

## COMPOSITION RULES

### 1. Intimation for composition levy

(1) Any person who has been granted registration on a provisional basis under sub-rule (1) of rule Registration.4617 and who opts to pay tax under section 10, shall electronically file an intimation in **FORM GST CMP-01**, duly signed, or verified through electronic verification code (EVC), on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, prior to the appointed day, but not later than thirty days after the said day, or such further period as may be extended by the Commissioner in this behalf:

Provided that where the intimation in **FORM GST CMP-01** is filed after the appointed day, the registered person shall not collect any tax from the appointed day but shall issue bill of supply for supplies made after the said day.

(2) Any person who applies for registration under rule Registration.1 may give an option to pay tax under section 10 in Part B of **FORM GST REG-01**, which shall be considered as an intimation to pay tax under the said section.

(3) Any registered person who opts to pay tax under section 10 shall electronically file an intimation in **FORM GST CMP-02**, duly signed or verified through EVC, on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner prior to the commencement of the financial year for which the option to pay tax under the aforesaid section is exercised and shall furnish the statement in **FORM GST ITC-3** in accordance with the provisions of sub-rule (4) of rule ITC.9 within sixty days from the commencement of the relevant financial year,

(4) Any person who files an intimation under sub-rule (1) to pay tax under section 10 shall furnish the details of stock, including the inward supply of goods received from unregistered persons, held by him on the day preceding the date from which he opts to pay tax under the said section, electronically, in **FORM GST CMP-03**, on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, within sixty days of the date from which the option for composition levy is exercised or within such further period as may be extended by the Commissioner in this behalf.

~~(5)~~  
(5) Any intimation under sub-rule (1) or sub-rule (3) in respect of any place of business in any State or Union territory shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

### 2. Effective date for composition levy

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(1) The option to pay tax under section 10 shall be effective from the beginning of the financial year, where the intimation is filed under sub-rule (3) of rule 1 and the appointed ~~date~~ day where intimation is filed under sub-rule (1) of the said rule.

(2) The intimation under sub-rule (2) of rule 1 shall be considered only after grant of registration to the applicant and his option to pay tax under section 10 shall be effective from the date fixed under sub-rule (2) or (3) of rule Registration.3.

### 3. — Conditions and restrictions for composition levy

(1) The person exercising the option to pay tax under section 10 shall comply with the following conditions:

(a) he is neither a casual taxable person nor a non-resident taxable person;

(b) the goods held in stock by him on the appointed day have not been purchased in the course of inter-State trade or commerce or imported from a place outside India or received from his branch situated outside the State or from his agent or principal outside the State, where the option is exercised under sub-rule (1) of rule 1;

(c) the goods held in stock by him have not been purchased from an unregistered ~~person~~ supplier and where purchased, he pays the tax under sub-section (4) of section 9;

(d) he shall pay tax under sub-section (3) or sub-section (4) of section 9 on inward supply of goods or services or both ~~received from un-registered persons~~;

(e) he was not engaged in the manufacture of goods as notified under clause (e) of sub-section (2) of section 10, during the preceding financial year;

(f) he shall mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him; and

(g) he shall mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

(2) The registered person paying tax under section 10 may not file a fresh intimation every year and he may continue to pay tax under the said section subject to the provisions of the Act and these rules.

### 4. — Validity of composition levy

(1) The option exercised by a registered person to pay tax under section 10 shall remain valid so long as he satisfies all the conditions mentioned in the said section and these rules.

(2) The person referred to in sub-rule (1) shall be liable to pay tax under sub-section (1) of section 9 from the day he ceases to satisfy any of the conditions mentioned in section 10 or these rules and shall issue tax invoice for every taxable supply made thereafter and he shall also file an intimation for withdrawal from the scheme in ~~\_\_\_\_\_~~ **FORM GST CMP-04** within seven days of occurrence of such event.

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(3) The registered person who intends to withdraw from the composition scheme shall, before the date of such withdrawal, file an application in **FORM GST CMP-04**, duly signed or verified through EVC, electronically on the Common Portal.

(4) Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under section 10 or has contravened the provisions of the Act or these rules, he may issue a notice to such person in **FORM GST CMP-05** to show cause within fifteen days of the receipt of such notice as to why option to pay tax under section 10 should not be denied.

(5) Upon receipt of reply to the show cause notice issued under sub-rule (4) from the registered person in **FORM GST CMP-06**, the proper officer shall issue an order in **FORM GST CMP-07** within thirty days of receipt of such reply, either accepting the reply, or denying the option to pay tax under section 10 from the date of option or from the date of the event concerning such contravention, as the case may be.

(6) Every person who has furnished an intimation under sub-rule (2) or filed an application for withdrawal under sub-rule (3) or a person in respect of whom an order of withdrawal of option has been passed in **FORM GST CMP-07** under sub-rule (5), may electronically furnish at the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, a statement in **FORM GST ITC-01** -containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn or denied, within 30 days, from the date from which the option is withdrawn or from the date of order passed in **FORM GST CMP-07**, as the case may be.

~~(7)~~  
(7) Any intimation or application for withdrawal under sub-rule (2) or (3) or denial of the option under to pay tax under section 10 in accordance with sub-rule (5) in respect of any place of business in any State or Union territory, shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

### 5. —Rate of tax of the composition levy

The category of registered persons, eligible for composition levy under section 10 and these rules, specified in column (2) of the Table below shall pay tax under section 10 at the rate specified in column (3) of the said Table:

Sl No.	Category of registered persons	Rate of tax
(1)	(2)	(3)
1	Manufacturers, other than manufacturers of such <u>goods as may be notified by the Government</u>	one per cent.
2	Suppliers making supplies referred to in <u>clause (b) of paragraph 6 of Schedule II</u>	two and a half per cent.

<u>3</u>	<u>Any other supplier eligible for composition levy under section 10 and these rules</u>	<u>half per cent.</u>
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### Input Tax Credit

#### 1. Documentary requirements and conditions for claiming input tax credit

(1) The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely:-

- ~~(a)~~ an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31;
- ~~(b)~~ an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31, subject to payment of tax;
- ~~(c)~~ a debit note issued by a supplier in accordance with the provisions of section 34;
- ~~(e)~~ a bill of entry;
- ~~(d)~~ a bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for assessment of integrated tax on imports;  
an ISD invoice or ISD credit note or any an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31;
- ~~(e)~~ (e) a document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule 7;
- ~~(f)~~ a document issued by an Input Service Distributor, as prescribed in clause (g) of sub-rule (1) of rule 4.

(2) Input tax credit shall be availed by a registered person only if all the applicable particulars as prescribed in Chapter ---- (*Invoice Rules*) are contained in the said document, and the relevant information, as contained in the said document, is furnished in **FORM GSTR-2** by such person.

(3) No input tax credit shall be availed by a registered person in respect of any tax that has been paid in pursuance of any order where any demand has been raised/confirmed on account of any fraud, willful misstatement or suppression of facts.

#### 2. Reversal of input tax credit in case of non-payment of consideration

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(1) —A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof the value of such supply along with the tax payable thereon within the time limit specified in the second proviso to sub-section (2) of section 16, shall furnish the details of such supply, the amount of value not paid and the amount of input tax credit availed of proportionate to such amount not paid to the supplier in **FORM GSTR-2** for the month immediately following the period of one hundred and eighty days from the date of issue of invoice.

~~(2)~~ —

Provided that the value of supplies made without consideration as specified in Schedule I shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16.

(2) The amount of input tax credit referred to in sub-rule (1) shall be added to the output tax liability of the registered person for the month in which the details are furnished.

(3) The registered person shall be liable to pay interest at the rate notified under sub-section

(1) of section 50 for the period starting from the date of availing credit on such supplies till the date when the amount added to the output tax liability, as mentioned in sub-rule (2), is paid.

(4) The time limit specified in sub-section (4) of section 16 shall not apply to a claim for re-availing of any credit, in accordance with the provisions of the Act or these rules, that had been reversed earlier.

### **3. — Claim of credit by a banking company or a financial institution**

A banking company or a financial institution, including a non\_-banking financial company, engaged in supply of services by way of accepting deposits or extending loans or advances that chooses not to comply with the provisions of sub-section (2) of section 17, in accordance with the option permitted under sub-section (4) of that section, shall follow the procedure specified below -

- (a) the said company or institution shall not avail the credit of,-
  - (i) tax paid on inputs and input services that are used for non-business purposes, and

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- (ii) the credit attributable to supplies specified in sub-section (5) of section

17,

in **FORM GSTR-2**;

(b) the said company or institution shall avail the credit of tax paid on inputs and input services referred to in the second proviso to sub-section (4) of section ~~1617~~ and not covered under clause (a);

(c) fifty per cent. of the remaining amount of input tax shall be the input tax credit admissible to the company or the institution and shall be furnished in **FORM GSTR-2**;

(d) the amount referred to in clauses (b) and (c) shall, subject to the provisions of sections 41, 42 and 43, be credited to the electronic credit ledger of the said company or the institution.

### **4. Procedure for distribution of input tax credit by Input Service Distributor**

(1) An Input Service Distributor shall distribute input tax credit in the manner and subject to the conditions specified below-

(a) the input tax credit available for distribution in a month shall be distributed in the same month and the details thereof shall be furnished in **FORM GSTR-6** in accordance with the provisions of Chapter ---- (*Return Rules*);

(b) the Input Service Distributor shall, in accordance with the provisions of clause (d), separately distribute the amount ~~in-eligible-as-of~~ ineligible input tax credit (ineligible under the provisions of sub-section (5) of section 17 or otherwise) and the amount of eligible ~~as~~-input tax credit;

(c) the input tax credit on account of central tax, State tax, Union territory tax and integrated tax shall be distributed separately in accordance with the provisions of clause (d);

(d) the input tax credit that is required to be distributed in accordance with the provisions of clause (d) and (e) of sub-section (2) of section 20 to one of the recipients 'R<sub>1</sub>', whether registered or not, from amongst the total of all the recipients to whom input tax credit is attributable, including the

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recipient(s) who are engaged in making exempt supply, or are otherwise not registered for any reason, shall be the amount, “C<sub>1</sub>”, to be calculated by applying the following formula:-

$$C_1 = (t_1 \div T) \times C$$

where,

“C” is the amount of credit to be distributed,

—“t<sub>1</sub>” is the turnover, as referred to in section 20, of person R<sub>1</sub> during the relevant period, and

“T” is the aggregate of the turnover ~~of all recipients~~, during the relevant period, of all recipients to whom the input service is attributable in accordance with the provisions of section 20,;

(e) the input tax credit on account of integrated tax shall be distributed as input tax credit of integrated tax to every recipient;

(f) 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 and the amount to be so distributed shall be equal to the aggregate of the amount of input tax credit of central tax and State tax or Union territory tax that qualifies for distribution to such recipient in accordance with clause (d);

(g) The Input Service Distributor shall issue an ISD invoice, as prescribed in sub-rule

(1) of rule invoice-7, clearly indicating in such invoice that it is issued only for distribution of input tax credit.

(h) The Input Service Distributor shall issue an ISD credit note, as prescribed in sub-rule (1) of rule Invoice-7, for reduction of credit in case the input tax credit already distributed gets reduced for any reason.

(i) Any additional amount of input tax credit on account of issuance of a debit note to an Input Service Distributor by the supplier shall be distributed in the

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manner and subject to the conditions specified in clauses (a) to (gf) and the amount attributable to any recipient shall be calculated in the manner provided in clause (d) above and such credit shall be distributed in the month in which the debit note ~~has been~~is included in the return in **FORM GSTR-6**.

