

The GST Age

Monthly Newspaper for GST Updates

Month | September 2021

GST News

GST Amnesty and revocation of cancelled registration extended

As the month was about to end, Government announced huge relief for the taxpayers by issuing notifications on 29th August 21. The timeline for availing GST amnesty scheme was extended to 30th November 21 while filing of application for revocation of cancellation of registration was extended to 30th September 21.

In Jun 21, Govt came up with GST Amnesty scheme to provide relief by reducing the late fee for non-furnishing of FORM GSTR3B for tax period Jul 17 to Apr 21 provided these old returns are filed by 31st Aug 21, which now has been further extended to 30th Nov 21.

Under GST Amnesty Scheme, reduced late fees for every return is Rs. 500 per month in case of NIL Return and Rs. 1000 per month in other cases.

Govt has also extended timeline for filing application for revocation of cancellation of registration to 30th Sep 21 where application was due between 01st Mar 21 to 31st Aug 21.

This revocation is applicable only when the cancellation has been made by department.

GSTN has also clarified vide press release that this benefit would be applicable in those cases also where the application for revocation of cancellation of registration is either pending with the proper officer or has already been rejected.



Picture: GST Amnesty Scheme Extended



Picture: Taxpayers whose GSTR 3B returns are pending for last two months would not be able to file their sale invoices in GSTR 1/IFF Returns.

Tax Pyramid News Bureau

From 01st Sep GST New Rule to restrict GSTR 1 filing for 3B non-Filers

GSTN System has announced that from 01st Sep 2021 GSTR1 filing would not be allowed in those cases where GSTR 3B returns has not been filed for last two months by monthly return filers and for the last quarter by quarterly return filers.

This is due to the fact that from 01st September 2021, Rule 59(6) of CGST Rules 2017 would come into effect and GSTN system has made suitable arrangement to implement it

As per Rule 59(6), a registered person shall not be allowed to file the outward supplies return in Form GSTR 1, if he has not filed GSTR 3B return for preceding two months. And in regard to the registered person who has opted for quarterly return filing (QRMP) Scheme, then he shall also not be allowed to file outward supplies return in Form GSTR 1 or using IFF, if he has not filed GSTR 3B return for the last quarter.

This restriction has been brought by the Government to check those taxpayers who used to file GSTR 1 where in sale invoices details are submitted on the portal but don't file GSTR 3B return through which tax is deposited to the government.

Tax Pyramid is of the view that this will help the government to ensure timely collection of the taxes.

Sellers are under pressure from purchasers to file GSTR 1 so that the invoice becomes visible in GSTR 2A of the purchaser and allow him to take ITC against it. But there is no such pressure to file GSTR 3B.

Linking GSTR 3B filing with GSTR 1 is a welcome step and would ensure timely compliance. It would also help the taxpayers as timely return filings would also ensure taxpayers to not let pending returns getting piled up.

Major Steel Co. in Fake ITC scam

GST News

A multi crore Fake ITC scam has been busted by GST Commissionerate involving major steel manufacturing concern. (Read Full News)

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Recent Judgement and Advance Rulings

GST Case Laws

The current issue covers all the important GST related Court Judgements and Advance Rulings issued in the month of Aug 21 (Read All)

Page 03 & 04

All Notifications of Aug-21 Explained

GST Updates

Update yourself with all the latest GST Notifications issued by CBIC in Aug 21 along with other GST related updates related to GSTN portal

Page 05

GST News

Shocking!!! Major Steel Manufacturing Found Allegedly Involved in Fake ITC

A Multi crore fraud has been detected by the Central Goods and Service Tax Commissionerate who has carried out searches simultaneously at nine locations across states of Uttar Pradesh, Jharkhand, Uttarakhand and Delhi.

Rs. 5 crores are said to have been recovered in the search operation carried out. As per reports published in various newspaper daily, CGST Commissionerate has detected evasion of GST worth of several crores and the firm found to have been involved is based in Uddham Singh Nagar District of Uttarakhand.

As reported, the department on the basis of intelligence inputs, an investigation was started against Galwalia Ispat Udyog Pvt. Ltd, Kashipur.



As reported by the newspaper, GST Commissionerate has detected a tax evasion of around Rs. 8 crores.

The firm is alleged to have been using fake ITC to reduce its output tax liability against the supplies made by firm causing loss of revenue to the government.

The department has said that as per input available, it seems that the firm was availing the input tax credit against the invoices issued by either the non-existent firms or by firms without actual supply of goods taking place.

What's more shocking is the fact that the alleged firm is a major steel manufacturing concern of the region and was incorporated way back in the year of 1985. The fake ITC mode is being adopted by the concerns which are well established in their field and operating since long.

Tax pyramid team has tried to contact the GST Department officials for confirmation, inputs and comments on the news.

Investigation is still underway in the subject.



Picture: Government has achieved 26.6% of budget estimate for Financial Year 2021-22 GST Collection in first quarter of the year.

