P19 Indirect Tax Laws and Practice · Paper Map Dec'26

What the paper is, what each module carries, where the Dec'26 questions are expected, and in which order the notes are printed (exam weight). Marks are from the 7 past papers (Jun'23 → Jun'26), out of the **128 printed marks**. **A prediction, not a promise.**

THE PAPER

- **Q1: 15 MCQs × 2 = 30, compulsory.** Since Dec'24: ten GST, five customs / FTP.
- **Q2–Q8: seven questions of 7 + 7 marks; answer any 5** (you write 100 of 128).
- **Section A** GST = Modules 1–17 · **Section B** Customs = 18–25, FTP = 26, SEZ = 27. In Jun'26 GST carried 90 of 128 marks.
- About **39% of past marks are sums** (+15% cases): supply list, ITC, rule 32, valuation, place of supply, baggage, assessable value.
- Almost nothing comes from outside the SM text (2 MCQs in 7 papers).

THE LAW FOR DEC 2026

- CGST Act 2017 and IGST Act 2017, and Customs Act 1962 and Customs Tariff Act 1975, **as amended by the Finance Act, 2025**, with notifications, circulars and amendments effective up to **31.05.2026**. [Supp D26 p.2]
- **"The supplementary materials issued for the June 2026 exam are also applicable for the December 2026 exam."** [Supp D26 p.2] Jun'26 supplementary = amendments 1st June 2025 to 30th November 2025. [Supp J26 p.1]
- **Dec'26 changes:** ECO local delivery u/s 9(5) · RSP valuation rule 31D (pan masala, tobacco) · rule 86B · provisional assessment regulations · deferred duty · **Baggage Rules 2026** · RoDTEP extension.
- ⚠ boxes in these notes = the SM is out of date or silent; the supplementary wins.

Modules: what they cover and what they carried

#	Module (SM pages) · what it covers	J23	D23	J24	D24	J25	D25	J26	Exp D26	Priority
M1	**Supply** (5–274): s.7, Schedules I–III, composite / mixed, RCM, ECO u/s 9(5), composition, exemptions (the Q3(a) supply list), advance rulings	15	20	25	26	15	20	27	**22.5**	★★★
M4	**Valuation** (423–522): s.15, related / distinct persons (rule 28), job worker, rule 32 (money changer, air travel agent, insurer, second-hand goods), works contract	–	21	9	7	16	16	7	**13.1**	★★★
M5	**Input tax credit** (531–676): s.16, 17(5), rule 42 / 43, utilisation, job work, ISD, reversals	8	11	14	18	9	14	9	**12.4**	★★★
M26	**FTP export promotion** (1249–1284): RoDTEP, EPCG, Advance Authorisation, deemed exports, EOU, status holders	–	16	14	14	13	9	9	**8.8**	★★★
M3	**Place of supply** (332–416): s.10–13 IGST, OIDAR, online gaming	4	9	2	9	7	9	2	**8.5**	★★★
M10	**Returns** (807–830): types, GSTR-1 / 3B, QRMP, GSTR-9, late fee, interest	6	9	13	9	7	9	9	**8.4**	★★★
M18	**Customs valuation** (1104–1133): rule 10 additions, freight 20% / insurance 1.125%, methods, related party	15	–	9	4	2	11	9	7.0	★★
M14	**Dispute resolution** (895–1027): s.73 / 74 / 74A, appeals, pre-deposit, GSTAT, advance ruling, offences	18	2	4	7	9	7	9	5.9	★★
M19	**Baggage, courier, post** (1140–1149) — **replaced by the Baggage Rules 2026** (Supp D26)	–	9	2	2	9	9	2	5.9	★★
M27	**SEZ** (1288–1292): benefits, SEZ vs EOU, approval	7	7	–	7	–	7	–	5.1	★★
M7	**TDS / TCS** (703–727): s.51, s.52	7	–	9	7	7	7	–	4.2	★★

M2	**Time of supply** (291–323): s.12 / 13, RCM, rate change s.14, vouchers	5	4	7	7	9	–	9	4.0	★★
M21	**Duty drawback** (1173–1195): s.74, s.75, interest	8	–	2	2	–	2	9	3.0	★
M12	**Annual return and GST audit** (854–876): GSTR-9C, special audit, audit checklist	–	7	–	–	–	–	7	2.7	★
M20	**Warehousing / manufacture in bond** (1155–1169)	2	7	–	–	2	–	7	2.5	★
M23	**Remission of duties** (1215–1226): s.22, 23, re-import	–	2	2	–	7	–	–	2.5	★
M8	**E-way bill** (733–746)	5	–	7	–	–	2	7	2.2	★
M24	**Customs refund + provisional assessment** (1228–1235) — changed by both supplementaries	5	–	7	–	–	–	–	1.7	★
M25	**Trade facilitation** (1239–1247)	2	4	2	–	7	–	–	1.5	★
M9 · M16 · M6	GST refunds (753–802) · anti-profiteering (1064–1071) · zero-rated / deemed exports (687–700)	10	–	–	–	–	6	4	3.5	·
M17 · M11 · M22 · M15 · M13	GSTN portal / e-invoicing · accounts and records · IGCR · search, seizure, arrest · transition	13	–	–	9	9	–	2	2.8	·

Exp D26 = expected marks in the Dec'26 printed paper (workbook "Marks by Topic"). Printed order of these notes = this table's order.

Where the Dec'26 questions are expected (December template D23 → D25)

Q	(a) 7 marks	(b) 7 marks	Notes pack
Q2	**Composite vs mixed** (D23, D24) or **Schedules I / III** (D25); ECO u/s 9(5) (PTP + Supp D26)	**A returns question** (6 of 6): GSTR-3B, QRMP, types of returns, GSTR-9 (₹2 crore)	M1 · M10
Q3	**The supply list**: taxable / exempt / RCM + tax (all 7 papers)	**ITC sum**: rule 42 (D23, D25) or the 17(5) list (D24, J26)	M1 · M5
Q4	**TDS s.51 / TCS s.52** (J24–D25) or GST audit (D23, J26)	Rotates: related persons (rule 28), advance ruling s.97, time of supply under RCM, UPS ruling	M7 · M12 · M4 · M14
Q5	**Place of supply — four cases** (every December); time of supply in every June	**Rule 32 sum** (6 of 6): air travel agent / insurer in December, money changer in June	M3 · M2 · M4
Q6	**FTP**: RoDTEP (D23, D25), EPCG / AA, major schemes	**SEZ** (every December) or deemed exports	M26 · M27
Q7	**Baggage sum** (D23, J25, D25) — **Baggage Rules 2026**; or drawback s.74 (J26)	**Assessable value + duty** (D25, J26), warehousing, provisional assessment	M19 · M21 · M18 · M20 · M24
Q8	**GST valuation sum** s.15 (D23, D25); pre-deposit or e-way bill	**ITC reversal** cases (D25), seller-default ITC case law, SEZ ITC	M4 · M14 · M8 · M5

Q1 · THE 15 MCQ POSITIONS (THE MENU)

i. Supply: composition / composite-mixed / exemptions (M1)
ii. Supply: composition / scope / exemptions (M1)
iii. Schedules / works contract / place of supply (M1 / M3)
iv. Valuation or time of supply (M4 / M2)
v. Place of supply (M3)
vi. ITC or refund (M5 / M9)
vii. Returns / late fee (M10)
viii. Deemed exports / refunds (M6 / M9)
ix. Demands s.74A / anti-profiteering (M14 / M16)
x. Anti-profiteering / e-way bill / appeals (M16 / M8 / M14)
xi. Customs valuation or IGCR (M18 / M22)
xii. Customs valuation (M18)
xiii. **Baggage** — new 2026 Rules (M19)
xiv. **Drawback** (M21)
xv. FTP / EOU / IGCR (M26)

YOUR 5 OF 7 (ANALYSIS §5)

- **Core: Q3 and Q5** — Q3(a), Q3(b), Q5(b) held in all 6 papers since Dec'23; Q5(a) place of supply every December. These are sums: practise them most.
- **Then Q2 and Q6** — returns 6/6; composite / Schedules every December; FTP + SEZ theory every paper (learn once).
- **Fifth: Q7** — baggage + assessable value. Learn the Baggage Rules 2026 first: every past answer uses the old limits.
- **Spares: Q4 and Q8.**

STUDY ORDER (FIRST 10 ROWS ≈ 59% OF THE PAPER)

1. 4.4 Rule 32 + s.15 valuation
2. 1.2 Composite / mixed, Schedules, RCM, composition
3. 5.2 ITC: 17(5), rule 42 / 43
4. 26 FTP schemes
5. 1.3 Exemptions (the supply list)
6. 18.1 Customs valuation
7. 19.1 Baggage
8. 3.2 Place of supply
9. 27 SEZ
10. 7 TDS / TCS

Then 14.2 appeals / pre-deposit, 10.2 returns, 5.3 ITC reversal, 21 drawback, 2.2 time of supply (first 15 ≈ 71%).

⚠ WHAT COULD GO WRONG (ANALYSIS §7)

- **The June version in December:** know time of supply (Q5(a)) and the money changer (Q5(b)) as well.
- **Old numbers:** baggage, provisional assessment, RoDTEP dates, GSTR-9 exemption, Schedule III para 8, 17(5)(d) "plant or machinery" all changed — an answer with the old limit loses the marks.
- **A wide paper:** 53 topics; a few MCQ marks will come from something nobody predicted.

Numbers card — the figures the MCQs and sums use

Every figure is cited; the module notes give the conditions around it. Where the supplementary changed the SM, the supplementary figure is shown.

GST

- Composition: P.Y. turnover up to **₹1.5 crore** (₹75 lakh in the special-category States); service providers s.10(2A) up to **₹50 lakh**, CGST 3% + SGST 3%. [SM 65, SM 76]
- ITC lost if the supplier is not paid within **one hundred and eighty days** of the invoice; re-availed on payment. [SM 537, SM 555]
- TDS u/s 51: **2%** where one contract's taxable value exceeds **₹2,50,000**; GSTR-7 by the **10th**. TCS u/s 52 from 10 July 2024: CGST **0.25%** + SGST 0.25% or IGST **0.50%**. [SM 703–704, SM 709, SM 717–718]
- E-way bill above **₹50,000**; validity one day per **200 km** (ODC: per **20 km**); cancel within **24 hours**; extend within **eight hours** of expiry. [SM 733, SM 736–737]
- No EWB → s.129: taxable goods **200%** of tax (owner absent: higher of **50%** of value or 200% of tax). [SM 932, SM 1019]
- Refund: within **2 Years** of the relevant date; provisional **90%** within **7 days**; order within **60 days**, else interest **6%**; nothing below **one thousand rupees**; export goods capped at **1.5 times** the domestic value. [SM 759, SM 763, SM 766, SM 779, SM 782, SM 791]
- GSTR-9 not required up to **₹2 crore** (FY 2024–25 onwards). Late fee GSTR-9 / 9C **₹100** a day, cap **₹10,000**. [Supp J26 p.34, SM 1091]
- E-invoice above **₹ 5 crores** from **01-08-2023**. Records kept **72 months** from the annual-return due date. [SM 847, SM 1086]
- s.74A notice within **forty-two months** of the annual-return due date; order within **twelve months** of the notice (+ six months). [SM 910–911]
- Appeal pre-deposit: admitted amounts + **10%** of the disputed tax, max **₹20 crore** CGST; s.129(3) order: **25%** of the penalty. [SM 952–953]
- Anti-profiteering penalty **ten per cent** (nil if paid within **thirty days**); amount returned with **18%** interest. [SM 1066]
- Prosecution: above **₹ 500 lakhs** up to 5 years; ₹200–500 lakhs up to 3 years; arrested person before a Magistrate within **twenty-four hours**; compounding **25%** to **100%** of tax. [SM 1041, SM 1047, SM 1051]

CUSTOMS · FTP

- Assessable value: freight not known → **20%** of FOB (air freight capped at 20%); insurance not known → **1.125%** of FOB. [SM 1110]
- Baggage Rules 2026 GFA: **₹75,000** (residents, tourists of Indian origin); **₹25,000** foreign tourists; one laptop for passengers 18 years or above. [Supp D26 p.27, Supp D26 p.34]
- Drawback s.74: unused goods **98%** of duty; not paid within **one month** → interest **6%**. [SM 1176, SM 1187]
- Warehousing: **One year** from the deposit order, extendable by **6 months**. [SM 1159]
- Refund s.27: within **ONE year** of payment; none below **₹100**; s.26 export duty: re-import within **One year**, claim within **six months**; s.26A: destroy / relinquish within **30 days** (+ three months). [SM 1228–1230]
- Provisional assessment: finalise within **2 years**, Commissioner + **1 year**; documents within **2 months** of requisition; outer limit **14 months**. [Supp D26 p.15–23]
- Re-import after repair abroad: within **3 years**; duty on repair cost + freight and insurance both ways. [SM 1224–1225]
- IGCR used capital goods: depreciation per quarter **4%** (year 1), **3%** (years 2–3), **2.5%** (years 4–5), **2%** after. [SM 1201]
- Deferred duty from 01.03.2026: pay by the **1st of the next month**; March → **31st March** (Supp D26 p.25, picture).
- Status holders (US $ million): One Star 3 · Two 15 · Three 50 · Four 200 · Five 800. [SM 1253]
- SEZ: income-tax **100%** for 5 years, **50%** for the next 5; gems sent for studding back within **45 days**. [SM 1289, SM 1292]

Module 1 Part 1 · Supply, Schedules, composite / mixed, RCM, ECO, composition

P19 · topics 1.1, 1.2, 1.4, 1.5

SM pp. 5–82 (supply, composition), 244–262 (levy, RCM, ECO), 271–274 (advance rulings); exercise 275–290. **M1 is the biggest module: 15–27 marks every paper** (expected 22.5). This part = **Q2(a)** (composite / mixed in D23, D24; Schedules I / III in D25) + 2–3 MCQs (i)–(iii). The exemption list and the Q3(a) supply-list sum are in **Part 2**.

Paper	Long question (this part)	MCQs (this part)
Jun'23	Q8(a)(a)(b) case: forward vs reverse charge (machines, excavator hire, rent from State Govt, GTA)	no-claim bonus not a supply
Dec'23	**Q2(a) composite vs mixed: meaning and how taxed**	Schedule III · composition rate for a trader · Diwali gift pack rate
Jun'24	Q4(b) UPS with external battery (advance ruling) · Q8(a) restaurant selling cigarettes	gifts to employees above ₹50,000
Dec'24	**Q2(a) mixed or composite**: insured packed goods; train ticket with meal	composition in Delhi · import of services without consideration · aggregate turnover · composition tax for a trader
Jun'25	–	which transaction is not a supply
Dec'25	**Q2(a) Schedule I and III**, two examples each, taxability, disclosure in returns	toothpaste + brush · composition ₹1.5 crore · shed repair = works contract
Jun'26	Q4(b) UPS with external battery (= J24)	sale of land (Schedule III)
ICMAI	PTP Q2(a) **ECO u/s 9(5)** (unused) · PTP Q4(b) **RCM concept + seven cases** (unused)	MQP bill of supply, stock on winding up · PTP Schedule III, complimentary dessert

HOW IT IS EXAMINED · DEC'26 PREDICTION

- **Q2(a) 7 marks, every December**: composite vs mixed (decide cases) **or** Schedules I / III with examples (incl. new para 8(aa)) **or** ECO u/s 9(5) with the Dec'26 local-delivery entry.
- **Q4(b) rotating**: the UPS ruling has come twice (J24, J26).
- **MCQs (i)–(iii)**: composition limits / rates / who cannot opt, Schedule III items, mixed-supply rate, aggregate turnover.

MAP OF THIS PART

1. Supply u/s 7: includes / excludes ★★
2. Schedule I and Schedule III ★★★
3. Composite vs mixed supply + advance rulings ★★★
4. Levy s.9 and reverse charge lists ★★★
5. ECO u/s 9(5) (+ local delivery, Dec'26) ★★
6. Composition scheme s.10 ★★★ (problems box)
7. Revision sheet

A Supply u/s 7 — the taxable event (1.1, 1.2)

WHAT IT IS Taxable event under GST = **supply** of goods or services or both; "no supply then no GST". Liability arises at the time of supply. [SM 5, SM 7]

s.7(1) SUPPLY INCLUDES

- **(a)** all forms of supply — **sale, transfer, barter, exchange, licence, rental, lease or disposal** — made or agreed to be made **for a consideration** by a person **in the course or furtherance of business** (examples only: "such as"). [SM 8, SM 10]
- **(aa)** activities by a person other than an individual to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration (w.r.e.f. 1-7-2017, Finance Act 2021). [SM 8]
- **(b) import of services for a consideration**, whether or not in the course or furtherance of business. [SM 8]
- **(c)** activities in **Schedule I**, even **without consideration**. [SM 8]
- **(1A)** Schedule II decides whether a supply is of goods or of services. [SM 8]

s.7(2) SUPPLY EXCLUDES

- **(a)** activities in **Schedule III** (the "negative list"); [SM 8]
- **(b)** activities of the Central / State Government, Union territory or local authority as **public authorities**, as notified on the Council's recommendation. [SM 8]
- **Six tests** of a supply: goods or services · for consideration · in course / furtherance of business · by a taxable person · a taxable supply · within the taxable territory. Exceptions: Schedule I (no consideration) and import of services (no business test). [SM 7]
- **"Local authority" s.2(69)** amended by FA 2025 w.e.f. 1-10-2025: adds "municipal fund"; explains local fund (Panchayat area) and municipal fund (Metropolitan / Municipal area). [Supp J26 p.3]

B Schedule I and Schedule III · D25 Q2(a)

SCHEDULE I — SUPPLY EVEN WITHOUT CONSIDERATION

1. **Permanent transfer or disposal of business assets** where ITC has been availed (computers donated to a trust; stock given free to a society). [SM 21–22]
2. Supply between **related persons** or **distinct persons** (s.25) in the course or furtherance of business — **gifts up to ₹50,000** in a financial year by an employer to an employee are **not** a supply. [SM 21]
3. Supply of goods by a **principal to his agent** (agent supplies on the principal's behalf), or by an agent to his principal (agent receives on the principal's behalf). [SM 21]
4. **Import of services from a related person** or from his other establishments outside India, in the course or furtherance of business. [SM 21]

Related persons (Explanation to s.15): officers / directors of one another's business · legally recognised partners · employer–employee · a person holding **25%** or more of the voting shares of both · one controls the other · both controlled by a third person · together they control a third · members of the same family · sole agent / distributor / concessionaire. [SM 22–23]

Traps: car bought for personal use and sold → not a supply (no business, no ITC; SM Illus. 12). AC on which ITC was taken given free to a director → supply (Illus. 15). Import of services from an **unrelated** person **without** consideration → not a supply (D24 MCQ).

SCHEDULE III — NEITHER GOODS NOR SERVICES

1. Services by an **employee to the employer** in the course of employment (incl. ₹5,00,000 on premature termination, SM Illus. 33). [SM 42, SM 46]
2. Services by any **court or Tribunal** (incl. a court receiver — Bai Mumbai Trust, Bom HC). [SM 42, SM 271–272]
3. Functions of MPs, MLAs, members of Panchayats / Municipalities; constitutional posts; Chairperson / Member / Director of a Government body not deemed an employee. [SM 42]
4. Funeral, burial, crematorium or mortuary services. [SM 42]
5. **Sale of land** and (subject to Sch. II para 5(b)) sale of building (J26 MCQ). [SM 42]
6. **Actionable claims**, other than specified actionable claims (w.e.f. 1st October 2023). [SM 42]
7. Goods from a non-taxable territory to another place in the non-taxable territory **without entering India**. [SM 42]
8. (a) **warehoused goods** supplied before clearance for home consumption; **(aa) goods warehoused in an SEZ or FTWZ** supplied before clearance for export or to the DTA (inserted w.e.f. 01.10.2025, Finance (No. 7) Act, 2025); (b) **high-seas sale** by endorsement of documents of title before clearance. [Supp J26 p.3]
9. Apportionment of **co-insurance premium** by the lead insurer to co-insurers (lead insurer pays tax on the whole premium). [SM 42]
10. **Ceding / reinsurance commission** deducted from the reinsurance premium (reinsurer pays tax on the gross premium) — 9 and 10 w.e.f. 1-11-2024. [SM 42–43]

No refund of tax already collected on 8(aa) supplies (w.e.f. 01-10-2025). [Supp J26 p.4]

⚠ SUPPLEMENTARY TYPO · DISCLOSURE IN RETURNS

- The Jun'26 supplementary (and SM 9) prints the Explanation 2 / 3 dates as "w.r.e.f. 1-7-2027"; the clause itself says **w.r.e.f. 1-7-2017**. Write "retrospectively from 1 July 2017".
- D25 Q2(a) also asked **disclosure in returns**, which the SM does not cover. From the return forms (⚠ not in the SM): Schedule I supplies are reported like any taxable supply (GSTR-1 and GSTR-3B Table 3.1(a)); Schedule III / non-GST supplies go in GSTR-3B Table 3.1(e) "non-GST outward supplies".

C Composite vs mixed supply (s.2(30), 2(74), s.8) · D23, D24 Q2(a)

COMPOSITE SUPPLY

- Two or more goods / services **naturally bundled**, supplied together in the ordinary course of business, **one of which is a principal supply** (the predominant element; the other is ancillary). [SM 60–61]
- **Tax = rate of the principal supply.** [SM 61]
- Air ticket with a meal (transport is principal) · goods packed, transported and insured (goods principal) · hotel package with breakfast (accommodation principal, whole at 18%) · laptop with bag for ₹55,000 → 18% = CGST ₹4,950 + SGST ₹4,950 (Illus. 42) · Rajdhani ticket with meals (Illus. 43). [SM 61–62]

MIXED SUPPLY

- Two or more individual supplies for a **single price**, **not naturally bundled**; each can be supplied separately. [SM 61]
- **Tax = the item with the highest rate.** [SM 61]
- Diwali gift hamper (sweets, chocolates, cakes, dry fruits) · shirt + watch + wallet + book set · free bucket with detergent (SM 62 Illus. 44) · toothpaste + brush (D25 MCQ). [SM 61–62]
- **UPS with an external storage battery** = **mixed** (battery has multiple uses; not naturally bundled even at a single price); UPS with **built-in** batteries = composite — Switching Avo Electro Power Ltd. (AAAR West Bengal). J24 / J26 Q4(b). [SM 272]

Indicator	Composite	Mixed
Naturally bundled · can be supplied separately	Yes · No	No · Yes
One is the predominant supply; the other is not an aim in itself for the recipient	Yes	No
Supplied together · each priced separately	Yes · No	Yes · No
Goods + goods / services + services / goods + services possible	Yes	Yes

SM indicator table. [SM 62]

⚠ J24 Q8(a) · CIGARETTES SOLD SEPARATELY IN A RESTAURANT (NOT IN THE SM)

Our answer from s.8 principles: cigarettes sold **alone, not with food**, are neither composite nor mixed with the restaurant service — each is an **independent supply** taxed at its own rate (tobacco at its tariff rate + compensation cess; food at the restaurant rate), even if one invoice shows a single price. The SM has no ruling on this; do not cite a case name.

SM ADVANCE RULINGS / CASES (1.5) · ONE LINE EACH

- **Columbia Asia Hospitals** (Kar AAR): services of corporate-office employees to units in other States = supply between **distinct persons** (Schedule I entry 2); cost allocations also taxable. [SM 271]
- **Association of Leasing & Financial Service Cos.** (SC): under GST the whole lease instalment (principal + interest) is taxable. · **Rashtriya Ispat Nigam** (SC): tax burden can be shifted by contract. · **Delhi Transport Corp.** (Del HC): but the assessee stays liable to the Revenue. · **TCS v State of AP** (SC): software on a medium = goods. [SM 272–273]

D Levy (s.9) and reverse charge · PTP Q4(b)

- **s.9(1)**: CGST on intra-State supplies (except **alcoholic liquor for human consumption**, and from 1-11-2024 un-denatured ENA / rectified spirit for it) on the s.15 value at notified rates **not exceeding twenty per cent**; IGST s.5(1) on inter-State supplies. [SM 244]
- **s.9(2)**: not yet levied on petroleum crude, high speed diesel, motor spirit, natural gas, ATF. [SM 244]
- **s.9(3)**: notified goods / services — **recipient pays (RCM)**. **s.9(4)**: notified supplies from an **unregistered** supplier to a **promoter** (shortfall in purchases, cement, capital goods). **s.9(5)**: ECO pays. [SM 244–245]
- A person liable under RCM must **register compulsorily** (no threshold); the supplier cannot take ITC on inputs for supplies on which the recipient pays. [SM 260]

RCM ON GOODS (s.9(3))

Cashew nuts (not shelled), bidi wrapper leaves, tobacco leaves, raw cotton — from an **agriculturist** · silk yarn · **lottery** (State Govt → distributor) · used vehicles, seized goods, old goods, waste and scrap from the Government (Railways moved to forward charge w.e.f. 20th October 2023) · priority sector lending certificates · **metal scrap** from an unregistered to a registered person (w.e.f. 10-10-2024; plus TDS 2%).

[SM 245–247]

RCM ON SERVICES (s.9(3)) — "SEVEN CASES" ANSWER

1. **GTA** → factory, society, co-operative, registered person, body corporate, firm, casual taxable person.
2. **Advocate** / firm of advocates → business entity. · **Arbitral tribunal** → business entity.
3. **Sponsorship** → body corporate or firm (supplier "other than a body corporate" from 16th January 2025).
4. **Government / local authority** → business entity (not renting to unregistered persons, post, etc.); **renting of immovable property** by Government → registered person (5A).
5. **Renting of residential dwelling** → registered person (5AA); renting of **other property by an unregistered** person → registered person other than a composition taxpayer (5AB, w.e.f. 10th October 2024).
6. **Director** → company (only as director, not personal rent — Circular 201/13/2023). · **Insurance agent** → insurer. · **Recovery agent** → bank / FI / NBFC.
7. Copyright by **music composer, photographer, artist**; by an **author** to a publisher (author may opt out). · Business facilitator → bank · agent of BC → BC · **security services** → registered person · **renting of motor vehicle with fuel** by a non-body corporate → body corporate · DSAs → bank / NBFC · import of services (IGST) from a non-taxable territory.

[SM 247–253]

MEMORY HOOK · SCHEDULE I

"A-R-A-I": **A**ssets disposed (with ITC) · **R**elated / distinct persons · **A**gent and principal (goods) · **I**mport of services from a related person.

MEMORY HOOK · COMPOSITE vs MIXED

Composite = "Principal decides"; Mixed = "Maximum rate decides". Ask: could the customer buy each part alone in the normal course? Yes → mixed.

E E-commerce operator pays tax — s.9(5) · PTP Q2(a), Supp D26

- The **ECO pays the output tax** though it is not the actual supplier; if the ECO is outside the taxable territory, its representative pays, else a person it appoints. Suppliers of notified services need not register only for these supplies. [SM 245, SM 257]
- **Notified services**: (1) **passenger transport** by radio-taxi, motorcab, maxi cab, motorcycle, omnibus and other motor vehicles (omnibus: ECO pays unless the supplier is a **company**, w.e.f. 20th October 2023); (2) **accommodation** in hotels, inns, guest houses, clubs, campsites; (3) **housekeeping** (plumbing, carpentry) — (2) and (3) only if the supplier is not liable to register u/s 22(1); (4) **restaurant service** (from 1-1-2022), except restaurants in "specified premises" (hotel tariff above ₹7,500 per unit per day). [SM 257–258]
- Restaurant via ECO: **ECO issues the invoice**, pays tax **in cash** (no ITC set-off), no TCS on these; ECO need not reverse its own ITC. [SM 258–260]

DEC'26 SUPPLEMENTARY · LOCAL DELIVERY (w.e.f. 22-09-2025)

Services of **local delivery** through an ECO are added to s.9(5) (and s.5(5) IGST), **except** where the person supplying them through the ECO is liable to register under **section 22(1)**. Notification No. 17/2025 CT(R) and IT(R), dated September 17, 2025. [Supp D26 p.2–3]

Partner (turnover; threshold ₹20 lakh)	Delivery value	Who pays
Mr. A (₹12 lakh) · Mr. B (₹18 lakh)	4,00,000 + 6,00,000	ECO u/s 9(5)
ECO: ₹10,00,000 × 18%	**1,80,000**	**CGST 90,000 + SGST 90,000**
Mr. C (₹28 lakh → liable u/s 22(1))	8,00,000	Mr. C: ₹1,44,000

ICMAI's example, recomputed by script. [Supp D26 p.3–4]

F Composition scheme — s.10

- **Who**: a **manufacturer, trader or restaurant** supplier with P.Y. aggregate turnover up to **₹1.5 crore** (**₹75 lakh** in Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttarakhand; w.e.f. 1-4-2019). [SM 65]
- May also supply **services** (other than restaurant) up to **10% of turnover** in the State in the P.Y. **or ₹5,00,000, whichever is higher**; interest on deposits / loans is ignored in turnover. [SM 63]
- **s.10(2A) service providers**: P.Y. aggregate turnover up to **₹50 lakh → CGST 3% + SGST 3%** (SM Illus. 56). [SM 76]
- **Rates** (read from the SM chart, an image): manufacturer and trader CGST 0.5% + SGST 0.5% (trader: on taxable supplies only); restaurant CGST 2.5% + SGST 2.5%; 10(2A) CGST 3% + SGST 3%. [SM 75 (chart)]
- **Aggregate turnover** s.2(6): all taxable + exempt supplies + exports + inter-State supplies of persons with the **same PAN**, all-India basis; **excludes** inward RCM supplies and CGST / SGST / IGST / cess. Partner and firm, Karta and HUF have different PANs → not aggregated; job worker's supply counts in the principal's turnover. [SM 65–66]
- **Same PAN**: all registrations must opt; intimation for one = for all (Illus. 46). [SM 67–68]

NOT ELIGIBLE (s.10(2), rule 5)

- supplier of services beyond the 10% / ₹5 lakh limit · goods not leviable to GST (a bar serving liquor, Illus. 49) · **inter-State outward supply of goods** · **services** through an ECO that collects TCS (goods through an ECO allowed from 01.10.2023; ECO then collects TCS, no inter-State) · manufacturer of notified goods: **ice cream, pan masala, tobacco, aerated water**, fly-ash bricks, bricks, roofing tiles. [SM 66, SM 71–72]
- **Non-resident** or **casual** taxable person; stock bought inter-State, imported or from a branch outside the State. [SM 71]
- Invoice: "composition taxable person, not eligible to collect tax on supplies"; signboard "Composition Taxable Person"; issues a **bill of supply**, no ITC. [SM 73]

FORMS AND DATES

CMP-02 opt in	before the start of the FY
CMP-03 stock details	within 90 days
CMP-04 withdrawal	within 7 days; ITC-01 within 30 days
CMP-06 reply / CMP-07 order	15 days / 30 days
CMP-08 quarterly tax	18th of the month after the quarter
GSTR-4 annual return	June 30 (FY 2024-25 onwards)

[SM 77–78]

PROBLEMS BOX · COMPOSITION ELIGIBILITY AND TAX (MCQs D23, D24, D25; workbook sums)

WORKED PATTERN · SM ILLUSTRATION 44 (RAM & CO., ₹ LAKH)

Taxable goods 120 + exempt goods 10 + taxable services 5 + exempt services 3; interest 15.50 → Nil	138
Not above ₹150 lakh → turnover test passed	✓
Services 5 + 3 = 8 → 8 / 138 × 100	5.80%
Limit: higher of 10% × 138 = 13.80 and ₹5 lakh	13.80
Services 8 < 13.80 → eligible	✓

[SM 64]

STEPS

1. Is the person a manufacturer / trader / restaurant (or a 10(2A) service provider)? Any barred activity (liquor, inter-State goods, notified goods, services via TCS-ECO)?
2. P.Y. aggregate turnover (PAN-wide, all India; drop interest and inward RCM) ≤ ₹1.5 crore / ₹75 lakh (≤ ₹50 lakh for 10(2A)).
3. Services ≤ higher of 10% of State turnover or ₹5 lakh.
4. Tax = rate × turnover in the State (bill of supply, no ITC: GST on purchases is a cost).

