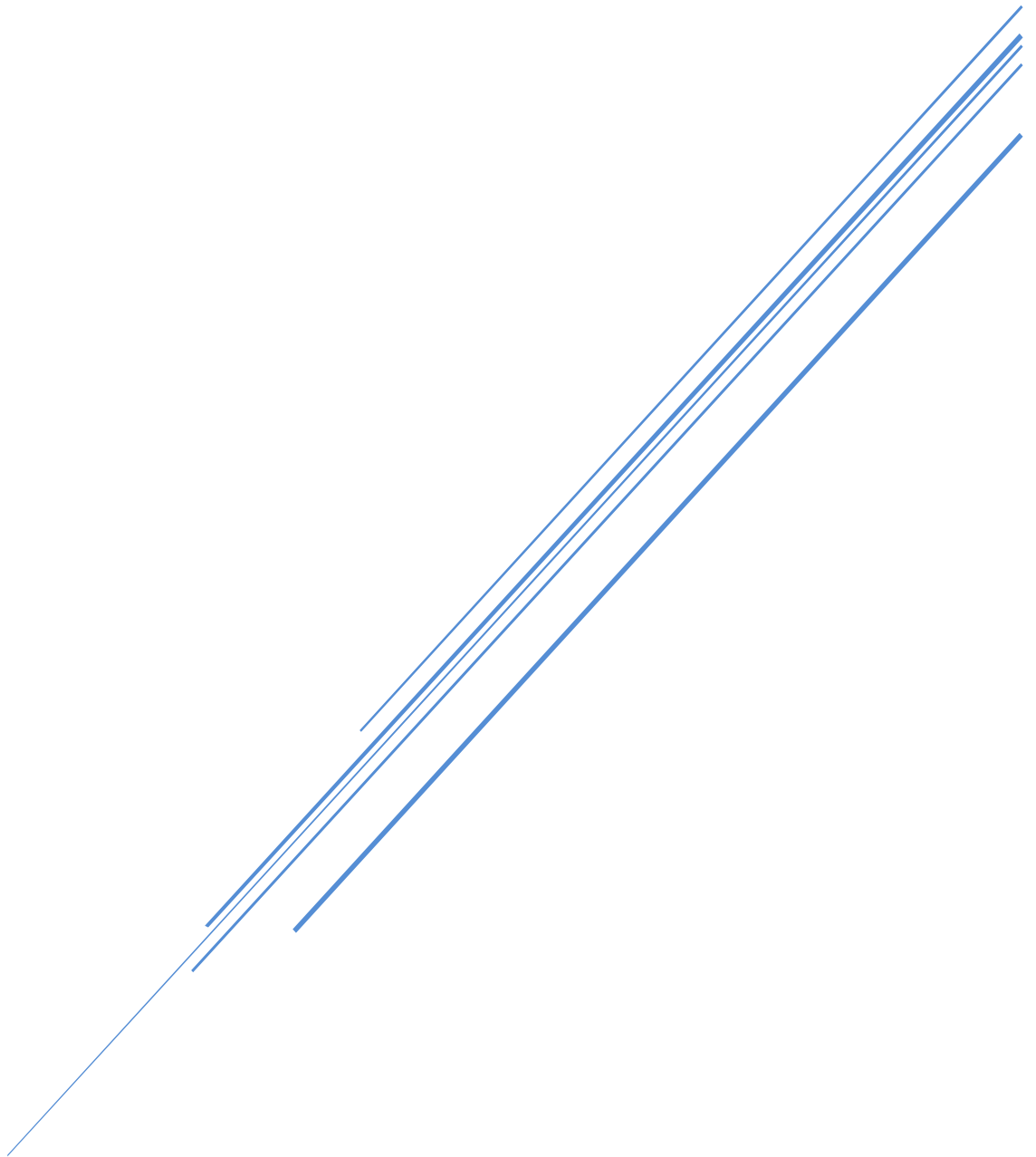


GOODS AND SERVICES TAX

Ready Reckoner



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2 INTRODUCTION TO GST

GST is a transformational tax reform in our country since independence. All the existing indirect taxes being currently levied by Central and State Governments will be subsumed under GST. GST can be termed as “One Tax, One Nation and One Market”. GST is a highly compliance driven law.

2.1 EVOLUTION OF GST

GST is already adopted in 165 countries and India joins the club as 166th country. The journey of GST started in the year 2003. The critical millstones are as below

- 14th June 2016 - Draft Model GST Law on public domain
- 3rd Aug - Rajya Sabha passes the Bill
- 8th Aug - Lok Sabha passes the Bill
- 8th Sept - President Ascent
- 12th Sept - Cabinet Approval to form GST Council
- 16th Sept - Govt. notifies GST Council
- 22nd /23rd Sept - First Council Meeting
- 26th Sept - Draft Rules on public Domain - Reg. Pymt. & Tax Invoice
- 27th Sept - Draft Return Rules & Return Formats

2.2 WHAT'S NEXT?

- Finalization of GST Rates
- Finalization of GST law
- Finalization of GST Rules

2.3 WHY DOES INTRODUCTION OF GST REQUIRE A CONSTITUTIONAL AMENDMENT?

2.3.1 WHY CONSTITUTIONAL 122ND AMENDMENT BILL:

The Central Government has introduced Constitutional Amendment Bill 122 for Goods & Services Tax (GST) in the Lok Sabha on 19.12.2014. The Bill will come into effect after it is passed by both the houses in the parliament i.e. Lok Sabha & Rajya Sabha. To introduce GST, States also will be required to bring in appropriate legislations. The amendments proposed in the Bill are for the purpose of conferring powers both to the Parliament and State legislatures to make laws for levying GST on supply of Goods and Services on the same transaction. The Government intends to introduce GST w.e.f 01-04-2017.

2.3.2 WHAT IS CONSTITUTIONAL 101 AMENDMENT ACT, 2016:

The Constitution 101st Amendment Act has received presidential assent on 8th September 2016. This act paves the way for introduction of Goods & Services Tax (GST) by making Special provision with respect to goods and services tax.

Important Provisions:

- Introduced new Article 246A
- Introduced Article 269A
- Introduced Article 279A

2.3.3 OTHER IMPORTANT AMENDMENTS IN EXISTING ARTICLES:

Important Provisions Article 264 & 293 are related to the financial relations between the Union and the State Governments. Since, the state Governments have their interests in GST, the implementation of GST cannot take place without amendment of the Indian Constitution. For this purpose, Constitution (101st Amendment) Bill, 2016 has been passed. This amendment has made the following changes:

2.3.4 INTRODUCED NEW ARTICLE 246A:

This articles provides that both parliament and state legislatures shall have concurrent powers to make laws with respect to goods and services tax (GST). The Parliament will retain exclusive power to legislate on inter-state trade or commerce.

2.3.5 INTRODUCED ARTICLE 269A:

In case of the inter-state trade, the tax will be levied and collected by the Government of India and shared between the Union and States as per recommendation of the GST Council.

2.3.6 INTRODUCED ARTICLE 279A:

This article provides for constitution of a GST council by president within sixty days from this act coming into force.

2.4 OTHER IMPORTANT AMENDMENTS IN EXISTING ARTICLES:

The residuary power of legislation of Parliament vi article 248 is now subject to article 246A.

Article 249 has been changed so that if 2/3rd majority resolution is passed by Rajya Sabha, the Parliament will have powers to make necessary laws with respect to GST in national interest.

Article 250 has been amended so that parliament will have powers to make laws related to GST during emergency period.

Article 268 has been amended so that excise duty on medicinal and toilet preparation will be omitted from the state list and will be subsumed in GST.

Article 268A has been repealed so now service tax is subsumed in GST.

Article 269 would empower the parliament to make GST related laws for inter-state trade / commerce.

2.4.1 WHAT IS THE IMPORTANCE OF THIS AMENDMENT?

Currently all the levies charged by the state was appropriated by the state. The CST though it is a central taxation, it was administered, i.e., collected and retained by the state, where the CST charges were initiated.

Other central taxation are appropriated between the centre and the state. The devolution of the monies. As per last finance commission, 42% of the taxes collected by central was devolved back to states. Currently the states have three types of taxes in their kitty, the CST, The local taxes and part of taxes collected by the Central govt. which has been devolved to the states.

Cess is something that is collected by the union and retained by the union and not shared by the states. Cess is an instrument that the central often used to auger revenue for specific purpose.

GST council has the power to subsume cess under GST.

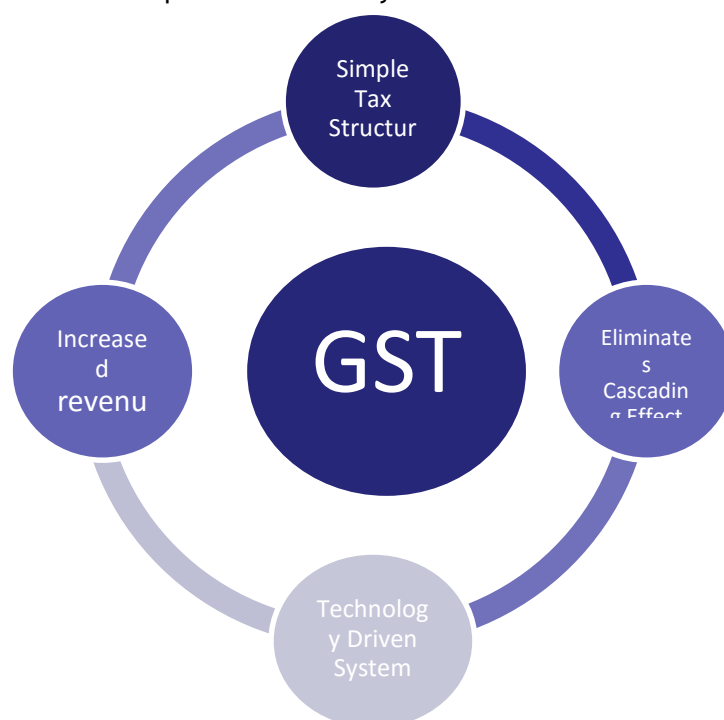
3 WHAT IS GST?

GST stands for Goods and Services Tax which is concurrent levy of taxes on “Supply” of goods and services. GST in India will be dual system, where the Central and State together will levy tax on supply of goods and / or services, within the State (Intra-State) and Inter-State.

3.1 WHY GST?

The current indirect tax system with multiplicity of taxes (Central Levy:-excise duty, Service Tax, Various Cess and State Levies:- VAT, Entry Tax, Octroi, Luxury Tax, Entertainment taxes, Purchase Tax etc.) - at different rates - at multiple points (at the time of manufacture, trade, rendering services etc.). This has led to several inefficiencies and limitation. One of the major limitation is the cascading effect of tax. Under the current regime, Excise charged by the manufacturer on billing to a Dealer, the credit of input cannot be claimed by a dealer, and thus forming part of cost to dealer which leads to cascading of tax.

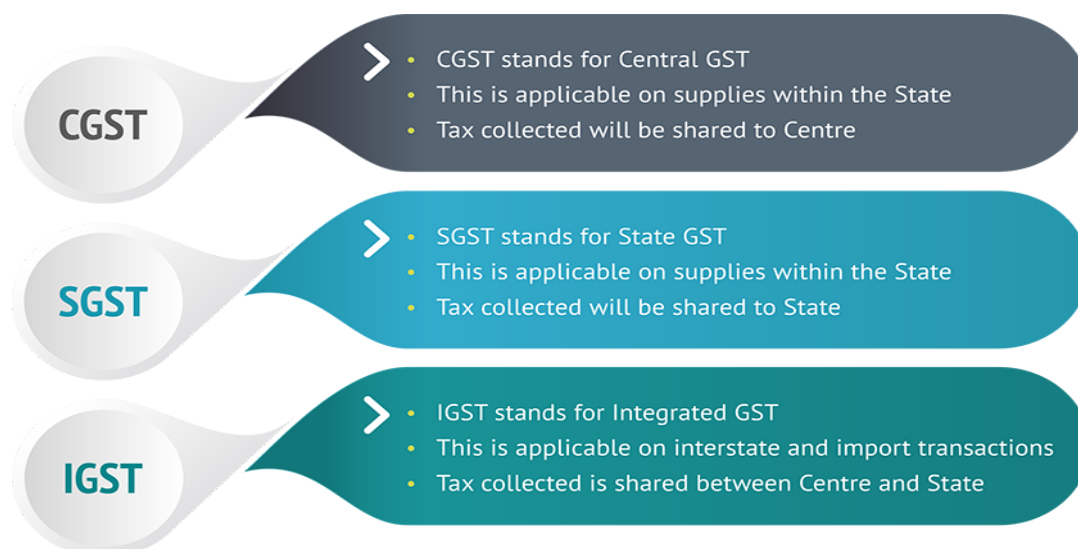
Under GST the credit utilization will be available across the supply chain till it reaches the end consumer. Secondly, tax on tax is eliminated. Example:- Under the current tax regime, VAT is charged on the assessable value plus on Excise duty.