In Qtr. 1, Govt achieves 26.6% of budget estimate for FY 21-22 GST collection

On 9th Aug, Minister of State for Finance, Pankaj Chaudhary replied to a written question in Lok Sabha that net GST Collections which include CGST, IGST and Compensation Cess in Q1 was over Rs.1.67 lac crore. It is 26.6% of budget estimate of Rs.6.3 lac Crore

In Fiscal 2020-21, govt achieved 106.4% of revised estimate of Rs.5.15 lac Crore & In 2019-20, 97.8% of Revised Estimate. Minister of State for Finance said "Govt has been making concerted efforts to raise tax revenue collections which inter-alia includes GST rate rationalization to improve tax compliance, e-invoice system,

mandatory e-filing and e-payment of taxes, penalty for delayed payment, extensive use of third-party sources such as State VAT dept, Income Tax etc., for compliance verification, regular enforcement & compliance of tax returns".

"Further, system based analytical tools and system generated red flag reports are shared with central as well as state tax authorities to take action against tax evaders. E-way bill squads have been activated for the purpose of random verification of the goods in transit" he added.

Tax Pyramid News Bureau

GST Collections of Aug-21 reaches Rs. 1.12 lac crores

GST Collections once again crosses 1 lac crore in Aug 21 as it stood at Rs. 1,12,020/- crores.

This has been the second consecutive month to cross 1 lac crore mark after the dip in June 21 due to the second Covid wave when it stood only at Rs. 92,849/- crores. Before the month of June 21, government has been posting 1 lac crore GST collections for nine months in a row

Aug 21 GST revenue collections when compared with the same month last year, it shows growth of 30% over Aug 20 GST revenue figures.

Consistent 1 lac crore figures over last two months also are result of ease of Covid restrictions and recovery. Government in its notification dated 01st Sep 2021 has given credit to anti-evasion activities especially action against fake billers contributing to enhanced GST collections



Picture: GST Collections in Aug 21 crosses 1 lac crore

GST News

Govt. plans to put on hold the GST rate cut on automobiles



The automobile industry has been demanding the cut in GST rates on the automobile products which earlier even Govt. has given signs of agreement. But it seems now that Govt is not likely to give in to the demand of GST rate cut

on automobiles in near future as per several media reports quoting finance ministry sources.

Due to that fact that sale of vehicles across the spectrum have picked up in recent times, it seems that the possible GST rate cut has been put on hold by the government.

Currently applicable GST rate on automobiles excluding electric vehicles and ambulances are 18% and 28%. GST rate on electric vehicles are 5% while ambulances attract 12% GST rate. Apart from GST, Cess at Central level and road tax at state level are also levied on vehicles.

Last year when the automobiles sales were drastically down due to covid and lockdown, Finance Ministry has indicated the announcement of incentives including possible GST rate for automobile industry. The news was that GST rate cut on vehicles might be reduced by 10% across all categories.

Total vehicle production has increased by 54.73% in June 21 to 16.93 lac units compared to June 20 while export has increased by 81.70% for the same period.

GST News

No GST on 'Papad' of any Shape: CBIC corrects Harsh Goenka

CBIC clarified that 'Papad' of any shape is doesn't attract GST levy in response to a post on social media by Harsh Goenka, chairman of RPG Enterprise.

Mr. Goenka tweeted "Did you know that a round papad is exempt from GST and a square papad attracts GST? Can anyone suggest a good chartered accountant who can make me understand the logic?"

In response of it, CBIC along with Entry No. and Notification No. clarified that Papad is exempt from GST with no distinguishment on the basis of shape.



GST Case Law

Charges other than Construction Services will attract 18% GST: Mah AAR

In advance ruling sought by Puranik Builders, Maharashtra Advance Ruling Authority held that 'Other Charges' received along with main residential construction services provided by the builder or real estate service provider for construction of residential unit are not naturally bundled services. They cannot be termed as composite supplies and shall be charged at independently applicable GST rates.

While entering into the agreement or while giving possession of the residential property, the builder tends to collect various other charges from the customer such as development charges, meter charges, advance maintenance, infrastructure charges, legal fees along with the main residential construction services.

In regard to supply of construction service which involves the transfer of land or undivided share of land, value of supply for GST calculation is equivalent to the total amount charged against construction service reduced by one third value of such

construction service. The rebate of one third value is provided on account of transfer of land or undivided share of land.

Now the issue here was that if other charges along with main construction services are considered as composite supply, then the GST rate applicable on construction services being the main component would be applicable on the entire value charged and rebate of one third becoming applicable on it.

Advance Ruling Authority said in its order that rebate of one third being land value cannot be allowed on other charges value which are to be charged separately at 18% GST. Main reason cited by the authority was that for paying stamp value the builder has declared the construction cost excluding the other charges collected by it. AAR said for the purpose of paying stamp duty, applicant treated other charges not as a part of construction services.



GST High Court Judgement

No Demand before SCN u/s 74(1) or completion of investigation proceedings: HC

Deem Distributors Pvt Ltd is a firm which deals in ferrous waste and scrape material. One of its suppliers was being investigated by GST authorities. During the investigation proceedings GST authorities found that the supplier was a fictitious firm who was involved in issuing fake invoices for passing on ITC.

Deem Distributors has also claimed ITC against the invoices of the supplier who was alleged by the GST authorities as a fictitious firm. GST authorities said that the ITC claimed by Deem Distributors against the invoices of that firm is also fraudulently availed ITC against which there was no movement of goods. Department requested to Deem Distributors to reverse the ITC it claimed from that supplier which amounted to around Rs. 1.5 crores.

