

## GST - Overview

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Please note for reference to GST law what you have in this deck is our understanding, customers and partners are advised to refer to [cbec.gov.in](http://cbec.gov.in) and [gst.gov.in](http://gst.gov.in) for the latest document.

## GST Journey

**2003**  
the Kelkar Task Force on indirect tax suggested a comprehensive Goods and Services Tax (GST) based on VAT principle

**Budget Speech  
FY 2006-07**  
A proposal to introduce a National level Goods and Services Tax (GST) by April 1, 2010 was first mooted

**13.04.2017**  
President's assent on GST Laws

Journey of 14 years

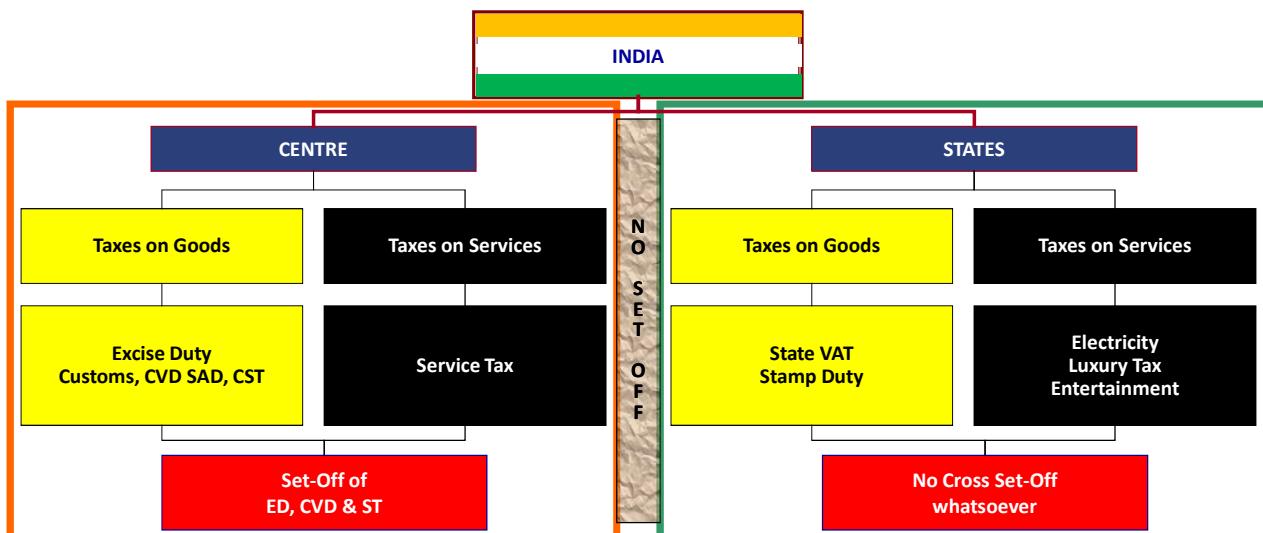
### Changing Scenario

		Present	GST
1	Goods and Services	Differentiation exists → Lot of disputes	No Differentiation except in procedure
2	Incidence of Tax	Origin Based	Destination based
3	Administration	Manual + Computerized	Computerized centrally
4	Incidence	Manufacture, Sale, Service	Supply
5	Point of Taxation	Excise-First Point; VAT/ST: Last Point with ITC	Last Point with ITC
6	Exemptions	Multiple	Fewer expected
7	Number of Taxes	ED, ST, VAT, CST, CVD, SAD, Ent., Lux.	CGST, SGST, IGST, Cess
8	Tax Rates	Multiple and different across States for same product	Uniform tax on Goods and Services
9	Inter-State	CST; Non-Vatable	IGST-Vatable
10	Declaration Forms	C, F, H, I, J, E-1, E-2	No form for goods subsumed in GST
11	Input tax credit set-off	Not available across taxes	Seamless flow of tax credit
12	Branch Transfer	Exempt from VAT/ CST against Form F	Taxable

### Changing Scenario

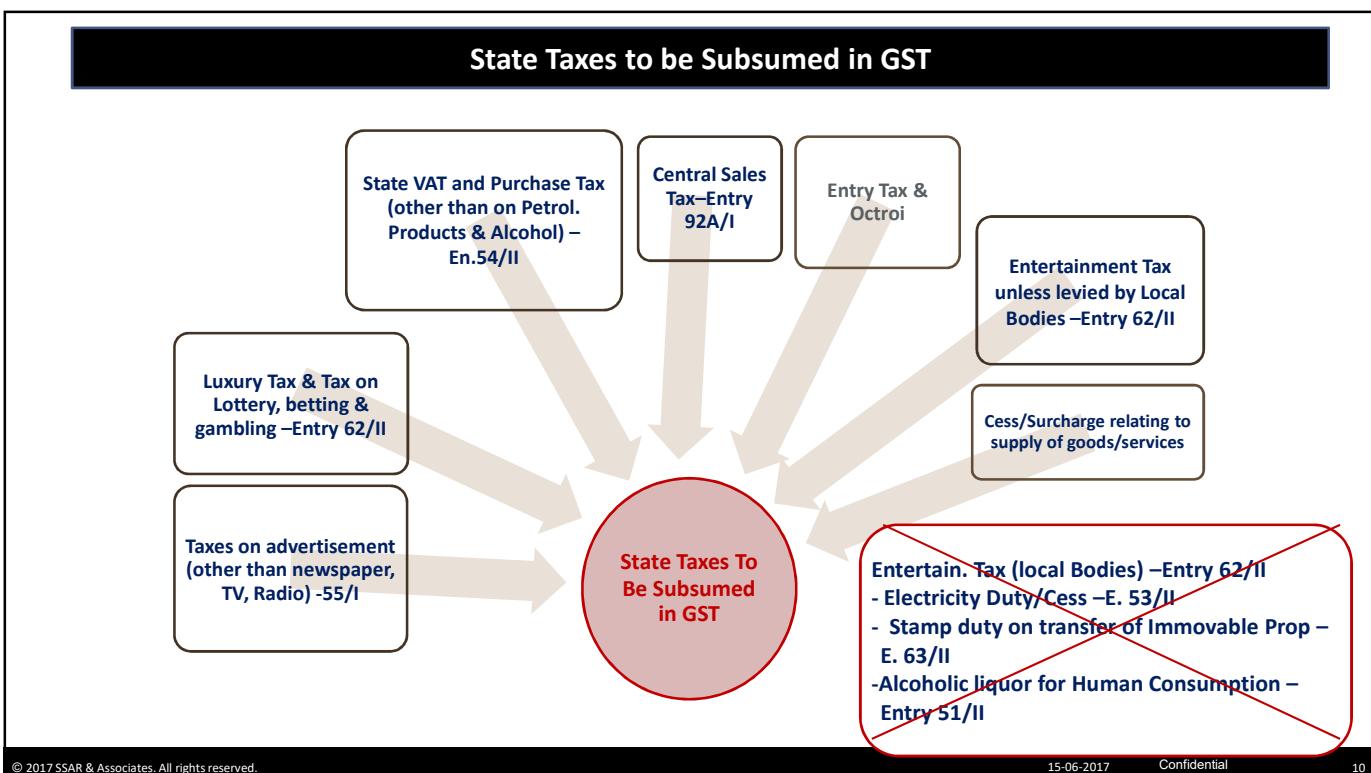
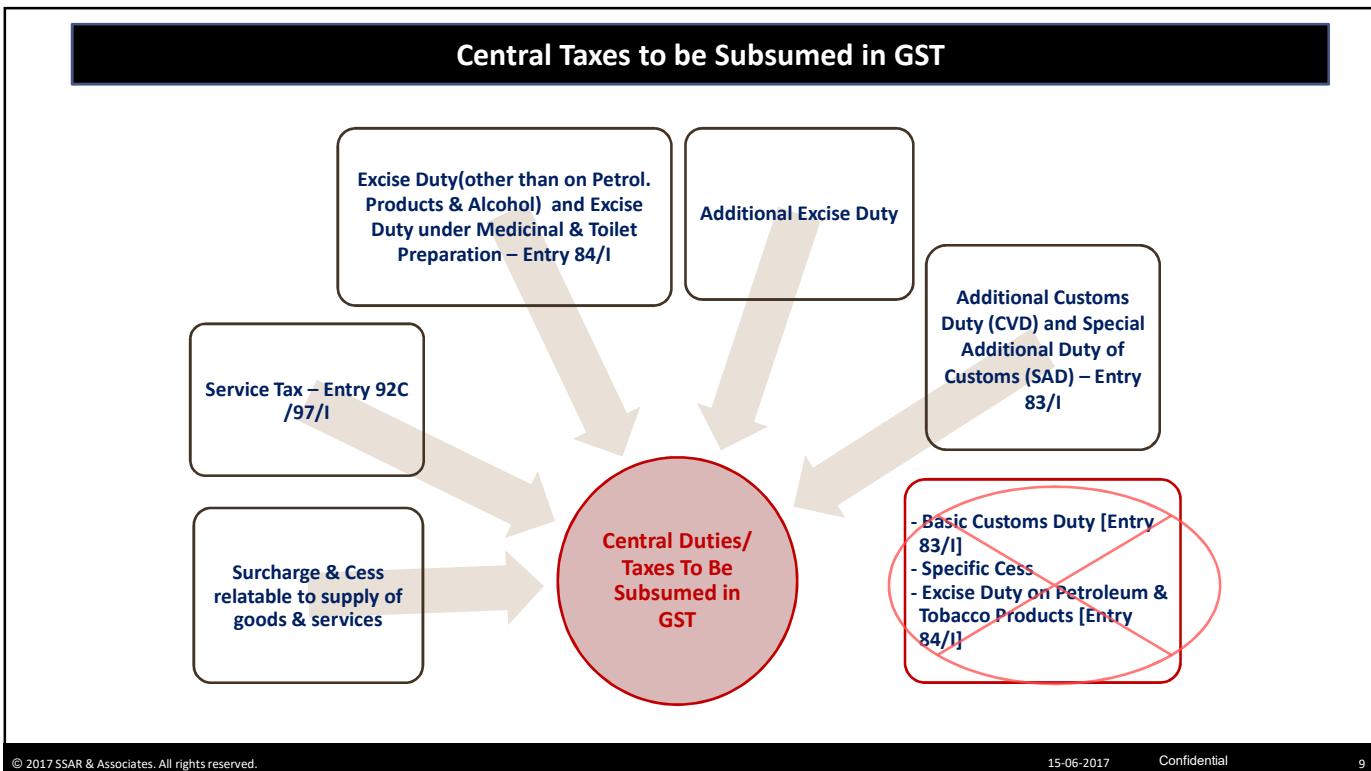
		Present	GST
13	Registration-VAT	TIN based-State specific	PAN based – State Based
14	Registration -ST	Option for Centralized No.	PAN based – State Based
15	Threshold limit	Act specific (VAT – State Specific)	Rs. 20/10 lacs on all India basis
16	Classification of goods	ED-HSN; VAT – Schedules of Act	HSN
17	Taxable Event	<b>Services:</b> Receipt or invoice w.e.i. earlier <b>Others:</b> Raising of Invoice	Receipt or raising of invoice w.e.i. earlier
18	Matching of ITC	No for Service Tax & ED; Yes for VAT in few States	Yes; it is the prime condition for eligibility
19	Returns	Comparative Simple; also have Saral Forms	Complex
20	Monitoring for Service Sector	Central Govt	Central Govt for CGST & IGST (+) Every State Govt. where supply takes place
21	Monitoring for Trade Sector	Every State Govt where sale takes place	
22	Control	Generally State Specific	All India (PAN) basis
23	Slogan	A Trust based system	No Slogan; Compliance/ performance based System

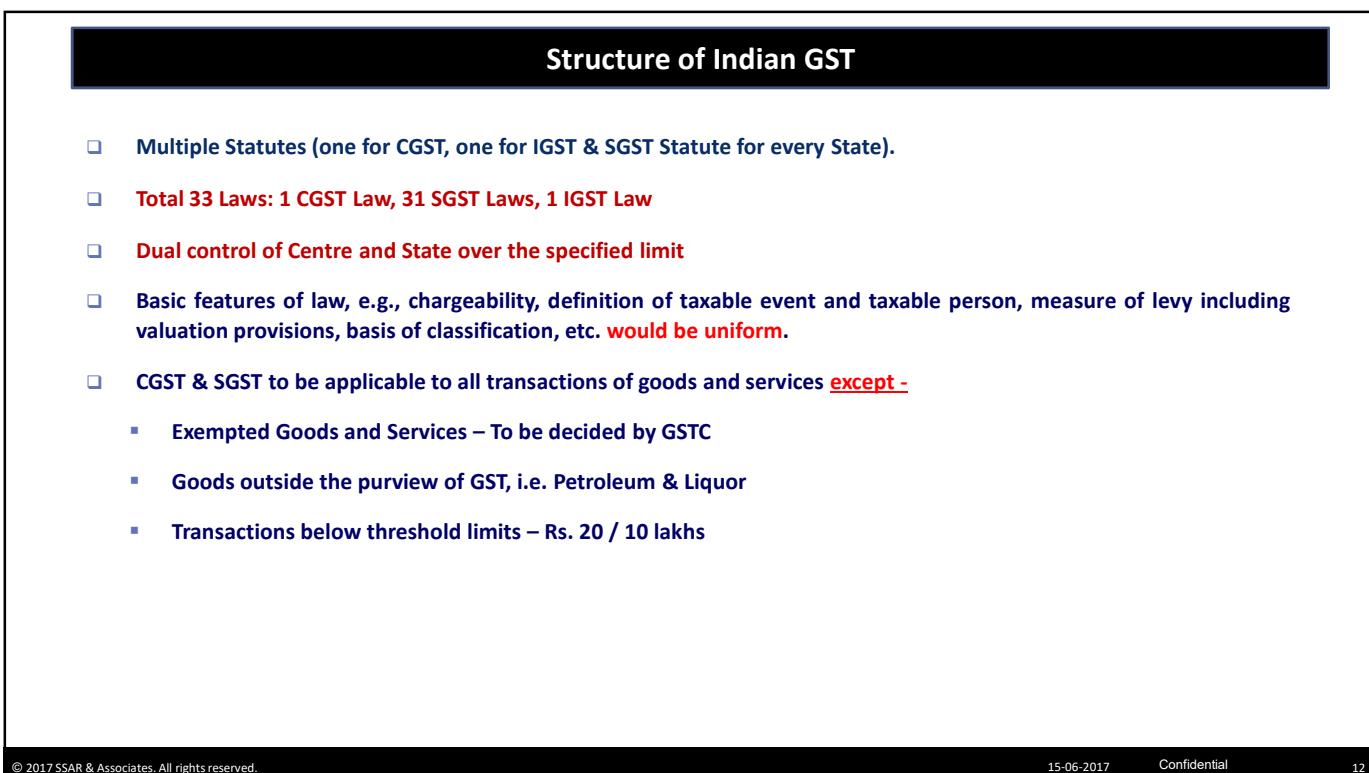
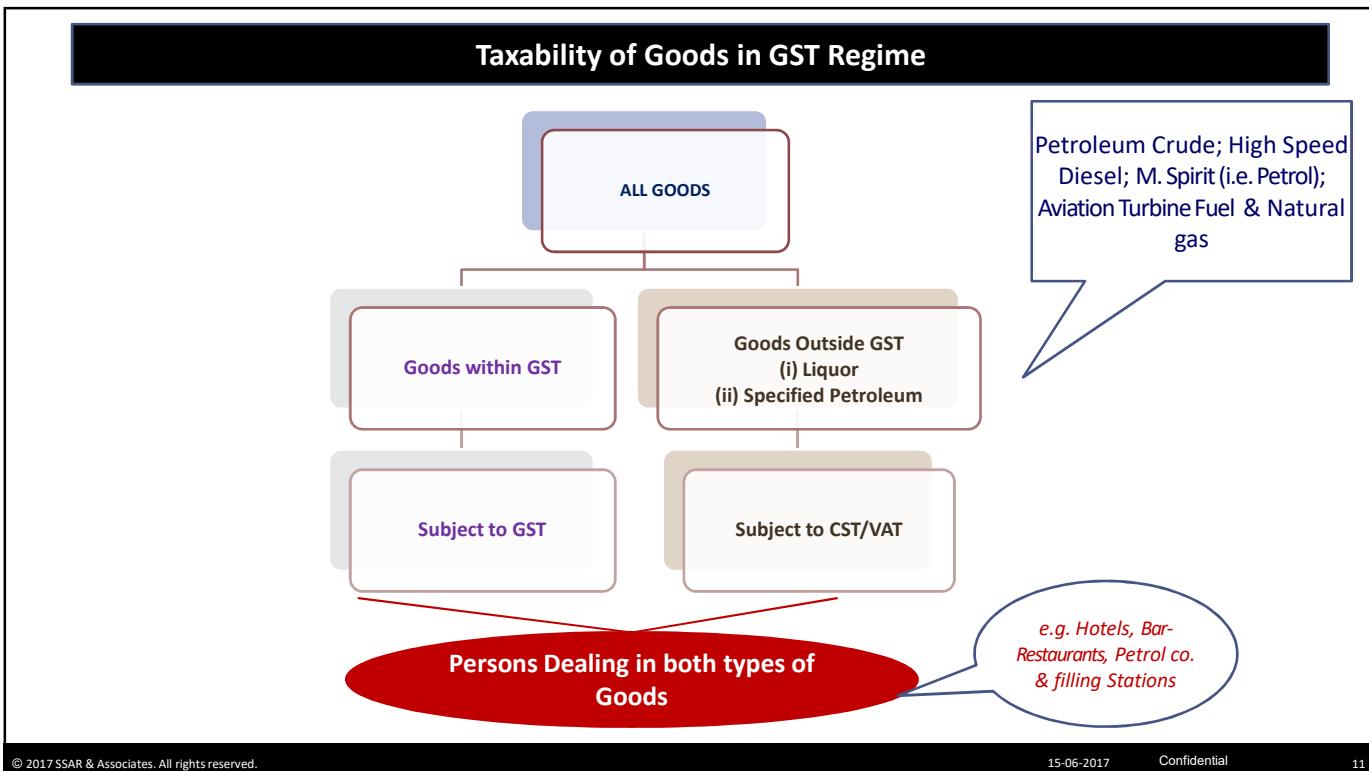
### Present Indirect Structure of India