MCQ SUMS (RECOMPUTED BY SCRIPT)

- **D24 (vi)** trader, laptops: cost ₹3,00,000 + GST 12% = ₹3,36,000 (no ITC) + 40% = ₹4,70,400 × 1% = **₹4,704** (A).
- **D24 (iv)** aggregate turnover: 9,00,000 + 5,00,000 exempt + 10,00,000 exports = **₹24,00,000**; GTA ₹80,000 (RCM inward) out (C).
- **SM Illus. 56**: 10(2A) Q1 turnover ₹10 lakh × CGST 3% = ₹0.30 lakh (+ SGST same).
- **SM Illus. 53** restaurant: composition tax ₹64,428 (5% on ₹12,88,560; input GST is a cost) vs normal net ₹56,160 (₹1,96,560 − ITC ₹1,40,400) → **normal scheme cheaper**.

PRACTISE THESE

SM Illus. 45–56 (SM 67–76) · D24 MCQ (i), (iv), (vi) · D23 MCQ (v) · D25 MCQ (ii) · MQP MCQ (ii) · SM M1 MCQs 31, 33, 39–41, 49 (SM 279–283) · **ICMAI Practice Workbook Ch1 illus. 4, 5, 6, 9; Ch3 illus. 3** · MCQ bank Q1–Q26 (1.2 set).

PRACTISE THESE · Q2(a) THEORY AND RCM / ECO CASES

D23 Q2(a) · D24 Q2(a) · D25 Q2(a) · J24 Q4(b) = J26 Q4(b) · J24 Q8(a) · J23 Q8(a) · PTP Q2(a), Q4(b) · postal Q8(a) · SM solved cases 1–7 (SM 271–273) · SM M1 MCQs 3, 6–9, 12–30, 53, 55 (SM 275–284) · **ICMAI Practice Workbook Ch1 illus. 1–3, 7, 8, 10–16; Ch2 illus. 1–9; Ch3 illus. 10** · MCQ bank Q2, Q3, Q5–Q7, Q20, Q30, Q100, Q101, Q103.

R Revision sheet · numbers and words to learn

Item	Rule	SM
Gifts by employer to employee	not a supply up to **₹50,000** a FY	[SM 21]
Related persons — shareholding	**25%** or more of voting shares of both	[SM 23]
CGST rate cap s.9(1)	not exceeding **twenty per cent**	[SM 244]
Composition: turnover limit	**₹1.5 crore**; ₹75 lakh (8 States); 10(2A) ₹50 lakh	[SM 65, SM 76]
Composition: services allowed	higher of **10%** of State turnover or **₹5,00,000**	[SM 63]
Composition: CMP-08 / GSTR-4	**18th** after the quarter / **June 30**	[SM 78]
ECO restaurant: specified premises	tariff above **₹7,500** per unit per day	[SM 258]
Schedule III paras 9, 10 (insurance)	w.e.f. **1-11-2024**	[SM 42]
Schedule III para 8(aa) SEZ / FTWZ goods	inserted w.e.f. 01.10.2025	[Supp J26 p.3]
ECO local delivery u/s 9(5)	w.e.f. 22-09-2025 unless supplier liable u/s 22(1)	[Supp D26 p.3]
Metal scrap RCM (unregistered → registered)	w.e.f. 10-10-2024 + TDS 2%	[SM 247]
Renting of non-residential property by an unregistered person	RCM w.e.f. 10th October 2024 (not for composition recipients)	[SM 249]

Module 1 Part 2 · Exemptions and the supply list P19 · topic 1.3

SM pp. 83–228 (Notification 12/2017-CT(R) table pp. 85–108, then entry-by-entry commentary). **Q3(a) has been a list of supplies in all 7 papers**: decide taxable / exempt / reverse charge / not a supply for 6–7 items and find the value on which GST is payable (or the tax). Expected ~9 marks a paper with MCQs (i)–(ii). J26 Q2(a) asked the GTA exemptions as theory; MQP Q2(a) the religious-place exemption (unused).

Paper	Items in the Q3(a) list (and related questions)
Jun'23 Q4(a)	buses hired to a State undertaking, GTA RCM, cabs through an ECO, fumigation
Dec'23	actionable claims, recovery agent commission, TDR compensation (₹22 lakh), classical dance ₹1,99,500, fumigation of agri warehouse, residential rent to a registered person, PDS milling (goods ≤ 25%)
Jun'24	loading / packing of potato chips, yoga camp by a 12AA trust, FD interest, diplomatic mission, educational institution with hostel, vehicle with fuel for goods · MCQ RWA ₹7,500
Dec'24	temple hall rent, CS paying ROC fees as pure agent, free samples, truck hired to a GTA · MCQs: services not exempt; stage of claiming exemption
Jun'25	Indian Railways: cloak room, 2nd class, platform ticket, AC class, retiring room, relief goods, manure · MCQs hotel lodging, religious precinct rent, rice milling
Dec'25	security services to registered / unregistered recipients, packing ketchup, vehicle with fuel to a body corporate / firm, legal services received, Govt training (80% funded)
Jun'26	fruit ripening, security services received, land for fish farming, price-linked subsidy, NTA services, hospital room ₹4,600 a day, agent of a BC · Q2(a) GTA entries 21, 21A, 21B · MCQs banks, agriculture

ANSWER FORMAT (THE WAY THE SM SOLVES IT)

Item	Taxable value ₹	Reason (entry / section)
each item in order	value or Nil	exempt entry No. · Schedule III · RCM (recipient pays) · pure agent · s.15
Value of taxable supply	**total**	
GST @ rate	**tax**	**CGST + SGST or IGST**

Write the reason for **every** item, including the Nil ones — the marks are per item. If the question says "liability including supplies received", add the RCM inward items too.

THE FOUR QUESTIONS FOR EACH ITEM

1. **Is it a supply?** Schedule III (land, actionable claims, employee), Schedule I without consideration, s.7(2).
2. **Is it exempt?** Notification 12/2017 entry — check the **limit** (₹1,50,000 artist, ₹5,000 room, ₹7,500 RWA, ₹500 admission, ₹1,000 / ₹10,000 religious place …) and the **recipient** (educational institution, Government, business entity).
3. **Who pays?** Reverse charge list (Part 1, section D): then Nil in the supplier's hands, taxable in the recipient's.
4. **What value?** Pure agent reimbursements out; price-linked non-Government subsidy in (M4).

A Exempt entries that the exam uses (Notification 12/2017-CT(R))

CHARITY, RELIGION, GOVERNMENT, HOUSING

- **1** Charitable activities by a **12AA / 12AB** entity (incl. advancement of religion, spirituality or **yoga** — J24 yoga camp exempt). [SM 85, SM 110]
- **3A** Composite supply to Government / local authority for a Panchayat / Municipality function where goods are **not more than 25 per cent** (D23 PDS milling). [SM 86]
- **9E** Railways to individuals: **platform tickets, retiring / waiting rooms, cloak room, battery-operated cars** (w.e.f. 15-7-2024). **17** rail travel in a class other than **first class or AC coach** — J25 Q3(a). [SM 89, SM 91]
- **12** Renting of residential dwelling for use as residence — except to a registered person (then RCM, Part 1); exempt if a proprietor rents it personally for his own residence. [SM 90]

TRANSPORT, AGRICULTURE, MONEY, HEALTH, EDUCATION, ARTS

- **15** Passengers by air (economy) to / from the North-East States and Bagdogra; non-AC contract carriage (not radio taxi, not tourism); non-AC stage carriage. [SM 91]
- **18** Transport of goods by road — except a **GTA or courier**; by inland waterways. [SM 92]
- **22** Giving on hire: motor vehicle for more than **twelve passengers** to a State transport undertaking; a means of transport of goods **to a GTA** (D24 truck hire exempt). [SM 93]
- **24** Loading, unloading, packing, storage, warehousing of **rice**; **54(e)** of agricultural produce. Ketchup, potato chips are **not** agricultural produce → taxable (J24, D25). [SM 94, SM 102]

- **12A** Accommodation up to **twenty thousand rupees per person per month** for a minimum continuous **ninety days** (w.e.f. 15-7-2024). [SM 90]
- **13** Religious ceremony; renting of precincts of a religious place of a 12AA / 12AB trust — **not** for rooms ₹1,000 or more per day; halls / kalyanmandapam / open area ₹10,000 or more per day; shops ₹10,000 or more per month (J25 MCQ, D24 temple hall, MQP Q2(a)). [SM 90]
- **14** Hotel rooms below ₹1,000 a day — **omitted w.e.f. 18-7-2022** (J25 MCQ: hotel lodging now taxable). [SM 90]
- **72** Training programme for Government where **75% or more** of the expenditure is borne by Government (D25: 80% → exempt). [SM 106]
- **77** Unincorporated body / non-profit entity to its own members: trade union; exempt activity; **up to ₹7,500 per month per member** for common use in a housing society (RWA). Above ₹7,500 the **whole** amount is taxable (SM Illus. 145). [SM 107, SM 218–219]
- **54** Agriculture (cultivation, rearing of all life forms of animals except horses): operations incl. testing, **farm labour**, processes at the farm, **renting agro machinery or vacant land**, warehousing of agri produce, APMC / commission agents (J26 MCQ). Fumigation 54(h) **omitted w.e.f. 18-07-2022** → taxable (D23 item). [SM 102]
- **57** Pre-conditioning, pre-cooling, **ripening, waxing**, retail packing, labelling of fruits and vegetables (J26). [SM 103]
- **27** Deposits, loans, advances — interest / discount (**not credit-card interest**); forex between banks / dealers. Banks' commission, brokerage, locker rent, card interest = taxable (J26 MCQ). [SM 94, SM 177]
- **59** Services **by** a foreign diplomatic mission in India. [SM 103]
- **74** Health care by a clinical establishment / doctor / para-medic — but rooms (other than ICU / CCU / ICCU / NICU) over **₹5,000 per day** are taxable (J26: ₹4,600 → exempt). [SM 107]
- **66** By an educational institution to its students, faculty, staff; entrance exams; **to** an educational institution: transport, catering, security / cleaning (pre-school to higher secondary only), admission / exam services — NTA counts as an educational institution (J26). [SM 104, SM 203]
- **78** Folk or classical music / dance / theatre — consideration **not more than ₹1,50,000** per performance; not as brand ambassador (D23: ₹1,99,500 taxable). **80** coaching in arts or culture by an individual. **81** admission up to **₹500 per person**. [SM 108]

JUN'26 SUPPLEMENTARY · INDIVIDUAL LIFE AND HEALTH INSURANCE EXEMPT (w.e.f. 22-09-2025)

36C life insurance and **36D** health insurance by an insurer to an insured who is **not a group** (an individual, or an individual and family); **36E** reinsurance of 36C / 36D. Notification No. 16/2025 Central Tax (Rate) dated 17th September 2025. "Group" = employer–employee or other groups with a common purpose other than insurance (group policies stay taxable). [Supp J26 p.5]

B Two 7-mark theory answers: GTA (J26 Q2(a)) and religious places (MQP Q2(a))

GTA — WHAT IS EXEMPT (ENTRIES 21, 21A, 21B)

- **GTA** = a person who transports goods by road and **issues a consignment note**; a truck owner without a consignment note is not a GTA → exempt under entry 18. [SM 157–158]
- **21**: GTA transport in a goods carriage of (a) agricultural produce; (d) milk, salt, food grain incl. flour, pulses, rice; (e) organic manure; (f) registered newspapers / magazines; (g) relief materials; (h) defence or military equipment. The ₹1,500 per carriage and ₹750 per consignee limits were **omitted w.e.f. 18-07-2022**. [SM 93, SM 160]
- **21A**: GTA services to an **unregistered person** (incl. unregistered casual taxable person) other than the specified recipients. [SM 93]
- **21B**: GTA services to a Government department / local authority / Governmental agency registered **only to deduct TDS u/s 51**. [SM 93]
- Otherwise GTA → **RCM** on specified recipients by default; GTA may opt for forward charge by Annexure V before the year starts; incidental loading / storage by a GTA = composite with the transport (Circular 234/28/2024). [SM 159–160]

RELIGIOUS CEREMONY AND RELIGIOUS PLACES (ENTRY 13)

- Exempt: (a) **conduct of any religious ceremony**; (b) **renting of precincts of a religious place** meant for the general public, owned or managed by a 12AA / 12AB trust, a 10(23C)(v) trust or a 10(23BBA) body. [SM 90]
- **Exceptions** to (b): rooms ₹1,000 or more per day · premises, community halls, kalyanmandapam, open area ₹10,000 or more per day · shops for business ₹10,000 or more per month. [SM 90]
- Entry 1: charitable activities of a 12AA / 12AB entity incl. advancement of religion, spirituality or yoga; fees for other programmes are taxable. [SM 85, SM 110]

⚠ TRAPS: EXEMPTIONS THAT ENDED

- Hotel rooms below ₹1,000 a day (entry 14) and fumigation of agri warehouses (54(h)) — **omitted w.e.f. 18-07-2022**. [SM 90, SM 102]
- Air / sea freight out of India (19A, 19B) — taxable w.e.f. 01-10-2022. [SM 92]

PROBLEMS BOX · THE Q3(a) SUPPLY LIST (ALL 7 PAPERS)

WORKED PATTERN · SM ILLUSTRATION 146 (MR. NAVAB, ARTIST, GST 18%)

Receipt	Taxable ₹	Reason
Classical dance 98,000	Nil	entry 78: ≤ ₹1,50,000
Television serial	2,80,000	not folk / classical
Brand ambassador	12,00,000	excluded from 78
Coaching in arts	Nil	entry 80
Sculpture making	3,10,000	still art: taxable
Western dance	90,000	not folk / classical
Value of taxable supply	**18,80,000**	
GST 18%	**3,38,400**	

[SM 219–220]

SECOND PATTERN · SM ILLUSTRATION 145 (RWA, GST 18%)

Banquet hall to a member 25,000 + service charge on electricity 10,000 (₹1,00,000 paid on as pure agent) + maintenance 8,500 × 20 = 1,70,000 (above ₹7,500: whole amount; the ₹2,500 members exempt) = **₹2,05,000**; GST **₹36,900**. [SM 218–219]

JUN'26 Q3(a) · ITEM BY ITEM (OUR WORKING, NO ICMAI ANSWER YET)

- (i) ripening / waxing of fruits ₹42 lakh → **Nil**, entry 57.
- (ii) security services received from a **proprietor** (composition supplier) ₹35,000 → **RCM entry 14**: N.G. Srinivasan (a regular registered recipient) pays. The composition proviso is about the **recipient**.
- (iii) land rented for fish farming ₹4 lakh → **Nil**, entry 54(d) (rearing of all life forms of animals) — our reading.
- (iv) price-linked subsidy from a **trust** ₹2 lakh → **taxable**: s.15(2)(e) includes non-Government subsidies (M4).
- (v) NTA exam services to an educational institution → **Nil**, entry 66.
- (vi) room ₹4,600 a day to a patient → **Nil**, entry 74 (≤ ₹5,000).
- (vii) agent of a business correspondent → BC pays under **RCM**; Nil for him.
- **Value on which he pays tax = 35,000 + 2,00,000 = ₹2,35,000** (script-checked).

PRACTISE THESE

All seven past lists (J23 Q4(a), D23–J26 Q3(a)) · J26 Q2(a) · MQP Q2(a) · postal Q8(a) · SM Illus. 57–152 (SM 85–227; esp. 145–148) · SM M1 MCQs 19, 57, 61–63, 66–70 (SM 278–286) · **ICMAI Practice Workbook Ch3 illus. 1, 2, 4–9, 11–23** · MCQ bank Q27–Q29.

R Revision sheet · the limits inside the exemptions

Entry	Limit / condition	SM
3A composite supply to Government	goods not more than **25 per cent** of value	[SM 86]
12A long-stay accommodation	≤ **₹20,000** per person per month, ≥ **90 days** continuous	[SM 90]
13 religious place renting — taxable if	rooms ≥ **₹1,000**/day · halls ≥ **₹10,000**/day · shops ≥ **₹10,000**/month	[SM 90]
22 vehicle hired to a State transport undertaking	more than **12** passengers	[SM 93]
72 Government training programme	**75%** or more of expenditure by Government	[SM 106]
74 hospital room (non-ICU)	taxable above **₹5,000** per day	[SM 107]
77 RWA contribution	up to **₹7,500** per month per member	[SM 107]
78 folk / classical artist	up to **₹1,50,000** per performance	[SM 108]
81 admission to events / planetarium	up to **₹500** per person	[SM 108]
34 card settlement by acquiring bank	up to **₹2,000** per transaction	[SM 95]
36C / 36D / 36E individual life and health insurance	exempt w.e.f. 22-09-2025	[Supp J26 p.5]

MEMORY HOOK · THE LIMITS LADDER

500 ticket · **1,000** temple room · **2,000** card swipe · **5,000** hospital room · **7,500** RWA · **10,000** temple hall / shop · **20,000** hostel month · **1,50,000** classical show.

Module 4 · Valuation P19 · topics 4.1–4.6

SM pp. 423–504 (exercise 523–530); the rule 32 special cases sit in the Module 1 exemption chapter (air travel agent SM 147–149, money changer 174–176, insurer 185–187). **7–21 marks every paper since Dec'23** (expected 13.1). **Q5(b) is a rule 32 sum in all 6 papers since Dec'23**; Q8(a) a s.15 valuation sum in December; Q4(b) related persons rotates. **The exam copies the SM illustrations**: D23 / D24 Q5(b) = Illus. 93 with new figures; D25 Q5(b) = Illus. 114; D25 Q8(a) = Illus. 11 (= MQP Q3(a)); MQP Q5(b) = Illus. 109; MQP Q8(a) = Illus. 42; PTP Q5(b) = Illus. 94.

Paper	Q5(b) rule 32	Other valuation questions
Dec'23	**Air travel agent**: normal vs 32(3)	Q4(b) related and distinct persons · Q8(a) **s.15 value**: FOR freight, trade discount, waived interest, NGO subsidy
Jun'24	**Money changer** 32(2)(b) + condition to opt	MCQ TVs to employees at 70% discount (related)
Dec'24	**Air travel agent**: normal vs 32(3)	–
Jun'25	**Money changer** 32(2)(b)	Q4(b) rule 28 · MCQ margin scheme (second-hand car)
Dec'25	**Life insurer** 32(4)	Q8(a) **job worker** (MRP goods, technology fee, discount) · MCQ open market value on exchange
Jun'26	**Money changer** 32(2)(a) and (b)	–
ICMAI	MQP money changer · PTP / postal **tour operator**	MQP Q3(a) job worker, Q4(b) related person, Q8(a) **works contract** · PTP Q3(a) rule 30, Q8(a) **customs broker as pure agent**

HOW IT IS EXAMINED · DEC'26 PREDICTION

- **Q5(b) 7 marks, near-certain**: December papers asked the **air travel agent** (D23, D24) and the **insurer** (D25); June papers the money changer. Learn all four + tour operator + second-hand goods.
- **Q8(a) 7 marks, likely in December**: s.15 value with additions / deductions, or the job worker; unused ICMAI variants: works contract with free materials (MQP), customs broker as pure agent (PTP).
- **Q4(b)**: related persons + rule 28. **MCQ (iv)**: open market value, margin scheme, rule 30.

MAP OF THIS MODULE

1. s.15 transaction value: add / deduct ★★★ (problems box 1)
2. Rules 27–31: OMV, related / distinct persons, agent, cost, residual ★★
3. Rule 32 special cases ★★★ (problems box 2)
4. Pure agent, exchange rate, tax-inclusive value, works contract ★★
5. Supplementary changes: lottery 31A, RSP rule 31D, post-sale discounts ★★
6. Revision sheet

A Section 15 — transaction value · Q8(a)

WHAT IT IS Value = **transaction value**, the price actually paid or payable, where the supplier and recipient are **not related** and the **price is the sole consideration**; otherwise the valuation rules (s.15(4) + rules 27–31) apply. [SM 427]

Add (s.15(2)) if not already in the price	Deduct / exclude
(a) taxes, duties, cesses, fees, charges under any other law (not CGST / SGST / UTGST / IGST / compensation cess) — entertainment tax on tickets (Illus. 1). TCS under income tax is **not** added. [SM 427–428]	**Discount** before or at the time of supply, recorded in the invoice. [SM 438]
(b) amounts the supplier is liable to pay but the **recipient pays** — freight the seller had to bear: ₹2,50,000 + ₹2,500 = ₹2,52,500 (Illus. 2). [SM 428]	**Post-supply discount agreed before or at the time of supply** and linked to invoices (credit note) — 0.5% early-payment discount in Illus. 7. [SM 438, SM 444]
(c) commission, packing, anything charged for the supply before delivery (removal of old furniture ₹5,000 → ₹5,80,000, Illus. 3). [SM 430–431]	**Not** deductible: a discount given after supply and not known at the time of supply (2% for paying in 2 days, Illus. 8). [SM 438, SM 445]
(d) interest, late fee or penalty for **delayed payment** (penal interest on a loan stays exempt, entry 27). [SM 431]	Government subsidy; subsidy credited to the buyer (LPG ₹200 → value stays ₹800, Illus. 4). [SM 433]
(e) subsidies **directly linked to the price**, other than Government subsidies. [SM 431]	Pure-agent reimbursements (rule 33, section D). [SM 487]

⚠ SM SLIP · ILLUSTRATION 5 (FERTILISER SUBSIDY)

The question text says the Government subsidy "will form part of value of supply"; its own solution says it will **not** (s.15(2)(e) excludes Government subsidies). Follow the solution. [SM 433]

PROBLEMS BOX 1 · s.15 VALUE SUM (D23 Q8(a), D25 Q8(a); MQP Q3(a))

WORKED PATTERN · SM ILLUSTRATION 11 (JOB WORKER, MRP GOODS) = MQP Q3(a)

Raw material supplied by the principal ₹30,000	not a supply (s.143)
Job worker's charges incl. profit	10,000
Transport of raw material to the job worker ₹3,000	not added
Transport of finished packets back [s.15(2)(b)]	4,500
Technology fee paid by the principal ₹22,500 (FOC to job worker, Circular 47/21/2018)	not added
Less: discount shown in the invoice [s.15(3)]	(2,000)
Transaction value	**12,500**

MRP on the packets is irrelevant to the job worker's value. [SM 445–446]

D25 Q8(a) (same template, our working with the SM method): 40,000 + 8,500 − 6,000 = **₹42,500**; raw material 35,000, inward transport 8,200 and technology fee 32,000 out.

D23 Q8(a) MACHINE (OUR WORKING)

Contract price	6,00,000
Less: trade discount 3% in the invoice	(18,000)
Add: freight — F.O.R. contract, seller's cost	40,000
Interest for delay — **waived**, so not charged	Nil
NGO subsidy **not linked to the price**	Nil
Taxable value (CGST + SGST ₹72,000 never added)	**6,22,000**

STEPS

1. Start with the price; check "related? sole consideration?" — if not, go to rules 27–31.
2. Walk s.15(2)(a)–(e): add each item the price does not yet include; name the clause.
3. Walk s.15(3): deduct only discounts in the invoice or agreed in advance and linked.
4. Strike out GST itself, pure-agent items, Government subsidies, free items the job worker did not pay for.

PRACTISE THESE

SM Illus. 1–12 (SM 427–447) · D23 Q8(a) · D25 Q8(a) · MQP Q3(a) · postal Q7(b)(ii) · **ICMAI Practice Workbook Ch6 illus. 1–13, 15** · MCQ bank Q39 (= SM M4 MCQ 7).

B Rules 27–31 · related persons (Q4(b))

- **Rule 27** (consideration not wholly in money): (a) **open market value**; (b) money + money value of the non-monetary part (uniforms worth ₹20,000 → ₹1,00,000, Illus. 15); (c) like kind and quality; (d) rule 30, then rule 31. New TV ₹42,000 with an old TV, normal price ₹45,000 → OMV **₹45,000** (Illus. 13; D25 MCQ). [SM 449–450]
- **Rule 28** (distinct persons s.25(4)/(5) or related persons, not through an agent): (a) OMV; (b) like kind and quality; (c) rule 30 / 31. Goods for further supply **as such**: at the supplier's option **90%** of the price the recipient charges an unrelated customer. Recipient eligible for **full ITC**: invoice value = OMV. [SM 457]
- **Rule 28(2)** corporate guarantee to a bank for a related recipient in India: **1% of the guarantee per annum** or the actual consideration, whichever is higher (w.e.f. 26th October 2023); full ITC → invoice value. ₹10 crore for 5 years → ₹50 lakh, GST ₹9 lakh. [SM 457, SM 476]
- **Rule 29** (principal ↔ agent): OMV or, at the supplier's option, **90%** of the agent's price to unrelated customers (groundnut ₹4,550 OMV or ₹4,500 = 90% of ₹5,000, Illus. 25). [SM 478]
- **Rule 30** cost: **110%** of the cost of production / acquisition / provision of services (CAS-4; GST excluded; selling and non-production admin out; scrap deducted). Illus. 17: cost ₹1,455 → value **₹1,600.50**. [SM 451–452]
- **Rule 31** residual: reasonable means consistent with s.15; a **service** supplier may skip rule 30 and use rule 31. [SM 456]
- **Related persons** (eight cases: officers / directors of each other, partners, employer–employee, **25%** voting shares of both held by one person, control, common control, joint control of a third, same family; "person" includes legal persons; sole agent / distributor / concessionaire). [SM 425]
- **Distinct persons**: each registration of the same person (s.25(4)); establishments in other States (s.25(5)). [SM 426]

Q4(b) ANSWER SKELETON (D23, J25; MQP Q4(b))

1. Define related persons (the eight cases) and distinct persons (s.25(4), (5)).
2. Schedule I para 2: supply even without consideration; gifts to employees up to ₹50,000 out.
3. Rule 28: OMV → like kind → rule 30 / 31; 90% option; full-ITC proviso; 28(2) guarantee 1%.
4. Example: stock transfer to a depot in another State.

C Rule 32 — special valuation · Q5(b) every paper

32(2) MONEY CHANGING (JUNE PAPERS; MQP)

- **(a)** INR involved: (buying / selling rate − **RBI reference rate**) × units. No RBI rate → **1% of the gross INR**. Neither currency INR → 1% of the **lower** of the two currencies converted at RBI rates. [SM 175–176]
- **(b)** at the supplier's option: slabs on the gross amount exchanged; the option holds for the **whole financial year** (the "condition" asked in J24, J25). [SM 175]

Gross amount exchanged	Value under 32(2)(b) (SM chart)
up to ₹1 lakh	1%, minimum ₹250 (so at most ₹1,000)
₹1 lakh – ₹10 lakh	₹1,000 + 0.5% of the excess over ₹1 lakh (at most ₹5,500)
above ₹10 lakh	₹5,500 + 0.1% of the excess, maximum ₹60,000

⚠ The SM prints this as a chart image with only the rates and caps ("Max 1000", "Max 5,500", "Max 60,000"); the "₹1,000 +" and "₹5,500 +" build-up is the rule's wording, which the caps imply. [SM 175 (chart)]

32(3) AIR TRAVEL AGENT (D23, D24)

- Normal: GST 18% on **commission** + service / handling charges (+ year-end bonus); full ITC. Option (transaction by transaction): value = **5% of basic fare (domestic)**, **10% (international)**, GST 18% on it. [SM 147–148]

32(4) LIFE INSURER (D25)

- Premium covers **risk only** → GST on the gross premium. Savings part **intimated** to the policy holder → gross − savings. Not intimated → **25% of first-year premium**, **12.5% of subsequent years** (single-premium annuity 10%, SM chart). [SM 185–187]

32(5) SECOND-HAND GOODS (J25 MCQ)

- Dealer in used goods (as such or minor processing), **no ITC** on purchase → value = **selling price − purchase price**; negative → ignored (Nil). With ITC → tax on full value. [SM 482]
- Repossessed from an unregistered defaulting borrower: purchase value = borrower's price less **5% points per quarter** or part. [SM 482, SM 485]
- Only for dealers in used goods — not a new-car dealer taking an exchange (Illus. 28). [SM 483]

32(6) VOUCHERS · 32(7) DISTINCT PERSONS

- Value of a voucher / coupon = the money value of the goods or services redeemable. [SM 485] (time of supply rules for vouchers were omitted from 1-10-2025, see M2.)

TOUR OPERATOR (PTP Q5(b), POSTAL Q2(a))

- **5% on the gross amount, without ITC** (ITC of input services in the same line at 5% allowed), if the invoice shows the charge is **inclusive of accommodation and transportation**; else 18%. [SM 149]
- Foreign tourist, tour partly abroad: the abroad days' share is exempt (≥ 12 hours = a day, less = half a day). [SM 151]

⚠ SM ILLUS. 94 vs ICMAI PTP ANSWER (SAME FOUR TOURS)

SM: Tours 1, 2, 4 at 5% (150 lakh → ₹7.50 lakh); Tour 3 (accommodation only, bill silent) at 18% (₹7.20 lakh). **ICMAI PTP**: Tours 1, 2, 3 at 5% (140 → ₹7 lakh); Tour 4 (bill says "solely accommodation") at 18% (₹9 lakh). They swap Tours 3 and 4. Write the condition (invoice inclusive of accommodation + transport), state your reading of each bill, and show the working — the examiner marks the reasoning.

