

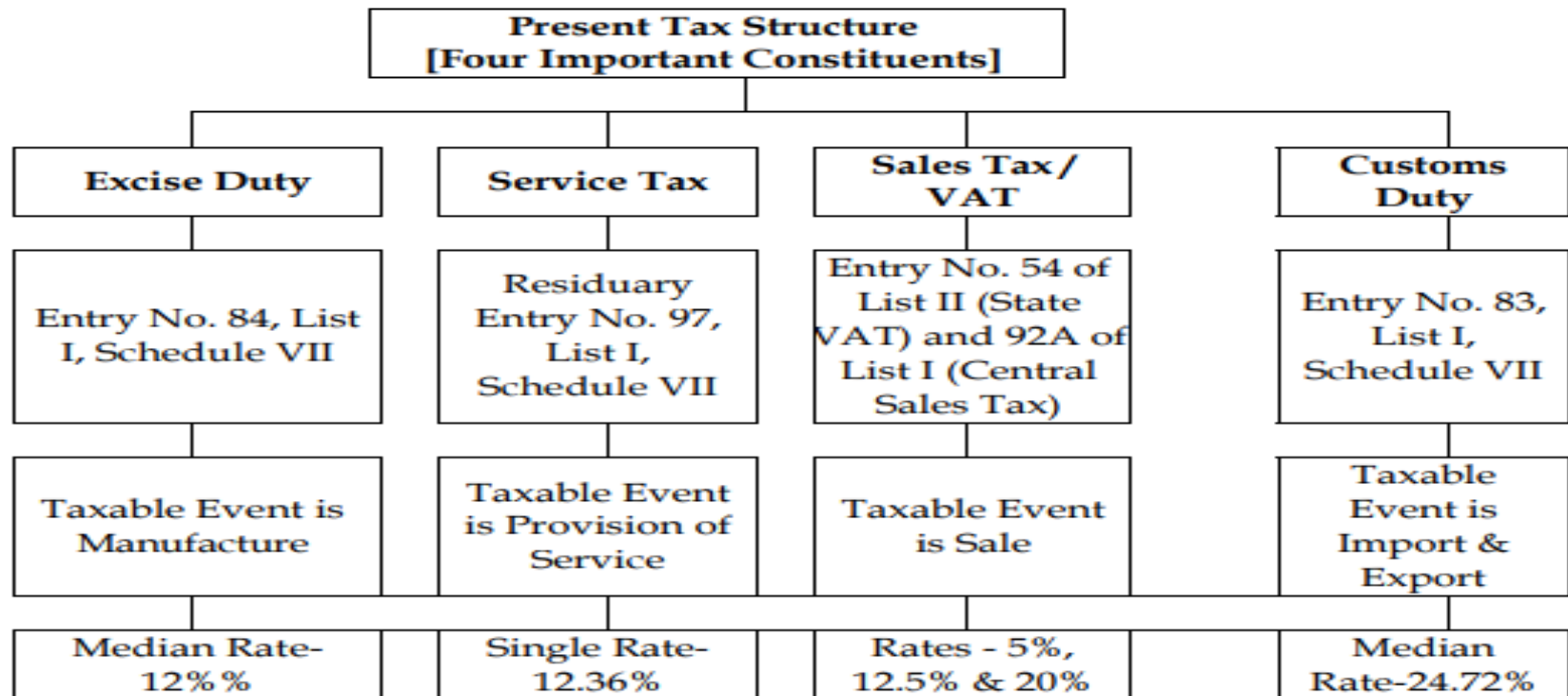
By CA Vaibhav Jain



BACKGROUND & INTRODUCTION TO GST

India currently has a dual system of taxation of goods and services, which is quite different from dual GST. Taxes on goods are described as “VAT” at both Central and State level. It has adopted value added tax principle with input tax credit mechanism for taxation of goods and services, respectively, with limited cross-levy set-off.

The present tax structure can best be described by the following chart:



EXISTING INDIRECT TAX STRUCTURE IN INDIA

Central Taxes

- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toiletries Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

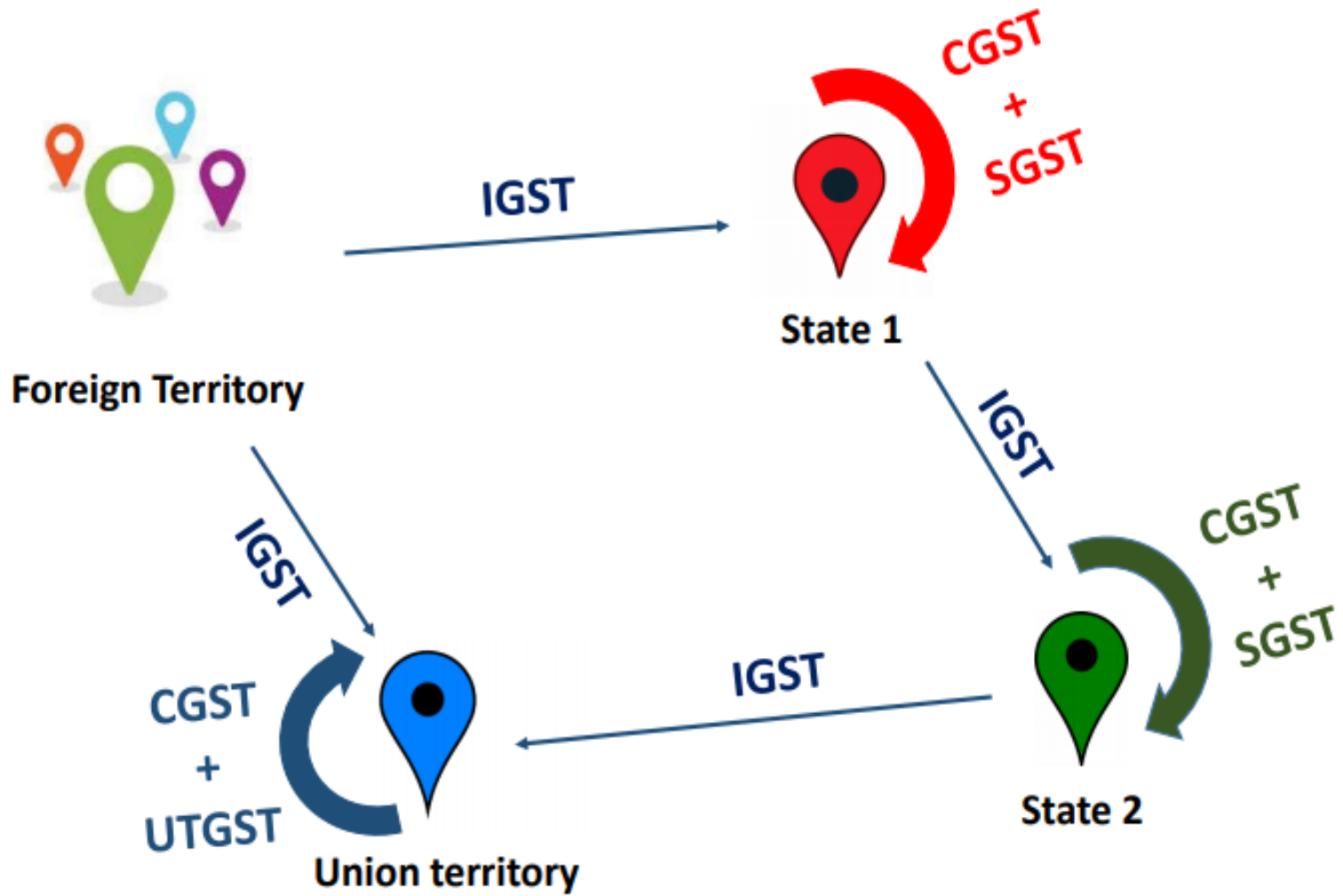
State Taxes

- State VAT / Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

Constitution amended to provide concurrent powers to both Centre & States to levy GST (Centre to tax sale of goods and States to tax provision of services)



UNDERSTANDING CGST, SGST, UTGST & IGST



IGST Credit can be used for payment of IGST, CGST, SGST / UTGST in that order

CONSTITUTION AMENDMENT ACT (CAA)

- Taxation powers distributed between Centre & States
- Centre levies duty on manufacture (except alcohol for human consumption)
- Centre levies services tax
- Centre levies CST (retained by originating States) on Inter State sales
- State levies VAT on intra-State sales
- State levies Entry tax / Octroi/ Luxury tax, etc.
- CAA required for assigning concurrent powers to Centre and States to levy GST on all supplies



CONSTITUTION AMENDMENT ACT (CAA) (CONTD...)

- CAA passed by Rajya Sabha on 03.08.2016 & Lok Sabha on 08.08.2016.
- Notified as Constitution (101st Amendment) Act, 2016 on 08.09.2016.

Key Features:

- Concurrent jurisdiction for levy & collection of GST by the Centre & the States – Article 246A.
- Centre to levy & collect IGST on supplies in the course of inter-State trade or commerce including imports – Article 269A.



KEY FEATURES (CONTD....)

- Compensation for loss of revenue to States for five years on recommendation of GSTC – Clause 19.
- GST on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas & aviation turbine fuel to be levied from a later date on recommendations of GSTC.



GST COUNCIL(ARTICLE 279A)

- Constituted by the President within 60 days from the coming into force of the Constitution Amendment.
- Consists of Union FM & Union MOS (Rev)
- Consists of Ministers in charge of Finance / Taxation of each State □ Chairperson – Union FM.
- Vice Chairperson - to be chosen amongst the Ministers of State Government. Quorum is 50% of total members.
- Decisions by majority of 75% of weighted votes of members present & voting.



DECISION MAKING IN GST COUNCIL

Weightage of votes:

- Centre – 1/3 rd of total votes cast.
- States (all taken together) – 2/3 rd of total votes cast.

Council to be guided by need for:

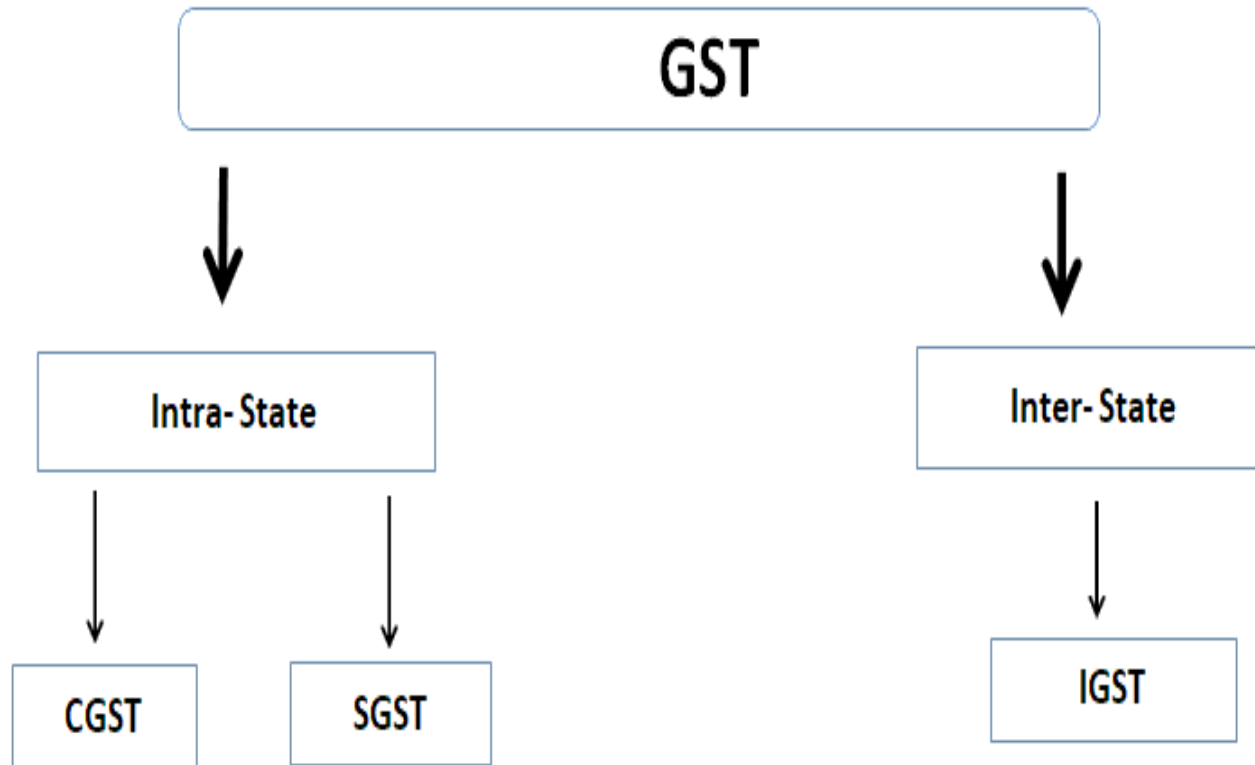
- a harmonized structure of GST; and
- a harmonized national market for goods & services.

Council to make recommendations on:

- Taxes to be subsumed in GST.
- Exemptions & thresholds.
- GST rates.



MODEL OF GST



Revenue will be ultimately received by the state in which goods are finally consumed
Revenue will be ultimately received by the state in which goods are finally consumed

GST TAX STURUCTURE

Intra State
Taxable
Supply

CGST levied in
place of Excise &
Service Tax

SGST levied in
place of VAT &
Other Taxes

Inter State
Taxable
Supply

IGST levied in
place of CST &
Service Tax

Total of CGST
and SGST

Import From
Outside
India

IGST levied in
place of Custom
Duty

IGST levied in
place of
CVD,SAD.



