

GST

GOODS AND SERVICES TAX

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GST-Salient features

- Single tax on supply of goods and services.
- Subsumes most of the indirect taxes being levied by centre and states.
- Simultaneous powers to States and Centre to levy and collect tax throughout the value chain.
- Centre levies CGST and states levy SGST on the same tax base of goods and/or services on intra state supplies.
- Tax on Interstate supplies of goods and services is termed as IGST. Centre to levy and collect IGST.
- Uniform rate for Goods and Services in the country.

GST-Salient features

- Destination based tax. SGST accrues to the state where the goods and services are finally consumed. CGST accrues to the centre.
- Tax is on value addition at each stage of transaction: from raw material supplier to final consumer
- Input Tax Credit – Tax already paid at one stage is deducted at the next stage in the value chain ,across the goods and services and across the states.
- Removal of interstate barriers by removal of CST.

Advantages of GST

✓ **Win-win for both the industry and the government.**

Industry to gain from the comprehensive ITC and removal of CST.

Revenue/ resource gain for both the Centre and the States, primarily through widening of tax base and possibility of a significant improvement in tax-compliance.

✓ **Common Market in the Country**

Similar rate structures across the entire country-Ends the rate war between the states. Rate would no longer be a factor in choosing the location of an industry

✓ **Boosts in Exports**

Reduction in costs of Locally manufactured goods and services due to the subsuming of major Central and State taxes in GST, complete and comprehensive setoff of input goods and services and phasing out of Central Sales Tax (CST)- Increases the competitiveness of Indian goods and services in the international market .

Road Map to GST implementation from 1st July 2017

Process completed:

- 101st Constitutional Amendment Act passed
- Constitution of GST Council by the President of India with Union Finance Minister as the Chairman and Finance Ministers of 29 states and 2 UTs with Legislature as members
- Approval of draft CGST,SGST,IGST ,UTGST and GST(Compensation to States) Laws and 9 set of Rules by the GST Council.
- Passing of the CGST, IGST, UTGST and GST (Compensation to States) Bills by the Parliament and Gazette notification by 12-04-2017

Process to be completed:

- The SGST bills to be passed by the state Legislatures by May 2017-
- Rates of taxes of all goods and services, Rules to be finalized by GST Council .
- State to pass the rules. Government to issue required notifications. Proper Officers will be notified by Commissioner.
- Training and Awareness meetings of stake holders
- Migration & Registration of Existing dealers of VAT, Service Tax

Taxes Proposed to be Subsumed under GST

State taxes (AP)

- VAT.(APVAT Act 2005 except for six commodities)
- Entertainment Tax.(APET Act 1939)
- Luxury tax.(APLT Act,1987)
- Tax on Lottery, betting, gambling.(AP HRBT Regulation, 1358F)
- Entry tax (AP Entry Tax on Motor Vehicles Act,1996, AP Entry Tax on Goods Act,2001)
- State Surcharges & Cesses (APRD Act,1996).
- Advertisement Tax levied and collected by local bodies

Central taxes

- Excise duty.(Central Excise Act,1944 except for six commodities)
- Additional Excise Duty (Additional Duties of Excise (Goods of Special Importance) Act,1957, Additional Duties of Excise (Textiles and Textile Articles) Act,1978, Central Excise Tariff Act,1985.
- Service tax (Chapter V of Finance Act,1994).
- Customs-Counter Veiling Duty, Special Additional Duty.
- Central Cesses & Surcharges.

- CST (CST Act,1956), Medicinal and Toilet preparations(Excise duties) Act,1955, levied and collected by Centre, but administered by state authorities and proceeds assigned to states

New Acts to be administered by the State/Central Tax authorities under GST (wef 01-07-2017)

CGST Act 2017

- Enacted by Parliament and Gazette notified on 12-04-2017
- Administration of tax on Intra state supplies
- Contains 174 sections and 3 schedules
- State authorities also empowered to administer including audit, assessment etc of the tax payers who are allotted to the state(for Tax payers TO > Rs 1.5 Cr, 50:50; Others 90:10 in favour of state)

SGST Act 2017 (To be passed by state Legislature)

- Mirror image of CGST Act with some state specific exceptions
- Administration of tax on Intra state supplies
- Also Contains 174 sections and 3 schedules
- Central authorities also empowered to administer as per cross empowerment formula.

IGST Act, 2017

- Defines intrastate supplies and interstate supplies , place of supply rules
Administration of tax on interstate supplies.
- Contains 25 sections
- State authorities also cross empowered.
- State authorities can not adjudicate if there is a dispute on place of supply.

Important definitions (SGST/CGST Acts)

- Sec 2(52): “**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; But, as per item 6 of Schedule-III r/w sec 7, the “Actionable claims, other than lottery, betting and gambling.” are treated neither supply of goods nor supply of services.
- Sec 2(102) :“**services**” means anything other than goods, money and securities but includes activities 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;
- Sec 2(6): “**aggregate turnover**” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and interState supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;
- Sec 2(7) “**agriculturist**” means an individual or a Hindu Undivided Family who undertakes cultivation of land— (a) by own labour, or (b) by the labour of family, or (c) by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family;

Important definitions (SGST/CGST Acts)

Sec 2(17): “ **Business** includes “

- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
- (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
- (c) any activity or transaction in the nature of subclause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;
- (d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
- (e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;
- (f) admission, for a consideration, of persons to any premises;
- (g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- (h) services provided by a race club by way of totalisator or a licence to book maker in such club; and
- (i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;

Sec 2(18) :“**business vertical**” means a distinguishable component of an enterprise that is engaged in the supply of an individual goods or services or a group of related goods or services which is subject to risks and returns that are different from those of the other business verticals

Taxable Event under GST – Supply

Present Tax regime	GST regime
on manufacture of goods (Central Excise duty)	On supply of Goods or services
on provision of services (Service Tax) or	
on sale of goods (VAT / CST)	

Supply – Scope (Sec 7):

Supply of Goods or Services (subsec 1(a))

For a consideration

In the course or furtherance of business

All Forms of supply:

Sale	Transfer, Barter, Exchange	License	Rental Lease	Disposal
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Made or agreed to be made

Import of services (subsec 1(b))

For a consideration

Whether or not in the course of business

Supply – Scope (sec 7)

Even without Consideration certain Activities to be treated as Supplies (sub sec 1(c))(Schedule-I)

Permanent transfer/disposal of business assets where input tax credit has been availed on such assets

Supply of goods— between principal and agent where the agent undertakes to supply or receive goods on behalf of the principal.

Supply of goods or services between related persons, or between distinct persons as specified in section 25

Import of services by a taxable person from a related person or from any of his other establishments outside India.