PROBLEMS BOX 2 · RULE 32 SUMS (Q5(b), 6 OF 6 PAPERS) — RECOMPUTED BY SCRIPT

WORKED PATTERN A · SM ILLUSTRATION 93 (AIR TRAVEL AGENT) = D23 / D24 Q5(b) TEMPLATE

Normal: commission 4,50,000 + year-end bonus 50,000	5,00,000
GST 18%	90,000
Rule 32(3): 50,00,000 × 5% (domestic) + 80,00,000 × 10% (international)	10,50,000
GST 18%	1,89,000
Liability is not reduced by the option → not economical	

[SM 148–149]

Our working, same method: **D23** normal ₹92,700 v option ₹1,80,000 · **D24** normal ₹94,500 v option ₹1,64,700 → option not reduced in both.

WORKED PATTERN C · SM ILLUSTRATIONS 107, 109 (MONEY CHANGER) = MQP Q5(b)

- USD 100 sold at ₹72, RBI ₹71 → (72 − 71) × 100 = **₹100**, GST ₹18; no RBI rate → 1% of ₹7,200 = **₹72**, GST ₹12.96 (Illus. 107). [SM 175–176]
- US$9,000 at ₹71, RBI ₹72 → **₹9,000**; no RBI rate → 1% of (71 × 9,000) = **₹6,390**; USD into GBP 4,500 (RBI ₹73 / ₹101) → 1% of lower ₹4,54,500 = **₹4,545** (Illus. 109). [SM 176]

32(2)(b) ON PAST QUESTIONS (OUR WORKING)

- J24: 250 × 77 = 19,250 → 1% = 192.50 → minimum **₹250** · 2,300 × 76.50 = 1,75,950 → 1,000 + 0.5% × 75,950 = **₹1,379.75**.
- J25: 23,240 → **₹250** · 1,98,000 → **₹1,490**.
- J26: (i) bought 1,200 at ₹79, RBI ₹80.80 → (a) 1.80 × 1,200 = **₹2,160**; (b) 1% of 94,800 = **₹948** · (ii) sold 2,600 at ₹78, no RBI rate → (a) 1% of 2,02,800 = **₹2,028**; (b) 1,000 + 0.5% × 1,02,800 = **₹1,514**.

WORKED PATTERN D · SECOND-HAND GOODS (ILLUS. 27, 29, 30)

Car bought ₹2,00,000, sold ₹2,50,000 → margin ₹50,000 × 28% = CGST ₹7,000 + SGST ₹7,000; sold ₹1,80,000 → Nil (Illus. 27) · camera, ITC taken → ₹1,400; no ITC → (15,000 − 12,800) × 28% = ₹616 (Illus. 29) · repossessed machine

WORKED PATTERN B · SM ILLUSTRATION 114 (LIFE INSURER, ₹ LAKH) = D25 Q5(b) TEMPLATE

General policies: first year 5,000 × 25%	1,250
Subsequent years 7,000 × 12.5%	875
Risk-only policies (gross)	500
Variable policies 8,000 − 80% investment shown separately	1,600
Taxable value · CGST 9% = SGST 9%	**4,225 · 380.25**

[SM 186–187]

D25 (our working): 1,500 + 1,000 + 475 + 1,800 = **₹4,775 lakh**; GST 18% = ₹859.50 lakh.

₹2,00,00,000 less 5% × 2 quarters = ₹1,80,00,000; sold ₹1,90,00,000 → IGST ₹1,80,000 (Illus. 30). [SM 483–485]

PRACTISE THESE

D23, J24, D24, J25, D25, J26 Q5(b) · MQP Q5(b) · PTP Q5(b) · postal Q2(a) · J25 MCQ (iv) · SM Illus. 93, 107–109, 113–114 (SM 148–187), Illus. 27–30, 94 · **ICMAI Practice Workbook Ch6 illus. 19–40** · MCQ bank Q105, Q113, Q115.

D Pure agent, exchange rate, tax-inclusive price, works contract · PTP / MQP Q8(a)

- **Pure agent (rule 33)**: contract to act for the recipient and incur costs; no title; no own use; recovers **only the actual amount**. Excluded from value if: paid to the third party on the recipient's authorisation, **shown separately in the invoice**, and in addition to his own services. [SM 487]
- **Customs broker** (Illus. 34): agency ₹10,000 + travel ₹5,500 + hotel ₹9,500 = **₹25,000**; customs duty and dock dues out. Illus. 36 (= PTP Q8(a)): agency + hotel + travel + phone = **₹5,97,000**; unloading, transport, duty, dock, port charges out — but a **lump sum** of ₹13,00,000 makes him not a pure agent → value ₹13,00,000. [SM 488–491]
- **Rule 34**: goods — exchange rate notified by the CBIC u/s 14 of the Customs Act on the date of time of supply; services — GAAP rate on the date of time of supply. [SM 492]
- **Rule 35**: tax-inclusive price → tax = value × rate ÷ (100 + rate); ₹100 sold "exempt" but taxable at 18% → value ₹84.75, IGST ₹15.25 (Maruti Udyog, SC). [SM 492–493]
- **Works contract**: the whole (materials + labour + consumables + profit) is one composite service at 18% (₹50,00,000 → ₹9,00,000, Illus. 39). [SM 494]
- Materials supplied by the recipient: add their **fair market value**, less any amount charged: 1,00,00,000 + 10,00,000 − 5,00,000 = **₹1,05,00,000**, GST ₹18,90,000 (Illus. 40). [SM 494]
- **Illus. 42 (= MQP Q8(a), ₹ lakh)**: contract 90 + steel and cement supplied free 10 [s.15(2)(b)] + goods billed separately but used 2 + free electricity and water 1.50 [rule 27(b)] = **103.50**; GST 18% = **18.63**. [SM 495]
- Works contract (18%, land excluded) vs construction (5%, land included): ₹270 crore v ₹125 crore → construction cheaper (Illus. 41). [SM 495]

SUPPLEMENTARIES · VALUE RULES CHANGED

- **Rule 31A** lottery (w.e.f. 22-9-2025): value = higher of **100/140** of the face value or of the notified price (was 100/128); betting, gambling, horse racing = 100% of the bet. [Supp J26 p.8]
- Post-sale discounts: Circular 212/6/2024 (CA / CMA certificate of ITC reversal) **withdrawn** by Circular 253/10/2025 GST dated 1-10-2025; financial / commercial credit notes do not reduce the supplier's tax, so the recipient keeps full ITC (Circular 251/08/2025). [Supp J26 p.8, Supp J26 p.10]
- **Rule 31D** (w.e.f. 1st day of February 2026): pan masala, cigarettes, chewing tobacco and other notified tobacco — value from the **retail sale price**: tax = RSP × rate ÷ (100 + rate); highest RSP if several; a raised RSP counts; area-wise RSP for that area. The price to the distributor is irrelevant. [Supp D26 p.5–6, Supp D26 p.9]

RULE 31D EXAMPLE (GST 40% INSIDE THE RSP) · RECOMPUTED

Pan masala 4,000 × ₹350 = 14,00,000 × 100/140	10,00,000
Cigarettes 2,000 × ₹450 (higher RSP)	6,42,857
Chewing tobacco 3,000 × ₹280 (revised RSP)	6,00,000
Tobacco 1,500 × ₹560 (South India RSP)	6,00,000
Taxable value · GST	**28,42,857 · 11,37,143**

[Supp D26 p.8–9]

R Revision sheet · valuation numbers

Rule	Number to learn	SM
Rule 28 / 29 — goods for further supply as such	**90%** of the recipient's price to unrelated buyers (option)	[SM 457, SM 478]
Rule 28(2) corporate guarantee	**1%** per annum of the guarantee or actual, higher	[SM 457]
Rule 30 cost method	**110%** of cost	[SM 451]
Rule 32(3) air travel agent	**5%** domestic / **10%** international basic fare	[SM 147]
Rule 32(4) life insurer (savings not intimated)	**25%** first year · **12.5%** later years	[SM 186–187]
Rule 32(2)(a) no RBI rate	**1%** of gross INR	[SM 175]
Rule 32(5) repossessed goods	less **5%** points per quarter	[SM 482]
Rule 31A lottery	**100/140** of face value or notified price	[Supp J26 p.8]
Tour operator	**5%** without ITC (input services same line at 5%)	[SM 149]

MEMORY HOOK · RULE 32

"Money–Air–Life–Used" = (2) money changer · (3) air travel agent 5/10 · (4) life insurer 25/12.5 · (5) used goods margin. December asks Air and Life; June asks Money.

Module 5 · Input Tax Credit P19 · topics 5.1–5.3

SM pp. 531–676 (exercise 677–686). **8–18 marks every paper** (expected 12.4). **Q3(b) has been an ITC sum in all 6 papers since Dec'23**: rule 42 common-credit reversal (D23, D25) or the 17(5) list (D24, J26 — same items twice). Q8(b) brings ITC reversal cases (D25) or the "seller did not pay the tax" case law (J24, D24). **D25 Q3(b) = SM Illus. 13 with new figures.**

Paper	Long questions	MCQs
Jun'23	Q8(a)(c),(d) case: ITC on health insurance, partial receipt, works contract, car; net cash tax	180-day reversal · re-availing after late GSTR-3B
Dec'23	**Q3(b) rule 42** common credit · Q8(b) SEZ unit ITC / refund	personal use + stolen material · capital goods to job worker: 3 years
Jun'24	Q3(b) net cash tax + interest u/s 50 on a late return · **Q8(b) ITC denied because the supplier did not pay**	–
Dec'24	**Q3(b) 17(5) list** (calamity, dealer meet food, employee food, telecom towers, account paper, warranty goods) · **Q8(b) seller default**	minimum cash after set-off · job work 3 years
Jun'25	Q3(b) ITC on capital goods when leaving composition	16(4) time limit
Dec'25	**Q3(b) rule 42** (exempt goods, recovery agent, deposits, land) · **Q8(b) reversals**: machine back late from job worker, sale of machine and car, gifts	–
Jun'26	**Q3(b) 17(5) list** (EXW goods damaged, telecom towers, club fees, employee food, account paper, warranty goods)	sale of capital goods: higher of two
ICMAI	MQP Q3(b) **order of using the cash ledger**, Q8(b) **rule 43** · PTP Q3(b) rule 42 · postal Q3(a)	MQP cross-utilisation · PTP apportion common inputs

HOW IT IS EXAMINED · DEC'26 PREDICTION

- **Q3(b) 7 marks, near-certain**: rule 42 (the December pair) or the 17(5) list (now with "plant and machinery", Supp J26). Unused ICMAI variants: rule 43 capital goods (MQP), utilisation order (MQP).
- **Q8(b)**: reversal cases (job work, sale of capital goods, gifts) or ISD with RCM credit (Supp J26).
- **MCQ (vi)**: 16(4) date, 180 days, 18(6) higher of, job work 1 / 3 years, utilisation order.

MAP OF THIS MODULE

1. Conditions u/s 16; time limits ★★★
2. Blocked credits s.17(5) ★★★ (problems box 1)
3. Rule 42 / rule 43 common credit ★★★ (problems box 2)
4. Special cases s.18; sale of capital goods ★★
5. Job work, ISD, utilisation order, rule 86B, interest s.50 ★★
6. Seller-default case law ⚠ · revision sheet

A Eligibility — section 16

- **s.16(1)**: credit of input tax on goods / services used or intended to be used in the course or furtherance of business, credited to the electronic credit ledger. [SM 536]
- **s.16(2) four conditions**: (a) tax invoice / debit note; (b) **goods or services received** — deemed received when delivered to a third party on the recipient's instructions (incl. transfer of title documents); (c) tax **actually paid** to the Government by the supplier (subject to s.41); (d) return u/s 39 filed. Goods in lots → credit on the **last lot**. [SM 537]
- **Ex-works contracts** (Circular 241/35/2024): ownership passes at the supplier's gate and the goods are handed to the transporter on the recipient's behalf → **deemed received** then; ITC in that month. [SM 539–540]
- **Pay within one hundred and eighty days** of the invoice, else add the ITC to output tax with interest; re-avail on payment (no time bar on re-availing). Schedule I supplies are deemed paid. [SM 537, SM 555]
- **s.16(3)**: no ITC on the tax part if depreciation is claimed on it under the Income-tax Act. [SM 555]
- **s.16(4)**: no ITC on an invoice or debit note after the **30th November** following the end of the financial year (J25 MCQ). [SM 555]
- **Credit note (Supp J26)**: s.34(2) amended w.e.f. 01.10.2025 — no reduction of the supplier's output tax unless the recipient has reversed the ITC on it. [Supp J26 p.31]

B Blocked credits — section 17(5) · Q3(b) list

Clause	ITC NOT available on	Exceptions (ITC allowed)
(a)	**Motor vehicles** for persons, seating **not more than 13** (incl. driver)	further supply of vehicles, transport of passengers, driving training

(aa), (ab)	Vessels, aircraft; general insurance, servicing, repair of (a) / (aa) vehicles	same uses; transport of goods; manufacturers and insurers of such vehicles
(b)(i)	**Food and beverages**, outdoor catering, beauty treatment, health services, cosmetic surgery, renting of (a) vehicles, life and health insurance	used for an outward supply of the **same category** or as part of a taxable composite / mixed supply
(b)(ii), (iii)	**Club, health and fitness centre membership**; leave or home travel concession	where it is **obligatory** for an employer under any law
(c)	**Works contract** for construction of immovable property (other than plant and machinery)	input service for further works contract
(d)	Goods / services for **construction of immovable property on own account** (other than plant and machinery), even if used in business; "construction" includes repairs **to the extent capitalised**	plant and machinery (not land, buildings, **telecommunication towers**, pipelines outside the factory)
(e), (f), (fa)	tax paid under **composition** s.10 · non-resident taxable person (except imports) · **CSR** obligations (from 1st October 2023)	–
(g), (h), (i)	**personal consumption** · goods **lost, stolen, destroyed, written off, gifts, free samples** · tax paid in fraud / seizure cases	–

[SM 589, SM 601, SM 603]

JUN'26 SUPPLEMENTARY · SAFARI RETREATS OVERRULED (17(5)(d))

"plant or machinery" in 17(5)(d) is substituted by "**plant and machinery**" (Finance Act 2025, w.r.e.f 1-7-2017), and Explanation 2 (w.e.f. 01.10.2025) deems every reference to have always meant "plant and machinery", notwithstanding any judgment. So a building used for business (e.g. a mall given on rent) gives **no ITC**. [SM 603, SM 605]

PROBLEMS BOX 1 · THE 17(5) LIST (D24, J26 Q3(b))

WORKED PATTERN · SM ILLUSTRATIONS 44, 45

Raw materials 72,000 · supports for plant and machinery 1,25,000 · capital goods as parts 40,000	allowed
Food and catering in the guest house for new employees	blocked
Illus. 44 ITC	**2,37,000**
Raw material 1,00,000 · captive power 20,000 · **free-warranty goods** 10,000 · light diesel oil 5,000	allowed
High speed diesel (central excise, not GST)	no ITC
Illus. 45 ITC	**1,35,000**

Warranty replacements: no tax on the replacement and no ITC reversal (Circular 216/10/2024). [SM 610–611, SM 640]

D24 / J26 ITEMS (OUR WORKING, NO ICMAI ANSWER)

- Inputs for the final product · account paper for the office photocopier · **warranty** goods → **allowed**.
- Goods destroyed by **natural calamity** → blocked 17(5)(h). **Food** at a dealers' meet / for employees in office hours → blocked 17(5)(b)(i) (not obligatory by law). **Club fees** → 17(5)(b)(ii). **Telecom towers** → 17(5)(d) (not plant and machinery).
- **D24**: 35,000 + 6,000 + 12,000 = **₹53,000**.
- **J26**: EXW equipment deemed received on handover to the transporter (Nov) — but 50% arrived destroyed → blocked on that half (our reading): 65,000 + 6,000 + 18,000 = **₹89,000**.

PRACTISE THESE

SM Illus. 17–50 (SM 594–617) · D24, J26 Q3(b) · J23 Q8(a)(c) · **ICMAI Practice Workbook Ch7 illus. 1–50** (17(5) and set-off sums) · MCQ bank Q41–Q50, Q116–Q119.

C Common credit — rule 42 (inputs) and rule 43 (capital goods)

RULE 42 STEPS

1. Total ITC − non-business only − exempt only − blocked u/s 17(5) − taxable only (incl. zero-rated) = **C2 common credit**. [SM 569]
2. **D1 = E ÷ F × C2** (E exempt supplies, F total turnover in the State, for the tax period). [SM 569]
3. **D2 = 5% of C2** if common inputs are partly for non-business use. [SM 570]
4. **C3 = C2 − (D1 + D2)**, separately for CGST / SGST / IGST; D1 + D2 added to output tax. Year-end true-up by the **September** return; excess reversal carries interest u/s 50 from 1st April. [SM 570–571]

RULE 43 — CAPITAL GOODS

- Exclusive non-business or exempt use → no credit; exclusive taxable (incl. zero-rated) → full credit; **common** → credited to the ledger, and per tax period **common credit ÷ 60** (useful life five years from the invoice), of which E/F is reversed. [SM 582–583]
- Change of use: exempt-only → common: credit allowed less 5% points per quarter used; taxable-only → common: already taken, joins the pool. [SM 583]
- SM Illus. 14 (= MQP Q8(b) Praja Industries): common 5,76,000 ÷ 60 = **₹9,600** a month; × 12,00,000 / 24,00,000 = **₹4,800** reversed; ledger credit B + C + D = **₹3,26,400**. [SM 583–584]

WHAT GOES INTO "E" (s.17(3))

- **In**: exempt supplies, supplies on which the **recipient pays under RCM**, transactions in **securities**, **sale of land** and (subject to Sch. II para 5(b)) building. [SM 567]
- **Out**: Schedule III items (except land / building and duty-free shop sales); **interest on deposits, loans, advances** (except banks / NBFCs); ocean freight for exports. [SM 567–568, SM 570]

BANKS (s.17(4))

Option: s.17(2) apportionment or **50%** of eligible ITC each month (rest lapses), for the whole year; not on supplies from the same PAN. (25,00,000 − 5,00,000 non-business − 7,00,000 own branches) × 50% = ₹6,50,000 + ₹7,00,000 = ₹13,50,000 (Illus. 16). [SM 584]

PROBLEMS BOX 2 · RULE 42 SUM (D23, D25 Q3(b); PTP Q3(b))

WORKED PATTERN · SM ILLUSTRATION 13 (RAM & CO., GST 28%) = D25 Q3(b) TEMPLATE

E: exempt goods 5,00,000 + sale of land 12,50,000 + recovery agent to a bank (RCM) 2,50,000	20,00,000
F: total turnover incl. taxable 20,00,000 and deposits 2,00,000	42,00,000
Reversal 2,00,000 × 20 L / 42 L	95,238
Output tax 20,00,000 × 28%	5,60,000
Add ITC reversed · Less common ITC	+95,238 −2,00,000
Net GST liability	**4,55,238**

"Interest on deposits should not be included in exempted supply. However, it is included in total turnover." [SM 580–581]

D25 Q3(b) SURAJ (OUR WORKING, SAME METHOD, 18%)

E = 6,00,000 + 3,00,000 + 10,50,000 = 19,50,000; F = 46,00,000 → reversal 3,00,000 × 19.5 / 46 = **₹1,27,174**; output 25,00,000 × 18% = 4,50,000 → net **₹2,77,174**.

SECOND PATTERN · ILLUS. 10 (D1 + D2)

Exempt ₹30,00,000 of ₹90,00,000 (SEZ and export sales are zero-rated, not exempt) → D1 ₹1,00,000; D2 5% × 3,00,000 = ₹15,000; eligible ₹1,85,000; output 1,80,000 + 1,15,000 − 3,00,000 → excess ₹5,000 c/f. [SM 578–579]

PRACTISE THESE

SM Illus. 8–16 (SM 576–584) · D23, D25 Q3(b) · PTP Q3(b), Q8(b) · postal Q3(a) · MQP Q8(b) (rule 43) · **ICMAI Practice Workbook Ch7** (rule 42 / 43 sums) · SM M5 MCQs (SM 677–681).

D Special cases, job work, ISD, utilisation, interest

- **s.18(1)** stock (and capital goods where stated) on: registration applied within **thirty days** of liability; voluntary registration; **leaving composition** (inputs in stock + capital goods, capital goods less % points — J25 Q3(b)); exempt supply becoming taxable. Not on invoices more than **one year** old. [SM 618]
- **s.18(4)**: opting for composition / supplies becoming exempt → pay back ITC on stock and capital goods; balance lapses. [SM 618]
- **s.18(6) sale of capital goods**: pay the **higher** of ITC taken less 5% per quarter, or tax on the transaction value (J26 MCQ). [SM 592, SM 618]
- **Job work s.143**: inputs back within **one year**, capital goods within **three years** of being sent (else deemed supply on the day sent, with interest); extendable by one year / two years. [SM 626, SM 628]
- **ISD (s.20)**: distributes credit of input services to the units of the same PAN — to the unit it belongs to, else **pro rata on State turnover** of the relevant period. [SM 632]

JUN'26 SUPPLEMENTARY · ISD NOW ALSO DISTRIBUTES RCM CREDIT

s.2(61) amended by the Finance Act, 2025, w.e.f. 01.04.2025: ISD receives invoices for input services incl. those taxed under **s.9(3) / 9(4)** (and IGST s.5(3) / 5(4)) and distributes that credit; rule 39(1A) amended likewise. [Supp J26 p.13]

- **Utilisation order (s.49(5), s.49A, rule 88A)**: **IGST credit first** — against IGST, then CGST / SGST in any order or proportion; then CGST credit against CGST, then IGST; SGST credit against SGST, then IGST. CGST never for SGST and vice versa. [SM 647]
- **Rule 86B**: taxable supplies above **₹50 lakhs** in a month → at most **99%** of output tax from the credit ledger, 1% in cash (₹18,00,000 → ₹17,82,000 + ₹18,000). Not if income tax paid above ₹1 lakh in each of 2 years, refunds above ₹1 lakh, cash already above 1%, or Government / PSU / statutory body. [SM 587–588]
- **Rule 86B clause (f)** (w.e.f. 01-02-2026): a person other than a manufacturer is exempt from 86B for goods under rule 31D on which the supplier paid tax on the retail sale price. [Supp D26 p.12]
- **Interest s.50**: late tax **18% p.a.** on the net cash portion; wrongly availed **and utilised** ITC 24% p.a. (SM chart). [SM 667]

⚠ J24 / D24 Q8(b) · ITC DENIED ONLY BECAUSE THE SELLER DID NOT PAY (NOT IN THE SM)

From case law, not the SM — verify before writing names: the High Courts protect a **bona fide purchaser** who paid the tax to a registered seller and holds the invoice and proof of movement (Arise India v. Commissioner of Trade and Taxes, Delhi HC, under DVAT — upheld by the SC; Suncraft Energy, Calcutta HC 2023: the Department must first proceed against the defaulting supplier). But the SC (Ecom Gill Coffee, 2023) put the burden of proving the genuine purchase on the buyer. Answer: s.16(2)(c) condition → case law → depends on genuineness and proof → conclude.

⚠ D25 Q8(b) TRAP (OUR READING)

The question says the machine came back "after 1 year" — but **capital goods** have **three years**: back within 3 years → no deemed supply. Sale of the machine after 12 quarters: ITC 7,20,000 less 60% = 2,88,000 v tax on ₹25 lakh = 4,50,000 → pay ₹4,50,000. Car: ITC blocked by 17(5)(a). Gifts to agents: blocked 17(5)(h).

R Revision sheet · ITC numbers

Rule	Number	SM
Pay the supplier or reverse ITC	**180 days** from invoice	[SM 537]
Last date to take ITC (s.16(4))	**30th November** after the FY	[SM 555]
Motor vehicles blocked	seating **13** or fewer incl. driver	[SM 589]
Rule 42 non-business share D2	**5%** of C2	[SM 570]
Rule 43 capital goods life	**60** months (five years from invoice)	[SM 582–583]
Sale of capital goods (s.18(6))	higher of ITC less **5%** a quarter / tax on value	[SM 592]
Job work return	inputs **1** year · capital goods **3** years (+1 / +2)	[SM 626, SM 628]
s.18(1) old invoices	not after **one year**	[SM 618]
Bank option s.17(4)	**50%** of eligible ITC	[SM 584]
Rule 86B	turnover above **₹50 lakhs** a month → **99%** cap	[SM 587]

MEMORY HOOK · 17(5)

"Cars, Food, Clubs, Buildings, Composition, Non-residents, CSR, Personal, Lost" — then ask the exception for each: same-category supply? obligatory by law? plant and machinery?

Module 26 · FTP export promotion schemes P19 · topic 26

SM pp. 1249–1284 (exercise 1285–1286). **9–16 marks in every paper since Dec'23** (expected 8.8). **Q6(a) is an FTP theory question every paper** (RoDTEP D23, D25, J26; EPCG / AA J24; major schemes D24), Q6(b) deemed exports (D23, J25) when SEZ does not come, and **MCQ (xv)** is FTP / EOU. ICMAI answers here are SM paragraphs: learn the SM lists in SM order.

Paper	Long question	MCQ
Dec'23	Q6(a) **RoDTEP operating principles** · Q6(b) **deemed exports** (manufacturer, main / sub-contractor)	AA minimum value addition
Jun'24	Q6(a) **EPCG** · Q6(b) **Advance Authorisation**: applicants, supplies, validity	–
Dec'24	Q6(a) **major FTP schemes** · Q7(b) duty-free items under AA, eligibility	–
Jun'25	Q6(b) **deemed exports**	DFIA value addition · not a deemed export · status-holder free exports
Dec'25	Q6(a) **RoDTEP objectives and salient features**	related-party exports below cost
Jun'26	Q6(b) **seven categories ineligible for RoDTEP** (Notification 70/2023)	EOU minimum investment (= MCQ bank Q95)
ICMAI	MQP Q6(b) AA self-ratification and pre-import condition (unused)	MQP EPCG · PTP EPCG 6 times

HOW IT IS EXAMINED · DEC'26 PREDICTION

- **Q6(a) 7 marks**: RoDTEP (objectives / principles / ineligible list + the extension to 30 September 2026, Supp D26) or EPCG / AA.
- **Q6(b)**: SEZ in December (Module 27) — else deemed exports.
- **MCQ (xv)**: EOU ₹1 crore, AA 15% / DFIA 20% value addition, EPCG 6 times in 6 years, status holders.

MAP OF THIS MODULE

1. FTP 2023 basics, status holders ★
2. Advance Authorisation, DFIA ★★★ (problems box)
3. EPCG ★★
4. RoDTEP ★★★
5. EOU / EHTP / STP / BTP ★★
6. Deemed exports ★★ · revision sheet

A FTP 2023 and status holders

- FTP notified u/s 5 of the Foreign Trade (Development & Regulation) Act, 1992; FTP 2023 in force from **1st April, 2023**, with **no end date** (earlier FTPs had fixed periods). It does not override tax laws. [SM 1249]
- **Status holders** by export performance (US$ million, current + preceding three years): One Star **3**, Two Star **15**, Three Star **50**, Four Star **200**, Five Star **800**. Double weightage once for One Star (MSEs, ISO / BIS units, North-East, J&K, Ladakh ...). [SM 1253]
- Privileges: self-declaration; norms fixed within **60 days**; no bank guarantee; Two Star and above may set up export warehouses; Three Star and above self-certify origin. [SM 1253–1254]
- Free-of-cost exports by status holders: annual cap of **Rupees One Crore or 2%** of average annual export realisation of the preceding three licensing years, **whichever is lower** (J25 MCQ). [SM 1254]
- **Third-party exports**: allowed; shipping bill must name both the manufacturer and the third-party exporter; BRC / invoice in the third party's name. [SM 1259–1260]
- Merchanting trade within one foreign country allowed (Notification 62/2023), except CITES and SCOMET goods. [SM 1259]

⚠ NOT IN THE SM

D25 MCQ (xv): export benefits on related-party exports below cost are computed on the **arm's-length value** (option C) — the SM has no paragraph on it. J24 MCQ bona fide gift export limit — also outside the SM. The postal paper's MEIS / SEIS questions are obsolete (MEIS replaced by RoDTEP).

B Advance Authorisation and DFIA · J24 Q6(b), D24 Q7(b), MQP Q6(b)

ADVANCE AUTHORISATION (AA)

- **Purpose**: duty-free import of inputs **physically incorporated** in the export product (normal wastage allowed); fuel, oil and catalysts consumed may also be allowed. [SM 1264]

VALUE ADDITION

- **VA = (A − B) ÷ B × 100**; A = FOB of exports realised / FOR of supply; B = CIF of inputs under the authorisation + inputs on which drawback is claimed. [SM 1266]

- **Eligible applicants**: manufacturer exporters, or merchant exporters tied to a supporting manufacturer. **Eligible supplies**: physical exports (incl. to SEZ), intermediate supplies, deemed exports, stores on foreign-going vessels / aircraft (with a SION). [SM 1264]
- **Basis**: SION, self-declaration, norms fixed by the Norms Committee, or **self-ratification** (AEO-certified exporters, Two Star and above who have applied for AEO; Chartered Engineer certificate). [SM 1264–1265]
- **Pre-import condition**: inputs physically incorporated; locally sourced through an **Invalidation Letter** or **Advance Release Order** before manufacture. [SM 1265]
- **Validity for import** 12 months from issue, revalidation once for 12 months; for deemed exports co-terminus with the project or 12 months, whichever is later (SM chart). [SM 1265 (chart)]
- **Exempted**: BCD, additional duty, education cess, anti-dumping, countervailing, safeguard duty; **IGST and compensation cess** exempt for physical and deemed exports. Mandatory spares up to **10%** of CIF. **Actual user** condition — not transferable. [SM 1267]
- AA minimum **15%** (tea **50%**, spices **25%**; lower for Appendix 4-D items). Free inputs from the foreign buyer: notional value in both A and B. [SM 1266, SM 1268]
- Annual-requirement AA: SION items only; export performance in the preceding **two** financial years. [SM 1266]

DFIA (DUTY FREE IMPORT AUTHORISATION)

- Exempts **only BCD**; issued **post-export**, SION items only; minimum VA **20%** (J25 MCQ); exports within **12 months**; DFIA **transferable**, valid 12 months, no revalidation; not where pre-import / actual-user conditions apply; tyres cannot be imported. [SM 1269]

PROBLEMS BOX · VALUE-ADDITION SUMS (D23 MCQ; WORKBOOK)

- **SM Illus. 2**: inputs CIF ₹20,00,000 → minimum FOB ₹20 L × 115/100 = **₹23,00,000**. [SM 1282]
- **SM Illus. 3**: CIF ₹35,00,000 + free inputs ₹5,00,000 → minimum FOB to SEZ = 46,00,000; supplies to an SEZ in rupees are fine, but supplies to UN bodies in India must be paid in free foreign exchange. [SM 1282–1283]
- Steps: B = CIF (+ free inputs) → minimum A = B × (100 + VA%) ÷ 100 → check currency rule. DFIA same with 20% (₹20 lakh → ₹24 lakh, our working).
- Practise: SM Illus. 1–5 (SM 1281–1284) · SM M26 MCQ 6 · **ICMAI Practice Workbook Ch20 illus. 1–10** · MCQ bank Q93–Q96, Q176–Q180.

