a State or Union territory in the preceding financial year or five lakh rupees, whichever is higher.

Explanation." For the purposes of second proviso, the value of 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 shall not be taken into account for determining the value of turnover in a State or Union territory.

(2) The registered person shall be eligible to opt under sub-section (1), if-

(a) save as provided in sub-section (1), he is not engaged in the supply of services

(b) he is not engaged in making any supply of goods or services which are not leviable to tax under this Act;

(c) he is not engaged in making any inter-State outward supplies of goods or services

(d) he is not engaged in making any supply of services through an electronic commerce operator who is required to collect tax at source under section 52;

(e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council; and

(f) he is neither a casual taxable person nor a non-resident taxable person Provided that where more than one registered persons are having the same Permanent Account Number (issued under the Income-tax Act, 1961), the registered person shall not be eligible to opt for the scheme under sub-section (1) unless all such registered persons

opt to pay tax under that sub-section.

(2A) Notwithstanding anything to the contrary contained in this Act, but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, not eligible to opt to pay tax under sub-section (1) and sub-section (2), whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in lieu of the tax payable by him under sub-section (1) of section 9, an amount of tax calculated at such rate as may be prescribed, but not exceeding three per cent. of the turnover in State or turnover in Union territory, if he is not"

(a) engaged in making any supply of goods or services which are not leviable to tax under this Act;

(b) engaged in making any inter-State outward supplies of goods or services;

(c) engaged in making any supply of services through an electronic commerce operator who is required to collect tax at source under section 52;

(d) a manufacturer of such goods or supplier of such services as may be notified by the Government on the recommendations of the Council; and

(e) a casual taxable person or a non-resident taxable person:

Provided that where more than one registered person are having the same Permanent Account Number issued under the Income-tax Act, 1961, the registered person shall not be eligible to opt for the scheme under this sub-section unless all such registered persons opt to pay tax under this subsection.]

(3) The option availed of by a registered person under sub-section (1) or sub-section (2A), as the case may be] shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified under sub-section (1) or sub-section (2A), as the case may be

(4) A taxable person to whom the provisions of sub-section (1) or, as the case may be, sub-section (2A)] apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.

(5) If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) or sub-section (2A), as the case may be despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, mutatis mutandis, apply for determination of tax and penalty.

Explanation 1." For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression 'aggregate turnover' shall include the value of supplies made by such person from the 1st day of April of a financial year upto the date when he becomes liable for registration under this Act, but shall not include the value of 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.



Explanation 2." For the purposes of determining the tax payable by a person under this section, the expression 'turnover in State or turnover in Union territory' shall not include the value of following supplies, namely:"

(i) supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and

(ii) 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

### **Section 11: Power to grant exemption from tax**

(1) 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 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.

(2) 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.

(3) 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 under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.

Explanation."For the purposes of this section, where an exemption in respect of any goods or services or both from the 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 the tax, in excess of the effective rate, on such supply of goods or services or both.

### **Section 12: Time of supply of goods.**

(1) The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.

(2) The time of supply of goods shall be the **earlier** of the following dates, namely:-

(a) **the date of issue of invoice** by the supplier or **the last date on which he is required**, under section 31, to issue the invoice with respect to the supply; or

(b) **the date on which the supplier receives the payment** with respect to the supply:

Provided that where the supplier of taxable goods receives an amount upto one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date

of issue of invoice in respect of such excess amount.

Explanation 1. "For the purposes of clauses (a) and (b), "supply" shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

Explanation 2. "For the purposes of clause (b), "the date on which the supplier receives the payment" shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.

(3) In case of supplies in respect of which tax is paid or liable to be paid on **reverse charge basis**, the time of supply shall be the earliest of the following dates, namely:"

(a) **the date of the receipt of goods**; or

(b) **the date of payment** as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(c) **the date immediately following thirty days** from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

(4) In case of supply of **vouchers** by a supplier, the time of supply shall be"

(a) **the date of issue of voucher**, if the supply is identifiable at that point; or

(b) **the date of redemption of voucher**, in all other cases.

(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall"

(a) in a case **where a periodical return has to be filed, be the date** on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid.

(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

### **Section 13: Time of supply of services.**

(1) The liability to pay tax on services shall arise at the time of supply, as determined in accordance with the provisions of this section.

(2) The time of supply of services shall be the **earliest** of the following dates, namely:"

(a) **the date of issue of invoice** by the supplier, if the invoice is issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or

(b) **the date of provision of service**, if the invoice is not issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or

(c) **the date on which the recipient shows the receipt of services in his books of account**, in a case where the provisions of clause (a) or clause (b) do not apply:

Provided that where the supplier of taxable service receives an amount upto one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

Explanation. ""For the purposes of clauses (a) and (b)""

(i) the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment;

(ii) "the date of receipt of payment" shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.

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

(a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:

Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

(4) In case of supply of vouchers by a supplier, the time of supply shall be ""

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases.

(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall ""

(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid.

(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

**Section 15: Value of taxable supply.** (Relevant Rules 27 to 35)

(1) The value of a supply of goods or services or both shall be the **transaction value**, which 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 the price is the sole consideration for the supply.

(2) The value of supply shall **include**

- a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;
- b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;
- c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;
- d) interest or late fee or penalty for delayed payment of any consideration for any supply; and
- e) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

Explanation. For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(3) The value of the supply **shall not include any discount** which is given""

- a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and
- b) after the supply has been effected, if"
  - (i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
  - (ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

(4) Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.

(5) Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed.

Explanation. "For the purposes of this Act,""

(a) persons shall be deemed to be "**related persons**" if""

- (i) such persons are officers or directors of one another"s businesses;
- (ii) such persons are legally recognised partners in business ;
- (iii) such persons are employer and employee;
- (iv) any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them;
- (v) one of them directly or indirectly controls the other;

- (vi) both of them are directly or indirectly controlled by a third person;
- (vii) together they directly or indirectly control a third person; or they are members of the same family;
- (b) the term "person" also includes legal persons;
- (c) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

**Section 16: Eligibility and conditions for taking input tax credit.** (Relevant Rules 36 to 37)

(1) Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,

a) **He is in possession of a tax invoice or debit note** issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

(aa) the details of the invoice or debit note referred to in clause (a) has been **furnished by the supplier in the statement of outward supplies** and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;]

b) **he has received the goods or services or both.**

Explanation.- For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services-

(i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;

(ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person.

(ba) the details of input tax credit in respect of the said supply **communicated to such registered person under section 38 has not been restricted]**

c) Subject to the provisions of section 41 or, **the tax charged in respect of such supply has been actually paid to the Government**, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and

d) He has **furnished the return under section 39:**

Provided that where the goods against an invoice are received in lots or instalments,

the registered person shall be entitled to take credit upon receipt of the last lot or instalment:

Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be paid by him along with interest payable under section 50, in such manner as may be prescribed: Provided also that the recipient shall be entitled to avail of the credit of input tax on payment made by him to the supplier of the amount towards the value of supply of goods or services or both along with tax payable thereon.

(3) Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961, the input tax credit on the said tax component shall not be allowed.

(4) A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both **after the thirtieth day of November** following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Provided that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 till the due date of furnishing of the return under the said section for the month of March, 2019 in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the financial year 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March, 2019.

**Section 17: Apportionment of credit and blocked credits** (Relevant Rules 42 to 43, Rule 38)

(1) Where the goods or services or both are used by the registered person partly for the purpose of any business and partly for other purposes, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business.

(2) Where the goods or services or both are used by the registered person **partly for effecting taxable supplies** including zero-rated supplies under this Act or under the Integrated Goods and Services Tax Act and **partly for effecting exempt supplies** under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.

(3) The value of exempt supply under sub-section (2) shall be such as may be prescribed, and shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b)

of paragraph 5 of Schedule II, sale of building.

Explanation.-For the purposes of this sub-section, the expression ""value of exempt supply"" shall not include the value of activities or transactions specified in Schedule III, except,"

(i) the value of activities or transactions specified in paragraph 5 of the said Schedule; and

(ii) the value of such activities or transactions as may be prescribed in respect of clause(a) of paragraph 8 of the said Schedule.

(4) A **banking company or a financial institution** including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions of sub-section (2), or avail of, every month, **an amount equal to fifty per cent.** of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse: Provided that the option once exercised shall not be withdrawn during the remaining part of the financial year:

Provided further that the restriction of fifty per cent. shall not apply to the tax paid on supplies made by one registered person to another registered person having the same Permanent Account Number.

(5) Notwithstanding anything contained in sub-section (1) of section 16 and subsection (1) of section 18, input tax credit shall not be available in respect of the following, namely:-

(a) **motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons** (including the driver), except when they are used for making the following taxable supplies, namely:-

(A) further supply of such motor vehicles; or

(B) transportation of passengers; or

(C) imparting training on driving such motor vehicles;

(aa) **vessels and aircraft** except when they are used""

(i) for making the following taxable supplies, namely:-

(A) further supply of such vessels or aircraft; or

(B) transportation of passengers; or

(C) imparting training on navigating such vessels; or

(D) imparting training on flying such aircraft;

(ii) for transportation of goods;

(ab) **services of general insurance, servicing, repair and maintenance** in so far as they relate to motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa):

Provided that the input tax credit in respect of such services shall be available-

(i) where the motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) are used for the purposes specified therein;

(ii) where received by a taxable person engaged-  
(I) in the manufacture of such motor vehicles, vessels or aircraft; or  
(II) in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;

(b) the following supply of goods or services or both-

(i) **food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa)** except when used for the purposes specified therein, life insurance and health insurance:

Provided that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;

(ii) membership of a club, health and fitness centre; and

(iii) travel benefits extended to employees on vacation such as leave or home travel concession:

Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.

(c) **works contract services** when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;

(d) **goods or services or both received by a taxable person for construction of an immovable property** (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

Explanation. ""For the purposes of clauses (c) and (d), the expression "construction" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property;

(e) goods or services or both **on which tax has been paid under section 10**;

(f) goods or services or both **received by a non-resident taxable person** except on goods imported by him;

(fa) goods or services or both received by a taxable person, which are used or intended to be used for activities relating to **his obligations under corporate social responsibility** referred to in section 135 of the Companies Act, 2013;

(g) goods or services or both used for **personal consumption**;

(h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and

(i) any **tax paid in accordance with the provisions of sections 74, section 129 and section 130.**



(6) The Government may prescribe the manner in which the credit referred to in subsections (1) and (2) may be attributed.

Explanation." For the purposes of this Chapter and Chapter VI, the expression "plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes-

(i) land, building or any other civil structures;

(ii) telecommunication towers; and

(iii) pipelines laid outside the factory premises.

**Section 19: Taking input tax credit in respect of inputs and capital goods sent for job work.** (Relevant Rules 45)

(1) The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on inputs sent to a job-worker for job-work.

(2) Notwithstanding anything contained in clause (b) of sub-section (2) of section 16, the 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.

(3) Where the inputs sent for job work **are not received back** by the principal after completion of job-work or otherwise or are not supplied from the place of business of the job worker in accordance with clause (a) or clause (b) of sub-section (1) of section 143 **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.

(4) 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.

(5) Notwithstanding anything contained in clause (b) of sub-section (2) of section 16, 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.

(6) Where the capital goods sent for job work are not received back by the principal within a period of three years of 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:

Provided that where the capital goods are sent directly to a job worker, the period of three years shall be counted from the date of receipt of capital goods by the job worker.

(7) **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.

**Section 20: Manner of distribution of credit by Input Service Distributor.** (Relevant Rule 39, Rule 54)

(1) The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, **by way of issue of a document** containing the amount of input tax credit being distributed in such manner as may be prescribed.

(2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:""

a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed;

b) the amount of the credit distributed **shall not exceed the amount of credit available for distribution;**

c) the credit of tax paid on input services **attributable to a recipient of credit shall be distributed only to that recipient;**

d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;

e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.

**Explanation.** "For the purposes of this section,""

(a) the "relevant period" shall be""

(i) if the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or

(ii) if some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last **quarter** for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed;

(b) the expression "recipient of credit" means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor;

(c) the term "turnover", in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means the value of turnover,

reduced by the amount of any duty or tax levied 1[under entries 84 and 92A] of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule.

**Section 22: Persons liable for registration.**

(1) **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 financial year exceeds twenty lakh rupees:

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 a financial year exceeds ten lakh rupees.

Provided further that the Government may, at the request of a special category State and on the 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.

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

(3) 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.

(4) Notwithstanding anything contained in sub-sections (1) and (3), in a case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may be, de-merger of two or more companies pursuant to an order of a High Court, Tribunal or otherwise, the transferee shall be liable to be registered, with effect from the date on which the Registrar of Companies issues a certificate of incorporation giving effect to such order of the High Court or Tribunal.

Explanation.""For the purposes of this section,""

(i) the expression "**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) the 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 in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;

(iii) the expression "**special category States**" shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution except the State of Jammu and Kashmir and States of Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand.

### **Section 23: Persons not liable for registration**

(1) The following persons shall not be liable to registration, namely:""

(a) any person engaged exclusively in the business of **supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act** or under the Integrated Goods and Services Tax Act;

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

(2) Notwithstanding anything to the contrary contained in sub-section (1) of section 22 or section 24, the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, specify the category of persons who may be exempted from obtaining registration under this Act.]

### **Section 24: Compulsory registration in certain cases.**

Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act,-

(i) persons making any **inter-State taxable supply**;

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

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

(iv) person who are required to pay tax under sub-section **(5) of section 9**;

(v) **non-resident taxable persons** making taxable supply;

(vi) persons **who are required to deduct tax under section 51**, whether or not separately registered under this Act;

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

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

(ix) persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such **electronic commerce operator** who is required to collect tax at source under section 52;

(x) every electronic commerce operator; who is **required to collect tax at source** under section 52

(xi) **every person supplying online information and data base access or retrieval**

**services** from a place outside India to a person in India, other than a registered person; (xia) **every person supplying online money gaming online money gaming from a place outside India** to a person in India; and]

(xii) such other person or class of persons as may be notified by the Government on the recommendations of the Council.

**Section 25: Procedure for registration** (Relevant Rules 8 to 18, Rule 24 to 26)

(1) Every person who is liable to be registered under section 22 or section 24 shall **apply for registration in every such State or Union territory** in which he is so liable **within thirty 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 five days prior** to the commencement of business.

Provided further that a person having a unit, as defined in the Special Economic Zones Act, 2005, in a Special Economic Zone or being a Special Economic Zone 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 base line is located.

(2) 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

(3) A person, though not liable to be registered under section 22 or section 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered person, shall apply to such person.

(4) 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.

(5) 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.

(6) Every person **shall have a Permanent Account Number** 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 Permanent Account Number, 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 recommendation 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.

Explanation.' For the purposes of this section, the expression 'Aadhaar number' shall have the same meaning as assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.

(7) Notwithstanding anything contained in sub-section (6), a non-resident taxable person may be granted registration under sub-section (1) on the basis of such other documents as may be prescribed.

(8) 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.

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

(a) any specialised agency of the United Nations Organisation 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.

(10) 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.

(11) A certificate of registration shall be issued in such form and with effect from such date as may be prescribed.

(12) 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.

**Section 26: Deemed registration** (Relevant Rule 17)

(1) **The grant of registration or the Unique Identity Number under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax 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 in sub-section (10) of section 25.

(2) Notwithstanding anything contained in sub-section (10) of section 25, any rejection of application for registration or the Unique Identity Number under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act shall be deemed to be a rejection of application for registration under this Act.

**Section 27: Special provisions relating to casual taxable person and non-resident taxable person.** (Relevant Rule 8, Rule 13 to 15)

(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 under sub-section (1) of section 25, **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.

**Section 28: Amendment of registration** (Relevant Rule 19)

(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.

(3) Any rejection or approval of amendments under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a rejection or approval under this Act.

**Section 29: Cancellation or suspension] of registration.** (Relevant Rule 20 to 22 & Rule 44)

(1) The proper officer may, either **on his own motion or on an application filed by the registered person or by his legal heirs**, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, 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** under section 22 or section 24 or intends to optout of the registration voluntarily made under sub-section (3) of section 25]



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.

(2) 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 made there under as may be prescribed; or

(b) a person paying tax under section 10 **has not furnished the return for a financial year beyond three months** from the due date of furnishing the said return; or

(c) any registered person, other than a person specified in clause (b), **has not furnished returns for such continuous tax period as may be prescribed**; or

(d) any person who has taken voluntary registration under sub-section (3) of section 25 **has not commenced business within six months** from the date of registration; or

(e) **registration has been obtained by means of fraud, willful 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.

(3) 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.

(4) The **cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a cancellation of registration under this Act.**

(5) 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 input tax credit 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.

(6) The amount payable under sub-section (5) shall be calculated in such manner as may be prescribed.

**Section 30: Revocation of cancellation of registration.** (Relevant Rule 23)

(1) 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 to such officer for revocation of cancellation of the registration in such manner, within such time and subject to such conditions and restrictions**, as may be prescribed

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

(b) by **the Commissioner, for a further period not exceeding thirty days**, beyond the period specified in clause (a)]

(2) 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.

(3) The revocation of cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under this Act.

**Section 31: Tax invoice.** (Relevant Rules 46 to 55A)

(1) 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:

Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.

(2) 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

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

c) a registered person supplying exempted goods or services or both or paying tax under the provisions of 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 the value of the goods or services or both supplied is less than two hundred rupees subject to such conditions and in such manner as may be prescribed;

d) a 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 under sub-section (3) or sub-section (4) of section 9 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 under sub-section (3) or subsection (4) of section 9 shall issue a payment voucher at the time of making payment to the supplier.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

### **Section 31A: Facility of digital payment to recipient**

The Government may, on the recommendations of the Council, prescribe a 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.]

### **Section 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.

### **Section 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.

### **Section 34: Credit and debit notes.** (Relevant Rules 53 to 54)

(1) Where one or more tax invoices 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 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.

(2) 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 the thirtieth day of November] following the end of the financial year 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.

(3) Where one or more tax invoices 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.

(4) 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.

**Section 37: Furnishing details of outward supplies.** (Relevant Rule 59 & Rule 78)

(1) **Every registered person**, other than an Input Service Distributor, a non-resident taxable person and a person paying tax under the provisions of section 10 or section 51 or section 52, shall furnish, electronically, subject to such conditions and restrictions and in such form and manner as may be prescribed, **the details of outward supplies of goods or services or both** effected during a tax period on or before **the tenth day** of the month succeeding the said tax period and such details shall, subject to such conditions and restrictions, within such time and in such manner as may be prescribed, be communicated to the recipient of the said supplies:

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 the Commissioner.

(3) Any registered person, who has furnished the details under sub-section (1) for any tax period, 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 3[the thirtieth day of November] following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier.

Provided further that the rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September, 2018 till the due date for furnishing the details under sub-section (1) for the month of March, 2019 or for the quarter January, 2019 to March, 2019.

(4) A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period, if the details of outward supplies for any of the previous tax periods has not been furnished by him:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies under sub-section (1), even if he has not furnished the details of outward supplies for one or more previous tax periods.

(5) A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period after the expiry of a period of three years from the due date of furnishing the said details:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies for a tax period under sub-section (1), even after the expiry of the said period of three years from the due date of furnishing the said details.

Explanation. For the purposes of this Chapter, the expression "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.

**Section 38: Communication of details of inward supplies and input tax credit.** (Relevant Rule 59 & 60)

(1) The details of outward supplies furnished by the registered person under sub-section (1) of section 37 and of such other supplies as may be prescribed, and an auto-generated statement containing the **details of input tax credit shall be made available electronically to the recipients** of such supplies in such form and manner, within such time, and subject to such conditions and restrictions as may be prescribed.

(2) The auto-generated statement under sub-section (1) shall consist of'

(a) details of inward supplies in respect of which credit of input tax may be available to the recipient; and

(b) details of supplies in respect of which such credit cannot be availed, whether wholly or partly, by the recipient, on account of the details of the said supplies being furnished

under sub-section (1) of section 37,"

(i) by any registered person within such period of taking registration as may be prescribed; or

(ii) by any registered person, who has defaulted in payment of tax and where such default has continued for such period as may be prescribed; or

(iii) by any registered person, the output tax payable by whom in accordance with the statement of outward supplies furnished by him under the said subsection during such period, as may be prescribed, exceeds the output tax paid by him during the said period by such limit as may be prescribed; or

(iv) by any registered person who, during such period as may be prescribed, has availed credit of input tax of an amount that exceeds the credit that can be availed by him in accordance with clause (a), by such limit as may be prescribed; or

(v) by any registered person, who has defaulted in discharging his tax liability in accordance with the provisions of sub-section (12) of section 49 subject to such conditions and restrictions as may be prescribed; or

(vi) by such other class of persons as may be prescribed.

**Section 39: Furnishing of returns.** (Relevant Rules 61 to 67)

(1) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10, or section 51 or section 52 shall, for every calendar month or part thereof, **furnish, a 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, in such form and manner, and within such time,** as may be prescribed:

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

(2) A registered person paying tax under the provisions of section 10, shall, for each financial year or part thereof, furnish a return, electronically, of turnover in the State or Union territory, inward supplies of goods or services or both, tax payable, tax paid and such other particulars in such form and manner, and within such time, as may be prescribed.

(3) Every registered person required to deduct tax at source under the provisions of section 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 ten days after the end of such month.

(4) Every taxable person registered as an Input Service Distributor shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, within thirteen days after the end of such month.

(5) 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 thirteen days after the end of a calendar month or within seven days after the last day of the period of registration specified under sub-section (1) of section 27, whichever is earlier.

(6) 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.

(7) Every registered person who is required to furnish a return under sub-section (1), other than the person referred to in the proviso thereto, or sub-section (3) or sub-section (5), 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 every registered person furnishing return under the proviso to sub-section (1) shall pay to the Government, in such form and manner, and within such time, as may be prescribed,"

(a) an amount equal to the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month; or

(b) in lieu of the amount referred to in clause (a), an amount determined in such manner and subject to such conditions and restrictions as may be prescribed.]

Provided further that every registered person furnishing return under sub-section (2) shall pay to the Government the tax due taking into account turnover in the State or Union territory, inward supplies of goods or services or both, tax payable, and such other particulars during a quarter, in such form and manner, and within such time, as may be prescribed.]

(8) Every registered person who is required to furnish a return under sub-section (1) or sub-section (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.

(9) Where any registered person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or sub-section (5) 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 prescribed subject to payment of interest under this Act:

Provided that no such rectification of any omission or incorrect particulars shall be allowed after thirtieth day of November 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.



(10) 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 5[or the details of outward supplies under sub-section (1) of section 37 for the said tax period has not been furnished by him:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the return, even if he has not furnished the returns for one or more previous tax periods or has not furnished the details of outward supplies under subsection (1) of section 37 for the said tax period

(11) A registered person shall not be allowed to furnish a return for a tax period after the expiry of a period of three years from the due date of furnishing the said return:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the return for a tax period, even after the expiry of the said period of three years from the due date of furnishing the said return.

**Section 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.

**Section 41: Availment of input tax credit.**

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

(2) The credit of input tax availed by a registered person under sub-section (1) in respect of such supplies of goods or services or both, the tax payable whereon has not been paid by the supplier, shall be reversed along with applicable interest, by the said person in such manner as may be prescribed:

Provided that where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him in such manner as may be prescribed.

**Section 44: Annual return.** (Relevant Rule 80)

(1) Every registered person, 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 which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be

prescribed:

Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section:

Provided further that nothing contained in this 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.

(2) A registered person shall not be allowed to furnish an annual return under sub-section (1) for a financial year after the expiry of a period of three years from the due date of furnishing the said annual return:

Provided that the Government may, on the recommendations of the Council, by notification, and subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish an annual return for a financial year under sub-section (1), even after the expiry of the said period of three years from the due date of furnishing the said annual return.

**Section 45: Final return.** (Relevant Rule 81)

Every registered person who is required to furnish a return under sub-section (1) of section 39 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.

**Section 46: Notice to return defaulters.** (Relevant Rule 68)

Where a registered person fails to furnish a return under section 39 or section 44 or section 45, a notice shall be issued requiring him to furnish such return within fifteen days in such form and manner as may be prescribed.

**Section 47: Levy of late fee.**

(1) Any registered person who fails to furnish the details of outward supplies required under section 37 or returns required under section 39 or section 45 or section 52 by the due date shall pay a late fee of one hundred 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 under section 44 by the due date **shall be liable to pay a late fee of one hundred rupees for every day** during which such failure continues subject to a maximum of an amount calculated at a quarter per cent. of his turnover in the State or Union territory.

**Section 49: Payment of tax, interest, penalty and other amounts** (Relevant Rules 85 to 88A)

(1) 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 National Electronic

Fund Transfer or Real Time Gross Settlement or by such other mode and 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.

(2) 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, to be maintained in such manner as may be prescribed.

(3) 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 thereunder in such manner and subject to such conditions and within such time as may be prescribed.

(4) The amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in such manner and subject to such conditions and restrictions and within such time as may be prescribed.

(5) The amount of input tax credit 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**

(6) 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.

(7) 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.

(8) Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder 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 the rules made thereunder including the demand determined under section 73 or section 74;

(9) 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.

(10) 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 this Act, to the electronic cash ledger for,"

- (a) integrated tax, central tax, State tax, Union territory tax or cess; or
- (b) integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, subsection (5) of section 25,

in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act:

Provided that no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register.

(11) Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger as provided in sub-section (1).

(12) Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the Integrated Goods and Services Tax Act, 2017 which may be discharged through the electronic credit ledger by a registered person or a class of registered persons, as may be prescribed.

Explanation."For the purposes of this section,"

(a) the date of credit to the account of the 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 or any other amount payable under this Act or the rules made there under.

**Section 49A: Utilisation of input tax credit subject to certain conditions** (Relevant

Rules 88A)

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.

**Section 49B: Order of utilisation of input tax credit** (Relevant Rules 88A)

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.

**Section 50: Interest on delayed payment of tax.**

(1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made there under, 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 eighteen per cent.**, as may be notified by the Government on the recommendations of the Council.

Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger

(2) 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.

(3) Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding twenty-four per cent. as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed

**Section 51: Tax deduction at source** (Relevant Rule 12)

(1) Notwithstanding anything to the contrary contained in this Act, 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, (hereafter in this section referred to as "the deductor"), to deduct tax at the rate of one per cent. 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 two lakh and fifty thousand rupees:

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]

(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.

**Section 52: Collection of tax at source** (Relevant Rule 12 & 142)

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

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.

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

(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 5[thirtieth day of November] 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.

(11) 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.

(15) The operator shall not be allowed to furnish a statement under sub-section (4) after the expiry of a period of three years from the due date of furnishing the said statement:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow an operator or a class of operators to furnish a statement under sub-section(4), even after the expiry of the said period of three years from the due date of furnishing the said statement.]

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.

**Section 54: Refund of tax.** (Relevant Rules 89 to 96A)

(1) 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 4[such form and] manner as may be prescribed.

(2) A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 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 4[two years] from the last day of the quarter in which such supply was received.

(3) Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilised input tax credit at the 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 the 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 the integrated tax paid on such supplies.

(4) 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 to in section 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 than two 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.**

(5) 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 the Fund** referred to in section 57.

(6) 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, ninety per cent. of the total amount so claimed, in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under subsection (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.

(7) The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.

(8) 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 1[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.

(8A) The Government may disburse the refund of the State tax in such manner as may be prescribed

(9) Notwithstanding anything to the contrary contained in any judgment, decree, order or direction of the Appellate Tribunal or any court or in any other provisions of this Act or the rules made thereunder or in any other law for the time being in force, no refund shall be made except in accordance with the provisions of sub-section (8).

(10) Where any refund is due to a registered person **who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority by the specified date**, the proper officer may"

(a) **withhold payment** of refund due until the said person has furnished the return or paid the tax, interest or penalty, as the case may be;

(b) **deduct from the refund due**, any tax, interest, penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law. Explanation."For the purposes of this sub-section, the expression "specified date" shall mean the last date for filing an appeal under this Act.

(11) Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending and the Commissioner is of the opinion that grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed, he may, **after giving the taxable person an opportunity of being heard, withhold the refund** till such time as he may determine.

(12) Where a refund is withheld under sub-section (11), the taxable person shall, notwithstanding anything contained in section 56, be **entitled to interest at such rate not exceeding six per cent.** as may be notified on the recommendations of the Council, if as a result of the appeal or further proceedings he becomes entitled to refund.

(13) Notwithstanding anything to the contrary contained in this section, the amount of advance tax deposited by a casual taxable person or a non-resident taxable person under sub-section (2) of section 27, shall not be refunded unless such person has, in respect of the entire period for which the certificate of registration granted to him had remained in force, furnished all the returns required under section 39.

(14) Notwithstanding anything contained in this section, **no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.**

Explanation. "For the purposes of this section,""

(1) "refund" includes refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilised input tax credit as provided under sub-section (3).

(2) "relevant date" means"

(a) in the case of goods exported out of India where a refund of tax paid is available in respect of goods themselves or, as the case may be, the inputs or input services used in such goods,""

(i) if the goods are exported by sea or air, the date on which the ship or the aircraft in which such goods are loaded, leaves India; or

(ii) if the goods are exported by land, the date on which such goods pass the frontier; or

(iii) if the goods are exported by post, the date of despatch of goods by the Post Office concerned to a place outside India;

(b) in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, the date on which the return relating to such deemed exports is furnished;

(ba) in case of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit where a refund of tax paid is available in respect of such supplies themselves, or as the case may be, the inputs or input services used in such supplies, the due date for furnishing of return under section 39 in respect of such supplies

(c) in the case of services exported out of India where a refund of tax paid is available in respect of services themselves or, as the case may be, the inputs or input services used in such services, the date of"

(i) receipt of payment in convertible foreign exchange, 2[or in Indian rupees wherever permitted by the Reserve Bank of India] where the supply of services had been completed prior to the receipt of such payment; or

(ii) issue of invoice, where payment for the services had been received in advance prior to the date of issue of the invoice;

(d) in case where the tax becomes refundable as a consequence of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court, the date of communication of such judgment, decree, order or direction;

(e) in the case of refund of unutilised input tax credit under clause (ii) of the first proviso to sub-section (3), the due date for furnishing of return under section 39 for the period in which such claim for refund arises;]

(f) in the case where tax is paid provisionally under this Act or the rules made thereunder, the date of adjustment of tax after the final assessment thereof;

(g) in the case of a person, other than the supplier, the date of receipt of goods or services or both by such person; and

(h) in any other case, the date of payment of tax.

**Section 55: Refund in certain cases.** (Relevant Rule 95, Rule 95A, RULE 82)

The Government may, on the recommendations of the Council, by notification, specify any specialised agency of the United Nations Organisation 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.

**Section 56: Interest on delayed refunds.** (Relevant Rule 94)

If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under subsection (1) of that section, **interest at such rate not exceeding six per cent. 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 1[for the period of delay beyond sixty days from the date of receipt of such application till the date of refund of such tax, to be computed in such manner and subject to such conditions and restrictions as may be prescribed]

Provided that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent. 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 sixty days from the date of receipt of application till the date of refund.

Explanation. For the purposes of this section, where any order of refund is made by an Appellate Authority, Appellate Tribunal or any court against an order of the proper officer under sub-section (5) of section 54, the order passed by the Appellate Authority, Appellate Tribunal or by the court shall be deemed to be an order passed under the said sub-section (5).

**Section 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 under section 39.

**Section 60: Provisional assessment.** (Relevant Rule 98)

(1) Subject to the provisions of sub-section (2), where the 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 ninety 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.

(2) 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.

(3) The proper officer shall, within a period not exceeding six months from the date of the communication of the order issued under sub-section (1), pass the final assessment order after taking into account such information as may be required for 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 six months and by the Commissioner for such further period not exceeding four years.

(4) The registered person shall be liable to pay interest on any tax payable on the supply of goods or services or both under provisional assessment but not paid on the due date specified under sub-section (7) of section 39 or the rules made thereunder, at the rate specified under sub-section (1) of section 50, from the first day after the due date of payment of tax in respect of the said supply of goods or services or both till the date of actual payment, whether such amount is paid before or after the issuance of order for final assessment.

(5) Where the registered person is entitled to a refund consequent to the order of final assessment under sub-section (3), subject to the provisions of sub-section (8) of section 54, interest shall be paid on such refund as provided in section 56.

**Section 61: Scrutiny of returns.** (Relevant Rule 99)

(1) 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.

(2) In case the explanation is found acceptable, the registered person shall be informed accordingly and no further action shall be taken in this regard.

(3) 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 under section 65 or section 66 or section 67, or proceed to determine the tax and other dues under section 73 or section 74.

**Section 62: Assessment of non-filers of returns.** (Relevant Rule 100 &142)

(1) Notwithstanding anything to the contrary contained in section 73 or section 74, where a registered person fails to furnish the return under section 39 or section 45, even after the service of a notice under section 46, the proper officer may proceed to assess the tax liability of the said person to **the best of his judgment** taking into account all the relevant material which is available or which he has gathered and issue an assessment order within a period of five years from the date specified under section 44 for furnishing of the annual return for the financial year to which the tax not paid relates.

(2) Where the registered person furnishes a valid return within sixty days of the service of the assessment order under sub-section (1), the said assessment order shall be deemed to have been withdrawn but the liability for payment of interest under sub-section (1) of section 50 or for payment of late fee under section 47 shall continue.

Provided that where the registered person fails to furnish a valid return within sixty days of the service of the assessment order under sub-section (1), he may furnish the same within a further period of sixty days on payment of an additional late fee of one hundred rupees for each day of delay beyond sixty days of the service of the said assessment order and in case he furnishes valid return within such extended period, the said assessment order shall be deemed to have been withdrawn, but the liability to pay interest under sub section (1) of section 50 or to pay late fee under section 47 shall continue.

**Section 63: Assessment of unregistered persons.** (Relevant Rule 100&142)

Notwithstanding anything to the contrary contained in section 73 or section 74, where a taxable person fails to obtain registration even though liable to do so or whose registration has been cancelled under sub-section (2) of section 29 but who was liable to pay tax, the proper officer may proceed to assess the tax liability of such taxable person to the best of his judgement for the relevant tax periods and issue an assessment order within a period of five years from the date specified under section 44 for furnishing of the annual return for the financial year to which the tax not paid relates:

Provided that no such assessment order shall be passed without giving the person an opportunity of being heard.

**Section 64: Summary assessment in certain special cases.** (Relevant Rule 100 &142)

(1) 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 that any delay in doing so may adversely affect the interest of revenue:

Provided that where the taxable person to whom the liability pertains is not ascertainable and such liability pertains to supply of goods, the person in charge of such goods shall be deemed to be the taxable person liable to be assessed and liable to pay tax and any other amount due under this section.

(2) On an application made by the taxable person within thirty 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 in section 73 or section 74.

**Section 65: audit by tax authorities.** (Relevant Rule 101)

(1) 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.

(2) The officers referred to in sub-section (1) may conduct audit at the place of business of the registered person or in their office.

(3) The registered person **shall be informed by way of a notice not less than fifteen working days** prior to the conduct of audit in such manner as may be prescribed.

(4) The audit under sub-section (1) **shall be completed within a period of three 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 three months, he may, for the reasons to be recorded in writing, extend the period by a further period not exceeding six months.

Explanation."For the purposes of this sub-section, the expression "commencement of audit" shall mean the date on which the records and other documents, called for by the tax authorities, are made available by the registered person or the actual institution of audit at the place of business, whichever is later.

(5) 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.

(6) 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.

(7) 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 under section 73 or section 74.**

**Section 66: Special audit.** (Relevant Rule 102)



(1) 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 a chartered accountant or a cost accountant** as may be nominated by the Commissioner.

(2) The chartered accountant or cost accountant so nominated shall, within the period of ninety days, submit a report of such audit duly signed and certified by him to the 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 the chartered accountant or cost accountant or for any material and sufficient reason, extend the said period by a further period of ninety days.

(3) 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.

(4) 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.

(5) The expenses of the examination and audit of records under sub-section (1), including the remuneration of such chartered accountant or cost accountant, shall be determined and paid by the Commissioner and such determination shall be final.

(6) 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 under section 73 or section 74.

**Section 67: Power of inspection, search and seizure.** (Relevant Rules 139 to 141)

(1) Where the proper officer, **not below the rank of Joint Commissioner**, has reasons to believe that-

a) **a 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 input tax credit in excess of his entitlement under this Act or has indulged in contravention of any of the provisions of this Act or the rules made thereunder to evade tax under this Act; or

b) **any person engaged in the business of transporting goods or an owner or operator of a warehouse or a godown or any other place is keeping goods** which have escaped payment of tax or has kept his accounts or goods in such a manner as is likely to cause evasion of tax payable under this Act, he may authorise in writing any other officer of central tax to inspect any places of business of the taxable person or the

persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place.

(2) Where the proper officer, **not below the rank of Joint Commissioner**, either pursuant to an 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 authorized 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.

(3) 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 thirty days of the issue of the said notice.

(4) 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.

(5) 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.

(6) 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.

(7) Where any goods are seized under sub-section (2) and no notice in respect thereof is given within six 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 six months

may, on sufficient cause being shown, be extended by the proper officer for a further period not exceeding six months.

(8) 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 any other relevant considerations, by notification, specify the goods or class of goods which shall, as soon as may be after its seizure under subsection (2), be disposed of by the proper officer in such manner as may be prescribed.

(9) 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.

(10) **The provisions of the Code of Criminal Procedure, 1973**, relating to search and seizure, **shall, so far as may be, apply** to search and seizure under this section subject to the modification that sub-section (5) of section 165 of the said Code shall have effect as if for the word "Magistrate", wherever it occurs, the word "Commissioner" were substituted.

(11) Where the proper officer has reasons to believe that any person has evaded or is attempting to evade the payment of any tax, he may, for reasons to be recorded in writing, seize the accounts, registers or documents of such person produced before him and shall grant a receipt for the same, and shall retain the same for so long as may be necessary in connection with any proceedings under this Act or the rules made thereunder for prosecution.

(12) **The Commissioner or an officer authorised by him may cause purchase of any goods or services or both** by any person authorised by him from the business premises of any taxable person, to check the issue of tax invoices or bills of supply by such taxable person, and on return of goods so purchased by such officer, such taxable person or any person in charge of the business premises shall refund the amount so paid towards the goods after cancelling any tax invoice or bill of supply issued earlier.

**Section 68: Inspection of goods in movement.** (Relevant Rule 55A & Rule 138)

(1) **The Government may require the person in charge of a conveyance** carrying any consignment of goods of value exceeding such amount as may be specified **to carry with him such documents and such devices as may be prescribed.**

(2) The details of documents required to be carried under sub-section (1) shall be validated in such manner as may be prescribed.

(3) Where any conveyance referred to in sub-section (1) is intercepted by the proper officer at any place, he may require the person in charge of the said conveyance to produce the documents prescribed under the said sub-section and devices for verification, and the said person shall be liable to produce the documents and devices and also allow the inspection of goods.

### **Section 69: Power to arrest.**

(1) Where **the Commissioner has reasons to believe** that a person has committed any offence specified in clause (a) or clause (b) or clause (c) or clause (d) of sub-section (1) of section 132 which is punishable under clause (i) or (ii) of sub-section (1), or sub-section (2) of the said section, he may, **by order, authorise any officer of central tax to arrest** such person.

(2) Where a person is arrested under sub-section (1) for an offence specified under subsection (5) of section 132, the officer authorised to arrest the person **shall inform such person of the grounds** of arrest and **produce him before a Magistrate within twenty four hours**.

(3) Subject to the provisions of the Code of Criminal Procedure, 1973,

a) where a person is arrested under sub-section (1) for any offence specified under sub-section (4) of section 132, he shall be admitted to bail or in default of bail, forwarded to the custody of the Magistrate;

b) in the case of a non-cognizable and bailable offence, the Deputy Commissioner or the Assistant Commissioner shall, for the purpose of releasing an arrested person on bail or otherwise, have the same powers and be subject to the same provisions as an officer-in-charge of a police station.

### **Section 70: Power to summon persons to give evidence and produce documents.**

(1) The proper officer under this Act shall have power **to summon any person whose attendance he considers necessary** either to give evidence or to produce a document or any other thing in any inquiry in the same manner, as provided in the case of a civil court under the provisions of the Code of Civil Procedure, 1908.

(2) Every such inquiry referred to in sub-section (1) shall be deemed to be a "**judicial proceedings**" within the meaning of section 193 and section 228 of the Indian Penal Code.

### **Section 71: Access to business premises.**

(1) **Any officer** under this Act, **authorised by the proper officer not below the rank of Joint Commissioner**, shall **have access to any place of business of a registered person** to inspect books of account, documents, computers, computer programs, computer software whether installed in a computer or otherwise and such other things as he may require and which may be available at such place, for the purposes of carrying out any audit, scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.

