



No. DC-1(A&R/GST/MISC/2022/29/ADM-8 Mumbai, Date: 17/11/2022 Trade Circular No. 15T of 2022 Subject: GST applicability on liquidated damages, compensation and penalty arising out of breach of contract or other provisions of law-reg. Ref: CBIC Circular No.178/10/2022-GST, dated. 3rd August, 2022. In certain cases / instances, questions have been raised regarding the ambit of an activity or transaction as the supply of service of agreeing to the obligation to refrain from an act or to tolerate an act or a situation, or to do an act. The clarification is sought about the applicability of GST on payments in the nature of liquidated damage, compensation, penalty, cancellation charges, late payment surcharge, etc. arising out of