C EPCG · J24 Q6(a)

- **Aim**: import capital goods (pre-production, production, post-production) at **zero customs duty**, or buy them domestically, to make quality goods and services competitive; in return an **export obligation**. [SM 1272]
- IGST and compensation cess exempt for physical exports; IGST paid in cash is excluded from "duty saved" if no ITC is taken. **Actual user** condition until the EODC. [SM 1272]
- Authorisation valid for import for **24 months**, no revalidation. Domestic sourcing by Invalidation Letter / ARO (supplier gets deemed-export benefits). [SM 1272]
- **Export obligation**: **6 times** the duties, taxes and cess saved, within **6 years** of issue (specific EO) + average EO; can be met through exports under AA, DFIA, drawback, RoSCTL, RoDTEP, deemed exports. [SM 1272–1273]
- Early redemption: **75%** of specific EO and **100%** of average EO achieved within half the EO period → balance waived. [SM 1273]
- EPCG via project imports: EO 6 times duty saved = project-import duty − EPCG concessional duty; CKD / SKD import allowed (Illus. 4). [SM 1283]

D RoDTEP · D23, D25 Q6(a), J26 Q6(b)

- Successor to **MEIS**; exports from **1st January 2021**, claimed in the shipping bill. **WTO compliant**. [SM 1274]
- **Objective**: refund taxes **not otherwise refunded** — mandi tax, municipal and property taxes, VAT, coal cess, central excise on fuel, electricity duty, stamp duty on export documents; also covers former MEIS / RoSCTL goods. [SM 1274–1275]
- **Operating principles**: rebate = notified % of **FOB** (value caps per unit); value taken as the **lower of FOB or 1.5 times the market price**; 8555 tariff lines; no rebate on taxes already exempted / remitted / credited; rates set by a Department of Revenue committee; no carry-over of arrears; rebate lost if sale proceeds are not realised within the FEMA time. [SM 1275]
- **Issue**: transferable duty credit / **e-scrip** in a CBIC electronic ledger. [SM 1275]
- **Eligible**: all sectors (labour-intensive first), merchant and manufacturer exporters, no turnover limit, India-origin

INELIGIBLE (J26 Q6(b): "ANY SEVEN")

1. Import-for-export goods (para 2.46); trans-shipments.
2. Goods with a **minimum export price** or **export duty**; restricted / prohibited goods (Schedule 2 of the export policy).
3. **Deemed exports**; DTA supplies to **SEZ / FTWZ** units.
4. Goods made in a **warehouse under section 65** of the Customs Act; job-work goods under the 1997 jobbing notification.
5. Exports without ICEGATE EDI documents or from non-EDI ports; **second-hand goods**.
6. (Exports against AA / DFIA, by EOUs and by SEZ units were also listed — now brought in, see the box.) [SM 1276]

goods, courier / e-commerce exports; not re-exports. [SM 1276]

SUPPLEMENTARIES · WHO GETS RoDTEP, AND UNTIL WHEN

- AA, SEZ and EOU exports brought in from **1-6-2025** (Notification No. 11/2025-26). [SM 1274]
- Notification No. 35/2025 (30 September 2025): DTA units, AA holders, EOUs, SEZ units up to **31 March 2026**; Notification No. 74/2025-26 (31 March 2026): continued **1 April 2026 to 30 September 2026** at the rates and caps of 31 March 2026 (Appendix 4R / 4RE). [Supp D26 p.94]
- ⚠ The exam law stops at 31.05.2026, so write "extended up to 30 September 2026". Any later extension is outside the syllabus.

E EOU / EHTP / STP / BTP and deemed exports · D23, J25 Q6(b)

EOU

- Not for **trading** units. Minimum investment **₹1 crore in plant & machinery** (BoA may relax) — J26 MCQ. Units Approval Committee decides within **15 days**; LoP / LoI valid **2 years** (+2, then BoA) to start production. [SM 1279]
- Export proceeds within **9 months**; 100% retention in EEFC. **Positive NFE** = FOB of exports − CIF of imports and foreign-exchange payments > 0, cumulative over **5-year** blocks. [SM 1279]
- DTA sales at concessional duty up to **50%** of FOB exports (one product up to **90%** within that); new units advance DTA sales up to 50% of projected exports. [SM 1280]
- Illus. 5: production after 4 years 10 months — beyond 2 + 2 years unless the BoA extended; a handicraft **trading** unit cannot be an EOU. [SM 1283–1284]

DEEMED EXPORTS (FTP)

- Goods **manufactured in India** that do not leave India and are paid for in rupees or free foreign exchange; supplies from the DTA to EOUs. [SM 1281]
- **By a manufacturer**: (1) against AA / AA annual / DFIA; (2) to **EOU, STP, BTP, EHTP**; (3) capital goods against **EPCG**; (4) marine freight containers by a 100% EOU re-exported within **6 months**. [SM 1281]
- **By a main / sub-contractor**: (1) projects financed by multilateral / bilateral agencies (ICB); (2) projects with zero customs duty imports; (3) **mega power projects** (ICB); (4) to the **UN** / international organisations; (5) **nuclear projects** (ICB not mandatory). [SM 1281]
- **Benefits**: AA / DFIA; deemed-export drawback; GST refund u/s 147 to the supplier or recipient. [SM 1281]
- Supply to an **SEZ is not** a deemed export — it is a zero-rated supply (J25 MCQ trap; Module 6 / 27).

R Revision sheet · FTP numbers

Item	Number	SM
AA minimum value addition	**15%** (tea 50%, spices 25%)	[SM 1266]
DFIA minimum value addition · validity	**20%** · 12 months, transferable	[SM 1269]
AA mandatory spares	up to **10%** of CIF	[SM 1267]
EPCG validity · export obligation	**24 months** · **6 times** duty saved in **6 years**	[SM 1272]
EPCG early redemption	**75%** specific + **100%** average EO in half the period	[SM 1273]
RoDTEP value	lower of FOB or **1.5 times** market price	[SM 1275]
EOU	**₹1 crore** P&M · LoP 2 years · NFE 5-year block · DTA 50%	[SM 1279–1280]
Status holders	US$ 3 / 15 / 50 / 200 / 800 million	[SM 1253]
RoDTEP extension	up to **30 September 2026**	[Supp D26 p.94]

MEMORY HOOK

"15–20–6–6": AA 15% · DFIA 20% · EPCG 6 times in 6 years. RoDTEP refunds the taxes "**nobody else refunds**" (mandi, electricity, fuel, stamp duty).

Module 3 · Place of supply P19 · topics 3.1–3.4

SM pp. 332–416 (exercise 417–422). **2–9 marks a paper** (expected 8.5). **Q5(a) has been place of supply in every December paper** — four short cases (D23 and D25 almost the same: landline, airline / on-board, event, courier); D24 asked OIDAR, J25 Q8(b) online money gaming. MCQ (v) is a place-of-supply case most papers. The SM's own illustrations are the answer model: one line per case — **rule (section) → place → tax type**.

Paper	Long question	MCQ
Dec'23	**Q5(a)**: landline (registered Delhi, installed Bengaluru) · air ticket of a registered person · event management for an unregistered person's wedding in Jaipur · courier by an unregistered person	foreign vessel repaired in territorial waters
Jun'24	–	hotel in Delhi booked with the company's GSTIN
Dec'24	**Q5(a) OIDAR**: gaming software bought from the USA for a son, paid personally	roadside car repair for an unregistered person
Jun'25	**Q8(b) online money gaming** from Trinidad: place of supply, levy, who pays	–
Dec'25	**Q5(a)**: landline (installed Mysore) · on-board movie, Singapore–Delhi–Maharashtra · water-park tickets · courier by an unregistered person	ocean freight to the USA
Jun'26	–	beauty treatment in Kolkata for a Hyderabad agency
ICMAI	MQP Q5(a): interior decoration, renting, architect for a Sydney property, marketing agent of a foreign seller (unused)	MQP event in Chennai · PTP travel agent

HOW IT IS EXAMINED · DEC'26 PREDICTION

- **Q5(a) 7 marks, very likely**: four cases from s.12(3)–(11) (telecom, passenger / on-board, events, courier, immovable property) — or OIDAR / online money gaming.
- June papers put **time of supply** here instead (Module 2).
- **MCQ (v)**: one service case.

MAP OF THIS MODULE

1. Goods: s.10 ★
2. Services, both parties in India: s.12 ★★★ (the table)
3. Cross-border services: s.13 ★★
4. OIDAR, online money gaming: s.14, 14A ★★
5. Problems box: the four-case answer ★★★

A Goods — section 10

- **10(1)(a)** movement of goods: location where the **movement terminates** for delivery to the recipient. [SM 335]
- **10(1)(b) bill-to-ship-to**: goods delivered on the direction of a third person → the third person is deemed the recipient; place = **his principal place of business**. Two supplies: Rani → Ram (Ram's place), Ram → Raja (where goods are delivered). [SM 335, SM 343]
- **10(1)(c)** no movement: location of the goods at delivery (irrespective of where buyer and seller are). [SM 341]
- **10(1)(ca)** (from 1st October 2023): supply to an **unregistered** person — the address on record of the recipient (Circular 209/3/2024: billing v delivery address). [SM 343]
- Supplier in India, place of supply outside India → **inter-State** (s.7(5)(a)). [SM 341]
- Online money gaming from abroad is notified as **import of goods** on which IGST is levied (no customs duty) from 1st October 2023; such suppliers must register compulsorily (s.24(xia)). [SM 346]

B Services where supplier and recipient are in India — section 12

Location of the recipient (s.2(14)): registered place of business → fixed establishment → establishment most directly concerned → usual place of residence; the supplier's location (s.2(15)) is read the same way. [SM 348]

Section · service	To a registered person	To an unregistered person
12(2) default (only if 12(3)–(14) do not apply)	location of recipient	address on record; else location of supplier [SM 349]
12(3) immovable property (architect, interior decorator, surveyor, construction, rights to use) · **hotel / lodging** · accommodation for marriage, functions · ancillary services	location of the property (or boat); **property outside India → location of recipient** [SM 353–354]	

12(4) restaurant, catering, personal grooming, fitness, beauty, health / cosmetic surgery	where actually performed [SM 355]	
12(5) training and performance appraisal	location of recipient	where actually performed [SM 355]
12(6) admission to events, amusement park	where the event is held / park is located [SM 357]	
12(7) organisation of events (incl. sponsorship)	location of recipient	where the event is held; held outside India → location of recipient [SM 357]
12(8) transport of goods incl. **mail / courier**	location of recipient	where goods are **handed over** for transport (destination proviso for exports omitted w.e.f. 1st October 2023) [SM 360]
12(9) passenger transport	location of recipient	where the passenger **embarks** on the continuous journey; open ticket → address on record / supplier [SM 362]
12(10) on board a vessel, aircraft, train, motor vehicle	**first scheduled point of departure** of that conveyance for the journey [SM 363]	
12(11) telecom, DTH, broadcasting	fixed line → where the line is **installed** · post-paid → **billing address** · pre-paid → where the voucher is **sold** (through internet → billing address) [SM 364]	
12(12) banking / NBFC / stock broking	location of recipient on the supplier's records, else of supplier [SM 364]	
12(13) insurance	location of recipient	location on the supplier's records [SM 365]
12(14) advertising to Government / local authority	each State where disseminated, value in proportion [SM 365]	

C Cross-border services — section 13 · OIDAR and online money gaming

- **13(2) default**: location of recipient; if not available, location of supplier. [SM 374]
- **13(3)** services on goods physically made available / on individuals → where **performed**; **13(4)** immovable property → where located; **13(5)** admission / organisation of events → where held. [SM 400–401]
- **13(8) specified services → location of the supplier**: banking / NBFC to account holders, **intermediary** services, hiring of means of transport (up to a month). [SM 402]
- **13(11)** on-board → first scheduled point of departure; **13(13)** Government may notify "effective use and enjoyment" (e.g. pharma R&D for foreign recipients from 1-10-2019). [SM 399, SM 404]
- Intermediary = a broker / agent arranging the main supply between two persons, not supplying it on his own account (marketing agent of a foreign seller = intermediary). [SM 383–385]

- **OIDAR** (s.2(17)): delivered over the internet, impossible without IT — ads on the internet, cloud, e-books / movies / music / software online, data online, digital storage, **online gaming other than online money gaming**. Not OIDAR: goods ordered online, physical books, lawyers advising by e-mail, ticket bookings, live online teaching. [SM 397]
- **From abroad (s.14)**: to a **non-taxable online recipient** (unregistered person in India, incl. Government) → taxable, the **foreign supplier pays IGST** (simplified registration / representative); to a registered person → **reverse charge**. [SM 399, SM 254]
- Place of supply of OIDAR = **location of the recipient** (s.13(12)) — the SM states the effect (taxable in India) but not the clause.
- **Online money gaming from abroad (s.14A)**: the foreign supplier pays IGST on supplies to anyone in India; single registration under the simplified scheme; a representative in India pays, else a person he appoints; non-compliance → access can be **blocked** (overriding s.69A IT Act). [SM 400]

PROBLEMS BOX · THE FOUR-CASE Q5(a) — ONE LINE PER CASE (SM METHOD)

WORKED PATTERN · SM ILLUSTRATIONS 38, 41, 29, 36

- Air ticket: registered recipient → **location of recipient**; unregistered → where he **embarks** (Illus. 38). [SM 362–363]
- Movie on demand on the Delhi–Chennai leg of a Dubai–Delhi–Chennai flight → first scheduled point of departure = **Dubai**, outside India, **no GST** (Illus. 41). [SM 364]

PAST CASES (OUR WORKING, SAME RULES)

- **D25**: (i) landline installed in Mysore (billing Mumbai) → **Karnataka**, s.12(11) · (ii) movie on the Delhi–Maharashtra leg of a Singapore–Delhi–Maharashtra flight → **Singapore**: outside India, no GST · (iii) water-park tickets → **Odisha** (Bhubaneswar), s.12(6) · (iv) courier by an unregistered person handed over in Varanasi → **Uttar Pradesh**, s.12(8).

- IPL tickets for a match moved from Chennai to Mumbai → where the event is actually held = Mumbai (Illus. 29). [SM 357]
- Courier: registered recipient → location of recipient; unregistered → where goods are **handed over** (Illus. 36). [SM 360]

ANSWER FORMAT

For each case: (1) identify the service and the section; (2) registered or unregistered recipient?; (3) place of supply; (4) supplier's location v place → **CGST + SGST** (same State) or **IGST**; outside India → not taxable.

- **D23**: (i) landline installed in Bengaluru → **Karnataka** · (ii) registered passenger (Hyderabad) → **Telangana**, s.12(9) · (iii) wedding organised in Jaipur for an unregistered person → **Rajasthan**, s.12(7) · (iv) courier handed over in Delhi → **Delhi** (route through Haryana irrelevant).
- **D24 OIDAR**: game bought for personal use, paid personally → he is a non-taxable online recipient → the **US supplier pays IGST**; place of supply India.
- **J25 online money gaming**: taxable in India although intangible (notified as import of goods, IGST, s.14A); Viv Richards Inc pays through simplified registration or its appointee; place of supply = location of the player in India.

MQP Q5(a) (ICMAI ANSWER)

Interior decoration (Jammu) 5 · renting (Delhi) 15 · architect for a Sydney property of a Mumbai hotel chain → Mumbai 25 · marketing agent of a foreign seller → Chennai 51 · travel agent → Chennai 1 = **₹97 lakh**, GST 18% = **₹17.46 lakh**. ⚠ ICMAI labels every row IGST; for the two Chennai rows (supplier and place both in Tamil Nadu) s.8 would give CGST + SGST — same amount.

PRACTISE THESE

D23, D25 Q5(a) · D24 Q5(a) · J25 Q8(b) · MQP Q5(a) · SM Illus. 19–59 (SM 348–389) · **ICMAI Practice Workbook Ch5 illus. 1–19; Ch2 illus. 10** · MCQ bank Q35–Q37, Q109–Q111.

R Revision · the eight rules that decide most cases

Service	Place
Immovable property, hotel, wedding hall	where the property is
Restaurant, beauty, fitness, health	where performed
Admission to event / park	where held / located
Organising an event	registered: recipient · else: where held
Courier / goods transport	registered: recipient · else: handed over
Passenger transport	registered: recipient · else: embarkation
On board	first scheduled departure
Telecom	installed · billing · voucher sold

MEMORY HOOK

"Registered? Then the recipient's State." That one line answers 12(2), (5), (7), (8), (9), (13). The others follow the **thing**: property, performance, event, first departure, phone line.

Module 10 · GST returns P19 · topics 10.1–10.4

SM pp. 807–830 (exercise 831–836). **6–13 marks every paper** (expected 8.4). **Q2(b) has been a returns question in all 6 papers since Dec'23** — pure theory, answered from the SM tables: GSTR-3B contents (D23, J23), QRMP (J24), GSTR-1 amendment (J25), types of returns (D24, D25), GSTR-9 (J26). The late-fee table (MQP Q2(b)) is unused.

Paper	Q2(b) / long	MCQ
Jun'23	Q3(b) contents of GSTR-3B	late fee for a late annual return (₹3.2 crore turnover)
Dec'23	**Contents of GSTR-3B**	interest on late GST
Jun'24	**Salient features of QRMP**	form to opt for composition · due date of GSTR-6 · effective date of composition
Dec'24	**Non-resident taxable person**: meaning and returns	time to intimate withdrawal from composition
Jun'25	**Amending a missed invoice in GSTR-1 before GSTR-3B**	–
Dec'25	**Types of GST returns and who files them**	late fee for a nil GSTR-3B 67 days late
Jun'26	**GSTR-9**: who need not file; auto-populated data	annual return summarises GSTR-1 and GSTR-3B
ICMAI	MQP **late-fee structure** · PTP **GSTR-9 details**	MQP who files GSTR-7 · PTP GSTR-9 due date

A Types of returns — who files what, and when · D25 Q2(b)

Form	Who / what	Frequency · due date
GSTR-1	outward supplies (s.37)	monthly · **11th** of next month; QRMP quarterly · **13th** [SM 808, SM 811]
GSTR-1A	add / amend records of the same period after GSTR-1, **before GSTR-3B** (from July 2024)	optional, once a period [SM 813–814]
GSTR-3B	return u/s 39 (rule 61(5)): summary + tax payment	monthly · **20th**; QRMP 22nd / 24th by State [SM 808, SM 811]
GSTR-4	composition taxpayer (annual) + CMP-08 quarterly by the 18th	**June 30** after the year (from FY 2024-25) [SM 817]
GSTR-5	**non-resident** taxable person	monthly · **13th** (from 01-10-2022) or within 7 days after registration ends, earlier [SM 808]
GSTR-5A	**OIDAR** and online money gaming suppliers from abroad	monthly · twentieth [SM 808]
GSTR-6	Input Service Distributor	monthly · **13th** [SM 808]
GSTR-7	TDS deductors (s.51) — every month even if no deduction (from 1-11-2024)	monthly · **10th** [SM 808, SM 818]
GSTR-8	e-commerce operators collecting TCS (s.52)	monthly · **10th** [SM 809]
GSTR-9 / 9C	annual return (s.44) / reconciliation statement (self-certified, turnover above ₹5 crore)	**31st December** after the year [SM 815, SM 825]
GSTR-10	**final return** on cancellation / surrender (s.45)	within **three months** of cancellation or the order, later [SM 809, SM 828]
GSTR-11	UIN holders (embassies, UN bodies) claiming refund	monthly · **28th** [SM 809]

Hook: "10 deduct, 11 sell, 13 foreign & ISD, 18 composition, 20 pay, 25 QRMP payment, 28 embassy". GSTR-2 / GSTR-3 are omitted; GSTR-2A gone from January 2022 — only GSTR-2B (auto-drafted ITC statement). Rectification of errors: up to **30th November** after the year or the annual return, earlier (SM 822).

B The three 7-mark answers asked most

CONTENTS OF GSTR-3B (D23, J23)

1. GSTIN · 2. legal name.
2. **Outward supplies and inward supplies under reverse charge**; inter-State supplies split: to unregistered persons,

QRMP SCHEME (J24)

1. **Who**: registered persons filing GSTR-3B with aggregate turnover up to **₹5 Cr.** in the previous FY; out from the next quarter once crossed; option is GSTIN-wise. [SM 818]

to composition taxpayers, to UIN holders.

3. **Eligible ITC** by IGST / CGST / SGST-UTGST / cess.
4. **Exempt, nil-rated and non-GST inward supplies**.
5. **Payment of tax**: tax payable, ITC used, TDS / TCS credit, cash paid, interest and late fee. [SM 815]

Rules: file even a **nil** return (nil returns by SMS, rule 67A); GSTR-3B cannot be revised; one per GSTIN; GSTR-1 of the period must be filed first (s.39(10)); GSTR-1 blocked if GSTR-3B of the preceding **two months** (monthly filers) is pending. [SM 814–815, SM 823]

AMENDING A MISSED INVOICE (J25 Q2(b))

Use **GSTR-1A**: opens from the later of the GSTR-1 due date and actual filing; add missed records or amend the same period's records, before GSTR-3B; filed only once; cannot change the recipient's GSTIN or earlier periods (those go in a later GSTR-1). A saved but unfiled GSTR-1A blocks GSTR-3B. [SM 813–814]

2. **When**: any quarter; continues until revised or ₹5 Cr. crossed. [SM 819]
3. **IFF**: B2B invoices of months 1 and 2 (up to fifty lakh rupees a month) so that buyers get ITC. [SM 811, SM 819]
4. **Monthly payment** for months 1 and 2 by the **25th**: fixed-sum method (pre-filled challan: ₹35 a month after ₹100 cash tax last quarter, SM Example 3) or self-assessment; nil liability → no deposit. [SM 819, SM 821]
5. No interest on a short fixed-sum payment if the quarterly return clears it in time; late filing → interest on the shortfall (₹125 − ₹70 = ₹55 in SM Example 4); late fee only for late returns, not for late monthly payments. [SM 821]

NON-RESIDENT TAXABLE PERSON (D24)

Files **GSTR-5** monthly by the 13th (or within 7 days after the registration period ends); no annual return; refund of advance tax only after the last return (rule 89). [SM 808, SM 810, SM 826]

C Annual return GSTR-9 and late fees · J26 Q2(b), MQP Q2(b)

- **Who files**: every regular taxpayer (incl. SEZ units / developers) — **not** ISD, TDS deductors, TCS collectors, casual and non-resident taxable persons, OIDAR suppliers. [SM 826]
- **Exemption**: aggregate turnover up to **₹2 crore** in a year — for **FY 2024–25 and onwards** (Notification 15/2025–CT, 17 September 2025). [Supp J26 p.34]
- **Pre-conditions**: active as a regular taxpayer for at least one day in the year; all GSTR-1 / IFF and GSTR-3B filed. Nil GSTR-9 if no supplies, purchases, ITC, refund, demand or late fee. [SM 826]
- **Contents**: tax-payable supplies and advances; non-taxable outward supplies; ITC availed; ITC reversed / ineligible; other ITC; tax paid; previous year's items reported next year and differential tax; demands and refunds; supplies from composition dealers, job-work and approval goods; HSN summaries. [SM 827]
- **Auto-populated** from GSTR-1 and GSTR-3B; editable except ITC through GSTR-3B, ITC per GSTR-2A and tax paid. Negative values allowed. [SM 828]

Late fee (s.47; from June 2021)	Maximum
GSTR-1 / 3B / 4 / 7: **nil** return	**₹500** (₹250 CGST + ₹250 SGST)
Tax return, turnover ≤ ₹1.50 crores	**₹2,000**
Turnover above ₹1.5 crore up to ₹5 crore	**₹5,000**
GSTR-7 (TDS)	**₹25** a day (see ⚠ below)
GSTR-9: turnover up to ₹5 crore	**₹50** a day, max **0.04%** of State turnover
GSTR-9: above ₹5 crore up to ₹20 crore	**₹100** a day, max 0.04%

s.47 itself: **one hundred rupees** a day; annual return capped at a **quarter per cent** of turnover — reduced by notification as above. [SM 824, SM 829–830]

MCQ SUMS (RECOMPUTED BY SCRIPT)

- **J23 (viii)**: GSTR-9 43 days late, turnover ₹3.2 crore → ₹50 × 43 = **₹2,150** (cap 0.04% = ₹12,800) → (B).
- **D25 (vii)**: nil GSTR-3B 67 days late → capped at **₹500** → (A). (The SM table gives only the cap; the per-day amount is not printed.)

⚠ GSTR-7: the SM prints "₹25 for every day ... or ₹100 whichever is lower"; the notified cap is ₹1,000 (our knowledge — verify before using in an MCQ).

PRACTISE THESE

D23, J24, D24, J25, D25, J26 Q2(b) · J23 Q3(b) · MQP Q2(b) · PTP Q2(b) · SM M10 MCQs (SM 831–836) · **ICMAI Practice Workbook Ch10 illus. 1–11, 14, 15; Ch12 set 3 illus. 20** · MCQ bank Q21, Q64, Q133–Q135.

JUN'26 SUPPLEMENTARY · SECTIONS 38 AND 39 AMENDED (w.e.f. 01.10.2025)

s.38: the ITC statement made available to recipients is now "a statement" (was "an auto-generated statement"); clause (b) says the blocked-credit list "includes" the listed cases and new clause (c) allows other prescribed details. s.39(1): returns "within such time, and subject to such conditions and restrictions" as prescribed. [Supp J26 p.34–35]

Module 18 · Customs valuation P19 · topic 18.1

SM pp. 1104–1133 (exercise 1134–1136). **2–15 marks every paper** (expected 7.0). **Q7(b) assessable value + duty sum** in D25, J26 (and J24 Q7(a), J23); **MCQs (xi) and (xii)** on customs valuation in D24, D25, J26 (deductive value at the greatest aggregate quantity twice). **MQP Q7(b) = SM Illus. 4** word for word (the postal paper too).

Paper	Sum	MCQ
Jun'23	Q6(c) air freight cap, design, licence fee, buyer's material, buying commission · Q8(b) exchange rate, BCD rate, IGST base	charging section
Jun'24	Q7(a) gifted machine: AV, BCD, SWS, IGST (air freight, agent commission)	anti-dumping (not in the SM)
Dec'24	–	deductive value price · what computed value excludes
Jun'25	–	identical goods method
Dec'25	**Q7(b)** Yen: handling, design in India, buying commission, packing, ICD freight, two dates	freight unknown 20% · related party
Jun'26	**Q7(b)** air import: 20% air-freight cap, design fee abroad, two dates	deductive value price

A Section 14 and the valuation rules

- **s.14(1)**: value = **transaction value** — price for delivery at the time and place of importation, buyer and seller unrelated (or relationship not influencing), price the sole consideration; converted at the exchange rate notified by the **CBIC on the day the bill of entry is presented** (shipping bill for exports). [SM 1104, SM 1107]
- **Rule 3**: transaction value adjusted under rule 10, if: no restriction on use / disposal by the buyer; no unquantifiable condition; no resale proceeds back to the seller (unless adjusted); unrelated, or related but the value acceptable under rule 3(3) (D25 MCQ). [SM 1109]
- **Related persons (rule 2(2))**: officers / directors of each other, partners, employer–employee, a person holding **5% or more** of the voting shares of both (GST: 25%), control, common control, joint control of a third, same family; sole agent / distributor / concessionaire. [SM 1108]
- Then in order: **rule 4 identical goods** (same country, same producer first; lowest value; quantity adjustments only with evidence) → **rule 5 similar goods** → **rule 7 deductive** (or rule 8 at the importer's request) → **rule 8 computed** (cost + profit + rule 10(2) costs) → **rule 9 residual**. [SM 1120–1125]
- **Deductive value (rule 7)**: Indian sale price at the **greatest aggregate quantity**, less post-importation costs (commission, transport, insurance, duties in India). D24 / J26 MCQ, PTP. [SM 1122–1123]
- **Residual (rule 9) may not use**: Indian selling price of Indian goods; higher of two values; the exporter's home price; cost other than computed value; price to other countries; minimum values; arbitrary values. [SM 1125]
- Cases: **Aggarwal Industries** (SC) — contract price honoured despite a delayed shipment stands; **Essar Steel / Mangalore Refinery** (SC) — **demurrage** at Indian ports is post-importation, not added; **Gira Enterprises** (SC) — higher contemporaneous prices must be proved and shown to the importer. [SM 1109–1110, SM 1113, SM 1121]
- Illus. 2: a 30% shareholder supplier is not "in control"; a bulk-purchase discount is a valid reason — burden of proving under-valuation is on the Revenue. [SM 1108–1109]

B Rule 10 additions — the assessable-value format · Q7(b)

Step	Add / ignore
Ex-factory price + transport to the port + loading at the port	= **FOB**
Rule 10(1): commission and brokerage **except buying commission**; packing (not durable returnable packing); engineering, development, design, plans **undertaken outside India**; royalties and licence fees (condition of sale); resale proceeds to the seller; materials supplied free by the buyer	add
= **FOB as per Customs**	
Rule 10(2): freight, loading, unloading, handling to the place of importation — unknown → **20% of FOB**; by air → actual but **capped at 20% of FOB**; ship demurrage on chartered vessels, lighterage, barge charges	add
Insurance — unknown → **1.125% of FOB**	add
= CIF = assessable value (convert at the CBIC rate on the bill-of-entry date)	
Not added: duties and taxes in India; erection; transport / insurance from the port to the factory; development in India; port demurrage and unloading in India; other post-importation charges	ignore

[SM 1110, SM 1125–1126]

- **Rate of BCD**: rate on the date of presentation of the bill of entry or of **entry inwards** of the vessel (arrival of the aircraft), **whichever is later**; exchange rate always on the bill-of-entry date. [SM 1111 (chart)]
- **Duties**: BCD on AV · **SWS 10% of BCD** · IGST u/s 3(7) on (AV + BCD + SWS + other customs duties) · compensation cess on the same base · AIDC where levied (FA 2021). [SM 1113–1114, SM 1120]
- Tooling cost may be spread over the expected output (₹2,00,000 for 20,000 pieces → ₹20,000 on the first 2,000). [SM 1111]
- Buying commission = fee to the importer's own agent abroad for representing him → not added. [SM 1110]
- **Exports**: AV = FOB at the CBIC rate on the shipping-bill date; export duty at the rate on the **let export order** date — US$1,00,000 × ₹75 = ₹75,00,000 × 10% = ₹7,50,000 (Illus. 1). [SM 1107]

⚠ SM SLIP · ILLUSTRATION 5

The air-freight line prints "3,000 USD × ₹70.25" — the question's freight is **3,000 U.K. Pounds**; the working (cap at 20% of ₹8,98,125 = ₹1,79,625) is right. [SM 1119]

PROBLEMS BOX · ASSESSABLE VALUE + DUTY (Q7(b) — RECOMPUTED BY SCRIPT)

WORKED PATTERN A · SM ILLUSTRATION 4 (= MQP Q7(b), POSTAL Q5(b)), YEN

FOB	2,00,000
Designing charges to a Japanese firm (abroad)	30,000
Development work in India · road transport in India	not added
Agent commission 5% of FOB (SM: addable)	10,000
FOB as per Customs (Yen) → × ₹0.3948 (CBIC rate)	₹94,752
Insurance (Indian insurer) + freight 20,000 Yen × 0.3948	10,000 + 7,896
Assessable value	**₹1,12,648**

The bank's rate and the inter-bank rate are ignored. [SM 1118] ⚠ The question calls the 5% a "buying/local agent commission", yet the SM (and ICMAI's MQP answer) adds it; a true buying commission is not added (rule 10(1)). Follow the SM figure for this pattern, and state the assumption.