- a. **Simpler tax structure:** As multiple taxes on a goods or service are eliminated and a single tax comes into place, the tax structure is expected to be much simpler and easier to understand and administer.
- b. **Eliminates cascading effect of taxes:** One of the key feature of GST is seamless availability of Input credit set-off mechanism. This helps in eliminating the cascading effect and benefit is passed on to consumer.
- c. **Increased Revenue:** A simpler tax structure can bring about greater compliance, thus increasing the number of tax payers and in turn tax revenues for the Government
- d. **Technology Driven System:** GST compliance is going to be transaction based and with cross matching concept, where, outward supply and inward supply will be matched to determine the net tax liability for a given dealer. Millions of dealers and Billions of transaction need to be processed and 'Technology' will play a pivotal role in the successful implementation and administration of compliance.

3.2 STRUCTURE OF GST

GST is a dual concept tax system. Under this system, tax is administered, collected and shared by both Centre and states based on the nature of transaction (Within State or interstate).The tax components of GST are:

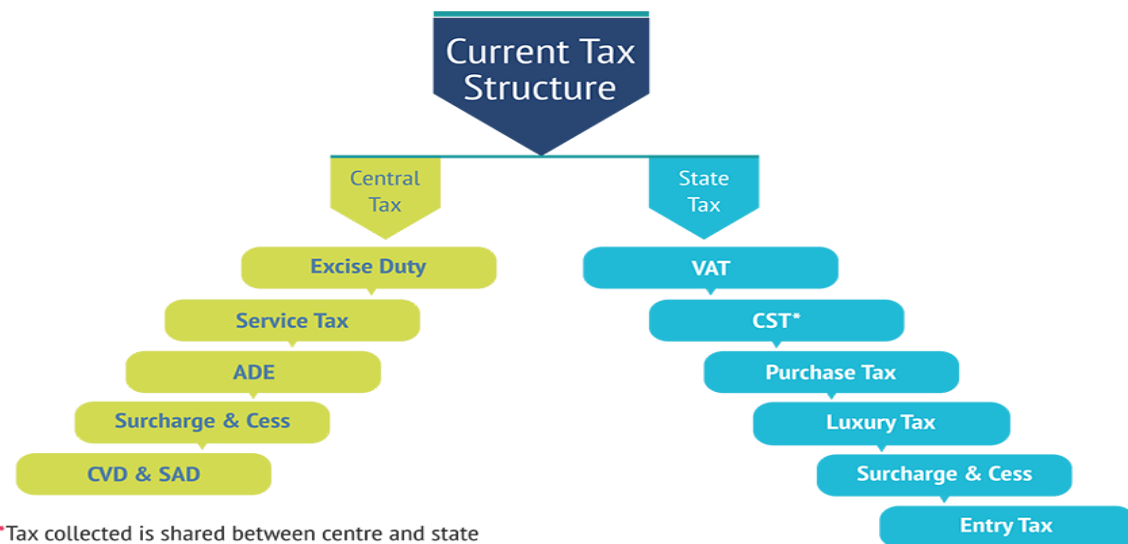


3.2.1 WHY IS DUAL GST REQUIRED?

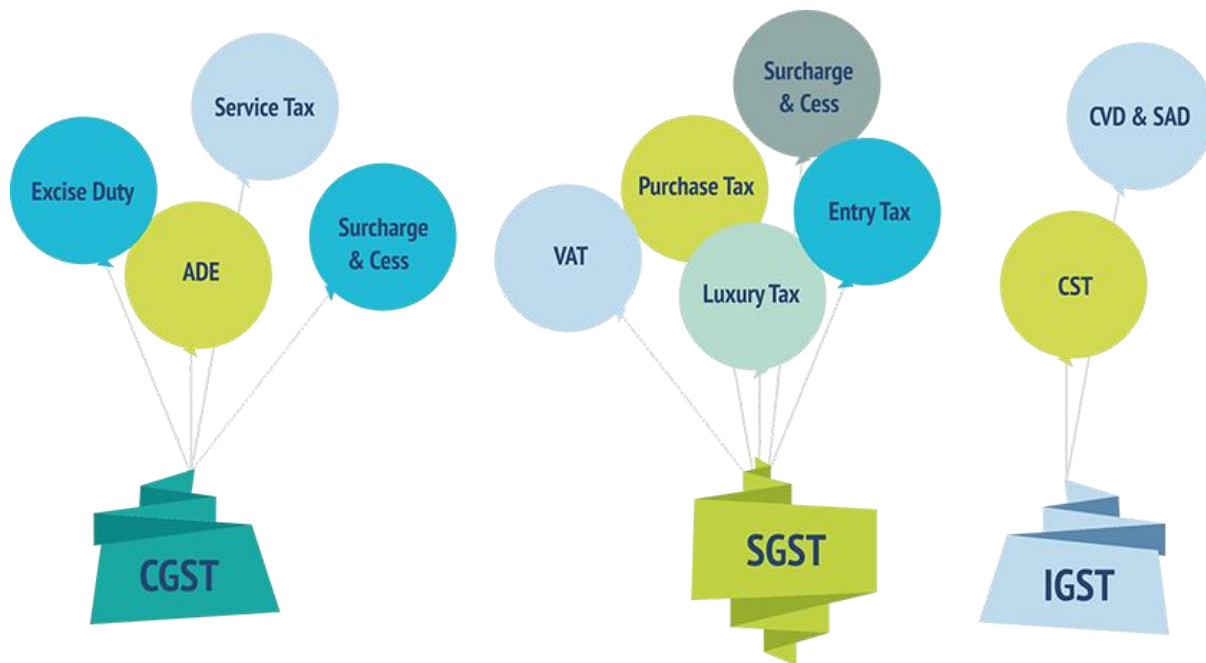
India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the Constitutional requirement of fiscal federalism.

While we now know the tax components of GST, it is equally important for you to know the taxes existing in current regime and how this are subsumed under GST

3.2.2 CURRENT INDIRECT TAX STRUCTURE



3.2.3 TAXES SUBSUMED UNDER GST



3.3 HIGHLIGHTS OF GST

- **Common threshold limit across the country:** GST-ensures a common threshold limit, irrespective of whether your manufacturer or dealer, either dealing in goods and/ or services. Under current regime different indirect taxes have varying threshold limits. Example, the threshold limit for excise is 1.5 crore, service tax Rs.10 Lakhs and under Vat the threshold limit ranges from Rs.5 lakhs to 20 lakhs which are state specific.
- **Continuity of tax credit across the supply chain till it reaches the consumer:** GST aims at providing seamless flow of tax-credits throughout the value-chain, and across boundaries of States. This is one of the fundamental features of GST.
- **Elimination of tax cascading effect in the supply chain:** with the availability of seamless flow of input tax credit throughout the supply chain would ensure the elimination of cascading of taxes.
- **Pan Based Registration:** The registration of business will be PAN Based. In arriving the aggregate turnover, all the business verticals operating across the country with same PAN will be considered.
- **Point of taxation will be 'Supply':** Unlike the current indirect tax system, each tax system has different taxable events like Excise duty on removal of goods, Vat on sales etc., supply is the single taxable event to discharge the duty liability.
- **Valuation method broadly as 'Transaction Value':** Transaction value is the sole valuation method applied in determining the value of taxable supply. Transaction value is the actual price paid or payable for the supply of goods/services.

- **Branch transfers taxable and credit eligibility:** Branch transfers will be treated as taxable supply and requisite levy needs to be charged on such a supply. However, such levy is fully allowed as Input credit.
- **Tax Credit on Interstate Inward supply of goods:** under the current regime the tax on Interstate purchase forms part of cost of goods. Under GST, Input tax credit is available on interstate inward supply of goods and / or services.

3.4 HOW DOES GST ELIMINATE TAX ON TAX?

In the current regime of indirect tax system, the chain of input credit, at a certain point, is broken. Let's say Central Sales Tax (CST) applicable on interstate trade is non-creditable, leading to a break in the input credit chain. Similarly, a manufacturer charging excise duty on sale to a dealer causes the chain to break. This leads to taxes forming a part of the product cost.

GST allows for seamless flow of tax credit, and eliminates the cascading effect of all indirect taxes in the supply chain from manufacturers to retailers, and across state borders.

Let us examine this with an example of car as a product with overall rate of tax being considered same under existing and under GST regime - to illustrate elimination of tax on tax

Current Tax Structure

Example of Car:	Existing
Cost of Manufactures	4,00,000
Excise + Infrastructure cess @ 10 %	40,000
Vat 12%	52,800
Dealer Invoice	4,92,800
Dealer Cost (4,00,000 + 52,000)	4,40,000
Margin @ 10 %	44,000
Sale Price for dealer	4,84,000
Vat 12 %	58,080
Price to customer	5,42,080
Dealers Tax Liability	
Net VAT / GST after set-off	5,280

Here, the Dealer Cost is Rs.4,40,000/-, including excise duty and infrastructure cess of Rs.40,000/-. The law does not permit excise duty and cess paid on purchases to be set off against the dealer's liability, adding to the overall cost. Rs. 40,000 is included while determining the sale price (10% margin is added), and taxed once again when the sale is affected. This results in tax cascading down to the end customer, and an increase in the cost of the car.

GST Structure

Example of Car:	GST
Cost of Manufactures	4,00,000
CGST@11%	44,000
SGST@11%	44,000
Dealer Invoice	4,88,000
Dealer Cost	4,00,000
Margin @ 10 %	40,000
Sale Price for dealer	4,40,000
CGST@11%	48,400
SGST@11%	48,400
Price to customer	5,36,800
Tax liability	
GST after Set off	8,800

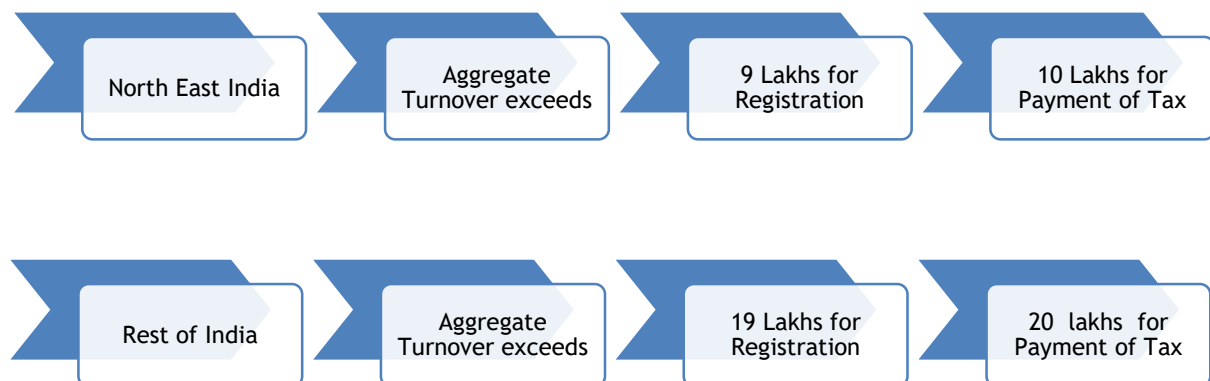
Saving to Consumer	Amount	Percentage
	5,280	1%

Savings of 5,280 catching your eyes! Isn't it? Let's us examine this.

If you observe closely, in the example, the taxes paid by dealer (CGST + SGST) to manufacturer is not added to cost. This is because GST allows the dealer to set off the tax liability of CGST+SGST. This is one of the fundamental features of GST, which allows seamless credit from manufacturer to dealer, and eliminates the cascading effect.

3.5 REGISTRATION

3.5.1 THRESHOLD LIMIT



This means that the day a dealer crosses Rs 10 lakh / Rs 20 lakh turnover, he is registered and needs to start charging GST and is eligible to claim input tax credit. All existing dealers registered with any of the current laws (VAT/Excise/ST) will also be required to be registered under GST by default.

The turnover considered here is aggregate pan-India turnover of a business entity and not state-wise. Turnover (Aggregate) includes value of

1. Taxable Supplies
2. Non-Taxable Supplies
3. Exempt Supplies
4. Zero Rate Supplies
5. Export supplies
6. Less: value of supplies on which tax is levied on reverse charge basis & the value of inward supplies.

Example

Let us take an example to illustrate liability of business to register under GST

Super Cars Ltd. is a car manufacturing unit in Karnataka. And also they own 'Super Cars Service Ltd 'a service unit located in Karnataka and Delhi. Additional details are furnished below

Business Unit	Location	PAN Number	Turnover in Rs
Super Cars Ltd.	Karnataka	AEHCS3476M	78 cores
Super Cars Service Ltd.	Karnataka	AEHCS3476M	80 Lakhs
Super Cars Service Ltd.	Delhi	AEHCS3476M	65 lakhs

As per the example,

- All 3 units are registered under same PAN 'AEHCS3476M
- In arriving the aggregate turnover, the turnover of all the 3 units (Super Cars Ltd. and Super cars Service Ltd. located in Karnataka and Delhi) will be considered.
- Therefore, the aggregate turnover will be Rs 79.45 Cr. (Super Cars Ltd. Rs 78 Cr. + Super cars services Ltd. of Karnataka Rs 80 lakhs + Super cars services Ltd. of Delhi Rs 65 lakhs) and are required register under GST.

3.5.2 MANDATORY REGISTRATION

The following category of suppliers will be mandatorily required to be registered irrespective of turnover:

- Taxable person carrying on interstate supply
- Casual and non-resident taxable persons
- Businesses liable to pay tax under reverse charge
- Agents supplying on behalf of taxable person
- Input service distributor
- Sellers on ecommerce platforms
- Aggregator supplying services under his brand name (Ecommerce Companies)
- Persons responsible to deduct TDS(Government Departments)

Registration will be 15-digit PAN based GSTIN with following structure.

