

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 (101stAmendment) Act, 2017**

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

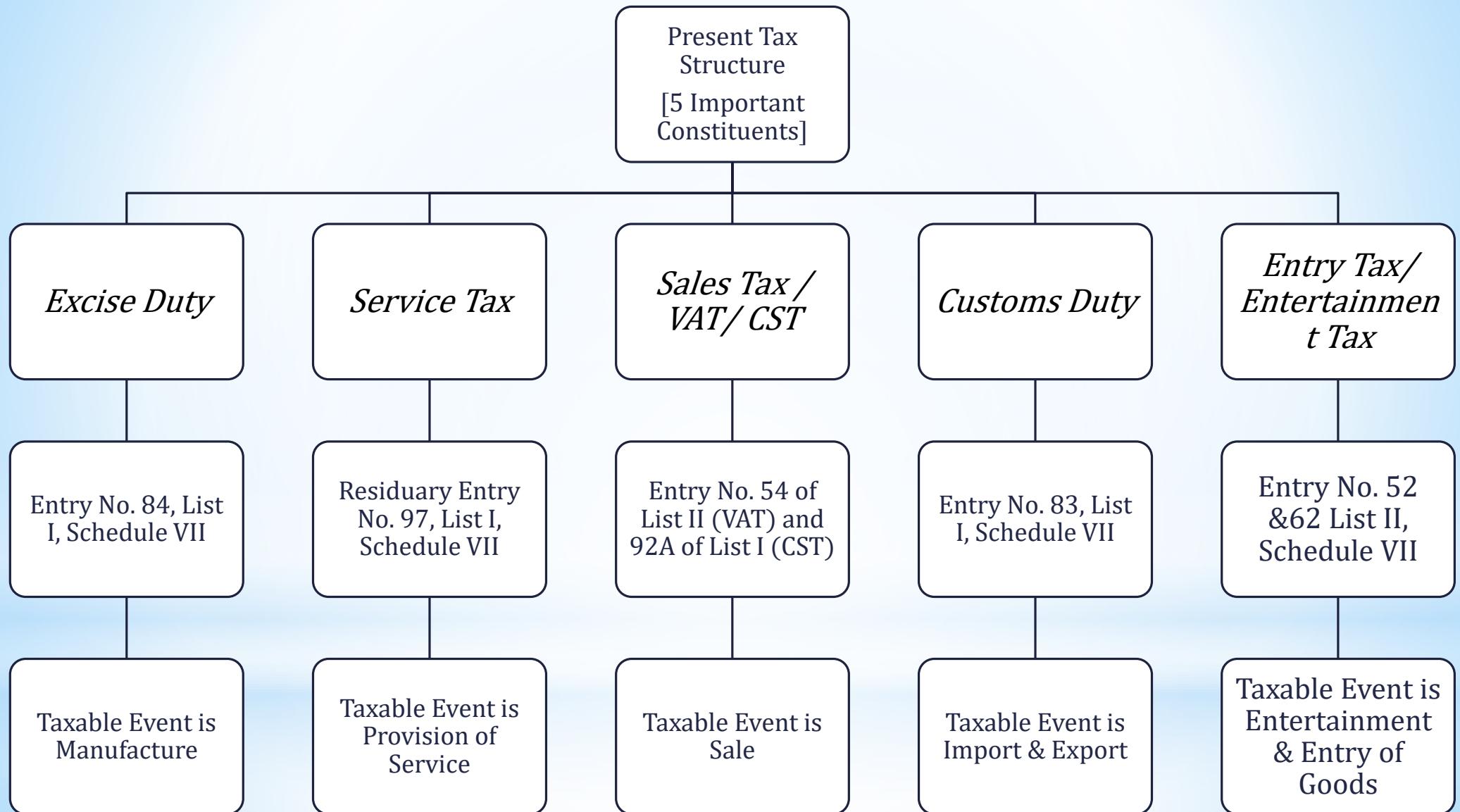
Levy and collection of GST in course of inter-State trade or commerce - Article 269A