In the course or furtherance of business

Supply-scope (Sec 7) (contd)

Activities to be treated as Supply of Services (Subsec 1(d) (Schedule-II))

- any transfer of right in goods without the transfer of title thereof (1 (b))
- Any treatment or process which is applied to another person's goods (3)
- goods in the business put to any private use or made available to any person for other than business purpose whether or not for a consideration (4(b))
- any lease, tenancy, easement, licence to occupy land (2 (a))
- any lease or letting out of the building for business or commerce, either wholly or partly (2 (b))
- Renting of Immovable property (5 (a))
- construction of a complex, building, civil structure or a part thereof, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier (5(b))

Supply-scope (Sec 7) (contd)

Activities to be treated as Supply of Services (Subsec 1(d) (Schedule-II))

- temporary transfer or permitting the use or enjoyment of any intellectual property right (item (5)(c))
- development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software (item (5)(d))
- Composite supply- Works contract defined in sec 2(102) (item 6(a))
- Composite supply- supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration (item 6(b))

Levy of Tax (Sec 8) :

Composite Supply & Mixed Supply

	Meaning	Rate of Tax	Example
Composite Supply	<ul style="list-style-type: none">▪ two or more taxable supplies of goods or services or any combination▪ naturally bundled and supplied with each other in the ordinary course of business ,▪ one of which is a principal (predominant goods or services) supply.	Rate of tax of the principal supply	Goods packed and transported with insurance, the supply of goods, packing materials, transport and insurance. Here supply of goods is principal supply. Works Contract though Composite Supply deemed as "Service"
Mixed Supply	<ul style="list-style-type: none">▪ Two or more individual supplies of taxable goods or services▪ made in conjunction with each other▪ for a single price▪ other than Composite supply	Highest rate of goods or services involved	Package of canned foods, chocolates, cakes, dry fruits, aerated drinks etc supplied for a single price

Levy of Tax (Sec 9)

- ❑ Tax on all intra state supplies of goods or services or both except on Alcoholic Liquor for Human consumption.
- ❑ At such rates Not exceeding 20%, as notified by Govt on the recommendation of GST Council. (0%,5%,12%,18% and 28%)
- ❑ Levy of Tax on Petroleum Crude, HighSpeed Diesel, Petrol, Natural Gas, ATF will be from the date to be notified by Govt.
- ❑ Certain categories of supply of goods or services notified by the Govt on the recommendation of GST Council– the liability to pay tax is on the recipient instead of the supplier– Reverse charge (subsec 3)
- ❑ Supply of taxable goods or services by unregistered person to registered person – liability of tax on recipient–reverse charge (subsec 4)
- ❑ Intra state supplies of certain categories of services through e Commerce operator– notified by Govt on the recommendation of GST Council– liability of tax on eCommerce operator (subsec5)

Composition levy (sec 10):

- Eligibility: Threshold turnover below 50 Lakhs in the previous FY
- Tax to be paid as a percentage of Turnover in the state not exceeding (CGST+SGST)
- Manufacturers- 2% ;Restaurants- 5% ; Others-1%
- No tax collected from Customer-No ITC claimed or passed on.
- Liable to tax on reverse charge basis ,if the taxable goods are supplied by unregistered person.
- All registered taxable persons having same PAN shall also opt for composition scheme concurrently.

Not eligible for composition:

- 1) Interstate outward suppliers,
- 2) engaged in services other than Restaurants,
- 3) engaged in supply of goods not leviable to tax under this Act,
- 4) supplying goods through eCommerce Operator,
- 5) manufacturer of goods notified by the government

Power to grant Exemption from Tax – Rates of Taxes under GST

Power to Grant Exemption from levy of tax (Sec 11)

- Government in the public interest, by notification exempt absolutely or conditionally certain goods or services whole or any part of the tax
- Government in the public interest, by special order exempt from payment of tax on any goods or services under exceptional circumstances
- GST Council recommendation mandatory before notifications.

Rates (CGST + SGST) /IGST finalized as

- 0 %; 5 %; 12 %; 18 % ;28 %
- The fitment of commodities into the slabs to be decided by GST Council in its next meeting on 18th and 19th May 2017.
- Separate Cess under GST (compensation to states) Act, 2017 to be levied by centre on Sin/Demerit goods and Luxury goods over and above the tax rates to compensate the revenue losses if any of the states for five years.

Time of Supply

- Tax is required to be paid at the time of supply of goods or services.
- Specific provisions for determining the time of supply where there is a change in rate of tax.
- Time of supply, is to be determined as follows:

EVENT	TIME OF SUPPLY
Supply of goods (Sec 12)	Earlier of: <ul style="list-style-type: none">• date of issue of invoice by the supplier or the last date on which he is required to issue the invoice;• date on which supplier receives the payment.
Supply of Services (sec 13)	Earliest of: <ul style="list-style-type: none">• date of issue of invoice by the supplier if the invoice is issued within the period prescribed;• date on which supplier receives the payment.• date of provision of service, if the invoice not issued within the period prescribed

Time of Supply :

EVENT	TIME OF SUPPLY
Supply of goods attracting reverse charge	<p>Earliest of:</p> <ul style="list-style-type: none">• date of receipt of goods;• date on which payment is made;• date immediately following thirty days from the date of invoice issued by the supplier.
Supply of services attracting reverse charge	<p>Earlier of:</p> <ul style="list-style-type: none">• date on which payment is made;• date immediately following sixty days from the date of invoice issued by the supplier. <p>In case of associated enterprises, the time of supply would be earlier of the date of entry in the books of accounts or date of payment.</p>
Supply of Vouchers	<ul style="list-style-type: none">▪ date of issue of voucher, if supply is identifiable at that point▪ The date of redemption in all other cases

Valuation (sec 15)

- Tax to be paid on **Transaction value** (TV) of supply generally i.e. the price actually paid or payable for supply of goods or services, with following conditions :-
 - supplier and recipient of supply are not related; and
 - price is sole consideration for supply.
- TV shall, inter-alia, include:
 - any taxes, duties, cesses, fees and charges levied under any statute other than CGST/SGST/IGST;
 - incidental expenses such as commission, packing etc. charged by supplier to recipient;
 - interest or late fee or penalty for delayed payment of any consideration for any supply;
 - subsidies directly linked to the price excluding subsidies provided by Central or State Government.
- TV shall not include any discounts given by the supplier
- If TV not ascertainable, Value to be determined in accordance with **GST valuation Rules**

IGST Act–Nature of Supply:

Inter state supply of goods/services (sec 7)-

- Location of supplier and the place of supply are in two different states, in two different UTs or a state and a UT.
- Goods imported into the territory of India
- Supplier located in India and place of supply outside India
- Supplies to a foreign tourist

Intra state supply of goods/services (sec 8)

- Location of supplier and the place of supply are in the same state or same UT
- Though the SEZ is located within the state the supply to or by a SEZ developer or unit is deemed as interstate supply.
- Location of supplier or place of supply in Territorial waters be deemed to be the state or UT where the nearest point of appropriate baseline is located (sec 9).

