

WHAT IS GST.....

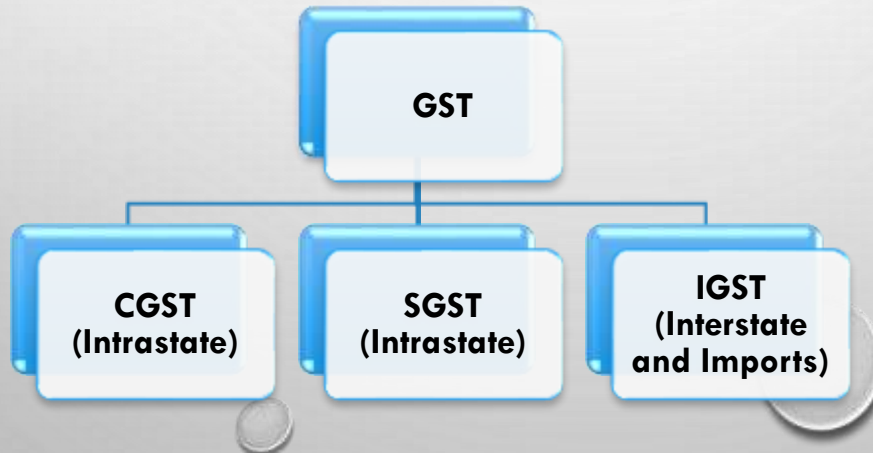
- Largest tax reform in the Indirect Taxation regime.
- PAN Based Registration
- Levied on supply of goods or services. Supply includes Stock Transfer.
- **“Supply”** being the Taxable Event, the concept of Manufacture or Trade is irrelevant.
- All transactions and processes only through electronic mode
- Registration only if turnover more than Rs. 20 lacs (Rs. 10 Lacs for N - E States incl. Sikkim)
- Seamless flow of Input Tax Credit (ITC), across the Supply chain and State borders
- Special procedures for job work

WHY GST.....

- Overall reduction in Prices for consumers
- Reduction in multiplicity of taxes, Cascading and Double Taxation
- Uniform rate of Tax and Common National Market
- Broader Tax Base and decrease in “Black” Transactions
- Free Flow of Goods and Services – No Checkpoints
- Non-Intrusive Electronic Tax Compliance System
- Compliance Rating on the portal of GST

COMPONENTS OF GST

- Two components of GST namely : **CGST** – Central GST to be levied by Centre and **SGST** – State GST to be levied by State.
- When goods are transported from one state to another state then it is to be treated as Inter – State Supplies for which we have to charge **IGST** i.e., Integrated GST
- During **Import** of goods and services, we have to charge IGST as it would be treated as Inter-State Supplies in addition to applicable Custom Duties.



APPLICABILITY OF GST

GST would apply to all Goods and Services which are covered under Excise, VAT & CST (for Goods) and Service Tax (for services).

Although, Government has kept some goods and services outside the purview of GST Regime which are as under :

- Alcohol** for Human Consumption
- Electricity**
- Petroleum Products** like crude, high speed diesel, motor spirit, natural gas, aviation turbine fuel

SUBSUME OF INDIRECT TAXES

Central

- Central Excise Duty
- Additional duties of excise
- Excise duty levied under Medical & Toiletries Preparation Act +
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharge and Cesses

State

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

GST



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

NON - SUBSUME OF INDIRECT TAXES

The following taxes has not been subsumed under GST, which are as follows :

- ✓ Basic Custom Duty
- ✓ Exports Duty
- ✓ Road and Passenger Tax
- ✓ Toll Tax
- ✓ Property Tax
- ✓ Stamp Duty
- ✓ Electricity Duty

COMPOSITE AND MIXED SUPPLY

COMPOSITE SUPPLY

Composite Supply means a supply is comprising two or more goods/ services, which are naturally bundled and supplied in with each other in the ordinary course of business, one of which is a principal supply. The items cannot be supplied separately.

CONDITIONS:- Fulfills **BOTH** the following criteria

1. Supply of 2 or more goods or services together; **AND**
2. It is a natural bundle, i.e., goods or services are **usually provided together in normal course of business**. They cannot be separated

Illustration : Where goods are packed, and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply. Insurance, transport cannot be done separately if there are no goods to supply. Thus, the supply of goods is the principal supply.

COMPOSITE AND MIXED SUPPLY

MIXED SUPPLY

Mixed supply means **two or more individual** supplies of goods or services, or any combination, made **together** with each other by a taxable person **for a single price**. **Each of these items** can be **supplied separately** and is not **dependent** on any other.

For tax under GST, a **mixed supply** comprising two or more supplies shall be treated as supply of that item which has **the highest rate of tax**.

Illustration : A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. All can be sold separately. Assuming aerated drinks have the highest GST rate, aerated drinks will be treated as principal supply.

