

Queries relating to GST received from various sectors have been scrutinised and developed into short FAQs.

The third part, containing 50 questions and their answers, is given below.

PART-3

S. No.	Query	Reply
REGISTRATION		
1.	If I buy raw material from a supplier unregistered under GST, do I have to pay GST in RCM and can I avail ITC of the same?	Yes, you have to pay GST via Reverse Charge Mechanism (RCM). You can avail ITC of the GST so paid if you are otherwise eligible.
2.	Can an unregistered dealer supply goods to other States if his turnover is below Rs. 20 lakh?	No. The supplier would be liable to obtain registration in case of Inter-State supplies irrespective of his turnover.
3.	Existing taxpayer registering a branch office in another state comes under fresh registration or under existing tax payer registration?	For every State, a fresh registration is needed.
4.	Is registration necessary if only Inter-State supply of Nil rated goods is being made?	If exclusively making supplies of Nil rated goods, registration is not compulsory. Kindly refer Section 23 of CGST Act.
5.	Whether franchisor company will have to take registration in each State where outlets are located?	No, a franchisor company need not take registration in a State where only its franchisee is located.
6.	If I'm starting a new business today, do I still need to get TIN and then apply for GST? Or can I directly register with GST?	You may directly take GST registration on www.gst.gov.in
7.	A firm dealing exclusively in exempted products has GST registration. Does it need to file return?	If registered, then you need to file returns. You may choose to cancel your registration since you are dealing only in exempted products.
8.	My all outward supplies are export services. In such case is it compulsory to register under GST?	Yes. Since exports are zero-rated, one needs to register under GST to claim refunds.
9.	Can a person operating two different companies with different names but with same PAN get two GST registrations?	One PAN holder gets one registration in every State, but he has the option of getting different registrations for different business verticals.
10.	Is a job-worker required to register? Whether composition scheme is available to a job-worker?	Job-workers making taxable supplies above the threshold aggregate turnover need to register. Composition scheme is not available to job-workers. They can, however, avail benefit of Section 143 of the CGST Act.
11.	I am a service provider with turnover of Rs. 50 lakh in one State only. Am I eligible for the composition scheme?	Service providers, except restaurants/ caterers, are not eligible for composition scheme.
12.	I am an ice-cream manufacturer with sales in one State only. Can I avail the option of composition?	No. The manufacturers of following goods, namely- • Ice-cream and other edible ice, whether or not containing cocoa, • Pan-masala, • Tobacco and manufactured tobacco substitutes, are not eligible for benefit of composition scheme.
13.	If I register under the composition scheme, can I opt out of it later? What happens to my stock if I do so?	Those availing composition can exit and opt for normal tax scheme anytime. They would be eligible for ITC on stocks available on the date of switch over in terms of Section 18(1)(c) of CGST Act, 2017.
14.	Can I register as a normal taxable person now and avail of the composition scheme later?	You can opt for composition scheme from the beginning of the next financial year on submitting the option to avail composition scheme before beginning of the financial year. It may please be noted that composition scheme cannot be availed from the middle of a financial year.
15.	I have registered as a composition dealer. If my turnover crosses Rs. 75 lakh, can I continue in the scheme for the remaining part of the financial year?	No, a taxpayer becomes ineligible for composition scheme on the day his turnover crosses Rs. 75 lakh.
16.	If I was registered earlier but not required to register under GST, what to do about provisional ID and accumulated ITC?	Please apply for cancellation of registration under Section 29(1) of the CGST Act, 2017 read with Rule 24(4) of CGST Rules, 2017. You will be required to calculate and pay ITC availed on goods held in stock on the date of cancellation of registration.
17.	I was registered under Central Excise or Service Tax, but could not migrate and therefore have taken a new registration. Will I be eligible for transitional credit?	In your new registration application, if you have referred to your past registration no. of Central Excise or Service Tax, you will be eligible for transitional credit under Section 140 of CGST Act, 2017 read with Rule 117 of CGST Rules, 2017.
18.	I have migrated and received provisional ID but not GSTIN, how do I supply goods or services or both?	Provisional ID (PID) will be your GSTIN. You can supply goods or services or both specifying PID as your GSTIN on Invoice.
19.	I have not received ARN or have received ARN but not GSTIN, how do I supply goods or services or both?	You can supply goods or services or both on bill of supply without mentioning GSTIN and/or ARN. On receipt of GSTIN, you will need to issue revised invoice mentioning GSTIN. You are required to reflect this supply in your return and also pay tax thereon.
20.	I am a supplier of exempted goods based out of Delhi and procure raw material from Kerala. My supplier from Kerala insists that I have to be registered in Kerala for procurement of Inter-State goods. Is he right?	No, if you are dealing in 100% exempted supplies, you are not liable to be registered under GST. There is no requirement of registration for making Inter-State purchases.
21.	Is GST registration mandatory for small retailers to buy from dealers/wholesalers?	There is no such requirement under GST law.
TRANSITION		
22.	After implementation of GST, will EOU scheme continue or not?	GST has no special dispensation for EOUs. As to whether they exist for any other purpose may be seen from the FTP.
23.	I was unregistered in excise before and now in 18% slab? Can I take credit of stock if I don't have invoices?	Deemed credit will be available to you for stock as duty paying documents are not available, subject to provisions of Section 140 (3) of the CGST Act, 2017 read with Rule 117(4) of CGST Rules, 2017.
24.	I was not required to register earlier, as I was availing SSI Exemption in Excise and did not register; how do I now take credit of stock lying with me?	Credit may be availed on the basis of document evidencing payment of duty on inputs as per Section 140(3) of the CGST Act, 2017 read with Rule 117(4) of CGST Rules, 2017.
25.	As textile traders or manufacturers, with input stock without payment of excise duty but GST being charged on final sale, will we get credit on such stock?	Credit on stock which was unconditionally exempt from excise duty or was NIL rated shall not be available. Please see Rule 117(4) of the CGST Rules, 2017.

