

# GST

# FAQs

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## FOREWORD

The Goods and Service Tax (GST) is likely to be introduced from 1<sup>st</sup> July, 2017. It is set to herald a new era in tax compliance and administration. The successful roll out of GST is expected to generate higher revenue growth, simpler compliance and administration through a robust IT system with minimum interface with the tax administration besides with the owned objective of creating one nation one market.

The Government of NCT of Delhi is taking steps in spreading the GST awareness in business community through various modes including conducting outreach programmes, trader meetings and awareness workshops cum meetings. The Trade and Tax Department is also preparing a number of handbook and brochures through which it plans to spread awareness and clear doubts among the trader community. The present handbook is also a step in this direction and an attempt to make GST as simplified as possible in understanding and thereby clearing various doubt through easier explanation and FAQ's.

I hope this small handbook will go a long way in clearing many doubts and help stakeholders in the transition process from VAT to new GST environment.

I convey my best wishes to all the stakeholders.

(H. Rajesh Prasad)



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# Overview of Goods and Services Tax (GST)

## Q 1. What is Goods and Services Tax (GST)?

Ans. It is a destination based tax on consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

## Q 2. What exactly is the concept of destination based tax on consumption?

Ans. The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.

## Q 3. Which of the existing taxes are proposed to be subsumed under GST?

Ans. The GST would replace the following taxes:

- (i) taxes currently levied and collected by the Centre:
  - a. Central Excise duty
  - b. Duties of Excise (Medicinal and Toilet Preparations)
  - c. Additional Duties of Excise (Goods of Special Importance)
  - d. Additional Duties of Excise (Textiles and Textile

- Products)
- e. Additional Duties of Customs (commonly known as CVD)
- f. Special Additional Duty of Customs (SAD)
- g. Service Tax
- h. Central Surcharges and Cesses so far as they relate to supply of goods and services
- (ii) State taxes that would be subsumed under the GST are:
  - a. State VAT
  - b. Central Sales Tax
  - c. Luxury Tax
  - d. Entry Tax (all forms)
  - e. Entertainment and Amusement Tax (except when levied by the local bodies)
  - f. Taxes on advertisements
  - g. Purchase Tax
  - h. Taxes on lotteries, betting and gambling
  - i. State Surcharges and Cesses so far as they relate to supply of goods and services

The GST Council shall make recommendations to the Union and States on the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed in the GST.

**Q 4. What principles were adopted for subsuming the above taxes under GST?**

Ans. The various Central, State and Local levies were examined to identify their possibility of being subsumed under GST. While identifying, the following principles were kept in mind:

- (i) Taxes or levies to be subsumed should be primarily in the nature of indirect taxes, either on the supply of goods or on the supply of services.

- (ii) Taxes or levies to be subsumed should be part of the transaction chain which commences with import/ manufacture/ production of goods or provision of services at one end and the consumption of goods and services at the other.
- (iii) The subsumation should result in free flow of tax credit in intra and inter-State levels. The taxes, levies and fees that are not specifically related to supply of goods & services should not be subsumed under GST.
- (iv) Revenue fairness for both the Union and the States individually would need to be attempted.

**Q 5. Which are the commodities proposed to be kept outside the purview of GST?**

Ans. Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. So alcohol for human consumption is kept out of GST by way of definition of GST in constitution. Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out and GST Council shall decide the date from which they shall be included in GST. Furthermore, electricity has been kept out of GST.

**Q 6. What will be the status in respect of taxation of above commodities after introduction of GST?**

Ans. The existing taxation system (VAT & Central Excise) will continue in respect of the above commodities.

**Q 7. What will be status of Tobacco and Tobacco products under the GST regime?**

Ans. Tobacco and tobacco products would be subject to GST. In addition, the Centre would have the power to levy Central Excise duty on these products.

**Q 8. What type of GST is proposed to be implemented?**

Ans. It would be a dual GST with the Centre and States simultaneously levying it on a common tax base. The GST to be levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States/ Union territory would be called the State GST (SGST)/ UTGST. Similarly, Integrated GST (IGST) will be levied and administered by Centre on every inter-state supply of goods and services.

**Q 9. Why is Dual GST required?**

Ans. India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the Constitutional requirement of fiscal federalism.

**Q 10. Which authority will levy and administer GST?**

Ans. Centre will levy and administer CGST & IGST while respective states /UTs will levy and administer SGST/ UTGST.

**Q 11. How a particular transaction of goods and services would be taxed simultaneously under Central GST (CGST) and State GST (SGST)?**

Ans. The Central GST and the State GST would be levied simultaneously on every transaction of supply of goods and

services except the exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits. Further, both would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of CENVAT. While the location of the supplier and the recipient within the country is immaterial for the purpose of CGST, SGST would be chargeable only when the supplier and the recipient are both located within the State.

Illustration I: Suppose hypothetically that the rate of CGST is 10% and that of SGST is 10%. When a wholesale dealer of steel in Uttar Pradesh supplies steel bars and rods to a construction company which is also located within the same State for, say Rs. 100, the dealer would charge CGST of Rs. 10 and SGST of Rs. 10 in addition to the basic price of the goods. He would be required to deposit the CGST component into a Central Government account while the SGST portion into the account of the concerned State Government. Of course, he need not actually pay Rs. 20 (Rs. 10 + Rs. 10) in cash as he would be entitled to set-off this liability against the CGST or SGST paid on his purchases (say, inputs). But for paying CGST he would be allowed to use only the credit of CGST paid on his purchases while for SGST he can utilize the credit of SGST alone. In other words, CGST credit cannot, in general, be used for payment of SGST. Nor can SGST credit be used for payment of CGST.

Illustration II: Suppose, again hypothetically, that the rate of CGST is 10% and that of SGST is 10%. When an advertising company located in Mumbai supplies advertising services to a company manufacturing soap also located within the State of Maharashtra for, let us say Rs. 100, the ad company would charge CGST of Rs. 10 as well as SGST of Rs. 10 to the basic value of the service. He would be required to deposit the CGST component into a Central Government account while the SGST portion into the account of the concerned State Government. Of course,

he need not again actually pay Rs. 20 (Rs. 10+Rs. 10) in cash as it would be entitled to set-off this liability against the CGST or SGST paid on his purchase (say, of inputs such as stationery, office equipment, services of an artist etc.). But for paying CGST he would be allowed to use only the credit of CGST paid on its purchase while for SGST he can utilise the credit of SGST alone. In other words, CGST credit cannot, in general, be used for payment of SGST. Nor can SGST credit be used for payment of CGST.

**Q 12. What are the benefits which the Country will accrue from GST?**

Ans. Introduction of GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading and pave the way for a common national market. For the consumers, the biggest gain would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%-30%. Introduction of GST would also make our products competitive in the domestic and international markets. Studies show that this would instantly spur economic growth. There may also be revenue gain for the Centre and the States due to widening of the tax base, increase in trade volumes and improved tax compliance. Last but not the least, this tax, because of its transparent character, would be easier to administer.

**Q 13. What is IGST?**

Ans. Under the GST regime, an Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services. Under Article 269A of the Constitution, the GST on supplies in the course of inter- State trade or commerce shall be levied and collected by the Government of India and such tax shall

be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

**Q 14. Who will decide rates for levy of GST?**

Ans. The CGST and SGST would be levied at rates to be jointly decided by the Centre and States. The rates would be notified on the recommendations of the GST Council.

**Q 15. What is GSTN and its role in the GST regime?**

Ans. GSTN stands for Goods and Service Tax Network (GSTN). A Special Purpose Vehicle called the GSTN has been set up to cater to the needs of GST. The GSTN shall provide a shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders for implementation of GST. The functions of the GSTN would, inter alia, include: (i) facilitating registration; (ii) forwarding the returns to Central and State authorities; (iii) computation and settlement of IGST; (iv) matching of tax payment details with banking network; (v) providing various MIS reports to the Central and the State Governments based on the tax payer return information; (vi) providing analysis of tax payers' profile; and (vii) running the matching engine for matching, reversal and reclaim of input tax credit.

The GSTN is developing a common GST portal and applications for registration, payment, return and MIS/ reports. The GSTN would also be integrating the common GST portal with the existing tax administration IT systems and would be building interfaces for tax payers. Further, the GSTN is developing back-end modules like assessment, audit, refund, appeal etc. for 19 States and UTs (Model II States). The CBEC and Model I States (15 States) are themselves developing their GST back-end systems. Integration of GST front-end system with back-end systems will

have to be completed and tested well in advance for making the transition smooth.

**Q 16. How are the disputes going to be resolved under the GST regime?**

Ans. The Constitution (one hundred and first amendment) Act, 2016 provides that the Goods and Services Tax Council shall establish a mechanism to adjudicate any dispute-

- (a) between the Government of India and one or more States;  
or
- (b) between the Government of India and any State or States on one side and one or more other States on the other side;  
or
- (c) between two or more States, arising out of the recommendations of the Council or implementation thereof.

# FAQs on Registration

## **Q 1. What is advantage of taking registration in GST?**

Ans. Registration under Goods and Service Tax (GST) regime will confer following advantages to the business:-

- Legally recognized as supplier of goods or services.
- Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business.
- Legally authorized to collect tax from his purchasers and pass on the credit of the taxes paid on the goods or services supplied to purchasers or recipients.
- Getting eligible to avail various other benefits and privileges rendered under the GST laws.

## **Q 2. Can a person without GST registration claim ITC and collect tax?**

Ans. No, a person without GST registration can neither collect GST from his customers nor can claim any input tax credit of GST paid by him.

## **Q 3. What will be the effective date of registration?**

Ans. Where the application for registration has been submitted within thirty days from the date on which the person becomes liable to registration, the effective date of registration shall be the date on which he became liable for registration. Where an application for registration has been submitted by the applicant after thirty days from the date of his becoming liable to registration, the effective date of registration shall be the date of grant of registration. In case of a person taking registration voluntarily while being within the threshold exemption limit for paying tax, the effective date of registration shall be the date of order of registration.

**Q 4. Who are the persons liable to take a Registration under the GST Law?**

Ans. As per Section 22 of the CGST/SGST Act 2017, every supplier (including his agent) who makes a taxable supply i.e. supply of goods and / or services which are leviable to tax under GST law, and his aggregate turn over in a financial year exceeds the threshold limit of twenty lakh rupees shall be liable to register himself in the State or the Union territory of Delhi or Puducherry from where he makes the taxable supply. In case of eleven special category states (as mentioned in Art.279A(4)(g) of the Constitution of India), this threshold limit for registration liability is ten lakh rupees. Besides, Section 24 of the Act mentions certain categories of suppliers, who shall be liable to take registration even if their aggregate turnover is below the said threshold limit of 20 lakh rupees. On the other hand, as per Section 23 of the Act, an agriculturist in respect of supply of his agricultural produce; as also any person exclusively making supply of non-taxable or wholly exempted goods and/or services under GST law will not be liable for registration.