Later GST Authorities issued an intimation to the firm to deposit Rs. 1.17 crores and which said that in case of failure the firm

Telangana High Court in its judgement said that the procedure under section 74(1) was not followed by the GST department. Before raising any demand, a Show Cause notice should have been served on the firm as to why default tax along with interest and penalty should not be recovered from him. Without the show cause notice or before giving an opportunity of being heard, no demand can be raised on the firm as done in this case.

High Court in its important judgement also said that since in this case investigation proceeding were not complete, demand from the firm cannot be raised until the investigation proceedings in the case are complete.

Telangana high court allowed the writ petition with the direction to complete the investigation proceedings and then complete the rest of the proceedings as per the Act. The amount of Rs. 35 lacs which was deposited by the firm was asked to be refunded along with 7% interest within 4 weeks.

GST Advance Ruling on Canteen Charges



GST Case Law

In advance ruling sought by Tata Motors Limited, Gujarat Advance Ruling Authority has stated that GST paid on canteen facility would not be allowed as input tax credit as the same is blocked credit under section 17(5)(b)(i) of CGST Act. The ITC in regard to canteen facility would remain inadmissible even if the canteen facility is being maintained by the company as a mandatory obligation under any law applicable for the time being in force.

Company's opinion was that, since there is a mandatory requirement to maintain the canteen under the Factory Act 1948, therefore they would be provided the benefit of the proviso mentioned after Section 17(5)(b)(iii) which stated that ITC shall be available in respect of goods or services if the same are provided to the employee under mandatory obligation under any law. Therefore, the ITC for canteen facility should be allowed to them.

Food and beverages are blocked credit under 17(5)(b)(i). The Advance Ruling authority has stated that the said proviso

is only applicable for clause (iii) of Section 17(5)(b) which is for travel benefits provided to employees on vacations including home travel. This proviso is not applicable for clause (i) of Section 17(5)(b) as the discussed clauses after their end are separated by semi colon indicating that each clause is independent and separate.

The other question asked by the company was whether GST would be applicable on the amount which is recovered by the employees and paid to the canteen service provider.

The company recovers nominal amount for the canteen facility from the employees and pay the same to the canteen service provider. The difference amount between the canteen service cost and recovery made from employee is borne by the company.

Advance Ruling authority said that GST would not be applicable on the amount which the company pays to the canteen service provider after recovery from the employees as that particular cost is paid by employee to the canteen service provider. GST would be applicable only on that portion which is borne by the company.



GST Updates|

GST Notifications issued during Aug-21

In the GST Update Section, we shall discuss the Notifications issued by CBIC during the month of August 2021

Time limit for applying revocation of cancelled Registration has been extended (Notification 34/2021-Central Tax dated 29.08.2021)

Central Government vide Notification No. 34/2021-Central tax dated 29.08.2021 has extended the time limit for filing the application for revocation of cancellation of registration up to 30-Sep-2021 in those cases where the due date for filing such application of revocation falls between the period starting from 27.04.2021 to 31.08.2021.

This extension is applicable in only those cases where cancellation of registration has been made under clause b and clause c of Section 29(2). These provisions prescribe for registration to be cancelled by tax authorities due to non-filing of returns.

If tax authorities cancel the registration on their own, then the taxpayer is provided within thirty days, time limit from the date of service of the cancellation order, to apply for revocation of cancellation of the registration. (Section 30 of CGST Act)

Therefore, in those cases where registration has been cancelled on account of non-filing of returns (Section 29(2)(b) and 29(2)(c) and time limit for filing of revocation of such cancellation is falling due between 27.04.2021 to 31.08.2021, in respect of such cases the time limit of filing application for revocation of cancellation of registration has been now extended to 30.09.2021.

GST Amnesty Scheme extended up to 30-Nov-2021 (Notification No. 33/2021 Central tax dated 29-08-2021)

GST Amnesty Scheme has been extended from 31.08.2021 to 30.11.2021. This GST Amnesty Scheme announced vide earlier issued notification no. 19/2021 CT dated 01.06.2021 allowed the taxpayers to file their old outstanding GSTR 3B returns for periods from July 2017 to April 2021 with reduced fees provided the taxpayers file these old outstanding returns between 01.06.2021 to 31.08.2021. Now the last date to avail the benefit has been extended to 30.11.2021.

The reduced late fees with which these old returns from July 2017 to April 2021 can be filed is as follows:

S. No	Class of Tax payers	Maximum Late Fees	Period in which return to be filed
1	Registered person whose tax payable for the period is NIL	Rs.250/- each CGST and SGST per return i.e., Rs.500/- per return	From 01-06-2021 to 30-11-2021
2	In other case	Rs.500/- each CGST and SGST per return i.e., Rs.1000/- per return	From 01-06-2021 to 30-11-2021

In absence of the GST Amnesty Scheme, the late fees for every pending return was leviable at the rate of Rs. 20/ per day in case of Nil return and Rs. 50 per day in other cases with capping of Rs. 10,000/- per month for each outstanding return.

The old outstanding returns can be filed with the reduced fees if these returns are filed by the taxpayer up to 30.11.2021

CGST (Seventh Amendment) Rules, 2021 (Notification 32/2021-Central Tax dated 29.08.2021)

The Central Government vide Notification No. 32/2021-Central Tax dated 29.08.2021 has further extended the timeline from 31.08.2021 to 31.10.2021 for companies to file GSTR 3B and GSTR 1/IFF returns using EVC (Electronic Verification Code) instead of DSC. Earlier this relaxation of filing returns through EVC was provided from 27.04.2021 to 31.08.2021.