S. No.	Query	Reply
26.	Can a spice manufacturer take ITC of Central Excise paid on packing material lying in stock as on 30 th June, 2017?	If he has duty paying documents, then he will get full credit of Central Excise duty paid on stock held by him.
27.	I made booking for hotel for a trip in October, for which invoice has already been raised. Would I need to pay GST if payment will be done on 21 st July?	If the invoice has been raised and payment made before the 1 st July, 2017 then GST will not be applicable.
28.	If rent was received in advance before the appointed day and person was not liable to Service Tax then does RCM liability arise?	The liability of RCM under GST will arise only after 1 st July, 2017.
29.	Is there any format for invoice under GST? If yes, please provide the link of the same.	No, there is no particular format. Rule 46 of the CGST Rules, 2017 prescribes the particulars that a tax invoice should contain.
30.	Whether from 1 st July sequence of invoice no. will change? Or can we follow the same sequence?	Same sequence can be followed provided conditions laid down in Section 31 of the CGST Act, 2017 read with Rule 46 of CGST Rules, 2017 are met.
31.	Whether existing UT-1, Bond will suffice? Whether existing ARE-1 form will exist?	Circular No. 4/4/2017-GST dated 07.07.2017 has clarified that the existing Bonds/LUTs shall be valid till 31.07.2017 after which the Bonds/LUTs shall have to be executed in the newly prescribed formats. New formats of bond and LUT have been prescribed under Rule 96A of CGST Rules, 2017. ARE-1 procedure is being dispensed with, except with reference to commodities which continue to attract Central Excise duty.
32.	Can we get ITC for capital expenditures like vehicles, solar panels, etc. for company use?	ITC on capital goods is generally available if they are used in the course or furtherance of business. However, credit is not available on cars, unless you are in the business of imparting driving training, or supplying such cars. A list of item on which ITC is not available is provided in Section 17 of the CGST Act, 2017.
33.	If my turnover is less than Rs. 1.5 crore, do I need to mention HSN code in my invoice?	Specifying HSN code on invoice is optional for taxpayers having turnover upto Rs. 1.5 crore.
34.	We are Excise registered dealers and have stock older than 1 year on which Excise is paid. Will we get Input Tax Credit?	You will be entitled to carry forward closing balance of CENVAT credit shown in your last return filed under the Central Excise Act.
35.	I was unregistered earlier. Now I want to register under composition scheme. Can I take ITC of my duty paid stock?	No, a person registering under the composition scheme cannot take ITC on inputs.
36.	I have Excise registration. I now want to migrate using composition scheme. What is to be the treatment of ITC?	ITC is not allowed under composition scheme. Your ITC lying in balance will lapse.
37.	I paid for a service in June 2017 but am likely to receive the service in August 2017. Can I avail ITC for the same?	Credit on such inputs services will be allowed subject to satisfaction of conditions prescribed in Section 140 (5) of the CGST Act.
38.	For taxpayers with centralized registration under Excise/ST, what will be treatment of CENVAT after migration?	CENVAT credit lying in balance in the return filed for period upto 30 th June, 2017 is to be allowed as CGST credit as per Section 140(8) of the CGST Act, 2017 read with Rule 117(2) of CGST Rules, 2017.
OTHERS		
39.	Which documents should be used in case of Inter-State supply of goods until e-way bill rules are notified?	The documents specified under Rule 48 of the CGST Rules, 2017 may please be referred. Triplicate copy of invoices for supply of goods and duplicate copy of invoice for supply of services may be used.
