



Levy, Collection of Tax, Reverse Charge & Composition Levy under GST

CA Shankara Narayanan V

B.Com, F.C.A, A.C.M.A

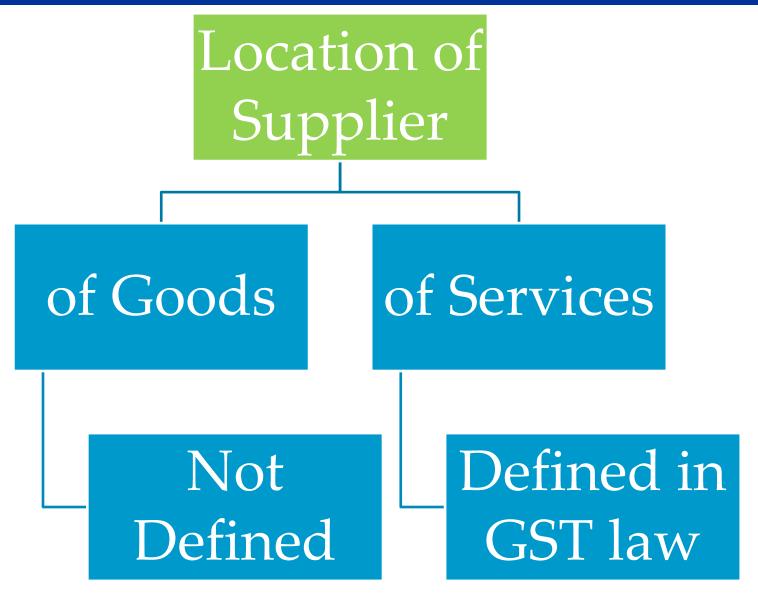
GPVS & Associates, Chennai & Bengaluru

Nature of Supply



Intra State Supply – Sec 8 IGST





Location of Supplier of Services means,—

- a) where a supply is <u>made from a place of business</u> for which the registration has been obtained, the location of such place of business;
- b) where a supply is <u>made from a place other than the</u>

 <u>place of business for which registration</u> has been

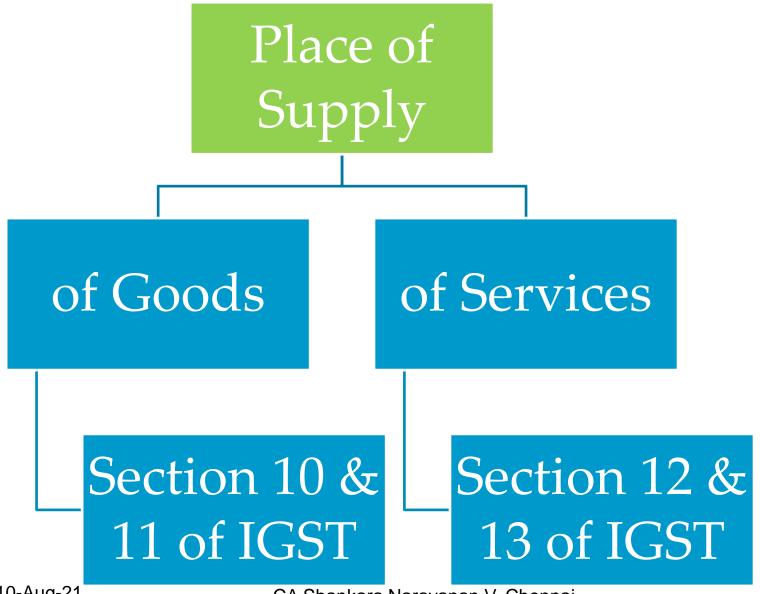
 obtained (a fixed establishment elsewhere), the location

 of such fixed establishment;

