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Applicability of GST on Deposit or advance money for future supply of services.?

As per proviso to Section 2(31) of CGST Act, 2017, containing the definition of 'consideration', it is stated that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as "consideration" for the said supply.

Further, refundable deposits will not be considered as consideration for supply of goods and services. Thus, no GST is leviable.

However, difference between deposits and advance needs to be understood as per commercial contract between the parties while understanding the concept of consideration as both are initial payments for future supplies. If deposit is taken as advance for future supply of services, then, GST has to be computed on said amount.

Note: No GST is payable by registered persons (other than composition supplier) on advance received on outward supply of goods w.e.f. 15.11.2017 - Notification No. 66/2017- Central Tax dated 15.11.2017 (superseding Notification No. 40/2017)

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