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B.Com Honours

Semester VI

Calicut University

INCOME TAX AND GST

Course Code: COM6CJ305 • Module 3 Notes

Module III: Introduction to Goods and Services Tax (GST)

Covers GST evolution, Dual GST framework (CGST, SGST, IGST), registration (Sec 24), supply taxable event (Sec 7), composite vs mixed supply, time & place of supply, and GST payment.

Unit 15: History, Relevance, & Dual GST Framework

GST: Destination-based consumption tax enacted via 101st Constitutional Amendment Act 2016. Subsumed Taxes: Central Excise, Service Tax, State VAT, Entry Tax. Dual Structure: CGST + SGST for Intra-State; IGST for Inter-State supplies.

Unit 16: Important GST Concepts & Definitions

Core Terms: Goods (Sec 2(52) - moveable property), Services (Sec 2(102) - anything other than goods), Person, Business, & Aggregate Turnover.

Unit 17: GST Registration & GSTIN Architecture

Threshold Limits: Goods = ₹40 Lakhs (₹20L for special category states); Services = ₹20 Lakhs (₹10L). Compulsory Registration (Sec 24): Inter-state suppliers, e-commerce operators, RCM recipients. GSTIN: 15-digit alphanumeric code (State Code + PAN + Entity No + Z + Check digit).

Unit 18: Levy, Collection, & Taxable Event (Supply)

Taxable Event: "Supply" of goods or services for consideration in course of business (Sec 7). Forward Charge vs Reverse Charge Mechanism (RCM - Sec 9(3)/9(4) where recipient pays tax).

Unit 19: Classification, Composite vs Mixed Supply, & Time of Supply

Composite Supply (Sec 2(30)): Two or more naturally bundled supplies in ordinary course of business (taxed at rate of Principal Supply).
Mixed Supply (Sec 2(74)): Two or more independent supplies bundled for single price (taxed at Highest Tax Rate). Time of Supply: Date of invoice or payment receipt, whichever is earlier (Sec 12/13).

Unit 20: Payment of GST, Rate Slabs, & Refunds

GST Slabs: 0%, 5%, 12%, 18%, 28%. Electronic Ledgers: Cash Ledger, Credit Ledger, Liability Ledger. GST Refund procedures for unutilized ITC on zero-rated export supplies.

Practical Case Framework 1 (Composite Supply vs Mixed Supply Classification Matrix): Compare bundling criteria, principal supply test, tax rate application, and transaction examples.

GST Supply Classification Table:

Supply Type	Bundling & Operational Characteristic	Tax Rate Application Rule
Composite Supply (Sec 2(30))	Naturally bundled (e.g. Laptop + Charger + Warranty)	Taxed at rate applicable to Principal Supply (Laptop rate)
Mixed Supply (Sec 2(74))	Artificially bundled gift box (Sweets + Chocolates + Juice)	Taxed at Highest Rate among bundled items (Chocolate 28%)

Practical Case Framework 2 (GST Registration Threshold & GSTIN Format Matrix): Detail supplier turnover limit, mandatory registration criteria, and 15-digit GSTIN breakdown.

GST Registration & Identifier Structure Table:

Category / Structure	Statutory Requirement / Format	Operational Rules
Turnover Threshold (Goods)	₹40 Lakhs Aggregate Turnover (Normal States)	Mandatory registration if turnover exceeds limit
Compulsory Registration (Sec 24)	Inter-state suppliers, RCM recipients, CTP/NRTP	Applies irrespective of aggregate turnover amount
GSTIN 15-Digit Breakdown	2 Digits State Code + 10 Digits PAN + 1 Entity + 1 Z + 1 Check	Unique state-wise legal identity number