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PRESENTATION ON

# GOODS AND SERVICES TAX

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## GST Acts

### CGST Act

Apply to whole of India except State of Jammu & Kashmir

### IGST Act

Apply to whole of India except State of Jammu & Kashmir

### SGST Acts

Apply to the respective State (States Started to Enact)

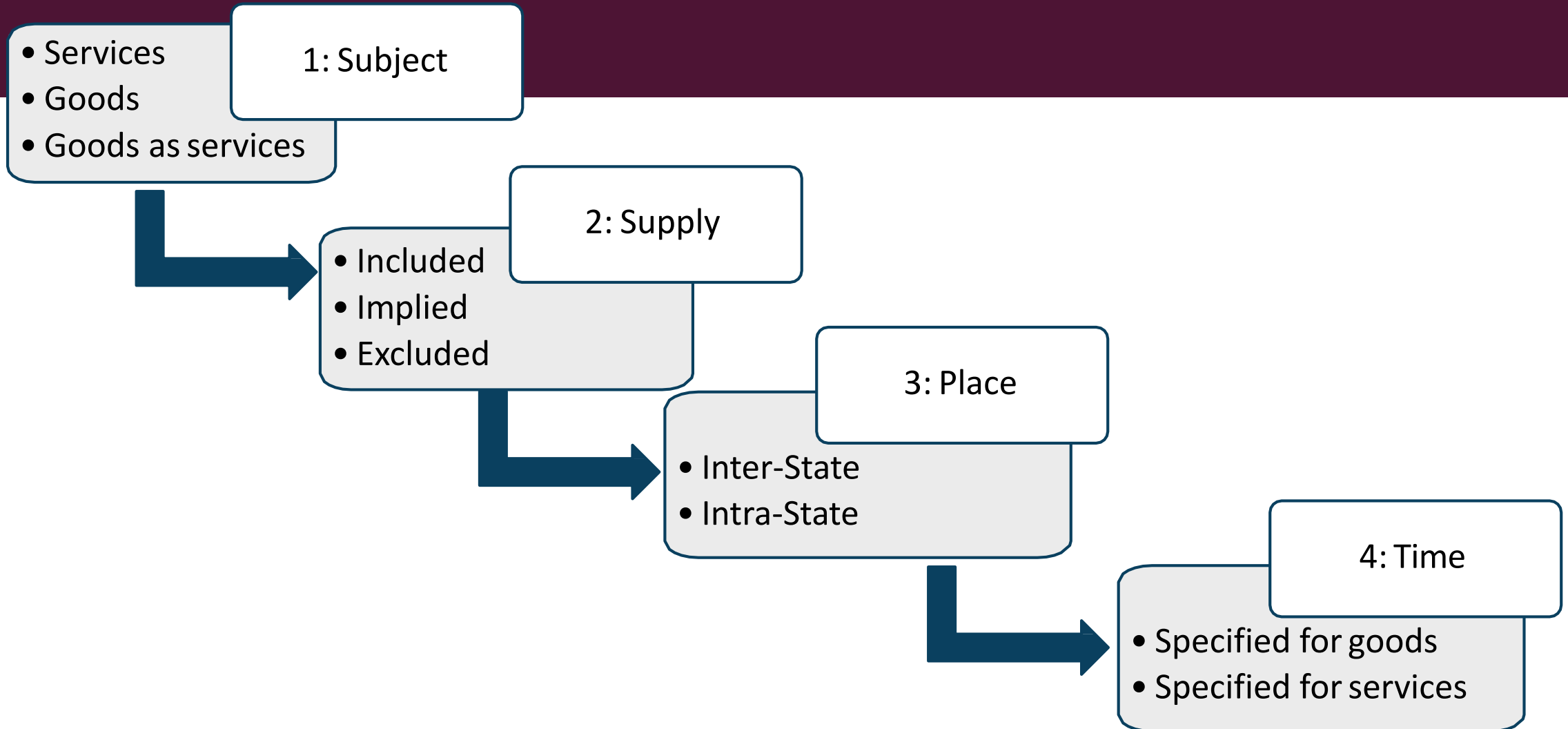
### UTGST Act

- Andaman & Nicobar
- Islands
- Lakshadweep
- Dadra & Nagar Haveli
- Daman and Diu
- Chandigarh
- & Other Territory

### GST (Compensation to the States) Act

Apply to whole of India

# LEVY & COLLECTION



# THEME OF THE PRESENTATION

- Scope of Supply – levy and collection
- Time of Supply
- Place of Supply [IGST]
- Value of supply
- Input Tax Credit
- Registration
- Tax Invoice
- Returns
- Transitional Provisions
- Job-work provisions
- Anti profiteering clause
- E Way bill
- Things need to be done – checklist for smooth migration to the GST
- Issues

# SUPPLY INCLUDES

- (1) For the purposes of this Act, the expression “supply” includes—
- (a) all forms of supply of **goods or services** or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made **for a consideration** by a person **in the course or furtherance of business**;
  - (b) import of services for a consideration whether or not in the course or furtherance of business;
  - (c) the activities specified in **Schedule I**, made or agreed to be made without a consideration; and
  - (d) the activities to be treated as supply of goods or supply of services as referred to in **Schedule II**.
- (2) Notwithstanding anything contained in sub-section (1),—
- (a) activities or transactions specified in **Schedule III**; or
  - (b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,
- shall be treated neither as a supply of goods nor a supply of services.

## Issues –

**Sch I – Related Person, branch TF, agent trf**

**Sch II – Building Contract, Works Contract**

**Sch III – Employer to Employee, funeral, burial, trf of land**

**Remuneration to the partner**

**Composite Supply and Mix Supply**

# LEVY AND COLLECTION

- Charging Section
- Tax as CGST + SGST or IGST (as per IGST act) **(Place)** on **Value**, at such **Rate**, on such **Time**, **Collected and Paid** by **taxable person**
- 9(3) RCM on specified Goods and Services (eg. GTA, advocate's legal service)
- 9(4) RCM on purchase from unregistered person by registered person [all the provision of the act shall apply to recipient i.e. **place, time, value, classification, rate etc**]
- **Issue**
  - **Books to be closed monthly?**
  - **No basic exemption limit**
  - **Invoice to be prepared by recipient, [classification, rate, invoice and payment of tax]**
  - **Also applies for composition scheme, No credit as well**
  - **Availment of credit in next month – working capital**

# COMPOSITION SCHEME – SECTION 10

- 1+1 percent for manufacturer
- 2.5+2.5 percent for restaurant, catering etc [person supplying food + services]
- 0.5+0.5 for Trader
- Limit 50 lacs
- **Restrictions and issues**
  - Not available to service provider except restaurant, catering etc
  - Not available if person supplying inter-state outward supply
  - Not available if person supplying of E-commerce platform
  - Stock should not include anything purchased from interstate or imported (for migration only)
  - If in stock, anything purchased from unregistered person then pay as RCM first then register as composition
  - **“Composition taxable person, Not eligible to collect tax on supplies”** on every **bill of supply**
  - **“Composition Taxable Person”** on every sign board / notice board of principle place and additional place of business
  - RCM applicable but NO ITC
  - Percentage on total Turnover – also on exempted / Nil rated goods
  - Invoice Wise purchase details of **all Purchases** need to be uploaded in return with bifurcation of purchase from Registered person and Un Reg. Person

