Compliances under GST

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Composition Levy

Under the GST Regime

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CGST– Composition Scheme

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- A registered person, whose aggregate turnover in the preceding financial year did not exceed seventy five lakh rupees (can be increased to Rs. 100 Lakhs by GST Council), **may opt to pay**, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not exceeding,—
  - (a) 1% of the turnover in State or turnover in Union territory in case of a manufacturer,
  - (b) 2.5% of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, (Food and Drink- Liquor)
  - (c) 0.5% of the turnover in State or turnover in Union territory in case of other suppliers,

CGST– Composition Scheme

- **The Following person shall be eligible to opt composition scheme:**
  - He is not engaged in supply of Services (other than food and drinks – Schedule II para 6)
  - He is not engaged in making any inter-State outward supplies of goods;
  - He is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52;
  - He is not engaged in making any supply of goods which are not leviable to tax under this Act;
  - He is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council.
- **Supplier under Composition**
  - Not to collect GST
  - Not to take input credit
  - All registration under same PAN must opt

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CGST– Rate of tax of the composition levy

- The category of registered persons, eligible for composition levy under section 10 and these rules, specified in column (2) of the Table below shall pay tax under section 10 at the rate specified in column (3) of the said Table:

(1)	(2)	(3)
S. No.	Category of registered persons	Rate of tax
1	Manufacturers, other than manufacturers of such goods as may be notified by the Government	1%
2	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	2.5%
3	Any other supplier eligible for composition levy under section 10 and these rules	0.5%

CGST– List of Composition Forms – under Rules

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S. No.	Description	Form No.
1	Intimation to pay tax under section 10 (composition levy) (Only for persons registered under the existing law migrating on the appointed day)	GST CMP-01
2	Intimation to pay tax under section 10 (composition levy) (For persons registered under the Act)	GST CMP-02
3	Intimation of details of stock on date of opting for composition levy (Only for persons registered under the existing law migrating on the appointed day)	GST CMP-03
4	Intimation/Application for withdrawal from composition Levy	GST CMP-04
5	Notice for denial of option to pay tax under section 10	GST CMP-05
6	Reply to the notice to show cause	GST CMP-06
7	Order for acceptance / rejection of reply to show cause notice	GST CMP-07

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Taxable Person & Registration

Under the GST Regime

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Defined under Section 2 (107) - CGST

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- "taxable person" means a person who is registered or liable to be registered under section 22 or section 24 of the act.

Taxable Person – Synopsis

- Any person who makes taxable supply of goods and/or services, and whose **Aggregate turnover** in a financial year exceeds Rs. 20 lakhs / Rs. 10 Lakhs (in case of special category states).

- Every person who, on the day immediately preceding the appointed day, is registered or holds a licence under an existing law, shall be liable to be registered under this Act with effect from the appointed day.

- The following persons shall not be liable to registration, namely:-

  (a) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;

  (b) an agriculturist, to the extent of supply of produce out of cultivation of land.

Mandatory Registration under Section 24 - CGST

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Mandatory Registration Required, irrespective of threshold limit:

- Inter-State Taxable Supplies;
- Casual taxable persons making taxable supply;
- Persons who are required to pay tax under reverse charge;
- Non-resident taxable persons making taxable supply;
- persons who are *required to deduct tax* under section 51, whether or not separately registered under this Act;
- Input Service Distributor, whether or not separately registered under this Act;
- Every electronic commerce operator;
- persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
- every person supplying online information and database access or retrieval services *(OIDAR)* *from a place outside India to a person in India*, other than a registered person;
- As Notified by the Central Government

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Payment

Payment of Tax

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Payment of Tax - Rules

Form GST PMT-01	Electronic Tax Liability Register
Part–I: Return related liabilities	Part–II: Other than return related liabilities
1. All liabilities accruing due to return (i.e. GSTR-3) and payments made against the liabilities will be recorded in this ledger. 2. Liabilities for opting composition, cancellation of registration will also be covered in this part. Such liabilities shall be populated in the liability register of the tax period in which the date of application or order falls as the case may be. 3. Return would be treated as invalid if closing balance is positive.	1. All liabilities, other than return, accruing will be recorded in the ledger. (i.e. TDS deducted , TDS collected, RCM, Interest, Penalty, Fee, Etc.) 2. All payments made out of cash or credit ledger against the liabilities would be recorded. 3. Reduction or enhancement in the amount payable due to decision of appeal, rectification, revision, review etc. 4. Negative balance can occur for a single Demand ID also if appeal is allowed/partly allowed. Overall closing balance can still be positive. 5. Refund of pre-deposit can be claimed for a particular demand ID if appeal is allowed in favour of taxpayer even though the overall balance may still be positive. 6. The closing balance in this part shall not have any effect on filing of return. 7. Reduction in amount of penalty would be automatic based on payment made after SCN or within the time specified in Act.