~~(j)~~ Any input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be apportioned to each recipient in the same ratio in which input tax credit contained in the original invoice was distributed in terms of clause (d) above, and the amount so apportioned shall be, ~~—, —~~

~~(i)~~ reduced from the amount to be distributed in the month in which the credit note is included in the return in **FORM GSTR-6**; ~~and/or~~

~~(ii)~~ added to the output tax liability of the recipient ~~and~~ where the amount so apportioned is in the negative by virtue of the amount of credit ~~to be distributed is~~under distribution being less than the amount to be adjusted.

(2) —If the amount of input tax credit distributed by an Input Service Distributor is reduced later on for any other reason for any of the recipients, including that it was distributed to a wrong recipient by the Input Service Distributor, the process prescribed in clause (j) of sub-rule (1) shall apply, *mutatis mutandis* ~~apply~~, for reduction of credit.

(3) —Subject to sub-rule (2), the Input Service Distributor shall, on the basis of the ISD credit note specified in clause (h) of sub-rule (1), issue an ISD Invoice to the recipient entitled to such credit and include the ISD credit note and the ISD Invoice in the return in ~~—————~~**FORM GSTR-6** for the month in which such credit note and invoice was issued.

### 5. Manner of claiming credit in special circumstances

(1) —Input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs lying held in stock or inputs contained in semi-finished or finished goods lying held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions -

~~(a)~~ The input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such [www.idtc.icai.org](http://www.idtc.icai.org)

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capital goods by five percentage points per quarter of a year or part thereof from the date of invoice or such other documents on which the capital goods were received by the taxable person.

(b) The registered person shall within thirty days from the date of his becoming eligible to avail of input tax credit under sub-section (1) of section 18 shall make a declaration, electronically, on the Common Portal in **FORM GST ITC-01** to the effect that he is eligible to avail of input tax credit as aforesaid.

(c) The declaration under clause (b) shall clearly specify the details relating to the inputs ~~lying held~~ in stock or inputs contained in semi-finished or finished goods ~~lying held~~ in stock, or as the case may be, capital goods—

- (i) \_\_\_\_\_ on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of ~~this the~~ Act, in the case of a claim under clause (a) of sub-section (1) of ~~Section section~~ 18,
- (ii) \_\_\_\_\_ on the day immediately preceding the date of grant of registration, in the case of a claim under clause (b) of sub-section (1) of ~~Section section~~ 18,
- (iii) ~~(iii)~~ \_\_\_\_\_ on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of sub-section (1) of ~~Section section~~ 18,
- (iv) ~~(iv)~~ \_\_\_\_\_ on the day immediately preceding the date from which supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of sub-section (1) of ~~Section section~~ 18.

(d) —The details furnished in the declaration under clause (b) shall be duly certified by a practicing chartered ~~account~~ accountant or a cost accountant if the aggregate value of claim on account of central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees.

(e) —The input tax credit claimed in accordance with the provisions of clauses (c) and (d) of sub-section (1) of section 18 shall be verified with the corresponding details furnished by the corresponding supplier in **FORM GSTR-1** or as the case may be, in **FORM GSTR-4**, on the Common Portal.

(2) The amount of credit in case of supply of capital goods or plant and machinery, for the purposes of sub-section (6. —) of section 18, shall be calculated by reducing the input tax on the said goods at the rate of five percentage points for every quarter or part thereof from the date of issue of invoice for such goods.

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### **6. Transfer of credit on sale, merger, amalgamation, lease or transfer of a business**

(1) —A registered person shall, ~~on~~in the event of sale, merger, de-merger, amalgamation, lease or transfer or change in ownership of business for any reason, furnish the details of sale, merger, de-merger, amalgamation, lease or transfer of business, in **FORM GST ITC-02**, electronically on the Common Portal along with a request ~~to~~for transfer ~~the~~of unutilized input tax credit lying in his electronic credit ledger to the transferee:

Provided that in the case of demerger, the input tax credit shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme.

(2) The transferor shall also submit a copy of a certificate issued by a practicing chartered account or cost accountant certifying that the sale, merger, de-merger, amalgamation, lease or transfer of business has been done with a specific provision for transfer of liabilities.

(3) The transferee shall, on the Common Portal, accept the details so furnished by the transferor and, upon such acceptance, the un-utilized credit specified in **FORM GST ITC-02** shall be credited to his electronic credit ledger.

(4) The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of account.

### **7. Manner of determination of input tax credit in ~~certain cases~~respect of inputs or input services and reversal thereof**

(1) —The input tax credit in respect of inputs or input services, which attract the provisions of sub-~~sections~~section (1) or sub-section (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting ~~exempted~~exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely, ~~:-~~

(a) total input tax involved on inputs and input services in a tax period, be

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denoted as 'T';

(b) the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for purposes other than business, be denoted as 'T<sub>1</sub>';

(c) the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as 'T<sub>2</sub>';

(d) the amount of input tax, out of 'T', in respect of inputs **and input services** on which credit is not available under sub-section (5) of section 17, be denoted as 'T<sub>3</sub>';

(e) the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as 'C<sub>1</sub>' and calculated as:

$$C_1 = T - (T_1 + T_2 + T_3);$$

(f) the amount of input tax credit attributable to inputs and input services **intended to be used exclusively in or in relation to taxable for effecting supplies other than exempted but** including zero rated supplies, be denoted as 'T<sub>4</sub>';

(g) 'T<sub>1</sub>', 'T<sub>2</sub>', 'T<sub>3</sub>' and 'T<sub>4</sub>' shall be determined and declared by the registered person at the invoice level in **FORM GSTR-2**;

(h) **input** tax credit left after attribution of input tax credit under clause (g) shall be called common credit, be denoted as 'C<sub>2</sub>' and calculated as:

$$C_2 = C_1 - T_4;$$

(i) **the** amount of input tax credit attributable towards exempt supplies, be denoted as 'D<sub>1</sub>' and calculated as:

~~where,~~

$$D_1 = (E \div F) \times C_2$$

where,

'E' is the aggregate value of exempt supplies, ~~that is, all supplies other than taxable and zero rated supplies,~~ during the tax period, and

'F' is the total turnover **in the State** of the registered person during the tax period:

Provided that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which details of such turnover are available, previous to the month during which the said

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value of 'E/F' is to be calculated;

*Explanation:* For the purposes of this clause, the aggregate value of exempt supplies and total turnover shall exclude the amount of any duty or tax levied under entry 84 of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule.

(j) the amount of credit attributable to non-business purposes if common inputs and input services are used partly for business and partly for non-business purposes, be denoted as 'D<sub>2</sub>', and shall be equal to five per cent. of C<sub>2</sub>; and

(k) the remainder of the common credit shall be the eligible input tax credit attributed to the purposes of business and for effecting ~~taxable~~ supplies other than exempted supplies but including zero rated supplies and shall be denoted as 'C<sub>3</sub>', where,—

$$C_3 = C_2 - (D_1 + D_2);$$

(l) the amount 'C<sub>3</sub>' shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax;

(m) the amount equal to aggregate of 'D<sub>1</sub>' and 'D<sub>2</sub>' shall be added to the output tax liability of the registered person:

Provided that ~~if where~~ the amount of input tax relating to inputs or input services ~~which have been~~ used partly for purposes other than business and partly for effecting exempt supplies has been identified and segregated at invoice level by the registered person, the same shall be included in 'T<sub>1</sub>' and 'T<sub>2</sub>' respectively, and the remaining amount of credit on such ~~input inputs~~ or input services shall be included in 'T<sub>4</sub>'.

(2) — The input tax credit determined under sub-rule (1) shall be calculated finally for the financial year before the due date for ~~filing furnishing of~~ the return for the month of September following the end of the financial year to which such credit relates, in the manner prescribed in the said sub-rule and,

(a) where the aggregate of the amounts calculated finally in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>' exceeds the aggregate of the amounts determined under sub-rule (1) in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>', such excess shall be added to the output tax liability of the registered person ~~for in the~~ month not later than the month of September following the end of the financial year to which such credit relates and the said person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from first day of April of the succeeding financial year till the date of payment; or

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(b) where the aggregate of the amounts determined under sub-rule (1) in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>' exceeds the aggregate of the amounts calculated finally in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>', such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year to which such credit relates.

### **8. —Manner of determination of input tax credit in respect of capital goods and reversal thereof in certain cases**

(1) —Subject to the provisions of sub-section (3) of section 16, the input tax credit in respect of capital goods, which attract the provisions of sub-sections (1) and (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely,—

(a) the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in **FORM GSTR-2** and shall not be credited to his electronic credit ledger;

(b) the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting ~~taxable~~ supplies other than exempted supplies but including zero-rated supplies shall be indicated in **FORM GSTR-2** and shall be credited to the electronic credit ledger;

(c) the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as 'A', shall be credited to the electronic credit ledger and the useful life of such goods shall be taken as five years: from the date of invoice for such goods:

Provided that where any capital goods earlier covered under clause (a) is subsequently covered under this clause, the value of 'A' shall be arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof and the amount 'A' shall be credited to the electronic credit ledger;

*Explanation: An item of capital goods declared under clause (a) on its receipt shall not attract the provisions of sub-section (4) of section 18 if it is subsequently covered under this clause.*

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(d) —the aggregate of the amounts of 'A' credited to the electronic credit ledger under clause (c), to be denoted as 'T<sub>c</sub>', shall be the common credit in respect of capital goods for a tax period:

Provided that where any capital goods earlier covered under clause (b) is subsequently covered under ~~this clause, (c)~~, the value of 'A' arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof shall be added to the aggregate value 'T<sub>c</sub>';

(e) —the amount of input tax credit attributable to a tax period on common capital goods during their ~~residual~~useful life, be denoted as 'T<sub>m</sub>' and calculated as:—:—

$$T_m = T_c \div 60$$

(f) the amount of input tax credit, at the beginning of a tax period, on all common capital goods whose ~~residual~~useful life remains during the tax period, be denoted as 'T<sub>r</sub>' and shall be the aggregate of 'T<sub>m</sub>' for all such capital goods.

(g) —the amount of common credit attributable towards exempted supplies, be denoted as 'T<sub>e</sub>', and calculated as:

$$T_e = (E \div F) \times T_r$$

where,

'E' is the aggregate value of exempt supplies, ~~that is, all supplies other than taxable and zero rated supplies made~~, during the tax period, and

'F' is the total turnover of the registered person during the tax period:

Provided that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;

*Explanation:* For the purposes of this clause, the aggregate value of exempt supplies and total turnover shall exclude the amount of any duty or tax levied under Entry 84 of List I of the Seventh Schedule to the Constitution and Entry 51 and 54 of List II of the said Schedule;

(h) —the amount T<sub>e</sub> along with applicable interest shall, during every tax period

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of the ~~residual~~useful life of the concerned capital goods, be added to the output tax liability of the person making such claim of credit.

(2) —The amount  $T_e$  shall be computed separately for central tax, State tax, Union territory tax and integrated tax.

### 9. —Manner of reversal of credit under special circumstances

(1) —The amount of input tax credit, relating to inputs ~~lying~~held in stock, inputs contained in semi--finished and finished goods ~~lying~~held in stock, and capital goods ~~lying~~held in stock ~~shall~~, for the purposes of sub-section (4) of section 18 or sub-section (5) of section 29, ~~shall~~ be determined in the following manner namely, ~~:-~~

(a) ~~for~~ inputs ~~lying~~held in stock, and inputs contained in semi-finished and finished goods ~~lying~~held in stock, the input tax credit shall be calculated proportionately on the basis of corresponding invoices on which credit had been availed by the registered taxable person on such input ~~:-~~

(b) ~~for~~ capital goods ~~lying~~held in stock the input tax credit involved in the remaining ~~residual~~useful life in months shall be computed on pro-rata basis, taking the ~~residual~~useful life as five years ~~:-~~

#### *Illustration*

*Capital goods have been in use for 4 years, 6 month and 15 days.*

*The ~~residual~~useful remaining life in months = 5 months ignoring a part of the month*

*Input tax credit taken on such capital goods =  $C$*

*Input tax credit attributable to remaining ~~residual~~useful life =  $C$  multiplied by  $5/60$*

(2) The amount, as prescribed in sub-rule (1) shall be determined separately for input tax credit of ~~IGST-integrated tax~~ and ~~CGST-central tax~~.