IGST Act: Levy of Tax (sec 5 &14) and Exemptions(Sec 6)

- IGST on all interstate supplies of goods or services except on the six commodities.
- Normally the supplier who is taxable person liable to tax.
- Certain categories of supply of goods or services notified by Government- Recipient liable to tax –Reverse charge
- Imports- Recipient is liable to tax
- Certain categories of services notified by Government- eCommerce operator liable to tax.
- Foreign supplier of online information and data base access or retrieval services is liable to tax when the services are received by a non-taxable online recipient
- Government in the public interest, by notification exempt absolutely or conditionally certain goods or services whole or any part of the tax
- Government in the public interest, by special order exempt from payment of tax on any goods or services under exceptional circumstances
- Exports and supplies to SEZ developers/units zero rated.

IGST Act-Place of Supply of Goods (Sec 10):

Sno.	Scenarios - Goods	Place of Supply
1.	Where the supply involves movement of goods	Location of the goods at the time at which the movement of goods terminates for delivery to the recipient
2.	Where the goods are delivered by the supplier to a recipient or any other person, on the direction of a third person	Location of principal place of business of such third person
3.	Where the supply does not involve movement of goods	Location of such goods at the time of the delivery to the recipient
4.	Where the goods are assembled or installed at site	Place of installation or assembly
5.	Where the goods are supplied on board a conveyance	Location at which such goods are taken on board of such conveyance
6.	Where the place of supply cannot be determined in terms of above provisions	Location to be determined in a manner prescribed by Central Government on recommendation of the Council

IGST Act-Place of Supply of Services(Sec 12):

Sno.	Scenarios - Services	Place of Supply
1.	Made to a registered person (other than specified services)	Location of such registered person
2.	Made to Un-registered person (other than specified services)	(i) Location of the recipient where the address is on record; (ii) Location of the supplier of services in other cases
3.	(a)Directly in relation to an immovable property- by Architects, interior decorators, surveyors, Engineers, Grant of right to use or for carrying out or coordination of construction work	Location of immovable property (hotel, inn, guest house, boat, vessel etc.)
	(b)Lodging accommodation by a hotel, inn, guest house, home stay, club or campsite including house boat or any vessel	Where immoveable property is located in more than one State, the supply would be deemed to have been made in each of the State in proportion of the value of services determined in terms of contract or on reasonable basis if the contract is not available
	(c) Accommodation for organizing marriage or reception , official,social,cultural, religious or business function	

IGST Act- Place of Supply of Services (contd):

Sno.	Scenarios - Services	Place of Supply
4.	Restaurant, Catering services, personal grooming, fitness, beauty treatment, Health Service including cosmetic and plastic surgery	Location where the services are actually performed
5.	Training and Performance Appraisal	To a registered person-Location of such person To unregistered person- Location where service is performed
6.	Admission to cultural, Artistic, Sporting, Scientific, Educational, Entertainment or Amusement Park,etc.,	Where the event is actually held or where the park or such other place is located.
7.	Organization of cultural, Artistic, Sporting, Scientific, Educational, Entertainment event including services in relation to a conference, fair, exhibition, celebration, etc.,	To a registered person-Location of such person To unregistered person- Place where event is actually held, if the event is held outside India, the location of the recipient.
8.	Transportation of goods including by mail or courier	To a registered person-Location of such person To unregistered person- Location at which such goods are handed over for their transportation.

IGST Act-Place of Supply of Services(contd):

Sno.	Scenarios - Services	Place of Supply
9.	Passenger transportation service	To a registered person-Location of such person To unregistered person- Place where the passenger embarks on the conveyance for a continuous journey
10	Services on board a conveyance incl a vessel, aircraft, train, motor vehicle	First scheduled point of departure of the conveyance for the journey.
11.	Telecom services including data transfer, broad casting, cable and DTH television services to any person	
	(a)By way of fixed telecom line, Leased circuits, cable or dish antenna :	Location where telecom line, leased circuit or cable connection or dish antenna is installed
	(b)Mobile Connection (Post-Paid):	Location of billing address of the recipient on the record of the supplier.,
	(c)Mobile Connection (Pre-paid): (i) through selling agent or re-seller or distributor of SIM card or recharge voucher –	Address of the selling agent or re-seller or distributor as per the record of the supplier.
	ii) By any person to the final subscriber	Location where such pre-payment is received or such vouchers are sold.
	(d) In other cases	Address of the recipient as per the records of the supplier and if it is not available, location of the supplier.

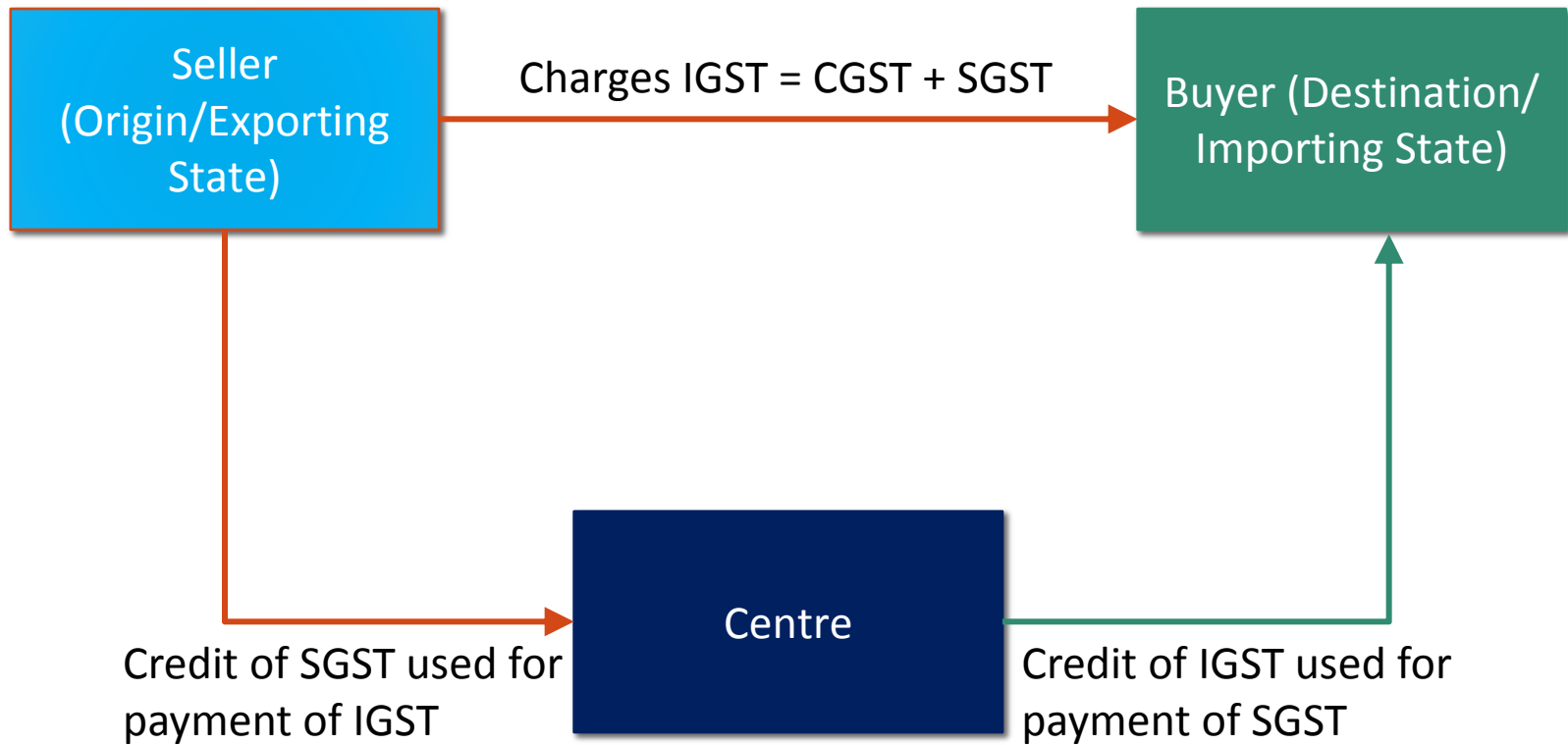
IGST Act-Place of Supply of Services(contd):