MEANING OF COMPONENT OF GST

Central GST (CGST)

- Levy on **supply** of all goods and/ or services within a particular State, by the Central Government

State GST SGST

- Levy on **supply of all** goods and/ or services within a particular State, by the **respective** State Government

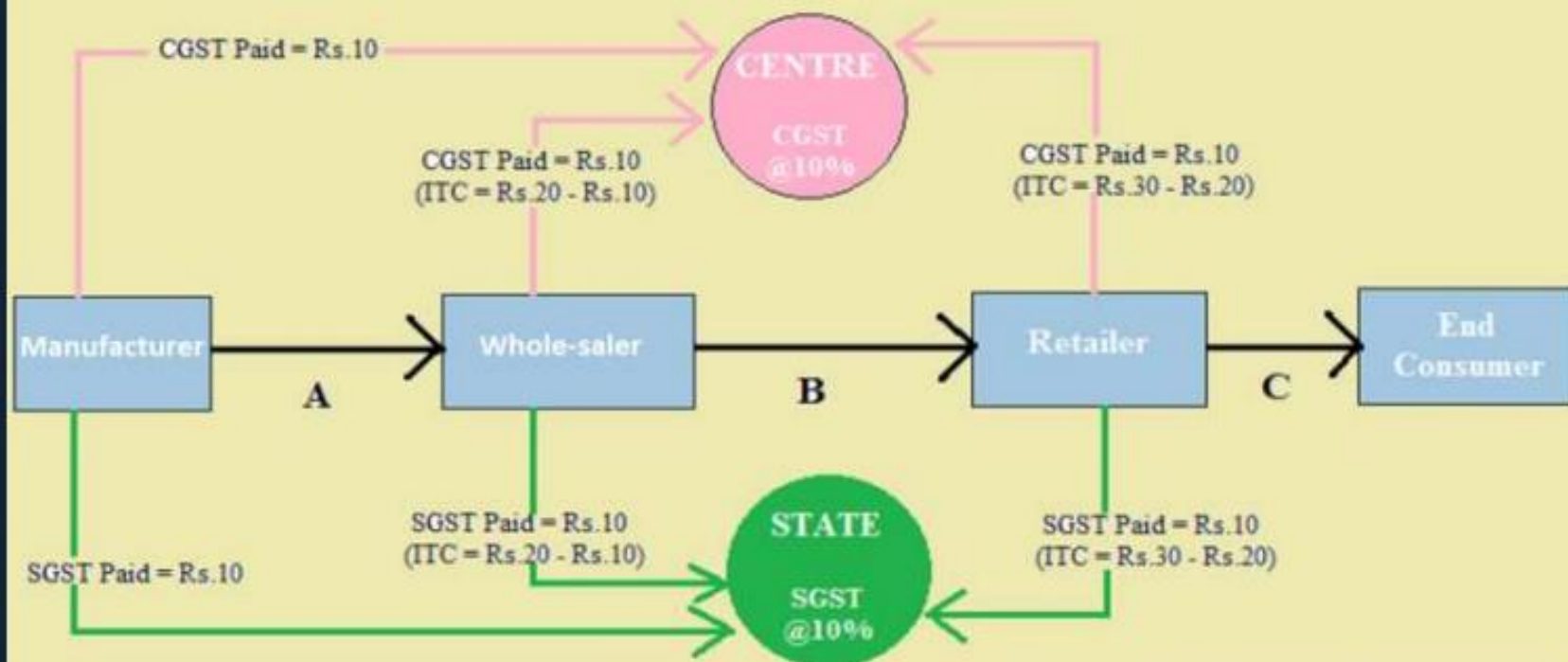
Integrated GST (IGST)

- Levy on all **inter-State supplies of** goods and/ or services, by the Central Government



Working Example of GST under CGST & SGST

Working Example of GST under CGST and SGST



Tax Invoice - A

Cost of Goods = Rs.100
CGST @ 10% = Rs.10
SGST @ 10% = Rs.10
Total = Rs.120

Tax Invoice - B

Cost of Goods = Rs.200
CGST @ 10% = Rs.20
SGST @ 10% = Rs.20
Total = Rs.240

Tax Invoice - C

Cost of Goods = Rs.300
CGST @ 10% = Rs.30
SGST @ 10% = Rs.30
Total = Rs.360

WHAT/ WHEN/ WHERE IS TAXABLE

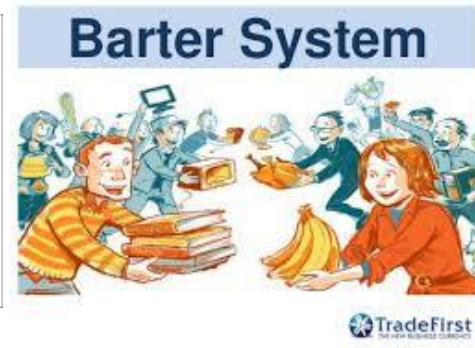
All forms of supply like:



Sale



Transfer



Barter



Exchange



License



Rental

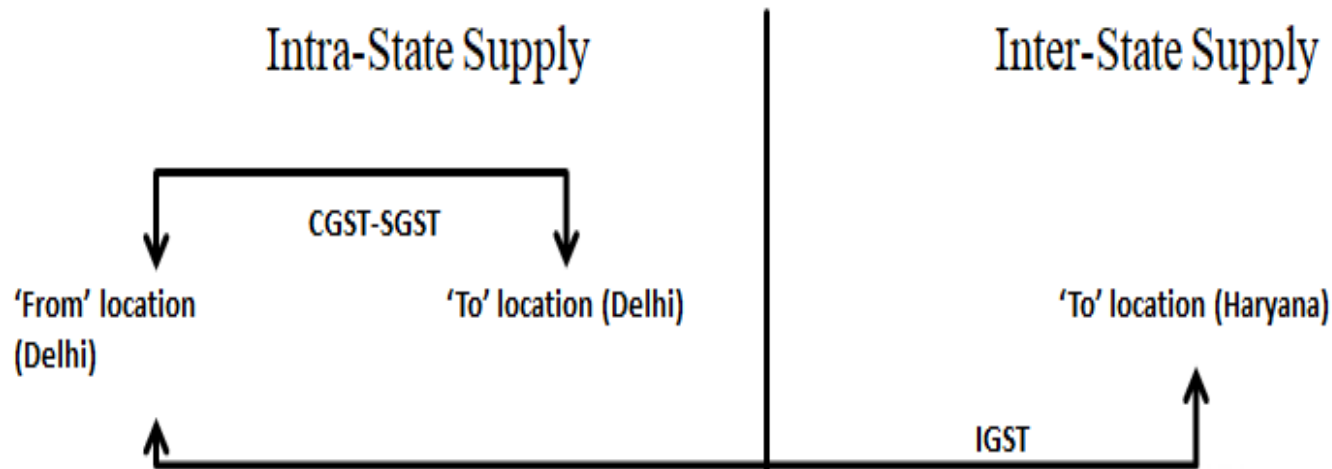


Lease

Disposal



GST ON GOODS & SERVICES



- Dual tax – CGST-SGST
- Registered office not relevant; location of goods is relevant
- Example: Supply of goods & Services within in the Delhi.

- One tax – IGST (higher rate)
- Movement for 'delivery' relevant; even stock-transfer taxable
- Example : Supply of goods & Services from Delhi to Haryana
- In case of Export Imports – basic customs + IGST

DEFINITION OF SUPPLY (CGST ACT 2017)

Section 3 - Meaning and scope of supply

Section 3(1)(a)	Section 3(1)(b)	Section 3(1)(c)	Other matters
All forms of supply of goods and/ or services, - for a consideration - in the course or furtherance of business such as: - sale, - transfer, - barter, - exchange, - license, - rental, - lease or - disposal	Importation of service, - for a consideration - whether or not in the course or furtherance of business	Supplies specified* - To be treated as supplies <i>made without a consideration</i> <u>*Schedule I:</u> 1. Permanent transfer/ disposal of business assets for which ITC availed 2. Supplies between related persons/ distinct persons in the course or furtherance of business 3. Supply of goods by principal (or agent) to agent (or principal) 4. Importation of service from a related person or from any of his other establishments outside India, in the course or furtherance of business.	• Composite Supply • Mixed Supply

SCHEDULE II UNDER CGST

Schedule II of the CGST Act, 2017 specifies activities to be treated as supply of goods or supply of services. Examples are:



Any treatment or process applied to another person's goods is a supply of services.



Renting of immovable property- Supply of service



Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer-Supply of service

CLASSIFICATION- GOODS/ SERVICES- SCHEDULE-II TO CGST ACT

Transfer

Transfer of Title

Transfer of the title in goods is a supply of goods

Transfer of right in goods without the transfer of title, is a supply of services

An agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods.

Land and Building



Any lease, tenancy, easement, license to occupy land is a supply of services

Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.

Continued...

Transfer of business assets

Where, by or under the direction of a person carrying on a business

Goods forming part of
the assets of business

Goods held or used for
the purpose of business

Transferred or disposed of so
as no longer to form part of
business assets

Put to any private use or made
available to any person for use, for any
purpose other than a purpose of the
business

Whether or not for a
consideration

Treated as supply of
goods

Treated as supply of
services



Composite Supply: To be treated as Supply of Services

- 1. Works Contract** including transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract.
- 2. Supply, by way of** or as part of **any service** or in any other manner whatsoever, **of goods**, being foods or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.



Overview of the new landscape

KEY GST CONCEPTS

Taxable event

event to be 'supply'

States to levy tax on services

Place of supply

Destination based tax

Rules for services?

Multiplicity of taxes

GST to subsume most current indirect taxes

To be replaced by CGST and SGST, IGST

Valuation

Likely to be consistent for all goods and services – MRP valuation may go

Exemptions

Likely to either be withdrawn or be converted into refund mechanism

Credit

Possible expansion of credit base

Credit pool to be maintained for each state

Rates

Tax rates to change for inputs and outputs

Classification

INPUT TAX CREDIT

- Every registered person shall,
- be entitled to take credit of input tax
- charged on any supply of goods, services & both to him
- which are used or intended to be used
- in the **course or furtherance of his business**

INPUT CREDIT OF VAT AND EXCISE DUTY PAID ON STOCK AND CAPITAL GOODS

Unavailed Cenvat credit of capital goods, not c/f in a return furnished under earlier law.

Period prior to appointed day

Allowed as ITC.

CENVAT/ VAT/ET c/f in return under existing law relating to

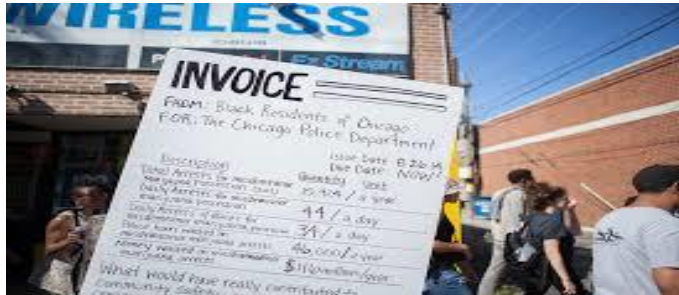
Period prior to appointed day

Allowed as ITC .



CONDITIONS FOR ITC

No “registered person” shall be entitled to the credit of any input tax, [notwithstanding this Sec. i.e. Sec. 16], **unless**