40.	If I use my credit card to pay utility bills, will I end up paying GST twice; once for the service and second time for the credit card bill?	No, GST is not leviable on the entire credit card bill; it is charged only on the fee/commission charged by the credit card company.
41.	We currently transport material on delivery challan and make a single bill at the end of the month. Can the same be done under GST?	If in every instance you are making a supply then an invoice needs to be issued. For any other movement of goods other than supply (as specified in Rule 55 of CGST Rules, 2017), a delivery challan may be issued.
42.	Will service charge, as charged by some restaurants, be treated as consideration for a supply and hence considered liable for tax?	There is no distinction between goods or services under GST. Service charge like any other consideration for supply will be leviable to GST. It is also clarified that service charge is not a statutory levy. It is not levied by the Government.
43.	What to do with stock lying with me on 1.07.2017? Do I need to charge GST?	Yes, you need to charge GST on supplies of such stock, but you can use transition credit, if available on the said goods.
44.	I am a small manufacturer who supplies cycle parts to two manufacturing units in the same area. For every supply, I generate an invoice and take 500 Rs. flat for cartage and loading charges. What tax rate is to be charged on the cartage and loading expenses?	This is a composite supply where the principal supply (the goods) cannot be supplied without the cartage / unloading / transportation expenses. Therefore, the GST rate applicable will be the same as that of the principal supply, i.e., cycle parts, as provided under Section 8 of the CGST Act, 2017.
45.	I run a restaurant where I serve alcohol and provide food etc. How do I generate my invoices? What will attract GST and what will attract VAT?	In this case, you are providing both taxable and non-taxable supplies. You will charge VAT on the non-taxable supply (which is alcohol for human consumption) and GST on all other taxable supplies.
46.	In a shop, I purchase some vegetables and one bottle of coke where one of them is exempt and the other is to be charged with 40% GST. Will I be charged 40% on the whole amount?	No, these are two independent supplies at two different prices, they will be charged at the GST rate applicable to them even if they are purchased on the same invoice.
47.	I am going to a jewelry shop and selling 10 gm gold and purchasing a 20 gm set in return. GST will be charged on 10 gm or 20 gm?	The value to be charged on such transaction will be the open market value of the entire transaction as per Rule 27(a) of the CGST Rules, 2017. Therefore, GST should be charged on the entire 20 gm.
48.	As a composition dealer, will I have to issue a self invoice if I purchase goods from an unregistered person?	Yes, a composition dealer will issue a self invoice as he is required to pay GST. He will not be eligible for ITC also.
49.	Can I use my CGST/SGST credit to set off my IGST liability?	CGST credit can be first used to set off CGST liability. Whatever is left can be used to set off IGST liability. It cannot be used to set off SGST liability. Similarly, SGST credit can be used to set off SGST and IGST liability, in that order. It cannot be used to set off CGST liability. Please see Section 49 of the CGST Act, 2017.
50.	Can tax paid in one State be used as ITC by the same firm in another State?	No, if a firm is registered in more than one State, then each such registration will be treated as a separate registered person. Cross-utilization of credit available with two different registered persons is not allowed.

Disclaimer : The replies given above are only for educational and guidance purposes and do not hold any legal validity.

For more details please see <http://www.cbec.gov.in>; www.cbec-gst.gov.in