State Code		PAN										Entity Code	Blank	Check Digit
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

The entity code will be applicable for taxpayers having multiple business verticals within the state.

3.6 REGISTRATION FORMS AND PROCESS

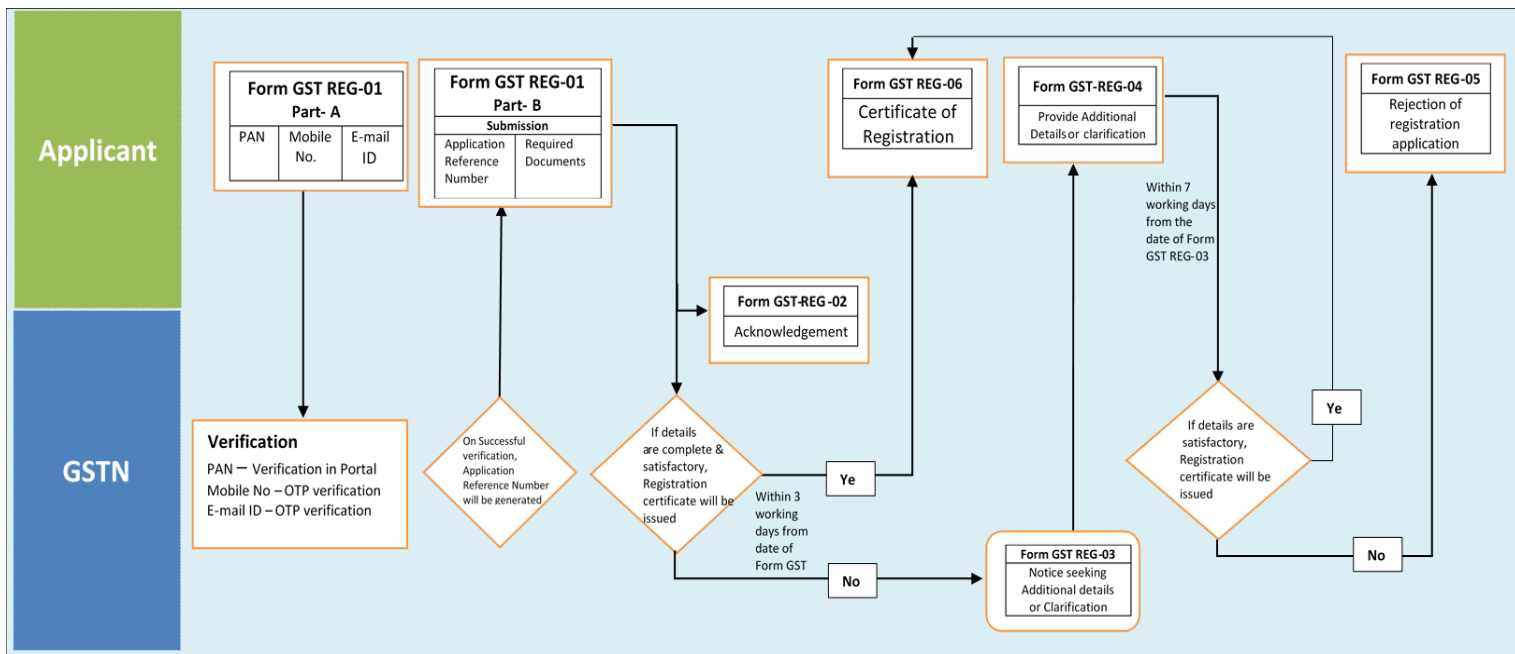
3.6.1 NEW REGISTRATION

Regular and Composite Dealer

If you are a regular dealer or a composite tax payer, you need to do the following:

1. Fill **Part-A** of **Form GST REG-01**. Provide your PAN number, mobile number, and e-mail ID, and submit the form.
2. The PAN number verified on the Portal. Mobile number, and e-mail ID are verified with a one-time OTP.
3. You will receive an *application reference number* on your mobile and via e-mail.
4. Fill **Part- B** of **Form GST REG-01** and specify the application reference number you received. Attach other required documents and submit the form.
5. If additional information is required, **Form GST REG-03** will be issued to you. You need to respond in **Form GST REG-04** with required information within 7 working days from the date of receipt of **Form GST REG-03**.

6. If you have provided all required information via **Form GST REG-01** or **Form GST REG-04**, a certificate of registration in **Form GST REG-06** will be issued within 3 days from date of receipt of **Form GST REG-01** or **Form GST REG-04**.
7. If the details submitted are not satisfactory, the registration application is rejected using **Form GST REG-05**.

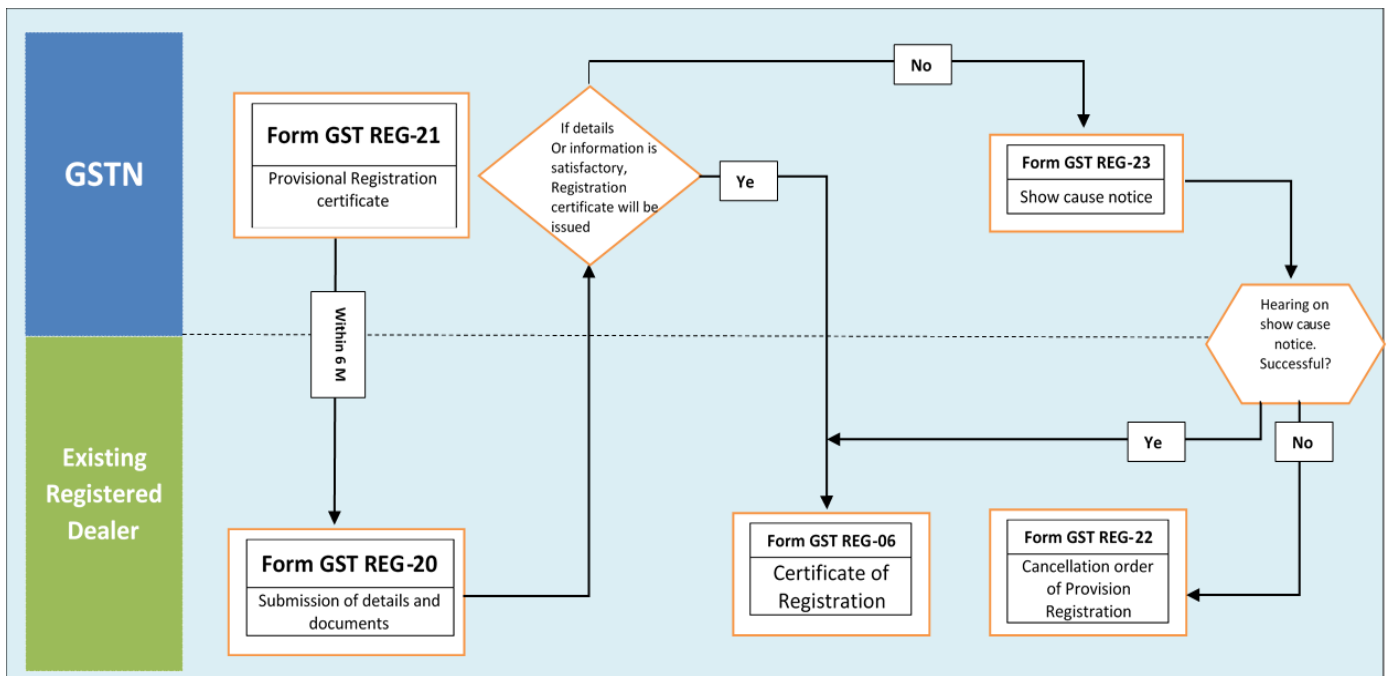


Registration Forms for Other Stake Holders

Form No.	Form Type
Form GST REG-07	Application for Registration as Tax Deductor or Tax Collector at Source
Form GST REG-08	Order of Cancellation of Application for Registration as Tax Deductor or Tax Collector at Source
Form GST REG-09	Application for Allotment of Unique ID to UN Bodies/Embassies
Form GST REG-10	Application for Registration for Non Resident Taxable Person

3.6.2 REGISTRATION FORMS FOR DEALERS REGISTERED UNDER EXISTING CENTRAL AND STATE TAX

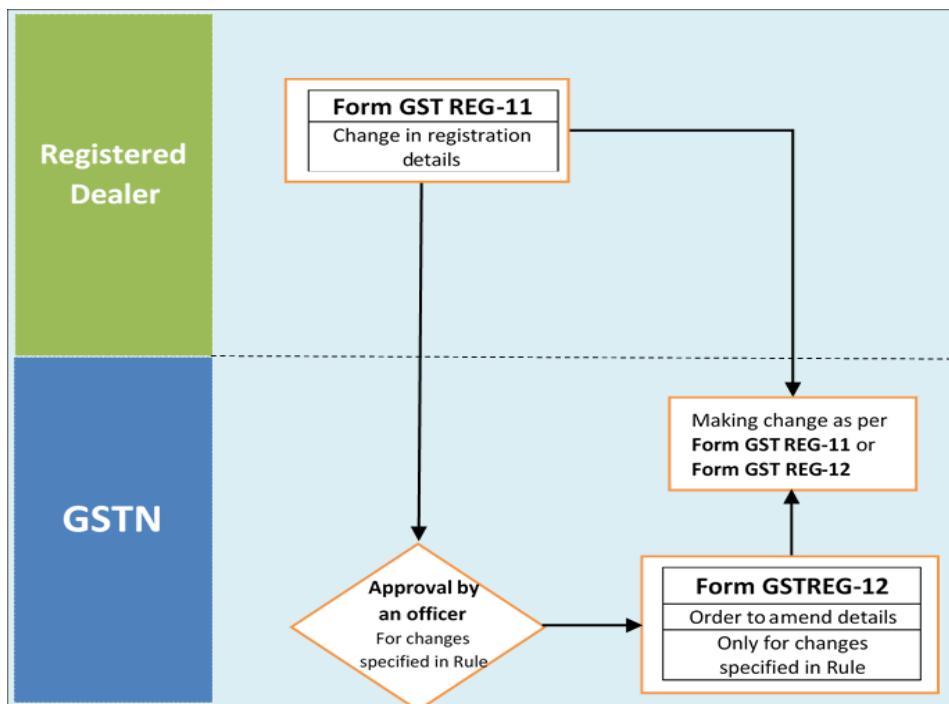
- All dealers registered with central or state tax authorities will be auto-migrated and allotted with a provisional certificate of registration in **Form GST REG-21**.
- Within 6 months, dealers are required to submit **Form GST REG-20** in the **GST Portal** along with information and documents as prescribed.
- If the information provided is complete and satisfactory, final registration certificate will be issued in **Form GST REG-06**.
- If the details submitted are not satisfactory, a show cause notice will be issued in **Form GST REG-23**, and there will be a hearing before cancelling the provisional registration. If the show cause hearing is not successful, or if the details are not provided within the stipulated period, the provisional registration allotted in **Form GST REG-21** will be cancelled by issuing an order in **Form GST REG-22**.



During transition, if taxable person is not required to registered under GST but was previously registered (Central and State law) has an option to cancel provisional registration issued by submitting the **Form GST REG-24**

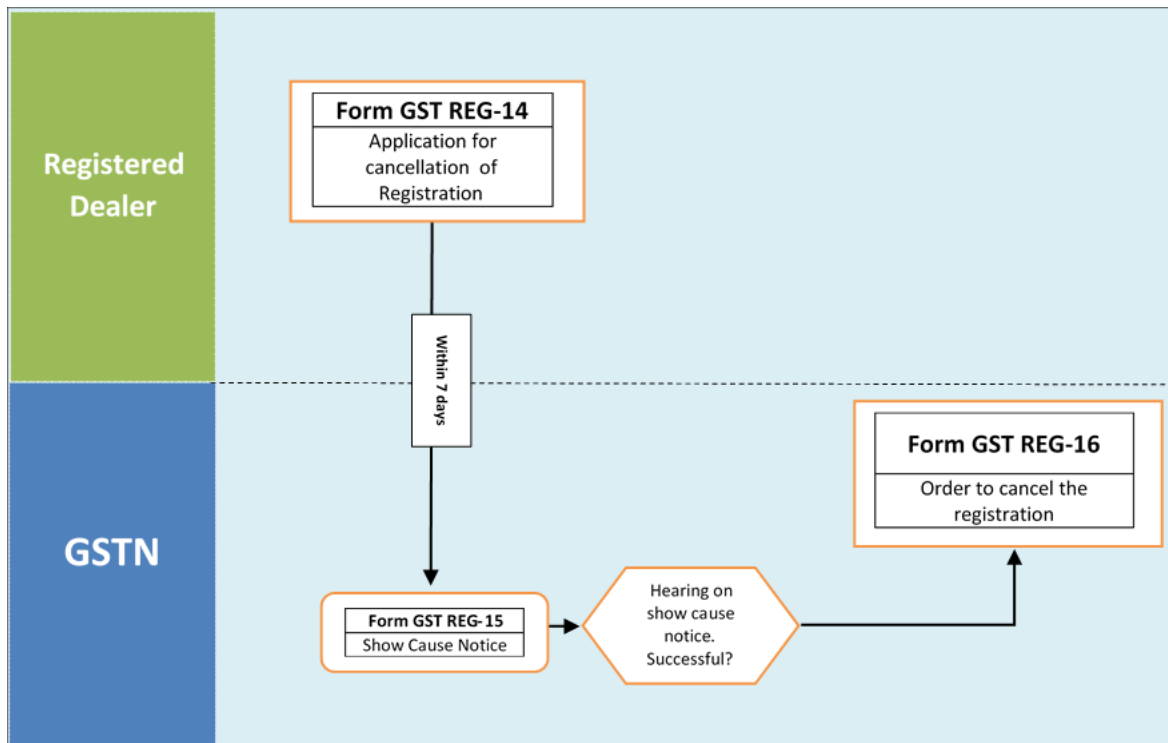
3.6.3 PROCESS FOR AMENDING THE REGISTRATION DETAILS

- Any change in details furnished at the time of registration must be submitted within 15 days from the date of such changes in **Form GST REG-11**.
- Changes relating to the name of the business, partner details, managing committee, and so on, required approval from officer. After verification, approval order is sent in Form GST REG-12.
- Changes in business details that result in change of PAN number of the registered tax payer, require a fresh registration in **Form GST REG-01**.