**Q 5. What is aggregate turnover?**

Ans. As per section 2(6) of the CGST/SGST Act “aggregate turnover” includes the aggregate value of:

- (i) all taxable supplies,
  - (ii) all exempt supplies,
  - (iii) exports of goods and/or service, and,
  - (iv) all inter-state supplies of a person having the same PAN.
- The above shall be computed on all India basis and excludes taxes charged under the CGST Act, SGST Act, UTGST Act, and the IGST Act. Aggregate turnover shall include all supplies made by the Taxable person, whether on his own account or made on behalf of all his principals. Aggregate turnover does not include value of supplies on which tax is levied on reverse charge basis, and value of inward supplies. The value of goods after completion of job work is not includible in the turnover of the job-worker. It will be treated as supply of goods by the principal and will accordingly be includible in the turnover of the Principal.

**Q 6. Which are the cases in which registration is compulsory?**

Ans. As per Section 24 of the CGST/SGST Act, the following categories of persons shall be required to be registered compulsorily irrespective of the threshold limit:-

- i) persons making any inter-State taxable supply;
- ii) casual taxable persons;
- iii) persons who are required to pay tax under reverse charge;
- iv) electronic commerce operators required to pay tax under sub-section (5) of section 9;
- v) non-resident taxable persons;
- vi) persons who are required to deduct tax under section 51;
- vii) persons who supply goods and/or services on behalf of other registered taxable persons whether as an agent or otherwise;
- viii) Input service distributor (whether or not separately

- registered under the Act)
- ix) persons who are required to collect tax under section 52;
  - x) every electronic commerce operator
  - xi) every person supplying online information and data base retrieval services from a place outside India to a person in India, other than a registered person; and,
  - xii) such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council.

**Q 7. What is the time limit for taking a Registration under GST?**

Ans. A person should take a Registration, within thirty days from the date on which he becomes liable to registration, in such manner and subject to such conditions as is prescribed under the Registration Rules. A Casual Taxable person and a non-resident taxable person should however apply for registration at least 5 days prior to commencement of business.

**Q 8. If a person is operating in different states, with the same PAN number, whether he can operate with a single Registration?**

Ans. No. Every person who is liable to take a Registration will have to get registered separately for each of the States where he has a business operation and is liable to pay GST in terms of Sub-section (1) of Section 22 of the CGST/SGST Act.

**Q 9. Whether a person having multiple business verticals in a state can obtain for different registrations?**

Ans. Yes. In terms of the proviso to Sub-Section (2) of Section 25, a person having multiple business verticals in a State may obtain a separate registration for each business vertical, subject to such conditions as may be prescribed.

**Q 10. Is there a provision for a person to get himself voluntarily**

**registered though he may not be liable to pay GST?**

Ans. Yes. In terms of Sub-section (3) of Section 25, a person, though not liable to be registered under Section 22 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.

**Q 11. Is possession of a Permanent Account Number (PAN) mandatory for obtaining a Registration?**

Ans. Yes. As per Section 25(6) of the CGST/SGST Act every person shall have a Permanent Account Number issued under the Income Tax Act, 1961 (43 of 1961) in order to be eligible for grant of registration. However as per the proviso to the aforesaid section 25(6), a person required to deduct tax under Section 51, may have, in lieu of a PAN, a Tax Deduction and Collection Account Number issued under the said Income Tax Act, in order to be eligible for grant of registration. Also, as per Section 25(7) PAN is not mandatory for a nonresident taxable person who may be granted registration on the basis of any other document as maybe prescribed.

**Q 12. Whether the Department through the proper officer, can suo-moto proceed to register of a Person under this Act?**

Ans. Yes. In terms of sub-section (8) of Section 25, 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 the manner as is prescribed in the Registration rules.

**Q 13. Whether the proper officer can reject an Application for Registration?**

Ans. Yes. In terms of sub-section 10 of section 25 of the CGST/SGST Act, the proper officer can reject an application for registration

after due verification.

**Q 14. Whether the Registration granted to any person is permanent?**

Ans. Yes, the registration Certificate once granted is permanent unless surrendered, cancelled, suspended or revoked.

**Q 15. Is it necessary for the UN bodies to get registration under GST?**

Ans. Yes. In terms of Section 25(9) of the CGST/SGST Act, all notified UN bodies, Consulate or Embassy of foreign countries and any other class of persons so notified would be required to obtain a unique identification number (UIN) from the GST portal. The structure of the said ID would be uniform across the States in conformity with GSTIN structure and the same will be common for the Centre and the States. This UIN will be needed for claiming refund of taxes paid on notified supplies of goods and services received by them, and for any other purpose as may be notified.

**Q 16. What is the responsibility of the taxable person supplying to UN bodies?**

Ans. The taxable supplier supplying to these organizations is expected to mention the UIN on the invoices and treat such supplies as supplies to another registered person (B2B) and the invoices of the same will be uploaded by the supplier.

**Q 17. Is it necessary for the Govt. Organization to get registration?**

Ans. A unique identification number (ID) would be given by the respective state tax authorities through GST portal to Government authorities / PSUs not making outwards supplies of GST goods (and thus not liable to obtain GST registration) but are making inter-state purchases.

**Q 18. Who is a Casual Taxable Person?**

Ans. Casual Taxable Person has been defined in Section 2 (20) of the CGST/SGST Act meaning a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business, whether as principal, or agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.

**Q 19. Who is a Non-resident Taxable Person?**

Ans. In terms of Section 2(77) of the CGST/SGST Act, a nonresident taxable person means any person who occasionally undertakes transactions involving supply of goods and/or services whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.

**Q 20. What is the validity period of the Registration certificate issued to a Casual Taxable Person and non- Resident Taxable person?**

Ans. In terms of Section 27(1) read with proviso thereto, the certificate of registration issued to a “casual taxable person” or a “non-resident taxable person” shall be valid for a period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier. However, the proper officer, at the request of the said taxable person, may extend the validity of the aforesaid period of ninety days by a further period not exceeding ninety days.

**Q 21. Is there any Advance tax to be paid by a Casual Taxable Person and Non-resident Taxable Person at the time of obtaining registration under this Special Category?**

Ans. Yes. While a normal taxable person does not have to make any advance deposit of tax to obtain registration, a casual taxable person or a non-resident taxable person shall, at the time of submission of

application for registration is required, in terms of Section 27(2) read with proviso thereto, 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. If registration is to be extended beyond the initial period of ninety days, an advance additional amount of tax equivalent to the estimated tax liability is to be deposited for the period for which the extension beyond ninety days is being sought.

**Q 22. Whether Amendments to the Registration Certificate is permissible?**

Ans. Yes. In terms of Section 28, the proper officer may, on the basis of such information furnished either by the registrant or as ascertained by him, approve or reject amendments in the registration particulars within a period of 15 common working days from the date of receipt of application for amendment. It is to be noted that permission of the proper officer for making amendments will be required for only certain core fields of information, whereas for the other fields, the certificate of registration shall stand amended upon submission of application in the GST common portal.

**Q 23. Whether Cancellation of Registration Certificate is permissible?**

Ans. Yes. Any Registration granted under this Act may be cancelled by the Proper Officer, in circumstances mentioned in Section 29 of the CGST/SGST Act. The proper officer may, either on his own motion or on an application filed, in the prescribed manner, by the registered taxable 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. As per the Registration Rules, an order for cancellation is to be issued within 30 days from the date of receipt of reply to SCN (in cases where the cancellation is proposed to be carried out suo moto by the proper officer) or from the date of receipt of application for cancellation (in case where

the taxable person/legal heir applies for such cancellation)

**Q 24. Whether cancellation of Registration under CGST Act means cancellation under SGST Act also?**

Ans. Yes, the cancellation of registration under one Act (say CGST Act) shall be deemed to be a cancellation of registration under the other Act (i.e. SGST Act). (Section 29 (4))

**Q 25. Can the proper Officer Cancel the Registration on his own?**

Ans. Yes, in certain circumstances specified under section 29(2) of the CGST/SGST Act, the proper officer can cancel the registration on his own. Such circumstances include contravention of any of the prescribed provisions of the CGST Act or the rules made there under, not filing return by a composition dealer for three consecutive tax periods or non-furnishing of returns by a regular taxpayer for a continuous period of six months, and not commencing business within six months from the date of voluntary registration. However, before cancelling the registration, the proper officer has to follow the principles of natural justice. (proviso to Section 29(2)(e))

**Q 26. What happens when the registration is obtained by means of willful mis-statement, fraud or suppression of facts?**

Ans. In such cases, the registration may be cancelled with retrospective effect by the proper officer. (Section 29(2)(e))

**Q 27. Is there an option to take centralized registration for services under GST Law?**

Ans. No, the tax payer has to take separate registration in every state from where he makes taxable supplies.

**Q 28. If the taxpayer has different business verticals in one state, will**

**he have to obtain separate registration for each such vertical in the state?**

Ans. No, however the taxpayer has the option to register such separate business verticals independently in terms of the proviso to Section 25(2) of the CGTST Act, 2017.

**Q 29. Who is an ISD?**

Ans. ISD stands for Input Service Distributor and has been defined under Section 2(61) of the CGST/SGST Act. It is basically an office meant to receive tax invoices towards receipt of input services and further distribute the credit to supplier units (having the same PAN) proportionately.

**Q 30. Will ISD be required to be separately registered other than the existing tax payer registration?**

Ans. Yes, the ISD registration is for one office of the taxpayer which will be different from the normal registration.

**Q 31. Can a tax payer have multiple ISDs?**

Ans. Yes. Different offices of a tax payer can apply for ISD registration.

**Q 32. What could be the liabilities (in so far as registration is concerned) on transfer of a business?**

Ans. The transferee or the successor shall be liable to be registered with effect from such transfer or succession and he will have to obtain a fresh registration with effect from the date of such transfer or succession. (Section 22(3)).

**Q 33. Whether all assesses / dealers who are already registered under existing central excise/service tax/ vat laws will have to obtain fresh registration?**

Ans. No, GSTN shall migrate all such assessee/dealers to the GSTN network and shall issue a provisional registration certificate

with GSTIN number on the appointed day, which after due verification by the departmental officers within six months, will be converted into final registration certificate. For converting the provisional registration to final registration the registrants will be asked to submit all requisite documents and information required for registration in a prescribed period of time. Failure to do so will result in cancellation of the provisional GSTIN number. The service tax assesses having centralized registration will have to apply afresh in the respective states wherever they have their businesses.

**Q 34. Whether the job worker will have to be compulsorily registered?**

Ans. No, a Job worker is a supplier of services and will be obliged to take registration only when his turnover crosses the prescribed threshold of 20/10 Lakhs.

**Q 35. Whether the goods will be permitted to be supplied from the place of business of a job worker?**

Ans. Yes. But only in cases where the job worker is registered, or if not, the principal declares the place of business of the job worker as his additional place of business.

