

# *GOODS AND SERVICES TAX*



# What is GST?

## Goods & Services Tax



Central Excise



Luxury Tax



Service Tax



Entertainment Tax



VAT



Entry Tax



# Definition of GST

**\* Constitution (101<sup>st</sup> Amendment) Act, 2017**

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**366(12A)**

**“Goods and services tax” means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption**

# Levy and collection of GST in course of inter-State trade or commerce - Article 269A

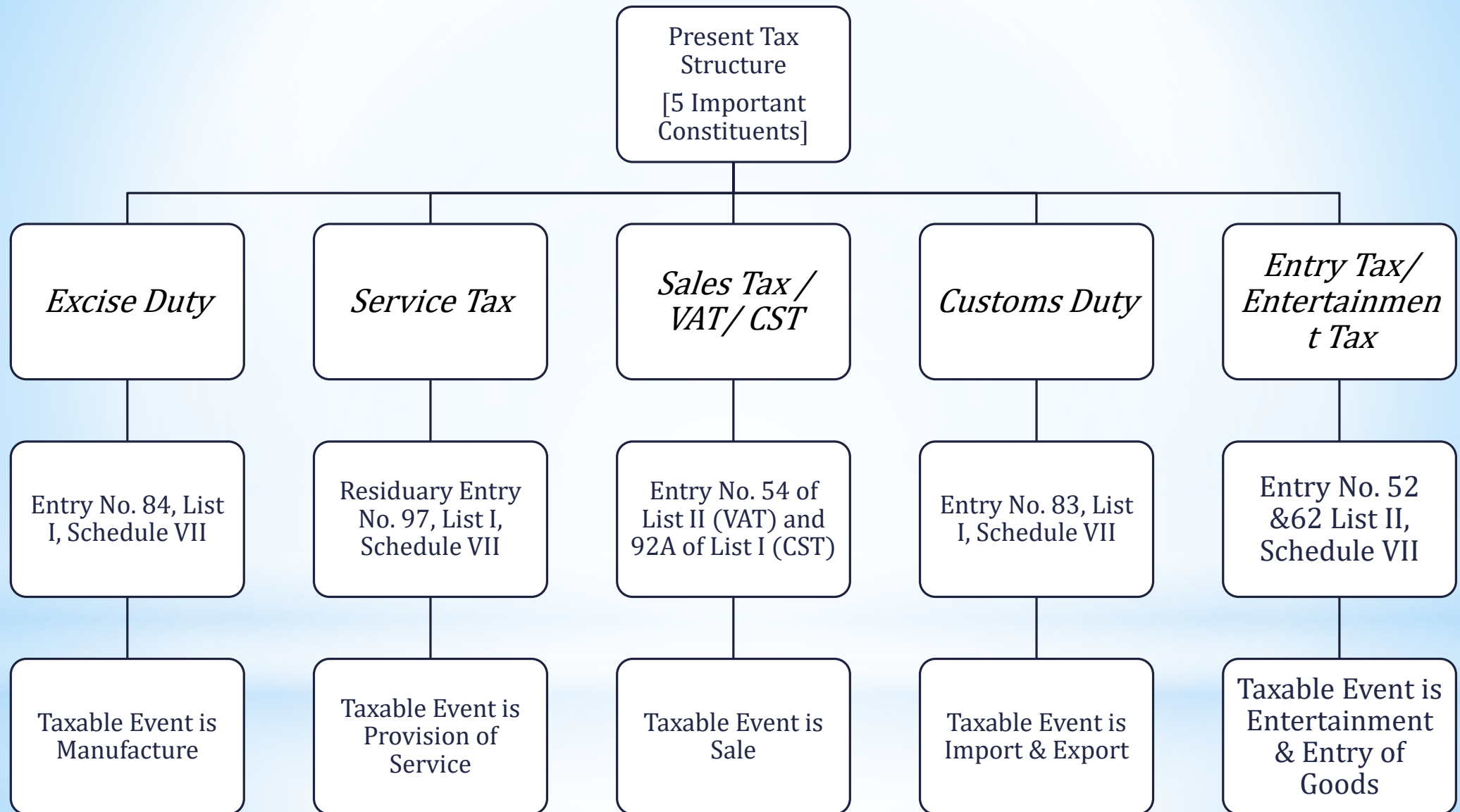
- \* GST shall be levied and collected by the Central Government and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of GST Council.
- \* Supply of goods, or of services, or both in the course of import into the territory of India shall be deemed to be supply in the course of inter-State trade or commerce
- \* Parliament will formulate the principles for determining the place of supply, and when a supply takes place in the course of inter-State trade or commerce.

# Present Indirect Tax Structure of India





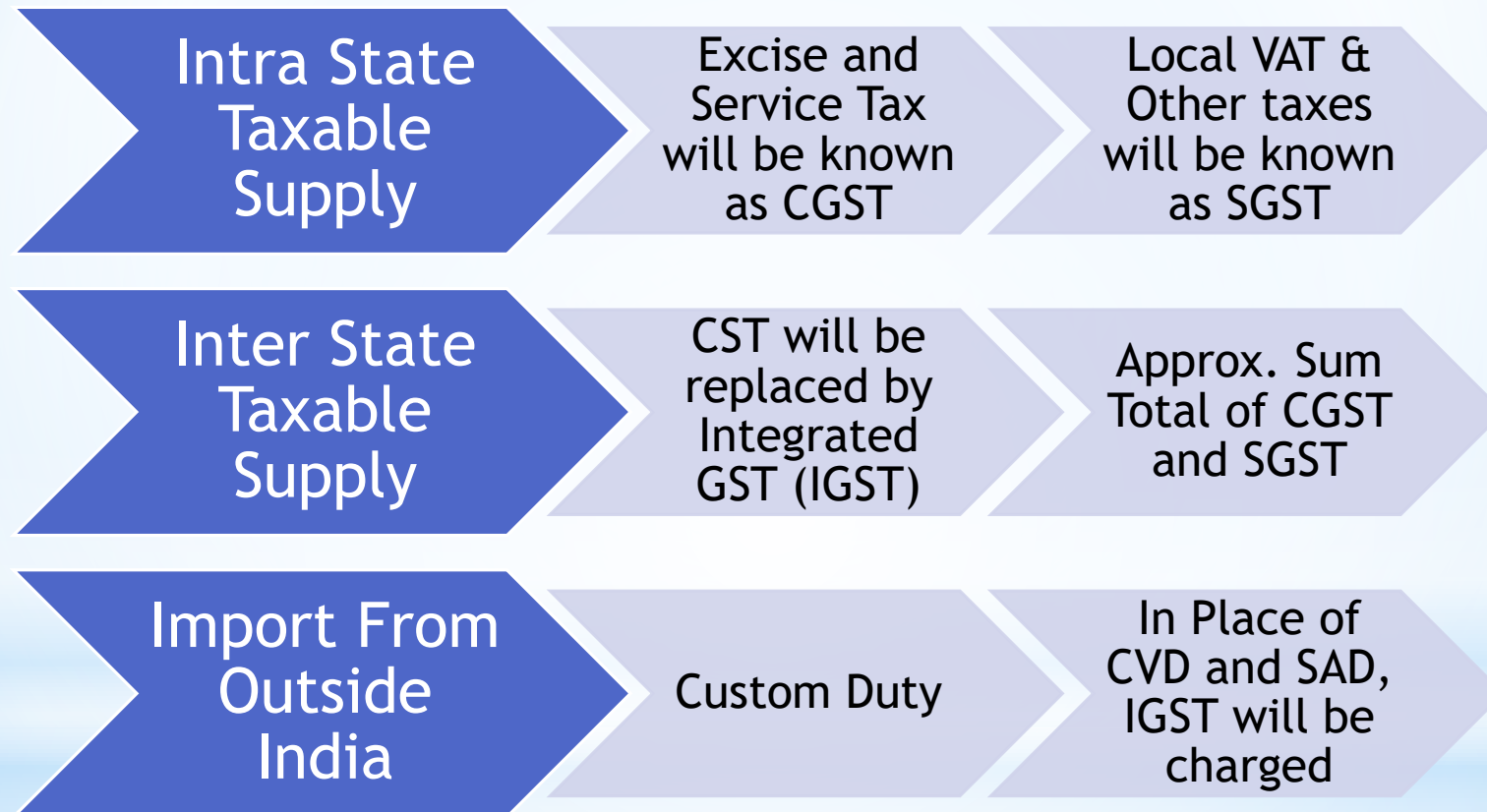
# Present Indirect Tax Structure of India