Payment of Tax - Rules

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Form GST PMT-02
Electronic Credit Ledger
1. Credit of inputs, capital goods, reverse charge claimed in return; Credit received through ISD; credit on account of merger, preregistration etc. will be recorded separately in the ledger. 2. Utilisation of credit from the same major head or from other major head (cross utilization) will be recorded accordingly. 3. Utilisation of credit for return and other than return related liabilities will be recorded separately. 4. Refund claimed from ITC ledger will be reduced and if rejected or withdrawn will be credited back

Order for re-credit of the amount to cash or credit ledger - Reasons for re-credit required to be mentioned

Form GST PMT-03	Form GST PMT-04
By the Officer	By the Assessee
1. Under Sub rule (4) of Rule 2 If the refund so filed is rejected, either fully or partly, the amount debited under sub rule (3), to the extent of rejection, shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03. 2. (5) Save as provided in these rules, no entry shall be made directly in the electro	1. Under Sub rule (6) of Rule 2 A registered person shall, upon noticing any discrepancy in his electronic credit ledger, communicate the same to the officer exercising jurisdiction in the matter, through the Common Portal in FORM GST PMT-04. 2. Explanation.– For the purpose of this rule, a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking in writing to the proper officer that he shall not file an appeal.

Payment of Tax - Rules

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Form GST PMT-05
Electronic Cash Ledger
1. Reference No. includes BRN (Bank Reference Number), debit entry no., order no., if any, Ack No. of return in case of TDS & TCS credit. 2. Tax period, if applicable, for any debit will be recoded, otherwise it will be left blank. 3. GSTIN of deductor or collector (e-com), Challan Identification Number (CIN) of the challan against which deposit has been made. Cash balance transferred from cash ledger of transferor of business, Type of liability for which any debit has been made will also recorded under description. 4. Application no., if any, Show Cause Notice Number (SCN), Demand ID, pre-deposit for appeal or any other liability for which payment is being made will also be recorded under description. 5. Refund claimed from the ledger or any other debits made will be recorded accordingly.

Payment of Tax - Rules

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Form GST PMT-06
Challan For Deposit of Goods and Services Tax
1. Any person, or a person on his behalf, shall generate a challan in FORM GST PMT06 on the Common Portal and enter the details of the amount to be deposited by him towards tax, interest, penalty, fees or any other amount. 2. The deposit under sub-rule (2) shall be made through any of the following modes: i. Internet Banking through authorized banks; ii. Credit card or Debit card after registering the same with the Common Portal through the authorised bank; iii. National Electronic Fund Transfer (NeFT) or Real Time Gross Settlement (RTGS) from any bank; iv. Over the Counter payment (OTC) through authorized banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft:

Payment of Tax - Rules

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Form GST PMT-07

Application For Credit of Missing Payment (CIN not generated)

1. The application is meant for the taxpayer where the amount intended to be paid is debited from the account but CIN has not been conveyed by bank to Common Portal. Payment may have been made through any mode.
2. The application may be filed if CIN is not conveyed within 24 hours of debit.
3. Common Portal shall forward the complain to Bank concerned and intimate the aggrieved taxpayer.

Common for All Forms

Identification number for each transaction

1. A unique identification number shall be generated at the Common Portal for each debit or credit to the electronic cash or credit ledger, as the case may be.
2. The unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic tax liability register.
3. A unique identification number shall be generated at the Common Portal for each credit in the electronic tax liability register for reasons other than those covered under subrule (2).

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Tax Returns

Under GST

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List of Returns – For all Registered Persons

S.NO.	Form No.	Frequency	Due Date (Next Month)	Details to be furnished
1	Form GSTR-1	Monthly	10^{th}	Details of outward supplies of goods and/or services effected.
2	Form GSTR-2A	Monthly	11^{th}	Auto Populated details of input tax and inward supplies made available to the buyer on the basis of Form GSTR-1 of the supplier.
3	Form GSTR-2	Monthly	15^{th}	Details of inward supplies of goods and/or services effected to a buyer.
4	Form GSTR-1A	Monthly	17^{th}	Auto Populated details of input tax and inwards supplies as modified, corrected, accepted or deleted by the buyer.
5	Form GSTR-3	Monthly	20^{th}	Monthly return of outward supplies and inward supplies along with tax liability, ITC credit, TDS/TCS credited, tax payable, tax paid or refund claimed details of a taxable person.