3.6.4 APPLYING FOR CANCELLATION OF REGISTRATION

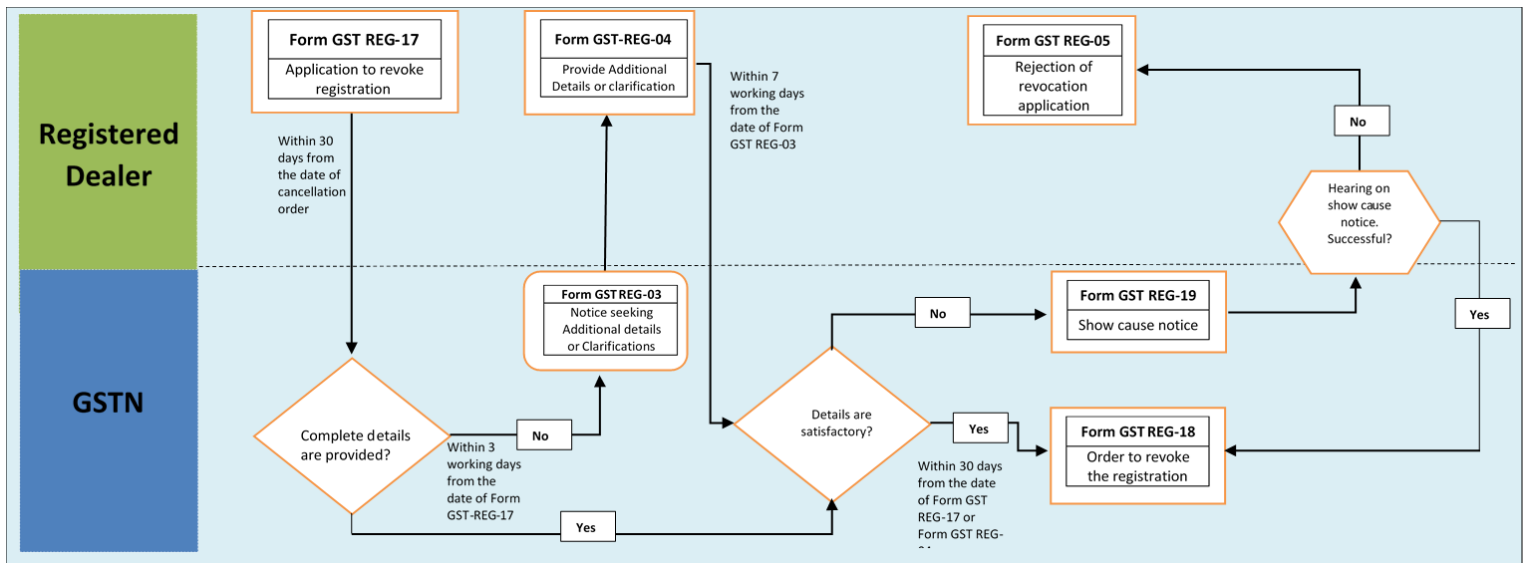
- A registered taxable person seeking cancellation of registration, should submit **Form GST REG-14** along with details of closing stock and other relevant documents.
- Within 7 days, a notice in **Form GST REG-15** is issued to the taxable person to show cause with reason for such cancellation.
- After verification and approval by an officer, cancellation order in **Form GST REG-16** is issued within 30 days from the date of receipt of **Form GST REG-15** or date of show cause



The taxable person who has opted for voluntary registration will be allowed to apply for cancellation only after completion of 1 year of registration. An officer determines the effective date of cancellation after directing the taxable person to clear any tax arrears and penalty if any.

3.6.5 REVOKING A CANCELLED REGISTRATION

- In case the registration is cancelled by an officer, a taxable person can apply for revocation by submitting **Form GST REG-17** within 30 days from date of cancellation order.
- If the officer requires additional details or clarification, **Form GST REG-3** is issued within 3 working days.
- The taxable person then needs to respond by providing requisite details in **Form GST REG-4** (within 7 working days).
- If the officer is satisfied, the cancellation is revoked by issuing an order in **Form GST REG-18** within 30 days from date of such application.
- If the officer is not satisfied, the revocation application is rejected in **Form GST REG-5**. Prior to this rejection, the taxable person will be issued a show cause notice in **Form GST REG-19** and hearing.



4 COMPOSITION LEVY

4.1 UNDERSTANDING COMPOSITION SCHEME UNDER EXISTING STATE TAX

Considering the compliance complexity for small dealers, the current state indirect tax regime has provided a simpler compliance for their business called 'composition scheme'. Under this scheme,

- You are required to pay tax at certain percentage of turnover.
- You need not maintain the detailed records and documents nor required to follow the rules and procedure of issuing tax invoice, maintaining stock, filing of invoice-wise sales & purchase etc.
- You only need to file periodic return usually on quarterly basis.
- ITC will not allowed
- Not allowed to collect tax on sales.

Thus for small business, it is simpler to calculate tax liability and save lot of time and energy involved in maintaining the detailed records.

Let us understand how composition scheme is different from regular with an example

Composite Dealer		Regular Dealer	
Under Composition Scheme		As a Regular Dealer	
Purchase	25,000	Purchase	25,000
Vat @ 5%	1,250	Vat @ 5%	1,250
Dealer Cost	Rs 26,250	Dealer Cost	Rs 25,000
Margin	2,625	Margin	2,500
Sales Price	Rs 28,875	Sales Price	Rs 27,500
Vat	0	Vat @ 5%	1,375
Customer Price	Rs 28,875	Customer Price	Rs 28,875
Tax payable @ 1% on Turnover (Rs 28,875)	Rs 289	Tax payable	
		Output vat 1,375	
		Input vat -1,250	Rs 125

ITC will be not allowed to Composition Dealer. As result, it is added to cost

Not allowed to collect tax

Payment of tax on fixed percentage on turnover

ITC will be allowed. As result, it is not added to cost.

Allowed to collect tax and Issue Tax Invoice

After utilizing the ITC, the remaining is the tax liability.

In GST also, similar benefit is being extended to small dealers, who can opt for their compliance under composition scheme. In GST, this is referred as 'Composition Levy' and the registered taxable person who is allowed pay tax at certain percentage of turnover during the year is called as Composition Tax payer.

Threshold Limit

- **NE Including Sikkim** - Aggregate turnover of the person having same PAN of above 10 lakhs* during the financial year but does not exceed 50 lakhs
- **Rest of India** - Aggregate turnover of the person having same PAN above 20 lakhs * during the financial year but does not exceed 50 lakhs

Rate of levy

- Rate of levy is yet to be notified
- Rate of levy will not be less than 1%

Apart from the threshold limit, the following other conditions are also critical in determining the eligibility for composition levy.

4.6 CONDITIONS:

- **No Interstate supplies** - Composition dealer should not be engaged in Inter-State supply of goods and / or services and Imports.

What does this mean?

If a dealer wants to choose to be a 'composition dealer', then his supply of goods and/ or services should be restricted only within the state.

- **Payment of composition tax** - If the composition dealer is in the trade of supply of goods and supply of services, then composition levy will be applicable for both supply of goods and services.

What does this mean?

Under composition scheme, the dealer cannot opt to pay tax under composition scheme for services and regular scheme (normal taxable dealer) for supply of goods or vice versa.

- **Applicable for all transaction under the PAN** - Composition levy will be applicable for all business verticals operating within state or Interstate under the same pan.

What does this mean?

An individual as proprietor is in business of different vertical like,

- Sale of mobile & accessories
- Sale of stationeries
- Franchisee of KFC

In the above scenario, the composition scheme will be applicable for all the 3 business verticals. The dealer cannot opt for one business vertical or either under composition scheme.

- **Shall not collect tax** - The composition dealer shall not collect tax on all his outward supply of goods and / or services.

What does this mean?

A dealer opting for composition scheme, when the dealer is making an outward supply, the dealer will not charge any tax in the invoice.

- **Cannot claim Input Tax Credit** - The dealer cannot claim and is not eligible for 'input tax credit' on all his inward supply of goods and/ or services.

What does this mean?

The composition dealer receives goods (purchases) from a regular taxable person, and though tax is charged in the 'tax invoice', the dealer cannot claim input tax credit. Ideally, this would form part of the cost to composition dealer.

5 RETURNS

5.1 TYPES OF RETURNS

Consider what happens today. A manufacturer who is compliant under Central Excise, Service Tax, and VAT has to file returns as specified by each of the states. The manufacturer has to deal with returns, annexures, and registers for Excise, Service tax and VAT with monthly, quarterly, half-yearly and yearly periodicity.

With GST in place, it does not matter what you are (a trader, manufacturer or a reseller), you only need to file GST Return.

Under GST, there are 20 return forms \ statements to be furnished by registered person. All these forms are required to be filed electronically (e-filing). The details of each form are listed below along with details of applicability and periodicity.

Regular Dealer

Form Type	Frequency	Due Date	Details to be furnished
Form GSTR-1	Monthly	10 th of succeeding month	Furnish details of outward supplies of taxable goods and/or services effected
Form GSTR-2A	Monthly	On 11 th of succeeding Month	Auto Populated details of inward supplies made available to the recipient on the basis of Form GSTR-1 furnished by the supplier
Form GSTR-2	Monthly	15 th of succeeding month	Details of inward supplies of taxable goods and/or services claiming input tax credit. Addition or Modification in Form GSTR-1 should be submitted in Form GSTR-2
Form GSTR-1A	Monthly	20 th of succeeding month	Details of outward supplies as added, corrected or deleted by the recipient in Form GSTR-2 will be made available to supplier
Form GSTR-3	Monthly	20 th of succeeding month	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax
Form GST ITC-1	Monthly	--	Communication of acceptance, discrepancy or duplication of input tax credit claim
Form GSTR-3A	--	--	Notice to a registered taxable person who fails to furnish return under section 27 and section 31
Form GSTR-9	Annually	31 st Dec of next fiscal	Annual Return - Furnish the details of ITC availed and GST paid which includes local, interstate and import/exports.

Composite Tax payer

Return Type	Frequency	Due Date	Details to be furnished
Form GSTR-4A	Quarterly	--	Details of inward supplies made available to the recipient registered under composition scheme on the basis of Form GSTR-1 furnished by the supplier
Form GSTR-4	Quarterly	18 th of succeeding month	Furnish all outward supply of goods and services. This includes auto-Populated details from Form GSTR-4A , tax payable and payment of tax.
Form GSTR-9A	Annual	31 st Dec of next fiscal	Furnish the consolidated details of quarterly returns filed along with tax payment details.

Foreign Non-Resident Taxpayer

Return Type	Frequency	Due Date	Details to be furnished
Form GSTR-5	Monthly	20 th of succeeding month or within 7 days after the expiry of registration	Furnish details of imports, outward supplies, ITC availed, tax paid, and closing stock

Input Service Distributor

Return Type	Frequency	Due Date	Details to be furnished
Form GSTR-6A	Monthly	On 11 th of succeeding month	Details of inward supplies made available to the ISD recipient on the basis of FORM GSTR-1 furnished by the supplier
Form GSTR-6	Monthly	13 th of succeeding month	Furnish the details of Input Credit distributed

Tax Deductor

Return Type	Frequency	Due Date	Details to be furnished
Form GSTR-7	Monthly	10 th of succeeding month	Furnish the details of TDS deducted
Form GSTR-7A	Monthly	Made available to Download	TDS Certificate - Capture details of value on which TDS is deducted and deposit on TDS deducted into appropriate Govt.

E-commerce

Return Type	Frequency	Due Date	Details to be furnished
Form GSTR-8	Monthly	10 th of succeeding month	Details of supplies effected through e-commerce operator and the amount of tax collected on supplies

Aggregate turnover exceeds 1 cr.

Return Type	Frequency	Due Date	Details to be furnished
Form GSTR-9B	Annually	Annual, 31st Dec of next fiscal'	Reconciliation Statement -audited annual accounts and a reconciliation statement, duly certified.

Final return -For taxable person whose registration has been surrendered or cancelled

Return Type	Frequency	Due Date	Details to be furnished
Form GSTR-10	---	Within 3 Months from date of Surrender Registration or cancellation order	Furnish details inputs and Capital goods held, tax paid and payable.