- *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



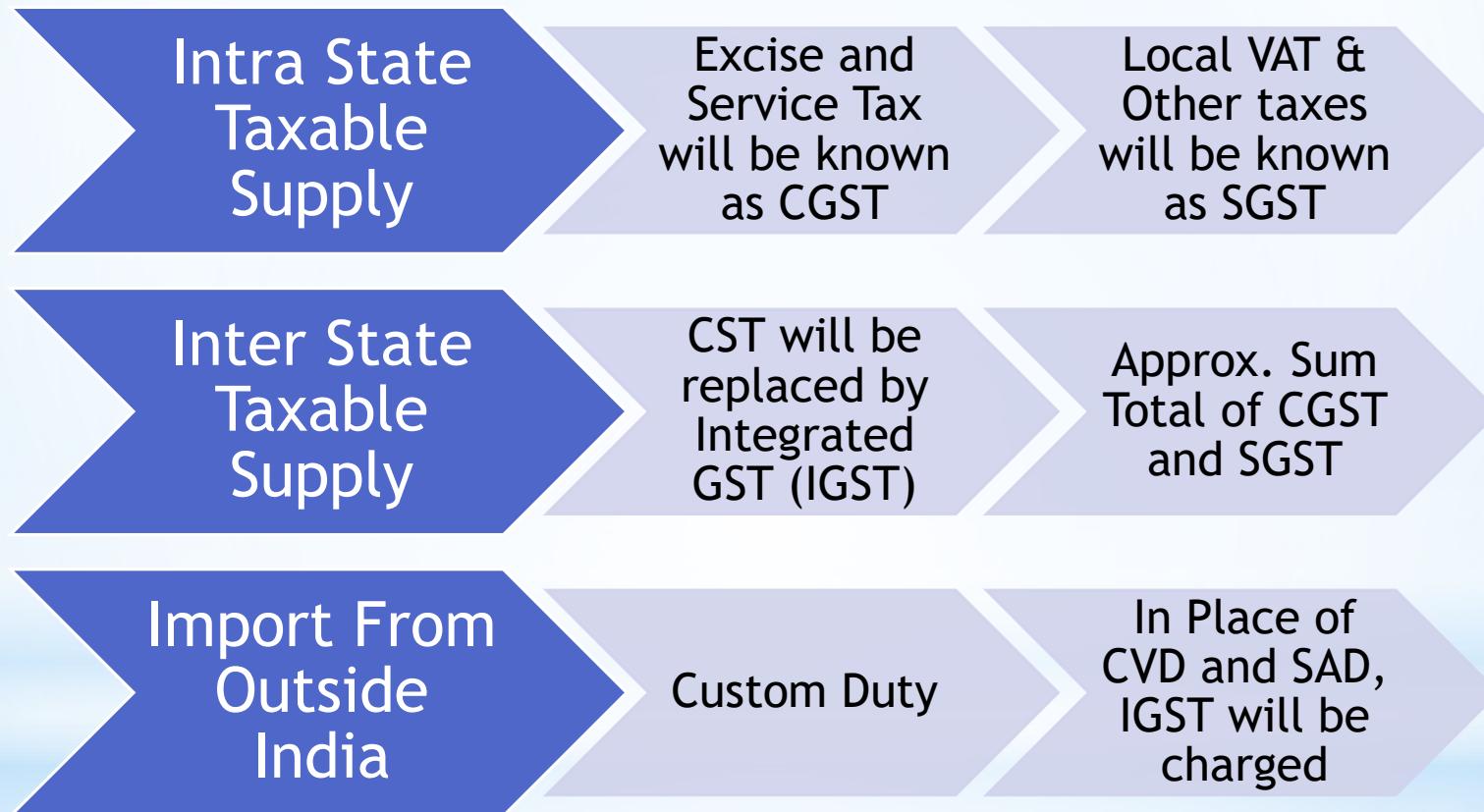
Present Indirect Tax Structure of India



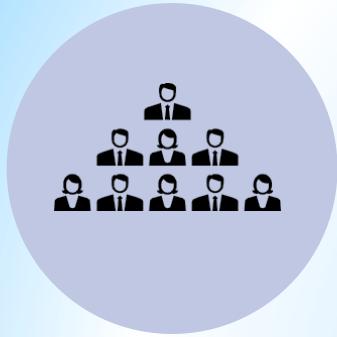
Proposed Indirect Tax Structure



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



BARTER

EXCHANGE



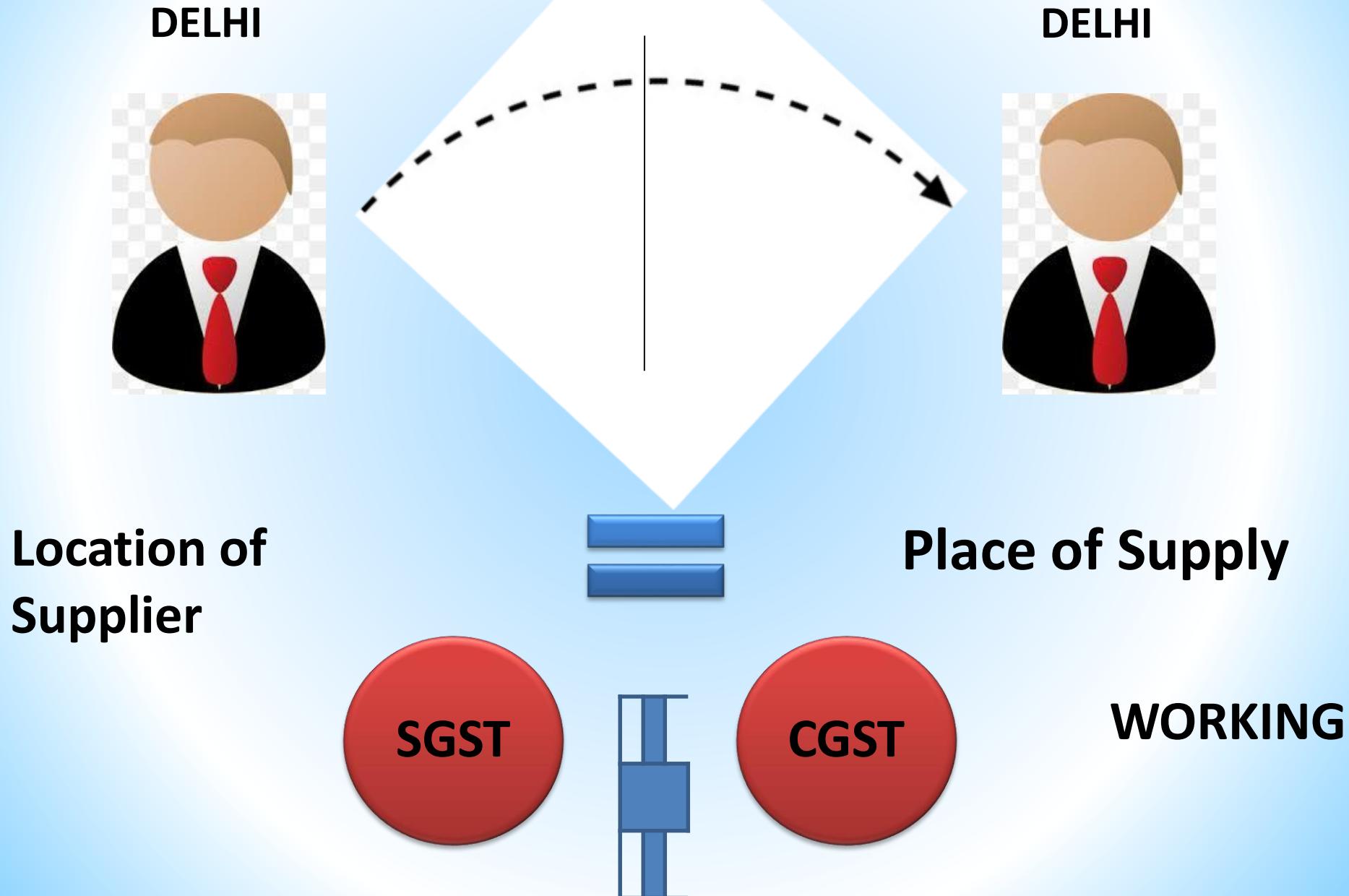
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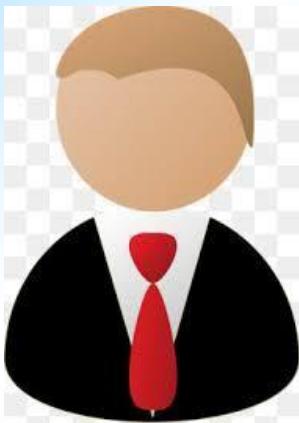
DISPOSAL