Full List of Returns to be furnished

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S.NO.	Form No.	Frequency	Due Date (Next Month)	Details to be furnished
1	Form GSTR-1	Monthly	10^{th}	Details of outward supplies of goods and/or services effected.
2	Form GSTR-2A	Monthly	11^{th}	Auto Populated details of input tax and inward supplies made available to the buyer on the basis of Form GSTR-1 of the supplier.
3	Form GSTR-2	Monthly	15^{th}	Details of inward supplies of goods and/or services effected to a buyer.
4	Form GSTR-1A	Monthly	17^{th}	Auto Populated details of input tax and inwards supplies as modified, corrected, accepted or deleted by the buyer.
5	Form GSTR-3	Monthly	20^{th}	Monthly return of outward supplies and inward supplies along with tax liability, ITC credit, TDS/TCS credited, tax payable, tax paid or refund claimed details of a taxable person.
6	Form GSTR-4	Quarterly	18^{th}	Composition Dealer return
7	Form GSTR-5	Monthly	20^{th}	Non Resident taxable person (Foreign)
8	Form GSTR-6	Monthly	15^{th}	Input service distributor return
9	Form GSTR-7	Monthly	10^{th}	TDS/TCS Return
10	Form GSTR-8	Monthly		E-Commerce operator return
11	Form GSTR-9	Annually	31^{st} Dec	Annual Return by taxable person.

HSN Details

- Harmonised System Nomenclature (HSN) for Goods.
- Who is liable to fill up HSN code
- HSN Code consist of 8 digit out of which first & second digit represent chapter, third & fourth digit represent heading, fifth & sixth digit represent sub heading and lastly seven & eight digit represent sub sub heading and hence at least chapter code must be known for dealer having turnover less than 5 crores and accordingly.
- Minimum 2 digit in the first year and as per rule in the subsequent year.

S.NO.	PARTICULARS	Condition of HSN Code in Digit
1	If last year sale less than Rs. 1.5 crores	Not mandatory for first year but minimum 2 digit from second and subsequent year.
2	If last year sales between Rs. 1.5 crores to 5 crores	Minimum 2 digit in the first year and as per rule in the subsequent year.
3	If last year sale exceeds Rs. 5 crore	Minimum 4 digit in the first year and as per rule in the subsequent year.
4	In case of exports / import	Mandatory 8 digit in case of export/import.

SAC Details

- Service Accounting Code (SAC) for Services
- Who is liable to fill up SAC Code
- Any taxable person providing services for which place of supplies rules are dependent on nature of service then it is mandatory to fill 8 digit SAC in the GST return. Also in case of exports/ import of services, it is mandatory to fill up SAC Code.
- Please note that SAC code consist of 8 digit and HSN code also consist of 8 digits so with a view to differentiate HSN code from SAC code it is directed to prefix 'S' before the SAC code while filling up code in GST Returns.

Rectification of Mistake

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- Return cannot be revised under GST Act. Mistake can be rectified by showing transaction in the month in which such mistake is noticed by the dealer. Limitation period is earlier of the period on which next year September return is filed or annual return is filed.

- If mistake relates to April-2018 then mistake can be corrected up to 10/10/2019(Sales) or 15/10/2019 (Purchase) if return and annual return are filed in due date. (Around 18 months). If September return filed late then mistake can be corrected up to 31/12/2019 (Around 21 months)

- If mistake relates to March-2019 then mistake can be corrected up to 10/10/2019(Sales) or 15/10/2019 (Purchase) if return and annual return are filed in due date. (Around 6 months). If September return filed late then mistake can be corrected up to 31/12/2019 (Around 9 months)

- Means as close as to the end of financial year, lesser time permitted as farest to the far to the end of financial year, more time permitted in the law.

- In case Annual return filed earlier say in June-2019 then correction can be made up to June-2019 only for all the monthly returns for the financial year 2018-19 thus reduced the time of limitation for rectification of mistake.