a) possession of a tax invoice/debit note/other documents



c) furnished the return



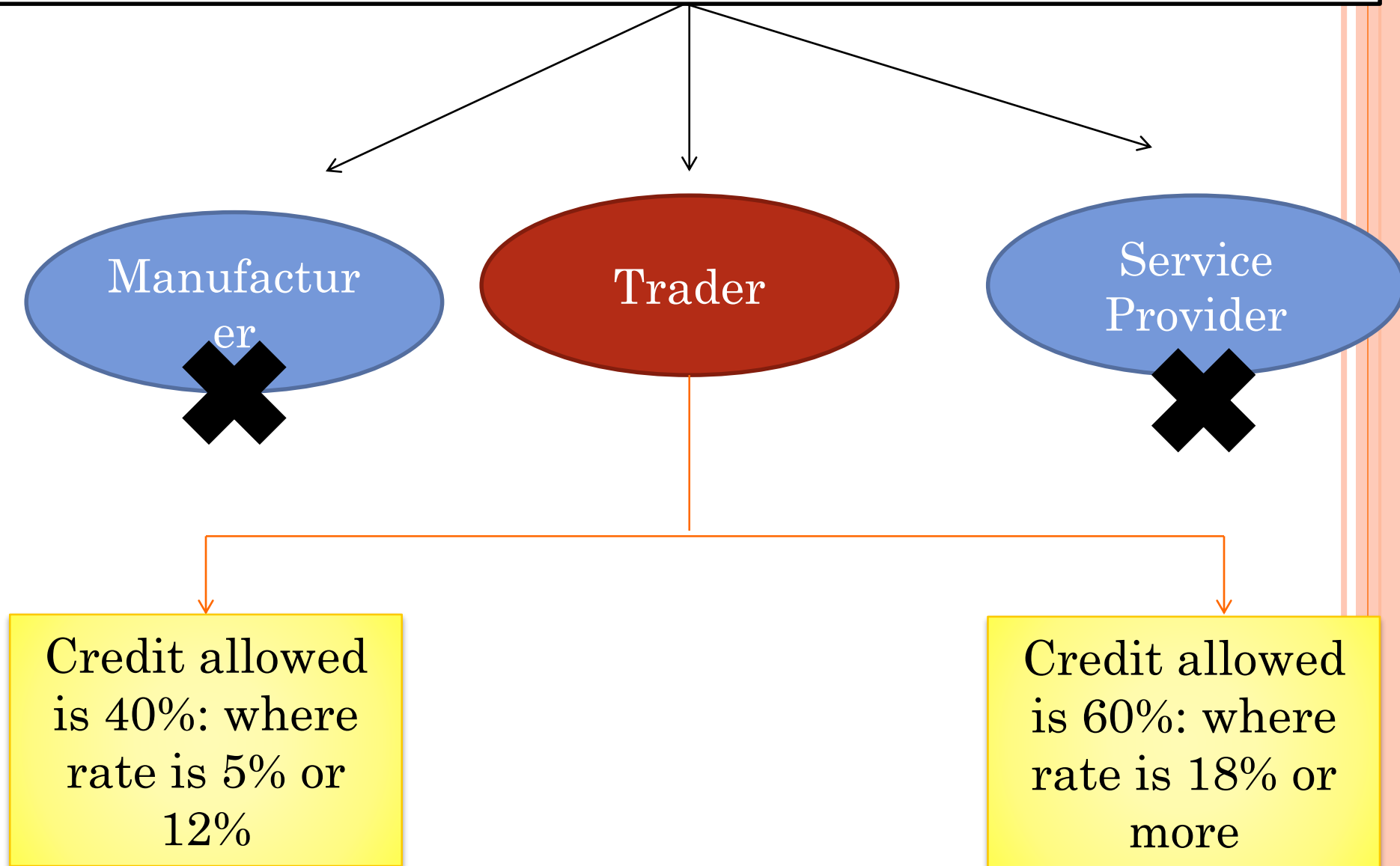
b) received the G/S/B



d) Tax charged paid to the Government



CREDIT OF ELIGIBLE DUTIES AND TAXES IN RESPECT OF INPUTS HELD IN STOCK - **WHEN INVOICE ETC. NOT AVAILABLE**



CREDIT OF ELIGIBLE DUTIES AND TAXES IN RESPECT OF INPUTS HELD IN STOCK - [SEC-140(3)]

Credit available to registered person who was:

- not liable to be registered under the existing law, or
- Manufacturer/ Seller of exempted goods (SGST) or
- Provider of exempted services, or
- Providing works contract service and was availing of the benefit of notification No. 26/2012-ST, dated 20.06.2012 or
- a first stage dealer or a second stage dealer or
- a registered importer,
- Depot of Manufacturer



CREDIT OF ELIGIBLE DUTIES AND TAXES IN RESPECT OF INPUTS HELD IN STOCK - [SEC-140 (3)]

On appointed
day

Post appointed
day

Credit in respect of:

Inputs held in Stock &
Inputs contained in
finished/ semi-finished
goods held in stock

On Appointed Date

Allowed to take Credit

of eligible duties &
taxes/
of VAT/ Entry Tax-

as ITC under
CGST/SGST

Conditions given



CREDIT OF ELIGIBLE DUTIES AND TAXES IN RESPECT OF INPUTS HELD IN STOCK TO BE ALLOWED IN CERTAIN SITUATIONS [SEC-140(3)]

Conditions [Sec-140(3)]:

- (i) such inputs and / or goods are **used or intended to be used for making taxable supplies** under GST;
- (ii) Person is **eligible for input tax credit** on such inputs under GST;
- (iii) **Possession of invoice and/or other prescribed documents** evidencing payment of duty
- (iv) Such invoices and /or other prescribed documents were issued not earlier than 12 months immediately preceding the appointed day; and
- (v) the supplier of services is **not eligible for any abatement**



CREDIT OF ELIGIBLE DUTIES AND TAXES IN RESPECT OF INPUTS HELD
IN STOCK -**WHEN INVOICE ETC. NOT AVAILABLE**
SEC. 140(3) **PROVISO.**

where :

- a registered taxable person,
- other than a manufacturer or a supplier of services, [**TRADER only**]
- **not in possession of an Invoice etc. evidencing payment of duty**
- He shall, subject to such conditions, limitations and safeguards as may be prescribed,
- be allowed to take credit at the rate and in the manner prescribed.
- Shall pass on the benefit to recipient



CREDIT OF ELIGIBLE DUTIES AND TAXES IN RESPECT OF INPUTS HELD IN STOCK – EXEMPTED/TAXABLE –[SEC 140(4)]

Where :

- a registered person,
- engaged in mfg. of taxable as well as exempted goods under CE Act 1994
- Provision of taxable as well as exempted services under Finance Act 1994,
- but are liable to tax under this act
- be entitled to take credit in ECL-



CREDIT OF ELIGIBLE DUTIES AND TAXES IN RESPECT OF INPUTS HELD IN STOCK - EXEMPTED/TAXABLE –[SEC 140(4)]

- (a) The amount of CENVAT credit carried forward in a return furnished under the existing law
- (b) The amount of CENVAT credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day, relating to such exempted goods or services in form TRAN-1.



CREDIT OF ELIGIBLE DUTIES AND TAXES IN RESPECT OF INPUTS/ INPUT SERVICES- UNDER TRANSIT [SEC-140(5)]

- Registered person shall be entitled to take
- Credit of eligible duties and taxes in respect of
- Inputs/ input services
- Received on/ after appointed date
- But duty/ tax paid by supplier under existing law
- Subject to the condition that
- Invoice/ any other duty/ tax paying document
- Was recorded in the books within 30 days from appointed date



ITC ON ACCOUNT OF ANY SERVICES RECEIVED PRIOR TO APPOINTED DATE BY ISD [140(7)]

- The ITC on account of any services
- Received prior to appointed day by Input service Distributor (ISD).
- shall be eligible for distribution as credit under this Act even if
- Invoice relating to such services are received
- On or after the appointed date.



ITC IN RESPECT OF PERSON HAVING CENTRALIZED REGISTRATION IN EARLIER LAW [140(8)]

- Registered person **having centralized registration** under the existing law
- obtained a registration under this Act,
- such person shall take credit of CENVAT c/f in a return,
- furnished under the existing law,
- in respect of the period ending with the day immediately preceding the appointed day
- in such manner as may be prescribed



ITC IN RESPECT OF PERSON HAVING CENTRALIZED REGISTRATION IN EARLIER LAW [140(8)]

- Provided that if the registered person furnishes his return
 - for the period ending with the day immediately preceding the appointed day
 - within three months of the appointed day,
 - such credit shall be allowed subject to the condition that the said return is either an original return or a revised return
 - where the credit has been reduced from that claimed earlier
- 

ITC IN RESPECT OF PERSON HAVING CENTRALIZED REGISTRATION IN EARLIER LAW [140(8)]

Conditions for taking credit

- Credit is admissible as input tax credit under this Act
- Such credit may be transferred to any of the registered persons having the same Permanent Account Number for which the centralized registration was obtained under the existing law.



CENVAT REVERSED DUE TO NON-PAYMENT [140(9)]

- CENVAT credit availed for the input services
- has been reversed due to non-payment of the consideration within three months,
- such credit can be reclaimed
- subject to the condition that
- the registered person has made the payment of the consideration for that supply of services
- within a period of three months from the appointed day.



FINISHED GOODS REMOVED FOR CARRYING OUT CERTAIN PROCESSES AND RETURNED ON OR AFTER THE APPOINTED DAY - [SEC- 141(3)]

- If excisable goods
- manufactured at a place of business
- had been removed without payment of duty
- for carrying out test or any process (..not amounting to manufacture.. in CGST),
- to any other premises, whether registered or not,

No tax shall be payable if goods returned

- within 6/8 months from the appointed day
- after undergoing tests or any other process

If not returned within 6/8 months -**the input tax credit shall be recovered in terms of section 142.**

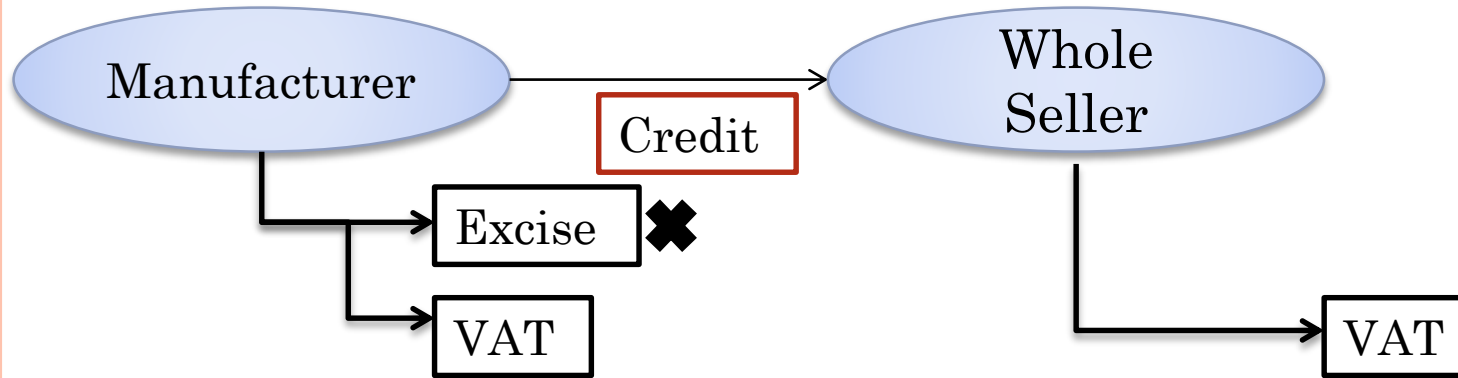


DUTY/ TAX PAID GOODS RETURNED TO THE PLACE OF BUSINESS ON OR AFTER THE APPOINTED DAY : [SEC- 142(1)]

- If Duty/Tax paid goods
 - removed not earlier than six months, in earlier law,
 - Supplier shall be eligible for **refund (under earlier law) if:**
 - he is registered Person
 - goods **returned within six months** from the appointed day
 - goods are **returned by other than registered** person
 - goods are **identifiable** to the satisfaction of the proper officer
 - Goods returned by a registered taxable person shall be **deemed to be a supply.**
 - Goods returned by **other than registered taxable person after 6 months ---No REFUND.**
- 

COST SAVINGS IN SUPPLY CHAIN

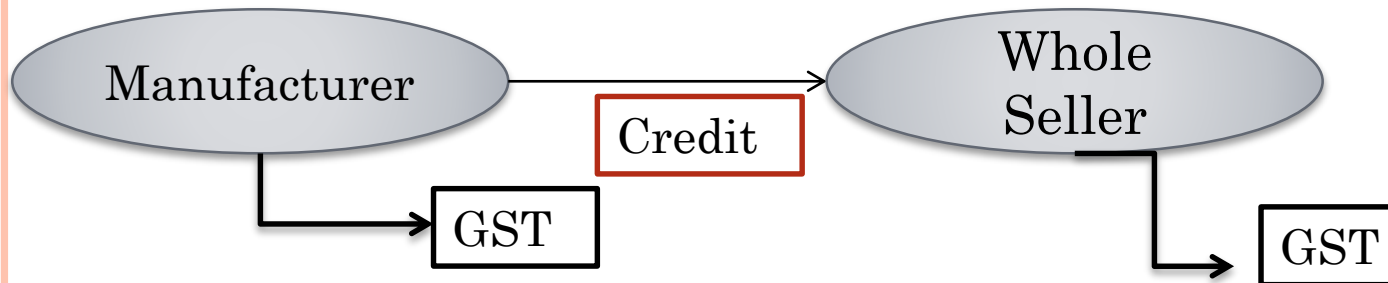
Existing Regime



Remarks

Input Tax Credit of Excise Duty is not available to Trader

GST Regime



Input Tax Credit of 100% GST is available.

COST SAVINGS IN LOGISTICS

Existing Regime

Manufacturer

- Transportation- Service Tax
- Loading/Unloading- Service Tax
- C & F Service- Service Tax

Whole Seller

Credit of Service Tax not available to dealer of goods

GST Regime

Manufacturer

- Transportation- GST
- Loading/Unloading- GST
- C & F Service- GST

Whole Seller

Credit of GST is available to supplier of goods against output liability



CONTRACT RENEGOTIATION AND REDRAFTING

Manufacture,
Sale and Service
up-to 30.06.2017



Services- Point of Taxation
Goods- Point of Taxation

Manufacture,
Sale and Service
from 01.07.2017



Composite Supply- GST
Works Contract- GST

- Contracts exclusive of taxes
 - ❑ Anti Profiteering Measure
- Contracts inclusive of taxes

NO CREDIT- 17(5)

(a) motor vehicles and other conveyances except when they are used

(i) for making the following taxable supplies, namely



A) Further supply of such vehicles or conveyances



B) Transportation of passengers



C) Imparting training on driving, flying, navigating such vehicles or conveyances

(ii) for transportation of goods.



