



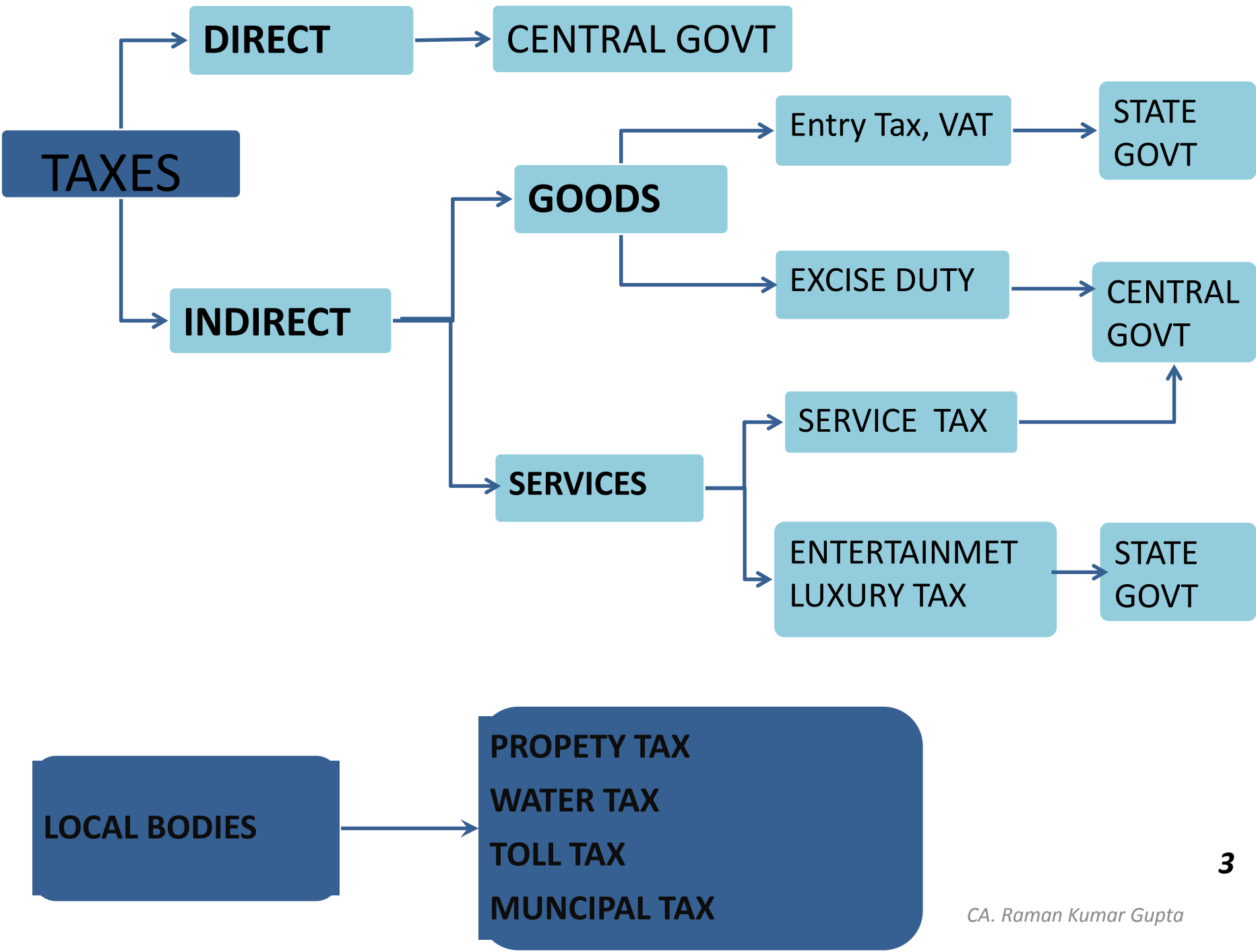
CA. Raman Kumar Gupta



FEDERAL GOVT

CENTRAL GOVT.

STATE GOVT.



NEED OF GST



MULTIPLICITY OF TAXES

CASCADING EFFECT

COMPLIANCE OF VARIOUS TAXES

CUMBERSOME AND DUPLICACY IN DEPARTMENT ASSESSEMENT, AUDIT, APPELLEATE WORK

DIFFERENT VAT ENACTMENT IN DIFFERENT STATES

PROBLEM IN TAX CREDIT

CROSS BORDER TRANSCATION AND REFUND MECHANISM

INTERSTATE TRANSCATION AND MOVEMENT OF GOODS

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INTERSTATE TRANSCATION AND MOVEMENT OF GOODS

SOLUTION PROVIDED IN GST



- 1) Intrastate supply – CGST and SGST.
- 2) Interstate supply– IGST.
- 2) Cross Border Transaction
 - Export -- Zero Rated Supply
 - Import -- Customs + IGST
- 3) Matching Concept and Free flow Credit.
- 4) Business Process.

CHALLENGES OF IMPLEMENTATION OF GST

- 1) Constitutional amendment
- 2) All states to come on same platform
- 3) Uniformity of taxes through out India
- 4) Public consensus
- 5) Administration challenges—
 - Business Process related issues.
 - Drafting of Central GST and model State GST legislations.
 - Basic design of IT systems required for GST in general and IGST in particular.

BENEFIT OF GST; WIN-WIN SITUATION

- 1) Benefit To Govt.
- 2) Benefit To Businessman.
- 3) Benefit To Consumer.

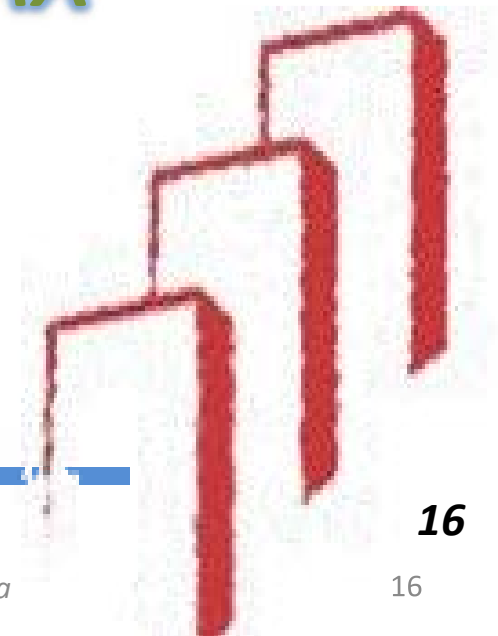
In Nutshell, GST is

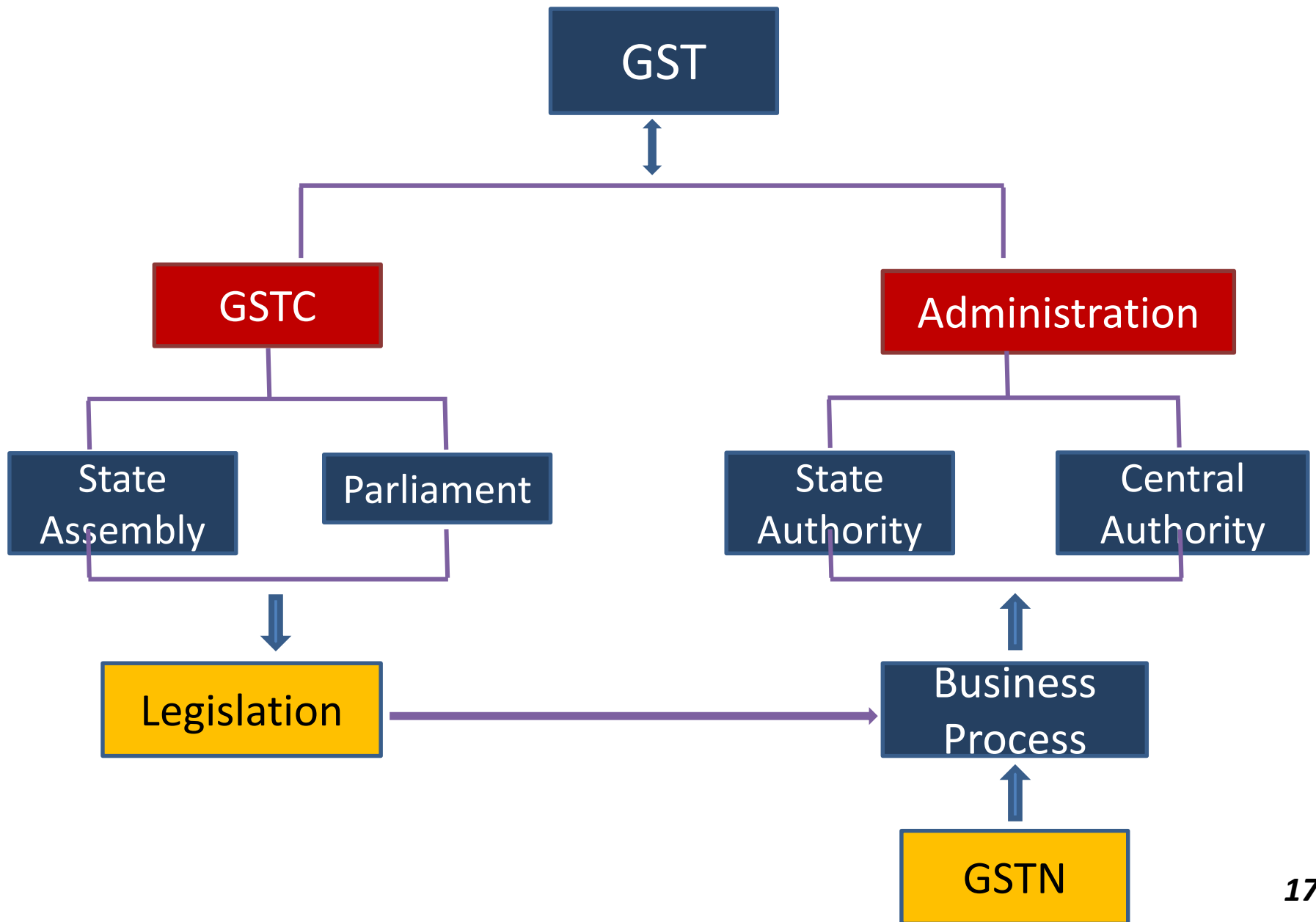
- 1) One Nation One Tax.
- 2) Not Only A Tax Reform But Business Reform.
- 3) One Process One Nation.
- 4) Good And Simple Tax.



INTRODUCTION

GOODS AND SERVICE TAX

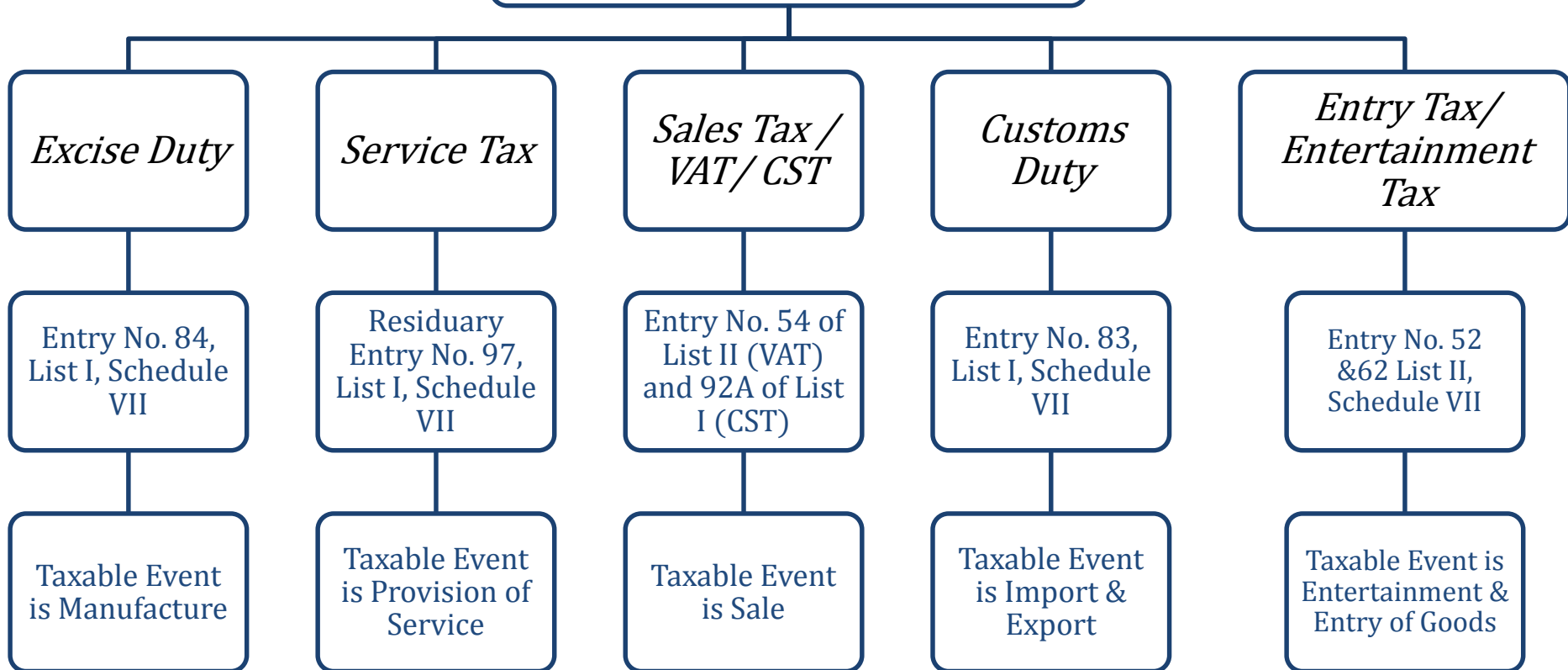


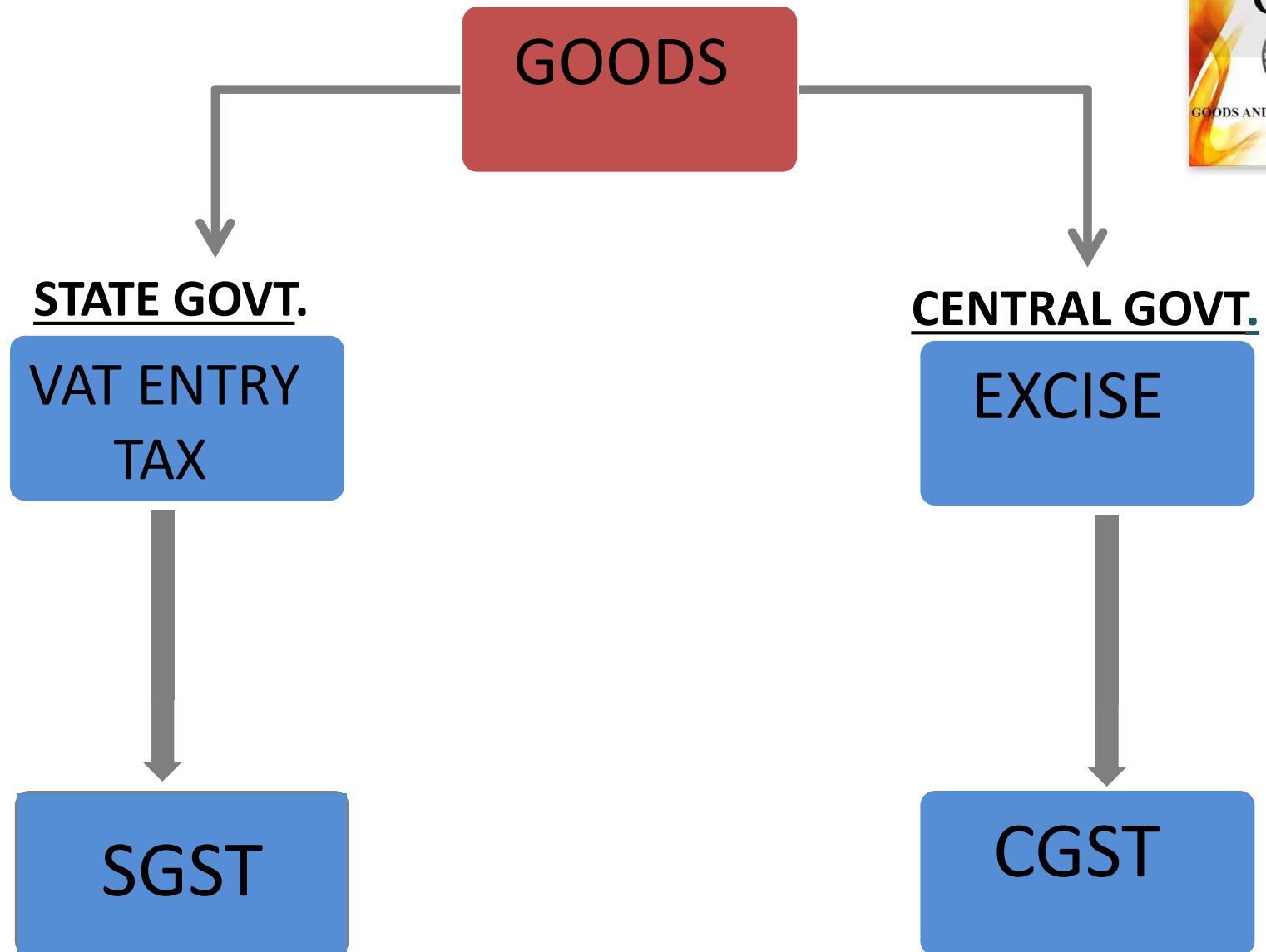


PRE GST Tax Structure of India



PRE GST Structure [5 Important Constituents]







SERVICE

STATE GOVT.

**ENTERTAINMENT TAX,
LUXURY TAX AND VAT**

SGST

CENTRAL GOVT.

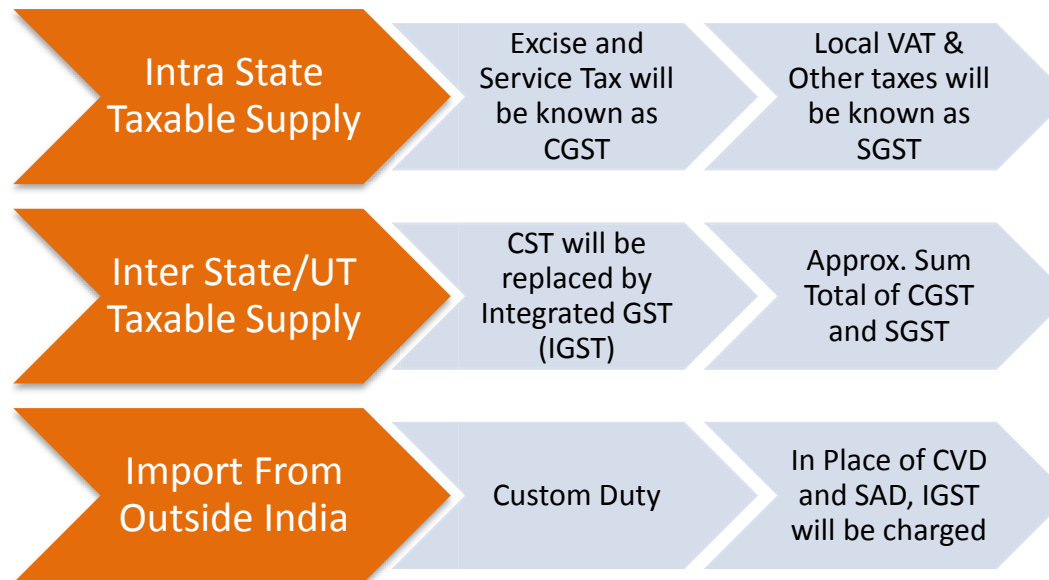
SERVICE TAX

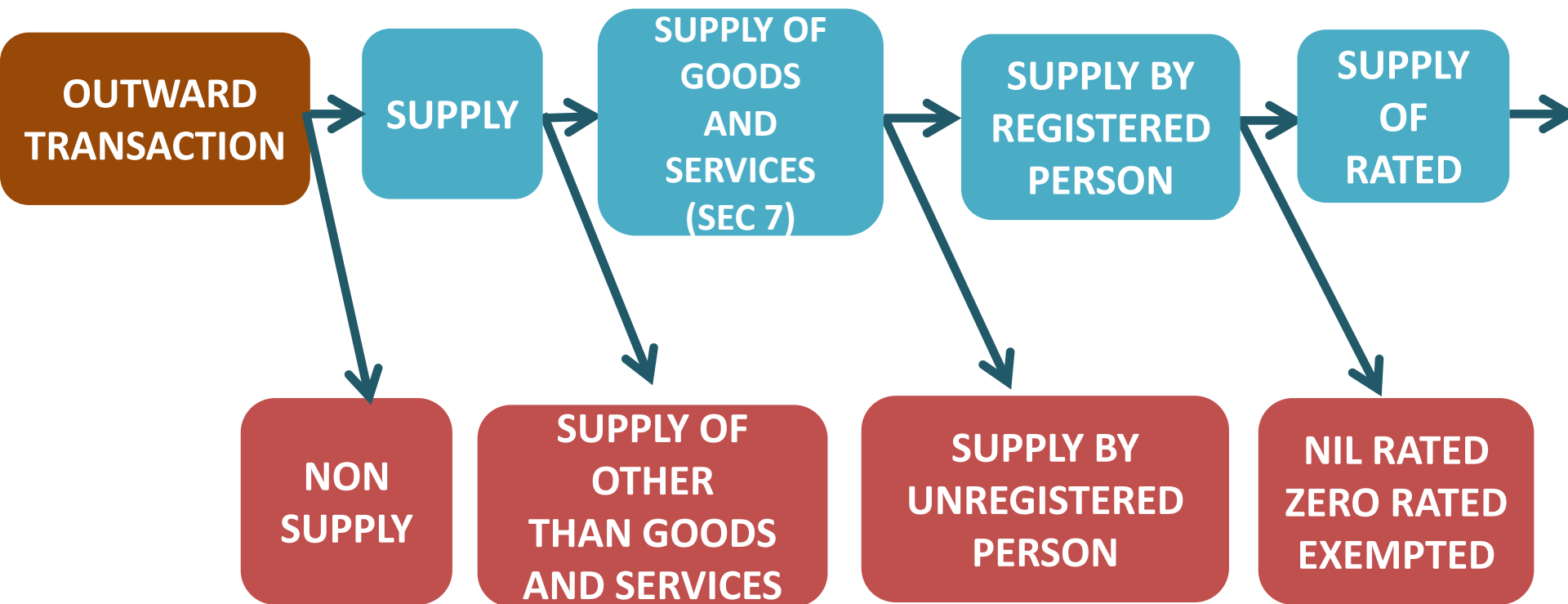
CGST



GST Regime

- GST will replace the terms Manufacture, Sale, Provision of Service , Import and Export, Entry of goods with one term **“Supply”**





SUPPLY OF RATED

WHEN TO
CHARGE

WHERE
TO PAY

WHEN
TO PAY

ON
WHICH
AMOUNT

WHAT
TO PAY

HOW TO
PAY

TIME
OF
SUPPLY

PLACE
OF
SUPPLY

UPTO 20TH
OF THE
FOLLOWING
MONTH

VALUATION

CREDIT RULE
RATE OF SUPPLY

RETURN
PROCESS



Meaning of **SUPPLY** as per Section 7 of the CGST law



FORM



CONSIDERATION



CONSIDERATION IN THE COURSE OF
BUSINESS

7. (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, license, 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..

(3) Subject to the provisions of sub-sections (1) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—

- (a) a supply of goods and not as a supply of services; or
- (b) a supply of services and not as a supply of goods.



SCHEDULE-I

ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.



3. Supply of goods—

- (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
 - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
4. Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.



SCHEDULE-II

ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

1. Transfer

- (a) Any transfer of the title in goods is a supply of goods;
- (b) Any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;
- (c) Any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods.



2. Land and Building

- (a) any lease, tenancy, easement, license to occupy land is a supply of services;
- (b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.

3. Treatment or process

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

4. Transfer of business assets

- (a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of goods by the person;
- (b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services;

(c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—

- (i) the business is transferred as a going concern to another person; or
- (ii) the business is carried on by a personal representative who is deemed to be a taxable person.

5. Supply of services

The following shall be treated as supply of service, namely:—

- (a) renting of immovable property;
- (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 after its first occupation, whichever is earlier.

Explanation.—For the purposes of this clause—

(1) the expression "competent authority" means the Government or any authority authorized to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:—

- (i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or
- (ii) a chartered engineer registered with the Institution of Engineers (India); or
- (iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;

(2) the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;

- (c) temporary transfer or permitting the use or enjoyment of any intellectual property right;
- (d) development, design, programming, customization, adaptation, up gradation, enhancement, implementation of information technology software;
- (e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and
- (f) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

6. Composite supply

The following composite supplies shall be treated as a supply of services, namely:—

- (a) works contract as defined in clause (119) of section 2; and
- (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), where such supply or service is for cash, deferred payment or other valuable consideration.

7. Supply of Goods

The following shall be treated as supply of goods, namely:—

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.



SCHEDULE-III

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any court or Tribunal established under any law for the time being in force.
3. (a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;

(b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or

(c) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.

4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.

5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.

6. Actionable claims, other than lottery, betting and gambling.

Explanation.—For the purposes of paragraph 2, the term "court" includes District Court, High Court and Supreme Court.

COMPOSITE SUPPLY

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

The following composite supplies shall be treated as a supply of services, namely:—

(a) works contract as defined in clause (119) of section 2; and

(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), where such supply or service is for cash, deferred payment or other valuable consideration.



“MIXED SUPPLY”

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.

Illustration.— A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately;

Taxability of Composite and Mixed Supply

Section 8—

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:—

- (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; and
- (b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

Thank You



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