

# Goods and Service Tax (GST)



## Background

GST is a tax on goods and services, which is levied at each point of sale or provision of service, in which at the time of sale of goods or providing the services the seller or service provider may claim the input credit of tax which he has paid while purchasing the goods or procuring the services.

It is designed to simplify present indirect tax system by integrating the union excise duties, customs duties (CVD/SAD), service tax and state VAT into a single structure.

Presently there are around 160 Countries who have adopted GST in one form or another.



# Key Features of GST



Consolidation of Many Taxes



Destination Based Tax

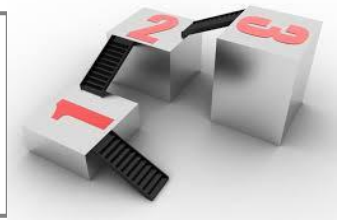


Tax on 'Supply' instead of 'Sale'



HSN Based Classification

Applicable at every stage with Set off available



Common National Market



No Double Taxation



Seamless flow of credit



Transparency in System



Fewer Rates and Exemption



## Goods/Services

### Goods:

“goods” means every kind of movable property other than money and securities **but includes actionable claim**, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

### Services:

“services” means anything other than goods.

Explanation 1.- Services include transactions in money but **does not include money and securities**;

Explanation 2.- Services does not include transaction in money other than an activity relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.



## Supply includes:

## Section 7 CGST

all forms of supply of goods and/or services 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,

import of service, for a consideration

and

whether or not

in the course or furtherance of business.

All supplies specified in **Schedule I**

Without a consideration

- Permanent trf/ disposal of business assets **when input credit taken**
- Between Related Persons (Gift upto 50K to employees exempt)
- Branch Transfer to other State
- Principal/Agent
- Import of Services from related person or other establishment outside India.

**Schedule II** clarifies whether a transaction is supply of Goods or Supply of Services

**Exclusions given in Schedule III**

Employer Employee  
Court/Tribunal  
MP/MLA  
Immovable  
Property  
Funeral Etc.



## Taxable Person

A taxable person means a person who is registered or who is required to be registered under Schedule V.

Persons who have obtained more than one registrations to be treated as distinct persons.

Different Establishments of the same person to be treated as distinct person.

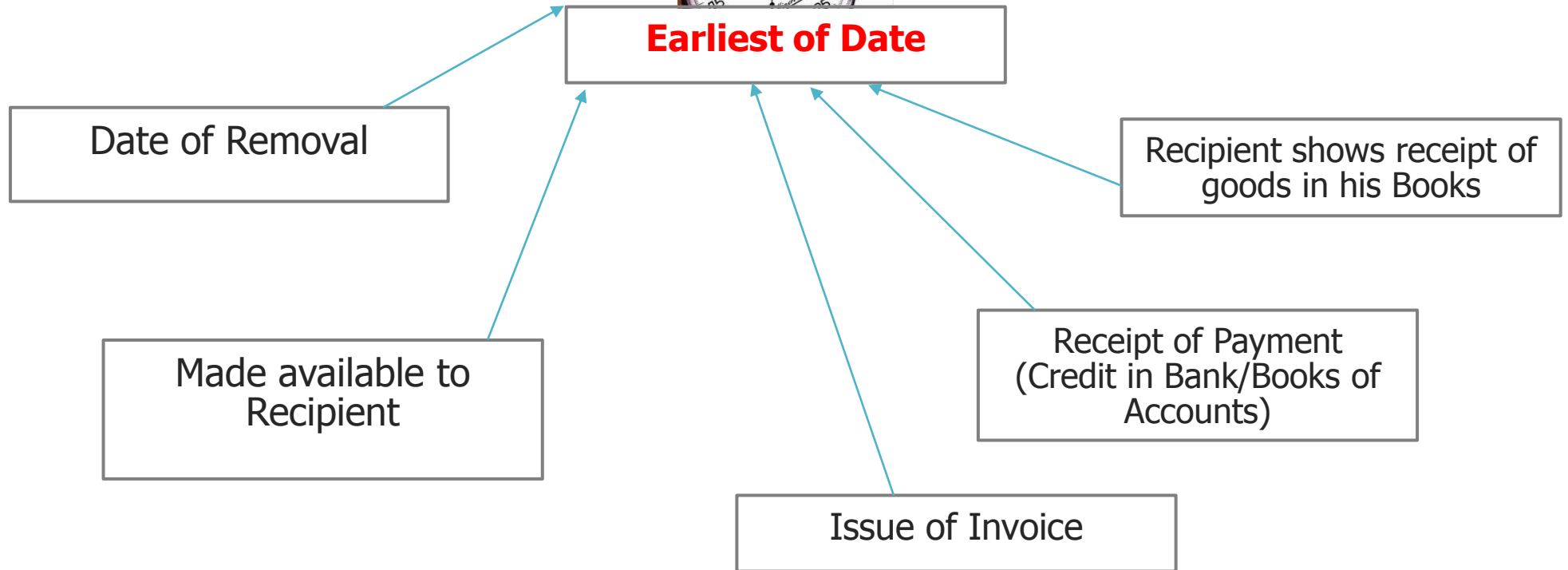
A person who is required to be registered will be considered as a taxable person only if his aggregate turnover in a financial year exceeds Rs. 20 lacs (Rs. 10 lacs in case of North Eastern States including Sikkim).