# TIME OF SUPPLY

- The time of supply fixes the point when the liability to pay tax arises. The time of supply is the time when a supply of goods and / or services is treated as being made for payment of taxes under the GST law.
- Different provisions for Goods and Services



## TIME OF SUPPLY - GOODS

### Section 12 (1)

- Liability to pay tax on goods shall arise at the time of supply of goods

### Section 12 (2)

- Time of supply of goods on forward charges

### Section 12 (3)

- Time of supply of goods on reverse charge

### Section 12 (4)

- Time of supply of vouchers

### Section 12 (5)

- Time of supply for residual cases

### Section 12 (6)

- Time of supply for addition in the value of supply [for Interest / late fee / penalty for delayed payment]

Time of Supply of goods under Forward charge  
(whichever is earlier)

Date of issue of invoice  
by the supplier

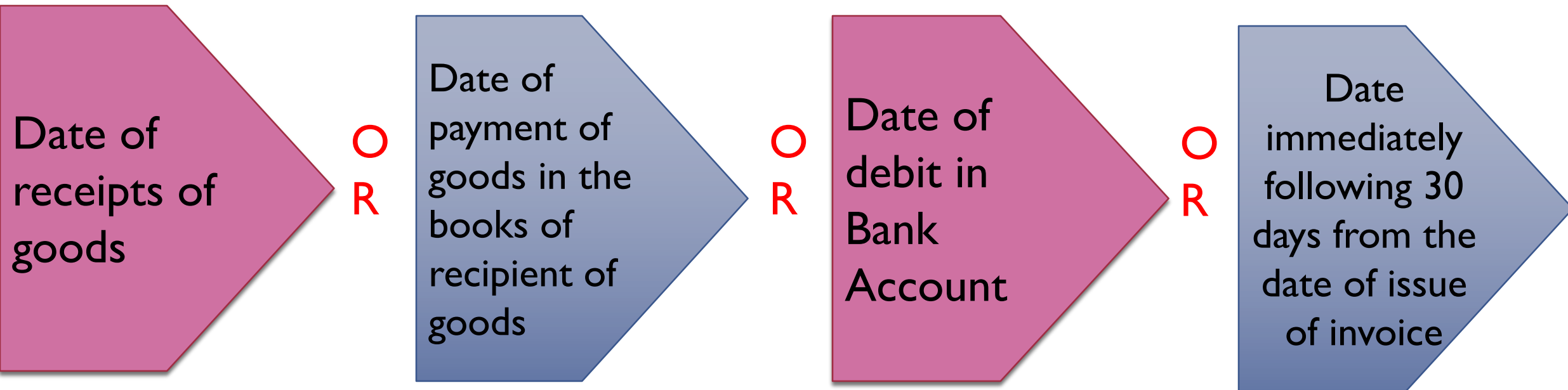
Date on which supplier  
receives the payment  
[Entry in Books or Credit  
in bank WIE]

Last date on which invoice required  
by the supplier  
[Removal/Delivery/Approval]  
[For Continuous Supply – Payment /  
statement WIE]

- In case the amount received in excess of tax invoice up to 1000 RS

# TIME OF SUPPLY OF GOODS UNDER REVERSE CHARGE

**Earlier** of the following dates:



**When date can not be determined above:**

Date of entry in books of account of the recipient of supply

# TIME OF SUPPLY OF VOUCHERS FOR GOODS

**Date of issue  
of voucher**

**Date of  
redemption  
of voucher**

## TIME OF SUPPLY - SERVICES

- Time of supply will be earliest of the following:
  - Date of invoice, if invoice issued within time [30 days]
  - Date of provision, if invoice not issued with in time
  - Date of receipts of payments [Credit in books OR credit in bank WIE]

# TIME OF SUPPLY OF SERVICES UNDER REVERSE CHARGE

Other than Associated Enterprises

Date on which payment entered in books of accounts

Payment Debited in Books of Accounts

Date following 60 days from the date of issue of invoice by supplier

**When date can not be determined above:**

Date of entry in books of account of the recipient of supply

Associated Enterprises and supplier of Service is located outside India

Date of entry in the books of accounts of the recipient

Date of payment

# TIME OF SUPPLY OF VOUCHERS FOR SERVICES



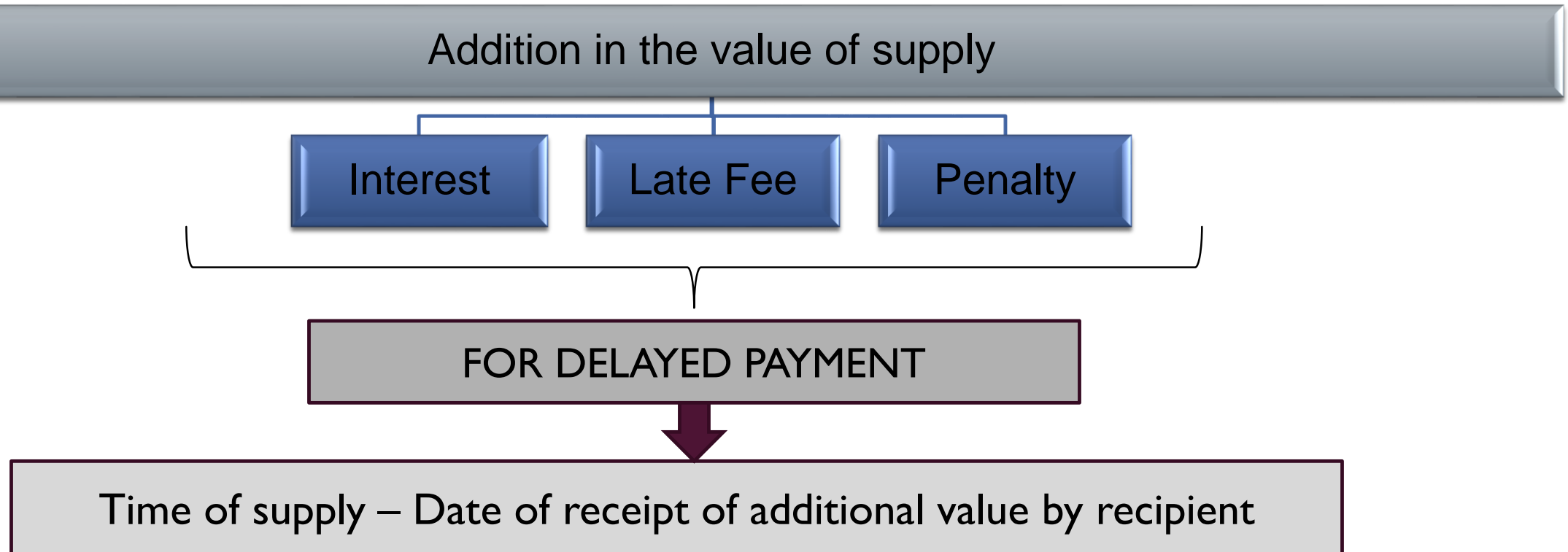
**Date of issue  
of voucher**

**Date of  
redemption  
of voucher**

# TIME OF SUPPLY OF GOODS/ SERVICES

## RESIDUAL PROVISION :

- A) In a case where a periodical return has to be filed, be the date on which such return is to be filed;
- B) In any other case, be the date on which the tax is paid.