# Proposed Indirect Tax Structure

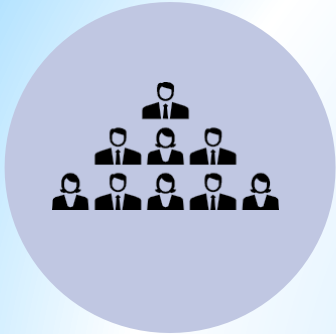


# Proposed Indirect Tax Structure





# SUPPLY



By a taxable person



Is in the  
taxable territory

**GOODS**  
**And / or**  
**SERVICES**



Is in the course  
or furtherance  
of business.



Is for a consideration

**ALSO INCLUDES....**

SALE

TRANSFER

BARTER

EXCHANGE

LEASE

DISPOSAL

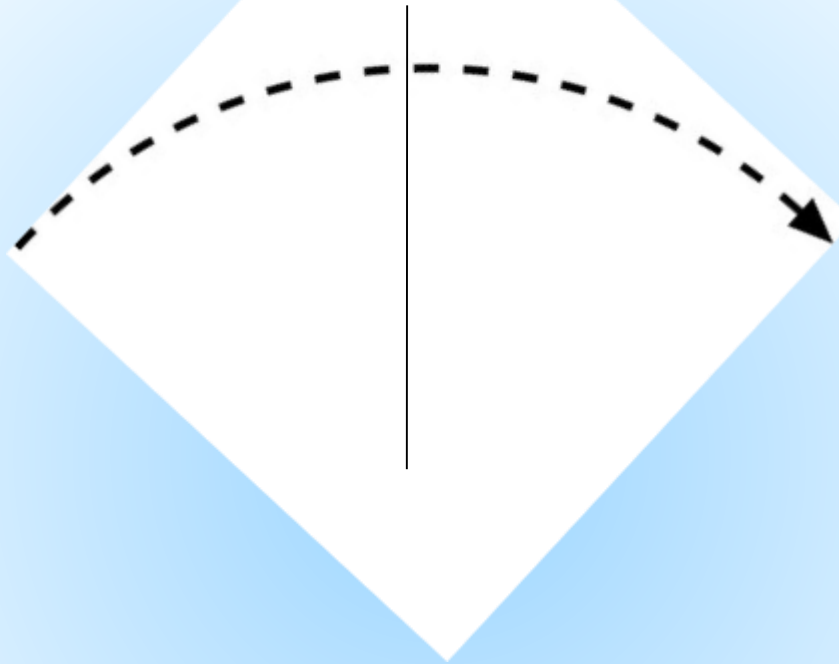


# INTRA-STATE SUPPLY

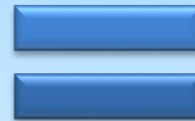
DELHI



DELHI



Location of  
Supplier



Place of Supply

SGST

CGST

WORKING



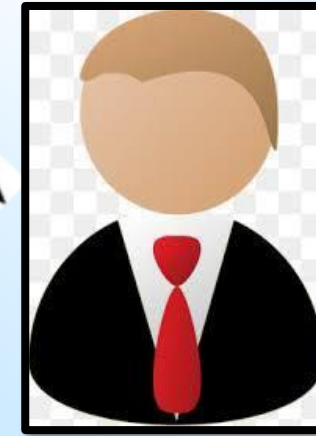
DELHI



Selling Price  
CGST @ 9%  
SGST @ 9%  
Total Sale Price  
Total tax paid by A

1,000  
90  
90  
1,180  
180

DELHI



Selling Price  
CGST @ 9%  
SGST @ 9%  
Total Sale Price  
Total tax paid by B (360 - 180)