Location of Supplier of Services means,—

- c) where a <u>supply is made from more than one</u>

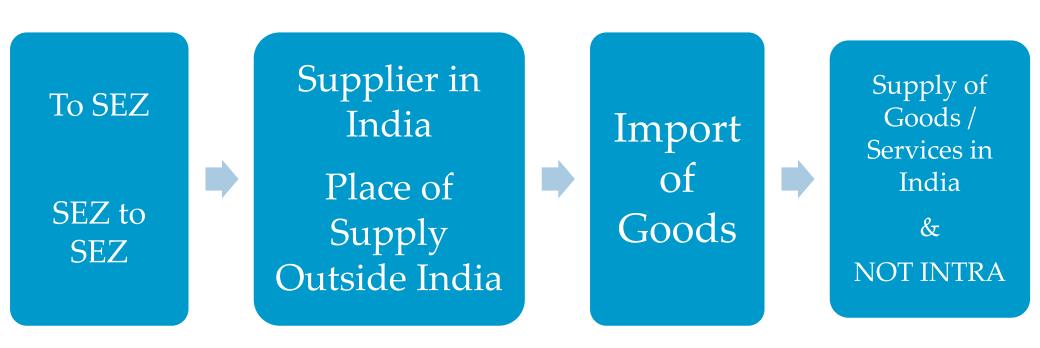
 <u>establishment</u>, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and
- d) in <u>absence of such places</u>, the location of the usual place of residence of the supplier;