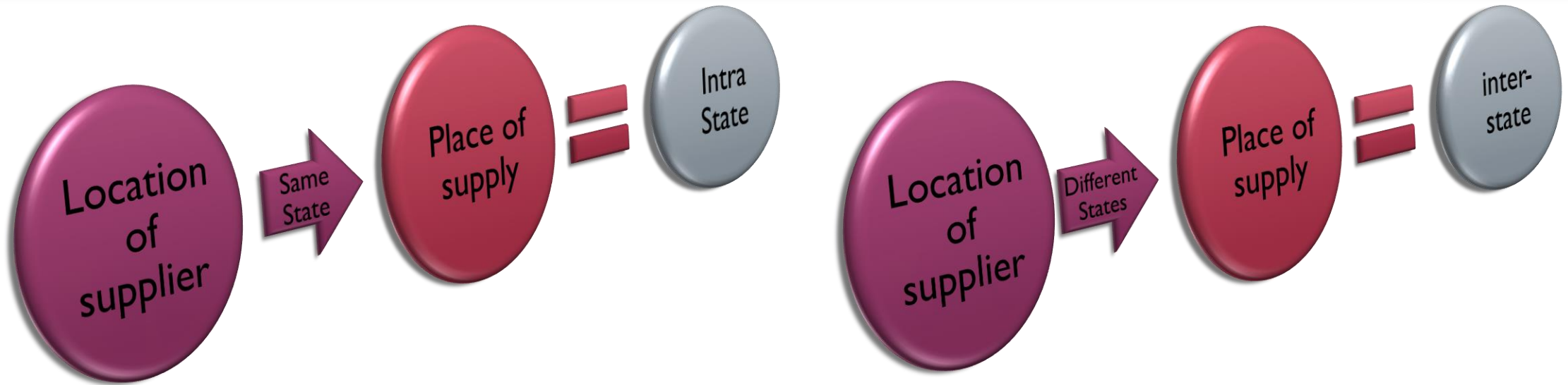


# PLACE OF SUPPLY

AS PER IGST

SEC 10, 11, 12, 13

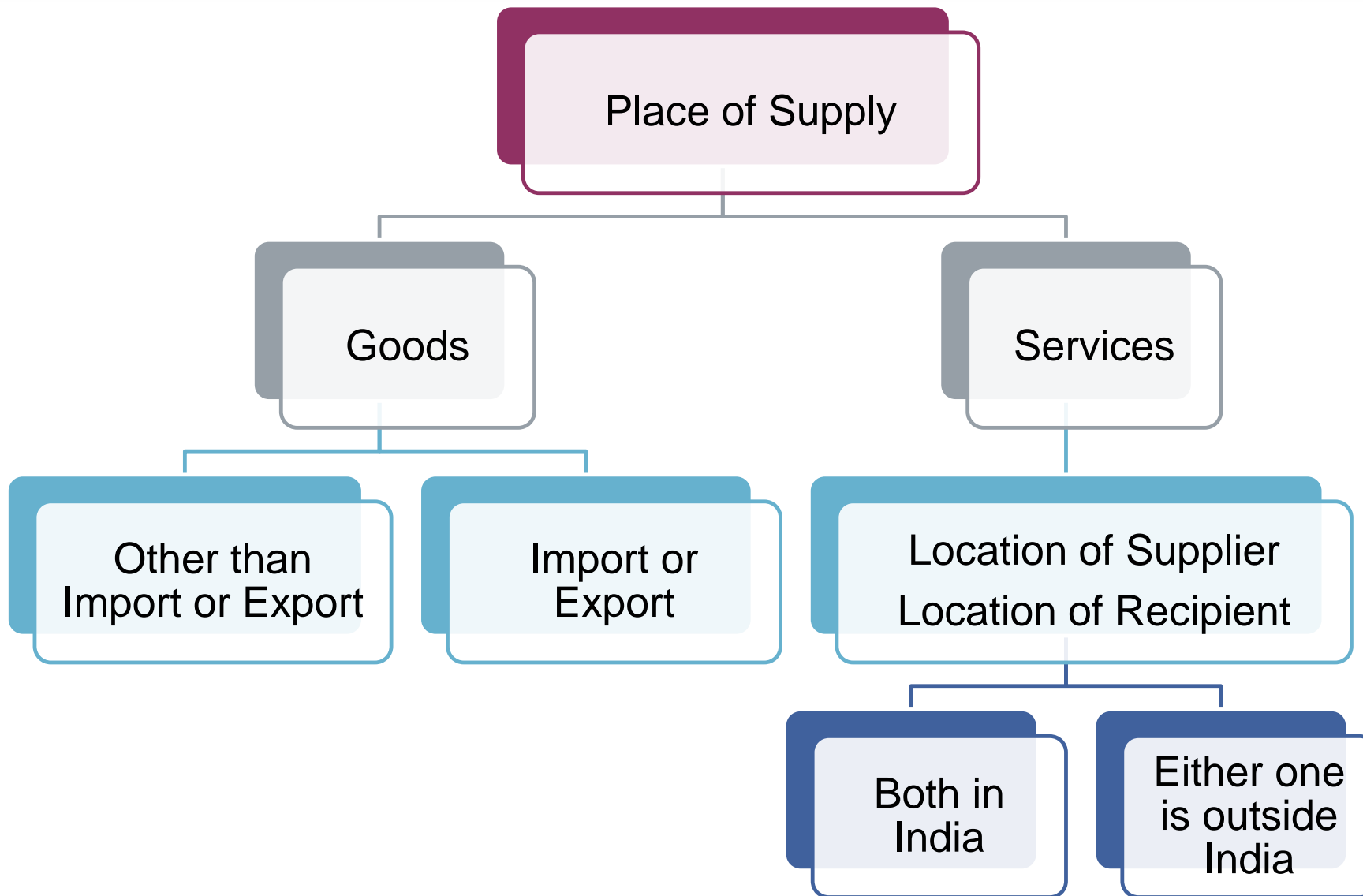
# CLASSIFICATION OF SUPPLY AS INTRA STATE/ INTER TATE



Sl. No.	Location of supplier	Place of supply	Intra state/Inter state	Tax Applicable
1	State 'A'	State 'A'	Intra state supply	CGST and SGST/UTGST
2	State 'A'	State 'B'	Interstate supply	IGST

There are **different provisions** to determine location of supplier and place of supply for supply of **Goods** and for supply of **services**.

# PLACE OF SUPPLY



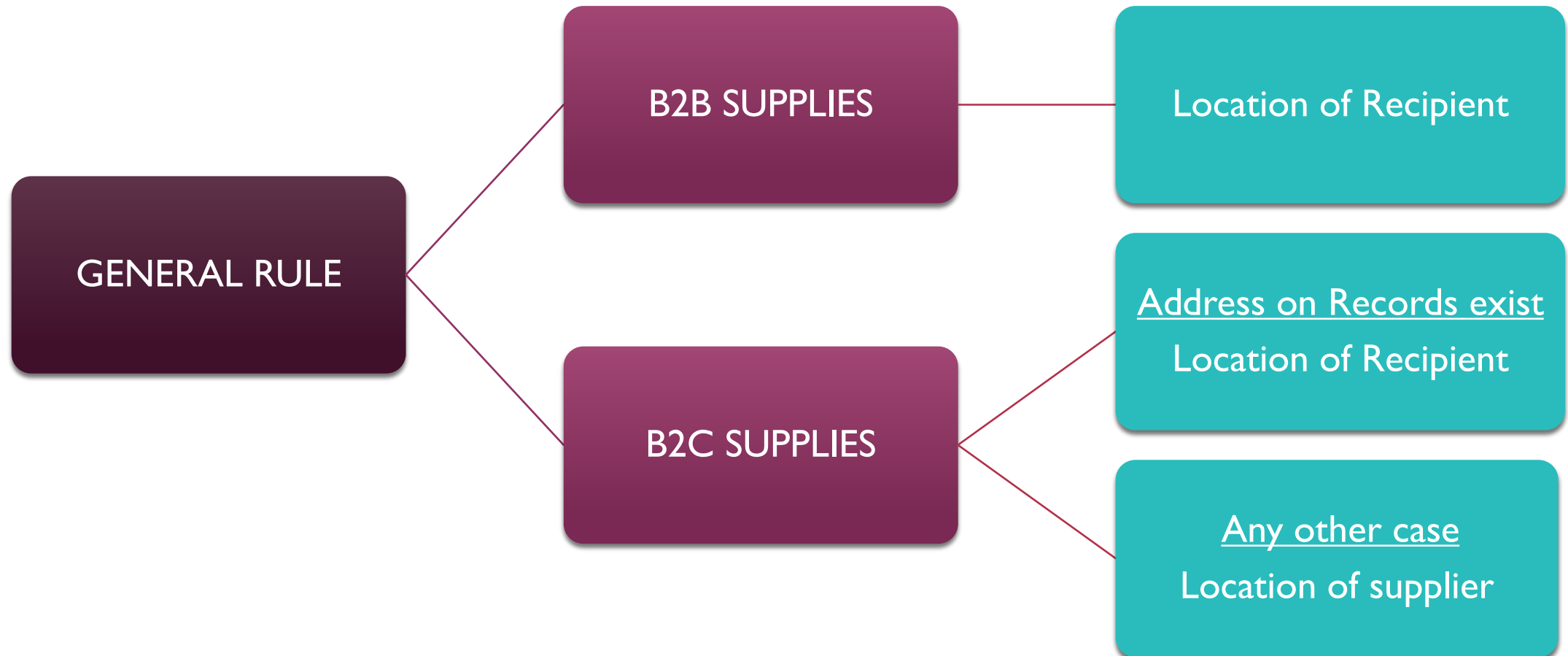
## PLACE OF SUPPLY OF GOODS — [OTHER THAN GOODS IMPORTED / EXPORTED]

- Where supply involves **movement of goods** – POS is **where the movement of goods terminates**
- Goods supplied on direction of third person – POS is **Principal Place of Business of the third person**
- Where supply **does not involves movement of goods** – POS is **location of the goods at the time of delivery**
- Where the goods are assembled or installed at site – POS is **place of such installation or assembly**
- Where the Goods are supplied on board or conveyance – POS is **location at which such goods are taken on Board**

## PLACE OF SUPPLY OF GOODS — [FOR GOODS IMPORTED / EXPORTED]

- Goods imported into India – location of importer
- Goods exported from India – location outside India

# PLACE OF SUPPLY OF SERVICE — [WHERE SUPPLIER AND RECIPIENT BOTH ARE IN INDIA]



## PLACE OF SUPPLY OF SERVICE — [WHERE SUPPLIER AND RECIPIENT BOTH ARE IN INDIA]

- Services Directly Related To Immovable Property – POS **location of immovable property**
- Services Directly Related To Immovable Property Located Outside India – POS **location of service recipient**
- Restaurant, catering, personal grooming, fitness, beauty treatment, health service – POS **where service is actually performed**
- Supply of services for admission to cultural & artistic, sporting, scientific & educational, entertainment event, amusement park and ancillary services – POS **Venue of event/park**
- Service by organizing cultural, arts, sports, educational, scientific, entertainment, conference, fair, exhibition or similar events and ancillary services – POS **if registered recipient then location of recipient else venue of event**
- Supply of service by transportation of goods, including by mail or courier – POS **if registered recipient then location of recipient else location where goods handed over for their transportation**
- Passenger Transportation Service – POS **if registered recipient then location of recipient else location where passenger embarks on the conveyance for a continuous journey**
- Services On Board Conveyance Like Vessel, Aircraft, Train, Motor Vehicle – POS **First scheduled point of departure of that conveyance for that journey**

## VALUE OF TAXABLE SUPPLY

- **Transaction Value** – Where **supplier and recipient are not related** and **price is the sole consideration**
- **Value** includes Every taxes other than GST, Amount paid by recipient on behalf of supplier, incidental expenses, **Interest, Late Fee, Penalty for late payment**
- **Discount** – Only accepted IF
  - Discount given **before or at the time of supply** and **recorded in the Invoice**
  - After the supply only if such discount is agreed in terms of agreement and ITC to the extent reversed by recipient

# INPUT TAX CREDIT

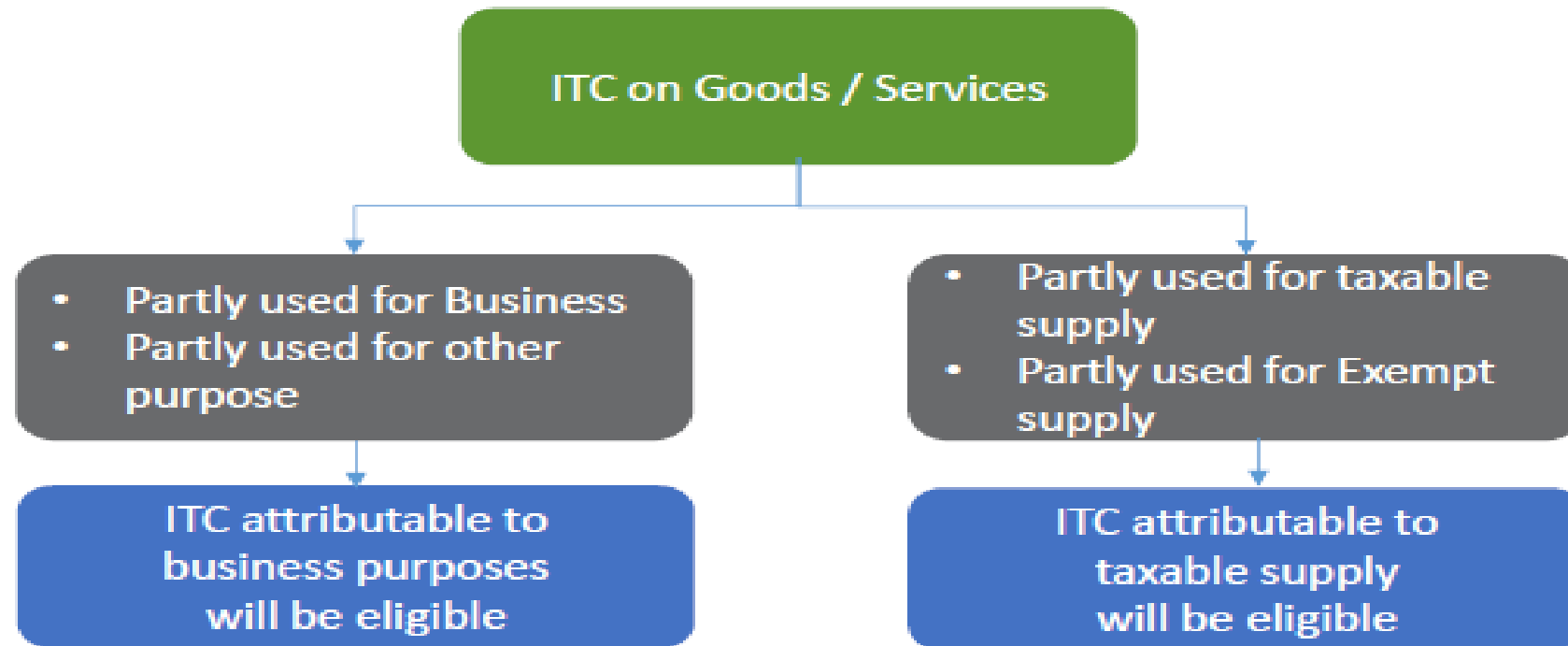
To be setoff in the Rank order	ITC of CGST	ITC of SGST	ITC of IGST
1	Against Output liability of CGST	Against Output liability of SGST	Against Output liability of IGST
2	Against Output liability of IGST	Against Output liability of IGST	Against Output liability of CGST
3	Cant be set-off against SGST	Cant be set-off against CGST	Against Output liability of SGST



# INPUT TAX CREDIT

- ITC available only subject to the following conditions
  - Tax invoice / debit note / Tax paying document is in possession
  - Goods / Service has been received
  - Seller has paid the Tax
  - Return has been furnished
- If the Goods received in lots, ITC available when the last lot received
- If the payment to the supplier is not made within 180 days, the credit need to be reversed.
- On capital goods, on the ITC portion, Either Claim Depreciation or claim ITC

# INPUT TAX CREDIT – APPORTION OF CREDIT



# INPUT TAX CREDIT – BLOCKED CREDIT

- (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 ; or
    - (B) transportation of passengers; or
    - (C) imparting training on driving, flying, navigating such vehicles or conveyances;
  - (ii) for transportation of goods;
- (b) the following supply of goods or services or both—
  - (i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery;
  - (ii) membership of a club, health and fitness centre;
  - (iii) rent-a-cab, life insurance and health insurance
  - (iv) travel benefits extended to employees on vacation such as leave or home travel concession

## INPUT TAX CREDIT – BLOCKED CREDIT

- (c) **works contract** services when supplied for construction of an 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 or both received by a taxable person for construction of an immovable property (other than plant or machinery) **on his own** account including when such goods or services or both are used in the course or furtherance of business.
- (e) goods or services or both on which tax has been paid under section 10 **Composition**;
- (f) goods or services or both received by a non-resident taxable person except on goods imported by him;
- (g) goods or services or both used for **personal consumption**;
- (h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

# REGISTRATION

- Aggregate value of all taxable supplies > 20 Lakhs [10 lakh for special category state]
- However, Person not liable to take registration if
  - **Exclusively** supplying **Wholly exempt goods/services**, or **goods / services not liable to tax**
  - **Agriculturist**, to the extent of supply of produce out of cultivation of land

Issue:

- 25Lacs exempted goods and only 1 Lakhs taxable goods supply?
- Casual registration
- Return not furnished for continuous 6 months [9months for composition person] then registration get cancelled
- Display of Registration certificate in **principle place of business** and at **every additional place of business**
- Display of **GSTIN** on name board at the entry of the **principle place of business** and at **every additional place of business**
- After Migration, provisional certificate **REG25** will be issued. Again one application need to be made in **REG26** within 3 months. After that final Registration certificate will be issued in **REG6**

# COMPULSORY REGISTRATION [EVEN IF TURNOVER < 20LAKHS]

- (i) persons making any inter-State taxable supply [**eg. broker**]
- (ii) casual taxable persons making taxable supply
- (iii) persons who are required to pay tax under reverse charge [**GTA, advocate's legal service**]
- (iv) person who are required to pay tax under sub-section (5) of section 9 [**RCM on e-commerce company**]
- (v) non-resident taxable persons making taxable supply
- (vi) persons who are required to deduct tax under section 51 [**TDS**]
- (vii) persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise
- (viii) Input Service Distributor, whether or not separately registered under this Act
- (ix) persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52; [**TCS**]
- (x) every electronic commerce operator;
- (xi) every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person

# INVOICE

Section	Invoice Rule	List of Invoices (Serially numbered)	Purpose	Effect to be given in
31(1)	1	Tax invoice	-For Taxable supply	Output tax liability
31(3)(f)	1	Tax invoice (for RCM)	-For RCM tax payment, though separate series to be maintained	Cash ledger and ITC
31(3)(c)	4	Bill of Supply	-For exempted Supply -For Composition sec 10 supply	Output tax liability
34	8	Debit Note / supplementary invoice	-Addition in billing	Output tax liability
34	8	Credit Note	-For Goods earlier sold now comes back as return. Credit note to be issued and GST ITC to be Taken (or reversed as the case maybe) based on that	ITC
31(3)(g)	7	Payment Voucher	For RCM at the time of payment to the vendor on which we have paid tax on Reverse Charge	ITC
31(3)(d)	5	Receipt Voucher	To be prepared for advance received. <b>[@ 18% If rate not determined]</b>	Output tax liability
31(3)(E)	6	Refund Voucher	to be prepared when advance earlier received is now refunded	ITC
143,19	10	Delivery Challan	-To be prepared for Job work transfer without payment of GST -For goods removed for approval basis. (within 6 months from removal) -incase of removal of liquid Gas	No effect in Tax
	E Way bill rules	E Way bill	To be prepared for movement of Goods having value above 50000	No effect in Tax

# INVOICE

- Revised Invoice only for period from application of registration till grant of registration. In any other case, Debit note and credit note
- Till 200 Rs, tax invoice optional, Consolidated invoice per day.
- Tax amount to be shown separately for tax invoice
- 3 copies of Tax invoice for sale of Goods and 2 copies of Tax invoice for services.



