



SUPPLEMENTARY

PAPER - 11

INDIRECT TAXATION

(Syllabus 2016)

(Applicable for June 2022 Examination)

The Institute of Cost Accountants of India
(Statutory Body under an Act of Parliament)

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Section A

Goods and Services Tax [GST]





Exemptions under GST

1. Charitable Sector:

Notification No. 7/2021 CT Dated 30-09-2021:

SERVICES BY AN ENTITY REGISTERED UNDER SECTION 12AA or 12AB (inserted w.e.f. 1-10-2021) OF THE INCOME TAX ACT, 1961

Following are the specified charitable activities:—

"Charitable activities" as defined in clause (r) of para 2 of the definitions in the Notification No. 12/2017- Central Tax (Rate), dated 28-06-2017 means activities relating to—

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

Services received from a provider of service located in a non-taxable territory by— an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities are also exempted from GST;

Exemptions under GST

Supply of services by an entity registered u/s 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income Tax Act, 1961

- ★ Renting of precincts of a religious place meant for general public:
 - a. Rent per day per room \leq ₹1,000/-
 - b. Rent per month \leq ₹10,000/-
 - c. Renting of halls or open area per day \leq ₹10,000/-

Exempted

- ★ Training or coaching in recreational activities in relation to sports exempted

- ★ As per CBIC Circular No. 66/40/2018 GST dated 26th Sep 2018:

Religious, Yoga or Meditation programme or camp meant for advancement of religion, spirituality or yoga.	Residential programmes or camps where the fee charged includes cost of lodging and boarding
Exempted from GST	

Taxable supply	
Primarily provide accommodation or serve food and drinks against consideration in any form including donation	Holding of fitness camps or classes such as those in aerobics, dance, music etc.

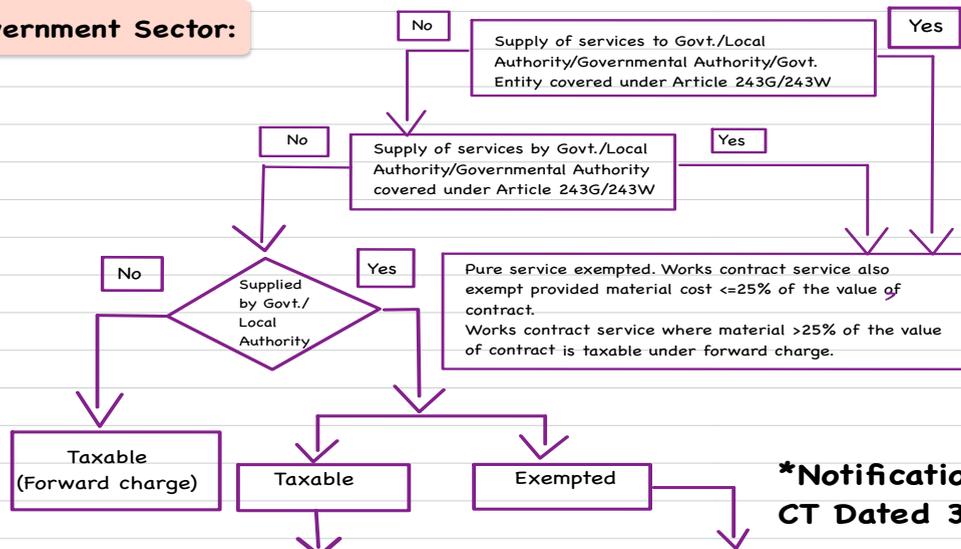
- ★ Services provided by rehabilitation professionals recognized under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centres established by Central Government, State Government or Union territory or an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income tax Act, 1961 exempted from GST.