Sno.	Scenarios - Services	Place of Supply
12.	Banking and other Financial Services including stock broking to any person	Location of recipient on the records of the supplier. If not available, location of the supplier.
13.	Insurance Services	To a registered person-Location of such person To unregistered person- Location of recipient of service on the records of the supplier
14.	Advertisement services to central government, state government, statutory bodies, local authority meant for the states or UT s identified in the contract.	Each of such states or UT s on the value of such supplies specific to such state or UT

IGST Act-Place of Supply of Services (supplier or recipient outside India)(sec 13):

Scenarios - Services	Place of Supply
Supply of services except the specified cases	Location of the recipient , If not available, location of supplier
Banking company, financial institution, non banking financial institution to account holders, intermediary services Hiring of means of transport incl yachts excl aircrafts, vessels ,upto one month	Location of supplier of services
Online information and data base access or retrieval services	Place of supply is the location of the recipient of services if any two of the following are in taxable territory: <ul style="list-style-type: none"> a)The address presented through internet b) The credit card, debit card, etc., by which the recipient settles payment has been issued c) Billing address of the recipient d) IP address of the device used by the recipient e) Bank of recipient in which account used for payment is maintained. f) The country code of the SIM card used by the recipient g) The location of fixed land line through which service is received.

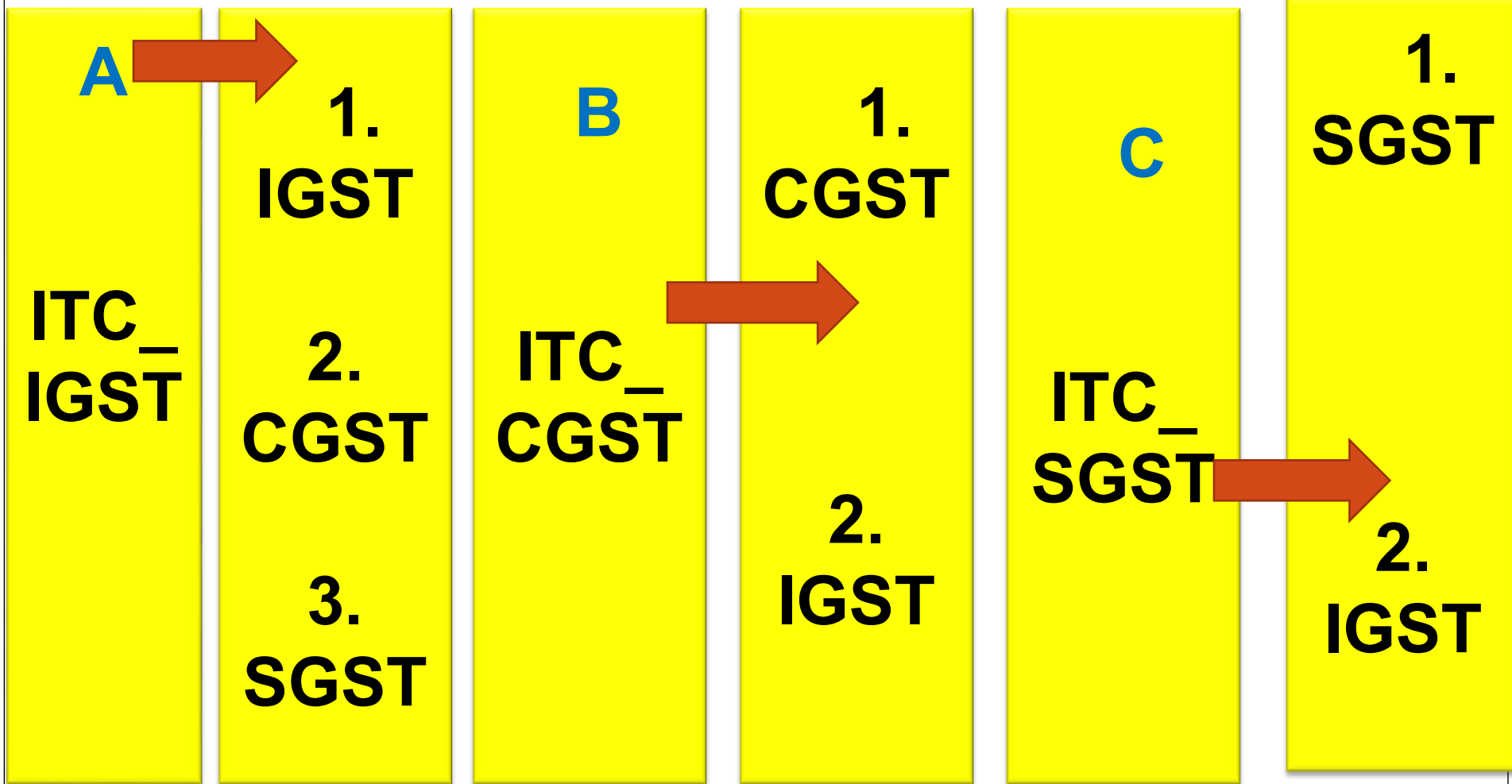
Understanding Inter-state Transactions



Input Tax Credit (sec 16 to 19)

- ITC is available on taxes paid on any supply of goods or services used in the course or furtherance of business.
- **Conditions for allowing ITC:**
 - Possession of invoice / tax paying document;
 - Receipt of goods or services;
 - Tax actually paid to government by supplier;
 - Recipient has furnished return.
- **Proportionate credits** would be allowed in case inputs, etc. are partly used for:
 - taxable and non-taxable supplies
 - business and non-business purposes
- **Banking and Financial Institutions: Option** to avail either 50% of the eligible ITC or follow normal procedure
- **Blocked ITC:** ITC is not allowed for certain goods or services under conditions such as :
 - Motor vehicles except when they are used for certain taxable supplies or for transportation of goods;
 - Works contract services when supplied for construction of immovable property, other than plant & machinery, except where it is an input service for further supply of works contract service.
 - Goods on which tax has been paid under composition scheme;
 - Goods or services used for personal consumption;
 - Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; etc.