WORKED PATTERN B · SM ILLUSTRATION 5 (UK POUNDS, AIR FREIGHT CAP)

(10,000 + design 500 + licence fee 20% 2,000) × ₹70.25 = ₹8,78,125 + free materials ₹20,000 = ₹8,98,125; air freight lower of 20% = ₹1,79,625 and actual; + insurance ₹6,000 →

DEC'25 Q7(b) JKH (OUR WORKING, SM METHOD)

- FOB per Customs = 3,00,000 + handling 15,000 + packing 13,000 + 6,000 = **3,34,000 Yen** (design done in Mumbai, buying commission and port-to-ICD freight not added).
- Freight 40,000 + insurance 1.125% × 3,34,000 = 3,757.50 → CIF **3,77,757.50 Yen** × ₹0.64 (bill-of-entry date) = **₹2,41,765**.
- BCD at the later date (entry inward 23/01: 10%) **₹24,177** · SWS **₹2,418** · IGST 12% on ₹2,68,360 = **₹32,203** → total **₹58,798**.

JUN'26 Q7(b) RAVISHANKAR (OUR WORKING)

- FOB = CIF 60,000 − insurance 2,700 − freight 14,500 = 42,800 + design and patent charges abroad 2,500 = **US$45,300**.
- Air freight capped: 20% × 45,300 = 9,060 (actual 14,500) → CIF 45,300 + 9,060 + 2,700 = **US$57,060** × ₹81 (bill-of-entry date) = **₹46,21,860**.
- BCD at the rate on arrival (later date): 15% = **₹6,93,279**.

STEPS

1. Build FOB → add rule 10(1) items → FOB as per Customs.
2. Freight (20% if unknown; air capped at 20%) and insurance (1.125% if unknown) → CIF.
3. Exchange rate: CBIC, bill-of-entry date. Rate of duty: later of bill of entry / entry inward.

AV ₹10,83,750; buying commission and airport demurrage ignored. [SM 1119]

MCQ PATTERN · DEDUCTIVE VALUE (SM ILLUS. 6)

Greatest aggregate quantity 650 units at ₹90 → 500 × ₹90 = 45,000 − freight 10,150 − insurance 1,250 = **₹33,600**; duty 13.20% = **₹4,435**. [SM 1123]

4. BCD → SWS 10% of BCD → IGST on AV + BCD + SWS; round each to the rupee.

PRACTISE THESE

D25, J26 Q7(b) · J24 Q7(a) · J23 Q6(c), Q8(b) · MQP Q7(b), Q1(xi)–(xii) · PTP Q7(b), Q1(xi)–(xii) · postal Q5(b) · SM Illus. 1–8 (SM 1106–1126) · **ICMAI Practice Workbook Ch14 illus. 1–17, 20, 21** · MCQ bank Q70–Q78, Q155–Q158.

R Revision sheet

Item	Number / rule	SM
Freight unknown / air freight	**20%** of FOB / actual capped at **20%**	[SM 1110, SM 1126]
Insurance unknown	**1.125%** of FOB	[SM 1110]
Related person (customs)	**5%** or more of voting shares of both	[SM 1108]
Social Welfare Surcharge	**10%** of BCD	[SM 1120]
Exchange rate	CBIC rate, date of **bill of entry** / shipping bill	[SM 1104]
Rate of import duty	later of bill of entry / entry inwards	[SM 1111 (chart)]
Rate of export duty	date of let export order	[SM 1107]

MEMORY HOOK

"Abroad in, India out; buying out, selling in; 20 and 1.125." Design abroad is added, development in India is not; buying commission out, selling commission in; freight 20%, insurance 1.125%.

Module 14 · Dispute resolution P19 · topics 14.1–14.4

SM pp. 895–1027 (exercise 1028–1036). **2–18 marks a paper; 7–9 since Dec'24** (expected 5.9). **Pre-deposit for appeals** is the recurring sum (J23 Q7(b)(c), D24 Q8(a), J26 Q8(b), J24 MCQ) — SM Illus. 10–12 are the template; Department's monetary limits (J25 Q8(a)); advance ruling s.97 (D25 Q4(b)); s.74A time limit (J26 MCQ). The Jun'26 supplementary rewrote much of this module (DIN, s.74A officers, GSTAT rules).

Paper	Long question	MCQ
Jun'23	Q5(b) appeal time limit; one or both authorities? · Q7(b)(c) **pre-deposit** (whole / part demand)	–
Dec'23	–	GSTAT fees for three appeals
Jun'24	–	**pre-deposit on a part appeal** · days of interest on provisional assessment
Dec'24	**Q8(a) pre-deposit before GSTAT + interest on its refund**	–
Jun'25	**Q8(a) Department's appeal to the SC: monetary limits**	maximum IGST pre-deposit
Dec'25	**Q4(b) matters for advance ruling (s.97)**	GSTAT hears anti-profiteering
Jun'26	**Q8(b) pre-deposit for first appeal and GSTAT; fate of the earlier deposit**	time limit for a s.74A notice

A Demands — section 74A (FY 2024-25 onwards)

- s.73 (non-fraud) and s.74 (fraud) merged into **s.74A** for demands from **Financial Year 2024-25** (w.e.f. 1-11-2024). No notice if the tax for a year is below **one thousand rupees**. [SM 910]
- **Notice**: within **forty-two months** from the due date of the annual return for the year (or of the erroneous refund) — fraud or not (J26 MCQ). **Order**: within **twelve months** of the notice, extendable by up to **six months** by the Commissioner / an officer not below Joint Commissioner. [SM 910–911]
- **Penalty**: non-fraud — **ten per cent** of tax or **ten thousand rupees**, higher; fraud / wilful misstatement / suppression — **equal to the tax**. [SM 911]

Pay tax + interest ...	Non-fraud	Fraud
before the notice	no penalty	+ **fifteen per cent**
within **sixty days** of the notice	no penalty	+ **twenty-five per cent**
within sixty days of the order	–	+ **fifty per cent**

Self-assessed or collected tax not paid within 30 days of the due date → the non-fraud penalty applies anyway. [SM 911–912]

JUN'26 SUPPLEMENTARY

- **DIN not needed** for communications on the GST portal that carry an RFN (Circular No. 249/06/2025-GST, 9th June 2025). [Supp J26 p.45]
- Officers' monetary limits for s.74A notices notified — e.g. proper officer = Superintendent (up to ₹20 lakh). [Supp J26 p.53]
- **Track and trace** (s.148A, w.e.f. 01.10.2025): notified goods carry a unique identification marking; breach → penalty u/s **122B** of **₹1,00,000 or 10%** of the tax on the goods, whichever is higher, in addition to other penalties. [Supp J26 p.69]

B Appeals and pre-deposit · Q8 (J23, D24, J26)

FIRST APPEAL — APPELLATE AUTHORITY (s.107)

- Within **3 months** of communication (delay of **30 days** condonable); Department within **6 months**; form APL-01; hard copy / self-certified copy within **7 days**, else that later date is the filing date. Up to **3** adjournments; decide within **ONE year** where possible; **no remand**. [SM 955–957]
- **Pre-deposit s.107(6)**: the **admitted** tax, interest, fine, fee, penalty **in full** + **10%** of the remaining **tax in dispute**, maximum **₹20 crore** CGST (+ ₹20 crore SGST) from 1-11-2024. Penalty-only order: 10% of the penalty (from 01.10.2025; earlier 25%). Order u/s 129(3) (detention): 25% of the penalty. [SM 952–953]
- No appeal against: transfer of proceedings, seizure of books, sanction of prosecution, instalment orders u/s 80. One appeal only — CGST and SGST officers are cross-empowered (Illus. 9). [SM 948–949]

SECOND APPEAL — GSTAT (s.112)

- Against orders u/s 107 or 108, within **three months** (+ three months condonable); cross-objections within **forty-five days**; GSTAT may refuse appeals of **fifty thousand rupees** or less. [SM 963]
- **Pre-deposit s.112(8)**: admitted amounts + **10%** of the tax **still** in dispute, **in addition to** the s.107(6) deposit, maximum ₹20 crore. [SM 953]
- Principal Bench at New Delhi + State Benches; **single Member** for cases up to **fifty lakh rupees** with no question of law. [SM 962–963]
- **Refund of pre-deposit** with interest u/s 115 at **6%** from the date of payment to the date of refund. [SM 954]

PROBLEMS BOX · PRE-DEPOSIT (RECOMPUTED BY SCRIPT)

WORKED PATTERN · SM ILLUSTRATIONS 10–12

- Demand: tax ₹5,00,000 + interest + penalty. Appeal against all → pre-deposit 10% × 5,00,000 = **₹50,000** before the hearing date. Disputing only ₹3,00,000 → admitted ₹2,00,000 + 10% × 3,00,000 = **₹2,30,000**. [SM 954]
- GSTAT after a lost first appeal: a further 10% → **₹50,000** (case 1) / **₹30,000** (case 2), in addition to the first deposit. [SM 954]
- Interest on refund (Illus. 12): pre-deposit 10% × ₹50,50,000 (= ₹5,05,000) × 6% × 186 days ÷ 365 = **₹15,441** (day of refund excluded). [SM 955]

⚠ SM slip: the formula line prints "86/365"; its own day table totals 186 days, and ₹15,441 needs 186.

J24 MCQ (i)

Admitted: tax 3,00,000 + interest 15,000 + penalty 20,000 = 3,35,000 + 10% × disputed tax 5,00,000 = **₹3,85,000** (B).

J26 Q8(b) (OUR WORKING, ₹ LAKH)

- (i) First appeal: 10% × tax in dispute 100 = **10** (penalty with tax needs no separate deposit).
- (ii) GSTAT: 10% × tax still in dispute 65 = **6.50**, in addition to the first-appeal deposit.
- (iii) Deposit attributable to the deleted ₹35 lakh (3.50) is refundable with 6% interest u/s 115; (iv) fresh 6.50 is needed — the s.112(8) amount is "in addition to" the s.107(6) amount.

PRACTISE THESE

J23 Q5(b), Q7(b)(c) · D24 Q8(a) (old 20% GSTAT rate then) · J26 Q8(b) · J24 MCQ (i) · SM Illus. 9–12 (SM 949–955) · **ICMAI Practice Workbook Ch12 set 2 illus. 1–6; set 3 illus. 10–16; Ch12 illus. 4–8** · MCQ bank Q66, Q67, Q144–Q146.

DEPARTMENT'S MONETARY LIMITS (J25 Q8(a)) · CIRCULAR 207/1/2024

- No departmental appeal below: **GSTAT ₹20,00,000** · **High Court ₹1,00,00,000** · **Supreme Court ₹2,00,00,000** — measured on tax in dispute only (interest / penalty / late fee only where no tax is disputed); composite orders on the total. [SM 949–950]
- Limits do **not** apply where a provision / rule / circular is held ultra vires; valuation, classification, refunds, place of supply; recurring or interpretation issues; strictures or costs against the Department. [SM 950]

⚠ IGST CAP · J25 MCQ

The SM prints the IGST cap as "₹50 crore" with a garbled note about the 1-11-2024 amendment (SM 953–954); J25 MCQ (x) offered ₹50 crore. After the Finance Act 2024 the IGST cap is ₹40 crore for each appeal (₹20 crore CGST + ₹20 crore SGST) — our knowledge, verify. In an MCQ choose the option that matches the SM if ₹40 crore is not offered.

JUN'26 SUPPLEMENTARY · GSTAT PROCEDURE RULES (w.e.f. 22-09-2025)

Rule 110 (appeal in APL-05; provisional acknowledgement in Part A of APL-02A, self-attested copy within 7 days), rule **110A** (President / Vice-President may send an appeal with no question of law to a **single Member Bench**; sent back if a question of law arises), rule 111, rule 113 (order with summary in APL-04); Circular 250/07/2025 on common adjudicating authorities. The supplementary prints "22-09-2925" — read 22-09-2025. [Supp J26 p.56–68]

C Advance ruling · D25 Q4(b)

- **s.97(2) — the only questions**: (a) **classification** of goods / services; (b) applicability of a **notification**; (c) **time and value** of supply; (d) admissibility of **ITC**; (e) **liability to pay tax**; (f) whether the applicant must **register**; (g) whether a thing done **amounts to a supply**. [SM 984]
- AAR admits or rejects (not if the question is pending or decided in the applicant's own proceedings; hearing before rejection); ruling within **ninety days** of the application. [SM 984–985]
- Appeal to the Appellate Authority for Advance Ruling; the National AAAR (w.e.f. 1-8-2019) for conflicting rulings of different States. [SM 985]
- Binding only on the applicant and the jurisdictional officer (MQP MCQ); void if obtained by fraud or suppression (s.104); rectification of apparent mistakes (s.102). [SM 988–989]
- Answer format (D25 Q4(b)): define advance ruling → list the seven s.97(2) matters → one line on binding effect.

R Revision sheet · numbers

Item	Number	SM
s.74A notice · order · extension	**42** months · **12** months · +**6** months	[SM 910]
s.74A penalty non-fraud · fraud	10% or ₹10,000, higher · 100%; fraud 15 / 25 / 50% if paid early	[SM 911]
First appeal · condonation · Department	**3** months · **30** days · **6** months	[SM 955]
Pre-deposit AA / GSTAT	**10%** of tax in dispute each, cap ₹20 crore	[SM 952–953]
Interest on refunded pre-deposit	**6%** (s.115 / s.56)	[SM 954]
GSTAT may refuse · single Member	≤ ₹50,000 · ≤ ₹50 lakh (no question of law)	[SM 963]
Department appeal limits	GSTAT ₹20 lakh · HC ₹1 crore · SC ₹2 crore	[SM 949]
Advance ruling	within **90** days; 7 questions u/s 97(2)	[SM 984–985]

MEMORY HOOK

"Admit all, deposit ten, ten again at the Tribunal, six back with interest." s.74A: **42–12–6**.

Module 19 · Baggage — the 2026 Rules P19 · topic 19.1

The SM (pp. 1140–1149) still teaches the Baggage Rules, 2016. The **Dec'26 supplementary (pp. 26–93) replaces them with the Baggage Rules, 2026, in force from 2 February 2026** — every number in past answers (GFA ₹50,000 / ₹15,000, jewellery value caps, 38.5%) is now wrong. Baggage has come as a **Q7(a) sum** in D23, J25, D25 and as **MCQ (xiii)** in D24, D25, J26 (expected ~6 marks). **These notes use the supplementary only; the SM figures appear just once, in the old-v-new table.**

Paper	Question (all on the 2016 Rules)
Dec'23	Q7(a) residents back from the USA: laptop, personal effects, PC · MCQ transfer of residence after 36 months
Jun'25	Q7(a) couple back from Spain after 6 days: PC, laptop, liquor, camera, plasma TV · MCQ dutiable baggage after GFA
Dec'25	Q7(a)(i) **foreign tourist**: souvenirs, articles, 140 cigarettes, firearm · (ii) prohibited articles detained (s.80) · MCQ bona fide baggage
Jun'26	MCQ jewellery allowance (gentleman abroad over 1 year)
ICMAI	PTP Q7(a) foreign tourist (= D25 template) · postal Q7(a) couple from London · MQP / PTP MCQs

⚠ OLD (SM, 2016 RULES) v NEW (SUPP D26, 2026 RULES)

Item	SM — do not use	2026 Rules — use
General free allowance	₹50,000 (Indian origin); ₹15,000 (foreign tourist) [SM 1142]	**₹75,000**; foreign tourist **₹25,000**; **none by land** [Supp D26 p.33]
Jewellery (abroad over one year)	20 gms with a value cap of ₹50,000 / 40 gms with a value cap of ₹1,00,000 [SM 1142]	**weight only**: female **40 grams**, others **20 grams** [Supp D26 p.56]
Effective duty on the excess	38.50% (35% + SWS) [SM 1141–1142]	**35%**; IGST, SWS, AIDC nil — "not 38.5%" [Supp D26 p.27]

A The structure — "PE + GFA + Jewellery + TR"

- Baggage Rules, 2026 (Notification No. 14/2026-Customs (N.T.)) **supersede the 2016 Rules from 02.02.2026**; with the Declaration and Processing Regulations 2026 (15/2026) and Master Circular 04/2026. Power: **section 79**. [Supp D26 p.26]
- Four concessions, each with its own conditions: **Personal Effects (Rule 3)**, **General Free Allowance (Rule 5)**, **Jewellery (Rule 6)**, **Transfer of Residence (Rule 7)** — TR is in addition to Rules 3 / 5. [Supp D26 p.26]
- **Duty**: ordinary baggage (heading 9803) **35%** on the value above the allowance; IGST, SWS, AIDC nil. Not for gold / silver bars, firearms, excess liquor or tobacco — their own tariff rates (e.g. liquor AIDC 100%; gold / silver bars AIDC 5%). [Supp D26 p.26–27]
- **Definitions**: **resident** = ordinarily residing in India + valid Indian passport · **tourist** = not ordinarily resident, in India not more than **6 months** in any 12 · **tourist of Indian origin** = NRIs and OCI cardholders · **infant** = not more than **2 years** (gets Rule 3, not the GFA) · foreigner with a non-tourist visa staying over six months. [Supp D26 p.27–29]
- **Rule 3 personal effects**: used personal effects for daily necessities + **travel souvenirs**, on the person or in bona fide baggage — **any value**, every passenger incl. an infant; not Annexure-I goods; not commercial quantities. [Supp D26 p.29–30]
- **Rule 4**: re-import of valuables taken out with an **Export Certificate (CBD-III)** (valid until first arrival or 6 months); tourists' temporary import with **CBD-IV**, re-exported at first departure or within 6 months, earlier. [Supp D26 p.30–32]
- **Rule 5 GFA**: **₹75,000** (residents, tourists of Indian origin, foreigners with non-tourist visas); **₹25,000** for foreign tourists; only when arriving **other than by land**; not for Annexure-I goods; **no pooling**; unused balance lapses. Plus **one new laptop** (incl. notepad) free for passengers **18 years or above**, other than crew. [Supp D26 p.33–35]
- **Annexure-I** (outside Rules 3 / 5 / 7): firearms · cartridges **exceeding 50** · cigarettes **exceeding 100** sticks · cigars exceeding **25** · tobacco exceeding **125 grams** · liquor / wine exceeding **2 litres** · **gold or silver other than ornaments** · **television**. [Supp D26 p.35]

RULE 6 · JEWELLERY

- Resident or tourist of Indian origin who has **resided abroad for more than one year**: **female 40 grams**, others **20 grams** — by **weight**, the old value caps removed; excess grams dutiable. Stay of 11 months → no Rule 6 at all. [Supp D26 p.56–57]
- Gold **ornaments** are not Annexure-I goods, so without Rule 6 they can still use the GFA (Mrs. Ananya); gold / silver **bars** cannot — special scheme for eligible

RULE 7 · TRANSFER OF RESIDENCE (RESIDENTS / TOURISTS OF INDIAN ORIGIN)

passengers (6 months abroad, duty in convertible currency, gold up to 1 kg). [Supp D26 p.58, Supp D26 p.63]

Stay abroad	TR limit
3 months up to 12 months	**₹1,50,000**
minimum 1 year in the preceding 2 years (no TR in preceding 3 years)	**₹3,00,000**
2 years or more (short visits ≤ 6 months; no TR in preceding 3 years)	**₹7,50,000**

Annexure-II articles, one unit each; Annexure-I excluded. Foreign professionals have a separate table (₹1,50,000 for 6–12 months' stay ...). [Supp D26 p.66–67, Supp D26 p.70]

PROBLEMS BOX · BAGGAGE SUM (Q7(a)) — 2026 RULES, RECOMPUTED BY SCRIPT

WORKED PATTERN · SUPP D26 "MRS. ANANYA" (RESIDENT, 6 MONTHS IN SINGAPORE)

Used personal effects ₹90,000	Nil — Rule 3
One new laptop ₹60,000 (age 36)	Nil — laptop concession
Gold jewellery 25 g ₹2,75,000 — stay only 6 months: no Rule 6; ornaments not Annexure-I → GFA usable	2,75,000
Music system	50,000
Less: GFA	(75,000)
Dutiable value × 35%	**2,50,000 → 87,500**

[Supp D26 p.57–59]

OTHER SUPPLEMENTARY EXAMPLES

- Resident by air, new articles ₹1,20,000 → ₹45,000 × 35% = **₹15,750**; foreign tourist ₹80,000 → ₹55,000 × 35% = **₹19,250**; husband's camera ₹1,40,000 (no pooling) → **₹22,750**. [Supp D26 p.33–34]
- By land: no GFA — new item ₹30,000 → **₹10,500**. TV ₹60,000 (Annexure-I) → **₹21,000**, even with GFA unused. [Supp D26 p.35–37]
- 200 cigarettes worth ₹2,00,000: first 100 within GFA → ₹8,750; excess 100 at Chapter 24 rates (BCD, additional duty, NCCD, SWS on all three, IGST 40%) → ₹86,741; total **₹95,491**. [Supp D26 p.37–39]
- Mr. R, 2 years 4 months in UAE: effects, laptop nil; gifts ₹1,10,000 − 75,000 → **₹12,250**; TR ₹7,20,000 ≤ ₹7,50,000 nil. [Supp D26 p.91–92]

STEPS (EVERY BAGGAGE SUM)

1. Classify the passenger (resident / tourist of Indian origin / foreign tourist / infant), mode (land?), stay abroad, age.
2. Take out Rule 3 items (used effects, souvenirs) and the one laptop (18+).
3. Separate Annexure-I goods (TV, bars, firearm, tobacco / liquor beyond limits) — no GFA, own rate.
4. Rule 6 jewellery (over one year abroad: 40 g / 20 g); TR goods against the TR limit.
5. Remaining goods − GFA (₹75,000 / ₹25,000; none by land; per person) → × 35%.

JUN'25 Q7(a) REWORKED UNDER THE 2026 RULES (OUR WORKING)

6 days in Spain, by air, each spouse ₹75,000 (no pooling). Used clothes ₹2,70,000 and the laptop ₹1,90,000 → nil. Assume the PC (₹2,72,000) is Mr.'s and the camera (₹1,74,800) + 2 litres liquor (₹3,200, within limit) are Mrs.'s: (1,97,000 + 1,03,000) × 35% = ₹1,05,000; plasma TV ₹2,50,000 is Annexure-I → ₹87,500. **Total ₹1,92,500.**

D25 Q7(a)(ii) · DETAINED GOODS

Prohibited / dutiable goods may be detained against a **CBD-V** detention receipt; cleared or re-exported within **6 months**, extendable by up to another 6 months by the Principal Commissioner / Commissioner; then sold — proceeds to expenses, freight, duty, custody, Government dues, balance to the owner. [Supp D26 p.90–91]

PRACTISE THESE

The 20+ worked examples in Supp D26 pp. 29–93 · D23, J25, D25 Q7(a) and PTP Q7(a), postal Q7(a) **re-worked with 2026 numbers** · **ICMAI Practice Workbook Ch16 illus. 1–6** (2016 numbers — rework) · MCQ bank Q79–Q84, Q159–Q161 (check each against the 2026 Rules).

B Other rules and the declaration regulations

- **Rule 8 currency**: per FEMA (Export and Import of Currency) Regulations, 2015 — declare (CBD-I) foreign currency notes above **US$5,000** or total foreign exchange above **US$10,000**. [Supp D26 p.76]
- **Rule 10 unaccompanied baggage**: baggage in the passenger's possession abroad, dispatched within **one month** after arrival (DC / AC may extend). [Supp D26 p.83]
- **Rule 11 crew**: Baggage Rules apply only on final pay-off; otherwise chocolates, cheese, cosmetics, gifts up to **₹2,500**. [Supp D26 p.86]
- **Five CBD forms**: CBD-I accompanied baggage declaration · CBD-II unaccompanied · CBD-III export certificate · CBD-IV temporary import · CBD-V detention receipt. [Supp D26 p.90]
- Minor's declaration by a family member / guardian; records kept **5 years**; Green Channel with undeclared dutiable goods → confiscation, redemption fine, penalty, prosecution. [Supp D26 p.91]
- **Hook: "75 / 25 / 0 by land · 40 g / 20 g after a year · 35% flat · TR 1.5 / 3 / 7.5 lakh · TV is never free."**
- SM baggage MCQs: check each key against the 2026 Rules (D25 bona fide baggage stays; J26 jewellery answer is now 20 g by weight, no value cap).

Module 27 · Special Economic Zones P19 · topic 27

SM pp. 1288–1292 (exercise 1293–1294). **An SEZ question in every December paper** (D23 Q8(b) SEZ ITC, D24 Q6(b) SEZ v EOU, D25 Q6(b) key benefits; also J23 Q5(a) approval mechanism) and none in June since; expected ~5 marks. Short module: learn the SM lists in SM order.

Paper	Question
Jun'23	Q5(a) **SEZ approval mechanism**
Dec'23	Q8(b) SEZ unit: ITC and refund on services used for SEZ and DTA
Dec'24	Q6(b) **SEZ v EOU**: are they the same?
Dec'25	Q6(b) **key benefits of SEZs**
PTP · MCQ	PTP Q6(b) SEZ features and benefits · J26 MCQ EOU minimum investment (SEZ has none)

WHAT AN SEZ IS

- A specially demarcated enclave treated as **foreign territory** for duties and tariffs; SEZ Act, 2005 and SEZ Rules, 2006. DTA → SEZ = **export**; SEZ → DTA = **import**. First SEZ near Kandla port. [SM 1288]
- Supplies to an SEZ are **zero-rated** under the IGST Act; the DTA buyer of SEZ goods pays duty as on imports. [SM 1288–1289]
- **Types**: multi-sector, sector-specific, **FTWZ**, IT / ITeS / handicrafts / biotech / non-conventional energy / gems and jewellery, **IFSC**. [SM 1290]
- **Objectives of the Act**: additional economic activity; exports of goods and services; employment; domestic and foreign investment; infrastructure. [SM 1290]

APPROVAL MECHANISM (J23 Q5(a))

- Single window: a **19-member** inter-ministerial **Board of Approval** (chair: Secretary, Department of Commerce; members from CBIC, CBDT, DEA, Home, Law …), decisions by consensus. [SM 1290–1291]
- Developer applies to the State Government, which forwards it with recommendations within **forty-five days** (or applies directly to the BoA); Centre notifies the area; units then approved. [SM 1290–1291]

KEY BENEFITS (D25 Q6(b), PTP Q6(b))

1. **Duty-free** import or domestic procurement of goods for development, operation and maintenance; no licence or specific approval needed for capital goods, raw materials, consumables, spares, packing, office equipment. [SM 1288–1289]
2. Duty-free goods may be used over **five years** from approval. [SM 1289]
3. Income-tax holiday on export income: **100% for 5 years**, 50% for the next 5, 50% of ploughed-back profit for another 5; **no MAT**. [SM 1289]
4. **Zero-rated** GST on supplies to SEZs; single-window clearance (Centre and State); no import licence; **100% FDI** in manufacturing (few exceptions); free repatriation of profit; no separate customs / EXIM documentation; ready plots. [SM 1289]
5. DTA sales of finished goods, by-products, scrap on payment of customs duty; **RoDTEP** for SEZ exports (shipping bills from 1st July 2024). [SM 1289]

⚠ INCOME-TAX HOLIDAY

The 15-year holiday (s.10AA) is only for units that began operating before 1 April 2020 — the SM does not say so (our knowledge). Write it with that rider.

B SEZ v EOU (D24 Q6(b)) and the SEZ ITC case (D23 Q8(b))

SEZ	EOU
Supply to SEZ = **export**; IGST at **zero rate**	Supply to EOU = **deemed export**; GST at the normal rate
No refund arises — no tax suffered	Refund to the supplier **or** the recipient
Customs clearance inside the zone	Fast Track Clearance Scheme for imports
Only at designated sites	Anywhere in India
No minimum investment	**₹1 crore** in plant & machinery (BoA may relax)

[SM 1292]

SEZ RULES — RECENT AMENDMENTS

- Aligned with GST; no minimum land area for health / biotech SEZs; merger of two units of the same entity; certain DTA supplies left out of NFE; rule 21A — international agencies' units in an IFSC. [SM 1291]
- Gems and jewellery sent out for studding must return within **45 days**; rule 43A — up to **50%** staff may work from home. [SM 1292]

D23 Q8(b) CDA LTD. (OUR WORKING, SCRIPT-CHECKED)

- (i) Services exclusively for SEZ authorised operations, received without tax (LUT) → nothing to claim.
- (ii) Common services ₹9,00,000 × 18% = ₹1,62,000 split by turnover 90 : 60 → SEZ share **₹97,200** (refund route; supplies to an SEZ are zero-rated) and DTA share **₹64,800** (ITC of the DTA unit).
- (iii) DTA-only services ₹1,26,000 → ITC of the DTA unit (a separate registration).
- Treat the SEZ unit and the DTA unit as distinct persons; no ICMAI answer exists — state the assumptions.