### GST Council (GSTC) – Article 279

- GST Council will be a joint forum of the Centre and the States. [Union F.M., Union Minister of State of Finance/ Revenue, One from every State]**
- It would function under the Chairmanship of Union F.M.**
- 50% of the members of GSTC shall constitute the quorum**
- The GSTC will have 1/3 representation from the centre and 2/3 from the states in making decisions by voting**
- Its decisions will need to be approved by a 3/4 majority**
- Shall recommend the date from when Petroleum Products shall be part of GST**





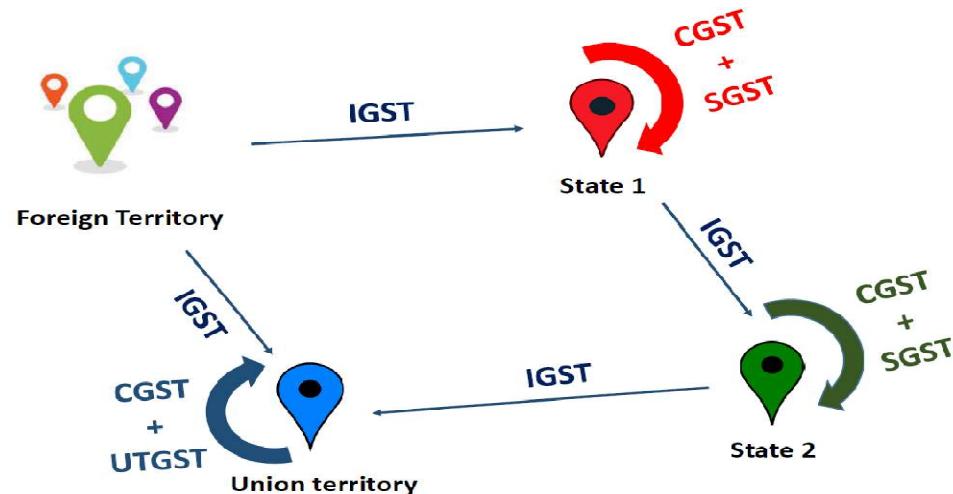
## Structure of Indian GST

- ❑ **Generally destination based Taxation –**
  - (i) Tax will go to the consuming State;
  - (ii) at the rate applicable in that State
- ❑ Terms to be used in GST – Supply, Supplier and Recipient (instead of sale, purchase, seller and purchaser)
- ❑ CGST and SGST will be treated separately.
- ❑ Input CGST could be utilized only against output CGST.
- ❑ The same principle will be applicable for SGST.
- ❑ Cross utilization of ITC between CGST and SGST will be allowed against IGST.

## Branch – A Distinct Person

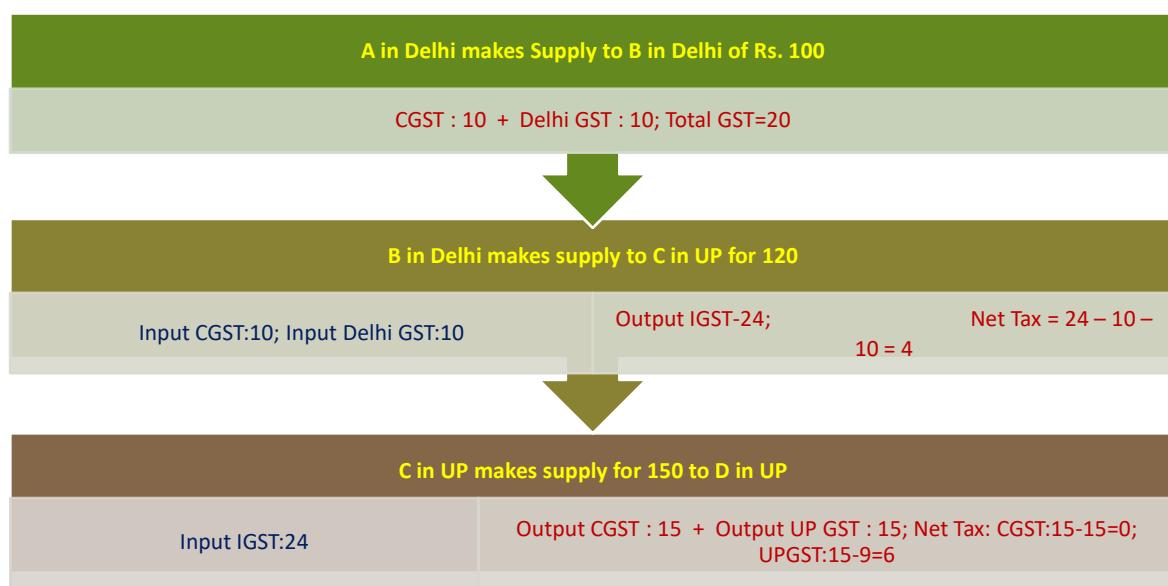
- ❑ Other State Branch will be treated as distinct person
- ❑ Within State business vertical to be treated as distinct person
- ❑ Consequences:
  - ❑ Supply to branch or receipt from branch to be taxable
  - ❑ If branch is eligible for ITC, then at transaction value, **otherwise at open market value**
  - ❑ All the records, accounts, audit, assessment, annual return to be **separately complied**

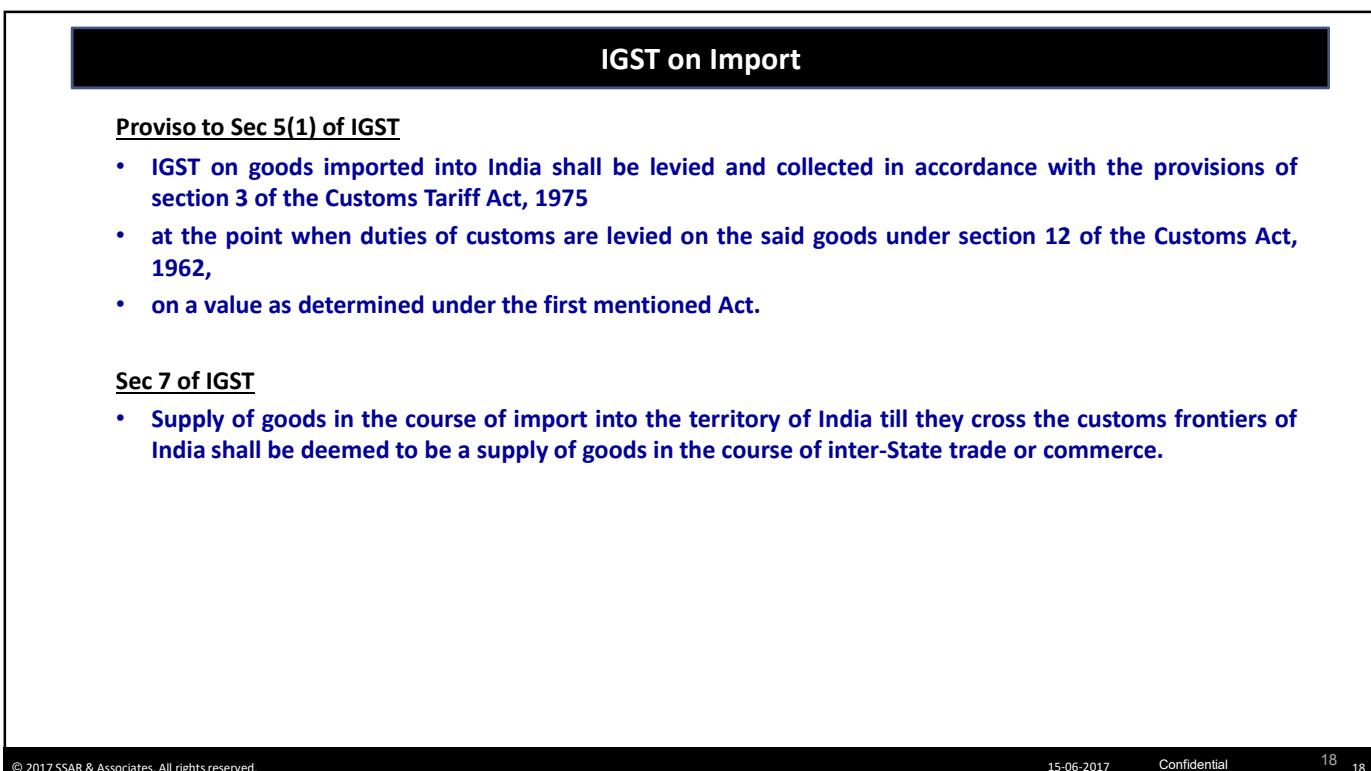
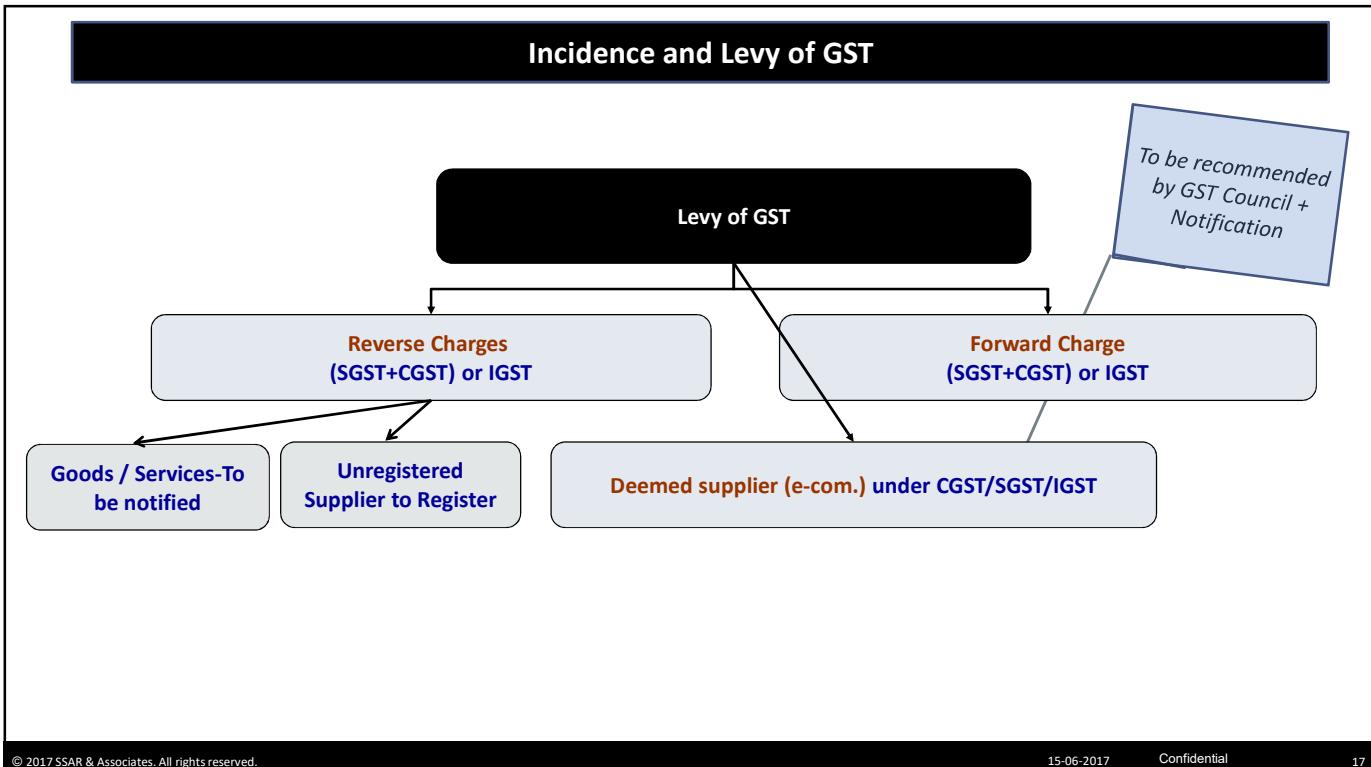
## Understanding CGST, SGST, UTGST & IGST



## Indian GST – Illustration

{Assume - CGST Rate:10%; SGST Rate:10%; IGST Rate:20%}





## Rates of Tax

### Sec 8 of CGST/SGST

- **CGST – Maximum 20%**
- **SGST – Maximum 20%**
- **IGST – Maximum 40%**
- **To be notified on the recommendation of GST Council by way of notification – Would NOT be part of the Law as Schedule**
  - **Goods – 5 tier: Exempted, Lower, Lower-Standard, Standard, Luxury– 0, 5, 12, 18, 28, 40**
  - **Services – 0, 5, 12, 18, 28.**
  - **Adoption of**
    - **HSN for classification of commodities; and**
    - **SAC for Services**

## GST – Supply

## Meaning and Scope of Supply

### Section 7(1) - Meaning of 'supply':

- Defined as inclusive definition
- Supply includes all forms of supply (goods and / or services) and includes agreeing to (to cover advances) supply when they are -
  - for a **consideration**, and
  - in the course or furtherance of **business**.
- **Forms of Supply – such as:**

Sale	Transfer
Barter	Exchange
License	Rental
Lease	Disposal

## Scope of the Term Supply

- **The word 'supply' means:**
- It involve delivery of goods and / or services to another person or agreement thereof;
- Transfer of property in goods from the supplier to recipient is **not necessary**;
- There should be something in return which the person supplying will obtain from recipient. It is not important that what is received in return is 'money'; it can be **money's worth**;
- Certain supplies which are even **without consideration** have also been included in the definition of "Supply"
- **Branches of the same person has been considered as distinct persons. Multi-State Entities have to take care of transfer value.**

## Scope of the Term Supply

- **Includes importation of service:** Additionally, the word 'supply' would include importation of a service, whether or not in the course or furtherance of business.
- This implies that import of services even for personal consumption would qualify as 'supply' and therefore would be liable to tax, subject to the threshold limit.
- Such services would be liable to tax under reverse charge mechanism.
- **Schedule II** determines whether and under what circumstances, a transaction is to be considered as either the goods or service
- Concept of **composite** and **mixed supply**

## Sch. I – Without Consideration

### **SCH.I- Transactions without consideration -Treated as 'supply'**

- (i) Permanent transfer/disposal of business assets *where input tax credit has been availed on such assets*
- (ii) Supply of goods or services between related persons when made in the course or furtherance of business
- (iii) Distinct persons u/s 25, having same PAN, in the course or furtherance of business
- (iv) Supply of goods or services or both by way of gifts exceeding INR 50,000/- in value in a financial year by an employer to an employee
- (v) Supply by principal to agent and vice a versa – Selling agent and the buying agent
- (vi) Importation of service from related person or branch outside India in the course or furtherance of business.

Sch. II – Goods vs. Service		
S. No.	Description	Whether goods or service
1	<b>1.(a): Any transfer of the title in goods.</b>	<b>Supply of goods</b>
2	<b>1.(b): Any transfer of goods or of right in goods or of undivided share in goods without transfer of title thereof.</b> <i>Here, there should not be transfer of title in the goods; otherwise, it will fall in clause 1. To illustrate, ABC transfers one barrel of 100 lt. of edible oil to 5 persons, to be divided equally. Here, even if undivided share has been transferred yet the title has also been transferred by ABC.</i> <i>illustration, A and B are joint owners of a machine. A gives the machine to B for its use, without transferring title, which remains in the joint name. This transaction would fall in this clause.</i>	<b>Supply of service</b>

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Sch. II – Goods vs. Service		
S. No.	Description	Whether goods or service
3	<b>1.(c): Any transfer of title in goods under an agreement which stipulates that property in goods will pass at a future date upon payment of full consideration.(e.g., hire purchase, installment purchase, financial lease, etc)</b>	<b>Supply of goods</b>
4	<b>2.(a): Any lease, tenancy, easement, license to occupy land.</b>	<b>Supply of service</b>
5	<b>2.(b): Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly.</b> <i>Whereas clause no. 4 pertains to land, this clause covers lease of building.</i>	<b>Supply of service</b>
6	<b>3: Any treatment or process which is being applied to another person's goods. (Whether includes job with material ?)</b>	<b>Supply of service</b>

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## Sch. II – Goods vs. Service

S. No.	Description	Whether goods or service
7	<b>4.(a) &amp; (c): Transfer of business assets, such as,</b> (i) transfer or disposal of business assets; (ii) Where any person ceases to be a taxable person, any goods forming part of the assets of any business unless: - the business is transferred as a going concern to another person; or - the business is carried on by a personal representative who is deemed to be a taxable person.	Supply of goods
8	<b>4.(b): Change of usage of goods: from business to private use, for any purpose other than the purpose of business, whether or not for a consideration</b>	Supply of service
9	<b>5.(a): Renting of immovable property.</b> <i>Overlapping with (5) –Permanent P&amp;M included only here</i>	Supply of service

## Sch. II – Goods vs. Service

S. No.	Description	Whether goods or service
10	<b>5.(b): Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or before its first occupation, whichever is earlier.</b>	Supply of service
11	<b>5.(c): Temporary transfer or permitting the use or enjoyment of any intellectual property right (IPR).</b> <i>IPR, which are incorporeal goods are regarded as goods. In case of permanent transfer of IPR, it would be considered as supply of goods, covered at Sl. No. 1.</i>	Supply of service
12	<b>5.(d): Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of information technology software.</b>	Supply of service

## Sch. II – Goods vs. Service

S. No.	Description	Whether goods or service
13	<b>5.(e): Agreeing -</b> (i) to the obligation to refrain from an act; or (ii) to tolerate an act or a situation; or (iii) to do an act.	Supply of service
14	<b>5.(f): Transfer of the right to use any goods for any purpose.</b>	Supply of service
15	<b>6. Composite contracts.....</b> <b>(a): Works contract as defined under sec 2 (119) of the Act</b> <b>It may be noted that the definition of works contract is confined only to the immovable goods.</b>	Supply of service

## Sch. II – Goods vs. Service

S. No.	Description	Whether goods or service
16	<b>6.Composite contracts....</b> <b>(b): Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption) for cash, deferred payment or other valuable consideration.</b> <i>It is not clear, whether counter sale of the food, fountain-beverage and free-home delivery of food would also be in this clause.</i>	Supply of service
17	<b>7.: Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.</b>	Supply of goods

## Composite & Mixed Supply

Composite Supply- Sec 2(30)	Mixed Supply- S. 2(74)
<p>A supply comprising two or more bundled and supplied in conjunction with each other in the supplies of goods or services, or any combination thereof, which are naturally which are naturally bundled and supplied in conjunction with each other in ordinary course of business, one of which is a principal supply.</p> <p><i>2(90) - Principal supply means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary</i></p>	<p>Means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply</p> <p>To be treated as supply of that particular supply which attracts the highest rate of tax</p>

## Composite & Mixed Supply

### Section 8 – Taxability –

- (a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply;
- (b) a mixed supply comprising two or more supplies shall be treated as supply of that particular supply which attracts the highest rate of tax.

