

ROLL No : 19BCR011  
CLASS : II<sup>nd</sup> yr BCom [RN]  
SUBJECT : Indirect taxation  
DATE : 11-05-21  
No OF PAGES WRITTEN : 14

## Section - A

1. c Quarterly
2. c cannot collect GST,
3. d Tax invoice
4. b Output tax
5. c 18%
6. d Exempt supplies
7. c GSTR-2A
8. a Annual return
9. c FORM GST INS-01
10. a. Mode Deduction and collection Account Number.

## Section-B.

### II. a] Eligibility and Reondition of Input Tax Credit.

"Input Tax" in relation to a taxable person, means the goods and services tax charged on any inward supplies of goods / services which are used or intended to be used, during or in furtherance of business.

**Eligibility - see 16**

- \* Persons should be registered person to take ITC.

- \* Goods or services are used / intended to be used in the course or furtherance of business.

- \* The amount should have credited to Electronic ledger of such person.

- \* The supplier should have paid the tax to the Govt. in the manner provided under Sec 49 of the Act.

- \* The registered person should have with him a tax invoice or debit note issued by a registered supplier in order to claim input tax.

credit. The registered person should also have received the goods under tan invoice.

- \* The supplier should have filed online returns under Sec 32 of the Act.
- \* The payment of the invoice/bill should be paid to the supplier within 180 days.
- \* Where the goods against an invoice are received in lots or instalment, a registered person shall be entitled to take credit upon receipt of the last lot or instalment only.
- \* If the registered person has claimed the depreciation on the tan component of the cost of capital goods and plant and machinery then the input tan credit of the said tan component is not allowed.
- \* The input tan credit shall be allowed up to the date of filing of the return for the month of September following the end of the year.
- \* The payment of the invoice/bill should be paid to the supplier within 180 days.

## Conditions

- \* Tax Invoice / Debit Note or other Tax paying documents is in possession
- \* Should have received goods or services or both.
- \* A registered taxpayer must have a tax invoice on hand at the time of taking credit.
- \* The goods must have been received or service must have been taken.
- \* The supplier must have paid the tax so collected through tax invoice into the GSTR account
- \* The supplier must also have uploaded the tax invoice details in the GSTR return
- \* In case of import of service the invoice and the payment of IGST via table 3.1 of GSTR - 3B is the basis for taking credit
- \* A debit note is a document based on which the customer can take ITC.

12.  
a.

Input Service Distributor (ISD) means an office of the supplier of goods or services or both which receives tax invoices towards receipt of input services and invoices on a prescribed document for the purpose of distributing the credit of central tax (GST), state tax (SGST)/ Union territory tax (UTGST) or integrated tax (IGST) paid on the said services to a supplier of taxable goods or services or both have same PAN as that of the ISD.

It is important to note that the ISD mechanism is meant only for distributing the credit on common invoices pertaining to input services only and not goods. Companies may have their head office at one place and units at other places which may be registered separately. The head office would be procuring certain services which would be for common utilization of all units across the country. The bills for such expenses would be raised on the head office. But the Head office itself would

not be providing any output supply so as to utilise the credit which gets accumulated on account of such input services.

The concept of ISD under GST is a legacy carried over from the Service Tax Regime. An ISD will have to compulsorily take a separate registration as such ISD and supply for the same in Form GST REG-1. There is no threshold limit for registration for an ISD. The other locations may be registered separately. Since the services relate to other locations the corresponding credit should be transferred to such locations as the output services are being provided there.

It is important to note that the ISD mechanism is meant only for distributing the credit on common service invoices pertaining to input services only and not goods. Companies may have their head office at one place and units at other places which may be registered separately.

13.  
a

## Furnishing of Returns

1. Every registered person other than an Input Service Distributor or a non resident taxable person or a person paying tax under the provisions for sec 10 or sec 51 or sec 52 shall, for every calendar month or part thereof, furnish, a return electronically of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars, in such form and manner and within such time, as may be prescribed. "Provided that the government may, on the recommendations of the council, notify certain class of registered person who shall furnish a return for every quarter or part thereof subject to such conditions and restrictions as may be specified therein"
2. A registered person paying tax under the provisions of sec 10, shall for each financial year or part thereof furnish a return, electronically

of turnover in the state or union territory -  
 inward supplies of goods or services or both,  
 tax payable, tax paid and such other particulars  
 in such form and manner and within such  
 time as may be prescribed:

3. Every registered person required to deduct tax  
 at source under the provisions of sec 51 shall  
 furnish, in such form and manner as may be  
 prescribed, a return electronically for the month  
 in which such deduction have been made  
 within ten days after the end of such month.
4. Every taxable person registered as an Input  
 Service Distributor shall, for every calendar month  
 or part thereof, furnish, in such form and  
 manner as may be prescribed, a return  
 electronically, within thirteen days after the  
 end of such month.
5. The commissioners may, for reasons to be  
 recorded in writing, by notification, extend the  
 time limit for furnishing the returns under this  
 section for such class of registered persons.

### Section - C

15. Levy and collection of custom duty.

- \* The Constitution mandates that no tax shall be levied or collected by a State except by authority of law, while no one can be taxed by implication, i.e. person can be subject to tax in terms of the charging section only.
- \* Power to levy any tax is derived from the Constitution of India. The charging section is the must in any taxing law for levy and collection (payment) of taxes. The very basis for the charge of tax in any taxing statute is taxable event i.e. the point of time when the tax will be imposed.

Levy and collection :-

1. Subject to the provisions of rule - Section (2) there shall be levied a tax called the integrated goods and services tax on all inter State supplies of goods or service or both; except on the supply of alcoholic liquor for human consumption

on the value determined under sec 15 of the Central Goods and Services Tax Act and at such rates, not exceeding forty percent, as may be notified by the Government on the recommendation of the Council and collected in such manner as may be specified and shall be paid by the taxable person:

Provided that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of sec 3 of the customs tariff Act, 1975 on the value, as determined under the said Act at the point when duties of customs are levied on the said goods under sec 12 of the customs Act, 1962.

2. The integrated tax on the supply of petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendation of the council.

3. The government may, on the recommendations of the council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

4. The government may, on the recommendations of the council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.

## 16. Valuation of goods under Customs Act.

Section 2(4) of the Customs Act, 1962 defines 'Value' in relation to any goods to mean the value thereof determined in accordance with the provisions of Rule 1(1) of rule 14 thereof.

1. India is presently following the provisions of the WTO Agreement on Customs Valuation (ACV) for determination of Value on imported goods where customs duty is levied with reference to Value.
2. Rule 1(1) of rule 14, in so far, states that when a duty of customs is chargeable on any goods by reference to their Value, the value of such goods shall be deemed to be:-

"The price at which such or like goods are ordinarily sold, or offered for sale, for delivery sold, or offered for sale, for delivery at the time and place of importation or exportation, as the case may be, in the course of international trade, where the seller and the buyer have no interest in the business of each other and the price is the sole consideration for the sale or offer for sale".

3. Section 1 A of the Indian Customs Act 1962 requires that the value of imported goods shall be determined under the rule made in this behalf. The Customs Valuation Rules, 1988 lays down the methods of valuation based on the ACR. Transaction Value, which is the price paid or payable for the imported goods, is the primary basis for valuation. If the transaction value method is not applicable in a specific case, the other methods of valuation prescribed in the rules have to be followed in a hierarchical order, subject to certain exceptions.
4. Under the customs Act, 1962 the Central government has also been empowered to fix Tariff values for any import. If Tariff value is fixed for any goods, then ad - Valorem duties are to be calculated with reference to such Tariff value. The Tariff values may be fixed for any class of imported or export goods having regard to the trend of value of such or like goods and the same has to be notified in the official gazette.

This measured is resorted to only in those cases where the price fluctuations in the market are rampant having significant economic impact. Currently tariff values have been fixed in respect of imported Crude Palm Oil, RBD Palm Oil, Crude Palmolein, RBD Palmolein, Crude Soyabean Oil, Beans Oil.

5. The provisions of sub sec (1) of sec 14 apply for the valuation of both imported goods and export goods. However, a common valuation law at international level applies only to imported goods and its basic principles are laid down in Article VII of General Agreement on Tariffs and Trade, 1948, currently known as GATT 1994.

The Indian Valuation law under sec 14(1) of the Indian Customs Act is based on the principles of Article VII of the GATT. This is, however, a deemed value allowing uplift of declared value in the same case even when it represents the actual price of transaction.