- ★ Services by an old age homes run by Central Government, State Government or entity under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income Tax Act, 1961, to residents for consideration up to ₹25,000 per month per member is exempted from GST



Exemptions under GST

2. Government Sector:



***Notification No. 7/2021
CT Dated 30-09-2021.**

<p>forward charge:</p> <p>(a) services by the Department of Posts by way of—</p> <ol style="list-style-type: none"> a. speed post, b. express parcel post, c. life insurance, and d. agency services provided to a person other than the Central Government, State Government, Union territory; <p>(b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(c) transport of goods or passengers;</p> <p>(d) Renting of immovable (commercial) property to un-registered person.</p> <p>Reverse Charge:</p> <ol style="list-style-type: none"> 1. Renting of immovable (commercial) property to registered person. 2. Any service, (other than services covered under Forward Charge and Exempted) provided to business entities. 	<p>Services supplied to</p> <ol style="list-style-type: none"> 1. a business entity with an aggregate turnover of upto ₹40 lakh / ₹20 lakh / ₹10 lakh (other than Forward charge) 2. another Central Government, State Government, Union territory or local authority (other than Forward charge) 3. where the consideration for supply of services does not exceed ₹5,000 (other than Forward charge): Provided further that in case where continuous supply of service, the exemption shall apply only where the consideration charged for such service does not exceed ₹5,000 in a financial year. 4. Services provided to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April 2016, on payment of licence fee or spectrum user charges, as the case may be. 5. Services provided by way of— <ol style="list-style-type: none"> a) registration required under any law for the time being in force; b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force 6. by way of issuance of passport, visa, driving licence, birth certificate or death certificate. 7. *Services by way of granting National Permit to a goods carriage to operate through-out India / continuous States (new exemption inserted w.e.f. 1-10-2021) Entry No. 61A. 8. by way of tolerating non-performance of a contract 9. by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products. 10. by way of assignment of right to use any natural resource where such right to use was assigned before the 1st April 2016: Provided that the exemption shall apply only to tax payable on one time charge payable, in full upfront or in instalments, for assignment of right to use such natural resource. 11. Merchant Overtime charges.
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Exemptions:

1. Services supplied by Government, to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the financial institutions.
2. Services provided to the Government, under any training programme for which ***w.e.f. 1-10-2021, 75% or more** of the total expenditure is borne by the Government.

Exemptions:

3. Govt. Entity to Govt. / Local Authority against consideration in the form of grants
4. Fair Price Shops to Govt.

Exemptions under GST

3. Sports Sector

***Notification No. 7/2021 CT Dated 30-09-2021:**

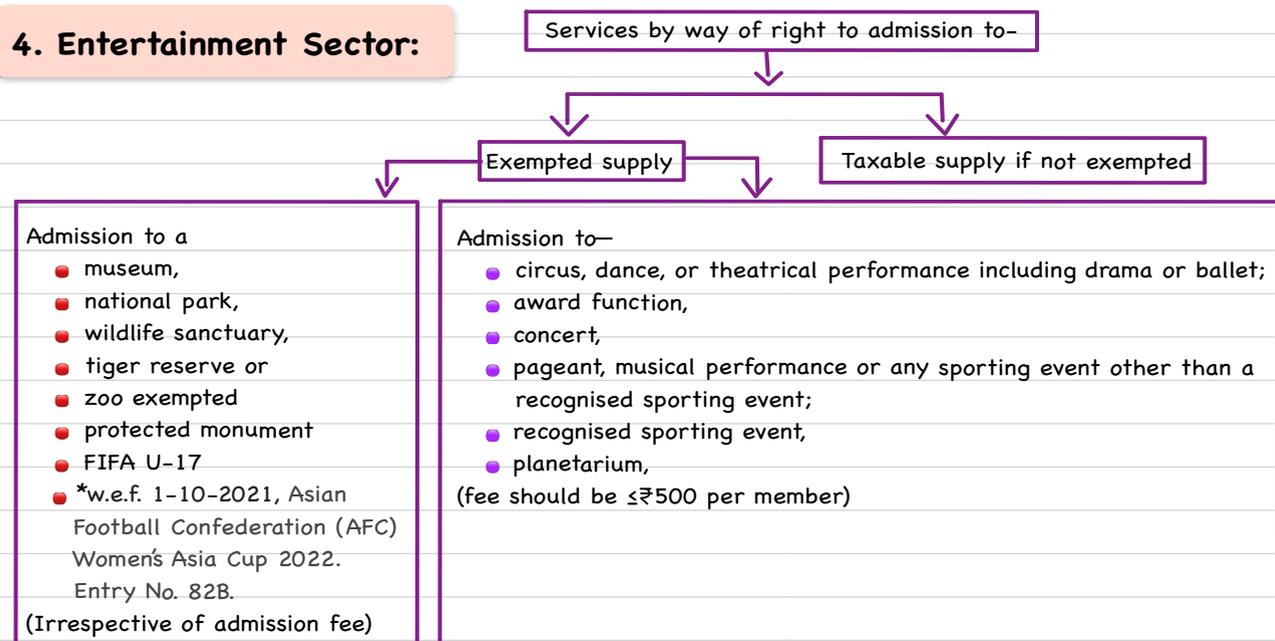
Entry No. 9A: Notification No. 21/2017- Central Tax (Rate) dated 22nd Aug 2017: Services provided by and to Federation Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India have been exempted from GST.