(2) Every person in charge of place referred to in sub-section (1) shall, on demand, make available to the officer authorised under sub-section (1) or the audit party deputed by the proper officer or a cost accountant or chartered accountant nominated under section 66"

- (i) such records as prepared or maintained by the registered person and declared to the proper officer in such manner as may be prescribed;
- (ii) trial balance or its equivalent;
- (iii) statements of annual financial accounts, duly audited, wherever required;
- (iv) cost audit report, if any, under section 148 of the Companies Act 2013;
- (v) the income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961; and
- (vi) any other relevant record, for the scrutiny by the officer or audit party or the chartered accountant or cost accountant within a period not exceeding fifteen working days from the day when such demand is made, or such further period as may be allowed by the said officer or the audit party or the chartered accountant or cost accountant.

**Section 72: Officers to assist proper officers.**

(1) **All officers of Police, Railways, Customs, and those officers engaged in the collection of land revenue, including village officers, officers of State tax and officers of Union territory 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.

**Section 73: Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any wilful misstatement or suppression of facts** (Relevant Rule 142 & 142A)

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, **other than** the reason of fraud or any willful-misstatement or suppression of facts to evade tax, **he shall serve notice** on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him **to show cause as to why** he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder.

(2) The proper officer shall issue the notice under sub-section (1) **at least three months prior to the time limit** specified in sub-section (10) for issuance of order.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may **serve a statement**, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of such statement **shall be deemed to be service of notice** on such person under sub-section (1), subject to the condition that the grounds relied upon for

such tax periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.

(5) The person chargeable with tax may, before service of notice under sub-section (1) or, as the case may be, the statement under sub-section (3), pay the amount of tax along with interest payable thereon under section 50 **on the basis of his own ascertainment** of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.

(6) The proper officer, on receipt of such information, shall **not serve** any notice under sub-section (1) or, as the case may be, the statement under sub-section (3), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder.

(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) **falls short of the amount actually payable, he shall proceed to issue the notice** as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.

(8) Where any person chargeable with tax under sub-section (1) or sub-section (3) pays the said tax along with interest payable under section 50 within thirty days of issue of show cause notice, **no penalty shall be payable** and all proceedings in respect of the said notice shall be deemed to be concluded.

(9) The proper officer shall, after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and **a penalty equivalent to ten per cent. of tax or ten thousand rupees**, whichever is higher, due from such person and issue an order.

(10) The proper officer shall issue the order under sub-section (9) **within three years from the due date for furnishing of annual return** for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund.

(11) Notwithstanding anything contained in sub-section (6) or sub-section (8), **penalty under sub-section (9) shall be payable** where any amount of self-assessed tax or **any amount collected as tax has not been paid within a period of thirty days from the due date of payment of such tax.**

**Section 74: Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any willful misstatement or suppression of facts.** (Relevant Rule 142 & 142A)

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised **by reason of fraud, or any willful-misstatement or suppression of facts** to evade tax, he **shall serve notice** on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or

who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty equivalent to the tax specified in the notice.

(2) The proper officer shall issue the notice under sub-section (1) **at least six months prior** to the time limit specified in sub-section (10) for issuance of order.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may **serve a statement**, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of statement under sub-section (3) shall be deemed to be service of notice under sub-section (1) of section 73, subject to the condition that the grounds relied upon in the said statement, except the ground of fraud, or any willful-misstatement or suppression of facts to evade tax, for periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.

(5) The person chargeable with tax may, before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 and **a penalty equivalent to fifteen per cent.** of such tax **on the basis of his own ascertainment** of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.

(6) The proper officer, on receipt of such information, **shall not serve any notice** under sub-section (1), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder.

(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) falls short of the amount actually payable, **he shall proceed to issue** the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.

(8) Where any person chargeable with tax under sub-section (1) pays the said tax along with interest payable under section 50 **and a penalty equivalent to twenty-five per cent.** of such tax **within thirty days of issue of the notice**, all proceedings in respect of the said notice shall be deemed to be concluded.

(9) The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.

(10) The proper officer shall issue the order under sub-section (9) **within a period of five years from** the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within five years from the date of erroneous refund.

(11) Where any person served with an order issued under sub-section (9) pays the tax along with interest payable thereon under section 50 and **a penalty equivalent to fifty**

**per cent. of such tax** within thirty days of communication of the order, all proceedings in respect of the said notice shall be deemed to be concluded.

Explanation 1.- For the purposes of section 73 and this section,"

(i) the expression "all proceedings in respect of the said notice" shall not include proceedings under section 132;

(ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main person have been concluded under section 73 or section 74, the proceedings against all the persons liable to pay penalty under 1[sections 122 and 125] are deemed to be concluded.

Explanation 2. For the purposes of this Act, the expression "suppression" shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer.

#### **Section 75: General provisions relating to determination of tax.**

(1) **Where the service of notice or issuance of order is stayed by an order of a court or Appellate Tribunal, the period of such stay shall be excluded** in computing the period specified in sub-sections (2) and (10) of section 73 or sub-sections (2) and (10) of section 74, as the case may be.

(2) Where any Appellate Authority or Appellate Tribunal or court concludes that the notice issued under sub-section (1) of section 74 is not sustainable for the reason that the charges of fraud or any willful-misstatement or suppression of facts to evade tax has not been established against the person to whom the notice was issued, **the proper officer shall determine the tax payable by such person, deeming as if the notice were issued under subsection (1) of section 73.**

(3) Where any order is required to be issued in pursuance of the direction of the Appellate Authority or Appellate Tribunal or a court, such order shall be issued within two years from the date of communication of the said direction.

(4) **An opportunity of hearing shall be granted** where a request is received in writing from the person chargeable with tax or penalty, or where any adverse decision is contemplated against such person.

(5) The proper officer shall, if sufficient cause is shown by the person chargeable with tax, grant time to the said person and adjourn the hearing for reasons to be recorded in writing:

"Provided that no such adjournment shall be granted for more than three times to a person during the proceedings.

(6) The proper officer, in his order, **shall set out the relevant facts and the basis of his decision.**



(7) The amount of tax, interest and penalty demanded in the order shall not be in excess of the amount specified in the notice and no demand shall be confirmed on the grounds other than the grounds specified in the notice.

(8) Where the Appellate Authority or Appellate Tribunal or court modifies the amount of tax determined by the proper officer, the amount of interest and penalty shall stand modified accordingly, taking into account the amount of tax so modified.

**(9) The interest on the tax short paid or not paid shall be payable whether or not specified in the order determining the tax liability.**

(10) The adjudication proceedings shall be deemed to be concluded, if the order is not issued within three years as provided for in sub-section (10) of section 73 or within five years as provided for in sub-section (10) of section 74

(11) An issue on which the Appellate Authority or the Appellate Tribunal or the High Court has given its decision which is prejudicial to the interest of revenue in some other proceedings and an appeal to the Appellate Tribunal or the High Court or the Supreme Court against such decision of the Appellate Authority or the Appellate Tribunal or the High Court is pending, the period spent between the date of the decision of the Appellate Authority and that of the Appellate Tribunal or the date of decision of the Appellate Tribunal and that of the High Court or the date of the decision of the High Court and that of the Supreme Court shall be excluded in computing the period referred to in sub-section (10) of section 73 or sub-section (10) of section 74 where proceedings are initiated by way of issue of a show cause notice under the said sections.

(12) Notwithstanding anything contained in section 73 or section 74, **where any amount of self-assessed tax in accordance with a return furnished under section 39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid**, the same shall be **recovered** under the provisions of section 79.

*Explanation.*""For the purposes of this sub-section, the expression "self-assessed tax" shall include the tax payable in respect of details of outward supplies furnished under section 37, but not included in the return furnished under section 39.

(13) Where any penalty is imposed under section 73 or section 74, **no penalty for the same act or omission shall be imposed** on the same person under any other provision of this Act.

**Section 76: Tax collected but not paid to Government.** - (Relevant Rule 142 & 142A)

(1) Notwithstanding anything to the contrary contained in any order or direction of any Appellate Authority or Appellate Tribunal or court or in any other provisions of this Act or the rules made thereunder or any other law for the time being in force, every person who has collected from any other person any amount as representing the tax under this Act, and has not paid the said amount to the Government, **shall forthwith**

**pay the said amount to the Government**, irrespective of whether the supplies in respect of which such amount was collected are taxable or not.

(2) Where any amount is required to be paid to the Government under sub-section (1), and which has not been so paid, the proper officer may serve on the person liable to pay such amount a notice requiring him to show cause as to why the said amount as specified in the notice, should not be paid by him to the Government and why a penalty equivalent to the amount specified in the notice should not be imposed on him under the provisions of this Act.

(3) The proper officer shall, after considering the representation, if any, made by the person on whom the notice is served under sub-section (2), determine the amount due from such person and thereupon such person shall pay the amount so determined.

(4) The person referred to in sub-section (1) shall in addition to paying the amount referred to in sub-section (1) or sub-section (3) also be liable to pay interest thereon at the rate specified under section 50 from the date such amount was collected by him to the date such amount is paid by him to the Government.

(5) An opportunity of hearing shall be granted where a request is received in writing from the person to whom the notice was issued to show cause.

(6) The proper officer shall issue an order within one year from the date of issue of the notice.

(7) Where the issuance of order is stayed by an order of the court or Appellate Tribunal, the period of such stay shall be excluded in computing the period of one year.

(8) The proper officer, in his order, shall set out the relevant facts and the basis of his decision.

(9) The amount paid to the Government under sub-section (1) or sub-section (3) shall be adjusted against the tax payable, if any, by the person in relation to the supplies referred to in sub-section (1).

(10) Where any surplus is left after the adjustment under sub-section (9), the amount of such surplus shall either be credited to the Fund or refunded to the person who has borne the incidence of such amount.

(11) The person who has borne the incidence of the amount, may apply for the refund of the same in accordance with the provisions of section 54.

**Section 77: Tax wrongfully collected and paid to Central Government or State Government.**

(1) A registered person who has paid the central tax and State tax or, as the case may be, the central tax and the 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 central tax and State tax or, as the case may be, the central tax and the Union territory tax payable.

**Section 78: Initiation of recovery proceedings.**

Any amount payable by a taxable person in pursuance of an order passed under this Act shall be paid by such person **within a period of three months** from the date of service of such order **failing which recovery proceedings shall be initiated:**

Provided that where the proper officer considers it expedient in the interest of revenue, he may, for reasons to be recorded in writing, require the said taxable person to make such payment within such period less than a period of three months as may be specified by him.

**Section 79: Recovery of tax.** (Relevant Rules 143 to 157)

(1) Where any amount payable by a person to the Government under any of the provisions of this Act or the rules made thereunder is not paid, the proper officer shall proceed to recover the amount by **one or more of the following modes**, namely:

a) the proper officer **may deduct** or may require any other specified officer to deduct the amount **so payable from any money owing to such person** which may be under the control of the proper officer or such other specified officer;

b) the proper officer may recover or may require any other specified officer to recover the amount so payable **by detaining and selling any goods** belonging to such person which are under the control of the proper officer or such other specified officer;

c) (i) the proper officer may, by a notice in writing, **require any other person** from whom money is due or may become due to such person or who holds or may subsequently hold money for or on account of such person, to pay to the Government either forthwith upon the money becoming due or being held, or within the time specified in the notice not being before the money becomes due or is held, so much of the money as is sufficient to pay the amount due from such person or the whole of the money when it is equal to or less than that amount;

(ii) every person to whom the notice is issued under sub-clause (i) **shall be bound to comply with such notice**, and in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary to produce any pass book, deposit receipt, policy or any other document for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary;

(iii) in case the person to whom a notice under sub-clause (i) has been issued, fails to make the payment in pursuance thereof to the Government, **he shall be deemed to be a defaulter** in respect of the amount specified in the notice and all the consequences of this Act or the rules made thereunder shall follow;

(iv) the officer issuing a notice under sub-clause (i) may, at any time, amend or revoke such notice or extend the time for making any payment in pursuance of the notice;

(v) any person making any payment in compliance with a notice issued under sub-clause (i) shall be deemed to have made the payment under the authority of the person in default and such payment being credited to the Government shall be deemed to constitute a good and sufficient discharge of the liability of such person to the person in default to the extent of the amount specified in the receipt;

(vi) any person discharging any liability to the person in default after service on him of the notice issued under sub-clause (i) shall be personally liable to the Government to the extent of the liability discharged or to the extent of the liability of the person in default for tax, interest and penalty, whichever is less;

(vii) where a person on whom a notice is served under sub-clause (i) **proves to the satisfaction of the officer issuing the notice** that the money demanded or any part thereof was not due to the person in default or that he did not hold any money for or on account of the person in default, at the time the notice was served on him, nor is the money demanded or any part thereof, likely to become due to the said person or be held for or on account of such person, **nothing contained in this section shall be deemed to require the person** on whom the notice has been served to pay to the Government any such money or part thereof;

d) the proper officer may, in accordance with the rules to be made in this behalf, **distrain any movable or immovable property belonging to or under the control of such person, and detain the same until the amount payable is paid;** and in case, any part of the said amount payable or of the cost of the distress or keeping of the property, remains unpaid for a period of thirty days next after any such distress, may cause the said property to be sold and with the proceeds of such sale, may satisfy the amount payable and the costs including cost of sale remaining unpaid and shall render the surplus amount, if any, to such person;

e) the proper officer may **prepare a certificate** signed by him specifying the amount due from such person and **send it to the Collector of the district** in which such person owns any property or resides or carries on his business or to any officer authorised by the Government and the said Collector or the said officer, on receipt of such certificate, shall proceed to recover from such person the amount specified thereunder **as if it were an arrear of land revenue;**

f) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, the proper officer may **file an application to the appropriate Magistrate** and such Magistrate shall proceed to recover from such person the amount specified thereunder **as if it were a fine imposed by him.**

(2) Where **the terms of any bond or other instrument** executed under this Act or any rules or regulations made thereunder provide that any amount due under such

instrument may be recovered in the manner laid down in sub-section (1), the amount may, without prejudice to any other mode of recovery, **be recovered in accordance with** the provisions of that sub-section.

(3) Where any amount of tax, interest or penalty is payable by a person to the Government under any of the provisions of this Act or the rules made thereunder and which remains unpaid, the proper officer of State tax or Union territory tax, during the course of recovery of said tax arrears, **may recover the amount from the said person as if it were an arrear of State tax or Union territory tax and credit the amount so recovered to the account of the Government.**

(4) Where the amount recovered under sub-section (3) is less than the amount due to the Central Government and State Government, the amount to be credited to the account of the respective Governments shall be **in proportion** to the amount due to each such Government.

Explanation."For the purposes of this section, the word person shall include "distinct persons" as referred to in sub-section (4) or, as the case may be, sub-section (5) of section 25.

**Section 122: Penalty for certain offences.** (Relevant Rule 142)

(1) Where a **taxable person who**

(i) **supplies** any goods or services or both **without issue of any invoice** or issues an incorrect or false invoice with regard to any such supply;

(ii) **issues any invoice or bill without supply** of goods or services or both in violation of the provisions of this Act or the rules made thereunder;

(iii) **collects any amount as tax but fails to pay** the same to the Government beyond a period of three months from the date on which such payment becomes due;

(iv) **collects any tax in contravention of the provisions** of this Act but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due;

(v) **fails to deduct the tax** in accordance with the provisions of sub-section (1) of section 51, or deducts an amount which is less than the amount required to be deducted under the said sub-section, or where he fails to pay to the Government under subsection (2) thereof, the amount deducted as tax;

(vi) **fails to collect tax** in accordance with the provisions of sub-section (1) of section 52, or collects an amount which is less than the amount required to be collected under the said sub-section or where he fails to pay to the Government the amount collected as tax under sub-section (3) of section 52;

(vii) **takes or utilizes input tax credit without actual receipt of goods or services or both** either fully or partially, in contravention of the provisions of this Act or the rules made thereunder;

(viii) **fraudulently obtains refund of tax** under this Act;

(ix) **takes or distributes input tax credit in contravention of section 20**, or the rules made thereunder;

(x) **falsifies or substitutes financial records** or produces fake accounts or documents or furnishes any false information or return with an intention to evade payment of tax due under this Act;

(xi) is liable to be registered under this Act but **fails to obtain registration**;

(xii) furnishes any **false information with regard to registration** particulars, either at the time of applying for registration, or subsequently;

(xiii) **obstructs or prevents any officer** in discharge of his duties under this Act;

(xiv) transports any taxable goods **without the cover of documents** as may be specified in this behalf;

(xv) **suppresses his turnover** leading to evasion of tax under this Act;

(xvi) **fails to keep, maintain or retain books** of account and other documents in accordance with the provisions of this Act or the rules made thereunder;

(xvii) **fails to furnish information** or documents called for by an officer in accordance with the provisions of this Act or the rules made thereunder or **furnishes false information** or documents during any proceedings under this Act;

(xviii) **supplies, transports or stores any goods** which he has reasons to believe **are liable to confiscation** under this Act;

(xix) issues any invoice or document by **using the registration number of another registered person**;

(xx) **tampers with, or destroys any material evidence or document**;

(xxi) **disposes off or tampers with any goods that have been detained, seized, or attached** under this Act,

he shall be liable to pay a penalty of **ten thousand rupees or an amount equivalent to the tax evaded** or the tax not deducted under section 51 or short deducted or deducted but not paid to the Government or tax not collected under section 52 or short collected or collected but not paid to the Government or input tax credit availed of or passed on or distributed irregularly, or the refund claimed fraudulently, **whichever is higher**.

(1A) **Any person who retains the benefit** of a transaction covered under clauses (i), (ii), (vii) or clause (ix) of sub-section (1) and at whose instance such transaction is conducted, **shall be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.**]

(1B) Any **electronic commerce operator** who

(i) **allows a supply of goods or services or both through it by an unregistered person** other than a person exempted from registration by a notification issued under this Act to make such supply;

(ii) **allows an inter-State supply** of goods or services or both through it by a person **who is not eligible** to make such inter-State supply; or

(iii) **fails to furnish the correct details** in the statement to be furnished under sub-section (4) of section 52 of any outward supply of goods effected through it by a person exempted from obtaining registration under this Act, shall be liable to pay a penalty of **ten thousand rupees, or an amount equivalent to the amount of tax involved** had such supply been made by a registered person other than a person paying tax under section 10, **whichever is higher.**

(2) Any registered person who supplies any goods or services or both on which any tax has not been paid or short-paid or erroneously refunded, or where the input tax credit has been wrongly availed or utilised,"

(a) for any reason, **other than the reason** of fraud or any willful misstatement or suppression of facts to evade tax, **shall be liable to a penalty of ten thousand rupees or ten per cent. of the tax due from such person, whichever is higher;**

(b) **for reason of** fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty equal to **ten thousand rupees or the tax due** from such person, **whichever is higher.**

(3) Any **person** who""

a) **aids or abets** any of the offences specified in clauses (i) to (xxi) of sub-section (1);

b) **acquires possession** of, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules made thereunder;

c) **receives** or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the rules made there under;

d) **fails to appear before** the officer of central tax, when issued with a summon for appearance to give evidence or produce a document in an inquiry;

e) **fails to issue invoice** in accordance with the provisions of this Act or the rules made thereunder or fails to account for an invoice in his books of account, shall be liable to a penalty which may extend to twenty-five thousand rupees.

**Section 123: Penalty for failure to furnish information return.** (Relevant Rule 142)

If a person who is required to furnish an information return under section 150 fails to do so within the period specified in the notice issued under sub-section (3) thereof, the proper officer may direct that such person shall be liable to pay a penalty of one hundred rupees for each day of the period during which the failure to furnish such return continues:

Provided that the penalty imposed under this section **shall not exceed five thousand rupees.**

**Section 124: Fine for failure to furnish statistics.**\_(Relevant Rule 142)

If any person required to furnish any information or return under section 151,"  
(a) without reasonable cause fails to furnish such information or return as may be required under that section, or

(b) willfully furnishes or causes to furnish any information or return which he knows to be false,

he shall be punishable with a fine which **may extend to ten thousand rupees** and in case of a continuing offence to a further fine which **may extend to one hundred rupees for each day** after the first day during which the offence continues **subject to a maximum limit of twenty five thousand rupees.**

**Section 125: General penalty** (Relevant Rule 142)

Any person, who contravenes any of the provisions of this Act or any rules made thereunder for which no penalty is separately provided for in this Act, shall be liable to a penalty which **may extend to twenty-five thousand rupees.**

**Section 126: General disciplines related to penalty.**

(1) No officer under this Act shall impose any penalty for minor breaches of tax regulations or procedural requirements and in particular, any omission or mistake in documentation which is easily rectifiable and made without fraudulent intent or gross negligence.

Explanation." "For the purpose of this sub-section,""

(a) a breach shall be considered a "minor breach" if the amount of tax involved is less than five thousand rupees;

(b) an omission or mistake in documentation shall be considered to be easily rectifiable if the same is an error apparent on the face of record.

(2) The penalty imposed under this Act **shall depend on the facts and circumstances of each case** and shall be commensurate with the degree and severity of the breach.

(3) **No penalty** shall be imposed on any person **without giving him an opportunity of being heard.**

(4) The officer under this Act shall while imposing penalty in an order for a breach of any law, regulation or procedural requirement, **specify the nature of the breach** and the applicable law, regulation or procedure under which the amount of penalty for the breach has been specified.

(5) When a person voluntarily discloses to an officer under this Act the circumstances of a breach of the tax law, regulation or procedural requirement prior to the discovery of the breach by the officer under this Act, the proper officer may consider this fact as a mitigating factor when quantifying a penalty for that person.

(6) The provisions of this section shall not apply in such cases where the penalty specified under this Act is either a fixed sum or expressed as a fixed percentage.

**Section 127: Power to impose penalty in certain cases.** (Relevant Rule 142)



Where the proper officer is of the view that a person is liable to a penalty and the same is not covered under any proceedings under section 62 or section 63 or section 64 or section 73 or section 74 or section 129 or section 130, he may issue an order levying such penalty after giving a reasonable opportunity of being heard to such person.

**Section 129: Detention, seizure and release of goods and conveyances in transit.** (Relevant Rule 138A, Rule 142, Rule 144A, Rule 154)

(1) Notwithstanding anything contained in this Act, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of this Act or the rules made thereunder, **all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to detention or seizure and after detention or seizure, shall be released,"**

a) **on payment of penalty equal to two hundred per cent. of the tax payable** on such goods and, in case of exempted goods, on payment of an amount equal to two per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such penalty;

b) **on payment of penalty equal to fifty per cent. of the value of the goods or two hundred per cent. of the tax payable on such goods**, whichever is higher, and in case of exempted goods, on payment of an amount equal to five per cent. of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such penalty;

c) **upon furnishing a security** equivalent to the amount payable under clause (a) or clause (b) in such form and manner as may be prescribed:

Provided that no such goods or conveyance shall be detained or seized without serving an order of detention or seizure on the person transporting the goods.

(3) The proper officer detaining or seizing goods or conveyance **shall issue a notice within seven days of such detention or seizure**, specifying the penalty payable, and thereafter, pass an order within a period of seven days from the date of service of such notice, for payment of penalty under clause (a) or clause (b) of sub-section (1).]

(4) No penalty shall be determined under sub-section (3) without giving the person concerned an **opportunity of being heard**.

(5) **On payment of amount referred in** sub-section (1), **all proceedings** in respect of the notice specified in sub-section (3) **shall be deemed to be concluded**.

(6) Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty under sub-section (1) within fifteen days from the date of receipt of the copy of the order passed under sub-section (3), the goods or conveyance so detained or seized **shall be liable to be sold or disposed of otherwise**, in such

manner and within such time as may be prescribed, to recover the penalty payable under sub-section (3):

Provided that **the conveyance shall be released on payment by the transporter of penalty** under sub-section (3) **or one lakh rupees**, whichever is **less**:

Provided further that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of fifteen days may be reduced by the proper officer.

**Section 130: Confiscation of goods or conveyances and levy of penalty.** (Relevant Rule 142)

(1) Where any **person**"

(i) **supplies or receives any goods in contravention** of any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(ii) **does not account for any goods** on which he is liable to pay tax under this Act; or

(iii) **supplies any goods liable to tax** under this Act **without having applied for registration**; or

(iv) **contravenes** any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(v) **uses any conveyance** as a means of transport for carriage of goods in contravention of the provisions of this Act or the rules made thereunder unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance,

then, **all such goods or conveyances shall be liable to confiscation** and the **person shall be liable to penalty under section 122.**

(2) Whenever confiscation of any goods or conveyance is authorised by this Act, the officer adjudging it shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as the said officer thinks fit:

Provided that such fine leviable shall not exceed the market value of the goods confiscated, less the tax chargeable thereon:

Provided further that the aggregate of such fine and penalty leviable shall not be less than the penalty equal to **hundred per cent. of the tax payable on such good**:

Provided also that where any such conveyance is used for the carriage of the goods or passengers for hire, the owner of the conveyance shall be given an option to pay in lieu of the confiscation of the conveyance a fine equal to the tax payable on the goods being transported thereon.

(4) No order for confiscation of goods or conveyance or for imposition of penalty shall be issued without giving the person an opportunity of being heard.

(5) Where any goods or conveyance are confiscated under this Act, the title of such goods or conveyance shall thereupon vest in the Government.

(6) The proper officer adjudging confiscation shall take and hold possession of the things confiscated and every officer of Police, on the requisition of such proper officer, shall assist him in taking and holding such possession.

(7) The proper officer may, after satisfying himself that the confiscated goods or conveyance are not required in any other proceedings under this Act and after giving reasonable time not exceeding three months to pay fine in lieu of confiscation, dispose of such goods or conveyance and deposit the sale proceeds thereof with the Government.

**Section 131: Confiscation or penalty not to interfere with other punishments.**

Without prejudice to the provisions contained in the Code of Criminal Procedure, 1973, no confiscation made or penalty imposed under the provisions of this Act or the rules made thereunder shall prevent the infliction of any other punishment to which the person affected thereby is liable under the provisions of this Act or under any other law for the time being in force.

**Section 132: Punishment for certain offences.**

(1) **Whoever commits**, or causes to commit and retain the benefits arising out of, any of the following offences, namely:"

- a) **supplies any goods or services or both without issue of any invoice**, in violation of the provisions of this Act or the rules made thereunder, with the intention to evade tax;
- b) **issues any invoice or bill without supply of goods or services or both** in violation of the provisions of this Act, or the rules made thereunder leading to wrongful availment or utilization of input tax credit or refund of tax;
- (c) **avails input tax credit** using the invoice or bill referred to in clause (b) or fraudulently avails input tax credit without any invoice or bill]
- d) **collects any amount as tax but fails to pay** the same to the Government beyond a period of three months from the date on which such payment becomes due;
- e) **evades tax**, or fraudulently obtains refund and where such offence is not covered under clauses (a) to (d);
- f) **falsifies or substitutes financial records** or produces fake accounts or documents or furnishes any false information with an intention to evade payment of tax due under this Act;
- h) **acquires possession of**, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with, any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules made there under;
- i) **receives** or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the rules made thereunder;

l) **attempts to commit**, or abets the commission of any of the offences mentioned in 4[clauses (a) to (f) and clauses (h) and (i)] of this section, shall be punishable""

(i) in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken **exceeds five hundred lakh rupees, with imprisonment for a term which may extend to five years and with fine;**

(ii) "in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds two hundred lakh rupees but does not exceed five hundred lakh rupees, with imprisonment for a term which may extend to three years and with fine;

(iii) in the case of an offence specified in clause (b), where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds one hundred lakh rupees but does not exceed two hundred lakh rupees, with imprisonment for a term which may extend to one year and with fine;

(iv) in cases where he commits or abets the commission of an offence specified in clause (f) he shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.

(2) Where any person convicted of an offence under this section is again convicted of an offence under this section, then, he shall be punishable for the second and for every subsequent offence with imprisonment for a term which may extend to five years and with fine.

(3) The imprisonment referred to in clauses (i), (ii) and (iii) of sub-section (1) and sub-section (2) shall, in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the Court, be for a term not less than six months.

(4) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, all offences under this Act, except the offences referred to in sub-section (5) shall be non-cognizable and bailable.

(5) The offences specified in clause (a) or clause (b) or clause (c) or clause (d) of subsection (1) and punishable under clause (i) of that sub-section shall be cognizable and non-bailable.

(6) A person shall not be prosecuted for any offence under this section **except with the previous sanction of the Commissioner.**

Explanation." For the purposes of this section, the term "tax" shall include the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or refund wrongly taken under the provisions of this Act, the State Goods and Services Tax Act, the Integrated Goods and Services Tax Act or the Union Territory Goods and Services Tax Act and cess levied under the Goods and Services Tax (Compensation to States) Act.

### **Section 133: Liability of officers and certain other persons**

Where any person engaged in connection with the collection of statistics under section 151 or compilation or computerisation thereof or if any officer of central tax having access to information specified under sub-section (1) of section 150, or if any person engaged in connection with the provision of service on the common portal or the agent of common portal, wilfully discloses any information or the contents of any return furnished under this Act or rules made thereunder otherwise than in execution of his duties under the said sections or for the purposes of prosecution for an offence under this Act or under any other Act for the time being in force, he shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to twenty-five thousand rupees, or with both.

(2) Any person "

(a) who is a Government servant shall not be prosecuted for any offence under this section except with the previous sanction of the Government;

(b) who is not a Government servant shall not be prosecuted for any offence under this section except with the previous sanction of the Commissioner.

### **Section 134: Cognizance of offences.**

No court shall take cognizance of any offence punishable under this Act or the rules made thereunder except with the previous sanction of the Commissioner, and no court inferior to that of a Magistrate of the First Class, shall try any such offence.

### **Section 135: Presumption of culpable mental state.**

In any prosecution for an offence under this Act which requires a culpable mental state on the part of the accused, **the court shall presume the existence of such mental state** but it shall be a defence for the accused to prove the fact that he had no such mental state with respect to the act charged as an offence in that prosecution.

Explanation. "For the purposes of this section,"

(i) the expression "culpable mental state" includes intention, motive, knowledge of a fact, and belief in, or reason to believe, a fact;

(ii) a fact is said to be proved only when the court believes it to exist beyond reasonable doubt and not merely when its existence is established by a preponderance of probability.

### **Section 136: Relevancy of statements under certain circumstances.**

A statement made and signed by a person on appearance in response to any summons issued under section 70 during the course of any inquiry or proceedings under this Act shall be relevant, for the purpose of proving, in any prosecution for an offence under this Act, the truth of the facts which it contains,"

a) when the person who made the statement is dead or cannot be found, or is incapable of giving evidence, or is kept out of the way by the adverse party, or whose presence

cannot be obtained without an amount of delay or expense which, under the circumstances of the case, the court considers unreasonable; or

b) when the person who made the statement is examined as a witness in the case before the court and the court is of the opinion that, having regard to the circumstances of the case, the statement should be admitted in evidence in the interest of justice.

### **Section 137: Offences by companies**

(1) Where an offence committed by a person under this Act is a company, **every person who**, at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of business of the company, as well as the company, **shall be deemed to be guilty** of the offence and shall be liable to be proceeded against and punished accordingly.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any negligence on the part of, any director, manager, secretary or other officer of the company, **such director, manager, secretary or other officer** shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

(3) Where an offence under this Act has been committed by a taxable person being a partnership firm or a Limited Liability Partnership or a Hindu undivided family or a trust, the partner or karta or managing trustee shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly and the provisions of sub-section (2) shall, mutatis mutandis, apply to such persons.

(4) Nothing contained in this section shall render any such person liable to any punishment provided in this Act, **if he proves that the offence was committed without his knowledge** or that he had exercised all due diligence to prevent the commission of such offence.

Explanation." "For the purposes of this section,""

(i) "company" means a body corporate and includes a firm or other association of individuals; and

(ii) "director", in relation to a firm, means a partner in the firm.

### **Section 138: Compounding of offences.** (Relevant Rule 162)

(1) **Any offence** under this Act may, either before or after the institution of prosecution, **be compounded by the Commissioner on payment, by the person accused of the offence, to the Central Government or the State Government**, as the case be, of such compounding amount in such manner as may be prescribed:

Provided that nothing contained in this section shall apply to"

a) a person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f), (h), (i) and (l) of sub-section (1) of section 132

(c) a person who has been accused of committing an offence under clause (b) of sub-section (1) of section 132

d) a person who has been convicted for an offence under this Act by a court;

f) any other class of persons or offences as may be prescribed:

Provided further that any compounding allowed under the provisions of this section shall not affect the proceedings, if any, instituted under any other law:

Provided also that compounding shall be allowed only after making payment of tax, interest and penalty involved in such offences.

(2) The amount for compounding of offences under this section shall be such as may be prescribed, subject to the minimum amount not being less than **twenty-five per cent. of the tax involved** and the maximum amount not being more than one hundred per cent. of the tax involved

(3) On payment of such compounding amount as may be determined by the Commissioner, no further proceedings shall be initiated under this Act against the accused person in respect of the same offence and any criminal proceedings, if already initiated in respect of the said offence, shall stand abated.

#### **Section 143: Job work procedure.**

(1) 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 input, 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 the 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.

(2) The **responsibility for keeping proper accounts** for the inputs or capital goods **shall lie with the principal.**

(3) 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 provisions of clause (a) of subsection (1) or are not supplied from the place of business of the job worker in accordance with the provisions of clause (b) of sub-section (1) **within a period of one 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.

(4) 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 the provisions of clause (a) of sub-section (1) or are not supplied from the place of business of the job worker in accordance with the provisions of clause (b) of sub-section (1) within a period of three 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.

(5) 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.

#### **Section 144: Presumption as to documents in certain cases**

Where any document"

(i) is produced by any person under this Act or any other law for the time being in force; or

(ii) has been seized from the custody or control of any person under this Act or any other law for the time being in force; or

(iii) has been received from any place outside India in the course of any proceedings under this Act or any other law for the time being in force,

and such document is tendered by the prosecution in evidence against him or any other person who is tried jointly with him, the court shall"

a) **unless the contrary is proved by such person, presume"**

(i) the **truth of the contents** of such document;

(ii) that the **signature** and every other part of such document which purports to be in the handwriting of any particular person or which the court may reasonably assume to



have been signed by, or to be in the handwriting of, any particular person, **is in that person's handwriting**, and in the case of a document executed or attested, that it was executed or attested by the person by whom it purports to have been so executed or attested

b) **admit the document in evidence** notwithstanding that it is not duly stamped, if such document is otherwise admissible in evidence.

**Section 145: Admissibility of micro films, facsimile copies of documents and computer printouts as documents and as evidence.**

(1) Notwithstanding anything contained in any other law for the time being in force,"

(a) a micro film of a document or the reproduction of the image or images embodied in such micro film (whether enlarged or not); or

(b) a facsimile copy of a document; or

(c) a statement contained in a document and included in a printed material produced by a computer, subject to such conditions as may be prescribed; or

(d) any information stored electronically in any device or media, including any hard copies made of such information, shall be deemed to be a document for the purposes of this Act and the rules made thereunder and shall be admissible in any proceedings thereunder, without further proof or production of the original, as evidence of any contents of the original or of any fact stated therein of which direct evidence would be admissible.

(2) In any proceedings under this Act or the rules made thereunder, where it is desired to give a statement in evidence by virtue of this section, a certificate,"

(a) identifying the document containing the statement and describing the manner in which it was produced;

(b) giving such particulars of any device involved in the production of that document as may be appropriate for the purpose of showing that the document was produced by a computer, shall be evidence of any matter stated in the certificate and for the purposes of this sub-section it shall be sufficient for a matter to be stated to the best of the knowledge and belief of the person stating it.

**Section 146: Common Portal.**

The Government may, on the recommendations of the Council, **notify the Common Goods and Services Tax Electronic Portal** for facilitating registration, payment of tax, furnishing of returns, computation and settlement of integrated tax, electronic way bill and for carrying out such other functions and for such purposes as may be prescribed.

**Section 147: Deemed Exports**

The Government may, on the recommendations of the Council, notify certain supplies of goods as deemed exports, where goods supplied do not leave India, and payment for such supplies is received either in Indian rupees or in convertible foreign exchange, if such goods are manufactured in India.

**Section 151: Power to call for information**

**The Commissioner or an officer authorised by him may**, by an order, direct any person to furnish information relating to any matter dealt with in connection with this Act, within such time, in such form, and in such manner, as may be specified therein.

**Section 153: Taking assistance from an expert.**

**Any officer not below the rank of Assistant Commissioner** may, having regard to the nature and complexity of the case and the interest of revenue, take assistance of any expert at any stage of scrutiny, inquiry, investigation or any other proceedings before him.

**Section 154: Power to take samples.**

**The Commissioner or an officer authorised by him** may take samples of goods from the possession of any taxable person, where he considers it necessary, and provide a receipt for any samples so taken.

**Section 155: Burden of proof.**

Where any person **claims that he is eligible for input tax credit** under this Act, the **burden of proving such claim shall lie on such person.**

**Section 156: Persons deemed to be public servants.**

**All persons discharging functions under this Act shall be deemed to be public servants** within the meaning of section 21 of the Indian Penal Code.

**Section 157: Protection of action taken under this Act.**

(1) **No suit, prosecution or other legal proceedings** shall lie against the President, State President, Members, officers or other employees of the Appellate Tribunal or any other person authorised by the said Appellate Tribunal for anything which is in good faith done or intended to be done under this Act or the rules made thereunder.

(2) No suit, prosecution or other legal proceedings shall lie against **any officer appointed or authorised under this Act for anything which is done or intended to be done in good faith** under this Act or the rules made thereunder.

## **SCHEDULE I**

[Section 7]

### **ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION**

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business: Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
3. Supply of goods"
  - (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
  - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
4. Import of services by a 1[person] from a related person or from any of his other establishments outside India, in the course or furtherance of business.

## SCHEDULE II

[Section 7]

### ACTIVITIES <sup>1</sup>[OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

#### **1. Transfer**

- (a) any transfer of the title in goods is a supply of goods;
- (b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;
- (c) any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods.

#### **2. Land and Building**

- (a) any lease, tenancy, easement, licence to occupy land is a supply of services;
- (b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.

#### **3. Treatment or process**

Any treatment or process which is applied to another person's goods is a supply of services.

#### **4. Transfer of business assets**

- (a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, , such transfer or disposal is a supply of goods by the person;
- (b) where, by or under the direction of a person carrying on a business , goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business , , the usage or making available of such goods is a supply of services;
- (c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless"

(i) the business is transferred as a going concern to another person; or

(ii) the business is carried on by a personal representative who is deemed to be a taxable person.

#### **5. Supply of services**

The following shall be treated as supply of service, namely:"

- (a) renting of immovable property;
- (b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where

required, by the competent authority or after its first occupation, whichever is earlier.  
Explanation."For the purposes of this clause"

(1) the expression "competent authority" means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:"

(i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or

(ii) a chartered engineer registered with the Institution of Engineers (India); or

(iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;

(2) the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;

(c) temporary transfer or permitting the use or enjoyment of any intellectual property right;

(d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;

(e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and

(f) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

#### **6. Composite supply**

The following composite supplies shall be treated as a supply of services, namely:"

(a) works contract as defined in clause (119) of section 2; and

(b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

### **SCHEDULE III**

[Section 7]

#### **ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES**

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any court or Tribunal established under any law for the time being in force.
3. (a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;  
(b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or  
(c) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
6. Actionable claims, other than specified actionable claims.
7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
8. (a) Supply of warehoused goods to any person before clearance for home consumption;  
(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

Explanation 1."For the purposes of paragraph 2, the term "court" includes District Court, High Court and Supreme Court.

Explanation 2."For the purposes of paragraph 8, the expression "warehoused goods" shall have the same meaning as assigned to it in the Customs Act, 1962.]

## IGST Act, 2017 – Arrangement of Sections

<b>CHAPTER-I PRELIMINARY</b>	
Section-1	Short title, extent and commencement.
<b>Section-2</b>	<b>Definitions.</b>
<b>CHAPTER-II ADMINISTRATION</b>	
Section-3	Appointment of officers.
<b>Section-4</b>	<b>Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances.</b>
<b>CHAPTER-III LEVY AND COLLECTION OF TAX</b>	
Section-5	Levy and collection.
Section-6	Power to grant exemption from tax.
<b>CHAPTER-IV DETERMINATION OF NATURE OF SUPPLY</b>	
<b>Section-7</b>	<b>Inter-State supply.</b>
<b>Section-8</b>	<b>Intra-State supply.</b>
Section-9	Supplies in territorial waters.
<b>CHAPTER-V PLACE OF SUPPLY OF GOODS OR SERVICES OR BOTH</b>	
<b>Section-10</b>	<b>Place of supply of goods other than supply of goods imported into, or exported from India.</b>
<b>Section-11</b>	<b>Place of supply of goods imported into, or exported from India.</b>
<b>Section-12</b>	<b>Place of supply of services where location of supplier and recipient is in India.</b>
<b>Section-13</b>	<b>Place of supply of services where location of supplier or location of recipient is outside India.</b>
<b>Section-14</b>	<b>Special provision for payment of tax by a supplier of online information and database access or retrieval services.</b>
<b>Section-14A</b>	<b>Special provision for specified actionable claims supplied by a person located outside taxable territory</b>

<b>CHAPTER-VI REFUND OF INTEGRATED TAX TO INTERNATIONAL TOURIST</b>	
Section-15	Refund of integrated tax paid on supply of goods to tourist leaving India.
<b>CHAPTER-VII ZERO RATED SUPPLY</b>	
<b>Section-16</b>	<b>Zero rated supply.</b>
<b>CHAPTER-VIII APPORTIONMENT OF TAX AND SETTLEMENT OF FUNDS</b>	
Section-17	Apportionment of tax and settlement of funds.
Section-17A	Transfer of certain amounts.
Section-18	Transfer of input tax credit.
Section-19	Tax wrongfully collected and paid to Central Government or State Government.
<b>CHAPTER-IX MISCELLANEOUS</b>	
<b>Section-20</b>	<b>Application of provisions of Central Goods and Services Tax Act.</b>
Section-21	Import of services made on or after the appointed day.
Section-22	Power to make rules.
Section-23	Power to make regulations.
Section-24	Laying of rules, regulations and notifications.
Section-25	Removal of difficulties.