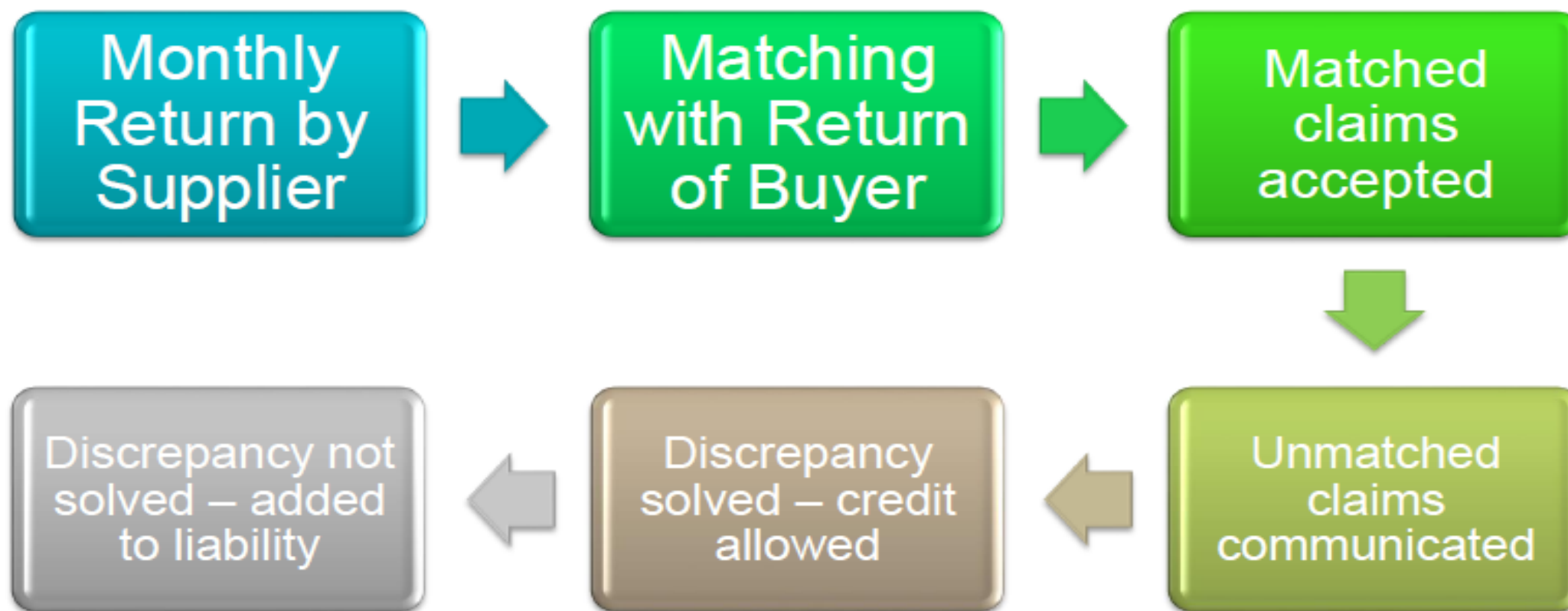
# RETURN

section	Return Form	What to file?	By Whom?	By When?	Restriction	Penalty
37	GSTR I	Details of outwards supplies	Registered Taxable Supplier	10th of next month	Cant be filled bet. 11th to 15th	100 Rs per day, Max 5K
38	GSTR2A	Details of Inward Supply provided by supplier will be made available	Registered Taxable Recipient	11th to 15th of next month	-	-
38	GSTR2	Details furnished in GSTR2A need to be verify, validate, modify, delete or new entry need to be uploaded	Registered Taxable Recipient	11th to 15th of next month	-	100 Rs per day, Max 5K
37	GSTR 1A	Details modified by recipient will be available to supplier	Registered Taxable Supplier	15th to 17th of next month		100 Rs per day, Max 5K
39	GSTR3	monthly return on the basis of final details of GSTR I & 2 along with payment of tax	Registered Taxable Supplier	by 20th of next month	-	100 Rs per day, Max 5K
39	GSTR4	Qtrly return for <b>composite supplier</b>	Composition Supplier	by 18th of succeeding month of Qtr	-	100 Rs per day, Max 5K
44	GSTR9	Annual return	Registered Taxable Supplier / Composition Supplier	by 31st dec of next year	-	100 Rs per day, 0.25% of Turnover Max

## DETAILS NEED TO BE PROVIDED IN RETURNS

- Sales details need to be provided in Return
  - Invoice wise details of all B2B Supplies [Interstate and Intrastate]
  - Invoice wise details of B2C interstate supplies of which invoice value is > 250000
  - Consolidated details B2C intrastate – Bifurcated rate-wise
  - Consolidated details of B2C Interstate – Bifurcated State-wise, rate-wise
  - Debit credit notes
- Purchase Details invoice wise, including invoices made under RCM
- Sales & Purchase details need to be provided in return by Composition Supplier
  - Consolidated details of Sales
  - Invoice-wise, State-Wise purchase details, including invoice made under RCM
- Tax Payment Date = Return Filling Date

## RETURN [MATCHING, REVERSAL, RECLAIM OF ITC & REDUCTION IN OUTPUT TAX LIABILITY]

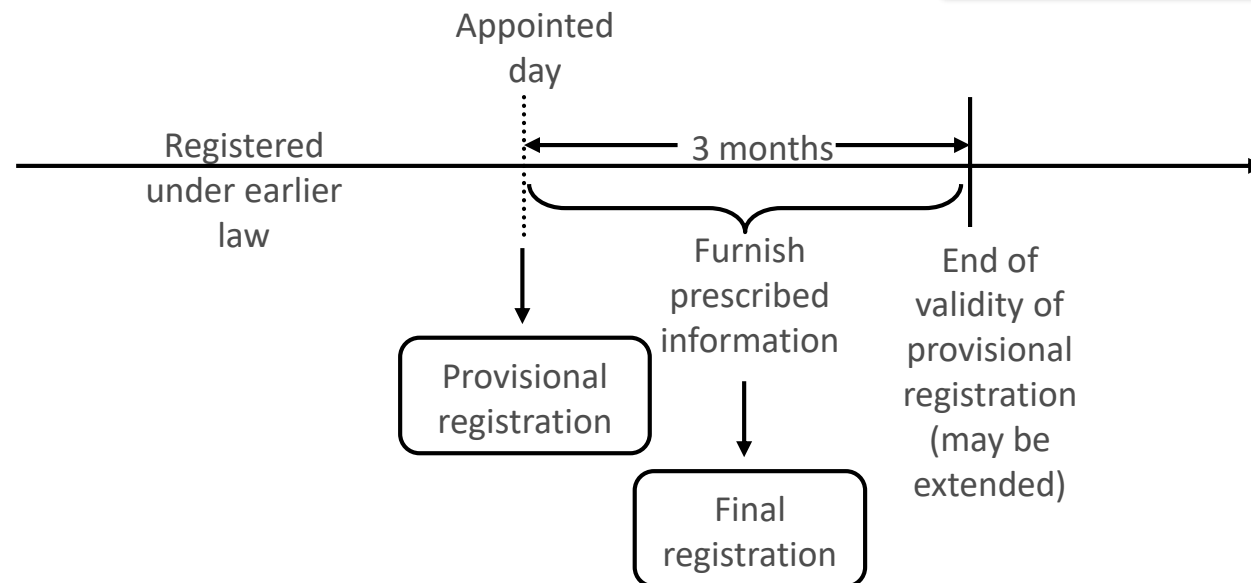


## RETURN [MATCHING, REVERSAL, RECLAIM OF ITC & REDUCTION IN OUTPUT TAX LIABILITY]

- Details need to be matched for ITC
  - GSTIN number of supplier
  - GSTIN number of recipient
  - Invoice Number
  - Invoice Date
  - Tax Amount
- Details need to be matched for Output Tax Liability
  - GSTIN number of supplier
  - GSTIN number of recipient
  - Credit note Number
  - Credit Note Date
  - Tax Amount

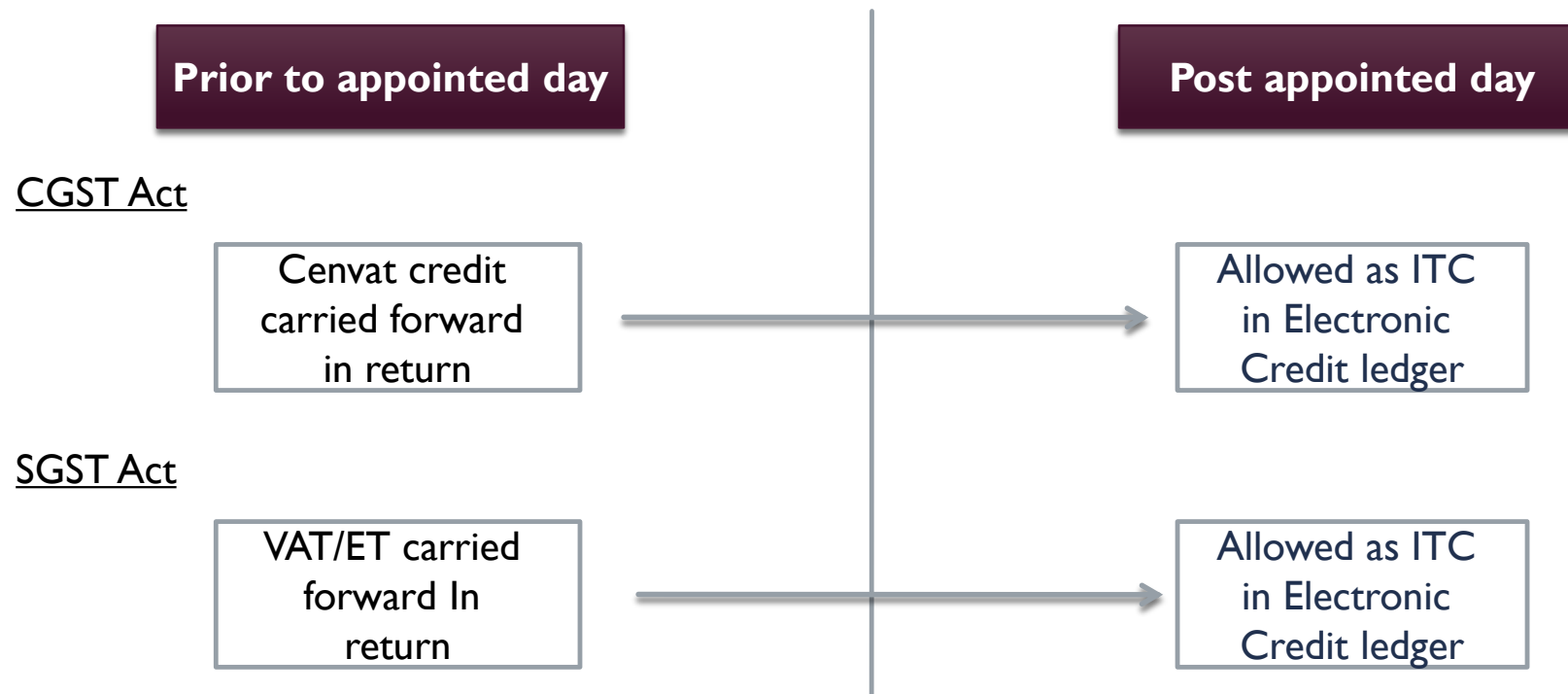
# TRANSITIONAL PROVISION

## Transition of Existing Registrations



# TRANSITIONAL PROVISION – ITC FOR REGISTERED PERSON

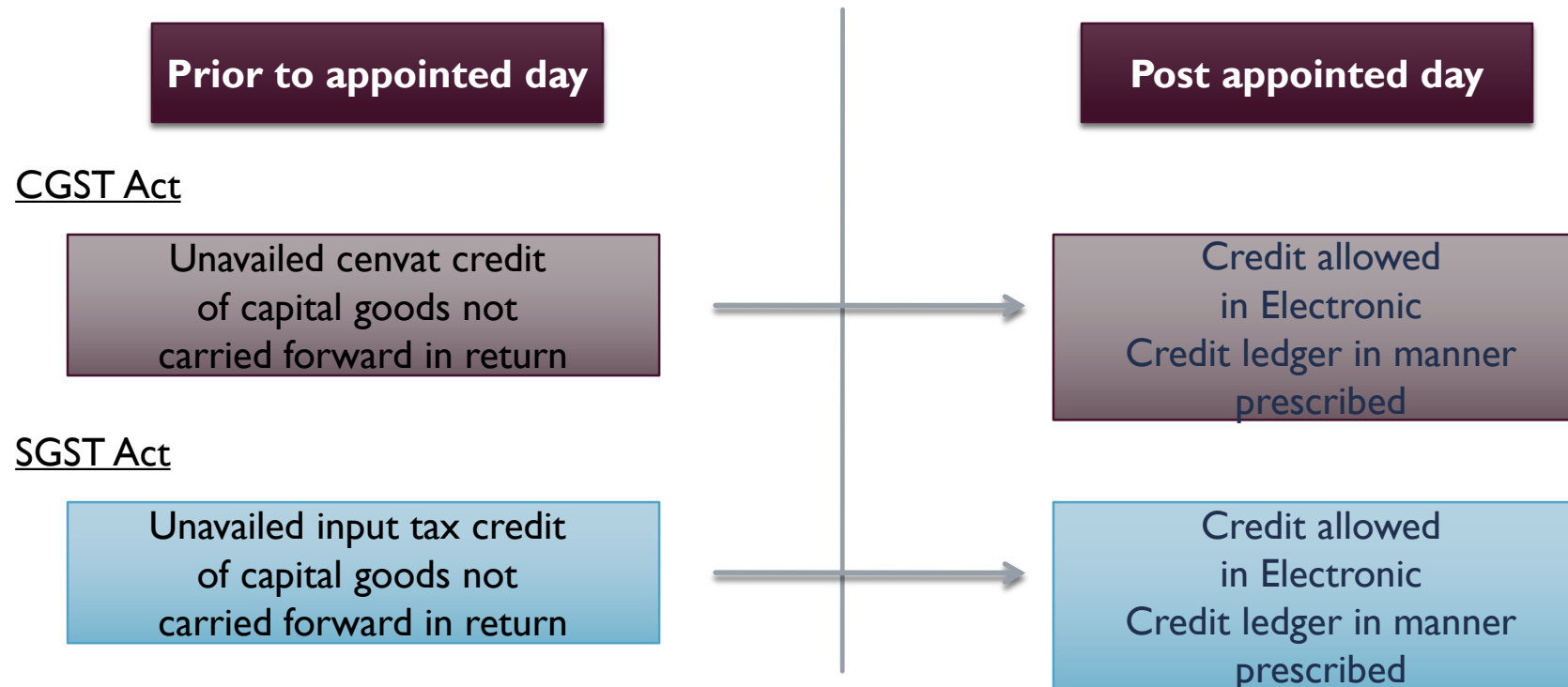
Amount of CENVAT credit carried forward in a return to be allowed as input tax credit



- Subject to, credit should be admissible under GST, 6 months return filed of old regime and credit should not be related to exempted goods in GST

# TRANSITIONAL PROVISION – ITC OF CAPITAL GOODS

Unavailed cenvat credit on capital goods, not carried forward in a return, to be allowed in certain situations



# TRANSITIONAL PROVISION – FROM UNREGISTERED TO REGISTERED – [ONLY FOR TRADER]

Credit to person who was not liable to be registered under existing laws or was engaged in manufacture / provision of exempted goods / services / first / second stage dealers, works contract services and availing abatement / registered importer / depot of manufacturer

**Prior to appointed day**

CGST Act

Inputs held in stock,  
finished & semi-finished  
goods of a manufacturer  
of exempted goods

**Post appointed day**

Credit of eligible duties  
allowed in Electronic Credit  
ledger subject to conditions



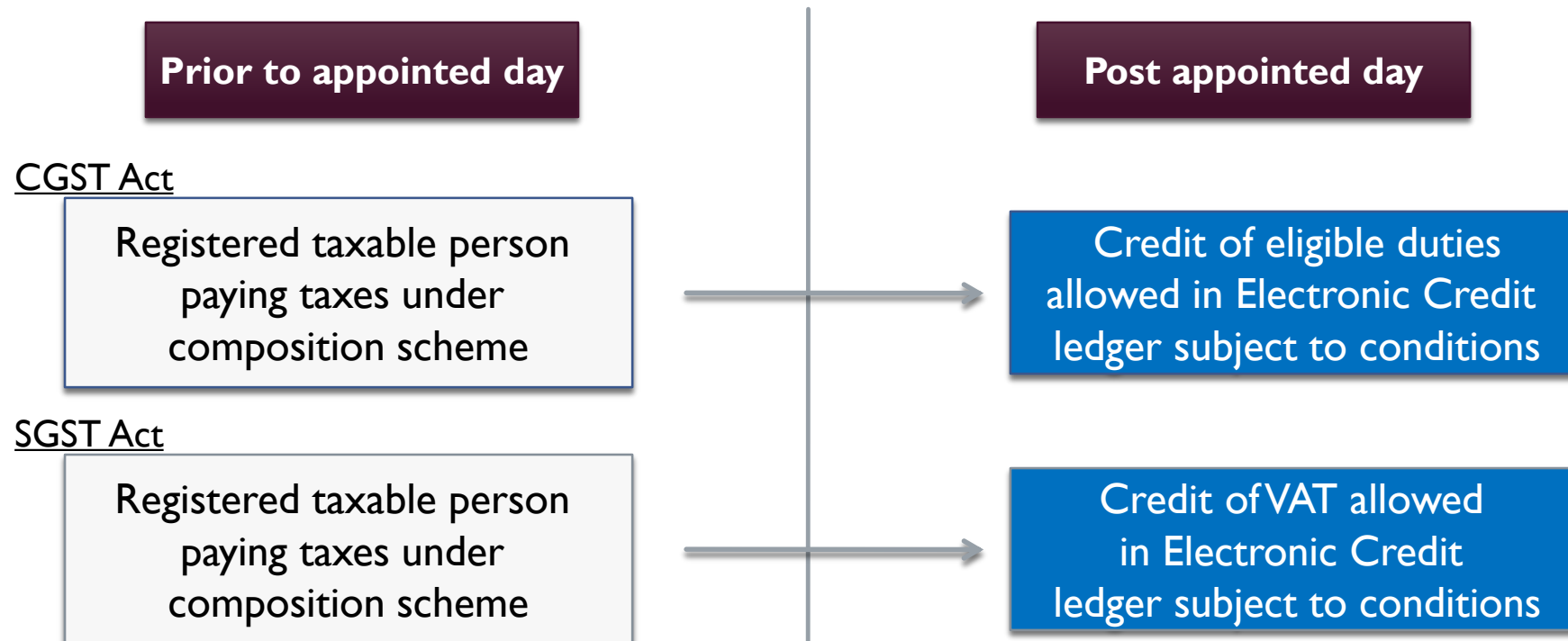
# TRANSITIONAL PROVISION - FROM UNREGISTERED TO REGISTERED [ONLY FOR TRADER]

## Conditions:

- Credit of duties only in respect of input allowed, not of input services or capital goods
- Inputs and / or goods are used or intended to be used for making taxable supplies under this Act
- The said taxable person is eligible for such input tax credit under this Act
- Passes benefit to consumer [Anti Profiteering clause]
- Supplier of services is not eligible for any abatement under the Act
- Taxable person is in possession of invoice evidencing payment of duty / tax
- Such invoices etc were issued not earlier than 12 months
- Such stock on which credit is claimed is to be sold off within 6 months from the appointed day. And for each 6 months, TRAN-2, a separate return need to be filled
- For Carry Forwarding any credit, Return in form TRAN-1 need to be filled

# TRANSITIONAL PROVISIONS – COMPOSITION TO NORMAL

## Credit of eligible duties and taxes to a taxable person opting out of composition scheme



# TRANSITIONAL PROVISIONS – COMPOSITION TO NORMAL

## Conditions:

- such inputs and / or goods are used or intended to be used for making taxable supplies under this Act
- the said person is not paying tax under section 10
- the said taxable person is eligible for input tax credit on such inputs under this Act
- the said taxable person is in possession of invoice and/or other prescribed documents evidencing payment of duty under the earlier law in respect of inputs; and
- such invoices and /or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

# ANTI PROFITEERING CLAUSE

- (1) Any **reduction in rate of tax** on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient **by way of commensurate reduction in prices.**
- (2) The Central Government may by law constitute an authority, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.
- (3) The Authority referred to in sub-section (2) shall exercise such powers and discharge such functions as may be prescribed.

# E WAY BILL

- (I) Every **registered person** who causes movement of goods of consignment **value exceeding fifty thousand rupees**
    - (i) in relation to a supply
    - (ii) for reasons other than supply
    - (iii) due to inward supply from an unregistered person,
- shall, before commencement of movement**, furnish information relating to the **said goods in Part A of FORM GST INS-01**, electronically, on the common portal and
- (a) When Goods are transported by consignee or consigner in by their own, he **MAY** generate E Way bill in form INS-01 after furnishing information in Part B.
  - (b) When Goods are transported by transporter, registered person **SHALL** furnish information relating to transportation in Part B and and generate E way bill

# E WAY BILL

- If Person is unregistered, then Way bill need to be generated by Transporter
- If transporter changes the conveyance, Fresh E Way bill need to generate
- Multiple consignment in one conveyance, consolidated E way bill need to be generated
- E way bill can be cancelled only within 24 hrs. of it's generation
- E way bill will be available to recipient and he has to accept or reject the details within 72 hrs., else it's deemed accepted

# THINGS NEED TO BE DONE – CHECKLIST FOR SMOOTH MIGRATION TO THE GST

- Get Complete your working for Closing Stock for the period 31.3.2017 / 30.6.2017 before GST Implementation date
- Allocate your such stock into quantitate mode
- Get the A/c Statement from your Suppliers / Creditors for the year ended 31/3/2017 & compiled them from your books
- Rectify Mismatch Reports of Purchases, if persists
- Revise your Vat Returns if point no.4 applies to you
- Make strict follow-up to Collect all the C forms/H Form/ I forms [forms for sales made between 01/04/2015 to 30/06/2017]
- Get your Books Finalise for FY 2016-17

# THINGS NEED TO BE DONE – CHECKLIST FOR SMOOTH MIGRATION TO THE GST

- Make a separate file of those items which are shown in your Unsold stock as on 30.6.2017 e.g. Purchase Bills/ Bill of Entry/ Excise Paying Documents etc.
- Stock ageing be made to ascertain if any stock is more than 1yr old. If yes then dispose it off immediately or sell it to your sister concern against Tax Invoice locally
- Classify stock tax rate wise, purchased locally to get ITC into SGST
- Classify stock purchased on invoices bearing Duty Payment & non duty payments to get ITC transferred to CGST
- Inform your GSTIN / ARN to all suppliers of Goods & Services
- Obtain GSTIN of all Suppliers & Buyers
- Train your accountants for GST accounting and returns formats
- Make Chart of HSN CODES, SAC Codes & GST Rates on your goods & services to be purchased & Sold.
- Check whether any stock of one year old is lying with you
- Analyze P&L and see which expenses are liable to RCM. Try to switch your purchase only from registered dealer [you can't tell your tea vendor to take registration!]



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# ANY QUESTIONS?

## THANK YOU!

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