

Module 8: Statutory Compliance – GST for FPCs

MODULE 8

**Statutory
Compliance
GST
for FPCs**



Learning Objectives

By the end of this module, participants will:

- Understand **when GST is applicable** to FPCs
- Learn **how to register for GST**, and the documents required
- Know the **monthly, quarterly, and annual GST filing responsibilities**
- Understand **input tax credit (ITC), reverse charge mechanism (RCM)**, and GST audit requirements

◆ 1. Applicability of GST to FPCs

While agricultural produce sold by individual farmers is generally exempt from GST, **FPCs**, being registered corporate entities, are **subject to GST** under certain conditions.

Activity	GST Applicability
Sale of own/member agricultural produce (unprocessed, unbranded)	Exempt under Notification No. 12/2017
Sale of processed, branded, or packaged agri goods	Taxable (rates vary by product)
Supply of inputs or services (e.g. seeds, fertilizers)	Taxable
Renting of warehouse, agri machinery	Taxable
Commission income, consultancy, aggregation services	Taxable

◆ 2. GST Registration for FPCs

When is registration mandatory?

- If **aggregate turnover exceeds ₹40 lakh** (goods) or ₹20 lakh (services)
- If operating in **inter-state trade**
- If using **reverse charge mechanism (RCM)**
- If applying for **government schemes or tenders** requiring GSTIN

Required Documents for Registration:

Document	Description
PAN of Company	Mandatory
Certificate of Incorporation	From ROC
MoA and AoA	For verification
Board Resolution	Authorizing GST registration
Proof of Principal Place of Business	Rent agreement or electricity bill
DSC of Authorised Signatory	To file online on GST portal

Portal: www.gst.gov.in

◆ 3. GST Returns & Filing Schedule

Return	Form No.	Frequency	Purpose
Outward Supply	GSTR-1	Monthly / Quarterly	Details of sales
Summary Return	GSTR-3B	Monthly	Tax summary and payment
Purchase Return	GSTR-2B	Auto-generated	Input Tax Credit (view only)
Annual Return	GSTR-9	Annually	Annual consolidated filing
Audit Report	GSTR-9C	If turnover > ₹5 crore	Reconciliation & audit

Due Dates:

- **GSTR-1:** 11th of the next month (monthly) or quarterly (as per QRMP scheme)

- **GSTR-3B:** 20th or 22nd/24th depending on state (monthly)
- **GSTR-9:** 31st December following the end of FY

◆ **4. Input Tax Credit (ITC)**

FPCs can claim **ITC** on:

- Purchases of inputs (fertilizers, machinery, packaging)
- Rent, professional fees, repairs

Conditions to Claim ITC:

- Must have **GST invoice**
- Supplier must have **filed GSTR-1**
- Goods/services received
- Payment made within **180 days**

ITC Not Allowed On:

- Personal expenses
- GST paid under composition scheme
- Expenses not used for taxable business

◆ **5. Reverse Charge Mechanism (RCM)**

FPCs must **pay GST under RCM** in the following cases:

Situation	RCM Liability
Purchase from unregistered transporter	5% RCM on freight
Legal services from advocate	18% RCM
Renting from unregistered person	18% RCM
Import of services	IGST payable by recipient

RCM must be paid in **cash only** (no ITC offset).

◆ **6. Penalties & Non-Compliance**

Default	Penalty / Consequence
Late filing of GSTR-1/GSTR-3B	₹50/day (₹20/day for nil return)
Non-registration (if required)	₹10,000 or tax due, whichever higher
Wrong ITC claim	24% interest + reversal
GST audit not done (if required)	Penalty up to ₹25,000

◆ **7. Special Provisions for Agriculture & FPCs**

- **Exemptions** apply to:
 - **Supply of farm produce by farmers/FPCs** (unprocessed)
 - **Custom hiring charges** under ₹5,000/day
- However, once **processing, packaging, branding, or trading** starts, GST is usually applicable
- Many FPCs opt for **voluntary registration** to avail **ITC** and access formal markets



MCQs – GST Compliance for Farmer Producer Companies (FPCs)

◆ **GST Applicability**

1. GST is applicable to FPCs when:

- a) They sell only unprocessed produce
- b) Turnover exceeds ₹40 lakh or they process/brand goods
- c) They operate from one village only
- d) They sell only to members