2,000  
180  
180  
2,360  
180

ITC AVAILABLE ON  
PURCHASE  
CGST = 90  
SGST=90

OUTPUT LIABILITY  
CGST=180  
SGST=180

NET LIABILITY PAID  
CGST=180-90=90  
SGST=180-90=90



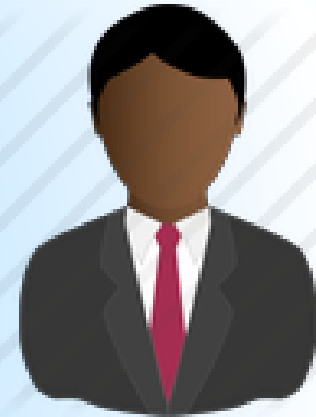
# INTER-STATE SUPPLY

DELHI



Location of  
Supplier

HARYANA

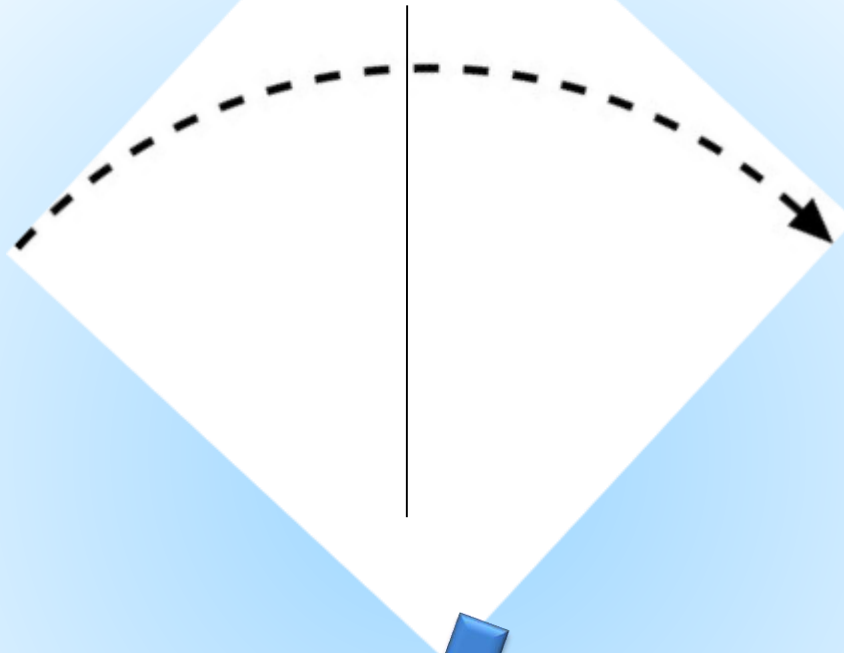


Place of Supply



IGST

WORKING



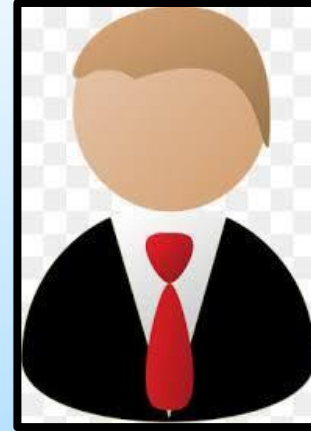


**DELHI**

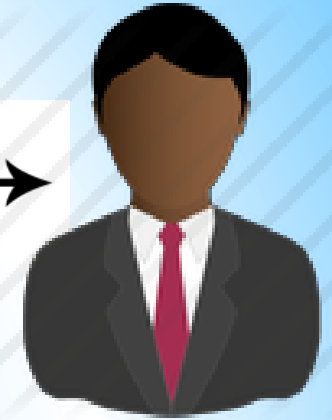
**TAX STRUCTURE UNDER OLD SYSTEM**

**HARYANA**

**MAHARASHTRA**



**CST**



**Selling Price**

**1,000**

**Selling Price**

**2,050**

**CST @ 5%**

**50**

**CST @ 3%**

**62**

**Total Sale Price**

**1,050**

**Total Sale Price**

**2,112**

**Total Tax paid by A**

**50**

**Total Tax paid by B**

**62**

**ITC AVAILABLE ON  
PURCHASE**

**VAT = 50 ✗**

**OUTPUT LIABILITY**

**CST= 62**

**ADJUSTMENT**

**VAT=0**

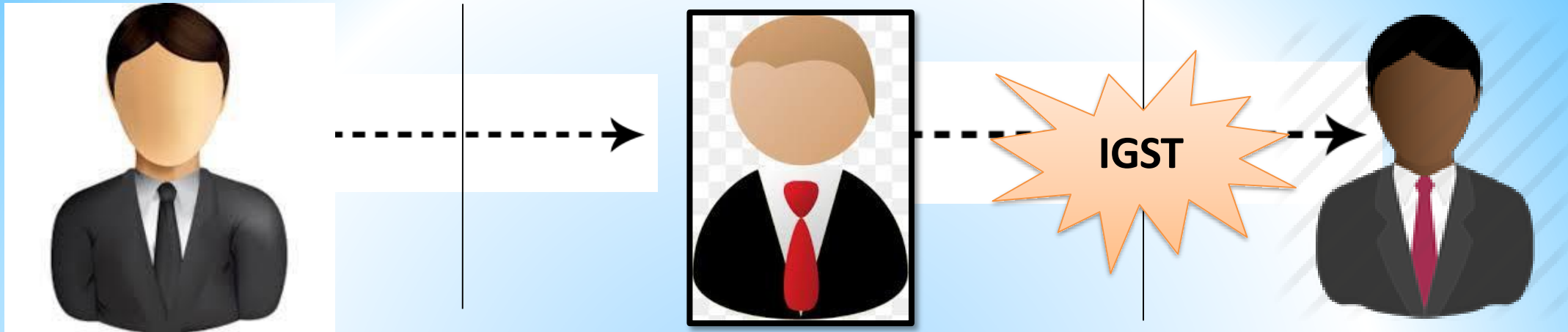
**CST=0**

**NET = 50+62=112**

**U.P.**

**DELHI**

**HARYANA**



Selling Price

1,000

Selling Price

2,000

IGST @ 18%

180

IGST @ 18%

360

Total Sale Price

1,180

Total Sale Price

2,360

Total tax paid by A

180

Total tax paid by B (360 - 180)

180

ITC AVAILABLE

IGST = **180**

OUTPUT LIABILITY

IGST=**360**

NET LIABILITY PAID

IGST=**360**-**180**=180

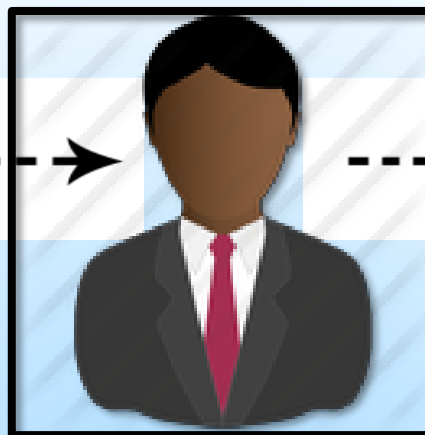
U.P.