(3) Where the tax invoices related to the inputs ~~lying~~held in stock are not available, the registered person shall estimate the amount under sub-rule (1) based on the prevailing market price of goods on the effective date of occurrence of any of the events specified in sub-section (4) of section 18 or, as the case may be, sub-section (5) of section 29.



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(4) The amount determined under sub-rule (1) shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in **FORM GST ITC-03**, where such amount relates to any event specified in sub-section (4) of section 18 and in **FORM GSTR-10**, where such amount relates to cancellation of registration.

(5) The details furnished in accordance with sub-rule (3) shall be duly certified by a practicing chartered accountant or cost accountant.

(6) The amount of input tax credit for the purposes of sub-section (6) of section 18 relating to capital goods shall be determined in the same manner as prescribed in clause (b) of sub-rule

(1) and the amount shall be determined separately for input tax credit of IGST and CGST. Where the amount so determined is more than the tax determined on the transaction value of the capital goods, the amount determined shall form part of the output tax liability and the same shall be furnished in FORM GSTR1.

### **10: — Conditions and ~~restriction~~restrictions in respect of inputs and capital goods sent to the job worker**

(1) The inputs, semi-finished goods or capital goods shall be sent to the job worker under the cover of a challan issued by the principal, including where ~~the inputs or capital~~such goods are sent directly to a job--worker.

(2) The challan issued by the principal to the job worker shall contain the details specified in rule Invoice.8:-:

(3) The details of challans in respect of goods dispatched to a job worker or received from a job worker during a tax period shall be included in **FORM GSTR-1** furnished for that period.

(4) ~~If~~Where the inputs or capital goods are not returned to the principal within the time stipulated in section 143, the challan issued under sub-rule (1) shall be deemed to be an invoice for the purposes of ~~this~~the Act.

Explanation:- For the purposes of this Chapter,--:-

(1) “capital goods” shall include “plant and machinery” as defined in the Explanation to section 17;

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~~(2)~~ for determining the value of an exempt supply as referred to in sub-section (3) of ~~section 17~~: section 17:-

- (a) —the value of land and building shall be taken as the same as adopted for the purpose of paying stamp duty; and
- (b) —the value of security shall be taken as one per cent. of the sale value of such security.

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## PAYMENT OF TAX

### **Electronic ~~Tax~~ Liability Register**

(1) The electronic ~~tax~~ liability register specified under sub-section (7) of section 49 shall be maintained in **FORM GST PMT-01** for each person liable to pay tax, interest, penalty, late fee or any other amount on the Common Portal and all amounts payable by him shall be debited to the said register.

~~(2)~~ The electronic ~~tax~~ liability register of the person shall be debited by:-:-

(a) the amount payable towards tax, interest, late fee or any other amount payable as per the return furnished by the said person;

(b) the amount of tax, interest, penalty or any other amount payable as determined by a proper officer in pursuance of any proceedings under the Act or as ascertained by the said person;

(c) the amount of tax and interest payable as a result of mismatch under section 42 or section 43 or section 50; or

(d) any amount of interest that may accrue from time to time.

(3) Subject to the provisions of section 49, payment of every liability by a registered person as per his return shall be made by debiting the electronic credit ledger maintained as per rule 2 or the electronic cash ledger maintained as per rule 3 and the electronic ~~tax~~ liability register shall be credited accordingly.

~~(4)~~ The amount deducted under section 51, or the amount collected under section 52, or the amount payable ~~under sub-section (3) or sub-section (4) of section 9 on reverse charge basis, or the amount payable under section 10, or sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Act or sub-section (3) or sub-section (4) of section 7 of the Union Territory Goods and Services Tax Act~~ any amount payable towards interest, penalty, fee or any other amount under the ~~Act or the Integrated Goods and Services Act~~ shall be paid by debiting the electronic cash ledger maintained as per rule 3 and ~~the~~ electronic ~~tax~~ liability register shall be credited accordingly.

~~(5)~~ Any amount of demand debited in the electronic ~~tax~~ liability register shall stand reduced to the extent of relief given by the appellate authority or Appellate Tribunal or court and the electronic tax liability register shall be credited accordingly.

(6) The amount of penalty imposed or liable to be imposed shall stand reduced partly or fully, as the case may be, if the taxable person makes the payment of tax, interest and penalty specified in the show cause notice or demand order and the electronic ~~tax~~ liability register shall be credited accordingly.

~~(7) 2.~~ A registered person shall, upon noticing any discrepancy in his electronic liability ledger, communicate the same to the officer exercising jurisdiction in the matter, through the Common Portal in **FORM GST PMT-04**.

### **2. Electronic Credit Ledger**

(1) —The electronic credit ledger shall be maintained in **FORM GST PMT-02** for each registered person eligible for input tax credit under the Act on the Common Portal and every claim of input tax credit under the Act shall be credited to the said Ledger.

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(2) The electronic credit ledger shall be debited to the extent of discharge of any liability in accordance with section 49.

(3) Where a registered person has claimed refund of any unutilized amount from the electronic credit ledger in accordance with the provisions of section 54, the amount to the extent of the claim shall be debited in the said ledger.

(4) If the refund so filed is rejected, either fully or partly, the amount debited under sub-rule (3), to the extent of rejection, shall be re-credited to the electronic credit ledger by the proper officer by an order made in **FORM GST PMT-03**.

(5) Save as provided in these rules, no entry shall be made directly in the electronic credit ledger under any circumstance.

(6) A registered person shall, upon noticing any discrepancy in his electronic credit ledger, communicate the same to the officer exercising jurisdiction in the matter, through the Common Portal in **FORM GST PMT-04**.

*Explanation.—* For the purpose of this rule, a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking to the proper officer that he shall not file an appeal.

### **3. Electronic Cash Ledger**

(1) The electronic cash ledger under sub-section (1) of section 49 shall be maintained in **FORM GST PMT-05** for each person, liable to pay tax, interest, penalty, late fee or any other amount, on the Common Portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount.

(2) Any person, or a person on his behalf, shall generate a challan in **FORM GST PMT-06** on the Common Portal and enter the details of the amount to be deposited by him towards tax, interest, penalty, fees or any other amount.

(3) The deposit under sub-rule (2) shall be made through any of the following modes:

- (i) Internet Banking through authorized banks;
- (ii) Credit card or Debit card through the authorised bank;
- (iii) National Electronic Fund Transfer (NeFT) or Real Time Gross Settlement (RTGS) from any bank;
- (iv) Over the Counter payment (OTC) through authorized banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft:

Provided that the restriction for deposit up to ten thousand rupees per challan in case of an

Over the Counter (OTC) payment shall not apply to deposit to be made by –

- (a) Government Departments or any other deposit to be made by persons as may be notified by the Commissioner in this behalf;
- (b) Proper officer or any other officer authorised to recover outstanding dues from any person, whether registered or not, including recovery made through attachment or sale of movable or immovable properties;

(c) Proper officer or any other officer authorized for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any *ad hoc* deposit:

Provided further that the challan in **FORM GST PMT-06** generated at the Common Portal shall be valid for a period of fifteen days.

*Explanation:-* For making payment of any amount indicated in the challan, the commission, if any, payable in respect of such payment shall be borne by the person making such payment.

(4) Any payment required to be made by a person who is not registered under the Act, shall be made on the basis of a temporary identification number generated through the Common Portal.

(5) Where the payment is made by way of NeFT or RTGS mode from any bank, the mandate form shall be generated along with the challan on the Common Portal and the same shall be submitted to the bank from where the payment is to be made:

Provided that the mandate form shall be valid for a period of fifteen days from the date of generation of challan.

(6) On successful credit of the amount to the concerned government account maintained in the authorised bank, a Challan Identification Number (CIN) will be generated by the collecting Bank and the same shall be indicated in the challan.

(7) On receipt of CIN from the **authorizedcollecting** Bank, the said amount shall be credited to the electronic cash ledger of the person on whose behalf the deposit has been made and the Common Portal shall make available a receipt to this effect.

(8) Where the bank account of the person concerned, or the person making the deposit on his behalf, is debited but no Challan Identification Number (CIN) is generated or generated but not communicated to the Common Portal, the said person may represent electronically in **FORM GST PMT-07** through the Common Portal to the Bank or electronic gateway through which the deposit was initiated.

(9) Any amount deducted under section 51 or collected under section 52 and claimed in **FORM GSTR-02** by the registered taxable person from whom the said amount was deducted or, as the case may be, collected shall be credited to his

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electronic cash ledger in accordance with the provisions of rule 2.-Return.

(10) Where a person has claimed refund of any amount from the electronic cash ledger, the said amount shall be debited to the electronic cash ledger.

(11) If the refund so claimed is rejected, either fully or partly, the amount debited under sub--rule (10), to the extent of rejection, shall be credited to the electronic cash ledger by the proper officer by an order made in **FORM GST PMT-03**.

(12) A registered person shall, upon noticing any discrepancy in his electronic cash ledger, communicate the same to the officer exercising jurisdiction in the matter, through the Common Portal in **FORM GST PMT-04**.

*Explanation.—:* For the purposes of this rule, a refund shall be deemed to be rejected if the appeal is finally rejected or if the claimant gives an undertaking to the proper officer that he shall not file an appeal.

### **4. — Identification number for each transaction**

(1) A unique identification number shall be generated at the Common Portal for each debit or credit to the electronic cash or credit ledger, as the case may be.

(1)(2) The unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic ~~tax~~ liability register.

(2)(3) A unique identification number shall be generated at the Common Portal for each credit in the electronic ~~tax~~-liability register for reasons other than those covered under —sub-rule ~~(2)~~.