Central Government through this notification has provided some relaxation in the restriction placed by Rule 138E on generation on E way bill.

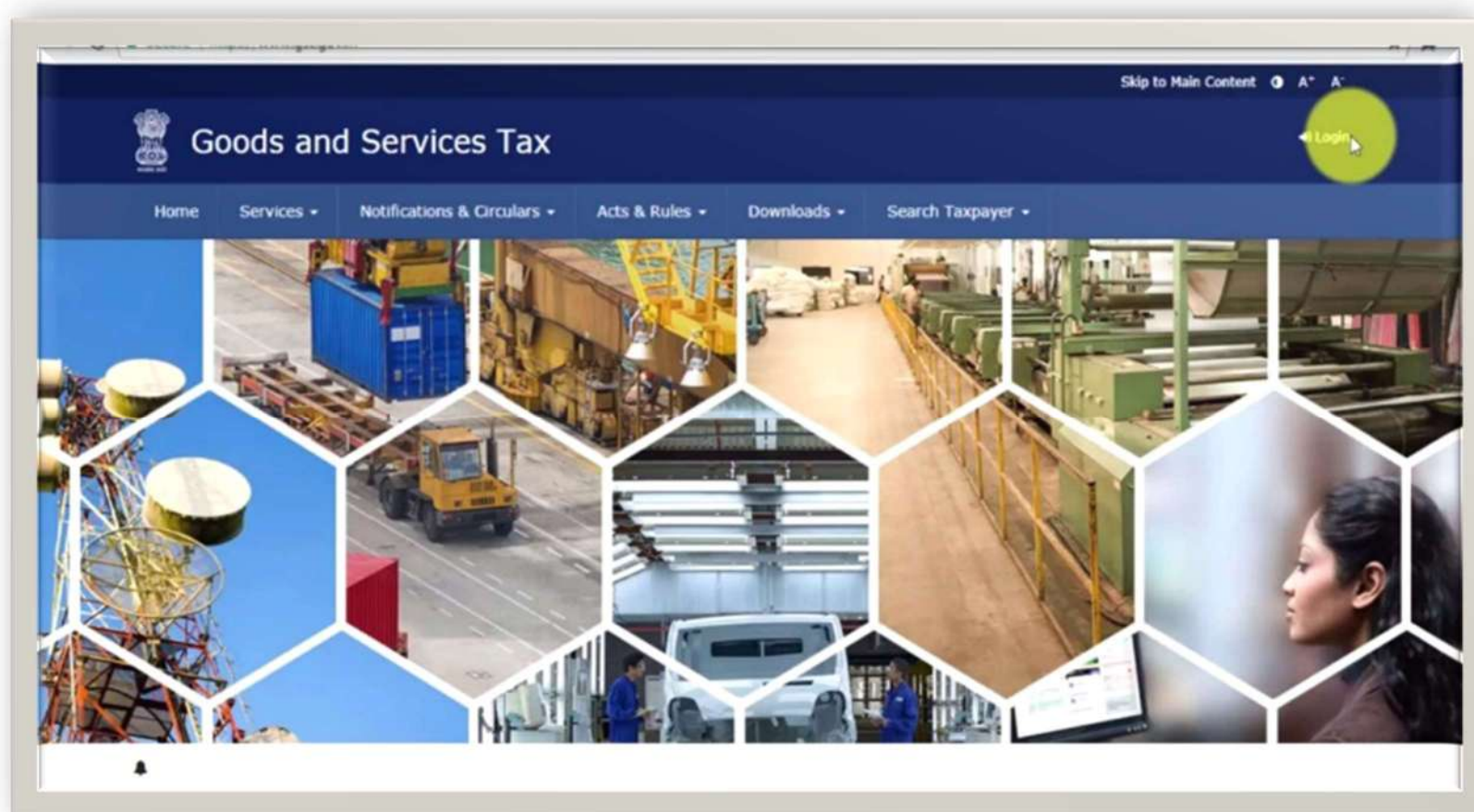
GST Notifications issued in Aug-21 (contd.)

The relaxation provided is that Rule 138E restriction shall not apply during the period from 01.05.2021 to 18.08.2021 if the return in form GSTR 3B/GSTR 1/CMP-08 is not filed for the period from March 21 to May 21. The relaxation has been provided in view of Covid impact and lockdown.

Rule 138E says that a taxpayer cannot generate E-way bills if the return is not filed for two consecutive tax periods.

If taxpayers weren't able to file their returns for the month or period from March 21 to May 21 then e-way bill generation restriction shall not be applicable for period from 01.05.2021 to 18.08.2021. It means that for smooth generation of E-way bills, taxpayers should ensure that their old pending returns are duly filed by 18.08.2021.

Latest GSTN Portal Updates



1. View/ Download Facility of Ledgers:

Taxpayers have now been provided the facility to view/download Electronic cash or Credit ledgers for a period of 12 months. Earlier, the ledgers were allowed to be downloaded for a period of 6 months only. The ledgers can be downloaded in both Excel and Pdf formats.

2. Addition of Preferred Payment Banks:

Up-to 6 preferred banks will be shown to a taxpayer while making e-Payment on GST Portal. When a taxpayer makes the first payment, the GST portal will automatically add the selected bank and it will get updated in the Preferred Banks list. Taxpayer can delete any of the preferred banks at any point of time.