COMPOSITE AND MIXED SUPPLY (ILLUSTRATION)

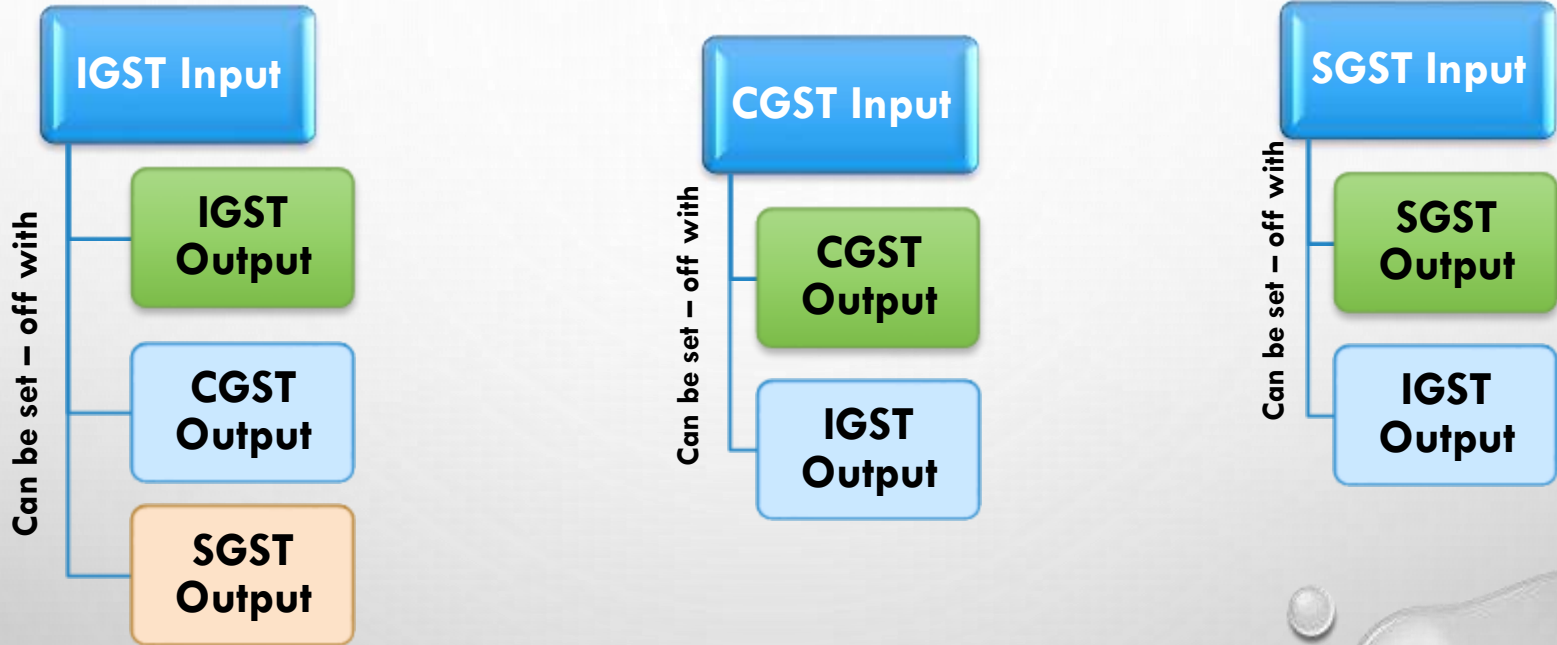
You are booking a **Rajdhani train ticket which includes meal**. It is a **bundle of supplies**. It is a **composite supply** where the products **cannot be sold** separately. You will not buy just the train meal and not the train ticket. The transportation of passenger is, therefore, the principal supply.

Rate of tax applicable to the **principal** supply will be charged to the **whole composite bundle**. Therefore, rate of GST applicable to transportation of passengers by rail will be charged by IRCTC on the booking of Rajdhani ticket.



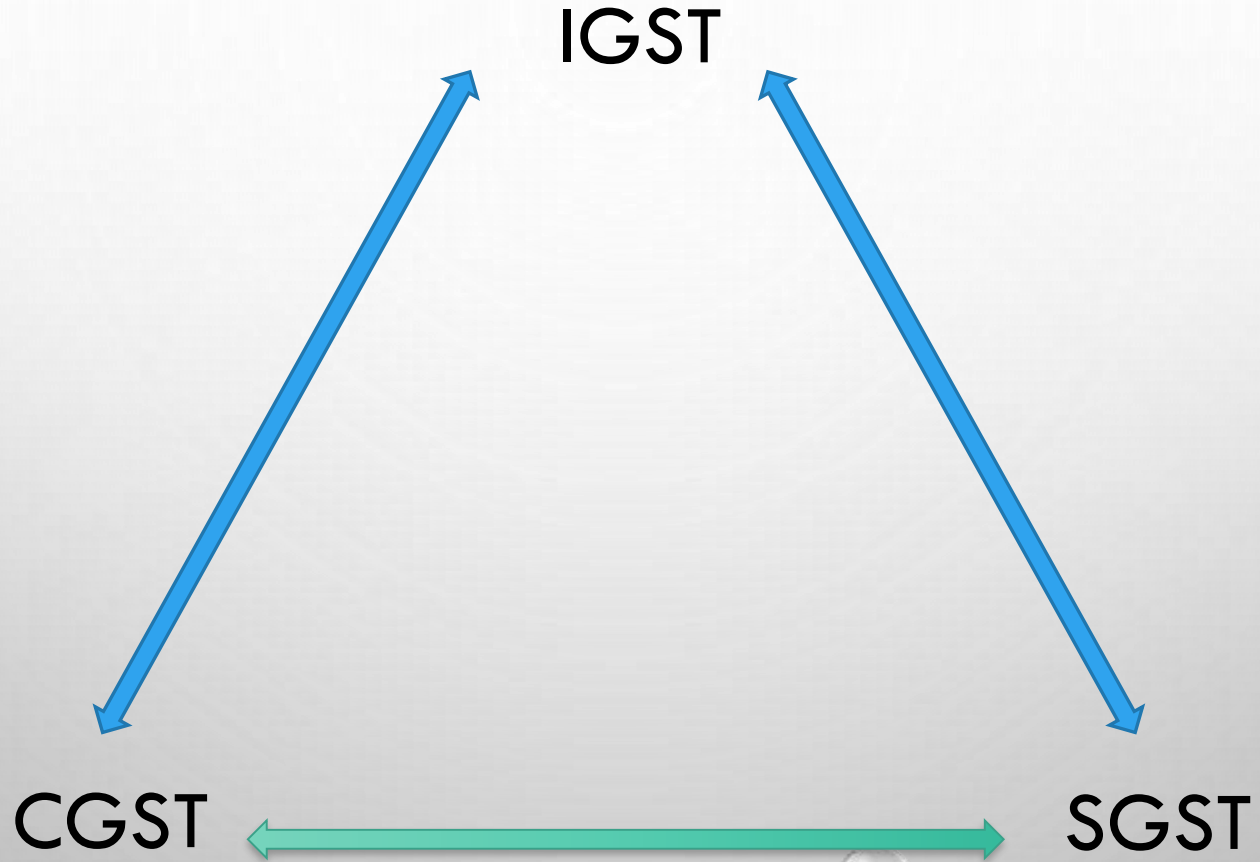
Many shops **offer** a **free** bucket with detergent purchased. This is a **mixed supply** as it does **not satisfy the 2nd condition**, i.e., it **can be sold separately**. You can buy either just a bucket or just detergent. The **highest rate** of GST will then apply. Assuming that **plastic buckets** have the **higher** rate, this rate will apply on the **whole mixed bundle**.