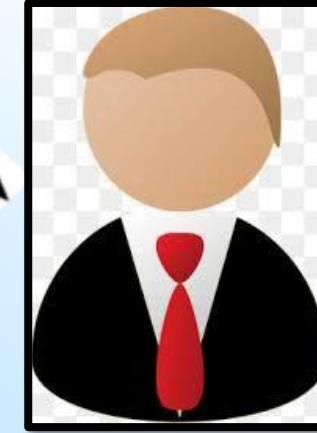
INTRA-STATE SUPPLY



DELHI



DELHI



Selling Price	1,000
CGST @ 9%	90
SGST @ 9%	90
Total Sale Price	1,180
Total tax paid by A	180

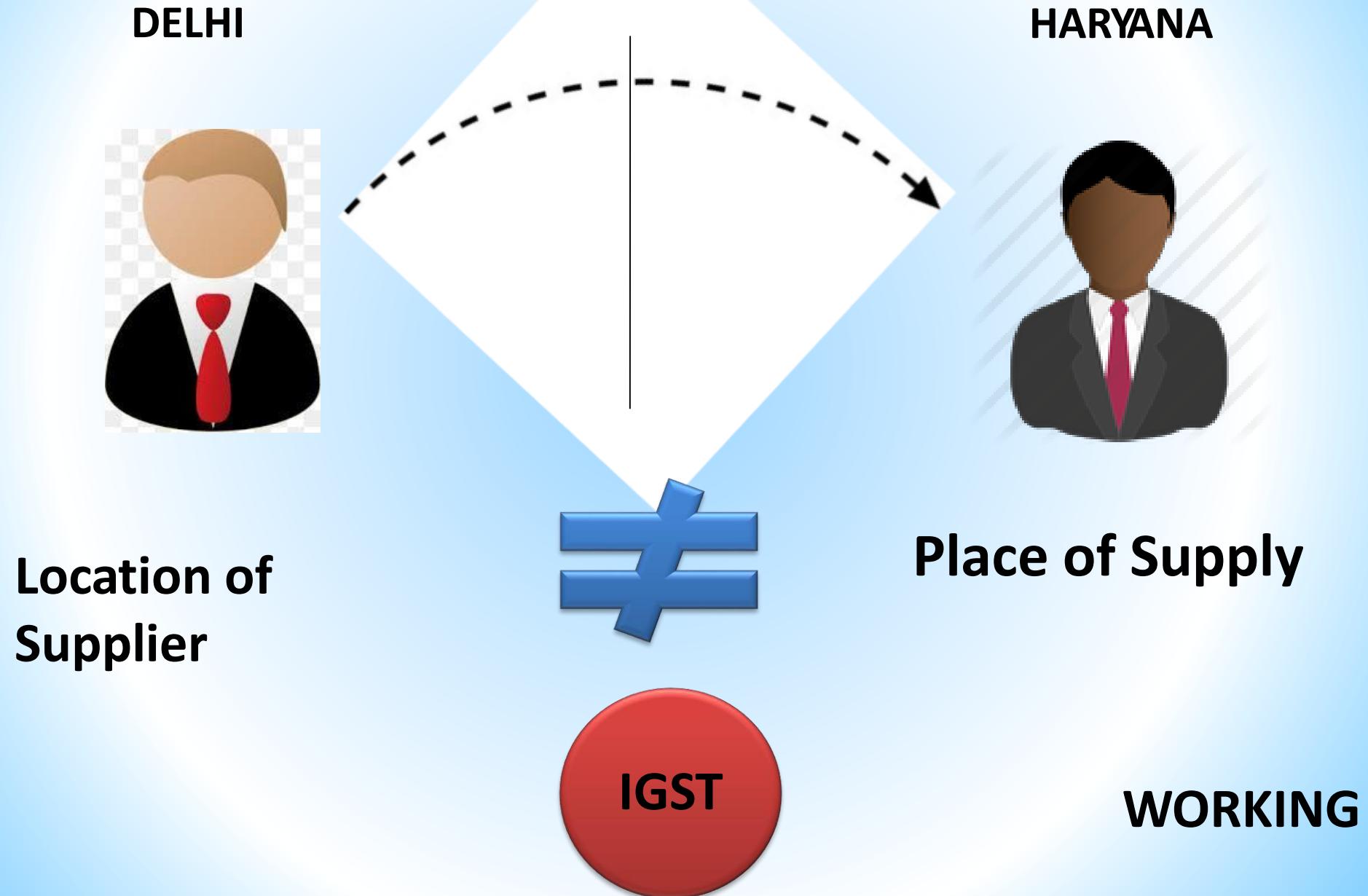
Selling Price	2,000
CGST @ 9%	180
SGST @ 9%	180
Total Sale Price	2,360
Total tax paid by B (360 - 180)	180