**Q 36. At the time of registration will the assessee have to declare all his places of business?**

Ans. Yes. The principal place of business and place of business have been separately defined under section 2(89) & 2(85) of the CGST/SGST Act respectively. The taxpayer will have to declare the principal place of business as well as the details of additional places of business in the registration form.

**Q 37. Is there any system to facilitate smaller dealers or dealers having no IT infrastructure?**

Ans. In order to cater to the needs of tax payers who are not IT savvy, following facilities shall be made available: - Tax Return Preparer(TRP): A taxable person may prepare his registration application /returns himself or can approach the TRP for assistance. TRP will prepare the said registration document / return in prescribed format on the basis of the information furnished to him by the taxable person. The legal responsibility of the correctness of information contained in the forms prepared by the TRP will rest with the taxable person only and the TRP shall not be liable for any errors or incorrect information. Facilitation Centre (FC): shall be responsible for the digitization and/or uploading of the forms and documents including summary sheet duly signed by the Authorized Signatory and given to it by the taxable person. After uploading the data on common portal using the ID and Password of FC, a print-out of acknowledgement will be taken and signed by the FC and handed over to the taxable person for his records. The FC will scan and upload the summary sheet duly signed by the Authorized Signatory.

**Q 38. Is there any facility for digital signature in the GSTN registration?**

Ans. Tax payers would have the option to sign the submitted application using valid digital signatures. There will be two options for electronically signing the application or other submissions- by e-signing through Aadhar number, or through DSC i.e. by registering the tax payer's digital signature certificate with GST portal. However, companies or limited liability partnership entities will have to sign mandatorily through DSC only. Only level 2 and level 3 DSC certificates will be acceptable for signature purpose.

**Q 39. What will be the time limit for the decision on the on line registration application?**

Ans. If the information and the uploaded documents are found in

order, the State and the Central authorities shall have to respond to the application within three common working days. If they communicate any deficiency or discrepancy in the application within such time, then the applicant will have to remove the discrepancy / deficiency within 7 days of such communication. Thereafter, for either approving the application or rejecting it, the State and the Central authorities will have 7 days from the date when the taxable person communicates removal of deficiencies. In case no response is given by the departmental authorities within the said time line, the portal shall automatically generate the registration.

**Q 40. What will be the time of response by the applicant if any query is raised in the online application?**

Ans. If during the process of verification, one of the tax authorities raises some query or notices some error, the same shall be communicated to the applicant and to the other tax authority through the GST Common Portal within 3 common working days. The applicant will reply to the query/rectify the error/ answer the query within a period of seven days from the date of receipt of deficiency intimation. On receipt of additional document or clarification, the relevant tax authority will respond within seven common working days from the date of receipt of clarification.

**Q 41. What is the process of refusal of registration?**

Ans. In case registration is refused, the applicant will be informed about the reasons for such refusal through a speaking order. The applicant shall have the right to appeal against the decision of the Authority. As per sub-section (2) of section 26 of the CGST Act, any rejection of application for registration by one authority (i.e. under the CGST Act / SGST Act) shall be deemed to be a rejection of application for registration by the other tax authority (i.e. under the SGST Act / UTGST Act/ CGST Act).

**Q 42. Will there be any communication related to the application disposal?**

Ans. The applicant shall be informed of the fact of grant or rejection of his registration application through an e-mail and SMS by the GST common portal. Jurisdictional details would be intimated to the applicant at this stage.

**Q 43. Can the registration certificate be downloaded from the GSTN portal?**

Ans. In case registration is granted; applicant can download the Registration Certificate from the GST common portal.

**Q 44. Can cancellation of registration order be revoked?**

Ans. Yes, but only in cases where the initial cancellation has been done by the proper officer suo moto, and not on the request of the taxable person or his legal heirs. A person whose registration has been cancelled suo moto can apply to the proper officer for revocation of cancellation of registration within 30 days from the date of communication of the cancellation order. The proper officer may within a period of 30 days from the date of receipt of application for revocation of cancellation or receipt of information/clarification, either revoke the cancellation or reject the application for revocation of cancellation of registration.

**Q 45. Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled?**

Ans. Yes, as per Section 29(5) of the CGST/SGST Act, every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the 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.

**Q 46. What is the difference between casual and nonresident taxable persons?**

Ans. Casual and Non-resident taxable persons are separately defined in the CGST/SGST Act in Sections 2(20) and 2(77) respectively. Some of the differences are outlined below:

Casual Taxable Person	Non-resident Taxable Person
Occasional undertakes transactions involving supply of goods or services in a state or UT where he has no fixed place of business.	Occasional undertakes transactions involving supply of goods or services but has no fixed place of business residence in India.
Has a PAN Number	Do not have a PAN Number
A nonresident person, if having PAN number may take registration as a casual taxable person	Same application form for registration as for normal taxable persons viz GST REG-01
Separate application form for registration by non-resident taxable person viz GST REG-10	Has to undertake transactions in the course or furtherance of business
Business test absent in the definition	Has to file normal GSTR-1, GSTR-2 and GSTR-3 returns
Has to file a separate simplified return in the format GSTR-5	Can claim ITC of all inward supplies
Can get ITC only in respect of import of goods and /or services.	

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# FAQs on Returns

## Q 1. What is the purpose of returns?

Ans. Under the GST law, a normal taxpayer will be required to furnish three returns monthly and one annual return. This document has following purpose:-

- a) Mode for transfer of information to tax administration;
- b) Compliance verification program of tax administration;
- c) Finalization of the tax liabilities of the taxpayer within stipulated period of limitation; to declare tax liability for a given period;
- d) Providing necessary inputs for taking policy decision;
- e) Management of audit and anti-evasion programs of tax administration.

## Q 2. Who needs to file Return in GST regime?

Ans. Every person registered under GST will have to file returns in some form or other. A registered person will have to file returns either monthly (normal supplier) or quarterly basis (Supplier opting for composition scheme). An ISD will have to file monthly returns showing details of credit distributed during the particular month. A person required to deduct tax (TDS) and persons required to collect tax (TCS) will also have to file monthly returns showing the amount deducted/collected and other details as may

be prescribed. A non-resident taxable person will also have to file returns for the period of activity undertaken.

**Q 3. What type of outward supply details are to be filed in the return?**

Ans. A normal registered taxpayer has to file the outward supply details in GSTR-1 in relation to various types of supplies made in a month, namely outward supplies to registered persons, outward supplies to unregistered persons (consumers), details of Credit/Debit Notes, zero rated, exempted and non-GST supplies, exports, and advances received in relation to future supply.

**Q 4. Is the scanned copy of invoices to be uploaded along with GSTR-1?**

Ans. No scanned copy of invoices is to be uploaded. Only certain prescribed fields of information from invoices need to be uploaded.

**Q 5. Whether all invoices will have to be uploaded?**

Ans. No. It depends on whether B2B or B2C plus whether Intra-state or Inter-state supplies. For B2B supplies, all invoices, whether Intra-state or Interstate supplies, will have to be uploaded. Why So? Because ITC will be taken by the recipients, invoice matching is required to be done. In B2C supplies, uploading in general may not be required as the buyer will not be taking ITC. However still in order to implement the destination based principle, invoices of value more than Rs.2.5 lacs in inter-state B2C supplies will have to be uploaded. For inter-state invoices below Rs. 2.5 lacs and all intra-state invoices, state wise summary will be sufficient.

**Q 6. Whether description of each item in the invoice will have to be uploaded?**

Ans. No. In fact, description will not have to be uploaded. Only HSN code in respect of supply of goods and Accounting code in respect

of supply of services will have to be fed. The minimum number of digits that the filer will have to upload would depend on his turnover in the last year.

**Q 7. Whether value for each transaction will have to be fed? What if no consideration?**

Ans. Yes. Not only value but taxable value will also have to be fed. In some cases, both may be different. In case there is no consideration, but it is supply by virtue of schedule 1, the taxable value will have to be worked out as prescribed and uploaded.

**Q 8. Can a recipient feed information in his GSTR-2 which has been missed by the supplier?**

Ans. Yes, the recipient can himself feed the invoices not uploaded by his supplier. The credit on such invoices will also be given provisionally but will be subject to matching. On matching, if the invoice is not uploaded by the supplier, both of them will be intimated. If the mismatch is rectified, provisional credit will be confirmed. But if the mismatch continues, the amount will be added to the output tax liability of the recipient in the returns for the month subsequent to the month in which such discrepancy was communicated.

**Q 9. Does the taxable person have to feed anything in the GSTR-2 or everything is auto populated from GSTR-1?**

Ans. While a large part of GSTR-2 will be auto-populated, there are some details that only recipient can fill like details of imports, details of purchases from non-registered or composition suppliers and exempt/non-GST/nil GST supplies etc.

**Q 10. What if the invoices do not match? Whether ITC is to be given or denied? If denied, what action is taken against supplier?**

Ans. If invoices in GSTR-2 do not match with invoices in counter-party

GSTR-1, then such mismatch shall be intimated to the supplier. If the mismatch continues even after it is made known to both and still it is not rectified. Mismatch can be because of two reasons. First, it could be due to mistake at the side of the recipient, and in such a case, no further action is required. Secondly, it could be possible that the said invoice was issued by supplier but he did not upload it and pay tax on it. In such a case, the ITC availed by the recipient would be added to his output tax liability, in short, all mismatches will lead to proceedings if the supplier has made a supply but not paid tax on it.

**Q 11. What will be the legal position in regard to the reversed input tax credit if the supplier later realizes the mistake and feeds the information?**

Ans. At any stage, but before September of the next financial year, supplier can upload the invoice and pay duty and interest on such missing invoices in his GSTR-3 of the month in which he had earlier failed to upload the invoice. The recipient shall be eligible to reduce his output tax liability to the extent of the amount in respect of which the supplier has rectified the mis-match. The interest paid by the recipient at the time of reversal will also be refunded to the recipient by crediting the amount in corresponding head of his electronic cash ledger.

**Q 12. What is the special feature of GSTR-2?**

Ans. The special feature of GSTR-2 is that the details of supplies received by a recipient can be auto populated on the basis of the details furnished by the counterparty supplier in his GSTR-1.

**Q 13. Do tax payers under the composition scheme also need to file GSTR-1 and GSTR-2?**

Ans. No. Composition tax payers do not need to file any statement of outward or inward supplies. They have to file a quarterly return

in Form GSTR-4 by the 18th of the month after the end of the quarter. Since they are not eligible for any input tax credit, there is no relevance of GSTR-2 for them and since the credit of tax paid under Composition Levy is not eligible, there is no relevance of GSTR-1 for them. In their return, they have to declare summary details of their outward supplies along with the details of tax payment. They also have to give details of their purchases in their quarterly return itself, most of which will be auto populated.