FLOW OF ITC CREDIT



Note : Above Input are available in order of preference

Flow of ITC Credit



RESTRICTION ON AVAILMENT OF INPUT TAX CREDIT

Input tax credit **shall not** be available in respect of the following, namely:-

- Motor vehicles and other conveyances expenses, except -
 - ✓ further supply of such vehicles or conveyances, or
 - ✓ transportation of passengers, or
 - ✓ training on driving, flying, navigating such vehicles or conveyances
 - ✓ for transportation of goods

- Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, except-
 - ✓ When inward supply of a particular category is used for making an outward supply of the same category, or
 - ✓ Used as an element of a taxable composite or mixed supply;

- Membership of a club, health and fitness centre

- Rent-a-cab, life insurance and health insurance except where -
 - ✓ Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force, or
 - ✓ When inward supply of a particular category is used for making an outward supply of the same category, or
 - ✓ Used as an element of a taxable composite or mixed supply;

RESTRICTION ON AVAILMENT OF INPUT TAX CREDIT

- ❑ Travel benefits extended to employees on vacation such as leave or home travel concession
- ❑ Works contract services when supplied for construction of an immovable property (other than plant and machinery) except –
 - ✓ where it is an input service for further supply of works contract service
- ❑ In Respect of Goods or services
 - ✓ Received by a taxable person for construction of an Immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.
 - ✓ Tax has been paid under Composition Scheme.
 - ✓ Received by a Non-resident taxable person except on goods imported by him.
 - ✓ Used for personal consumption.
 - ✓ Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

RATE OF TAXES

Tax Rates	Particulars
0 %	Consumed items for necessities in life
3 %	Gems & Jewelry
5 %	Essential Goods and Services under basic importance
12 %	Standard Goods and Service fall under 1 st Slab
18 %	Standard Goods and Service fall under 2 nd Slab
28 %	Special Category including luxury items

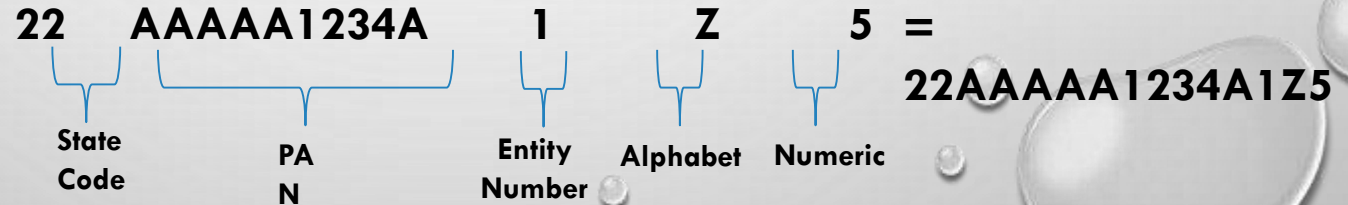
HOW TO CHARGE GST?