The order of utilization of credit of IGST, CGST and SGST



Input Service Distributor (ISD) (sec 2(61) & 20)

- ❑ ISD means
 - an office of supplier of goods and / or services
 - which receives tax invoices towards receipt of input services
 - which issues a prescribed document to a supplier of taxable goods and / or services having same PAN as that of ISD
 - for the purposes of distributing the credit of CGST, SGST or IGST paid on said services
- ❑ ISD would be deemed to be a supplier of services for the purposes of distributing the credit
- ❑ ISD provision is required to transfer ITC on input services availed in one office but the said services are actually used in different units registered in different States or business verticals located in a State
- ❑ ISD may distribute credit, if ISD & recipient are located in different States
 - CGST as IGST ; IGST as IGST ; SGST as IGST
- ❑ ISD may distribute credit, if ISD & business verticals are located in same State
 - CGST & IGST as CGST; SGST & IGST as SGST

Registration (Sec 22-30):

- Taxable person liable to registration if aggregate turnover in a FY exceeds Rs 20 Lakhs.
- If supplies goods/services in special category states threshold is Rs 10 Lakhs.
- Registration to be applied within 30 days from the date from which he becomes liable for registration.
- State wise **PAN based** registration.
- Person having multiple business verticals in a State may obtain separate registration for each business vertical.
- A person, though not liable to be registered, may take voluntary registration.
- Compulsory Registration :
 - 1) Person making inter-State supply;
 - 2) Casual/Non-resident taxable person;
 - 3) Person liable to pay tax under reverse charge;
 - 4) Persons liable to deduct/collect tax at source;
 - 5) Persons working as an agent;
 - 6) Input Service Distributor;
 - 7) Persons supplying goods or services through an electronic commerce operator;
 - 8) Electronic commerce operator;
 - 9) Person supplying digital supplies from a place outside India.

Registration:

- **Registration is not required** even though the turnover is beyond threshold if:
 - Person engaged exclusively in exempted goods or services;
 - Agriculturist
- UN agencies, Embassies to be granted a **Unique Identity Number (UIN)** instead of registration.
- Any class of persons, other than suppliers, may be required to obtain UIN.
- Registration would be deemed to be granted within **three working days** unless objections are raised.
- Special provisions for registration of casual or non-resident taxable persons.
- Amendment **on self-service basis** except for certain specified details of registration.
- Provision for surrender of registration and also for suo-motu cancellation under certain circumstances.
- Provisions for revocation of cancellation of registration.
- Cancellation of registration under CGST Act means cancellation of registration under SGST Act and vice-versa.
- Provision for **migration** of existing registrants.

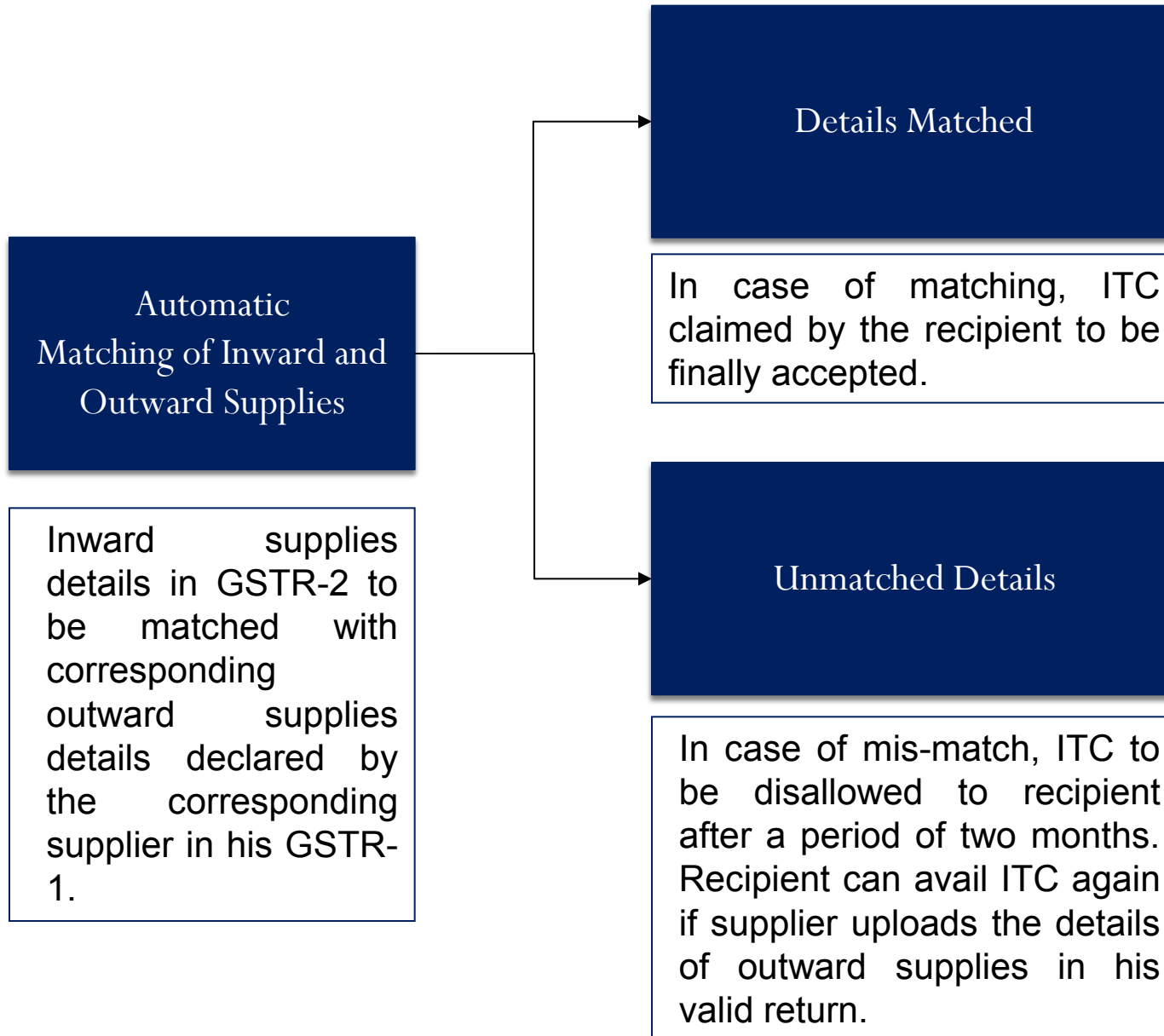
Application for New Registrations

- New applicant can apply for registration (Application Form):
 - at GSTN directly
 - at GSTN through the Facilitation Center (FC)
- The GSTN portal will have backend integration with the respective IT systems of the Centre and States.
- Application along with following scanned documents:
 1. Constitution of Tax Payer
 2. Proof of possession of business premises – Principal Place as well as Additional Places
 3. All bank accounts
 4. Letter of authorization for authorized signatories
 5. Photographs