Government departments and united Nation Bodies

Return Type	Frequency	Due Date	Details to be furnished
Form GSTR-11	Monthly	28 th of subsequent month	Details of inward supplies to be furnished by a person having UIN

5.2 FILING OF RETURN

Every 'registered taxable person' has to furnish their outward supply details in **Form GSTR-1** by 10th of the subsequent month. Between the 11th and 15th day, the recipient of goods and supply can view their Inward supplies in auto-populated **GSTR-2A**. This period will allow for any corrections (additions, modifications and deletion) in **Form GSTR-2** and submission by 15th of the subsequent month.

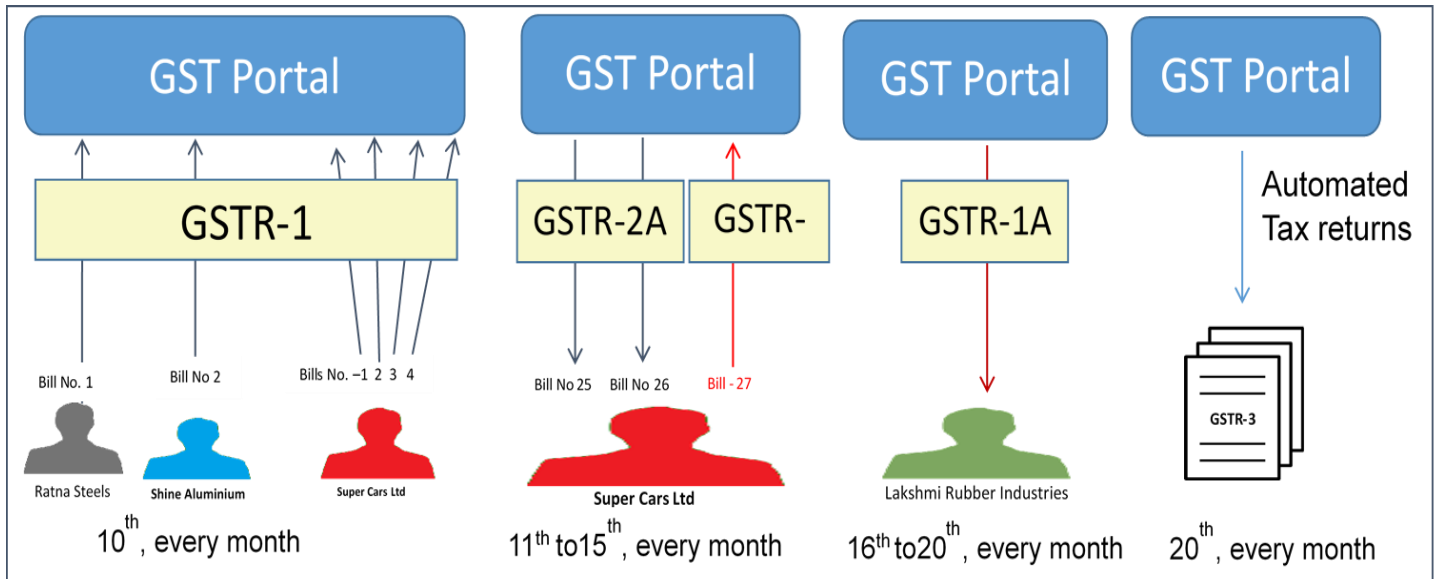
The addition, modification and deletion by the recipient in **Form GSTR-2** will be made available to supplier in **Form GSTR-1A**. The supplier has to accept or reject the adjustments made by the recipient.

On 20th, auto-populated return **GSTR-3** will be available for submission along with the payment.

Let us understand this with an example.

The following is the Outward and Inward supply details of Super Cars Ltd.

Outward supplies		Inward Details	
Bill No.	Customer Name	Bill No	Supplier Name
1	Ravindra Automobiles	25	Ratna Steels
2	Ravindra Automobiles	26	Shine Aluminium
3	A1-Spares	27	Lakshmi Rubber industries
4	Johnson Automobiles		



As shown in the illustration,

1. On 10th, Ratna Steels, Shine Aluminium and Super Cars Ltd uploaded **GSTR-1** with their outward supply bills.
2. On 11th, Super Cars Ltd has visibility of their purchase through **GSTR-2A** which is auto populated by system. And, from 11th to 15th they have time to reconcile the bills shown in **GSTR-2A** with books and
3. do necessary additions, deletions, modifications and acceptance.
4. During verification, Super Cars Ltd found that **Bill No. 27** (Purchase made from Lakshmi Rubber Industries) is missed in **GSTR-2A**.
5. On 15th, Super Cars Ltd uploads missed bill (Bill-27) In GSTR-2
6. Bill no. number 27 added by super cars Ltd is made available to Lakshmi Rubber Industries in **GSTR-1A**
7. Between, 16th to 20th, missed bill (Bill No 27) will be ratified jointly by Super cars Ltd and Lakshmi Rubber Industries and it is accepted.
8. Now on 20th, automated return **GSTR-3** will be available for submission and payment.

6 SET OFF INPUT TAX CREDIT AGAINST GST LIABILITY

GST is a dual concept system. On every transaction (within a state), there will be component of Central GST (CGST) and State GST (SGST). Integrated GST (IGST) is for interstate transactions.

Therefore, it is important for businesses to know how to set off the input credit against each of these components in the order as prescribed by the Law.

The order in which credit needs to be set off is explained in the table below:

Input Tax Credit	Set off against liability
CGST	CGST and IGST (in that order)
SGST	SGST and IGST (in that order)
IGST	IGST, CGST, SGST (in that order)

Let us discuss with an example for better understand how this works.

6.1 EXAMPLE-I - HOW CAN CGST AND SGST ITC BE USED?

Super Cars Ltd is a car manufacturer located in Karnataka. The details of transactions effected by Super Cars Ltd are furnished below along with the tax component:

Party Name	Destination State	Transaction Type	Product	Input Credit		Tax Liability	
				CGST	SGST	CGST	SGST
Ratna Steels	Karnataka	Purchase (Inward Supply)	Steel	1,20,000	1,20,000	--	--
Ravindra Automobiles	Karnataka	Sale (Outward Supply)	Car	--	--	36,000	36,000
Ravindra Automobiles	Karnataka	Sale (Outward Supply)	Spare parts			90,000	90,000

At the end of the month, Super Cars Ltd set off the available Input credit against the tax liability.

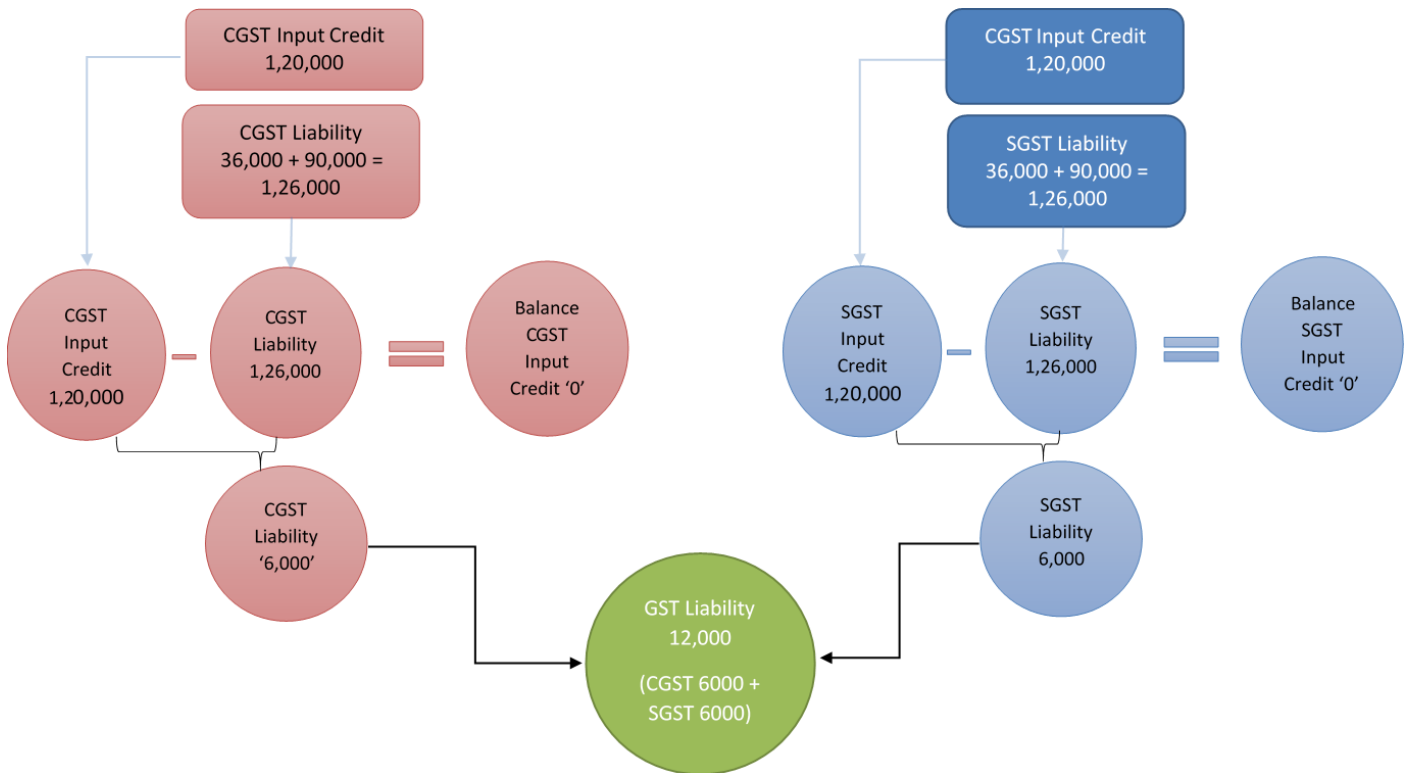


Illustration-1

In the example, Super Cars Ltd has a tax liability of Rs.12,000. Here is how this happens:

1. Super Cars Ltd have **Input tax credit of Rs.1,20,000 each against CGST and SGST.**
2. As prescribed by Law, Super Cars Ltd first utilized ITC of **CGST Rs.1,20,000 to set off CGST liability of Rs.1,26,000 (36,000+90,000).** After this adjustment, CGST liability is 6,000 (1,26,000-1,20,000).
3. Later, SGST input credit of Rs.1,20,000 is set off against **SGST liability of Rs.1,26,000 (36,000+90,000).** After setting off SGST input credit, 6,000 (1,26,000 -1,20,000) is the SGST liability.
4. After utilizing the available input credit of both CGST and SGST, **the tax liability of Super Cars Ltd is Rs.12,000 (CGST liability 6,000 + SGST liability 6,000) for the month.**
5. Any input credit balance of CGST, after setting off tax liability towards CGST, cannot be used to set off against SGST. The balance of ITC under CGST (post set off of CGST liability) will be carried over to the next period.
6. Similarly, the SGST balance after set off of SGST liability will be carried over to the next period.

6.2 EXAMPLE - II - HOW CAN IGST ITC BE UTILIZED?

Consider another set of transactions for Super Cars Ltd.

At the end of the month, Super Cars Ltd utilized IGST Input credit to set off tax liabilities.

Party Name	Destination State	Transaction Type	Product	Input Credit			Tax Liability		
				CGST	SGST	IGST	CGST	SGST	IGST
Shine Aluminium Industries Ltd	Tamil Nadu	Purchase (Inward Supply)	Aluminium Bars	--	--	30,000	--	--	
Lakshmi Rubber Industries Ltd	Tamil Nadu	Purchase (Inward Supply)	Tyres			10,000			
A-1 Spares	Maharashtra	Sale (Outward Supply)	Spare Parts			--	--	--	12,000
Johnson Auto Parts	Karnataka	Sale (Outward Supply)	Spare Parts	--	--	--	24,000	24,000	--