**Q 14. Do Input Service Distributors ( ISDs) need to file separate statement of outward and inward supplies with their return?**

Ans. No, the ISDs need to file only a return in Form GSTR- 6 and the return has the details of credit received by them from the service provider and the credit distributed by them to the recipient units. Since their return itself covers these aspects, there is no requirement to file separate statement of inward and outward supplies.

**Q 15. How does a taxpayer get the credit of the tax deducted at source on his behalf? Does he need to produce TDS certificate from the deductee to get the credit?**

Ans. Under GST, the deductor will be submitting the deductee wise details of all the deductions made by him in his return in Form GSTR-7 to be filed by 10th of the month next to the month in which deductions were made. The details of the deductions as uploaded by the deductor shall be auto populated in the GSTR-2 of the deductee. The taxpayer shall be required to confirm these details in his GSTR-2 to avail the credit for deductions made on his behalf. To avail this credit, he does not require to produce any certificate in physical or electronic form. The certificate will only be for record keeping of the tax payer and can be downloaded from the Common Portal.

**Q 16. Which type of taxpayers need to file Annual Return?**

Ans. All taxpayers filing return in GSTR-1 to GSTR-3, other than ISD's, casual/non-resident taxpayers, taxpayers under composition scheme, TDS/TCS deductors, are required to file an annual return. Casual taxpayers, nonresident taxpayers, ISDs and persons authorized to deduct/collect tax at source are not required to file annual return.

**Q 17. Is an Annual Return and a Final Return one and the same?**

Ans. No. Annual Return has to be filed by every registered person paying tax as a normal taxpayer. Final Return has to be filed only by those registered persons who have applied for cancellation of registration. The Final return has to be filed within three months of the date of cancellation or the date of cancellation order.

**Q 18. If a return has been filed, how can it be revised if some changes are required to be made?**

Ans. In GST since the returns are built from details of individual transactions, there is no requirement for having a revised return. Any need to revise a return may arise due to the need to change a set of invoices or debit/ credit notes. Instead of revising the return already submitted, the system will allow changing the details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR-1/2 in the tables specifically provided for the purposes of amending previously declared details.

**Q 19. How can taxpayers file their returns?**

Ans. Taxpayers will have various modes to file the statements and returns. Firstly, they can file their statement and returns directly on the Common Portal online. However, this may be tedious and time consuming for taxpayers with large number of invoices. For such taxpayers, an offline utility will be provided that can be used

for preparing the statements offline after downloading the auto populated details and uploading them on the Common Portal. GSTN has also developed an ecosystem of GST Suvidha Providers (GSP) that will integrate with the Common Portal.

**Q 20. What precautions, a taxpayer is required to take for a hassle free compliance under GST?**

Ans. One of the most important things under GST will be timely uploading of the details of outward supplies in Form GSTR-1 by 10th of next month. How best this can be ensured will depend on the number of B2B invoices that the taxpayer issues. If the number is small, the taxpayer can upload all the information in one go. However, if the number of invoices is large, the invoices (or debit/ credit notes) should be uploaded on a regular basis. GSTN will allow regular uploading of invoices even on a real time basis. Till the statement is actually submitted, the system will also allow the taxpayer to modify the uploaded invoices. Therefore, it would always be beneficial for the taxpayers to regularly upload the invoices. Last minute rush will make uploading difficult and will come with higher risk of possible failure and default. The second thing would be to ensure that taxpayers follow up on uploading the invoices of their inward supplies by their suppliers. This would be helpful in ensuring that the input tax credit is available without any hassle and delay. Recipients can also encourage their suppliers to upload their invoices on a regular basis instead of doing it on or close to the due date. The system would allow recipients to see if their suppliers have uploaded invoices pertaining to them. The GSTN system will also provide the track record about the compliance level of a tax payer, especially about his track record in respect of timely uploading of his supply invoices giving details about the auto reversals that have happened for invoices issued by a supplier. The Common Portal of GST would have pan India data at one place which will enable valuable services to the taxpayers. Efforts are being made to make regular uploading of invoices as

easy as possible and it is expected that an enabling ecosystem will be developed to achieve this objective. Taxpayers should make efficient use of this ecosystem for easy and hassle free compliance under GST.

**Q 21. Is it compulsory for a taxpayer to file return by himself?**

Ans. No. A registered taxpayer can also get his return filed through a Tax Return Preparer, duly approved by the Central or the State tax administration.

**Q 22. What is the consequence of not filing the return within the prescribed date?**

Ans. A registered person who files return beyond the prescribed date will have to pay late fees of rupees one hundred for every day of delay subject to a maximum of rupees five thousand. For failure to furnish Annual returns by due date, late fee of Rs. One hundred for every day during which such failure continues subject to a maximum of an amount calculated at a quarter percent [0.25%] of his turnover in a state, will be levied.

**Q 23. What happens if ITC is taken on the basis of a document more than once?**

Ans. In case the system detects ITC being taken on the same document more than once (duplication of claim), the amount of such credit would be added to the output tax liability of the recipient in the return. [section 42(6)]

**Q 24. Whether the amount of credit detected by the system on account of mis-match between GSTR-1 and GSTR-2 and recovered as output tax can be reclaimed?**

Ans. Yes, once the mismatch is rectified by the supplier by declaring the details of the invoices or debit notes, as the case may be, in his valid return for the month/quarter in which the error had been

detected. The said amount can be reclaimed by way of reducing the output tax liability during the subsequent tax period. [section 42(7)]. Similar provisions have also been made in Section 43 of the Act in respect of the credit notes issued by the supplier.

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# FAQs on Refund

## Q 1. What is refund?

Ans. Refund has been discussed in section 54 of the CGST/SGST Act. “Refund” includes:-

- (a) any balance amount in the electronic cash ledger so claimed in the returns,
- (b) any unutilized input tax credit in respect of (i) zero rated supplies made without payment of tax or, (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),
- (c) tax paid by specialized agency of United Nations or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries on any inward supply

## Q 2. Can unutilized Input tax credit be allowed as refund?

Ans. Unutilized input tax credit can be allowed as refund in accordance with the provisions of sub-section (3) of section 54 in the following situations: -

- (i) Zero rated supplies made without payment of tax;
- (ii) Where credit has accumulated on account of rate of tax

on inputs being higher than the rate of taxes on output supplies (other than nil rated or fully exempt supplies) However, no refund of unutilized input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty, and also in the case where 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.

**Q 3. Can unutilized ITC be given refund, in case goods Exported outside India are subjected to export duty?**

Ans. Refund of unutilized input tax credit is not allowed in cases where the goods exported out of India are subjected to export duty - as per the second proviso to Section 54(3) of CGST/SGST Act.

**Q 4. Will unutilized ITC at the end of the financial year (after introduction of GST) be refunded?**

Ans. There is no such provision to allow refund of such unutilized ITC at the end of the financial year in the GST Law. It shall be carried forward to the next financial year.

**Q 5. Suppose a taxable person has paid IGST/ CGST/SGST mistakenly as an Interstate/intrastate supply, but the nature of which is subsequently clarified. Can the CGST/SGST be adjusted against wrongly paid IGST or vice versa?**

Ans. The taxable person cannot adjust CGST/SGST or IGST with the wrongly paid IGST or CGST/SGST but he is entitled to refund of the tax so paid wrongly - Sec.77 of the CGST/SGST Act.

**Q 6. Whether purchases made by Embassies or UN are taxed or exempted?**

Ans. Supplies to the Embassies or UN bodies will be taxed, which later on can be claimed as refund by them in terms of Section 54(2)

of the CGST/SGST Act. The claim has to be filed in the manner prescribed under CGST/SGST Refund rules, before expiry of six months from the last day of the month in which such supply was received. [The United Nations Organization and Consulates or Embassies are required to take a Unique Identity Number [section 26(1) of the CGST/SGST Act] and purchases made by them will be reflected against their Unique Identity Number in the return of outward supplies of the supplier(s)]

**Q 7. What is the time limit for taking refund?**

Ans. A person claiming refund is required to file an application before the expiry of two years from the “relevant date” as given in the Explanation to section 54 of the CGST/SGST Act.

**Q 8. Whether principle of unjust enrichment will be applicable in refund?**

Ans. The principle of unjust enrichment would be applicable in all cases of refund except in the following cases: -

- i. 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
- ii. Unutilized input tax credit in respect of (i) zero rated supplies made without payment of tax or, (ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies
- iii. refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued;
- iv. refund of tax in pursuance of Section 77 of CGST/SGST Act i.e. tax wrongfully collected and paid to Central Government or State Government
- v. if the incidence of tax or interest paid has not been passed on to any other person;

- vi. such other class of persons who has borne the incidence of tax as the Government may notify.

**Q 9. In case the tax has been passed on to the consumer, whether refund will be sanctioned?**

Ans. Yes, the amount so refunded shall be credited to the Consumer Welfare Fund - Section 57 of the CGST/SGST Act

**Q 10. Is there any time limit for sanctioning of refund?**

Ans. Yes, refund has to be sanctioned within 60 days from the date of receipt of application complete in all respects. If refund is not sanctioned within the said period of 60 days, interest at the rate notified will have to be paid in accordance with section 56 of the CGST/SGST Act. However, in case where provisional refund to the extent of 90% of the amount claimed is refundable in respect of zero-rated supplies made by certain categories of registered persons in terms of sub-section (6) of section 54 of the CGST/SGST Act, the provisional refund has to be given within 7 days from the date of acknowledgement of the claim of refund.

**Q 11. Can refund be withheld by the department?**

Ans. Yes, refund can be withheld in the following circumstances:

- i. If the person has failed to furnish any return till he files such return;
- ii. If the registered taxable person is required to pay any tax, interest or penalty which has not been stayed by the appellate authority/Tribunal/ court, till he pays such tax interest or penalty; The proper officer can also deduct unpaid taxes, interest, penalty, late fee, if any, from the refundable amount – Section 54(10) (d) of the CGST/SGST Act
- iii. The Commissioner can withhold any refund, if, the order of refund is under appeal and he is of the opinion that

grant of such refund will adversely affect revenue in the said appeal on account of malfeasance or fraud committed  
- Sec.54 (11) of the CGST/SGST Act.

**Q 12. Where the refund is withheld under Section 54(11) of the CGST/SGST Act, will the taxable person be given interest?**

Ans. If as a result of appeal or further proceeding the taxable person becomes entitled to refund, then he shall also be entitled to interest at the rate notified [section 54(12) of the CGST/SGST Act].

**Q 13. Is there any minimum threshold for refund?**

Ans. No refund shall be granted if the amount is less than Rs.1000/-.  
[Sec.54 (14) of the CGST/SGST Act]

**Q 14. How will the refunds arising out of existing law be paid?**

Ans. The refund arising out of existing law will be paid as per the provisions of the existing law and will be made in cash and will not be available as ITC.

