



DGTPS, CBIC, New Delhi Zonal Unit

Services in GST-An overview

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In association with

**Federation of Indian Chambers of Commerce &
Industry**

Disclaimer

- The information provided in this power point are the views of the faculty and are purely to understand the law in simple terms.
- For all legal purpose please refer the concern acts, rules and notification etc.,
- Any reference to the provisions of CGST Act & Rules also refers to similar provisions of SGST Act & Rules





Topic for the day

- Taxes on Services–Prior to GST
- Taxes on Services-After GST
- Concepts to levy GST on Service Sector
 - Legislation.
 - Important Section.
 - Important Definitions.
 - Explanation for important sections.
 - Some Circulars issued by CBIC.





SERVICE SECTOR INDIRECT TAXES PRIOR TO AND AFTER GST

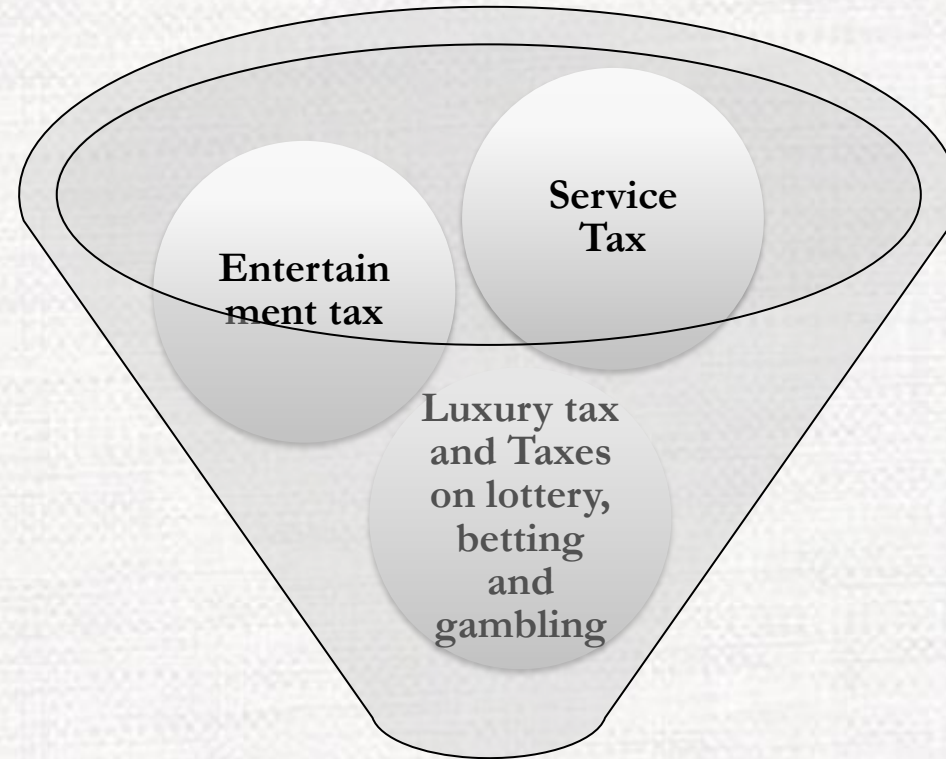


Taxes on Services prior to GST

- Taxes on Services
 - Levied by Central
 - Service Tax (as per Chapter V of Finance Act, 1994)
 - Levied by State
 - Hotels & Restaurants
 - Works Contract
 - Entertainment
 - Betting



Indirect Taxes on services- subsumed in GST



↓
**CGST,SGST or
IGST**

LEVY OF GST ON SERVICES IMPORTANT ASPECTS.



GST on Services

Important Sections

Definitions

Scope of supply

Registration

Time of supply

Value for supply

Input tax

Zero rated Supply



Legislations

Acts

CGST Act,2017

SGST Act,2017/UTGST 20017

IGST Act, 2017

Rules

CGST Rules,2017

SGST Rules,2017/UTGST Rules,2017

IGST Rules, 2017

Important Sections GST Act, 2017

Section 2.