PRACTISE THESE

J23 Q5(a) · D23 Q8(b) · D24, D25 Q6(b) · PTP Q6(b) · SM M27 exercise (SM 1293–1294) · **ICMAI Practice Workbook**: SEZ net foreign exchange sum in Ch20 illus. 4 (M26) · MCQ bank Q97–Q99. **Hook: "Export to SEZ, deemed export to EOU; SEZ is a place, EOU is a promise."**

Module 7 · TDS and TCS under GST P19 · topic 7

SM pp. 703–727 (exercise 728–731). **Q4(a) in four papers running** (J24 TCS non-compliance, D24 "is every registered person a deductor?", J25 TCS sum, D25 who must deduct); J26 switched to GST audit. Expected ~4 marks. Two theory answers and one sum.

Paper	Question
Jun'23	Q2(a) TDS on supplies to Government departments, composition dealer · MCQ ECO cancelling TCS registration
Jun'24	Q4(a) **consequences of not complying with TCS u/s 52** · MCQ due date of the TDS certificate
Dec'24	Q4(a) **"every registered person must deduct TDS u/s 51" — comment**
Jun'25	Q4(a) **TCS liability of an ECO** (hotel via two ECOs, omnibus, other vehicles, goods with returns)
Dec'25	Q4(a) **TDS u/s 51: who must deduct**

TDS — SECTION 51

- **Who deducts** (not every registered person — D24): (a) department / establishment of Central or State Government; (b) local authority; (c) Governmental agencies; (d) an authority / board / body set up by an Act or established by Government with **fifty-one per cent** or more equity or control; (e) a society set up by Government / local authority under the Societies Registration Act, 1860; (f) public sector undertakings. In force from 01.10.2018. [SM 704]
- **When**: total value of **taxable** supply under **one contract** exceeds **₹2,50,000** (excluding GST); rate **2%** — CGST 1% + SGST 1% (intra-State) or IGST 2%. [SM 703–704, SM 709]
- **No TDS**: contract taxable value ≤ ₹2.5 lakh (three small contracts are not added); exempt goods / services; non-GST goods (petrol, liquor); location of supplier and place of supply both in a State other than the deductor's (Andhra Bhawan in Delhi); Schedule III; RCM supplies; **unregistered** suppliers; the cess part; supplies between Government departments / PSUs. [SM 705–709]
- From **10-10-2024**: TDS **2%** on B2B supply of **metal scrap** by any registered recipient (and RCM on scrap from unregistered persons). [SM 705–706]
- Deductor registers separately (s.24(vi)); deposit and **GSTR-7** by the **10th** of the next month; GSTR-7 every month even if nil (from 1-11-2024); **no TDS certificate** since the Finance Act 2020 — credit flows to the deductee's cash ledger from GSTR-7. GSTR-7 late fee capped at **one thousand rupees**; nil TDS returns waived. [SM 712–713, SM 818]

TCS — SECTION 52 (E-COMMERCE OPERATOR)

- Only an **ECO** collects, on the **net value of taxable supplies** made through it **by other suppliers** where it collects the consideration; not on its own supplies, exempt supplies, RCM supplies or **s.9(5)** services (ECO pays the tax itself). [SM 716, SM 717, SM 722]
- **Rate from 10 July 2024**: CGST **0.25%** + SGST 0.25%, or IGST **0.50%** (was 0.50% / 0.50% / 1.00%). Net value = taxable supplies − s.9(5) services − returns; no negative value carried. [SM 717–718, SM 723]
- Deposit within **10 days** after the month; **GSTR-8** monthly by the 10th; annual statement by **31st December**; not payable from ITC; separate TCS registration in every State; foreign ECO through a representative. [SM 718–722]
- **Multiple ECOs** (Circular 194/06/2023): supplier-side ECO collects TCS if it is not itself the supplier; if it **is** the supplier, the **buyer-side ECO** collects. [SM 725]
- **Consequences of non-compliance (J24)**: interest on omissions / incorrect particulars (s.52(6)); **penalty** u/s 122 — **ten thousand rupees** or the tax not collected / short collected / not paid, higher; notice from an officer not below Deputy Commissioner to furnish details within **15 days**; recovery u/s 73 / 74 / 74A. [SM 719, SM 723–724]

⚠ SM SLIPS IN THIS MODULE

- SM 718 still says "collect tax @ 1%" and SM 720 FAQ 4 quotes 0.5% / 1% (2018) — the current rates are 0.25% / 0.25% / 0.50% (SM 717). The SM's own TCS example writes "₹500 × 0.25% = ₹250"; it means ₹1,00,000 × 0.25% = ₹250. [SM 717–718, SM 720]
- SM Illus. 4 asks for a **GSTR-7A certificate** "within 5 days"; certificates were dropped by the Finance Act 2020 (SM 712). [SM 712–714]

PROBLEMS BOX · TDS / TCS SUMS (RECOMPUTED BY SCRIPT)

WORKED PATTERN · SM ILLUSTRATIONS 1, 2, 5 (TDS)

- Payment ₹11,800 incl. 18% GST against a ₹15,00,000 contract with a Municipality (same State): value ₹10,000 → CGST ₹100 + SGST ₹100 → pay **₹11,600**. [SM 710]
- Contract ₹6,00,000 of which taxable ₹2,60,000 incl. GST → taxable value below ₹2.5 lakh → **no TDS**. [SM 710]
- Raj Departments (Delhi): PSU in Uttarakhand → IGST TDS **₹500** on ₹25,000; society of GoI in Delhi → CGST

JUN'25 Q4(a) FLYKART TCS (OUR WORKING)

₹500 + SGST ₹500 on ₹50,000; Andhra Bhawan (Delhi, deductor in AP), printed post cards ₹2,72,000 incl. tax, streetlight maintenance (exempt) → nil. [SM 714–715]

(i) Hotel via DF Hotels (itself the supplier, an ECO) → buyer-side Flykart collects on the supply value ₹2,00,000 × 0.5%	1,000
(ii) Omnibus by Q Ltd., a **company** → not s.9(5) → TCS on ₹1,80,000	900
(iii) Other vehicles → s.9(5): Flykart pays GST itself, no TCS	Nil
(iv) Goods ₹2,36,000 incl. GST = ₹2,00,000 − returns ₹90,000 → IGST TCS 0.5%	550
TCS for January 2025	**2,450**

PRACTISE THESE

J23 Q2(a) · J24, D24, J25, D25 Q4(a) · SM Illus. 1–5 (SM 710–715) · SM M7 MCQs (SM 728–731) · **ICMAI Practice Workbook Ch8 illus. 1–6; Ch8 set 2 illus. 1–5; Ch10 illus. 16** · MCQ bank Q51–Q56, Q122–Q125, Q136.

MEMORY HOOK

"Government deducts 2 above 2.5; platforms collect half a per cent; both by the 10th." TDS is never on unregistered, exempt, RCM or out-of-State-and-out-of-place supplies.

Module 2 · Time of supply P19 · topics 2.1–2.4

SM pp. 291–323 (exercise 324–325). **Q5(a) in every June paper** (J24, J26 goods; J25 vouchers + interest) — the December paper puts place of supply there instead, so it is the "June version" to know (expected ~4 marks). D24 Q4(b) time of supply under RCM; MCQs on advances, rate change, legal services RCM.

Paper	Question
Jun'23	Q3(a) service around a **change in rate** (s.14)
Dec'23	MCQs: payment credited after 4 working days · advance for goods
Jun'24 · Jun'26	**Q5(a) time of supply of goods**: removal, delivery, invoice, payment (+ the provision)
Dec'24	**Q4(b) time of supply under reverse charge** — goods and services
Jun'25	Q5(a) **vouchers** and late-payment interest · MCQ rate rises between payment and invoice
Jun'26 · PTP	MCQ legal services under RCM · PTP Q5(a) **goods sent on approval**

GOODS — FORWARD CHARGE s.12(2)

- Earlier of: **date of issue of invoice**, or the **last date** the invoice should have been issued (s.31: on or before removal / delivery). [SM 293]
- **Advances for goods are not taxed** (Notification 66/2017-CT, from 15th November 2017) — all except composition dealers; but specified actionable claims (online money gaming) are taxed on advances from 1-10-2023. [SM 292, SM 313]
- Excess receipt up to **₹1,000** over the invoice: option to take the next invoice date. [SM 295–296]
- Continuous supply of goods: invoice before or with each statement / payment. Goods on **approval**: earlier of the date it becomes known the supply has taken place, or **six months** from removal. [SM 297, SM 309–310]

SERVICES — FORWARD CHARGE s.13(2)

- Invoice issued in time (30 days of completion) → earlier of invoice and **receipt of payment** (book entry or bank credit, earlier); not in time → earlier of **completion** and payment. Advances for services **are** taxed. [SM 297, SM 299–300]
- Continuous supply: due date in the contract; else earlier of payment / invoice; event-linked → completion of the event. [SM 297–298]

REVERSE CHARGE — s.12(3), s.13(3) (D24 Q4(b))

- **Goods**: earliest of receipt of goods; payment (book entry or bank debit, earlier); the date immediately following **30 days** from the supplier's invoice. [SM 293]
- **Services** (amended from 1-11-2024): earlier of (a) payment; (b) the date immediately following **sixty days** from the supplier's invoice; (c) the recipient's **self-invoice** where the recipient must issue it (unregistered supplier). Else the recipient's book entry. Associated enterprise abroad: earlier of book entry and payment. [SM 307]
- Self-invoice within **30 days** of receiving the supply (rule 47A, from 1-11-2024); no consolidation. [SM 307]

OTHER RULES

- **Interest, late fee, penalty** for delayed payment: time of supply = the date the supplier **receives** it (₹1,000 received 15.12.2025 → due 20.01.2026). [SM 312]
- **Residual**: due date of the periodical return, else the date of payment of tax. [SM 312]
- **Change in rate (s.14)**: any two of supply / invoice / payment **before** the change → old rate; two after → new rate (six-row SM table). Payment date = bank credit if credited more than **four working days** after the change. [SM 313–314]

JUN'26 SUPPLEMENTARY · VOUCHERS (w.e.f. 01-10-2025)

s.12(4) and s.13(4) — the special voucher rules — are **omitted**; vouchers follow s.12(2) / s.13(2). Voucher issued 10-01-2026, goods bought and invoiced 20th Feb 2026 → time of supply 20th Feb 2026; a generic spa voucher paid for in October 2025 → October 2025 (payment). J25 Q5(a) answers using "date of issue / redemption" are now out of date. [Supp J26 p.6–7, SM 312]

PROBLEMS BOX · TIME OF SUPPLY (Q5(a) JUNE; D24 Q4(b))

WORKED PATTERN · SM ILLUSTRATION 7 (= J24 / J26 TEMPLATE): INVOICE 01-08-20XX

(i) goods removed 16th August	1st August — invoice is earlier
(ii) buyer collects 10th August	1st August
(iii) full payment 26th July (advance)	1st August — advances ignored for goods
(iv) goods dispatched 31st July	**31st July** — last date for the invoice (removal) is earlier

GOODS ON APPROVAL · PTP Q5(a) (SENT 20th January 2025)

- Accepted 10th Feb 2025 → **10th Feb 2025**; accepted later → six months from removal (**20th July 2025**); returned within six months → no supply. [SM 310]
- ⚠ ICMAI's PTP answer prints 20 July 2025 in one row and "21 July 2025, 1st day after expiry of 6 months" in the next — the SM table uses 20 July.

STEPS

1. Goods or services? forward or reverse charge? any special rule (approval, continuous, voucher, interest, rate

[SM 297]

RCM GOODS · SM ILLUSTRATION 12 (BIDI LEAVES, INVOICE 1st July 2025)

Received 15 July, unpaid → **15-07-2025**; received 3 Aug, paid 4 Aug → **01-08-2025** (day after 30 days). [SM 308]

SERVICES · SM ILLUSTRATION 11 (CMA FIRM, INVOICE 5th August 2025)

Completed 1st July (invoice late) → **1st July**; completed 15th July → **5th August**; paid 3rd July before completion → **3rd July**. [SM 300]

change)?

2. List the candidate dates (invoice, last date for invoice, payment — book / bank, receipt, 30 / 60 days).
3. Take the **earliest** that the section allows; for goods ignore advances.
4. Write the section and the rule in one line first — the questions also ask "the provision".

PRACTISE THESE

J24, J26 Q5(a) · J25 Q5(a) (re-answer with the voucher amendment) · D24 Q4(b) · J23 Q3(a) · PTP Q5(a), Q1(iv) · postal Q2(b) · SM Illus. 1–18 (SM 293–312) · **ICMAI Practice Workbook Ch4 illus. 1–16** · MCQ bank Q31–Q34, Q104, Q106–Q108.

MEMORY HOOK

"Goods: invoice or removal. Services: invoice or cash. RCM: cash or 30 / 60 days. Vouchers: now just goods or services."

Module 21 · Duty drawback P19 · topic 21

SM pp. 1173–1192 (exercise 1193–1195). **MCQ (xiv) is drawback in the last three papers** (D24 maximum rate, D25 part of a machine, J26 used machine after 15 months) and **J26 Q7(a)** was a s.74 sum (expected ~3 marks). J23 Q4(b) asked interest on delayed / erroneous drawback; MQP Q7(a) drawback at specified rates with a weight shortfall (unused).

s.74 · RE-EXPORT OF IMPORTED GOODS

- Conditions: goods were imported and **duty paid**; identifiable as the same goods; inspected and not prohibited; DC / AC satisfied about identity; exported within **two years** of paying duty (CBIC may extend). [SM 1176]
- **Unused** goods → **98%** of the duty (Illus. 3(c): 98% × ₹50,00,000 = ₹49,00,000). [SM 1176, SM 1192]
- **Used in business** (Notification 23/2008): ≤ 3 months **95%** · 3–6 **85%** · 6–9 **75%** · 9–12 **70%** · 12–15 **65%** · 15–18 **60%** · over 18 months **NIL**. [SM 1176–1177]
- **Personal use** (cars etc.) — per quarter or part: year 1 less **4%** a quarter (96 / 92 / 88 / 84), year 2 less **3%** (81 / 78 / 75 / 72), year 3 less **2.50%**, year 4 less **2%**; beyond 2 years only if CBIC extends; none after 4 years. [SM 1177]
- Claim within **three months** of the order permitting clearance and loading; extendable (fee: 1% of FOB or ₹1,000, lower). [SM 1179]

s.75 · DRAWBACK ON INPUTS OF EXPORTED GOODS

- Refund of customs (and pre-GST excise / service tax) on inputs at **average-incidence rates**; **"No drawback is allowed on GST"**. [SM 1173]
- **All Industry Rate** set by the Drawback Directorate (usually 1st June); **Brand rate** where none exists or AIR covers less than **80%** of duties actually paid — apply within **30 days** of export (rule 7); not if already claimed AIR. [SM 1173–1175]
- No drawback if the amount is below **₹50**, or the rate is below **1%** of FOB unless the amount is ₹500 or more; maximum **33%** of FOB. [SM 1185–1186]
- Recovered if sale proceeds are not realised within the FEMA time (rule 16A), unless ECGC pays, RBI writes off and the Indian Mission certifies non-recovery. [SM 1180–1181]

s.75A · INTEREST

- Drawback not paid within **one month** of the claim → interest **6%** p.a. to the exporter. [SM 1187]
- Excess / erroneous drawback → return it with interest from the date of payment (no separate notice needed): ₹30,000 × 15% × 123 / 365 = **₹1,516** (SM Illus. 5). [SM 1183, SM 1192]

PROBLEMS BOX · DRAWBACK SUMS (RECOMPUTED BY SCRIPT)

WORKED PATTERN · SM ILLUSTRATIONS 1, 3

- Car for private use, used 6 months 20 days (3rd quarter) → 88% × ₹5,00,000 = **₹4,40,000**; garments used → nil; computers unused → 98%. [SM 1191–1192]
- AIR 11% capped at ₹80 a pair: lower of ₹1,65,000 and ₹1,60,000 = **₹1,60,000** = 82.05% of actual duty ₹1,95,000 → above 80%, no brand rate. [SM 1191]

JUN'26 Q7(a) (OUR WORKING ON THE SM TABLES)

- (i) Music player, personal use 5 months (2nd quarter) → 92% × 24,000 = **₹22,080**.
- (ii) Car, personal use 16 months 17 days (6th quarter) → 78% × 5,28,000 = **₹4,11,840**.
- (iii) Machine, business use 16 months → 60% × 98,000 = **₹58,800**.
- J26 MCQ: business use 15 months → **65%**.

PRACTISE THESE

J26 Q7(a) · J23 Q4(b) · MQP Q7(a) · PTP MCQ (xiv) · SM Illus. 1–6 (SM 1178, SM 1191–1192) · **ICMAI Practice Workbook Ch18 illus. 1–13** · MCQ bank Q88, Q166–Q168.

MEMORY HOOK

"98 unused; business 95-85-75-70-65-60 then nil; personal lose 4-3-2.5-2 a quarter; 2 years to export, 3 months to claim, 1 month before interest."

Module 12 · GSTR-9C and GST audit P19 · topics 12.1–12.3

SM pp. 854–876. **Q4(a) alternative to TDS / TCS**: D23 contents of GSTR-9C, J26 seven audit activities (checklist); PTP Q4(a) special audit (unused). Expected ~3 marks. GSTR-9 itself is in Module 10.

GSTR-9C (D23 Q4(a))

- Annual **reconciliation statement** between GSTR-9 and the **audited financial statements**; filed after GSTR-9. Earlier: turnover above ₹2 crore with CA / CMA certification; now **self-certified**, for turnover above **₹5 crore** in the previous year (ss.35(5), 44 amended). [SM 865]
- **Part-A reconciliation**: Part-I basic details (FY, GSTIN, names; audit under other law?) · Part-II **turnover** as per accounts v GSTR-9 · Part-III **tax paid** rate-wise v accounts; additional liability on unreconciled differences · Part-IV **ITC** availed v accounts; expenses split into eligible / ineligible ITC. **Part-B**: self-certification. [SM 866]

AUDIT BY TAX AUTHORITIES (s.65)

- Commissioner or authorised officer; notice not less than **fifteen working days** before; complete within **three months** of commencement (+ up to **six months**, reasons recorded); commencement = later of records made available and actual institution of audit; findings within **thirty days**; then s.73 / 74 / 74A. [SM 867–868]
- SM Illus. 1: records 15 May, audit instituted 5 June 2024 → commenced **5th June 2024**; complete by **4th September 2024**, extended **4th March 2025**. [SM 867–868]

SPECIAL AUDIT (s.66) — PTP Q4(a)

- During scrutiny, inquiry, investigation: Assistant Commissioner (or above), with the **Commissioner's prior approval**, may direct (ADT-03) an audit by a **CA or Cost Accountant** nominated by the Commissioner, where value is not correctly declared or credit is not within normal limits. [SM 868–869]
- Report within **ninety days**, extendable by ninety days; applies even if already audited; hearing before using the findings; **Commissioner fixes and pays** the fees; findings in ADT-04; demand follows. [SM 869]

AUDIT ACTIVITIES · CHECKLIST (J26 Q4(a) "ANY SEVEN")

1. **GST registration** details · 2. **invoices** per rule 46 · 3. **time of issue** of invoices (goods: before removal; services: 30 days; banks 45 days) · 4. **debit / credit notes**, bills of supply · 5. **ITC** correctly availed · 6. **job-work** challans and ITC-04 · 7. **returns** filed and tied to books · 8. **interest @ 18%** on late tax · 9. GST v income-tax **turnover** reconciliation. [SM 871–872]

Audit principles: systematic; risk-based; materiality; record every check; distinct from enforcement. Indicative duration: top taxpayers **10-15 working days**, middle 6 to 8, others 2 to 5. [SM 873–874]

Point	s.65 departmental audit	s.66 special audit
Why · by whom	general, no reason needed · department officers	complexity, revenue interest · CA / CMA nominated by the Commissioner
Notice · time limit	prior notice · 3 months + 6 months	no prior notice · 90 days + 90 days
Cost · hearing	department · no specific provision	department · yes, before using material

[SM 869–870]

⚠ SM SLIPS

The s.65 vs 66 table says "15 days' prior notice"; s.65(3) says fifteen **working** days. Illus. 1 prints the records date as 15 May in the question and "15th June" in the solution — the answer (5 June) is the same either way.

PRACTISE THESE

D23 Q4(a) · J26 Q4(a) · PTP Q4(a) · SM Illus. 1–2 and solved cases (SM 867, SM 875–876) · **ICMAI Practice Workbook Ch11 illus. 1–2** · MCQ bank Q141–Q143. **Hook: "65 = 15 working days, 3 + 6 months; 66 = CA / CMA, 90 + 90 days, Commissioner pays."**

Module 20 · Warehousing and manufacture in bond P19 · topic 20

SM pp. 1155–1169 (exercise 1170–1172). J26 Q6(a) warehoused diesel cleared but stored (rate on removal), D23 Q7(b) into-bond bill of entry: duty and interest, PTP Q6(a) clearance for home consumption / export / transfer; MCQs J23 interest after 120 days, J25 records kept 5 years. Expected ~2.5 marks.

LICENCES AND PERIOD

- Public warehouse **s.57**, private **s.58**, special warehouse **s.58A** (locked by the proper officer) — licensed by the Principal Commissioner / Commissioner. Manufacture under bond only in s.58 private warehouses. [SM 1158]
- **Warehousing bond (s.59)**: consignment or general bond; for manufacture in bond, a bond for **Thrice the assessed duty**. [SM 1160–1161]
- **Period (s.61)**: **One year** from the order permitting deposit (EOU: till consumption / clearance); Commissioner may extend by **6 months**, further by the Chief Commissioner; may shorten for goods likely to deteriorate. [SM 1159]
- **Interest** (SM chart, from 14-5-2016): none for the first 90 days of warehousing; after that interest (15% p.a. in SM Illus. 9) on the duty; EOU / EHTP / STP inputs and capital goods treated separately. [SM 1159 (chart)]
- **Owner's rights (s.64)**: inspect, preserve / repack, sort, show to buyers — no MOT charges now. [SM 1160]

KEY DATES FOR WAREHOUSED GOODS

Exchange rate	date of the **into-bond** bill of entry
Rate of duty	date of the **sub-bill (ex-bond)** of entry for home consumption
Not removed in time	rate on the last day the goods should have been removed (improper removal, s.72)

[SM 1158]

CLEARANCE (PTP Q6(a))

- **Home consumption** (s.68): bill of entry for home consumption; pay duty, interest, penalty, rent and charges; clearance order by the proper officer. [SM 1164]
- **Export** (s.69): shipping bill / bill of export; pay export duty and charges; export order — **no import duty**. [SM 1164]
- **Transfer to another warehouse** (s.67): with the proper officer's permission; liability moves to the receiving owner; transfer form under the Warehoused Goods (Removal) Regulations, 2016; one-time lock; shortages reported within **24-hour**. [SM 1164–1165]

MANUFACTURE IN BOND (s.65)

- Import capital goods and inputs with **BCD and IGST deferred, no interest**; duty waived on goods exported; paid only on DTA clearance (up to 100% of output may go to the DTA); anywhere in India; single application (Annexure A), records (Annexure B), general bond (Annexure C); risk-based audit, no daily physical control. [SM 1155–1156, SM 1161–1162]
- Waste: duty waived on waste from inputs for exported goods (if destroyed or duty paid); payable on waste relating to DTA clearances (s.65(2)). [SM 1165]
- **Records** kept at least **5 years** from removal; monthly return within **10-day** of month-end (J25 MCQ). [SM 1166]
- s.65A (IGST at the time of deposit for s.65 units) was inserted by the Finance Act 2023 but was not in operation (SM). [SM 1163]

PROBLEMS BOX · DUTY AND INTEREST ON WAREHOUSED GOODS (D23 Q7(b) TEMPLATE)

WORKED PATTERN · SM ILLUSTRATION 9 (VIPUL)

Into-bond BoE 14-12-2024 (US$1,00,000, ₹65.20); deposit permitted for four months; not cleared by 20-4-2025 (rate then BCD 10%); cleared 14-5-2025. AV = **₹65,20,000** (into-bond rate); duty at the rate on the last permitted day, BCD + SWS 11% = **₹7,17,200**; interest ₹7,17,200 × 15% × 56 / 365 = **₹16,505** (146 days less the 90 interest-free days). [SM 1168–1169]

⚠ The SM's day table counts February 2025 as 29 days; with 28 days it is 145 − 90 = 55 days → ₹16,211. Write the working with your day count.

J26 Q6(a) · DIESEL CLEARED BUT STORED (OUR ANSWER; NOT IN THE SM)

Once the ex-bond bill of entry for home consumption is filed, duty paid at the rate on that date (s.15(1)(b)) and the clearance order passed, the goods **cease to be warehoused goods**; permission to keep them in the same warehouse for safety does not make the later removal a fresh "clearance". The Department cannot demand the higher rate prevailing on physical removal. (Courts have held this way; the SM has no case — do not cite a name.)

PRACTISE THESE

D23 Q7(b) · J26 Q6(a) · PTP Q6(a) · J23 MCQ (xi) · SM Illus. 1–9 (SM 1166–1169) · **ICMAI Practice Workbook Ch17 illus. 1–10** · MCQ bank Q85–Q87, Q162–Q165. **Hook: "Exchange at into-bond, rate at ex-bond; one year + 6 months; 90 days interest-free."**

Module 23 · Remission of duties and re-import P19 · topic 23

SM pp. 1215–1226. **J25 Q7(b)** re-import of a machine repaired abroad (= SM Example 2 template); **MQP Q6(a)** remission u/s 23 (unused); MCQs D23 abatement u/s 22, J24 general v special exemption u/s 25, MQP when s.23 remission is claimed. Expected ~2.5 marks.

s.23 · LOST, DESTROYED OR ABANDONED GOODS (MQP Q6(a))

- **23(1)**: duty remitted on imported goods **lost or destroyed** (accident, fire — **not pilferage**) at any time **before clearance for home consumption**; the importer must prove it. [SM 1216]
- **23(2)**: importer may **relinquish title** before the order for home consumption or warehousing — then no duty; not allowed where an offence is apparent. Cases: goods not to specification, damaged in transit and useless, breach of contract. [SM 1216–1217]
- Goods that merely became unusable in a warehouse after the period expired → no remission (CCE v Decorative Laminates, Kar HC). [SM 1221]

Pilferage s.13	Loss / destruction s.23
no duty payable; custodian compensates (s.45(3))	duty paid is remitted; no compensation
after unloading, before clearance order; not in a warehouse	any time before home consumption; warehouse counts
no need to prove	must be proved and claimed

[SM 1218]

s.25 · EXEMPTIONS

- General exemption by notification (absolute or conditional; whole or part); conditional exemptions lapse on the **31st day of March** after two years unless amended — except trade agreements, international commitments, FTP schemes, long schemes, temporary imports, baggage, gifts (from 1st April 2023). Duty of **₹100** or less is not collected (25(6)). [SM 1220]
- **25A** inward processing: re-export within **twelve-month** of clearance; **25B** outward processing: re-import within **one year** of export. [SM 1221]

RE-IMPORT (NOTIFICATION 158/95 AS AMENDED)

- **Indian goods re-imported**: treated like any import, but duty capped at the export incentive received (drawback etc.). For repair / reconditioning: within **7 years** (Nepal 10 years), re-exported within six months; for reprocessing / refining / re-making: within **1 year**. [SM 1222–1223]
- **Imported goods sent abroad for repair (J25 Q7(b))**: on return, duty only on the **fair cost of repairs incl. materials + insurance and freight both ways** — even if repaired free under warranty; within **3 years** (extendable to 5); same form and same owner; not for EOU / EPZ export production. [SM 1224–1225]
- **Exported goods back for repair and re-export**: exempt with a bond; within 3 years of export (longer for warranty goods from 24-7-2024); re-export within the extended period. [SM 1225]

PROBLEMS BOX · RE-IMPORT AFTER REPAIR (RECOMPUTED BY SCRIPT)

WORKED PATTERN · SM EXAMPLE 2 (MACHINE FROM JAPAN)

Fair cost of repairs incl. materials 9 lakhs + insurance and freight both ways 3 lakhs	12,00,000
BCD @ 10% · SWS 10% of BCD	1,20,000 · 12,000
IGST @ 12% on 13,32,000	1,59,840
Total customs duty	**2,91,840**

[SM 1224–1225]

J25 Q7(b) POORVISHA (OUR WORKING, ₹ LAKH)

Repairs 6.25 + materials 12.75 + freight and insurance 8 = 27 · BCD 15% 4.05 · SWS 0.405 · IGST 12% on 31.455 = 3.7746 → total **8.2296 lakh** (warranty does not change the value).

PRACTISE THESE

J25 Q7(b) · MQP Q6(a), Q1(xiv) · D23, J24 MCQs · SM solved cases 1–3 (SM 1221–1222) · MCQ bank Q169–Q172.

Module 8 · E-way bill P19 · topic 8

SM pp. 733–746 (exercise 747–749). Asked in four of seven papers — J23 Q2(b) 5 marks, J24 Q2(a) 7 marks, D25 MCQ 2 marks, **J26 Q8(a) 7 marks (five situations)**. Expected ~2.2 marks. The answer is always "is an EWB needed, who generates it, how long is it valid, what if not".

