

PAPER  
**3**

**INTERMEDIATE COURSE**  
**STUDY MATERIAL**  
**GROUP-I**  
**TAXATION**  
**SECTION-B**  
**GOODS AND SERVICES TAX**  
**MODULE 1 OF 2**

Relevant for May, 2024 and November, 2024 Examinations



**Board of Studies (Academic)**  
**The Institute of Chartered**  
**Accountants of India**

(Set up by an Act of Parliament)



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## BEFORE WE BEGIN.....

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The role of a chartered accountant is undergoing a substantial change to assume newer responsibilities in a dynamic environment. There has been an evident shift towards strategic decision making and entrepreneurial roles that add value beyond financial recording and reporting. The competence level of chartered accountants, accordingly, need to be bolstered significantly to enable them to perform these roles effectively. Due to the persistent need for chartered accountants to broaden their horizon of knowledge and master new skills, the scheme of education and training is being continuously reviewed so that it is in sync with the requisites of the dynamic global business environment; the competence requirements are being continuously reviewed to enable aspiring chartered accountants to attain the requisite professional competence to take on new roles. Present edition is the foremost in the new revised scheme. Board of Studies (Academic) is the mentor and oracle of a CA student in its journey of chartered accountancy course. It plays an instrumental role in shaping the careers of aspiring its students by relentlessly guiding and mentoring them in their goal of becoming a qualified Chartered Accountant.

### **Knowledge and Skill requirements expected at Intermediate Level**

At the Intermediate Level, you are expected to not only acquire professional knowledge but also the ability to apply such knowledge in problem solving. The process of learning should also help you inculcate the requisite professional skills, i.e., the intellectual skills and communication skills, necessary for achieving the desired level of professional competence.

### **Goods and Services Tax: The game changer indirect tax**

Taxation is one of the core competence areas of chartered accountants. The subject of "Taxation" at the Intermediate level is divided into two sections, namely, Section A: Income-tax law and Section B: Goods and Services Tax. Goods and services tax (GST), one of the most historic indirect tax reforms, was introduced in India from July 1, 2017.

With GST, there was a paradigm shift in the indirect tax landscape of the country. GST aims to transform India into a common market with common tax rates and procedures and remove the economic barriers thus, paving the way for an integrated economy at the national level. By subsuming most of the erstwhile Central (excise duty, service tax, central sales tax) and State taxes (State-Level

VAT) into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it mitigates the ill effects of cascading and improves competitiveness. It follows a multi-stage collection mechanism where tax is collected at every stage and the credit of tax paid at the previous stage is available as a set off at the next stage of transaction.

GST, at the Intermediate level, involves understanding and application of the select provisions of the GST laws. The nitty-gritties of this new tax law coupled with its inherent dynamism, makes the learning, understanding and application of the provisions of this law in problem solving very interesting and challenging.

### **Know your Syllabus – Read the same along with Study Guidelines**

The syllabus of Section B: Goods and Services Tax covers select provisions of the Central Goods and Services Tax Act, 2017 and Integrated Goods and Services Act, 2017. Further, Study Guidelines specify topic-wise exclusions from the syllabus. The Study Guidelines for an examination is issued after the expiry of cut-off date for amendments relevant for that examination.

For understanding the coverage of syllabus, it is important to read the Study Material as the content therein has been developed keeping in mind the extent of coverage of various topics as envisaged in the syllabus. Therefore, the provisions which do not form part of the syllabus are not discussed or explained in the Study Material. However, while discussing the relevant applicable provisions, a reference may have been made to some of these excluded provisions at certain places, which has been highlighted either by way of a footnote or otherwise. Further, certain provisions/concepts have been discussed only for the sake of enhancing the knowledge of the students and shall not be tested in the examination. The said fact has been duly highlighted during such discussion.

Further, the Study Material should also be read along with the Study Guidelines. It may be noted that the Study Material is issued prior to the issuance of Study Guidelines. Therefore, the Study Material may have discussion on certain provisions which, post issuance of Study Material, get excluded from the syllabus by way of Study Guidelines. Such provisions will, therefore, be not relevant from the examination point of view.

### **Know your Study Material**

This Study Material is relevant for May 2024 and November 2024 examinations. **It is based on the provisions of the Central Goods and Services Tax Act, 2017 and Integrated Goods and Services Act, 2017 as amended up to 30.04.2023.** The amendments made vide relevant Finance Acts, which have become effective till 30.04.2023, and significant notifications and circulars issued upto 30.04.2023

have been incorporated in this Study Material and are indicated in ***bold italics*** in the Study Material.