- Definitions

Section 7.

- Scope of supply

Section 8

- Composite and Mixed Supply

Section 13.

- Time of supply of services

Section 14.

- Change in rate of tax in respect of supply of goods or services

Section 15.

- Value of taxable supply

Section 16 and 17

- Input Tax Credit

Section 54

- Refunds

IGST Act, 2017

Section 2.

- Definitions

Section 7

- Interstate Supply

Section 8

- Intra State Supply

Section 12.

- Place of supply of services where location of supplier and *recipient* is in India;

Section.13.

- Place of supply of services where location of supplier or location of *recipient* is outside India ;

Section 14.

- Special provision for payment of tax by a supplier of online information and database access or retrieval services

IMPORTANT DEFINITIONS

Specific to Services



Definitions-CGST Act, 2017

- 2(102) “services”
- 2(30) “composite supply”
- 2(33) “continuous supply of services”
- 2(60) “input service”
- 2(61) “Input Service Distributor”
- 2(70) “location of the recipient of services”
- 2(71) “location of the supplier of services”
- 2(74) “mixed supply”
- 2(119) “works contract”



Definitions –IGST Act, 2017

- 2(6) “export of services”
- 2(11) “import of services”
- 2(13) “intermediary”
- (15) "location of the supplier of services" means,-
- 2(16) “non-taxable online recipient”
- 2(17) “online information and database access or retrieval services”
- (24) words and expressions used and not defined in this Act but defined in the Central Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act shall have the same meaning as assigned to them in those Acts;



Definitions- As per Notifications

- (r) “charitable activities”
- (s) “clinical establishment”
- (y) “educational institution”
- (zg) “health care services”;
- (zze) “single residential unit”
- (zd) “goods carriage”
- (ze) “goods transport agency” (zf) “governmental authority”
- Ref: Notification No: 11/2017 CTR dated 28-06-2017



Definitions- As per Notifications

- (zm) “legal service”
- (zp) “metered cab”
- (zv) “radio taxi”
- (zz) “renting in relation to immovable property”
- (zze) “single residential unit”
- (zzm) “tour operator”
- As per Notification No : 12/2017 CTR dated 28/06/2017



“services”

- Section 2(102)
 - “services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;



“Continuous supply of service”

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



“Input service”

“input service distributor”

- (60) “input service” means any service used or intended to be used by a supplier in the course or furtherance of business;
- (61) “Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of Central tax, State tax, Integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office;



Location of supplier of services

- (71) “location of the supplier of services” means,—
 - (a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;
 - (b) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;
 - (c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provisions of the supply; and
 - (d) in absence of such places, the location of the usual place of residence of the supplier;



Location of recipient of services

- (70) “location of the recipient of services” means,—
 - (a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;
 - (b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;
 - (c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and
 - (d) in absence of such places, the location of the usual place of residence of the recipient;



Composite supply & Mixed supply

- (30) “composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;
- (74) “mixed supply” means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.



Intermediary

- (13) “intermediary” means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account;
- (As per IGST Act,2017)



Non-taxable online recipient

- (16) “non-taxable online recipient” means any Government, local authority, governmental authority, an individual or any other person not registered and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory.
 - (As per IGST Act,2017)



Important Circulars-2023

- 204/16/2023-GST 27-Oct-2023
 - Clarification on issues pertaining to taxability of personal guarantee and corporate guarantee in GST
- 203/15/2023-GST- 27-Oct-2023
 - Clarification regarding determination of place of supply in various cases
- 202/14/2023-GST -27-Oct-2023
 - Clarification relating to export of services – sub-clause (iv) of the Section 2 (6) of the IGST Act 2017
- 201/13/2023-GST- 01-Aug-2023
 - Clarifications regarding applicability of GST on certain services

Important Circulars -2023

- 99/11/2023-GST-17-Jul-2023
 - Clarification regarding taxability of services provided by an office of an organisation in one State to the office of that organisation in another State, both being distinct persons.
- 190/02/2023-GST-13-Jan-2023
 - clarification regarding GST rates and classification of certain services.