## Composite & Mixed Supply

### "composite supply" - Illustration-

- Where goods are packed and transported with insurance, supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is the principal supply.
- Supply of air conditioner and installation of the same,
- Supply of repair services on computer along with requisite consumables,
- Supply of health care services along with consumable and medicines,
- Education service along with supply of study materials.
- Construction of residential complex service along with electrification and water system development services. This is for the reason that no residential complex can be constructed without electrification and water system development.

## GST – Registration

## Basic Exemption

- A person who is required to be registered will be considered as a taxable person only if his aggregate turnover in a financial year exceeds Rs. 20 lacs
- (Rs. 10 lacs in case of North Eastern and hill area States).

## NO Basic Exemption

- Person effecting Inter-State Supply
- Person liable pay tax under reverse charge
- Casual Taxable Person
- Non-Resident Taxable Person
- Person who supplies goods/services on behalf of another registered taxable person. (Agents)
- Person supplying goods/services through an e-Commerce Operator collecting TCS
- Input service distributor (ISD) – Whether or not separately registered
- Person required to deduct TDS – Whether or not separately registered

## GST – Time of Supply

### Time of Supply of Goods/Services

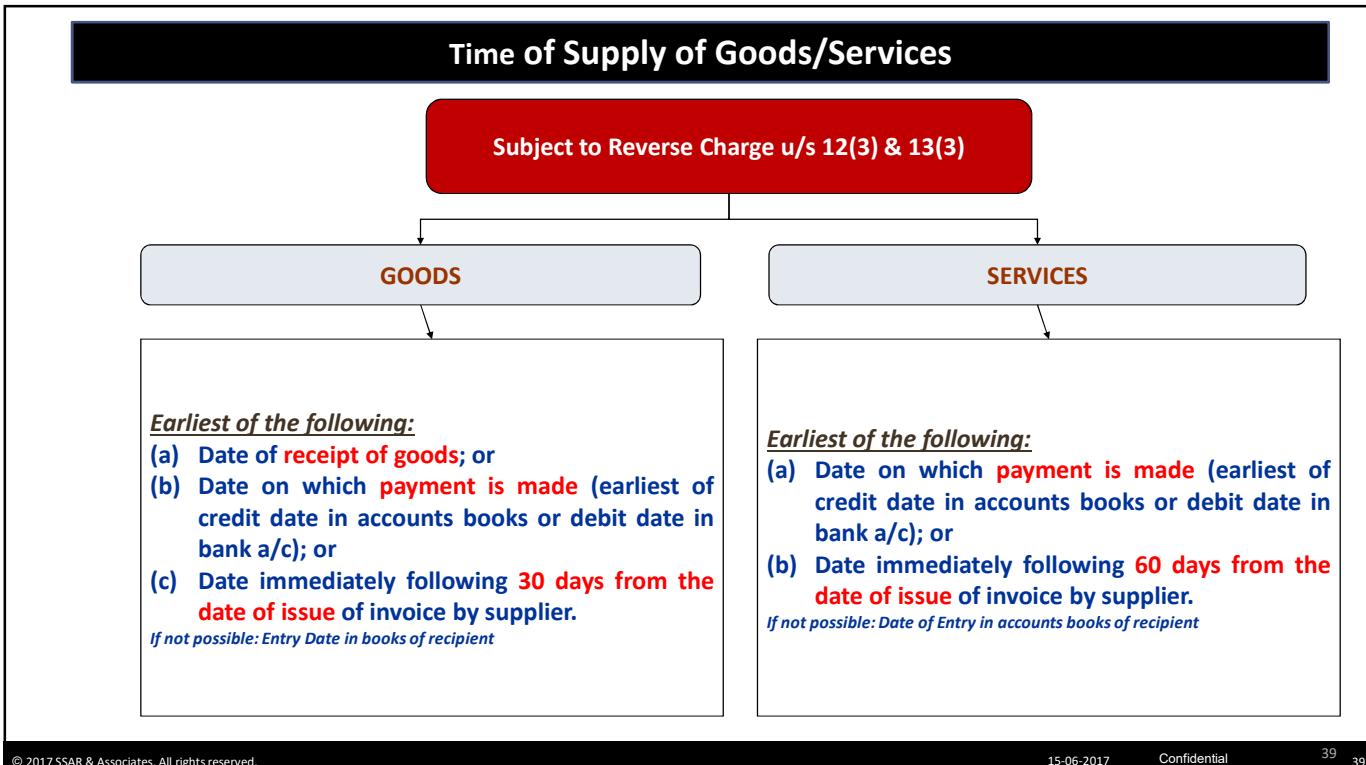
Subject to Forward Charge  
u/s 12(2), 13(2)

GOODS

SERVICES

*Earliest of the following:*

- (a) Date of issuance of invoice by the supplier;
- (b) Last date on which supplier is required to issue invoice in terms of sec 31;
- (c) Date of receipt of payment/ advance by supplier (earliest of date of entry in accounts books or credit date in bank)



## GST – Value of Supply

## Value of Supply – In General

### Section 15 (1), (2) -

- **Provisions apply to Goods as well as Services**
- **Applies to SGST, CGST and IGST**
- **Value of Supply is, generally, the Transaction Value, i.e., the price actually paid or payable for the said supply of goods and/or services, Where**
  - **Supplier and Recipient are not related, and**
  - **the price is the sole consideration for the supply**
- **Taxes, etc. (Other than GST taxes), Incidental expenses, interest, late fee, penalty for delayed payment recovered**

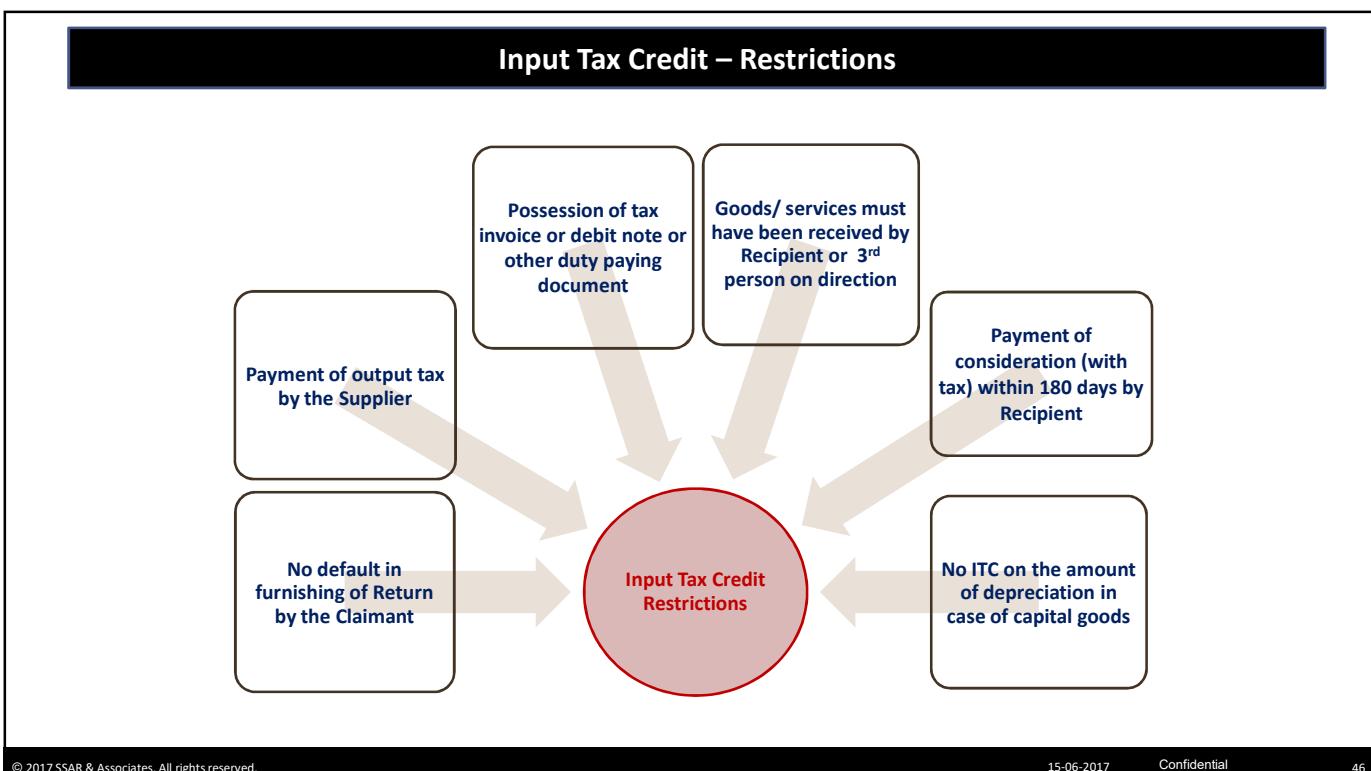
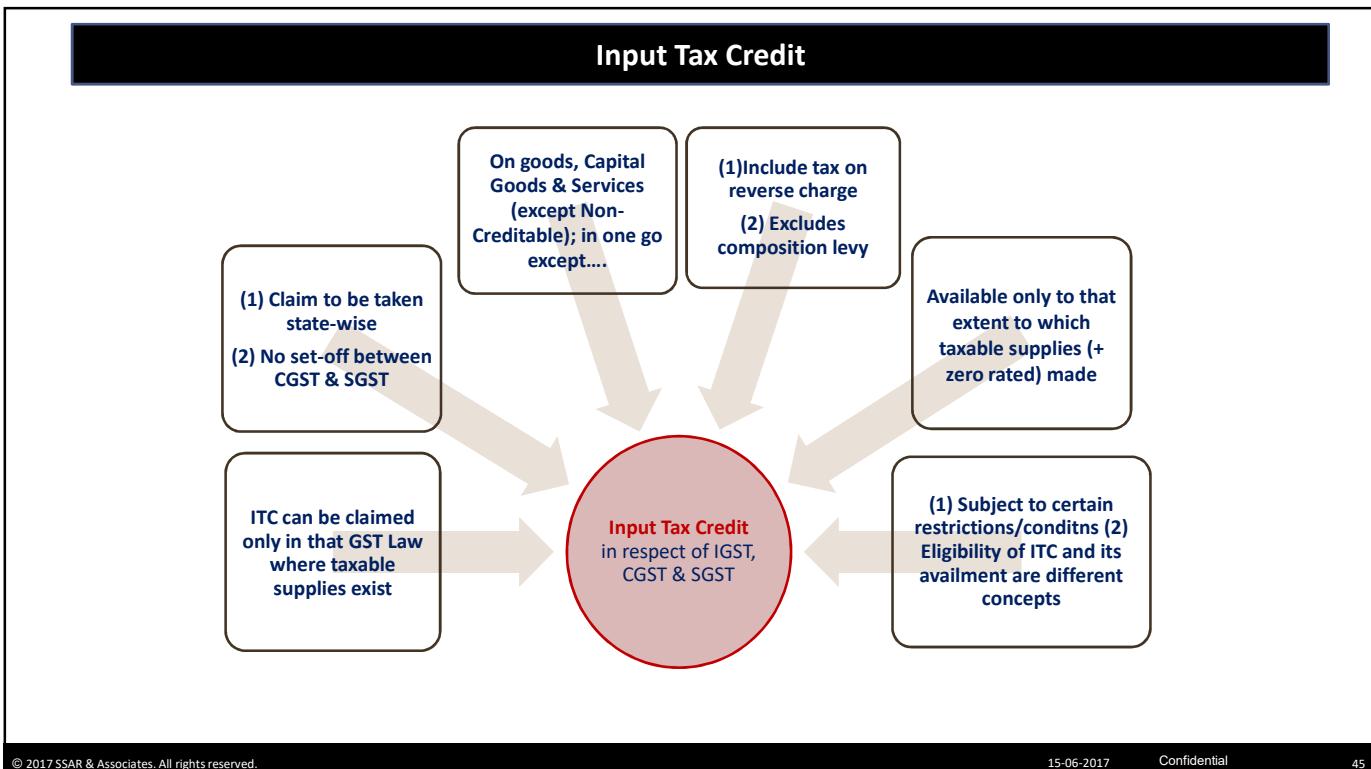
## Value of Supply – To Branch

- **If Branch is availing ITC – Transaction value**
- **If Branch is NOT availing ITC – Open Market value**
- **MEANING OF OPEN MARKET VALUE**
- ***full value in money, excluding the IGST/CGST/SGST/UTGST/cess payable by a person in a transaction, where***
  - ***the supplier and the recipient of the supply are not related; and***
  - ***price is the sole consideration,******to obtain such supply at the same time when the supply being valued is made***

### Value of Supply – Related Person

- **If Related Person availing ITC – Transaction value**
- **If Related Person NOT availing ITC – Open Market value**
- **Who is related person? → related persons if such persons are:**
  - officers or directors of one another's businesses;
  - legally recognised partners in business;
  - **employer and employee;**
  - any person directly or indirectly owns, controls or holds **>= 25%** 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;
  - they are **members of the same family**

## GST – Input tax Credit (ITC)



**ITC – Non-Creditable – S.17(5)**

	<b>Goods/Services/Taxes</b>	<b>Exceptions</b>
1	<b>All motor vehicle &amp; other conveyance</b> <i>S. 2(34) "conveyance" includes a vessel, an aircraft and a vehicle</i>	<p>(i) When they are used for making the following taxable supplies -</p> <ul style="list-style-type: none"> <li>• Further supply of such vehicles or conveyance</li> <li>• Transportation of passengers</li> <li>• Imparting training on driving, flying, navigating such vehicles/ conveyance</li> </ul> <p>(ii) When they are used for Transportation of goods</p>

**ITC – Non-Creditable – S.17(5)**

	<b>Goods/Services/Taxes</b>	<b>Exceptions</b>
2	<ul style="list-style-type: none"> <li>• Food and beverages</li> <li>• Outdoor catering</li> <li>• Beauty treatment</li> <li>• Health services</li> <li>• Cosmetic and plastic surgery</li> </ul>	Where such inward supply of a particular category is used for making outward taxable supply of same category of goods or services; or as an element of a taxable composite/mixed supply
3	Membership of a club, health and fitness centre	-
4	Travel benefits extended to employees on vacation such as leave or home travel concession	-

**ITC – Non-Creditable – S.17(5)**

	<b>Goods/Services/Taxes</b>	<b>Exceptions</b>
5	<ul style="list-style-type: none"> <li>• Rent-a-cab</li> <li>• Life insurance</li> <li>• Health insurance</li> </ul>	Where the govt notifies services which are obligatory for an employer to provide to its employees under any law for the time being in force. or as an element of a taxable composite/ mixed supply
6	Works contract services when supplied for construction of immovable property, other than plant and machinery. <i>[also see notes below this table]</i>	Where it is an input service for further supply of works contract service

**ITC – Non-Creditable – S.17(5)**

	<b>Goods/Services/Taxes</b>	<b>Exceptions</b>
7	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. <i>[also see notes below this table]</i>	-
8	Goods/services on which tax has been paid under section 10 as composition levy	-
9	Goods/services received by a non-resident taxable person	Goods imported by him
10	Goods/ services used for personal consumption	-
11	<ul style="list-style-type: none"> <li>• Goods lost, stolen, destroyed, written off, or</li> <li>• Goods disposed of by way of gift or free samples.</li> </ul>	-

**ITC – Non-Creditable – S.17(5)**

	<b>Goods/Services/Taxes</b>	<b>Exceptions</b>
12	<p>Any tax paid in terms of sec 74, 129 or 130.</p> <ul style="list-style-type: none"> <li>• Sec 74 deals with determination of tax not paid or short paid or erroneously refunded ITC wrongly availed or utilized by reason of fraud, etc.</li> <li>• Sec 129 deals with payment of tax at the time of detention, seizure and release of goods and conveyances in transit.</li> <li>• Sec 130 deals Confiscation of goods and/or conveyances and levy of penalty.</li> </ul>	-

**ITC – Non-Creditable – S.17(5)**

	<b>Goods/Services/Taxes</b>	<b>Exceptions</b>
<b>Notes:</b>		
<p>The word “<b>construction</b>” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property.</p> <p><b>‘Plant and Machinery’</b> means apparatus, equipment, machinery fixed to earth by foundation or structural support that are used for making outward supply and includes such foundation and structural supports but excludes -</p> <ul style="list-style-type: none"> <li>(i) land, building or any other civil structures;</li> <li>(ii) telecommunication towers; and</li> <li>(iii) pipelines laid outside the factory premises.</li> </ul>		

## Records for claiming ITC

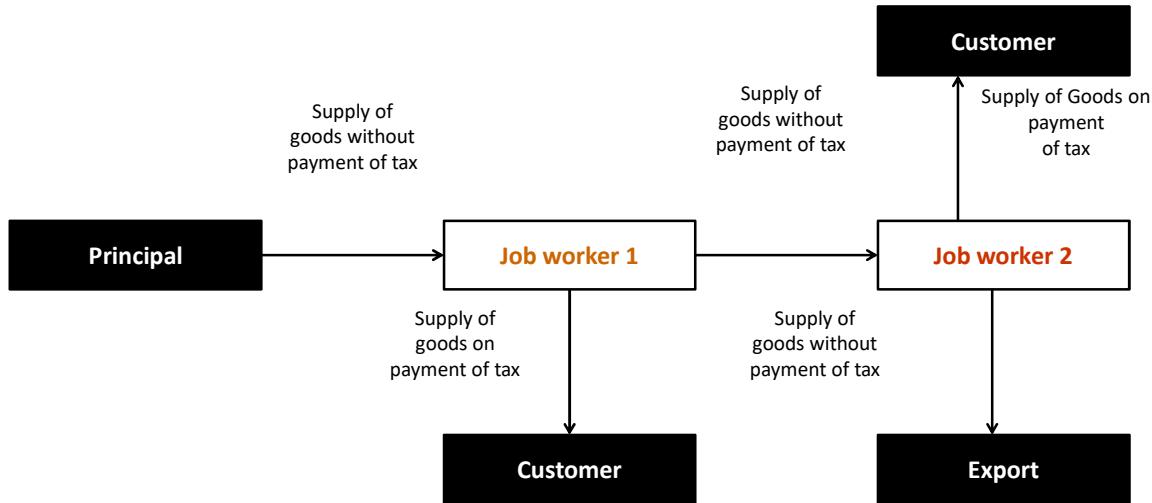
Rule 1 (ITC Rules)

- All invoices, debit notes, credit notes and their supporting documents related to inward supplies of goods/services received,
  - on which GST has been **charged by the supplier**.
  - on which tax has been paid under **reverse charge**.
- **Imported Goods**
  - **Bills of entry** including courier bills of entry and their supporting documents
  - Certificate issued by appraiser of customs in **post office** related to goods imported through post office
- Records related to goods/services diverted for **non-business** purposes.