The significant notifications and circulars issued from 01.05.2023 to 31.10.2023 will be compiled as Statutory Update for May 2024 examination and web-hosted on the BoS Knowledge Portal. Similarly, significant notifications and circulars issued from 01.05.2023 to 30.04.2024 will be compiled and web-hosted as Statutory Update for November 2024 examination.

Further, the Finance Act, 2023 has come into force from 31.03.2023 after receiving the assent of the President of India. However, the amendments made in the CGST Act and IGST Act vide the Finance Act, 2023 have not become effective till 30.04.2023. Therefore, the applicability or otherwise of the amendments made by the Finance Act, 2023 for May 2024 and/or November 2024 examinations shall be announced by the ICAI only after the same become effective.

In the Study Material, the existing provisions<sup>1</sup> are compared with the provisions as amended by the Finance Act, 2023 at the end of each chapter, wherever relevant. Once the announcement for applicability of such amendments for examination(s) is made by the ICAI, students should read the amended provisions in place of the related provisions discussed in the Chapter.

Efforts have been made to present the complex law of GST in a lucid manner. Care has been taken to present the chapters in a logical sequence to facilitate easy understanding by the students. The Study Material has been divided into two modules for ease of handling by students. Module 1 covers Chapters 1-7 and Module 2 covers Chapters 8-15.

### Structure and Framework of the Chapters of the Study Material - Distinctive features

The various chapters/units of this subject have been structured uniformly and comprise of the following components/special features:

	Components of each Chapter	About the component
1.	Learning Outcomes	Learning outcomes which you need to demonstrate after learning each topic have been detailed in the first page of

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<sup>1</sup> Provisions existing as on 30.04.2023

		each chapter/unit. Demonstration of these learning outcomes will help you to achieve the desired level of technical competence
2.	<b>Chapter Overview</b>	As the name suggests, the flow chart/table/diagram given at the beginning of each chapter will give a broad outline of the contents covered in the chapter
3.	<b>Systematic flow of the content</b>	<p>The GST law has been explained by following a systematic approach of first extracting the statutory provisions followed by their analysis. Going through the <b>Statutory Provisions</b> will develop a legal aptitude in you which is a pre-requisite to study any law. The <b>Analysis</b> of the statutory provisions given thereafter will give you an idea as to how the law is interpreted to arrive at meaningful conclusions and find answers to problems. You should read statutory provisions and analysis conjointly to have a holistic and complete understanding of the provisions.</p> <p>The concepts and provisions of GST laws are explained in student-friendly manner with the aid of <b>examples/ illustrations/ diagrams/ flow charts</b>. Diagrams and flow charts will help you understand and retain the concept/provision learnt in a better manner. Examples and illustrations will help you understand the application of concepts/provisions. These value additions will, thus, help you develop conceptual clarity and get a good grasp of the topic.</p>
4.	<b>Let Us Recapitulate</b>	A <b>summary of the chapter</b> , in the form of tables/diagrams/flow charts, is given at the end of each chapter to help you revise what you have learnt. It will especially facilitate quick revision of the chapter the day before the examination. However, please note that such summaries are not a substitute for in-depth study. You should read the summaries only after you have finished reading the discussions in the chapter.
5.	<b>Test Your Knowledge</b>	This section comprises of variety of questions which will help you to apply what you have learnt in problem solving, and, thus, sharpen your application skills. In effect, it will test your understanding of concepts/ provisions as well as

		your ability to apply the concepts/provisions learnt in solving problems and addressing issues.
6.	<b>Answers</b>	After you work out the problems/questions given under the section "Test Your Knowledge", you can verify your answers with the answers given under this section. This way you can self-assess your level of understanding of the provisions or concepts of a chapter.
7.	<b>Crossword Puzzles</b>	The incorporation of gamification in learning enhances interactivity and engagement, leading to improved retention. Resultantly, in order to hone students' retention and thinking abilities, crossword puzzles have been integrated at the conclusion of each of the chapters.
8.	<b>Quizzes</b>	In order to foster gamified learning and bring dynamism within the chapters, (i) Multiple-Choice Question (MCQ) quizzes focusing on the substantial provisions of the law (Chapters 1 to 8) and (ii) Rapid-fire quizzes emphasizing the procedural aspects of the law (Chapters 9 to 15) have been incorporated. This ensures an engaging and dynamic learning experience for the students.