However there are exceptions like E-commerce, Persons effecting Inter-State Supply, Reverse Charge, Selling on behalf of others etc. (Refer Para 5 of Schedule III)

### **Who is not a Taxable Person:**

Agriculturists and the person who is engaged wholly in supply of goods/services not liable to tax or exempt from Tax.

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# Time of Supply – Services

Invoice raised within Time

Invoice not raised within Time

Date of Issue of Invoice

Date of Provision of Service



Earliest Date

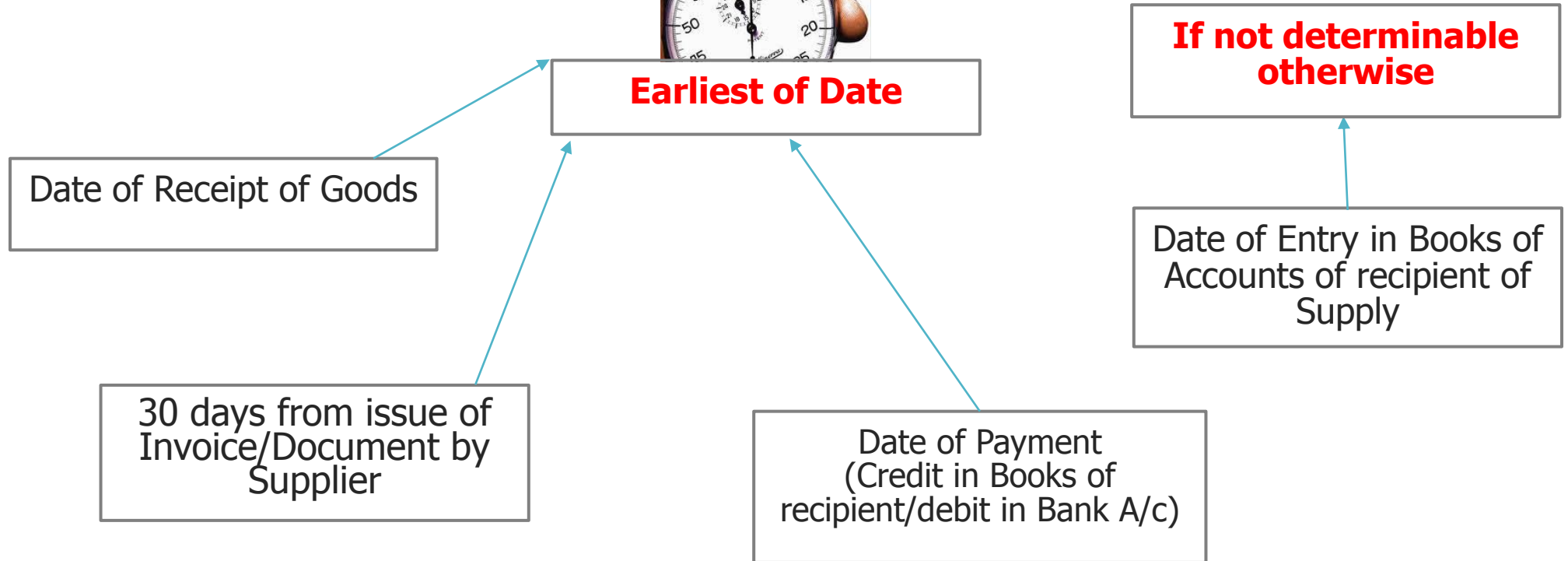
Date of Receipt of Payment

Date of Receipt of Payment