REGISTRATION PROCESS

- ❑ Every assessee who is liable to get registered under **Schedule III** of the GST Act
- ❑ As per GST Act, **Schedule III** specifies the Following :
 - Existing VAT/ Central Excise/ Service Tax/ Entry Tax/ Luxury Tax/ Entertainment Tax Registered Assessee
 - If his Aggregate turnover in a F.Y. exceeds the threshold limit of **Rs. 20 Lakhs (Rs. 10 Lakhs for N-E State incl. Sikkim)**
- ❑ For each state, assessee has to take separate registration
- ❑ Registration will be a 15 digit PAN based

FORMAT OF GSTIN

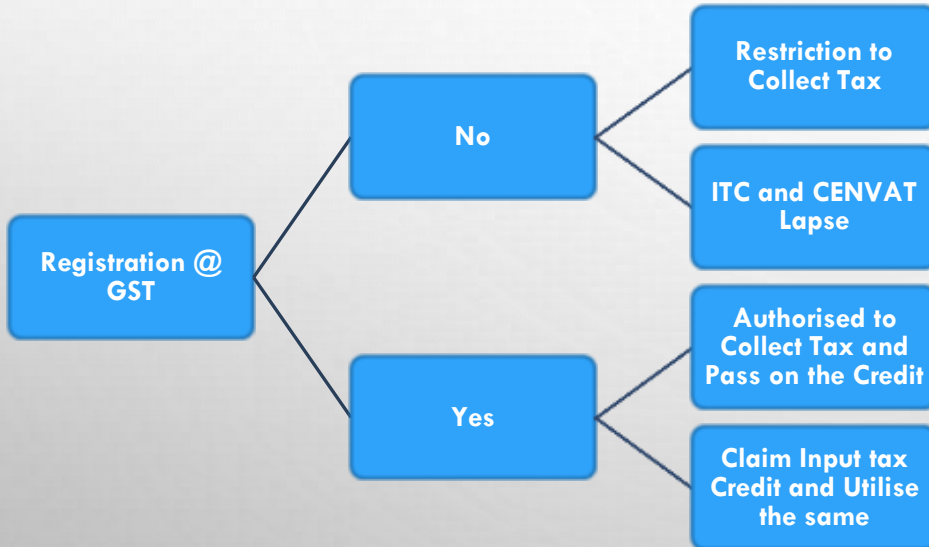


REGISTRATION PROCESS

- ❑ For each vertical business, assessee may apply for separate registration though in the same state
- ❑ Following assessee are required to get registered irrespective of the threshold limit :
 - ✓ Inter – State Taxable Supply
 - ✓ Casual Taxable Person
 - ✓ Liable to pay tax under Reverse Charge Mechanism (RCM)
 - ✓ Non – Resident Person
 - ✓ Assessee who deduct TDS/ TCS
 - ✓ Input Service Distributor
 - ✓ E – Commerce Operator

REGISTRATION PROCESS

Aggregate Turnover Means :



Cancellation of Registration

- Non-filing of returns continuously for Six / Three months
- Contravention of provisions of Act
- Non-commencement of business within 6 months in case of voluntary registration

COMPOSITION SCHEME

Conditions for availing composition levy

Turnover Less
than 50 lacs



PAN Linked



No Tax
Collection



No Input Tax
Credit



Only Intra-
state sales

- Composition Scheme is Optional
- Composition Scheme not applicable to the reverse charge segment
- Minimum prescribed rate of tax under Composition Scheme (% of turnover in a state during the year)