Entry 9AA: w.e.f 1-10-2019 services provided by and to Federation International de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the event under FIFA U-17 **Women's World Cup 2020** to be hosted in India is exempted from GST. ***W.e.f. 1-10-2021** the words "hosted in India", the words "whenever rescheduled" shall be inserted.

***W.e.f. 1-10-2021, Entry No. 9AB: Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India exempt.**

Director (Sports), Ministry of Youth Affairs and Sports Certificate must.

4. Entertainment Sector:



***Notification No. 7/2021 CT Dated 30-09-2021.**

Exemptions under GST

◆ Entry No. 19A: Service by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India is exempted supply of service.



◆ Entry No. 19B: Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India is exempted supply of service.



Entry No. 43: W.e.f. 1-10-2022, This exemption has been withdrawn: Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.

Notification No. 7/2021 CT Dated 30-09-2021.





Exemptions under GST

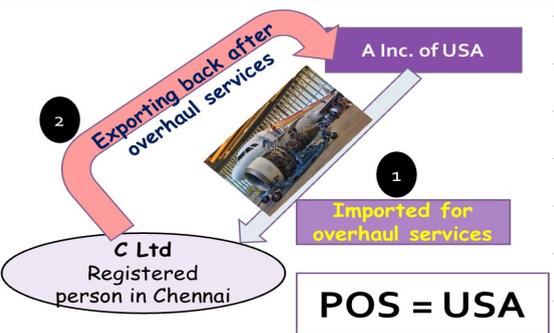
Apart from above, list of services exempts from IGST by Notification No. 9/2017-Integrated Tax (Rate), dated 28th June, 2017 are as follows:

1. Services received from a provider of service located in a non-taxable territory by—
 - (a) the Central Government, State Government, Union territory, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession;
 - (b) an entity registered under section 12AA or **12AB (inserted w.e.f. 1-10-2021)** of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or
 - (c) a person located in a non-taxable territory:Provided that the exemption shall not apply to—
 - (i) online information and database access or retrieval (OIDAR) services received by persons specified in entry (a) or entry (b); or
 - (ii) services by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India received by persons specified in the entry. it means Item No. (i) and (ii) are taxable.
2. Services received by the Reserve Bank of India, from outside India in relation to management of foreign exchange reserves.
3. Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.
4. w.e.f. 1-10-2019, Notification No. 20/2019- (IT Rate) dated September 30, 2019: so as to exempt "Services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory".

Place of Supply

Advance Concepts:

2. W.E.F 01.04.2020, B2B maintenance, repair and overhaul services have been notified as the services for which the place of supply shall be the place of effective use and enjoyment of a service as given under:

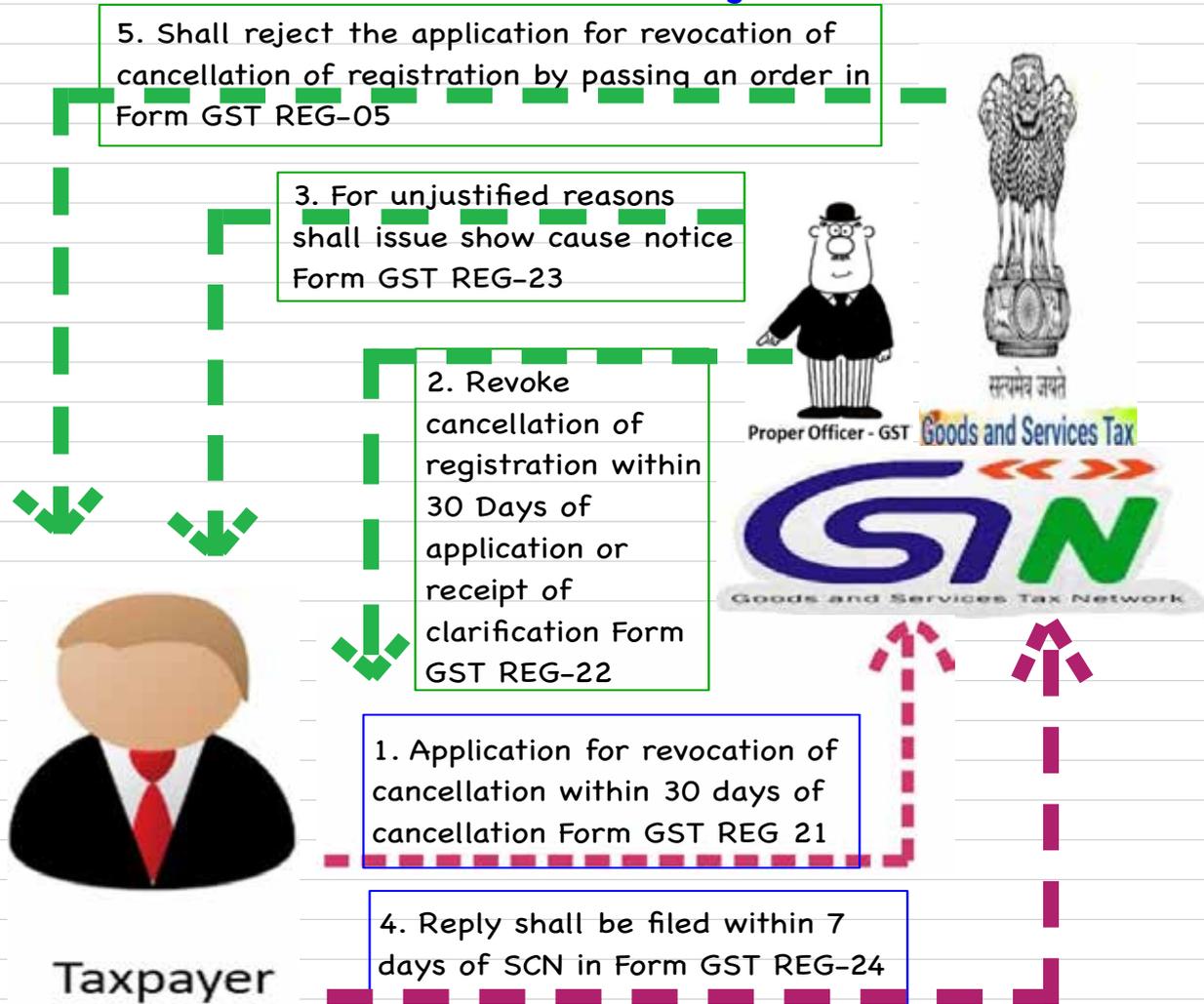
<p>Description of Service: Supply of maintenance, repair or overhaul service in respect of aircrafts, aircraft engines and other aircraft components or parts supplied to a person for use in the course or furtherance of business</p> <p>Place of supply: Location of the recipients of service.</p>	
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vide Notification No. 03/2021 IT dated 2-6-2021:

The place of supply in respect of B2B supply of maintenance, repair or overhaul service in respect of ships and other vessels, their engines and other components or parts supplied to a person for use in the course or furtherance of business **shall be the location of the recipient of service.** If an Indian company has received maintenance, repair or overhaul services in respect of a ship/vessel from a foreign supplier, place of supply of such service is in India. **Resultantly, GST is payable under RCM on these services.**

REGISTRATION UNDER GST

Procedure for Revocation of cancellation of registration under GST:



Note: Application for revocation cannot be filed if cancellation is on account of failure to furnish returns or failure to pay liability unless such return is filed/ liabilities are discharged.