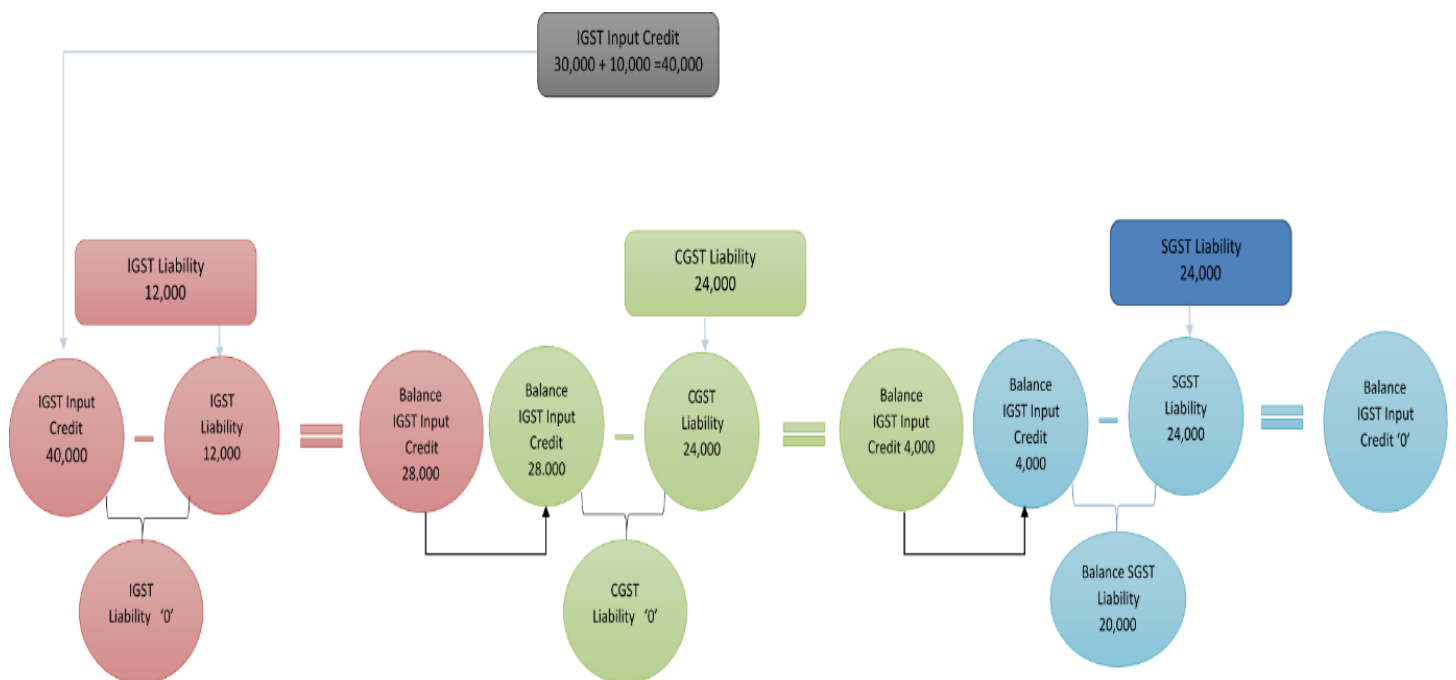


Illustration-2

As illustrated above,

1. Super Cars Ltd have **IGST Input tax credit of Rs.40,000** and tax liabilities of **IGST Rs.12,000, CGST Rs.24,000 and SGST Rs.24,000**.
2. As prescribed by Law, IGST Input credit needs to be utilized first to set off IGST tax liability. The remaining ITC can be used to set off CGST and then against the SGST liability, in that order.
3. Super Cars Ltd first utilized IGST ITC to set off IGST liability of **Rs.12,000**.
4. Remaining IGST ITC credit **Rs.28,000 (40,000 - 12,000)** is used to set off **CGST liability of Rs.24,000**.
5. Post this adjustment, the remaining IGST ITC of 4,000 is used set off **SGST liability to the extent of Rs.4,000**.
6. Now, after utilization of Input credit available, the **SGST liability of Super Cars Ltd is Rs.20,000**.

6.3 EXAMPLE III - CGST ITC CANNOT BE USED FOR SGST LIABILITY

Let us consider another scenario of Super Cars Ltd to illustrate non utilization of CGST ITC against SGST liability.

Super Cars had a carried forward balance of CGST Input credit Rs.15,000.

Input Credit balance	Amount
CGST Input Credit	15,000

During the month, Super cars Ltd's outward supply details is furnished below.

Party Name	Destination State	Transaction Type	Product	Input Credit		Tax Liability	
				CGST	SGST	CGST	SGST
Johnson Auto Parts	Karnataka	Sale (Outward Supply)	Spare Parts	--	--	11,000	11,000

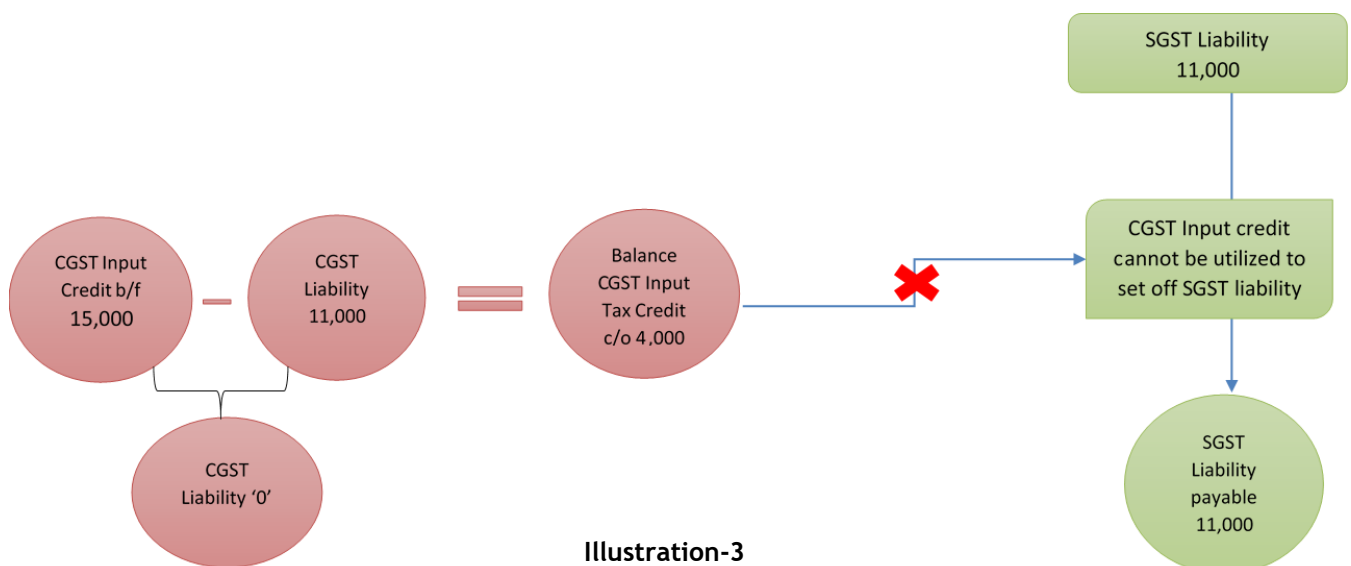


Illustration-3

As illustrated,

1. Super Car Ltd utilized CGST Input Credit of previous period Rs.15,000/- to set off current period CGST liability of Rs.11,000.
2. After this set off, Super Cars Ltd has a balance CGST input credit of Rs.4,000.
3. As prescribed by the Law, excess CGST Input Credit for the period cannot be set off against SGST liability of current period. Similarly, SGST Input Credit cannot set off against CGST liability.
4. Thus, the balance CGST credit was not utilized, and the SGST liability for Super Cars Ltd for the month is Rs.11,000/-

7 GST INPUT TAX CREDIT: EXPLAINED

One of the fundamental features of GST is seamless flow of input credit across the chain (from the manufacture of goods till it is consumed) and across the country. In this section, let's discuss about various conditions laid down by law to avail input credit on supply of goods or services.

All of the following conditions need to be satisfied to avail Input credit:

- The dealer should be in possession of Tax Invoice / Debit or Credit Note / Supplementary Invoice issued by a supplier registered under GST Act.
- The said goods/services have been received.
- Returns (**Form GSTR-3**) have been filed.
- The tax charged has been paid to the government by the supplier.

7.1 WHAT DO THESE CONDITIONS IMPLY?

Once **Form GSTR-1** (Outward supply details) is filed by the supplier, recipient has a visibility of the purchase through the auto populated **Form GSTR-2A** (Inward supplies details). After necessary modification, additions (if any) and acceptance in **Form GSTR 2**, the Input credit will be credited to the recipient's electronic credit ledger on a provisional basis.

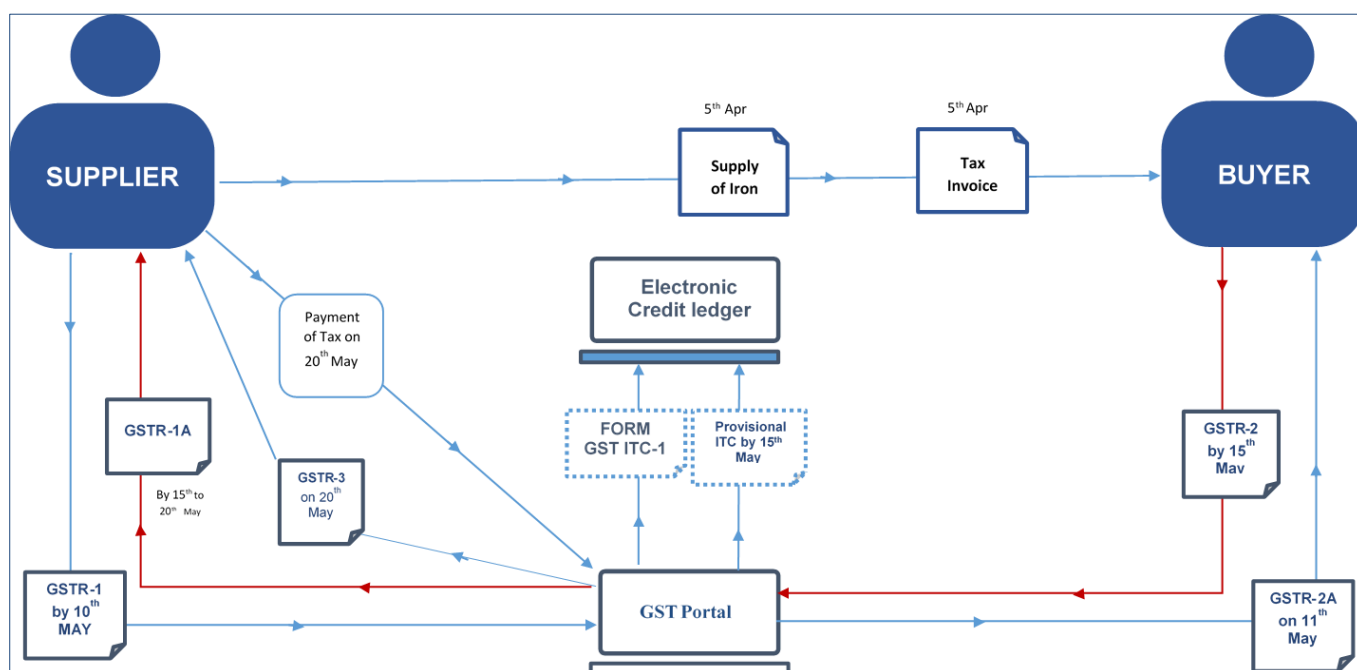
The addition and modification done by the recipient in **Form GSTR-2** will be made available to supplier in **Form GSTR- 1A** for his acceptance.

Input credit will be available only when the Monthly returns (**Form GSTR-3**) are filed by the supplier along with payment tax. The final acceptance of Input Tax credit will be communicated in **Form GST ICT-1**.

Let us understand this with an example

Super Cars Ltd, a manufacturer of cars purchased 30 tons of steel from **Ratna Steels**. Ratna Steels supplied steel and issued tax invoice on 5th April with GST of 2, 40,000.

With this example, let us examine the process to understand the flow of availing input credit.



As illustrated above,

1. On 5th April, Super Cars Ltd satisfy the condition of Receiving Goods and Tax Invoice.
2. On 10th May, Ratna Steels furnishes outward supply through **Form GSTR-1** Return.
3. From 11th May, Super Cars Ltd has visibility of their purchase through auto-populated **Form GSTR-2A**.
4. From 11th to 15th May, Super Cars Ltd can make additions or modifications, if any. In this example, it is assumed that there are no additions or modifications and super Cars Ltd. submits the **Form GSTR-2**. Since there are no modification, **Form GSTR-1A** will not be applicable in this scenario
5. Now, ITC of Rs. 2,40,000 is credited to Super Cars Ltd on a provisional basis.
6. Once the **Form GSTR-3** (Monthly Return) along with tax payment is remitted by Ratna Steels, Super Cars Ltd is eligible for ITC of Rs. 2,40,000.
7. The final acceptance of ITC will be communicated in **Form GST ITC-1**

8 SUPPLY OF GOODS AND / OR SERVICES

Under the current indirect tax structure, the taxable point differs. Let's say, excise duty to be charged on removal of goods, VAT on sales and Service Tax on provision of services. All these taxes i.e. Central Excise, Service Tax and VAT/CST will be subsumed under GST. The concepts of manufacture of goods, sale of goods and provision of services would no longer be relevant as GST is all about supply. The taxable event under GST is 'Supply of Goods and / or Services'

Sl.No	Forms of Supply	Remarks
1.	All forms of supply of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.	This is the general part of definition which is Extensively drafted. As of now, the taxable event is “manufacture” under Central Excise, “sale or purchase of goods” under VAT and “service provided or agreed to be provided” under Service Tax.
2	Importation of service, whether or not for a consideration and Whether or not in the course or furtherance of business.	<i>For example, you have received an Interior Decoration service from your friend having his business establishment in Singapore for free of cost. This forms part of supply and liable for GST</i> Import of service is presently taxable under reverse charge.
3	Where a person acting as an agent who, for an agreed commission or brokerage, either supplies or receives any goods and/or services on behalf of any principal, the transaction between such principal and agent shall be deemed to be a supply.	Presently, commission agents are liable to service tax on the commission. But transfer of goods from principal to agent is not liable to VAT. Under GST, transfer of goods from principal to agent would amount to supply and would attract GST.
4	The supply of any branded service by an aggregator under a brand name or trade name owned by him shall be deemed to be a supply of the said service by the said aggregator.	Under the proposed GST law, services provided under the brand name of aggregator is a deemed supply of service by the aggregator. They are liable to service tax under the present law.
5	Supply specified in Schedule-1 made without consideration	There are 5 such services listed in scheduled. This is discussed below.

This is a critical provision which sets out the scope of transactions that qualify as supplies liable to tax under the GST regime

Let us understand, what forms part of Supply?