**Q 15. Whether refund can be made before verification of documents?**

Ans. In case of any claim of refund to a registered person on account of zero rated supplies of goods or services or both (other than registered persons as may be notified), 90% refund may be granted on provisional basis before verification subject to such conditions and restrictions as may be prescribed in accordance with sub-section 6 of section 54 of the CGST/SGST Act.

**Q 16. In case of refund under exports, whether BRC is necessary for granting refund?**

Ans. In case of refund on account of export of goods, the refund rules do not prescribe BRC as a necessary document for filing of refund claim. However, for export of services details of BRC is required to be submitted along with the application for refund.

**Q 17. Will the principle of unjust enrichment apply to exports and supplies to SEZ Units?**

Ans. The principle of unjust enrichment would not be applicable to zero-rated supplies [i.e. exports and supplies to SEZ units]

**Q 18. How will the applicant prove that the principle of unjust enrichment does not apply in his case?**

Ans. Where the claim of refund is less than Rs.2 Lakh, a self-declaration by the applicant based on the documentary or other evidences available with him, certifying that the incidence of tax has not been passed on to any other person would make him eligible to get refund. However, if the claim of refund is more than Rs.2 Lakh, the applicant is required to submit a certificate from a Chartered Accountant or a Cost Accountant to the effect that the incidence of tax has not been passed on to any other person.

**Q 19. Today under VAT/CST merchant exporters can purchase goods without payment of tax on furnishing of a declaration form. Will this system be there in GST?**

Ans. There is no such provision in the GST law. They will have to procure goods upon payment of tax and claim refund of the unutilized input tax credit in accordance with section 54(3) of the CGST/SGST Act.

**Q 20. Presently under Central law, exporters are allowed to obtain duty paid inputs, avail ITC on it and export goods upon payment of duty (after utilizing the ITC) and thereafter claim refund of the duty paid on exports. Will this system continue in GST?**

Ans. Yes. In terms of Section 16 of the IGST Act, a registered taxable person shall have the option either to export goods/services without payment of IGST under bond or letter of undertaking and claim refund of ITC or he can export goods/services on

payment of IGST and claim refund of IGST paid.

**Q 21. What is the time period within which an acknowledgement of a refund claim has to be given?**

Ans. Where an application relates to a claim for refund from the electronic cash ledger as per sub-section (6) of section 49 of the CGST/SGST Act made through the return furnished for the relevant tax period the acknowledgement will be communicated as soon as the return is furnished and in all other cases of claim of refund the acknowledgement will be communicated to the applicant within 15 days from the date of receipt of application complete in all respect.

**Q 22. What is the time period within which provisional refund has to be given?**

Ans. Provisional refund to the extent of 90% of the amount claimed on account of zero-rated supplies in terms of sub-section (6) of section 54 of the CGST/SGST Act has to be given within 7 days from the date of acknowledgement of complete application for refund claim.

**Q 23. Is there any specified format for filing refund claim?**

Ans. Every claim of refund has to be filed in Form GST RFD 1. However, claim of refund of balance in electronic cash ledger can be claimed through furnishing of monthly/quarterly returns in Form GSTR 3, GSTR 4 or GSTR 7, as the case may be, of the relevant period.

**Q 24. Is there any specified format for sanction of refund claim?**

Ans. The claim of refund will be sanctioned by the proper officer in Form GST RFD-06 if the claim is found to be in order and payment advice will be issued in Form GST RFD- 05. The refund amount will then be electronically credited to the applicants given

bank account.

**Q 25. What happens if there are deficiencies in the refund claim?**

Ans. Deficiencies, if any, in the refund claim has to be pointed out within 15 days. A form GST RFD-03 will be issued by the proper officer to the applicant pointing out the deficiencies through the common portal electronically requiring him to file a refund application after rectification of such deficiencies.

**Q 26. Can the refund claim be rejected without assigning any reasons?**

Ans. No. When the proper officer is satisfied that the claim is not admissible he shall issue a notice in Form GST RFD-08 to the applicant requiring him to furnish a reply in GST RFD -09 within fifteen days and after consideration of the applicant's reply, he can accept or reject the refund claim and pass an order in Form GST RFD-06 only.

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# FAQs on Meaning and Scope of Supply

## **Q 1. What is the taxable event under GST?**

Ans. The taxable event under GST shall be the supply of goods or services or both made for consideration in the course or furtherance of business. The taxable events under the existing indirect tax laws such as manufacture, sale, or provision of services shall stand subsumed in the taxable event known as 'supply'.

## **Q 2. What is the scope of 'supply' under the GST law?**

Ans. The term 'supply' is wide in its import covers all forms of supply of goods or services or both that includes sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. It also includes import of service. The model GST law also provides for including certain transactions made without consideration within the scope of supply.

## **Q 3. What is a taxable supply?**

Ans. A 'taxable supply' means a supply of goods or services or both which is chargeable to goods and services tax under the GST Act.

## **Q 4. What are the necessary elements that constitute supply under CGST/SGST Act?**

Ans. In order to constitute a 'supply', the following elements are

required to be satisfied, i.e.-

- (i) the activity involves supply of goods or services or both;
- (ii) the supply is for a consideration unless otherwise specifically provided for;
- (iii) the supply is made in the course or furtherance of business;
- (iv) the supply is made in the taxable territory;
- (v) the supply is a taxable supply; and
- (vi) the supply is made by a taxable person.

**Q 5. Can a transaction in which any one or more of the above criteria is not fulfilled, be still considered as supply under GST?**

Ans. Yes. Under certain circumstances such as import of services for a consideration whether or not in the course or furtherance of business (Section 3(1) (b)) or supplies made without consideration, specified under Schedule-I of CGST /SGST Act, where one or more ingredients specified in answer to question no.4 are not satisfied, it shall still be treated as supply for levy of GST.

**Q 6. Import of Goods is conspicuous by its absence in Section 3. Why?**

Ans. Import of goods is dealt separately under the Customs Act, 1962, wherein IGST shall be levied as additional duty of customs in addition to basic customs duty under the Customs Tariff Act, 1975.

**Q 7. Are self-supplies taxable under GST?**

Ans. Inter-state self-supplies such as stock transfers, branch transfers or consignment sales shall be taxable under IGST even though such transactions may not involve payment of consideration. Every supplier is liable to register under the GST law in the State or Union territory from where he makes a taxable supply of goods

or services or both in terms of Section 22 of the model GST law. However, intra-state self-supplies are not taxable subject to not opting for registration as business vertical.

**Q 8. Whether transfer of title and/or possession is necessary for a transaction to constitute supply of goods?**

Ans. Title as well as possession both have to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II (1) (b). In some cases, possession may be transferred immediately but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.

**Q 9. What do you mean by “supply made in the course or furtherance of business”?**

Ans. “Business” is defined under Section 2(17) include any trade, commerce, manufacture, profession, vocation etc. whether or not undertaken for a pecuniary benefit. Business also includes any activity or transaction which is incidental or ancillary to the aforementioned listed activities. In addition, any activity undertaken by the Central Govt. or a State Govt. or any local authority in which they are engaged as public authority shall also be construed as business. From the above, it may be noted that any activity undertaken included in the definition for furtherance or promoting of a business could constitute a supply under GST law.

**Q 10. An individual buys a car for personal use and after a year sells it to a car dealer. Will the transaction be a supply in terms of CGST/SGST Act? Give reasons for the answer.**

Ans. No, because supply is not made by the individual in the course or

furtherance of business. Further, no input tax credit was admissible on such car at the time of its acquisition as it was meant for non-business use.

**Q 11. A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade, for personal use at his residence. Will the transaction constitute a supply?**

Ans. Yes. As per Sl. No.1 of Schedule-I, permanent transfer or disposal of business assets where input as credit has been availed on such assets shall constitute a supply under GST even where no consideration is involved.

**Q 12. Whether provision of service or goods by a club or association or society to its members will be treated as supply or not?**

Ans. Yes. Provision of facilities by a club, association, society or any such body to its members shall be treated as supply. This is included in the definition of 'business' in section 2(17) of CGST/SGST Act.

**Q 13. What are the different types of supplies under the GST law?**

Ans. (i) Taxable and exempt supplies  
(ii) Inter-State and Intra-State supplies,  
(iii) Composite and mixed supplies and  
(iv) Zero rated supplies.

**Q 14. What are inter-state supplies and intra-state supplies?**

Ans. Inter-state and intra-state supplies have specifically been defined in Section 7(1), 7(2) and 8(1), 8(2) of the IGST Act respectively. Broadly, where the location of the supplier and the place of supply are in same state it will be intrastate and where it is in different states it will be inter-state supplies.

**Q 15. Whether transfer of right to use goods will be treated as supply of goods or supply of service? Why?**

Ans. Transfer of right to use goods shall be treated as supply of service because there is no transfer of title in such supplies. Such transactions are specifically treated as supply of service in Schedule-II of CGST/SGST Act.

**Q 16. Whether Works contracts and Catering services will be treated as supply of goods or supply of services? Why?**

Ans. Works contracts and catering service shall be treated as supply of services as both are specified under Sl. No. 6 (a) and (b) in Schedule-II of the model GST law.

**Q 17. Whether supply of software would be treated as supply of goods or supply of services under GST law?**

Ans. Development, design, programming, customization, adaptation, up-gradation, enhancement, implementation of information technology software shall be treated as supply of services as listed in Sl. No. 5 (2)(d) of Schedule –II of the model GST law.

**Q 18. Whether goods supplied on hire purchase basis will be treated as supply of goods or supply of services? Why?**

Ans. Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date.

**Q 19. What is a Composite Supply under CGST/ SGST/UTGST Act?**

Ans. Composite Supply means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, 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. For example, 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.

**Q 20. How will tax liability on a composite supply be determined under GST?**

Ans. 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.

**Q 21. What is a mixed supply?**

Ans. 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. For example, a supply of package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juice when supplied for a single price is a mixed supply. Each of these items can be supplied separately and it is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

**Q 22. How will tax liability on a mixed supply be determined under GST?**

Ans. A mixed supply comprising two or more supplies shall be treated as supply of that particular supply which attracts the highest rate of tax.

**Q 23. Are there any activities which are treated as neither a supply of goods nor a supply of services?**

Ans. Yes. Schedule-III of the model GST law lists certain activities such as

- (i) services by an employee to the employer in the course of or in relation to his employment,
- (ii) services by any Court or Tribunal established under any

law,

- (iii) functions performed by members of Parliament, State Legislatures, members of the local authorities, Constitutional functionaries
- (iv) services of funeral, burial, crematorium or mortuary and
- (v) sale of land and
- (vi) actionable claims other than lottery, betting and gambling shall be treated neither a supply of goods or supply of services.

**Q 24. What is meant by zero rated supply under GST?**

Ans. Zero rated supply means export of goods and/or services or supply of goods and/or services to a SEZ developer or a SEZ Unit.

**Q 25. Will import of services without consideration be taxable under GST?**

Ans. As a general principle, import of services without consideration will not be considered as supply under GST in terms of Section 3. However, import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business, even without consideration will be treated as supply in terms of Sl. No.4 of Schedule I.