## Key Sections of IGST Act, 2017

### **Section 2: Definitions.**

#### **(Some of the important definitions)**

(1) **"continuous journey"** means a journey for which a single or more than one ticket or invoice is issued at the same time, either by a single supplier of service or through an agent acting on behalf of more than one supplier of service, and which involves no stopover between any of the legs of the journey for which one or more separate tickets or invoices are issued.

Explanation. "For the purposes of this clause, the term "stopover" means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time;

(2) **"customs frontiers of India"** means the limits of a customs area as defined in section 2 of the Customs Act, 1962;

(3) **"export of goods"** with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India;

(4) **"export of services"** means the supply of any service when,-

(i) the supplier of service is located in India;

(ii) the recipient of service is located outside India;

(iii) the place of supply of service is outside India;

(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; or in Indian rupees wherever permitted by the Reserve Bank of India] and

(v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8;

(5) **"fixed establishment"** means a place (other than the registered place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services or to receive and use services for its own needs;

(10) **"import of goods"** with its grammatical variations and cognate expressions, means bringing goods into India from a place outside India;

(11) **"import of services"** means the supply of any service, where""

(i) the supplier of service is located outside India;

(ii) the recipient of service is located in India; and

(iii) the place of supply of service is in India;

(13) **"intermediary"** means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account;

(14) **"location of the recipient of services"** means,""

(a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;

(b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

(c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and

(d) in absence of such places, the location of the usual place of residence of the recipient;

(15) **"location of the supplier of services"** means,""

(a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;

(b) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

(c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and

(d) in absence of such places, the location of the usual place of residence of the supplier;

(16) **"non-taxable online recipient"** means any unregistered person receiving online information and database access or retrieval services located in taxable territory. Explanation. "For the purposes of this clause, the expression "unregistered person" includes a person registered solely in terms of clause (vi) of section 24 of the Central Goods and Services Tax Act, 2017]

(17) **"online information and database access or retrieval services"** means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply impossible to ensure in the absence of information technology and includes electronic services such as,""

(i) advertising on the internet;

(ii) providing cloud services;

(iii) provision of e-books, movie, music, software and other intangibles through telecommunication networks or internet;

(iv) providing data or information, retrievable or otherwise, to any person in electronic form through a computer network;

(v) online supplies of digital content (movies, television shows, music and the like);

(vi) digital data storage; and

(vii) online gaming, excluding the online money gaming as defined in 12 of 2017. clause (80B) of section 2 of the Central Goods and Services Tax Act, 2017;

(18) "**output tax**", in relation to a taxable person, means the integrated 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;

(24) words and expressions used and not defined in this Act but defined in the Central Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act shall have the same meaning as assigned to them in those Acts;

### **Section 7: Inter-State supply**

(1) Subject to the provisions of section 10, supply of goods, where the location of the supplier and the place of supply are in""

(a) two different States;

(b) two different Union territories; or

(c) a State and a Union territory, shall be treated as a supply of goods in the course of inter-State trade or commerce.

(2) Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce.

(3) Subject to the provisions of section 12, supply of services, where the location of the supplier and the place of supply are in"

(a) two different States;

(b) two different Union territories; or

(c) a State and a Union territory, shall be treated as a supply of services in the course of inter-State trade or commerce.

(4) Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.

(5) Supply of goods or services or both,""

(a) when the supplier is located in India and the place of supply is outside India;

(b) to or by a Special Economic Zone developer or a Special Economic Zone unit; or

(c) in the taxable territory, not being an intra-State supply and not covered elsewhere in this section, shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.

### **Section 8: Intra-State supply.**

(1) Subject to the provisions of section 10, supply of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply:

Provided that the following supply of goods shall not be treated as intra- State supply, namely:""

- (i) supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit;
- (ii) goods imported into the territory of India till they cross the customs frontiers of India; or
- (iii) supplies made to a tourist referred to in section 15.

(2) Subject to the provisions of section 12, supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply:

Provided that the intra-State supply of services shall not include supply of services to or by a Special Economic Zone developer or a Special Economic Zone unit.

**Section 9: Supplies in territorial waters.**

Notwithstanding anything contained in this Act,

- (a) where the location of the supplier is in the territorial waters, the location of such supplier; or
- (b) where the place of supply is in the territorial waters, the place of supply, shall, for the purposes of this Act, be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

**Section 10: Place of supply of goods other than supply of goods imported into, or exported from India**

(1) The place of supply of goods, other than supply of goods imported into, or exported from India, shall be as under,""

- (a) where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient;
- (b) where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person;
- (c) where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply shall be the location of such goods at the time of the delivery to the recipient;
- (ca) where the supply of goods is made to a person other than a registered person, the place of supply shall, notwithstanding anything contrary contained in clause (a) or clause (c), be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice.

*Explanation.*-For the purposes of this clause, recording of the name of the State of the

said person in the invoice shall be deemed to be the recording of the address of the said person;

(d) where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly;

(e) where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board.

(2) Where the place of supply of goods cannot be determined, the place of supply shall be determined in such manner as may be prescribed.

**Section 11: Place of supply of goods imported into, or exported from India.**

The place of supply of goods,""

(a) imported into India shall be the location of the importer;

(b) exported from India shall be the location outside India.

**Section 12: Place of supply of services where location of supplier and recipient is in India**

(1) The provisions of this section shall apply to determine the place of supply of services where the location of supplier of services and the location of the recipient of services is in India.

(2) The place of supply of services, except the services specified in sub- sections (3) to (14),

(a) made to a registered person shall be the location of such person;

(b) made to any person other than a registered person shall be,""

(i) the location of the recipient where the address on record exists; and

(ii) the location of the supplier of services in other cases.

(3) The place of supply of services,""

(a) directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co- ordination of construction work; or

(b) by way of lodging accommodation by a hotel, inn, guest house, home stay, club or campsite, by whatever name called, and including a house boat or any other vessel; or

(c) by way of accommodation in any immovable property for organising any marriage or reception or matters related thereto, official, social, cultural, religious or business function including services provided in relation to such function at such property; or

(d) any services ancillary to the services referred to in clauses (a), (b) and (c), shall be the location at which the immovable property or boat or vessel, as the case may be, is located or intended to be located:

Provided that if the location of the immovable property or boat or vessel is located or

intended to be located outside India, the place of supply shall be the location of the recipient.

(4) The place of supply of restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery shall be the location where the services are actually performed.

(5) The place of supply of services in relation to training and performance appraisal to,"

(a) a registered person, shall be the location of such person;

(b) a person other than a registered person, shall be the location where the services are actually performed.

(6) The place of supply of services provided by way of admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place and services ancillary thereto, shall be the place where the event is actually held or where the park or such other place is located.

(7) The place of supply of services provided by way of,"

(a) organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events; or

(b) services ancillary to organisation of any of the events or services referred to in clause (a) , or assigning of sponsorship to such events,"

(i) to a registered person, shall be the location of such person;

(ii) to a person other than a registered person, shall be the place where the event is actually held and if the event is held outside India, the place of supply shall be the location of the recipient....

(8) The place of supply of services by way of transportation of goods, including by mail or courier to,"

(a) a registered person, shall be the location of such person;

(b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation.

(9) The place of supply of passenger transportation service to,"

(a) a registered person, shall be the location of such person;

(b) a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey:

Provided that where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage, the place of supply of such service shall be determined in accordance with the provisions of sub-section (2).

Explanation. ""For the purposes of this sub-section, the return journey shall be treated as a separate journey, even if the right to passage for onward and return journey is issued at the same time.

(10) The place of supply of services on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, shall be the location of the first scheduled point of departure of that conveyance for the journey.

(11) The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person shall,"

(a) in case of services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna, be the location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services;

(b) in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services;

(c) in cases where mobile connection for telecommunication, internet service and direct to home television services are provided on pre- payment basis through a voucher or any other means,""

(i) through a selling agent or a re-seller or a distributor of subscriber identity module card or re-charge voucher, be the address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or

(ii) by any person to the final subscriber, be the location where such prepayment is received or such vouchers are sold;

(d) in other cases, be the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services:

Provided that where the address of the recipient as per the records of the supplier of services is not available, the place of supply shall be location of the supplier of services:

Provided further that if such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services on the record of the supplier of services shall be the place of supply of such services....

(12) The place of supply of banking and other financial services, including stock broking services to any person shall be the location of the recipient of services on the records of the supplier of services:

Provided that if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services.

(13) The place of supply of insurance services shall,""

(a) to a registered person, be the location of such person;

(b) to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.

(14) The place of supply of advertisement services to the Central Government, a

State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement shall be taken as being in each of such States or Union territories and the value of such supplies specific to each State or Union territory shall be in proportion to the amount attributable to services provided by way of dissemination in the respective States or Union territories as may be determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.

**Section 13: Place of supply of services where location of supplier or location of recipient is outside India.**

(1) The provisions of this section shall apply to determine the place of supply of services where the location of the supplier of services or the location of the recipient of services is outside India.

(2) The place of supply of services except the services specified in sub-sections (3) to (13) shall be the location of the recipient of services:

Provided that where the location of the recipient of services is not available in the ordinary course of business, the place of supply shall be the location of the supplier of services.

(3) The place of supply of the following services shall be the location where the services are actually performed, namely:"

(a) services supplied in respect of goods which are required to be made physically available by the recipient of services to the supplier of services, or to a person acting on behalf of the supplier of services in order to provide the services:

Provided that when such services are provided from a remote location by way of electronic means, the place of supply shall be the location where goods are situated at the time of supply of services:

<sup>1</sup>[Provided further that nothing contained in this clause shall apply in the case of services supplied in respect of goods which are temporarily imported into India for repairs or for any other treatment or process and are exported after such repairs or treatment or process without being put to any use in India, other than that which is required for such repairs or treatment or process;]

(b) services supplied to an individual, represented either as the recipient of services or a person acting on behalf of the recipient, which require the physical presence of the recipient or the person acting on his behalf, with the supplier for the supply of services.

(4) The place of supply of services supplied directly in relation to an immovable property, including services supplied in this regard by experts and estate agents, supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including that of architects or interior decorators, shall



be the place where the immovable property is located or intended to be located.

(5) The place of supply of services supplied by way of admission to, or organisation of a cultural, artistic, sporting, scientific, educational or entertainment event, or a celebration, conference, fair, exhibition or similar events, and of services ancillary to such admission or organisation, shall be the place where the event is actually held.

(6) Where any services referred to in sub-section (3) or sub-section (4) or sub-section (5) is supplied at more than one location, including a location in the taxable territory, its place of supply shall be the location in the taxable territory.

(7) Where the services referred to in sub-section (3) or sub-section (4) or sub-section (5) are supplied in more than one State or Union territory, the place of supply of such services shall be taken as being in each of the respective States or Union territories and the value of such supplies specific to each State or Union territory shall be in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.

(8) The place of supply of the following services shall be the location of the supplier of services, namely:""

(a) services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders;

(b) intermediary services;

(c) services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, up to a period of one month.

(10) The place of supply in respect of passenger transportation services shall be the place where the passenger embarks on the conveyance for a continuous journey.

(11) The place of supply of services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board, shall be the first scheduled point of departure of that conveyance for the journey.

(12) The place of supply of online information and database access or retrieval services shall be the location of the recipient of services.

(13) In order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules, the Government shall have the power to notify any description of services or circumstances in which the place of supply shall be the place of effective use and enjoyment of a service.]

**Section 14: Special provision for payment of tax by a supplier of online information and database access or retrieval services.**

(1) On supply of online information and database access or retrieval services by any person located in a non-taxable territory and received by a non-taxable online recipient, the supplier of services located in a non- taxable territory shall be the person liable for

paying integrated tax on such supply of services:

Provided that in the case of supply of online information and database access or retrieval services by any person located in a non-taxable territory and received by a nontaxable online recipient, an intermediary located in the non-taxable territory, who arranges or facilitates the supply of such services, shall be deemed to be the recipient of such services from the supplier of services in non-taxable territory and supplying such services to the non-taxable online recipient except when such intermediary satisfies the following conditions, namely:""

- (a) the invoice or customer's bill or receipt issued or made available by such intermediary taking part in the supply clearly identifies the service in question and its supplier in non-taxable territory;
- (b) the intermediary involved in the supply does not authorise the charge to the customer or take part in its charge which is that the intermediary neither collects or processes payment in any manner nor is responsible for the payment between the non-taxable online recipient and the supplier of such services;
- (c) the intermediary involved in the supply does not authorise delivery; and
- (d) the general terms and conditions of the supply are not set by the intermediary involved in the supply but by the supplier of services.

(2) The supplier of online information and database access or retrieval services referred to in sub-section (1) shall, for payment of integrated tax, take a single registration under the Simplified Registration Scheme to be notified by the Government: Provided that any person located in the taxable territory representing such supplier for any purpose in the taxable territory shall get registered and pay integrated tax on behalf of the supplier:

Provided further that if such supplier does not have a physical presence or does not have a representative for any purpose in the taxable territory, he may appoint a person in the taxable territory for the purpose of paying integrated tax and such person shall be liable for payment of such tax.

**Section 14A: Special provision for specified actionable claims supplied by a person located outside taxable territory**

(1) A supplier of online money gaming as defined in clause (80B) of section 2 of the Central Goods and Services Tax Act, 2017, not located in the taxable territory, shall in respect of the supply of online money gaming by him to a person in the taxable territory, be liable to pay integrated tax on such supply.

(2) For the purposes of complying with provisions of sub-section (1), the supplier of online money gaming shall obtain a single registration under the Simplified Registration Scheme referred to in sub-section (2) of section 14 of this Act:

Provided that any person located in the taxable territory representing such supplier for any purpose in the taxable territory shall get registered and pay the integrated tax on

behalf of the supplier:

Provided further that if such supplier does not have a physical presence or does not have a representative for any purpose in the taxable territory, he shall appoint a person in the taxable territory for the purpose of paying integrated tax and such person shall be liable for payment of such tax.

(3) In case of failure to comply with provisions of sub-section (1) or sub-section (2) by the supplier of the online money gaming or a person appointed by such supplier or both, notwithstanding anything contained in section 69A of the Information Technology Act, 2000, any information generated, transmitted, received or hosted in any computer resource used for supply of online money gaming by such supplier shall be liable to be blocked for access by the public in such manner as specified in the said Act.]

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## Key Provisions of CGST Rules, 2017

### **Rule 21A. Suspension of registration (corresponding section 29)**

(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,, 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.

(2A) Where,-

(a) a comparison of the returns furnished by a registered person under section 39 with the details of outward supplies furnished in FORM GSTR-1 or the details of inward supplies derived based on the details of outward supplies furnished by his suppliers in their FORM GSTR-1, or such other analysis, as may be carried out on the recommendations of the Council, show that there are significant differences or anomalies indicating contravention of the provisions of the Act or the rules made thereunder, leading to cancellation of registration of the said person, or

(b) there is a contravention of the provisions of rule 10A by the registered person, the registration of such person shall be **suspended** and the said person **shall be intimated in FORM GST REG-31**, electronically, on the common portal, or by sending a communication to his e-mail address provided at the time of registration or as amended from time to time, highlighting the said differences, anomalies or non-compliances and asking him to explain, within a period of thirty days, as to why his registration shall not be cancelled.

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

(3A) A registered person, whose registration has been suspended under sub-rule (2) or sub-rule (2A), **shall not be granted any refund** under section 54, during the period of suspension of his registration.

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) or sub-rule (2A) 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.

Provided that the suspension of registration under this rule **may be revoked by the proper officer**, anytime during the pendency of the proceedings for cancellation, if he deems fit.

Provided further that where the registration has been suspended under sub-rule (2A) for contravention of the provisions contained in clause (b) or clause (c) of sub-section (2) of section 29 and the registration has not already been cancelled by the proper officer under rule 22, the suspension of registration shall be deemed to be revoked upon furnishing of all the pending returns.

Provided also that where the registration has been suspended under sub-rule (2A) for contravention of provisions of rule 10A and the registration has not already been cancelled by the proper officer under rule 22, the suspension of registration shall be deemed to be revoked upon compliance with the provisions of rule 10A.

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.

**RULE 22. Cancellation of registration**      (corresponding section 29)

(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 rule 20 or, as the case may be, the date of the reply to the show cause issued under sub-rule (1) or under sub-rule (2A) of rule 21A, **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 subsection (5) of section 29.

(4) Where the reply furnished under sub-rule (2) or in response to the notice issued under sub-rule (2A) of rule 21A 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**      (corresponding section 30)

(1) A registered person, whose registration is cancelled by the proper officer on his own motion, may subject to the provisions of rule 10B, **submit an application for revocation** of cancellation of registration, in FORM GST REG-21, to such proper officer, **within a period of ninety 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 such period may, on sufficient cause being shown, and for reasons to be recorded in writing, **be extended by the Commissioner** or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for **a further period not exceeding one hundred and eighty days**:

Provided further 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 also 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 36. Documentary requirements and conditions for claiming input tax credit** (corresponding section 16)

(1) The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely,-

(a) **an invoice** issued by the supplier of goods or services or both in accordance with the provisions of section 31;

(b) an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31; subject to the payment of tax;

(c) **a debit note** issued by a supplier in accordance with the provisions of section 34;

(d) **a bill of entry** or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports;

(e) **an Input Service Distributor invoice** or Input Service Distributor credit note or any document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule 54.

(2) Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document.

Provided that if the said document does not contain all the specified particulars but contains the details of the amount of tax charged, description of goods or services, total value of supply of goods or services or both, GSTIN of the supplier and recipient and place of supply in case of inter-State supply, input tax credit may be availed by such registered person.

(3) No input tax credit shall be availed by a registered person in respect of any tax that has been paid in pursuance of any order where any demand has been confirmed on account of any fraud, willful misstatement or suppression of facts.

(4) No input tax credit shall be availed by a registered person in respect of invoices or debit notes the details of which are required to be furnished under subsection (1) of section 37 unless,-

(a) the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility; and

(b) the details of 11 input tax credit in respect of] such invoices or debit notes have been communicated to the registered person in FORM GSTR-2B under sub-rule (7) of rule 60.

**37A. Reversal of input tax credit in the case of non-payment of tax by the supplier and reavailment thereof. -**

Where input tax credit has been availed by a registered person in the return in FORM GSTR-3B for a tax period in respect of such invoice or debit note, the details of which have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility, but the return in FORM GSTR-3B for the tax period corresponding to the said statement of outward supplies has not been furnished by such supplier till the 30th day of September following the end of financial year in which the input tax credit in respect of such invoice or debit note has been availed, the said amount of input tax credit shall be reversed by the said registered person, while furnishing a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year:

Provided that where the said amount of input tax credit is not reversed by the registered person in a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year during which such input tax credit has been availed, such amount shall be payable by the said person along with interest thereon under section 50.

Provided further that where the said supplier subsequently furnishes the return in FORM GSTR-3B for the said tax period, the said registered person may re-avail the amount of such credit in the return in FORM GSTR-3B for a tax period thereafter.

**RULE 45. Conditions and restrictions in respect of inputs and capital goods sent to the job worker** (corresponding section 19)

(1) The inputs, semi-finished goods or capital goods shall be sent to the job worker under the cover of a challan issued by the principal, including where such goods are sent directly to a job-worker and where the goods are sent from one job worker to another job worker, the challan may be issued either by the principal or the job worker sending the goods to another job worker: Provided that the challan issued by the principal may be endorsed by the job worker, indicating therein the quantity and description of goods where the goods are sent by one job worker to another or are returned to the principal: Provided further that the challan endorsed by the job worker may be further endorsed by another job worker, indicating therein the quantity and description of goods where the goods are sent by one job worker to another or are returned to the principal.

**(2) The challan issued by the principal to the job worker shall contain the details specified in rule 55.**

(3) The details of challans in respect of goods dispatched to a job worker or received from a job worker during a specified period shall be included in FORM GST ITC-



04 furnished for that period on or before the twenty-fifth day of the month succeeding the said period or within such further period as may be extended by the Commissioner by a notification in this behalf:

Provided that any extension of the 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.

Explanation. - For the purposes of this sub-rule, the expression "specified period" shall mean. -

(a) the period of six consecutive months commencing on the 1st day of April and the 1st day of October in respect of a principal whose aggregate turnover during the immediately preceding financial year exceeds five crore rupees; and

(b) a financial year in any other case.

(4) Where the inputs or capital goods are not returned to the principal within the time stipulated in section 143, it shall be deemed that such inputs or capital goods had been supplied by the principal to the job worker on the day when the said inputs or capital goods were sent out and the said supply shall be declared in FORM GSTR-1 and the principal shall be liable to pay the tax along with applicable interest.

Explanation. - For the purposes of this Chapter, -

(1) the expressions 'capital goods' shall include 'plant and machinery' as defined in the Explanation to section 17;

(2) for determining the value of an exempt supply as referred to in sub-section (3) of section 17-

(a) the value of land and building shall be taken as the same as adopted for the purpose of paying stamp duty; and

(b) the value of security shall be taken as one per cent. of the sale value of such security.

**RULE 46. Tax invoice** (corresponding section 31)

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;

Provided that 10 in cases involving supply of online money gaming or in cases] where any taxable service is supplied by or through an electronic commerce operator or by a supplier of online information and database access or retrieval services to a recipient who is unregistered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name of the state of the recipient and the same shall be deemed to be the address on record of the recipient

(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** :

(r) Quick Reference code, having embedded Invoice Reference Number (IRN) in it, in case invoice has been issued in the manner prescribed under sub-rule (4) of rule 48

(s) a declaration as below, that invoice is not required to be issued in the manner specified under sub-rule (4) of rule 48, in all cases where an invoice is issued, other than in the manner so specified under the said sub-rule (4) of rule 48, by the taxpayer having aggregate turnover in any preceding financial year from 2017-18 onwards more than the aggregate turnover as notified under the said sub-rule (4) of rule 48-

"I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub-rule".

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; or
- (ii) a class of supply of goods or services for which specified number of digits of Harmonised System of Nomenclature code shall be required to be mentioned by all registered taxpayers; and
- (iii) the class of registered persons that would not be required to mention the Harmonised System of Nomenclature code for goods or services:

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 TAX' 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 TAX', 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<sup>2</sup>[other than the supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens] 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** (corresponding section 31)

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 supply' may be issued for all such

supplies.]

[Provided that the said single "invoice-cum-bill of supply" shall contain the particulars as specified under rule 46 or rule 54, as the case may be, and rule 49]

**RULE 47. Time limit for issuing tax invoice** (corresponding section 31)

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.

**RULE 48. Manner of issuing invoice** (corresponding section 31)

(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.

Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt a person or a class of registered persons from issuance of invoice under this sub-rule for a specified period, subject to such conditions and restrictions as may be specified in the said 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).]

**RULE 49. Bill of supply** (corresponding section 31)

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 (21 of 2000)

**RULE 53. Revised tax invoice and credit or debit notes.-** (corresponding section 31, section 34)

(1) A revised tax invoice referred to in section 31 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;

(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;

(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 55A. Tax Invoice or bill of supply to accompany transport of goods**

(corresponding section 31 & section 68 )

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.]

**RULE 86A. Conditions of use of amount available in electronic credit ledger (corresponding section 49)**

(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 those 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 86B. Restrictions on use of amount available in electronic credit ledger. -**

Notwithstanding anything contained in these rules, the registered **person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of ninety-nine per cent. of such tax liability**, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds fifty lakh rupees:

Provided that the said restriction shall not apply where '

(a) the said person or the proprietor or karta or the managing director or any of its two

partners, whole-time Directors, Members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than one lakh rupees as income tax under the Income-tax Act, 1961(43 of 1961) in each of the last two financial years for which the time limit to file return of income under subsection (1) of section 139 of the said Act has expired; or

(b) the registered person has received a refund amount of more than one lakh rupees in the preceding financial year on account of unutilised input tax credit under clause (i) of first proviso of subsection (3) of section 54; or

(c) the registered person has received a refund amount of more than one lakh rupees in the preceding financial year on account of unutilised input tax credit under clause (ii) of first proviso of subsection (3) of section 54; or

(d) the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year; or

(e) the registered person is '

(i) Government Department; or

(ii) a Public Sector Undertaking; or

(iii) a local authority; or

(iv) a statutory body:

Provided further that the Commissioner or an officer authorized by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

**RULE 88. Identification number for each transaction** (corresponding section 49)

(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.**- (corresponding section 49 to 49B)

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.**

**RULE 88B. Manner of calculating interest on delayed payment of tax. -**  
**(corresponding section 50)**

(1) In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified under sub-section (1) of section 50.

(2) In all other cases, where interest is payable in accordance with sub section (1) of section 50, the interest shall be calculated on the amount of tax **which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid**, at such rate as may be notified under sub-section (1) of section 50.

(3) In case, where interest is payable on the amount of input tax credit wrongly availed and utilised in accordance with sub-section (3) of section 50, the interest shall be calculated on the amount of input tax credit wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount, at such rate as may be notified under said sub-section (3) of section 50.

Explanation. "For the purposes of this sub-rule, "

(1) input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger **falls below the amount of input tax credit wrongly availed, and the extent of such utilisation of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed.**

(2) the date of utilisation of such input tax credit shall be taken to be, "

(a) **the date, on which the return is due to be furnished** under section 39 or the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or

(b) **the date of debit in the electronic credit ledger** when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.

**RULE 88C. Manner of dealing with difference in liability reported in statement of outward supplies and that reported in return. -**

(1) Where the tax payable by a registered person, in accordance with the statement of outward supplies furnished by him in FORM GSTR-1 or using the Invoice Furnishing Facility in respect of a tax period, exceeds the amount of tax payable by such person in accordance with the return for that period furnished by him in FORM GSTR-3B, by such amount and such percentage, as may be recommended by the Council, the said registered person shall be intimated of such difference in Part A of FORM GST DRC-01B, electronically on the common portal, and a copy of such intimation shall also be sent to his e-mail address provided at the time of registration or as amended from time to time, highlighting the said difference and directing him to"

(a) pay the differential tax liability, along with interest under section 50, through FORM GST DRC-03; or

(b) explain the aforesaid difference in tax payable on the common portal, within a period of seven days.

(2) The registered person referred to sub-rule (1) shall, upon receipt of the intimation referred to in that sub-rule, either, -

(a) pay the amount of the differential tax liability, as specified in Part A of FORM GST DRC01B, fully or partially, along with interest under section 50, through FORM GST DRC-03 and furnish the details thereof in Part B of FORM GST DRC-01B electronically on the common portal; or

(b) furnish a reply electronically on the common portal, incorporating reasons in respect of that part of the differential tax liability that has remained unpaid, if any, in Part B of FORM GST DRC-01B, within the period specified in the said sub-rule.

(3) Where any amount specified in the intimation referred to in sub-rule (1) remains unpaid within the period specified in that sub-rule and where no explanation or reason is furnished by the registered person in default or where the explanation or reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be recoverable in accordance with the provisions of section 79.]

**[RULE 88D. Manner of dealing with difference in input tax credit available in auto-generated statement containing the details of input tax credit and that availed in return. -**

(1) Where the amount of input tax credit availed by a registered person in the return for a tax period or periods furnished by him in FORM GSTR-3B exceeds the input tax credit available to such person in accordance with the auto-generated statement containing the details of input tax credit in FORM GSTR-2B in respect of the said tax period or periods, as the case may be, by such amount and such percentage, as may be recommended by the Council, the said registered person shall be intimated of such difference in Part A of FORM GST DRC01C, electronically on the common portal, and a

copy of such intimation shall also be sent to his e-mail address provided at the time of registration or as amended from time to time, highlighting the said difference and directing him to"

(a) **pay an amount equal to the excess input tax credit availed** in the said FORM GSTR-3B, along with interest payable under section 50, through FORM GST DRC-03, or

(b) **explain the reasons** for the aforesaid difference in input tax credit on the common portal, **within a period of seven days.**

(2) The registered person referred to sub-rule (1) shall, upon receipt of the intimation referred to in the said sub-rule, either,

(a) pay an amount equal to the excess input tax credit, as specified in Part A of FORM GST DRC01C, fully or partially, along with interest payable under section 50, through FORM GST DRC-03 and furnish the details thereof in Part B of FORM GST DRC-01C, electronically on the common portal, or

(b) furnish a reply, electronically on the common portal, incorporating reasons in respect of the amount of excess input tax credit that has still remained to be paid, if any, in Part B of FORM GST DRC-01C, within the period specified in the said sub-rule

(3) Where any amount specified in the intimation referred to in sub-rule (1) remains to be paid within the period specified in the said sub-rule and where no explanation or reason is furnished by the registered person in default or where the explanation or reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be liable to be demanded in accordance with the provisions of section 73 or section 74, as the case may be.

**RULE 99. Scrutiny of returns** (corresponding section 61)

(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.-** (corresponding section 62 to 64)

(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 T-18.GST ASM

**RULE 138. Information to be furnished prior to commencement of movement of goods and generation of e-way bill. - (corresponding section 68)**

(1) Every registered person who causes movement of goods of consignment **value exceeding fifty thousand rupees"**

(i) in relation to a 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, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1056 (E), dated the 23rd October, 2018 as amended from time to time.

Explanation 2. - For the purposes of this rule, the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and also includes the central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and shall exclude the 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 fifty thousand rupees:

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 the manner specified in this rule:

Provided also that where the goods are transported for a distance of **upto fifty kilometers** 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 fifty 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 maybe 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 fifty thousand rupees, 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 e-commerce 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 fifteen 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.	Distance	Validity period
(1)	(2)	(3)
1.	Upto 200 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 200 km or	One additional day in cases other than Over Dimensional

	part thereof thereafter	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.

Explanation 2. " For the purposes of this rule, the expression "Over Dimensional Cargo" shall mean a cargo carried as a single indivisible unit and which exceeds the dimensional limits prescribed in rule 93 of the Central Motor Vehicle Rules, 1989, made under the Motor Vehicles Act, 1988 (59 of 1988).

(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 the Goods and



Services Tax Rules of any State or Union territory shall be valid in every State and Union territory.

(14) Notwithstanding anything contained in this rule, **no e-way bill is required to be generated"**

(a) where the goods being transported are **specified in Annexure;**

(b) where the goods are being transported by a **non-motorised conveyance;**

(c) where the goods are being transported **from the customs port, airport, air cargo complex and land customs station to an inland container depot or a 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 the 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 the Schedule appended to notification No. 2/2017- Central tax (Rate) dated the 28th June, 2017 published in the Gazette of India, Extraordinary, Part II,

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 the goods being transported are transit cargo **from or to Nepal or Bhutan;**

(j) where the goods being transported **are exempt from tax** under notification No. 7/2017-Central Tax (Rate), dated 28th June 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 679(E) dated the 28th June, 2017 as amended from time to time and notification No. 26/2017- Central Tax (Rate), dated the 21st September, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1181(E) dated the 21st September, 2017 as amended from time to time;

(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 the **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**  
**[(See rule 138 (14))]**

S.No.	Description of Goods
(1)	(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) <sup>2</sup> [excepting Imitation Jewellery (7117)]
6.	Currency
7.	Used personal and household effects
8.	Coral, unworked (0508) and worked coral (9601)

(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 the conveyance in such manner as may be notified by the 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) In case, invoice is issued in the manner prescribed under sub-rule (4) of rule 48, the Quick Reference (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced electronically, for verification by the proper officer in lieu of the physical copy of such tax invoice.

(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) a delivery challan, where the goods are transported for reasons other than by way of supply.]

**RULE 138B. Verification of documents and conveyances.** - (corresponding section 68)

(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 authorized 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 authorized by him in this behalf.

**RULE 138C. Inspection and verification of goods.** - (corresponding section 68)

(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 authorized 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 twenty-four 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. -**

\_(corresponding section 68)

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.

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.

**RULE138E. Restriction on furnishing of information in PART A of FORM GST EWB-**

**01.**- (corresponding section 68)

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 any outward movement of goods of a registered person, who, (a) **being a person paying tax under section 10**, or 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, dated the 7th March, 2019 has not furnished the statement in FORM GST CMP-08 for two consecutive quarters ; or

(b) being a person other than a person specified in clause (a), **has not furnished the returns for a consecutive period of two tax periods**

(c) being a person other than a person specified in clause (a), **has not furnished the statement of outward supplies for any two months or quarters**, as the case may be.

(d) being a person, **whose registration has been suspended** under the provisions of sub-rule (1) or subrule (2) or sub-rule (2A) of rule 21A

Provided that the Commissioner may 4[on receipt of an application from a registered person in FORM GST EWB-05, on sufficient cause being shown and for reasons to be recorded in writing, by order 4[in FORM GST EWB-06, 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.

Provided also that the said restriction shall not apply during the period from the 20th day of March, 2020 till the 15th day of October, 2020 in case where the return in FORM GSTR-3B or the statement of outward supplies in FORM GSTR-1 or the statement in FORM GST CMP08, as the case may be, has not been furnished for the period February, 2020 to August, 2020.

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).

Provided also that the said restriction shall not apply during the period from the 1st day of May, 2021 till the 18th day of August, 2021, in case where the return in FORM GSTR-3B or the statement of outward supplies in FORM GSTR-1 or the statement in FORM GST CMP-08, as the case may be, has not been furnished for the period March, 2021 to May, 2021.

**RULE 139. Inspection, search and seizure** (corresponding section 67)

(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** (corresponding section 67)

(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 (15 of 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** (corresponding section 67)

(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.

**RULE 142. Notice and order for demand of amounts payable under the Act. -**

(corresponding section 52 , section 62 to 64 , section 73 , section 74, section 76 , section 122 to 125 , section 127 or section 129 or section 130 )

**(1) The proper officer shall serve, along with the**

**(a) notice issued under section 52 or section 73 or section 74 or section 76 or section 122 or section 123 or section 124 or section 125 or section 127 or section 129 or section 130, a summary thereof electronically in FORM GST DRC-01,**

**(b) statement under sub-section (3) of section 73 or sub-section (3) of section 74, a summary thereof electronically in FORM GST DRC-02, specifying therein the details of the amount payable.**

(1A) The proper officer **may**, before service of notice to the person chargeable with tax, interest and penalty, under sub-section (1) of section 73 or sub-section (1) of section 74, as the case may be, communicate the details of any tax, interest and penalty as ascertained by the said officer, in Part A of FORM GST DRC-01A

(2) Where, before the service of notice or statement, the person chargeable with tax makes payment of the tax and interest in accordance with the provisions of sub-section (5) of section 73 or, as the case may be, tax, interest and penalty in accordance with the provisions of sub-section (5) of section 74, or where any person makes payment of tax, interest, penalty or any other amount due in accordance with the provisions of the Act whether on his own ascertainment or, as communicated by the proper officer under sub-rule (1A) he shall inform the proper officer of such payment in FORM GST DRC-03 and the proper officer shall issue an acknowledgement, accepting the payment made by the said person in FORM GST DRC 04.

(2A) Where the person referred to in sub-rule (1A) has made partial payment of the amount communicated to him or desires to file any submissions against the proposed liability, he may make such submission in Part B of FORM GST DRC-01A.

(3) Where the person chargeable with tax makes payment of tax and interest under sub-section (8) of section 73 or, as the case may be, tax, interest and penalty under sub-section (8) of section 74 within thirty days of the service of a notice under sub-rule (1), or where the person concerned makes payment of the amount referred to in sub-section (1) of section 129 within 7[seven days of the notice issued under sub-section (3) of Section 129 but before the issuance of order under the said sub-section (3)] , he shall intimate the proper officer of such payment in FORM GST DRC-03 and the 8[proper officer shall issue an intimation] in FORM GST DRC-05 concluding the proceedings in respect of the said notice.

(4) The representation referred to in sub-section (9) of section 73 or sub-section (9) of section 74 or sub-section (3) of section 76 or the reply to any notice issued under any section whose summary has been uploaded electronically in FORM GST DRC-01 under sub-rule (1) shall be furnished in FORM GST DRC-06.

**(5) A summary of the order issued under section 52 or section 62 or section 63 or section 64 or section 73 or section 74 or section 75 or section 76 or section 122 or section 123 or section 124 or section 125 or section 127 or section 129 or section 130 shall be uploaded electronically in FORM GST DRC-07, specifying therein the amount of tax, interest and penalty, as the case may be, payable by the person concerned**

**(6) The order referred to in sub-rule (5) shall be treated as the notice for recovery.**

(7) Where a rectification of the order has been passed in accordance with the provisions of section 161 or where an order uploaded on the system has been withdrawn, a summary of the rectification order or of the withdrawal order shall be uploaded electronically by the proper officer in FORM GST DRC-08

**142A. Procedure for recovery of dues under existing laws.** - (corresponding section 73 to 74, section 76)

(1) A **summary of order issued under any of the existing laws** creating demand of tax, interest, penalty, fee or any other dues which becomes recoverable consequent to proceedings launched under the existing law before, on or after the **appointed day** shall, unless recovered under that law, be recovered under the Act and may be uploaded in FORM GST DRC-07A electronically on the common portal for recovery under the Act and the demand of the order shall be posted in Part II of Electronic Liability Register in FORM GST PMT-01.

(2) Where the demand of an order uploaded under sub-rule (1) is rectified or modified or quashed in any proceedings, including in appeal, review or revision, or the recovery is made under the existing laws, a summary thereof shall be uploaded on the common portal in FORM GST DRC-08A and Part II of Electronic Liability Register in FORM GST PMT-01 shall be updated accordingly.

**RULE 150. Assistance by police** (corresponding section 79)

The **proper officer may seek such assistance from the officer-in-charge of the jurisdictional police station** as may be necessary in the discharge of his duties and the said officer-in-charge shall depute sufficient number of police officers for providing such assistance.

**RULE 158. Payment of tax and other amounts in instalments** (corresponding section 80)

(1) On an application filed electronically by a taxable person, in FORM GST DRC- 20, seeking extension of time for the payment of taxes or any amount due under the Act or for allowing payment of such taxes or amount in instalments in accordance with the provisions of section 80, **the Commissioner shall call for a report** from the jurisdictional officer about the financial ability of the taxable person to pay the said amount.

(2) Upon consideration of the request of the taxable person and the report of the jurisdictional officer, **the Commissioner may issue an order in FORM GST DRC- 21 allowing the taxable person further time to make payment and/or to pay the amount in such monthly instalments, not exceeding twenty-four**, as he may deem fit.

(3) The facility referred to in sub-rule (2) shall **not be allowed** where-












(a) the taxable person **has already defaulted** on the payment of any amount under the Act or the Integrated Goods and Services Tax Act, 2017 or the Union Territory Goods and Services Tax Act, 2017 or any of the State Goods and Services Tax Act, 2017, for which the recovery process is on;

(b) the taxable person **has not been allowed to make payment in instalments in the preceding financial year** under the Act or the Integrated Goods and Services Tax Act, 2017 or the Union Territory Goods and Services Tax Act, 2017 or any of the State Goods and Services Tax Act, 2017;

(c) the **amount** for which instalment facility is sought is **less than twenty-five thousand rupees**.