ASSESSMENT OF GST ON SERVICES



Factors for determination of tax liability in GST

Supply

Classification Services
and Rate of GST

Value of the Supply

Time of Supply

Place of Supply

Tax liability

Taxable event under GST Regime

- As per Article 366 (12A) of the Constitutional (101st Amendment) Act, 2016, “Goods and Services Tax” means “any tax on supply of goods or services or both except tax on supply of alcoholic liquor for human consumption.
- Section 7 of the GST Act contains meaning and scope of supply.
 - Supply is the most critical term under the GST regime, which is the centre point to determine levy and collection of GST.
 - GST Act has chosen to define the “supply” in an inclusive manner, without defining the term “Supply”.
- It is to be noted that the word used is “Supply” and not “Sale”.
- Thus, any supply including stock transfer, branch transfer will also attract GST.



Scope of Supply

- As per Section 7. (1) of CGST Act, 2017 “supply” includes—
 - import of services for a consideration whether or not in the course or furtherance of business;
 - Activities to be treated as supply of goods or supply of services as referred to in Schedule II.
 - But does not include activities or transactions specified in Schedule III



Schedule II

Activities to be treated as supply of goods or supply of services

- **1. Transfer**
 - any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;
- **2. Land and Building**
 - any lease, tenancy, easement, licence to occupy land is a supply of services;
 - any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.
- **3. Treatment or process**
 - Any treatment or process which is applied to another person's goods is a supply of services.



Schedule II

- **4. Transfer of business assets**
 - 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 services;



Schedule II

- 5. Supply of services
 - The following shall be treated as supply of services, namely:—
 - (a) renting of immovable property;
 - (b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.



Schedule II

- (c) temporary transfer or permitting the use or enjoyment of any intellectual property right;
- (d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;
- (e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and
- (f) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.



Schedule II

- 6. Composite supply
 - The following composite supplies shall be treated as a supply of services, namely:—
 - (a) works contract as defined in clause (119) of section 2; and
 - (b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.



Schedule III

- Activities or transactions which shall be treated neither as a supply of goods nor a supply of services
 - 1. Services by an employee to the employer in the course of or in relation to his employment.
 - 2. Services by any court or Tribunal established under any law for the time being in force.