3. Import EWB Data Facility:

Taxpayers can now easily Import the E-way Bill data using the "Import EWB Data" tab available on GST Portal on the Form GSTR-1 page -

- 4A, 4B, 4C, 6B, 6C - B2B invoices
- 5A, 5B - B2C (Large) invoices
- 12 - HSN wise summary of outward supplies.

4. SMS Return Facility for QRMP Taxpayers:

Now QRMP taxpayers can file NIL Returns through SMS.

Nil filing of Form GSTR-1 (Quarterly) through SMS has been enabled for taxpayers under QRMP Scheme. The format of the message is < NIL > space < Return Type (R1) > space < GSTIN > space < Return Period (MMYYYY) > (where return period must be last month of the quarter) can be sent to 14409.

However, NIL filing through SMS can't be done in following scenarios:

- If IFF for Month 1 or 2 of a quarter is in Submitted stage, but not Filed.
- If invoices are Saved in IFF for Month 1 or 2 of a quarter, which was not submitted or filed by due date.

5. Updating the Annual Aggregate Turnover (AATO) by taxpayers.

The AATO has been calculated based on the returns filed by the taxpayers. The detailed advisory on calculation methodology of AATO has been specified under the "Advisory" hosted at Taxpayers' Dashboard.

A functionality has been provided at the Common Portal to modify the AATO where taxpayers have reason to believe that the AATO has been calculated wrongly. In such cases, taxpayers may modify the AATO. In case such modification is made beyond a certain limit (as specified in the 'Advisory'), the same shall be sent to the jurisdictional officer's Dashboard for appropriate action, if required.

However, it has been seen that many taxpayers have used the functionality to modify AATO just for confirming it, which is not required. In case, the AATO is correct in their opinion, they are not required to take any action.

6. Advisory for Taxpayers regarding Blocking of E-Way Bill (EWB) generation facility resume after 15th August, 2021.

a) The E Way Bill generation facility of a person is liable to be restricted, in case the person fails to file their return in Form GSTR-3B (Monthly / Quarterly) / statement in CMP-08, for a two or more consecutive tax periods, in terms of Rule 138 E (a) and (b) of the CGST Rules, 2017. As you may be aware, the facility of blocking E way bill generation has been temporarily suspended due to pandemic.

b) The government has now decided to resume the blocking of EWB generation facility on the EWB portal, for all the taxpayers in terms of Rule 138 E (a) and (b) of the CGST Rules, 2017, after 15th August onwards.

c) Thus, after 15th August 2021, the System will check the status of returns filed in Form GSTR-3B or the statements filed in Form GST CMP-08, and block the generation of EWB in cases of:

- Non filing of two or more returns in Form GSTR-3B (Monthly/Quarterly frequency as may be applicable) for the tax periods up to June, 2021 and
- Non filing of 02 or more statements in Form GST CMP-08 for the quarters up to April to June, 2021

d) To avail continuous EWB generation facility on EWB Portal, persons need to file their pending Form GSTR 3B (Monthly/Quarterly frequency as may be applicable) Returns/ Form GST CMP-08 Statements immediately



7. Implementation of Rule-59(6) on GST Portal

Rule-59(6) of CGST Rules, 2017; inserted vide Notification No. 1/2021 dated 1st January 2021, provides for restriction in filing of GSTR-1 in certain cases:

a) a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for preceding two months;

b) a registered person, required to furnish return for every quarter under the proviso to sub-section (1) of section 39, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the IFF, if he has not furnished the return in FORM GSTR-3B for preceding tax period;

On implementation of the said Rule from 01.09.2021, the system will check that whether before the filing of GSTR-1/IFF of a tax-period, the abovementioned conditions (as applicable) is complied, or not.

This check will operate on clicking the SUBMIT button of GSTR-1 and the system will give an error message if the condition of Rule-59(6) is not met. It may be noted that records which have been saved in GSTR-1 will remain saved and filing of such records will be permitted after Rule-59(6) is complied with.

Implementation of Rule-59(6) on the GST Portal will be completely automated, as facility for filing of GSTR-1 will be restored immediately after filing of relevant GSTR-3B. No separate approval would be needed from the tax-officer to restore the facility for filing of GSTR





GST Editorial

Supply- Understanding the first step to GST



Adv Kamal Soni

General meaning of Supply by various dictionaries:

Concise Oxford Dictionary:

To provide or furnish (a thing needed), provide, meet or make up for (a deficiency or need etc.)

Dictionary.com: To furnish or provide
Merriam Webster: The quantities of goods or services offered for sale at a particular time or at one price

Economic Concept of Supply

The concept of supply in economics is complex with many mathematical formulas, practical applications and contributing factors. While supply can refer to anything in demand that is sold in a competitive marketplace, supply is most used to refer to goods, services, or labor. One of the most important factors that affect supply is the good's price.

Supply as per GST Act:

Section 7(1) of CGST Act, 2017

It states that the expression 'Supply' includes:

- 1) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- 2) import of services for a consideration whether or not in the course or furtherance of business;
- 3) the activities specified in Schedule I, made or agreed to be made without a consideration; and
- 4) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.