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# FAQs on Time of Supply

## **Q 1. What is time of supply?**

Ans. The time of supply fixes the point when the liability to charge GST arises. It also indicates when a supply is deemed to have been made. The CGST/SGST Act provides separate time of supply for goods and services.

## **Q 2. When does the liability to pay GST arise in respect of supply of goods and Services?**

Ans. Section 12 & 13 of the CGST/SGST Act provides for time of supply of goods. The time of supply of goods shall be the earlier of the following namely, (i) the date of issue of invoice by the supplier or the last date on which he is required under Section 28, to issue the invoice with respect to the supply; or (ii) the date on which the supplier receives the payment with respect to the supply.

## **Q 3. What is time of supply in case of supply of vouchers in respect of goods and services?**

Ans. The time of supply of voucher in respect of goods and services 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.

**Q 4. Where it is not possible to determine the time of supply in terms of sub-section 2, 3, 4 of Section 12 or that of Section 13 of CGST/SGST Act, how will time of supply be determined?**

Ans. There is a residual entry in Section 12(5) as well as 13 (5) which says that if periodical return has to be filed, then the due date of filing of such periodical return shall be the time of supply. In other cases, it will be the date on which the CGST/SGST/IGST is actually paid.

**Q 5. What does “date of receipt of payment” mean?**

Ans. It is the earliest of the date on which the payment is entered in the books of accounts of the supplier or the date on which the payment is credited to his bank account.

**Q 6. Suppose, part advance payment is made or invoice issued is for part payment, whether the time of supply will cover the full supply?**

Ans. No. The supply shall be deemed to have been made to the extent it is covered by the invoice or the part payment.

**Q 7. What is the time of supply of goods in case of tax payable under reverse charge?**

Ans. The time of supply will be the earliest of the following dates: a) date of receipt of goods; or b) date on which payment is made; or c) the date immediately following 30 days from the date of issue of invoice by the supplier.

**Q 8. What is the time of supply of service in case of tax payable under reverse charge?**

Ans. The time of supply will be the earlier of the following dates: a) date on which payment is made; or b) the date immediately following sixty days from the date of issue of invoice by the supplier.

**Q 9. What is the time of supply applicable with regard to addition in the value by way of interest, late fee or penalty or any delayed payment of consideration?**

Ans. The time of supply with regard to an addition in value on account of interest, late fee or penalty or delayed consideration shall be the date on which the supplier receipts such additional consideration.

**Q 10. Is there any change in time of supply, where supply is completed prior to or after change in rate of tax?**

Ans. Yes. In such cases provisions of Section 14 will apply.

**Q 11. What is the time of supply, where supply is completed prior to change in rate of tax?**

Ans. In such cases time of supply will be (i) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier; or (ii) where the invoice has been issued prior to change in rate of tax but the payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice; or (iii) where the payment is received before the change in rate of tax, but the invoice for the same has been issued after the change in rate of tax, the time of supply shall be the date of receipt of payment;

**Q 12. What is the time of supply, where supply is completed after to change in rate of tax?**

Ans. In such cases time of supply will be (i) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment; or (ii) where the invoice has been issued and the payment is received before the change in rate of tax, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or (iii) where the invoice

has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice

**Q 13. Let's say there was increase in tax rate from 18% to 20% w.e.f.1.6.2017. What is the tax rate applicable when services provided and invoice issued before change in rate in April 2017, but payment received after change in rate in June2017?**

Ans. The old rate of 18% shall be applicable as services are provided prior to 1.6.2017.

**Q 14. Let's say there was increase in tax rate from 18% to 20% w.e.f. 1.6.2017. What is the tax rate applicable when goods are supplied and invoice issued after change in rate in June 2017, but full advance payment was already received in April 2017?**

Ans. The new rate of 20% shall be applicable as goods are supplied and in voice issued after 1. 6.2017

**Q 15. What is the time period within which invoice has to be issued for supply of Goods?**

Ans. As per Section 28 of CGST/SGST Act a registered taxable person shall issue a tax invoice showing description, quantity and value of goods, tax charged thereon and other prescribed particulars, before or at the time of (a) removal of goods for supply to the recipient, where supply involves movement of goods or (b) delivery of goods or making available thereof to the recipient in other cases.

**Q 16. What is the time period within which invoice has to be issued for supply of Services?**

Ans. As per Section 28 of CGST/SGST Act a registered taxable person shall, before or after the provision of service, but within a period prescribed in this behalf, issue a tax invoice showing description, value of goods, tax payable thereon and other prescribed

particulars.

**Q 17. What is the time period within which invoice has to be issued in a case involving continuous supply of goods?**

Ans. 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.

**Q 18. What is the time period within which invoice has to be issued in a case involving continuous supply of services?**

Ans. In case of continuous supply of services, (a) where the due date of payment is ascertainable from the contract, the invoice shall be issued before or after the payment is liable to be made by the recipient but within a period prescribed in this behalf whether or not any payment has been received by the supplier of the service; (b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or after each such time when the supplier of service receives the payment but within a period prescribed in this behalf; (c) where the payment is linked to the completion of an event, the invoice shall be issued before or after the time of completion of that event but within a period prescribed in this behalf.

**Q 19. What is the time period within which invoice has to be issued where the goods being sent or taken on approval for sale?**

Ans. The invoice in respect of goods sent or taken on approval for sale or return shall be issued before or at the time of supply or six months from the date of approval, whichever is earlier.

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# FAQs on Input Tax Credit

## **Q 1. What is input tax?**

Ans. Input tax means the central tax (CGST), State tax (SGST), integrated tax (IGST) or Union territory tax (UTGST) charged on supply of goods or services or both made to a registered person. It also includes tax paid on reverse charge basis and integrated tax goods and services tax charged on import of goods. It does not include tax paid under composition levy.

## **Q 2. Can GST paid on reverse charge basis be considered as input tax?**

Ans. Yes. The definition of input tax includes the tax payable under the reverse charge.

## **Q 3. Does input tax includes tax (CGST/IGST/SGST) paid on input goods, input services and capital goods?**

Ans. Yes, it includes taxes paid on input goods, input services and capital goods. Credit of tax paid on capital goods is permitted to be availed in one installment.

## **Q 4. Is credit of all input tax charged on supply of goods or services allowed under GST?**

Ans. A registered person is entitled to take credit of input tax charged on supply of goods or services or both to him which are used

or intended to be used in the course or furtherance of business, subject to other conditions and restrictions.

**Q 5. What are the conditions necessary for obtaining ITC?**

Ans. Following four conditions are to be satisfied by the registered taxable person for obtaining ITC: (a) he is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed; (b) he has received the goods or services or both; (c) the supplier has actually paid the tax charged in respect of the supply to the government; and (d) he has furnished the return under section 39.

**Q 6. Where the goods against an invoice are received in lots or installments, how will a registered person be entitled to ITC?**

Ans. The registered person shall be entitled to the credit only upon receipt of the last lot or installment.

**Q 7. Can a person take input tax credit without payment of consideration for the supply along with tax to the supplier?**

Ans. Yes, the recipient can take ITC. But he is required to pay the consideration along with tax within 180 days from the date of issue of invoice. This condition is not applicable where tax is payable on reverse charge basis.

**Q 8. What would happen of the ITC taken by the registered person if he has not paid the consideration along with tax within 180 days from the date of issue of invoice?**

Ans. The amount of ITC would be added to output tax liability of the person. He would also be required to pay interest. However, he can take ITC again on payment of consideration and tax.

**Q 9. Who will get the ITC where goods have been delivered to a person other than taxable person ('bill to' - 'ship to' scenarios)?**

Ans. It would be deemed that the registered person has received the goods when the goods have been delivered to a third party on the direction of such taxable person. So ITC will be available to the person on whose order the goods are delivered to third person.

**Q 10. What is the time limit for taking ITC and reasons therefor?**

Ans. A registered person cannot take ITC in respect of any invoice or debit note for supply of goods or services after the due date for furnishing the return under section 39 for the month of September following the end of financial year to which such invoice/invoice relating to debit note pertains or furnishing of the relevant annual return, whichever is earlier. So, the upper time limit for taking ITC is 20th October of the next FY or the date of filing of annual return whichever is earlier. The underlying reasoning for this restriction is that no change in return is permitted after September of next FY. If annual return is filed before the month of September, then no change can be made after filing of annual return.

**Q 11. Where the registered taxable person has claimed depreciation on the tax component of the cost of capital goods under the provisions of the Income Tax Act, 1961, will ITC be allowed in such cases?**

Ans. The input tax credit shall not be allowed on the said tax component in respect of which depreciation has been claimed.

**Q 12. Is credit of tax paid on every input used for supply of taxable goods or services or both is allowed under GST?**

Ans. Yes, except a small list of items provided in the law, the credit is admissible on all items. The list covers mainly items of personal consumption, inputs use of which results into formation of an immovable property (except plant and machinery),

telecommunication towers, pipelines laid outside the factory premises, etc. and taxes paid as a result of detection of evasion of taxes.

**Q 13. A taxable person is in the business of information technology. He buys a motor vehicle for use of his Executive Directors. Can he avail the ITC in respect of GST paid on purchase of such motor vehicle?**

Ans. No. ITC on motor vehicles can be availed only if the taxable person is in the business of transport of passengers or goods or is providing the services of imparting training on motor vehicles.

**Q 14. Sometimes goods are destroyed or lost due to various reasons? Can a person take ITC to the extent of such goods?**

Ans. No, a person cannot take ITC with respect to goods lost, stolen, destroyed or written off. In addition, ITC with respect of goods given as gifts or free samples are also not allowed.

**Q 15. Can a registered person get ITC with respect of goods or services used for construction of a building for business purposes?**

Ans. No. ITC on goods or services by a person for construction of immovable property, other than plant and machinery, is not allowed. Plant and machinery cover only apparatus, equipment, and machinery fixed to earth by foundation or structural support, and excludes land and building, among other things.

**Q 16. What is the ITC entitlement of a newly registered person?**

Ans. A person applying for registration can take input tax credit of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration. If the person was liable to take registration and he has applied for registration within thirty days from the date

on which he became liable to registration, then input tax credit of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date on which he became liable to pay tax can be taken.

**Q 17. What is the eligibility of input tax credit on inputs in stock for a person who obtains voluntary registration?**

Ans. The person who obtains voluntary registration is entitled to take the input tax credit of input tax on inputs in stock, inputs in semi-finished goods and finished goods in stock, held on the day immediately preceding the date of registration.

**Q 18. What would be input tax eligibility in cases where there is a change in the constitution of a registered person?**

Ans. The registered person shall be allowed to transfer the input tax credit that remains unutilized in its electronic credit ledger to the new entity, provided that there is a specific provision for transfer of liabilities.

**Q 19. Where goods or services or both received by a taxable person are used for effecting both taxable and non-taxable supplies, whether the input tax credit is available to the registered taxable person?**

Ans. The input tax credit of goods or services or both attributable only to taxable supplies can be taken by registered person. The manner of calculation of eligible credit would be provided by rules.

**Q 20. If input tax credit is allowed only in respect of goods or services or both for effecting taxable supplies, would it not lead to loss of input tax credit on exempt supplies when exported?**

Ans. Zero-rated supplies have been covered within taxable supplies for the purpose of allowing input tax credit. The scope of zero-rated supply is provided in the Integrated Goods and Services Tax Act

which includes even exempt supplies.

**Q 21. Which of the following is included for computation of taxable supplies for the purpose of availing credit? (a) Zero-rated supplies (b) Exempt supplies (c) Both**

Ans. Zero rated supplies.

**Q 22. Where goods or services received by a registered person are used partly for the purpose of business and partly for other purposes, whether the input tax credit is available to the person?**

Ans. The input tax credit of goods or services or both attributable only to the purpose of business can be taken by registered person. The manner of calculation of eligible credit would be provided by rules.

**Q 23. A person paying tax under compounding scheme crosses the compounding threshold and becomes a regular taxable person. Can he avail ITC and if so from what date?**

Ans. He can avail ITC in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods (reduced by prescribed percentage points) on the day immediately preceding the date from which he ceases to be eligible for composition scheme. The manner of calculation of eligible credit would be provided by rules.

**Q 24. Are there any special provisions in respect of banking companies?**

Ans. A banking company or a financial institution including a non-banking financial company engaged in supply of specified services would either avail proportionate credit or avail 50% of the eligible input tax credit.

**Q 25. Mr. A, a registered person was paying tax under composition scheme up to 30th July, 2017. However, w.e.f 31st July, 2017, Mr. A becomes liable to pay tax under regular scheme. Is he eligible for ITC?**

Ans. Mr. A is eligible for input tax credit on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods (reduced by such percentage points as may be prescribed) as on 30th July, 2017.

**Q 26. Mr. B applies for voluntary registration on 5th June, 2017 and obtained registration on 22nd June, 2017. Mr. B is eligible for input tax credit on inputs in stock as on.....**

Ans. Mr. B is eligible for input tax credit on inputs held in stock and inputs contained in semi-finished or finished goods held in stock as on 21st June, 2017. Mr. B cannot take input tax credit in respect of capital goods.

**Q 27. What would happen to the input tax credit availed by a registered person who opts for composition scheme or where the goods or services or both supplied by him become wholly exempt?**

Ans. The registered person has to pay an amount equal to the input tax credit in respect of stocks held on the day immediately preceding the date of exercise of option or date of exemption. In respect of capital goods, the payable amount would be calculated by reducing by a prescribed percentage point. The payment can be made by debiting electronic credit ledger, if there is sufficient balance in the credit ledger, or by debiting electronic cash ledger. If any balance remains in the credit ledger, it would lapse.

**Q 28. Is there any restriction on period for availment of ITC?**

Ans. In cases of new registration, change from composition to normal scheme, from exempt to taxable supplies, the concerned person

cannot avail ITC after the expiry of one year from the date of issue of tax invoice relating to such supply.

**Q 29. What happens where the details of inward supplies furnished by the recipient do not match with the outward supply details furnished by the supplier in his valid return?**

Ans. In case of mismatch, the communication would be made to the both parties. If the mismatch is not rectified, then the amount will be added to the output liability of recipient in the return for the month succeeding the month in which discrepancy is communicated.

**Q 30. Is input tax credit allowed only after matching?**

Ans. No, input tax credit is allowed provisionally for two months. The supply details are matched by the system and discrepancies are communicated to concerned supplier and recipient. In case mismatch continues, the ITC taken would be reversed automatically.

**Q 31. Can provisionally allowed ITC be used for payment of all liabilities?**

Ans. No, provisionally allowed ITC can be used only for the payment of self-assessed output tax in the return.

**Q 32. What will be the tax impact when capital goods on which ITC has been taken are supplied by taxable person?**

Ans. In case of supply of capital goods or plant and machinery on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by the percentage points as may be specified in this behalf or the tax on the transaction value of such capital goods, whichever is higher.

**Q 33. What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods?**

Ans. The registered person would pay an amount equal to ITC reduced by prescribed percentage point or tax on the transaction value, whichever is higher. But in case of refractory bricks, moulds and dies, jigs and fixtures when these are supplied as scrap, the person can pay tax on the transaction value.

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# FAQs on Transition

**Q 1. Will CENVAT credit (or VAT credit) carried forward in the last return prior to GST under existing law be available as ITC under GST?**

Ans. A registered person, other than a person opting to pay tax under composition scheme, shall be entitled to take credit in his electronic credit ledger the amount of CENVAT (or VAT credit) credit carried forward in the return of the last period before the appointed day, subject to the conditions stated therein. (Section 140(1) of the CGST/SGST Act)

**Q 2. What are those conditions?**

Ans. The conditions are that: -

- (i) the said amount of credit is admissible as input tax credit under this Act;
- (ii) the registered person has furnished all the returns required under the existing law (i.e. Central Excise and VAT) for the period of six months immediately preceding the appointed date;
- (iii) the said amount of credit does not relate to goods sold and claiming refund of VAT paid thereon Under SGST law there will be one more condition as given below: - So much of the said credit as is attributable to any claim related to

section 3, sub-section (3) of section 5, section 6, section 6A or sub-section (8) of section 8 of the Central Sales Tax Act, 1956 that is not substantiated in the manner, and within the period, prescribed in rule 12 of the Central Sales Tax (Registration and Turnover) Rules, 1957 shall not be eligible to be credited to the electronic credit ledger: However, an amount equivalent to the credit specified above shall be refunded under the existing law when the said claims are substantiated in the manner prescribed in rule 12 of the Central Sales Tax (Registration and Turnover) Rules, 1957.

**Q 3. A registered person, say, purchases capital goods under the existing law (Central Excise) in the June quarter of 2017-18. Though the invoice has been received within 30th June but the capital goods are received on 5th July, 2017 (i.e. in GST regime). Will such a person get full credit of CENVAT in GST regime?**

Ans. Yes, he will be entitled to credit in 2017-18 provided such a credit was admissible as CENVAT credit in the existing law and is also admissible as credit in CGST - section 140(2) of the CGST Act.

**Q 4. VAT credit was not available on items 'X' & 'Y' as capital goods in the existing law (Central Excise). Since they are covered in GST, can the registered taxable person claim it now?**

Ans. He will be entitled to credit only when ITC on such goods are admissible under the existing law and is also admissible in GST. Since credit is not available under the existing law on such goods, the said person cannot claim it in GST – proviso to section 140(2) of the SGST Act.

**Q 5. Will ITC be allowed to a service provider on VAT paid inputs held as stock on the appointed day?**

Ans. Yes, he will be entitled to input tax credit on inputs held in stock

in accordance with the provisions of section 140(3).

**Q 6. A registered person has excess ITC of Rs 10, 000/- in his last VAT return for the period immediately preceding the appointed day. Under GST he opts for composition scheme. Can he carry forward the aforesaid excess ITC to GST?**

Ans. The registered person will not be able to carry forward the excess ITC of VAT to GST if he opts for composition scheme – Section 140(1).

**Q 7. Sales return under CST (i.e. Central Sales Tax Act) is allowable as deduction from the turnover within six months? If, say, goods are returned in GST regime by a buyer within six months from appointed day, will it become taxable in GST?**

Ans. Where tax has been paid under the existing law [CST, in this case] on any goods at the time of sale, not being earlier than six months prior to the appointed day, and such goods are returned by the buyer after the appointed day, the sales return will be considered as a supply of the said buyer in GST and tax has to be paid on such supply, if, – (i) the goods are taxable under the GST Law; and (ii) the buyer is registered under the GST Law. However, the seller is entitled to refund of such tax [CST, in this case] paid under the existing law if the aforesaid buyer is an unregistered person under GST and the goods are returned within 06(six) months (or within the extended period of maximum two months) from the appointed day and the goods are identifiable - Section 142(1).

**Q 8. Shall a manufacturer or a job worker become liable to pay tax if the inputs or semi-finished goods sent for job work under the existing law are returned after completion of job work after the appointed day?**

Ans. No, tax will be payable by the manufacturer or the job worker under the following circumstances: – (i) Inputs/ semi-finished

goods are sent to the job worker in accordance with the provisions of the existing law before the appointed day. (ii) The job worker returns the same within six months from the appointed day (or within the extended period of maximum two months). (iii) Both the manufacturer and the job worker declare the details of inputs held in stock by the job worker on the appointed day in the prescribed form. The relevant sections are 141(1), 141(2) & 141 (4). However, if the said inputs/semi- finished goods are not returned within six months (or within the extended period of maximum two months), the input tax credit availed is liable to be recovered.

**Q 9. What happens if the job worker does not return the goods within the specified time?**

Ans. Tax will be payable by the job worker on the said goods if they are not returned to the place of business of the manufacturer within six months (or within the extended period of maximum two months) from the appointed day – Section 141(1), 141(2).

**Q 10. Can a manufacturer transfer have finished goods sent for testing purpose to the premises of any other taxable person?**

Ans. Yes, a manufacturer can transfer finished goods sent for testing purpose to the premise of any other registered person on payment of tax in India or without payment of tax for exports within six months (or within the extended period of maximum two months)– section 141(3)

**Q 11. If finished goods removed from a factory for carrying out certain processes under existing law are returned on or after the appointed day, whether GST would be payable?**

Ans. No tax under GST will be payable if finished goods removed from factory prior to the appointed day to any other premise for carrying out certain processes are returned to the said factory

after undergoing tests or any other process within six months (or within the extended period of maximum two months) from the appointed day - section 141(3).

**Q 12. When tax shall become payable in GST on manufactured goods sent to a Job worker for carrying out tests or any other process not amounting to manufacture under the existing law?**

Ans. Tax will be payable in GST on manufactured goods sent to a job worker prior to the appointed day for carrying out tests or any process not amounting to manufacture under the existing law if such goods are not returned to the manufacturer within six months (or within the extended period of maximum two months) from the appointed day. Further, the input tax credit enjoyed by the manufacturer will liable to be recovered if the aforesaid goods are not returned within six months from the appointed day. – Section 141(3)

**Q 13. Is extension of two months as discussed in section 141 automatic?**

Ans. No, it is not automatic. It may be extended by the Commissioner on sufficient cause being shown.

**Q 14. What is the time limit for issue of debit/credit note(s) for revision of prices?**

Ans. The taxable person may issue the debit/credit note(s) or a supplementary invoice within 30 days of the price revision. In case where the price is revised downwards the taxable person will be allowed to reduce his tax liability only if the recipient of the invoice or credit note has reduced his ITC corresponding to such reduction of tax liability—section 142(2).