PERSON LIABLE TO PAY GST



Taxable person

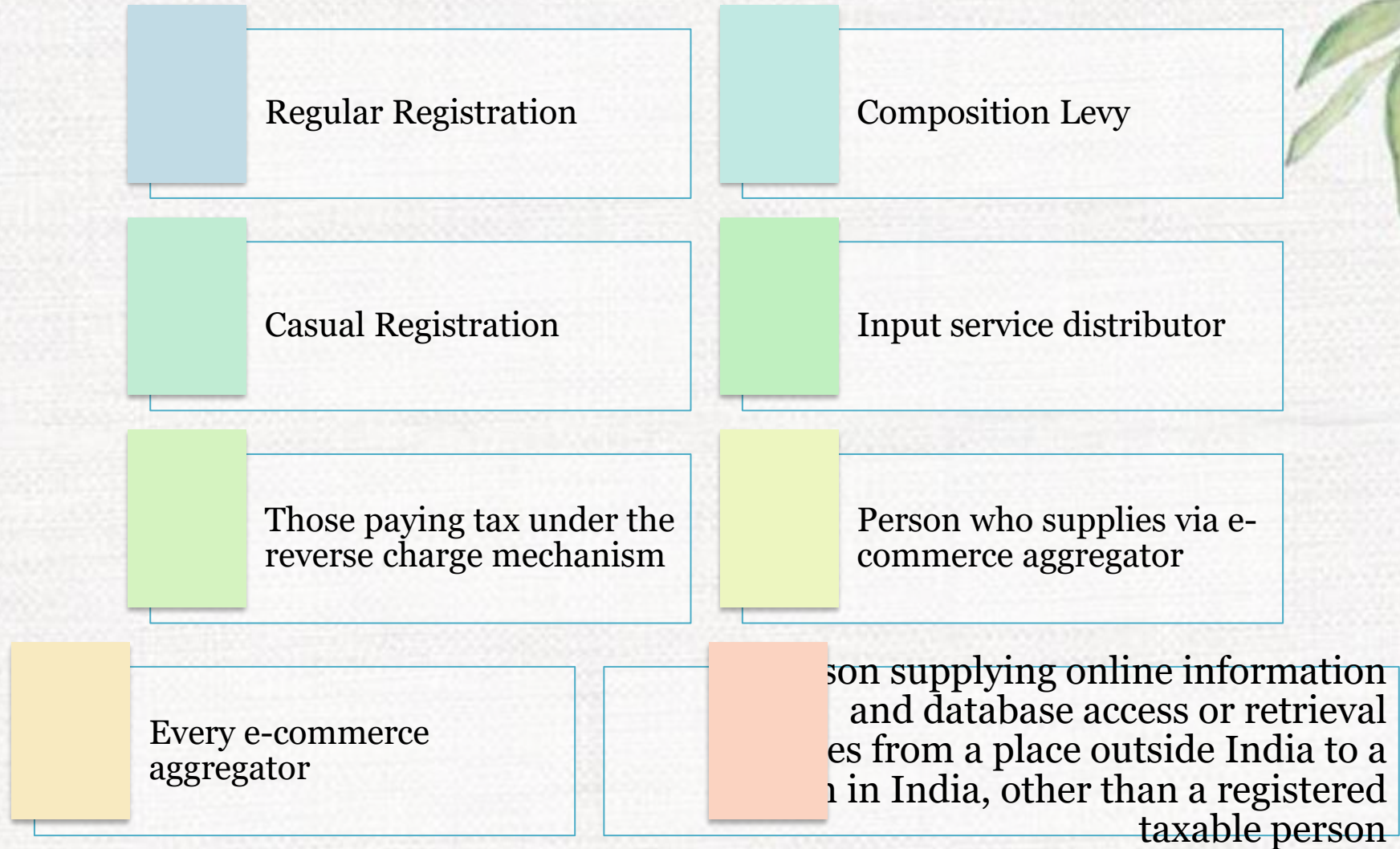
- Supplier of Services
 - B2B
 - B2C
 - B2G
- Receiver of Services
 - Specified Services Received
 - Services Received from Government (Registered person)
- E-Commerce operators



Levy of GST on Reverse Charge

- As per Section 9(3) of CGST Act, 2017, certain specified categories of supply of goods or services or both, GST is levied on reverse charge basis by the recipient of such goods or services or both.
- Notification No: 13/2017 C.T dated 28/06/2017 as amended. Example
 - Goods Transport Agency
 - Legal Services to Business Entity
 - Sponsorship
 - Fees paid to Directors
 - Commission paid Insurance Agents

Registration



Special registration provisions for MSME Sector

- As a trade facilitation measure based on turnover, following small and medium enterprises are not required to obtain GST registration:
 - (i) Persons involved in Inter–State taxable supply of SERVICES only (not goods), if his aggregate turnover in a financial year does not exceed prescribed amount of threshold exemption limit i.e. ₹ 20 Lakh (₹ 10 Lakh in case of certain States, as listed above).
 - (ii) Persons involved in Intra–State taxable supply of SERVICES, if his aggregate turnover in a financial year does not exceed prescribed amount of threshold exemption limit i.e. ₹ 20 Lakh (₹ 10 Lakh in case of certain States, as listed above).