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Invoicing

Under GST

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TAX INVOICE(S-31)

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- A registered person supplying taxable goods shall before or at the time of,-
  - -Removal of goods for supply to recipient, where supply involves movement of goods, or
  - -Delivery of goods or making available thereof to the recipient, in any other case, issue a tax invoice showing the description, quantity, and value of goods and tax charged thereon.
- Central/State government may specify the categories of goods or supplies in respect of which the Tax Invoice shall be issued with in such time
- A registered person supplying taxable services shall, before or after the provisions of services but with in the period prescribed in this behalf, issue a Tax Invoice, showing the description, value, the tax payable thereon.
- The Govt. may specify, the categories of services in respect of which, any other document issued in relation to the supply, shall be deemed to be a tax invoice, or Tax Invoice may be issued, subject to such conditions and limitations as may be prescribed.

TAX INVOICE(S-31)

Notwithstanding anything contained above:-

- (a) A registered person may, within one month from the date of issuance of certificate of registration issue a revise invoice against the invoice already issued during the period starting the effective date of registration till the date of issuance of certificate.(Revised Invoice)
- (b)a registered person may not issue a bill of supply, if value of goods or services or both supplied is less than two hundred rupees.
- (c) A registered person supplying exempted goods or services or both or paying tax under the provisions of section 10(CD) shall issue, instead of a tax invoice, bill of supply.
- (d) A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both issue a receipt voucher or any other document evidencing receipt of such payment.(Receipt Voucher)
- (e)Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.
- (f) A registered person, who is liable to pay tax under sub section 3 or 4 of section 9(Reverse Charge Mechanism), shall issue an invoice in respect of goods or services received by him or on the date of receipt of goods or services from a person who is not registered under the Act.
- (g)A registered person, who is liable to pay tax under sub section 3 or 4 of section 9(Reverse Charge Mechanism), shall issue a payment voucher at the time of making payment to supplier.

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Valuation

Under GST

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Value of Supply

- Value
  - No Reference to Valuation Rules
    - Sole Consideration is Money and Transaction is between unrelated persons.
  - Valuation Rules
    - Money is not Sole Consideration
    - Related Party
    - Special Assessee – Money Changer, Pure Agent, Air Travel Agent, Insurer, Lottery Agent, etc

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Related Person

- Persons shall be deemed to be "related persons" if only
  - they are officers or directors of one another's businesses
  - they are legally recognized partners in business
  - they are employer and employee
  - any person directly or indirectly owns, controls or holds five per cent or more of the outstanding voting stock or shares of both of them
  - one of them directly or indirectly controls the other
  - both of them are directly or indirectly controlled by a third person
  - together they directly or indirectly control a third person or
  - they are members of the same family

Key Terms in Valuation Rules

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- **‘goods of like kind and quality’ means goods which are:**
  - identical or similar in physical characteristics, quality and reputation as the goods being valued
  - perform the same functions or are commercially interchangeable with the goods being valued
  - supplied by the same person or by a different person

- **‘services of like kind and quality’ means services which are:**
  - identical or similar in nature, quality and reputation as the services being valued
  - supplied by the same person or by a different person

Transaction Value

Transaction Value INCLUDES	Transaction Value EXCLUDES
Any duties, taxes, cesses, fees and charges levied under any other statute	Before supply Discount at the time of supply – to be recorded in the invoice
Amount incurred by recipient which is liable to be paid by the supplier	After supply Agreement for discount, discount should be linked to invoice, recipient has reversed the credit
Incidental expenses such as packing, commission etc	Central and State Govt subsidies; i.e., Government subsidies will not be included in transaction value
Charges for anything done by the supplier at the time of supply or before supply	
Interest late fee/penalty for delayed payment	
Subsidies directly linked to price	

Analysis of Valuation Rules for Supply

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All possible scenario wherein valuation is required are categorized under seven different heads. These heads are:

Value of Supply of Goods or Services where the consideration is not wholly in money.

- Example will include cases when a buyer gives another good in exchange of partial consideration and barter.

Value of Supply of Goods or Services or both between distinct or related persons, other than through agent.

- Example will include when goods or services are supplied to related persons or entities which have separate registration but common control.

Value of Supply of Goods made or received through an agent.

- Specific cases when goods or services are supplied between Principal and his agent. There may not be a value-addition but these cases will fall under the definition of supply.

Value of Supply of Goods or Services or both based on cost.

- This valuation method provides valuation on the basis of the cost of manufacture or cost of acquisition.

Residual method for determination of the value of supply of goods or services or both.

- Any other method which can be fairly justified.

Determination of value in respect of certain supplies.

- Specific cases such as Foreign Currency Convertor, Life Insurance Business are covered under this head.

Value of Supply of Service in the case of a pure agent.

- This valuation rule will apply to exclusive Principal-Agent related cases.

THANKS!

Any questions?

You can find me at

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