ITC AVAILABLE ON PURCHASE
CGST = **90**
SGST = **90**

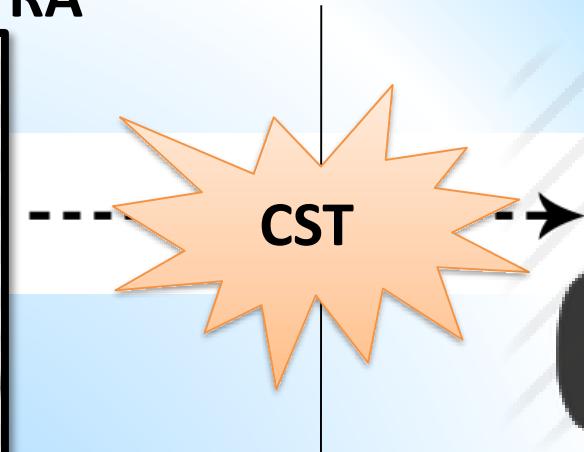
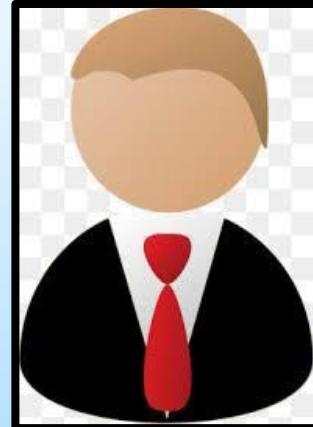
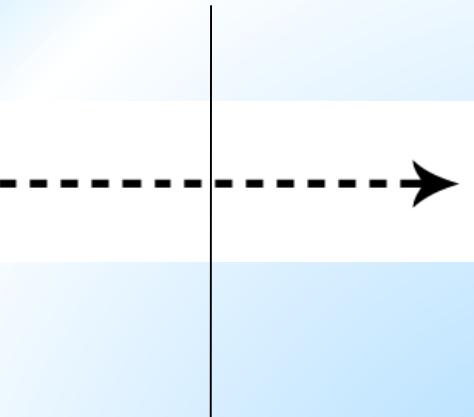
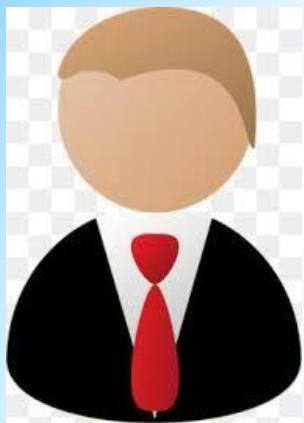
OUTPUT LIABILITY
CGST=180
SGST=180

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

INTER-STATE SUPPLY



MAHARASHTRA



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

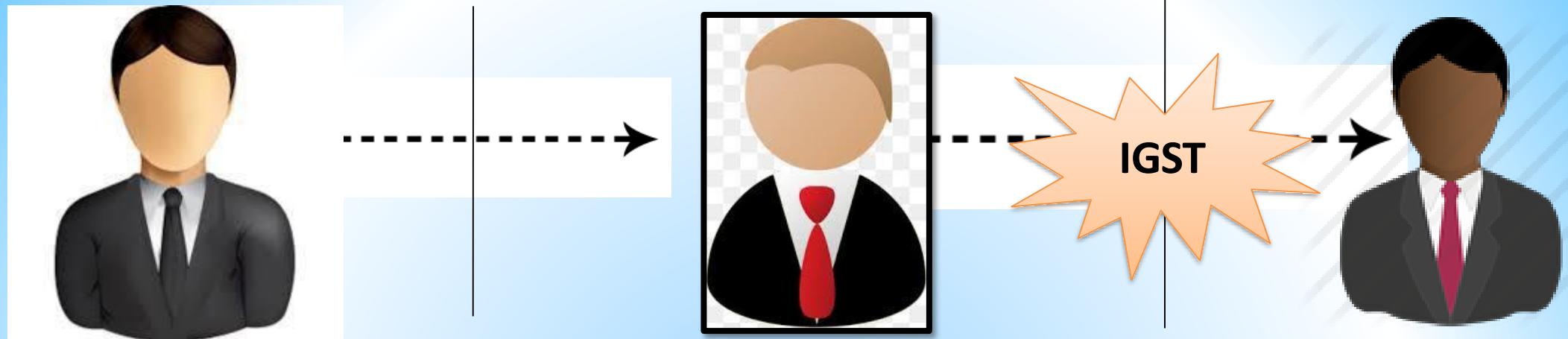
Total Tax paid by B

62

ITC AVAILABLE ON PURCHASE
VAT = 50 X

OUTPUT LIABILITY
CST= 62

ADJUSTMENT
VAT=0
CST=0
NET = 50+62=112



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**

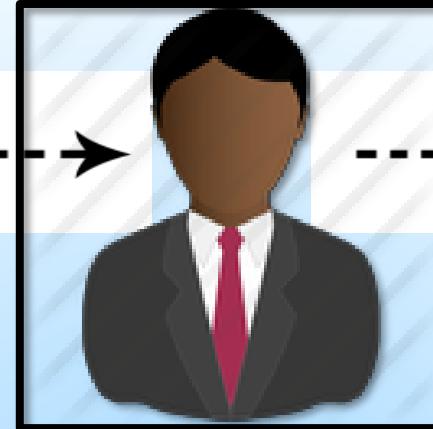
U.P.