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### REFUND

#### Application for refund of tax, interest, penalty, fees or any other amount

(1) —Any person, except the persons covered by notification issued under section 55, claiming refund of any tax, interest, penalty, fees or any other amount paid by him, may file an application electronically in **FORM GST RFD-01** ~~electronically~~ through the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that any claim for refund relating to balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 may also be made through the return furnished for the relevant tax period in **FORM GSTR-3**, ~~\_\_\_\_\_~~ or **FORM GSTR-4** or **FORM GSTR-7**, as the case may be:

Provided further that in case of export of goods, application for refund shall be filed only after the export manifest or an export report, as the case may be, is delivered under section 41 of the Customs Act, 1962 in respect of such goods:

Provided also that in respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, the application for refund shall be filed by the supplier of goods after such goods have been admitted in full in the Special Economic Zone for authorized operations, as endorsed by the specified officer of the Zone:

Provided also that in respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, the application for refund shall be filed by the supplier of services along with such evidence regarding receipt of services for authorized operations as endorsed by the specified officer of the Zone:

Provided also that in respect of supplies regarded as deemed exports, the application shall be filed by the recipient of deemed export supplies:

Provided also that refund of any amount, after adjusting the tax payable by the applicant out of the advance tax deposited by him under section 27 at the time of registration, shall be claimed ~~either~~ in the last return required to be furnished by him ~~or only after furnishing of the said last return.~~

(2) —The application under sub-rule (1) shall be accompanied by any of the following documentary evidences, as applicable, to establish that a refund is due to the applicant:

(a) the reference number of the order and a copy of the order passed by the proper officer or an appellate authority or Appellate Tribunal or court resulting in such refund or reference number of the payment of the amount specified in sub-section (6) of section 107 and sub-section (8) of section 112 claimed as refund;

(b) a statement containing the number and date of shipping bills or bills of export and the number and date of relevant export invoices, in a case where the refund is on account of export of goods;

(c) a statement containing the number and date of invoices and the relevant Bank Realization Certificates or Foreign Inward Remittance Certificates, as the case may be, in a case where the refund is on account of export of services;



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(d) a statement containing the number and date of invoices as prescribed in rule Invoice.1 along with the evidence regarding endorsement specified in the third proviso to sub-rule (1) in case of supply of goods made to a Special Economic Zone unit or a Special Economic Zone developer;

(e) a statement containing the number and date of invoices, the evidence regarding endorsement specified in the fourth proviso to sub-rule (1) and the details of payment, along with proof thereof, made by the recipient to the supplier for authorized operations as defined under the Special Economic Zone Act, 2005, in a case where the refund is on account of supply of services made to a Special Economic Zone unit or a Special Economic Zone developer;

(f) a declaration to the effect that the Special Economic Zone unit or the Special Economic Zone developer has not availed of the input tax credit of the tax paid by the supplier of goods or services or both, in a case where the refund is on account of supply of goods or services made to a Special Economic Zone unit or a Special Economic Zone developer;

(g) a statement containing the number and date of invoices along with such other evidence as may be notified in this behalf, in a case where the refund is on account of deemed exports;

(h) a statement in Annex 1 of **FORM GST RFD-01** containing the number and date of invoices received and issued during a tax period in a case where the claim pertains to refund of any unutilized input tax credit under sub-section (3) of section 54 where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies, other than nil-rated or fully exempt supplies;

(g) the reference number of the final assessment order and a copy of the said order in a case where the refund arises on account of finalisation of provisional assessment;

(j) a statement showing the details of transactions considered as intra-State supply but which is subsequently held to be inter-State supply;

(h) a statement showing the details of the amount of claim on account of excess payment of tax;

(i) a declaration to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed does not exceed two lakh rupees:

Provided that a declaration is not required to be furnished in respect of cases covered under clause

(a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;

(m) a Certificate in Annex 2 of **FORM GST RFD-01** issued by a chartered accountant or a cost accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed exceeds two lakh rupees:

Provided that a certificate is not required to be furnished in respect of cases covered under clause

(a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;



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*Explanation.*— For the purposes of this rule,

(i) in case of refunds referred to in clause (c) of sub-section (8) of section 54, “invoice” means invoice conforming to the provisions contained in section 31 ;

(ii) where the amount of tax has been recovered from the recipient, it shall be deemed that the incidence of tax has been passed on to the ultimate consumer.

(3) Where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant in an amount equal to the refund so claimed.

(4) —In case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, refund of input tax credit shall be granted as per the following formula:

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) ~~×~~ Net ITC ~~—~~ ~~□~~ ~~□~~ ~~□~~ Adjusted Total Turnover

Where,—:

(A) "Refund amount" means the maximum refund that is admissible;

(B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period;

(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking;

(D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:

Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

(E) "Adjusted Total turnover" means the turnover in a State or a Union territory, as defined under sub-section (112) of section 2, excluding the value of exempt supplies other than zero-rated supplies, during the relevant period;

(F) "Relevant period" means the period for which the claim has been filed.

(5) In case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula:

Maximum Refund Amount = {(Turnover of inverted rated supply of goods) x Net ITC  
Adjusted Total Turnover} minus tax payable on such inverted rated  
supply of goods

Explanation: The meaning of the term “Net ITC” and “Adjusted Total turnover” shall have the same meaning as assigned to them in sub-rule (4).

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### 2. Acknowledgement

(1) Where the application relates to a claim for refund from the electronic cash ledger, an acknowledgement in **FORM GST RFD-02** shall be made available to the applicant through the Common Portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.

(2) —The application for refund, other than claim for refund from electronic cash ledger, shall be forwarded to the proper officer who shall, within fifteen days of filing of the said application, scrutinize the application for its completeness and where the application is found to be complete in terms of sub-rule (2), (3) and (4) of rule 1, an acknowledgement in **FORM GST RFD-02** shall be made available to the applicant through the Common Portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.

Provided that where the claim for refund of integrated tax is on account of export of goods, the acknowledgment shall be issued within a period of three days of filing of such claim.

(3) Where any deficiencies are noticed, the proper officer shall communicate the deficiencies to the applicant in **FORM GST RFD-03** through the Common Portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies.

~~(4)~~  
(4) Where deficiencies have been communicated in **FORM GST RFD-03** under the GST Rules of the State, the same shall also deemed to have been communicated under this Rule along with deficiencies communicated under sub-rule (3).

[CGST  
Rules]

(4) —Where deficiencies have been communicated in **FORM GST RFD-03** under the CGST Rules, the same shall also deemed to have been communicated under this Rule along with deficiencies communicated under sub-rule (3).

[SGST  
Rules]

### 3. Grant of provisional refund

(1) —The provisional refund ~~underin accordance with the provisions of~~ sub-section (6) of section 54 shall be granted subject to the ~~following conditions—~~

~~(a) —condition that~~ the person claiming refund has, during any period of five years immediately preceding the tax period to which the claim for refund relates, not been prosecuted for any offence under the Act or under an existing law where the amount of tax evaded exceeds two hundred and fifty lakh rupees;

~~(b) —the GST compliance rating, where available, of the applicant is not less than five on a scale of ten;~~

~~(c) —no proceedings of any appeal, review or revision is pending on any of the issues which form the basis of the refund and if pending, the same has not been stayed by the appropriate authority or court.~~

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(2) —The proper officer, after scrutiny of the claim and the evidence submitted in support thereof and on being prima facie satisfied that the amount claimed as refund under sub-rule (1) is due to the applicant in accordance with the provisions of sub-section (6) of section 54, shall make an order in **FORM GST RFD-04**, sanctioning the amount of refund due to the said applicant on a provisional basis within a period not exceeding seven days from the date of acknowledgement under sub-rule (1) or sub-rule (2) of ———rule 2.

(3) —The proper officer shall issue a payment advice in **FORM GST RFD-05** for the amount sanctioned under sub-rule (2) and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund.

### **4. Order sanctioning refund**

(1) —Where, upon examination of the application, the proper officer is satisfied that a refund under sub-section (5) of section 54 is due and payable to the applicant, he shall make an order in **FORM GST RFD-06**, sanctioning the amount of refund to which the applicant is entitled, mentioning therein the amount, if any, refunded to him on a provisional basis under sub-section (6) of section 54, amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable:

Provided that in cases where the amount of refund is completely adjusted against any outstanding demand under the Act or under any existing law, an order giving details of the adjustment ~~may~~**shall** be issued in **Part A of FORM GST RFD-07**.

<sup>(2)</sup>(2) Where the proper officer or the Commissioner is of the opinion that the amount of refund is liable to be withheld under the provisions of sub-section (10) or, as the case may be, sub-section (11) of section 54, he shall pass an order in Part B of **FORM GST RFD-07** informing him the reasons for withholding of such refund.

(3) Where the proper officer is satisfied, for reasons to be recorded in writing, that the whole or any part of the amount claimed as refund is not admissible or is not payable to the applicant, he shall issue a notice in **FORM GST RFD-08** to the applicant, requiring him to furnish a reply in **FORM GST RFD-09** within fifteen days of the receipt of such notice and after considering the reply, make an order in **FORM GST RFD-06**, sanctioning the amount of refund in whole or part, or rejecting the said refund claim and the said order shall be made available to the applicant electronically and the provision of sub-rule (1) shall, *mutatis mutandis*, apply to the extent refund is allowed:

Provided that no application for refund shall be rejected without giving the applicant a reasonable opportunity of being heard.

(4) Where the proper officer is satisfied that the amount refundable under sub-rule (1) or (2) is payable to the applicant under sub-section (8) of section 48~~54~~, he shall make an order in **FORM GST RFD-06** and issue a payment advice in **FORM GST RFD-05**, for the amount of refund and the same shall be electronically credited to any of the bank accounts of the

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applicant mentioned in his registration particulars and as specified in the application for refund.

(5) Where the proper officer is satisfied that the amount refundable under sub-rule (1) or sub-rule (2) is not payable to the applicant under sub-section (8) of section 54, he shall make an order in **FORM GST RFD-06** and issue an advice in **FORM GST RFD-05**, for the amount of refund to be credited to the Consumer Welfare Fund.

### **5. Credit of the amount of rejected refund claim**

(1) Where any deficiencies have been communicated under sub-rule (3) of rule 2, the amount debited under sub-rule (3) of rule 1 shall be re-credited to the electronic credit ledger.

(2) Where any amount claimed as refund is rejected under rule 4, either fully or partly, the amount debited, to the extent of rejection, shall be re-credited to the electronic credit ledger by an order made in ~~FORM GST PMT-03.~~

#### **FORM GST PMT-03.**

*Explanation.—:* For the purposes of this rule, a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking in writing to the proper officer that he shall not file an appeal.

### **6. Order sanctioning interest on delayed refunds**

Where any interest is due and payable to the applicant under section 56, the proper officer shall make an order along with a payment advice in **FORM GST RFD-05**, specifying therein the amount of refund which is delayed, the period of delay for which interest is payable and the amount of interest payable, and such amount of interest shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund.

### **7. Refund of tax to certain persons**

(1) Any person eligible to claim refund of tax paid by him on his inward supplies as per notification issued section 55 shall apply for refund in **FORM GST RFD-10** once in every quarter, electronically on the Common Portal, either directly or from a Facilitation Centre notified by the Commissioner, along with a statement of inward supplies of goods or services or both in **FORM GSTR-11**, prepared on the basis of statement of outward supplies furnished by corresponding suppliers in **FORM GSTR-1**.

(2) An acknowledgement for receipt of the application for refund shall be issued in **FORM GST RFD-02**.

(3) Refund of tax paid by the applicant shall be available if-

- (a) the inward supplies of goods or services or both were received from a registered person against a tax invoice and the price of the supply covered under a single tax invoice exceeds five thousand rupees, excluding tax paid, if any;
- (b) name and GSTIN or UIN of the applicant is mentioned on the tax invoice; and
- (c) such other restrictions or conditions as may be specified in the notification are satisfied.

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(4) The provisions of rule 4 shall, *mutatis mutandis*, apply for the sanction and payment of refund under this rule.

(5) Where an express provision in a treaty or other international agreement, to which the President or the Government of India is a party, is inconsistent with the provisions of these rules, such treaty or international agreement shall prevail.

### **8. Consumer Welfare Fund**

(1) All credits to the Consumer Welfare Fund shall be made under sub-rule (4) of rule 4.

(2) Any amount, having been credited to the Fund, ordered or directed as payable to any claimant by orders of the proper officer, appellate authority or Appellate Tribunal or court, shall be paid from the Fund.

(3) Any utilisation of amount from the Consumer Welfare Fund under sub-section (1) of section 58 shall be made by debiting the Consumer Welfare Fund account and crediting the account to which the amount is transferred for utilisation.

(4) The [Central/State] Government shall, by an order, constitute a Standing Committee with a Chairman, a Vice-Chairman, a Member Secretary and such other members as it may deem fit and the Committee shall make recommendations for proper utilisation of the money credited to the Consumer Welfare Fund for welfare of the consumers.

(5) The Committee shall meet as and when necessary, but not less than once in three months.