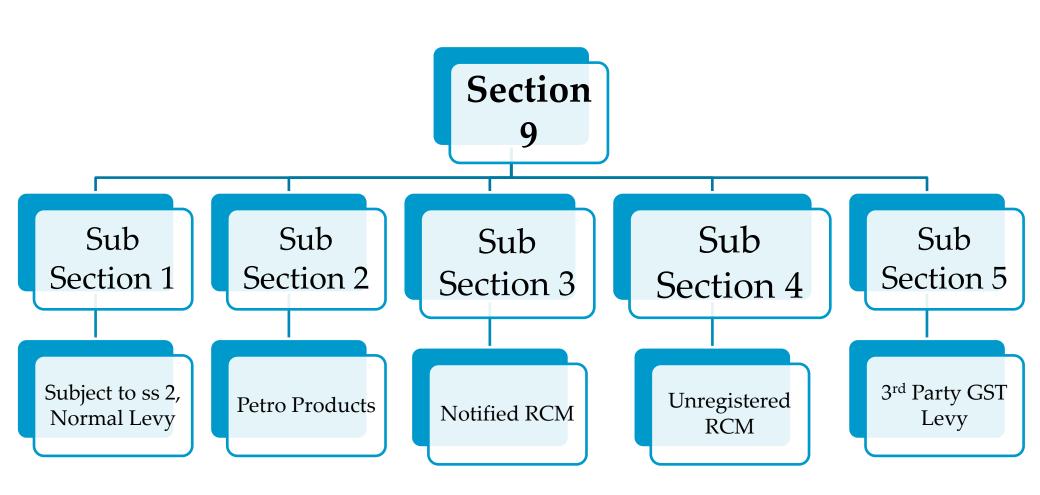


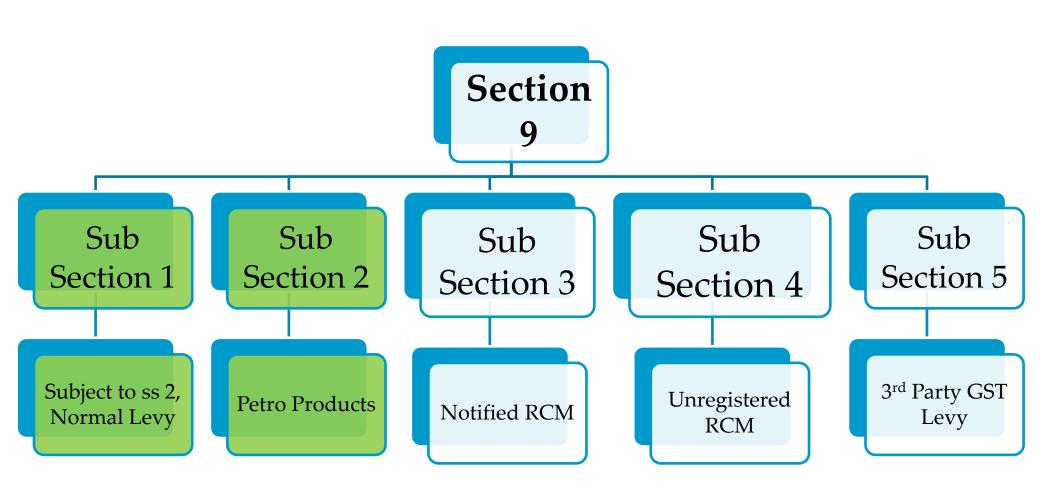


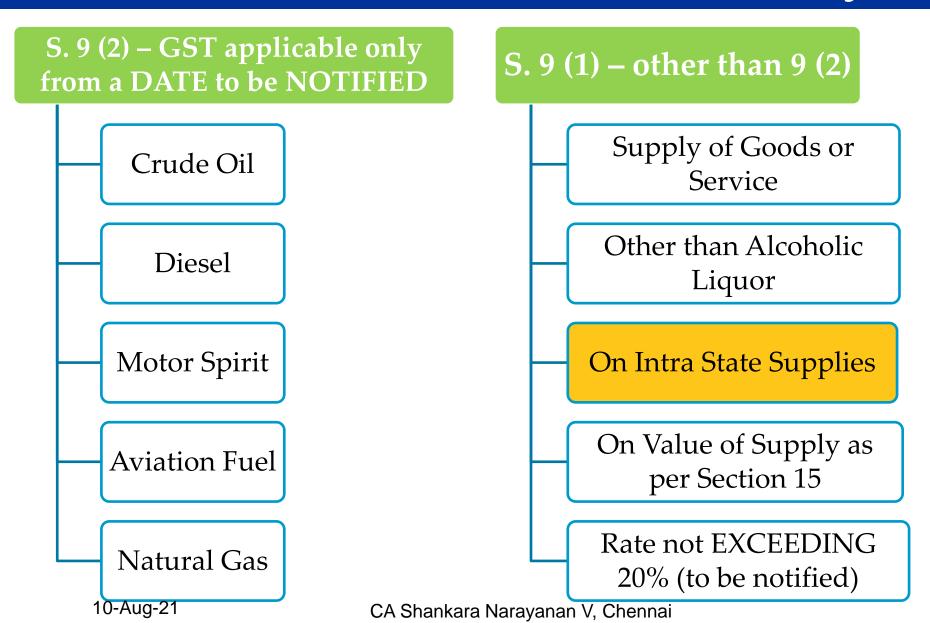
Inter State Supply – Sec 7 IGST

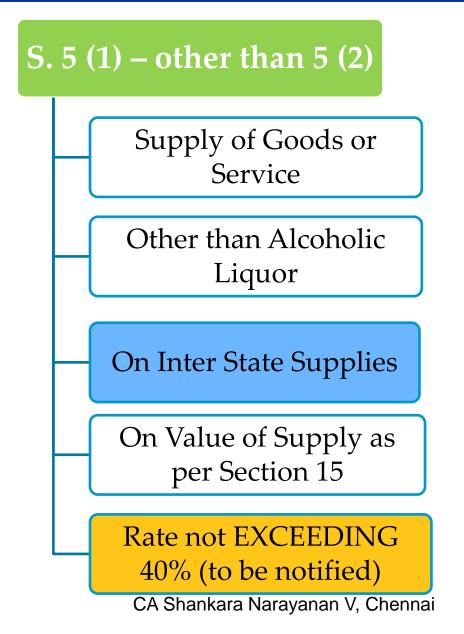








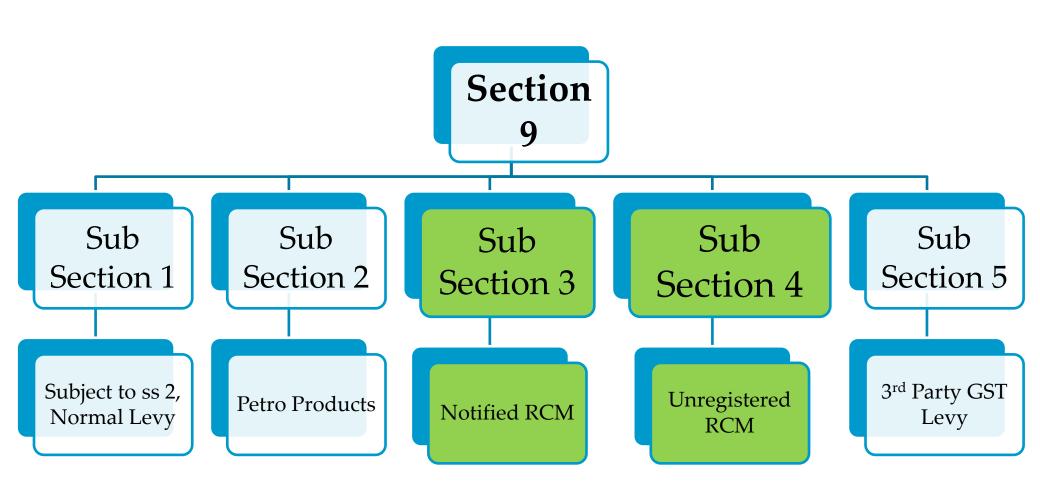




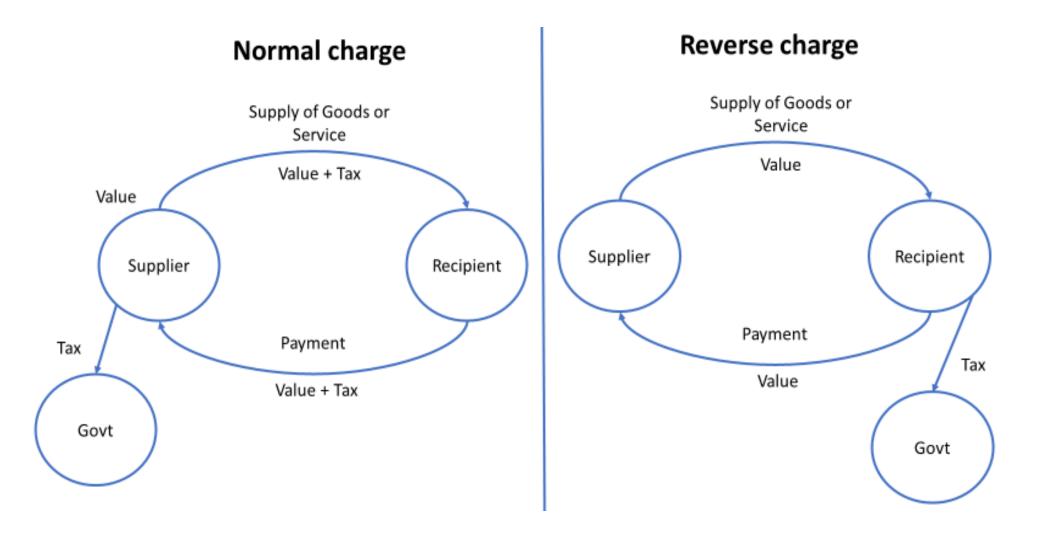
IGST – CGST - OVERVIEW

Transaction Type	Goods	Service
Import	Taxable under IGST, <u>delegated</u> to Customs	Taxable under IGST
Export	Taxable under IGST	Taxable under IGST

Basic Notifications	Goods	Service