Composition scheme

- This apart from Composition Levy scheme has been made available for suppliers of services (to those who are otherwise not eligible under Section 10(1) of the CGST Act) with a tax rate of 6% (3% CGST + 3% SGST) having an Aggregate Annual Turnover in the preceding FY up to R 50 Lakh.



Exempted from registration for Interstate provision of Services

- As per Section 24 of CGST Act, 2017, persons making any inter-State taxable supply has compulsorily to get registration. However, person engaged in making inter-state supplies of taxable services and having an aggregate turnover of less than Rs. 20 Lakhs, Rs. 10 Lakhs in case of special category states, in a financial year is exempted from Registration as per notification no. 10/2017 – Integrated tax dated 13th October 2017).



TIME OF SUPPLY & VALUE OF SUPPLY



Time of Supply

- The liability to pay CGST / SGST will arise at the time of supply as determined for goods and services. There are separate provisions for time of supply for goods and time of supply for services.
- Chapter V of CGST Act, 2017 and sections there under explains determine time of supply of goods and services under various situations.
 - Section 13 explains how to determine Time of supply of services.
 - Section 14 explains , Change in rate of tax in respect of supply of goods or services.

Time of supply of Services

- The time of supply of services shall be the earliest of the following dates, namely:—
 - (a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or
 - (b) the date of provision of service, if the invoice is not issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or
 - (c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply:



Time of supply of Services

- Time of supply of service
 - If invoice has been issued
 - Date of issue of invoice
 - Date of payment
 - If invoice is not issued
 - Date of provision of service
 - Date of payments
 - If above do not apply
 - Date of entry in the books of accounts of Recipient



Time of supply under reverse charge

- Reverse charge means the liability to pay tax is by the recipient of goods/services instead of the supplier.
- In case of reverse charge, the time of supply shall be the earliest of the following dates—
 - (a) The date of paymentOR
 - (b) The date immediately after SIXTY (60) days from the date of issue of invoice by the supplier (30 days for goods)
- If it is not possible to determine the time of supply under (a), (b) or (c), the time of supply shall be the date of entry in the books of account of the receiver of service.



Time of supply of Services (RCM)

- Time of supply of service
- (Whichever is earlier)
 - Date of payment
 - 60 from the date of issue of Invoice
 - Date of entry in the books of accounts of Recipient



Value of Supply

- As per Section 15 of CGST Act, 2017, GST will be charged on the 'transaction value'. Transaction value is the price actually paid (or payable) for the supply of goods/services between un-related parties (i.e., price is the sole consideration)
- The value of supply under GST shall include:
 - Any taxes, duties, cess, fees, and charges levied under any act, except GST. GST Compensation Cess will be excluded if charged separately by the supplier.
 - Any amount that the supplier is liable to pay which has been incurred by the recipient and is not included in the price.
 - The value will include all incidental expenses in relation to sale such as packing, commission etc.
 - Subsidies linked to supply, except Government subsidies will be included.
 - Interest/late fee/penalty for delayed payment of consideration will be included.



Special provision relating to certain services

- **Rule 31A of CGST Rules 2017**
 - Value of supply in case of lottery, betting, gambling and horse racing
- **Rule 32. Determination of value in respect of certain supplies**
 - Purchase or sale of foreign currency, including money changing.
 - Booking of tickets for travel by air provided by an air travel agent
 - An amount calculated at the rate of 5% of the basic fare in the case of domestic bookings, and at the rate of 10% of the basic fare in the case of international bookings of passage for travel by air.



Rule 32. Determination of value in respect of certain supplies

- Purchase or sale of foreign currency, including money changing.
- Booking of tickets for travel by air provided by an air travel agent :
 - An amount calculated at the rate of 5% of the basic fare in the case of domestic bookings, and at the rate of 10% of the basic fare in the case of international bookings of passage for travel by air.
- Unit Linked Insurance Policy (ULIP)



PLACE OF PROVISIONS OF SERVICES

Domestic Transactions
International Transactions



Legal provisions-IGST Act, 2017

- Chapter V- Place Of Supply Of Goods Or Services Or Both
 - Section 12:
 - Place of supply of services where location of supplier and recipient is in India
 - Section 13:
 - Place of supply of services where location of supplier or location of recipient is outside India.