Students may make note of the following while reading the Study Material:

- ❑ For the sake of brevity, the " Goods and Services Tax", "Central Goods and Services Tax", "State Goods and Services Tax", "Union Territory Goods and Services Tax", "Integrated Goods and Services Tax", "Central Goods and Services Act, 2017", "Integrated Goods and Services Act, 2017" and "Union Territory Goods and Services Act, 2017", "Central Goods and Services Tax Rules, 2017" have been referred to as "GST", "CGST", "SGST", "UTGST", "IGST", "CGST Act", "IGST Act", "UTGST Act" and "CGST Rules" respectively in this Study Material.
- ❑ Unless otherwise specified, the section numbers and rules referred to in the chapters pertain to CGST Act and CGST Rules respectively (except Chapter 4: Place of Supply, where the section numbers and rule numbers pertain to IGST Act and IGST Rules).
- ❑ The examples/illustrations/crossword puzzles/MCQ and rapid-fire quizzes/questions and answers given under 'Test Your Knowledge' in various chapters are based on the position of GST law existing as on

30.04.2023. The reference to years/months subsequent to such date, if any, in the examples, illustrations, questions and answers is only for the purpose of explaining the concepts and provisions as the position of law may change subsequently.

Though all efforts have been taken in developing this Study Material, the possibilities of errors/omissions cannot be ruled out. You may bring such errors/omissions, if any, to our notice so that the necessary corrective action can be taken.

We hope that the new student-friendly features in the Study Material makes your learning process more enjoyable, enriches your knowledge and sharpens your application skills.

***Happy Reading and Best Wishes!***



# SYLLABUS

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## PAPER – 3 : TAXATION

*(One paper – Three hours – 100 Marks)*

### SECTION A: INCOME TAX LAW (50 MARKS)

#### Objective:

- (a) To develop an understanding of the provisions of income-tax law
- (b) To acquire the ability to apply such provisions to solve problems and address application-oriented issues.

#### Contents:

1. Basic Concepts
  - (i) Income-tax law: An introduction
  - (ii) Significant concepts in income-tax law, including person, assessee, previous year, assessment year, income, agricultural income
  - (iii) Basis of Charge
  - (iv) Procedure for computation of total income and tax payable in case of individuals
2. Residential status and scope of total income
  - (i) Residential status
  - (ii) Scope of total income
3. Heads of income and the provisions governing computation of income under different heads
  - (i) Salaries
  - (ii) Income from house property
  - (iii) Profits and gains of business or profession
  - (iv) Capital gains
  - (v) Income from other sources

4. Provisions relating to clubbing of income, set-off or carry forward and set-off of losses, deductions from gross total income
5. Advance Tax, Tax deduction at source and tax collection at source
6. Provisions for filing return of income and self-assessment
7. Computation of total income and income-tax payable by an individual under the alternative tax regimes under the Income-tax Act, 1961 to optimise tax liability

**Note:** If any new legislation(s) are enacted in place of an existing legislation(s), the syllabus will accordingly include the corresponding provisions of such new legislation(s) in the place of the existing legislation(s) with effect from the date to be notified by the Institute. Similarly, if any existing legislation(s) on income tax law ceases to be in force, the syllabus will accordingly exclude such legislation(s) with effect from the date to be notified by the Institute.

Further, the specific inclusions/exclusions in any topic covered in the syllabus will be effected by way of Study Guidelines every year, if required. Specific inclusions/exclusions in a topic may also arise due to additions/deletions made every year by the Annual Finance Act.

## SECTION B: GOODS AND SERVICES TAX (50 MARKS)

### Objective:

- (a) To develop an understanding of the provisions of goods and services tax law.
- (b) To acquire the ability to apply such provisions to address/solve issues in moderately complex scenarios.

### Contents:

1. GST Laws: An introduction including Constitutional aspects
2. Levy and collection of CGST and IGST
  - (i) Application of CGST/IGST law
  - (ii) Concept of supply including composite and mixed supplies
  - (iii) Charge of tax including reverse charge
  - (iv) Exemption from tax
  - (v) Composition levy

3. Basic concepts of:
  - (i) Classification
  - (ii) Place of supply
  - (iii) Time of supply
  - (iv) Value of supply
  - (v) Input tax credit
4. Computation of GST liability
5. Registration
6. Tax invoice; Credit and Debit Notes; Electronic way bill
7. Accounts and Records
8. Returns
9. Payment of tax

**Note** – If any new legislation(s) is enacted in place of an existing legislation(s), the syllabus will accordingly include the corresponding provisions of such new legislation(s) in place of the existing legislation(s) with effect from the date to be notified by the Institute. Similarly, if any existing legislation ceases to have effect, the syllabus will accordingly exclude such legislation with effect from the date to be notified by the Institute. Students shall not be examined with reference to any particular State GST Law.

Consequential/corresponding amendments made in the provisions of the Goods and Services Tax laws covered in the syllabus of this paper which arise out of the amendments made in the provisions not covered in the syllabus will not form part of the syllabus. Further, the specific inclusions/exclusions in the various topics covered in the syllabus will be effected every year by way of Study Guidelines. The specific inclusions/exclusions may also arise due to additions/ deletions every year by the annual Finance Act.

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