Recipient shows receipt in Books of Accounts



## Time of Supply – Reverse Charge



# Place of Supply of Goods

## **Place of supply of goods, other than supply of goods imported into, or exported from India**

(a) where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient;

(b) where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person;

(c) where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply shall be the location of such goods at the time of the delivery to the recipient;

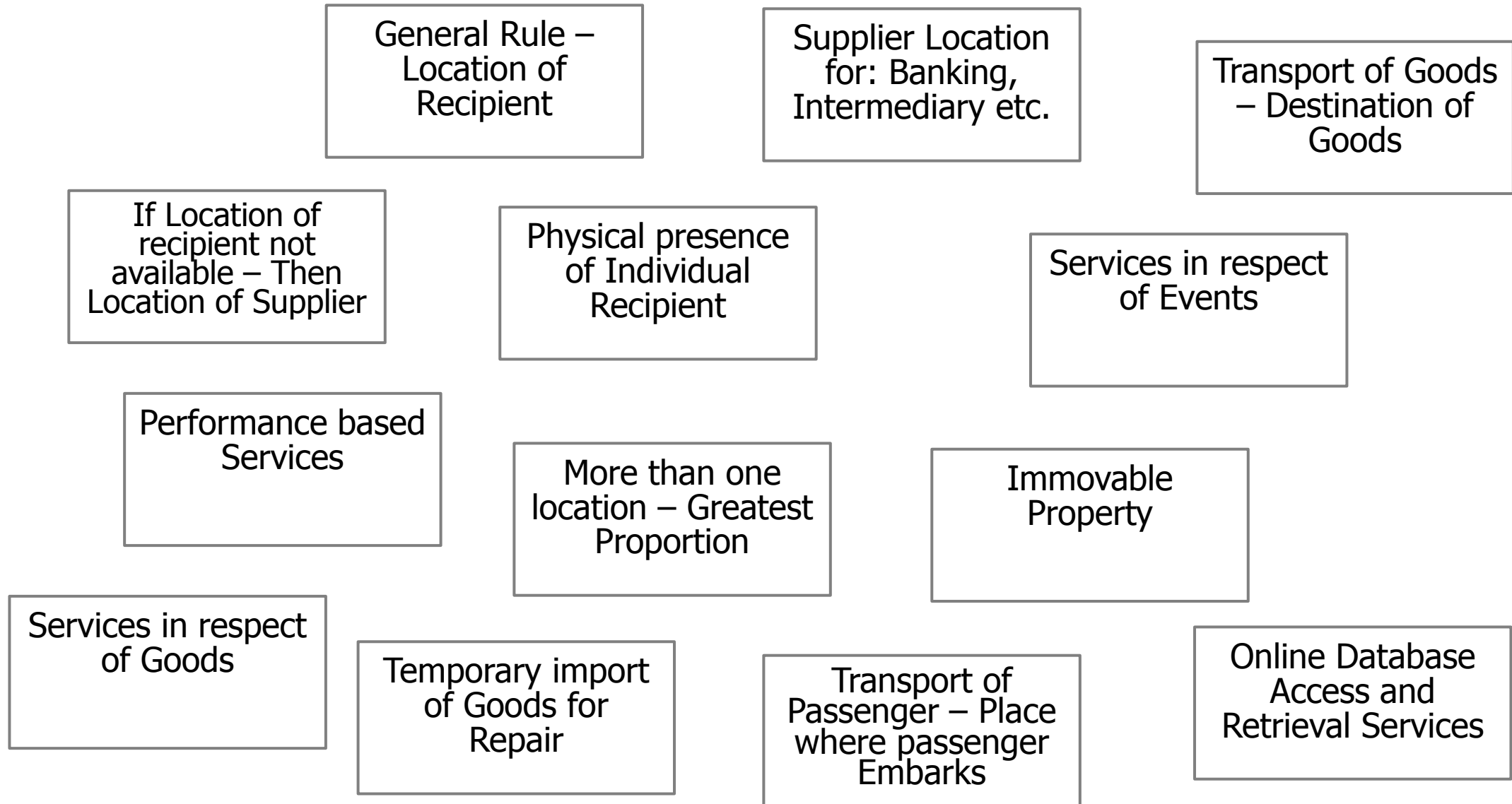
(d) where the goods are assembled, or installed at site, the place of supply shall be the place of such installation or assembly;