Why place of supply is important ?

- GST is destination-based tax i.e consumption tax, which means tax levied on e goods and services will accrue to that state where it is consumed;
- Correct determination of place of supply will help to ascertain to which state the tax revenue has to accrue. Otherwise it is loss of revenue to State;
- To get correct tax revenue on account of IGST Fund



Concepts

- Under GST, there are three levels of Tax, IGST, CGST & SGST and based on the “place of supply” so determined, the respective tax will be levied. IGST is levied where transaction is inter-state, and CGST & SGST are levied where the transaction is intra-state.
- For understanding Place of Supply for Services the following two concepts are very important namely:
 - location of the recipient of services
 - location of the supplier of services



Place of provision of service (Domestic Transactions)

- Domestic Transactions
 - These are the transactions where both the Taxpayer's i.e the supplier as well as recipient of service are in India.
 - Domestic transactions can be further categorized as below:
 - Inter-State (i.e between two different states)
 - Intra-State (i.e within the same state)



Place of provision of service

- Registered person:
 - In general, the place of supply for services will be the location of the service recipient (the recipient needs to be a registered person).
- Unregistered person
 - In cases, where service is provided to an unregistered person, the place of supply will be the Location of the service recipient (if the address is available on record);
 - Otherwise, location of service provider
- The special cases under this classification will be discussed in detail in subsequent slides

Place of provision of service (International Transactions)

- International Transactions
 - These are the transactions where either of the service recipient or the provider is outside India. Transactions in which both the recipient as well as provider are outside India are not covered here.
- General Rule
 - The Place of Supply for services treated as international transactions shall be:
 - The location of service recipient
 - In case where the location of service recipient is not available, the place of supply shall be location of the supplier.





PLACE OF SUPPLY OF SERVICE

Place of supply of services where location of supplier and recipient is in India



Place of provision of service

- The provisions of section 12 of IGST Act,2017 will be applicable in cases of domestic supplies i.e. where the location of supplier of services and the location of the recipient of services is in India.
- The provisions are given as under:
- Immovable property related to services, including hotel accommodation
 - Location at which the immovable property or boat or vessel is located or intended to be located if located outside India:
 - location of the recipient



Place of provision of service

- 2. Restaurant and catering services, personal grooming, fitness, beauty treatment and health service
 - Location where the services are actually performed
- 3. Training and performance appraisal
 - B2B: location of such Registered person
 - B2C: location where the services are actually performed
- 4. Admission to an event or amusement park
 - Place where the event is actually held or where the park or the other place is located



Place of provision of service

- 5. Organisation of an event
 - B2B: location of such Registered person
 - B2C: location where the event is actually held.
 - If the event is held outside India: location of the recipient

- 6. Transportation of goods, including mails
 - B2B: location of such Registered person
 - B2C: location at which such goods are handed over for their transportation

- 7. Passenger transportation
 - B2B: location of such Registered person
 - B2C: place where the passenger embarks on the conveyance for a continuous journey



Place of provision of service

- 8. Services on board a conveyance
 - Location of the first scheduled point of departure of that conveyance for the journey

- 9. Banking and other financial services
 - Location of the recipient of services on the records of the supplier
 - Location of the supplier of services if the location of the recipient of services is not available

- 10. Insurance services
 - B2B: location of such Registered person
 - B2C: location of the recipient of services on the records of the supplier



Place of provision of service

- 11. Advertisement services to the Government
 - The place of supply shall be taken as located in each of such States proportionate value in case of multiple States

- 12. Telecommunication services
 - Services involving fixed line, circuits, dish etc., and place of supply is the location of such fixed equipment.
 - In case of mobile/Internet post-paid services, it is the location of billing address of the recipient.
 - In case of sale of prepaid voucher, the place of supply is the place of sale of such vouchers.
 - In other cases, it is the address of the recipient in records



Place of provision of service

- For the rest of the services other than the 12 services specified above, a default provision has been prescribed as under:
 - 1. B2B
 - Location of such Registered person
 - 2. B2C
 - (i) location of the recipient where the address on record exists, and
 - (ii) location of the supplier of services in other cases





PLACE OF PROVISION OF SERVICE

Place of supply of services where location of supplier or location of recipient is outside India.