 **Answer:** b) Turnover exceeds ₹40 lakh or they process/brand goods

2. Supply of unprocessed, unbranded farm produce by FPCs is:

- a) Taxable at 5%
- b) Exempt from GST
- c) Taxable under RCM
- d) Zero-rated export

 **Answer:** b) Exempt from GST

3. GST registration is mandatory for FPCs involved in:

- a) Renting tractors to members
- b) Selling fruits door-to-door
- c) Providing agri consultancy services
- d) All of the above

 **Answer:** d) All of the above

◆ **Registration & Documents**

4. Which portal is used to register for GST?

- a) www.incometax.gov.in
- b) www.mca.gov.in
- c) www.gst.gov.in

- d) www.fpoindia.gov.in
- Answer:** c) www.gst.gov.in

5. Which document is NOT required for GST registration?

- a) PAN of company
 - b) GSTIN of supplier
 - c) MoA & AoA
 - d) Proof of business address
- Answer:** b) GSTIN of supplier

6. What is issued upon successful GST registration?

- a) ROC Certificate
 - b) DIN
 - c) GSTIN
 - d) DSC
- Answer:** c) GSTIN
-

◆ **GST Returns & Filing**

7. GSTR-1 is used to report:

- a) Purchase details
 - b) Input tax credit
 - c) Outward supplies (sales)
 - d) GST refund
- Answer:** c) Outward supplies (sales)

8. GSTR-3B is a:

- a) Return for annual compliance
- b) Summary return for tax payment
- c) Return for inter-state sales

- d) Return for e-way bills
-  **Answer:** b) Summary return for tax payment

9. Quarterly filing of GSTR-1 is allowed under:

- a) QRMP scheme
 - b) GST audit
 - c) Composition scheme
 - d) Exemption policy
-  **Answer:** a) QRMP scheme

10. Due date for GSTR-3B (monthly filer) is:

- a) 15th of every month
 - b) 10th of every month
 - c) 20th or 22nd/24th depending on state
 - d) 5th of next quarter
-  **Answer:** c) 20th or 22nd/24th depending on state
-

◆ **Input Tax Credit (ITC)**

11. ITC can be claimed only if:

- a) Payment is made within 90 days
 - b) Supplier has uploaded invoice in GSTR-1
 - c) Goods/services are used for business
 - d) All of the above
-  **Answer:** d) All of the above

12. FPC cannot claim ITC on:

- a) Machinery purchased for CHC
- b) Goods for resale
- c) Hotel accommodation for directors' holiday

- d) Packaging materials

 **Answer:** c) Hotel accommodation for directors' holiday

13. If ITC is wrongly claimed, the interest payable is:

- a) 10%
- b) 18%
- c) 24%
- d) 12%

 **Answer:** c) 24%

◆ Reverse Charge Mechanism (RCM)

14. RCM is applicable on freight charges if:

- a) Paid to unregistered transporter
- b) Paid to government agency
- c) Paid via digital mode
- d) Paid in foreign currency

 **Answer:** a) Paid to unregistered transporter

15. GST under RCM must be paid:

- a) Through ITC
- b) In cash only
- c) In form of debit note
- d) By the supplier

 **Answer:** b) In cash only

◆ Exemptions & Penalties

16. Which of the following is exempt from GST?

- a) Sale of branded rice
- b) Storage of pulses in a warehouse

- c) Sale of loose unbranded vegetables
 - d) Contract farming services
-  **Answer:** c) Sale of loose unbranded vegetables

17. Late fee for non-filing of GSTR-3B (normal return) is:

- a) ₹100 per day
 - b) ₹50 per day (₹25 CGST + ₹25 SGST)
 - c) ₹10 per day
 - d) ₹1,000 flat
-  **Answer:** b) ₹50 per day (₹25 CGST + ₹25 SGST)

18. What is the annual return form under GST?

- a) GSTR-9
 - b) GSTR-5
 - c) GSTR-2A
 - d) GSTR-4
-  **Answer:** a) GSTR-9

19. GSTR-9C is required if turnover exceeds:

- a) ₹1 crore
 - b) ₹5 crore
 - c) ₹10 crore
 - d) ₹20 lakh
-  **Answer:** b) ₹5 crore

20. GST returns can be filed using:

- a) ROC portal
 - b) MCA portal
 - c) GST portal with DSC or EVC
 - d) Only physical forms
-  **Answer:** c) GST portal with DSC or EVC