(e) where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board.

(2) Where the place of supply of goods cannot be determined, the place of supply shall be determined in such manner as may be prescribed.

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# Place of Supply of Services





## Reverse Charge:

### Reverse Charge on Receipt of Specified Goods/Services:

Goods: Cashew Nuts, Tendu Leaves, Lottery, Silk Yarn

Services: GTA Services, Legal Services by Advocate, Arbitral Tribunal, Sponsorship, Specified Services by Government, Services by Director, **Services by Insurance Agent, Services by Recovery Agent to Banking Company, author, music composer etc.**

### Reverse Charge on receipt of goods/Services from Unregistered Supplier **(Deferred till 30<sup>th</sup> June 2018)**:

First Condition: There should be supply

Second Condition: Supply of Goods/Services

Third Condition: Such Goods/Services should not be exempted.

Fourth Condition: The Supplier should be unregistered

Exemption: Rs. 5,000 per day from all suppliers per registration.



# Input Tax Credit

Should be used or Intended to be used in the course of furtherance of business

Seamless flow of credit extended to Inter-State Supplies

Time Limit: 20<sup>th</sup> October of next financial year or Annual Return filing Whichever is earlier

To pay the Supplier within 180 days of Invoice

Credit is admissible on almost all items

Credit on Capital Goods available in Single Installment

Does not Include Composition levy

Not available on Immovable Property, Motor vehicles etc.

Details to be matched with Supplier Return

Input Tax paid under Reverse Charge is available



## Conditions for availing Input Credit

No registered taxable person shall be entitled to the credit of any input tax in respect of any supply of goods and/or services to him unless:

- (a) he is in possession of a tax invoice, debit note, supplementary invoice or such other taxpaying document as may be prescribed, issued by a registered supplier;
- (b) he has received the goods and/or services;
- (c) the tax charged in respect of such supply **has been actually paid** to the credit of the appropriate Government, either in cash or through utilization of input tax credit admissible in respect of the said supply; and
- (d) he has furnished the return under section 39.

The input tax credit ledger in electronic form shall be maintained at the common portal for each registered taxable person in the manner as may be prescribed in this behalf.