(6) Any agency or organisation engaged in consumer welfare activities for a period of three years registered under the Companies Act, 2013 (18 of 2013) or under any other law for the time being in force, including village or mandal or samiti level co-operatives of consumers especially Women, Scheduled Castes and Scheduled Tribes, or any industry as defined in the Industrial Disputes Act, 1947 (14 of 1947) recommended by the Bureau of Indian Standards to be engaged for a period of five years in viable and useful research activity which has made, or is likely to make, significant contribution in formulation of standard mark of the products of mass consumption, the Central Government or the State Government may make an application for a grant from the Consumer Welfare Fund:

Provided that a consumer may make application for reimbursement of legal expenses incurred by him as a complainant in a consumer dispute, after its final adjudication.

(7) All applications for grant from the Consumer Welfare Fund shall be made by the applicant Member Secretary, but the Committee shall not consider an application, unless it has been inquired into in material details and recommended for consideration accordingly, by the Member Secretary.

(8) The Committee shall have powers -

(a) to require any applicant to produce before it, or before a duly authorised Officer of the Government such books, accounts, documents, instruments, or commodities in custody and control of the applicant, as may be necessary for proper evaluation of the application;

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- (b) to require any applicant to allow entry and inspection of any premises, from which activities claimed to be for the welfare of consumers are stated to be carried on, to a duly authorised officer of the Central Government or, as the case may be, State Government;
- (c) to get the accounts of the applicants audited, for ensuring proper utilisation of the grant;
- (d) to require any applicant, in case of any default, or suppression of material information on his part, to refund in lump-sum, the sanctioned grant to the Committee, and to be subject to prosecution under the Act;
- (e) to recover any sum due from any applicant in accordance with the provisions of the Act;
- (f) to require any applicant, or class of applicants to submit a periodical report, indicating proper utilisation of the grant;
- (g) to reject an application placed before it on account of factual inconsistency, or inaccuracy in material particulars;
- (h) to recommend minimum financial assistance, by way of grant to an applicant, having regard to his financial status, and importance and utility of nature of activity under pursuit, after ensuring that the financial assistance provided shall not be misutilised;
- (i) to identify beneficial and safe sectors, where investments out of Consumer Welfare Fund may be made and make recommendations, accordingly.
- (j) to relax the conditions required for the period of engagement in consumer welfare activities of an applicant;
- (k) to make guidelines for the management, administration and audit of the Consumer Welfare Fund.

(9) The Central Consumer Protection Council and the Bureau of Indian Standards shall recommend to the GST Council, the broad guidelines for considering the projects or proposals for the purpose of incurring expenditure from the Consumer Welfare Fund.

## REGISTRATION

### 1. Application for registration

(1) Every person (other than a non-resident taxable person, a person required to deduct tax at source under section 51, a person required to collect tax at source under section 52 and a person supplying online information and data base access or retrieval services from a place outside India to a non-taxable online recipient referred to in section 14 of the Integrated Goods and Services Tax Act, ~~a person required to deduct tax at source under section 51 and a person required to collect tax at source under section 52~~) who is liable to be registered under sub-section (1) of section 25 and every person seeking registration under sub-section (3) of section 25 (hereinafter referred to in this Chapter as “the applicant”) shall,



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before applying for registration, declare his Permanent Account Number (PAN), mobile number, e-mail address, State or Union territory in **Part A** of **FORM GST REG-01** on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that a person having a unit(s) in a Special Economic Zone ~~unit~~ or being a Special Economic Zone developer shall make a separate application for registration as a business vertical distinct from ~~its~~<sup>(a)</sup> other units located outside the Special Economic Zone-:

Provided further that every person being an Input Service Distributor shall make a separate application for registration as such Input Service Distributor.

(2) (a) The PAN shall be validated online by the Common Portal from the database maintained by the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963 (54 of 1963);

(b) The mobile number declared under sub-rule (1) shall be verified through a one-time password sent to the said mobile number; and

(c) The e-mail address declared under sub-rule (1) shall be verified through a separate one-time password sent to the said e-mail address.

(3) On successful verification of the PAN, mobile number and e-mail address, a temporary reference number shall be generated and communicated to the applicant on the said mobile number and e-mail address.

(4) Using the reference number generated under sub-rule (3), the applicant shall electronically submit an application in **Part B** of **FORM GST REG-01**, duly signed, or verified through electronic verification code (EVC), along with documents specified in the said Form at the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner.

(5) On receipt of an application under sub-rule (4), an acknowledgement shall be issued electronically to the applicant in **FORM GST REG-02**.

(6) A person applying for registration as a casual taxable person shall be given a temporary reference number by the Common Portal for making advance deposit of tax in accordance with the provisions of section 27 and the acknowledgement under sub-rule (5) shall be issued electronically only after the said deposit ~~in the electronic cash ledger.~~

### **2.——2. Verification of the application and approval**

(1) The application shall be forwarded to the proper officer who shall examine the application and the accompanying documents and if the same are found to be in order, approve the grant of registration to the applicant within three working days from the date of submission of application.

(2) Where the application submitted under rule 1 is found to be deficient, either in terms of any information or any document required to be furnished under the said rule, or where the proper officer requires any clarification with regard to any information provided in the application or documents furnished therewith, he may issue a notice to the applicant electronically in **FORM GST REG-03** within three working days from the date of submission of application and the applicant shall furnish such clarification, information or

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documents ~~sought~~ electronically, in **FORM GST REG-04**, within seven working days from the date of receipt of such ~~intimation-notice~~.

*Explanation.—* The clarification includes modification or correction of particulars declared in the application for registration, other than PAN, State, mobile number and e-mail address declared in **Part A** of **FORM GST REG-01**.

(3) Where the proper officer is satisfied with the clarification, information or documents furnished by the applicant, he may approve the grant of registration to the applicant within seven working days from the date of receipt of such clarification or information or documents.

(4) Where no reply is furnished by the applicant in response to the notice issued under sub-rule (2) within the prescribed period or where the proper officer is not satisfied with the clarification, information or documents furnished, he shall, for reasons to be recorded in writing, reject such application and inform the applicant electronically in **FORM GST REG-**

~~(5)~~  
**05.**

(5) If the proper officer fails to take any action -

(a) within three working days from the date of submission of application, or

(b) within seven working days from the date of receipt of clarification, information or documents furnished by the applicant under sub-rule (2), ~~the application for grant of registration shall be deemed to have been approved.~~

~~the application for grant of registration shall be deemed to have been approved.~~**3.—**

### **3. Issue of registration certificate**

(1) — Subject to the provisions of sub-section (12) of section 25, where the application for grant of registration has been approved under rule 2, a certificate of registration in **FORM GST REG-06** showing the principal place of business and additional place(s) of business shall be made available to the applicant on the Common Portal and a Goods and Services Tax Identification Number (hereinafter in these rules referred to as “GSTIN”) shall be assigned to him in the following format:

- (a) two characters for the State code;
- (b) ten characters for the PAN or the Tax Deduction and Collection Account Number;
- (c) two characters for the entity code; and
- (d) one checksum character.



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(2) The registration shall be effective from the date on which the person becomes liable to registration where the application for registration has been submitted within thirty days from such date.

(3) Where an application for registration has been submitted by the applicant after thirty days from the date of his becoming liable to registration, the effective date of registration shall be the date of grant of registration under sub-rule (1) or sub-rule (3) or sub-rule (5) of rule 2.

(4) Every certificate of registration ~~made available on the Common Portal~~ shall be digitally signed by the proper officer under the Act.

(5) Where the registration has been granted under sub-rule (5) of rule 2, the applicant shall be communicated the registration number, and the certificate of registration under sub-rule (1), duly signed or verified through EVC, shall be made available to him on the ~~common portal~~ Common Portal within three days after expiry of the period specified in sub-rule (5) of rule 2.

### 4. — Separate registration for multiple business verticals within a State or a Union territory

(1) — Any person having multiple business verticals within a State or a Union territory, requiring a separate registration for any of its business verticals under sub-section (2) of section 25 shall be granted separate registration in respect of each of the verticals subject to the following conditions:

(a) Such person has more than one business vertical as defined in clause (18) of section 2 ~~of the Act;~~

(b) No business vertical of a taxable person shall be granted registration to pay tax under section 10 if any one of the other business verticals of the same person is paying tax under section 9.

*Explanation.—* Where any business vertical of a registered person that has been granted a separate registration becomes ineligible to pay tax under section 10, all other business verticals of the said person shall become ineligible to pay tax under the said section.

(c) — All separately registered business verticals of such person shall pay tax under ~~this~~ the Act on supply of goods or services or both made to another registered business vertical of such person and issue a tax invoice for such supply.

(2) A registered person eligible to obtain separate registration for business verticals may submit a separate application in **FORM GST REG-01** in respect of each such vertical.

(3) The provisions of rule 2 and rule 3 relating to verification and grant of registration shall, *mutatis mutandis*, apply to an application submitted under this rule.

### 5. — Grant of registration to persons required to deduct tax at source or to collect tax at source

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(1) —Any person required to deduct tax in accordance with the provisions of section 51 or a person required to collect tax at source in accordance with the provisions of section 52 shall electronically submit an application, duly signed or verified through EVC, in **FORM GST**

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**REG-07** for grant of registration through the Common Portal, either directly or from a Facilitation Centre notified by the Commissioner.

(2) The proper officer may grant registration after due verification and issue a certificate of registration in **FORM GST REG-06** within three working days from the date of submission of application.

(3) Where, upon an enquiry or pursuant to any other proceeding under the Act, the proper officer is satisfied that a person to whom a certificate of registration in **FORM GST REG-06** has been issued is no longer liable to deduct tax at source under section 51 or collect tax at source under section 52, the said officer may cancel the registration issued under sub-rule (2) and such cancellation shall be communicated to the said person electronically in **FORM ~~GST REG-08~~**

**GST REG-08**: \_\_\_\_\_

Provided that the proper officer shall follow the procedure prescribed in rule 14 for cancellation of registration.

### **6. Grant of registration to non-resident taxable person**

(1) —A non-resident taxable person shall electronically submit an application, along with a self-attested copy of his valid passport, for registration, duly signed or verified through EVC, in **FORM GST REG-09**, at least five days prior to the commencement of business at the Common Portal either directly or through a Facilitation Centre notified by the Commissioner-;

(2) Provided that in the case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available.

(2) A person applying for registration as a non-resident taxable person shall be given a temporary reference number by the Common Portal for making an advance deposit of tax underin accordance with the provisions of section 27 and the acknowledgement under sub-rule (5) of rule 1 shall be issued thereafter electronically only after the said deposit in his electronic cash ledger.

(3) The person applying for registration under sub-rule (1) shall make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which registration is sought, as specified in section 27.

(3) The provisions of rule 2 and rule 3 relating to verification and grant of registration shall, mutatis mutandis, apply to an application submitted under this rule.

*Explanation.* – The application for registration made by a non-resident taxable person shall be signed by his authorized signatory who shall be a person resident in India having a valid PAN.

### **6A.—7. Grant of registration to a person supplying online information and data base access or retrieval services from a place outside India to a non-taxable online recipient**

(1) Any person supplying online information and data base access or retrieval services from a place outside India to a non-taxable online recipient shall electronically submit an application for [www.idtc.icai.org](http://www.idtc.icai.org)

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registration, duly signed or verified through EVC, in **FORM GST REG-09A10**, at the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner.

~~(2)~~  
(2) The applicant referred to in sub-rule (1) shall be granted registration, in **FORM GST REG-06**, subject to such conditions and restrictions and by such officer as may be notified by the Central Government on the recommendations of the Council.

### **8. Extension in period of operation by casual taxable person and non-resident taxable person**

~~(1)~~  
(1) Where a registered casual taxable person or a non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in **FORM GST REG-1011** shall be ~~furnished~~submitted electronically through the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, by such person before the end of the validity of registration granted to him.