Extension of time limit for filing application:

w.e.f. 1-10-2021, On sufficient cause being shown, and for reasons to be recorded in writing, be extended,

- by the Additional Commissioner or the Joint Commissioner, as the case may be, for a period not exceeding 30 days;
- by the Commissioner, for a further period not exceeding 30 days, beyond the period specified in clause (a)

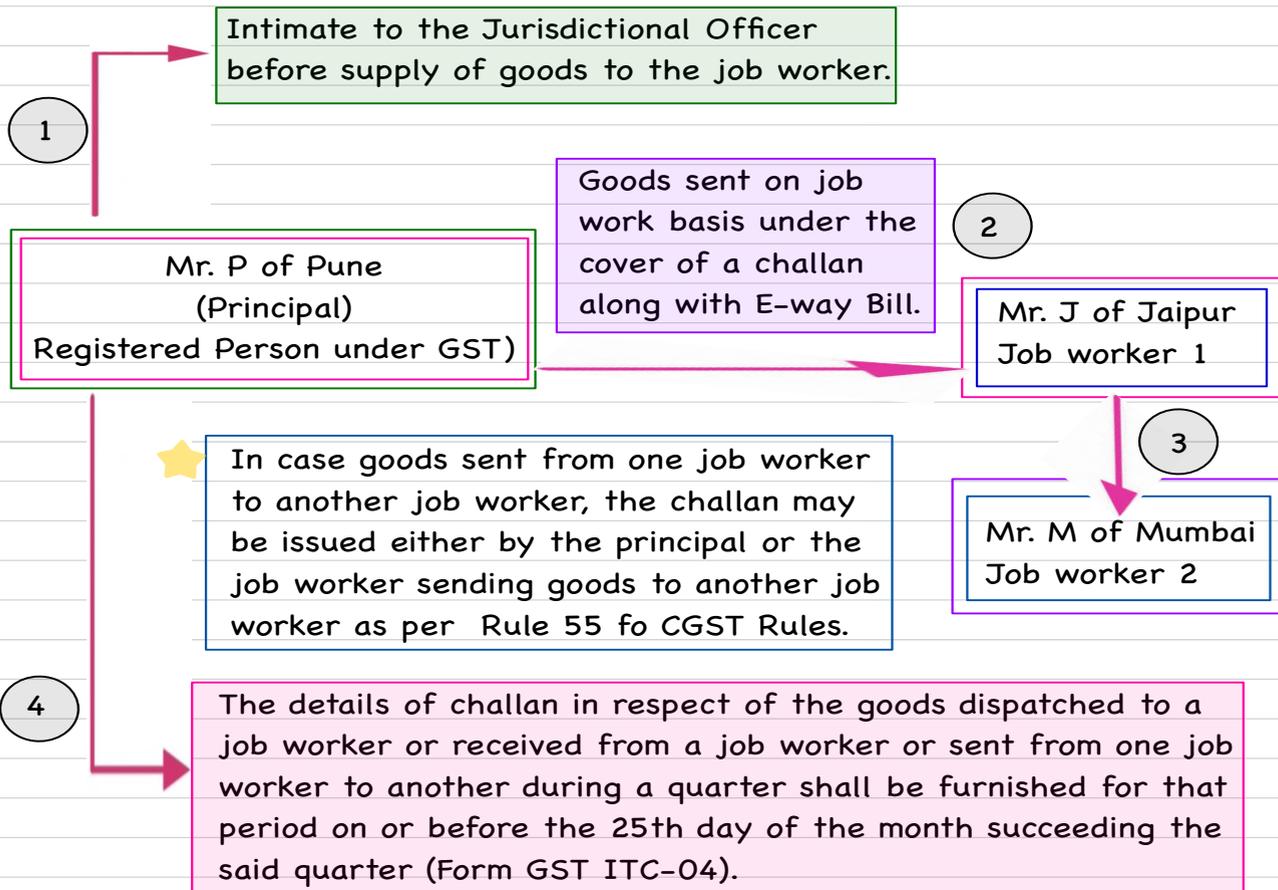
Notification No. 15/2021 CT dated 18.05.2021.



INPUT TAX CREDIT

◆ Job-work procedural aspects:

Let us assume:



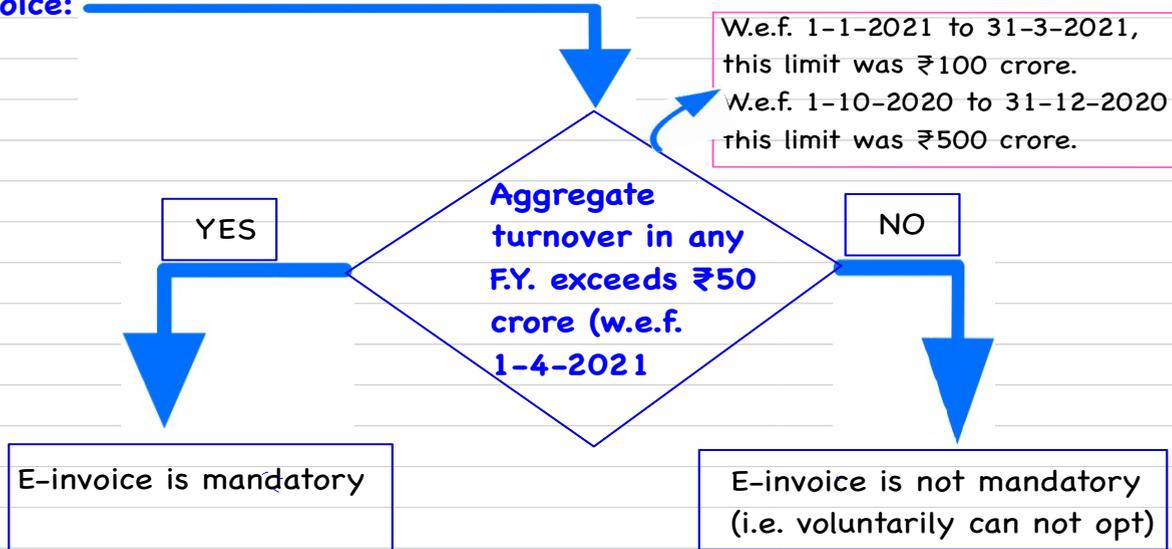
◆ Job-work procedural aspects:

Frequency of filing GST ITC-04 revised from quarterly to annual/half-yearly: (Notification no. 35/2021 CT dated 24.09.2021):

In respect of a principal whose aggregate turnover during the immediately preceding FY	Form GST ITC-04 is required to be furnished
More than ₹5 crore	On half year basis 25th October and 25th April
Upto ₹5 crore	On annual basis 25th April

TAX INVOICE

E-invoice:



Exemption from mandatory E-invoicing:

1. SEZ's are not required to issue e-invoice (but not SEZ Developers)
2. Insurer or a banking company or a financial institution, including NBFC's are exempt from the e-invoicing mandate.
3. Goods Transport Agency's (GTAs) are exempt from the e-invoicing mandate.
4. Suppliers of passenger transportation service are exempt from the e-invoicing mandate.
5. Suppliers of services by way of admission to exhibition of cinematograph films in multiplex screens.
6. E-invoice is not applicable for nil rated or wholly exempted supplies.
7. For high sea sales and bonded warehouse sales, e-invoice is not applicable. (these transactions covered under Schedule III of CGST Act, 2017).
8. E-invoice is not applicable for import Bills of Entry.
9. Free Trade & Warehousing Zones (FTWZ) are exempt from e-invoice.
10. E-invoice is not applicable to invoices issued by Input Service Distributor (ISD).
11. Where supplies are received by notified person from
 - (i) an unregistered person (attracting reverse charge under section 9(4) or
 - (ii) through import of services,
 E-invoicing does not arise / not applicable.
12. CBIC has notified vide Central Tax Notification no.23 dated 1st June 2021 that the e-invoicing system shall not apply to a government department and local authority.



TAX INVOICE

E-way bill generation facility to be blocked only in respect of outward movement of goods, by the defaulting person (Rule 138E of CGST Rules, 2017):

Blocking of GSTIN for e-way bill generation would only be for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN. Suspended GSTIN cannot generate the e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.

Example: M/s Potat & Co., a registered person under GST and paying tax monthly basis (located Mumbai). M/s Potat & Co., has not filed Form GSTR-1 for last 2 months. M/s Gada & Co., a regular return filer (located Madhya Pradesh) wants to generate an e-way bill for goods to be supplied to M/s Potat & Co. As per earlier position of law, M/s Gada & Co., would not have been able to generate e-way bill with M/s Potat & Co. GSTIN.

In terms of the amended position of law, there will be no more restriction in generating e-way Bill as M/s Gada & Co., who is making outward movement of goods is a regular return filer.