Selling Price

IGST

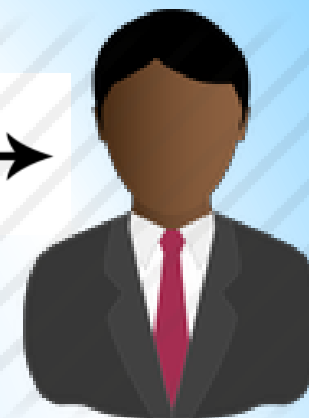
HARYANA



1,000

Selling Price

HARYANA



2,000

IGST @ 18%

180

CGST @ 9%

180

Total Sale Price

1,180

SGST @ 9%

180

Total Sale Price

2,360

Total tax paid by A

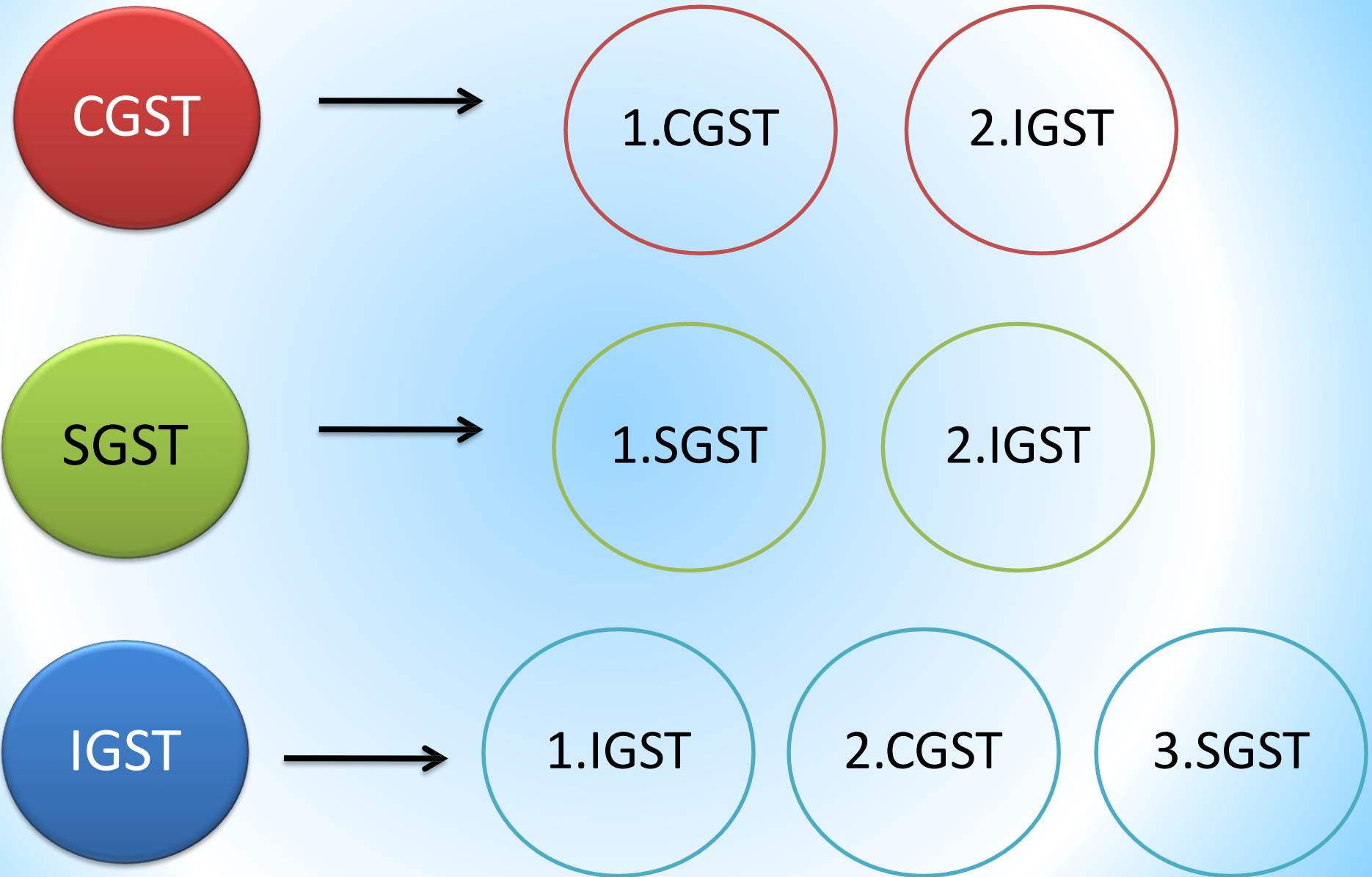
180

ITC AVAILABLE ON  
PURCHASE  
IGST=180

OUTPUT LIABILITY  
CGST=180  
SGST=180

ADJUSTMENT  
CGST=180-180=0  
SGST=180  
NET LIABILITY  
PAID=180

# ADJUSTMENT OF TAXES-SUMMARY







***BILL TO SHIP TO MODEL  
UNDER GST***



Supplier



Place of supply  
=  
Principal place  
of business of  
3<sup>rd</sup> person



Recipient

Order to deliver the goods

\* Delivery of Goods

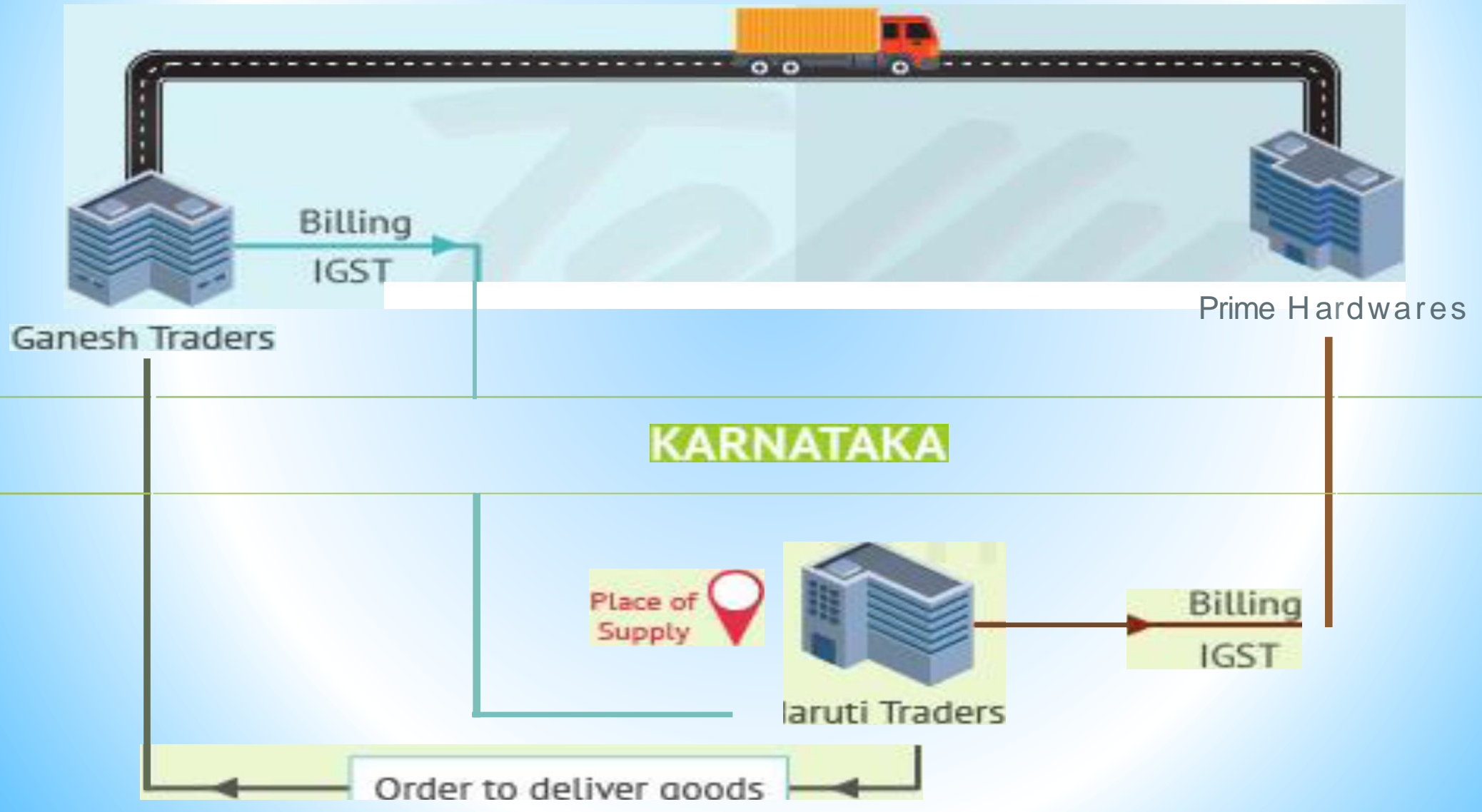


Third Person=Actual buyer

# Bill to Ship to Model under GST

MAHARASHTRA

TAMIL NADU



# SCENARIO 1

Particulars	Supplier	Third Party	Recipient	Place of Supply	Type of Transactions
State	Maharashtra	Maharashtra	Karnataka	Maharashtra	<b>Intra-state</b>
Party Name	Ganesh Traders	Maruthi Traders	Prime Hardware		