**Important Circulars/Instructions/FORMs in GST**  
**(Scan QR Code to View)**

1	<i>Given in the Handbook</i>	Standard Operating Procedure for Scrutiny of Returns for FY 2019-20 onwards
2		Master Circular on Refund of GST
3	Guidelines on issuance of Summons under Section 70 of CGST Act, 2017	
4		Instructions/Guidelines regarding procedures to be followed during Search Operation
5	Guidelines for provisional attachment of property under section 83 of the CGST Act, 2017	
6		Guidelines for arrest and bail in relation to offences punishable under the CGST Act, 2017
7	Guidelines for launching of prosecution under the Central Goods & Services Tax Act, 2017	
8		Master Circular on Recovery and Write- Off of Arrears of Revenue
9	Guidelines for CGST field formations in maintaining ease of doing business while engaging in investigation with regular taxpayers – reg (30.03.2024)	
10		Guidelines for initiation of recovery proceedings before three months from the date of service of demand order- reg. (30-05-2024)

**Instruction No. 02/2023-GST F. No. CBIC- 20006/04/2022-GST**  
**Government of India, Ministry of Finance, Department of Revenue**  
**Central Board Indirect Taxes & Customs**  
**GST Policy Wing**

New Delhi, dated 26<sup>th</sup> May, 2023

To,  
All the Principal Chief Commissioners/ Chief Commissioners/ Principal  
Commissioners  
/Commissioners of Central Tax  
All the Principal Directors General/ Directors General of Central Tax Madam/Sir,

**Subject: Standard Operating Procedure for Scrutiny of Returns for FY 2019-20  
onwards- reg.**

Attention is invited to the Instruction No. 02/2022-GST dated 22<sup>nd</sup> March, 2022, wherein a Standard Operating Procedure (SOP) was provided for scrutiny of returns under section 61 of Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act) read with rule 99 of Central Goods and Service Tax Rules, 2017 (hereinafter referred to as "the CGST Rules") for FY 2017-18 and 2018-19. It was mentioned in the said instruction that the said SOP was issued as an interim measure till the time a Scrutiny Module for online scrutiny of returns is made available on the ACES-GST application.

**1.2** In this regard, it is to inform that DG Systems has developed functionality "Scrutiny of Returns", containing the online workflow for scrutiny of returns in the CBIC ACES-GST application. Advisory No. 22/2023- Returns dated 16.05.2023 has also been issued by DG Systems in this regard, along with a User Manual providing for the detailed workflow of the said functionality. The GSTINs selected for scrutiny for the Financial Year 2019-20 have also been made available on the scrutiny dashboard of the proper officers on ACES-GST application.

**1.3** The functionality provides for the detailed workflow for communication of discrepancies noticed, in relation to the details furnished in the returns, by the proper officer in **FORM GST ASMT-10** to the registered person, receipt of reply from the registered person in **FORM GST ASMT-11**, issuance of order in **FORM GST ASMT-12** or taking further action for issuance of show cause notice under Section 73 or 74 of CGST Act, 2017 or for referring the matter for Audit or investigation, as the case may be.

**2.** In view of this, the SOP for scrutiny of returns provided in the Instruction No. 02/2022- GST dated 22<sup>nd</sup> March 2022 stands modified to the following extent in respect of scrutiny of returns for financial years 2019-20 onwards:

**3. Selection of returns for scrutiny and communication of the same to the field**

### **formations:**

**3.1** Selection of returns for scrutiny will be done by the Directorate General of Analytics and Risk Management (DGARM) based on various risk parameters identified by them. DGARM will select the GSTINs registered with the Central Tax authorities, whose returns are to be scrutinized for a financial year, based on identified risk parameters. The details of GSTINs selected for scrutiny for a financial year will be made available by DGARM through DG Systems on the scrutiny dashboard of the concerned proper officer of Central Tax on ACES-GST application.

**3.2** The details of the risk parameters, in respect of which risk has been identified for a particular GSTIN, and the amount of tax/ discrepancy involved in respect of the concerned risk parameters (i.e. likely revenue implication), will also be shown on the scrutiny dashboard of the proper officer for their convenience. It is re-emphasized that as the data made available on the dashboard has been generated at a particular point of time for calculation of risk parameters, this data may undergo change at the time of scrutiny of returns, due to subsequent compliances carried out by the taxpayer or by the suppliers of the taxpayer. The proper officer shall, therefore, rely upon the latest available data.

### **4. Scrutiny Schedule:**

**4.1** Once the details of GSTINs selected for scrutiny for a financial year are made available on the scrutiny dashboard of the concerned proper officer of Central Tax on ACES-GST application, the proper officer, with the approval of the divisional Assistant/ Deputy Commissioner, shall finalize a scrutiny schedule in the format specified in **Annexure A of Instruction 02/2022- GST dated 22<sup>nd</sup> March 2022**. Such scrutiny schedule will specify month- wise schedule for scrutiny in respect of all the GSTINs selected for scrutiny. While preparing the scrutiny schedule, the scrutiny of the GSTINs, which appear to be riskier based on the likely higher revenue implication indicated on the dashboard, may be prioritized. The Principal Commissioner/ Commissioner of the concerned Commissionerate will monitor and ensure that the schedule identified in Scrutiny Schedule is adhered to by the officers under his jurisdiction.

**4.2** The proper officer shall conduct scrutiny of returns pertaining to minimum of **4 GSTINs** per month. Scrutiny of returns of one GSTIN shall mean scrutiny of all returns pertaining to a financial year for which the said GSTIN has been selected for scrutiny.

### **5. Process of scrutiny by the Proper Officer:**

**5.1** The Proper Officer shall scrutinize the returns and related particulars furnished by the registered persons to verify the correctness of the returns. Information available with the proper officer on the system in the form of various returns and statements furnished by the registered person and the data/ details made available through various sources like DGARM, ADVAIT, GSTN, E-Way Bill Portal etc. may be relied upon for this purpose.

**5.2** As mentioned in Para 3.2 above, for the convenience of proper officers, details of the risk parameters involving risk/ discrepancies in respect of the GSTIN, along with the amount of tax/ discrepancy involved in respect of the concerned risk parameters (i.e. likely revenue implication), will be made available in the scrutiny dashboard of the proper officer. Besides, DGARM will also make available to the field formations the details of all the risk parameters taken into consideration by them for the selection of GSTINs for scrutiny of returns for the particular financial year. In addition to these parameters, proper officer may also consider any other relevant parameter, as he may deem fit, for the purpose of scrutiny.

**5.3** It may be noted that at this stage, the proper officer is expected to rely upon the information available with him on records. As far as possible, scrutiny of return should have minimal interface between the proper officer and the registered person and, there should normally not be any need for seeking documents/ records from the registered persons before issuance of **FORM GST ASMT-10**.

**5.4** The proper officer shall issue a notice to the registered person in **FORM GST ASMT-10** through the scrutiny functionality on ACES-GST application, informing him of the discrepancies noticed and seeking his explanation thereto. There may be cases where the registered person may already have made additional payment of tax, cess, interest, etc. after filing of the returns for the relevant tax period, through **FORM DRC-03**. The payments thus made through **FORM DRC-03** may also be taken into consideration while communicating discrepancies to the taxpayer in **FORM GST ASMT-10**. The notice in **FORM GST ASMT-10**, issued by the proper officer through scrutiny functionality on ACES-GST application, shall be communicated by the system to the concerned registered person on the common portal and therefore, there will be no need for sending any manual communication of notice in **FORM GST ASMT-10** by the proper officer to the registered person separately. While issuing such notice, the proper officer may, as far as possible, quantify the amount of tax, interest and any other amount payable in relation to such discrepancies. It may also be ensured that the discrepancies so communicated should, as far as possible, be specific in nature and not vague or general. In this regard, the user manual issued by DG Systems may be referred to regarding the detailed procedure for issuance of **FORM GST ASMT-10** on scrutiny functionality on ACES-GST application. The proper officer shall mention the parameter-wise details of the discrepancies noticed by him in **FORM GST ASMT-10** and shall also upload the worksheets and supporting document(s)/ annexures, if any.

**5.5** For each GSTIN identified for scrutiny, the proper officer is required to scrutinize all the returns pertaining to the corresponding Financial Year under consideration and a single compiled notice in **FORM GST ASMT-10** may be issued to the registered person for that financial year.

**5.6** On receipt of such notice in **FORM GST ASMT-10** on common portal, the

registered person may accept the discrepancy mentioned in the said notice, and pay the tax, interest and any other amount arising from such discrepancy and inform the same or may furnish an explanation for the discrepancy in **FORM GST ASMT-11**, through the common portal, to the proper officer within the time period prescribed under rule 99 of CGST Rules.

**5.7** The reply furnished by the registered person in **FORM GST ASMT- 11** on the common portal shall be made available to the concerned proper officer in the scrutiny dashboard on ACES-GST application. Where the explanation furnished by the registered person or the information submitted in respect of acceptance of discrepancy and payment of dues is found to be acceptable by the proper officer, he shall conclude the proceedings by informing the registered person in **FORM GST ASMT- 12** through the scrutiny functionality on ACES-GST application.

**5.8** In case no satisfactory explanation is furnished by the registered person in **FORM GST ASMT-11** 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 pay the tax, interest and any other amount arising from such discrepancies, the proper officer, may proceed to determine the tax and other dues under section 73 or section 74 of CGST Act. Needless to mention, for proceedings under section 73 or section 74 of CGST Act, monetary limits as specified in **Circular No. 31/05/2018-GST dated 9th February 2018** shall be adhered to. The user manual issued by DG Systems may be referred to for the procedure for initiating proceedings under section 73 or 74 of the CGST Act on the scrutiny functionality on ACES-GST application.

**5.9** However, if the proper officer is of the opinion that the matter needs to be pursued further through audit or investigation to determine the correct liability of the said registered person, then he may take the approval of the jurisdictional Principal Commissioner / Commissioner through the divisional Assistant/ Deputy Commissioner, through e-file or other suitable mode, for referring the matter to the Audit Commissionerate or anti-evasion wing of the Commissionerate, as the case may be. The copy of the said approval needs to be uploaded while referring the matter to the concerned formation through the scrutiny functionality, as per the procedure detailed in the user manual issued by DG Systems.

**6. Timelines for scrutiny of returns:**

**6.1** Scrutiny of returns is to be conducted in a time bound manner, so that the cases may be taken to their logical conclusion and that too expeditiously. In this regard, the following timelines may be observed by all concerned:

<b>S. no.</b>	<b>Process/Event</b>	<b>Timeline/ Frequency</b>
(i)	Communication of GSTINs selected	From time to time.

<b>S. no.</b>	<b>Process/Event</b>	<b>Timeline/ Frequency</b>
	for scrutiny by DGARM on ACES GST Application for a financial year	
(ii)	Finalization of scrutiny schedule with the approval of the concerned Assistant/ Deputy Commissioner	Within seven working days of receipt of the details of the concerned GSTINs on ACES- GST application
(iii)	Issuance of notice by the proper officer for intimating discrepancies in <b>FORM GST ASMT-10</b> , where required	Within the month, as mentioned in scrutiny schedule for scrutiny for the said GSTIN.
(iv)	Reply by the registered person in <b>FORM GST ASMT-11</b>	Within a period of thirty days of being informed by the proper officer in <b>FORM GST ASMT-10</b> or such further period as may be permitted by the proper officer
(v)	Issuance of order in <b>FORM GST ASMT- 12</b> for acceptance of reply furnished by the registered person, where applicable	Within thirty days from receipt of reply from the registered person in <b>FORM GST ASMT- 11</b>
(vi)	Initiation of appropriate action for determination of the tax and other dues under section 73 or section 74, in cases where no reply is furnished by the registered person	Within a period of fifteen days after completion of the period of thirty days of issuance of notice in <b>FORM GST ASMT-10</b> or such further period as permitted by the proper officer
(vii)	Initiation of appropriate action for determination of the tax and other dues under section 73 or section 74, in cases where reply is furnished by the registered person, but the same is not found acceptable by the proper officer	Within thirty days from receipt of reply from the registered person in <b>FORM GST ASMT- 11</b>
(viii)	Reference, if any, to the Audit Commissionerate or the anti- evasion wing of the Commissionerate for action, under section 65 or section 66 or section 67, as the case may be.	Within thirty days from receipt of reply from the registered person in <b>FORM GST ASMT- 11</b> or within a period of forty-five days of issuance of <b>FORM GST ASMT-10</b> , in case no explanation is furnished by the registered person.

**6.2** It may also be ensured that the requisite actions must be initiated well ahead of the time limits as specified in section 73 or section 74 of the CGST Act, as the case may be, in respect of a return identified for scrutiny for a financial year.

**7. Reporting and Monitoring:**

**7.1** The details of action taken by the proper officer in respect of GSTINs allocated to him for scrutiny will be available in the form of two MIS reports in the scrutiny dashboard on the ACES- GST application. MIS report '**Monthly Scrutiny Progress Report**' (in the format specified in **Annexure-D of Instruction No.02/2022 dated 22.03.2022**) displays summary information of the status of scrutiny of returns for the selected month of a financial year for the selected formation. Besides, the GSTIN-wise details of action taken in respect of scrutiny of returns in respect of allotted GSTINs is made available in the MIS report '**Scrutiny Register**' (in the format specified in **Annexure-C of Instruction No.02/2022 dated 22.03.2022**) on the scrutiny dashboard.

**7.2** In view of this, the requirement of compiling and sending the Monthly Scrutiny Progress Report by the CGST zones to DGGST is hereby dispensed with for the Financial Year 2019-20 onwards. However, the CGST zones will continue to send Monthly Scrutiny Progress Reports to DGGST in respect of the Financial Years 2017-18 and FY 2018-19 till the completion of scrutiny of returns for these financial years, as per the timelines mentioned in Instruction No. 02/2022- GST dated 22<sup>nd</sup> March, 2022.

**7.3** It is also added that the progress of the scrutiny exercise as per the scrutiny schedule shall be monitored by the jurisdictional Principal Commissioner/ Commissioner on regular basis.

**8.** It is clarified that since the scrutiny functionality has been provided on ACES-GST application only for the Financial Year 2019-20 onwards, the procedure specified in **Instruction No. 02/2022 dated 22.03.2022** shall continue to be followed for the scrutiny of returns for the financial years 2017-18 and 2018-19.

**9.** The online scrutiny functionality on ACES-GST application will further boost the efforts of the department to leverage technology and risk-based tools to encourage self-compliance and to conduct scrutiny of returns with minimal interaction with the registered person. All Principal Chief Commissioners (PCCs)/ Chief Commissioners (CCs) of CGST Zones are requested to closely monitor timely scrutiny of returns of the selected GSTINs within their jurisdictions.



**IMPORTANT FORMS**  
**Form GSTR-1 [See rule (59(1))]**  
**Details of outward supplies of goods or services**

Financial Year				
Tax period				

1.		GSTIN																		
2.	(a)	Legal name of the registered person																		
	(b)	Trade name, if any																		
3.	(a)	ARN																		
	(b)	Date of ARN																		

**4. Taxable outward supplies made to registered persons (including UIN - holders) other than supplies covered by Table 6 (Amount in Rs. for all Tables)**

GSTIN/ UIN	Invoice details			Rate	Taxable value	Amount				Place of Supply (Name of State/UT)
	No.	Date	Value			Integrated Tax	Central Tax	State / UT Tax	Cess	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
4A. Supplies other than those (i) attracting reverse charge and (ii) supplies made through e-commerce operator", the words, brackets and letters, "attracting reverse charge (including supplies made through e-commerce operator attracting TCS)										
4B. Supplies attracting tax on reverse charge basis										

**5. Taxable outward inter - State supplies to un - registered persons where the invoice value is more than Rs 2.5 lakh**

Place of Supply (State/UT)	Invoice details			Rate	Taxable Value	Amount	
	No.	Date	Value			Integrated Tax	Cess
1.	2.	3.	4.	5.	6.	7.	8.
5A.Outward supplies (other than supplies made through e-commerce operator, rate wise)", the words, brackets, letters, "Outward supplies (including supplies made through e-commerce operator, rate wise)							

## 6. Zero rated supplies and Deemed Exports

GSTIN of recipient	Invoice details			Shipping bill/ Bill of export		Integrated Tax			Central Tax			State / UT Tax			Cess
	No.	Date	Value	No.	Date	Rate	Taxable value	Amt.	Rate	Taxable value	Amt.	Rate	Taxable value	Amt.	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
6A. Exports															
6B. Supplies made to SEZ unit or SEZ Developer															
6C. Deemed exports															

## 7. Taxable supplies (Net of debit notes and credit notes) to unregistered persons other than the supplies covered in Table 5

Rate of tax	Total Taxable value	Amount			
1	2	3	4	5	6
7A. Intra-State supplies					
Consolidated rate wise outward supplies [including supplies made through e-commerce operator attracting TCS]					
7B. Inter-State Supplies where invoice value is up to Rs 2.5 Lakh [Rate wise]"Consolidated rate wise outward supplies [including supplies made through e-commerce operator attracting TCS]					
Place of Supply (Name of State)					

## 8. Nil rated, exempted and non GST outward supplies

Description	Nil Rated Supplies	Exempted (Other than Nil rated/non - GST supply)	Non - GST supplies
1.	2.	3.	4.
8A. Inter-State supplies to registered persons.			
8B. Intra-State supplies to registered persons.			
8C. Inter-State supplies to unregistered persons.			
8D. Intra-State supplies to unregistered persons.			

**9. Amendments to taxable outward supply details furnished in returns for earlier tax periods in Table 4, 5 and 6 [including debit and credit notes, refund vouchers issued during current period and amendments thereof]**

Details of original document			Revised details of document or details of original Debit or Credit Notes						Rate	Taxable Value	Amount				Place of supply
GSTIN	No.	Date	GSTIN	Document		Shipping bill		Value			Integrated Tax	Central Tax	State / UT Tax	Cess	
				No.	Date	No.	Date								
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
9A. Amendment of invoice/Shipping bill details furnished earlier															
9B. Debit Notes/Credit Notes [original]															
9C. Debit Notes/Credit Notes [Amended]															

**10. Amendments to taxable outward supplies to unregistered persons furnished in returns for earlier tax periods in Table 7**

Rate of tax	Total Taxable value	Amount			
		Integrated	Central	State/UT Tax	Cess
1.	2.	3.	4.	5.	6.
Tax period for which the details are being revised		<Month/Quarter>			
10A. Intra-State Supplies [including supplies made through e-commerce operator attracting TCS] [Rate wise]					
10B. Inter-State Supplies [including supplies made through e-commerce operator attracting TCS] [Rate wise]					
Place of Supply (Name of State)					

**11. Consolidated Statement of Advances Received/Advance adjusted in the current tax period/ Amendments of information furnished in (Net of refund vouchers, if any)**

Rate	Gross Advance Received/adjusted	Place of supply	Amount			
			Integrated	Central	State/UT	Cess
1.	2.	3.	4.	5.	6.	7.
<b>I Information for the current tax period</b>						
11A. Advance amount received in the tax period for which invoice has not been issued (tax amount to be added to output tax liability)						
11A (1). Intra-State supplies (Rate Wise)						
11A (2). Inter-State Supplies (Rate Wise)						
11B. Advance amount received in earlier tax period and adjusted against the supplies being shown in this tax						

period in Table Nos. 4, 5, 6 and 7												
11B (1). Intra-State Supplies (Rate Wise)												
11B (2). Inter-State Supplies (Rate Wise)												
<b>II Amendment of information furnished in Table No. 11[1] in GSTR-1 statement for earlier tax periods</b> [Furnish revised information]												
Month								Amendment relating to information furnished in S. No.(select)	11A(1)	11A(2)	11B(1)	11B(2)

**12. HSN-wise summary of outward supplies**

Sr. No.	HSN	Description	UQC	Total Quantity	Rate of Tax	Total Taxable Value	Amount					
							Integrated Tax	Central Tax	State/UT Tax	Cess		
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.		

**13. Documents issued during the tax period**

Sr. No.	Nature of document	Sr. No.		Total number	Cancelled	Net issued
		From	To			
1.	2.	3.	4.	5.	6.	7.
1.	Invoices for outward supply 82					
2.	Invoices for inward supply from unregistered person					
3.	Revised Invoice					
4.	Debit Note					
5.	Credit Note					
6.	Receipt voucher					
7.	Payment Voucher					
8.	Refund voucher					
9.	Delivery Challan for job work					
10.	Delivery Challan for supply on approval					
11.	Delivery Challan in case of liquid gas					
12.	Delivery Challan in cases other than by way of supply (excluding at S no. 9 to 11)					

**14. Details of the supplies made through e-commerce operators on which e-commerce operators are liable to collect tax under section 52 of the Act or liable to pay tax u/s 9(5) [Supplier to report]**

Name of supply	GSTIN of e-commerce operator	Net value of supplies	Tax amount			
			Integrated tax	Central tax	State/UT tax	Cess
1	2	3	4	5	6	7
(a) Supplies on which e-commerce operator is liable to collect tax u/s 52						
(b) Supplies on which e-commerce operator is liable to pay tax u/s 9(5)						

**14A. Amendment to details of the supplies made through e-commerce operators on which e-commerce operators are liable to collect tax under section 52 of the Act or liable to pay tax u/s 9(5) [Supplier to report]**

Nature of supply	Original details		Revised details	Net value of supplies	Tax amount			
	Month / Quarter	GSTIN of e-commerce operator	GSTIN of e-commerce operator		Integrated tax	Central tax	State / UT tax	Cess
1	2	3	4	5	6			
(a) Supplies on which e-commerce operator is liable to collect tax u/s 52								
(b) Supplies on which e-commerce operator is liable to pay tax u/s 9(5)								

**15. Details of the supplies made through e-commerce operators on which e-commerce operator is liable to pay tax u/s 9(5) [e-commerce operator to report]**

Type of supplier	Type of recipient	Type of recipient	GSTIN of recipient	Document no	Document date	Rate	Value of supplies made	Tax Amount				
								Integrated tax	Central tax	State / UT tax	Cess	Place of supply
1	2	3	4	5	6	7	8	9	10	11	12	13
Registered	Registered											
	Unregistered											
Unregistered	Registered											
	Unregistered											

**15A (I). Amendment to details of the supplies made through e-commerce operators on which e-commerce operator is liable to pay tax u/s 9(5) [e-commerce operator to report, for registered recipients]**

Type of supplier	Original details				Revised details				Rate	Value of supplies made	Tax amount				Place of supply
	GSTIN of	Doc. no.	Doc.	GSTIN of	GSTIN of	Doc. no.	Doc.	Integrated tax			Integrated tax	Central tax	State	Cess	

	recipient		date	supplier	recipient		date							/ UT tax	Cess	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Registered																
Unregistered																

**15A (II). Amendment to details of the supplies made through e-commerce operators on which ecommerce operator is liable to pay tax u/s 9(5) [e-commerce operator to report, for unregistered recipients]**

Type of supplier`	Original details	Tax period	Revised detail GSTIN of supplier	Rate	Value of supplies made	Tax amount				Place of supply
						Integrated tax	Central tax	State / UT tax	Cess	
1	2	3	4	5	6	7	8	9	10	11

(r) For the instructions, the following shall be substituted, namely:-

**"A. General Instructions**

1. Terms used:

- a. GSTIN: Goods and Services Tax Identification Number
- b. UIN: Unique Identity Number
- c. UQC: Unit Quantity Code
- d. HSN: Harmonized System of Nomenclature
- e. POS: Place of Supply (Respective State)
- f. TCS: Tax collection at source by e-commerce operator
- g. SEZ: Special Economic Zone
- h. ECO: E-commerce operator
- i. DTA: Domestic Tariff Area
- j. B to B: Supplies from one registered person to another registered person
- k. B to C: Supplies from registered person to unregistered person

2. Quarterly taxpayers filing invoice details through GSTR-1 or IFF for the first two month(s) of the quarter shall not repeat such details while filing GSTR-1 of the quarter.

**B. Table specific instructions-**

Sr. No. 1	Table No. 2	Instruction 3
1	4A	<p>i. Supplies made to registered persons including supplies made through ecommerce operator attracting TCS u/s 52, but excluding supplies attracting tax on reverse charge basis, shall be reported.</p> <p>ii. Supplies made u/s 9(5) for which e-commerce operator is liable to pay tax shall not be reported in this table.</p> <p>iii. The supplies made by SEZ on cover of a bill of entry shall not be reported by SEZ unit /developer.</p>
2	4B	Supplies made to registered persons, attracting tax on reverse charge basis, shall be reported. Supplies made u/s 9(5) for which e-commerce operator is liable to pay tax shall not be reported in this table
3	5	Inter-State supplies made to unregistered persons having invoice value more than Rs. 2.50 lakh

		shall be reported.
4	6A	Exports with or without IGST shall be reported. Shipping bill details, if applicable, can be provided later through table 9 if such details are not available at the time of filing the statement.
5	6B	Supplies made to SEZ units or SEZ developers, with or without IGST, shall be reported
6	6C	Deemed export supplies shall be reported
7	7	Supplies made to unregistered persons other than those reported in table 5 shall be reported. Values shall be net of credit and debit notes
8	8	Supplies having no tax liability (Nil rated, exempted and non-GST supplies) shall be reported. Supplies made through E-commerce Operator under section 9(5) shall not be included under exempted supplies of supplier.
9	9A	Amendment of values reported in table 4A, 4B, 5, 6A, 6B and 6C shall be reported.
10	9B	Credit and debit notes issued during the period shall be reported
11	9C	Amendment of credit and debit notes reported in table 9B shall be reported.
12	10	Amendment of unregistered supplies reported in table 7 shall be reported.
13	11(I)A	Advances received shall be reported. The values shall be net of refund vouchers, if any
14	11(I)B	Advances adjusted during the period shall be reported
15	11(II)	Amendment to advances received or adjusted shall be reported
16	12	HSN details as per notifications issued by Government from time to time shall be reported
17	13	Details of the documents issued during the period shall be reported.
18	14(a)	Details of the supplies reported in any table from 4 to 10, made through e-commerce operator on which ECO is liable to collect tax at source (TCS) under section 52, shall be reported by the supplier.
19	14(b)	Details of supplies made through ECO, on which ECO is liable to pay tax u/s 9(5), shall be reported by the supplier. Tax on such supplies shall be paid by the ECO and not by the supplier
20	14A(a)	Amendment to supplies reported in table 14(a) in earlier tax period shall be reported
21	14A(b)	Amendment to supplies reported in table 14(b) in earlier tax period shall be reported
22	15	(i) ECO shall report details of the supplies made through him/her on which he/she is liable to pay tax u/s 9(5).
		(ii) GSTIN of supplier and recipient, if registered, shall be reported.
		(iii) Details of the documents issued by ECO shall be reported, if recipient is registered.
23	15A(I)	Amendment to the details reported in table 15 in earlier tax periods in respect of registered recipients shall be reported.
24	15A(II)	Amendment to the details reported in table 15 in earlier tax periods in respect of unregistered recipients shall be reported..

#### Verification

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.

Place of Authorised Signatory .....Date Designation

/Status.....Instructions "

1. Terms used:

- a. GSTIN: Goods and Services Tax Identification Number
- b. UIN: Unique Identity Number
- c. UQC: Unit Quantity Code
- d. HSN: Harmonized System of Nomenclature
- e. POS: Place of Supply (Respective State)
- f. B to B: From one registered person to another registered person
- g. B to C: From registered person to unregistered person

Signature  
Name

2. The details in GSTR- 1 should be furnished by 10th of the month succeeding the  
3. relevant tax period.

4. Aggregate turnover of the taxpayer for the immediate preceding financial year and first quarter of the current financial year shall be reported in the preliminary information in Table 3. This information would be required to be submitted by the taxpayers only in the first year. Quarterly turnover information shall not be captured in subsequent returns. Aggregate turnover shall be auto-populated in subsequent years. Invoice-level information pertaining to the tax period should be reported for all supplies as under:

- (i) For all B to B supplies (whether inter-State or intra-State), invoice level details, rate-wise, should be uploaded in Table 4, including supplies attracting reverse charge and those effected through e-commerce operator. Outwards supply information in these categories are to be furnished separately in the Table.
- (ii) For all inter-State B to C supplies, where invoice value is more than Rs.2,50,000/- (B to C Large) invoice level details, rate-wise, should be uploaded in Table 5; and
- (iii) For all B to C supplies (whether inter-State or intra-State) where invoice value is up to Rs.2,50,000/- State-wise summary of supplies, rate-wise, should be uploaded in Table 7.

5. Table 4 capturing information relating to B to B supplies should:

(i) be captured in:

- a. Table 4A for supplies relating to other than reverse charge/ made through e-commerce operator, rate-wise;
- b. Table 4B for supplies attracting reverse charge, rate-wise; and
- c. Table 4C relating to supplies effected through e-commerce operator attracting collection of tax at source under section 52 of the Act, operator wise and rate-wise.

(ii) Capture Place of Supply (PoS) only if the same is different from the location of the recipient.



6. Table 5 to capture information of B to C Large invoices and other information shall be similar to Table 4. The Place of Supply (PoS) column is mandatory in this table.

7. Table 6 to capture information related to:

- (i) Exports out of India
- (ii) Supplies to SEZ unit/ and SEZ developer
- (iii) Deemed Exports

8. Table 6 needs to capture information about shipping bill and its date. However, if the shipping bill details are not available, Table 6 will still accept the information. The same can be updated through submission of information in relation to amendment Table 9 in the tax period in which the details are available but before claiming any refund / rebate related to the said invoice. The detail of Shipping Bill shall be furnished in 13 digits capturing port code (six digits) followed by number of shipping bill.

9. Any supply made by SEZ to DTA, without the cover of a bill of entry is required to be reported by SEZ unit in GSTR-1. The supplies made by SEZ on cover of a bill of entry shall be reported by DTA unit in its GSTR-2 as imports in GSTR-2. The liability for payment of IGST in respect of supply of services would, be created from this Table..

10. In case of export transactions, GSTIN of recipient will not be there. Hence it will remain blank.

11. Export transactions effected without payment of IGST (under Bond/ Letter of Undertaking (LUT)) needs to be reported under "0" tax amount heading in Table 6A and 6B.

12. Table 7 to capture information in respect of taxable supply of:

- (i) B to C supplies (whether inter-State or intra-State) with invoice value upto Rs2,50,000;
- (ii) Taxable value net of debit/ credit note raised in a particular tax period and information pertaining to previous tax periods which was not reported earlier, shall be reported in Table 10. Negative value can be mentioned in this table, if required;
- (iii) Transactions effected through e-commerce operator attracting collection of tax at source under section 52 of the Act to be provided operator wise and rate wise;
- (iv) Table 7A (1) to capture gross intra-State supplies, rate-wise, including supplies made through e-commerce operator attracting collection of tax at source and Table 7A (2) to capture supplies made through e-commerce operator attracting collection of tax at source out of gross supplies reported in Table 7A(1);
- (v) Table 7B (1) to capture gross inter-State supplies including supplies made through e-commerce operator attracting collection of tax at source and Table 7B(2) to capture supplies made through e-commerce operator attracting collection of tax at source out of gross supplies reported in Table 7B (1);and
- (vi) Table 7B to capture information State wise and rate wise.

13. Table 9 to capture information of: 85

- (i) Amendments of B to B supplies reported in Table 4, B to C Large supplies reported in Table 5 and Supplies involving exports/SEZ unit or SEZ developer/ deemed exports reported in Table 6;
- (ii) Information to be captured rate-wise
- (iii) It also captures original information of debit / credit note issued and amendment to it reported in earlier tax periods; While furnishing information the original debit note/credit note, the details of invoice shall be mentioned in the first three columns, While furnishing revision of a debit note/credit note, the details of original debit note/credit note shall be mentioned in the first three columns of this Table,
- (iv) Place of Supply (PoS) only if the same is different from the location of the recipient;
- (v) Any debit/ credit note pertaining to invoices issued before the appointed day under the existing law also to be reported in this table; and
- (vi) Shipping bill to be provided only in case of exports transactions amendment.

14. Table 10 is similar to Table 9 but captures amendment information related to B to C supplies and reported in Table 7.

15. Table 11A captures information related to advances received, rate-wise, in the tax period and tax to be paid thereon along with the respective PoS. It also includes information in Table 11B for adjustment of tax paid on advance received and reported in earlier tax periods against invoices issued in the current tax period. The details of information relating to advances would be submitted only if the invoice has not been issued in the same tax period in which the advance was received.

16. Summary of supplies effected against a particular HSN code to be reported only in summary table. It will be optional for taxpayers having annual turnover upto Rs.1.50 Cr but they need to provide information about description of goods.

17. It will be mandatory to report HSN code at two digits level for taxpayers having annual turnover in the preceding year above Rs.1.50 Cr but upto Rs.5.00 Cr and at four digits level for taxpayers having annual turnover above Rs.5.00 Cr.

18. It will be mandatory to specify the number of digits of HSN code for goods or services that a class of registered persons shall be required to mention as may be specified in the notification issued from time to time under proviso to rule 46 of the said rules.

# FORM GSTR-2A

[See rule 60(1)]

## Details of auto drafted supplies

(From GSTR 1, GSTR 5, GSTR-6, GSTR-7, GSTR-8, import of goods and inward supplies of goods received from SEZ units / developers)

Year					
Month					

1.	GSTIN										
2.	(a) Legal name of the registered person										
	(b) Trade name, if any										

### PART A

(Amount in Rs. all Tables)

#### 3. Inward supplies received from a registered person including supplies attracting reverse charge

GSTIN of supplier	Trade/Legal name	Invoice details						Rate (%)	Taxable value	Amount of tax				Place of supply (Name of State/ UT)	Supply attracting reverse charge (Y/N)	GST-1/5 period	GST-1/5 filing date	GST-3B filing status (Yes / No)	Amendment made, if any (GSTIN, Others)	Tax period in which amended	Effective date of cancellation, if any
		No.	Type	Date	Value	Integrated Tax	Central Tax			State/UT Tax	Cess										
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		

#### 4. Amendment to Inward supplies received from a registered person including supplies attracting reverse charge (Amendment to 3)

Details of original Document	Revised details										Taxable value	Rate (%)	Amount of tax	Place of supply (Name of State/ UT)	Supply attracting reverse charge (Y/N)	GST-1/5 period	GST-1/5 filing date	GST-3B filing status (Yes / No)	Amendment made (GSTIN, Others)	Tax period of original record	Effective date of cancellation if any
	No.	Date	GSTIN	Trade/Legal name	No.	Type	Date	Value	Integrated Tax	Central Tax											
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22

#### 5. Debit / Credit notes received during current tax period

GSTIN of supplier	Trade / Legal name	Credit / Debit Note Details						Rate (%)	Taxable value	Amount of tax				Place of supply (Name of State/ UT)	Supply attracting reverse charge (Y/N)	GST-1/5 period	GST-1/5 filing date	GST-3B filing status (Yes / No)	Amendment made, if any (GSTIN, Others)	Tax period in which amended	Effective date of cancellation, if any
		No.	Note Type	Note Supply type	Date	Value	Integrated Tax			Central Tax	State/UT Tax	Cess									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	

#### 6. Amendment to Debit / Credit notes (Amendment to 5)

Details of original document	Revised details										Taxable value	Rate (%)	Amount of tax	Place of supply (Name of State/ UT)	Supply attracting reverse charge (Y/N)	GST-1/5 period	GST-1/5 filing date	GST-3B filing status (Yes / No)	Amendment made (GSTIN, Others)	Tax period of original record	Effective date of cancellation if any
	Type	No.	Date	GSTIN of Supplier	Trade/ Legal name	No.	Note Type	Note Supply type	Date	Value											

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	

**PART B**

**7. ISD credit received**

GSTIN of ISD	Trade/ Legal name	ISD document details		ISD invoice details (for ISD credit note only)				ITC amount involved				GSTR-6 Period	GSTR6 filing date	Amendment made, if any	Tax Period in which amended	ITC Eligibility
		Type	No.	Date	No.	Date	Integrated Tax	Central Tax	State/UT Tax	Cess						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	

**8. Amendments to ISD credit details**

Original ISD Document Details			Revised details				Original ISD invoice details (for ISD credit note only)				ITC amount involved				ISD GST R-6 Period	ISD GSTR-6 filing date	Amendment made	Tax period of original record	ITC Eligibility
Type	No.	GSTIN of ISD	Trade/Legal name	Type	No.	Date	No.	Date	Integrated Tax	Central Tax	State/UT Tax	Cess							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	

**PART- C**

**9. TDS and TCS Credit (including amendments thereof) received**

GSTIN of Deductor / GSTIN of ECommerce Operator	Deductor Name / ECommerce Operator Name	Tax period of GSTR-7 / GSTR-8 (Original / Amended)	Amount received / Gross value (Original / Revised)	Value of supplies returned	Net amount liable for TCS	Amount (Original / Revised)		
						Integrated Tax	Central Tax	State/UT Tax
1	2	3	4	5	6	7	8	9
<b>9A. TDS</b>								
<b>9B. TCS</b>								

**PART- D**

**10. Import of goods from overseas on bill of entry (including amendments thereof)**

ICEGATE Reference date	Bill of entry details				Amount of tax		Amended (Yes/ No)
	Port code	No.	Date	Value	Integrated tax	Cess	
1	2	3	4	5	6	7	8

**11. Inward supplies of goods received from SEZ units / developers on bill of entry (including amendments thereof)**

GSTIN of the Supplier (SEZ)	Trade / Legal name	ICEGATE Reference date	Bill of Entry details				Amount of tax		Amended (Yes/ No)
			Port code	No.	Date	Value	Integrated tax	Cess	
1	2	3	4	5	6	7	8	9	10

**Instructions:**

## 1. Terms Used :-

- a. ITC " Input tax credit
- b. ISD " Input Service Distributor

2. **Important Advisory:** FORM GSTR-2A is statement which has been generated on the basis of the information furnished by your suppliers in their respective FORMS GSTR1,5,6,7 and 8. It is a dynamic statement and is updated on new addition/amendment made by your supplier in near real time. The details added by supplier would reflect in corresponding FORM GSTR-2A of the recipient irrespective of supplier"s date of filing

3. There may be scenarios where a percentage of the applicable rate of tax rate may be notified by the Government. A separate column will be provided for invoices / documents where such rate is applicable.

**4. Table wise instructions:**

<b><u>Table No. and Heading</u></b>	<b><u>Instructions</u></b>
<p>3</p> <p>Inward supplies received from a registered person including supplies attracting reverse charge</p>	<p>i. The table consists of all the invoices (including invoices on which reverse charge is applicable) which have been saved / filed by your suppliers in their FORM GSTR-1 and 5.</p> <p>ii. Invoice type :</p> <ul style="list-style-type: none"> <li>a. R- Regular (Other than SEZ supplies and Deemed exports)</li> <li>b. SEZWP- SEZ supplies with payment of tax</li> <li>c. SEZWOP- SEZ supplies without payment of tax</li> <li>d. DE- Deemed exports e. CBW - Intra-State supplies attracting IGST</li> </ul> <p>iii. For every invoice, the period and date of FORM GSTR1/5 in which such invoice has been declared and filed is being provided. It may be noted that the details added by supplier would reflect in corresponding FORM GSTR-2A of the recipient irrespective of supplier"s date of filing. For example, if a supplier files his invoice INV-1 dated 10<sup>th</sup> November 2019 in his FORM GSTR-1 of March 2020, the invoice will be reflected in FORM</p> <p>GSTR-2A of March, 2020 only. Similarly, if the supplier files his FORM</p>
	<p>GSTR-1 for the month of November on 5th March 2020, the invoice will be reflected in FORM GSTR-2A of November 2019 for the recipient.</p> <p>iv. The status of filing of corresponding FORM GSTR-3B for FORM GSTR-1 will also be provided. v. The table also shows if the invoice or debit note was amended by the supplier and if yes, then the tax period in which such invoice was amended, declared and filed. For example, if</p>

	<p>a supplier has filed his invoice INV-1 dated 10<sup>th</sup> November 2019 in his FORM GSTR-1 of November 2019, the invoice will be reflected in FORM GSTR-2A of November, 2019. If the supplier amends this invoice in FORM GSTR-1 of December 2019, the amended invoice will be made available in Table 4 of FORM GSTR-2A of December 2019. The original record present in Table 3 of FORM GSTR-2A of November 2019 for the recipient will now have updated columns of amendment made (GSTIN, others) and tax period of amendment as December 2019.</p> <p>vi. In case, the supplier has cancelled his registration, the effective date of cancellation will be provided.</p>
4 Amendment to Inward supplies received from a registered person including supplies attracting reverse charge (Amendment to table 3)	<p>i. The table consists of amendment to invoices (including invoice on which reverse charge is applicable) which have been saved/filed by your suppliers in their FORM GSTR-1 and 5.</p> <p>ii. Tax period in which the invoice was reported originally and type of amendment will also be provided. For example, if a supplier has filed his invoice INV-1 dated 10<sup>th</sup> November 2019 in his FORM GSTR-1 of November 2019, the invoice will be reflected in FORM GSTR-2A of November, 2019. If the supplier amends this invoice in FORM GSTR-1 of December 2019, the amended invoice will be made available in Table 4 of FORM GSTR-2A of December 2019. The original record present in Table 3 of FORM GSTR-2A of November 2019 for the recipient will now have updated columns of amendment made (GSTIN, others) and tax period of amendment as December 2019.</p>
5 Debit / Credit notes received	<p>i. The table consists of the credit and debit notes (including credit/debit notes relating to transactions on which reverse charge is applicable) which have been saved/filed by your suppliers in their FORM GSTR-1 and 5.</p>
during current tax period	<p>ii. If the credit/debit note has been amended subsequently, tax period in which the note has been amended will also be provided.</p> <p>Note Type:</p> <p>Credit Note Debit Note</p> <p>iv. Note supply type:</p> <p>R- Regular (Other than SEZ supplies and Deemed exports)</p>

	<p>SEZWP- SEZ supplies with payment of tax</p> <p>SEZWOP- SEZ supplies without payment of tax</p> <p>DE- Deemed exports</p> <p>CBW - Intra-State supplies attracting IGST</p> <p>v. For every credit or debit note, the period and date of FORM GSTR-1/5 in which such credit or debit note has been declared and filed is being provided. It may be noted that the details added by supplier would reflect in corresponding FORM GSTR-2A of the recipient irrespective of supplier"s filing of FORM GSTR-1. For example, if a supplier files his credit note CN-1 dated 10<sup>th</sup> November 2019 in his FORM GSTR-1 of March 2020, the credit note will be reflected in FORM GSTR-2A of March, 2020 only. Similarly, if the supplier files his FORM GSTR-1 for the month of November on 5<sup>th</sup> March 2020, the credit note will be reflected in FORM GSTR-2A of November 2019 for the recipient.</p> <p>vi. The status of filing of corresponding FORM GSTR-3B of suppliers will also be provided.</p> <p>vii. The table also shows if the credit note or debit note has been amended subsequently and if yes, then the tax period in which such credit note or debit note was amended, declared and filed.</p> <p>viii. In case, the supplier has cancelled his registration, the effective date of cancellation will be displayed.</p>
6 Amendment to Debit/Credit	i. The table consists of the amendments to credit and debit notes (including credit/debit notes on which reverse charge is applicable) which have been saved/filed by your suppliers in their FORM GSTR-1 and 5.
notes (Amendment to 5)	ii. Tax period in which the note was reported originally will also be provided.
7 ISD credit received	<p>i. The table consists of the details of the ISD invoices and ISD credit notes which have been saved/filed by an input service distributor in their FORM GSTR-6.</p> <p>Document Type :</p> <p>ISD Invoice</p> <p>ISD Credit Note</p> <p>iii. If ISD credit note is issued subsequent to issue of ISD invoice, original invoice number and date will also be shown against such credit note. In case document type is ISD Invoice these columns would be blank</p>

	<p>iv. For every ISD invoice or ISD credit note, the period and date of FORM GSTR-6 in which such respective invoice or credit note has been declared and filed is being provided.</p> <p>v. The status of eligibility of ITC on ISD invoices as declared in FORM GSTR-6 will be provided.</p> <p>The status of eligibility of ITC on ISD credit notes will be provided.</p>
8 Amendment to ISD credit received	i. The table consists of the details of the amendments to details of the ISD invoices and ISD credit notes which have been saved/filed by an input service distributor in their FORM GSTR-6.
9 TDS / TCS credit received	<p>i. The table consists of the details of TDS and TCS credit from FORM GSTR-7 and FORM GSTR-8 and its amendments in a tax period.</p> <p>ii. A separate facility will be provided on the common portal to accept/reject TDS and TCS credit.</p>
10 & 11 Details of Import of goods from overseas on bill of entry and from	<p>i. The table consists of details of IGST paid on imports of goods from overseas and SEZ units / developers on bill of entry and amendment thereof.</p> <p>ii. The ICEGATE reference date is the date from which the recipient is eligible to take input tax credit.</p> <p>The table also provides if the Bill of entry was amended.</p>
SEZ units and developers and their respective amendments	iv. Information is provided in the tables based on data received from ICEGATE. Information on certain imports such as courier imports may not be available.