**Input Tax credit on account of CGST can not be utilised for SGST and vice versa.**

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## Eligibility and Time Limit for availing of ITC:

1. A registered taxable person can avail input credit on supplies used or intended to be used in the course or furtherance of business.
  2. A person applying for registration voluntarily can avail the input credit on the day immediately preceding the date of registration.
  3. A person applying for registration within prescribed time (30 days) can claim input credit of inputs, semi finished, finished goods on the day immediately preceding the date on which he becomes liable to pay tax.
  4. A person applying for registration after expiry of prescribed time (30 days) can claim input credit of inputs, semi finished, finished goods on the day immediately preceding the date of registration.
  5. A composition dealer who ceases to pay composition tax shall be eligible to avail input credit on the day immediately preceding the date on which he becomes liable to pay tax u/s 8.
  6. Time Limit: filing of return for September month of next year or Filing of Annual Return, whichever is earlier.
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## Credit Utilization:

Credit shall be utilised in the following order:

Credit of:	Allowed for Payment of		
	IGST	CGST	SGST
IGST	✓ (1)	✓ (2)	✓ (3)
CGST	✓ (2)	✓ (1)	
SGST	✓ (2)		✓ (1)

*\*The numbers represent the order of utilization of credit*





## Restriction on ITC:

1. ITC is not available if depreciation is charged under IT Act.
  2. ITC on Motor Vehicles not available except when they are used for Transportation of Goods, or making the following taxable supplies: Further Supply of such vehicle or conveyance, Transportation of passengers, training for driving, flying, navigating such vehicles/conveyances.
  3. ITC on Food & Beverages, Outdoor Catering, Beauty Treatment, Health Services, Cosmetic & Plastic Surgery, Life/Health Insurance, Rent-a-cab except in certain cases.
  4. Membership of club, Health and fitness centre, Travel Benefits to employees are never allowed.
  5. Goods or services used for construction of immovable property on his own account even when the property is to be used for earning rental income on which GST is applicable.
  6. Goods lost, stolen, destroyed, written off or disposed by way of gift or free supplies.
  7. In case of supply of capital goods on which input credit is availed, pay tax on higher of: ITC availed less 5% for every quarter or transaction value, whichever is higher
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## Value of Supply of Goods and/or Services

It shall normally be **transaction value** with some specific provisions. However the value of the supply of goods and/or services in the following situations, shall be determined in such manner as may be prescribed in the rules.

- (i) the consideration, whether paid or payable, **is not money**, wholly or partly;
  - (ii) the supplier and the recipient of the supply **are related**;
  - (iii) there is **reason to doubt the truth or accuracy** of the transaction value declared by the supplier;
  - (iv) business transactions undertaken by a pure agent, money changer, insurer, air travel agent and distributor or selling agent of lottery;
  - (v) such other supplies as may be notified by the Central or a State Government in this behalf on the recommendation of the Council.
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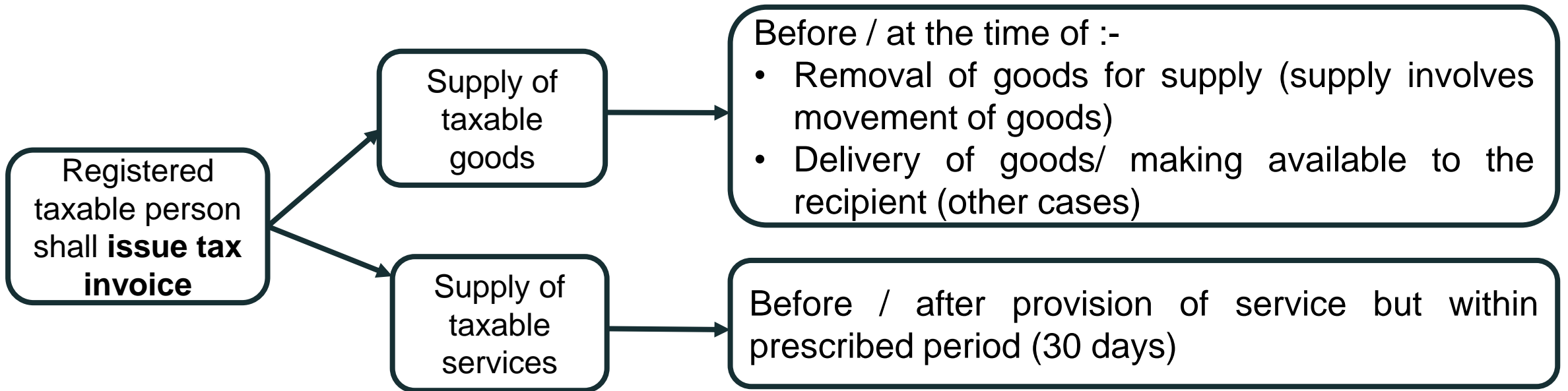
## Rule 27 – When Consideration is not Wholly in Money