8.1 MATTERS TO BE TREATED AS SUPPLY WITHOUT CONSIDERATION

Sl.No	Forms of Supply	Remarks
1	Permanent transfer/disposal of business assets.	Under GST law, permanent transfer of business assets without consideration is supply of goods and is taxable
2	Temporary application of business assets to a private or non-business use.	Under GST law, temporary application of business assets to private use without consideration is supply of goods.
3	Services put to a private or non-business use.	Services put to a private or non-business use without consideration is supply of services.
4	Assets retained after deregistration	Assets retained after deregistration without consideration is supply of goods.
5	Supply of goods and / or services by a taxable person to another taxable or non-taxable person in the course or furtherance of business.	Free samples supplied in the course of business is a deemed supply under GST. Under present law Excise Duty is payable on free supply of goods but no service tax on service without consideration. Under GST both supply of goods and Services without consideration will be taxable supply and liable to pay tax

8.2 WHAT IS TO BE TREATED AS SUPPLY OF GOODS OR SERVICES?

The Schedule-II of the act provides the clarity in determining the supply as supply of goods or services. It broadly list the matters related to Transfers, Land and Building, Treatment or Process (applied on third party's goods) and certain matters related to construction and works contact.

There nearly 19 supplies which are mentioned in Schedule-II. Let us discuss few which are important.

Sl.No	Forms of supply	Treated as supply of?	Remarks
1	Any transfer of the title in goods	Goods	Under present law, transfer of title in goods is not a service and hence liable to VAT only.
2	Any transfer of goods without transfer of title	Services	Presently, transfer of right to use goods without transfer of title possession and control is service and with transfer of possession and control is deemed sale. Without any such distinction, said transfer is a supply of service under the draft GST law.
3	Any lease, tenancy, and licence to occupy land	Services	Presently this activity is a taxable service. But leasing of land for agriculture purpose is in the negative list. Under the GST law, this activity amounts to supply of service.
4	Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly	Services	Under existing law, renting of residential dwelling for residence is in the negative list. Renting of grounds of religious place and renting of individual units having daily rent below Rs. 1,000/- are exempt. Under the GST law, renting for business or commercial purpose only amounts to supply of service.
5	Job work - Any treatment or process which is being applied to another person's goods	Services	Presently, no service tax on Job work amounting to manufacture. GST will be applicable in all situations of job work without the distinction of manufacture or non-manufacture.
6	Business assets transferred for non-business purpose with or without consideration	Goods	--

7	Business assets put to private use or non-business	Services	--
8	Transfer of business assets for recovery of debts	Goods	--
9	Renting of immovable property	Services	Presently taxable under service Tax as Declared Services
10	Development, design, programming, customisation, adaptation, up-gradation, enhancement, implementation of information technology software	Services	Presently taxable under service Tax as Declared Services
11	Works contract including transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract	Services	Under present law, both service tax and VAT are attracted on works contracts. Both, pure labour contracts and works contracts involving transfer of property are service under the GST law
12	Restaurant and outdoor catering services	Services	Under present law, both service tax and VAT are attracted.

9 TIME, VALUE AND PLACE OF SUPPLY

9.1 TIME OF SUPPLY

POT (Point of Taxation) is referred to the point of time, when a transaction is to be taxed. Thus, we need to understand when liability to pay CGST/SGST and IGST will arise. Let us first understand the POT under present regime of indirect taxation:

Type	Point of Taxation
Manufacturing of Goods	Incidence of Excise duty arises on manufacture/production of goods in India but liability to pay Excise duty arises at the time of removal of excisable goods from the excise unit
Rendering of Services	Payment of tax is, broadly, earliest of following i.e. receipt of payment or issue of invoice
Sale of Goods	VAT/CST, as the case may be on Intra-State or Inter-State sale of goods arises on transfer of property in goods

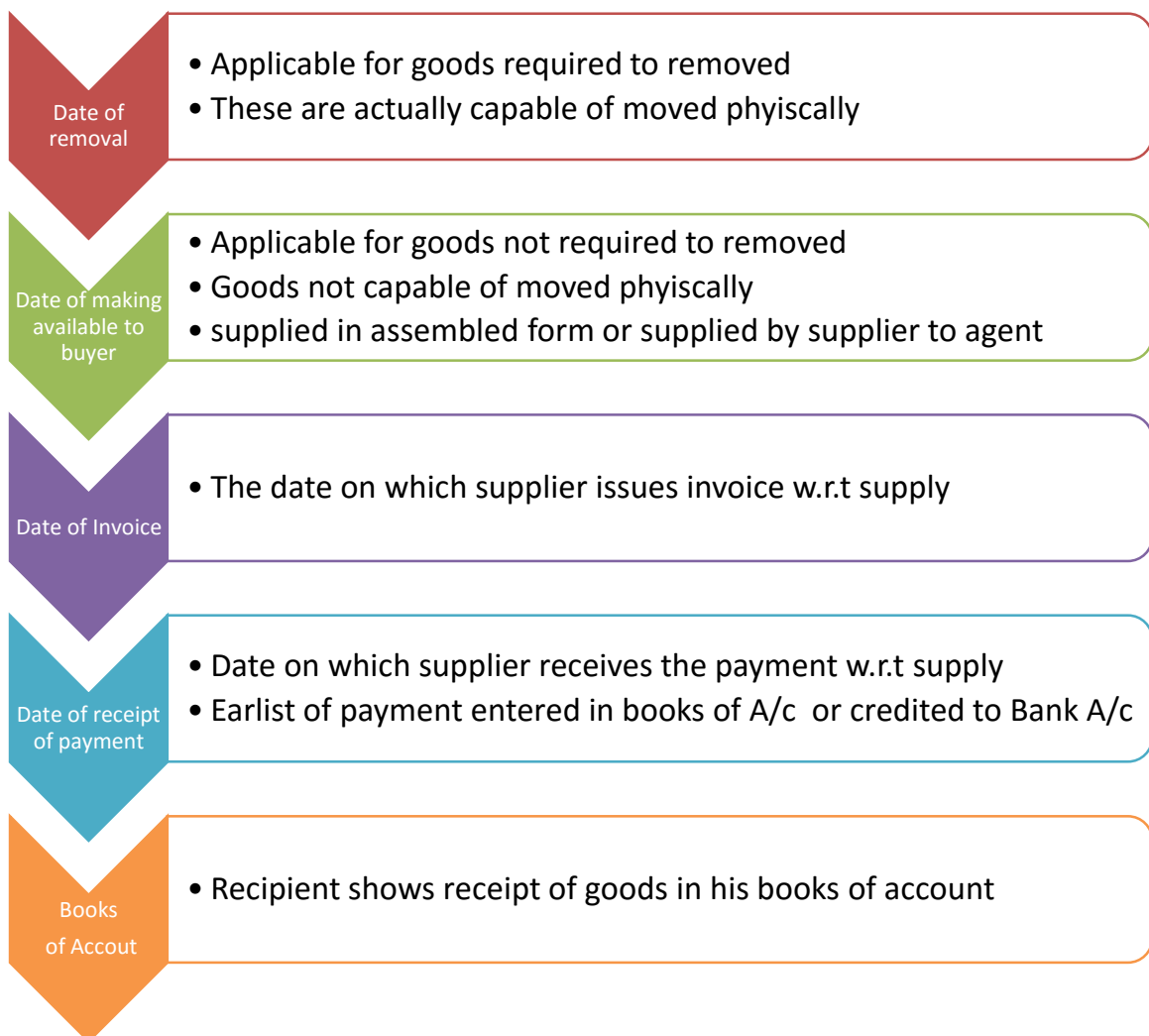
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In GST, the law has prescribed the provision related to point at the transaction has to be taxed separately for supply of Goods as well as services. Let us understand what these provisions for supply of goods and Services.

9.1.1 TIME OF SUPPLY OF GOODS

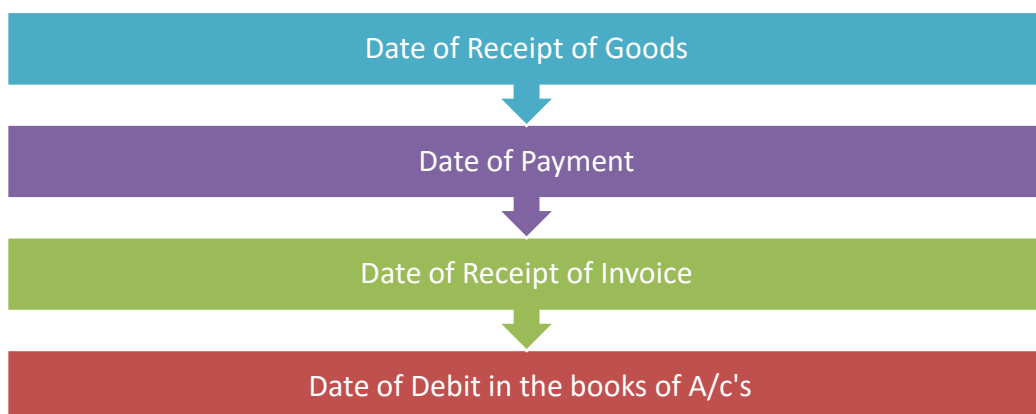
9.1.1.1 FORWARD CHARGE ON SUPPLY OF GOODS

Liability of GST (CGST and SGST or IGST as applicable) arises at the earliest of the following



9.1.2 REVERSE CHARGE ON SUPPLY OF GOODS

For supply of goods under reverse charge: Time of supply shall be the earliest of the following dates



9.1.3 CONTINUOUS SUPPLY GOODS

Continuous supply of Goods means a supply of goods continuously or on recurrent basis, under a contract, for which the supplier invoices the recipient on a regular or periodic basis.

Sl.No	Scenario	Time of Supply
1	Successive statements of accounts or successive payments are involved	Date of expiry of the period to which such successive statements of accounts or successive payments relate
2	No successive statements of account	Earliest of Date of Invoice (or any other Document) or Date of receipt of Payment

9.1.4 TIME OF SUPPLY IN SPECIFIC CASE

Where goods are removed before it is known whether a supply will take place - For Goods being sent or taken on approval or sale or return

Time of supply shall be earliest of the following:

- Time when it becomes known that the supply has taken place, or
- Six months from date of removal.

Key Point:

1. Whenever supplier of goods receives advance, POT will arise
2. Goods in transit also shall be considered as time of supply if they are accounted in Books of Account

9.1.5 TIME OF SUPPLY OF SERVICES

9.1.5.1 FORWARD CHARGE

Liability of GST (CGST and SGST or IGST as applicable) arises at the earliest of the following

Sl.no	Scenario	Time of Supply
1	Invoice issued within prescribed period	Date of issue of invoice Or Receipt of payment whichever is earlier
2	Invoice not issued within prescribed Period	Date of completion of the provision of Service Or Receipt of payment whichever is earlier
3	Not falling under (1) or (2) above	Date on which the recipient shows the receipt of services in his Books of account

Let us understand this with example.

Matrix Add Ltd, an advertising agency provided taxable service to Mr. John on July 1st. Using this example, let explore various scenarios and determine the time of supply

Scenario-I

Scenario	Date of Completion of Service	Date of Invoice	Date of Receipt of Payment	Date of Entry in Recipient Books of Accounts	Time of Supply
Invoice is issued within the prescribed period	July 1	July 20	August 10	July 27	<u>July 20</u>

In the above, scenario the time of supply will be July 20th. The reason being, in case where invoice is issued, time of supply will be earliest of Date of invoice or receipt of payment. In the above scenario, date of invoice is earlier than receipt of payment, hence time of supply will be July 20th.

Scenario-II

Scenario	Date of Completion of Service	Date of Invoice	Date of Receipt of Payment	Date of Entry in Recipient Books of Accounts	Time of Supply
Invoice is issued within the prescribed period	July 1	July 28	July 25	July 27	<u>July 25</u>

In the above scenario, the time of supply will be July 25th. The reason being, in case where invoice is issued, time of supply will be earliest of Date of invoice or receipt of payment. In the above scenario, date of receipt of payment is earlier than the date of Invoice, hence time of supply will be July 25th.

Scenario-III

Scenario	Date of Completion of Service	Date of Invoice	Date of Receipt of Payment	Date of Entry in Recipient Books of Accounts	Time of Supply
Invoice is not issued within the prescribed period	July 1	August 5	July 25	July 27	July 1

In the above scenario, the time of supply will be July 1st. The reason being, in case where invoice is not issued, time of supply will be earliest of Date of completion of service or receipt of payment. In the above scenario, date of completion of service is earlier than the date of receipt of payment, hence time of supply will be July 1st.

