

Ashit Shah

1 GST on liquidated damages Facts of the matter Applicant is entering into contracts with a host of vendors/suppliers for extraction of coal. The applicant is also recovering liquidated damages for lapses on the part of supplier of service. The applicant is desirous of ascertaining whether such liquidated damages/penalties constitute consideration exigible to tax under the scheme of GST and whether liquidated damages/ penalties received by the applicant can be said to be for any 'supply' under the Central Goods and Services Act, 2017, thereby attracting the levy of 'GST' or should be treated as price adjustment to the main supply? Observation by Authority When the parties to a contract specify the time for its performance, it is expected that either party will.....