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

Year				
Month				

1.	GSTIN																			
2.	Legal name of the registered person	Auto Populated																		

**3.1 Details of Outward Supplies and inward supplies liable to reverse charge (other than those covered in 3.1.1)**

nature of Supplies	Total Taxable value	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5	6
(a) Outward taxable supplies (other than zero rated, nil rated and exempted)					
(b) Outward taxable supplies (zero rated )					
(c) Other outward supplies (Nil rated, exempted)					
(d) Inward supplies (liable to reverse charge)					
(e) Non-GST outward supplies					

**3.1.1 Details of supplies notified under sub-section (5) of section 9 of the Central Goods and Services Tax Act, 2017 and corresponding provisions in Integrated Goods and Services Tax/Union Territory Goods and Services Tax/State Goods and Services Tax Acts**

Nature of Supplies	Total Taxable value	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5	6
(i) Taxable supplies on which electronic commerce operator pays tax under sub- section (5) of section 9 [to be furnished by the electronic commerce operator]					
(ii) Taxable supplies made by the registered person through electronic commerce operator, on which electronic commerce operator is required to pay tax under sub-section (5) of section 9 [to be furnished by the registered person making supplies through electronic commerce operator].					

**3.2 Of the supplies shown in 3.1 (a) and 3.1.1(i) above, details of inter-State supplies made to unregistered persons, composition taxable persons and UIN holders**

	Place of Supply (State/UT)	Total Taxable value	Amount of Integrated Tax
1	2	3	4
Supplies made to Unregistered Persons			
Supplies made to Composition Taxable Persons			
Supplies made to UIN holders			

**4. Eligible ITC**

Details	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5
<b>(A) ITC Available (whether in full or part)</b>				
(1) Import of goods				
(2) Import of services				
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)				
(4) Inward supplies from ISD				
(5) All other ITC				
<b>(B) ITC Reversed</b>				
(1) As per rules 38, 42 and 43 of CGST Rules and sub-section (5) of section 17				
(2) Others				
<b>(C) Net ITC Available (A) " (B)</b>				
<b>(D) Other Details</b>				
(1) ITC reclaimed which was reversed under Table 4(B)(2) in earlier tax period				
(2) Ineligible ITC under section 16(4) and ITC restricted due to PoS provisions				

**5. Values of exempt, nil-rated and non-GST inward supplies**

Nature of supplies	Inter- State supplies	Intra- State supplies
1	2	3
From a supplier under composition scheme, Exempt and Nil rated supply		
Non GST supply		

## 6.1 Payment of tax

Description	Tax payable	Paid through ITC				Tax paid TDS./TCS	Tax/Cess paid in cash	Interest	Late Fee
		Integrated Tax	Central Tax	State/UT Tax	Cess				
1	2	3	4	5	6	7	8	9	10
Integrated Tax									
Central Tax									
State/UT Tax									
Cess									

## 6.2 TDS/TCS Credit

Details	Integrated Tax	Central Tax	State/UT Tax
1	2	3	4

Verification (by Authorised signatory) hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed there from.

Instructions:

- 1) Value of Taxable Supplies = Value of invoices + value of Debit Notes " value of credit notes + value of advances received for which invoices have not been issued in the same month " value of advances adjusted against invoices
- 2) Details of advances as well as adjustment of same against invoices to be adjusted and not shown separately
- 3) Amendment in any details to be adjusted and not shown separately.
- 4) An Electronic Commerce Operator (ECO) shall not include in 3.1(a) above, the supplies on which the ECO is required to pay tax under sub-section (5) of section 9 of the Central Goods and Services Tax Act, 2017 and shall report such supplies in 3.1.1(i) above.
- 5) A registered person making supplies through an Electronic Commerce Operator (ECO) shall not include in 3.1(a) above, the supplies on which the ECO is required to pay tax under sub-section (5) of section 9 of the Central Goods and Services Tax Act, 2017 and shall report such supplies in 3.1.1(ii) above."

**"FORM GST DRC - 01**  
**[See rule 100 (2) & 142(1)(a)]**

Reference No:

Date:

To

\_\_\_\_\_GSTIN/Temp. ID

\_\_\_\_\_Name

Address  
 \_\_\_\_\_

Tax Period : \_\_\_\_\_

F.Y.: \_\_\_\_\_ Act -

Section / sub-section under which SCN is being issued -

SCN Reference No. ---

Date \_\_\_\_\_

**Summary of Show Cause Notice**

- (a) Brief facts of the case :
- (b) Grounds :
- (c) Tax and other dues :

(Amount in Rs.)

"Sr. No.	Tax Rate	Turnover	Tax Period		Act	POS (Place of Supply)	Tax	Interest	Penalty	Fee	Others	Total
			From	To								
1	2	3	4	5	6	7	8	9	10	11	12	13
Total												Rs.

Signature

Name Designation Jurisdiction Address

Note-

1. Only applicable fields may be filled up.
2. Column nos. 2, 3, 4 and 5 of the above Table i.e. tax rate, turnover and tax period are not mandatory.
3. Place of Supply (POS) details shall be required only if the demand is created under the IGST Act."

## FORM GST DRC- 03

[See rules 142(2) & 142 (3)]

Intimation of payment made voluntarily or made against the show cause notice (SCN) or statement [or intimation of tax ascertained through FORM GST DRC-01A

1	GSTIN												
2	Name										< Auto>		
3	Cause of payment										<< drop down>>		
3A	Shipping bill details of erroneous IGST refund (to be enabled only if the specified category is chosen in drop down menu)										(i) Shipping Bill/ Bill of Export No. & Date: (ii) Amount of IGST paid on export of goods: (iii) Notification No. used for procuring inputs at concessional rate or exemption: (iv) Date of notification: (v) Amount of refund received: (vi) Amount of erroneous refund to be deposited: (vii) Date of credit of refund in Bank Account:		
4	Section under which voluntary payment is made										<< drop down>>		
5	Details of show cause notice, if payment is made within 30 days of its issue, scrutiny, intimation of tax ascertained through Form GST DRC01A, audit, inspection or investigation, GST RFD-01, others (specify)										Reference No./ARN		Date of issue/filing
6	Financial Year												
7	Details of payment made including interest and penalty, if applicable										(Amount in Rs.)		
	Sr.No	Tax Period	Act	Place of supply (POS)	Tax/Cess	Interest	Penalty, if applicable	Fee	Others	Total	Ledger utilised (Cash/Credit)	Debit entry no.	Date of debit entry
	1	2	3	4	5	6	7	8	9	10	11	12	13

8. Reasons, if any -

9. Verification-

I hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory Name

Designation / Status Date "\*\*\*\*\*" ..

Note -

1. Payment to be made only in cash for deposit of erroneous refund of unutilised Input Tax Credit (ITC) and for deposit of erroneous refund of Integrated Goods and Services Tax (IGST), obtained in contravention of sub-rule (10) of rule 96.
2. ARN of FORM GST RFD-01 to be mentioned mandatorily if cause of payment is selected as " "deposit of erroneous refund of unutilised ITC".
3. Details of shipping bills to be entered in the same pattern in which the details have been entered in the returns.

**"FORM GST DRC - 07**  
**[See rule 100(1), 100(2), 100(3) & 142(5)]**

Reference No:

1. Details of order :

- (a) Order No. :  
 (b) Order date :  
 (c) Financial year :  
 (d) Tax period: From --- To -----

2. Issues involved :

3. Description of goods / services (if applicable):

Sr. No.	HSN code	Description

4. Section(s) of the Act under which demand is created:

5. Details of demand :

(Amount in Rs.)

"Sr. No.	Tax Rate	Turnover	Tax Period		Act	POS (Place of Supply)	Tax	Interest	Penalty	Fee	Others	Total
			From	To								
1	2	3	4	5	6	7	8	9	10	11	12	13
Total												".

You are hereby directed to make the payment by <Date> failing which proceedings shall be initiated against you to recover the outstanding dues.

To

\_\_\_\_\_ (GSTIN/ID)

-----Name

\_\_\_\_\_ (Address )

**Note -**

Name Designation Jurisdiction Address

Signature

1. Only applicable fields may be filled up.
2. Column nos. 2, 3, 4 and 5 of the Table at serial no. 5 i.e. tax rate, turnover and tax period are not mandatory.
3. Place of Supply (POS) details shall be required only if the demand is created under the IGST Act."

**Part -C**  
**Useful Basics**

## **OVERVIEW OF GST OFFICERS' INTERFACE**

### **(GST Back Office (BO) Application developed by GSTN)**

#### **Introduction**

The GST Back Office, also known as the Tax Officer domain, serves as a pivotal hub for tax officials nationwide to facilitate taxpayer services. It is developed and maintained by GSTN. The revenue map of India comprises of both, officers belonging to state commercial tax offices in respect of states, and Central Board of Indirect Taxes across the country. The uniform, user-friendly platform promises streamlined operations for officers countrywide. With swift data retrieval and minimal data loss, coupled with immediate data transfer, processing becomes more efficient and cohesive. Moreover, the platform continually evolves, integrating new features like e-invoice and e-way bills, with more innovations on the horizon. Seamless navigation further enhances the user experience, ensuring that tax officials can efficiently fulfil their duties while supporting the nation's economic framework.

#### **Key Feature of GST Back Office: -**

- It serves as a unified platform for all GST administrations in India including States and CBIC.
- It provides sufficient flexibility for each administration to function in accordance with statutory requirements given in the existing GST Framework.
- Data of Taxpayers & Back Office portal refers to the single source of truth i.e. single Data base leading to no data discrepancy.
- It conserves time as there is no need to integrate via separate API or develop BO services separately.
- GST Back Office provides access to all the Reports, MIS, Business Intelligence and Fraud Analytics.
- GST Back Office is capable of handling huge transactions and is highly scalable to handle the future requirements.
- GST Back Office provides online communication process with States for preliminary enquiry and follow-up of Enforcement cases

#### **Introduction of various module in GSTN Back Office:**

##### **1. Tax Official Dashboard: -**

Taxpayer profiles are accessible through various means on the GST platform, including the taxpayer's PAN or email ID. Within the dealer profile section, under "Get Taxpayers details," a ledger summary is available for scrutiny. Specific ledger details for a given period can be obtained by utilizing the calendar feature. To retrieve filed returns, the "Record Search (Return)" command comes into play. If a return has been filed, the associated ARN is highlighted in a green background; conversely, if no return has been



filed, the ARN appears in red. For cases where the ARN is not applicable, it is displayed in grey. With the ARN at hand, any related work item can be easily located and accessed. Furthermore, details regarding payments made by the taxpayer against any demand can be obtained by navigating to the taxpayer's profile and accessing the "Payment towards Demand" link. This structured approach facilitates efficient data retrieval and enhances transparency in taxpayer dealings.

### **HELP Section**

An elaborate help section is available in the officer dashboard wherein under various tabs such as "Login with DSC," "Tax Official's Dashboard," "Processing Application," "Search Taxpayer Details," "Reassign Work-Item," "Assessment and Adjudication," "Appeal," "Refund," "Recovery," etc., FAQs and Step-by-Step User Manuals are readily accessible.

### **Administrative Task: -**

After login the GST BO Portal using valid credentials, Tax Officers can navigate to Jurisdictional Admin and click on create & update record of Officials. To assign a new role to the official, click the **ADD NEW ROLE** button. In the role type drop down list, select the type to role of the user such as primary jurisdiction and click **ASSIGN** button to add new role. Similarly, to revoke the role of the tax official, select the **REVOKE** link. In the similar manner the records of the officers can also be updated.

To assign target to the tax officers, navigate to the **Internal/ Official** tab on the home page and click on **Target Allocation** and after filling necessary entries click **ASSIGN** button. To update the achievement against the targeted allocation, navigate to the **Internal/ Official** tab on the home page and click on **Target Allocation**, then click **view Target and Update Achievement Page** is displayed. Update the achievement against the allocated targets. Click the **SAVE & PROCEED** button.

### **Taxpayer Profile: -**

Taxpayer profiles are accessible through various means on the GSTN platform, including the taxpayer's PAN or email ID. Within the dealer profile section, under "Get Taxpayers details," a ledger summary is available for scrutiny. Specific ledger details for a given period can be obtained by utilizing the calendar feature. To retrieve filed returns, the "Record Search (Return)" command comes into play. If a return has been filed, the associated ARN is highlighted in a green background; conversely, if no return has been filed, the ARN appears in red. For cases where the ARN is not applicable, it is displayed in grey. With the ARN at hand, any related work item can be easily located and accessed. Furthermore, details regarding payments made by the taxpayer against any demand can be obtained by navigating to the taxpayer's profile and accessing the "Payment towards Demand" link. This structured approach facilitates efficient data retrieval and enhances transparency in taxpayer dealings.

### **MIS Report: -**

To view the MIS report, one can click on the **MIS > Dashboard** link on the GST portal. Using the Dashboard drop down one can choose amongst the various reports such as Collection, Return, Registration, Refund, Enforcement, Appeals, Assessment etc wherein a vast variety of detailed report are available.

### **Registration Module: -**

Following functionality is available in the registration module: - New Registration Application, Application of core filed Amendment, Application for surrender, Cancellation proceedings, E-KYC of Documents uploaded by Existing Taxpayer, Revocation of Cancelled Registration, Initiate Suo-Moto cancellation, drop proceeding, Cancel registration etc.

### **Enforcement Case Id: -**

The Enforcement Case ID serves as a pivotal tool in addressing cases of tax evasion by taxpayers, enabling tax officials to initiate necessary proceedings. These IDs may be established based on recommendations from various enforcement officers or external sources, or initiated independently by tax officials. Prior to creating a Case ID for unregistered individuals, a Temporary ID must first be generated through back-office functions. Additionally, if a new case is initiated by Circle or Ward Enforcement Officers, approval from their immediate supervisory officer or higher authority is mandatory. Once created, the status of the case on the GST portal is marked as "Case pending," and the respective Case ID is listed under the "Pending Cases" section for the initiating officer. Upon completion of all proceedings, the Enforcement Officer has the authority to close the case. Closure notifications are then sent to the immediate supervisor of the Primary user via My Task. Furthermore, all relevant data pertaining to orders issued on closed cases is transmitted to relevant authorities through an Application Programming Interface (API), ensuring comprehensive documentation and compliance with regulatory protocols.

### **Demand & Collection Module: -**

To initiate a new entry in the Demand and Collection Register (DCR) on the GST portal, Tax Officer should first navigate to the Statutory Functions section, followed by selecting the Demand and Collection Register option, and then choosing the Create New Entry in DCR option. Upon selection, the Create New Entry in DCR page will be displayed, where Tax Officers can input the necessary details and subsequently click the submit button to finalize the entry. To access the DCR for viewing purposes, Tax Officers can again navigate to **Statutory Functions > Demand and Collection Register**, and this time select the View DCR option. This action directs Tax Officer to the DCR search page, where demands created within a financial year or associated with a particular financial year can be located using relevant search parameters. In order to update

payment details against any demand within the DCR, Tax Officer should navigate to the Statutory Functions section, select Demand and Collection Register, and then choose the Update DCR option. Here, demands can be searched by entering specific identifiers such as Demand ID, GSTIN, Temporary ID, or the name of the taxpayer. After identifying the relevant demand, Tax Officer can input payment details including the Date of Payment, Challan No./Order No., and any pertinent remarks before updating the information accordingly.

**Assessment & Adjudication Module: -**

The assessment and adjudication module encompasses various functionalities aimed at ensuring tax compliance and addressing related matters efficiently. These include the determination of tax liabilities, whether arising from fraud or other reasons, scrutiny of returns, assessment of non-filers and unregistered persons, summary assessments, intimation of voluntary payments, and addressing cases of tax collection but non-deposit. Tax officials utilizing this module possess the authority to issue notices, reminders, adjournments, and orders as necessary to facilitate the assessment and adjudication process. To initiate a new proceeding for determining fresh tax liabilities under sections 73 and 74, the tax official navigates to the Statutory Functions section, followed by selecting the Assessment & Adjudication option, and then choosing the Determination of Tax (Fraud/Other) option. Here, after filling in the requisite details, the tax official creates an ARN or Case ID. With the Case ID established, the tax official gains access to a range of assessment and adjudication proceedings pertaining to the specific case. Tabs provided on the left-hand side of the page allow for the initiation of various actions, including intimations, notices, replies, proceedings, orders, and references, streamlining the process and enhancing procedural clarity.

**Appeal Module: -**

Within the GSTN Back Office (BO), several functionalities are provided to facilitate the management of appeals and related proceedings. These include the ability to search for appeals filed by taxpayers or the department, engage in revision proceedings, access cause lists, determine the effects of appeals, search for directions, view orders, and search for review proposals. Additionally, once an appeal is filed before the appellate authority, a range of tabs become available to track its progress and manage associated actions. These tabs include options such as appeal submission, admission of the appeal, issuance of hearing notices, submission of replies, granting of adjournments, issuance of show cause notices (SCN), receipt of rectification requests, and the eventual passing of appeal orders. These functionalities provide tax officials with comprehensive tools to effectively manage appeals and ensure procedural transparency throughout the process.

### **Recovery Module: -**

To access recovery cases within the GSTN Back Office, tax officers can navigate to the home page and select the Recovery option, followed by choosing the Recovery Cases tab. From this page, officers can manage the recovery process for specific cases by utilizing the tabs provided, which include options such as Recovery Details, Notices, Replies, Certificates/Orders, and References. Tax officers have the authority to initiate recovery proceedings against a taxpayer's outstanding demand by utilizing the funds available in the taxpayer's Cash/Credit ledger. Additionally, functionalities are available for the recovery of pre-GST liabilities, deferment of payments, installment-based payments, and communication with the liquidator in the event of a company's liquidation. These options empower tax officers to effectively execute recovery actions and manage the process in accordance with regulatory requirements.

### **CONCLUSION**

In summary, the GSTN Back Office stands as a comprehensive and efficient platform, empowering tax officials nationwide with the necessary tools to manage taxpayer queries, enforcement cases, and recovery processes effectively. Its adoption of a unified, user-friendly interface promises streamlined operations and heightened transparency. With features like rapid data retrieval, minimal data loss, and instant data transfer, the platform ensures efficient processing and seamless operations. Furthermore, its continuous evolution and integration of new features such as e-invoice and e-way bills underscore a commitment to innovation and adaptability. The structured approach and intuitive navigation further enrich the user experience, facilitating swift data access and fostering transparency in taxpayer interactions. Overall, the GSTN Back Office plays a crucial role in bolstering India's tax administration framework, enabling tax officials to carry out their duties with efficacy and integrity while contributing to the nation's economic advancement.

(Courtesy – 2<sup>nd</sup> edition of **ABCD of GST**, NACIN, ZC, Bhopal)

## SCRUTINY OF RETURNS

Every GST registered person must file at least one or more statutory GST returns on time. On filing, if there happens to be any inconsistencies or errors in the information declared, the tax officers will conduct the scrutiny of these GST returns. With the implementation of automated return scrutiny module, registered persons must be more cautious of ensuring consistency between returns.

The provision pertaining to Scrutiny of returns under GST is given under

**Section 61** of the CGST Act to be read with CGST **Rule 99**.

**Note-** Superintendent of Central Tax has been designated as “Proper Officer” for the purpose of scrutiny under Section-61- CBIC Circular No.3/3/2017-GST dated 05.07.2017.

### **What is a Scrutiny of returns under GST**

A GST officer will thoroughly check the GST return of a particular registered person based on certain risk parameters, to verify its correctness. If he finds any errors, he will issue a scrutiny notice (ASMT-10) to the registered person demanding an explanation.

The registered person should admit the differential tax demanded with interest, if any and pay it before replying to the notice together with justification. If the reply (ASMT-11) satisfies the proper officer, the registered person is intimated and the proceedings are dropped without any further action in form ASMT-12 (an order of acceptance of reply). Otherwise, further action can be taken by the proper officer in the following circumstances:

- a. The registered person does not pay tax or provide an explanation
  - b. The registered person does not reply or rectify the discrepancy within 30 days of the issue of notice
  - c. The reply submitted is not satisfactory to the Proper officer
- The Proper officer can also take/propose the following actions in cases such as:
- a. Conduct a tax audit under section 65 of CGST Act, 0217
  - b. Conduct a special audit under section 66 of CGST Act, 0217
  - c. Survey/inspection under section 67 of CGST Act, 0217
  - d. Initiate demand and recovery provisions as per law.

### **GST Scrutiny Notice in ASMT-10: Forms, Timelines, Mode, and Contents**

**Form:** A scrutiny notice is issued in Form ASMT-10 intimating discrepancies in GST return along with tax, interest and penalty if any. A reply should be submitted in Form ASMT-11.

**Mode:** Proper officer can send the notice via SMS or email or GST portal to the registered person.

**Timelines:** There is no time limit defined for receiving a scrutiny notice. However, a registered person should respond to such notice within 30 days from the date of issue,

or request for an extension, not more than 15 days.

**Contents:** Contents of ASMT-10 are as follows:

**Basic details:** GSTIN, name, address and tax period.

**Discrepancy Observed:** Details of discrepancy if any and asking for an explanation.

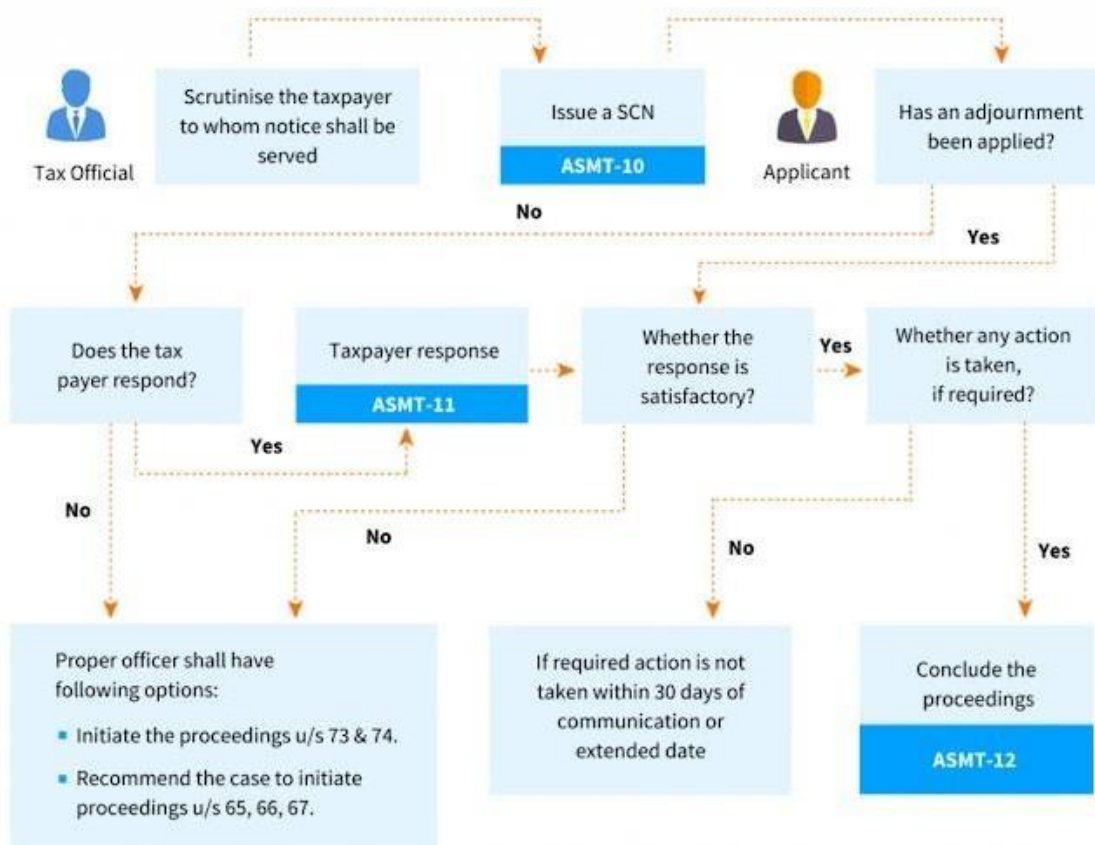
**Particulars of the Proper officer:** DIN, name, signature and designation of the tax official issuing notice.

### Procedure after replying to a Scrutiny Notice

After submitting a reply, if the Proper officer is satisfied with the reply, he will drop the proceeding by issuing an order intimating the same to the registered person . But, if the Proper officer is unsatisfied, he will issue an order, demanding tax, penalty and interest, as the case may be.

The following flowchart will explain the process of scrutiny at a glance

## Scrutiny under GST



### Consequences of not responding to a Scrutiny Notice

If the registered person does not respond to the scrutiny notice, then the proper officer will take action under section 73 (non-fraudulent) and 74 (fraudulent). He can issue a show-cause notice in form DRC-01 demanding the tax dues, together with applicable interest and penalty. The amount of penalty will vary depending upon the grounds of the discrepancy found. Alternatively, the officer can recommend audits under section 65

or 66.

### **Standard Operating Procedure (SOP) for Security of returns**

The CBIC has issued two SOP CGST Instruction **no. 02/2022-GST dated 22.03.2022** for Scrutiny of returns for FY 2017-18 and 2018-19 and Instruction No. **02/2023-GST dated 26.05.2023** for Scrutiny of Returns for FY 2019-20 onwards. It has detailed process of scrutiny starting from selection of returns to conduct of scrutiny and issue of notice in ASMT-10 to actions for failure to respond to notice.

### **Highpoints**

- Selection of returns for scrutiny will be done by the Directorate General of Analytics and Risk Management (DGARM) based on various risk parameters identified by them.
- DGARM will select the GSTINs registered with the Central Tax authorities, whose returns are to be scrutinized for a financial year, based on identified risk parameters.
- Scrutiny of returns of one GSTIN shall mean scrutiny of all returns pertaining to a financial year for which the said GSTIN has been selected for scrutiny.
- It may be noted that at this stage, the proper officer is expected to rely upon the information available with him on records.
- As far as possible, scrutiny of return should have minimal interface between the proper officer and the registered person and, there should normally not be any need for seeking documents/records from the registered persons before issuance of FORM GST ASMT-10.
- The payments thus made through FORM DRC-03 may also be taken into consideration while communicating discrepancies to the registered person in FORM GST ASMT-10.
- The notice in FORM GST ASMT-10, issued by the proper officer through scrutiny functionality on ACES-GST application, shall be communicated by the system to the concerned registered person on the common portal.
- Therefore, there will be no need for sending any manual communication of notice in FORM GST ASMT-10 by the proper officer to the registered person separately.
- While issuing such notice, the proper officer may, as far as possible, quantify the amount of tax, interest and any other amount payable in relation to such discrepancies.
- It may also be ensured that the discrepancies so communicated should, as far as possible, be specific in nature and not vague or general.
- The proper officer shall mention the parameter-wise details of the discrepancies noticed by him in FORM GST ASMT-10 and shall also upload the worksheets and supporting document(s)/annexures, if any.
- Scrutiny of returns is to be conducted in a time bound manner, so that the cases may

be taken to their logical conclusion and that too expeditiously.

- Scrutiny register should be maintained and monthly progress report should be submitted in prescribed form.

**Cases where ASMT-10 are being issued**

- Mismatch of ITC in GSTR-3B with GSTR-2A/2B
- Mismatch of Outward Supply as per GSTR-1 with GSTR-3B
- Availing of ITC on Blocked Credit Items
- Difference of Liability as per E-Way Bills & GSTR 3B
- Reversal of ITC due to fake invoices
- Returns reflecting exempted supplies

(Courtesy – 2<sup>nd</sup> edition of **ABCD of GST**, NACIN, ZC, Bhopal)



## READING FINANCIAL STATEMENTS

When we talk of reading and understanding financial accounts and financial statements of a person registered under Goods and Services Tax (GST), the very first question that arises is – as to why we should go into alien terrain of accounting when GST law has its own sufficiently elaborated provisions for maintenance of records? At the end of this write-up, we will find that learning to read financial statements is integral part of our endeavour to understand and administer GST law. We will also find such learning is within reach of every such person who has ability to read!

2. **GST: A trust-based taxation:** Goods and Services Tax is a trust-based taxation system where, the registered person himself makes assessment of his tax liability and eligible input tax credit (ITC) and pays tax while filing return of a tax period. The compliance mechanism under GST is information technology (IT) driven, therefore, there must be some system in place to check the level of compliance by a taxpayer.
3. **Scrutiny, Audit and Enforcement: Checks for compliance of law and procedure:** For checking whether the taxpayer is fully complying with the legal provisions and paying the tax correctly, there are three mechanisms for compliance assurance under GST. Starting with least intrusive mechanism of scrutiny of returns<sup>1</sup>, then there is audit which envisages a very systematic examination of records, returns and documents maintained or furnished by the registered person and finally, there is intelligence-based enforcement action which may involve inspection, search, seizure of goods and/or documents.

Whether it is scrutiny, audit and enforcement, one thing is common to all that the proper officer must find out inconsistencies and anomalies, if any, in the returns, records and documents furnished or maintained by the concerned persons.

4. **“Account” and “Books of account”:** Every registered person is required to keep and maintain **true and correct account** of production or manufacture of goods, inward and outward supply of goods or services or both, stock of goods, input tax credit availed, output tax payable and paid, and many more<sup>2</sup> along with the relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers. The word “account” used in the phrase “true and correct account” above (as well as in section 35 of the CGST Act and rule 56 of the CGST Rules) as detailed above, means description or details. But “books of account” is phrase which has been used more than 20 times in various sections of the CGST Act and rule 56 also prescribes that

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<sup>1</sup> In para 5.3 of Instruction No. 02/2023-GST dated 26.05.2023, it instructed that at stage the stage of scrutiny, the proper officer is expected to rely upon the information available with him on records and, there should normally not be any need for seeking documents/ records from the registered persons before issuance of and FORM GST ASMT-10.

<sup>2</sup> See section 35 of the CGST Act, 2017 and Rule 56 of the CGST Rules, 2017

every registered person shall keep the **books of account** at the principal place of business and **books of account** relating to additional place of business mentioned in his certificate of registration and such **books of account** shall include any electronic form of data stored on any electronic device. The term “books of account” has not been defined in the CGST Act or the CGST Rules, but its inclusive definition have been given As : “*books or books of account*” includes ledgers, day-books, cash books, account-books and other books, whether kept in the written form or as print-outs of data stored in a floppy, disc, tape or any other form of electro-magnetic data storage device;” in clause (12A) of section 2 of the Income Tax Act, 1961.

- 4.1. Sub-rule (3) of rule 101 of the CGST Rules stipulates: “*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.*”
5. **Annual Financial Statement:** Section 44 of the CGST Act stipulates filing of annual return electronically by every registered person [*with certain exceptions*] and this return has to include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the **audited annual financial statement** for every financial year. It is pertinent to mention here that the Companies Act, 2013 stipulates that a signed copy of every financial statement of every company shall be issued, circulated or published along with copies of certain other documents<sup>3</sup>. Further, section 44AB of the Income Tax Act, 1961 also stipulates audit of accounts of certain persons by a chartered accountant and submission of report thereof.
6. **Need for reading, understanding and analysing financial Statement:** From the discussion so far, it has become very clear that audited annual financial statement is an integral part of GST compliance mechanism. Further, as furnishing of audited annual financial statement is mandated under the Companies Act as well as the Income Tax Act, it important to cross check the information submitted under GST law with that submitted under said Acts.
7. **Analysing financial statements:** As we have seen, financial statements are written records that convey the financial activities of a company. If analysed properly, they may prove a treasure trove in the GST compliance assurance mechanism.

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<sup>3</sup> See section 134 (*Financial statement, Board’s report, etc.*) of the Companies Act, 2013

The Annual Report prepared by a company *inter alia* contains the following<sup>4</sup>:

- i) Director's Report
- ii) Statutory Auditor's Report
- iii) Balance sheet
- iv) Profit & Loss Account
- v) Financial statements of subsidiary companies, if any.

**7.1** When we read and try to analyse financial statements or any other document for that matter, the very first step is to find out the internal inconsistencies and anomaly in the statement/ document itself. Then we can cross-check the date presented there with what information is available in other documents maintained or statements prepared or returns furnished. To find out any abnormal trend, similar periodic data of at least three sequential periods (which is generally a financial year) is compared and this can be done through ratio analysis. Such analysis may not give any conclusive results as it gives only an indication of some problem area. When such areas are identified, detailed examination of the relevant documents, vouchers, ledgers etc. is undertaken to find out the malaise.

**8. Director's Report:** This gives information like the overall financial results of the company, important happenings during the year and future plans of the company. Happenings like fire and loss of material in the company, details of new products/ services launched, change in the marketing pattern etc. reported in this report need to be examined critically as there may be ITC related issues in case of loss of goods in fire. Similarly, there can be tax implications due to classification or pricing of a new product or service.

**9. Auditor's Report:** These may be reports of Statutory auditor or Internal auditor or C & AG Audit. In the case of statutory audit, a separate report under CARO (Companies Auditor's Report Order, 2016/2020) is required to be given.

#### **9.1 Nature of verification:**

(i) The Auditor's Report should be studied to find out any qualified/adverse opinion given by the auditors which may have impact on GST liability. A report is said to

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<sup>4</sup>. Inclusive definition of "financial statement" is given in clause (section 2 of the Companies Act, 2013:

(40) "financial statement" in relation to a company, includes—

- (i) a balance sheet as at the end of the financial year;
- (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
- (iii) cash flow statement for the financial year;
- (iv) a statement of changes in equity, if applicable; and
- (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

Provided that the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement;

be qualified when clean chit is not given by the auditor, rather an opinion of truth and fairness of financial statements, subject to certain reservations or states anything negative. In case the report is qualified, it means there is high probability that the financial statements prepared and presented by the management of the entity are not representing the facts! For example, Auditor may report that goods meant for outward supply, available in stock were not reconciled or provision for obsolete items have not been made during the year. Tax auditor may like to examine such opinion in detail.

- ii) Company Auditor's Report Order (CARO) aims to enhance the overall quality of reporting by the company auditors and if the auditor gives some unfavourable or negative answer for any requirement, he has to state the basis for the same. For example, whether the fixed assets records have been maintained properly or whether physical verification of inward supplies and goods meant for outward supply was undertaken and whether any discrepancies were noticed on such verification or whether the company has maintained proper records for unserviceable or damaged goods, whether transactions with related parties are properly recorded or whether there is default in payment to creditors – these issues may have ITC implications.
- iii) CARO also shows disputed tax liabilities separately for Customs, Income Tax, GST etc. Cases booked under Income Tax may be examined to find out any implication on GST.

## **10. Profit & Loss Account:**

**10.1 Nature of the Account:** The Profit and Loss Account summarizes the performance for an accounting period and shows major items of expenditure and income. This is one of the important documents used to find out the overall working of the unit. In the main body of the Profit & Loss Account, only major heads of expenditure and income are included and the constituents of these headings are given in a separate annexure. The said annexure should be studied in detail.

### **10.2 Types of verification:**

- (i) Scrutiny of supplies: Supplies may include inter-state supplies, intra-state supplies, Zero rated supplies including supplies to SEZ. Study of the pattern of supplies will give an idea about the volume of indigenous/ internal market for the registered person's supplies. Also, if there will be accumulation of ITC due to exports under LUT.
- (ii) Other incomes like scrap, insurance claims receipt, profit on sale of fixed assets, commission received, erection and commissioning, freight and insurance recovered etc. may be examined in detail to find out the exact nature of such incomes and whether these have any bearing on the valuation or whether these are liable for GST. The nature of other incomes may require proportionate reversal of common ITC.
- (iii) On the expenditure side, value of inward supplies on which GST is payable under Reverse Charge - Section 9(3) should be examined in detail. In case of advance paid on goods received under reverse charge mechanism, whether tax was paid at right

time. Whether, ITC on supplies received from unregistered person was taken only after issue of invoice under section 31(3)(f).

- (iv) Notes given along with the said schedule should be studied carefully to find out cases of use of material for non-production activities.
- (v) The expenditure or income of the major heads should be compared with the previous year's amount in order to find out cases of major variations.
- (vi) In case of supply of services, true nature of service may be ascertained to find out whether the same has been obscured or disguised.
- (vi) Other incomes may be examined in detail to ascertain the true nature of the activity undertaken to ascertain tax liability or bearing on ITC utilisation.

## **11. Balance Sheet:**

**11.1 Nature of document:** Balance sheet also known as the Statement of Financial Position, is a statement of assets and liabilities of a unit on a particular day. The overall financial health of a company can be determined from the study of a Balance sheet. It is called balance sheet because it is a statement of balances of ledger accounts that have not been transferred to trading and profit and loss account and are to be carried forward to the next year with the help of an opening entry made in the journal at the beginning of the next year.

### **11.2 Types of verification**

- (i) We may study schedule of Share Capital which may reveal if the company is subsidiary company and if the company is holding company, in that case, the name of subsidiary company will be disclosed in the Schedule of Investment. If there are supplies between the holding company and subsidiary & vice versa, valuation aspects need to be examined in the light of CGST Rules.
- (ii) The study of fixed assets schedule may show additions and deductions to the fixed assets during the year. For the deductions made during the year, verification may be made as to whether appropriate GST has been paid.

**12. Notes to the Accounts:** These notes are part of the Profit & Loss Account and Balance Sheet. These notes may be inserted by the company as per the requirement of the Companies Act or may be added at the instance of Statutory auditor. These notes are very important to a Tax auditor as these reveal important transactions or the important accounting policies followed by the unit. Almost all figures reported in the financial statements are affected by a company's accounting policies. A change in accounting policy can impact financial results. For example, changing revenue recognition policies could increase or decrease the reported amounts for revenue, net income and accounts receivable.