Tax Rate –	No. 1/2017	No. 11/2017
CGST	CGST (Rate)	CGST (Rate)
Tax Rate –	No. 1/2017	No. 8/2017
IGST	IGST (Rate)	IGST (Rate)

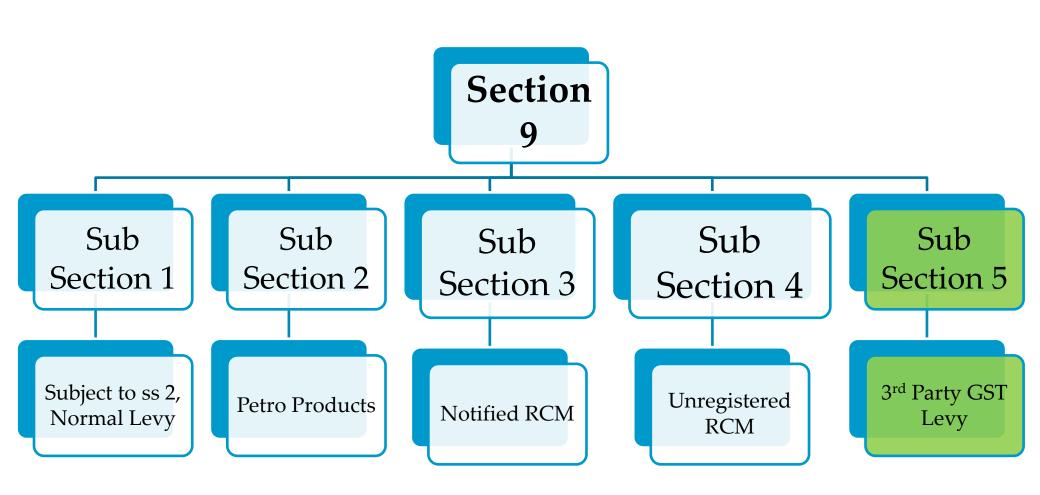


What is RCM – Reverse Charge Mechanism



RCM – Reverse Charge Mechanism in GST Law

Section 9(4) – Section 9(3) – Unregistered Inward **Notified RCM** Supply RCM Goods Goods Services Services



Section 9 (5)

Services through E-Commerce Operator

Not Supplier - Not Recipient

E-Comm Op. LIABLE to PAY

Not in India – Representative To PAY

Section 9 (5)

