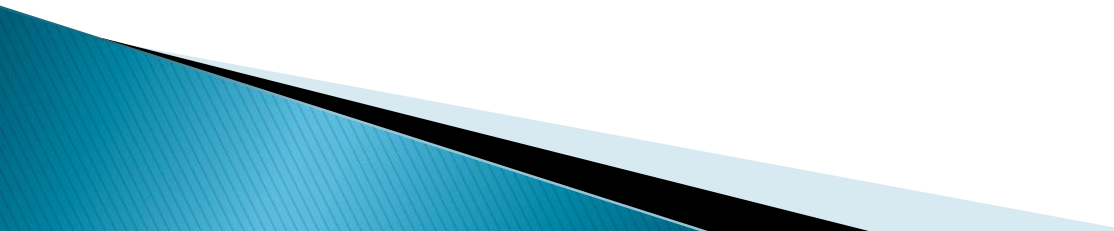
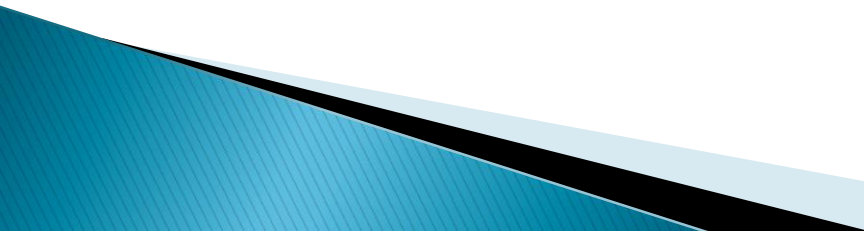


Specific issues under Stock transfer:

- ▶ Stock Transfer,
 - ▶ Consignment Sale,
 - ▶ Inter unit transaction (Separate and Centralized Registration within State),
 - ▶ Job wok,
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Stock Transfer

- ▶ Stock transfer of goods between two states would be liable to IGST.
- ▶ Stock transfer of goods between two business verticals in the same state where separate registration has been taken for each business vertical would be liable to CGST/ SGST
- ▶ Accordingly all transactions qualifying as a supply would be subjected to either levy of CGST/SGST or IGST depending upon whether it is intra state or interstate.
- ▶ Since the registration under GST is based on PAN and there is also state wise registration the stock transfer made from one registration of the taxable person to another registration will be intra state (where the registration is business vertical wise) and interstate in all the cases.

- ▶ As per Rule 3(5) of the GST Valuation Rules when goods are stock transferred from one place to another of the same business the value of such supplies shall be transaction value.
 - ▶ Stock transfer within the state between the distinct persons is not liable to GST.
 - ▶ If the taxable person is transferring any goods or services from one branch to another branch in the same state having the same GST registration Number then the taxable person is not required and will not be liable to pay GST on such transactions.
 - ▶ If the tax payer has different business verticals in one state it is not mandatory that he should obtain separate registration for each vertical in the state.
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Consignment Sales

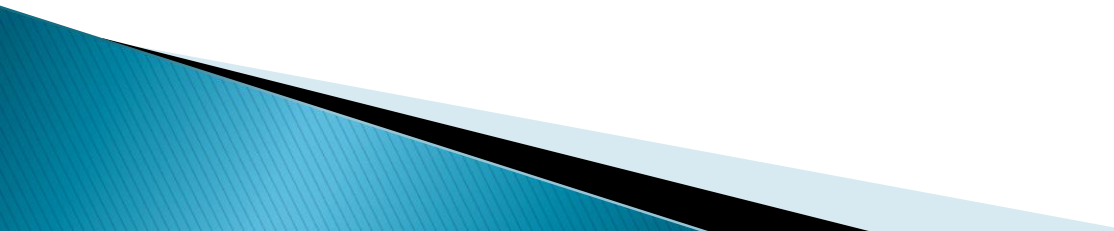
- ▶ The matters to be treated as supply even if made without consideration in terms of clause (c) of sub section (1) of section 3 of Model GST law 2016 includes supply of goods (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal, or by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- ▶ Therefore where goods are transferred from one place of business to another place of the same business or from the principal to an agent or from an agent to the principal, whether or not situated in the same State, the value of such supply shall be the transaction value.
- ▶ Where an agent supplies or receives any taxable goods on behalf of his principal, such agent and his principal shall be jointly and severally liable to pay the tax payable on such goods under the Act.

Inter unit transaction (Separate and Centralized Registration within State),

- ▶ If the taxable person is transferring any goods or services from one branch to another branch in the same state having the same GST registration Number then the taxable person is not required and will not be liable to pay GST on such transactions. They have to redesign business procurement models accordingly
- ▶ It is pertinent to discern that a person who has obtained registration in more than one state or more than one registration in a single state shall be treated as *distinct persons*

Job work

- ▶ Goods sent by a taxable person to a Job Worker will be treated as supply and liable to GST only if, the conditions specified in section 55 of the Revised Model GST Law are not met.
- ▶ The condition of section 55(1) with respect to receiving back the inputs, after completion of job work or otherwise and/or and capital goods within the stipulated period of 1 year and 3 year respectively of their being sent,
- ▶ In case the inputs are sent directly to the job-worker, the date shall be counted from the date of receipt of inputs by job-worker.
- ▶ Further, if such inputs are not received back within a period of one year then it shall be deemed that the inputs has been supplied by principal to the job worker on the day when the said inputs were sent out.

- ▶ ITC can be taken in respect of moulds & dies, jigs & fixtures, or tools sent to a Job Worker as there is no time limit prescribed to receive back such goods from job worker.
 - ▶ The job worker can sell directly any waste and scrap generated during the job work and job worker shall discharge the tax if job worker is registered otherwise principal has to discharge the tax liability.
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THANKS

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