Selling Price

IGST

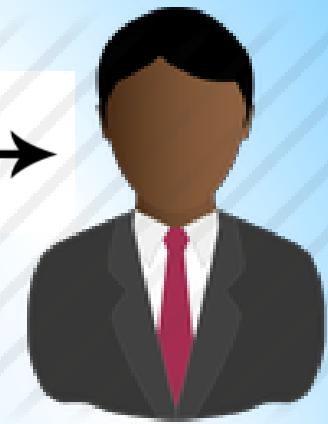
HARYANA



1,000

Selling Price

HARYANA



2,000

IGST @ 18%

180

CGST @ 9%

180

Total Sale Price

1,180

SGST @ 9%

180

Total tax paid by A

Total Sale Price

2,360

ITC AVAILABLE ON
PURCHASE
IGST=180

180
OUTPUT LIABILITY
CGST=180
SGST=180

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

ADJUSTMENT OF TAXES-SUMMARY



CGST



SGST

SGST



CGST

**BILL TO SHIP TO MODEL
UNDER GST**



Supplier



Place of supply
=
Principal place
of business of
3rd person



Recipient

Order to deliver the goods

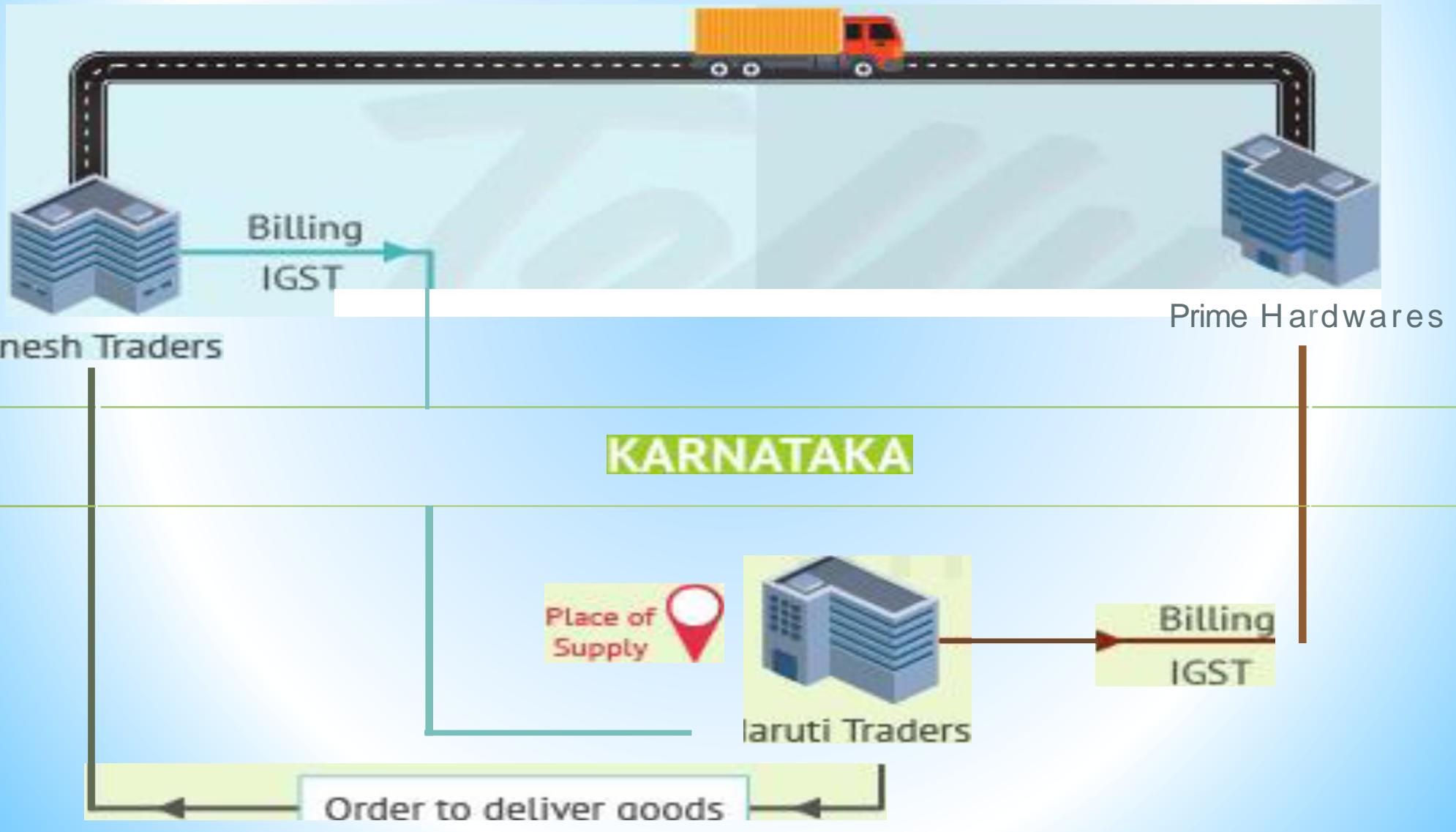


Third Person=Actual buyer

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	Intra-state
Party Name	Ganesh Traders	Maruthi Traders	Prime Hardwares		



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	Interstate
Party Name	Ganesh Traders	Maruthi Traders	Prime Hardwares		