3 Services Notified

services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor-cycle

Section 9 (5)

services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites for residential or lodging purposes, other than Supplier SELF COMPLIANCE

services by way of house-keeping, such as plumbing, carpentering etc., other than Supplier SELF Compliance

Types of Supply

- Taxable Supply
- Zero Rated Supply
- Exempted Supply
- Not Taxable Supply
- Nil Rated Supply
- Non GST Supply



Checklists & Worksheets – Other Outward Liabilities - RCM

Reverse Charge Section 9 (3)

- Goods
 - Cashew Nuts; Tendu Leaves; Tobacco Leaves
 - Silk yarn; Raw Cotton
 - Goods disposed by Government
 - Lottery

Supply of Goods by Government

Supplier – CG, SG, UT or any Local Authority

Description of Goods

- Used Vehicles,
- Seized & Confiscated Goods,
- Old & used Goods,
- Waste & Scrap

Recipient of Supply

Any Registered Person





List of Services under Reverse Charge in GST

Supply of Service by GTA

Supplier - Goods Transport Agency (GTA)



Nature of Supply

GTA who has not paid GST @ 6% in respect of transportation of goods by road to -

Any Factory,

Society,

Co-operative Society

Registered Person under GST

Body Corporate

Partnership Firm

AOP

Casual Taxable Person

Other than CG, SG, LA & Govt Agencies, Dept. & Establishment

Recipient of Service

Any Factory,

Society,

Co-operative Society

Registered Person under GST

Body Corporate

Partnership Firm (R or UR)

AOP (R or UR)

Casual Taxable Person

Located in Taxable Territory

Legal Consultancy Service by Advocate

<u>Supplier – Individual Advocate, Senior Advocate</u> <u>or Firm of Advocates</u>

Supply of Service

Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly.

Recipient of Service

Any business entity located in the taxable territory.

"Legal Service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.



Sponsorship Services

Supplier – Any Person

Supply of Service

Services provided by way of sponsorship to any body corporate or partnership firm.



Recipient of Service

Any body corporate or partnership firm located in the Taxable Territory.

Business Entity – Any person engaged in business.

<u>Body Corporate – Doses not include Partnership Firm, however Partnership Firm</u> includes LLP.

Services by CG, SG, UT or LA

Supplier - CG, SG, UT or Local Authority

Nature of Supply

Services supplied by the CG, SG, UT or LA to a business entity **excluding**,

- (1) Renting of Immovable Property &
- (2) Services specified below-
 - (i) Services by the Department by way of speed post, express parcel post, life insurance, and agency services provided to a person other than CG, SG or UT or LA;
 - (ii) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
 - (iii) Transport of goods or passengers.

Recipient of Service

Any business entity located in the Taxable Territory.



Services by Director

Supplier - Director of a Company or a Body Corporate

Nature of Supply

Services supplied by a director of a company or a body corporate *to the said company* or the body corporate

Recipient of Service

The company or a body corporate located in the Taxable Territory.



Service of Transfer or Permitting Right to use of Copyright – Other than Author of Books

Supplier – Music Composer, Photographer or Artist

Nature of Supply

Supply of Services by an Author, music composer, photographer, Artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under Copyright Act, 1957 relating to original dramatic, musical or artistic works to a music company, producer or the like.

Recipient of Service

Publisher, Music Company, Producer or the like, located in the Taxable Territory.





Supply of Security Services

Nature of Supply

Security services by any person other than a body corporate (services provided by way of supply of security personnel) provided to a registered person Other than CG, SG, LA & Govt Agencies, Dept. & Establishment or paying tax U/s 10 of CGST Act.

Recipient of Service

A registered person, located in the taxable territory



Amendment w.e.f 01.01.2019

RCM on Renting of Motor Vehicle

Nature of Supply

Services provided by way of renting of a motor vehicle designed to carry passengers by any person other than body corporate where the cost of fuel is included in consideration charged, by service recipient, provided to a body corporate. Does not issue a Tax Invoice charging GST @ 6%.

Amendment – WEF 01.10.2019 CA Shankara Narayanan V

Recipient of Service

Any body corporate located in the taxable territory.



IGST RCM - Import of Service

Supplier –Any person located in a Non-taxable Territory

Nature of Supply

Any service supplied by any person who is located in a Non-Taxable Territory to any person other than Non-Taxable Online Recipient

Recipient of Service

Any person located in the Taxable Territory other than Non-Taxable online Recipient.



Transportation of Goods by Vessel Both SP & SR in NTT

Supplier - Any person located in a Non-Taxable Territory

Nature of Supply

Services supplied by a person located in non- taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.

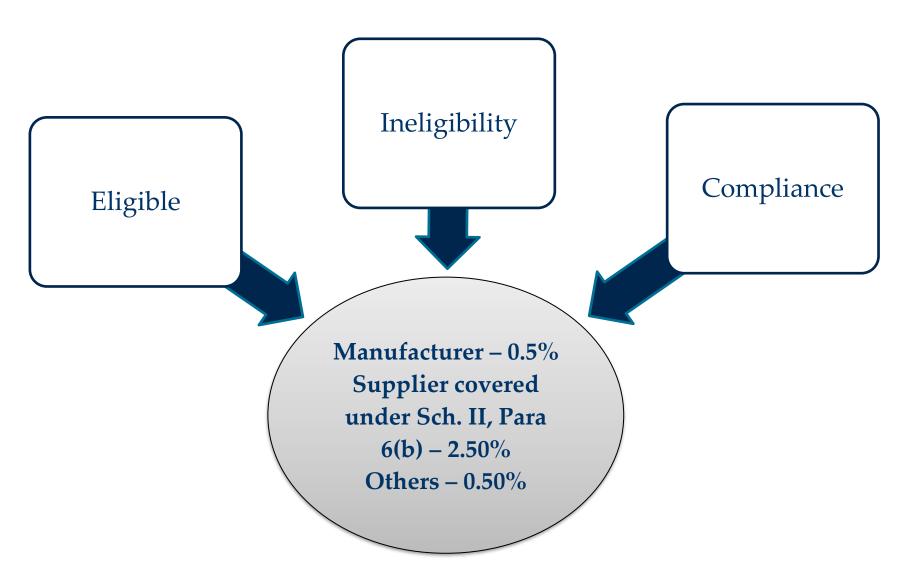
Recipient of Service is also located in Non-Taxable Territory.

Recipient of Service

Importer, as defined in section 2(26) of the Customs Act, 1962, located in the Taxable Territory.



Composition Levy



- No tax to be collected; No Input Tax Credit available
- Aggregate Turnover < Rs. 1.5 Crores* in the preceding FY (all-India basis for taxable persons having same PAN – who shall also opt for composition)

* Turnover Limit is Rs. 75 lakhs for Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh

No composition option in the following specific cases:

Services supplied:

➤ Any / all services (includes goods treated as *supply of services* by Schedule II), other than services covered under Schedule II, Paragraph 6(b) such as Restaurants

– Goods supplied:

- ➤ Non-taxable goods
- ➤ Inter-State outward supplies
- Through e-commerce operators required to collect tax at source under section 52
- ➤ Notified goods manufactured by the supplier

No composition option in the following specific cases:

Manufacture Of:

- Ice cream and other edible ice, whether or not containing cocoa
- Pan masala
- All goods, i.e. Tobacco and manufactured tobacco substitutes
- Aerated Water

Composition Levy – Services

- Option to Pay GST @ 6%
- 3% CGST + 3% SGST
- Conditions similar to goods
- Turnover <= ₹50 lakhs</p>

Composition Levy – Rule 3 of CGST Rules

■ Intimation for Composition Levy:

- Any person applying for registration, if he opts to pay tax under Composition in the Form GST REG-01 then it shall be considered as an intimation;
- Composition Supplier shall intimate in Form <u>GST</u>
 <u>CMP-02</u> prior to commencement of financial year

Composition Levy – Rule 3 of CGST Rules

■ Intimation for Composition Levy:

- Composition Supplier furnish GST CMP-03, details of:
 - Stock
 - Inward supply of goods received from unregistered person
 - held on the preceding day of opting for composition, within 60 days





CA Shankara Narayanan V

Partner, GPVS & Associates Chennai & Bengaluru

Mobile: +91 96000 89209

E- Mail: shankar@gpvs.co.in



Disclaimer: The author of this presentation makes no warrant, and expressly disclaim any obligation, that; (a) the information contained therein will be complete, accurate, or up to date; (b) the results obtained from the use of such information will be accurate or reliable; (c) the quality of such information will meet the users expectation's. The author is not responsible or liable for any loss, claim, delay or damages of any kind that may arise out of or in connected with use of such information. The author expressly disclaims for any act or omission, or any consequences of any act or omission by any user relaying on information provided in this document or interpretation thereof. © 2021 CA Shankara Narayanan V