**Q 15. What will be the fate of pending refund of tax/interest under the existing law?**

Ans. The pending refund claims will be disposed of in accordance with the provisions of the existing law – section 142(3).

**Q 16. What will be fate of any appeal or revision relating to a claim of CENVAT/ITC on VAT which is pending under the existing law? If say, it relates to output liability then?**

Ans. Every proceeding of appeal, revision, review or reference relating to a claim for CENVAT/input tax credit or any output tax liability initiated whether before, on or after the appointed day, will be disposed of in accordance with the existing law and any amount of credit of CENVAT/ input tax credit or output tax found admissible for refund will have to be refunded in accordance with the existing law. However, any amount which becomes recoverable will have to be recovered as arrears of tax under the GST Law---Section 142(6)/142(7).

**Q 17. If the appellate or revisional order goes in favour of the assessee, whether refund will be made in GST? What will happen if the decision goes against the assessee?**

Ans. The refund will be made in accordance with the provisions of the existing law only. In case any recovery is to be made then, unless recovered under existing law, it will be recovered as an arrear of tax under GST – sections 142(6) & 142(7)

**Q 18. How shall the refund arising from revision of return(s) furnished under the existing law be dealt in GST?**

Ans. Any amount found to be refundable as a consequence of revision of any return under the existing law after the appointed day will be refunded in cash in accordance with the provisions of the existing law – section 142(9)(b).

**Q 19. If any goods or services are supplied in GST, in pursuance of contract entered under existing law, which tax will be payable?**

Ans. GST will be payable on such supplies– section 142(10) of the CGST Act.

**Q 20. Tax on a particular supply of goods/services is leviable under the existing law. Will GST be also payable if the actual supply is made in GST regime?**

Ans. No tax will be payable on such supply of goods/services under GST to the extent the tax is leviable under the existing law – section 142(11).

**Q 21. In pursuance of any assessment or adjudication proceedings instituted, after the appointed day, under the existing law, an amount of tax, interest, fine or penalty becomes refundable. Shall such amount be refundable under the GST law?**

Ans. No refund of such amount will be made in cash under the existing law – section 142(8)(b) of the CGST Act.

**Q 22. If services are received by ISD under the earlier law, can the ITC relating to it be distributed in GST regime?**

Ans. Yes, irrespective of whether the invoice(s) relating to such services is received on or after the appointed day – section 140(7) of the CGST Act.

**Q 23. Where any goods are sold on which tax was required to be deducted at source under State VAT law and an invoice was also issued before the appointed day, shall deduction of tax at source shall be made under this Act if the payment is made after the appointed day?**

Ans. No, in such case no deduction of tax at source shall be made under GST.

**Q 24. Goods were sent on approval not earlier than six months before the appointed day but are returned to the seller after 6 months from the appointed day, will tax be payable under GST?**

Ans. Yes, if such goods are liable to tax under GST and the person who has rejected or has not approved the goods, returns it after 6 months (or within the extended period of maximum two months) from the appointed day. In that case tax shall also be payable by the person who has sent the goods on approval basis- section 142(12).

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# FAQ on Migration of VAT Dealers in Delhi

**Q 1. What shall I do if I have already got Application Reference Number (ARN)?**

Ans. If you have already submitted the GST Enrolment Application using Digital Signature or e-sign facility and got the ARN and your status in GST portal is shown as “Migrated”, you have nothing to do right now.

**Q 2. What should I do if he has not got the ARN even after successfully completing the registration procedures?**

Ans. Firstly, he has to check whether he has submitted it after properly signing it with DSC or e-Sign. If yes, then the dealer should write to Helpdesk of the GST portal ‘www.gst.gov.in’ with relevant screenshots attached, or resubmit the application with DSC or e-sign.

**Q 3. I have not yet received Provisional ID and Password for GST Migration. What shall I do?**

Ans. If you have not received login credentials (provisional ID and password), it would be due to either of the reasons:

- It’s a case of new registration
- There is mismatch in PAN, Trade Name, Legal Name etc.

In a case where there is a mismatch issue with the PAN details, you

need to contact the assessing officer at their respective charge with copy of PAN Card and get the details rectified if they are incorrect. You should also ensure that the details are correctly updated in the database of Department. You should now look for Provisional ID in Dealer's Profile.

In a case where you are a newly registered dealer, separate timelines would be provided for migration. You need to wait for Provisional ID to be available in Dealer's Profile.

You should keep checking his Dealer's Profile page in Department website for any update on Provisional ID and also keep in touch with the Assessing Officer.

**Q 4. What should I do if the provisional ID has incorrect PAN number?**

Ans. In such a case you should contact the Assessing Officer at your respective charge with copy of PAN Card and get the details rectified if they are incorrect. You should also ensure that the details are correctly updated in the database.

**Q 5. What should be done to receive the provisional user ID and password after the amendment for incorrect PAN has been done?**

Ans. The new login credentials would be reflected in your Dealer's Profile page on Department portal, once the fresh login credentials (after corrections) have been conveyed to the Trade & Taxes Department by GSTN.

**Q 6. What should be done if it shows that the user ID and password has already been activated?**

Ans. Firstly, you should try and remove all the cookies, temp files, cache and internet history, close the browser completely and then try to log in again. If it does not work even after that, you should contact the Helpdesk in the GST portal 'www.gst.gov.in'. The helpdesk

details are provided under the “Contact Us” tab in the portal.

**Q 7. Are changes in Legal Name, State Name and PAN permissible in the enrolment application?**

Ans. No. Not permissible.

**Q 8. What shall I do if there are amendments after I got Provisional ID and Password?**

Ans. If any core field (Legal Name, PAN or Trade Name) has been changed after getting the provisional user id and password, there will be mismatch of information between GST and VAT data and in that case you cannot submit Enrolment Application. You will be given Provisional ID and Password afresh after rectification of GST data and then you will be able to upload the Enrolment Form.

**Q 9. What to do if I have not yet generated GST User ID and Password?**

Ans. If you have got the Provisional ID and Password but are yet to generate User ID and Password in GST, you need to generate it and submit the Enrolment Application positively by 15th March, 2017.

**Q 10. Is it possible that the provisional ID and password disappear from the existing Dealer’s Profile without it being activated?**

Ans. The provisional user ID and password disappears from the Dealer’s Profile only after it has been activated. The dealer then needs to use the new user id and password for logging into his profile in order to complete the migration procedure.

**Q 11. What to do after I have generated GST User ID and Password?**

Ans. If you have generated user id and password in GST using your provisional id and password, you need to upload the Enrolment

Application and submit it using Digital Signature or e-sign.

**Q 12. What information should be available with the dealer before they start enrolling in GSTN portal?**

Ans. Before enrolling with GST System Portal, you must ensure to have the following information available with you: -

- Provisional ID and password
- Valid Email Address
- Valid Mobile Number
- Bank Account Number
- Bank IFSC
- Valid DSC/e-sign (mobile-linked Aadhaar No.) of the Primary Authorised Signatory, registered with GST.

**Q 13. Which are the fields for which information needs to be furnished while registering in GST?**

Ans. Information on the following fields need to be furnished:

- Business Details
- Promoters / Partners Details
- Authorized Signatory Details
- Details of Principal Place of Business
- Details of Additional Place of Business
- Details of Goods & Services dealt in
- Details of Bank Accounts

**Q 14. Whose email ID and mobile number should be provided in GSTN portal for future correspondence?**

Ans. The email address and mobile number of the Primary Authorized Signatory appointed by the dealer (or his own email id and mobile number) must be provided. All future correspondences/communications from the GSTN System Portal will be sent on

the registered mobile Number and email address only.

**Q 15. What are the documents that are required for enrolment in GST?**

Ans. The documents that are required are listed below:

Details	Documents required	File format and maximum size for uploading
Business Detail	1. Registration certificate 2. Partnership deed (if applicable)	PDF/JPEG(1MB)
Promoters/Partners	Photograph (for each)	JPEG(100KB)
Authorized Signatory	1. Proof of appointment 2. Photo	PDF/JPEG(1MB) JPEG(100KB)
Principal/Additional Places of Business	Address proof (for each)	PDF/JPEG(1MB)
Bank Accounts	Statement/First page (for each)	PDF/JPEG(1MB)

**Q 16. Who is a Primary Authorized Signatory?**

Ans. A Primary Authorized Signatory is the person who is primarily responsible to perform action on the GST System Portal on behalf of taxpayer. The table below presents the person who can be the Primary Authorized Signatory for using DSC/e-Sign facility:-

Sl No	Constitution	Who can sign
1	Proprietor	Proprietor
2	Partnership	Managing partner
3	HUF	Karta
4	Company/LLP	Authorized Signatories, duly authorized by the Board of the Company/LLP
5	Trust registration	Managing trustee
6	Association of persons	Authorized Signatories, duly authorized by the management
7	Club, Society	Authorized Signatories, duly authorized by the management committee
8	Local authority	Authorized Signatories

9	Statutory Body	Authorized Signatories
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**Q 17. Who can e-sign the Enrolment Application? Who can use Digital Signature for submission? Is there any rule?**

Ans. Companies, Foreign Companies, Limited Liability Partnership (LLPs) and Foreign Limited Liability Partnership (FLLPs) shall have to mandatorily submit Enrolment Application using DSC. Others may opt for submitting it with e-Sign facility. They may also opt for DSC.

For e-sign, the mobile number of the Primary Authorised Signatory has to be registered with the Aadhaar Number as the OTP shall be sent to his/her registered mobile number. The Aadhaar Number should also be mentioned in the Enrolment Application.

For Digital Signature (DSC), the existing Class 2B DSC used in VAT shall not work as it is of business type. You need to use the DSC (Class 2 and Class 3 only) of the Primary Authorised Signatory as given by you in Enrolment Application. You cannot submit the Enrolment Application if your DSC is not registered with the GST Common Portal. During registration of DSC with the GST Common Portal, the PAN of the DSC holder will be matched with the PAN database of the CBDT.

**Q 18. If I have more than one bank account, shall the details of such accounts be included while registering in GST?**

Ans. Yes, details of up to 10 bank accounts can be added while filling up registration details.

**Q 19. How can I find out his ward/circle/sector number?**

Ans. You need to refer to VAT Registration Certificate to find Ward / Circle / Sector No.

**Q 20. Where shall I get to know about HSN Code?**

Ans. For HSN Code and Service Account Code please consult CBEC website or <https://www.gst.gov.in/documents/HSN.pdf>.

**Q 21. What shall I do if, after successful migration, some error is detected or there is some change in the information submitted?**

Ans. In case you have successfully migrated to GST but have some error or have made any change in any field other than the core fields, you will have to go for amendment after such provision is made available under GST.

**Q 22. Do I need to migrate to GST if my registration certificate is already cancelled?**

Ans. No need not migrate for cancelled dealers. If, in case, you wish, you can register yourself when GST comes.



