

Module 9: Verify GST Application

Location of Service Recipient vs Place of Supply

A. Location of Service Recipient

Refers to:

- Registered place of business of customer
- GST registration state
- Address mentioned in GSTIN

Example:

Customer GSTIN registered in Maharashtra → Location of recipient = Maharashtra

B. Place of Supply

Place where service is considered supplied under GST law.

In courier/logistics services:

- If both supplier and recipient are in same state → CGST + SGST
- If in different states → IGST

Example:

- Courier from Delhi to Delhi → CGST + SGST
 - Courier from Delhi to Mumbai → IGST
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C. Importance

Correct identification ensures:

- Proper tax application
 - Avoid penalties
 - Avoid tax mismatch
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Classification of Transaction (CGST, SGST, IGST)

A. Intra-State Supply

Supplier and recipient in same state

→ CGST + SGST applicable

B. Inter-State Supply

Supplier and recipient in different states

→ IGST applicable

C. Export of Service

→ Zero-rated supply (subject to conditions)

D. Reverse Charge Mechanism (RCM)

Tax payable by recipient instead of supplier in specific cases.

Rules & Regulations in Applying and Reversing GST

A. Applying GST

- Based on invoice value
- Apply correct rate as per SAC/HSN
- Mention GSTIN
- Mention place of supply
- Generate tax invoice

B. Reversal of GST

Applicable when:

- Service cancelled
- Credit note issued
- Input tax credit reversal
- Incorrect GST charged

C. Adjustment Mechanism

- Debit note
 - Credit note
 - Amendment in GSTR return
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Details Required for Applying GST

A. Mandatory Details on Invoice

- Supplier name & GSTIN
- Invoice number & date
- Customer GSTIN
- Place of supply
- SAC/HSN code

- Taxable value
 - GST rate & amount
 - Total invoice value
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B. Important Identification Numbers

- GSTIN (Goods & Services Tax Identification Number)
 - PAN (Permanent Account Number)
 - SAC (Service Accounting Code)
 - HSN (Harmonized System of Nomenclature)
 - UIN (Unique Identification Number – for diplomatic bodies)
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Computing Applicable GST

A. GST Calculation Formula

$\text{GST Amount} = \text{Taxable Value} \times \text{GST Rate}$

Example:

Service Value = ₹10,000

GST Rate = 18%

GST = ₹1,800

Total Invoice = ₹11,800

B. CGST & SGST Split

If 18% GST (Intra-state):

- CGST = 9%
- SGST = 9%

If Inter-state:

- IGST = 18%
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C. GST in Courier Services

Courier services generally fall under SAC 9968 (supporting transport services).

Rate commonly: 18% (subject to latest government notification).

Inspection of Invoice for GST Compliance

A. Verification Checklist

- GSTIN validity
- Correct SAC code
- Correct tax rate
- Place of supply mentioned
- Tax amount correct
- Signature/authorization
- Invoice serial number

B. Common Errors

- Wrong GST rate
- Missing GSTIN
- Incorrect place of supply
- Mismatch in taxable value
- Duplicate invoice number

C. Impact of Errors

- GST notice
 - Penalty
 - ITC rejection
 - Financial loss
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