M/s Potat & Co, wants to generate an e-way bill in respect of an outward supply of goods to M/s Roshan & Co. E-way bill generation is blocked in this case as it's an outward movement of goods of M/s Potat & Co., who has not filed GSTR-1 for past 2 months. (Notificaiton No. 15/2021 CT dated 18.05.2021)

RETURNS

W.e.f 1-1-2021, the time limit for furnishing the details of outward supplies in Form GSTR-1 has been extended in the following manner:

Class of registered person	Time limit for furnishing the details of outward supplies in Form GSTR-1 for each quarter/tax period
Registered person opting for QRMP-Scheme	13 th day of the month succeeding such tax period
Others	11 th day of the month succeeding such tax period

Due dates for taxpayers opting for QRMP Scheme (GSTR-3B):

Class of registered persons	Due date
Taxpayers whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.	22 nd day of the month succeeding such quarter.
Taxpayers whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.	24 th day of the month succeeding such quarter.

RETURNS

Nature of offence	Quantum of late fee Section 47 of CGST Act. (Notification No's. 19-22/2021 CT dated 1-6-2021)
For delay in filing GSTR-1, GSTR-3B, GSTR-4 and GSTR-7 (from the tax period June 2021 onwards or quarter ending June 2021 or FY 2020-21 onwards, as the case may be)	Nil Return: ₹500 (₹250 each under CGST & SGST or ₹500 under IGST).
	Tax Return: Aggregate turnover of ≤₹1.50 crores in the preceding F.Y. ₹2,000 (₹1,000 each under CGST & SGST or ₹2,000 under IGST). Who has an aggregate turnover of more than ₹1.5 crore and up to ₹5 crore in the preceding financial year ₹5,000 (₹2,500 each under CGST & SGST or ₹5,000 under IGST) For those taxpayers that have an aggregate annual turnover in the preceding year more than ₹5 crore, the late fee will be capped to maximum ₹5000 under Section 47.
	For delayed filing of GSTR-4:- Total amount of late fee payable under section 47 of the CGST Act from F.Y. 2021-22 onwards, by the registered person (composition taxpayer) who fail to furnish Form GSTR-4 by the due date, shall be as follows: Total tax payable in GSTR-4 is nil: ₹500 (₹250 each under CGST & SGST or ₹500 under IGST)
	Tax return: ₹2,000 (₹1,000 each under CGST & SGST or ₹2,000 under IGST). For delayed filing of GSTR-7:- ₹25 for every day during which such failure continues or ₹100 whichever is lower.



Compulsorily Audit by a Chartered Accountant or Cost Accountant -

Section 35(5) of the CGST Act, 2017: **W.e.f. 1-8-2021, section 35(5) has been omitted.**

Rule 80(3) of CGST Rules, 2017 (vide Notification No.79/2020-Central Tax dated 15th October, 2020):

“Provided that for the financial year 2018-2019 and 2019-2020, every registered person whose aggregate turnover exceeds ₹5 crore (in general it is >₹ 2 crore) shall get his accounts audited as specified under sub-section (5) of section 35 and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in FORM GSTR-9C for the said financial year, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.”

W.e.f. 1-8-2021, section 35(5) has been omitted.

Substitution of new section for [section 44](#) as per the Finance Act, 2021 (w.e.f. 1-8-2021): For section 44 of the Central Goods and Services Tax Act, the following section shall be substituted, namely:-

Annual Return: 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.



Section B

Customs Law



TYPES OF DUTIES

A new cess called Agriculture and Infrastructure Development Cess (AIDC) was introduced vide Finance Act, 2021 for the purpose of financing the agriculture infrastructure and other development expenditure. Such cess is applicable on certain specified goods such as apple, chickpeas, lentils, coals, urea, etc.

Particulars	Amount ₹	Remarks
Cost of imported goods	1,00,000	Transaction value
Add: Basic customs duty	10,000	1,00,000 × 10%
Add: Agriculture Infrastructure Development Cess	7,500	1,00,000 × 7.5%
Add: Social Welfare Surcharge	1,750	17,500 × 10%
Sub-total	1,19,250	
Add: IGST	21,465	1,19,250 × 18%
Add: GST Compensation Cess	17,888	1,19,250 × 15%
Total cost of imported goods	1,58,603	

Note: Please note that IGST and GST compensation cess would be available as input tax credit under GST Laws subject to fulfilment of prescribed conditions.