Export of Services

- (6) “export of services” means the supply of any service when,—
 - (i) the supplier of service is located in India;
 - (ii) the recipient of service is located outside India;
 - (iii) the place of supply of service is outside India;
 - (iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and
 - (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8;



Import of services

- (11) “import of services” means the supply of any service, where—
 - (i) the supplier of service is located outside India;
 - (ii) the recipient of service is located in India; and
 - (iii) the place of supply of service is in India;



Place of provision –Section 13

- The provisions of section 13 of IGST Act will be applicable in cases of cross border supplies i.e. where the location of supplier of services or the location of the recipient of services is outside India.
- The provisions are given as under:—
 - (i) In respect of the certain specified categories of services, the place of supply is determined with reference to a specific provision.
 - (ii) Rest of the services are governed by a default provision.



Place of provision –Section 13

- 1. Services supplied for goods that are required to be made physically available from a remote location by way of electronic means (Not applicable in case of goods that are temporarily imported into India for repairs and exported)
 - The location where the services are actually performed. (The location where the goods are situated)



Place of provision –Section 13

- 2.Services supplied to an individual and requiring the physical presence of the receiver
 - The location where the services are actually performed;
- 3. Immovable property-related services, including hotel accommodation
 - Location at which the immovable property is located
- 4.Admission to or organisation of an event
 - The place where the event is actually held



- 5. Banking, financial institutions, NBFC, Intermediary services, hiring of vehicles' services etc.
 - Location of the supplier of service

- 6. Transportation of goods
 - The place of destination of the goods

- 7. Passenger transportation
 - Place where the passenger embarks on the conveyance for a continuous journey



- 8.Services on-board a conveyance
 - The first scheduled point of departure of that conveyance for the journey.

- 9.Online information and database access or retrieval services
 - The location of recipient of service

- For the rest of the services other than those specified above, the place of supply would be the location of the recipient of service. However if such location is not available in the ordinary course of business the place of supply would be the location of the supplier of service.



CLASSIFICATION OF SERVICES

HSN Codes for Services



Classification to services

- The Scheme of Classification of Services adopted for the purposes of GST is a modified version of the United Nations Central Product Classification
- The Explanatory notes for the said Scheme of Classification of Services is based on the explanatory notes to the UNCP.
- The explanatory notes indicate the scope and coverage of the heading, groups and service codes of the Scheme of Classification of Services.
- These may be used by the Tax payer and the tax administration as a guiding tool for classification of services.
- http://www.cbic.gov.in/resources//htdocs-cbec/gst/Explanatory_notes.pdf

Sample Explanatory notes

9954 Construction services:

This heading includes:

- i. General construction services for all complete constructions.
- ii. Specialized construction services i.e., services related to parts of buildings or civil engineering works, rather than the complete construction object.

99541 General Construction services of buildings.

995411 General Construction services of single dwelling or multi dwelling or multi-storied residential buildings

This service code includes

- i. Construction services of single dwelling or multi dwelling residential buildings.
- ii. Construction services of single storied or multi storied residential buildings.

995412 General Construction services of other residential buildings

This service code includes

- i. construction services of residential buildings for communities, including residences for the elderly, students, children and other social groups such as retirement homes, hostels, fraternity homes, orphanages, homeless shelters etc

HSN Code

- The Harmonized Commodity Description and Coding System generally refers to “Harmonized System of Nomenclature” or simply “HSN”.
- It is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). It first came into effect in 1988.