MAHARASHTRA

KARNATAKA



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

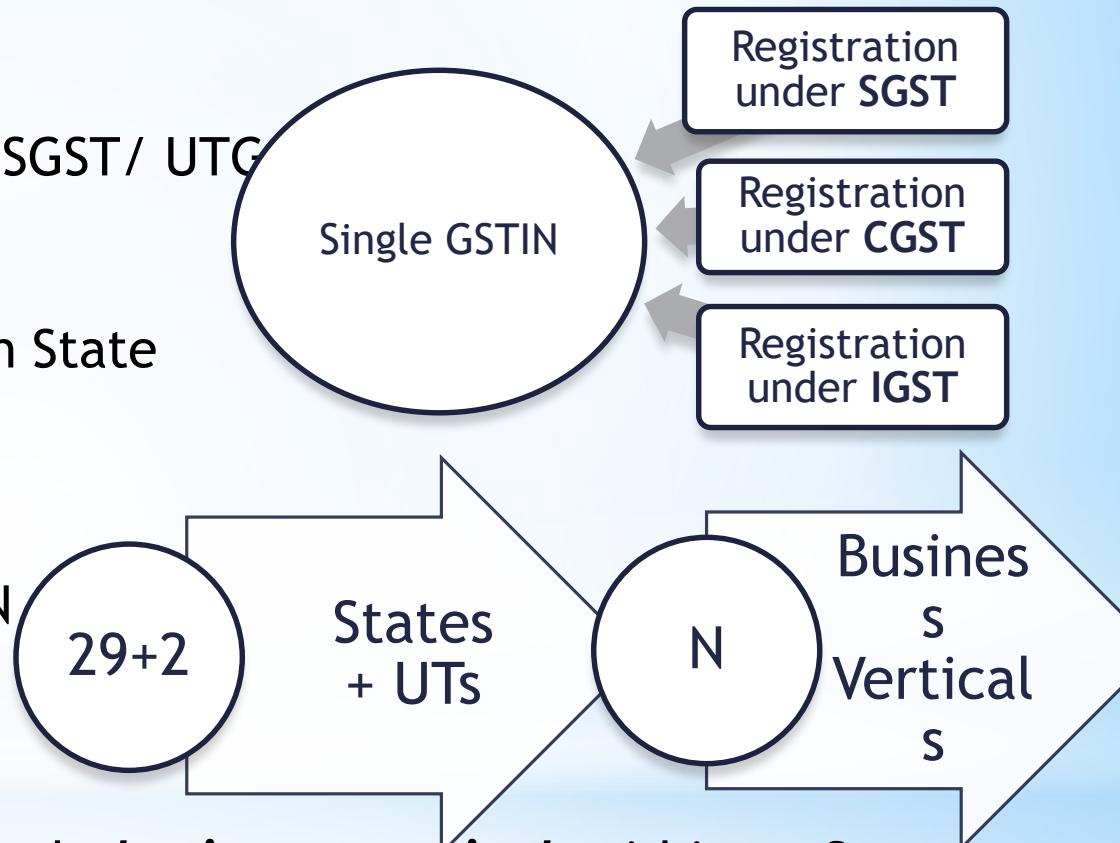
- Three Acts applicable on every Person under GST - Central GST Act, (State) GST Act or (Union Territory) GST Act, Integrated GST Act.

- 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

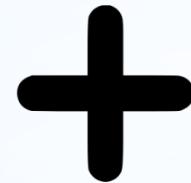
For Special Category States the limit is 10 LAKHS