### **12.1 Nature of verification:**

- (i) Notes of Significant Accounting Policies may be studied to find out the accounting policy in the areas like revenue recognition or determination of obsolete stock. We have to check whether, GST has been paid as per time of supply and is not deferred

due to some accounting policy change.

- (ii) Notes on quantitative information on inward and outward supplies may reveal some interesting aspects. There may be cases of use of inputs for other purposes (not in the course of business or furtherance of business) which can be noticed from the study of such information. Adjustment for shortages, losses etc. may also be reported in the said information. No ITC on the quantity short received can be availed.
- (iii) Any important transaction/happening during the year like non-reconciliation of accounts of inputs lying with job worker, major expenditure on research and development, destruction of record and reconstruction of duplicate records may also be noticed from the study of such notes.
- (iv) As per the Accounting Standard issued by the Institute of Chartered Accountant of India, the specified companies are required to disclose transactions with the related parties under the Companies Act as part of the Notes to the Accounts. The said information gives all types of transactions, payments made or payments received from various related parties. Such information is very useful to find out the details of the related parties and the type of transactions made by them. However, the related parties as per the Companies Act may not be considered as 'related person' under the GST Law.

### **13. Trial Balance:**

**13.1 Nature of Document:** Trial Balance is prepared to ensure the mathematical accuracy of the business transactions recorded in a company's ledgers. The trial balance formula is **total debits = total credits**. It is a statement showing the debit and credit balances of all accounts in the ledgers as on a particular date. In other words, it is a summary of the ledger account maintained by a Taxable person. The final accounts, namely, Profit & Loss account and Balance Sheet are prepared from the Trial Balance only. From the Trial Balance, similar accounts are grouped together and these are transferred to the Profit & Loss Account and Balance Sheet.

### **13.2 Types of verification:**

- i) Familiarization with account coding system and understanding the grouping of sub account under main accounts for the purpose of summarization into Profit & Loss Accounts and Balance Sheet.
- ii) Main purpose is to select the accounts for further scrutiny as a part of audit plan. Accounts which have a prima facie relevance for GST payment or availment of ITC need to be identified. There might be some ledger accounts whose exact nature may not be clear on reading of Trial Balance and these accounts may also be identified for further inquiry during the further course of audit.
- iii) Unusual ledger accounts like Loss of inputs or unusual income accounts may also be noticed in the Trial Balance. However, such accounts will not be reflected in the

Profit & Loss Accounts as these accounts are adjusted against other accounts. Such account may be selected for finding of exact nature and detailed scrutiny.

- iv) Various income accounts (credit balances) available in the Trial Balance like Job Work Income Account, Erection and Commissioning Income Account, Commission Account, Recovery of Freight/Advertisement Charges Account Technical Consultation Income Account etc. should be selected to verify whether this income can be added to the assessable value for payment of GST or whether these are liable for payment of GST.

**Major Accounting Terms and their treatment in financial statements:**

<b>Balance Sheet</b>		<b>Profit and Loss Account</b>	
<b>Assets</b>	<b>Liabilities</b>	<b>Expenses</b>	<b>Revenue</b>
Fixed Assets	Capital	Purchases	Deferred Revenue
Current Assets	Current Liabilities	Direct Expenses	Sales
Intangible Assets	Sundry Creditors	Indirect Expenses	Direct Incomes
Debtors	Provisions	Financial Expenses	Indirect Incomes
Prepaid Expenses	Long Term Liabilities	Employee Benefits Expenses	Profit on Sale of Fixed Assets
	Contingent Liabilities	Depreciation	

(Courtesy – 2<sup>nd</sup> edition of **ABCD of GST**, NACIN, ZC, Bhopal)

# DATA ANALYTICS IN GST

## Introduction

Information is not knowledge, knowledge is not wisdom, and wisdom is not foresight. Each grows out of the other, and we need them all. Today is the era of information and there is no dearth in availability of data however making this data useful requires careful planning and specific tools. Data analysis helps us derive meaning out of raw data and gives us actionable insights. It navigates through vast datasets, extracting meaningful information to cultivate knowledge. It helps understand facts, patterns, and trends, leading to smarter decisions. This process helps in gaining knowledge and wisdom, guiding better choices and improvements in tax administration.

Data analytics, within the context of taxation systems, refers to the systematic utilisation of advanced computational techniques, statistical methodologies, and technological innovations to analyse vast arrays of financial information. This approach enables tax authorities to derive actionable insights, identify patterns, and make informed decisions that drive not only compliance but also policy formulation and revenue optimization.

The integration of data analytics within taxation systems has ushered in a paradigm shift, offering multifaceted benefits. By harnessing diverse data sources – including transactional records, economic indicators, demographic information, and more – tax authorities can gain a comprehensive understanding of taxpayers' behaviours, industries, and economic trends. Consequently, this facilitates the formulation of tailored strategies to curb tax evasion, ensure fair tax assessments, and optimise revenue collection.

## What is Data?

Data refers to Raw facts, Figures, Observations and can be in the form of numbers, text, images, audio, or any other representation of information. Data collected from various domains like geography, culture, science, finance, and more encapsulates diverse information. This information, when organized and processed, forms specific datasets, offering insights relevant to their respective fields, enabling informed analysis and decision-making.

## Data captured and available in GST System

The introduction of GST has led to the generation of vast amounts of data daily, stored within the system. When used appropriately this data serves as a valuable resource, capable of enhancing efficiency and effectiveness in indirect tax administration. The data gathered by the GSTN system falls into several categories such as:

- Demographic Information - Includes company names, proprietor/director details,



Aadhar numbers, contact information (mobile number, email), addresses, and bank account specifics.

- Tax payments & Return-Related Data - Encompasses invoice particulars such as supplier details, dates, goods/services with HSN/SAC codes, quantities, amounts, and associated GST information.
- Registration-Related Data - In addition to demographic data, it involves information on traders/manufacturers, suppliers of goods/services, and the nature of the goods or services.
- Transportation Details - Comprising vehicle specifics like number and type, consignor and consignee details, addresses, and information regarding vehicle movements obtained from toll data.

### **Tools and Technologies for Data Analysis in GST System**

The GST system in India is completely system driven eliminating the need for direct government-to-taxpayer interaction. Users generate gigabytes of information daily through diverse transactions recorded by the GST System. Several tools are accessible for field formations, aiding them in efficiently executing their functions, as detailed below.

- AIO (All in One System)
- E-way Bill System and E-way Bill Analytics
- GAIN / BIFA
- ADVAIT

The AIO System captures all the basic information related to a taxpayer such as its registration details, various returns filed such as GSTR1, GSTR2A, GSTR-3B, GSTR9 etc. and different ledger like ITC, Cash and other payment particulars.

The E- Waybill system captures information related to the movement of the goods such as, Consignor, Consignee, Location of supply, Vehicle used, Path taken by the vehicle from the Toll RFID system, HSN code of the supplied items, Quantity, Value, GST Charged etc. The E-Waybill analytics system provides higher features utilising the basic movement related data captured based on certain logic and performance indicators such as Tax payers newly registered but there is a spurt in supply, which may indicate a suspicion of fraudulent supply.

Business Intelligence and fraud Analytics (BIFA) is an advanced analytics platform aimed at leveraging data available to generate actionable insights, using a combination of BI tools and AI/ML based modelling, to help improve compliance, detect/prevent fraud, and support policymakers. BIFA makes it easy to gather system-based intelligence and plug revenue leakage. It provides different comparison chart for data analysis. Common Modus Operandi which can be identified through BIFA in System Analysis are Bogus Invoicing, Excess availment of ITC (3B&2A diff), Misclassification, Non- reversal Under Rule 42, Suppression of Turnover (GSTR7/R1&3B/26AS) etc.

ADVAIT is a next generation integrated Business Intelligence (BI) system which uses the power of advanced analytics to extract better insights from data. ADVAIT makes it easier for CBIC officials to perform the following tasks:

- Enhancing indirect tax revenue through better mobilisation and compliance
- Increasing taxpayer base across GST and Customs
- Supporting formulation of data-driven tax policy

ADVAIT offers an array of features like MIS Reports, Analytical Reports, and Data Science Tools. Along with helping in system-based intelligence gathering these tools empower officers and policymakers, enhancing their effectiveness and efficiency in fulfilling their responsibilities. It also provides different comparison chart for data analysis. A tax officer can understand/ know about a particular taxpayer tax payment details etc. via “Know your taxpayer” tools.

### **Conclusion**

In the era dominated by data, the practice of Data Analysis significantly contributes to decision-making, problem-solving, pattern recognition, trend identification, predictive modelling, and performance assessment. Specifically, within the GST framework, Data Analysis becomes instrumental in monitoring revenue trends, implementing measures for improvement, bolstering government revenue collection by addressing tax evasion, expanding the taxpayer base, and formulating tax policies rooted in data-driven insights. Recognizing the significance of data analysis, it becomes evident that possessing these tools alone holds little value unless actively employed. Officers must utilise these tools not only to fulfil their intended purposes but also to simplify their daily tasks, thereby enhancing their efficiency in everyday operations.

(Courtesy – 2<sup>nd</sup> edition of **ABCD of GST**, NACIN, ZC, Bhopal)

## **DRAFTING OF GOOD SHOW CAUSE NOTICE (SCN)**

### **1. Introduction**

- 1.1** Show Cause Notice (SCN) is the culmination of our efforts from the beginning of investigation/proceedings for contravention of provisions of the tax statute(s) till conclusion of investigation /proceeding by way of formal issuance of a written notice to the noticee(s). Issuance of SCN is a statutory requirement and it is the basic document for settlement of any dispute relating to tax liability or any punitive action (civil proceeding) to be taken for contravention of provisions of Customs/Central Excise / Service tax laws and/ or Allied Laws, which are required to be enforced by our departmental officers.
- 1.2** It is the most important item of our work and any lapse in timely issuance of SCN or issuing SCN of poor quality may lead to serious trouble to the officer concerned. Since, it is the starting point of any legal proceeding, utmost care is required to be taken while drafting SCN.

### **2. Distinct Parts of the SCN**

- 2.1** For convenience of understanding, the SCN can be broadly divided in several parts- each part dealing with a specific aspect of SCN. The several parts, into which an SCN can be broadly divided and the specific aspect dealt by each part, are as under:-

#### **Part I: Receipt of Intelligence/Audit Objection/Reference**

- 2.2** In this part, we discuss the background as to how the present proceeding started. It may differ from case to case. A case may be based on intelligence or audit objection or discrepancies in documents noticed during scrutiny of return, or reference received from other department /DRI/DGCEI/Vigilance/Audit etc. In this part, we basically mention gist of intelligence/audit objection/ observation/ communication received from other department /organization, name of the unit/ importer/ exporter/ dealer/assessee etc. and a brief modus operandi of duty evasion adopted by the alleged offender. The details given in this para should be sufficient enough to justify further investigation/Inquiry.

#### **Part-II: Preliminary Action on Intelligence/Audit Objection/Reference**

- 2.3** In this part, after receipt of intelligence/inputs/reference, what further action has been carried out by the department is discussed.
- The action could be by way of search (es) conducted, recording statement of concerned person(s), collecting relevant information from other sources including Bank, other departments etc.
  - In case where searches have been carried out, details of the premises searched and outcome of such searches have to be mentioned in this part of SCN. If

statement of any person, who is materially important for the investigation/inquiry, has been recorded, then relevant portions of such statement have to be captured/discussed in the SCN. Wherever letters have been addressed to Bank /other Government Department, other manufacturer /dealer etc., such action taken by the Department and consequent outcome thereof, have to be discussed in this part. If any computer has been recovered, the details of examination of such computer by expert and recovery of incriminating documents, if any, may also be mentioned in this part.

- Panchnama of premises searched, summons issued, statements recorded, any incriminating documents recovered etc. should be made as „RUD“. As far as possible, incriminating documents recovered during searches, or obtained from other authorities and intended to be used as relied upon documents, should be shown to the concerned person (s) during recording of his statement (under Section 108 of the Customs Act, 1962/ Section 14 of the Central Excise Act) and his/her explanation to such incriminating documents should be obtained during recording of statement.

### **Part-III: Details of Further Investigations**

**2.4** In this part, further course of action taken to pursue further inquiry/ investigation is discussed. It may, inter alia, include following details:-

- (i) If any offending goods are seized and later released provisionally, then such details are discussed here.
- (ii) If any sample is sent for testing, then the outcome of such testing has to be mentioned.
- (iii) If any arrest is made, then details of arrest and subsequent development thereof, have to be mentioned in this part.
- (iv) If any court proceeding (such as for non-compliance of summons etc.) takes place, brief of such Court proceeding have to be discussed here.
- (v) Differential duty recoverable and its calculation may also be worked out in this part. If it is not mentioned in this part, then it may also be mentioned in Part IV of the SCN.

### **Part IV: Summary of Investigations.**

**2.5** Now, after conducting searches, recording statements, conducting market inquiries/ testing of samples, seizure/ or provisional release of goods etc., the story-line, which emerges, has to be summarized in this part.

### **Part V: Relevant legal provisions:**

**2.6** In this part, we discuss the relevant legal provisions in the form of Sections/ Rules/ Notification/Circular/Department Instruction etc. which are relevant to this case.

## **Part VI: Act of Commission or Omission by Noticee *vis a vis* Legal Requirement**

- 2.7** In this part, the act of noticee (s) *vis-a-vis* legal requirements is discussed, thereby, discussing contravention of various statutory provisions as well. Role played by each person and contravention of specific provision of the Act by the person should also be discussed. This would be required for imposition of personal penalty on the individual who, by his/her acts of omission or commission, resulted in evasion of duty/ contravention of provisions of law.
- 2.8** Wherever extended period of five years for demand of duty/tax is being invoked, then justification for such extended period of limitation should be clearly mentioned in the show cause notice. Whether there is fraud, or suppression of fact, or mis-statement or deliberate contravention of provisions of the Act, has to be clearly brought out in the SCN. Since invocation of extended period of limitation requires presence of *mens rea*, it has to be clearly explained/ discussed along with evidences supporting such intent in this paragraph dealing with invocation of extended period of limitation. Evidence, if any, which may help in establishing *mens rea* on part of alleged offender should also be mentioned here.

## **Part VII: Charging Paragraph-**

- 2.9** In this part, the noticee is asked to show cause against the adverse actions which are proposed to be taken against him by the Department. This paragraph also mention as to whom (Designation of authorities and its office address) the impugned SCN is answerable. In this paragraph, depending upon the facts of the case, the following course of actions may be proposed by the Department:-
- Proposing confiscation of seized goods, demand of duty/tax along with interest, appropriation of amount deposited during investigation, if any, towards duty/interest demanded, imposition of penalty on the party as well as individuals including transporter/CHA, etc. Relevant sections of the Central Excise Act, 1944/ the Finance act, 1994/Customs Act, 1962 should also be mentioned. For example, for demanding Central Excise duty short paid/not paid, section 11A of Central Excise Act, 1944, must be mentioned. For demand of interest, relevant section providing for demand and recovery of interest should be mentioned. Similarly, section under which penalty is proposed to be imposed, should be clearly mentioned.
  - For deciding the competent adjudicating authority, relevant instructions/ Circulars issued by CBEC from time to time specifying monetary limits for different levels of adjudicating authority may be referred to. Such instructions for Central Excise, Customs and Service tax are different; therefore, the relevant instructions /Circulars may be carefully seen. [For this, e-book on monetary limits for

*adjudicating authorities may be referred].*

- If any amount has been pre-deposited by the noticee during investigation, then appropriation of this amount towards duty /interest demanded should also be mentioned. It should be remembered that any amount deposited during investigation remain deposit only.

**2.10** While drafting this part, we should clearly decide as to who is the adjudicating authority (designation-wise, not name-wise) for the SCN and it should be mentioned in the SCN. Office address of adjudicating authority should be mentioned in this Para. Further, from the reading of this Para, it should appear as an allegation, rather than definite conclusion; in other words, it should start with “From the foregoing, it appears that ...”}

Quantification of demand and basis (in the form of documents /balance sheets etc.) on which it has been worked out, should be explained in the SCN]. Any document such as Bill of Entry, Shipping Bills, Copy of Contract, Invoices, Private records, Balance Sheet/ or documents/email etc. recovered from computer/ during search proceeding, which may form basis of calculation of duty/tax demanded, should be made RUD to the SCN.

#### **Part VIII: Three Standard Paragraphs which are Integral Part of Every SCN.**

**2.11** This part consists of three Standard Paragraphs, which are common to all SCNs.

In these paragraphs, following aspects are discussed: –

- Asking noticee to furnish written submission within a period of 30 days of the receipt of SCN.
- Informing him that in case of failure to submit reply within prescribed period, the SCN will be decided Ex-parte.
- Asking him to submit documents/evidence in support of his contention/ defence.
- Asking him to indicate in writing as to whether he/she want personal hearing.
- Mentioning that the present show cause notice is without prejudice to any other action, which may be taken under the same Act or any other Act for the time being in force.
- If there is any exception/limitation, the same can be mentioned in this paragraph. This is must where part SCN is being issued.

#### **Part IX: List of Relied upon Documents (RUDs) and to enclose legible copies of RUDs.**

**2.12** The RUDs should be numbered serially (starting from 1 till last number). Each RUD should be given a specific number (as RUD-1, or RUD-2 etc.) and it’s position in the complete set of RUDs (by way of page number(s)) should also be mentioned.

- 2.13** The copy of documents enclosed should be legible. While listing any document as RUD, the complete document should be enclosed rather than enclosing some specific pages (which are relevant for the investigation) of the documents in question. Sometime, officer encloses only relevant pages of agreement/ contract/ balance sheet etc., which is a wrong practice.
- 2.14** When a statement recorded has been made RUD to the SCN, then, if any evidence, recovered/obtained during investigation has been shown to the person at the time of recording of his statement and got signed from him in token of having seen and perused the documents, then such documents /evidence should also be treated as an integral part of the statement.
- 2.15** Since only xerox copy of RUDs is given to the noticee along with SCN, an option should be given to the noticee to inspect original RUDs during official working hours of any working day. In case, the noticee choose to inspect the original documents, a record of this exercise should be kept in the file and signature of the noticee having seen the original and convinced himself should be taken.

#### **Part X: Determination of Noticees**

- 2.16** Care should be taken to mention all noticees to whom the notice is to be served. The name and address of each noticee should be clearly and correctly mentioned. Sometime, despite the role of person been discussed in the SCN, he is not made noticee to the Show Cause notice. Such lapses should be avoided. Similarly, it should be noted that the company and individual are different and both should be made separate noticees (except in the case of proprietary concern).

#### **Part XI: Return of non-RUDs or seized computer if not required for further investigation or criminal proceedings.**

- 2.17** The non-RUDs or seized computer should be returned to the person from whom such documents /computer were recovered. If possible, in the SCN itself, the concerned noticee may be given opportunity to take back non-RUDs/ computer etc. Further, evidence indicating returns of non-RUDs/Computer should be kept in file and if possible, also be supplied to adjudicating authority while forwarding SCN along with RUDs for adjudication.

#### **Service of Show Cause Notice**

- 2.18** It is important to be aware and comply with statutory provisions contained in section 153 of the Customs Act, 1962 or Section 37 C of the Central Excise Act, 1944 (made applicable to Service tax also vide Section 83 of the Finance Act, 1994), which provide for service of decision, orders, summons or notice etc.
- 2.19** Make sure that SCN is delivered to the noticee before the last date for issuance of

SCN, which include delivery of SCN to the party. Further, the evidence proving service or delivery of SCN to the noticee may be kept in file from which SCN has been issued and a copy of such evidence may also be given to the Adjudicating authority while forwarding the SCN along with RUDs for adjudication.

### **3. Other important thing to be kept in mind while issuing SCN**

- 3.1** SCN to be issued with approval of the authority, who is competent to adjudicate the same.
- 3.2** To decide the level of adjudicating authority i.e. superintendent/AC/DC/JC / ADC /Commissioner, departmental instructions/Circular laying down monetary limits for adjudicating authorities may be seen carefully.
- 3.3** Whether extended period of limitation is being invoked or not ? If extended period of limitation has been invoked, grounds for invoking extended period of limitation should be clearly mentioned /explained in the SCN.
- 3.4** What is the last date of issuance of SCN? It should be clearly indicated in the file being sent for approval of draft SCN.
- 3.5** Where investigation in a case also involves violation of other allied laws which are administered by other departments, a copy of SCN along with RUDs should be endorsed /sent to the concerned department (s) also for further necessary and appropriate action by that department.
- 3.6** Also examine as to whether the case is fit for being referred to REIC (Regional Economic Intelligence Council). If the case also involves serious violation of other tax laws such as income tax or sale tax or it involves criminal act such as preparing forged documents (punishable under Indian Penal Code) aimed at causing serious loss of government revenue/money, which may be of interest to CBI/police, then it may be shared with the concerned department at the platform of REIC.
- 3.7** Whether the case is fit enough for launching criminal proceeding without waiting for adjudication of SCN. If so, then proceed further to launch prosecution against the offenders.
- 3.8** Whether the case is fit for taking deterrent action in case of Central Excise duty evasion, then proposal may be sent to jurisdictional Chief Commissioner for initiation of deterrent action against the alleged offender. It should be done within a period of one month from the date of initiation of investigation. *[For details, E-book on concept of deterrent action under Central Excise law may be referred].*

### **4. Checklist for the SCNs**

- 4.1** Whether noticee"s name, Central Excise Registration No./ Service Tax Registration No. / IEC No in case of import/export has been mentioned along with complete address.



- 4.2 Whether noticee is a manufacturer/dealer/service provider/service receiver /importer/ exporter/ warehouse owner/EOU/SEZ units, has been mentioned in the SCN.
- 4.3 Whether noticee is proprietary concern/private limited/ public limited/body corporate etc. has been mentioned or not.
- 4.4 Whether primary activity of the noticee mentioned. For example, in case of manufacturer, kind of goods manufactured or not etc.
- 4.5 Whether gist of intelligence/information resulting in further inquiry/ investigation has been mentioned in the SCN or not.
- 4.6 Whether grounds for invoking extended period of limitation has been clearly explained in the SCN.
- 4.7 Whether quantification of duty being demanded has been explained in an unambiguous manner. The documents on which such duty calculation is based, is also clearly mentioned in the SCN and whether or not, the same has been made RUD to the SCN.
- 4.8 Whether list of RUDs along with description of each RUD and page nos. at which it is placed, is enclosed with SCN.
- 4.9 Whether RUDs are legible and properly photocopied or not.
- 4.10 Whether SCN has been approved by the Adjudicating authority who is competent to decide the same.
- 4.11 Whether Non-RUDs have been returned or not. If not, then the same should be returned at the earliest after issuance of SCN.

The list of checks given above is only illustrative, not exhaustive.

## **5. Other Essential Checks to be done while putting up the SCN for Approval or /while approving the SCN.**

- 5.1 Often it is said that issuance of poor quality SCN by the field formations is the reasons for department losing the large number of cases before Commissioner (appeals)/Tribunal. Before any draft SCN is put up to senior officer for approval or while senior officer is approving the Draft SCN, it may be re-checked in the light of the following points. This will not only improve the quality of SCN but also eliminate any possibility of SCN being set aside on flimsy grounds. This document has been prepared with an objective of helping field officers to issue better quality SCNs.

### **A. Examination on following of Principles of natural justice**

- 5.2 All adjudicating authorities including quasi-judicial authorities are required to follow the principles of natural justice. The following are the principles of natural justice:-

- (i) No one can be judge in his own cause.

(ii) Nobody should be condemned unheard.

**5.3** In the light of above basic principles, the following checks may be done on the SCN to see whether there are any violations of principle of natural justice:

- Whether adjudicating authority was associated with the case in capacity other than supervisory role. In other words, if adjudicating authority has recorded Panchnama, or statement etc. then he cannot be the adjudicating authority simultaneously on ground of personal bias. This is necessary to remove any element of bias.
- Also see that the person, who has been alleged to have committed any offence under Customs Act/Central Excise Act/Finance Act,1994, was given any opportunity to give his side of explanation to the allegations.
- Whether all the documents /evidence submitted by the noticee in his defence have been taken on record or not. If not, then also bias can be alleged.
- There should not be anything in the SCN, which can give opportunity to the noticee to allege “personal bias” against him. Otherwise, such lapses may result in SCN getting set aside on ground of investigating authority being “bias and subjective”, rather than being objective.

**B. Non-availability / Loss of documents/loss of computer seized by the investigating authority**

**5.4** During investigations, lot of documents, computers etc. are seized by the investigating officers. Out of document recovered and seized, some documents are relied upon for supporting allegations made out in the SCN. The documents which have not relied upon, should be returned to the party from whom these documents have been recovered. The SCN may get vitiated in the following circumstances:-

- (i) any of the documents seized and not relied upon, has not been returned to the person from whom it had been seized.
- (ii) Any documents, which has been seized, has gone missing on account of misplacement of file etc. If this happens, then the noticee can ask for returns of the same on the ground that it contains the information which is necessary for preparing his defence to the SCN.
- (iii) if any documents has been recovered from seized computer and being used as evidence against the noticee, then make sure that necessary procedure to maintain evidentiary value of documents recovered from the computer is followed. Any failure to follow the prescribed procedure may vitiate the evidentiary value of such crucial evidences and in turn, also weaken the SCN.

**C. Close Examination of Statement/ Panchnama**

**5.5** Under the law, the statement has to be recorded before the Gazetted officer.

- Make sure that the statements, recorded during investigation and being relied upon, have been duly signed by the officer, who has recorded statement and his name should also appear below his signature. If any statement is not signed by the Gazetted officer, the same is not a valid statement and has no value in the eye of law. Any admission of the alleged offender contained in such statement may be of little or no use for the adjudicating authority.
- Make sure that the witnesses present during search are independent witnesses. If the witnesses are not independent witnesses, then the Panchnama proceedings can be questioned during adjudication proceedings and get vitiated.
- At times, the main portion of statement relied upon in the SCN (included in the body of SCN) do not match with the actual statement given. At times, the officers draw their own conclusion while drafting the SCN.
- See whether the statement recorded could be interpreted differently than the interpretation of the Department and avoid any such chances of same being interpreted in multiple ways by being careful while recording the statement.

#### **D. Evaluation of Evidences Relied Upon by the Department.**

**5.6** Case should be based on evidences which have been obtained in a legal manner or recovered from the noticee or his computer. Further, explanation of the noticee to these evidences should be obtained during investigation.

- Make sure that all evidences which the department has relied upon in the SCN have been obtained in a legal manner.
- While issuing SCN in case of undervaluation of imported goods, the valuation rules should be followed sequentially after rejection of declared value under Rule 12 of the Valuation Rules.
- At times, if the evidence relied upon by the Department in the SCN has not been legally obtained, then the same could be questioned by the noticee and has no or considerably low evidentiary value in the eye of law. For example, the documents obtained from overseas customs without cover of any Mutual Assistance Agreement has no or low evidentiary value.
- If the case is based on incriminating statements of some persons, then these persons may get invariably be cross-examined during adjudication proceeding. But this cannot be done in appellate proceedings. Therefore, the case should not be based on mere statements only, but based on evidences. Number of statements, if possible, should be kept at minimum while maximizing evidences.

#### **E. Jurisdiction of the SCN Issuing Authority**

**5.7** Make sure that the officer, who is issuing SCN, has jurisdiction to issue SCN. If not, then SCN can be questioned on the ground of jurisdiction also.

## **F. Time Barred SCN**

**5.8** In cases, where extended period is invoked, the following need to be carefully considered:-

- If it is case of invocation of extended period, then see whether it is case of allegation of fraud, suppression of facts or mis-statement or contravention with intention to evade the duty. The SCN should be specific with regard to nature of allegation and free from any vagueness in allegations. This is necessary to eliminate any possibility of challenge of invocation of extended period. Evaluation of evidences relied upon by the Department also needs to be carefully seen and it should be ensured that there is no ground for questioning the admissibility of such evidences.
- Sometimes, the department uses only some of the evidences. The documents which do not support department"s case, particularly allegation of suppression of facts, but still on record, are not used as RUD. Eliminate such possibility if any by bringing such documents on record but countering any inference in the SCN itself, which can be drawn from such documents.
- Make sure that the SCN is not questioned on ground of non-delivery or non-service of SCN. Law provides certain mechanism for delivery of SCN, make sure to follow the same and keep evidence of delivery of SCN in the file.

## **G. Quantification of demand**

**5.9** With regard to duty/tax being demanded from the noticee, the following may be considered:-

- Make sure that the quantification of demands has been done correctly and is based on proper documents. Documents relied upon for such calculations should be made RUDs.
- Also make sure that source of such documents should be authentic and reliability of such documents could not be questioned by the noticee.

## **H. Charging para of the SCN.**

**5.10** The Charging paragraph of the SCN should be carefully drafted and correct provisions of the law are mentioned therein. Carefully see as to what has been mentioned in the Charging paragraph. Charging paragraph defines the limit of the SCN. Adjudicating authority cannot go beyond the charging paragraph.

## **I. Definitive conclusion drawn by the Department in the SCN**

**5.11** Make sure that the language of the SCN should not indicate that definite conclusion has been drawn by the Department in the SCN by using the word such as it is clear case of evasion of duty / it is evident that noticee has evaded the duty. Use of such words indicates that department has already drawn conclusion and there is nothing left for the adjudicating authority. Such SCN can be set aside on this ground alone.

### **J. Burden of Proof**

13. Make sure that burden of proof has been discharged by the Department. While in most of the cases it is on the department, but depending on the evidence produced by the Department such as documents recovered from the noticee etc., then in such cases, burden of proof can be shifted onto the noticee. Burden to prove to explain any documents recovered from the noticee or produced by the noticee is on the noticee, not on the department.

*(Courtesy - Compilation by NACIN, ZTI, Lucknow)*

## **DRAFTING OF A GOOD ADJUDICATION ORDER**

1. Normally, any adjudication order has following distinct Parts:
  - (i) Brief Facts of the Case, charges against the noticee, action proposed against him etc. with respect to specific nature of contravention of statute & specific penalties thereof.
  - (ii) Written Submission by the Noticee
  - (iii) Personal Hearing and submission made during personal Hearing
  - (iv) Discussion and Findings {by the Adjudicating Authority}
  - (v) Order.
2. Before starting the process, it may be ensured that a copy each of the RUDs has been given to the noticees and non-RUDs have also been returned to the noticee. Further, it may also be ensured that there should not be any unsettled issue, which has been raised by the noticee and may result in the violation of principles of natural justice. This may vitiate the process as well as product (i.e. adjudication order) of adjudication. It may always be kept in mind that any violation of principles of natural justice by quasi- judicial authority will result in return of the case to the adjudicating authority for fresh adjudication at a later date by way of remand for de-novo adjudication by Tribunal/HC/SC, as the case may be.
3. The process of adjudication and issuance of adjudication order may be summarized in the following steps.
  - 1. Step No.1: Careful Consideration of the Material on Record**
4. Adjudicating authority should give careful consideration of all the material on record as mentioned below:
  - (i) Facts of the case.
  - (ii) Evidence on the record against each noticee with respect to specific provisions of Statute
  - (iii) Charges against each noticee
  - (iv) Reply furnished by each noticee
  - (v) Case laws relied upon by each noticee in his/her defence (issue-wise).
  - (vi) Record of personal hearing- any fresh documents submitted by noticee at the hearing stage {which is not known or not in the knowledge of the Department}
  - (vii) Carefully read the legal provisions relevant to the case. If the legal provisions have gone through the amendment over a period of time, consider the legal provision which existed at the material time i.e. at the time of booking of case.
- 2. Step No.2: Listing of the Issues to be decided [with respect to facts and provisions of statute contravened]**
5. Having carefully considered all material on record, the Adjudicating authority should list all issues to be decided upon in the impugned case. Sometimes, in

addition to charges made by the Department against the noticee, certain issues such as lack of jurisdiction of SCN issuing authority or adjudicating authority, SCN being time barred, non-delivery of SCN in time, non-supply of copies of RUDs, non-return of non-RUDs etc. are also raised by the noticee. If so, then the adjudicating authority is also required to consider these issues raised by the noticee and give its finding and order on these issues. Before initiating the process of adjudication, it should be ensured by the adjudicating authority that a copy of each of the RUDs is supplied to the noticees and non-RUDs are returned to the concerned noticee from whom it has been resumed during investigation.

**3. Step No.3: Segregation of the Issues on which there is no dispute between the Department and Party**

6. After listing all issues to be decided upon, the adjudicating authority should segregate the issues in two categories- one on which there is no dispute between Department & noticee and other –on which there is dispute between Department and noticee. The issues, on which there is no dispute, may be summarized in one or two paragraphs of the findings and there is no need to discuss the same in great details.

7. The remaining issues, where dispute (i.e. lis) between the Department and noticee exists, should be listed. At this stage, the question of sequencing of issues to be decided is required to be considered carefully.

**4. Step No. 4: Sequencing of Issues to be decided**

8. If any ground (s) raised by the noticee has implication resulting in setting aside the entire SCN such as grounds of non-jurisdiction of SCN issuing authority, non-jurisdiction of adjudicating authority, SCN being time barred etc., then the adjudicating authority has to decide these issues first before deciding the charges involved in the SCN.

9. For example, if any noticee contends that entire SCN is time barred and extended period cannot be invoked by the Department. In such a situation, it will be appropriate to decide the issue of time bar first, before deciding the SCN on merit. Similarly, in any case of grant of refund, normal sequencing of issues to be decided by the adjudicating authority is (i) time bar, (ii) admissibility of refund claim on merit, and (iii) issue of unjust enrichment. This sequencing of issues to be decided is important. For example, in refund matter, the issue of unjust enrichment cannot be decided first and time bar at the last.

**5. Step No. 5: Consideration of Each Issue in Sequential Manner**

10. Once issues to be decided have been listed and sequenced, then, the adjudicating authority should proceed issue-wise -by considering the following:-

- (i) Charge made by the Department;
- (ii) Evidence relied upon in support of the charge by the department;

- (iii) Noticee's submission and defence against the charge
- (iv) Evidences and case laws relied upon by the noticee in his defence;
- (v) Provisions of laws in respect of that issue (which existed at the material time).

**6. Step No. 6:**

**(a) Careful Consideration of Case Laws**

11. Case laws relied upon by the noticee in his defence should be carefully gone through. Each order of the High Court and Supreme Court, inter alia, has two important portion—(i) **obiter dictum** (plural- **obiter dicta**) –(it is by way of observation and it is not an issue under consideration of the court) and (ii) **ratio decidendi**- ratio laid down by the court. For the purposes of judicial precedent, ratio decidendi is binding, whereas *obiter dicta* are persuasive only. While considering the case laws quoted by the party, entire case has to be gone through thoroughly, not the head notes alone.

12. Each case law relied upon by the noticee has to be examined from the consideration of its applicability to the facts and circumstances of the impugned case. On consideration, if the adjudicating authority finds that it is not applicable to the impugned case, then the authority should mention in its order as to why the case law relied upon by the noticee in its defence is not applicable to the impugned case. If the adjudicating authority finds that the case law is relevant and is in favour of the assessee, but there is another case which is contrary to the case law quoted and relied upon by the noticee, then it must be mentioned in the order.

**(b) Maintaining Judicial Discipline/Judicial Precedence**

13. Judgement delivered by Hon<sup>ble</sup> Supreme Court is of the highest precedence as it becomes law of the land. If, under any circumstances, the Hon<sup>ble</sup> Apex Court reverts its own judgement, then the lordships discuss the earlier judgement and also give reasons for reverting the earlier Judgement and more often, the orders are reverted by larger bench. In that case, the last Judgement becomes the law.

14. As regard interpretation of any law, sometimes different high courts may take different view. In that case, normally, the issues go to Hon<sup>ble</sup> Supreme Court which finally decides the issue. But in other cases, the jurisdictional High Court Judgement is binding upon all in its jurisdiction. If contrary judgements exist on the same issue at the same level (i.e. High Court/Tribunal), then two more aspects comes into play:

- (i) Number of judges/Members in the bench delivering the Judgement; and
- (ii) Date of the Judgement.

15. Sometimes, the case laws of lower appellate authority lower than Supreme Court are stayed by higher forum on department appeal against that order. Then it must be checked as to whether it is so in the case law relied upon by the party. If it is so, then the case law need not be applied on ground of stay.



**(c) Order of Commissioner/Tribunal/High Court accepted on Low Monetary consideration not to have any precedence value**

16. As part of the National Litigation Policy, monetary limits have been laid down by the Board wherein if it has been provided that if the amount of duty involved is lower than the limit prescribed and order is against the department, in such cases, department cannot file appeal against the order on account of low monetary consideration. In such a situation, the order of commissioner/Tribunal /High Court has no precedence value. Each case law quoted and relied upon by the noticee should be considered on this ground also before deciding its precedence value.

**(d) Case Law to be considered with Reference to the Law existed at Material time**

17. Since the law as well as its interpretation by Court/Tribunal is dynamic, the case law must be seen in the light of law (i.e. text of legal provision) which existed at the time of the case. Or in other words, the case law must be seen in the light of law with reference to which it was given. At times, the relevant provisions of law which existed at the time of booking of impugned case is not the same with reference to which the case law relied upon by the noticee (in his/her defence) pertains.

18. At times, adjudicating authority summarily dismisses all the case laws relied upon by the noticee by writing in the order as under:

***“I have gone through the case laws relied upon by the noticee in its defence and find that the facts and circumstances of these case laws are different from the facts and circumstances of the impugned case and therefore the same are not applicable to the instant case.”***

The case laws relied upon by the noticee cannot be dismissed summarily as explained above. Such approach by adjudicating authority may be interpreted as non-application of mind and order being non-speaking or non-reasoned order. It is important to discuss as to why and how the case laws relied upon by the noticee are not applicable to the impugned case. It is MUST for every adjudicating authority.

**(e) Considering Case Laws in support of Charges made by the Department/ or contrary to the Case Laws Relied Upon by the Noticee**

19. At the time of issuance of the SCN, the Departmental officers do not mention any case law in support of charges made by the Department in the SCN. The noticee in its defence only mentions those case laws which are in its favour. Therefore, for objectively reaching at a conclusion at the time of adjudication, it is necessary for the adjudicating authority to find out and consider all relevant case laws on the issue under consideration and pass a reasoned order.

**7. Step No.7: Issuance of Speaking Order is must**

20. The adjudicating authority is required to decide each and every issue in the same way and gives its finding on each issue along with reasons of arriving at a

particular decision. In other words, it must be a speaking order. In this regard, supreme court direction in the case of **Kranti Associates Pvt. Ltd. Vs. Masood Ahmed**

**Khan**{Citation:- 2011 (273) ELT 345 (SC)} must be kept in mind wherein the Hon<sup>ble</sup>

Supreme Court held as under: \_

- (a) In India the judicial trend has always been to record reasons, even in administrative decisions, if such decisions affect anyone prejudicially.
- (b) A quasi-judicial authority must record reasons in support of its conclusions.
- (c) Insistence on recording of reasons is meant to serve the wider principle of justice that justice must not only be done it must also appear to be done as well.
- (d) Recording of reasons also operates as a valid restraint on any possible arbitrary exercise of judicial and quasi-judicial or even administrative power.
- (e) Reasons reassure that discretion has been exercised by the decision maker on relevant grounds and by disregarding extraneous considerations.
- (f) Reasons have virtually become as indispensable a component of a decision making process as observing principles of natural justice by judicial, quasi-judicial and even by administrative bodies.
- (g) Reasons facilitate the process of judicial review by superior Courts.
- (h) The ongoing judicial trend in all countries committed to rule of law and constitutional governance is in favour of reasoned decisions based on relevant facts. This is virtually the Life blood of judicial decision making justifying the principle that reason is the soul of justice.
- (i) Judicial or even quasi-judicial opinions these days can be as different as the judges and authorities who deliver them. All these decisions serve one common purpose which is to demonstrate by reason that the relevant factors have been objectively considered. This is important for sustaining the litigants' faith in the justice delivery system.
- (j) Insistence on reason is a requirement for both judicial accountability and transparency.
- (k) If a Judge or a quasi-judicial authority is not candid enough about his/her decision making process then it is impossible to know whether the person deciding is faithful to the doctrine of precedent or to principles of incrementalism.
- (l) Reasons in support of decisions must be cogent, clear and succinct. A pretence of reasons or „rubber-stamp reasons' is not to be equated with a valid decision making process.