## GST – Job-work

### Job Work – 143

The above chain can be represented as under:



### Job Work – 143

- **S. 143(1) – Principal** - “Principal” means a registered person sending taxable goods for job work.
- Thus, section 55 is NOT applicable to “unregistered taxable person”
- Facilities to the Principal (Sec. 143 and 20):
  - To send any inputs/capital goods to a job worker for job work without payment of tax
  - To send inputs/capital goods subsequently from one job worker to another job worker without payment of tax
  - To claim ITC on goods transferred to J.W.
- Section 143 is optional. Principal may supply goods to J.W. after charging of GST

### Job Work – 143

- Sec. 143 enables the Principal to send taxable goods to a job worker (and also to another job-worker therefrom) without payment of tax, subject to:
  - Intimation, and
  - certain conditions,as may be prescribed.
- If the benefit under section 143 is availed, the Principal shall be responsible and accountable for all the transactions between him and the job worker [S. 143(2)]
- If goods are not received within 1 year (Capital goods in 3 years), it shall be deemed as supply in the hands of the principal on the day when goods were sent.

## GST – Reverse Charge

## What is Reverse Charge?

**When Purchaser of Goods / Services pays GST on behalf of his Supplier → Reverse Charge**

**All provisions of GST Act becomes applicable as reg. tax payment, penalties, etc.**

## Whether credit of Reverse Charge available?

**YES but subject to conditions**

## When Reverse Charge becomes applicable to me?

### Services from

1. Goods Transport Agency (GTA)
  - Single consignee > INR 750/-
  - Multiple consignee + Single carriage > INR 1500/-
2. Individual / Firm of Advocate
3. Services from Foreign Entities
4. Director's Fees
5. .....

### 6. List of Goods under Reverse Charge → to be Notified

### 7. Purchase of Taxable Goods / Services from UNREGISTERED SUPPLIER

## What is the GST Requirements for Reverse Charge?

### If the Supplier Registered under GST, then :

- Make Payment Voucher
- Pay GST
- Claim Input Tax Credit (ITC)

### If the supplier not registered under GST, then :

- Issue Invoice
- Make Payment Voucher
- Pay GST
- Claim Input Tax Credit (ITC)

## GST – Composition

### Levy & Collection of CGST / SGST (S 10 – GST)

#### Composition

- **Optional Scheme**
- Subject to provisions u/s 9(3) / 9 (4) [Reverse Charge]
- Subject to prescribed conditions and restrictions
- Aggregate turnover in the preceding FY =< INR 75 lakhs (Thru Notification =<100 lakhs)
- Composition rate =<
  - 1 + 1 % in case of a manufacturer ;
  - 2.5 + 2.5% in case of Restaurant services [Sch. II – Paragraph 6(b)]
  - 0.5 + 0.5% in any other case of the turnover in a State during the year.
- **Not to collect any tax** from the recipient on supplies made by him
- **Not to avail ITC**

## Levy & Collection of CGST / SGST (S 10 – GST)

### Composition

#### Restrictions (No Composition permission to)

- Supply of services (**Except Restaurant services – Sch II – Paragraph 6(b)**);
- **Supply of goods which are not leviable to tax under this Act;** (*Whether non-taxable goods?*)
- Inter-State outward supplies of goods;
- Supply of goods through an *electronic commerce operator* collecting TCS (Sec 52);
- Notified Manufacturers of goods;
- Neither a casual taxable person nor a non-resident taxable person
- Stock at the time of Regn. → not purchased from an URD u/s 9(4) → If yes, pay tax
- Pay tax on inward supplies from URD u/s 9(3) / 9(4)
- All the registered taxable persons, **having the same PAN** to opt to pay Composition tax

## Levy & Collection of CGST / SGST (S 10 – GST)

### Composition

#### Transition

- Stock held by him on the appointed day have **not been** purchased:
  - in the course of inter-State trade or commerce; or
  - imported from a place outside India; or
  - received from his branch situated outside the State; or
  - from his agent or principal outside the State
- Submit **GST CMP-01** at GSTN before AD but within **30 days** from AD
- If filed after AD within 30 days → No collection of tax + issue Bill of Supply
- **GST CMP-03:** details of stock, including the inward supply of goods received from unregistered persons, held by him within **60 days** of choice date
- Intimation at one place = intimation in respect of all other places of business registered on the same PAN
- Effective date for Composition: Appointed day

## Levy & Collection of CGST / SGST (S 10 – GST)

### Composition

- To Issue Bill of Supply
- To mention at the top of the bill of supply "**composition taxable person, not eligible to collect tax on supplies**"
- To mention "**composition taxable person**" on every notice or signboard displayed at a prominent place at principal place of business and at every additional place or places of business

#### **Withdrawal of permission**

- Supply the day on which his aggregate turnover during a FY > INR 50 Lakhs / prescribed limit + Breach of other conditions

- Intimation for one place = intimation for all places under same PAN
- To file **GST ITC-01** within **30 days** of stock

#### **Breach of Composition T&C**

- Intimation for withdrawal from the scheme in **GST CMP-04** within **7 days** of occurrence of such event + Issue tax invoice instead of Bill of Supply

#### **Intends to withdraw**

- File intimation in **GST CMP-04** before date of withdrawal

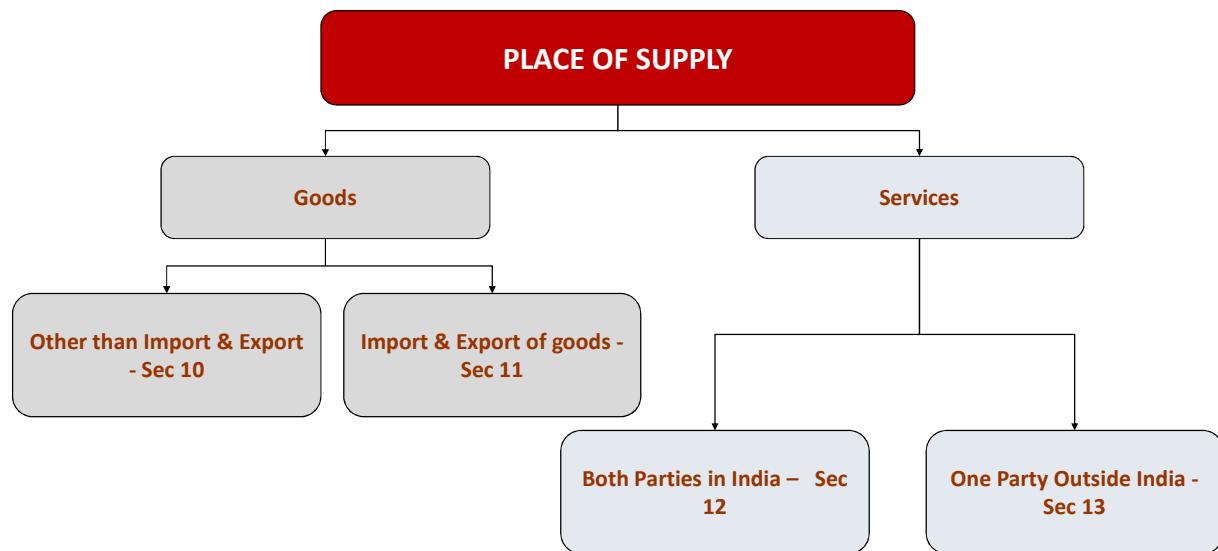
## GST – Place of Supply

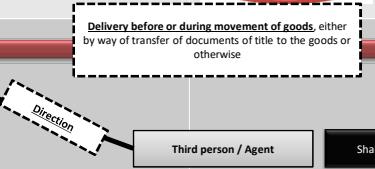
## Inter-State Supply of Goods/Services

### Supplies of goods/services in the course of inter-State trade or commerce - Section 7/8 of IGST –

- Supply of GOODS/SERVICES in the course of inter-State trade or commerce means any supply where -
  - Location of the supplier
  - and
  - Place of supply
  - are in different States.
- If Location of the supplier and Place of supply are within the same State – It will be intra-State Supply

## Inter-State Supply of Goods/Services



Place of Supply of Goods (S 10 & 11 – IGST)		
		Place of Supply (Location of Goods when)
Movement of Goods [S 10(1) (a)]	 	<u>Movement terminates</u> for delivery to the recipient
No Movement [S 10 (1) (c)]		Delivery to the recipient
Direction [S 10 (1) (b)]	<p>Supplier</p> <p>Delivery before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise</p> <p>Third person / Agent</p> <p>Shall be deemed that he has received the goods</p> 	<p>Recipient / Any other person</p> <p>Principal place of business of Third person / Agent</p>
Assembled or installation at site [S 10(1)(d)]		Place of installation or assembly
Supply on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle [S 10 (1) (e)]		Such goods are taken on board
If can't be determined [S 10(7)]		Shall be determined in a manner prescribed by the CG on the recommendation of the Council
<u>Import of Goods [S 11(2)]</u>		Location of the importer
Export of Goods [S 11(b)]		Location outside India

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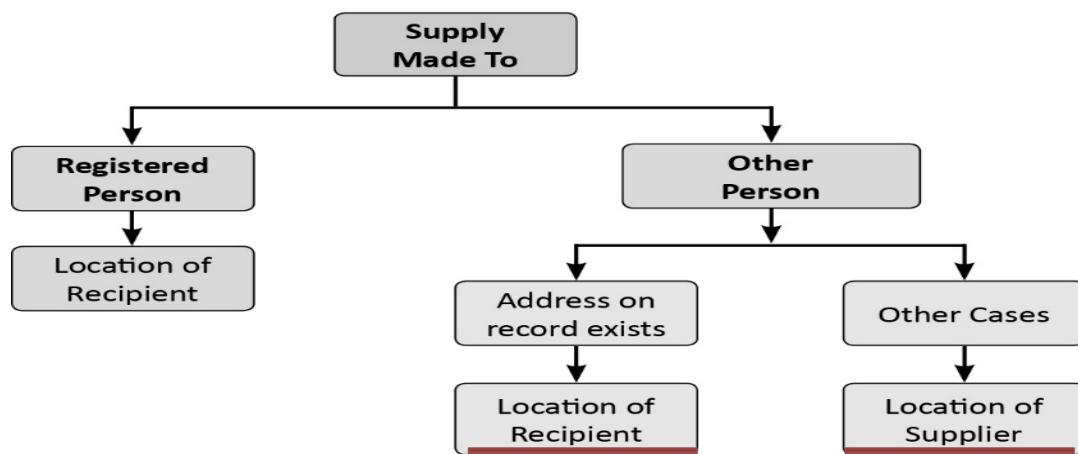
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## Place of Supply of Services (S 12 – IGST)

Location of supplier and the location of the recipient (both) are in India

- General provision- Sec 12(2) [other than sec 12(3) to 12(14)] of IGST Act



Source: Handbook of GST in India – Concepts &amp; Procedures

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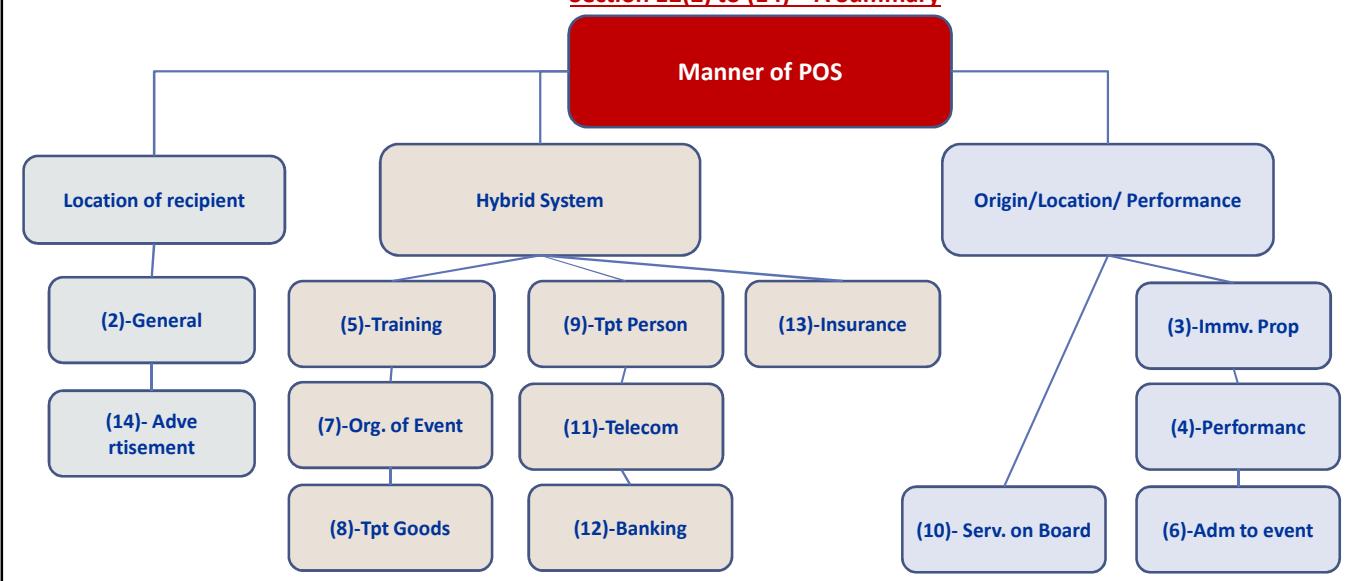
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### Whether Intra-State or IGST

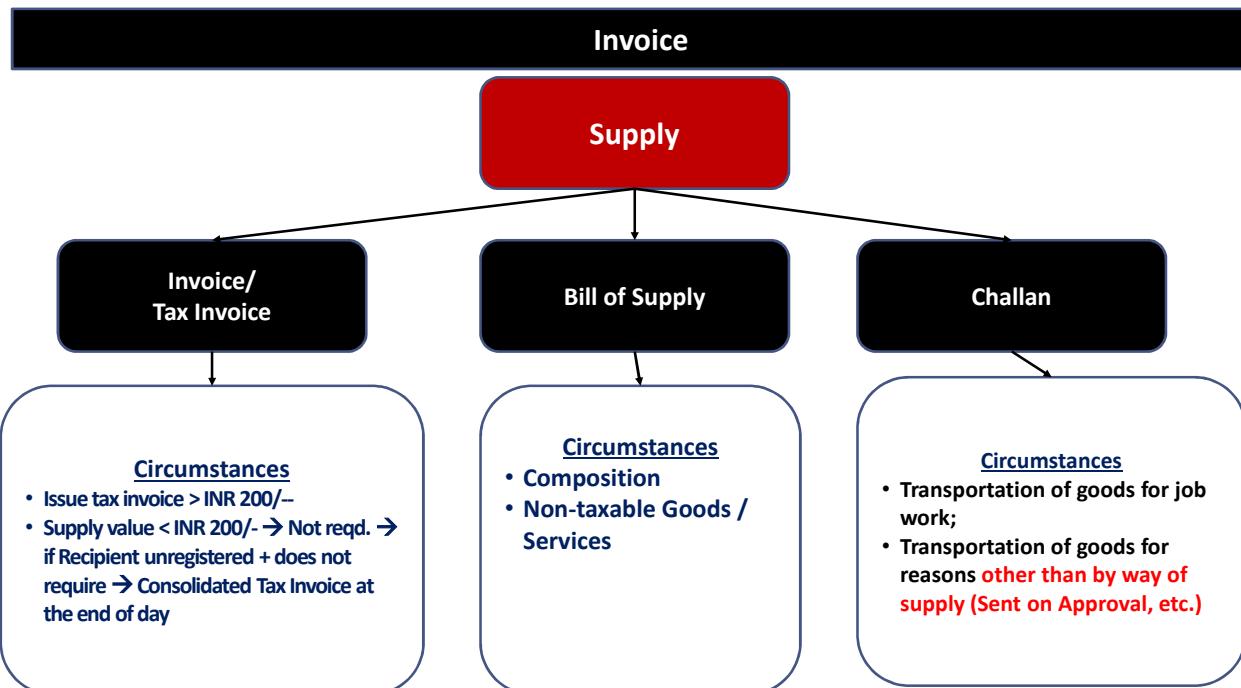
Location of Supplier	Location of T. P. (Intermediary)	Delivery of goods	POS qua (1)	Tax to be applied by (1)	POS qua (2)	Tax to be applied by (2)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
BILL (1 to 2) →	BILL (2 to 3) →					
Delhi	UP	MP	UP	IGST	MP	IGST
Delhi	Delhi	UP	Delhi	SGST/ CGST	UP	IGST
Delhi	UP	Delhi	UP	IGST	Delhi	IGST
Delhi	UP	UP	UP	IGST	UP	SGST/ CGST