NO CREDIT- 17(5)

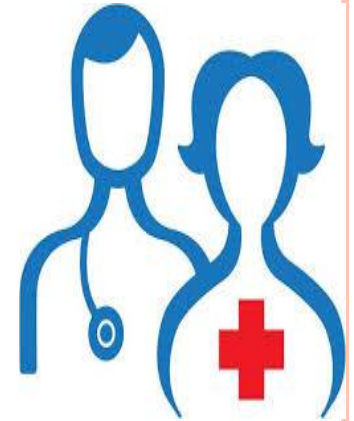
(b) supply of goods or services or both, namely,

(i) food and beverages, outdoor catering,

- beauty treatment,

- Health services,

- cosmetic and plastic surgery



except where such inward supply of goods or services of a particular category is used by a registered person for making an outward taxable supply of the **same category** of goods or services **OR as an element of taxable composite or mixed supply;**

(ii) membership of a club, health and fitness center,



(iii) rent-a-cab, life insurance, health insurance

except where the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; and for SAME

(iv) travel benefits extended to employees on vacation such as leave or home travel concession.

NO CREDIT- 17(5)

(c) Works Contract Services

- when supplied for construction of immovable property,
 - other than plant and machinery,
 - except where it is an input service for further supply of works contract service;
- (d) goods or services received by a taxable person for construction of an immovable property on his own account,
- other than plant and machinery,
 - even when used in course or furtherance of business;

*Explanation- for (c) & (d), “construction” includes re-construction, renovation, addition or alteration or repairs, **to the extent of capitalization**, to the said immovable property.*



WHAT IS JOB WORK ? SECTION- 2 (62)

General Meaning

- Jobs done on outsourced basis
- Sending of RM /semi - FG for some process

Under GST

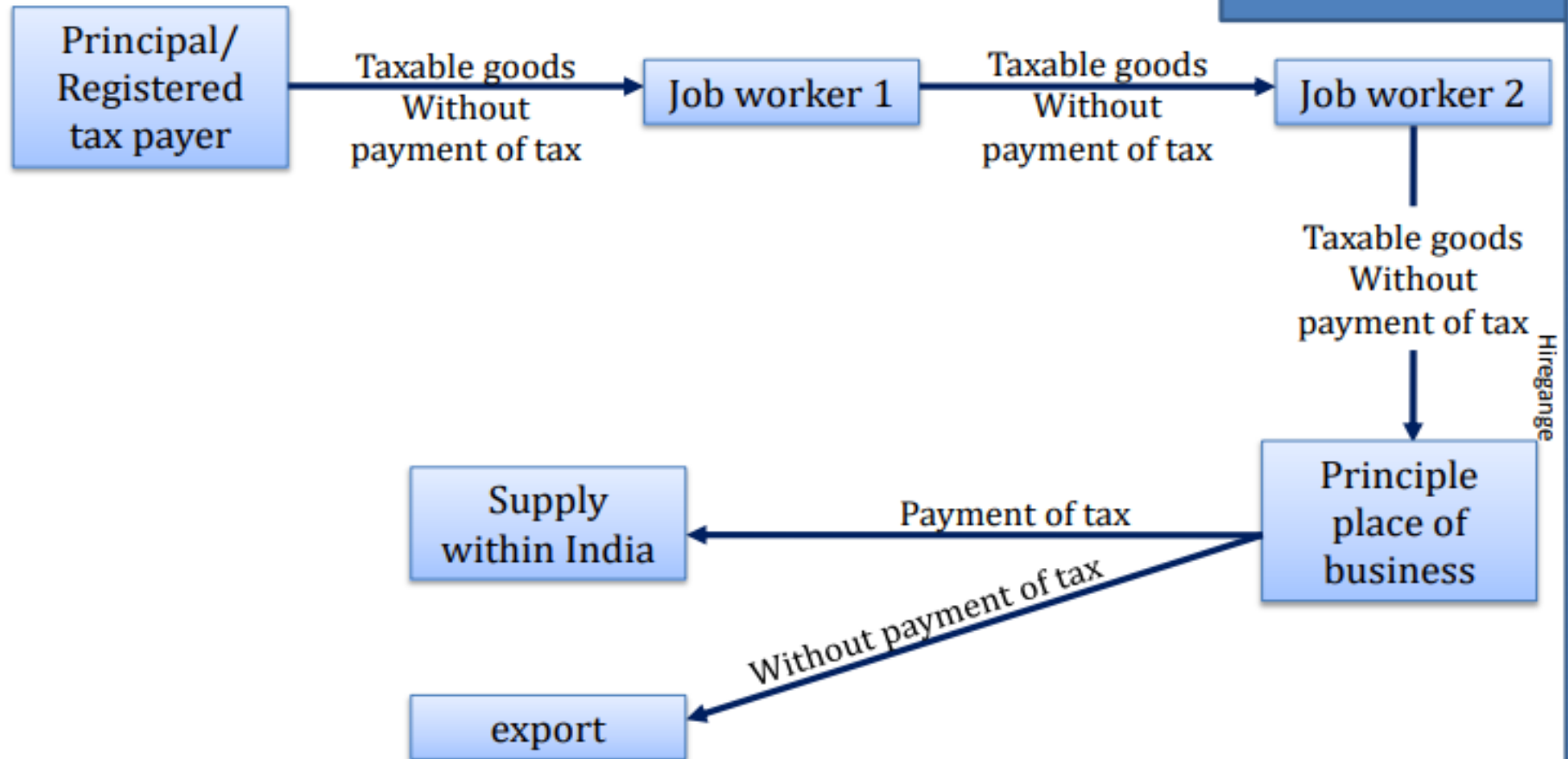
- Undertaking any treatment or process
- By a person on goods
- belonging to another registered taxable person



Job work

Normal

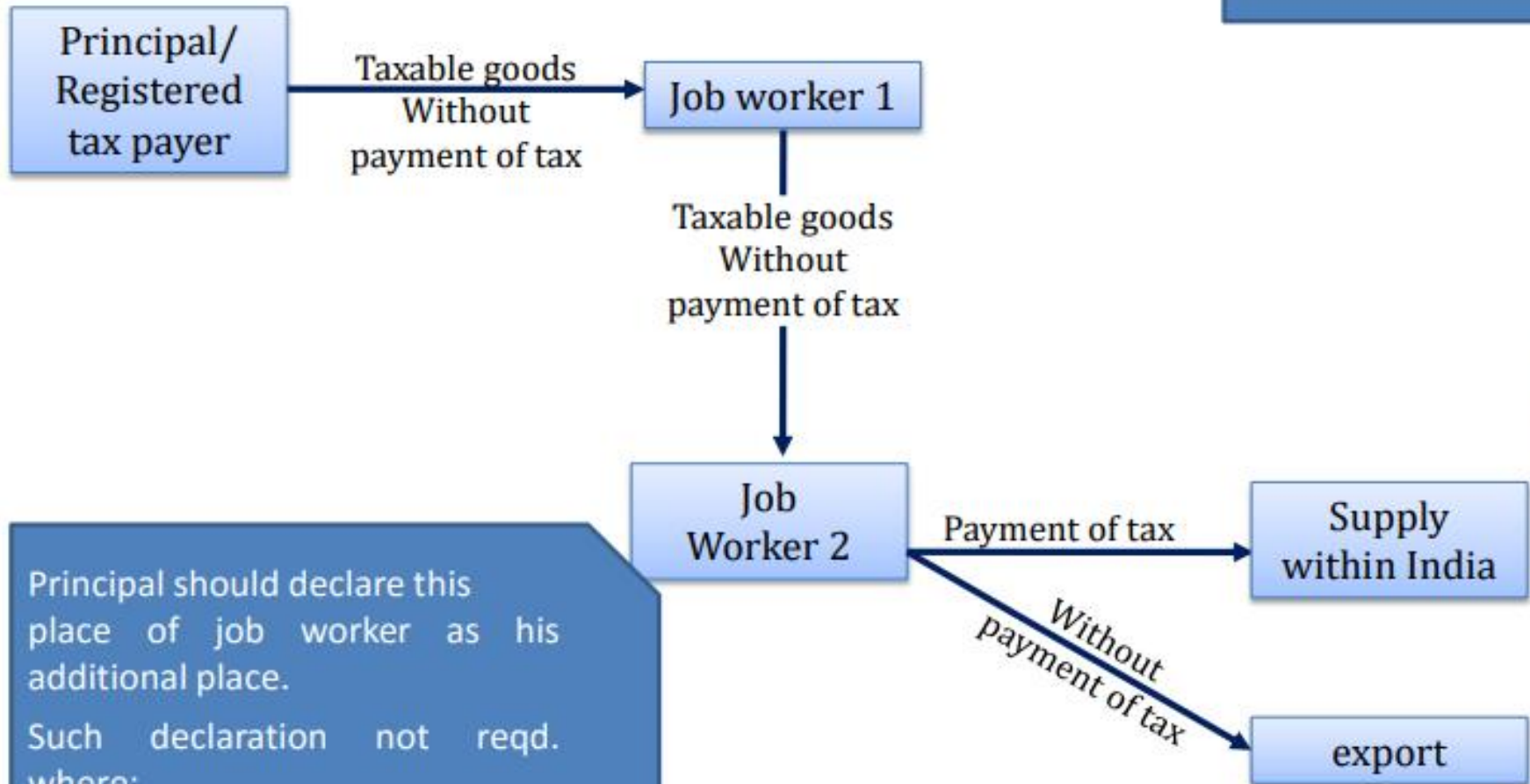
Section- 43 A



Job work

Supply from place of business of job worker

Section- 43 A



Principal should declare this place of job worker as his additional place.

Such declaration not reqd. where:

- job worker- registered u/s 19
- supply of goods as maybe notified

INPUT CREDIT – JOB WORK (SECTION- 16 A)

Principal can take credit– goods returned within 180 days

Principal can take credit– goods returned within 180 days condition

Capital goods return - 2 years. Even CGs also can be sent directly

If not returned within time specified, reverse credit + interest

After receiving back –can claim the same.





Job Work - Transitional provisions



INPUTS REMOVED FOR JOB WORK AND RETURNED ON OR AFTER THE APPOINTED DAY – S. 175

Inputs removed/
dispatched as such or
after partial
processing etc. for job
work under the
earlier law prior to
appointed day;

Manufacturer

r

Appointed Day



Job
Worker

Inputs are returned
within 6 months or
within the extended
period (2 months) from
the appointed day to
the said factory/ said
place of business.

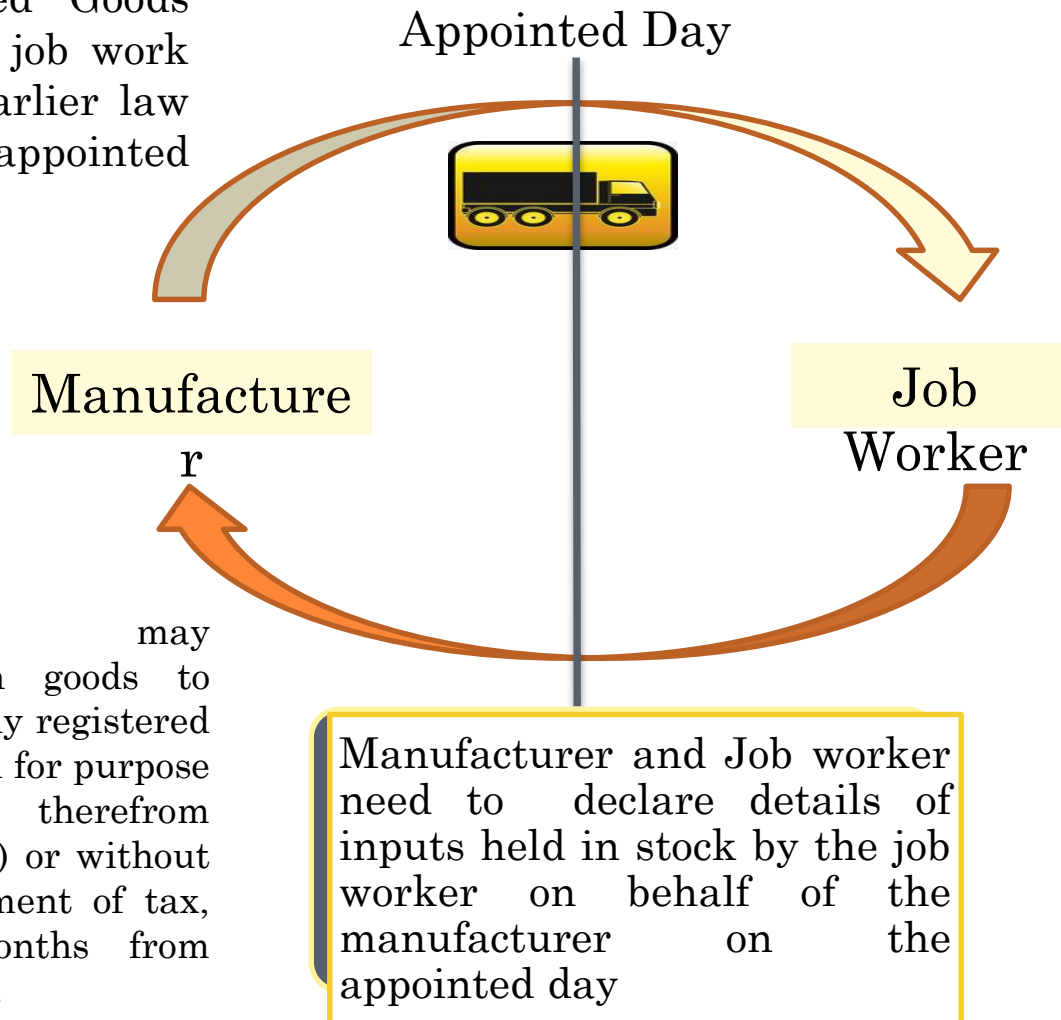
Manufacturer and Job
worker need to declare
details of inputs held in stock
by the job worker on behalf of
the manufacturer on the
appointed day

If returned after 6
months, ITC liable to
be recovered as per S.
184



SEMI-FINISHED GOODS REMOVED FOR JOB WORK AND RETURNED ON OR AFTER THE APPOINTED DAY – S. 176

Semi-Finished Goods removed for job work under the earlier law prior to appointed day;



Manufacturer may transfer such goods to premises of any registered taxable person for purpose of supplying therefrom with (in India) or without (exports) payment of tax, within 6 months from appointed day.