HSN code

- Services Accounting Code (SAC) in GST
 - Like goods, services are also classified uniformly for recognition, measurement and taxation. Codes for services are called Services Accounting Code or SAC.
- For example:
 - Legal documentation and certification services concerning patents, copyrights and other intellectual property rights-- 998213
 - The first two digits are same for all services i.e. 99
 - The next two digits (82) represent the major nature of service, in this case, legal services
 - The last two digits (13) represent detailed nature of service, i.e., legal documentation for patents etc



HSN code

- HSN code is available as Annexure to Notification No: 11/2017 Central Rate dated 28/06/2017.
- <http://www.cbic.gov.in/resources//htdocs-cbec/gst/Notification11-CGST-Annexure.pdf>

Annexure: Scheme of Classification of Services			
S.No.	Chapter, Section, Heading or Group	Service Code (Tariff)	Service Description
(1)	(2)	(3)	(4)
1	Chapter 99		All Services
2	Section 5		Construction Services
3	Heading 9954		Construction services
4	Group 99541		Construction services of buildings
5		995411	Construction services of single dwelling or multi dwelling or multi-storied residential buildings



RATE OF GST FOR SERVICES

Effective Rate of GST on Services

Exemption for Services

Reverse Charge on Service



Notifications

- 11/2017-Central Tax (Rate), dated 28-06-2017
 - Notifies the rates for supply of services under CGST Act

- 12/2017-Central Tax (Rate), dated 28-06-2017
 - Notifies the exemptions on supply of services under CGST Act;

- 13/2017-Central Tax (Rate) ,dated 28-06-2017
 - Notifies the categories of services on which tax will be payable under reverse charge mechanism under CGST Act

- 17/2017-Central Tax (Rate) ,dt. 28-06-2017
 - Notifies the categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator





INPUT TAXES CREDIT



ITC on Services

- By and large the provisions of Section 16 and 17 are applicable to availment of Input Tax credit wrt to supply of services.
- However, in the case of services even though tax is payable on advance received. ITC cannot be taken on the GST paid on the advance amount paid to the service provider as per subsection 2 of Section 16
 - Section 16 (2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,-
 - (a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;
 - 1[(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;]
 - **(b) he has received the goods or services or both.**

Distribution ITC by ISD

- Rule 39. Procedure for distribution of input tax credit by Input Service Distributor
 - the input tax credit available for distribution in a month shall be distributed in the same month
 - separately distribute the amount of ineligible input tax credit and the amount of eligible input tax credit;
 - the input tax credit on account of integrated tax shall be distributed as input tax credit of integrated tax to every recipient;
- the input tax credit on account of central tax and State tax or Union territory tax shall-
 - (i) in respect of a recipient located in the same State or Union territory in which the Input Service Distributor is located, be distributed as input tax credit of central tax and State tax or Union territory tax respectively;
 - (ii) in respect of a recipient located in a State or Union territory other than that of the Input Service Distributor, be distributed as integrated tax

REFUND

Zero rated supply

Export

Supply to SEZ



Zero rated supply of services

- Categories of Zero-rated supply of services
 - Export of services on payment of IGST
 - Accumulated ITC on export of services
 - Supply to SEZ on payment of IGST
 - Accumulated ITC on supply of services to SEZ
- Please note there is no refund on accumulated ITC in the case of inverted tax structure on supply of services.



Refund of Zero rate supply of Service

- With reference to Zero rated supply of goods the refund is sanctioned by two agencies
 - By Nominated Customs system (Export on payment of IGST)
 - By Central /State Authorities (Other than above)
- With reference to Zero rated supply of services the refund is provided by Central /State Authorities only

Recap

- Basic Concepts
 - Scope of Supply
 - Time of Supply
 - Place of Supply
 - Domestic
 - International
 - Classification of Services
 - HSN
 - Important Notifications





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