Returns (sec 37-48)

- **Return by normal taxpayers:** Registered Taxpayer to furnish, electronically, monthly
 - **GSTR-1** (for outward supplies) by 10th of the following month,
 - **GSTR-2** (for inward supplies) by 15th of the following month,
 - **GSTR-3** (return) consisting of all details by 20th of the month.
 - GSTR-2 and GSTR-3 would be mostly auto-populated.
- **Return by compounding taxpayers:** Required to furnish quarterly returns by 18th of the month following the quarter.
- **Return by TDS Deductor:** Required to furnish a return by 10th of following month.
- **Return by Input Service Distributor (ISD):** Required to furnish a return by 13th of following month.
- Different dates proposed for supporting process of **auto-population of returns and matching requirements.**
- Returns filed without payment of full tax to be treated as a **invalid return.**
- ITC to be provisionally allowed on furnishing of return.
- **Annual return (sec 44)** to be furnished by 31st December along with audited **reconciliation statement.**

Invoice Matching (sec 42,43):



Returns :

- **Final return (sec 45):** Every registered taxable person who applies for cancellation of registration is required to furnish a final return within three months of the date of cancellation or date of cancellation order, whichever is later.
- **Rectification of errors:** Omission/incorrect particulars in return can be self-rectified upto due date for furnishing of return for the month of September or actual date of filing of annual return of relevant financial year whichever is earlier.
- Provision to extend the time limits for furnishing the return in special circumstances.
- A scheme of **Tax Return Preparers(sec 48)** provided to assist the taxable persons in filing the returns.

Tax Invoice (sec 31 to 34)

- **Tax invoice** to be issued within specified time limits for supply of goods or services.
- A document, other than tax invoice, would be treated as invoice in certain situations.
- A **bill of supply** is to be issued in respect of exempted supplies.
- Special provisions for issuance of invoices in case of continuous supply of goods or services.
- **Amount of tax, value of goods etc.** to be indicated separately in tax invoice.
- Provision for issuance of **debit or credit note** in case of increase or decrease in value or tax charged respectively in respect of any supply.

Payment of tax (Section 49 to 53):

- Tax can be deposited by using **internet banking, debit/ credit card, Over the counter and NEFT / RTGS.**
- OTC(Cheque/DD/Cash) at authorized banks for payments upto Rs 10,000 only. No manual challans. All Challans to be digitally generated through the GST Portal.
- **Electronic Cash Ledger:** Every cash deposit made by a taxable person will be credited to electronic cash ledger.
- **Electronic Credit Ledger:** Self assessed valid ITC to be credited to electronic credit ledger.
- **Electronic liability Register:** All liabilities of a taxable person maintained in electronic liability register.
- Tax liability can be paid either through the **Electronic Cash Ledger** or **Electronic Credit Ledger.**
- Interest, penalty, fees or any other amount can be paid through **Electronic Cash Ledger.**
- Tax and other dues are required to be discharged in the following order:
 - self-assessed tax, related to returns of the previous tax period;
 - self-assessed tax, related to returns of the current tax period;
 - any other amount payable under the Act including the demand determined post issuance of show cause notice.
- The delayed payment of self-assessed or determined tax would require **payment of interest** at specified rates.



TDS (sec 51) and TCS (sec 52) provisions:

Tax Deducted at Source(TDS) :

- **Certain** persons including government departments, local authorities and government agencies to deduct tax @ 1% from the payment made or credited to the supplier in case total value of supply, under a contract, exceeds Rs. 2.5 lakhs.
- Deductor would deposit the amount so deducted to the credit of government within ten days after the end of the month in which such deduction has been made and file a return.
- Deductor would furnish a certificate to the deductee about the TDS.
- On the basis of return of deductor, the deductee's electronic cash ledger would be credited with the amount so deducted and the same may be used to discharge his tax liability by deductee.

Tax collection at Source (TCS): E-Commerce Operator is required to collect 'tax at source' @ 1% out of the payment collected by it on behalf of the supplier.

- Operators are required to submit a monthly electronic statement containing details of supplies effected through it, supplies returned and the amount collected by 10th of following month.
- Supplier, on whose account, the tax has been collected would claim the credit of the amount so collected in his electronic cash ledger on the basis of return filed by the operator.
- Details contained in the return filed by the operator and actual supplier would be matched.
- In case of mis-match suppliers' output tax liability to be increased.

Refunds (Section 54 to 58):

- **Refund of unutilized ITC** is allowed in case of exports or on account of inverted duty structure.
- Refund to be granted within **sixty days** from date of receipt of complete application.
- Interest is payable after sixty days from the date of receipt of application till date of refund.
- **Provisional Refund:** On account of exports, 90% of the amount of refund claim would be given on a provisional basis within 7 days.
- **Unjust Enrichment:** Applicant to produce documentary evidence to satisfy that incidence of tax has not been passed on to any other person.
 - Self –certification if refund claim is for an amount less than Rs. 2 lacs.
 - In other cases, certificate by Chartered Accountant.
- Refund to be granted to applicant if incidence of tax not been passed on to any other person.
- If incidence of tax passed on refund to be credited to Consumer Welfare Fund.
- Provision for withholding of refund in specified circumstances.
- Application for claiming refund of tax or interest can be filed **within two years** from the relevant date.
- Refund of balance in electronic cash ledger can be claimed through return itself.
- **Relevant Date:** Different relevant dates have been provided for different refund scenarios:

Demand and Recovery (Sec 73 to 84)

- **Normal period for demand proceedings:**
- **Short levy, etc.** for reasons **other than fraud or suppression of facts**, the adjudication order will be issued within **three years** from the due date of filing of annual return for the year in respect of which the discrepancy is noticed.
- Show cause notice (SCN) is required to be issued at least **three months** prior to such order.

- **Extended period for demand proceedings:**
- Short levy, etc. for reasons of fraud or suppression of facts, the adjudication order will be issued within **five years** from the due date of filing of annual return for the year in respect of which the discrepancy is noticed.
- SCN is required to be issued at least **six months** prior to such order.
 - SCN need not be issued if tax along with interest and penalty equal to 15% is paid before issue of SCN.

- Direct Recovery Proceedings for unpaid self-assessed tax as per return and interest thereon.
- **Principles of Natural Justice:** For establishing a fair and just process for passing adjudication orders:
 - Adequate opportunities (maximum three) for personal hearing.
 - Bar on recovery proceedings till ninety days from the date of order.

Recovery Proceedings:

- **Recovery of tax from the person in default:**
 - Debit such amount against amount owed by the Government to such person as Refunds.
 - By detaining and selling goods or moveable or immovable property.
 - Require any other person from whom money is due by the defaulter.
 - Inform the District Collector, who shall recover the amount as if it were an arrear of land revenue.
- Provision to provide facility to tax payer to pay arrears in maximum twenty-four (24) installments.
- Power to provisionally attach properties for protection of revenue.