Semi-finished Goods are returned within 6 months or within the extended period (2 months) from the appointed day to the said factory/ said place of business.

If returned after 6 months, ITC liable to be recovered as per S. 184



FINISHED GOODS REMOVED FOR CARRYING OUT CERTAIN PROCESSES AND RETURNED ON OR AFTER THE APPOINTED DAY – S. 177

Excisable Goods removed w/o payment of duty for tests/ processes etc. under the earlier law prior to appointed day;

Manufacture

r

Manufacturer may transfer such goods from the other premises with (in India) or without (exports) payment of tax, within 6 months from appointed day.

Appointed Day



Job
Worker

Finished Goods are returned within 6 months or within the extended period (2 months) from the appointed day to the said factory/ said place of business.

If returned after 6 months, ITC liable to be recovered as per S. 184



WHERE ALL TO REGISTER AND WHEN?

Registration

```
graph TD; A([Registration]) --> B[New Registrant]; A --> C[Existing Registrant]; B --> D[Separate Registration in all States/ UT making taxable supplies]; D --> E[Multiple Business verticals- within same state May take separate registration]; C --> F[Compulsory Provisional registration in GST -May opt out];
```

New Registrant

Separate Registration in all States/ UT making taxable supplies

Multiple Business verticals- within same state
May take separate registration

Existing Registrant

Compulsory Provisional registration in GST

-May opt out

COMPULSORY REGISTRATION



1. Persons making any inter-State taxable supply (**Except Service provider Turnover upto 20 lakh**)

2. Casual taxable persons making taxable supply

3. Persons liable to pay tax under reverse charge

5. Non-resident taxable persons making taxable supply

7. Persons who make taxable supply of goods or services or both on behalf of other taxable persons

8. Input Service Distributor

4. Every E-Commerce Operator

6. Persons who are required to deduct tax (GST)

9. Online Information and Database Access or Retrieval Services from a NR TO R



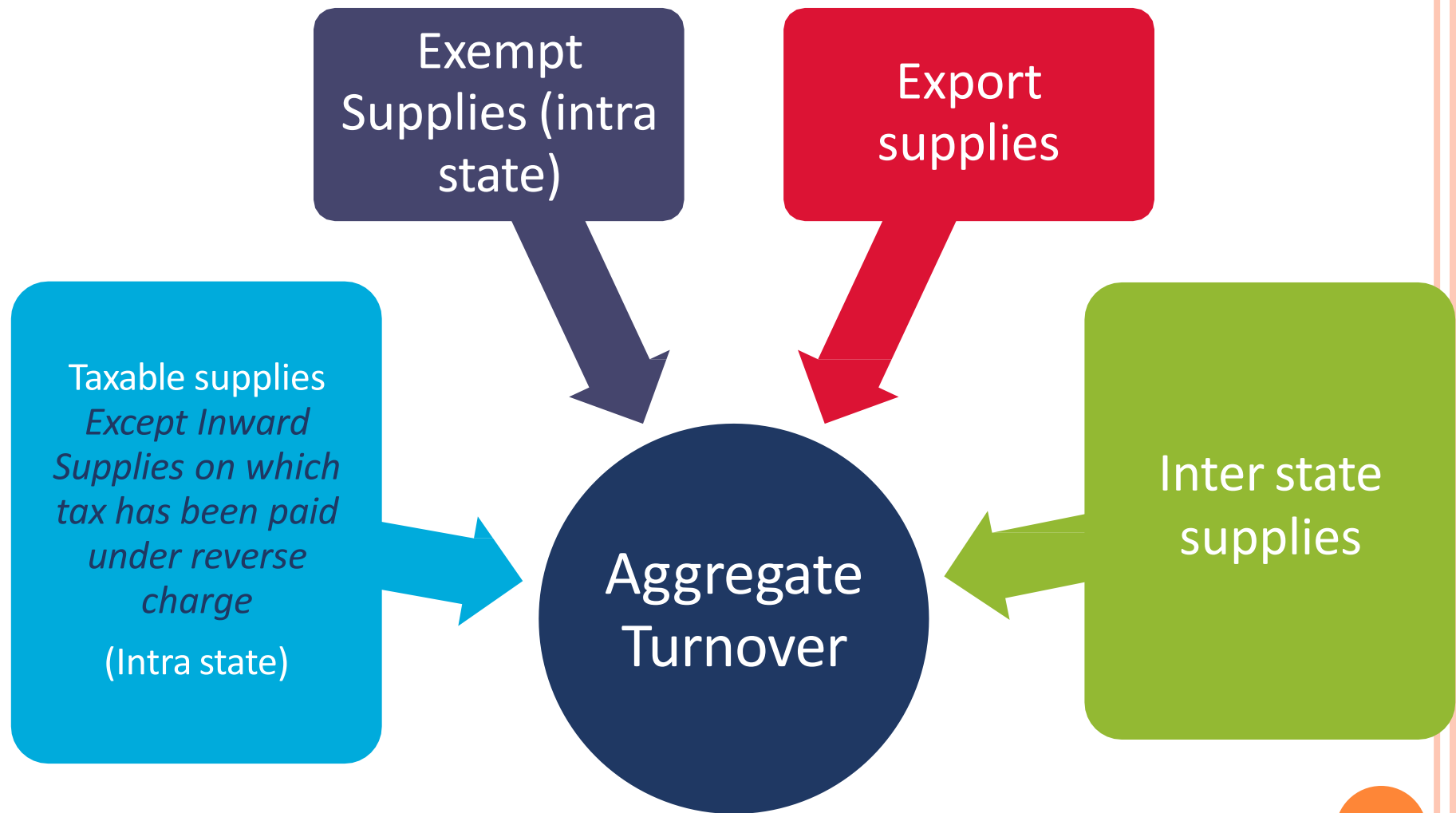
THRESHOLD LIMITS

Aggregate turnover exceeds

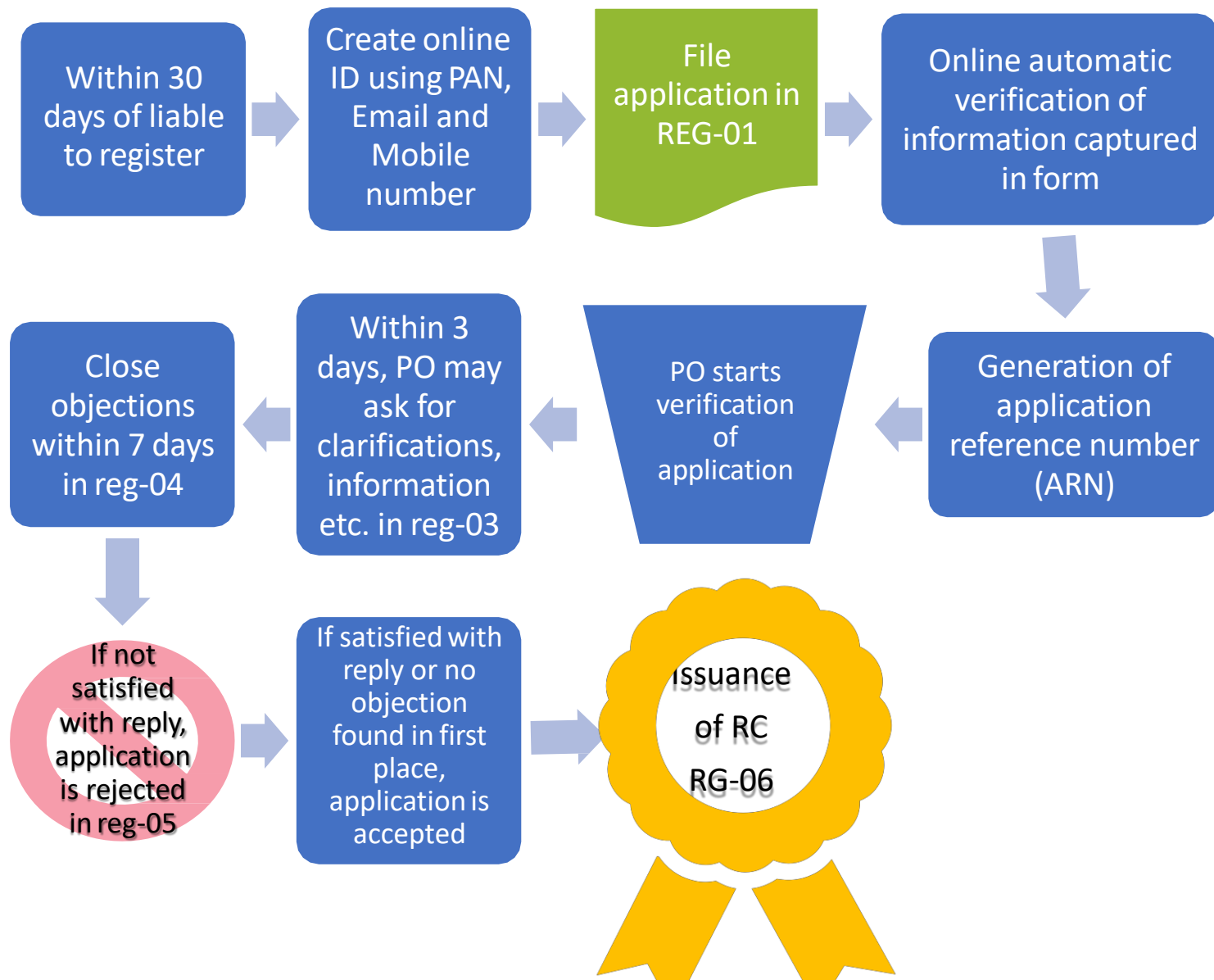
Type of state	Threshold
States covered in Article 279A (4) (g) Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand;	Rs. 10 lacs
Other states	Rs. 20 lacs



SECTION 2(6): AGGREGATE TURNOVER



REGISTRATION PROCEDURE





Returns

Sl. No	Return/ Ledger	Period	For	To be filed by
1.	GSTR-1	Monthly	Format for furnishing details of outward supply for each registration	10 th of next month
2.	GSTR-2A	Monthly	Part A – - Details of inward supplies received from a registered person other than supplies attracting reverse charge - To include details of Inward supplies received from a registered person on which tax is to be paid on reverse charge - Details of Debit/Credit note (including amendment thereof) received during current tax period Part B – Details of ISD credit (Including amendment thereof) received Part C – TDS and TCS credit (Including amendment thereof) received	To be accepted before 15 th of the said month
3.	GSTR-2	Monthly	Format for furnishing details of inward supplies for each registration	15 th of next month
4.	GSTR-1A	Monthly	Details of inward supplies, added, corrected or deleted by Recipient, auto-populated on GSTN (based on GSTR-2 submitted by Recipient)	To be accepted on or before 17 th of next month but not before 15 th of the said month
5.	GSTR-3	Monthly	- Part A – Auto-population based on GSTR-1 and GSTR-2 submitted - Part B – To specify debits to electronic cash ledger / electronic credit ledger - Refunds to be claimed under Part B	20 th of next month

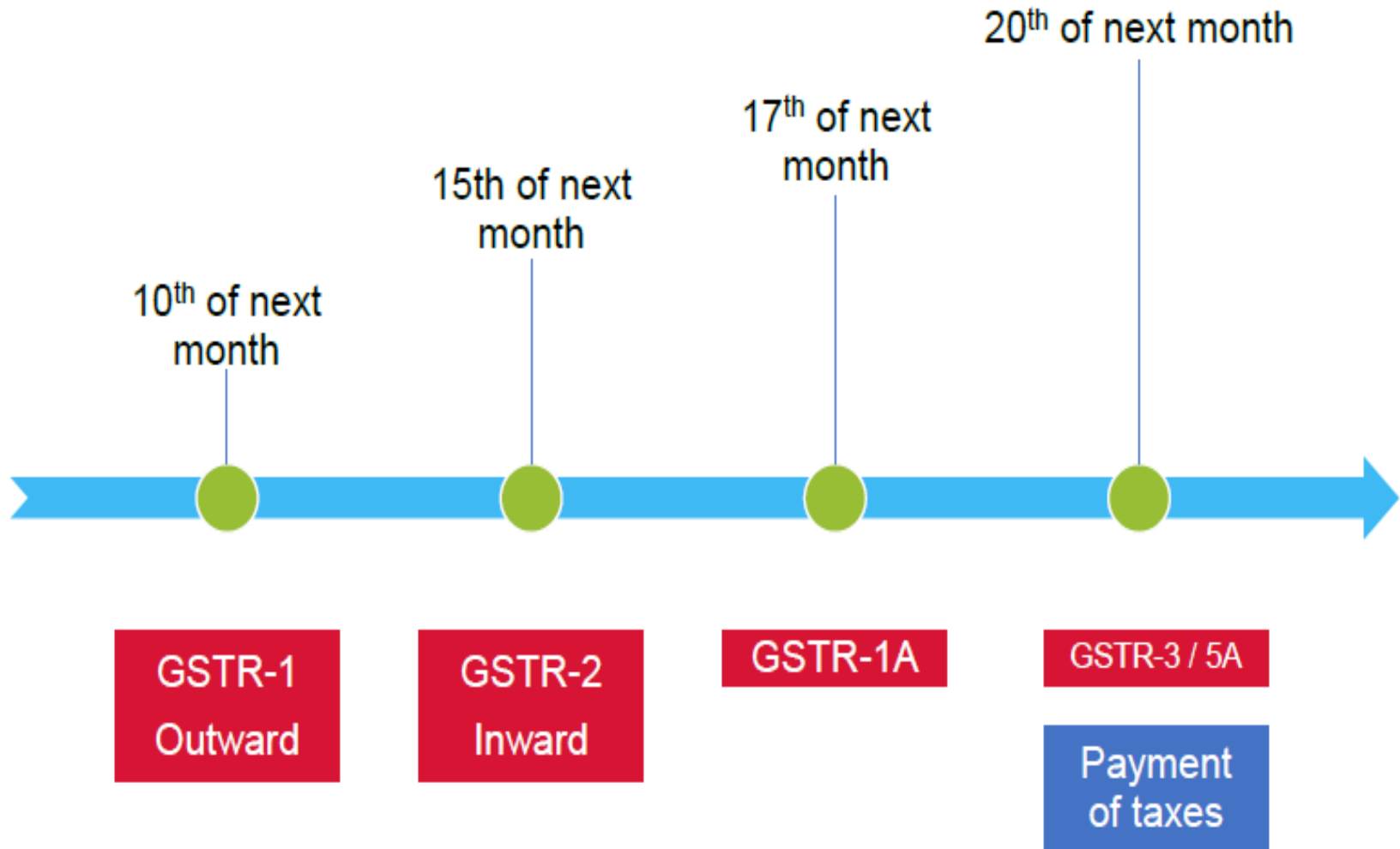
Returns under GST

Return	Due Date	Form
Composition Tax payer	18th of next month of following quarter	GSTR-4
By N.R.I	13th of next month	GSTR-5
Input Service Distributor	10th of next month	GSTR-6
Annual Return	31th December following F.Y.	GSTR-7
Final Return	3 months from date of cancellation or order of cancellation whichever is later (to include all transactions from last return to date of cancellation)	GSTR-8

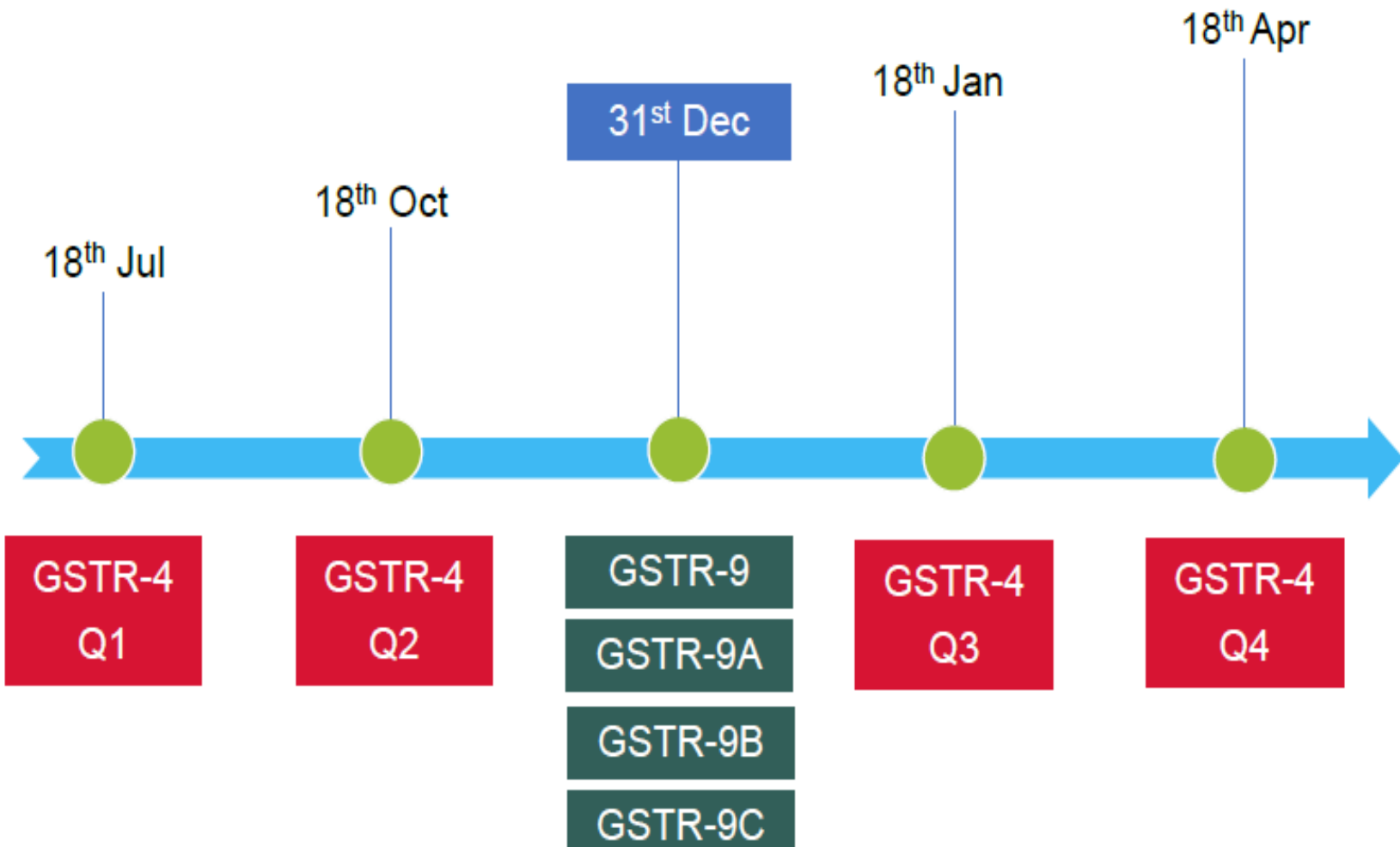
Outward supplies	Inward supplies
• Invoice wise details of all inter-state and intra-state supplies made to registered persons • Invoice wise details of all inter-state supplies made to unregistered persons of an invoice value of more than Rs. 2.50 lakhs • Consolidated details of intra-state supplies made to unregistered persons for each rate of tax • Consolidated details of inter-state supplies (below invoice value of Rs. 2.50 lakhs) made to unregistered persons for each rate of tax • Debit and credit note details	• Invoice wise details of all inter-state and intra-state supplies received from registered or unregistered persons • Details of import of goods • Debit and credit notes

HSN wise summary of outward supplies are to be provided at two digit level for tax payers having annual turnover between Rs. 1.50 Cr. To Rs. 5 Cr and at a four digit level for tax payers having turnover above Rs. 5 Cr.

TIMELINES FOR MONTHLY RETURNS



QUARTERLY AND ANNUAL RETURNS



FUNDAMENTAL CHANGES



No revision of Tax returns

[illegible]

No revision in
Invoices post
transactions

FUNDAMENTAL CHANGES



No revision of
Tax returns

Any change
to information
in return to be
filed in any
next return*.

(subject to conditions)

FUNDAMENTAL CHANGES

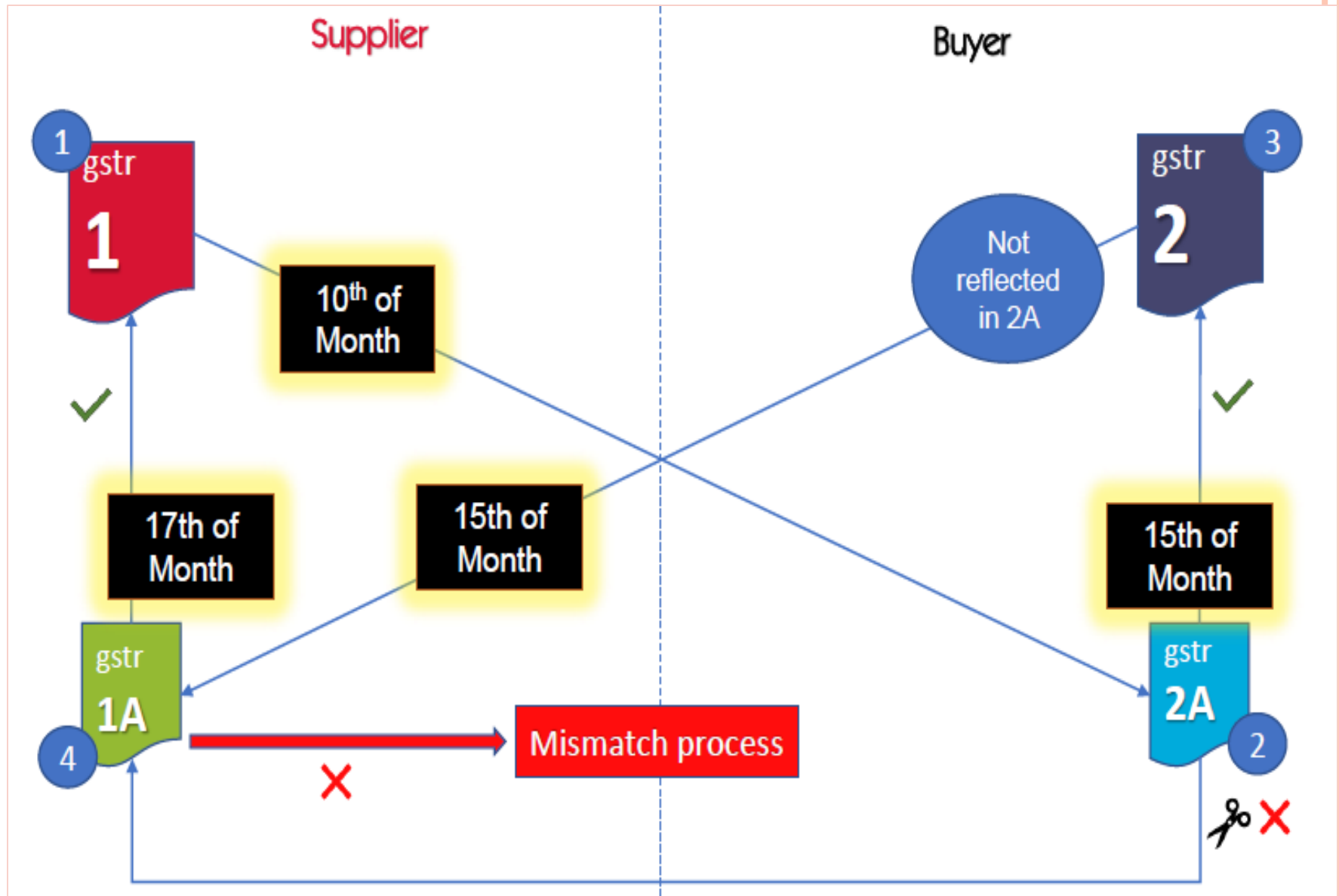
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No revision in
Invoices post
transactions

Any changes
in invoice
post
transaction to
be done via
Debit / Credit
Note

(subject to conditions)

GST RETURNS FLOW



LATE FEES-SECTION 47

Type	Late Fees	Upper Limit
Monthly and Quarterly	Rs. 100/- per day	Rs. 5000/- per statement / form
Annual	Rs. 100/- per day	0.25% of Annual Turnover in the State or UT

☞ Late fees, separately under State Act and Central Act

Sec 2(112) –Turnover in the State or UT :

Sum total of:

- Taxable Outward supplies and Outward Exempt supplies within State / UT
- Export supplies made from state / UT
- Inter state supplies made from state/UT – *Will include supplies made to other units / branches in other states/UT*

Less: CGST, SGST and IGST

PENALTY FOR NON COMPLIANCE

General Penalty u/s 125 of CGST Act

₹ 25,000/-

REFUND OF TAX



REFUND OF IGST PAID ON EXPORT OF GOODS & SERVICES

1. IGST will be first paid on export and subsequently refund of the IGST paid on such exports can be claimed.
2. **Submit Details in GSTR 3B & GSTR-1:-**Kindly ensure to submit the details of export invoice while filing GST Return – 1.
3. **Refund of IGST Paid:**
 - a) **In case of goods**
 - Shipping bill filled by the exporter shall be deemed to be the application for refund of IGST paid on goods.
 - Person in charge of the conveyance carrying the export goods required to file an export manifest.



REFUND OF IGST PAID ON EXPORT OF GOODS & SERVICES (CONTD...)

- Refund of IGST paid on goods would be available if the applicant has furnished a valid return GSTR 3.

b) In Case of Services

- Refund for IGST paid on export of services shall be claimed in form GST RFD-01.
- Refund of IGST paid on goods would be available if the applicant has furnished a valid return GSTR 3.



REFUND OF ITC ON GOODS & SERVICES USED FOR EXPORT

- **Export under Bond or LUT without payment of IGST**
 - **Form GST RFD – 11:** Any registered person availing this option to supply goods or services for export without payment of IGST shall before export furnish a bond or a LUT in form GST RFD-11
 - Furnish of GST RFD – 11 Manually **to the jurisdictional Deputy/Assistant commissioner** till the time this form available online.
 - Submit Details in GSTR 3B & GSTR-1 of export under outward supply Zero Rated.
 - Refund of unutilised Input Tax Credit can be claimed in GST RFD-1.
- 

ILLUSTRATION FOR A COMPANY ABC IN HARYANA AVAILING EXPORTS UNDER BOND/LUT

- Turnover of company A in Maharashtra in July 2017 : Rs 10,00,000
- Turnover of zero rated supply, without payment of tax in July 2017 : Rs 6,00,000
- Turnover of exempt supply in July 2017 : Rs 1,00,000
- ITC availed in July 2017 : 50,000
- Refund amount = Rs 33,333

$$\frac{(\text{Rs } 6,00,000) \times (\text{Rs } 50,000)}{(\text{Rs } 10,00,000 - \text{Rs } 1,00,000)}$$



ILLUSTRATION FOR A COMPANY ABC IN HARYANA PAYING IGST ON EXPORTS

- Supply value of exports goods : Rs 5,00,000
- IGST on export product : 18%
- IGST payable on supply : Rs 90,000
- ITC availed : Rs 40,000
- Net IGST paid : Rs 50,000
- Refund : Rs 90,000



CONDITION FOR REFUND ON EXPORT OF GOODS & SERVICES

- Exports not subject to Export Duty
 - Claim of refund to be filed within expiry of 2 years from the **relevant** date of exports
 - Relevant date based on mode of transportation: different for services exports
 - After submitting the FORM GST RFD – 1, the proper officer shall within **15 days** scrutinize the application and submit an acknowledgment in form GST RFD – 2.
 - No refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies
- 

CONDITION FOR PROVISIONAL REFUND

- Exporter claiming refund should not been prosecuted for tax evasion > Rs 2.5 Crore in past 5 years.
- The refund amount shall exclude any amount of input tax credit provisionally accepted.
- Acknowledgement for refund for exports to be issued within 3 days.
- 90% of the Refund amount to be granted provisionally basis within 7 days .
- Balance 10% on due verification of documents within 60 days.
- Cases delayed beyond 60 days to get interest at the notified rate, not exceeding 6%, till the date of refund.



REFUND FORMS

- 1) FORM GST RFD-01:- Where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant in an amount equal to the refund so claimed.
- 2) FORM GST RFD-02:- The application for refund to be forwarded to the proper officer who shall, within **three days of filing** of the said application issue an acknowledgement in FORM GST RFD-02.
- 3) FORM GST RFD-03:- Where any deficiencies are noticed, the proper officer shall communicate the deficiencies to the applicant in FORM GST RFD-03.



REFUND FORMS (CONTD..)

- FORM GST RFD-04:- The officer to make an order in FORM GST RFD-04, sanctioning the amount of refund on a provisional basis within a period not exceeding seven day.
- FORM GST RFD-05:-The officer to issue a payment advice in FORM GST RFD-05 to be electronically credited to any of the bank accounts of the applicant as given in registration particulars as specified in the application .
- FORM GST RFD-06:-Balance 10% to be given after scrutiny of documents in FORM GST RFD-06, sanctioning the balance amount





ASSESSMENT,
PROVISIONAL
ASSESSMENT
& AUDIT

RELEVANT SECTIONS

- **Sec.59. Self-assessment.**
- **Sec.60. Provisional assessment.**
- **Sec.61. Scrutiny of returns.**
- **Sec.62. Assessment of non-filers of returns.**
- **Sec.63. Assessment of unregistered persons.**
- **Sec.64. Summary assessment in certain special cases.**
- **Sec.65. Audit by tax authorities.**
- **Sec.66. Special audit.**



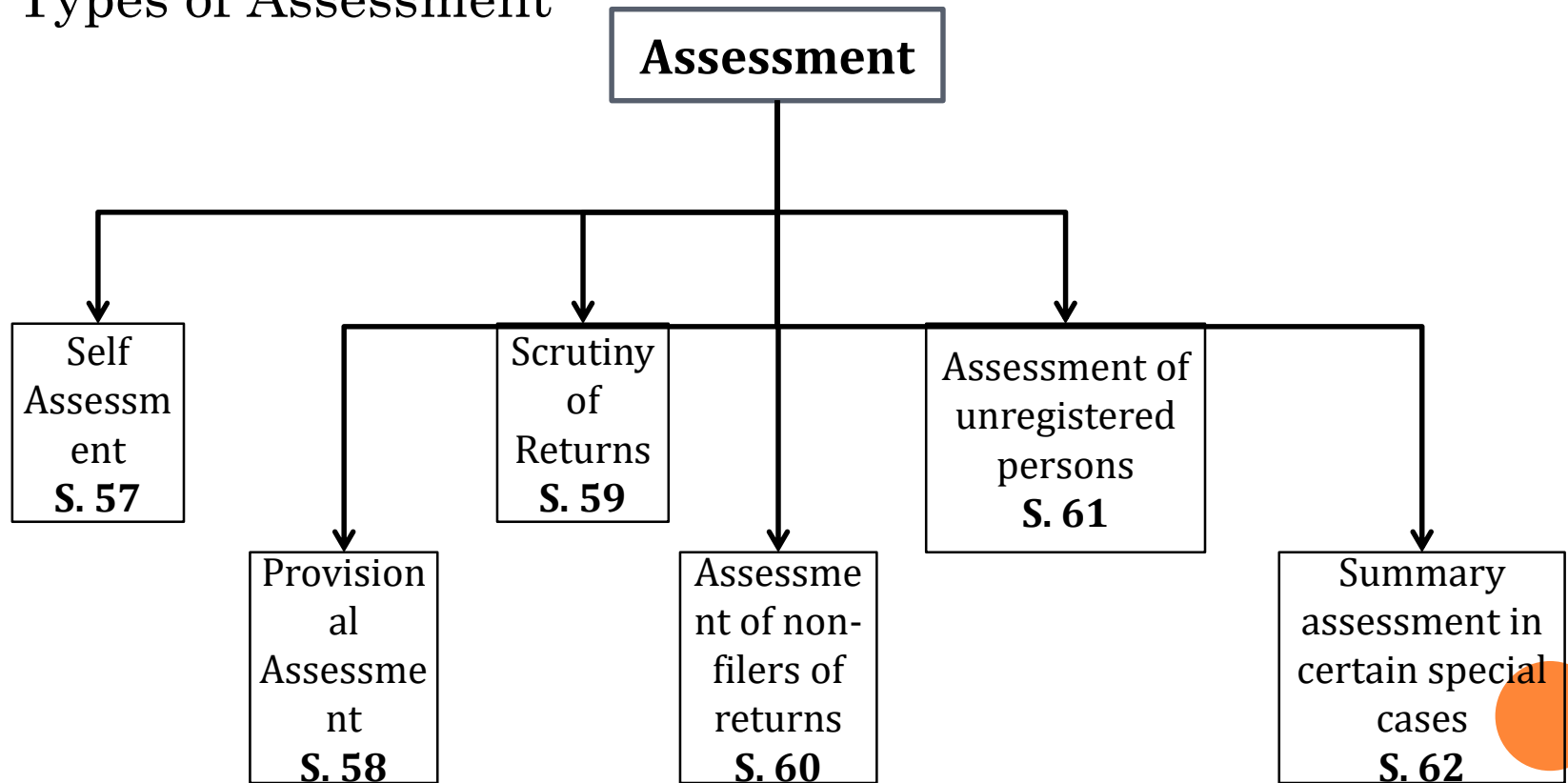
ASSESSMENT

- **Section 2(11) “assessment” means**
- **determination of tax liability under the CGST ACT,2017 and includes self assessment,**
- **re-assessment, provisional assessment,**
- **summary assessment and best judgment**
- **assessment;**



ASSESSMENT : MEANING & TYPES

- Assessment means determination of tax liability
- Types of Assessment



SELF ASSESSMENT (SEC.59)

- Every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under section 39.
- Filing of a return under Section 39 implies self-assessment.



PROVISIONAL ASSESSMENT

- If taxable person unable to determine—the value of goods or services or both or the applicable rate of tax.
- He may request the proper officer in writing giving reasons for payment of tax on a provisional basis (GST ASMT-01) and the proper officer, within 90 days may pass an order allowing payment of tax on provisional basis at such rate or on such value as may be specified by him.
- Upon furnishing of bond with security/surety, the proper officer may permit payment of tax provisionally at rate or value specified in order.
- Final order to be passed within six months (extendible by Additional/Joint Commissioner by 6 months and by Commissioner beyond six months)



GST ASSESSMENT (ASMT) FORMS

FORM GST ASMT-01	APPLICATION FOR PROV.ASSESSMENT.
FORM GST ASMT-02	NOTICE FOR ADDITIONAL INFORMATION.
FORM GST ASMT-03	REPLY TO NOTICE.
FORM GST ASMT-04	ORDER ON PROV.ASSESSEMENT REQUEST.
FORM GST ASMT-05	EXECUTION OF BOND AND SURETY.
FORM GST ASMT-06	NOTICE FOR FINALIZATION
FORM GST ASMT-07	FINAL ASSESSMENT ORDER
FORM GST ASMT-08	APPLICATION FOR SURETY RELEASE
FORM GST ASMT-09	ORDER ON RELEASE OF SURETY.

SCRUTINY OF RETURNS (SEC.61)

- The proper officer may scrutinize the return and related particulars furnished by the registered person and verify the correctness of the return.
- The officer inform him (assessee) of the discrepancies noticed, if any, in such manner as may be prescribed (GST ASMT-10) and seek his explanation thereto.
- In case the explanation (GST ASMT-11) is found acceptable, the registered person shall be informed (GST ASMT-12) accordingly and no further action shall be taken in this regard.
- In case no satisfactory explanation is furnished within a period of thirty days or extended period or where the registered person, after accepting the discrepancies, fails to take the corrective measure in his return.
- The proper officer may initiate appropriate action including those under section 65 or section 66 or section 67, or proceed to determine the tax and other dues under section 73 or section 74.



ASSESSMENT OF NON-FILERS RETURNS BY BEST JUDGEMENT METHOD

- When a registered person fails to furnish the Monthly return u/s 39 or Final Return u/s 45, even after the service of a notice u/s 46, the proper officer may proceed to assess the tax liability of the said person to the best of his judgement taking into account all the relevant available material and issue an assessment order (FORM GST ASMT-13) within a period of five years from the date the furnishing of the annual return (u/s44).
- If the registered person furnishes a valid return within 30 days of the service of the assessment order, the said assessment order shall be deemed to have been withdrawn but the liability for payment of interest u/s 50 or for payment of late fee u/s 47 shall continue.



ASSESSMENT OF UN-REGISTERED PERSONS

- If a taxable person fails to obtain registration even though he is liable to do so. The proper officer shall issue notice (FORM GST ASMT-14).
- Proper officer may pass a best judgment assessment order (FORM GST ASMT-15) within 5 years of due date of annual return.
- Such order to be passed only after granting an opportunity of being heard to said person.



SUMMARY ASSESSMENT

- Having evidence and delay may adversely effect the revenue
- In the interest of revenue and with due permission
- Application filed or on his own motion Addl. / Joint Commissioner
- If the order is erroneous; Addl./Joint Commissioner may withdraw such order



Audit under GST



WHAT IS AUDIT?

- Section 2(14): “Audit” means :
 - examination of records, returns and other documents maintained or furnished by the taxable person under this Act or rules made thereunder or under any other law for the time being in force to verify, inter alia,
 - the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and
 - to assess his compliance with the provisions of this Act or rules made thereunder



KINDS OF AUDITS UNDER GST

Audit by tax
authorities

Special Audit

Annual Audit
by CA/CWA

CAG Audit



AUDIT BY TAX AUTHORITIES

- Commissioner of CGST / SGST or any officer authorized
- Audit of taxable person
- At the place of taxable person or in their office
- Guidelines for audit
- Taxable person to provide the required information & facility
- Result of audit to be intimated and further action will be taken



SPECIAL AUDIT

- Proceedings pending before Dy. / Asst. Commissioner
- Nature & complexity of the case
- In the interest of revenue
- Correct value and eligible ITC
- Direct the taxable person to be subject to special audit
- Nominated by the Commissioner of CGST / SGST
- Time limit & audit conclusion



ANNUAL AUDIT & CAG AUDIT

1. As per Section 53, every registered taxable person whose turnover during a financial year crosses the threshold limit shall get his accounts audited by
 - Chartered Accountant or
 - Cost Accountant
- Contents of the audit report
- Other particulars and reconciliation
- Time limit
2. **Power of CAG to call for information**

On the request of CAG, the PO shall furnish information, records and returns required for the conduct of audit



IGST ACT,2017



TAXABLE EVENT

Levy	Taxable Event	Consideration
Excise	Manufacture	Not Necessary
Service Tax	Rendition of Service	Yes (Monetary / Non Monetary)
Value Added Tax (VAT)	Sale	Yes (Monetary)
GST	Supply	Yes (Monetary / Non Monetary)

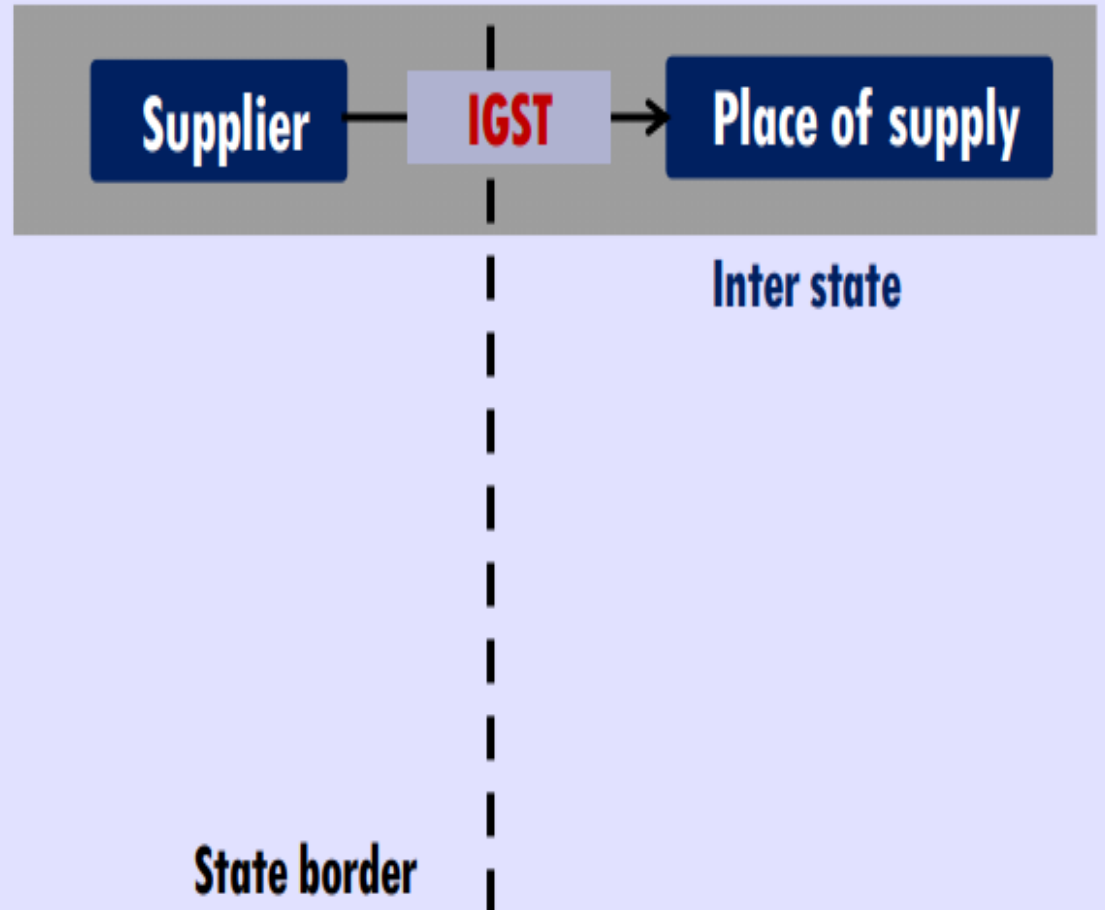
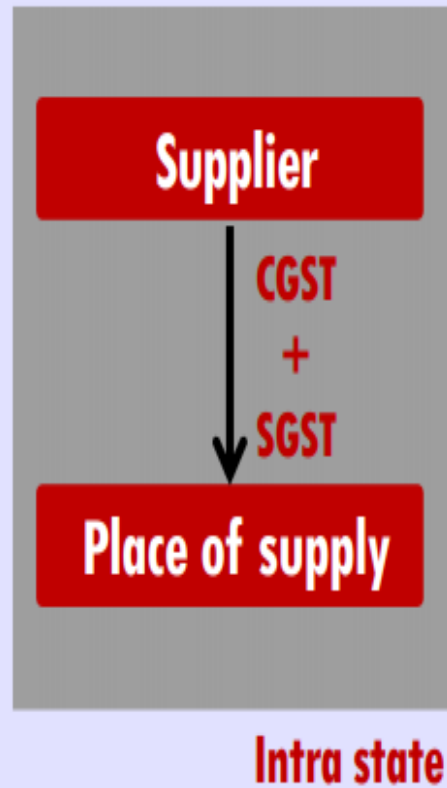
LEVY & COLLECTION



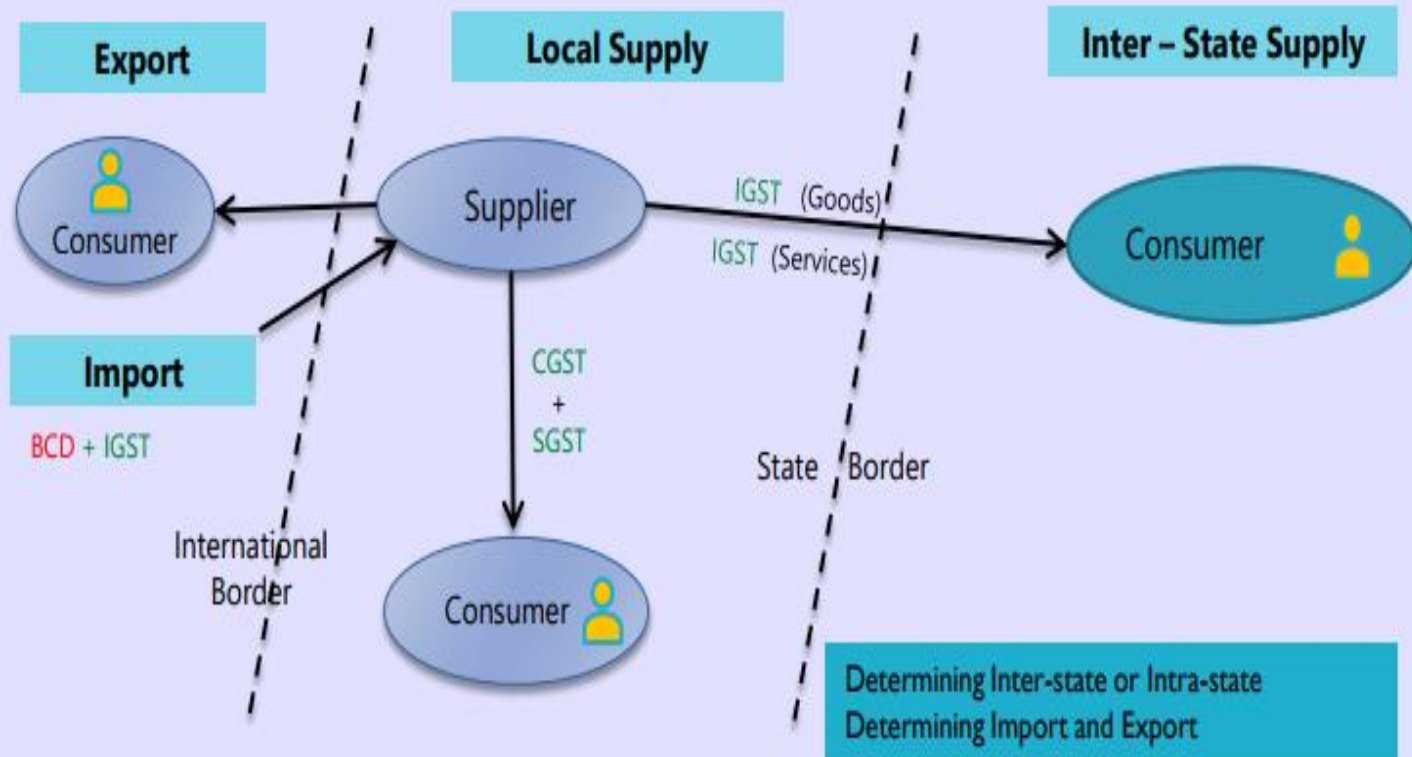
- **CGST/SGST** - shall be levied on all **intra-State supplies** of goods and/or services
- **IGST** - shall be levied on all **inter-State supplies** of goods

Since the taxable event for attracting levy under GST is 'supply', levy at the point of sale will not be there under this regime.

NATURE OF SUPPLY



PLACE OF SUPPLY - RELEVANCE



NATURE OF SUPPLY : LOCAL / INTER STATE

Situation	Place of Supply
Inter state Supplies (Leviable to IGST)	• If location of supplier and place of supply are in different States. • If supply of goods or services is made to SEZ Developer or SEZ Unit.
Intra State Supplies (Leviable to CGST / SGST)	If location of supplier and place of supply are in same State.

• Import of Goods and Services

Inter State Supply

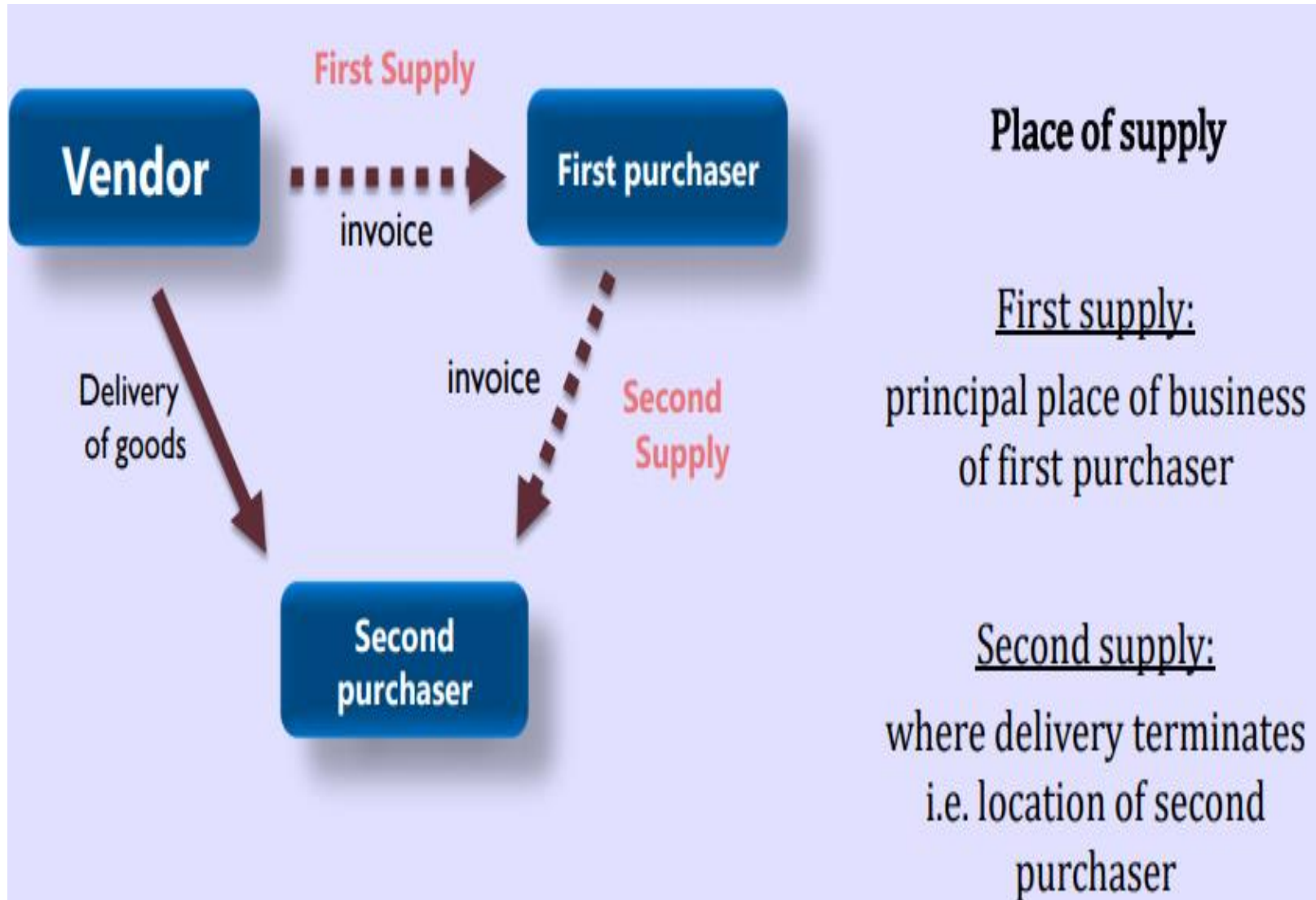
• Export of Goods and Services*

Zero Rated Supply

PLACE OF SUPPLY OF GOODS

Situation	Place of Supply
When movement of goods involved	Location of goods at the time movement terminates for delivery
When movement of goods not involved	Location of goods at the time of delivery
Where the goods are delivered by the supplier to a recipient or any other person, on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods	Place of supply of such goods shall be the principal place of business of such person.
Goods supplied on board a conveyance	Place where goods taken on board
When goods assembled or installed at site	Place of installation or assembly

PLACE OF SUPPLY : BILL-TO/ SHIP-TO MODEL



**Place of supply of Services - Location of the
supplier and recipient is in India**

PLACE OF SUPPLY OF SERVICES

General Rule

Current regime	Revised Model Law
Location of recipient of service	B2B supplies: Location of Recipient
Location of service provider if the above not available	B2C supplies: Address on Record exists - Location of Recipient Any other Case- Location of supplier

GST (COMPENSATION TO STATES) ACT, 2017



COMPENSATION MECHANISM FOR STATES

- Revenue of all taxes subsumed in GST by the State for 2015-16 as the base
- Assumption of 14% Annual Growth Rate
- Compensation to be provided through Cess
- Cess only on few specified luxury and demerit goods



Thank You