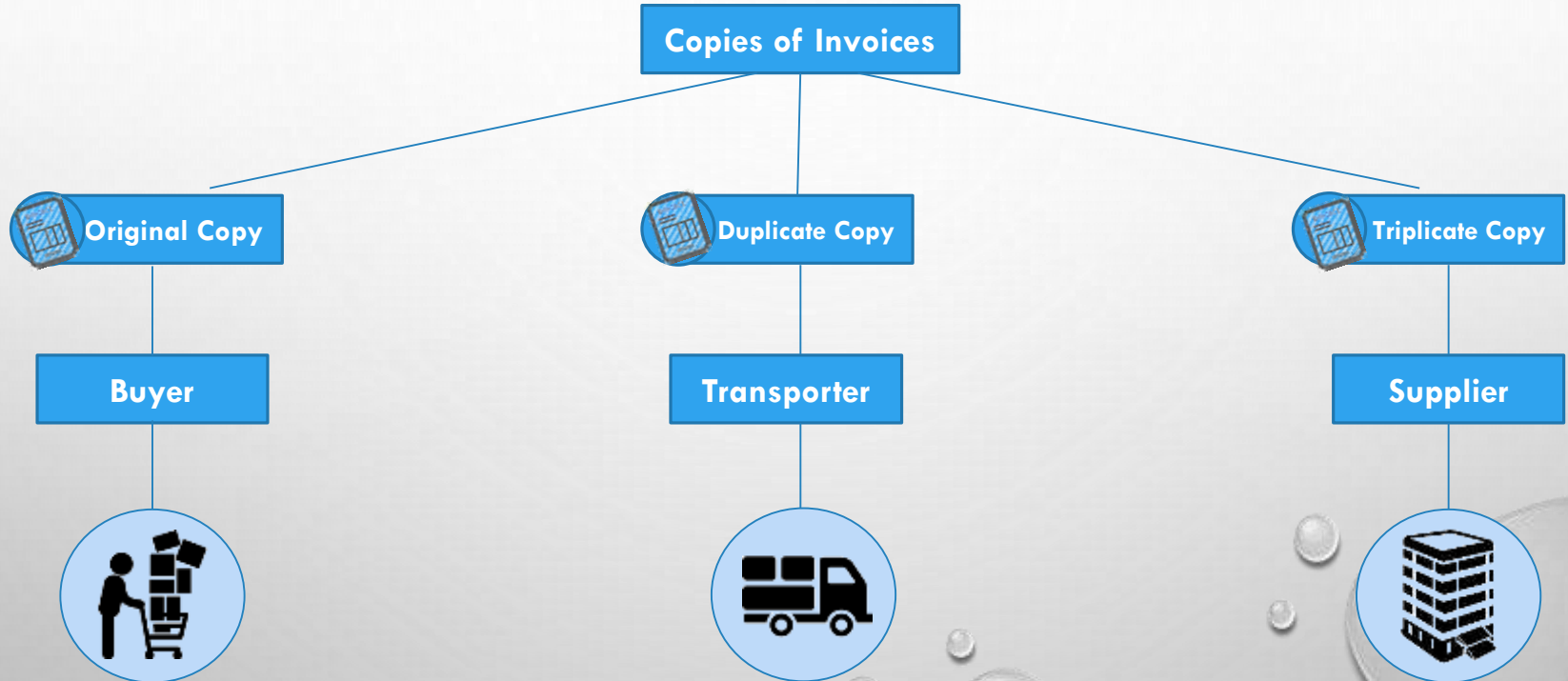
Manufacturer 1%

Trader 0.5%

Restaurants 2.5%

INVOICING UNDER GST

Copies of Invoice



Note: A Supplier of Exempted Goods or Registered under Composite Scheme will have to issue Bill of Supply instead of Invoice

GST TAX LEDGER

In GST, following ledgers of an assessee will be maintained in GSTN:-

- ❑ **e-Tax Ledger:-** Similar to 26AS in Income Tax which shows the tax credit of an assessee, in GST, e-Tax Ledger is prescribed to be maintained containing information on tax paid, tax credit, and tax liability

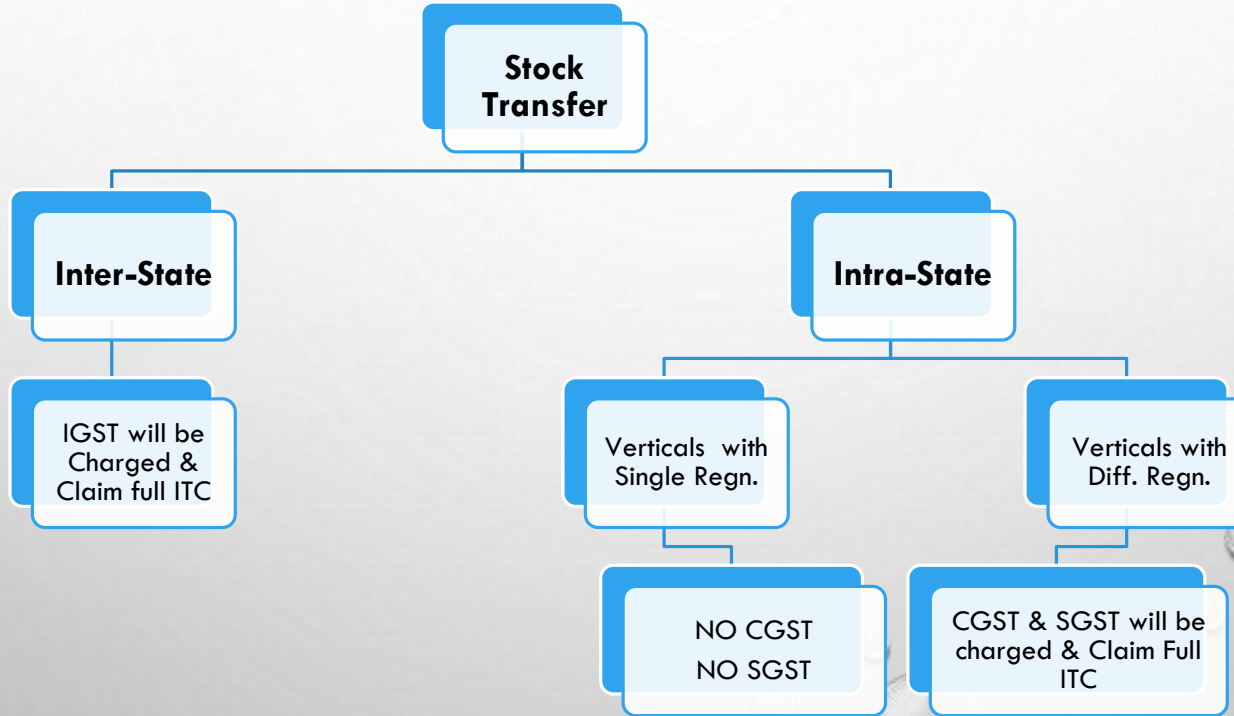
- ❑ **e-Cash Ledger:-** In GST Regime, Deposit of Tax, Interest & Penalty can be made by the following modes:-
 - ✓ Net Banking
 - ✓ Credit / Debit Cards
 - ✓ NEFT
 - ✓ RTGS

- ❑ **e-Credit Ledger:-** Input Tax Credit on Purchases shall be credited to e-Cash Ledger as per GST Return filed by the Assessee. The e-Credit Ledger includes:
 - ✓ ITC on Inward purchases from registered assessee
 - ✓ ITC on Closing Stock as on 31st March 2017

- ❑ **e-Liability Ledger:-** This Ledger is required to be maintained electronically for all GST Liabilities viz:
 - ✓ Liability based on self assessment of GST returns
 - ✓ Liability out of demand notice from GST Authorities
 - ✓ Credit utilised against the available amounts in the e-cash ledger.