Where the supply of goods or services is for a consideration not wholly in money, the value of the supply shall,

- (a) Be the open market value (OMV) of such supply;
  - (b) if open market value is not available, be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money if such amount is known at the time of supply;
  - (c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality;
  - (d) if value is not determinable under clause (a) or clause (b) or clause (c), be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined by application of rule 30 or rule 31 in that order.
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## Tax Invoice



- Revised invoices may be issued against the invoice already issued during the period starting from the effective date of registration till the date of issuance of certificate of registration **within one month from date of issuance of certificate of registration.**
  - No invoice required if value of goods or services or both < Rs. 200
  - Composition dealers and Person supplying exempted goods or services to issue a bill of supply instead of tax invoice
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## Tax Invoice

- d) For receipts of advances on supply of goods / services: **Receipt voucher/ other prescribed document**
  - e) In case of RCM or if goods / services are received from an unregistered person, the registered taxable person shall issue an **invoice**
  - f) Refund of advance received in case of no supply of goods / services: **Refund voucher against such advance**
  - g) In case of RCM or if goods / services are received from an unregistered person: **Registered person to issue payment voucher at the time of making payment**
  - h) In case of continuous supply of goods where successive statements of accounts/ payments are involved, **invoice shall be issued before or at the time of each such statements/ payment.**
  - i) In case of continuous supply of services
    - **Due date ascertainable** – invoice to be issued before / after payment is liable to be made by recipient but within prescribed period (whether or not payment received)
    - **Due date not ascertainable** – invoice to be issued before / after each such time supplier receives payment but within prescribed period
    - **Payment linked to completion of an event** – invoice to be issued before / after time of completion of that event but within prescribed period
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## Tax Invoice - Contents

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, 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:
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## Returns



GSTR-1  
(Outward Supplies)

10<sup>th</sup> of Next Month

GSTR-2  
(Inward Supplies)

15<sup>th</sup> of Next Month

GSTR-3  
(Complete Return)

20<sup>th</sup> of Next Month

Discrepancies Correction

Before Next Return

GSTR-9  
(Annual Return)

31<sup>st</sup> December

## Returns



GSTR-4  
(Composition Dealer)

18<sup>th</sup> of End of Qtr

GSTR-5  
(Non-Resident)

20<sup>th</sup> of Next Month

GSTR-6  
(Input Service Distributor)

13<sup>th</sup> of Next Month

GSTR-7  
(TDS)

10<sup>th</sup> of Next Month

GSTR-10  
(Final Return)