- (m) It cannot be doubted that transparency is the *sine quanon* of restraint on abuse of judicial powers. Transparency in decision making not only makes the judges and decision makers less prone to errors but also makes them subject to broader scrutiny. (See David Shapiro in Defence of Judicial Candor (1987) 100 Harward Law Review 731-737).
- (n) Since the requirement to record reasons emanates from the broad doctrine of fairness in decision making, the said requirement is now virtually a component of human rights and was considered part of Strasbourg Jurisprudence. See (1994) 19 EHRR 553, at 562 para 29 and *Anyu v. University of Oxford*, 2001 EWCA Civ 405, wherein the Court referred to Article 6 of European Convention of Human Rights which requires, “adequate and intelligent reasons must be given for judicial decisions”.
- (o) In all common law jurisdictions judgements play a vital role in setting up precedents for the future. Therefore, for development of law, requirement of giving reasons for the decision is of the essence and is virtually a part of “Due Process”.

#### **8. Step No.8: Drafting of Adjudication Order**

21. While drafting the order, the Supreme Court direction in the case of **JCIT Surat vs. Saheli Leasing & Industries Ltd. {Citation :- 2010 (253) ELT 705 (SC)}** must be kept in mind. These guidelines are only illustrative in nature, not exhaustive and can further be elaborated looking to the need and requirement of a given case:-

- (a) It should always be kept in mind that nothing should be written in the judgement/order, which may not be germane to the facts of the case; It should have a co-relation with the applicable law and facts. The ratio decidendi should be clearly spelt out from the judgement/order.
- (b) After preparing the draft, it is necessary to go through the same to find out, if anything, essential to be mentioned, has escaped discussion.
- (c) The ultimate finished judgement/order should have sustained chronology; regard being had to the concept that it has readable, continued interest and one does not feel like parting or leaving it in the midway. To elaborate, it should have flow and perfect sequence of events, which would continue to generate interest in the reader.
- (d) Appropriate care should be taken not to load it with all legal knowledge on the subject as citation of too many judgements creates more confusion rather than clarity. The foremost requirement is that leading judgements should be mentioned and the evolution that has taken place ever since the same were pronounced and thereafter, latest judgement, in which all previous judgements has been considered, should be mentioned. While writing judgement, psychology of the reader has also to be borne in mind,

for the perception on that score is imperative.

- (e) Language should not be rhetoric and should not reflect a contrived effort on the part of the author.
- (f) After arguments are concluded, an endeavour should be made to pronounce the judgement at the earliest and in any case not beyond a period of three months. Keeping it pending for long time sends a wrong signal to the litigants and the society.
- (g) It should be avoided to give instances, which are likely to cause public agitation or to a particular society. Nothing should be reflected in the same which may hurt the feelings or emotions of any individual or society.

Aforesaid are some of the guidelines which are required to be kept in mind while writing judgements.

***(Courtesy - Compilation by NACIN, ZTI, Lucknow)***

## LEGAL MAXIMS & PHRASES

### **Introduction:**

A legal maxim or legal phrase elucidates or expounds a legal principle, proposition or concept. There are many legal maxims, which are commonly used. This select compilation seeks to explain some maxims/phrases, which are mostly used and relevant to tax context.

<b>Legal maxim/phrase</b>	<b>Legal principle/concept</b>
<i>Ab initio</i>	From the beginning or inception. From the first act.
<i>Ad hoc</i>	For this. For this special purpose.
<i>Ad valorem</i>	To the value or based on value.
<i>Audi Alterem Partem</i>	No man shall be condemned unheard.
<i>Actori incumbit onus probandi</i>	The burden of proof lies on the plaintiff
<i>Actus Reus</i>	A guilty deed or act
<i>De Facto</i>	Existing in actuality, especially when contrary to or not established by law.
<i>Ex Post Facto</i>	After the fact.
<i>Habeas Corpus</i>	You have the body. A writ (court order) that com mands an individual or a government official who has restrained another to produce
<i>In absentia</i>	"In absence," or more fully, in one's absence
<i>Locus Standi</i>	The right of a party to appear and be heard before a court.
<i>Mandamus</i>	A writ or order that is issued from a court of superior juris diction that commands an inferior tribunal/court to perform, or refrain from performing, a particular act, the performance e of which is required by law as an obligation.
<i>Modus Operandi</i>	Method of working.
<i>Mutatis Mutandis</i>	The necessary changes.
<i>Nemo Debet Esse Judex in Propria Sua Causa</i>	No man can be judge in his own case. No one ought to be a judge in his own cause.
<i>Non Obstante</i>	Notwithstanding (any statute e to the contrary)
<i>Obiter Dicta</i>	Remarks of a judge which are not necessary to reaching a decision, but are made as comments, illustrations or thoughts.
<i>Pari Materia</i>	Of the same matter; on the same subject

<i>Per Incuriam</i>	By Mistake
<i>Quid pro quo</i>	What for what or Something of or something.
<i>Quo Warranto</i>	An order issued by authority of the king. A legal proceeding during which an individual's right to hold an office or government's privilege is challenged.
<i>Ratio Decidendi</i>	The reason or rationale for the decision by Court.
<i>Res Integra</i>	An entire thing; an entirely new or untouched matter.
<i>Res Ipsa Loquitur</i>	The thing speaks for itself
<i>Res Judicata</i>	A thing adjudged.

**Part-D**  
**Administration /**  
**Establishment/ Vigilance**

## THE RIGHT TO INFORMATION ACT, 2005

(Provisions at a glance)

Right to information can empower citizens to take charge by participating in decision-making and by challenging corrupt and arbitrary actions at all levels. With access to government records, citizens can evaluate and determine whether the government they have elected is delivering the results that are expected. RTI is thus a tool that can change the role of the citizens from being mere spectators to that of being active participants in the process of governance.

### Salient features of the Act :-

- Universal access to information held by the public authorities- all citizens have access to information, pertaining to any period, in any form, in official language.
- Right to information includes inspection of records , works and taking certified samples of material.
- 'Information' broadly defined includes - records, e-mails, samples and models.
- Applies to all public authorities, NGOs, private bodies subject to provisions.
- Voluntary disclosure of maximum (17 categories of) information on nation-wide network.
- Public Information Officers (“PIO”) to provide information.
- PIO has the duty to assist requesters and transfer the request to proper public authority, if necessary.
- No prescribed form.
- Reasonable fees; No fees for persons below poverty line.
- No need to give reasons for requesting information but PIO should provide reasons for rejection of the request.
- Information concerns the life and liberty to be provided within 48 hours.
- Information to be provided expeditiously, within 30 days of receipt of request.
- Deemed to be refused if no response is given.
- Only absolute exemption from disclosure of information.
- All other exemptions are subject to public interest test.
- Information which cannot be denied to the Parliament or a State Legislature shall not be denied to you.
- Allows partial disclosure.
- Internal First Appeals against PIO's decisions on fees / form of access / rejection / partial disclosures.
- Independent Information Commissions at Central and State levels.
- Citizens can directly make complaints and appeals to Information Commissions



- Presumption in favour of disclosure of information. Onus to prove that a denial of request was justified shall be on the PIO.
- Overriding effect on other secrecy laws.
- Penalties on delinquent PIOs.
- A Guide which includes the details of PIOs of all public authorities.
- Educational programmes to disadvantaged communities.
- Annual reporting by the Information Commissions.

### **Benefits of the Right to Information Act, 2005:**

- It reduces corruption and enhances transparency in govt. functioning;
- It holds Governments and their instrumentalities accountable to the governed;
- It facilitates informed citizenry and transparency of information which are vital to functioning of democracy.

The Right to Information Act gives the right to access information held by a public authority, information under the control of a public authority **and includes the right to:**

- **Inspect work, documents, records:**
- Take notes, extracts or certified copies of documents or records;
- Take certified samples of material;
- Obtain information in the form of diskettes, floppies, tapes, video cassettes or **in any other electronic mode** or through printouts where such information is stored in a computer or in any other device.

The Act gives the right to access to **information held by “public authorities”** which includes authorities, bodies, institution of self government which are:

- established or constituted:
  - by the Constitution;
  - by a law of Parliament or a State Legislature;
  - by a notification or order of the State or Central Governments;
- bodies owned, controlled or substantially financed by the State or Central Governments,
- including non-government organisations which receive substantial government funds directly or indirectly.

### **Important points –**

Private bodies are not directly covered. But all the information relating to private bodies which can be accessed by a public authority can be accessed by you.

Information can be accessed from non-Government organizations substantially financed directly or indirectly by Government funds.

The RTI Act defines information as any material in any form which includes –

*Records; Documents; Memos; E-mails; Opinions; Advices; Press releases; Circulars; Orders; Logbooks; Contracts; Reports; Papers; Samples; Models; Data material held in any electronic form and Information relating to any private body which can be accessed by a public authority under any other law for the time being in force.*

**What information is exempted from disclosure by public authorities?**

- a) information, disclosure of which would prejudicially affect the sovereignty and integrity of India, the security, strategic, scientific or economic interests of the State, relation with foreign State or lead to incitement of an offence;
- b) information which has been expressly forbidden to be published by any court of law or tribunal or the disclosure of which may constitute contempt of court;
- c) information, the disclosure of which would cause a breach of privilege of Parliament or the State Legislature;
- d) information including commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information;
- e) information available to a person in his fiduciary relationship, unless the competent authority is satisfied that the larger public interest warrants the disclosure of such information;
- f) information received in confidence from foreign Government;
- g) information, the disclosure of which would endanger the life or physical safety of any person or identify the source of information or assistance given in confidence for law enforcement or security purposes;
- h) information which would impede the process of investigation or apprehension or prosecution of offenders;
- i) cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other officers Provided that the decisions of Council of Ministers, the reasons thereof, and the material on the basis of which the decisions were taken shall be made public after the decision has been taken, and the matter is complete, or over: Provided further that those matters which come under the exemptions specified in this section shall not be disclosed;
- j) information which relates to personal information the disclosure of which has no relationship to any public activity or interest, or which would cause unwarranted

invasion of the privacy of the individual unless the Public Information Officer is satisfied that the larger public interest justifies the disclosure of such information.

**Proactive disclosure by public authorities: (Sec. 4)**

Every public authority must publish in the local language the following information:

- the particulars of its organisation, functions and duties;
- the powers and duties of its officers and employees;
- the procedure followed in the decision making process, including channels of supervision and accountability;
- the norms set by it for the discharge of its functions;
- the rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging its functions;
- a statement of the categories of documents that are held by it or under its control;
- the particulars of any arrangement that exists for consultation with, or representation by, the members of the public in relation to the formulation of its policy or implementation thereof;
- a statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for –
- public;
- a directory of its officers and employees;
- the monthly remuneration received by each of its officers and employees, including the system of compensation as provided in its regulations;
- the budget allocated to each of its agency, indicating the particulars of all plans, proposed expenditures and reports on disbursements made;
- the manner of execution of subsidy programmes, including the amounts allocated and the details of beneficiaries of such programmes;
- particulars of recipients of concessions, permits or authorizations granted by it;
- details in respect of the information, available to or held by it, reduced in an electronic form;
- the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for public use;
- the names, designations and other particulars of the Public Information Officers;
- such other information as may be prescribed; and thereafter update these publications every year;

### **Applying for Information from a Public Authority:**

- The request for information under the RTI Act has to be given to Public Information Officer or Assistant Public Information Officer designated by the Public Authority.
- The request for information can be made in English/Hindi/official language.
- No need not to give reasons for your request or personal details, except those necessary for contacting you.
- Pay the prescribed fee (Rs. 10/-) for application. No fee for persons who are below poverty line.
- The Public Information Officer will assist those who need assistance in preparing the application.
- Fees may be paid in cash / demand draft / banker's cheque / Indian postal order payable to the Accounts Officer of the public authority.

### **First Appeal:**

- An appeal can be made to a senior officer in the public authority (Designated Appellate Officer);
  - If you are aggrieved by the decision of the Public Information Officer (within 30 days from the receipt of the decision);
  - If you do not receive any response from the Public Information Officer (within 30 days from the expiry of the time limit)

### **Second Appeal:**

- Independent **Central and State Information Commissions** have been constituted to enforce the Act.
- Second Appeal to the Information Commission can be made against the decision of the first appellate officer within 90 days from the date of the receipt of the decision or expected date of the decision where no such decision was given.
- If you delay in filing an appeal sufficient cause should be shown.
- If you have suffered any loss or harm, you can claim compensation from the public authority.
- The Information Commission first hears the PIO, so that unless it agrees with the PIO, you need not be bothered with personal presence before the Commission . However, if the Commission sees merit in the PIO's arguments, you will be given an opportunity to present your case in person / through any other person duly authorized by you. You may opt not to be present.

**Information Commissions have the power to order a public authority -**

- to provide information, records
- to appoint the public information officers
- to publish information
- to reject the request

**Penalty:**

The Information Commission can impose penalty of Rs. 250/- per day, up to a maximum of Rs. 25,000/- on erring PIOs for:

Without any reasonable cause:

- refusing an application
- delaying information release without reasonable cause
- malafidely denying information
- knowingly giving incomplete, incorrect, misleading information
- destroying information that has been requested
- obstructing furnishing of information in any manner

The Commission also has powers to recommend disciplinary action against PIOs. It can also direct compensation to be paid to the appellant by the public authority.

## **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

### **(Prevention, Prohibition and Redressal) Act, 2013**

(for reference only)

Objective of the Act - Preventing and protecting women against sexual harassment at workplace and for the effective redressal of complaints of sexual harassment.

The Prevention of Workplace Sexual Harassment Act and the Prevention of Workplace Sexual Harassment Rules have been enacted after the Supreme Court of India's landmark judgement in Vishaka and others v. State of Rajasthan ("Vishaka Judgement"). The Supreme Court, in the Vishaka Judgment, laid down guidelines making it mandatory for every employer to provide a mechanism to redress grievances pertaining to workplace sexual harassment and enforce the right to gender equality of working women.

The Government has notified rules under the Prevention of Workplace Sexual Harassment Act titled the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

The Prevention of Workplace Sexual Harassment Act applies to both the organized and unorganized sectors in India. The statute, inter alia, applies to government bodies, private and public sector organisations, nongovernmental organisations, organisations carrying out commercial, vocational, educational, entertainment, industrial, financial activities, hospitals and nursing homes, educational institutes, sports institutions and stadiums used for training individuals and a dwelling place or a house.

#### **Definitions:**

'Sexual Harassment' includes unwelcome sexually tinted behaviour, whether directly or by implication, such as (i) physical contact and advances, (ii) demand or request for sexual favours, (iii) making sexually coloured remarks, (iv) Showing pornography, or (v) any other unwelcome physical, verbal or non-verbal conduct of a sexual nature.

Presence or occurrence of circumstances of implied or explicit promise of preferential treatment in employment; threat of detrimental treatment in employment; threat about present or future employment; interference with work or creating an intimidating or offensive or hostile work environment; or humiliating treatment likely to affect the lady employee's health or safety could also amount to sexual harassment.

'Employee' regular, temporary, ad hoc employees, individuals engaged on daily wage basis, either directly or through an agent, contract labourers, co-workers, probationers, trainees, and apprentices, with or without the knowledge of the principal employer, whether for remuneration or not, working on a voluntary basis or otherwise, whether the terms of employment are express or implied.

'Workplace' includes any place visited by the employee arising out of or during the

course of employment, including transportation provided by the employer for the purpose of commuting to and from the place of employment.

**Complaints Committee:** An employer is required to set up an 'Internal Complaints Committee' (ICC) at each office or branch, of an organization employing 10 or more employees, to hear and redress grievances pertaining to sexual harassment.

**Constitution of the ICC :**

Presiding Officer: Woman employed at a senior level at the workplace from amongst the employees.

Members: Not less than 2 members from amongst employees. Preferably committed to the cause of women or who have had experience in social work or have legal knowledge.

External member: From an NGO or association committed to the cause of women or person familiar with issues relating to sexual harassment.

Not less than half of the ICC Members shall be women The term of the ICC Members shall not exceed 3 years

An aggrieved woman who intends to file a complaint is required to submit six copies of the written complaint, along with supporting documents and names and addresses of the witnesses to the ICC or LCC, within 3 months from the date of the incident and in case of a series of incidents, within a period of 3 months from the date of the last incident. The ICC/ LCC can extend the timeline for filing the complaint, for reasons to be recorded in writing, by a period of 3 months.

The law also makes provisions for friends, relatives, co-workers, psychologist, psychiatrists, etc. to file the complaint in situations where the aggrieved employee is unable to make the complaint on account of physical incapacity, mental incapacity or death.

**Complaint of sexual harassment:**

Any aggrieved woman may make, in writing, a complaint of sexual harassment at workplace to the Internal Committee if so constituted, or the Local Committee, in case it is not so constituted, within a period of three months from the date of incident and in case of a series of incidents, within a period of three months from the date of last incident.

**Action during pendency of inquiry:**

During the pendency of an inquiry on a written request made by the aggrieved woman, the Internal Committee or the local Committee, as the case may be, may recommend to the employer to -

- (a) transfer the aggrieved woman or the respondent to any other workplace; or
- (b) grant leave to the aggrieved woman up to a period of three months; or

(c) grant such other relief to the aggrieved woman as may be prescribed.

The leave granted to the aggrieved woman under this section shall be in addition to the leave she would be otherwise entitled to.

**Penalty for non-compliance with provisions of Act:**

Where the employer fails to -- constitute an Internal Committee; contravenes or attempts to contravene or abets contravention of other provisions of this Act or any rules made thereunder,

he shall be punishable with fine which may extend to fifty thousand rupees.



## **CENTRAL CIVIL SERVICES (CONDUCT) RULES, 1964**

*(Extract of important rules)*

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### **2. Definitions**

In these rules, unless the context otherwise requires,-

- (a) "The Government" means the Central Government;
- (b) "Government servant" means any person appointed by Government to any civil service or post in connection with the affairs of the Union and includes a civilian in a Defence Service;
- (c) "Members of family" in relation to a Government servant includes:-
  - (i) the wife or husband as the case may be, of the Government servant, whether residing with the Government servant or not but does not include a wife or husband, as the case may be, separated from the Government servant by a decree or order of a competent Court;
  - (ii) son or daughter or step-son or step-daughter of the Government servant and wholly dependent on him, but does not include a child or step-child who is no longer in any way dependent on the Government servant or of whose custody the Government servant has been deprived by or under any law;
  - (iii) any other person related, whether by blood or marriage to the Government servant or to the Government servant's wife or husband, and wholly dependent on the Government servant.

### **3. General Do's**

**(1) Every Government servant shall at all times--**

- (i) maintain absolute integrity;
- (ii) maintain devotion to duty; and
- (iii) do nothing which is unbecoming of a Government servant.
- (iv) commit himself to and uphold the supremacy of the Constitution and democratic values;
- (v) defend and uphold the sovereignty and integrity of India, the security of the State, public order, and morality;
- (vi) maintain high ethical standards and honesty;
- (vii) maintain political neutrality;
- (viii) promote the principles of merit, fairness and impartiality in the discharge of duties;
- (ix) maintain accountability and transparency;
- (x) maintain responsiveness to the public, particularly to the weaker section;
- (xi) maintain courtesy and good behaviour with the public;
- (xii) take decisions solely in public interest and use or cause to use public resources efficiently, effectively and economically;

- (xiii) declare any private interests relating to his public duties and take steps to resolve any conflicts in a way that protects the public interest;
- (xiv) not place himself under any financial or other obligations to any individual or organisation which may influence him in the performance of his official duties;
- (xv) not misuse his position as civil servant and not take decisions in order to derive financial or material benefits for himself, his family or his friends;
- (xvi) make choices, take decisions and make recommendations on merit alone;
- (xvii) act with fairness and impartiality and not discriminate against anyone, particularly the poor and the under-privileged sections of society;
- (xviii) refrain from doing anything which is or may be contrary to any law, rules, regulations and established practices;
- (xix) maintain discipline in the discharge of his duties and be liable to implement the lawful orders duly communicated to him;
- (xx) maintain confidentiality in the performance of his official duties as required by any laws for the time being in force, particularly with regard to information, disclosure of which may prejudicially affect the sovereignty and integrity of India, the security of the State, strategic, scientific or economic interests of the State, friendly relation with foreign countries or lead to incitement of an offence or illegal or unlawful gain to any person;
- (xxi) perform and discharge his duties with the highest degree of professionalism and dedication to the best of his abilities.

### **Don'ts**

1. Do not enter into any private correspondence with Foreign Embassies or Missions/High Commission.
2. Do not accept lavish or frequent hospitality from any individual, industrial or commercial firms, organizations, etc., having official dealings with you.
3. Do not accept any offer of the cost of passage to foreign countries or hospitality by way of free board and lodging there, if such offers are from foreign firms contracting with Government.
4. Do not accept invitations to you and members of your family for free inaugural flights offered by Air India, Indian Airlines Corporation or Foreign Airlines.
5. Do not accept any gift from any foreign firm which is having official dealings.
6. Do not engage yourself in canvassing business of Life Insurance Agency, ommission Agency or Advertising Agency owned or managed by the members of your family.
7. Do not lend money to or borrow money from or deposit money as a member or agent, with any person, firm or private company with whom you are likely to have official dealings. Do not otherwise place yourself under pecuniary obligation with such person, firm or private company.
8. Do not approach your subordinates for standing surety for loans taken from private

sources either by you/your relations/friends.

9. Do not undertake private consultancy work.
10. Do not speculate in any stock, share or other investment.
11. Do not purchase shares out of the quota reserved for friends and associates of Directors of Companies.
12. Do not bid at any auction of property where such auction is arranged by your own officers.
13. Do not stay as guest with foreign diplomats or foreign nationals in India.
14. Do not invite any Foreign Diplomat to stay with you as your guest in India.
15. Do not accept or permit your wife or dependents to accept passage money or free air transport from a Foreign Mission / Government or Organization.
16. Do not bring any political influence in matters pertaining to your service.
17. Do not consume any intoxicating drinks or drugs while on duty.
18. Do not appear in public place in a state of intoxication.
19. Do not indulge in any act sexual harassment of any women at her work place.
20. Do not employ children below 14 years of age.
21. Do not accept award of monetary benefits instituted by Private Trusts / Foundations, etc.
22. Do not make joint representations in matters of common interest.
23. Do not indulge in acts unbecoming of a Government servant.
24. Do not be discourteous, dishonest and partial.
25. Do not adopt dilatory tactics in your dealings with the public.
26. Do not convey oral instructions to subordinates. If any oral instruction is issued due to urgency, confirm it in writing as soon as possible.
27. Do not practice untouchability.
28. Do not associate yourself with any banned organizations.
29. Do not join any association or demonstration whose objects or activities are prejudicial to the interest of the sovereignty and integrity of India, public order and morality.
30. Do not give expressions to views on Indian or foreign affairs, while visiting foreign countries.
31. Do not get involved in unauthorized communication of any official document or any part of thereof or classified information to any Government servant or any other persons to whom you are not authorized to communicate such document or classified information.
32. Do not join or support any illegal strike.
33. Do not give or take or abet giving or taking of dowry or demand any dowry directly or indirectly from the parent or guardian of a bride or bridegroom.
34. Do not address the higher authority prematurely on the same issue unless it is

established that all the points or submission made earlier have not been fully considered by the immediate superior head of office or any other authority at the lowest level competent to deal with matter.

35. Do not use your official position or influence directly or indirectly to secure employment for any member of your family in any company or firm.
36. Do not place yourself under any financial or other obligations to any individual or organization which may influence you in the performance of your official duties
37. Do not misuse your position as civil servant and take decision in order to derive financial or material benefits for yourself, your family or your friends.

### **3A. Promptness and Courtesy**

No Government servant shall

- (a) in the performance of his official duties, act in a discourteous manner;
- (b) in his official dealings with the public or otherwise adopt dilatory tactics or willfully cause delays in disposal of the work assigned to him.

### **3C. Prohibition of sexual harassment of working women**

- (1) No Government servant shall indulge in any act of sexual harassment of any woman at any work place.
- (2) Every Government servant who is in charge of a work place shall take appropriate steps to prevent sexual harassment to any woman at the work place.

Explanation. - (I) For the purpose of this rule, -

- (a) "sexual harassment" includes any one or more of the following acts or behaviour (whether directly or by implication) namely: -

- (i) physical contact and advances; or
- (ii) a demand or request for sexual favours; or
- (iii) making sexually coloured remarks; or
- (iv) showing pornography; or
- (i) any other unwelcome physical, verbal, non-verbal conduct of a sexual nature.
- (b) the following circumstances, among other circumstances, if it occurs or is present in relation to or connected with any act or behaviour of sexual harassment may amount to sexual harassment: -
  - (i) implied or explicit promise of preferential treatment in employment; or
  - (ii) implied or explicit threat of detrimental treatment in employment; or
  - (iii) implied or explicit threat about her present or future employment status; or
  - (iv) interference with her work or creating an intimidating or offensive or hostile work environment for her; or
  - (v) humiliating treatment likely to affect her health or safety.
- (c) "workplace" includes, -
  - (i) any department, organisation, undertaking, establishment, enterprise, institution, office, branch or unit which is established, owned, controlled or wholly or

substantially financed by funds provided directly or indirectly by the Central Government;

- (ii) hospitals or nursing homes;
- (iii) any sports institute, stadium, sports complex or competition or games venue, whether residential or not used for training, sports or other activities relating thereto;
- (iv) any place visited by the employee arising out of or during the course of employment including transportation provided by the employer for undertaking such journey;
- (v) a dwelling place or a house.

#### **4. Employment of near relatives of Government servant in Companies or firms**

(1) No Government servant shall use his position or influence directly or indirectly to secure employment for any member of his family in any company or firm;

(2) (i) No Class I Officer shall, except with the previous sanction of the Government, permit his son, daughter or other dependant, to accept employment in any company or firm with which he has official dealings or in any other company or firm having official dealings with the Government:

(ii) A Government servant shall, as soon as he becomes aware of the acceptance by a member of his family of an employment in any company or firm, intimate such acceptance to the prescribed authority and shall also intimate whether he has or has had any official dealings with that company or firm:

(3) No Government servant shall in the discharge of his official duties deal with any matter or give or sanction any contract to any company or firm or any other person if any member of his family is employed in that company or firm or under that person or if he or any member of his family is interested in such matter or contract in any other manner and the Government servant shall refer every such matter or contract to his official superior and the matter or contract shall thereafter be disposed of according to the instructions of the authority to whom the reference is made.

#### **5. Taking part in politics and elections**

(1) No Government servant shall be a member of, or be otherwise associated with, any political party or any organisation which takes part in politics nor shall he take part in, subscribe in aid of, or assist in any other manner, any political movement or activity.

(2) It shall be the duty of every Government servant to endeavour to prevent any member of his family from taking part in, subscribing in aid of, or assisting in any other manner any movement or activity which is, or tends directly or indirectly to be, subversive of the Government as by law established and where a Government servant is unable to prevent a member of his family from taking part in, or subscribing in aid of, or assisting in any other manner, any such movement or activity, he shall make a report to that effect to the Government.

(3) If any question arises whether a party is a political party or whether any organisation takes part in politics or whether any movement or activity falls within the scope of sub-rule (2), the decision of the Government thereon shall be final.

(4) No Government servant shall canvass or otherwise interfere with, or use his influence in connection with or take part in an election to any legislature or local authority:

Provided that -

(i) a Government servant qualified to vote at such election may exercise his right to vote, but where he does so, he shall give no indication of the manner in which he proposes to vote or has voted;

(ii) a Government servant shall not be deemed to have contravened the provisions of this sub-rule by reason only that he assists in the conduct of an election in the due performance of a duty imposed on him by or under any law for the time being in force.

EXPLANATION.- The display by a Government servant on his person, vehicle or residence of any electoral symbol shall amount to using his influence in connection with an election within the meaning of this sub- rule.

#### **7. Demonstration and strikes**

No Government servant shall -

(i) engage himself or participate in any demonstration which is prejudicial to the interests of the sovereignty and integrity of India, the security of the state, friendly relations with foreign States, public order, decency or morality, or which involves contempt of court, defamation or incitement to an offence, or

(ii) resort to or in any way abet any form of strike or coercion or physical duress in connection with any matter pertaining to his service or the service of any other Government servant.

#### **8. Connection with press or other media**

(1) No Government servant shall, except with the previous sanction of the Government, own wholly or in part, or conduct or participate in the editing or management of, any newspaper or other periodical publication or electronic media.

(2) Nothing in sub-rule (1) shall apply in case a Government servant in the bonafide discharge of his official duties publishes a book or participates in a public media.

(3) A Government servant publishing a book or participating in a public media shall at all times make it clear that the views expressed by him are his own and not that of Government.

#### **9. Criticism of Government**

No Government servant shall, in any radio broadcast, telecast through any electronic media or in any document published in his own name or anonymously, pseudonymously or in the name of any other person or in any communication to the press or in any public utterance, make any statement of fact or opinion -

- (i) which has the effect of an adverse criticism of any current or recent policy or action of the Central Government or a State Government;
- (ii) which is capable of embarrassing the relations between the Central Government and the Government of any State; or
- (iii) which is capable of embarrassing the relations between the Central Government and the Government of any foreign State;

Provided that nothing in this rule shall apply to any statements made or views expressed by a Government servant in his official capacity or in the due performance of the duties assigned to him.

### **13. Gifts**

(1) Save as provided in these rules, no Government servant shall accept, or permit any member of his family or any other person acting on his behalf to accept, any gift.

EXPLANATION.- The expression "gift" shall include free transport, boarding, lodging or other service or any other pecuniary advantage when provided by any person other than a near relative or personal friend having no official dealings with the Government servant.

NOTE (1) - A casual meal, lift or other social hospitality shall not be deemed to be a gift -

NOTE (2) - A Government servant shall avoid accepting lavish hospitality or frequent hospitality from any individual, industrial or commercial firms, organisations, etc., having official dealings with him.

[(2) On occasions such as weddings, anniversaries, funerals or religious functions, when the making of gift is in conformity with the prevailing religious and social practice, a Government servant may accept gifts from his near relatives or from his personal friends having no official dealings with him, but shall make a report to the Government, if the value of such gift exceeds;-

(i) rupees twenty-five thousand in the case of a Government servant holding any Group 'A' post;

(ii) rupees fifteen thousand in the case of a Government servant holding any Group 'B' post;

(iii) rupees seven thousand five hundred in the case of a Government servant holding any Group 'C' post; and

(3) In any other case of a Government servant shall not accept any gift without sanction of the Government if the value thereof exceeds.

(i) rupees one thousand five hundred in the case of a Government servant holding any Group 'A' or Group 'B' post; and

(ii) rupees five hundred in the case of a Government servant holding any Group 'C' or Group 'D' post.

### **13-A. Dowry**

No Government servant shall-

- (i) give or take or abet the giving or taking of dowry; or
- (ii) demand directly or indirectly, from the parent or guardian of a bride or bridegroom, as the case may be, any dowry.

### **15. Private trade or employment**

(1) Subject to the provisions of sub-rule (2), no Government servant shall, except with the previous sanction of the Government-

- (a) engage directly or indirectly in any trade or business, or
- (b) negotiate for, or undertake, any other employment, or
- (c) hold an elective office, or canvass for a candidate or candidates for an elective office, in any body, whether incorporated or not, or
- (d) canvass in support of any business of insurance agency, commission agency, etc., owned or managed by any member of his family, or
- (e) take part except in the discharge of his official duties, in the registration, promotion or management of any bank or other company registered or required to be registered, under the Companies Act, 1956 or any other law for the time being in force, or of any co-operative society for commercial purposes.
- (f) participate in or associate himself in any manner in the making of-
  - (i) a sponsored media (radio or television) programme; or
  - (ii) a media programme commissioned by Government media but produced by a private agency; or
  - (iii) a privately produced media programme including video magazine:

Provided that no previous permission shall be necessary in case where the Government servant participates in a programme produced or commissioned by Government media in his official capacity.

(2) A Government servant may, without the previous sanction of the Government -

- (a) undertake honorary work of a social or charitable nature, or
- (b) undertake occasional work of a literary, artistic or scientific character, or
- (c) participate in sports activities as an amateur, or
- (d) take part in the registration, promotion or management (not involving the holding of an elective office) of a literary, scientific or charitable society or of a club or similar organisation, the aims or objects of which relate to promotion of sports, cultural or recreational activities, registered under the Societies Registration Act, 1860, or any other law for the time being in force, or
- (e) take part in the registration, promotion or management (not involving the holding of elective office) of a co-operative society substantially for the benefit of Government servants, registered under the Co-operative Societies Act, 1912, or any other law for the time being in force:

Provided that: -

- (i) he shall discontinue taking part in such activities, if so directed by the



Government; and

(ii) in a case falling under clause (d) or clause(e) of this sub-rule, his official duties shall not suffer thereby and he shall, within a period of one month of his taking part in such activity, report to the Government giving details of the nature of his participation.

(3) Every Government servant shall report to the Government if any member of his family is engaged in a trade or business or owns or manages an insurance agency or commission agency.

(4) Unless otherwise provided by general or special orders of the Government, no Government servant may accept any fee for any work done by him for any private or public body or any private person without the sanction of the prescribed authority.

#### **15 A. Sub-letting and vacation of Government accommodation**

(1) Save as otherwise provided in any other law for the time being in force, no Government servant shall sub-let, lease or otherwise allow occupation by any other person of Government accommodation which has been allotted to him.

(2) A Government servant shall, after the cancellation of his allotment of Government accommodation vacate the same within the time-limit prescribed by the allotting authority.

#### **16. Investment, lending and borrowing**

(1) No Government servant shall speculate in any stock, share or other investment: Provided that nothing in this sub-rule shall apply to occasional investments made through stock brokers or other persons duly authorised and licensed or who have obtained a certificate of registration under the relevant law.

Explanation - Frequent purchase or sale or both, of shares, securities or other investments shall be deemed to be speculation within the meaning of this sub-rule.

(2) (i) No Government servant shall make, or permit any member of his family or any person acting on his behalf to make, any investment which is likely to embarrass or influence him in the discharge of his official duties. For this purpose, any purchase of shares out of the quotas reserved for Directors of Companies or their friends and associates shall be deemed to be an investment which is likely to embarrass the Government servant.

(ii) No Government servant who is involved in the decision-making process of fixation of price of an Initial Public Offering or Follow-up Public Offering of shares of a Central Public Sector Enterprise shall apply, either himself or through any member of his family or through any other person acting on his behalf, for allotment of shares in the Initial Public Offerings or Follow-up Public Offerings of such Central Public Sector Enterprise.

(3) If any question arises whether any transaction is of the nature referred to in sub-rule (1) or sub-rule(2), the decision of the Government thereon shall be final.

(4) (i) No Government servant shall, save in the ordinary course of business with a

bank or a public limited company, either himself or through any member of his family or any other person acting on his behalf,-

(a) lend or borrow or deposit money, as a principal or an agent to, or from or with, any person or firm or private limited company within the local limits of his authority or with whom he is likely to have official dealings or otherwise place himself under any pecuniary obligation to such person or firm or private limited company; or

(b) lend money to any person at interest or in a manner whereby return in money or in kind is charged or paid;

Provided that a Government servant may, give to, or accept from a relative or a personal friend, a purely temporary loan of a small amount free of interest, or operate a credit account with a bona fide tradesman or make an advance of pay to his private employee; Provided further that nothing in this sub-rule shall apply in respect of any transaction entered into by a Government servant with the previous sanction of the Government.

(ii) When a Government servant is appointed or transferred to a post of such nature as would involve him in the breach of any of the provisions of sub-rule (2) or sub-rule (4), he shall forthwith report the circumstances to the prescribed authority and shall thereafter act in accordance with such order as may be made by such authority.

#### **17. Insolvency and habitual indebtedness**

A Government servant shall so manage his private affairs as to avoid habitual indebtedness or insolvency. A Government servant against whom any legal proceeding is instituted for the recovery of any debt due from him or for adjudging him as an insolvent, shall forthwith report the full facts of the legal proceedings to the Government.

#### **18. Movable, immovable and valuable property**

(1) (i) Every Government servant shall on his first appointment to any service or post submit a return of his assets and liabilities, in such form as may be prescribed by the Government, giving the full particulars regarding -

(a) the immovable property inherited by him, or owned or acquired by him or held by him on lease or mortgage, either in his own name or in the name of any member of his family or in the name of any other person;

(b) shares, debentures and cash including bank deposits inherited by him or similarly owned, acquired, or held by him;

(c) other movable property inherited by him or similarly owned, acquired or held by him; and

(d) debts and other liabilities incurred by him directly or indirectly.

Every Government servant belonging to any service or holding any post included in Group 'A' and Group 'B' shall submit an annual return in such form as may be prescribed by the Government in this regard giving full particulars regarding the immovable property inherited by him or owned or acquired by him or held by him on

lease or mortgage either in his own name or in the name of any member of his family or in the name of any other person.

(2) No Government servant shall, except with the previous knowledge of the prescribed authority, acquire or dispose of any immovable property by lease, mortgage, purchase, sale, gift or otherwise either in his own name or in the name of any member of his family:

Provided that the previous sanction of the prescribed authority shall be obtained by the Government servant if any such transaction is with a person having official dealing with him.

(3) Where a Government servant enters into a transaction in respect of movable property either in his own name or in the name of the member of his family, he shall, within one month from the date of such transaction, report the same to the prescribed authority, if the value of such property exceeds two months' basic pay of the Government servant:

Provided that the previous sanction of the prescribed authority shall be obtained by the Government servant if any such transaction is with a person having official dealings with him.

Explanation I. - For the purposes of this rule -

(1) the expression "movable property" includes-

- (a) jewellery, insurance policies, the annual premia of which exceeds Rs. 'two months' basic pay of the Government servant, shares, securities and debentures;
- (b) all loans, whether secured or not, advanced or taken by the Government servant;
- (c) motor cars, motor cycles, horses or any other means of conveyance; and
- (d) refrigerators, radios radiograms and television sets.

## **20. Canvassing of non-official or other outside influence**

No Government servant shall bring or attempt to bring any political or other outside influence to bear upon any superior authority to further his interests in respect of matters pertaining to his service under the Government.

## **21. Restriction regarding marriage**

(1) No Government servant shall enter into, or contract, a marriage with a person having a spouse living; and

(2) No Government servant, having a spouse living, shall enter into, or contract, a marriage with any person:

Provided that the Central Government may permit a Government servant to enter into, or contract, any such marriage as is referred to in clause (1) or clause(2), if it is satisfied that-

- (a) such marriage is permissible under the personal law applicable to such Government servant and the other party to the marriage; and
- (b) there are other grounds for so doing.

(3) A Government servant who has married or marries a person other than of India Nationality shall forthwith intimate the fact to the Government.

## **22. Consumption of intoxicating drinks and drugs**

A Government servant shall -

- (a) strictly abide by any law relating to intoxicating drinks or drugs in force in any area in which he may happen to be for the time being;
- (b) not be under influence of any intoxicating drink or drug during the course of his duty and shall also take due care that the performance of his duties at any time is not affected in any way by the influence of such drink or drug;
- (bb) refrain from consuming any intoxicating drink or drug in a public place;
- (c) not appear in a public place in a state of intoxication;
- (d) not use any intoxicating drink or drug to excess.

## General Financial Rules, 2017

### (Extract of important rules)

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#### **Rule 7**

All moneys received by or on behalf of the Government either as dues of Government or for deposit, remittance or otherwise, shall be brought into Government Account without delay, in accordance with such general or special rules as may be issued under Articles 150 and 283 (1) of the Constitution.

#### **Rule 12**

Amounts due to Government shall not be left outstanding without sufficient reasons.

Where such amounts appear to be irrecoverable, the orders of the competent authority shall be obtained for their adjustment.

#### GENERAL PRINCIPLES RELATING TO EXPENDITURE AND PAYMENT OF MONEY

#### **Rule 21**

Standards of financial propriety. Every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers. Among the principles on which emphasis is generally laid are the following:-

- (i) Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- (ii) The expenditure should not be prima facie more than the occasion demands.
- (iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
- (iv) Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless –
  - (a) a claim for the amount could be enforced in a Court of Law, or
  - (b) the expenditure is in pursuance of a recognized policy or custom.

#### **Rule 33 (6)**

In cases of loss to Government on account of culpability of Government servants, the loss should be borne by the Central Government Department or State Government concerned with the transaction. Similarly, if any recoveries are made from the erring Government officials in cash, the receipt will be credited to the Central Government Department or the State Government who sustained the loss.

#### **Rule 33 (7)**

All cases involving loss of Government money arising from erroneous or irregular issue of cheques or irregular accounting of receipts will be reported to the Controller General

of Accounts along with the circumstances leading to the loss, so that he can take steps to remedy defects in rules or procedures, if any, connected therewith.

**Rule 34**

Loss of Government Property due to fire, theft, fraud. Departmental Officers shall, in addition to taking action as prescribed in Rule 33, follow the provisions indicated below in cases involving material loss or destruction of Government property as a result of fire, theft, fraud, etc.

All losses above the value of Rupees Fifty thousand due to suspected fire, theft, fraud, etc., shall be invariably reported to the Police for investigation as early as possible.

Once the matter is reported to the Police Authorities, all concerned should assist the Police in their investigation. A formal investigation report should be obtained from the Police Authorities in all cases, which are referred to them.