~~(2)~~  
(2) The application under sub-rule (1) shall be acknowledged only on payment of the amount specified in sub-section (2) of section 27.

### **6.7. Suo moto registration**

(1) Where, pursuant to any survey, enquiry, inspection, search or any other proceedings under the Act, the proper officer finds that a person liable to registration under the Act has failed to apply for such registration, such officer may register the said person on a temporary basis and issue an order in **FORM GST REG-11, 12**.

~~(2)~~  
(2) The registration granted under sub-rule (1) shall be effective from the date of order granting registration.

~~(3)~~  
~~(4)~~(3) Every person to whom a temporary registration has been granted under sub-rule (1) shall, within ~~ninety~~thirty days from the date of the grant of such registration, submit an application for registration in the form and manner provided in rule 1 or rule 5 unless the said person has filed an appeal against the grant of temporary registration, in which case the application for registration shall be submitted within thirty days from the date of issuance of order upholding the liability to registration by the Appellate Authority.

(4) The provisions of rule 2 and rule 3 relating to verification and issue of certificate of registration shall, *mutatis mutandis*, apply to an application submitted under sub-rule (3).

~~(5)~~  
(5) The GSTIN assigned pursuant to verification under sub-rule (4) shall be effective from the date of order granting registration under sub-rule (1).

### **10. Assignment of ~~unique identity number~~Unique Identity Number to certain special entities**

~~(1)~~  
(1) Every person required to be granted a ~~unique identity number under~~Unique Identity Number (UIN) in accordance with the provisions of sub-section (9) of section 25 may submit an application, electronically in **FORM GST REG-1213**, duly signed or verified through EVC, in the manner specified in rule 1

1 at the Common Portal, either directly or through a Facilitation Centre, notified by the Board or Commissioner.

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(2) —The proper officer may, upon submission of an application in **FORM GST REG-1213** or after filling up the said form, assign a Unique Identity Number to the said person and issue a certificate in **FORM GST REG-06** within three working days from the date of submission of application.

### **11. Display of registration certificate and GSTIN on the name board**

(1) — Every registered person shall display his certificate of registration in a prominent location at his principal place of business and at every additional place or places of business.

(2) — Every registered person shall display his GSTIN on the name board exhibited at the entry of his principal place of business and at every additional place or places of business.

### **12. Amendment of registration**

(1) —Where there is any change in any of the particulars furnished in the application for registration in **FORM GST REG-01** or **FORM GST REG-07** or **FORM GST REG-09** or **FORM GST REG-09A10** or for UIN in **FORM GST-REG-12**, as the case may be,13 either at the time of obtaining registration or UIN or as amended from time to time, the registered person shall, within fifteen days of such change, submit an application, duly signed or verified through EVC, electronically in **FORM GST REG-1314**, along with documents relating to such change at the Common Portal either directly or through a Facilitation Centre notified by the Commissioner.

(2) (a) —Where the change relates to-

(i) legal name of business;

(ii) address of the principal place of business or any additional place of business; or

(iii) addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for day to day affairs of the business,-

which does not warrant cancellation of registration under section 29, the proper officer shall, after due verification, approve the amendment within fifteen working days from the date of receipt of application in **FORM GST REG-13** ~~after due verification~~**14** and issue an order in **FORM GST REG-1415** electronically and such amendment shall take effect from the date of occurrence of the event warranting amendment.

~~(a)~~(d) The change relating to sub-clause (i) and sub-clause (iii) of clause (a) in any State or Union territory shall be applicable for all registrations of the registered person obtained under these rules on the same PAN.

~~(e)~~  
(e) — Where the change relates to any particulars other than those specified in clause (a), the certificate of registration shall stand amended upon submission of the application in **FORM GST REG-13 14** on the Common Portal:

Provided that any change in the mobile number or e-mail address of the authorised signatory submitted under rule 1, as amended from time to time, shall be carried out only after online verification through the Common Portal in the manner provided under the said rule.

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(d) —Where a change in the constitution of any business results in change of ~~the Permanent Account Number (PAN)~~ of a registered person, the said person shall apply for fresh registration in **FORM GST REG-01**.

~~(3)~~  
(4) — Where the proper officer is of the opinion that the amendment sought under clause (a) of sub-rule (2) is either not warranted or the documents furnished therewith are incomplete or incorrect, he may, within fifteen working days from the date of receipt of the application in **FORM GST REG-1314**, serve a notice in **FORM GST REG-03**, requiring the registered person to show cause, within seven working days of the service of the said notice, as to why the application submitted under sub-rule (1) shall not be rejected.

~~(4)~~  
(4) The ~~taxable~~ registered person shall furnish a reply to the notice to show cause, issued under sub-rule 3, in **FORM GST REG-04** within seven working days from the date of the service of the said notice.

~~(5)~~  
(5) Where the reply furnished under sub-rule (4) is found to be not satisfactory or where no reply is furnished in response to the notice issued under sub-rule (3) within the period prescribed in sub-rule (4), the proper officer shall reject the application submitted under sub-rule (1) and pass an order in **FORM GST REG -05**.

(6) If the proper officer fails to take any action-

(a) within fifteen working days from the date of submission of application, or

(b) within seven working days from the date of receipt of reply to the notice to show cause under sub-rule (4),

the certificate of registration shall stand amended to the extent applied for and the amended certificate shall be made available to the registered person on the Common Portal.

### **13. Application for cancellation of registration**

A registered person, other than a person to whom a ~~unique identification number has been granted under rule 9 or a person to whom~~ registration has been granted under rule 5 ~~or a person to whom a Unique Identity Number has been granted under rule 10~~, seeking cancellation of his registration under sub-section (1) of section 29 shall electronically submit an application in **FORM GST REG-1416**, including therein the details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock and of capital goods held in stock on the date from which cancellation of registration is sought, liability thereon, details of the payment, if any, made against such liability and may furnish, along with the application, relevant documents in support thereof at the Common Portal within thirty days of occurrence of the event warranting cancellation, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that no application for cancellation of registration shall be considered in case of a taxable person, who has registered voluntarily, before the expiry of a period of one year from the effective date of registration.

~~13.~~

### **14. Registration to be cancelled in certain cases**



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The registration granted to a person is liable to be cancelled if the said person—

- (a) does not conduct any business from the declared place of business; or
- (b) issues invoice or bill without supply of goods or services in violation of the provisions of this Act, or the rules made thereunder.

### **15. Cancellation of registration**

(1) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under section 29, he shall issue a notice to such person in ~~FORM GST REG-1617~~ **FORM GST REG-1617**, requiring him to show cause within seven working days from the date of service of such notice as to why his registration should not be cancelled.

(2) The reply to the show cause notice issued under sub-rule (1) shall be furnished in ~~FORM REG-1718~~ **FORM REG-1718** within the period prescribed in the said sub-rule.

(3) Where a person who has submitted an application for cancellation of his registration is no longer liable to be registered or his registration is liable to be cancelled, the proper officer shall issue an order in ~~FORM GST REG-1819~~ **FORM GST REG-1819**, within thirty days from the date of application submitted under sub-rule (1) of rule ~~1213~~ or, as the case may be, the date of reply to the show cause issued under sub-rule (1), cancel the registration, with effect from a date to be determined by him and notify the taxable person, directing to pay arrears of any tax, interest or penalty including ~~the amount~~ liable to be paid under sub-section(5) of section 29.

(4) Where the reply furnished under sub-rule (2) is found to be satisfactory, the proper officer shall drop the proceedings and pass an order in ~~FORM GST REG-19-20~~ **FORM GST REG-19-20**.

(5) The provisions of sub-rule (3) shall, *mutatis mutandis*, apply to the legal heirs of a deceased proprietor, as if the application had been submitted by the proprietor himself.

### **16. Revocation of cancellation of registration**

(1) —A registered person, whose registration is cancelled by the proper officer on his own motion, may submit an application for revocation of cancellation of registration, in ~~FORM GST REG-2021~~ **FORM GST REG-2021**, to such proper officer, within thirty days from the date of service of the order of cancellation of registration at the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that no application for revocation shall be filed if the registration has been cancelled for the failure of the ~~taxable~~ **registered** person to furnish returns, unless such returns are ~~filed~~ **furnished** and any amount due as tax, in terms of such returns has been paid along with any amount payable towards interest, ~~penalties~~ **penalty** and late fee payable in respect of the said returns.

(2) —(a) —Where the proper officer is satisfied, for reasons to be recorded in writing, that there are sufficient grounds for revocation of cancellation of registration, he shall revoke the cancellation of registration by an order in ~~FORM GST REG-2122~~ **FORM GST REG-2122** within thirty days from the date of receipt of the application and communicate the same to the applicant.

(b) —The proper officer may, for reasons to be recorded in writing, under circumstances other than those specified in clause (a), by an order in ~~FORM GST REG-05~~ **FORM GST REG-05**, reject the application for revocation of cancellation of registration and communicate the same to the applicant.

(3) The proper officer shall, before passing the order referred to in clause (b) of sub-rule [www.idtc.icai.org](http://www.idtc.icai.org)

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(2), issue a notice in **FORM GST REG-2223** requiring the applicant to show cause as to why the application submitted for revocation under sub-rule (1) should not be rejected and the applicant shall furnish the reply within seven working days from the date of the service of notice in **FORM GST REG-23-24**.

~~(4)~~  
(4) Upon receipt of the information or clarification in **FORM GST REG-2324**, the proper officer ~~may~~ shall proceed to dispose of the application in the manner specified in sub-rule (2) within thirty days from the date of receipt of such information or clarification from the applicant.

~~16.~~

### **17. Migration of persons registered under the existing law**

(1) — (a) — Every person, other than a person deducting tax at source or an Input Service Distributor, registered under an existing law and having a ~~Permanent Account Number~~ PAN issued under the Income-tax Act, 1961 (Act 43 of 1961) shall enrol on the Common Portal by validating his e-mail address and mobile number, either directly or through a Facilitation Centre notified by the Commissioner.

(b) — Upon enrolment under clause (a), the said person shall be granted registration on a provisional basis and a certificate of registration in **FORM GST REG-25**, incorporating the GSTIN therein, shall be made available to him on the Common Portal:

Provided that a taxable person who has been granted multiple registrations under the existing law on the basis of a single PAN shall be granted only one provisional registration under the Act:

Provided further that a person having centralized registration under Chapter V of the Finance Act, 1994 shall be granted only one provisional registration in the State or Union territory in which he is registered under the existing law. (*CGST Rules only*)

~~(2) — (a) —~~ Every person who has been granted a provisional registration under sub-rule (1) shall submit an application electronically in **FORM GST REG-2426**, duly signed ~~or verified~~ through EVC, along with the information and documents specified in the said application, on the Common Portal either directly or through a Facilitation Centre notified by the Commissioner.

~~(b)~~  
(b) The information asked for in clause (a) shall be furnished within a period of three months or within such further period as may be extended by in this behalf.

~~(c)~~  
(c) If the information and the particulars furnished in the application are found, by the proper officer, to be correct and complete, a certificate of registration in ~~FORM GST REG-06~~ shall be made available to the registered person electronically on the Common Portal.

(3) — Where the particulars or information specified in sub-rule (2) have either not been furnished or not found to be correct or complete, the proper officer shall, ~~after serving a notice to show cause in FORM GST REG-27 and after affording the person concerned a reasonable opportunity of being heard~~, cancel the provisional registration granted under sub-rule (1) and issue an order in **FORM GST REG-2628**:

Provided that ~~no provisional registration shall be cancelled as aforesaid without serving a notice to show cause in FORM GST REG-27 and without affording the person concerned a reasonable opportunity of being heard:~~

~~Provided further that~~ the show cause notice issued in **FORM GST REG-27** can be vacated by issuing an order in **FORM GST REG-19 20**, if it is found, after affording the person



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an opportunity of being heard, that no such cause exists for which the notice was issued.