Paper	Question
Jun'23	Q2(b) Drithi: ₹49,000 + 18% GST inter-State — is an EWB needed; consequence of not issuing
Jun'24	Q2(a) blocking of EWB generation for return defaulters (rule 138E)
Dec'25	Q1(x) MCQ validity of an EWB for over-dimensional cargo, 100 km
Jun'26	Q8(a) Shankar: sales return, free samples, branch transfer, EWB expiring en route, Part-B not updated

WHEN IS AN EWB NEEDED (RULE 138)

- Goods moved in a conveyance with value **exceeding ₹50,000** (one invoice / bill / challan, or the total of all in the conveyance) — in relation to a **supply**, for reasons **other than supply** (e.g. returns), or an inward supply from an **unregistered** person. Supply covers sale, branch transfer, barter. [SM 733]
- **Even below ₹50,000**: inter-State goods from a **principal to a job worker**; inter-State **handicraft** goods by a dealer exempt from registration (enrols in **FORM GST ENR-03** from 11-2-2025, then EWB-01). [SM 733, SM 744]
- ⚠ Value for the ₹50,000 test includes the GST charged (exempt supplies left out) — rule 138 explanation, our knowledge; the SM does not say it. J23 Q2(b): 49,000 + 18% = 57,820 → EWB needed.
- **Who**: registered supplier or recipient (Part A); unregistered supplier → registered recipient complies as if he were the supplier; **transporter** if neither generated it. Form **GST EWB-01** on the common portal; EBN visible to supplier, recipient and transporter. [SM 733–734]
- **Bill-to-ship-to** (A orders B to ship to C): either A or B generates — but **only one** EWB. B generates: Bill From B, Bill To A, Ship To C, Invoice-1; A generates: Bill From A, Bill To C, Invoice-2; Dispatch From is always B's place. [SM 742–743]
- **Two transporters** (X→Y→Z): one EWB; consignor fills Part A, assigns it to Transporter A, who assigns it to Transporter B at City Y; B updates Part B. [SM 742]
- **Consolidated EWB** (EWB-02): a transporter carrying several consignments in one vehicle; works like a trip sheet; each EWB keeps its own validity. Courier / e-commerce operator may fill Part A (proviso to rule 138(7)). [SM 734–735]

EWB NOT REQUIRED (SELECTED)

- Non-motor vehicle; port / airport / LCS to ICD or CFS for customs clearance; under customs supervision, seal or bond; transit cargo to / from **Nepal or Bhutan**; defence formations; **empty cargo containers**; to a weighbridge within **20 kms** with a delivery challan; by rail where the consignor is a Government or local authority; exempt goods (Annexure to rule 138(14), Schedule III); empty LPG cylinders not for supply. [SM 741]
- Jewellery etc. of Chapter 71 is exempt — but **imitation jewellery (7117) needs an EWB** (N. 26/2022-CT). [SM 741]
- **Part B not needed** where the distance between consignor / consignee and transporter is less than **50 Kms** and the movement is within the same State. Where no EWB is needed, carry the tax invoice / bill of supply (rule 55A). [SM 741]

VALIDITY, CANCELLATION, EXTENSION (RULE 138(9)–(10))

Cargo	Distance	Validity
Normal (from 1-1-2021)	up to 200 km, then every 200 km or part	1 day + 1 day each
Over-dimensional cargo / multimodal with a ship leg	up to 20 km, then every 20 km or part	1 day + 1 day each

- Validity starts when **Part B (vehicle number) is first updated** — not when Part A is filled. The first day ends at **midnight of the following day**. [SM 737–738, SM 742]
- **Extension**: in exceptional circumstances (incl. trans-shipment) the transporter extends after updating Part B, within **eight hours** from the time of expiry. The Commissioner may extend validity for categories of goods by notification. [SM 737–738]
- **Cancellation**: within **24 hours** of generation if goods not moved or not moved as per the EWB; not once verified in transit (rule 138B). Part A number stays valid **15 days** for updating Part B. [SM 736]
- **Inspection (rule 138C)**: summary report in Part A of EWB-03 within **24 hours**; final report in Part B within **3 days**, extendable by up to 3 days. [SM 741]

BLOCKING OF EWB GENERATION (RULE 138E · J24 Q2(a))

- Composition / QRMP-type payer not filing the self-assessed tax statement for **2 consecutive quarters**; regular taxpayer not filing returns for **2 consecutive tax periods** (was "2 months"); GSTR-1 not filed for any 2 months or quarters; registration **suspended** under rule 21A (N. 94/2020-CT). [SM 739–740]
- The Commissioner may allow generation on an application showing sufficient cause, with reasons in writing. [SM 739]
- Blocking applies only to the defaulter's **outward** movement as supplier — not to it as recipient or transporter (N. 15/2021-CT; SM Example 4: Gada & Co. can still generate for goods to defaulter Potat & Co.). [SM 740]

CONSEQUENCE OF NO / INVALID EWB · S.129 DETENTION

Penalty for release	Owner comes forward	Owner does not
Taxable goods	200% of tax payable	higher of 50% of value or 200% of tax
Exempted goods	2% of value or ₹25,000, less	5% of value or ₹25,000, less

Notice within **7 days** of detention, order within 7 days of service; unpaid for **15 days** → goods / conveyance sold (rule

144A); conveyance released on paying the penalty or **one lakh rupees**, less. Owner = consignor or consignee when the invoice travels with the goods (Circular 76/50/2018). Since 1-1-2022 s.129 is delinked from s.130. [SM 1019–1020] Appeal against a s.129(3) order needs a **twenty-five per cent.** pre-deposit of the penalty. [SM 953]

⚠ TRAPS AND SM SLIPS

- SM MCQ 4 key gives "(c) both parts filled" for when validity starts; the SM text says validity starts on the first Part-B update — answer **Part B**, and if the options force it, note the rule. [SM 738, SM 742, SM 747]
- SM 737 says extension "within eight hours from the time of its expiry"; the rule reads "within eight hours before or after its expiry" — ⚠ our knowledge.
- States may notify their own intra-State EWB limits / exemptions (SM 741 item 10) — ⚠ in an intra-State question, state that you apply the ₹50,000 rule unless the State's limit is given.
- Goods sent abroad for an **exhibition** are not a supply → delivery challan, no invoice, not zero-rated, no bond / LUT; invoice only when sold or not brought back within **6 months** (Circular 108/27/2019; SM Illus. 3). [SM 743, SM 745–746]

PROBLEMS BOX · VALIDITY AND S.129 SUMS (RECOMPUTED BY SCRIPT)

FORMAT · VALIDITY DAYS

Days = distance ÷ **200 km** (ODC / ship leg: ÷ **20 km**), any part = a full day. Expiry = midnight at the end of the day after generation, plus one day for each further day. [SM 737–738]

WORKED PATTERN · SM EXAMPLES 1–2 AND MCQ 8

- 500 km, normal cargo → **3 days**. [SM 737]
- Generated April 1, 2026 at 6pm, 90 kms → valid **till mid night of April 2, 2026**. [SM 738]
- Generated 00:10 hrs on 16th September → first day ends at midnight of 17th September (b). [SM 748]

D25 Q1(x) · PTP Q1(x) (OUR WORKING)

ODC 100 km from 12 Jan 14:00 → 100 ÷ 20 = 5 days → expires at **midnight of 17th–18th January (B)**. Normal cargo 750 km → 750 ÷ 200 = 3.75 → **4 days (b)**.

WORKED PATTERN · S.129 PENALTY (SM 932 EXAMPLE, ILLUS. 18)

DEF Traders: goods ₹10,00,000, GST 18% → tax	1,80,000
Owner comes forward: 200% of tax	3,60,000
Owner absent: higher of 5,00,000 / 3,60,000	5,00,000

[SM 932] Illus. 18: value 15,00,000, GST 2,70,000, owner absent → higher of 7,50,000 and 5,40,000 = **7,50,000** (SM prints "7,50,00"). [SM 1020]

J26 Q8(a) SHANKAR (OUR WORKING)

- (i) Sales return 48,000 + 18% = 56,640 > 50,000 → EWB needed (non-supply movement).
- (ii) Free samples 40,000 → below the limit → not needed.
- (iii) Branch transfer 90,000 within the State → not a supply (same GSTIN) but still a movement → EWB needed.
- (iv) Expired en route → transporter extends validity, updating Part B, within 8 hours of expiry; else s.129.
- (v) Part B missing, Salem → Trichy (over 50 km) → EWB incomplete, validity never started → treated as no EWB, s.129.

PRACTISE THESE

J23 Q2(b) · J24 Q2(a) · D25 Q1(x) · J26 Q8(a) · PTP Q1(x) · Postal Q3(b) consolidated EWB · SM Illus. 1–3, solved cases 1–2 (SM 742–746) · SM sums 1–3 (SM 749) · SM M8 MCQs 1–10 (SM 747–748) · MCQ bank Q57–Q59, Q126–Q129 · ICMAI Practice Workbook: no problem on this module.

MEMORY HOOK

"Fifty thousand with tax; A for paper, B for wheels; two hundred a day, twenty if it's huge; cancel in a day, extend in eight." No EWB → s.129: 200% of tax, or half the value if nobody claims it.

Module 24 · Refund · provisional assessment P19 · topic 24

SM pp. 1228–1235; s.18 changes in SM 1116 and Supp J26 p.70; the new **Finalisation of Provisional Assessment Regulations, 2025** only in Supp D26 p.14–23 (Dec'26 is the first paper that can ask them). Past: **J23 Q2(c)** conditions for refund of import duty (5 marks, = s.26A); **J24 Q7(b)** provisional assessment conditions + interest u/s 18 (7 marks). Expected ~1.7 marks.

REFUND OF EXPORT DUTY · S.26

- All three: goods returned **otherwise than by way of re-sale** (rejects, sales returns, consignment stock, exhibition goods); **re-imported within One year** of export; refund applied for **within six months** of the clearance order for the re-import. Paid to the exporter. [SM 1228]

REFUND OF IMPORT DUTY · S.26A (J23 Q2(c))

- (a) goods **defective** or not as per agreed specification — not altered, mended or used after import (except use needed to find the defect); (b) **identified** to the satisfaction of the AC / DC as the same goods; (c) **no drawback** claimed; (d) the goods are **exported**, or title **relinquished** to customs, or **destroyed** / rendered commercially valueless before the officer within **30 days** of the s.47 clearance order — Commissioner may extend by up to **three months**. [SM 1228–1229]
- No refund for perishable goods or goods past their expiry date. Relevant date: let export order / relinquishment / destruction. [SM 1229]

GENERAL REFUND · S.27 AND INTEREST · S.27A

- Excess duty or interest paid (short landing, shortage, pilferage, assessment error, unaware of an exemption — even without an assessment order, *Aman Medical*). Apply in duplicate to the AC / DC within **ONE year** from the date of payment. No refund below **₹100** (third proviso to s.27(1)). [SM 1229–1230]
- One-year count starts from: the s.25(2) special order; the judgment; or, for **provisional** payment u/s 18, the adjustment after final assessment. For a **s.18A** revised entry or a **s.149** amendment: **twelve months** from payment, and the relevant date is the date of payment (FA 2025). [SM 1231, Supp J26 p.70–71]
- **Unjust enrichment**: refund goes to the applicant only if the burden was not passed on (own use, buyer bore it, export duty u/s 26, drawback, notified class); otherwise to the Consumer Welfare Fund. Captive use still = burden passed on (*Solar Pesticide*, SC — SM Case 2). A **CA certificate alone** does not prove it (*BPL Ltd.*, Mad HC). [SM 1231–1234]
- Acknowledgment within **ten working days** of a complete application, else returned with defects; the acknowledged date is the receipt date for s.27A. [SM 1232]
- **s.27A**: refund not paid within **3 months** of the application → interest from the end of those 3 months; an appellate order counts as the refund order; no interest on deposits (project import, provisional release security). [SM 1230, SM 1233]
- Duty paid by **mistake** on fully exempt goods is not "duty" — the one-year limit does not bar a writ (SM Case 5, tunnel boring machines). Goods lost in port custody before clearance → **s.23 with s.27** (SM Case 1, Krish Flame). [SM 1233–1235]

PROVISIONAL ASSESSMENT · S.18 AS AMENDED BY FA 2025

- Proper officer assesses provisionally (pending documents, chemical test, further enquiry), goods released against a bond / **security**; on final assessment, short duty is paid with interest, excess is refunded (s.18(4)–(5)). [SM 1115, Supp D26 p.21]
- New **s.18(1B)**: finalise within **2 years** of provisional assessment, Commissioner may extend by **1 year**; **s.18(1C)** stops the clock (information from foreign authorities, appeals, stays, Board directions). In force from **1 May 2025**. [SM 1116, Supp J26 p.70]
- New **s.18A**: voluntary **revision of an entry after clearance** (BE / SB) — treated as self-assessment or as a s.27 refund claim; procedures from 1 November 2025. [SM 1116, Supp J26 p.70–71]

FINALISATION REGULATIONS 2025 (N. 55/2025-CUS (NT), 12-09-2025)

Stage	Time limit
Officer names the documents needed	within 15 days of provisional assessment
Importer / exporter supplies them	2 months from requisition
Extension by the proper officer	further 2 months (reasons in writing)
Superior officer's extension; enquiry + report	outer limit 14 months from provisional assessment
Finalise after documents / expiry / enquiry	3 months, where possible; + 2 months at a time
Commissioner monitors	cases pending beyond 17 months
Overall finalisation · extension	2 years · additional 1 year
Recovery from security	unpaid > 90 days and final

[Supp D26 p.15–23]

- **Each BE / SB is a separate case** (20 BEs = 20 cases). A chemical test report counts as "documents or information". Documents not given → finalise on the record, with natural justice. [Supp D26 p.14–16]
- Cases pending on **29-03-2025** (date of assent of FA 2025): clocks run from that date → documents by **29-05-2026**, finalisation by 29-03-2027. [Supp D26 p.14–19]
- **Voluntary payment** during pendency (Reg 7) is adjusted against the final duty; interest still applies. Final ≠ provisional → **speaking order**; final = provisional → written acceptance. Penalty u/s 158(2)(ii). Applies to project imports too. [Supp D26 p.17–22]

s.26	s.27
export duty only, on re-import	any import / export duty or interest paid in excess
to the exporter who paid	to the importer who paid, or the buyer who bore it

[SM 1230–1231]

⚠ SM SLIPS AND GAPS

- **s.27A interest rate**: SM 1230 says **6%** p.a.; SM 1233 says **15%** (the s.28AA rate payable by importers). Write 6% for delayed refunds — ⚠ our knowledge that 6% is the notified s.27A rate. [SM 1230, SM 1233]
- SM 1229 writes "under section 26" for the perishable-goods bar; it belongs to **s.26A** — ⚠ our knowledge.
- The SM has no s.18(3) interest rule. ⚠ Our knowledge: interest at the s.28AA rate on the short duty from the **first day of the month** in which duty is provisionally assessed till payment. Rate 15% p.a. is in SM 1203 (note 2).

PROBLEMS BOX · REFUND AND PROVISIONAL SUMS (RECOMPUTED BY SCRIPT)

WORKED PATTERN · SM EXAMPLE 1 (S.26)

Exported 1.1.2025, export duty ₹1,00,000; returned (not re-sold) 1.8.2025 → re-imported within One year → refund ₹1,00,000 claimable within Six months of the clearance order dated 1.8.2025 (i.e. by 1-2-2026). [SM 1228]

WORKED PATTERN · SUPP D26 EXAMPLES 7, 10, 12

Final 28 − provisional 20 − voluntary 5 (₹ lakh)	3
₹17,00,000 − ₹12,00,000 − ₹2,00,000 + interest	3,00,000
Paid ₹25 lakh, final ₹19 lakh → refund u/s 18(4)/(5)	₹6 lakh

[Supp D26 p.18, Supp D26 p.20, Supp D26 p.21]

J24 Q7(b) JAGDESH & CO. (OUR WORKING)

Final duty 4,80,000 − provisional 3,40,000	1,40,000
Period 1-12-2022 to 31-1-2023	62 days
Interest 1,40,000 × 15% × 62/365	**3,567**

Conditions first: provisional assessment needs a **bond** with **security** for the difference; with the chemical test, today the test report is "documents or information" under the 2025 Regulations. [SM 1115, Supp D26 p.14]

PRACTISE THESE

J23 Q2(c) · J24 Q7(b) · SM solved cases 1–5 (SM 1233–1235) · Supp D26 examples 1–13 · **ICMAI Practice Workbook Ch19 illus. 1–6** (export-duty refund, defective imports, short landing, s.27A interest, duty under protest) · MCQ bank Q173–Q175.

MEMORY HOOK

"26 = export comes home (1 year in, 6 months to claim); 26A = defective import (30 days to send back); 27 = any excess (1 year, no refund under ₹100, no unjust enrichment)." Provisional: **15 days → 2 + 2 months → 14 months → 2 + 1 years.**

Module 25 · Trade facilitation P19 · topic 25

SM pp. 1239–1246 (FTP side: SM 1251–1253). Mostly MCQs — J23 ECL deposits, D23 export documents and ICEGATE, J24 import documents — plus **J25 Q6(a)** National Trade Facilitation Action Plan + FTP measures (7 marks). **New for Dec'26**: deferred duty for "Eligible Manufacturer Importers" and new due dates (Supp D26 p.23–25). Expected ~1.5 marks.

BACKGROUND

- WTO **Trade Facilitation Agreement** concluded 2013, in force 2017; India ratified it in April 2016 and set up the **National Committee on Trade Facilitation (NCTF)**. [SM 1239, SM 1251]
- **NTFAP aims (J25 Q6(a))**: cut transaction cost and time (ease of doing business); cut cargo release time; paperless regulatory procedures; predictable, transparent legal environment; better infrastructure for investment. [SM 1251]
- **FTP measures (J25 Q6(a))**: free passage of export consignments; Niryat Bandhu; DGFT online portal; e-IEC; e-RCMC; e-Certificate of Origin; online QCTD; eBRC + EDPMS; 24×7 helpdesk; AEO programme; Towns of Export Excellence; Status Holders. [SM 1251–1253]

Status holder	Exports (US $ million, current + 3 preceding years)
One / Two / Three Star	3 / 15 / 50
Four / Five Star	200 / 800

[SM 1253]

CUSTOMS MEASURES (SM LIST OF 18, THE ONES ASKED)

- **Mandatory documents cut to three** — commercial invoice cum packing list merged; SDF with the shipping bill no longer needed. Export: Bill of Lading / AWB, invoice cum packing list, shipping bill (D23 MCQ → **bill of entry** is not one); import: the same with the bill of entry (J24 MCQ → **shipping bill** is not one). [SM 1245]
- **ICEGATE** = Indian Customs Electronic Commerce / Electronic Data interchange (EC/EDI) Gateway (D23 MCQ). [SM 1241]
- **SWIFT** single window: one **Integrated Declaration** to customs on ICEGATE replaces separate forms to PGAs (FSSAI, quarantine, Drug Controller…), from **1-4-2016**. [SM 1244–1245]
- CCSP insurance and bond cut from **30 days to 10 days** of goods' value; 24×7 clearance at **17** air cargo complexes and **19** seaports; mate receipt abolished; printouts cut; ECCS for courier; IDPMS with RBI; CCFC at ports. [SM 1243–1246]
- **s.46(3)** (FA 2021): bill of entry by the end of the day **before** arrival (holidays included); can be filed up to 30 days before; late → charges unless sufficient cause. [SM 1246]

DEFERRED PAYMENT OF IMPORT DUTY ("CLEAR FIRST, PAY LATER")

- Deferred Payment of Import Duty Rules, 2016 from **16.11.2016**. Who: **AEO T-2 / T-3** importers, **Authorised Public Undertakings**, and from **1-4-2026 Eligible Manufacturer Importers** (till March 31, 2028). [SM 1240–1241, Supp D26 p.23–24]
- Intimate the Pr. Commissioner / Commissioner of the port; ICEGATE login; pay **electronically**. Lost if more than one default in any three consecutive months (until dues + interest cleared); not for goods not assessed / not in the BE. Differential duty on reassessment within one day. [SM 1241]
- **Eligible Manufacturer Importer** (N. 12/2026-Cus (NT), Circular 08/2026): manufacturer importer approved by the Directorate of International Customs; valid IEC; at least **25** import / export documents last year (**10** for MSMEs); a GST registration as factory / manufacturing; PAN turnover over **₹5 crore**; in business **two** financial years; all GST returns filed; clean record; CA solvency certificate. Existing AEO-T1 entities meeting these also qualify. [Supp D26 p.23–25]

BE returned for payment	Due date: SM (old)	From 1-3-2026
1st–15th, months other than March	16th of that month	**1st of next month**
16th–last day, other than March	1st of next month	1st of next month
1st–15th March	16th March	**31st March**
16th–31st March	31st March	31st March

Old: [SM 1242] · New: N. 13/2026-Cus (NT) dated 01-02-2026, Supp D26 p.25 (table is a picture). Holidays excluded.

ELECTRONIC CASH LEDGER · S.51A

- Every deposit towards duty, interest, penalty, fee goes to the ECL; ECL balance pays any customs sum; unused balance refundable; Board may exempt deposits (s.51A(4)). From 1-4-2023, phased. [SM 1242]
- **Exempt from ECL**: customs stations without the automated system; **accompanied baggage**; payments other than electronic payment of duty, **IGST**, compensation cess, interest, penalty, fees. Courier terminals came into the ECL from **01.03.2024**. J23 MCQ → **payment of IGST is not exempt**. [SM 1242–1243]

AEO

- Tiers AEO-T1, T2, T3 for importers / exporters; **AEO-LO** for others. T3 needs T2 held continuously for two years (or T2 with AEO business partners). Benefits: secure supply chain, MRA-country clearance, lower dwell time, customs support abroad. [SM 1241, SM 1252]

⚠ SM OUT OF DATE

SM 1242 still prints the old due-date table (1st–15th → 16th). For Dec'26 use the **1st of the next month** (March → **31st March**), N. 13/2026-Cus (NT), effective 01.03.2026 (Supp D26 p.25, picture); and add **Eligible Manufacturer Importers** to the eligible classes. [Supp D26 p.23–25]

PROBLEMS BOX · DEFERRED-DUTY DUE DATES (RECOMPUTED BY SCRIPT)

WORKED PATTERN · OLD v NEW TABLE

BE returned	Old (SM)	New
10 May 2026	16 May	1 June
20 May 2026	1 June	1 June
10 March 2026	16 March	31 March
5 December 2026	—	1 January 2027

Our working from the two tables (holidays ignored); script m25_patterns.py.

PRACTISE THESE

J23 Q1(ix) ECL · D23 Q1(xi), Q1(xiv) · J24 Q1(xi) · J25 Q6(a) NTFAP + FTP measures · ICMAI Practice Workbook: no problem on this module.

ANSWER FRAME · J25 Q6(a) (7 MARKS)

(1) WTO TFA → India ratified, NCTF formed; (2) the five NTFAP aims; (3) list 8–10 FTP measures with one line each (free passage, Niryat Bandhu, e-IEC, eBRC/EDPMS, e-CoO, AEO, TEE, status holders).

MEMORY HOOK

"Clear first, pay on the 1st — March pays by the 31st." Three documents; one window; ECL for everything except baggage and non-automated stations.

Module 9 · GST refunds P19 · topic 9

SM pp. 753–802 (exercise 803–804). Exam sums are **SM illustrations with new numbers**: J23 Q6(b) = Illus. 9 (exports + DTA watches, 4 marks); D23 Q8(b) = Illus. 8 (SEZ unit services, 7 marks). MCQs D25 (time limit, rule 89(4) formula), MQP (inverted duty excludes input services and capital goods). Provisional refund changed from 01-10-2025 (Supp J26 p.39–44). Expected ~1.2 marks — but a 4–7 mark sum when it comes.

WHEN IS UNUTILISED ITC REFUNDED · S.54(3)

- Only two cases: (i) **zero-rated supplies without payment of tax** (LUT / bond); (ii) **inverted duty** — rate on inputs higher than on output, output not nil-rated / exempt, goods not notified. No ITC refund if drawback of central tax or IGST refund is claimed on the same supplies. The export-duty bar was omitted w.e.f. 1-11-2024. [SM 754]
- **Inverted duty — not for**: **capital goods**, **input services** (MQP MCQ → both); accumulation from a **rate cut** on the same goods; ITC beyond **GSTR-2B**; imitation zari thread and construction of complexes for sale (from 20th October 2023). Input goods include stores, spares, packing material. [SM 755–757]

ZERO-RATED SUPPLY · TWO OPTIONS (S.16(3) IGST)

- (i) Supply under **bond / LUT** without IGST → refund of unutilised ITC (rule 89(4)); (ii) pay IGST → refund of the IGST — for goods the **shipping bill is deemed the refund application** (rule 96). [SM 758, SM 767]
- **LUT** (RFD-11): valid for the financial year; not for persons prosecuted for evasion over **₹250 lakh** — they give a bond with a bank guarantee of **15%**. [SM 773]
- **Rule 96A**: pay the tax with interest if goods are not exported within **fifteen days after the expiry of three months** of the invoice, or service payment not received within **fifteen days after the expiry of one year** (Commissioner may extend). [SM 800]

TIME LIMIT · RELEVANT DATE (S.54(1), EXPL. 2)

- Apply within **2 Years** of the relevant date. Period from filing to the deficiency memo is excluded. [SM 763–764]

Case	Relevant date
Goods exported by sea / air · land · post	ship / aircraft leaves India · passes the frontier · post office despatches
Deemed exports	date the return for them is furnished
Services exported	receipt of payment (service completed first) / invoice (advance received)
Inverted duty ITC	**due date of the return u/s 39** for that period
Provisional tax · judgment · others	adjustment after final assessment · communication · date of payment

[SM 764]

FORMULAS

RULE 89(5) INVERTED DUTY (N. 14/2022, FROM 05.07.2022)

Max refund = [Inverted turnover × Net ITC ÷ Adjusted total turnover] − [Tax payable on the inverted supply × Net ITC ÷ ITC on inputs and input services]. **Net ITC = ITC on inputs only**. [SM 754–755]

RULE 89(4) ZERO-RATED (D25 MCQ → (A))

Refund = (Zero-rated turnover of goods + services) × Net ITC ÷ Adjusted total turnover. Net ITC = inputs + input services. Export goods value = lower of invoice value and **1.5 times** the value of like goods sold domestically; same cap inside ATT; exported goods at the lower of FOB and invoice (from 5th July, 2022). Services turnover = payments received in the period (+ advances for supplies completed). [SM 758–760]

- Portal grants the **least of three**: formula amount; ECL balance at the end of the tax period after GSTR-3B; ECL balance at filing. Debit IGST first, then CGST and SGST equally. [SM 762, SM 799]

PROCESS, PROVISIONAL REFUND, INTEREST

- **Provisional refund** (s.54(6), rule 91): **90%** of a zero-rated claim within **7 days** of acknowledgement, balance after verification. **From 01-10-2025**: RFD-04 issued on the **system's risk evaluation**; officer may refuse only with written reasons; also used for IDS refunds as an interim measure; not once granted adjusted or withheld. [SM 782, Supp J26 p.39–43]
- No provisional refund (N. 14/2025-CT, from 1st day of October, 2025): persons not **Aadhaar-authenticated** (rule 10B); suppliers of notified goods (areca nuts, pan masala …). [Supp J26 p.44]
- Final order within **60 days** of receipt of a complete application; **interest 6%** u/s 56 from the day after those 60 days. No refund below **one thousand rupees** (s.54(14)). [SM 766, SM 779, SM 791]
- **Unjust enrichment**: does not apply to ECL-balance refunds; refunds otherwise not due to the applicant go to the Consumer Welfare Fund. ECL balance is refunded in a separate form, not via GSTR-3B (from 01-10-2022). [SM 765–766]
- Claims may club successive periods, even across financial years. [SM 766–767]

PROBLEMS BOX · REFUND SUMS (RECOMPUTED BY SCRIPT m09_patterns.py)

WORKED PATTERN · SM ILLUS. 9 (= J23 Q6(b) TEMPLATE)

Export 1000 × ₹1,100 = 11,00,000 v 1.5 × 8,00,000 = 12,00,000 → lower	11,00,000
GST on DTA ₹8 lakh × 18%	1,44,000
ITC for DTA: ₹10 lakh × 8 / 19	4,21,053
Net GST payable · credit carried forward	Nil · 2,77,053
Refund: 10,00,000 × 11 / 19	**5,78,947**

[SM 798]

J23 Q6(b) ABC LTD. (OUR WORKING)

Export 12,00,000 (1.5 × 9,00,000 = 13,50,000 is higher) · DTA GST 1,62,000 − ITC 14 L × 9/21 = 6,00,000 → nil payable, 4,38,000 carried forward · **refund 14 L × 12/21 = 8,00,000**.

WORKED PATTERN · RULE 89(5) (SM EXAMPLE, JAN 2023)

Inverted TO ₹5,50,000 @5%, total ₹6,00,000; ITC inputs ₹50,000, input services ₹15,000, capital goods ₹25,000 (ignored): [5,50,000 × 50,000 / 6,00,000] − [27,500 × 50,000 / 65,000] = ₹45,833 − ₹21,153 = **₹24,680**. [SM 755 (chart)]

WORKED PATTERN · SM ILLUS. 8 SEZ UNIT (= D23 Q8(b) TEMPLATE)

Services	ITC	Refund
5,00,000 exclusively SEZ (exempt)	Nil	Nil
8,00,000 SEZ + DTA: (₹8L × 18%) × 100L/160L	54,000	90,000
3,00,000 DTA only	54,000	Nil
Total	**1,08,000**	**90,000**

[SM 796] ITC column = credit kept for DTA after the refund share.

D23 Q8(b) CDA LTD. (OUR WORKING)

Common 9,00,000 × 18% = 1,62,000 → refund × 90/150 = **97,200**, ITC kept 64,800 · DTA-only 7,00,000 × 18% = 1,26,000 · exclusive-SEZ 8,00,000 exempt → nil · **ITC 1,90,800, refund 97,200**.

MCQ ANSWERS (OUR WORKING)

D25 Q1(vi) Naman Toys, April 2021 inverted duty: relevant date = return due date 20-5-2021 → **20th May, 2023 (B)** (⚠ ignores the Covid-period exclusion). D25 Q1(viii) → (A). MQP Q1(viii) → (d) input services and capital goods. Least-of-three (SM Illus. 11): 5 L / 4 L / 6 L → 4 L.

PRACTISE THESE

J23 Q6(b) · D23 Q8(b) · D25 Q1(vi), (viii) · MQP Q1(viii) · SM Illus. 2–11 (SM 782–799) · SM M9 MCQs 1–11 (SM 803–804) · **ICMAI Practice Workbook Ch9 illus. 1–5, 7–14** (SEZ services, inverted duty, rule 94 interest, IGST refund on exports, rule 89(4) maxima, ledger-balance cases) · MCQ bank Q60–Q63, Q130–Q132.

MEMORY HOOK

"Two doors for ITC: zero-rated and inverted. Inverted counts inputs only; zero-rated caps exports at 1.5× home price. Two years, 90% in a week, all in 60 days or 6%, nothing under a thousand."

Module 16 · Anti-profiteering P19 · topic 16

SM pp. 1064–1071. Not asked in the seven papers; Postal Q4(b) "duties of the Anti-profiteering Committee u/s 171(3)" (4 marks). Expected ~1.2 marks — an MCQ on who examines now (CCI → GSTAT), the cut-off date, the 10% penalty or the 18% interest.