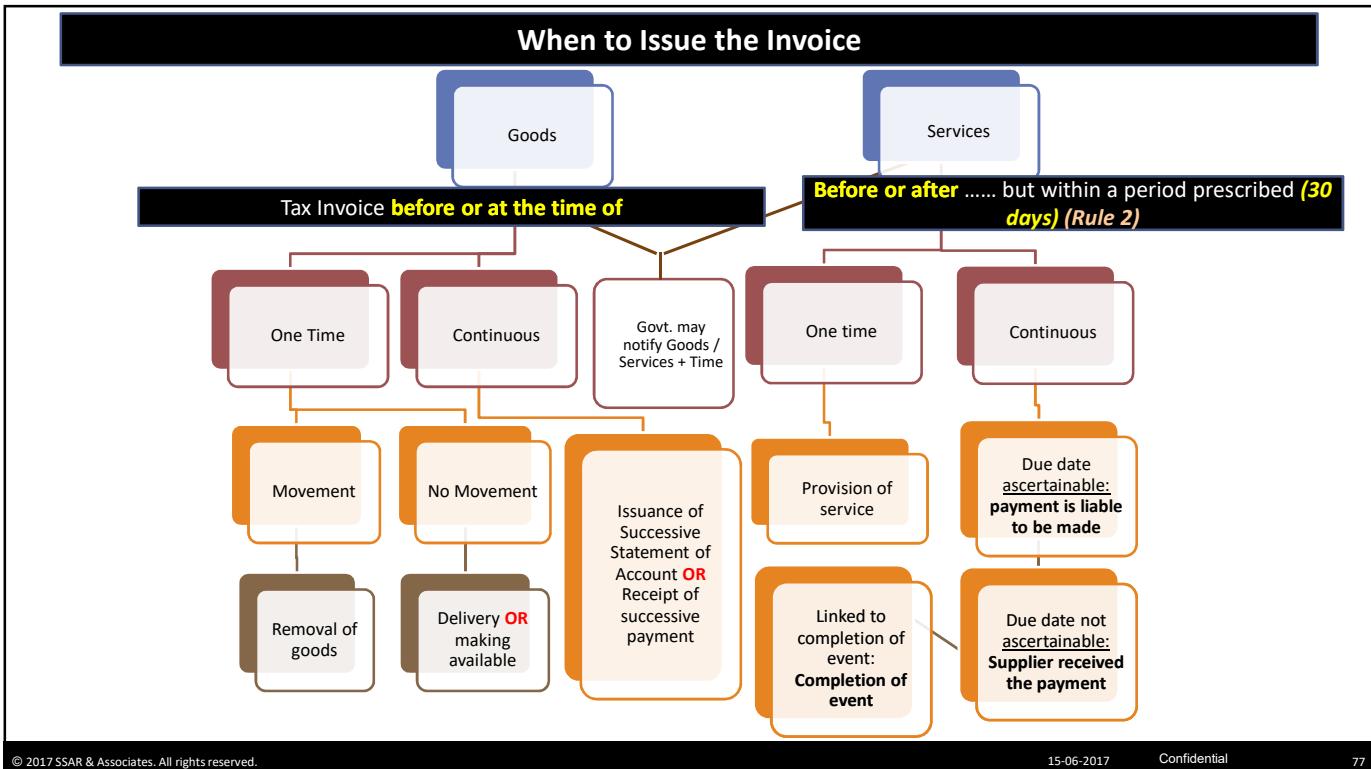
### Place of Supply of Service (Location of Recipient & Supplier is in India)

#### Section 12(2) to (14) – A Summary



## GST – Invoice, Debit / Credit Notes



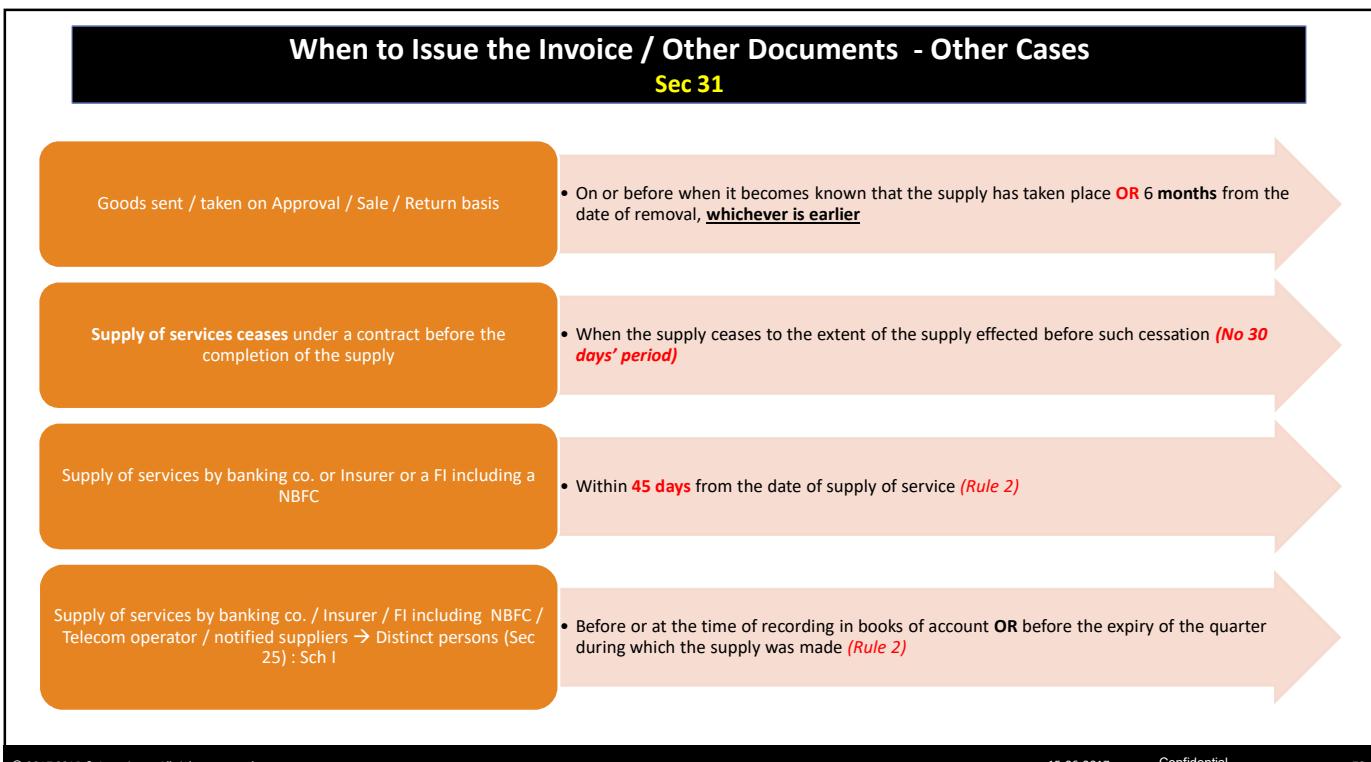


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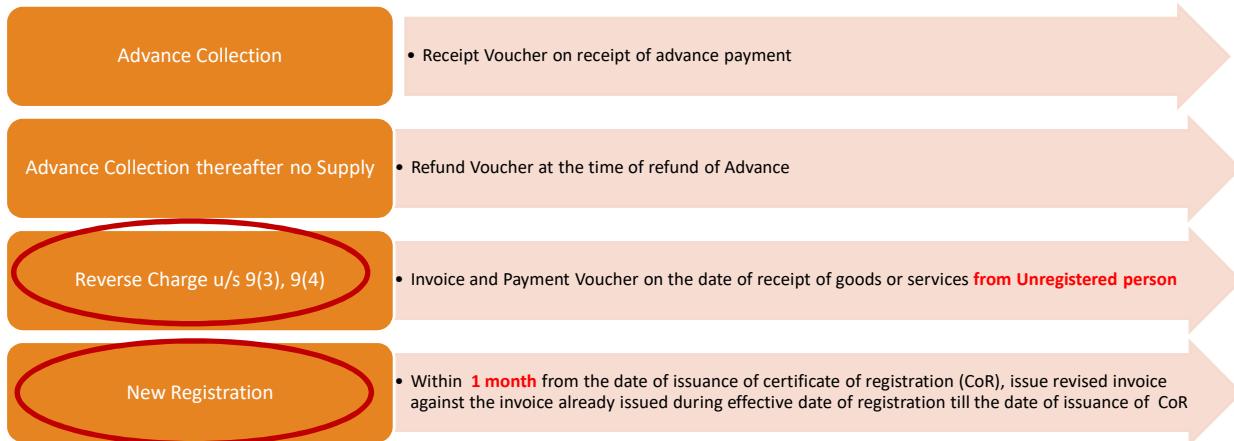
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## **When to Issue the Invoice / Other Documents - Other Cases**

Sec 31



**For example:** A person applied for registration on 10.09.2017, which was granted on 20.09.2017 w.e.f. 10.09.2017.

**He has issued an invoice on 15.09.2017 without indicating the amount of tax and other particulars required in the GST Law.**

**He may revise the said invoice up to 20.10.2017 to facilitate the recipient to claim input tax credit**

Illustrative sample of our Tax Invoice is given below

TAX INVOICE														
GSTIN														
Name														
Address										Place of Supply: State Name				
Serial No. of Invoice														
Date of Invoice														
Details of Receiver {Billed to}							Details of Consignee {Shipped to}							
Name							Name							
Address							Address							
State							State							
State Code							State Code							
GSTIN/Unique ID							GSTIN/Unique ID							
Sr. No	Description of Goods/Services	HSN/SAC	Qty.	Unit	Rate (per item)	Total	Discount	Taxable value	CGST		SGST		IGST	
									Rate	Amt.	Rate	Amt.	Rate	Amt.
	Freight													
	Insurance													
	Packing and Forwarding Charges													
Total														
Total Invoice Value (In figure)														
Total Invoice Value (In Words)														
Amount of Tax subject to Reverse Charges														
Declaration:											Signature			

## Transportation without issue of Invoice

Rule 10 - Revised GST Invoice Rules

### Circumstances

- Transportation of goods for job work;
- Transportation of goods for reasons **other than by way of supply**;
- Other notified supplies.

### Delivery Challan to contain

- Serially numbered **not exceeding 16 characters**, in lieu of invoice for transportation;
- Date and number of the delivery challan;
- Name, address and GSTIN of the consigner, if registered;
- Name, address and GSTIN or UIN of the consignee, if registered;
- **HSN code and description of goods**;
- **Quantity (provisional, where the exact quantity being supplied is not known)**;
- Taxable value;
- Tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee;
- **Place of supply, in case of inter-State movement**;
- Signature.

## Transportation without issue of Invoice

Rule 10 - Revised GST Invoice Rules

### Number of Copies (Delivery Challan)

- the original copy being marked as **ORIGINAL FOR CONSIGNEE**
- the duplicate copy being marked as **DUPLICATE FOR TRANSPORTER;**
- the triplicate copy being marked as **TRIPPLICATE FOR CONSIGNER**

### Declaration for using Delivery Challan instead of Invoice

- To be declared in declared in FORM [WAYBILL]

### Post Delivery (if for the purpose of Supply)

- Issue a tax invoice after delivery of goods

Rule 5

## RECEIPT VOUCHER

1. GSTIN
2. Name
3. Address
4. Serial No. of Invoice
5. Date of Invoice

A consecutive serial no. in one or multiple series not exceeding 16 characters, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year

**Details of Receiver (Billed to)**  
 Name  
 Address  
 State  
 State Code  
 GSTIN/Unique ID

**In case of a Inter-state supply**  
 - Place of supply along with the name of State  
 - Place of delivery if different from the place of supply

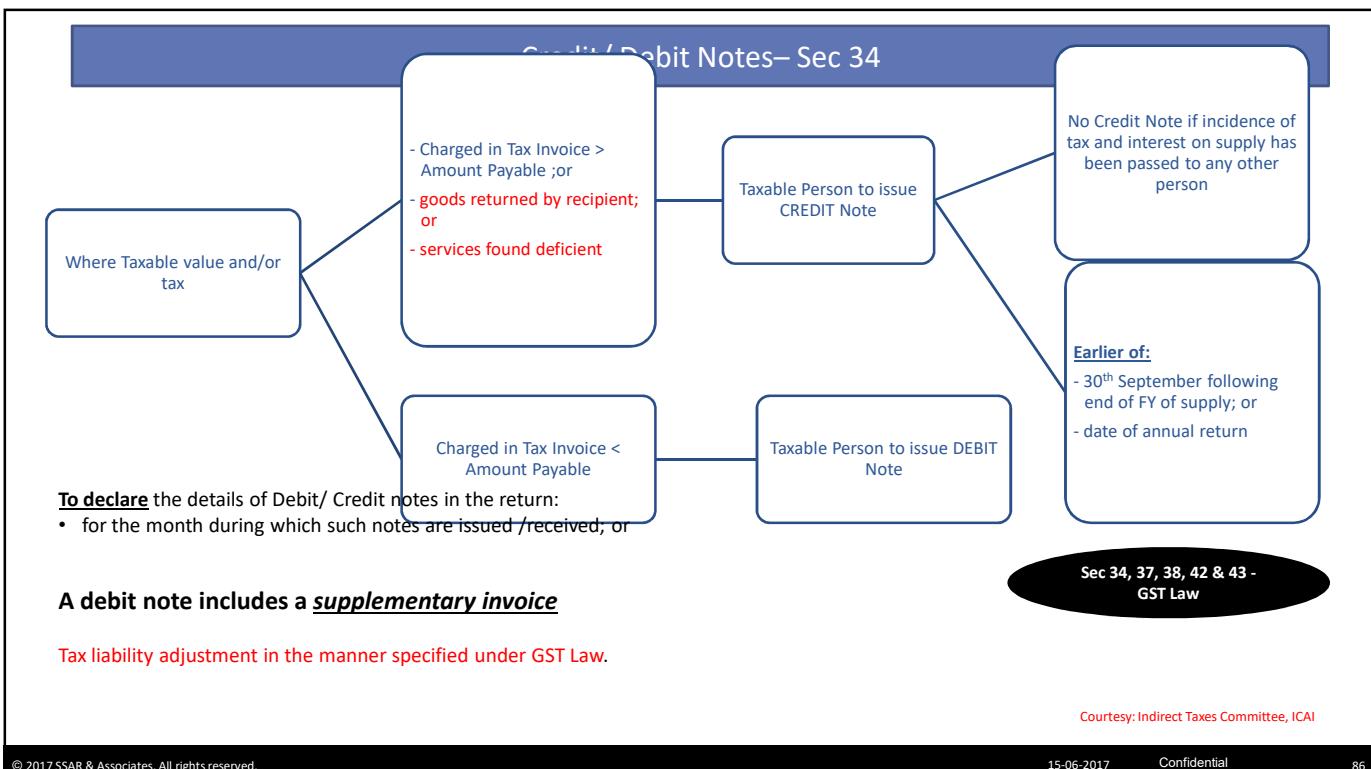
Sr. No	Description of Goods / Services	Advance Taken				CGST		SGST / UTGST/ Cess		IGST	
		Rate	Amt.	Rate	Amt.	Rate	Amt.	Rate	Amt.	Rate	Amt.
	No HSN / SAC reqd.										
		• If tax not determinable → 18% • If nature of Supply not determinable → Inter-state supply									
		Total									
	Total Invoice Value (in figure)										
	Total Invoice Value (in Words)										
	Amount of Tax subject to Reverse Charges										

Declaration:

Signature / Digital signature of the supplier or Authorised Signatory

Name of the Signatory :  
 Designation / Status :

Rule 7		PAYMENT VOUCHER											
		1. GSTIN 2. Name 3. Address 4. Serial No. of Invoice 5. Date of <b>Invoice</b> <b>Details of Receiver (Billed to)</b> Name Address State State Code GSTIN/Unique ID											
		A consecutive serial no. in one or multiple series not exceeding 16 characters, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year											
		<b>In case of a Inter-state supply → Place of supply along with the name of State</b>											
Sr. No.	Description of Goods / Services	Amount Paid						CGST		SGST / UTGST/ Cess		IGST	
		Rate	Amt.	Rate	Amt.	Rate	Amt.						
No HSN / SAC reqd.													
		<b>Total</b>											
<b>Declaration:</b> Signature / Digital signature of the supplier or Authorised Signatory Name of the Signatory : Designation / Status :													
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**Rule 8**

"Revised Tax Invoice" along with the date and invoice number of the original invoice (Sec 31) / Credit and Debit Note (Sec 34)

1. GSTIN  
2. Name  
3. Address  
4. Serial No. of Invoice  
5. Date of Invoice

A consecutive serial no. in one or multiple series not exceeding 16 characters, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year