(4) —Every person registered under any of the existing laws, who is not liable to be registered under the Act may, within thirty days from the appointed day, at his option, submit an application electronically in **FORM GST REG-2829** at the Common Portal for cancellation of the registration granted to him and the proper officer shall, after conducting such enquiry as deemed fit, cancel the said registration.

### 18. 17. —Physical verification of business premises in certain cases

Where the proper officer is satisfied that the physical verification of the place of business of a registered person is required after grant of registration, he may get such verification done and the verification report along with other documents, including photographs, shall be uploaded in **FORM GST REG-2930** on the Common Portal within fifteen working days following the date of such verification.

### 19. 18. —Method of authentication

(1) —All applications, including reply, if any, to the notices, returns including the details of outward and inward supplies, appeals or any other document required to be submitted under these rules shall be so submitted electronically ~~at the Common Portal~~ with digital signature certificate or through e-signature as specified under the Information Technology Act, 2000 (21 of 2000) or verified through aadhaar based electronic verification code or through any other mode of signature or verification notified by the Board in this behalf.:

Provided that where the mode of authentication of any document is selected as through aadhaar based electronic verification code, such verification shall be done within two days of furnishing the said document:

Provided further that a registered person registered under the Companies Act, 2013 (18 of 2013) shall furnish the documents or application verified through digital signature certificate only.

(2) —Each document including the return furnished online shall be signed or verified through EVC-

(a) —in the case of an individual, by the individual himself or where he is absent from India by some other person duly authorised by him in this behalf, and where the individual is mentally incapacitated from attending to his affairs, by his guardian or by any other person competent to act on his behalf;

(b) —in the case of a Hindu Undivided Family, by a Karta and where the Karta is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family or by the authorised signatory of such Karta;

~~(c)~~ (c) in the case of a company, by the chief executive officer or authorised signatory thereof;

~~(d)~~ (d) in the case of a Government or any Governmental agency or local authority, by an officer authorised in this behalf;

~~(e)~~ (e) in the case of a firm, by any partner thereof, not being a minor or authorised signatory;

~~(f)~~ (f) in the case of any other association, by any member of the association or persons or authorised signatory;

~~(g)~~  
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~~(g)~~ in the case of a trust, by the trustee or any trustee or authorised signatory; or  
~~(h)~~  
(h) in the case of any other person, by some person competent to act on his behalf,  
or by a person authorised in accordance with the provisions of section 48.

(3) —All notices, certificates and orders under these ~~Rules~~rules shall be issued electronically by the proper officer or any other officer authorised to issue ~~any notices such notices~~ or ~~ordercertificates or orders~~, through digital signature certificate specified under the Information Technology Act, 2000 (21 of 2000).

## TAX INVOICE, CREDIT AND DEBIT NOTES

### 1. Tax invoice

Subject to rule 7, a tax invoice referred to in section 31 shall be issued by the registered person containing the following particulars:—:-

- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and GSTIN or UIN, if registered, of the recipient;
- (e) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more;
- (f) HSN code of goods or Accounting Code of services;
- (g) description of goods or services;
- (h) quantity in case of goods and unit or Unique Quantity Code thereof;
- (i) total value of supply of goods or services or both;
- (j) taxable value of supply of goods or services or both taking into account discount or abatement, if any;
- (k) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (l) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

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- (m) place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
- (n) address of delivery where the same is different from the place of supply;
- (o) whether the tax is payable on reverse charge basis; and
- (p) signature or digital signature of the supplier or his authorized representative:

Provided that the Commissioner may, on the recommendations of the Council, by notification, specify -

- ~~(i)~~ (i) the number of digits of HSN code for goods or the Accounting Code for services, that a class of registered persons shall be required to mention, for such period as may be specified in the said notification, and
- ~~(ii)~~ (ii) the class of registered persons that would not be required to mention the HSN code for goods or the Accounting Code for services, for such period as may be specified in the said notification:

Provided further that where an invoice is required to be issued under clause (f) of sub-section (3) of section 31, it shall bear the signature or digital signature of the recipient or his authorized representative:

Provided also that in case of ~~export~~ export of goods or services, the invoice shall carry an endorsement "SUPPLY MEANT FOR EXPORT ON PAYMENT OF ~~IGST~~ **INTEGRATED TAX**" or "SUPPLY MEANT FOR EXPORT UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF ~~IGST~~ **INTEGRATED TAX**", as the case may be, and shall, in lieu of the details specified in clause (e), contain the following details:

- ~~(i)~~ (i) name and address of the recipient;
- ~~(ii)~~ (ii) address of delivery; and
- ~~(iii)~~ (iii) name of the country of destination; and;
- ~~(iv)~~ (iv) number and date of application for removal of goods for export:

Provided also that a registered person may not issue a tax invoice in accordance with the provisions of clause ~~(b) of sub-section (3) of section 31 subject to the following conditions, namely:-~~

(b) of sub-section (3) of section 31 subject to the following conditions, namely:-

- ~~(a)~~ (a) the recipient is not a registered person; and the recipient does not require such invoice,
- ~~(b)~~ (b) and shall issue a consolidated tax invoice for such supplies at the close of each day in respect of all such supplies.

### 2. Time limit for issuing tax invoice

The invoice referred to in rule 1, in case of taxable supply of services, shall be issued within a period of thirty days from the date of supply of service:

Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be ~~forty-~~ five days from the date of supply of service:

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Provided further that ~~where the supplier of services is~~ an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council, making taxable supplies of services between distinct persons as specified in section 25 ~~as referred to in Entry 2 of Schedule I~~, may issue the invoice before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made.

### 3. Manner of issuing invoice

- (1) The invoice shall be prepared in triplicate, in case of supply of goods, in the following manner:-
  - (a) the original copy being marked as ORIGINAL FOR RECIPIENT;
  - (b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
  - (c) the triplicate copy being marked as TRIPLICATE FOR SUPPLIER.
- (2) The invoice shall be prepared in duplicate, in case of supply of services, in the following manner:-
  - (a) the original copy being marked as ORIGINAL FOR RECIPIENT; and
  - (b) the duplicate copy being marked as DUPLICATE FOR SUPPLIER.
- (3) The serial number of invoices issued during a tax period shall be furnished electronically through the Common Portal in FORM GSTR-1.

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### **(4) Bill of supply**

A bill of supply referred to in clause (c) of sub-section (3) of section 31 shall be issued by the supplier containing the following details:-:-

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- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or more multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/”-respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and GSTIN or UIN, if registered, of the recipient;
- (e) HSN Code of goods or Accounting Code for services;
- (f) description of goods or services or both;
- (g) value of supply of goods or services or both taking into account discount or abatement, if any; and
- (h) signature or digital signature of the supplier or his authorized representative:

Provided that the provisos to rule 1 shall, mutatis mutandis, apply to the bill of supply issued under this rule.

Provided further that any tax invoice or any other similar document issued under any other Act for the time being in force in respect of any non-taxable supply shall be treated as bill of supply for the purposes of the Act.

### 5. — Receipt voucher

A receipt voucher referred to in clause (d) of sub-section (3) of section 31 shall contain the following particulars:

- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/”-respectively, and any combination thereof, unique for a financial year
- (c) date of its issue;
- (d) name, address and GSTIN or UIN, if registered, of the recipient;
- (e) description of goods or services;
- (f) amount of advance taken;
- (g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (h) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce;
- (j) whether the tax is payable on reverse charge basis; and
- (k) signature or digital signature of the supplier or his authorized representative;

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Provided that where at the time of receipt of advance,

- (i) the rate of tax is not determinable, the tax shall be paid at the rate of eighteen per cent.;
- (ii) the nature of supply is not determinable, the same shall be treated as inter-State supply.

### **6. Supplementary Refund voucher**

A refund voucher referred to in clause (e) of sub-section (3) of section 31 shall contain the following particulars:

- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year
- (c) date of its issue;
- (d) name, address and GSTIN or UIN, if registered, of the recipient;
- (e) number and date of receipt voucher issued in accordance with provisions of sub-rule 5;
- (f) description of goods or services in respect of which refund is made;
- (g) amount of refund made;
- (h) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) amount of tax paid in respect of such goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (j) whether the tax is payable on reverse charge basis; and
- (k) signature or digital signature of the supplier or his authorized representative.

### **7. Payment voucher**

A payment voucher referred to in clause (g) of sub-section (3) of section 31 shall contain the following particulars:

- (a) name, address and GSTIN of the supplier if registered;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year
- (c) date of its issue;
- (d) name, address and GSTIN of the recipient;
- (e) description of goods or services;
- (f) amount paid;

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- (g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (h) amount of tax payable in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce; and
- (j) signature or digital signature of the supplier or his authorized representative.

### 8. Revised tax invoice and credit or debit notes

(1) A revised tax invoice referred to in section 31 and credit or debit note referred to in section 34 shall contain the following particulars -

- (a) the word “Revised Invoice”, wherever applicable, indicated prominently;
- (b) name, address and GSTIN of the supplier;
- (c) nature of the document;
- (d) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/”-respectively, and any combination thereof, unique for a financial year;
- (e) date of issue of the document;
- (f) name, address and GSTIN or UIN, if registered, of the recipient;
- (g) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
- (h) serial number and date of the corresponding tax invoice or, as the case may be, bill of supply;
- (i) value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
- (j) signature or digital signature of the supplier or his authorized representative;

(2) Every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue revised tax invoices in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration:

Provided that the registered person may issue a consolidated revised tax invoice in respect of all taxable supplies made to a recipient who is not registered under the Act during such period:

Provided further that in case of inter-State supplies, where the value of a supply does not exceed two lakhslakh and fifty thousand rupees, a consolidated revised invoice may be issued separately in respect of all recipients located in a State, who are not registered under the Act.

(3) —Any invoice or debit note issued in pursuance of any tax payable in accordance with the provisions of section 74 or section 129 or section 130 shall prominently contain the words “INPUT TAX CREDIT NOT ADMISSIBLE”.

### 9. Tax Invoiceinvoice in special cases

1. An ISD invoice or, as the case may be, an ISD credit note issued by an Input Service Distributor shall contain the following details:-

- (a) name, address and GSTIN of the Input Service Distributor;



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- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as , “-” , “/” , respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and GSTIN of the recipient to whom the credit is distributed;
- (e) amount of the credit distributed; and
- (f) signature or digital signature of the Input Service Distributor or his authorized representative:

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Provided that where the Input Service Distributor is an office of a banking company or a financial institution, including a non-banking financial company, a tax invoice shall include any document in lieu thereof, by whatever name called, whether or not serially numbered but containing the information as prescribed above.

(2) Where the supplier of taxable service is an insurer or a banking company or a financial institution, including a non-banking financial company, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, whether issued or made available, physically or electronically whether or not serially numbered, and whether or not containing the address of the recipient of taxable service but containing other information as prescribed under rule 1.

(3) Where the supplier of taxable service is a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, containing the gross weight of the consignment, name of the consignor and the consignee, registration number of goods carriage in which the goods are transported, details of goods transported, details of place of origin and destination, GSTIN of the person liable for paying tax whether as consignor, consignee or goods transport agency, and also containing other information as prescribed under rule 1.

(4) Where the supplier of taxable service is supplying passenger transportation service, a tax invoice shall include ticket in any form, by whatever name called, whether or not serially numbered, and whether or not containing the address of the recipient of service but containing other information as prescribed under rule 1.