S.171(1) · WHAT MUST BE PASSED ON

- Any **reduction in the rate of tax** or the **benefit of input tax credit** must reach the recipient by a **commensurate reduction in prices**. [SM 1064]

SM example	Before	GST	Pass on
Tour operator: 100 + 9% v 100 + 5%	109	105	4
Interior designer: output 25; ITC 15 v 15 + VAT 5 on material	net 10	net 5	5

[SM 1064–1065] · recomputed by m16_patterns.py

S.171(3) · FUNCTIONS (POSTAL Q4(b))

- (i) decide whether the price fall matched the rate cut / ITC benefit; (ii) identify the registered person who did not pass it on; (iii) order: **price reduction**; **return** of the amount with **18%** interest from collection to refund — to the **Consumer Welfare Fund** if the recipient is not identified or does not claim (half Central, half State fund); **penalty**; **cancellation** of registration. [SM 1066, SM 1070]
- **s.171(3A)** (from 1-8-2019): penalty = **ten per cent** of the profiteered amount — **none** if it is deposited within **thirty days** of the order. "Profiteered" = amount not passed on. [SM 1066]

WHO EXAMINES — THE SHIFTS (MCQ BAIT)

Period	Authority
Start	National Anti-Profiteering Authority — Chairman (Secretary rank) + four Technical Members; life 2 years, later 4 years (rule 137)
From 01.12.2022	**Competition Commission of India** (N. 23/2022-CT); NAA dissolved
From October 1, 2024	**GSTAT Principal Bench** (N. 18/2024-CT); "Authority" includes the Appellate Tribunal (FA 2024, from 27-9-2024)
From April 1, 2025	**no new applications** accepted (N. 19/2024-CT, sunset under the s.171(2) proviso)

[SM 1065–1067, SM 1070]

PROCEDURE AND TIME LIMITS (RULES 128–133)

Stage	Time
State Screening Committee (local issues) / Standing Committee examine the application	2 months + 1 month
DGAP investigation after reference	6 months (was 3) + up to 3 months
Authority / CCI decision after DGAP report	6 months (was 3)
Authority may direct DGAP to cover other goods / services	within 6 months — a fresh enquiry

[SM 1068–1070]

DGAP replaced the DG Safeguards from 12-7-2018; the Authority can summon persons u/s 70 like a civil court. [SM 1069–1070]

PROBLEMS BOX · ANTI-PROFITEERING

Format: benefit = (old tax − new tax) per unit or (extra ITC) → price must fall by that amount; amount not passed on × 18% p.a. from collection; penalty 10% unless paid within 30 days. **Our example**: profiteered ₹10,00,000 → penalty ₹1,00,000, or nil if deposited within 30 days of the order. **Practise**: Postal Q4(b) · SM 1064–1065 examples · ICMAI Practice Workbook: no problem on this module.

MEMORY HOOK

"NAA → CCI (Dec'22) → GSTAT (Oct'24) → closed to new cases (Apr'25)." Return with 18%, penalty 10%, escape by paying in 30 days.

Module 6 · Zero-rated supplies and deemed exports P19 · topic 6

SM pp. 687–700. Past: **J23 Q3(c)** deemed exports by a manufacturer and by a main / sub-contractor (6 marks — that list is the **FTP** one, see Module 26 notes); **J26 MCQ** which supply is a notified deemed export (→ against Advance Authorisation); PTP MCQ supply to SEZ under LUT (→ zero-rated). Refund mechanics and sums are in Module 9. Expected ~1.1 marks.

ZERO-RATED SUPPLY · S.16 IGST

- (a) **Export** of goods or services; (b) supply to an **SEZ developer or SEZ unit**. Zero rate is still a taxable supply — ITC allowed even if the goods are otherwise exempt; value counts with taxable supplies when apportioning ITC; issue a normal tax invoice. SEZ units need no e-invoice. [SM 688, SM 693]

Without IGST (LUT / bond, rule 96A)	With IGST
Refund of unutilised ITC by the rule 89(4) formula, application RFD-01	Refund of IGST paid (rule 96) — shipping bill / export manifest is the application

[SM 688–689]

Zero-rated	Exempt / nil
export, SEZ supplies	nil rate, wholly exempt u/s 11, non-taxable
ITC allowed, refund available	no ITC on inputs used
tax invoice	bill of supply

[SM 693]

- **Provisional refund** s.54(6): **90%**, balance after verification; not for an applicant prosecuted in the past five years for evasion above the limit. From **01.10.2025** granted on the system's risk score (rule 91(2)); IDS refunds also get it as interim relief; not for non-Aadhaar-authenticated persons or suppliers of areca nuts, pan masala, tobacco (24), essential oils (3301) (N. 14/2025). [SM 689–693, SM 697–698]
- **Unjust enrichment does not apply** to zero-rated refunds (s.54(8)). [SM 689]
- Withholding u/s 54(10) (return default / unpaid tax) extends to **all** refunds from 01-10-2022. International tourists can claim IGST refund on leaving India (s.15 IGST). [SM 694]

SEZ SUPPLIES

- Supplies to or by an SEZ unit / developer are **inter-State** (s.7(5), s.8(1) proviso) — even SEZ to SEZ. From 01.10.2023 suppliers to an SEZ for **authorised operations** may pay IGST and claim its refund for **all** goods / services **except** pan masala, tobacco, gutkha etc. listed in N. 1/2023-IT. [SM 695]
- SEZ to DTA goods: **customs duty** (rule 47, SEZ Rules); SEZ is outside the customs territory for authorised operations (s.53 SEZ Act). [SM 695]

DEEMED EXPORTS · S.147 CGST, N. 48/2017-CT

- Notified supplies of **goods manufactured in India** (not services) that **do not leave India**, paid in rupees or foreign exchange. [SM 696]
- **Notified list** (J26 MCQ): (1) goods against **Advance Authorisation**; (2) capital goods against **EPCG**; (3) goods to an **EOU**; (4) **gold** by a bank / PSU against AA. High-sea sales and SEZ supplies are **not** deemed exports. [SM 697]
- Tax **is charged**; refund to the **supplier or the recipient** (supplier may file if the recipient does not take ITC). AA supplies must go into taxable goods, not nil / exempt (CA certificate). Relevant date = date of the return for the deemed exports. [SM 694, SM 697]
- Export v deemed export v merchant export: AP manufacturer → EOU in Maharashtra = deemed export; EOU → USA = export. [SM 696]

⚠ DON'T MIX THE TWO LISTS

J23 Q3(c) asks deemed exports "by a manufacturer" and "by a main / sub-contractor" — that is the FTP chapter 7 list (Module 26 notes; SM 1281), not the four GST notified categories above. Write the FTP list for that question; use the GST list for refund questions.

PROBLEMS BOX · PROVISIONAL REFUND (RECOMPUTED BY SCRIPT m06_patterns.py)

SM example: XYZ Exports, claim ₹10,00,000 acknowledged 05-09-2025 → provisional ₹9,00,000 in RFD-04 within 7 days, ₹1,00,000 under rule 92; high-risk case → ₹0 provisional. ₹90 lakh paid provisionally, final eligible ₹80 lakh → SCN in RFD-08 for ₹10 lakh u/s 73 / 74 / 74A. IDS claim ₹50 lakh, low risk → ₹45 lakh. [SM 691–692, SM 698–699]

Practise: J23 Q3(c) · J26 Q1(viii) · PTP Q1(viii) · Module 9 sums · **ICMAI Practice Workbook Ch9 illus. 6** (export of services partly performed by a foreign partner) · MCQ bank Q120–Q121.

MEMORY HOOK

"Zero-rated leaves India or enters an SEZ; deemed export stays home but is AA, EPCG, EOU or gold." Zero-rated = ITC kept + refund; exempt = ITC lost.

Module 17 · GSTN portal and e-invoice P19 · topic 17

SM pp. 1077–1098. Theory only: **J23 Q7(a)** advantages of the GSTN portal (5 marks); **D24 Q7(a)** and **J25 Q2(a)** persons exempt from e-invoicing (7 marks each); J23 MCQ bank exempt from e-invoice. Expected ~0.9 marks — but the e-invoice exemption list has come twice as a 7-mark question.

E-INVOICE · RULE 48(4)

Aggregate turnover in any FY from 2017-18 exceeds	Mandatory from
₹ 500 crores · ₹ 100 crores	01.10.2020 · 01.01.2021
₹ 50 crores · ₹ 20 crores	01.04.2021 · 01.04.2022
₹ 10 crores · **₹ 5 crores**	01.10.2022 · **01-08-2023**

[SM 1086]

- **Exempt at entity level (D24, J25)**: an entity in a **Special Economic Zone**; a **Government department / local authority**; persons under rule 54(2), (3), (4), (4A): **insurer, banking company, financial institution incl. NBFC**; **GTA**; **passenger transport** service; **admission to cinema in multiplex screens**. [SM 1086]
- Exemption is for the **entity**, for all its supplies — J23 MCQ: DF Bank → **(A)** not required for any supply. Below the threshold e-invoice is **not mandatory**. [SM 1085–1086]
- **Not exempt** (J25 second part): every other registered person above ₹5 crore, including supplies to Government departments / PSUs / local authorities registered only to deduct TDS u/s 51 — they are registered persons, so B2B e-invoice is needed (Circular 198/10/2023). [SM 1086]
- ⚠ Our knowledge (not in SM): only SEZ **units** are exempt — SEZ **developers** must issue e-invoices; exempt persons must state on the invoice that they are exempt.
- **B2C** invoices: no e-invoice, but a **dynamic QR code** (N. 14/2020). Not needed for services to a recipient outside India with place of supply in India (Circular 165/21/2021); UIN holders' invoices need it. [SM 1086–1088]
- Online money gaming, services through an ECO and OIDAR to unregistered persons: invoice must show the recipient's **State name**. [SM 1088]

GSTN PORTAL (J23 Q7(a))

- **Advantages** (grievance module): (1) file grievances and raise tickets yourself; (2) all details given upfront — less back-and-forth; (3) track status by acknowledgment number; (4) see closing remarks; (5) category-wise user guides and FAQs. [SM 1079]
- **Services**: transition forms; registration (normal, casual, ISD); returns; payments; refunds; GST practitioner; opt in / out of composition and stock intimation; Table 6A of GSTR-1 for export refund; LUT; e-ledgers. [SM 1079]
- Registration in three steps (new registration + documents → OTP → acknowledgment, then GSTIN, user ID, password). Pre-login: registration, payments, user services, refunds, e-way bill, track status, GST law, downloads, search taxpayer, e-invoice. Post-login: dashboard, ledgers, returns. [SM 1079–1090]
- **GST practitioner** can furnish outward supplies (s.37), monthly / quarterly returns (s.39), annual (s.44) and final (s.45) returns. [SM 1082]
- Rule 88D (from August 4, 2023): ITC in GSTR-3B exceeding GSTR-2B beyond the limit → DRC-01C; pay or explain within the 7-day window. [SM 1096]

NEW FOR DEC'26 · GSTN REPORTING ADVISORY (01.02.2026)

For goods valued on **RSP** (s.15(5), rule 31D — pan masala, tobacco), GST is on the RSP but the portal's **Taxable Value** field takes the **Net Sale Value**; the tax field takes the RSP-based GST; invoice value = net sale value + GST. Same in **e-invoice, e-way bill and GSTR-1**; edit the auto-calculated tax. A reporting rule only — the law is unchanged. [Supp D26 p.9–11]

PROBLEMS BOX · NUMBERS IN THIS MODULE (RECOMPUTED BY SCRIPT m17_patterns.py)

WORKED PATTERN · SUPP D26 ADVISORY EXAMPLE

RSP ₹1,00,000; GST 40% inclusive → ₹1,00,000 × 40 / 140	₹28,571.43
Deemed taxable value (law, not reported)	₹71,428.57
Reported taxable value = Net Sale Value	₹60,000
Reported invoice value	**₹88,571.43**

[Supp D26 p.10–11] Portal would auto-calculate 40% × 60,000 = 24,000 — edit it.

WORKED PATTERN · GSTR-9 / 9C LATE FEE (CIRCULAR 246/03/2025)

₹100 a day (₹50 CGST + ₹50 SGST), cap ₹10,000. GSTR-9 15 days late → ₹1,500; GSTR-9 46 days late, 9C later but before 31-Mar-2025 → ₹4,600 only; 9C filed after the waiver date (5th April 2025), 461 days → ₹46,100 capped at **₹10,000**. [SM 1091–1093]

PRACTISE THESE

J23 Q7(a) · D24 Q7(a) · J25 Q2(a) · J23 Q1(vii) · ICMAI Practice Workbook: no problem on this module.

MEMORY HOOK

"500 → 100 → 50 → 20 → 10 → 5 crore; SEZ, Government, banks-insurers-NBFCs, GTA, buses, multiplexes are out." B2C: no IRN, but a QR code.

Module 11 · Accounts and records P19 · topic 11

SM pp. 837–849 (exercise 850). Not in the seven papers; **MQP Q4(a)** (7 marks: what to keep, extra rule-56 records, retention, consequences) and MQP MCQ on retention. Expected ~0.7 marks. Answer MQP Q4(a) in four blocks exactly as below.

1 · S.35(1) — EVERY REGISTERED PERSON, AT EACH PLACE OF BUSINESS

- True and correct account of: (a) production / manufacture; (b) inward and outward supplies; (c) stock; (d) ITC availed; (e) output tax payable and paid; (f) other particulars. [SM 838]

2 · RULE 56 — ADDITIONAL RECORDS

- **56(1)** imports / exports; RCM supplies with invoices, bills of supply, challans, credit / debit notes, receipt / payment / refund vouchers, e-way bills. **56(2)** stock account — opening, receipt, supply, lost / stolen / destroyed, written off, gift, free sample, balance incl. raw material, finished goods, scrap, wastage (**not** for composition dealers). **56(3)** advances received / paid. **56(4)** tax payable, collected, paid, ITC, refunds (not composition). [SM 838–839]
- **56(5)** names and addresses of suppliers and recipients, address of storage premises incl. in transit — goods found elsewhere without documents are taxed as supplied (56(6)). Books at the **principal place** (and additional places) (56(7)); no erasing / overwriting — score out under attestation (56(8)); manual volumes serially numbered (56(9)); documents found at undeclared premises presumed his (56(10)). [SM 839]
- **Special**: agents — principal-wise accounts (56(11)); manufacturers — monthly **production accounts** (56(12)); service suppliers — goods and input services used (56(13)); **works contract** — separate accounts per contract (56(14)); electronic records authenticated by **digital signature**, with backup and passwords on demand (56(15)); carriers / C&F agents (56(17)). [SM 839–840]
- Transporters, godown / warehouse owners not registered → enrol in **ENR-01**; a transporter registered in several States with one PAN may take a unique common enrolment number (**ENR-02**) — then no GSTIN for invoices. [SM 842, SM 848]

3 · S.36 — RETENTION

- At least **72 months (6 years)** from the **due date of the annual return** for that year (31st December of the following year). Party to an appeal / revision / proceeding or under investigation → keep for **1 year** after the order. [SM 847]
- ⚠ Our knowledge: the proviso reads "one year after final disposal … or the 72 months, **whichever is later**".

4 · CONSEQUENCES OF NOT KEEPING RECORDS

- Unaccounted goods / services are treated as **supplied** by him; officer determines the tax as if supplied, payable with **penalty** (s.35(6), subject to s.17(5)(h) for lost / stolen goods). [SM 842, SM 849]
- ⚠ Our knowledge: s.122 general penalty for failure to keep books (₹10,000 or tax evaded); s.73 / 74 demand.

AUDIT LINK AND NEWER ITEMS

- s.35(5) CA / CMA audit **omitted from 01-08-2021**; now a self-certified reconciliation statement (GSTR-9C) with the annual return above **five crore rupees**. Earlier limit two crore rupees. [SM 841–842]
- Instruction 05/2025-GST (02nd May 2025): officers must give **CAG** auditors records promptly and fully (Article 149); records with the taxpayer must be called for. [SM 844–845, Supp J26 p.36]
- Risk-based **biometric Aadhaar** authentication for high-risk registration applicants (case study). [SM 842–843]

PROBLEMS BOX · RETENTION DATES (RECOMPUTED BY SCRIPT m11_patterns.py)

Worked pattern (SM): FY 2023-24 → annual return due 31.12.2024 → keep till **31.12.2030**. [SM 847]

Our examples: same year under appeal decided 15-3-2030 → keep till 15-3-2031 (later); appeal decided 10-6-2027 → 31-12-2030 still governs. MQP MCQ → (c) 6 years from the due date of the annual return. **Practise**: MQP Q4(a), Q1(x) · SM M11 MCQs (SM 850) · **ICMAI Practice Workbook Ch12 set 3 illus. 2** (books after an appeal) · MCQ bank Q65, Q137–Q140.

MEMORY HOOK

"Keep it, keep it at each place, keep it six years after 31 December — or a year after the appeal." Lose it → it is treated as sold.

Module 22 · IGCR rules P19 · topic 22

SM pp. 1197–1211 (exercise 1212). Past: only MCQs, both copied from the SM exercise — D24 full form of IIN (= SM MCQ 3), J26 "once a ___ is cleared the bond is debited automatically" (= SM MCQ 2 → Bill of Entry). Expected ~0.7 marks; the one sum is SM Illus. 1 (capital goods cleared after use).

WHAT AND WHO

- For importers claiming a **s.25(1)** exemption that depends on **end use** (manufacture or output service). Rules from 01.07.2017 (N. 68/2017-Cus (NT)); automated from 1st March 2022 — all on the common portal (ICEGATE), no transaction-wise permissions. [SM 1197–1198, SM 1204]
- Definitions: **capital goods** = value capitalised in the books; **date of import** = date of the s.47 order; **job work** excludes gold, jewellery, precious metals / stones; **output service** excludes after-sales service; jurisdictional officer = Superintendent / Appraiser. [SM 1198]

STEP BY STEP (RULES 4–6B)

Step	What
Rule 4(1)	one-time information in **IGCR-1**: importer, job worker, goods made / services, imported goods, notification, ports
Rule 4(2)	portal generates the **IIN** — Import of Goods at Concessional Rate Identification Number (D24 → (B))
Rule 4(3)	**continuity bond** with surety / security to the AC / DC of the premises
Rule 5	IIN + bond details in the **bill of entry**; on clearance the bond is **debited automatically** (J26 → (C))
Rule 6	records of quantity, receipt, use, job work, re-export, stock by BE; short / non-receipt → **IGCR-2**; statement **IGCR-3** by the **10th**
Rule 6A / 6B	job work / unit transfer under invoice or e-way bill; goods may stay with a job worker **six months** from the invoice

[SM 1199–1201]

UNUSED, DEFECTIVE, USED CAPITAL GOODS (RULE 7)

- Use the goods as the notification says within **six months** of import; unused / defective goods may be **re-exported** (value at least the assessed value) or **cleared for home** on paying duty + interest. [SM 1201]
- **Capital goods** used for the purpose may be cleared on paying the difference between full duty and duty paid, on the **depreciated value** (straight line), with interest u/s 28AA. Part of a quarter = full quarter; depreciation from first use to clearance. [SM 1201]

Period of use	Depreciation per quarter
first year	4%
second year · third year	3% · 3%
fourth and fifth years	2.5%
after that	2%

[SM 1201]

- **Rule 8**: recovery by the AC / DC if goods are not used / not paid for under rule 7; the importer stays liable even for job-worker failures. **Rule 8A**: penalty up to **₹2 lakh** (s.158(2)(ii)) on importer or job worker. [SM 1203]

⚠ AMENDMENT 2025 v SM TEXT

N. 07/2025-Cus (NT), from 2nd February, 2025 (rules now "... or for Specified End Use"): statement becomes **quarterly** (quarter = three calendar months ending March / June / September / December); "**six months**" becomes "**one year**" in the use / clearance periods. The SM rule text and its MCQ 5 still say "monthly ... by the tenth". Write quarterly for Dec'26; answer "tenth" if the option set forces it. [SM 1201–1202, SM 1212]

PROBLEMS BOX · CAPITAL GOODS CLEARED AFTER USE (RECOMPUTED BY SCRIPT m22_patterns.py)

WORKED PATTERN · SM ILLUS. 1

Capital goods ₹2 crore; duty paid ₹20 lakh on 10th October 2024 (concession ₹10 lakh); used from 1st January 2025; cleared 15th June 2025; rate @15%; paid 30th June 2025. [SM 1202]

Depreciated value: ₹2 crore − (₹2 crore × 4% × 2 quarters)	₹1.84 crore
Duty ₹1.84 crore × 15%	₹27,60,000
Less duty already paid	₹20,00,000
Difference duty to be paid	**₹7,60,000**

[SM 1202]

INTEREST

15% p.a. from the first day of the month after the duty was due till payment: 1st November 2024 to 30th June 2025 = 242 days → ₹7,60,000 × 15% × 242/365 = **₹75,584**. [SM 1203]

FORMAT

(1) quarters of use from first use to clearance, part = full; (2) depreciation % per quarter from the table; (3) duty at the full (non-exempt) rate on the depreciated value; (4) less duty paid; (5) interest at the s.28AA rate.

Hook: "IGCR-1 → IIN → bond in the BE → auto-debit → IGCR-3 statement."

PRACTISE THESE

D24 Q1(xv) · J26 Q1(xi) · SM M22 MCQs 1–5 (SM 1212) · SM Illus. 1 · **ICMAI Practice Workbook Ch14 illus. 18–19** (end-use breach: differential duty and interest) · MCQ bank Q89–Q92.

Module 15 · Search, seizure, arrest, prosecution P19 · topic 15

SM pp. 1037–1058 (exercise 1059–1060). **J23 Q6(a)** three persons — prosecution, arrest, bail (6 marks) = **SM Illus. 1 template**; J25 MCQ magistrate within 24 hours. Expected ~0.5 marks, but when it comes it is the Illus. 1 table.

S.67 INSPECTION, SEARCH, SEIZURE

- Authorised by a proper officer **not below Joint Commissioner** with **reasons to believe** (authorisation INS-01; seizure order INS-02; prohibition order INS-03 where seizure is impracticable; inventory signed by the person). Not "as a matter of course" (*Patran Steel*, Guj HC). Place of business includes godown, books' location, agent's place. [SM 1038–1039]
- Documents not relied on returned within **thirty days** of the notice; seized goods released provisionally on bond + security or on paying tax, interest, penalty; **no notice within six months** of seizure → goods returned (extendable by six months). Officer may seal / break open premises; copies allowed; CrPC applies; test purchases allowed (67(12)). [SM 1040]
- **s.68**: documents and devices to be carried with goods above the limit; produce for verification on interception. **s.70**: summons — inquiry is a judicial proceeding; from 1-11-2024 must appear in person or by authorised representative (70(1A)). **s.71**: produce records within **fifteen working days**. **s.72**: police, railways, customs etc. assist. [SM 1041, SM 1044]
- Voluntary payment (DRC-03) during search must be truly voluntary — no coercion; recovery only after adjudication (s.79). [SM 1045]

S.69 ARREST

- Commissioner, with reasons to believe a person committed a s.132(1)(a)–(d) offence punishable under (i) / (ii) or s.132(2), may authorise arrest. **Cognizable / non-bailable** (s.132(5)) → grounds told and produced before a **Magistrate within twenty-four hours** (J25 MCQ). **Non-cognizable / bailable** (s.132(4)) → bail by the DC / AC like a police officer-in-charge, else judicial custody. [SM 1041, SM 1043]
- ₹500 lakh monetary limit for prosecution does not apply to **habitual evaders** (two or more confirmed cases in two years) or where an **arrest** was made. [SM 1041]

S.132 OFFENCES AND PUNISHMENT

- **(a)** supply without invoice; **(b)** invoice without supply; **(c)** ITC on such invoices / without invoice; **(d)** tax collected, not paid **beyond three months** — these four are **cognizable and non-bailable above ₹500 lakh** (s.132(5)). [SM 1046]
- Always non-cognizable and bailable: **(e)** evasion / fraudulent refund not in (a)–(d); **(f)** falsified records; (h) dealing with goods liable to confiscation; (i) services in contravention; (l) attempt / abetment. **(g), (j), (k)** (obstruction, tampering, not giving information) **omitted from 1st October 2023**. [SM 1046–1047]

Tax involved	Imprisonment
> ₹ 500 lakhs (132(1)(i))	up to 5 years with fine
> ₹ 200 lakhs ≤ ₹ 500 lakhs (ii)	up to 3 years with fine
> ₹ 100 lakhs ≤ ₹ 200 lakhs (iii) — clause (b) only	up to 1 years with fine
clause (f) (iv)	up to 6 months or fine or both
second conviction (132(2))	up to five years and fine

Minimum **six months** unless the court records special reasons (132(3)); prosecution only with the Commissioner's **previous sanction** (132(6)). "Tax" includes wrong ITC and wrong refund. [SM 1047–1048]

S.138 COMPOUNDING (RULE 162)

- Commissioner may compound before or after prosecution, on payment of all tax, interest, penalty; not for a person already compounded for (a)–(f), (h), (i), (l). Amount between **25%** and **100%** of tax (138(2)); pay within **thirty days** of the order or it is void; immunity withdrawn for concealment / false evidence. [SM 1051–1054]
- Rule 162(3A) (from 1st October 2023): clauses (a), (c), (d), (e) — above ₹500 lakhs **50% to 75%** of tax; ₹200–500 lakhs **40% to 60%**; clauses (f), (h), (i) and attempts / abetment **25%**; more than one category → the higher amount. [SM 1053]

PROBLEMS BOX · PROSECUTION / ARREST / BAIL TABLE (RECOMPUTED BY SCRIPT m15_patterns.py)

FORMAT

For each person: (1) clause of s.132(1); (2) amount → punishment band; (3) (a)–(d) and > 500 lakh → cognizable + non-bailable, else non-cognizable + bailable; (4) arrest u/s 69 by the Commissioner; (5) second offence → up to 5 years.

WORKED PATTERN · SM ILLUS. 1

Person	Result
Ram: ITC ₹ 162 lakh not utilised	no offence
Rahim: evasion ₹275 lakh (e)	up to 3 years; non-cognizable; bailable
Robert: information not given, ₹8 lakh	not an offence after 1-10-2023
Lakshman: collected ₹585 lakh, paid ₹25 lakh (d)	up to 5 years; cognizable; non-bailable; arrest without warrant
Karthik: falsified records (f)	up to 6 months or fine; bailable

[SM 1048–1049] Illus. 2: invoices without supply ₹ 20 crore → tax ₹ 3.60 crore → non-cognizable, up to 3 years. [SM 1050]

J23 Q6(a) (OUR WORKING)

- (i) George: fraudulent refund 510 lakh → clause (e) → up to 5 years with fine; **non-cognizable, bailable** (e is outside s.132(5)).
- (ii) Abdul: collected 720, paid 120 → 600 lakh unpaid beyond three months → (d), > 500 lakh → up to 5 years; **cognizable, non-bailable**; arrest; Magistrate within 24 hours.
- (iii) Rohan: evasion 480 lakh → (e) → up to 3 years; **non-cognizable, bailable**.

⚠ ARREST FOR CLAUSE (e)

s.69(1) covers only clauses (a)–(d), yet SM Illus. 1 says "arrest can be ordered by Commissioner" for Rahim (e) and Karthik (f). Follow the section; mention the SM view in one line. [SM 1041, SM 1049]

PRACTISE THESE

J23 Q6(a) · J25 Q1(vii) · SM Illus. 1–2 · SM M15 MCQs (SM 1059–1060) · **ICMAI Practice Workbook Ch12 set 3 illus. 7, 8, 13, 17, 18; Ch13 illus. 1, 2, 6** (fake invoices, tax not deposited, s.70 statements, compounding, search, arrest) · MCQ bank Q68, Q147–Q151.

MEMORY HOOK

"ABCD above 5 crore = cognizable, no bail. Everything else bails." 5 crore → 5 years, 2 crore → 3, 1 crore → 1 (fake invoices); records → 6 months.

Module 13 · Transition to GST P19 · topic 13

SM pp. 879–892. Not asked in the seven papers; Postal Q5(a) centralised-registration credit (3 marks) = **SM Illus. 5**. Expected ~0 marks — one page, read once. Appointed day = 1-7-2017.

A · CARRY-FORWARD OF CREDIT (S.140)

- **140(1) closing balance** in the last return → electronic credit ledger, only if returns for the **last six months** were filed; not for composition. Excise, CVD, SAD → **CGST**; VAT → **SGST**. Unavailed credit on capital goods in TRAN-1 Part B. [SM 880–881]
- **140(3) duty-paid stock** (inputs, WIP, finished goods) — for persons not registered earlier, exempt manufacturers / service providers, works contractors, dealers, importers, depots: duty-paid invoice not issued earlier than **12 months** before 1st July 2017. [SM 882]
- **Deemed credit without invoice — traders only**, for six months: on GST paid on such stock when sold, **60%** (CGST 9% or more) or **40%** (others); IGST **30%** / **20%**; benefit passed on in prices; stock identifiable. [SM 882–883]
- **140(4)** mixed (exempt + taxable) — credit for both; goods / services **in transit** — recorded within **30 days** of 1-7-2017 (+ 30 days by the Commissioner); **140(7) ISD** invoices received after 1-7-2017; **140(8) centralised registration** — return within **three months**, credit transferable to units with the **same PAN** in any ratio; **140(9)** credit reversed for non-payment reclaimable if paid within **3 months** of 1st July, 2017. [SM 884–889]
- Rule 121: wrong transitional credit recovered by s.73 / 74 / **74A** proceedings. *Adfert Technologies* (P&H, SLP dismissed) and *Rohan Dyes* (Guj): TRAN-1 not filed due to glitches — credit allowed. [SM 890–891]

B · CONTINUING PROCEDURES (S.141–142)

Situation (goods sent before 1-7-2017)	Rule
Job work, returned within **six months** (+2 months)	no GST; else ITC recovered from principal, job worker pays GST
Duty-paid goods returned within 6 months	unregistered returns → refund of old duty; registered returns → a supply
Sent on approval, returned within 6 months (+2)	no tax; later → recipient pays; not returned → sender pays
Price revision of an old contract	debit note / supplementary invoice within **30 days** → GST; credit note on a fall
VAT-TDS invoice before, payment after	no GST TDS

[SM 889–890]

C · OLD PROCEEDINGS

Pending and future claims (CENVAT / VAT, export rebate, service tax) are disposed of under the existing law; refund of CENVAT credit paid in **cash**, rejected amounts lapse, no refund if already carried forward; recoveries as arrears of GST. [SM 890]

PROBLEMS BOX (RECOMPUTED BY SCRIPT m13_patterns.py)

SM Illus. 1: trader, stock on 01-07-2017, sales ₹ 5,60,000 with CGST @9% and SGST @9%. (a) duty documents held → BED ₹ 62,500 as CGST, VAT ₹ 28,125 as SGST; (b) no documents → 60% of ₹ 50,400 = **₹ 30,240** CGST and ₹ 30,240 SGST. Example 1: CGST ₹ 8,400 × 60% = ₹ 5,040. [SM 884]

SM Illus. 5 = Postal Q5(a): X Academy, centralised registration in Chennai, balance credit ₹5 Lakhs on 30-06-2017 → can be distributed to Hyderabad and Cochin (same PAN), in any ratio — not necessarily turnover. [SM 888–889]

Practise: Postal Q5(a) · SM Illus. 1–5 · ICMAI Practice Workbook: no problem on this module.

MEMORY HOOK

"Six months of returns to carry credit; six months to bring goods back; 60-40 for traders without bills."