**Details of Receiver (Billed to)**  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
State \_\_\_\_\_  
State Code \_\_\_\_\_  
GSTIN/Unique ID \_\_\_\_\_

**Address of Delivery**  
\_\_\_\_\_

Taxable Value	CGST		SGST / UTGST/ Cess		IGST	
	Rate	Amt.	Rate	Amt.	Rate	Amt.
<b>Total</b>						
<b>Total Invoice Value (in figure)</b>						
<b>Total Invoice Value (in Words)</b>						

**Tax Amount**

- Intra-State: To show CGST/ SGST/UTGST
- Inter-State: To show IGST

Declaration:

Signature / Digital signature of the supplier or Authorised Signatory  
Name of the Signatory :  
Designation / Status :

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## Accounts & Records

**Records to Maintain**

Sec 35 – GST Law ; Rule 1 - Draft GST Accounts &amp; Records Rules

**Every registered person to keep and maintain,**

- a true and correct account
- **at the principal place of business**

Inward supply	Goods or services imported or exported	Supplies attracting payment of reverse charge tax	ITC availed
Production or manufacture of goods	Outward supply	Output tax	Stock of goods
<b>Documents</b>			
Invoices	Bill of Supply	Delivery Challans	Cr./Dr. Note
Receipt Voucher	Payment Voucher	Refund Voucher	e-Way bills

**Whether any Audit Requirement under GST?****If turnover during a financial year > INR 2 cr., then...**

- get accounts audited by a chartered accountant/ cost accountant
- submit a copy of Audited annual accounts
- along with reconciliation statement & other prescribed documents

## Whether Stock Records are to be maintained under GST?

- Applies to Every Registered person (~~Composition tax person~~)
- Each commodity Received and Supplied
- Raw materials, Finished goods
- Opening Balance, receipt, supply and closing Balance
- **Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples**
- **Scrap and wastage**

## Whether records of Advances to be Maintained?

- GST becomes applicable on
  - ✓ Receipt of Advances; or
  - ✓ Payment of Advances (Reverse Charge)
- Records to be maintained:
  - Separate Account of**
  - ✓ Advances received,
  - ✓ Advances paid,
  - ✓ Adjustments made

## How long the Records are to be preserved?

- **6 years from** from the due date of furnishing of annual return for the concerned FY
- **If part of Appeal, etc.**
  - ✓ **1 year** after final disposal of such appeal /revision / proceedings / investigation, or
  - ✓ for the period specified above,  
**whichever is later**

## How Records are to be preserved?

- **Accounts and documents maintained manually,**
  - **To keep at every related place of business mentioned in the RC**
- **Digital records**
  - **Accessible at every related place of business**

**Non-Electronic Records**

Sec 35 – GST Law ; Rule 1 - Draft GST Accounts &amp; Records Rules

**Accounts and Records in NON - Electronic Form**

- **Incorrect Entries [Rule 1(8)]**
  - Any entry in registers, accounts and documents
  - shall not be erased, effaced or overwritten, **otherwise than those of clerical nature**
  - all **incorrect entries** shall be scored out under attestation
  - thereafter correct entry shall be recorded
- Each volume of books of account **maintained manually** → shall be **serially numbered** [Rule 1(9)]

**Electronic Records**

Sec 35 – GST Law ; Rule 2 - Draft GST Accounts &amp; Records Rules

- **Back-up: [Rule 2(1)]**
  - Proper electronic back-up of records to be maintained and **preserved**
  - in the event of **destruction of such records** due to accidents or natural causes, the information can be restored within reasonable period of time.

## Electronic Records

Sec 35 – GST Law ; Rule 2 - Draft GST Accounts & Records Rules

### Accounts and Records in Electronic Form

- Electronic registers and other documents → **log of every entry edited or deleted** shall be maintained [Rule 1(8)]
- Electronic records → authentication by means of a digital signature [Rule 1(15)]
- To produce, on demand, the **relevant records** or documents, duly authenticated by him, in **hard copy** or in any electronically readable format [Rule 2(2)]
- On demand, provide the **details of files, passwords of files** where necessary for access and any other information which is required for such access along with **sample copy** in print form of the information stored in such files [Rule 2(3)]

## Returns

## Returns - Features

- Every registered taxable person to furnish returns
- Return to be filed even if there is no business activity during the return period
- Totally **electronic** without any requirement of physical submission
- To be filed for each GSTIN
- If more than one GSTIN in one state (Business Verticals / ISD / TDS) → file multiple returns
- Common e-Return for CGST, SGST & IGST
- **Filing of return**
  - The filing of return shall be only through online mode;
  - Facility of offline generation and preparation of returns shall be available but offline returns shall have to be uploaded before the due date.

## Returns - Features

- **Return without payment of self-assessed tax**
  - The return may be filed; however, such return shall be treated as an invalid return;
  - Not to be taken into consideration for matching of invoices and for inter-governmental fund settlement among states and the centre
- Error or omission may be rectified - No specific provision for revision prescribed
- B2B transactions proposed on invoice level – GSTIN, Invoice No. & date, Value, Description, rate of tax and value of Tax.
- B2C invoice wise only for transaction above specified limit
- HSN Codes – Goods and Accounting Codes - Services
- Separate Tables for Debit / Credit Notes / Input Service Distributor Credit / TDS etc.

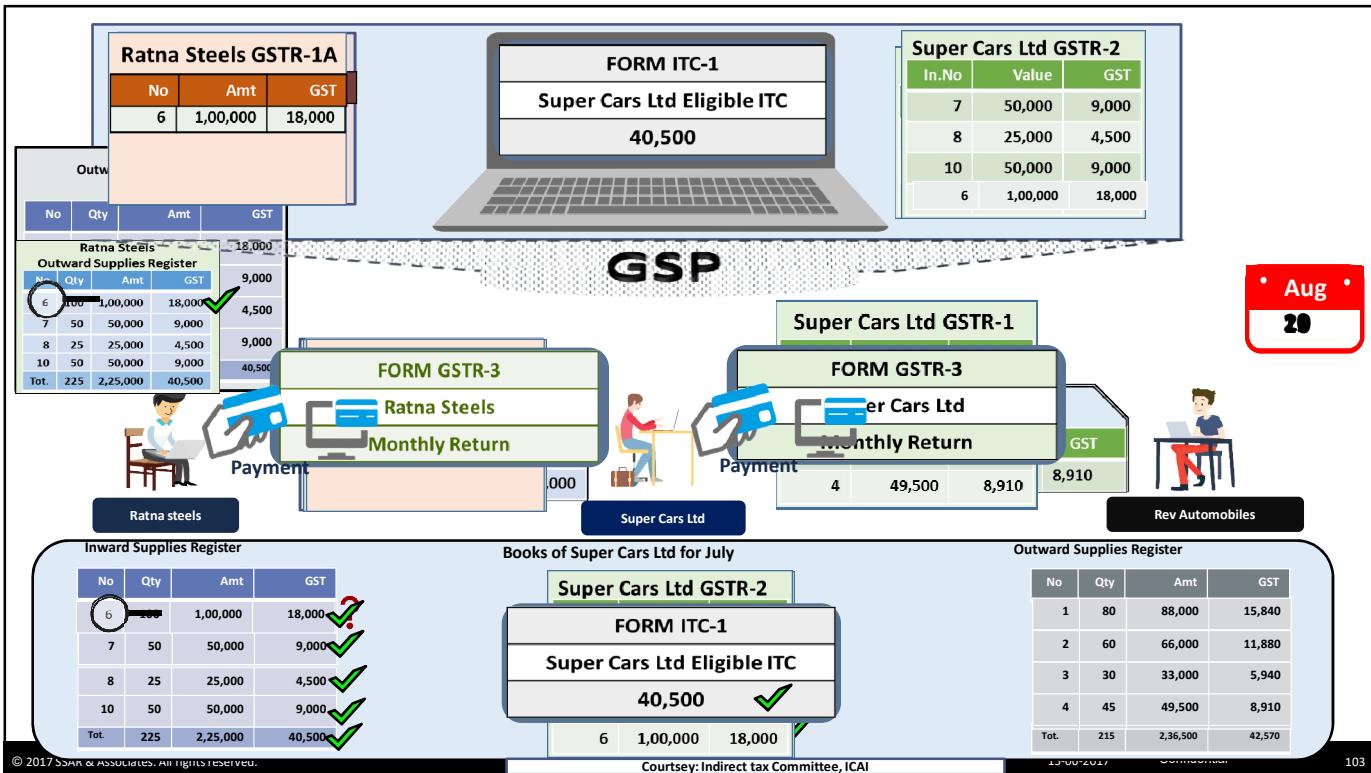
## Returns under GST

S. No	Return/ Ledger	For	To be Filed by
1	GSTR 1	Outward supplies made by taxpayer (other than compounding taxpayer and ISD)	10 <sup>TH</sup> of the next month
2	GSTR 2	Inward supplies received by a taxpayer (other than compounding taxpayer and ISD)	15 <sup>TH</sup> of the next month
3	GSTR 3	Monthly Return (other than compounding taxpayer and ISD)	20 <sup>th</sup> of the next month
4	GSTR 4	Quarterly return for compounding Tax payer	18 <sup>th</sup> of the month next to quarter
5	GSTR 7	Return for Tax Deducted at Source	10 <sup>th</sup> of the next month
6	GSTR – 7A	TDS Certificate	5 days of depositing TDS

## Returns under GST

S. No	Return/ Ledger	For	To be Filed by
7	GSTR 9	Annual Return to be filed by all regular tax payers (based on financial records)	By 31 <sup>st</sup> December of next FY
8	GSTR-9A	Simplified Annual return (for Composition Taxpayer)	
9	GSTR-9C	Reconciliation Statement	
10	ITC Ledger of Tax Payer		Continuous
11	Cash Ledger of Tax payer		Continuous
12	Tax Ledger of Tax Payer		Continuous

First Return along with GSTR-1/2 shall be filed till the end of the month in which registration has been granted. (Section 40)



## What information we need to submit for B2C – Local and Inter-state < 2.5 lakhs?

- 1.GST Rate
- 2.Taxable Value
- 3.Tax Amount
  - IGST
  - CGST
  - SGST / UTGST
  - Cess
- 4.Place of Supply (State)
- 5.E-Commerce → Operator's GSTIN

## What information we need to submit for B2C –Inter-state > 2.5 lakhs?

- 1.GST Rate
- 2.Taxable Value
- 3.Tax Amount
  - IGST
  - CGST
  - SGST / UTGST
  - Cess
- 4.Place of Supply (State)
- 5.E-Commerce → Operator's GSTIN**

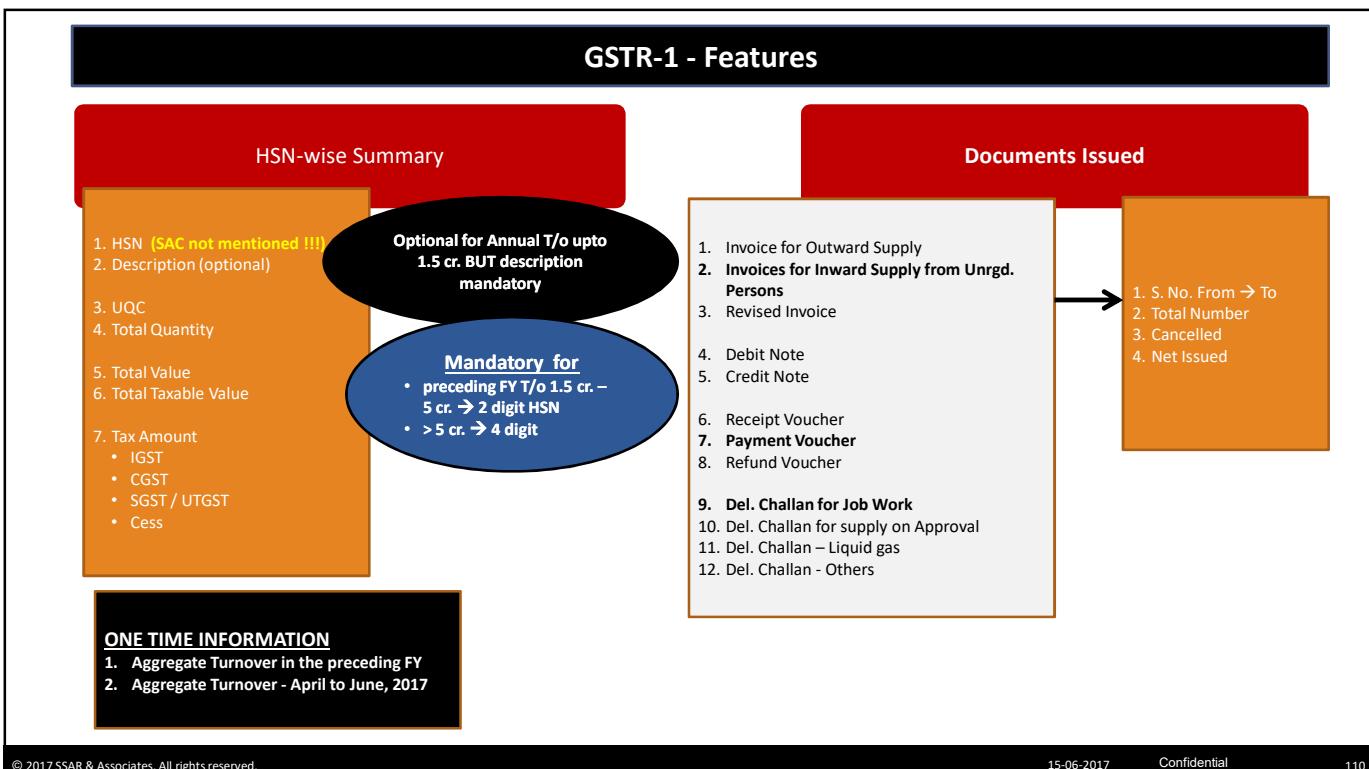
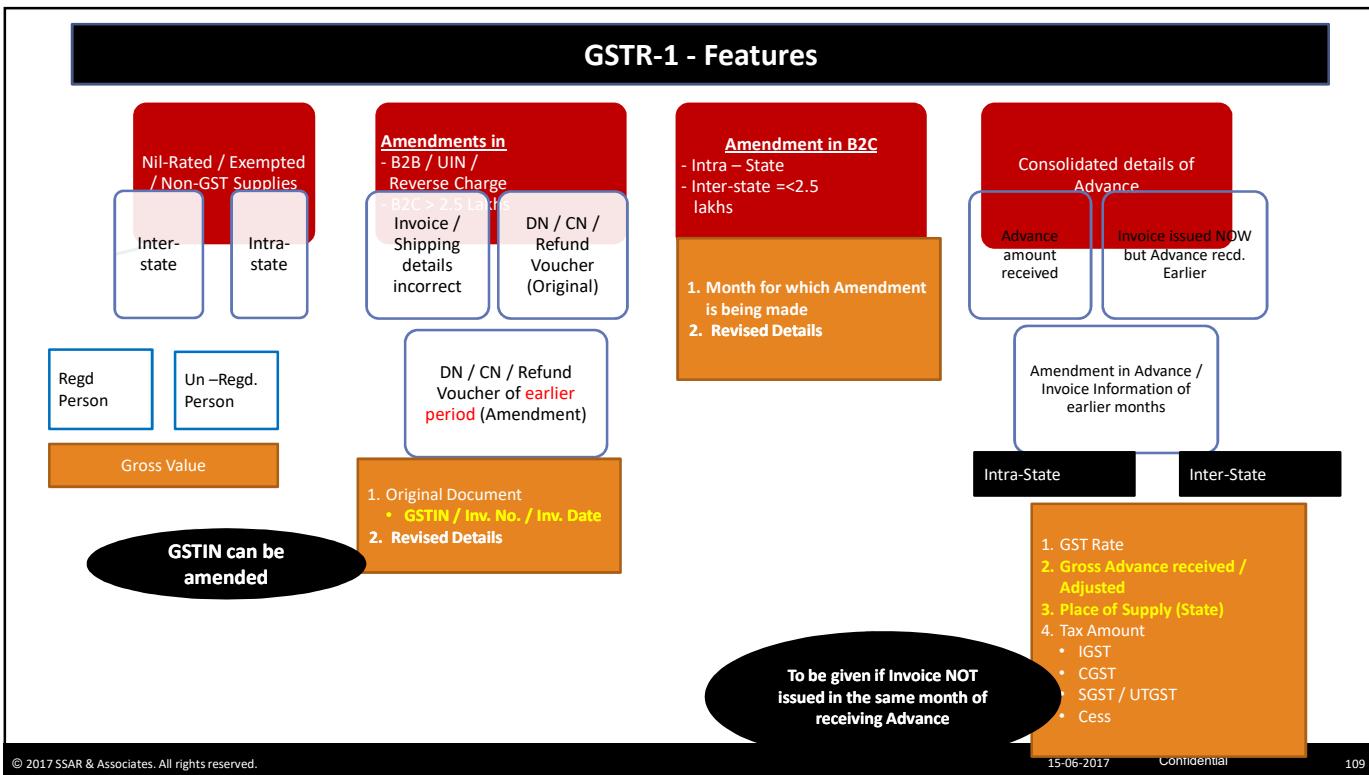
Invoice  
• No. / Date / Value ~~+HSN~~

## What information we need to submit for B2B + UIN + Reverse Charge?

- 1.GST Rate
- 2.Taxable Value
- 3.Tax Amount
  - IGST
  - CGST
  - SGST / UTGST
  - Cess
- 4.Place of Supply (State)
- 5.E-Commerce → Operator's GSTIN**