Assessment

- **Self – Assessment (sec 59):** Registered Taxable person should self-assess the taxes payable by him and furnish his return.
- **Provisional Assessment (sec 60):** Registered Taxable person may request for provisional assessment in cases where he is unable to determine the value or rate of tax subject to following conditions:
 - Taxable person will have to furnish bond and security for availing this facility;
 - Provisional assessment is to be finalized within 6 months;
 - After final assessment, the taxable person may have to pay additional tax or may claim refund.
- **Summary Assessment(sec64):** If proper officer has evidence of any tax liability of a person and reason to believe that delay in assessment will adversely affect interest of revenue, such officer, to protect interest of revenue, may pass an assessment order only with prior sanction of Additional/Joint Commissioner

Scrutiny of Returns(sec 61)

- Every return to be scrutinized
 - in accordance with pre-defined parameters to
 - verify correctness thereof
- Discrepancies
 - to be communicated in manner prescribed
 - if explained satisfactorily, to be informed and no further action to be taken
- If no satisfactory explanation furnished within 30 days or tax not paid after accepting discrepancy then proper officer may initiate-
 - Tax audit, or
 - Special audit, or
 - Inspection, search and seizure, or
 - Adjudication for recovery

Assessment of...

- **Non-filer (sec 62)**

- If a registered taxable person does not furnish the monthly/quarterly or final return within 15 days of service of notice then
 - proper officer may pass a best judgment assessment order within
 - 5 years of due date of annual return, in case there is evidence of any fraud, or
 - 3 years of due date of annual return, in any other case
- If **valid** return furnished within 30 days of service of such order then the order deemed to have been withdrawn
- Interest or late fee, as applicable, to be paid.

- **Un-registered Person (sec 63)**

- If a person liable to be registered does not obtain registration
- Proper officer may pass a best judgment assessment order within 5 years of due date of annual return
- Such order to be passed only after granting reasonable opportunity of being heard to said person

Audit(Section 65 to 66)

- Tax authorities may conduct audit at the place of business of the taxable person or at their office.
- Taxable person shall be informed sufficiently in advance, not less than 15 working days prior to the conduct of audit.
- **Time Bound Audit:** Audit is required to be completed within a period of 3 months, which can be extended by a further period of 6 months.
- On conclusion of audit, the proper officer shall within a period of 30 days inform the taxable person of the findings, the taxable person's rights and obligations and reasons for the findings.
- **Issuance of Notice:** Demand to be raised if any short levy, etc. is detected during audit.
- **Special Audit:** With prior approval of the Commissioner, special audit by Chartered Accountants or Cost Accountants can be ordered in certain special circumstances.

Appeals and Revision (sec 107 to 121)

- **First Appellate Authority** : First appeal, by the taxpayer, against any order passed by an adjudicating authority shall lie before the FAA within 3 months from the date of communication of order.
 - Pre-Deposit of 10% and grant of automatic stay.
- **Review of Original Order:** Commissioner, to suo-motu or on request of the Commissioner of SGST / CGST, **review** and direct a subordinate officer to file an appeal to the FAA within a period of 6 months.
- **Revision Powers:** Any authority appointed or authorized as revisional authority may **revise** the order passed by any officer subordinate to him, if the order is prejudicial to the interests of revenue. Order cannot be revised if:
 - same has been appealed against;
 - same has already been taken up for revision at any earlier stage;
 - Time period for filing appeal (six months) has not expired;
 - More than three years have expired.

Appellate Tribunals, High Court, Supreme Court (Sec 109 to 121)

- **National Appellate Tribunal:**

- There would be a National Appellate Tribunal and its branches as Regional Tribunals. To deal with disputes where one of the issues involved relates to place of supply .
- State Appellate Tribunals and Area benches, where necessary, would be constituted for dealing with all other disputes.
- Appeals against orders of FAA or revisional orders can be filed by any person aggrieved by an order passed against him within three months before Tribunal.
- The Commissioner may cause filing of Appeal within 6 months of the Order of Appellate or Revisional authority.

- **Pre-deposit for filing of an appeal:** No appeal to be filed unless the appellant has deposited:

- in full, admitted tax liability, interest, fine, fee and penalty arising from impugned order; and
- 20% of the remaining amount in dispute.

- **Time Bound orders:** FAA /Tribunal to dispose off appeal within a period of one year, where it is possible to do so

- Appeals to High Court: against orders of Tribunal where substantial question of law is involved.

- Appeals to **Supreme Court** in following cases:

- Any order passed by the National bench or Regional benches of the Appellate Tribunal; 50
- Any order passed by the High court.

Advance Ruling Mechanism (sec 95 to 106) :

- **Advance Ruling Authority** would be established in every State having one SGST and one CGST officers as members.
- Advance ruling **may be sought** in respect of :
 - classification of any goods or services under the Act;
 - applicability of notification having a bearing on the rate of tax;
 - the principles to be adopted for the purposes of determination of value of the goods or services under the provisions of the Act;
 - admissibility of input tax credit;
 - determination of the liability to pay tax on any goods or services under the Act;
 - liability to be registered under the Act;
 - whether the transaction is 'supply' or not.
- Advance ruling order is to be issued within 90 days of receipt of application.
- Advance ruling shall be binding only on the applicant and jurisdictional tax authorities.
- Advance ruling can be appealed against before the Appellate Authority consisting of Commissioner(CT) and Chief Commissioner of Central Excise by the applicant or the tax Authority.

Inspection, Search, Seizure and Arrest (Sec 67 to 72)

- **Power to Inspect:** Power to inspect any place of business, or warehouse or godown with prior permission from Joint Commissioner and above.
- **Power to confiscate / search & seizure:** Power to search and seize any goods, documents or books or things liable to confiscation with prior permission from Joint Commissioner and above.
- **Release of Goods :**
 - goods so seized to be released, on a provisional basis, upon execution of a bond and furnishing of a security or on payment of applicable tax, interest and penalty payable;
 - after seizure of goods, if notice not given within six months;
 - Early disposal of perishable or hazardous goods.
- **Inspection of goods in Movement:**
 - Transporter to carry prescribed documents (Meta- permits) or devices during transportation;
 - GST officers may intercept and inspect conveyances for verification of documents and devices.

Inspection, Search, Seizure and Arrest (Sec 67 to 71):

- **Power to Arrest:**

- Commissioner, only can authorize any officer of state tax to arrest
- Arrest if Tax involved >Rs 2 Cr or convicted second time (offences under Sec 132)
- Procedure for arrest is as per Code of Criminal Procedure, 1973;
- Tax involved > Rs 5 Cr- Cognizable and non-bailable.
- Bail can be granted by DC or AC in case of non-cognizable or bailable offences just like an officer-incharge of police station

- **Power to summon:** Provision for summoning any person whose attendance is considered necessary either to give evidence or to produce a document or any other thing.