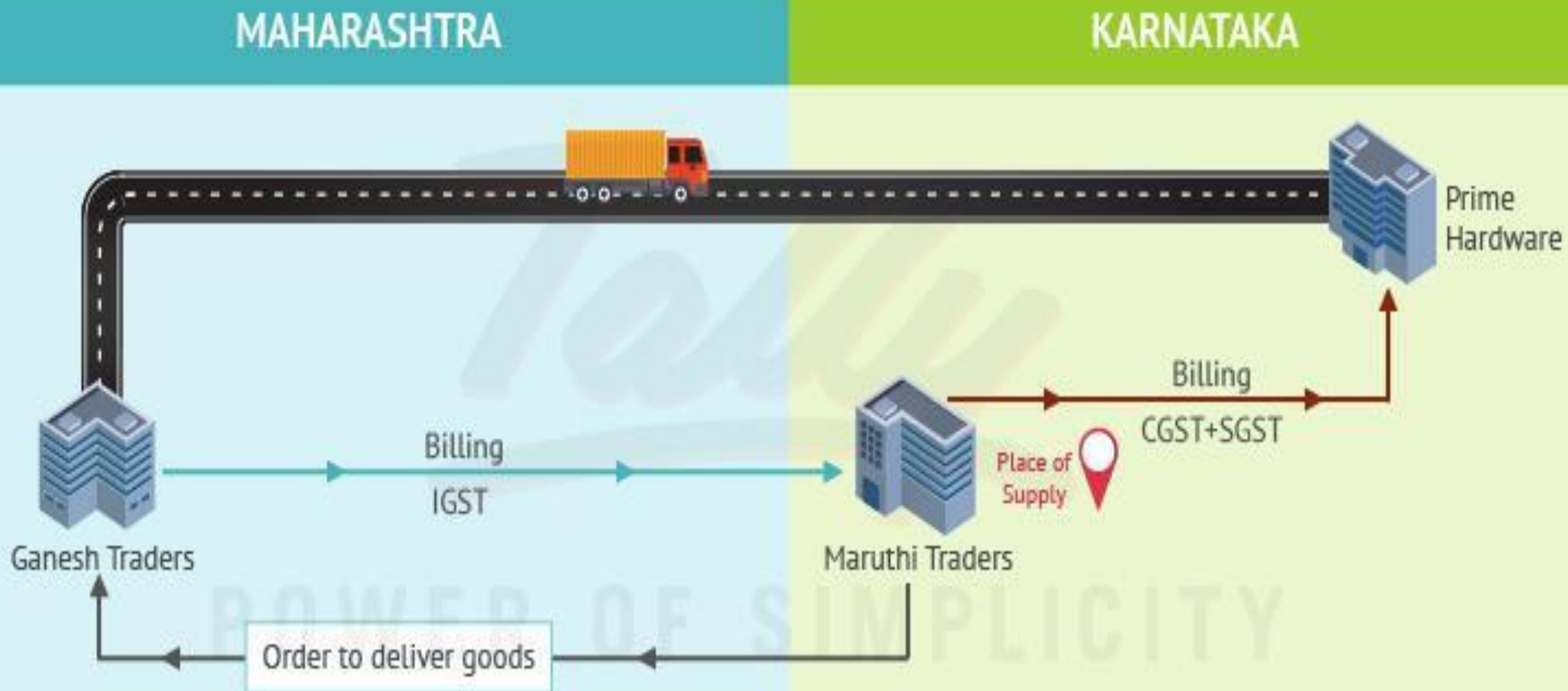


PARTICULARS	PARTICULARS
Supplier (Maharashtra)	Ganesh Traders
Recipient (Karnataka)	Prime Hardwares
Third Person(Maharashtra)	Maruthi Traders
Place of Supply	Maharashtra
Ganesh to Maruthi	CGST+SGST
Maruthi to Prime	IGST



## SCENARIO 2

Particulars	Supplier	Third Party	Recipient	Place of Supply	Type of Transaction
State	Maharashtra	Karnataka	Karnataka	Karnataka	<b>Interstate</b>
Party Name	Ganesh Traders	Maruthi Traders	Prime Hardware		



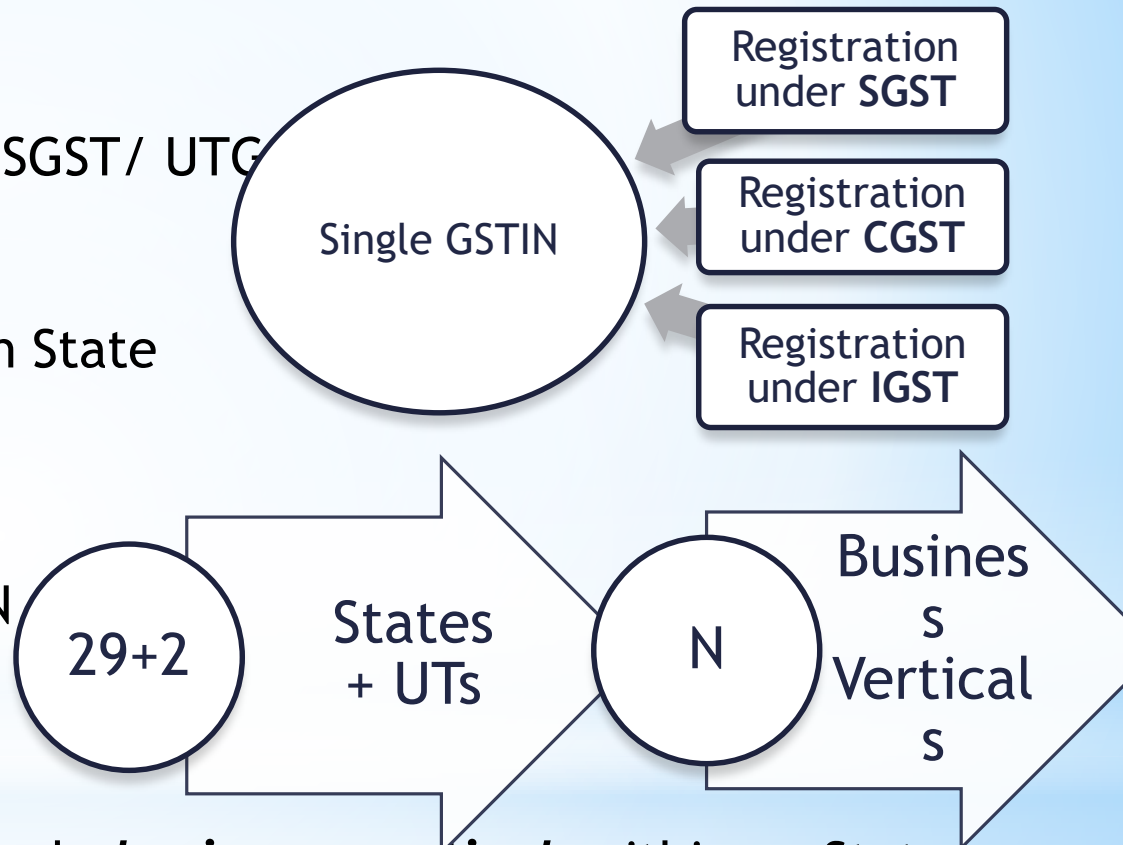
PARTICULARS	PARTICULARS
Supplier (Maharashtra)	Ganesh Traders
Recipient (Karnataka)	Prime Hardwares
Third Person (Karnataka)	Maruthi Traders
Place of Supply	Karnataka
Ganesh to Maruthi	IGST
Maruthi to Prime	CGST+SGST

Particulars	Supplier's factory from where goods are removed	Termination of movement for delivery	Place of supply	Tax Payable
Movement of goods by the supplier (goods dispatched by supplier) [Section 10(1)(a) read with 2(96)(a) of CGST Act]	Orissa	Assam	Assam	IGST payable at Orissa
	Orissa	Orissa	Orissa	CGST / SGST payable at Orissa
Movement of goods by the recipient (goods collected by recipient) [Section 10(1)(a) read with 2(96)(b) of CGST Act]	Kerala	Goa	Goa	IGST payable at Kerala
	Kerala	Kerala	Kerala	CGST / SGST payable at Kerala

# *Registration under Goods And Services Tax*

# \* Registration Structure under GST - Sec 22

- Three Acts applicable on every Person under GST - Central GST Act, (State) GST Act or (Union Territory) GST Act, Integrated GST Act.
- Registrations required by every person  
Simultaneous registration under CGST, SGST/ UTG
- Separate registration required for each State
- Total possible registrations for one PAN
- Possible separate registrations for each *business vertical* within a State as defined u/s 2(18)





# REGISTRATION

**TOTAL TURNOVER**

**>**

**20 LAKHS**

For Special Category States the limit is 10 LAKHS

Arunachal  
Pradesh  
Assam  
Manipur  
Meghalaya  
Mizoram  
Nagaland  
Tripura  
Himachal Pradesh  
Uttarakhand  
Jammu & Kashmir  
Sikkim



# AGGREGATE TURNOVER

TAXABLE  
SUPPLIES



EXEMPT  
SUPPLIES

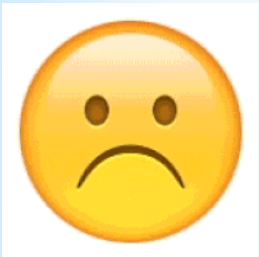
EXPORTS OF  
GOODS/SERVICES



INTER STATE  
SUPPLIES

# REGISTRATION

**NO**



1. Restriction to collect tax.
2. ITC and CENVAT lapse.

**YES**



1. Authorised to collect tax and pass on the credit.
2. Claim ITC and utilise the same against payment of taxes.

# Illustration

- A Manufacturer has 6 factories in Maharashtra and sale offices in 4 states (including Maharashtra). It also has centralized service tax registration at Maharashtra.