3 months of cancellation



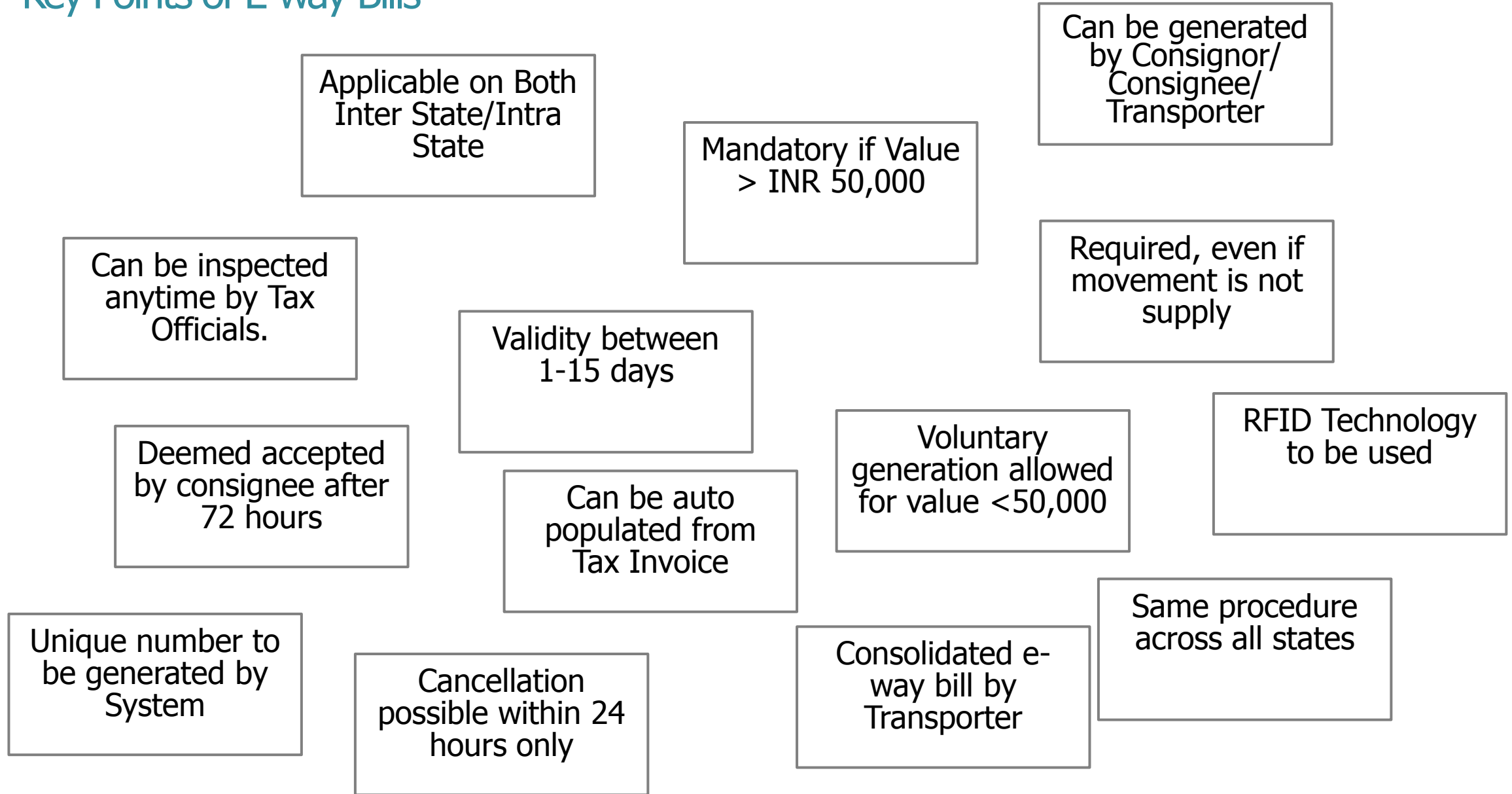


## Way Bills under GST

### Background

- Waybill is a physical or electronic document that allows movement of goods, which can be obtained either manually or online.
- The compliance around waybills has led to, restricted movement of goods across states.
- Waybill compliance has been a nightmare in the pre-GST era. Sale of goods cannot take place without obtaining 'waybills' from VAT authorities.
- E-way bill is an electronic way bill for movement of goods, which has to be generated on the GSTN (common portal).

## Key Points of E-way Bills





## Validity Period

Sr. No.	Distance	Validity
1.	Less Than 100 Km	1 day
2.	=>100 but <300 Km	3 days
3.	=>300 but <500 Km	5 days
4.	=>500 but <1000 Km	10 days
5.	=>1000 Km	15 days