Scenario-IV

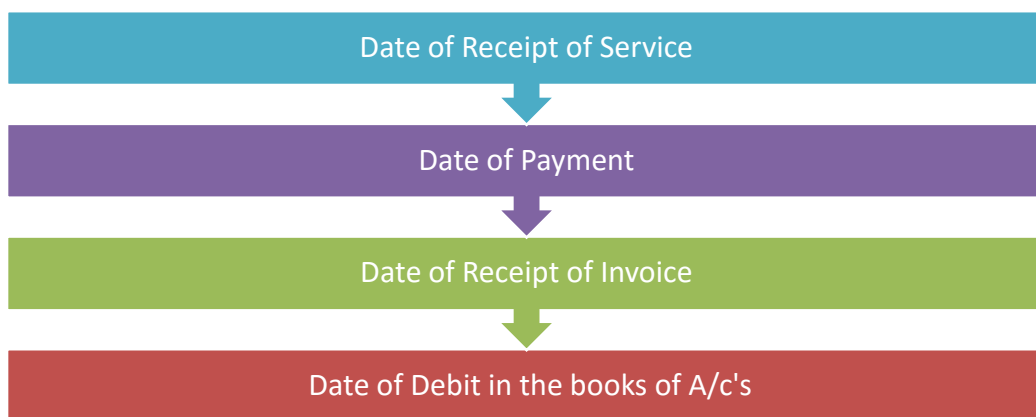
Scenario	Date of Completion of Service	Date of Invoice	Date of Receipt of Payment	Date of Entry in Recipient Books of Accounts	Time of Supply
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Invoice is not issued within the prescribed period	July 1	August 5	June 30	July 27	July 30
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In the above scenario, the time of supply will be July 1st. The reason being, in case where invoice is not issued, time of supply will be earliest of Date of completion of service or receipt of payment. In the above scenario, the date of receipt of payment is earlier than date of completion of service, hence time of supply will be June 30th.

9.1.5.2 REVERSE CHARGE ON SUPPLY OF SERVICE

The time of supply of services under reverse charge is similar to supply of Goods. Time of supply shall be the earliest of the following dates



9.2 PLACE OF SUPPLY

Wondering why one should understand Place supply? Just like understanding what is supply and Time of Supply to know what forms part of taxable supply and when the liability arise on these supplies, it equally important to understand the play of supply since GST is destination based consumption tax system, unlike which differs from most of existing indirect tax system which are origin based.

9.2.1 WHAT IS DESTINATION TAX SYSTEM?

Currently, tax revenues collected reaches to the state where the supplier or the service provider is located. In the GST regime, this will be routed back to the state where consumption or supply happens. This means goods and / or Services are taxed in the state in which they are consumed.

Hence, place supply determines the place i.e. taxable jurisdiction where tax should reach.

Secondly, it helps in determining the whether transaction is intra-State which is subject CGST + SGST or Inter-State which subject to IGST.

Now, we know the importance of place of supply but why should a business worry whether tax is destination based or origin based? How will this impact?

Today, interstate supplies attract 2% concessional CST which is not made available as Input tax credit to recipient, obligation furnish statutory forms (C-forms), lapse of time in boarder checks etc. With GST, the geographical barriers for removed and it transforms India into a common market. This means that a business can source quality products pan-India, and also supply to customers beyond state boundaries and likely bring more dealers to look beyond the state limits. This necessitates a thorough understanding of the Place of Supply rules, and ensure compliance of the rules.

Let us discuss on provision related to Place of supply of Goods and / or services.

The Place of Supply rules for goods and services are part of the IGST Act that covers interstate supply. There are separate provision related to place of supply for goods and Services.

Questionable? Why separate provisions?

Due to different characteristics of supply of goods and services, it requires separate provisions. Goods being tangible do not pose any significant problems for determination of their place of consumption. While services being intangible, manner of delivery of service could be easily altered and pose problems in determination of place.

For example, Telcome service provider can change service from Post-paid to pre-paid, billing address can be changed etc.

This required separate provisions to for determining place of supply of goods and services.

9.2.2 PLACE OF SUPPLY OF GOODS

Below are the broad guidelines:

Sl.No	Scenario	Place of Supply
1	Supply involves movement of Goods	Location of receiver at which the goods are delivered
2	Supply involves no movement of Goods	Location of goods at the time of delivery to receiver
3	Supply of Goods to recipient through agent or third person	Principal pace of business of such agent or third person
4	Goods are assembled or installed at site	Location of Site
5	Goods are supplied on board a vessel/train/aircraft or motor vehicle	Location at which goods are on boarded

9.2.3 PLACE OF SUPPLY OF SERVICE

Sl.No	Scenario	Place of Supply
1	Services supplied to registered Person	Location of such registered person
2	Services to unregistered person - If address is available on record	Location of Recipient
2	Services to unregistered person - If address is not available on record	Location of Supplier of Service

Example

- Mobile connection for telecommunication and internet services provided on post-paid basis and billing address is on record, the place of supply of services will be the location of the service recipient.
- In cases where mobile connection for telecommunication and internet service are provided on pre-payment (Recharge done through a voucher or any other means). The place of Supply will be location where such pre-payment is done i.e. place where recharge voucher is sold.
- Pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services (location as per address on record of the supplier of services) shall be the place of supply of such service.

Nature of Service	Place of Supply	Examples
Services related to immovable property	Location of immovable property	Architects, interior decorators, engineers, surveyors, lodges / resorts / home stay / clubs / marriage or party halls, etc.
Specific categories of Services	Location where the service is actually performed	Personal grooming / beauty / fitness treatment / restaurant / catering service / health service / cultural / artistic / sporting / scientific / educational / entertainment event / amusement park
Transportation of goods	Registered person: His location Unregistered person: Location at which goods were handed over for transportation	Goods transport / mail / courier
Passenger Transport	Registered person: His location Unregistered person: Starting point of journey	Bus / train / plane / boat, and so on.
Services delivered on board a conveyance	First scheduled point of departure	Vessel / aircraft / train / motor vehicle

9.2.4 FEW OTHER SPECIFIC SERVICE

9.3 VALUE OF SUPPLY

The value of taxable supply of goods and services shall ordinarily be 'the transaction value'. Transaction value refers actually the price paid or payable for supply of Goods and Services

The law elaborates various inclusions and exclusions from the ambit of transaction value.

Included in transaction vale	To be Excluded from transaction value
Any Cost Incurred by recipient on behalf supplier like transportation arranged by recipient	Discount allowed before or at the time of supply and recorded in invoice (can be claimed as deduction from transaction value)
Royalties & License fees	Post-Supply Discount - Discount allowed post supply but it was known at or before the time of supply and can be specifically linked to relevant invoice

Free supplies - Buy 1 get 1 free	
Any Taxes other than GST	
Post Supply Discounts (cannot be claimed deduction for relevant invoice)	
Commission and Packing charges	

What this means?

1. The free usage like download music up to 5 GB or usage upto 60 days free will be taxed under GST
2. Most popular offers like Buy 1 Get 1 free will be charged under GST

In case where the supplier and recipient are related, or in situations where consideration for supply is non-monetary, separate valuation methods are framed in arriving the value of such supply.

The following are valuation methods defined in GST to arrive the value of supply

- **Comparison Value:** The value shall be determined on the basis of the transaction value of goods and/or services of “like kind and quality” supplied.
- **Computed value:** Based on parameters like cost of production/manufacture/processing, charges for design/brand, and accounting for expenses and profit margin, the value of supply has to be arrived.
- **Residual Method:** When value cannot be determined as per earlier methods, then it shall be reasonably estimated as per Generally Accepted Accounting Principles (GAAP).

10 ACCOUNTS AND OTHER RECORDS:

Every registered dealer shall keep and maintain, at his principal place of business, a true and correct account of production or manufacture of goods, of inward or outward supply of goods and / or services, of stock of goods, of input tax credit availed, of output tax payable and paid, and such other particulars as may be prescribed in this behalf.

In case where there are more than one place of business as specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business concerned.

Every registered dealer whose turnover during a financial year exceeds of Rs. 1.0 Crores, shall get his accounts audited by a practicing CA, Cost Accountant or Company Secretary.

10.1 PERIOD OF RETENTION OF ACCOUNTS:

Every registered taxable person shall retain them until the end of six months from the last of date of filing of annual return for the said year. Ex:- FY 2017-18 , annual return to be submitted by Dec -2018. Books will be kept till end of Sept 2018. (15 Months)

11 ENTITLEMENT OF INPUT TAX CREDIT:

- Voluntary registration under GST - take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of registration.
- When a registered dealer ceased to pay tax under the composition levy - take credit of input tax on stock, semi-finished, and finished goods immediately preceding the date from which he becomes liable to pay.
- In case of goods and / or services are partly used for the purpose of business and partly for other purposes, credit shall be restricted to so much of the input tax as is attributed to the purpose of his business.
- Where the goods and / or services are used by the registered taxable person partly for effecting taxable supplies and partly for effecting non-taxable supplies, including exempt supplies but excluding zero-rated supplies, the amount of credit shall be restricted to so much of the input tax as is attributable to the taxable supplies including zero-rated supplies.
- Change in the constitution of the registered taxable person on account of sale, merger, demerger, amalgamation, lease or transfer of the business, the input tax credit that remains unutilized in the books of accounts is allowed to transfer.
- In case of goods against tax invoice are received in lots or instalments, the registered taxable person will be entitled to the credit upon receipt of the last lot or instalment.

12 NON-ENTITLEMENT OF INPUT TAX CREDIT:

- After the expiry of one year from the date of issue of tax invoice relating to such supply of goods and / or services.
- Motor vehicles, except when they are supplied in the usual course of business or providing the following taxable services viz., Transportation of passengers, transportation of goods, imparting training on motor driving skills
- Goods and services provided in relation to the following below when such goods and / or services are used primarily for personal use or consumption of any employee;
 - Food and beverages
 - Outdoor catering
 - Beauty treatment
 - Health services

- Cosmetic and plastic surgery
- Membership of a club
- Health and fitness centre
- Life & Health insurance
- Travel benefit extended to employees - LTA
- Goods and/ or services acquired by the principal in the execution of works contract for construction of immovable property, other than plant and machinery.
- No input tax credit in respect of any invoice, after the filing of the monthly return for the month of September following the end of financial year or filing of annual return whichever is earlier.

13 REFUND OF TAX:

- Refund to be claimed by making an application to the proper officer of IGST/CGST/SGST before the expiry of 2 years from the relevant date.
- Refund will be given only for ITC claim in case of Export and in case where the credit has accumulated on account of rate of tax on input being higher than the rate of tax on output.
- In case where the goods are exported out of India are subject to export duty, no refund can be claimed.
- 80% refund will be within specified time
- 20% after due verification of documents furnished.
- Less than 5 Lakhs, no documents to be provided

14 TAX WRONGFULLY COLLECTED AND DEPOSITED WITH THE CENTRAL OR A STATE GOVT.

A taxable person who had paid CGST/SGST on a transaction considered by him to be an intra-state supply, but which is subsequently held to be an inter-state supply, first need to pay the liability of IGST and then claim refund of wrong tax amount paid.

15 DOCUMENTS AS EVIDENCE:

- Micro film or reproduction of the image of a document
- A facsimile copy of the document
- Printed material produced by a computer (Computer printout)
- Computer printout should be from the computer being used regularly to store or process information for any activity regularly carried on over the period (even if multiple computer, software are used) will be considered as one computer.

16 TRANSITIONAL PROVISIONS:

- Amount of CENVAT credit carried forward in a return to be allowed:
 - Should be admissible under the earlier law and is also admissible as input tax credit under GST. (CGST)
- Amount of VAT credit carried forward in the return to be allowed:
 - Should be admissible under the earlier law and is also admissible as input tax credit under GST. (SGST)
- Unavailed cenvat credit and VAT credit on capital goods, not carried forward in a return
 - Should be admissible under the earlier law and is also admissible as input tax credit under GST. (CGST/SGST)
- Manufacturers - who are not liable to be registered and engaged in the manufacture of exempted goods under the earlier law but which are liable to tax under GST Act, can avail credit of eligible duties & taxes in respect of inputs held in stock and input containing in semi-finished and finished goods. (tax invoice and other documents as prescribed)
- Manufacturers - was eligible for Cenvatt credit on receipt of such goods and/ or services under the earlier law but for his not being liable for registration. (tax invoice and other documents as prescribed evidencing payment of duty/tax under the earlier law)
- Applies for dealer under composition scheme to regular dealer under the current law. All other conditions apply.
- Exempted/Taxable goods returned under GST: Where the goods on which the duty / tax are exempted under the earlier law at the time of removal/sale, if returned within 6 months from the appointed date - no tax shall be paid under the current law. If it is being returned after 6 months, the tax liability will be paid by the person returning the goods under GST.
- Where there is a revision of upward price of the contract entered prior to the appointed day, supplementary invoice or debit note has to be raised with 30 days and the supplementary invoice or debit note shall be deemed to have been issued in respect of outward supply made under this Act.
- Where there is a revision of downward price of the contract entered prior to the appointed day, supplementary invoice or credit note with 30 days. The taxable person shall be allowed to reduce his liability on account of such reduction in tax only if the recipient of the invoice has reduced his input tax credit.

17 PAYMENT OF TAX



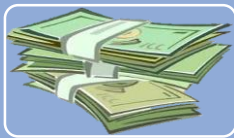
20th of subsequent Month



Mandatory e-payment for amount exceeding Rs 10,000



Online: NEFT/RTGS/IMPS



Offline: Cash/ Cheque / DD etc.

18 CONSEQUENCES OF NON-COMPLIANCES

Late Fee

- Fails to furnish returns
- For Monthly / Quarterly Return - Rs.100/- per day for every day during which such failure continues subject to a maximum of Rs. 5000/-
- Annual Return -Rs.100/- per day for every day during which such failure continues subject to a maximum of Rs. 0.25 % of aggregate turnover

Interest

- Delay in Tax Payment
- The rate of interest is yet to be notified

Cancellation of Registration

- If returns are not furnished for 6 consecutive tax period for regular dealer
- If returns are not furnished for 3 consecutive tax period for composite dealer

Fines

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