## PRESENT



6 Excise Registrations



4 VAT Registrations



1 Service Tax Registration

## GST



4 GST  
Registrations  
(1 for each state)

# COMPULSORY REGISTRATION

- Person making any inter state taxable supply
- Casual taxable person
- Person who are required to pay tax under reverse charge
- Person who supply goods or services through e-commerce operator
- Every electronic commerce operator
- Input service distributor



# COMPOSITION SCHEME



- [Conditions](#) for availing Composition Levy.
- Composition Scheme is Optional.
- Minimum [prescribed rate](#) of tax under Composition scheme (% of turnover in a state during the year)

# Conditions

Turnover in the  
preceding  
financial year <  
**75 LAKHS**

+

PAN Linked

+

No Tax  
Collection

+

No Input Tax  
Credit

+

Only Intra  
State Sales

Turnover in the preceding financial year < **50 LAKHS**

† Arunachal Pradesh

† Assam

† Manipur

† Meghalaya

† Mizoram

† Nagaland

† Tripura

† Himachal Pradesh

† Sikkim

# NEGATIVE LIST

Manufacturer of



**Ice cream**



**Pan Masala**



**Tobacco**

## COMPOSITION SCHEME





# Prescribed Rates under GST

\* Manufacturer



CGST 1%  
SGST 1%  
TOTAL 2%

Trader



CGST 0.5%  
SGST 0.5%  
TOTAL 1%

Restaurant



CGST 2.5%  
SGST 2.5%  
TOTAL 5%



# \* Implication if the dealer ceases to be

## covered in composition scheme

### Section 18(c)

1. where any registered person ceases to pay tax under section 10 then:-

He will charge GST at normal tax rate from the very next day in which he ceases to be covered in section 10.

2. shall be entitled to take credit of input in respect of held stock in inputs contained in semi-finished or finished goods held in stock as on the immediately preceding date from which he becomes liable to pay tax under section 17(1).

3. Where the credit of capital goods shall be reduced by such percentage points as may be prescribed.

# Reverse Charge



# MEANING

“Reverse charge” means the liability to **pay tax by the recipient** of supply of goods or services or both **instead of the supplier.**

**PROVIDER**



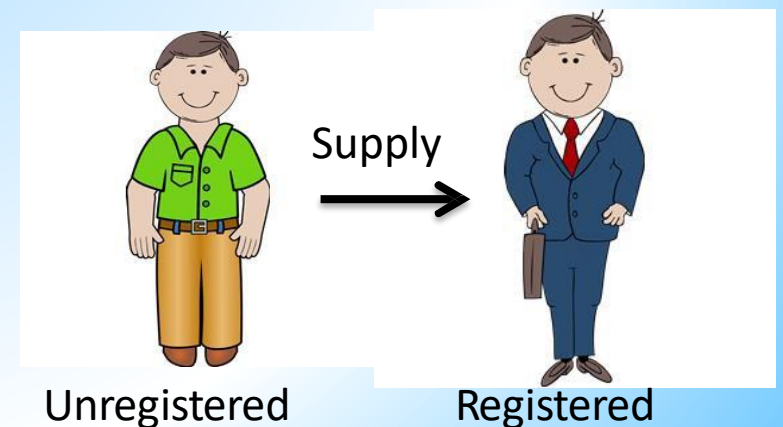
**RECIEPIENT**



**PAY  
TAX**

# APPLICABILITY

- Reverse charge may be applicable in case of
  1. Supply of **notified goods or services** or both.  
(12 services covered)
  2. In case of supply by an **UNREGISTERED person to a REGISTERED person**, where such supply is of taxable goods or services  
like RENT





# What about Tax paid under reverse charge...?

Tax paid under Reverse Charge



Available  
as  
ITC

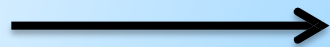
to the Registered recipient person



# How to pay tax under Reverse Charge Mechanism?



Cannot be used



**Payment of this tax**



**Can be paid through E-Cash Ledger only**



# COMPOSTION DEALER

✦ PAY TAX in reverse charge.

✦ But **ITC** of such tax paid will **not be available**.



# INVOICING



**Registered Dealer**



**Unregistered dealer**



Purchased goods



**Issue Invoice**



**Issue Payment Voucher**

However the registered  
Dealer Can issue a single  
invoice for the purchases  
at the end of the  
month





# Exemption from reverse charge liability

## Section 9(4)



**Registered Dealer**

Not liable to pay tax under RCM

Making intra state purchases from



**Unregistered dealer**



**UPTO 5,000 / DAY**



What if purchases  
Is of amount Rs. 6000??



Liability will arise on total 6000  
Exact clarification is yet to be made



# What about RENT

If a registered dealer takes renting services from an unregistered dealer the he will have to pay tax RENT PAID under RCM .

However he can avail the benefit later.



# **TAX INVOICE RULES**

# AMKS & Co.

1st Floor, Vikram 111, Plot No. 1155  
Sector - 1 / A, Off Tagore Road, Gandhidham, Gujarat India, Pin - 370201.  
GSTIN : 24ABCP 234Z1ZX

## INVOICE

Invoice No. or Receipt:

Invoice for Supplier/Transporter

Invoice No. 1155

Reverse Charge:	No	Transportation Invoice:	
Invoice No.	AMKS/7-20000	Vehicle Number:	
Invoice Date	01-July-2017	Date of Supply	
State	Gujarat	State of Supply	Gujarat
State Code : 24			
Details of Receiver   Billed to:		Details of Consignee   Shipped to:	
Name	ABCD Enterprises Private Limited	Name	ICRS Address
Address	Address of the Customer		Gandhidham
GSTIN	24ABCA 234Z ZX	GSTIN	24A AAPPOOOZZX
State	Gujarat	State	Gujarat
State Code : 24		State Code : 24	

Sr. No.	Name of Product / Service	HSN ACS	UOM	Qty	Rate	Amount	Less: Discount	Taxable Value	CGST	SGST	IGST	Total		
1	Commodity	111111		...	1.50000	1.5000	-	1.5000	9.000000	13.500	9.000000	1.5000	1.5000	...
2														
3														
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
Total:				...		1.500000	-	1.500000	13.5000	13.500		1.500000		1.500000

Total Invoice Amount in Words:

Rupees One lakh Seventy Seven Thousand Only

Total Amount Before Tax	:	1,50,000
Add : CGST	:	13,500
Add : SGST	:	13,500
Add : IGST	:	-
Tax Amount + GST	:	27,000
Total Amount After Tax	:	1,77,000
GST Payable on Reverse Charge	:	N.A.

Declaration that the particulars given above are true and correct.

For AMKS & Co.

Subject to rule 7, a tax invoice referred to in section 31 shall be issued by the registered person containing the **following particulars:-**

- (a) name, address and GSTIN of the supplier;**
- (b) a consecutive serial number** not exceeding sixteen characters, in one or multiple series, 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;
- (c) date of its issue;**
- (d) name, address and GSTIN or UIN, if registered,** of the recipient;
- (e) name and address of the recipient and the address of delivery,** along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more;
- (f) HSN code** of goods or Accounting Code of services;



- (g) description** of goods or services;
- (h) quantity** in case of goods and unit or Unique Quantity Code thereof;
- (i) total value of supply** of goods or services or both;
- (j) taxable value of supply** of goods or services or both taking into account discount or abatement, if any;
- (k) rate** of tax (central tax, State tax, integrated tax, Union territory tax or cess);

(l) **amount of tax charged** in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

(m) **place of supply** along with the name of State, in case of a supply in the course of inter-State trade or commerce;

(n) **address of delivery** where the same is different from the place of supply;

(o) whether the tax is payable on **reverse charge basis**; and

(p) **signature or digital signature** of the supplier or his **authorized representative**

UPTO 1.5 CRORE

HSN CODE **not required**

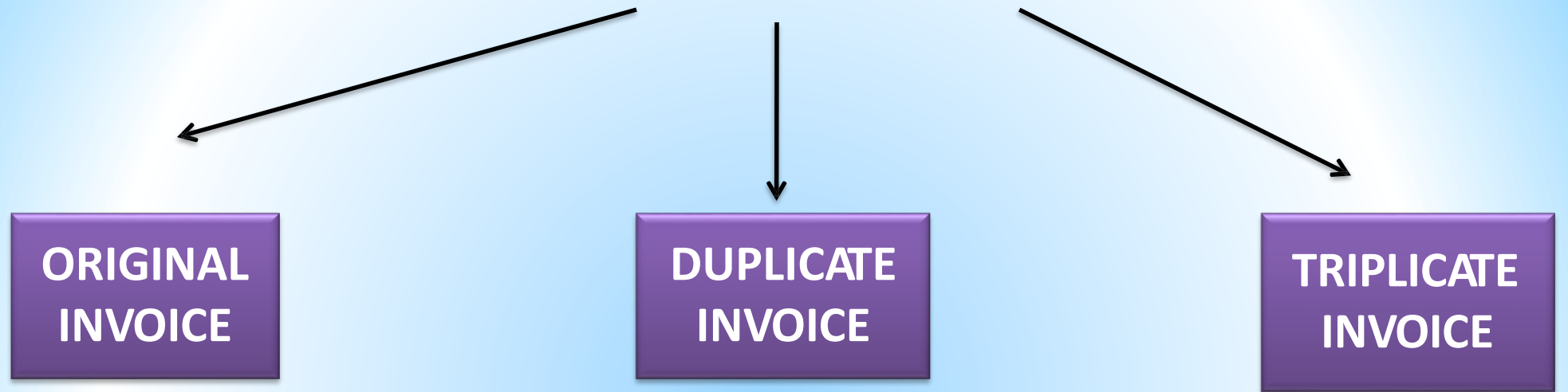
FROM 1.5 CRORE to  
5 CRORE

**2 digit** HSN CODE required

MORE THAN 5 CRORE

**4 digit** HSN CODE required

# COPIES OF INVOICE



BUYER



TRANSPORTER



SUPPLIER

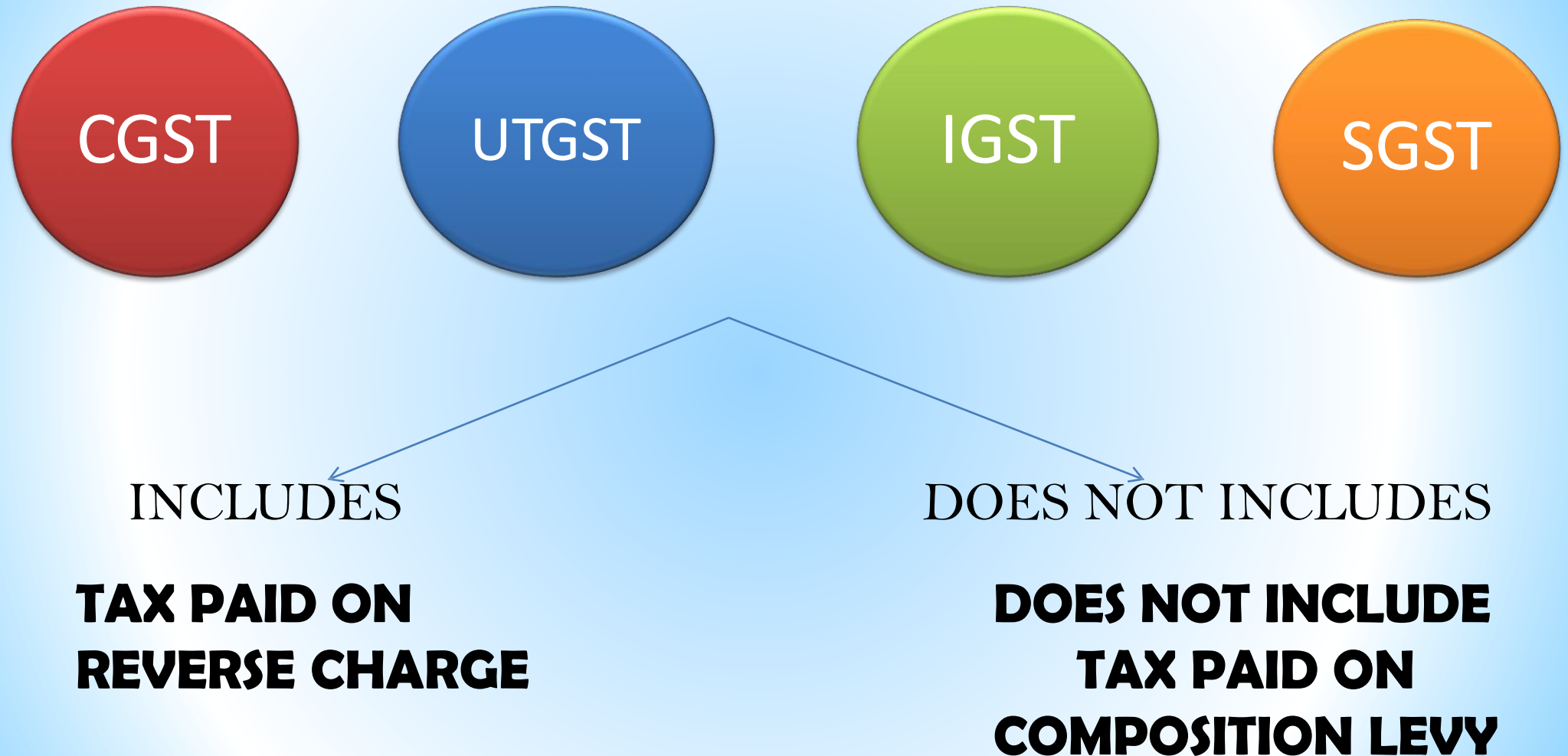
# Input Tax Credit

TAXES

CGST - SGST - IGST



# \*What is input tax?



# Section 16



Unregistered Person



Registered Person

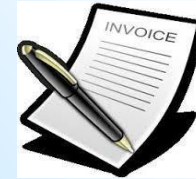


Credit admissible will be credited to the

**ELECTRONIC CREDIT LEDGER**

# Conditions for Availment

He is in possession of a tax invoice issued by a registered supplier and other prescribed document.



He has received the goods or services or both.



Subject to the provisions of Section 41 (provisional acceptance), the tax charged in respect of such supply has been actually paid to the Government.



He has furnished the return under section 39 (monthly consolidated return).



- In case goods have been received in lots or installments, the credit shall be admissible on the receipt of last lot or installment.
- Further, the payment for input service shall be made within 180 days from the date of invoice, failing which input credit claimed earlier shall be added to the output tax liability along with Interest.
- No credit shall be allowed for the tax paid in case the same has been claimed as depreciation under section 32 of Income Tax Act, 1961.
- No ITC shall be allowed in respect of an invoice issued after the furnishing of annual return or return under section 39 for the month of September following the end of financial year whichever is earlier.
- Credit cannot be availed after the expiry of one year from the date of issue of invoice e.g. Last day to avail input credit for FY. 2017-18 would be 20th October, 2018.



# Exclusions from Input Tax Credit

## Section 17(5)

Input tax credit shall **not be available** in the following cases: -

☐ Motor vehicles used otherwise than for:-

- Transportation of passengers, or
- Transportation of goods, or
- Imparting training on motor driving skills
- Further supply of such vehicles

☐ Following Goods/Services :-

- Membership of a club, health or fitness center
- Travel benefits extended to employees

☐ Following Goods/Services unless used for further supply of same category:-

- Services In Relation To Food & Beverages.
- Outdoor Catering
- Beauty Treatment, Health Services, Cosmetic or Plastic Surgery etc.
- Life/Health Insurance [Also if obligatory]
- Rent-a-cab [Also if obligatory]



- ☐ Works contract services
  - Resulting in construction of immovable property,
  - other than plant & machinery
  - Except when used for further supply of same
- ☐ Goods/services received
  - **For construction of immovable property, other than**
  - **plant & machinery**
  - **On his own account**
  - **Even if used for business**
- ☐ Goods/services on which tax paid u/s 10
- ☐ Goods/services by a non-resident taxable person except imports
- ☐ Used for personal consumption
- ☐ Lost, stolen, destroyed, written off, disposed off by gift or free samples
- ☐ Tax paid in case of fraud, seized goods.

# TRANSITIONAL ARRANGEMENTS FOR ITC



# Section 140(1)

A **registered person**, other than a composition dealer, shall be entitled to take in his Electronic Credit Ledger, carried forward in the return, (both VAT and EXCISE)



**CENVAT Credit upto 30<sup>th</sup> June 2017**

Provided that the registered person **shall not be allowed** to take credit in the following [circumstances](#).



Where the said amount of credit is not admissible as input tax credit under this Act



Where he has not furnished all the returns required under the existing law for the period of 6 months immediately preceding 30<sup>th</sup> June 2017.



Where the said amount of credit relates to goods manufactured and cleared under such exemption notifications as are notified by the government



# Section 140(2)



registered person

Allowed to take



Credit of UNAVAILED  
CENVAT CREDIT in

respect of **Capital goods,**  
not carried forward in the  
Return, upto 30<sup>th</sup> June 2017

**PROVIDED**  
the said credit is admissible

**EXISTING LAW**



**GST ACT**





Aggregate amount of CENVAT Credit to which the person was entitled in respect of the said capital goods under the existing law

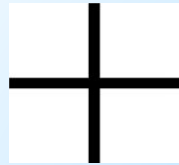
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CENVAT CREDIT already availed in respect of the said capital goods by the taxable person under the existing law.

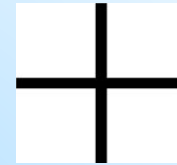
# Section 140(3)



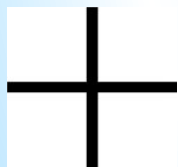
A registered person, not liable to be registered under existing law



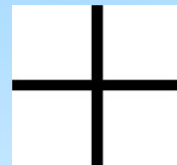
Manufacturer of exempted goods or provision of exempted services



Providing works contract service



First Stage dealer or a Second Stage dealer



Registered importer or depot of a manufacturer.

**Shall be entitled to take in his electronic credit ledger**

# Credit of **ELIGIBLE DUTIES**

For the inputs held in stock and inputs contained in semi-finished and finished goods on 30<sup>th</sup> June 2017

## Subject to the following conditions:

- such inputs or goods are used or intended **to be used** for making taxable supplies under this act.
- the said registered person is **eligible for ITC** on such inputs under this act
- the said registered person **is in possession of invoice** or other prescribed documents evidencing payment of duty under existing law.
- such invoices were issued **not earlier than 12 months** immediately preceding the appointed day
- the supplier of services is **not eligible for any abatement** under this act.



MANUFACTURER



PROVIDER OF SERVICES



**Not in possession** of any invoice evidencing payment of duty in respect of such inputs,

Such registered person shall be eligible to take credit at such rate and manner as may be prescribed.



# Proviso to 140(3)

RATE OF GOODS  
UNDER GST

18% Or more

Less than 18%

ITC TO BE AVAILED

60%

40%

where **integrated tax** is paid on such goods, the amount of credit shall be allowed at the rate of **thirty per cent. and twenty per cent.** respectively of the said tax



## Scheme Available for **6** tax periods

Such credit of central tax shall be availed subject to satisfying the **following conditions**, namely,-

- (i) such goods were **not unconditionally exempt** from the whole of the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not nil rated in the said Schedule.
- (ii) the **document for procurement** of such goods is available with the registered person.
- (iii) the registered person availing of this scheme and having furnished the details of stock held by him in accordance with the provisions of clause (b) of sub-rule (2) of rule 1, submits a statement in **FORM GST TRAN 2** **at the end of each of the six tax periods** during which the scheme is in operation indicating therein the details of supplies of such goods effected during the tax period.
- (iv) the amount of credit allowed shall be credited to the electronic credit ledger of the applicant maintained in **FORM GST PMT-2** on the Common Portal.
- (v) the stock of goods on which the credit is availed is so stored that it can be easily identified by the registered person.

# As per Transition rules



registered person

entitled to take input  
credit under section 140



**FROM GST TRAN 1**

**within**

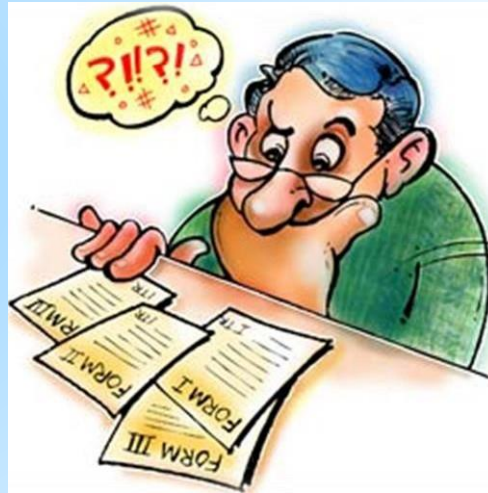
**FROM GST PMT 2**



Such credit will be credited to  
Electronic Credit Ledger  
maintained in



# RETURN FILING





Return Form	What to file?	By Whom?	By When?
GSTR-1	Details of outward supplies of taxable goods and/or services effected	Registered Taxable Supplier	10th of the next month
GSTR-2	Details of inward supplies of taxable goods and/or services effected claiming input tax credit.	Registered Taxable Recipient	15th of the next month
GSTR-3	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax.	Registered Taxable Person	20th of the next month
GSTR-4	Quarterly return for compounding taxable person.	Composition Supplier	18th of the month succeeding quarter
GSTR-5	Return for Non-Resident foreign taxable person	Non-Resident Taxable Person	20th of the next month
GSTR-6	Return for Input Service Distributor	Input Service Distributor	13th of the next month
GSTR-7	Return for authorities deducting tax at source.	Tax Deductor	10th of the next month
GSTR-8	Details of supplies effected through e-commerce operator and the amount of tax collected	E-commerce Operator/Tax Collector	10th of the next month
GSTR-9	Annual Return	Registered Taxable Person	31st December of next financial year
GSTR-10	Final Return	Taxable person whose registration has been surrendered or cancelled.	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR-11	Details of inward supplies to be furnished by a person having UIN	Person having UIN and claiming refund	28th of the month following the month for which statement is filed

GSTR 1

Details of Sales  
10<sup>th</sup> of next month



GSTR 2

Details of Purchase  
15<sup>th</sup> of next month



GSTR 3

Monthly Return  
20<sup>th</sup> of next month





GSTR 4

Quarterly return for  
composition dealers only  
18<sup>th</sup> of next following quarter



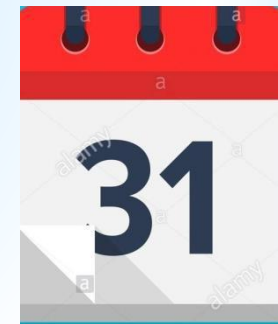
GSTR 6

Input Service Distributor  
13<sup>th</sup> of the next month



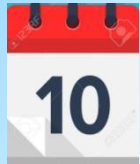
GSTR 9

Annual Return  
31<sup>st</sup> december of next year



Filing of late return- PENALTY of Rs. 100 per day (Maximum Rs. 5000)

# RETURN FLOW



**10<sup>th</sup> of next month**

Details of outward supply  
of taxable goods or services



**15<sup>th</sup> of next month**

Details of inward supply  
of taxable goods or services



**20<sup>th</sup> of next month**

Monthly Return

GSTR 1

GSTR 2

GSTR 3

GSTR  
2A



**11<sup>th</sup> of next month**

Details of supplies auto drafted  
from GSTR-1 or GSTR-5 to  
recipient

GSTR  
1A



**17<sup>th</sup> of next month**

Details of auto drafted supplies  
of goods or services

***THANK YOU***

**-CA HARSH PATEL**

# Contacts

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