

Levy

Q 1. What is the taxable treatment of the services provided by a Service Provider in respect of such services which are covered under notification 25/2012-Mega Exemption Notification for Government, railways and other Departments? Such Services are exempt from Service Tax, hence who will bear the GST tax element of 18%, the Service Provider or the Principal Employer?

Ans. Exemption notification for services have been notified. Refer Not. No. 12/2017- Central Tax (rate) & Not. No. 9/2017-Integrated Tax (rate).

Q 2. Normally the Service Provider does not issue invoice in Government Jobs. The Sectional/departmental engineers prepare the measurement books and record the details of work done on a subsequent date. Hence how Point of Service will be reckoned since the Service Provider does not raise the invoice?

Ans. Time of supply of services has been explained in Section 13 of CGST Act. The supplier of services will have to issue a tax invoice within 30 days of supply of service (the measurement is finalized by the departmental engineers or service provider whichever is earlier.) In case of reverse charge, Government Department will raise invoice accordingly [refer Section 13(3)].

Q 3. In construction work, after raising of the Invoice, physical verification of the same is done by the Engineers of the Client and this work is delayed abnormally: in some instances the period taken goes up to two months, then how the Point of Service will be determined?

Ans. Time of supply of services has been explained in Section 13 of CGST Act. The date of issue of Invoice will be the time of supply.

Q 4. Is it practically feasible that Service Provider submits an Invoice after execution of work and the Principal Employer makes arrangement for payment of the bill after three months whereas as per point of service rule, the Point of Service stands for one month from the date of issue of raise invoice or services whichever is earlier and the Service Provider has to pay Service Tax @ 18% on value of work done although he has not received any payment from the client till date?

Ans. Time of supply of services has been explained in Section 13 of CGST Act. The terms for payment do not decide the taxability of a particular transaction. So even if payment for a particular supply has not been received it will still be liable for GST.

Q 5. Intermediary services and services provided by Banking Company to its Account Holders – Intra-State or Inter-State supply?

Ans. Place of supply provisions in Sub-Section (12) of Section 12 of IGST Act may be referred to.

Q 6. Cross border services provided by an Indian branch to offshore branch /HO which are not “Intermediary Services” – are they exempted?

Ans. Section 13 of IGST Act, 2017 may be referred. The place of supply is outside India but as the supplier is located in India, it is a case of Inter-State supply and subject to IGST. It will be zero rated if the sale proceeds are realized in convertible foreign exchange.

Q 7. Pure Agent – Issuance of a circular similar to CBEC Circular on STT/Stamp duty dated 17th Sept, 2010?

Ans. Detailed Rule provided. Please see Rule 33 of CGST Rules.

Q 8. Charging of GST in case of travel by a passenger to beyond India's border viz., to Pakistan or Bangladesh?

Ans. The place of supply is the place of embarkation for the continuous journey. If a passenger embarks at Amritsar for journey to a place in Pakistan, it is taxable because the place of embarkation is in the taxable territory.

Q 9. Levy of GST in respect of ticket booked in India if place of boarding is outside India?

Ans. The place of supply is outside India but as the supplier is located in India, it is a case of Inter-State supply and subject to IGST. It will be zero rated if the sale proceeds are realized in convertible foreign exchange.