(5) The provisions of sub-rule (2) or sub-rule (4) shall apply, mutatis mutandis, to the documents issued under rule 4 or rule 5 or rule 6 or rule 7 or rule 8. ———

### 10. Transportation of goods without issue of invoice

(1) For the purposes of

- (a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
- (b) transportation of goods for job work,
- (c) transportation of goods for reasons other than by way of supply, or
- (d) such other supplies as may be notified by the Board,

the consigner may issue a delivery challan, serially numbered not exceeding sixteen characters, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details:

- ~~(a)~~(i) \_\_\_\_\_ date and number of the delivery challan,
- (ii) \_\_\_\_\_ name, address and GSTIN of the consigner, if registered,
- ~~(i)~~(iii) \_\_\_\_\_ name, address and GSTIN or UIN of the consignee, if registered,
- ~~(ii)~~(iv) \_\_\_\_\_ HSN code and description of goods,
- ~~(iii)~~(v) \_\_\_\_\_ quantity (provisional, where the exact quantity being supplied is not known),
- ~~(iv)~~(vi) \_\_\_\_\_ taxable value,
- ~~(v)~~(vii) \_\_\_\_\_ tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee,
- (viii) \_\_\_\_\_ place of supply, in case of inter-State movement, and

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~~(vi)~~(ix) signature.

(2) The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner:-

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- (a) the original copy being marked as ORIGINAL FOR CONSIGNEE;
- (b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
- (c) the triplicate copy being marked as TRIPLICATE FOR ~~CONSIGNER~~ CONSIGNOR.

~~(1)~~(3) Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in FORM [WAYBILL].

~~(2)~~(4) Where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.

~~(3)~~(5) Where the goods are being transported in a semi knocked down or completely knocked down condition,

- (a) the supplier shall issue the complete invoice before dispatch of the first consignment;
- (b) the supplier shall issue a delivery challan for each of the subsequent consignments, giving ~~reference~~ of the invoice;
- (c) each consignment shall be accompanied by copies of the corresponding delivery challan along ~~with~~ a duly certified copy of the invoice; and
- (d) the original copy of the invoice shall be sent along with the last consignment.

## Determination of Value of Supply

### 1. — Value of supply of goods or services where the consideration is not wholly in money

Where the supply of goods or services is for a consideration not wholly in money, the value of the supply shall,

- (a) be the open market value of such supply;
- (b) if open market value is not available, be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money if such amount is known at the time of supply;
- (c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality;
- (d) if value is not determinable under clause (a) or clause (b) or clause (c), be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined by application of rule 4 or rule 5 in that order.

*Illustration:*

- (1) Where a new phone is supplied for Rs.20000 along with the exchange of an old phone and if the price of the new phone without exchange is Rs.24000, the open market value of the new phone is Rs 24000.
- (2) Where a laptop is supplied for Rs.40000 along with a barter of printer that is manufactured by the recipient and the value of the printer known at the time of supply is Rs.4000 but the open market value of the laptop is not known, the value of the supply of laptop is Rs.44000.

### 2. — Value of supply of goods or services or both between distinct or related persons, other than through an agent

The value of the supply of goods or services or both between distinct persons as specified in subsection (4) and (5) of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent, shall,-

- (a) the open market value of such supply;
- (b) if open market value is not available, be the value of supply of goods or services of like kind and quality;
- (c) if value is not determinable under clause (a) or (b), be the value as determined by application of rule 4 or rule 5, in that order:

Provided that where goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person:

Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of goods or services

### 3. — Value of supply of goods made or received through an agent

The value of supply of goods between the principal and his agent shall,-

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- (a) be the open market value of the goods being supplied, or at the option of the supplier, be ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient;

*Illustration: Where a principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of Rs.5000 per quintal on the day of supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of Rs.4550 per quintal. The value of the supply made by the principal shall be Rs.4550 per quintal or where he exercises the option the value shall be 90% of the Rs.5000 i.e. is Rs.4500 per quintal.*

- (b) — where the value of a supply is not determinable under clause (a), the same shall be determined by application of rule 4 or rule 5 in that order.

### 4. Value of supply of goods or services or both based on cost

Where the value of a supply of goods or services or both is not determinable by any of the preceding rules, the value shall be one hundred and ten percent of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services.

### 5. Residual method for determination of value of supply of goods or services or both

Where the value of supply of goods or services or both cannot be determined under rules 1 to 4, the same shall be determined using reasonable means consistent with the principles and general provisions of section 15 and these rules:

Provided that in case of supply of services, the supplier may opt for this rule, disregarding rule 4.

### 6. Determination of value in respect of certain supplies

- (1) Notwithstanding anything contained in ~~the Act or in~~ these rules, the value in respect of supplies specified below shall, at the option of the supplier, be determined in the manner provided hereinafter.
- (2) The value of supply of services in relation to purchase or sale of foreign currency, including money changing, shall be determined by the supplier of service in the following manner:-

- (a) — For a currency, when exchanged from, or to, Indian Rupees (INR), the value shall be equal to the difference in the buying rate or the selling rate, as the case may be, and the Reserve Bank of India (RBI) reference rate for that currency at that time, multiplied by the total units of currency:

*Provided* that in case where the RBI reference rate for a currency is not available, the value shall be 1% of the gross amount of Indian Rupees provided or received by the person changing the money:

*Provided* further that in case where neither of the currencies exchanged is Indian Rupee, the value shall be equal to 1% of the lesser of the two amounts the person changing the money would have received by converting any of the two currencies into Indian Rupee on that day at the reference rate provided by RBI.

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*Provided* also that a person supplying the services may exercise option to ascertain value in terms of clause (b) for a financial year and such option shall not be withdrawn during the remaining part of that financial year.

(b) —At the option of supplier of services, the value in relation to supply of foreign currency, including money changing, shall be deemed to be

(i) one per cent. of the gross amount of currency exchanged for an amount up to one lakh rupees, subject to a minimum amount of two hundred and fifty rupees

(ii) one thousand rupees and half of a per cent. of the gross amount of currency exchanged for an amount exceeding one lakh rupees and up to ten lakh rupees; and

(iii) five thousand and five hundred rupees and one tenth of a per cent. of the gross amount of currency exchanged for an amount exceeding ten lakh rupees, subject to maximum amount of sixty thousand rupees.

(3) The value of supply of services in relation to booking of tickets for travel by air provided by an air travel agent, shall be deemed to be an amount calculated at the rate of five percent. of the basic fare in the case of domestic bookings, and at the rate of ten per cent. of the basic fare in the case of international bookings of passage for travel by air.

*Explanation* - For the purposes of this sub-rule, the expression “basic fare” means that part of the air fare on which commission is normally paid to the air travel agent by the airline.

(4) The value of supply of services in relation to life insurance business shall be:

(a) the gross premium charged from a policy holder reduced by the amount allocated for investment, or savings on behalf of the policy holder, if such amount is intimated to the policy holder at the time of supply of service;

(b) in case of single premium annuity policies other than (a), ten per cent. of single premium charged from the policy holder; or

(c) in all other cases, twenty five per cent. of the premium charged from the policy holder in the first year and twelve and a half per cent. of the premium charged from policy holder in subsequent years:

*Provided* that nothing contained in this sub-rule shall apply where the entire premium paid by the policy holder is only towards the risk cover in life insurance.

(5) —Where a taxable supply is provided by a person dealing in buying and selling of second hand goods i.e. used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on purchase of such goods, the value of supply shall be the difference between the selling price and purchase price and where the value of such supply is negative it shall be ignored;

Provided that the purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower reduced by five percentage points for every quarter or part



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thereof, between the date of purchase and the date of disposal by the person making such repossession.

(6) —The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods or services or both shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.

(7) —The value of taxable services provided by such class of service providers as may be notified by the Government on the recommendations of the Council as referred to in Entry paragraph 2 of Schedule I between distinct persons as referred to in section 25, ~~other than those~~ where input tax credit is ~~not available under sub-section (5) of section 17~~, shall be deemed to be NIL.

### 7.- Value of supply of services in case of pure agent

Notwithstanding anything contained in these rules, the expenditure or costs incurred by ~~the~~ supplier as a pure agent of the recipient of supply ~~of services~~ shall be excluded from the value of supply, if all the following conditions are satisfied, namely:—:

- ~~(i)~~ (i) the supplier acts as a pure agent of the recipient of the supply, when he makes payment to the third party ~~for the services procured as the contract for supply made by third party is~~ between third party and the recipient of supply on authorization by such recipient;
- ~~(ii)~~ (ii) the ~~recipient of supply uses the services so procured by the supplier service provider in his capacity as pure agent of the recipient of supply;~~ recipient of supply is liable to make payment to the third party;
- ~~(iii)~~ (iii) ~~the recipient of supply authorises the supplier to make payment on his behalf;~~ the recipient of supply knows that the services for which payment has been made by the supplier shall be provided by the third party;
- ~~(v)~~ (v) ~~the recipient of supply knows that the services for which payment has been made by the supplier shall be provided by the third party;~~ the payment made by the supplier pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the supplier pure agent to the recipient of service;
- ~~(vi)~~ (vi) ~~the payment made by the supplier pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the supplier pure agent to the recipient of service;~~ the supplier recovers from the recipient of supply only such amount as has been paid by him to the third party; and
- ~~(vii)~~ (vii) ~~the supplier recovers from the recipient of supply only such amount as has been paid by him to the third party; and~~ (iii) the ~~services~~ supplies procured by the ~~supplier pure agent~~ supplier pure agent from the third party as a pure agent of the recipient of supply are in addition to the ~~supply services~~ supplies he ~~provides~~ supplies on his own account.

*Explanation .* - For the purposes of this rule, “pure agent” means a person who -

- (a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur ~~expenditure~~ expenditure or costs in the course of supply of goods or services or both;
- (b) neither intends to hold nor holds any title to the goods or services or both so procured or ~~provided~~ supplied as pure agent of the recipient of supply;
- (c) does not use for his own interest such goods or services so procured; and
- (d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

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*Illustration.* Corporate services firm A is engaged to handle the legal work pertaining to the incorporation of Company B. Other than its service fees, A also recovers from B, registration fee and approval fee for the name of the company paid to Registrar of the Companies. The fees charged by the Registrar of the companies registration and approval of the name are compulsorily levied on B. A is merely acting as a pure agent in the payment of those fees. Therefore, A's recovery of such expenses is a disbursement and not part of the value of supply made by A to B.

### **8. —Rate of exchange of currency, other than Indian rupees, for determination of value**

The rate of exchange for determination of value of taxable goods or services or both shall be the applicable reference rate for that currency as determined by the Reserve Bank of India on the date ~~when point of taxation arises~~ of time of supply in respect of such supply in terms of section 12 or, as the case may be, section 13 of the Act.

### **9. Value of supply inclusive of integrated tax, central tax, State tax, Union territory tax**

Where the value of supply is inclusive of integrated tax or, as the case may be, central tax, State tax, Union territory tax, the tax amount shall be determined in the following manner,

Tax amount=  $\frac{\text{Value inclusive of taxes} \times \text{tax rate in \% of IGST or as the case may be CGST, SGST or UTGST}}{(100 + \text{sum of tax rates, as applicable, in \%})}$

**Explanation.—**For the purposes of this Chapter—

- (a) “open market value” of a supply of goods or services or both means the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction, where the supplier and the recipient of the supply are not related and price is the sole consideration, to obtain such supply at the same time when the supply being valued is made.
- (b) “supply of goods or services or both of like kind and quality” means any other supply of goods or services or both made under similar circumstances that, in respect of the characteristics, quality, quantity, functional components, materials, and reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both.