- **Access to business premises:** Any state tax officer authorized by Additional/Joint Commissioner to have access to any place of business of a registered taxable person for inspection.

- **Officers required to assist GST Officers:** All officers of Police, Railways, Customs and those of State or Central Government engaged in collection of goods and services tax and all officers of State or Central Government engaged in the collection of land revenue, and all village officers may be required to assist the CGST or SGST officers.

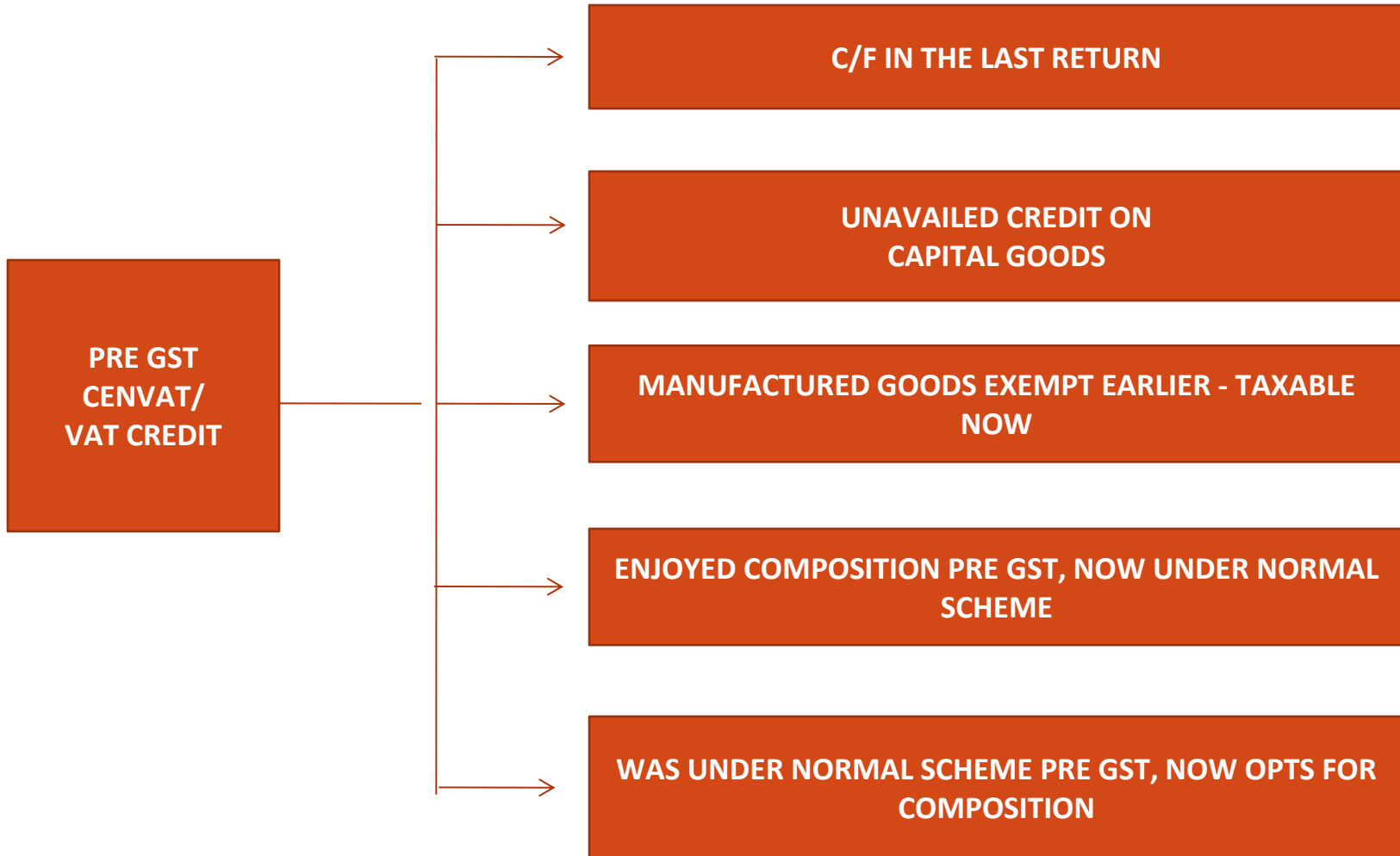
Detention or confiscation of goods or conveyances in transit (Section 129 to 130).

- **Detention of Goods or conveyances in transit:** Provisions for detention or seizure of goods and conveyances carrying such goods if they are being transported or stored in contravention of provisions.
- Such detained or seized goods or conveyances to be released:
 - on payment of applicable tax and penalty equal to **100% of the tax** payable on such goods, with identification of the owner;
 - on payment of the applicable tax and penalty equal to **50% of the value** of the goods reduced by the tax amount paid thereon, without identification of the owner.
- Notice to be issued for such detention.
- If tax and penalty not deposited within seven days of detention, proceedings for confiscation to be initiated.

Detention or confiscation of goods or conveyances in transit (Section 129 and 130):

- **Confiscation of goods or conveyances:** Goods or conveyances are liable to confiscation in following scenarios:
 - Supply or receipt of any goods in contravention of any of the provisions of this Act;
 - Non – accountal of goods on which tax is liable to be paid under this Act;
 - Supply of goods liable to tax under this Act without registration;
 - Any conveyance used as a means of transport for carriage of non duty paid goods taxable goods.
- Confiscated Goods to be released on payment of **redemption fine**.
- Such fine shall not exceed the market value of the goods confiscated, less the tax chargeable thereon.
- Provision for disposal of goods or conveyance if fine in lieu of confiscation not paid within three months.

Transitional Provisions-**CENVAT/VAT CREDIT**



CENVAT/VAT CREDIT

CENVAT/VAT CREDIT
CARRIED FORWARD

UNAVAILED CENVAT/VAT
CREDIT **ON CAPITAL GOODS**
NOT CARRIED FORWARD

CREDIT WILL BE
AVAILABLE IN GST

Subject to the following Conditions :

The amount has to be admissible as CENVAT/VAT credit under the earlier law & as ITC under the GST Law

The amount will be recoverable as an arrear of tax under GST if it is recoverable due to any proceeding instituted against the taxable person under the earlier law *whether before or after the appointed day*

INPUT CREDIT ON STOCK OF GOODS HELD

- ✓ Inputs are used for making taxable supplies
- ✓ Inputs were otherwise available for CENVAT/VAT Credit if the taxable person had not been a manufacturer of exempted goods/not in Composition/had liability under the earlier law **& credit is available on it in GST**
- ✓ Is in possession of valid invoice, etc which were issued not earlier than 12 months from the appointed day.
- ✓ In certain circumstances, where there is no invoice showing VAT /CENVAT paid, 40% of it to be allowed as credit.
- ✓ Amount of credit to be calculated as per the generally accepted accounting principles (in short GAAP)
- ✓ The amount will be recoverable **as an arrear of tax under GST** if it is recoverable due to any proceeding instituted under the earlier law

Thank you!