**Rule 35**

Loss of immovable property by fire, flood etc. All loss of immovable property exceeding Rupees fifty thousand, such as buildings, communications, or other works, caused by fire, flood, cyclone, earthquake or any other natural cause, shall be reported at once by the subordinate authority concerned to Government through the usual channel. All other losses should be immediately brought to the notice of the next higher authority.

**Rule 37**

Responsibility of losses. An officer shall be held personally responsible for any loss sustained by the Government through fraud or negligence on his part. He will also be held personally responsible for any loss arising from fraud or negligence of any other officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence. The departmental proceedings for assessment of responsibility for the loss shall be conducted according to the instructions contained in Appendix 1 and those issued by the Ministry of Personnel from time to time.

**Rule 42**

Financial Year. Financial year of the Government shall commence on the 1st day of April of each year and end on the 31st day of March of the following year.

**CONTROL OF EXPENDITURE AGAINST BUDGET**

**Rule 57 (1)**

Responsibility for control of Expenditure. The Departments of the Central Government shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through the Heads of Departments and other Controlling Officers, if any, and Disbursing Officers subordinate to them.

**Rule 59**

Personal attention of the Head of Department /Controlling Officer required to estimate savings or excesses. A Head of Department or Controlling Officer shall be in a position to

estimate the likelihood of savings or excesses every month and to regularize them in accordance with the instructions laid down in Rule 62.

**Rule 62 (2)**

The savings as well as provisions that cannot be profitably utilised shall be surrendered to Government immediately, they are foreseen without waiting till the end of the year. No savings shall be held in reserve for possible future excesses.

**Rule 62 (3)**

Rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. The Financial Advisers of the Ministries/Departments shall ensure adherence to the stipulated Monthly Expenditure Plan and the guidelines issued in this regard by the Budget Division, Department of Economic Affairs, from time to time.

**Rule 75**

Period of Accounts. The annual accounts of the Central Government shall record transactions which take place during a financial year running from the 1st April to the 31st March thereof.

**Rule 76**

Currency in which Accounts are kept. The accounts of Government shall be maintained in Indian Rupees. All foreign currency transactions and foreign aid shall be brought into account after conversion into Indian Rupees.

**PROCUREMENT OF GOODS**

**Rule 143**

Definition of Goods. The term 'goods' used in this chapter includes all articles, material, commodity, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant, vehicles, aircraft, ships, medicines, railway rolling stock, assemblies, subassemblies, accessories, a group of machineries comprising of an integrated production process or such other category of goods or intangible products like software, technology transfer, licenses, patents or other intellectual properties purchased or otherwise acquired for the use of Government but excludes books, publications, periodicals, etc. for a library. The term 'goods' also includes works and services which are incidental or consequential to the supply of such goods, such as, transportation, insurance, installation, commissioning, training and maintenance.

**Rule 144**

Fundamental principles of public buying (for all procurements including procurement of works). Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

The procedure to be followed in making public procurement must conform to the

following yardsticks:-

(i) The description of the subject matter of procurement to the extent practicable should -

(a) be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics.

(b) not indicate a requirement for a particular trade mark, trade name or brand.

(ii) the specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organisations. The specifications so worked out should meet the basic needs of the organisation without including superfluous and non-essential features, which may result in unwarranted expenditure.

(iii) Where applicable, the technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or building codes, wherever such standards exist, and in their absence, be based on the relevant international standards. In case of Government of India funded projects abroad, the technical specifications may be framed based on requirements and standards of the host beneficiary Government, where such standards exist.

Provided that a procuring entity may, for reasons to be recorded in writing, adopt any other technical specification.

(iv) Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs.

(v) offers should be invited following a fair, transparent and reasonable procedure.

(vi) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects.

(vii) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required.

#### **Rule 145**

Authorities competent to purchase goods. An authority which is competent to incur expenditure may sanction the purchase of goods required for use in public service in accordance with provisions in the Delegation of Financial Powers Rules, following the general procedure contained in the following rules.

#### **Rule 147**

Powers for procurement of goods. [The Ministries or Departments have been delegated full powers to make their own arrangements for procurement of goods and services, that are not available on GeM. Common use Goods and Services available on GeM are required to be procured mandatorily through GeM as per Rule 149.]

#### **Rule 149**

##### **Government e-Marketplace (GeM)**

Government of India has established the Government e-Marketplace (GeM) for common



use Goods and Services. GeM SPV will ensure adequate publicity including periodic advertisement of the items to be procured through GeM for the prospective suppliers. The Procurement of Goods and Services by Ministries or Departments will be mandatory for Goods or Services available on GeM. The credentials of suppliers on GeM shall be certified by GeM SPV. The procuring authorities will certify the reasonability of rates. The GeM portal shall be utilized by the Government buyers for direct on-line purchases as under:

(i) Up to {Rs.25,000/-} through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period. Note: In case of automobiles, procurement under this sub-rule is permitted without any ceiling limit.

(ii) Above Rs.25,000/- and up to Rs.5,00,000/- through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer even for procurements less than Rs 5,00,000.

(iii) Above Rs.5,00,000/- through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM (excluding Automobiles where current limit of 30 lakh will continue).

(iv) The invitation for the online ebidding/reverse auction will be available to all the existing Sellers or other Sellers registered on the portal and who have offered their goods/services under the particular product/service category, as per terms and conditions of GeM.

(v) The above mentioned monetary ceiling is applicable only for purchases made through GeM. For purchases, if any, outside GeM, relevant GFR Rules shall apply.

(vi) The Ministries/Departments shall work out their procurement requirements of Goods and Services on either "OPEX" model or "CAPEX" model as per their requirement/ suitability at the time of preparation of Budget Estimates (BE) and shall project their Annual Procurement Plan of goods and services on GeM portal within 30 days of Budget approval.

(vii) The Government Buyers may ascertain the reasonableness of prices before placement of order using the Business Analytics (BA) tools available on GeM including the Last Purchase Price on GeM, Department's own Last Purchase Price etc.

(viii) A demand for goods shall not be divided into small quantities to make piecemeal purchases to avoid procurement through L-1 Buying / bidding / reverse auction on GeM or the necessity of obtaining the sanction of higher authorities required with reference to the estimated value of the total demand.

#### **Rule 154**

Purchase of goods without quotation Purchase of goods upto the value of Rs. 25,000

(Rupees twenty-five thousand) only]12 only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format.

"I, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

#### **Rule 155**

Purchase of goods Purchase Committee.

[In case a certain item is not available on the GeM portal,]

Purchase of goods costing above [Rs.25,000 (Rupees twenty-five thousand only) and upto Rs.2,50,000/- (Rupees two lakh and fifty thousand only)] on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under:

"Certified that we, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question, and it is not debarred by Department of Commerce or Ministry/ Department concerned."]

#### **Rule 157**

A demand for goods should not be divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

#### **Rule 160**

##### **E -Procurement**

(i) It is mandatory for Ministries/ Departments to receive all bids through e-procurement portals in respect of all procurements.

(vi) Ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. Where the Department also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidders.

#### **Rule 162**

##### **Limited Tender Enquiry**

(i) This method may be adopted when estimated value of the goods to be procured is up to Rupees Twenty-five Lakhs. Copies of the bidding document should be sent directly by speed post/registered post/courier/ email to firms which are borne on the

list of registered suppliers for the goods in question as referred under Rule 150 above. The number of supplier firms in Limited Tender Enquiry should be more than three. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis.

Further, an organisation should publish its limited tender enquiries on Central Public Procurement Portal (CPPP) as per Rule 159.

Apart from CPPP, the organisations should publish the tender enquiries on the Department's or Ministry's web site.

(ii) The unsolicited bids should not be accepted. However, Ministries/ Departments should evolve a system by which interested firms can register and bid in next round of tendering.

(iii) Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rupees twenty-five Lakhs, in the following circumstances.

#### **Rule 170 Bid Security**

(i) To safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (also known as Earnest Money) is to be obtained from the bidders except Micro and Small Enterprises (MSEs) as defined in MSE Procurement Policy issued by Department of Micro, Small and Medium Enterprises (MSME) or are registered with the Central

(a) The procuring entity shall solicit bids through an invitation to the electronic reverse auction to be Purchase Organisation or the concerned Ministry or Department [or Startups as recognized by Department for Promotion of Industry and Internal Trade (DPIIT)] . The bidders should be asked to furnish bid security along with their bids. Amount of bid security should ordinarily range between two percent to five percent of the estimated value of the goods to be procured. The amount of bid security should be determined accordingly by the Ministry or Department and indicated in the bidding documents. The bid security may be accepted in the form of [Insurance Surety Bonds] , Account Payee Demand Draft,

Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee

(including e- Bank Guarantee) from any of the Commercial Banks or payment online in an acceptable form, safeguarding the purchaser's interest in all respects. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period.

(ii) Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30th day after the award of the contract. However, in case of two packet or two stage bidding, Bid securities of unsuccessful bidders during first stage i.e. technical evaluation etc. should be returned within 30 days of declaration of results of first stage i.e. technical evaluation

etc.]

(iii) In place of a Bid security, the Ministries/ Departments may require Bidders to sign a Bid securing declaration accepting that if they withdraw or modify their Bids during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the request for bids document, they will be suspended for the period of time specified in the request for bids document from being eligible to submit Bids for contracts with the entity that invited the Bids.

#### **Rule 171 Performance Security**

(i) To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Unlike contracts of Works and Plants, in case of contracts for goods, the need for the Performance Security depends on the market conditions and commercial practice for the particular kind of goods. Performance Security should be for an amount of [three to ten per cent (3-10%)], of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of [Insurance Surety Bonds], Account Payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee (including e- Bank Guarantee) from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects.

(ii) Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.

(iii) Bid security should be refunded to the successful bidder on receipt of Performance Security.

#### **Rule 175 (1) Code of Integrity**

No official of a procuring entity or a bidder shall act in contravention of the codes which includes

(i) prohibition of -

(a) making offer, solicitation or acceptance of bribe, reward or gift or any material benefit, either directly or indirectly, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process.

(b) any omission, or misrepresentation that may mislead or attempt to mislead so that financial or other benefit may be obtained or an obligation avoided.

(c) any collusion, bid rigging or anticompetitive behavior that may impair the transparency, fairness and the progress of the procurement process.

(d) improper use of information provided by the procuring entity to the bidder with an intent to gain unfair advantage in the procurement process or for personal gain.

(e) any financial or business transactions between the bidder and any official of the procuring entity related to tender or execution process of contract; which can

affect the decision of the procuring entity directly or indirectly.

- (f) any coercion or any threat to impair or harm, directly or indirectly, any party or its property to influence the procurement process.
- (g) obstruction of any investigation or auditing of a procurement process.
- (h) (i) making false declaration or providing false information for participation in a tender process or to secure a contract;
- (ii) disclosure of conflict of interest.
- (iii) Disclosure by the bidder of any previous transgressions made in respect of the provisions of sub-clause (i) with any entity in any country during the last three years or of being debarred by any other procuring entity.

#### **Rule 175 (2)**

The procuring entity, after giving a reasonable opportunity of being heard, comes to the conclusion that a bidder or prospective bidder, as the case may be, has contravened the code of integrity, may take appropriate measures.

### **PROCUREMENT OF SERVICES**

#### **Rule 177**

"Consulting Service means any subject matter of procurement (which as distinguished from 'Non- Consultancy Services' involves primarily non- physical project-specific, intellectual and procedural processes where outcomes/ deliverables would vary from one consultant to another), other than goods or works, except those incidental or consequential to the service, and includes professional, intellectual, training and advisory services or any other service classified or declared as such by a procuring entity but does not include direct engagement of a retired Government servant.

Note: These Services typically involve providing expert or strategic advice e.g., management consultants, policy consultants, communications consultants, Advisory and project related Consulting Services which include, feasibility studies, project management, engineering services, finance, accounting and taxation services, training and development etc.

### **OUTSOURCING OF SERVICES**

#### **Rule 197**

"Non-Consulting Service" means any subject matter of procurement (which as distinguished from 'Consultancy Services'), involve physical, measurable deliverables/ outcomes, where performance standards can be clearly identified and consistently applied, other than goods or works, except those incidental or consequential to the service, and includes maintenance, hiring of vehicle, outsourcing of building facilities management, security, photocopier service, janitor, office errand services, drilling, aerial photography, satellite imagery, mapping etc.

## NOTES ON LEAVE, PAY & ALLOWANCES

### LEAVES:

Eligible for grant of Leave as per Central Civil Service (Leave) Rules,1972

#### **Central Civil Services (Leave) Rules,1972 RULE – 7: Right to leave:**

- **Leave cannot be claimed as a right**
- Leave of any kind may be refused or revoked by the competent authority but, cannot alter the kind of leave due and applied
- Provided that leave applied under Rule 20, shall not be refused or revoked without reference to the Medical Authority, whose advice shall be binding.

#### **Rule – 9:**

- Leave shall not be granted to staff under suspension.
- Effect of dismissal, removal or resignation on leave at credit:
- In case of Dismissal and removal:
- No Leave salary for the leave at credit.
- In case of resignation:
- If GS applies for a post in new department and sent his application through proper channel then the Leave at his credit shall not lapse and total leave shall be carry forwarded to new post.
- 50% of Earned Leave at Credit as on date of Resignation will be payable.

#### **Rule- 10: Commutation of one kind of leave into another:**

At the request of the GS, leave already granted/availed can be commuted retrospectively provided if applies within 30 days of re-joining to duty after expiry of such leave and subject to adjustment of Leave salary. But GS cannot claim it as a matter of right.

#### **Rule 11: Combination of different kinds of leave:**

Except as otherwise provided in these rules, any kind of leave under these rules may be granted in combination with or in continuation of any other kind of leave except casual leave.

#### **RULE 12: MAXIMUM PERIOD OF LEAVE**

- No leave exceeding 5 years without the sanction of the President.
- Unless the President otherwise determines, if GS is absent for a continuous period exceeding 5 years other than foreign service, with or without leave, shall be deemed to have resigned from Service,
- Provided that this rule shall not apply to a case where leave is applied on medical certificate, in connection with a disability.

#### **RULE 13**

- While on leave, no GS is permitted to take up any employment.

**RULE 14: Application for Leave**

- Application for Leave or extension of leave shall be made in the prescribed format.
- Provided that where a Government servant is unable to submit an application or medical certificate on account of a disability, such application or medical certificate may be signed and submitted by
  - (a) the spouse of the Government servant; or
  - (b) the parents in case of an unmarried Government servant; or
  - (c) the child including adopted child or brother or sister of the Government servant, who has attained the age of majority; or
  - (d) any person who has been assigned limited guardianship of the Government servant in terms of Section 14 of the Rights of Persons with Disabilities Act, 2016 (49 of 2016), and the same shall be deemed to have been made and submitted by the Government servant himself.

**RULE 15: LEAVE ACCOUNT:**

- The leave account of the staff shall be maintained by the Head of Office.
- The leave account of the Head of Office shall be maintained by the next higher administrative authority

**RULE 16: Admissibility of leave:**

- Before granting of leave, admissibility report is required. When there is no such report, and there is undue delay in obtaining the admissibility report, provisional sanction of leave can be issued.

RULE 17: when leave should not be granted.

- If competent punishing authority has decided to dismiss, remove or compulsory retire the GS from Service, Leave should not be granted
- Leave shall not be granted to an official under suspension. (FR-55)
- Prior approval of the competent authority is required for the Leave sanctioning authority for grant of Leave for going abroad.

**RULE 19: Grant of leave on MEDICAL CERTIFICATE:**

CGHS Beneficiary:

- A GS (GO or NGO) who is a CGHS beneficiary shall be required to produce the Medical/ Fitness Certificate in the form prescribed in rule 19, from a CGHS Doctor. / Govt. Hospital.
- A Gazetted Officer who is a CGHS beneficiary, fell sick is away from CGHS area or proceeds on duty outside the Head Quarters shall be required to produce the Medical/Fitness Certificate from an AMA.
- But for an NGO some relaxation of rule: An NGO may be allowed to produce the Medical/Fitness Certificate from an RMP if AMA is not available within a radius of 8 km.

NON- CGHS Beneficiary:

- A GS (GO or NGO) who is a non-CGHS beneficiary shall be required to produce the Medical/Fitness Certificate in the form prescribed in rule 19, from a Government Hospital or an Authorised Medical Attendant.

**SECOND MEDICAL OPINION:**

- The Leave Sanctioning authority has discretion to obtain second medical opinion from Civil/Staff Surgeon under intimation to the Official who applied for Medical Leave.

**22. Combination of holidays with leave**

- Holidays/ RHs can be pre-fixed or suffixed to the Leave but not sandwiched in between leave.

**Rule 25: ABSENCE AFTER EXPIRY OF LEAVE:**

- Unless the authority competent to grant leave extends the leave, a Government servant who remains absent after the end of leave is entitled to no leave salary for the period of such absence and that period shall be debited against his leave account as though it were half pay leave, to the extent such leave is due, the period in excess of such leave due being treated as extraordinary leave.
- (2) Willful absence from duty after the expiry of leave renders a Government servant liable to disciplinary action

**Rule 26 & 27: EARNED LEAVE:**

- Advance credit of 15 Days per each half year in January / July Months.
- In case of Fresh Recruit credit would be @ 2 ½ days for each completed calendar month.
- 1/10<sup>th</sup> of the period of dies non /EOL availed during previous half year period will be deducted from advance credit.
- Maximum sanction of EL at a time is – 180 days

**Rule 29 HALF PAY LEAVE:**

- Can be availed on Medical or on Private issues.
- Advance credit would be 10 Days per each half year.
- In case of Fresh Recruit credit would be @ 5/3<sup>rd</sup> days for each completed calendar month.
- 1/18<sup>th</sup> of dies non availed during previous half year period will be deducted from advance credit.

**Rule 30 COMMUTED LEAVE:**

- It is in lieu of HPL.
- Maximum sanction limit is 90 days in entire service if applied for studies.
- No ceiling if it is on the medical grounds.
- It is to be granted only when the GS is likely to be return to duty after leave.
- Not exceeding 60 days of CML can be granted without MC, in continuation of Maternity Leave/ Child Adoption Leave.



### **RULE 31. LEAVE NOT DUE**

- Leave not due is granted on Medical Grounds and with MC if no HPL is at the credit. It shall be adjusted against future HPL earnings.
- LND is only 360 days during entire service.
- If the GS resigns/retires, the differential Leave salary on account of Leave Not due has to be recovered.

### **RULE 32: EXTRA ORDINARY LEAVE**

- EOL can be granted with or without MC
- Max. of 3 months to GS who is yet to be confirmed in the Service.
- In case of prolonged diseases like TB/LEPROSY/CANCER - 18 months if completion of service is more than 1 year.

### **38-A LTC ENCASHMENT**

- A GS may be permitted to encash EL for 10 days at the time of availing LTC subject to the condition that there should be a balance of 30 days EL at his/her credit after encashment of 10 days EL as well No. of ELs being availed for that LTC.

### **39 -LEAVE ENCASHMENT AT THE TIME OF RETIREMENT**

- A Maximum of 300 days of EL together with HPL can be encashed at the time of Retirement or Quitting of Service.

### **39 -LEAVE ENCASHMENT AT THE TIME OF RETIREMENT**

- A Maximum of 300 days of EL together with HPL can be encashed at the time of Retirement or Quitting of Service.

### **39-A LEAVE ENCASHMENT IN CASE OF DEATH**

- A Maximum of 300 days of EL together with HPL can be paid to the Members of /Family in the manner prescribed under rule 39-C of Leave Rules,1972.

### **43. MATERNITY LEAVE**

- A Female GS with less than 2 surviving Children may be granted Maternity Leave for 180 days from the date of its commencement.
- In case of miscarriage: 45 days of Maternity Leave in entire service No restriction on account of number of children.
- Leave of any kind due and admissible (including Commuted Leave not exceeding 60 days and leave not due) up to a maximum of two years may if applied for , be granted in continuation of Maternity Leave (granted) without production of Medical Certificate.

### **43-A PATERNITY LEAVE:**

- A male GS with less than two surviving children is eligible for 15 days PL during the period “before delivery or up to six months from the date of delivery”.

### **43-AA PATERNITY LEAVE FOR CHILD ADOPTION**

- A male GS with less than two surviving children is eligible for 15 days PL during the period “within a period of six months from the date of a Valid Adoption”.

**43-B . CHILD ADOPTION LEAVE:**

- Child Adoption Leave for 180 days immediately after the date of valid adoption may be granted to A Female Govt. Servant.
- Only to FGS with less than 2 surviving Children

**43-C CHILD CARE LEAVE:**

- Maximum of 730 in entire service.
- Only for Female GS. But as per 7<sup>th</sup> CPC recommendations single male parents are also eligible for this CCL.
- The CCL is admissible for first two surviving children only. The child should be less than 18 years. No age limit if the child is disabled one.
- 100 % Leave salary for first 365 days period and 80% of Leave salary for the second half of 365 period.
- Not more than 3 spells in a calendar year. For single mother 6 spells.
- CCL minimum period is 5 days.
- CCL should not ordinarily be granted during Probation Period.
- LTC may be availed during CCL
- Prior approval of Competent authority is required to leave the Head Quarters during CCL.

**PAY MATRIX AS PER 7<sup>TH</sup> PAY COMMISSION**

Pay Band		9300-34800			15600-39100			37400-67000	67000-79000		75500-80000	80000
Grade Pay Level		4600	4800	5400	5400	6600	7600	8700	10000	15	16	17
		7	8	9	10	11	12	13	14	15	16	17
		Inspectors	Superintendent	NFU for Supdt.	AC	DC	JC	ADC	Commissioner	Pr. Commissioner	Chief Commissioner	Pr. Chief Commissioner
Cell No.	1	44,900	47,600	53,100	56,100	67,700	78,800	1,23,100	1,44,200	1,82,200	2,05,400	2,25,000
Cell No.	2	46,200	49,000	54,700	57,800	69,700	81,200	1,26,800	1,48,500	1,87,700	2,11,600	
Cell No.	3	47,600	50,500	56,300	59,500	71,800	83,600	1,30,600	1,53,000	1,93,300	2,17,900	
Cell No.	4	49,000	52,000	58,000	61,300	74,000	86,100	1,34,500	1,57,600	1,99,100	2,24,400	
Cell No.	5	50,500	53,600	59,700	63,100	76,200	88,700	1,38,500	1,62,300	2,05,100		
Cell No.	6	52,000	55,200	61,500	65,000	78,500	91,400	1,42,700	1,67,200	2,11,300		
Cell No.	7	53,600	56,900	63,300	67,000	80,900	94,100	1,47,000	1,72,200	2,17,600		
Cell No.	8	55,200	58,600	65,200	69,000	83,300	96,900	1,51,400	1,77,400	2,24,100		
Cell No.	9	56,900	60,400	67,200	71,100	85,800	99,800	1,55,900	1,82,700			
Cell No.	10	58,600	62,200	69,200	73,200	88,400	1,02,800	1,60,600	1,88,200			
Cell No.	11	60,400	64,100	71,300	75,400	91,100	1,05,900	1,65,400	1,93,800			
Cell No.	12	62,200	66,000	73,400	77,700	93,800	1,09,100	1,70,400	1,99,600			
Cell No.	13	64,100	68,000	75,600	80,000	96,600	1,12,400	1,75,500	2,05,600			
Cell No.	14	66,000	70,000	77,900	82,400	99,500	1,15,800	1,80,800	2,11,800			
Cell No.	15	68,000	72,100	80,200	84,900	1,02,500	1,19,300	1,86,200	2,18,200			
Cell No.	16	70,000	74,300	82,600	87,400	1,05,600	1,22,900	1,91,800				
Cell No.	17	72,100	76,500	85,100	90,000	1,08,800	1,26,600	1,97,600				
Cell No.	18	74,300	78,800	87,700	92,700	1,12,100	1,30,400	2,03,500				
Cell No.	19	76,500	81,200	90,300	95,500	1,15,500	1,34,300	2,09,600				
Cell No.	20	78,800	83,600	93,000	98,400	1,19,000	1,38,300	2,15,900				
Cell No.	21	81,200	86,100	95,800	1,01,400	1,22,600	1,42,400					
Cell No.	22	83,600	88,700	98,700	1,04,400	1,26,300	1,46,700					
Cell No.	23	86,100	91,400	1,01,700	1,07,500	1,30,100	1,51,100					
Cell No.	24	88,700	94,100	1,04,800	1,10,700	1,34,000	1,55,600					
Cell No.	25	91,400	96,900	1,07,900	1,14,000	1,38,000	1,60,300					
Cell No.	26	94,100	99,800	1,11,100	1,17,400	1,42,100	1,65,100					
Cell No.	27	96,900	1,02,800	1,14,400	1,20,900	1,46,400	1,70,100					
Cell No.	28	99,800	1,05,900	1,17,800	1,24,500	1,50,800	1,75,200					
Cell No.	29	1,02,800	1,09,100	1,21,300	1,28,200	1,55,300	1,80,500					
Cell No.	30	1,05,900	1,12,400	1,24,900	1,32,000	1,60,000	1,85,900					
Cell No.	31	1,09,100	1,15,800	1,28,600	1,36,000	1,64,800	1,91,500					
Cell No.	32	1,12,400	1,19,300	1,32,500	1,40,100	1,69,700	1,97,200					
Cell No.	33	1,15,800	1,22,900	1,36,500	1,44,300	1,74,800	2,03,100					
Cell No.	34	1,19,300	1,26,600	1,40,600	1,48,600	1,80,000	2,09,200					
Cell No.	35	1,22,900	1,30,400	1,44,800	1,53,100	1,85,400						
Cell No.	36	1,26,600	1,34,300	1,49,100	1,57,700	1,91,000						
Cell No.	37	1,30,400	1,38,300	1,53,600	1,62,400	1,96,700						
Cell No.	38	1,34,300	1,42,400	1,58,200	1,67,300	2,02,600						
Cell No.	39	1,38,300	1,46,700	1,62,900	1,72,300	2,08,700						
Cell No.	40	1,42,400	1,51,100	1,67,800	1,77,500							

## **GENERAL RULES OF OTHER ALLOWANCES:**

### **DEARNESS ALLOWANCE (DA):**

Enhanced Dearness Allowance will be declared twice in a year generally, first time in Mar/April which is applicable w.e.f. January and second time in Sep/Oct which is applicable w.e.f. July.

Regulation of DA:

- 1 During Leave: Depends on the Admissible Basic Pay.
- 2 During Joining Time: Basing on the Joining time pay.
- 3 During Suspension: Basin on Subsistence Allowance.

### **HOUSE RENT ALLOWANCE (HRA)**

The towns/cities are classified as X, Y & Z all over India.

X, Y, Z Cities/Towns in ANDHRA PRADESH and TELENGANA

Classification of CITIES/TOWNS IN ANDHRA PRADESH/TELENGANA		
X	Y	Z
HRA- 30% (Min- Rs. 5400)	HRA- 20% (Min- Rs. 3600)	HRA-10% (Min- Rs. 1800)
HYDERABAD (URBAN AREA)	Urban areas of Vijayawada, Greater Visakhapatnam, Guntur, Nellore & Warangal	All towns not classified under X and Y Category

General orders applicable to HRA:

- Rate of HRA depends on PAY and place of working.
- Pay includes Basic Pay only.
- (No other pay such as NPA, Special pay, personal pay etc.)
- During Leave: HRA admissible during all kinds of Leave including Study Leave, Child care Leave. But when leave exceeds 180 days, a certificate by the GS is required for continuous retention of the rented house/continuous residing in the place of duty. If GS does not join after leave due to invalidation/death HRA is payable for leave period but in case of resignation recovery should be affected before the resignation is accepted.
- During joining time: HRA is at the same rate at which it was drawn before transfer.
- During Suspension: HRA is admissible for a period of 180 days based on the pay fixed during suspension. Beyond 180 days period certificate is required.
- No HRA if occupying the Government accommodation. If GS accepts allotment, HRA will be discontinued from the date of occupation or from 8<sup>th</sup> day of allotment whichever is earlier. In case of refusal HRA will be discontinued from the date of allotment.

- HRA is admissible for a period of 8 months only at the new Station, if the GS retains the Govt. accommodation at the old station at normal rent/penal rent/market rent.
- No HRA, if the GS resides in an accommodation allotted to his/her spouse, parents, son/daughter by the Central/State Govt., an autonomous public undertaking or semi-Govt. organization such a Municipality, port trust, nationalized bank, LIC etc.
- Sharing accommodation with other GS: HRA is admissible provided he pays or contributes towards rent/tax without reference to the amount paid.
- Two or more members of family sharing Govt. accommodation only one of them at their choice can draw HRA. This restriction is not applicable, if they share a private accommodation.

**TRANSPORT ALLOWANCE in AP & TELANGANA RATE OF TPTA W.E.F. 1<sup>st</sup> JULY, 2017**

Employees drawing PAY LEVEL	Hyderabad (Urban area)	In other places of AP and Telangana
9 and above	7200+DA	3600+DA
3 to 8 and also, Staff drawing Basic pay 24,200 and above	3600+DA	1800+DA
1 & 2	1350+DA	900+DA

- Those provided with Government Transport are not eligible for drawl of TPTA
- **During Leave:** The allowance will not be admissible for the calendar month(s) wholly covered by leave.
- **During deputation abroad:** The allowance will not be admissible during the period of deputation abroad.
- **During Tour:** If an employee is absent from the Headquarters /Place of Posting for full calendar month/months due to tour, he/she will not be entitled to Transport Allowance During that/those calendar month/months. However, if the absence does not cover any calendar month(s) in full, Transport Allowance will be admissible for full month.
- **During training treated as duty:** The allowance may be granted during such training, if no Transport Facility/ Traveling Allowance /Daily Allowance is provided for attending the training institute. During Official tour in him training course, the allowance will not be admissible when the period of the tour covers the whole calendar month. Also, during training abroad, no Transport will be admissible when the period of such training covers the whole calendar month.
- During inspections /survey duty by Members of Special Parties within the city but exceeding 8 kms. From the Headquarters or during continuous field duty either in or

outside the Headquarters: Transport Allowance is given to compensate for the expenditure incurred for commuting for both to and fro between the place of duty and residence. In case when one gets Road Mileage/Daily Allowance or free transportation for field/inspections /survey duty or tour for a period covering the whole calendar month, he/she will not be entitled to Transport Allowance during that calendar month.

- To vacation staff: Vacation staff is entitled to Transport Allowance provided no free transport facility is given to such staff. However, the allowance shall not be admissible when such vacation spell, including all kinds of Leave, cover the whole calendar month(s).
- During Suspension: As a Government employee under suspension is not required to attend office, he/she is not entitled to Transport Allowance during suspension where suspension covers full calendar month(s). This position will hold well even if the suspension period is finally treated as duty. Where suspension period covers a calendar month partially, Transport Allowance payable for that month shall be reduced proportionately.
- Transport Allowance for Disabled Central Government Employees: The persons with disabilities employed in Central Government are eligible to draw Transport Allowance at double the normal rates + DA thereon, irrespective of whether they are residing within the campus – housing the place of work and residence or Govt. or private accommodation within one km. of office.

Initial Pay and Allowances of Inspector (who joined the Department as a Fresh Recruit) as per her/his place of working as detailed above.

Classification of CITIES/TOWNS IN ANDHRA PRADESH/TELENGANA			
Classification of Cities/Towns	X	Y	Z
Rate of HRA	HRA- 30%	HRA- 20%	HRA-10%
Cities/Towns	HYDERABAD (URBAN AREA)	Urban areas of Vijayawada, Greater Visakhapatnam, Guntur, Nellore & Warangal	All towns not classified under X and Y Category
BASIC PAY	44,900	44,900	44,900
DA	22,450	22,450	22,450
HRA	13,470	8,980	4,490
TRANSPORT ALLOW.	3,600	1,800	1,800
DA on Transport Allow.	1,800	900	900
TOTAL	86,220	79,030	74,540

DA rate is 50% w.e.f. 1-1-2024

### **CHILDREN EDUCATION ALLOWANCE GENERAL CONDITIONS:**

Applicable to all Central Government Employees **WITHOUT** any Pay limit.

When both WIFE & HUSBAND are Central Govt. Employees, only one of them can avail.

In case Spouse is working in another Government or organization:

If similar allowance is not granted to the Spouse and a declaration to that effect is furnished, then CEA can be admissible.

Up to which class admissible: From Nursery Classes (three years prior to 1<sup>st</sup> class) to 12<sup>th</sup> class. For first 2 years of "3-year Polytechnic diploma" provided joined on passing 10<sup>th</sup> Class.

The children should study in a Government School (State or Central) or

The school must be recognised by the Central/ State/ Union Territory Administration/University CEA admissible in case of children studying through Correspondence/Distance learning. For Divyang Institutions: Recognition is not required.

The CEA reimbursement shall be payable even if the child fails in a particular class. He can study in the same class once again. But, after passing of any Class if the child is admitted in another school in the same Class, CEA shall not be payable.

The following periods are counted for CEA Reimbursement.

1. Duty
2. Suspension
3. Leave
4. EOL

But **NOT** admissible for the Period of "dies non"

#### **ON QUITTING OF SERVICE:**

CEA is admissible up to the end of a particular academic year in which the GS ceases to be in service due to Retirement/ Discharge/ Dismissal/ Removal. In these cases, the CEA is payable by the Office where the GS last worked.

In case of Death, CEA will continue to be payable till such time the employee would have actually received the same subject to the condition that the spouse of the Deceased Govt. Servant is not employed in CG/ SG/ Autonomous Body. The Office where the GS last served has to pay the CEA in Death Cases.

#### **MAXIMUM LIMIT OF CHILDREN:**

CEA admissible for the first two Eldest Surviving Children with the following exceptions:

1. In case of second child birth results in twins/multiple birth.
2. In case of failure of Sterilization operation if another child born beyond the usual two children.

REIMBURSEMENT: Two types 1 Day scholars, 2. Hostellers

1. DAY SCHOLARS:

Rs. 2813- p.m. per child. For Divyang Child Rs. 5625/- p.m. per child (CEA shall be increased by 25% every time the DA goes up by 50%)

2. HOSTELLERS: Rs. 8,438/- p.m. per child OR expenditure incurred whichever is less (Shall be increased by 25% every time the DA goes up by 50%)

**AGE LIMIT OF CHILDREN:**

No Minimum Age Prescribed.

Maximin age is 20 years for normal child For Divyang Children Max. Age is 22 years.

PROCEDURE FOR RE-IMBURSEMENT: Will be done once in a financial year on completion of academic year. The GS has to produce a certificate from the Head of School/Institution that the child has studied in the school in previous academic year. In case such certificate cannot be obtained, Self-attested copy of report card or Self-attested fee receipts (including e-receipts) pertaining to the academic year for which CEA claiming.



**फ़ाइलें सबमिट करते समय आमतौर पर हिंदी में उपयोग किए जाने वाले वाक्यांश**  
Commonly used phrases in Hindi while submitting the files

Approval may be accorded.	अनुमोदन प्रदान कर दिया जाए ।
Submitted for perusal/approval/sanction.	अवलोकन/अनुमोदन/स्वीकृति के लिए प्रस्तुत है।
Draft submitted for perusal/approval.	मसौदा अवलोकनार्थ /अनुमोदनार्थ प्रस्तुत है ।
Draft reply is put up for approval.	उत्तर का मसौदा अनुमोदनार्थ प्रस्तुत है ।
Approval may be accorded	अनुमोदन प्रदान किया जाए
Submitted for necessary orders.	आवश्यक आदेशों के लिए प्रस्तुत है ।
May be approved/sanctioned.	कृपया अनुमोदित / स्वीकृत करें ।
A brief note is placed below.	संक्षिप्त नोट नीचे रखा है ।
Consolidated report put up for perusal/approval.	समेकित रिपोर्ट अवलोकन / अनुमोदन के लिए प्रस्तुत है ।
Submitted for administrative approval	प्रशासनिक अनुमोदन के लिए प्रस्तुत है ।
A brief note is placed below	संक्षिप्त नोट नीचे रखा है ।
Summary of the case is placed below	मामले का सारांश नीचे प्रस्तुत है ।
The report called for in the above matter is nil.	उपर्युक्त विषय पर मांगी गई रिपोर्ट 'शून्य' है।
No further action is called for.	आगे कोई कार्रवाई अपेक्षित नहीं है ।

**वरिष्ठ अधिकारियों द्वारा हिंदी में सामान्यतः प्रयुक्त वाक्यांश**  
Commonly used phrases in Hindi by Senior Officers

I agree.	मैं सहमत हूँ ।
I disagree.	मैं असहमत हूँ ।
Please discuss / Please Speak.	कृपया मुझसे चर्चा करें / कृपया बात करें ।
Sanctioned.	स्वीकृत / मंजूर ।
Approved / Approved as proposed.	अनुमोदित / यथा प्रस्ताव अनुमोदित ।
Please check up.	कृपया जाँच करें ।
All concerned should note.	सभी संबंधित व्यक्ति नोट करें ।
Seen and returned, thanks.	देखकर वापस किया, धन्यवाद ।
Reminder may be sent.	अनुस्मारक भेजा जाए ।
Draft approved as amended.	मसौदा संशोधित रूप में अनुमोदित किया जाता है।
Necessary action should be taken.	आवश्यक कार्रवाई की जाए ।
Please expedite compliance.	कृपया शीघ्र अनुपालन करें ।
Minutes may be drawn.	कार्यवृत्त तैयार किया जाए ।
Administrative approval may be obtained	प्रशासनिक अनुमोदन प्राप्त किया जाए ।
Timely compliance may be ensured.	समय पर अनुपालन सुनिश्चित कर लिया जाए ।

## पदनाम/Designation

Ministry of Finance	वित्त मंत्रालय	<b>उपयोगी प्रशासनिक शब्द</b> <b>Useful Administrative words</b>
Dept. of Revenue	राजस्व विभाग	
Secretary	सचिव	Appropriate Authority समुचित प्राधिकारी
Chairman	अध्यक्ष	Authorised Representative प्राधिकृत प्रतिनिधि
Member	सदस्य	Audit लेखा परीक्षा
Joint Secretary	संयुक्त सचिव	Competent Authority सक्षम प्राधिकारी
Commissioner	आयुक्त	Co-ordination समन्वयन
Chief Commissioner	मुख्य आयुक्त	Departmental Representative विभागीय प्रतिनिधि
Pr.Chief Commissioner	प्रधान मुख्य आयुक्त	Exemption छूट
Principal Commissioner	प्रधान आयुक्त	Finance Bill वित्त विधेयक
Addl. Commissioner	आयुक्त	Administration प्रशासन
Joint Commissioner	संयुक्त आयुक्त	Gazetted राजपत्रित
Deputy Commissioner	उपायुक्त	Headquarter मुख्यालय
Assistant Commissioner	सहायक आयुक्त	International Taxation अंतरराष्ट्रीय कराधान
Director	निदेशक	Investigation अन्वेषण
Director General	महानिदेशक	IRS भारतीय राजस्व सेवा (भारासे)
Addl. Director General	अपर महानिदेशक	CESTAT सीमा शुल्क उत्पाद शुल्क
Addl. Director	अपर निदेशक	अपीलीय अधिकरण
Joint Director	संयुक्त निदेशक	Judicial न्यायिक
Deputy Director	उप निदेशक	Legislation विधि-निर्माण
Assistant Director	सहायक निदेशक	Non-Gazetted अराजपत्रित
CAO	मुख्य लेखा अधिकारी	OSD विशेष कार्य अधिकारी
P&AO	भुगतान एवं लेखा अधिकारी	Pension पेन्शन
Superintendent	अधीक्षक	Personnel कार्मिक
Preventive Officer	निवारक अधिकारी	Revenue राजस्व
PRO	जन संपर्क अधिकारी	RSP&PR गवेषणा, सांख्यिकी, प्रकाशन व
Sr. PA	वरिष्ठ वैयक्तिक सहायक	जन संपर्क (गसाप्रवजस)
Sr. PS	वरिष्ठ वैयक्तिक सचिव	System सिस्टम, पद्धति, प्रणाली
Admn. Officer	प्रशासनिक अधिकारी	Technical तकनीकी
Inspector	निरीक्षक	Transfer Pricing अंतरण मूल्य निर्धारण
Sr. Translator	वरिष्ठ अनुवादक	Vigilance सतर्कता
Jr. Translator	कनिष्ठ अनुवादक	Welfare कल्याण
DDO	आहरण एवं संवितरण अधिकारी	Stake holder हित धारक
STA	वरिष्ठ कर सहायक	
EA	कार्यपालक सहायक	
TA	कर सहायक	
Stenographer	आशुलिपिक	
LDC	अवर श्रेणी लिपिक	
Hawaldar	हवलदार	
Contingent staff	आकस्मिक कर्मचारी	
Sweeper	सफाईवाला	



**Handbook for GST Officers**  
*(For internal Departmental use only)*

**National Academy of Customs, Indirect Taxes and Narcotics (NACIN),  
Andhra Pradesh Zonal Institute, Visakhapatnam**

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