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



AGGREGATE TURNOVER

TAXABLE
SUPPLIES



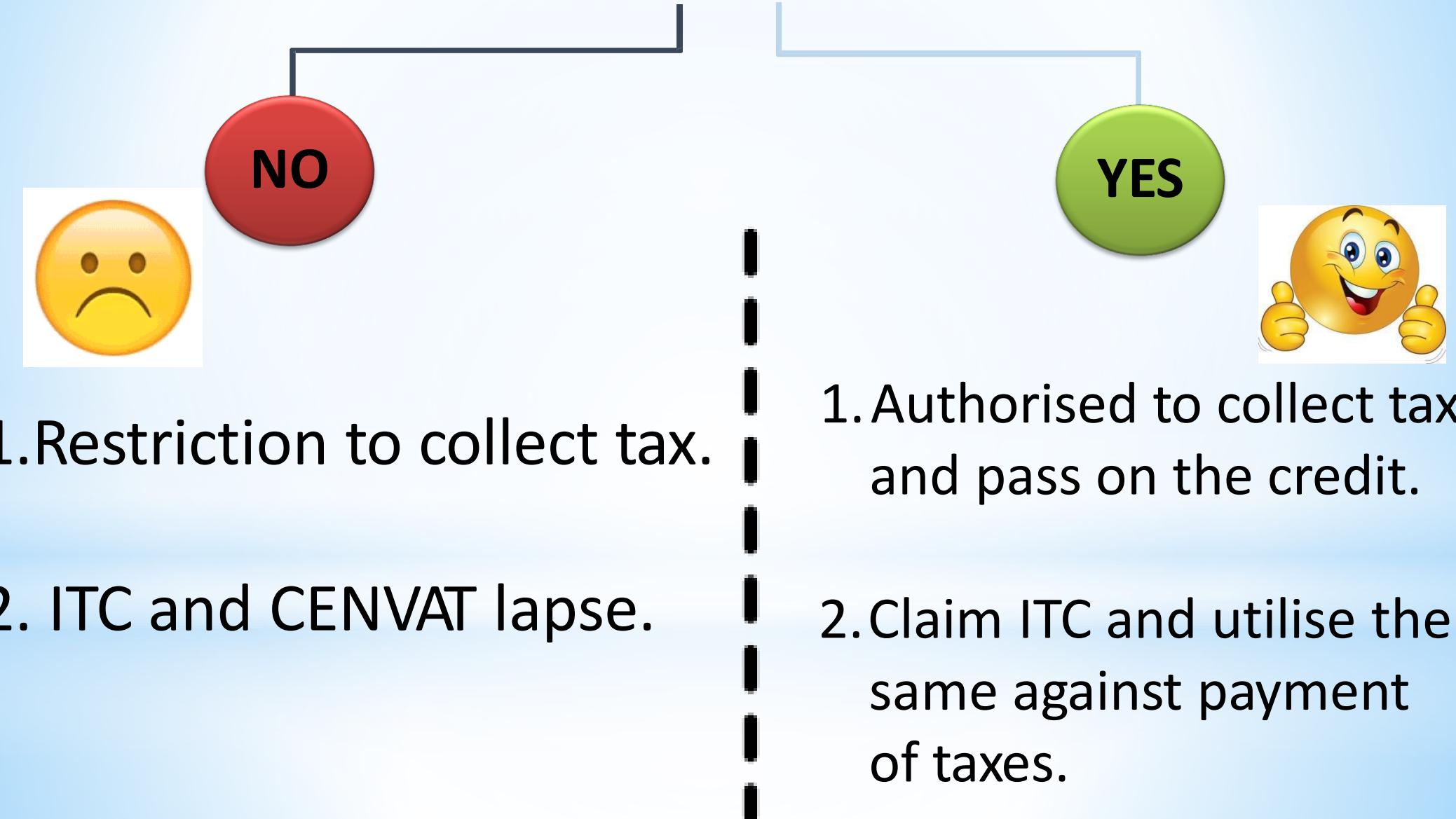
EXEMPT
SUPPLIES

EXPORTS OF
GOODS/SERVICES



INTER STATE
SUPPLIES

REGISTRATION



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

COMPOSTITION SCHEME



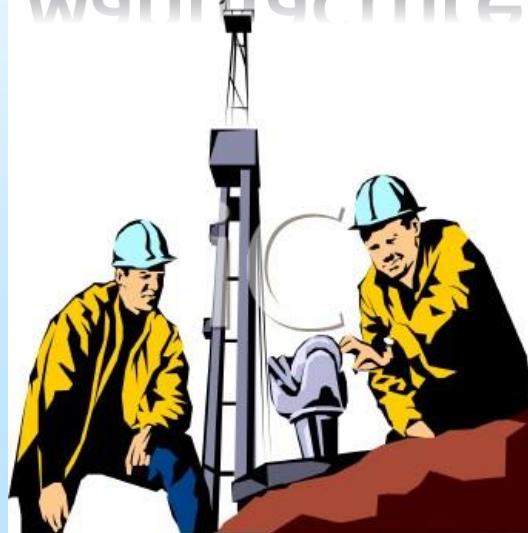
Prescribed Rates under GST

* Manufacturer

Trader



CGST 0.5%
SGST 0.5%
TOTAL 1%



CGST 1%
SGST 1%
TOTAL 2%

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 in stock inputs contained in semi-finished or finished goods held in stock a 0000 capital goods the day immediately preceding the date from which he becomes liable to pay tax under section 1.100

3. Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed

Reverse Charge



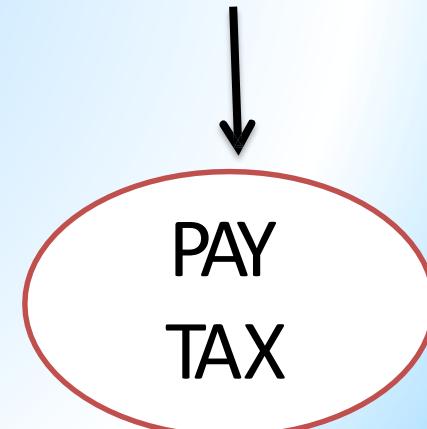
MEANING

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

PROVIDER

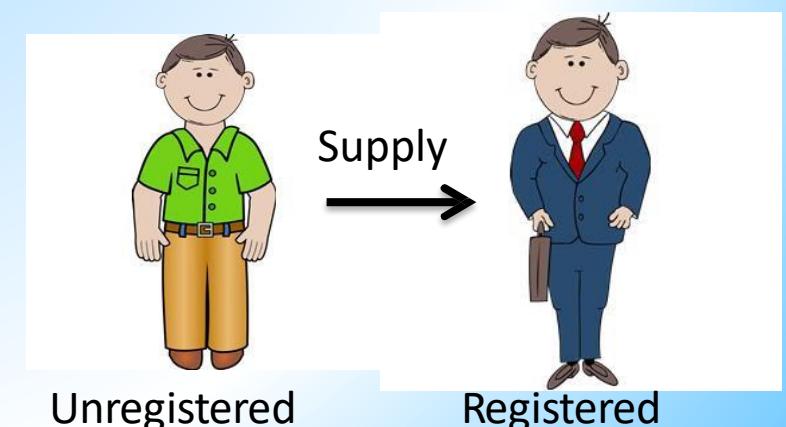


RECIPIENT



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



COMPOSITION 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)



Making intra state purchases from



Registered Dealer

Not liable to pay tax under RCM



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

A M K S & C o

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

INVOICE

||C>rg_nal If"or Recipient=
||Duplicat for Supp iler/Tra..nsp.o...-ter

Reverse +e....,narge
-VIIjii cie No.
Date 01-July-2017
State Gujarat State Code 2 4

Tranportation Model :
Null objective function
Supply side
Demand side

Details of Receiver Billed to:	
Name	: ABCD Enterprises Private Limited
Address	: Address of the Customer
GSTIN	: 24ABCCA.234Z.ZX
State	: Gujarat
	State Code : 24

Det. of Cons. grt Shipped to C:	
Name	<input type="checkbox"/> IPGRS Address <input type="checkbox"/> Gandhidham
GSTIN	<input type="checkbox"/> 24A.AAPPOOOZZX
State	<input type="checkbox"/> Gujarat

Total Invoice Amount in Words

Rupees One lakh Seventy Seven Thousand Only

TotalAmount: Before Tax	:	,SO000
Add :CGST	:	\$00
Add :SGST	:	\$00
Add :IGST	:	-
Tax Amount : GST	:	27 000
TotalAmount: After Tax	:	77 000

Bank Details :

: [ACCO<in't Number]

III FSCCC>DEII

Terribile and Cognitively

lCo.rn nM:ln Se-a

One-timed hat, the part c_1 is given above and the other parts are given below.