Invoice  
• No. / Date / Value ~~+HSN~~

GSTIN / UIN



## Rectification of GSTR-1

### Rectification of GSTR-1 after submission

- Once submitted, the supplier cannot rectify the same even if mistake immediately discovered after submission.
- He has two options:
  1. Ask the counterparty recipient to make the correct entry
  2. Rectify on its own in the GTSR-1 of the next month
- The supplier shall pay tax and **interest payable**, if any, in case there is **short payment** due to such mistake or error after rectification in the prescribed manner
- Such rectification, however, is not permitted after filing of annual return or filing of the return for the month of September of the following year whichever is earlier



# Preview of Return and Payment Modules

**Dashboard of Taxpayer**

**Goods and Services Tax**

Ledger Balance | 26/08/2016 [Download](#)

CGST (₹)	SGST (₹)	IGST (₹)
Liability <b>1,15,000</b>	Liability <b>90,000</b>	Liability <b>1,15,000</b>
Cash <b>20,000</b>	Cash <b>40,000</b>	Cash <b>20,000</b>
Input Tax Credit <b>80,000</b>	Input Tax Credit <b>70,000</b>	Input Tax Credit <b>80,000</b>
<b>-15,000</b>	<b>+20,000</b>	<b>-15,000</b>

**Ledger balance and Summary of mismatch.**

[FILE RETURNS >](#) [PAY TAX >](#) [UTILIZE ITC / CASH >](#)

Summary for Current Period Supplier Receiver

Your Upcoming Events and Tasks Timeline

**Receiver Mismatch Reports** Total Invoices 3 Total Taxable Amount ₹ 4,60,000 Total Mismatched Credit ₹ 12,000

**Supplier Mismatch Reports** Total Invoices 3 Total Taxable Amount ₹ 4,50,000 Output Tax Liability to be Added ₹ 3,400

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**Dashboard: Receiver and Supplier Mismatch Reports**

**Receiver Mismatch Reports** Total Invoices 3 Total Taxable Amount ₹ 4,60,000 Total Mismatched Credit ₹ 12,000

**Shows Receiver Mismatch reports**

Supplier GSTIN	Supplier Name	Invoice Date	Invoice / Credit Note	Taxable Value (₹)		Input Tax Credit Claimed (₹)			Total Credit (₹)	Mismatched Credit (₹)
				Receiver	Supplier	IGST	CGST	SGST		
11AWBCO9087K2Z2	Oyster Private Limited	18/06/2016	45284	1,10,000	1,00,000	22,000	-	-	22,000	2,000
07ACDCA3029K1Z3	Air India Limited	19/06/2016	12345	1,20,000	1,00,000	24,000	-	-	24,000	4,000
29APLCB2019L2Z4	BSNL Limited	20/06/2016	23456	2,30,000	2,00,000	-	23,000	23,000	46,000	6,000

**Supplier Mismatch Reports** Total Invoices 3 Total Taxable Amount ₹ 4,50,000 Output Tax Liability to be Added ₹ 3,400

**Shows Supplier Mismatch reports**

Receiver GSTIN	Receiver Name	Invoice Date	Invoice / Debit Note	Taxable Value (₹)		Tax Liability (₹)			Total Credit (₹)	Output tax liable to be added on Account of Mismatch (₹)
				Supplier	Receiver	IGST	CGST	SGST		
11AAKCO9087P1Z1	Ola Limited	21/06/2016	13139	1,00,000	1,10,000	22,000	-	-	22,000	2,000
07AKPCA3029Q1Z3	Accenture India Limited	22/06/2016	13103	2,00,000	2,05,000	41,000	-	-	41,000	1,000
29ALPCB2019L2Z4	Bharati Airtel Limited	24/06/2016	72189	1,50,000	1,52,000	-	15,200	15,200	30,400	

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**GSTR - 1**

**Goods and Services Tax**

Dashboard Services Notifications & Circulars Acts & Rules Downloads

GSTIN - 29ADEC9084R5Z4 Business Name - Stark Pvt Ltd.

FY - 2016-17 Return Period - April Status - Pending

Gross Turnover of the taxpayer in the previous financial year 2,00,000.00 SAVE Due Date - 10/05/2016 Total Tax Liability ₹ 1,84,32,522

This section shows the Summary of various tables of GSTR - 1.

**GSTR-1 - Invoice Details**

<b>B2B Invoices</b> Section 5 11	<b>Amended B2B Invoices</b> Section 5A 1	<b>B2C (Large) Invoices</b> Section 6 3
Pending for Action 0 ₹45,01,660 Invoice Value Taxable Value Tax Liability	Pending for Action 0 ₹2,42,810 Invoice Value Taxable Value Tax Liability	Pending for Action NA ₹99,97,000 Invoice Value Taxable Value Tax Liability
<b>Amended B2C (Large) Invoices</b> Section 6A 1	<b>Credit / Debit Notes</b> Section 8 3	<b>Amended Credit / Debit Notes</b> Section 8A 1
Pending for Action NA ₹58,07,600 Invoice Value Taxable Value Tax Liability	Pending for Action 0 (₹5,000) Differential Value Tax Liability	Pending for Action 0 (₹50,000) Differential Value Tax Liability
<b>Exports Invoices</b> Section 10 3	<b>Amended Exports Invoices</b> Section 10A 1	
Pending for Action NA ₹12,50,000 Invoice Value Taxable Value Tax Liability	Pending for Action NA ₹6,50,000 Invoice Value Taxable Value Tax Liability	

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**GSTR – 1 Contd...**

Dashboard Services Notifications & Circulars Acts & Rules Downloads

**GSTR-1 - Other Details**

<b>B2C (Small)</b> Section 7 6	<b>Amended B2C (Small) Details</b> Section 7A 1	<b>Nil Rated Supplies</b> Section 9
Pending for Action NA ₹1,47,60,000 Taxable Value Tax Liability	Pending for Action NA ₹54,03,800 Taxable Value Tax Liability	Pending for Action NA ₹9,26,480 Invoice Value
<b>Tax Liability (Advance Payment)</b> Section 11 3	<b>Amended Tax Liability (Advance Payment)</b> Section 11A 1	<b>Tax already paid on invoices issued in the current period</b> Section 12 2
Pending for Action NA ₹1,60,000 Amount of Tax to be Paid on Advance	Pending for Action NA ₹52,080 Amount of Tax to be Paid on Advance	Pending for Action NA ₹1,08,957 Advance Tax Paid
<b>Supplies paid through e-commerce portals of other companies</b> Section 13 6	<b>HSN / SAC summary of outward supplies</b> Section 14	
Pending for Action NA ₹15,05,000 Gross Value Of Supplies	Pending for Action NA ₹6,43,63,198 Taxable Value Tax Liability	

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**GSTR 1: B2B- Add Invoice**

This section helps you to add the Invoices.

Receiver GSTIN/UID \*

Receiver Name \*

Invoice No. \*

Invoice Date \*  Supply Type \*

Total Taxable Value (₹) \*

Total Invoice Value (₹) \*  Supply attract Reverse Charge  No  % Reverse Charge

POS (Only if different from location of recipient)  None

Tax on this Invoice is paid under provisional assessment

**Item Details**

Sr. No.	Category	HSN/SAC	Taxable Value (₹)	IGST		CGST		SGST		Action
				Rate (%)	Amount (₹)	Rate (%)	Amount (₹)	Rate (%)	Amount (₹)	
1.	G									

**ADD ITEM**

G = GOODS AND S = SERVICES

**BACK** **SAVE** [www.taxguru.in](http://www.taxguru.in) **12**

**GSTR 2 : B2B Invoices - Edit**

This section helps you to edit Invoices of the registered supplier.

Supplier GSTIN \*  29ADECS9084R5Z4

Supplier Name  STARK PVT LTD.

Invoice No. \*  1200

Invoice Date \*  04/04/2016 Total taxable Value (₹)  2,85,067.00 Total Invoice Value (₹)  3,42,080.00

Supply Type \*  Supply Attract Reverse Charge  No  Total tax available at ITC (₹)  57,014.00

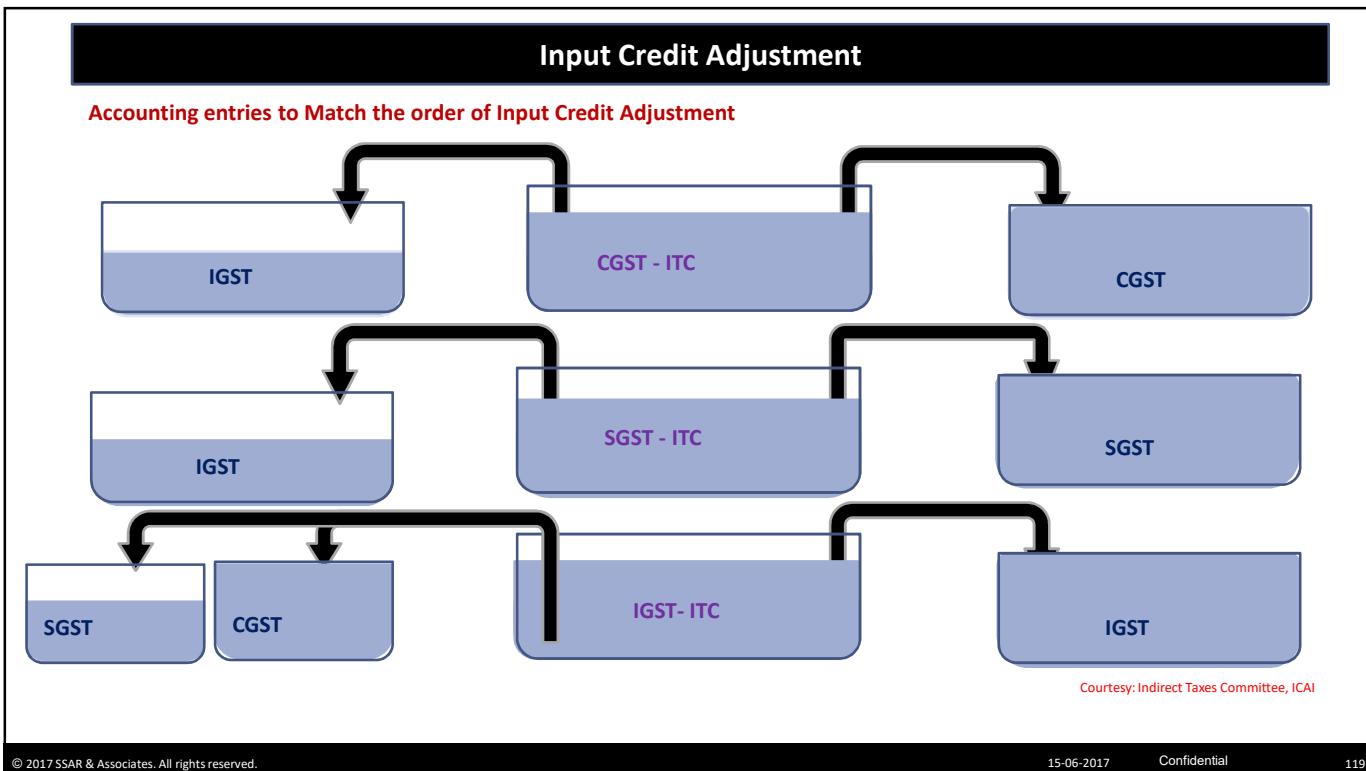
ITC Available this month (₹)  57,014.00 POS (only if different from location of recipient)  KA  % of Reverse Charge  0

**Item Details**

Sr.No.	Invoice			CGST		SGST		Eligibility of ITC	Total Tax Available as ITC	
	HSN/SAC	Category	Taxable value (₹)	Rate (%)	Amount (₹)	Rate (%)	Amount (₹)		CGST	SGST
1	82011	Gc	285067.00	10	28,507.00	10	28,507.00	Inp	2,85,067.00	2,85,067.00

**ADD ITEM**

**BACK** **SAVE INVOICE** [www.taxguru.in](http://www.taxguru.in) **50**

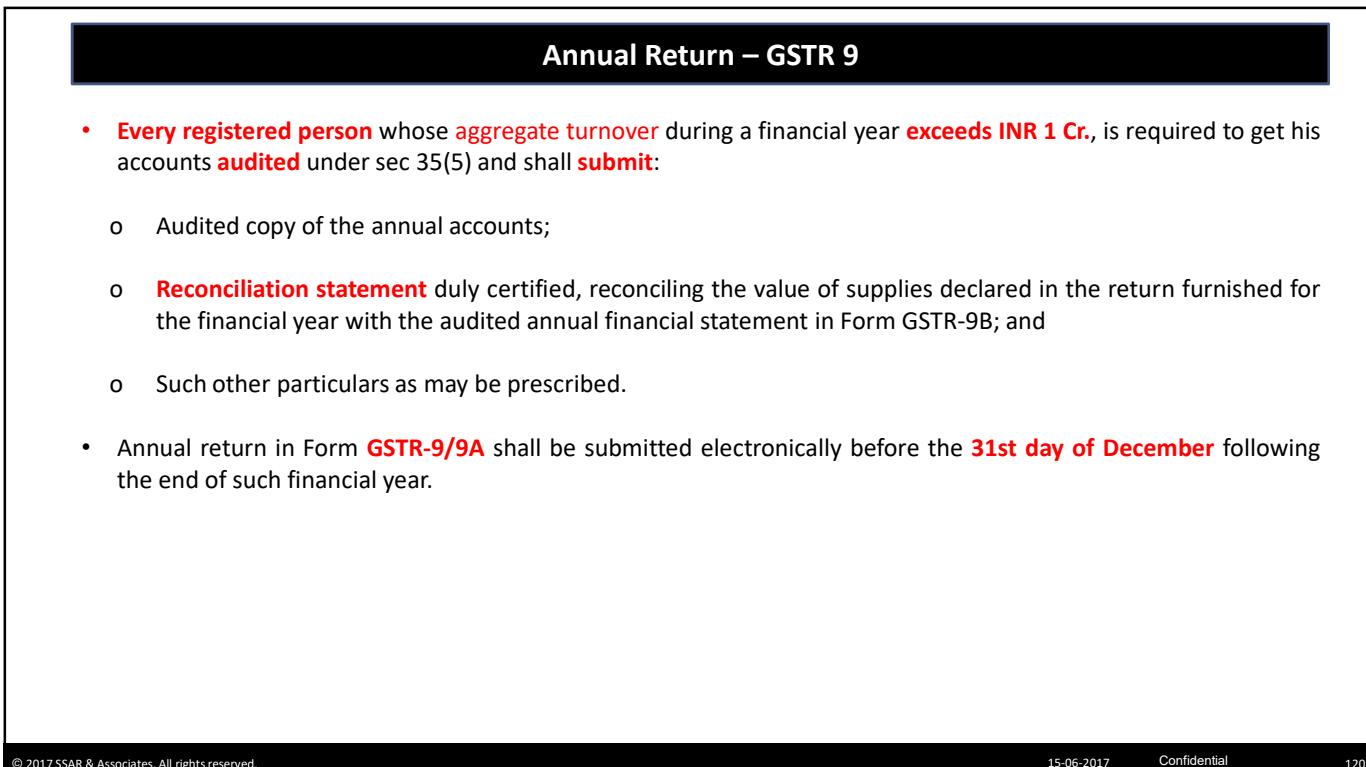


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## Annual Return – GSTR 9

Subject to change in  
Final Form

### Components

- Details of all expenditure
  - Total value of purchases on which ITC availed (inter-state, intra-state, imports);
  - Other purchases on which no ITC availed;
  - Sales returns;
  - Other expenses (other than purchases) head-wise.
- Details of Income
  - Total value of supplies on which GST paid (inter-state, intra-state supplies, exports);
  - Total value of supplies on which no GST Paid (exports);
  - Value of other supplies on which no GST paid;
  - Purchase returns;
  - Other income (other than from supplies) head-wise.

## Annual Return – GSTR 9

Subject to change in  
Final Form

### Components

- Return reconciliation Statement
  - Separately for IGST, CGST, SGST in respect of difference between tax payable & paid as per audited accounts.
- Other amounts
  - Arrears (Audit/Assessment etc);
  - Refunds.
- Profit as per the Profit and Loss Statement
  - Gross profit (G.P.)
  - Profit after tax (PAT)
  - Net profit (N.P.)
- G.P. as per returns shall match with G.P. as per books

## GST Return – Important Points

### RECTIFICATION

Rectification allowed till September 30 or date of filing of annual return

### NON FILLING

Cancellation of registration for non filing of returns for 3 consecutive tax periods

### BLACK LISTING OF DEALERS

Compliance rating to be introduced. Fall below the prescribed level would lead to blacklisting

### PENALTY- NON FILING OF RETURN

Late Fees: INR 100 per day subject to a maximum of INR 5,000

Late Fee - Annual Return INR 100 per day subject to a maximum of 0.25 % of the aggregate turnover of the defaulter

Courtesy: Indirect Taxes Committee, ICAI

# e-Way Bills

(Subject to revision on 18.06.2017)

**E-Way Bill**  
Rule 1 - Draft GST e-Way Bill Rules

<p><b>To whom Applicable</b></p> <ul style="list-style-type: none"> <li>• Registered Person</li> </ul> <p><b>Which Value Applicable?</b></p> <ul style="list-style-type: none"> <li>• Consignment Value &gt; INR 50,000/-</li> </ul> <p><b>Which Goods?</b></p> <p>All Goods</p>	<p><b>Transportation By</b> <b>Registered Person</b></p> <ul style="list-style-type: none"> <li>• as a consignor</li> <li>• or the recipient of supply as the consignee,</li> <li>• whether in his own <b>conveyance</b> or a hired one</li> </ul> <p><b>Recipient / Supplier</b></p> <p>Part B of FORM GST INS-01</p>
<p><b>Sec 2(34): CGST - "conveyance" includes a vessel, an aircraft and a vehicle</b></p> <ul style="list-style-type: none"> <li>• for reasons other than supply</li> <li>• due to inward supply from an unregistered person</li> </ul> <p><b>When to issue?</b></p> <ul style="list-style-type: none"> <li>• before commencement of movement</li> </ul> <p><b>Which Form?</b></p> <ul style="list-style-type: none"> <li>• Part A of FORM GST INS-01</li> </ul> <p><b>How to submit?</b></p> <ul style="list-style-type: none"> <li>• Electronically at GSTN</li> </ul>	
<p><b>Transportation By</b> <b>Transporter</b></p> <p><b>Recipient / Supplier</b></p> <p>Details of Transporter → Part B of GST INS-01</p> <p>E-way bill generation by Transporter</p> <p><b>Optional</b></p> <ul style="list-style-type: none"> <li>• Consignment Value &lt; INR 50,000/-</li> <li>• Movement caused by <b>unregistered person</b> in           <ul style="list-style-type: none"> <li>• his own conveyance; or</li> <li>• hired one; or</li> <li>• through a transporter</li> </ul> </li> </ul>	

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### Movement from unregistered supplier to a registered recipient

- Deemed to be caused by such recipient if the recipient is known at the time of commencement of movement

### GST INS-01 submission

- → unique e-way bill number (EBN)

### Transfer of goods from one conveyance to another during Transit

- New GST INS-01 → EBN

### Multiple consignments in one conveyance

- Select EBNs on GST site → GST INS-02

### Individual consignment <50K → All consignments >50K

- Transporter → Fill GST INS-01 → EBNs → Generate GST INS-02

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## E-Way Bill

Rule 1 - Draft GST e-Way Bill Rules

### Cancellation of EBN

- Goods not transported
- Wrong details
- Cancellation within 24 hrs of EBN generation **unless verified** by Authorities

### EBN Validity (from EBIN generation)

- Commissioner **may extend** for certain goods thru Notification
- < 100 km → 1 D
- 100 - <300 km → 3 D
- 300 - <500 km → 5 D
- 500 - <1000 km → 10 D
- ≥ 1000 km → 15 D
- Valid in All States

## E-Way Bill

Rule 1 - Draft GST e-Way Bill Rules

#### GST INV-01

- Optional
- Upload Tax Invoice
- Get Inv. Ref. No. (IRN)
- Valid for 30 D
- Produce IRN instead of Tax Inv.

#### Auto population

- Part A of GST INV-01
- May use GST INV-01 for filing GSTR-1

#### Transportation Details

- Part B GST INV-01

#### EBN Generation

#### Validity period of EBN

Generation and cancellation of e-way bill may be through SMS

Cancellation within 24 hrs unless verified during Transit

#### Regd. Recipient

- Communication of acceptance or rejection of the consignment
- No communication within 72 hrs → Deemed Acceptance

**Commissioner's Powers**

Draft GST e-Way Bill Rules

**Validity Period of EBN (thru Not.) [Rule 1(7)]**

- Increase for certain category of Goods

**Carry documents instead of the e-way bill (thru Notification) [Rule 2(5)]**

- tax invoice / bill of supply / bill of entry
- Delivery challan (other than Supply)

**RFID (thru Notification) [Rule 2(4)]**

- Class of transporters to obtain a unique RFID
- Get RFID embedded on to the conveyance
- Map the EBN to the RFID prior to the movement of goods

**Authorise Officer [Rule 3(1)]**

- To intercept any conveyance to verify the e-way bill/ EBN in physical form for all inter-State / intra-State movement of goods

**Installation of RFID Readers for reading EBN mapped to RFID [Rule 3(2)]****Inspection & Verification**

Rule 3 &amp; 4 - Draft GST e-Way Bill Rules

**Physical verification of conveyances**

- By the persons authorised by Commissioner

**Physical verification of a specific conveyance**

- Specific information of Evasion of Tax
- After obtaining Approval of the Commissioner

**For every inspection of goods in transit**

- Online Summary report in **Part A of GST INS - 03** within **24 hours** of inspection
- Final report in **Part B of GST INS - 03** within **3 days** of inspection

## Inspection & Verification

**Rule 4 & 5 - Draft GST e-Way Bill Rules**

### Repeat physical verification (PV) of a conveyance

- **NO further PV** of a conveyance if PV of transported goods on any conveyance has been done during transit at one place **within the State** or in **any other State**,
- Unless **specific information** relating to evasion of tax made available subsequently

### Detention > 30 Minutes

- Transporter may upload such information in **GST INS-04** online

## Documents for Movement of Goods

**Rule 2 - Draft GST e-Way Bill Rules**

### BY TRUCK / TRAIN / HAND CART

#### SALE (I.E. OUTWARD SUPPLY):

- the original copy of **Tax Invoice / Bill of Supply** being marked as **ORIGINAL FOR RECIPIENT**
- the duplicate copy of **Tax Invoice / Bill of Supply** being marked as **DUPLICATE FOR TRANSPORTER**
- Physical copy of **e-Way Bill / EBN mapped to RFID** embedded on conveyance as notified by Commissioner

#### MOVEMENT OTHERWISE THAN SALE (FOR APPROVAL, ETC.):

- the original copy of **Delivery Challan** being marked as **ORIGINAL FOR CONSIGNEE**
- the duplicate copy of **Delivery Challan** being marked as **DUPLICATE FOR TRANSPORTER**
- Physical copy of **e-Way Bill / EBI mapped to RFID** embedded on conveyance as notified by Commissioner

## Supply through e-Commerce

- Non- eligibility of Composition Scheme [Sec 10(2)]
- Nil Threshold – Mandatory registration [Sec 24]
- Collection of tax by Operator
  - Intra-state - @ 1% (CGST) + 1% (SGST);
  - Inter-State @ 2% (IGST)
- Deposit of TCS + Statement (GSTR-8) by Operator by 10<sup>th</sup> of next month →
- Matching with Outward Supplies (GSTR-1) of Supplier →
- Mismatch reporting to Operator (MIS-6) and Supplier (MIS-5) →
- Rectifications by the Supplier in GSTR-1 and Operator →
- Discrepancy addition of Supplier's output liability in Discrepancy reporting month + 1 month

## Supply through e-Commerce

- GSTR-8 matching with GSTR-1
  - State of place of supply;
  - Net taxable value; and

## GST – Transitions

### Transition Provisions - Generally

- Firstly to look at –Whether applicable to CGST or SGST
- SGST provisions are State specific. Liability and benefits cannot be transferred to other State. For Ex. Benefit of ITC under the Delhi VAT can be obtained only under Delhi GST
- CGST provisions are also State specific. Unless otherwise stated in the provision, credit or obligations cannot be transferred to other State

## ITC during Transition

1. <u>Manufacturer/Service provider</u> :- Credit in the Central Returns	Allowed to be carried over as CGST
2. <u>Manufacturer/Trader</u> : Credit in the VAT Returns	Allowed to be carried over as SGST; but will be reduced by amount of tax payable on pending forms C, F, H, I, J
3. <u>Manufacturer/Trader</u> – Credit not claimed on capital goods –Cenvat or State VAT	Unclaimed amounts (Total eligible amount under existing law <u>less</u> amount claimed) may be carried over as CGST and SGST respectively
4. Migration from composition to normal scheme	Tax credit on stock (not capital goods) may be claimed; Age of stock 12 months
5. Migration from normal scheme composition to	Tax credit will lapse

Courtesy: Mr. Rakesh Garg, CA, Author & Consultant

## ITC during Transition

### Credit on stock not claimed in Returns

**[NOT ELIGIBLE FOR CREDIT OF CAPITAL GOODS & INPUT SERVICES]**

1. <u>Trader/Works contractor</u> – not registered in Excise – has excise duty paying document	Eligible for claim of central excise duty as stated in the invoice – To be Claimed as CGST
2. <u>Trader/Works contractor</u> – not registered in Excise – does not have excise duty paying document	<ul style="list-style-type: none"> <li>• Eligible to claim 40% of CGST Payable -5% / 12% <b>OR</b> 20% of IGST Payable</li> <li>• Eligible to claim 60% of CGST Payable -18% / 28% <b>OR</b> 30% of IGST Payable</li> <li>• <b>CTD process proposed</b></li> <li>• <b>Claim available at the time of supply</b></li> <li>• <b>Maximum cap – 6 months from appointed day</b></li> </ul> <p>To be Claimed as CGST</p> <p><i>[Ambiguity- What would happen if goods are exported]</i></p>

Courtesy: Mr. Rakesh Garg, CA, Author & Consultant

## ITC during Transition

### Credit on stock not claimed in Returns

**[NOT ELIGIBLE FOR CREDIT OF CAPITAL GOODS & INPUT SERVICES]**

<p><b>3. Importer Trader – not registered in Excise as registered importer – has excise duty paying document</b></p>	Eligible for claim of CVD and SAD, as paid as per Bill of Entry - To be Claimed as CGST
<p><b>4. Trader purchasing goods from importer – not registered – Not have CVD paying document</b></p>	40% Rule allows credit of central excise duty and CVD.

Courtesy: Mr. Rakesh Garg, CA, Author & Consultant

## ITC during Transition

### Credit on stock not claimed in Returns

**[NOT ELIGIBLE FOR CREDIT OF CAPITAL GOODS & INPUT SERVICES]**

<p><b>5. Unregistered Manufacturer –</b> not registered in Excise – has excise duty paying document</p>	Eligible for claim of central excise duty as stated in the invoice – To be Claimed as CGST
<p><b>6. Unregistered Manufacturer –</b> not registered in Excise – does not have excise duty paying document</p>	No Credit is allowed in the section itself
<ul style="list-style-type: none"> <li>• Every Person, who wants to carry forward credit in GST, shall file an application in Form Tran-1 in 90 days.</li> <li>• Unless Tran-1 is filed, credit will not reflect in the E-Credit ledger</li> <li>• It may be noted: if tax period is monthly, tax shall be paid in 50 days.</li> <li>• Therefore, try to file Tran-1 in 30 days; otherwise, while paying output tax of July, no credit will be available.</li> </ul>	

Courtesy: Mr. Rakesh Garg, CA, Author & Consultant

## Are We Ready For GST ???

### Closing Stock on appointed day

- **Taxpayer must ensure that its physical stock *vis-à-vis* the stock in books of accounts matches.**
- **The taxpayers would be required to give details of the stock in hand on the appointed day in specified cases.**
- **All the stock in hand on the appointed, when sold, would be taxable at the rates applicable in the GST**

### Existing Long Term Contracts

- All acts envisage levy of taxes as per the provisions prevailing at the time of event.
- The contracts, which have been entered before the appointed day and to be partly/wholly executed after that day, might relate to -
  - Works contract activities,
  - Leasing activities,
  - Recurrent supplies under a master agreement
- In case of “exclusive of tax” contracts, the contractor must ascertain that he should be in a position (contractually) to transfer the additional burden of tax, if any, upon the contractee. If there is no such clause in the contract, suitable amendments must be carried out before the appointed day.

### Existing Long Term Contracts

- All the existing contracts, which have been executed “inclusive of all taxes”, must be renegotiated to safeguard their interest.
- It should also be ensured that invoices for the work done are raised before the appointed day.
- For this purpose, it is necessary, that provisions in respect of “time of supply” and Transition provisions are properly understood.

## Impact of Exemptions in GST

- Presently Mega Exemption is available to services only
- Generally VAT does not allow any exemptions. Thus the supplier is eligible for credit on goods
- Under GST, where entire contract is exempt, the supplier could not recover any output tax, and would not avail any ITC. Needless to mention, that inputs would be taxable at higher rate of tax.

## Input Tax Credit

- Under the GST, input tax credit would be available to the buyer only if the counterparty supplier has paid tax to the appropriate govt. and has filed its valid returns.
- It means that if a supplier does not deposit his GST liability, all of his counterparty recipients would not receive the credits of ITC, even if they have paid the entire consideration to the supplier.
- These provisions require chasing by the recipients of the suppliers to deposit tax liability on or before due date.
- Therefore, efforts should be started right now to identify such dealers who are generally tax defaulters.
- Taxpayers might have to change their business model by keeping security deposit or indemnity bond from such suppliers till these suppliers file their valid return.

## Invoice & Records

- **Format of invoice** has been prescribed in the Draft GST Invoice Formats, which has number of additional columns as compared to the columns presently applicable.
- After the appointed day, taxpayer will use new format only.
- Therefore, he must have suitable software before that day, which could facilitate the generation of invoice in the prescribed format.
- **Stating of HSN on the invoice**

## Change in Practices - Goods

- **Time of supply**
  - Tax payment on advance
  - Precise time of supply
- **Issuance of invoice**
  - Precise time
  - Prescribed information including quantitative details
- **Value of supply**
- **Branches have been treated as distinct person**
  - Suppose, order is received to Branch A, supply by Branch B: Deemed supply from A to B
- **Goods Returns - Credit note – Subject to GST – No 6 M**
- **Records, Accounts, Audit – State wise**
- **Certain records- Place of business/showroom wise**

## Determination of Cost & Impact

### Factors affecting Cost and Value of the Goods

- Existing rate of VAT & Excise Duty vs. Tax Rates under GST.
- CENVAT / Input tax credit presently available vs. Availability of input GST credit.
- Non-creditable list in the GST.
- Industries which are kept outside the scope of GST, such as, Power, Liquor and petroleum Companies. Their inputs would be subject to GST but output would not. Further, power companies could not purchase against form C.
- Quantum of Inputs procured from non-GST Companies. If power tariff is increased, it would certainly increase the cost of GST Companies. Likewise, companies using natural gas would be adversely affected.

## Determination of Cost & Impact

### Factors (contd..)

- Change in manner of determination of supply & its valuation under GST. Many transactions, even without consideration, would be deemed as supply under GST.
- Impact on input suppliers and output receivers of the concerned entity under the GST.
- No. of additional registration and returns
- Capacity of the supplier to pass on the additional GST burden to its customers.
- Denial of Input credit to an entity due to non-deposit of taxes by its counterparty suppliers.
- Cost of additional human resources and professionals for compliance of GST provisions.

## Determination of Cost & Impact

### MRP goods:

- Whether these companies would get sufficient time to recompute their MRP
- What would happen to such goods in stock after AD with the companies and its distributors and retailers;
- What would happen to work in process, semi-finished goods, labels in stock, etc. .
- If MRP is changed to cover taxes –
  - By the manufacturer - Whether Excise (based upon MRP) would also be recovered by the Deptt.
  - By the distributor/stockiest – would it be the violation of weights and measurement Act, and Consumer Goods (Mandatory Printing of Cost of Production and Maximum Retail Price) Act, 2006

## Human Resources

- Taxpayers might require additional human resources which are well qualified and trained to meet this challenge, due to -
  - Increase in number of registrations, particularly, the service providers;
  - Increase in number of returns to be filed in a given tax period in each State;
  - Increase in number of details and information required to be given in each return;
  - Maintenance of additional records and documents.

## Other Points

- **Additional Working Capital Requirements :**
  - **Elimination of**
    - Form C,
    - Form E-I/II,
    - Form F,
    - Form H,
  - **Exporters – If input are made Taxable (such as fabric) or where input are taxable at higher rate**
- **Updating of software**
- **Reorganize the marketing model, number of godowns, etc.**

## Awareness & Knowledge

- **Knowledge is the essence for smooth transition.**
- **Once the appointed day is notified, the entire regime would be new: from 12.00 midnight itself.**
- **Any invoice issued on 12.01 AM on that day would be subject to GST instead of VAT/CST/Excise Duty/Service Tax.**
- **Therefore, unless we and our systems and software are ready for this change, everything would be messed up in the morning of the appointed day.**
- **Comprehensive training would be required to the staff of the taxpayers' community, both at senior level and at junior level**
- **Don't Forget – GST is applicable to we professional as well**

# Getting ready on the Appointed Day

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## Getting ready on the Appointed Day

### Maintain Separate Ledger Accounts for

- **Each Liability Type (IGST / CGST / SGST)**
- **Each State**

Required for Annual Reconciliation / Annual Return

### **Separate Accounts required for:**

- **Invoice received but Goods / Services not received**
- **Goods received in Lots → Claim only in the last lot**
- **Taxes and Returns not submitted by Vendors on time**
- **Goods / Services not paid within 6 months**
- **Partial Business Use / Partial Exempted Supply**
- **Non – Creditable Goods / Services (Restaurant, Rent-a-cab, etc.)**

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## Getting ready on the Appointed Day

### Software Configurations

#### Masters

- **Vendors / Customers Master** – (*Updation of All GSTIN of a Vendor, HSN / SAC dealing in, ..*)
- **Stock / Service Master Items** – (*Updation of HSN / SAC, Tax rate*)
- **Chart of Accounts** (*Creation of new ledger accounts, deactivation of earlier accounts*)
- **Integration with Inventory**

#### Transactions

- **Modifications considering Advance collection / payment**
- **Valuation of Branch Transfer / Consignment Agents** (*Impact on Working capital*)

## Getting ready on the Appointed Day

### Software Configurations

#### Invoicing

- **Invoice format needs to be changed as per new format.**
- **HSN/SAC code wise details to be captured for items.**
- **Composite Supply and Mixed Supply**
- **Reconciling GSTR-2A with Books**
- **Reconciling GSTR-1A with Books**
- **Reconciling E-ledgers (Credit Ledger; Cash Ledger; Liability Ledger)**
- **Goods / Capital Goods sent on Job work – Tracking for receipt after 1 / 3 years**
- **Validating Creditors for mismatches / compliances**

#### Reporting

- **Whether reports are as per Master configuration + Transactions (Reports output requires validation) → (All softwares are new to the GST Regime)**

#### Security of data

### Extensive Computerisation

- Every activity including registration and returns will be filed online
- Centralized Agency, GST Network, (along with Infosys, at present) will manage the computerised operations.
- Since GSTIN is PAN based, all the activities of the taxpayer, on all India basis, might be monitored through software
- All supplies (inward and outward) will be tracked through systems
- Default in one State, can easily be detected in other State



New Regime brings New Challenges

.....Unknown

Clarity is the DNA of Mastery

.....Robin Sharma

**knowledge**

**THANK YOU**

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