STOCK TRANSFER

Taxability of Stock Transfer



TIME OF SUPPLY OF GOODS (UNDER NORMAL MECHANISM)

The **liability to pay tax** on goods arises at the Time of Supply. Time of Supply will be **earliest** of the followings:

- ✓ Date of Issue of Invoice
- ✓ Date on which payment is received.

Note :

- ✓ The Invoice is required to be prepared before or at the time of performing activity of either **Removal or Delivery or Making Available** of the goods to the recipient.
- ✓ **Date of Payment** : The date on which the payment is entered in the **books of Accounts** or date on which the payment is **credited to bank**.

TIME OF SUPPLY OF SERVICES (UNDER NORMAL MECHANISM)

The **liability to pay tax** on service arises at the Time of Supply. Time of Supply will be **earliest** of the followings:

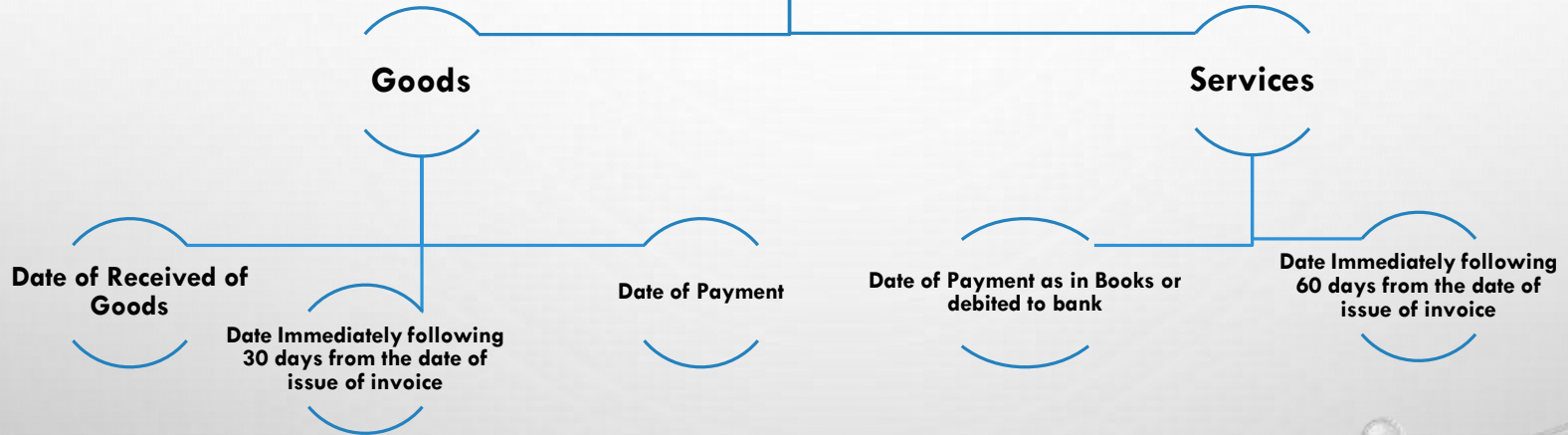
- ✓ Date of Issue of Invoice, if the invoice is issued within 30 days from the date of supply of service **OR** Date on which payment is received.
- ✓ Date of provision of services if the invoice is not issued within 30 Days or the date receipt of payment which ever is earlier.

Note :

- ✓ Date on which recipient show the receipt of services in his books of account , in case the above two provision shall not apply.
- ✓ **Date of Payment** : The date on which the payment is entered in the **books of Accounts** or date on which the payment is **credited to bank**.

TIME OF SUPPLY (UNDER RCM)

Reverse Charge Mechanism



Note: In case , if time of supply (Goods or Services Both) is not determined as above , then Date of entry in the Books will be considered.

TIME LIMIT OF ISSUING OF INVOICE (GOODS)

Particulars	Situation	Time Limit
Supply of Goods	Supply involve movement of Goods	Before or at the time of removal of goods for supply to the recipient
	Other cases	Before or at the time of delivery of goods or making available thereof to the recipient
Continuous Supply of Goods	Having successive statements of accounts	Before or at the time of each such statement is issued
	Successive payments	Before or at the time of each such payment is received

TIME LIMIT OF ISSUING OF INVOICE (SERVICES)

Particulars	Situation	Time Limit
Supply of Services	Normal Cases	Before or within 30 days from date of supply of service
	Supply between Distinct Persons	When such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made.
Continuous Supply of Services	Due date of payment is ascertainable	On or before the due date of Payment
	Due date of payment is not Ascertainable	On or before such time when the supplier of service receives the payment
	Payment is linked to the completion of an event	On or before completion of that event

TIME OF SUPPLY IN CASE OF CHANGE OF RATE

Invoice	Payment	Supply Before Change of Rate	Supply After Change of Rate
After	After	Earlier of following two: Date of invoice or Receipt of payment	NA
Prior	After	Date of issue of invoice	Date of receipt of payment
After	Prior	Date of receipt of Payment	Date of issue of invoice
Prior	Prior	NA	Earlier of following two: Date of invoice or Receipt of payment

Notes : Date of receipt of payment will be date on which entry credited to bank account if such credit in the bank account is after 4 working days from the date of change in the rate of tax

VALUE OF TAXABLE SUPPLY SECTION -15 OF CGST ACT 2017

- ✓ Tax will be charged on the **'transaction value'**.
- ✓ Transaction value is the
 - a) **price actually paid or payable** for the supply of goods/services.
 - b) Supplier and the recipient of the supplier is not related**
 - c) price is the sole consideration.**

The value of supply under GST shall include :

- Any **taxes, duties, cess, fees and charges** levied under any act, **except GST(CGST,SGST,IGST,UTGST). GST Compensation Cess will be excluded if charged separately** by the supplier.
- Any amount that the **supplier is liable to pay** which has been **incurred by the recipient** and is not included in the price.
- The value will include all **incidental expenses** in relation to sale such as packing, commission etc.
- Subsidies linked to supply, except Government subsidies will be included.
- **Interest/late fee/penalty** for **delayed payment** of consideration will be included.