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

FROM 1.5 CRORE to
5 CRORE

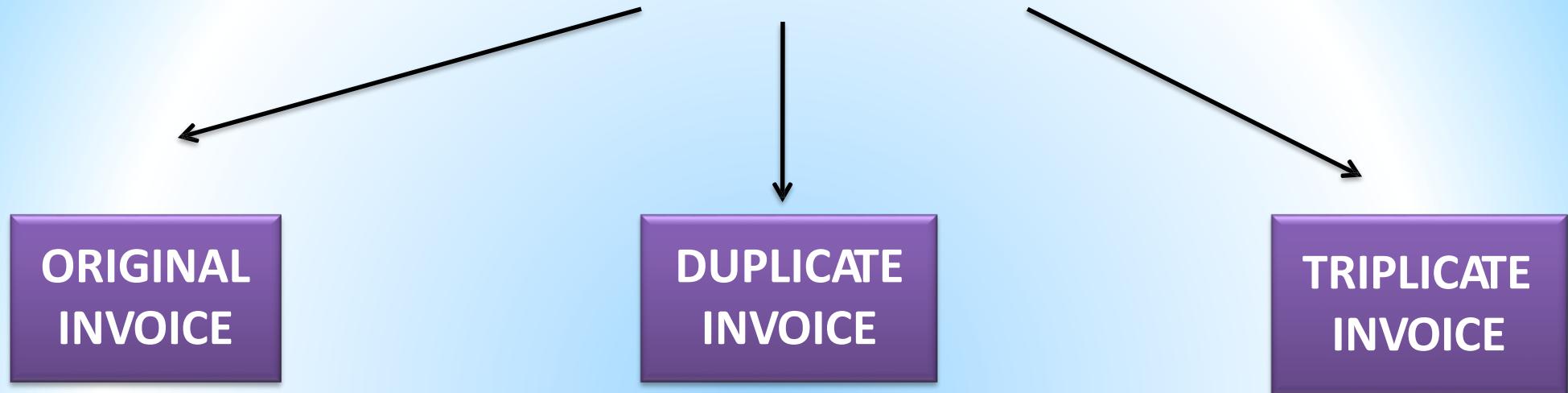
MORE THAN 5 CRORE

HSN CODE **not required**

2 digit HSN CODE required

4 digit HSN CODE required

COPIES OF INVOICE



Input Tax Credit

TAXES

CGST - SGST - IGST

*What is input tax?



INCLUDES

**TAX PAID ON
REVERSE CHARGE**

DOES NOT INCLUDES

**DOES NOT INCLUDE
TAX PAID ON
COMPOSITION LEVY**

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 30th 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 30th 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 UNAVAILLED
CENVAT CREDIT in
respect of ***Capital goods,***
not carried forward in the
Return, upto 30th June 2017

PROVIDED

the said credit is admissible

EXISTING LAW



GST ACT

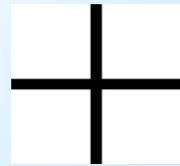


Aggregate amount of CENVAT Credit to which the person was entitled in respect of the said capital goods under the existing law

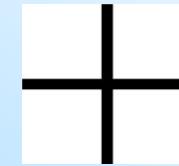
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CENVAT CREDIT already availed in respect of the said capital goods by the taxable person under the existing law.

Section 140(3)



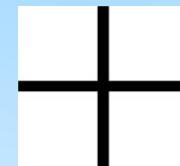
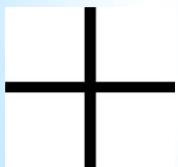
A registered person, not liable to be registered under existing law



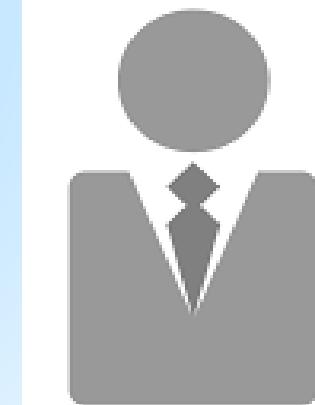
Manufacturer of exempted goods or provision of exempted services



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 30th 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

ITC TO BE AVAILED

60%

Less than 18%

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

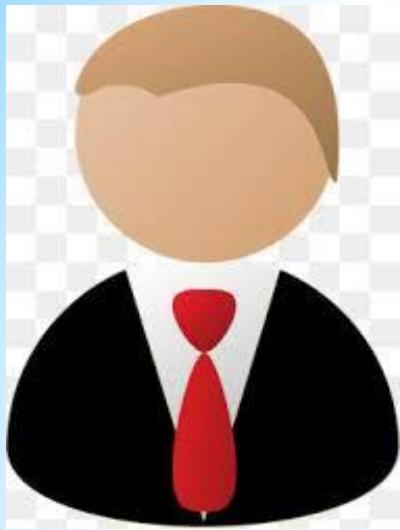
6

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



within

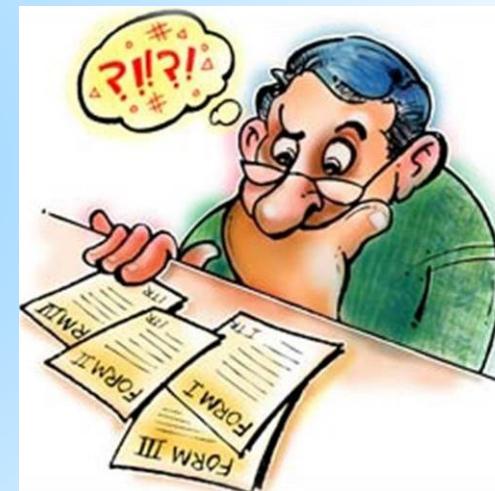
FROM GST PMT 2



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

10th of next month



GSTR 2

Details of Purchase

15th of next month



GSTR 3

Monthly Return

20th of next month



GSTR 4

Quarterly return for
composition dealers only

18th of next following quarter



GSTR 6

Input Service Distributor

13th of the next month



GSTR 9

Annual Return

31st december of next year



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

RETURN FLOW



10th of next month

Details of outward supply
of taxable goods or services



15th of next month

Details of inward supply
of taxable goods or services



20th of next month

Monthly Return

GSTR 1

GSTR 2

GSTR 3

GSTR
2A



11th of next month

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

GSTR
1A



17th of next month

Details of auto drafted supplies
of goods or services

THANK YOU

-CA HARSH PATEL

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