The said Section has been amended through the CGST (Amendment) Act, 2018 with retrospective effect i.e. with effect

from 01.07.2017. As per the amendment, clause (d) has been deleted and accordingly the expression 'Supply' includes:

- 1) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- 2) import of services for a consideration whether or not in the course or furtherance of business;
- 3) the activities specified in Schedule I, made or agreed to be made without a consideration (refer Schedule I).

Through this amendment, a new sub-section 1A in Section 7 of CGST Act 2017 also has been inserted w.e.f., which read as under.

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

Now, before we go further, it is sine qua non, to know what the schedules annexed to this section, are speaking for.

Schedules of CGST Act and Supply therein

Schedule I: Transactions subject to GST, even if there is no consideration.

- (1) Permanent transfer/disposal of business assets where input tax credit has been availed on such assets.
- (2) Supply of goods or services between related persons or between distinct persons as specified in Section 25, when made in the course or furtherance of the business.
- (3) Supply of goods by; (a) a principal to his agent where the agent undertakes to supply such goods on behalf of the principal or (b) an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- (4) Import of services by a taxable person from a related person or from any of his other establishments out of

India, in the course or furtherance of business.

Thus, above transactions, made or agreed to be made without a consideration are the 'supply' as specified under Section 7(1) (c) of CGST Act and hence are subject to GST. The valuation for the purpose of GST will be as per GST Valuation Rules.

Schedule II: Deemed supply of goods and services.

(1) Transfer:

- (a) Any transfer of the title in goods, is a supply of goods.
- (b) Any transfer of goods or of right in goods or of undivided share in goods, without the transfer of title thereof, is a supply of services.
- (c) Any transfer of title in goods under an agreement which stipulates that property in goods will pass at a future date upon payment of full consideration, is a supply of goods.

(2) Land and Building:

- (a) Any lease, tenancy, easement, licence to occupy land, is a supply of service.
- (b) Any lease or letting out of the building for business or commerce, either wholly or partly; is a supply of service.

(3) Treatment or process:

Any treatment of process which is being applied to another person's goods; is a supply of service.

(4) Transfer of business assets:

- (a) Transfer of goods forming part of an asset of a business, whether or not for a consideration, is a supply of goods.
- (b) Where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of service.
- (c) Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless - (i) the business is transferred as a going concern to another person; or (ii) the business is carried on by a personal representative who is deemed to be a taxable person.

Supply of services:

- (a) Renting of immovable property.
- (b) Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.
- (c) Temporary transfer or permitting the use or enjoyment of any intellectual property right.
- (d) Development, design, programming, customisation, adaptation, up gradation, enhancement, implementation of information technology software.

e) Agreeing to the obligation to refrain from an act, or tolerate an act or a situation, or to do an act.

(f) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

(6) Composite supply:

- (a) Works contract as defined in clause (119) of section 2
- (b) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

(7) Supply of goods:

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

Schedule III: Matters those will not be treated as supply of goods or services as mentioned in Section 7 (2)

- (a) Services by an employee to the employer in the course of or in relation to his employment
- (b) Service by any Court OR Tribunal established under any law for the time being in force.
- (c) (i) The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities
- (ii) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity.
- (iii) The duties performed by any person as a Chairperson/Member/ Director in a body established by the Central Government/State Government/local authority and who is not deemed as an employee before the commencement of this clause.
- (d) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- (e) Sale of land and, building (excluding, sale of flat in a complex after completion or after its first occupation).
- (f) Actionable claims, other than lottery, betting and gambling.
- (g) *Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.*
- (h) a) Supply of warehoused goods to any person before clearance for home consumption;

(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

Thus, the events mentioned as above under Schedule I (even if there is no consideration) and under Schedule II (deemed supply of goods and services) are classified as 'TAXABLE' events under GST.

However, in the event of transactions without consideration such as 'Free Samples and Gifts', 'Buy one, get one free offer', 'Buy more, save more offer', a relief has been given by Circular No. 92/11/2019-GST, dated 7th March, 2019. Through this Circular, the relief in terms of allowance of Input Tax Credit to the supplier for the inputs, input services and capital goods used in relation to such above supply, has been given. For simple understanding of availment of credit to a certain extent depends on the taxability at the time of supply of such free samples / free supplies. The same has been summarised as under:

Transaction	Outward Supply	Credit Availment
Samples - Products are marked as "Physicians Sample" or "Not for sale"	No output tax required to be paid	Credit to be reversed on cost

Samples - Products are drawn out of finished goods and then offered as samples	Output Tax to be paid on sale price (Schedule 1 - Permanent Transfer of Business Assets on which credit has been availed)	Credit will be available
Free Supplies - Extra Units of the product offered	Output Tax to be paid on sale price unless the billing or packaging mechanism is changed (Schedule 1 - Permanent Transfer of Business Assets on which credit has been availed)	Credit will be available
Free Supplies - Extra Quantity offered in the same unit	No separate treatment - Discharge of tax on the sale of the unit itself is sufficient	Credit will be available

About the Author

Advocate Kamal D Soni has been practicing in taxation for more than 25 years with vast experience in Sales Tax, VAT and now GST. He also has extensive experience of handling assessments and appeals in income tax with great ease. He is also one of the decorated authors at Taxpyramid.in where his knowledge sharing articles feature on regular basis. Author can be reached at email id: k.soni1072@gmail.com



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Join Us at "The GST Age"

Jorge Ramos once said "My only advice is, follow your dream and do whatever you like to do the most. I chose journalism because I wanted to be in the place where history was being made."

The GST Age and Tax pyramid invites you to be part of the team and our journey of knowledge sharing. Taxes are an important tool of nation building and we chose this area where our team do research on different aspects of taxation, analysis of judicial pronouncements, interviewing the personalities who have been intrinsically involved in the field or who needs to be heard. We believe **writing is a strong tool to search the self and serve the society.**



Interview

“Educate Your Client to Not Cheat Govt’ Is Mantra to Success in Tax Practice.” Says Zafarullah

Educate your client and never encourage him to cheat the government or evade taxes. This is the mantra that has been practiced, followed and mastered by Zafarullah Sattar Khan. He says that tax practice requires patience and skill. One can be successful if he knows that he is here for a long overhaul therefore creation of goodwill is important. And this can come only with ethics and not by short cuts. He has led his words through example.

Zafarullah Sattar Khan hailing from Shivamogga in Karnataka is Chairman of Karnataka Taxpayers Association. A well-known social worker and human right activist is providing tax consultancy for more than 20 years and has been quite vocal for GST Reforms. He has been raising his voice for the same through various forums

CA Kalpak Kaplash had an opportunity to interview him where they both discussed on wide range of issues.

Tax Pyramid Interview with Zafarullah Sattar Khan

Tax Pyramid: First of all, would like to thank you for taking out time and interacting with us.

Zafar: I am happy that the team of Tax Pyramid has approached me for this interview. Gives me an opportunity to share my views and experience with your readers and also interact with society through your mode.

Tax Pyramid: Recently we have celebrated the 4th Anniversary of GST on 01st July 2021. How do you see the journey so far of the “Goods and Service Tax” in bringing change in the Indian taxation system?

Zafar: Kalpak ji its true that we just celebrated the GST Day. But it is very much difficult to say “Happy GST Day”. If GST was launched as was promised, it would have definitely boosted the Indian taxation system. But at present there is lot of confusion among taxpayers regarding the GST Act. Still people are not aware of complete taxation of GST. I think the practice of press release regarding change in GST provisions every other day must stop. Instead of that, GST council should make an effort to explain to the stakeholders once stabilized GST provisions to bring real change in the Indian taxation system.

Tax Pyramid: Who better to ask this question than a successful tax practitioner with an experience of more than 20 years in VAT and then GST, that how different the tax practice has been for a tax practitioner in the post-GST regime compared to the pre-GST regime?

Zafar: When we were practicing with Sales Tax Act, there was an easy flow for a practitioner of filing returns manually, comparative easy tax structure and had an ease of communication with the tax officers.

Earlier even VAT was also introduced to avoid cascading on taxes and even that time it was promised that this would be the one tax structure which would apply to whole of India. But it was not introduced like that and there were different taxes in different state.

Meanwhile we tax practitioners were about to learn the online system of filing returns in VAT regime, which took years and lot of efforts to learn, when the taxpayers have finally started finding VAT system comfortable, GST was imposed.

Look even after 4 years, taxpayers are still finding it difficult in GST Regime, they lost the communication with tax officers, they

don't know whom to contact for their GST related problems, GST portal has failed to address their issues, and then it is difficult to take note of so many updates with so many notifications, circulars, & even press release on GST being release so frequently.

There should be an easy communication channel with the tax officials, which was available in pre-GST regime, but not in post-GST regime.

Tax Pyramid: You have been working for GST reforms for quite a long time, raising your voice on various platforms. Several representations have been made from you to the ministry and various tax authorities. Even Tax Pyramid has been raising these issues regularly on various forums. What are the major changes you seek in the GST System as in its present form?

Zafar: Yes, we have been working for GST reforms for the basic purpose of simplification of GST provision. The benefits of GST can reach full potential. To communicate the problems being faced in GST to the authorities.

We have even attended All India Protest for GST Reforms in January 2021, where a Common representation was filed from all across India on same day, same time to the ministry and tax authorities. We can say we have got some success but not fully.

1. First & foremost, as a reform we request a user-friendly GST Portal. It should be updated as per latest GST law provisions and also able to withstand the huge volume of GST transactions.
2. Request for a One-page GST returns. The lengthy GST returns should be concise. Bankers demand to furnish the GST filed returns, when the taxpayers intend to take print out there is loss of papers, because GST returns are not in one page. It is in horizontal mode and lot of space is wasted in the return print out, if it is prepared in Vertical mode it will help in reducing the space. Then it will be printed in one page like previous returns in VAT Regime.
3. Need to reduce the late fees from July 2017 to till date, In the 43rd GST Council meeting the late fees was reduced to Rs 500 & 1000, but it is only for those taxpayers who will file their returns up to 31st Aug 2021. This reduced fee should be applicable in all cases.
4. Allow revocation facilities for Cancelled GST Registration. After 90 days taxpayer is not allowed to file application for revocation of cancelled GST registration. It should be allowed for all the taxpayers who completes their filing of all pending returns.
5. Allow to revise the filed returns
6. Stop recovery of penalty u/s 164(4) of GST Act, when there is no monthly GSTR 3 returns as per the GST Act.

Tax Pyramid: There are a lot of young aspirants who are looking at GST as a future career. How much scope do you see in GST practice today as a career choice?

Zafar: To have a good prospectus future in this area, one requires both skill in terms of knowledge and patience.

GST would lead to raise GDP by 2% to 2.5% hence there will be job creation of 2.5 million for every 1% growth, and like wise this is a good future career for the youngsters.

If anyone chooses GST practice as a career, I would say it is a good decision that person has made.

Tax Pyramid: To be a successful practitioner, what would be your success mantra for our young tax professionals. We are asking you here your trade secret to be successful.

Zafar: After completion of my article ship, when I started my practice initially, there was an instance when I received a call from a retailer who told me that some tax officials have visited his shop and he is finding difficult to give answer. He asked me to visit as his tax representative.

When I visited, tax officials asked me to pay a certain amount as penalty & taxes and they would leave. I asked them on what basis the penalty & taxes are needed to be paid. This is the question which gave me the mantra for my success of 19 years of Practice.

After this question they checked everything including the stock on quantity basis till late night and again started from morning, but did not found anything suspicious to ask penalty and taxes.

The mantra is to educate your client, taxpayers about the taxation and penalties, make him to pay all his taxes within time, do not encourage him to cheat the Government.

If Tax practitioners start their profession with these ethics, I assure they will succeed, no matter initially one may get few clients, but do not cheat the profession. Success will follow.

Tax Pyramid: You have been involved in a lot of social welfare activities. You have also been actively involved in helping out people in these tough times of corona by way of the distribution of foods and medicines. What were the difficulties faced by you in carrying out this social welfare activity especially in pandemics? How satisfying it is on a personal basis when you help out people who are actually in need?

Zafar: Yes, from last 18 years I am involved in social welfare activities, for which I have been recognized from "Bharat Vikas Ratan Award" by the economics for health and Education Growth- New Delhi in the year 2012.

If the district authorities allow all active NGO's into the relief work, there shall be good work. They don't issue the passes to the active NGO's. It depends upon the politics too, if you have political links, you will get the passes otherwise not. For the welfare meetings, authorities calls those NGO who are mostly inactive, and regarding active NGO's they don't even bother, this is the pain that I feel.

The pandemics relief should be free from the politics. It is for social cause and for the general people. The active NGO's who are willing to work should be allowed to do work freely otherwise it is difficult to finish the work with good result.

We have served ready to eat food at the hospitals where the relatives, attenders, of the patients find difficulty in arranging food. Due to complete lockdown, we went there ourselves & provided ready to eat food there. This gave us huge satisfaction that we worked for the people who were in need.

Tax Pyramid: How do you manage time between your role as a 'tax practitioner' and role as a 'social worker'? And how do you see yourself now, more as a 'tax practitioner' or more of a 'social worker'?

Zafar: I am completing my official work within the time frame, ensure my customers fulfill all the compliances within the due dates. This gives me some time to do my social work, here in Shivamogga.

Most of the trader open their shop between 10am to 11am, I approach the taxpayers to start their business from 9 am, which also help them to manage time for them & for me too.

There is no major difference a tax practitioner and a social worker. I look myself as Social worker, both the duties are meant for the Nation Development after all.

From tax practice I am getting some remuneration, and from social worker I am getting peace of mind & soul.

Moreover, I am recognized by social worker rather than as a tax-practitioners in my area.

Tax Pyramid: Thank you once again Sir, for speaking your heart out on all of these topics. On behalf of the whole team of Tax Pyramid, I wish you the best success in all your future efforts.

Zafar: Your Welcome. I also wish you and your Tax Pyramid team very best of luck for future. Keep doing the good work. Wish you success in your efforts to be supporter of nation building and support taxpayers.

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GST Due Date Calendar

Due Date	Form/Return	Description
10-Sep-21	GSTR-7	Summary of Tax Deduction at Source and deposited for the month of Aug-21
10-Sep-21	GSTR-8	Summary of Tax collected at source and to be deposited for the month of Aug 21
11-Sep-21	GSTR 1	For the month of Aug 2021 for taxpayers filing monthly returns or those whose turnover is more than Rs. 5 crores
13-Sep-21	GSTR-1	GSTR-1 IFF Filing (Optional) for the month of Aug 21
13-Sep-21	GSTR 6	For the month of Aug 2021 to be furnished by an Input Service Distributor.
20-Sep-21	GSTR-3B	For the month of Aug 21 for the taxpayers filing monthly returns
20-Sep-21	GSTR 5	Return for Non-Resident Taxable Person for the month of Aug 21
20-Sep-21	GSTR 5A	Return for an OIDIAR Service Provider for the month of Aug 21
25-Sep-21	Monthly tax (GST) deposit under QRMP Scheme	Deposit of monthly Tax liability by those who have opted quarterly filing scheme (QRMP)

Income Tax & Other Compliances

Due Date	Form/Return	Description
07-Sep-21	TDS	Deposit of TDS for the month of August 21
15-Sep-21	PF	E-Payment of Provident Fund for the month of Aug 21
15-Sep-21	ESI	For the payment of ESI Challan for the month of Aug 21
30-Sep-21	Income tax Return	Filing of Income tax return for FY-2020-21 by individuals, HUF, Partnership firm, LLP (all non-audit cases)
30-Sep-21	Linking of Aadhar with PAN	Aadhar Number is to be linked with PAN as per government directive otherwise PAN would become inoperative