FORMAT FOR COMPUTATION OF TRANSACTION VALUE(SECTION-15) CGST& SGST ACT

PARTICULARS	AMOUNT	AMOUNT
Selling price/Gross sales		√√√
ADD: If not included in the sale price		
Materials procured/purchased(exclusive of GST)	√√√	
Taxes,duties,fees,cess and charges except CGST,SGST,IGST	√√√	
Amount paid by the recipient on behalf of the supplier	√√√	
Interest,late fees or penalty for delayed demand	√√√	
Subsidies directly linked to the price	√√√	
Incidental charges .ex packing charges,insurance freight,advertising,loading unloading	<u>√√√</u>	<u>√√√</u>

FORMAT FOR COMPUTATION OF TRANSACTION VALUE(SECTION-15) CGST&

PARTICULARS	AMOUNT	AMOUNT
LESS: If not included		
Cash discount/Trade discount (if it is allowed before or at the time of supply)	√√√	
Cost of Durable and Returnable packing included in the sale price.	<u>√√√</u>	<u>√√√</u>
TRANSACTION VALUE OF GOODS /SERVICES SUPPLIED		√√√

PLACE OF SUPPLY

- ✓ **'Place of Supply'** defines whether the transaction will be counted as Intra or Inter State.
- ✓ Accordingly the chargeability of tax i.e., SGST, CGST and IGST will be determined.
- ✓ **Location of Supplier** : Registered place of business of the supplier
- ✓ **Place of Supply** : Registered place of business of the recipient.

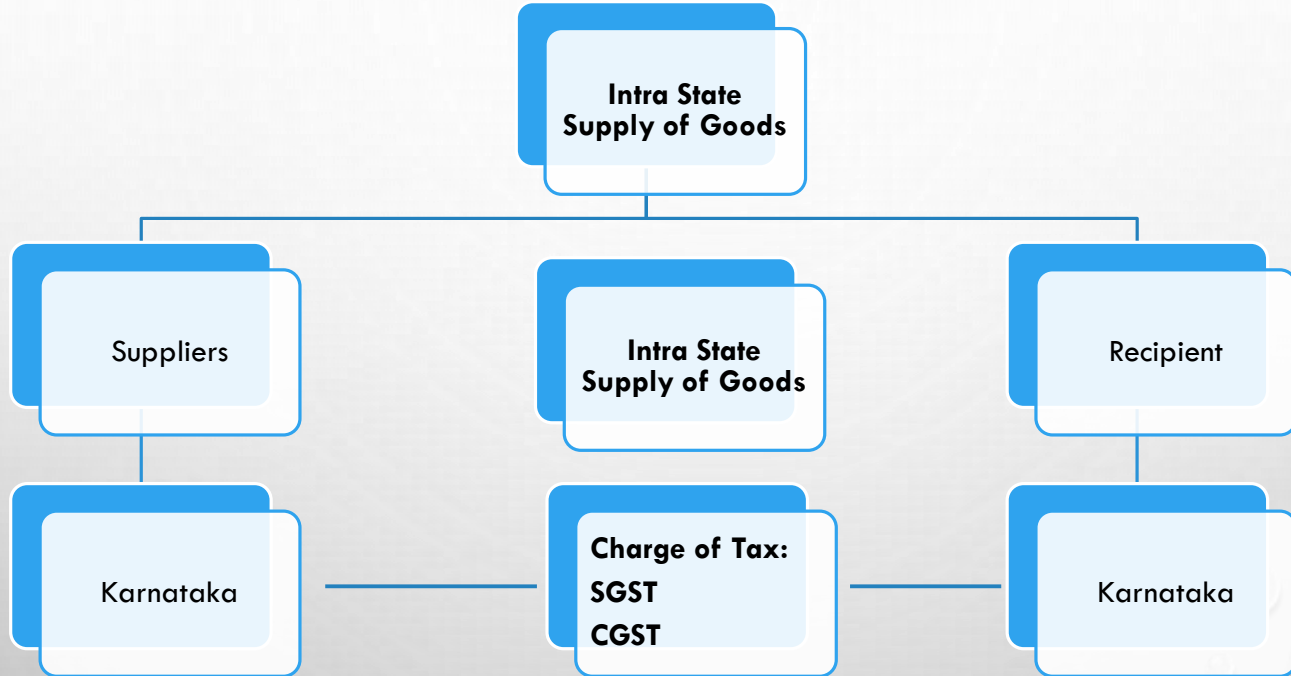
There are specific provisions for determination of place of supply of goods such as:

The place of supply of goods: where the supply involves movement of goods

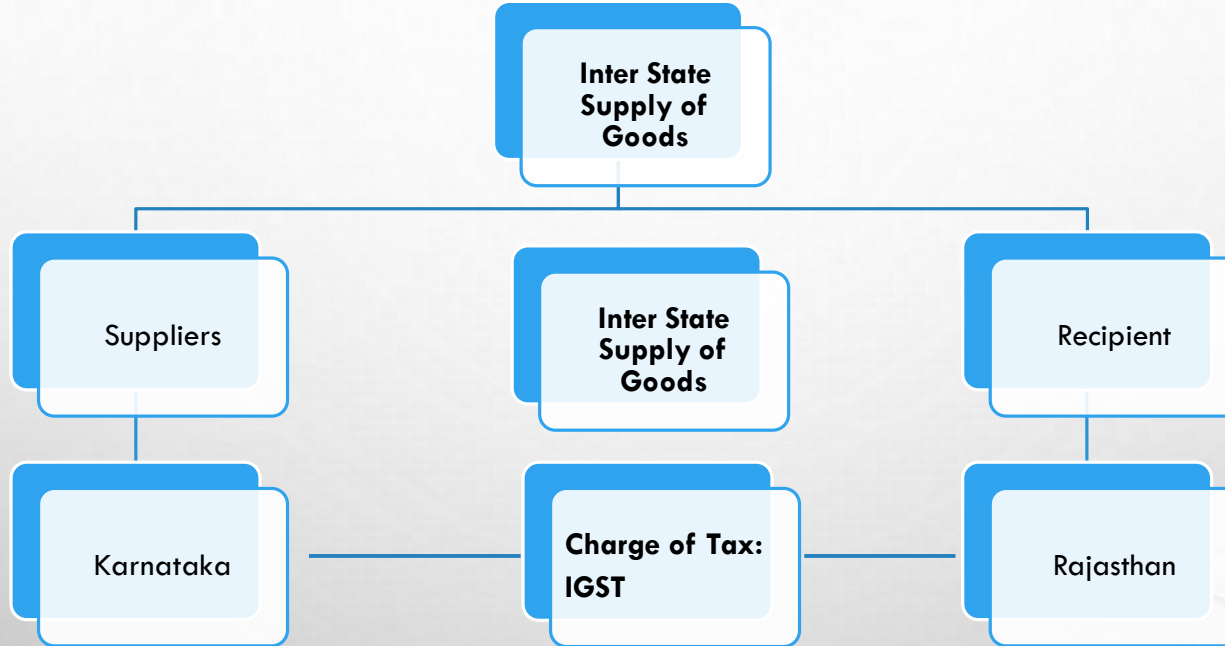
The place of supply of goods: where the supply involves no movement of goods

The place of supply of goods: in case of export & import of goods.

DETERMINING PLACE OF SUPPLY FOR INTRA-STATE SUPPLY OF GOODS



DETERMINING PLACE OF SUPPLY FOR INTER-STATE SUPPLY OF GOODS



IMPORT OF GOODS

- **Import of services** for a consideration whether or not in the **course or furtherance of business** is deemed to be **supply**
- As per the IGST Act, **supply of services** in the **course of import** into the **territory of India**, shall be deemed as **supply of services** in the course of **Inter State trade or commerce**.
- IGST would be payable in **Import of services** by the **recipient under RCM**.
- Supplies of goods and services to or by **Special Economic Zone (SEZ) units or SEZ developers** will be **treated** as **Inter-State supplies**.
- **Supplies of goods and/or services** to SEZ units or SEZ developers are to be **treated** as “**zero rated supplies**” and the SEZ developer or SEZ unit **receiving** such **zero rated supplies** will be given similar **treatment as exports**.

EXPORT OF GOODS

- As per the provisions of IGST Act, **export of goods and/or services** are to be treated as “**zero rated supplies**” and **registered taxable person exporting goods or services** shall be **eligible** to **claim refund** under one of the following **two options**:
 - i. **Export under bond or letter of undertaking** without payment of Integrated Tax and **claim refund of unutilized input tax credit**.
 - ii. **Export on payment of IGST** and **claim refund of the tax so paid** on goods and services **exported**.

INPUT SERVICE DISTRIBUTOR UNDER GST

Input Service Distributor includes -

- an office of the supplier of goods and / or services which
- receives tax invoices issued by supplier towards receipt of input services and/or goods and
- issues a prescribed document for the purposes of distributing the credit of CGST (SGST in State Acts) and / or IGST paid on the said services to a supplier of taxable goods and / or services having same PAN as that of the office referred to above

Registration and Returns

- **Migration of existing registration would not apply to ISD, hence it is required to apply afresh for registration.**
- In case being registered as an **ISD return** is to be filed by **13th day of the succeeding month** whereas for being registered as **Supplier of Service** return is to be **filed by 20th day of the succeeding month.**

DISTRIBUTION OF CREDIT

CGST as

- CGST
- IGST

IGST as

- IGST
- CGST

SGST as

- SGST
- IGST

Conditions for distribution of Credit

- Prescribed documents must be issued to the receipts of credit containing prescribed details
- Amount of credit distributed must not exceed amount available to distribution
- Credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;
- Credit of tax paid on input services attributable to all or more than one recipient of credit shall be distributed only amongst such or all recipient(s) to whom the input service is attributable and such distribution shall be pro rata on the following basis
- turnover in a State of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;
- if some or all recipients of the credit do not have any turnover in their States in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed