

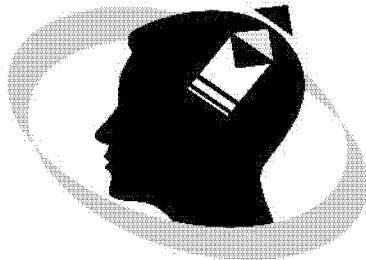
# CA - INTER COURSE MATERIAL

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beyond your imagination...**

**SUBJECT CODE: 4B, MATERIAL NO: 74**

**FAST TRACK MATERIAL ON GOODS AND SERVICE TAX \_ 38e (2<sup>ND</sup> VERSION)**

(NEW EDITION THOROUGHLY REVISED & UPDATED WITH FINANCE ACT 2017. APPLICABLE FOR NOV 2018 CA INTER EXAMINATIONS. THIS MATERIAL IS SYNCHRONISED WITH JULY 2017 EDITION OF ICAI SM. THIS MATERIAL IS ISSUED ON 31.10.2018)



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HYDERABAD | VIJAYAWADA | TIRUPATHI

Cell: 98851 25025 / 26

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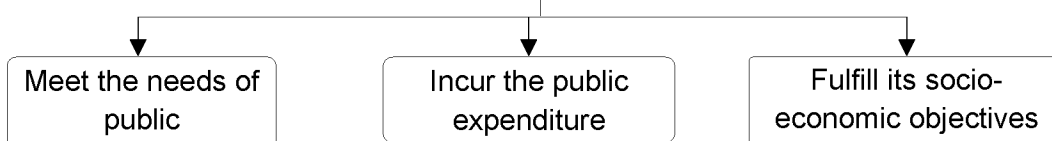
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# 1. INTRODUCTION TO GST

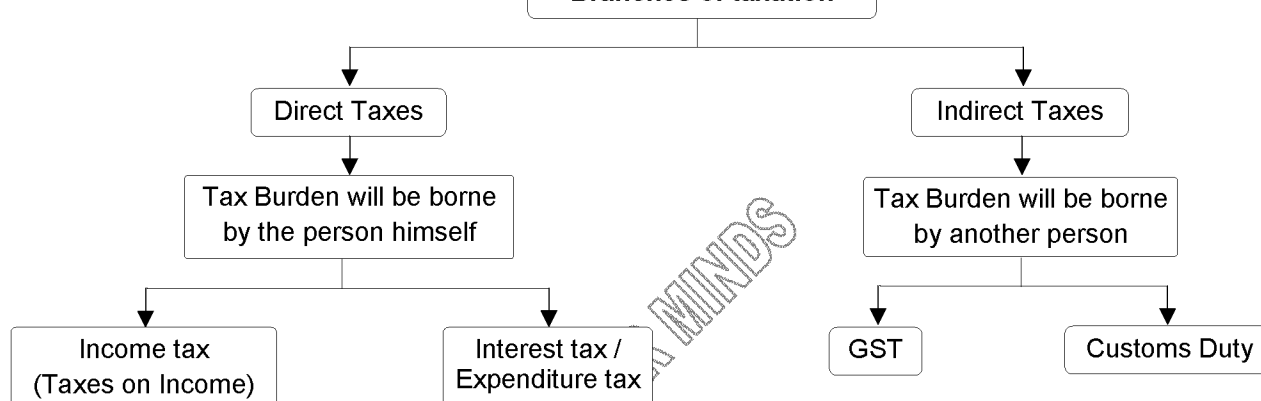
Government needed some funding (money) to -



## Note:

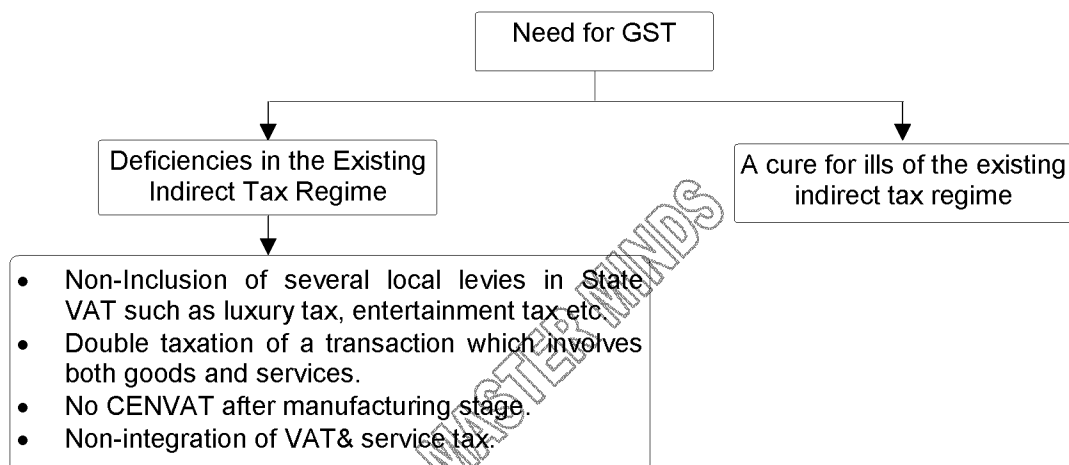
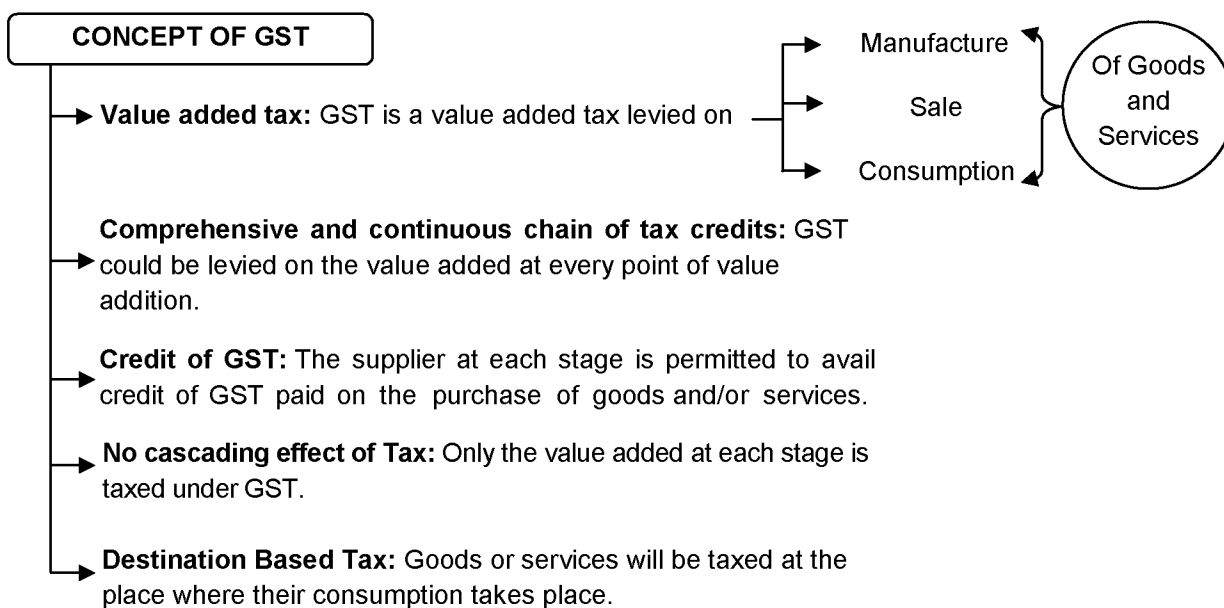
- Tax is one of the sources for generating revenue to the government.
- Tax is money that people have to pay to the Government, used to provide public services.
- Tax is not a voluntary payment or donation, but an enforced contribution.

## Branches of taxation

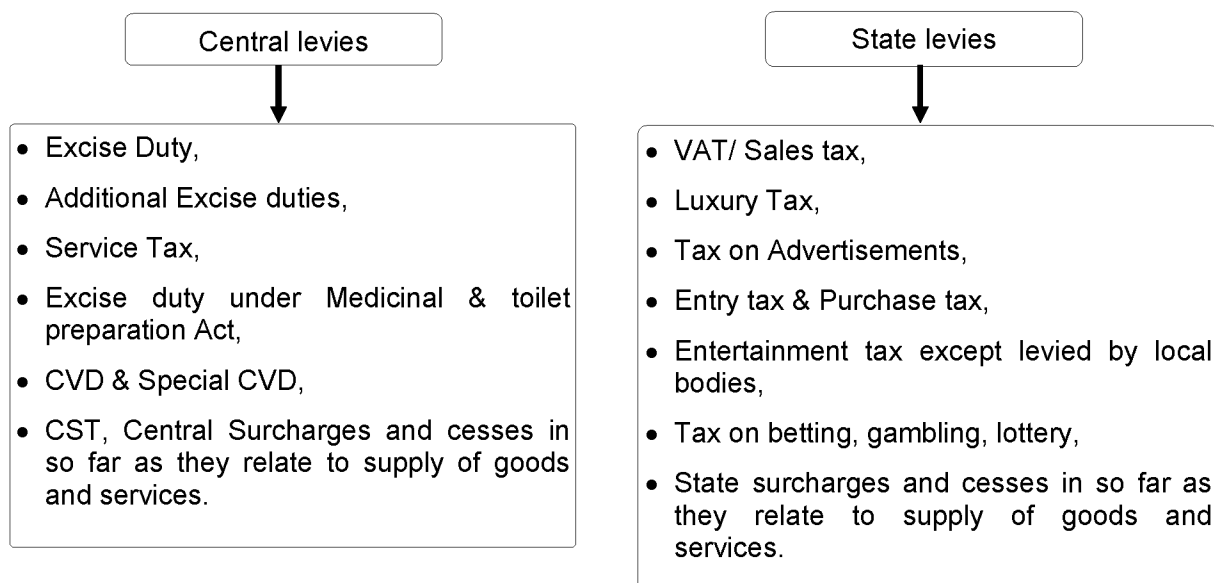


## Features of Indirect Taxes

- **Wider tax base:** Unless otherwise specified, all the goods and services are taxable.
- **Regressive in Nature:** Indirect tax doesn't differentiate the persons based on their ability to pay.
- **Inflationary:** Indirect tax directly affects the prices of goods and services.
- **Tax on commodities and services:** It is levied on commodities at the time of manufacture or purchase or sale or import/export thereof (commodity taxation).
- **Burden shifting:** A clear shifting of tax burden in respect of indirect taxes.
- **Important source of revenue:** Indirect taxes are a major source of tax revenues for Governments worldwide.
- **No perception of direct pinch:** Value of indirect taxes is generally included in the price or value.
- **Social welfare promotion:** High taxes are imposed on the consumption of harmful products (sin goods).



**The following taxes shall be subsumed in the GST:**



**Benefits of GST:**

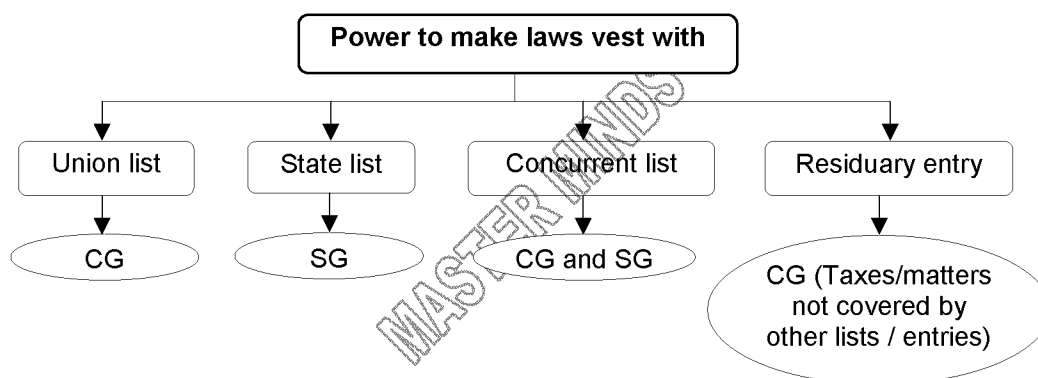
- Lower the cost of goods and services
- Give a boost to the economy

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- Make our goods and services globally competitive
- **Creation of unified national market:**
  - i) Implements the common tax rates and procedures,
  - ii) Remove common economic barriers by introducing an integrated tax.
- **Mitigation of ill effects of cascading:** Eliminates cascading effect by allowing input tax credit (ITC).
- **Elimination of multiple taxes and double taxation:** Tackle the highly disputed issues relating to double taxation of a transaction as both goods and services.
- Boost to 'Make in India' initiative.
- **Buoyancy to the Government Revenue:** To levy & collect the Government Revenue by widening the tax base.

### Constitution of GST:

- All other laws of the Central or State Government have to be consistent with the Constitution
- As per Article 265, no tax shall be levied or collected except by authority of law
- **Source of power:** Articles 246 and Schedule VII distributes the power to impose tax between the CG and SG



### Note:

Taxes deriving their authority under entry 97 of list I are not applicable to Jammu & Kashmir unless consented to by J & K.

### Need for Constitutional Amendment Act, 2016:

- Separate powers for Centre and State to impose various taxes.
- Whereas Centre levied excise duty on goods produced, service tax on services rendered & custom duty on imported goods.
- States levied Value Added Tax on sale or purchase of goods.
- Besides, there were State specific levies like entry tax, Octroi, luxury tax, entertainment tax, lottery and betting tax, local taxes levied by Panchayats etc.
- Require amendment in Constitution to integrate all Central & State taxes.
- 101<sup>st</sup> Amendment Act, 2016 was passed. It has 20 sections.

### Significant amendments:

- Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State.
- Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

- Provisions of GST shall apply from the date recommended by GST Council, in the following goods:
  - ✓ Petroleum crude,
  - ✓ Diesel,
  - ✓ Petrol,
  - ✓ Natural gas and
  - ✓ Aviation turbine fuel(ATF)

#### Levy and Collection of GST on Inter-state supply (Article 269A):

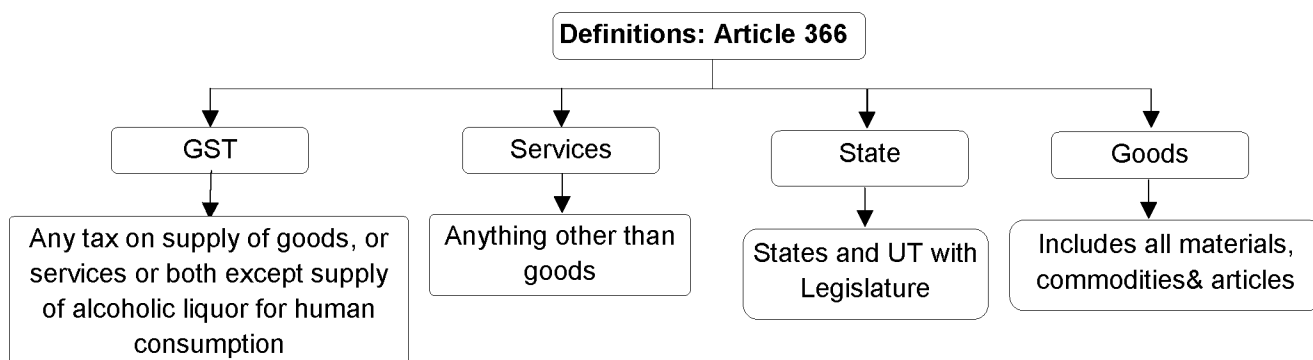
- Article 269A empowers the Centre to levy and collect the GST on inter-state trade or supply.
- Tax collected shall be apportioned between the Centre and the states.
- Supply of goods or services in the course of import shall be considered as deemed supplies in the course of inter-state trade or commerce.

#### GST Council:

- The decision making body of GST is GST Council, constituted as per Article 279A.
- Union Finance Minister is Chairman of this council & Ministers in charge of Finance/Taxation or any other Minister nominated by each States & UTs with Legislatures are its members.
- GST Council makes recommendations to Union & States on important issues (Tax rates, exemptions, threshold limits, dispute resolution etc.).
- Every decision of GST Council taken by majority not less than  $\frac{3}{4}$  of weighted votes of members present & voting.

#### Even after the introduction of GST:

- Central excise duty-continues to be levied on tobacco, petroleum crude, diesel, petrol, ATF and natural gas.
- State excise duty-leviable on manufacture/production of alcoholic liquor, opium, Indian hemp and narcotics.
- VAT is leviable on intra-State sale of petroleum crude, diesel, petrol, ATF, natural gas and alcoholic liquor.
- Not taxable in GST-petroleum crude, diesel, petrol, ATF, natural gas and alcoholic liquor.



#### GST Models-Worldwide:

- National GST- Levied by Centre with sharing of revenue with state. (Eg: Australia, China)
- State GST- Levied by the state and retained by themselves. (Eg: USA)
- Non Concurrent GST-Centre levies GST on services and State levies GST on goods.
- Concurrent Dual GST Model- Levied by Centre and state on both goods and services. (Eg: Brazil, Canada, and India)

**GST Models – India:**

- India has adopted a dual GST model.
- Centre and States simultaneously levies tax on goods and services.
- Centre has the power to tax intra-State sales & States are empowered to tax services.

**Types:**

CGST → CGST Act, 2017 → Central Government.

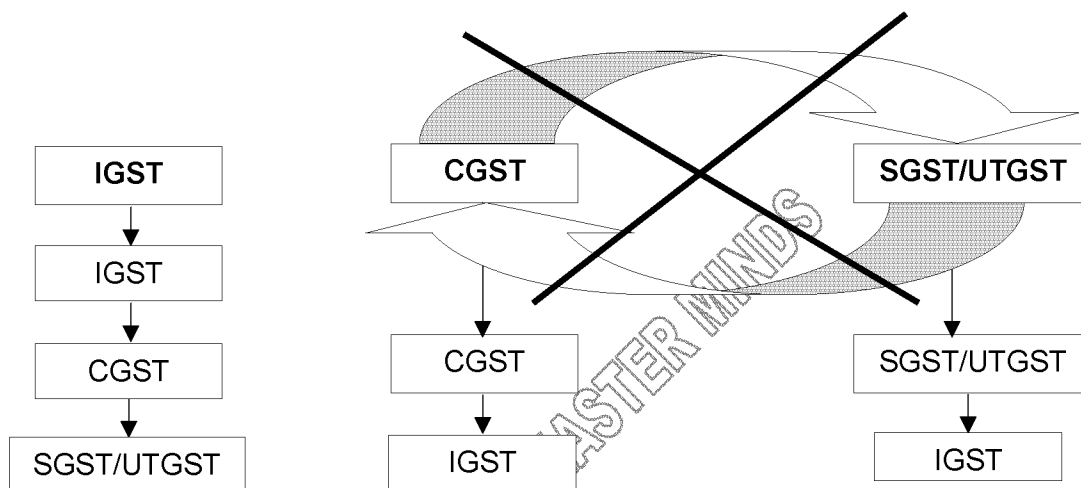
IGST → IGST Act, 2017 → Central Government.

SGST → SGST Act by Respective states → State Government & Union Territories with state legislatures\*.

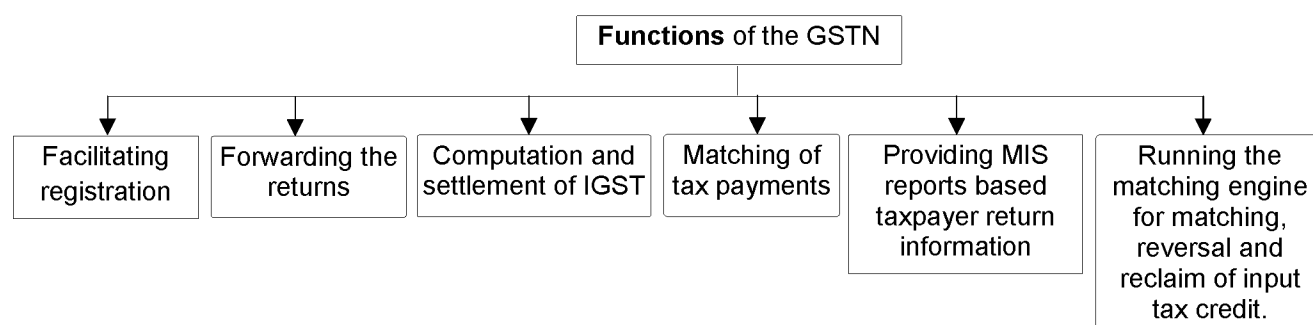
UTGST → UTGST Act, 2017 → Union Territories without state legislatures\*\*.

\*Delhi and Pondicherry (Puducherry)

\*\*Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Chandigarh

**Manner of utilization of ITC:**

**GST Common Portal:**

- An electronic portal based on a website managed by the GST network.
- A Non-Profit company constituted under Sec.8 of the companies Act, 2013.
- A common interface, common IT infrastructure for the tax payers and Government.
- GST portal is accessible via Internet.
- **GST common portal's Eco system consists of –**
  - Tax payers,
  - Tax professionals,
  - Tax authorities,
  - Banks.



**Registration under GST:**

- Every supplier of goods and/ or services is required to obtain registration in the State/UT if his aggregate turnover exceeds Rs. 20 lakh during a FY.
- If the person is carrying out business in the **Special Category States** – Limit of 20 lakhs reduced to 10 lakhs. (Except Jammu and Kashmir)

↓

Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand.
---

- GSP=GST Suvidha Providers.
- ASP=Application Service Providers.
- Facilitate the interaction between the GSTN and the tax payers.
- Tax payers uploading invoices as well as filing of returns& act as a single stop shop for GST related services.
- Help of ASPs who act as a link between taxpayers and GSPs.

**GST (Compensation to States) Act, 2017:**

- A system to compensate States for a period of 5 years on account of loss of revenue, arise due to implementation of GST.
- The Base Year shall be 2015-16 for calculating compensation amount.
- Revenue proposed to be compensated would consist of revenues from all taxes that stands subsumed into the GST law.
- Cess is to be imposed over and above the GST on certain **notified goods**:

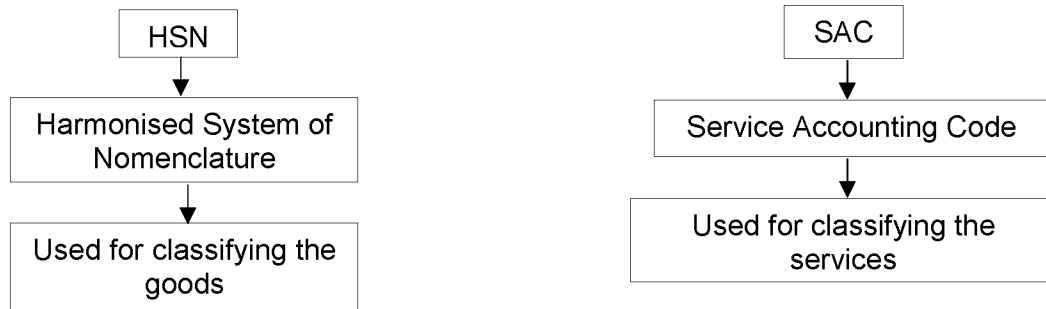
C	Cigarettes
A	Aerated Water
T	Tobacco
C	Cigar
H	Hookah
PM'S	Pan Masala, Motor vehicle
L	Lignite
T	Tobacco Product
C	Coal

- The Cess will be levied on all intra-state and inter-state supplies, including import of goods.
- The Cess would not be leviable on supplies made by a person who has opted for composition levy.
- Input tax credit on inward supplies liable to Cess can be utilized only for payment of Cess on outward supplies liable to Cess.
- 50% of the amount remaining unutilized in the fund at the end of the fifth year will be transferred to the Centre and the balance 50% would be distributed amongst the State and Union Territories in the ratio of total revenues from SGST/UTGST of the fifth year.

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Classification of goods and services:

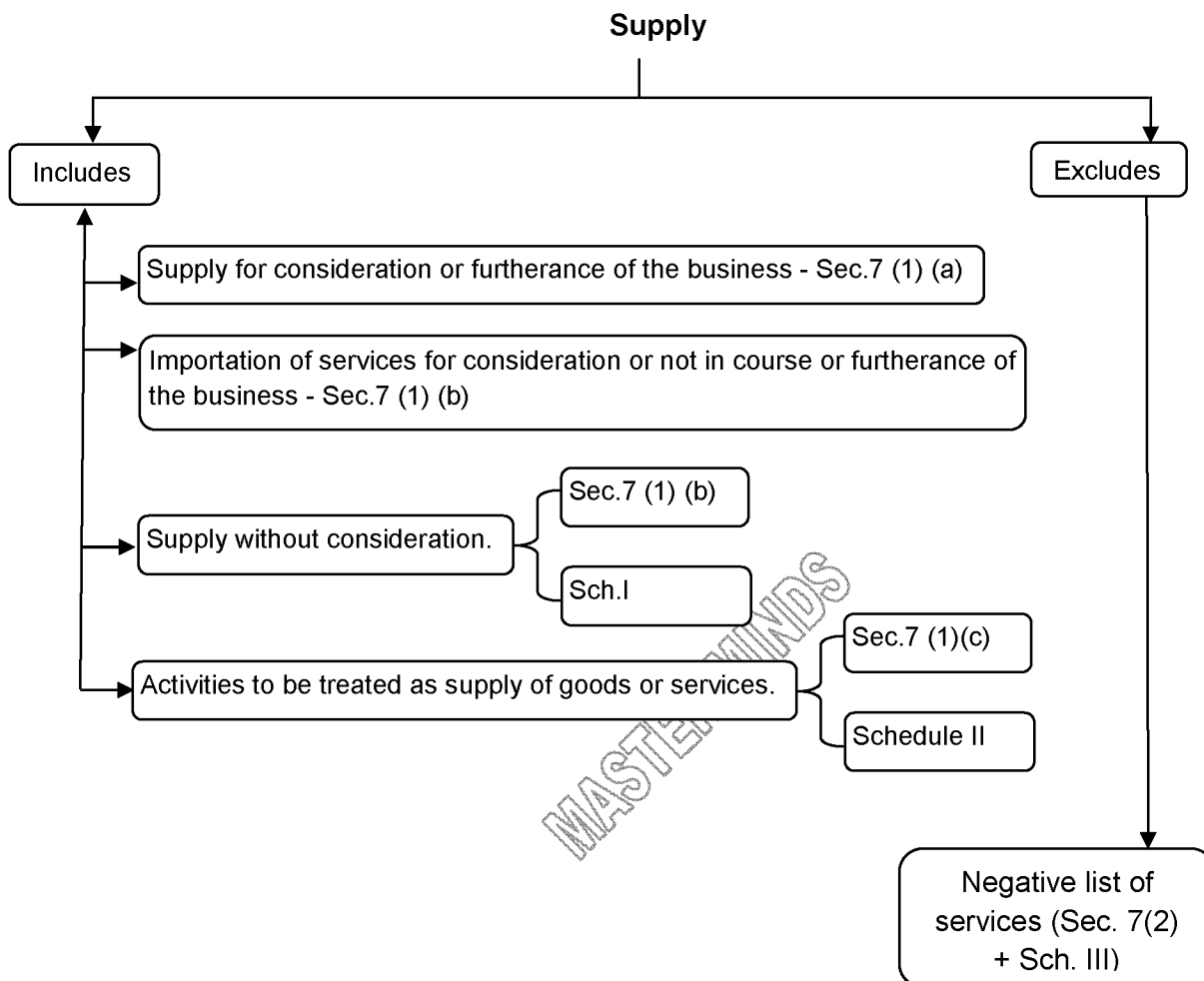


**THE END**

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## 2. SUPPLY

- The incidence of tax / levy is the foundation stone of any taxation system.
- GST resolves these issues by laying down one comprehensive taxable event (**Supply**).
- Under GST regime, the entire value of supply of goods and/or services is taxed in an integrated manner.



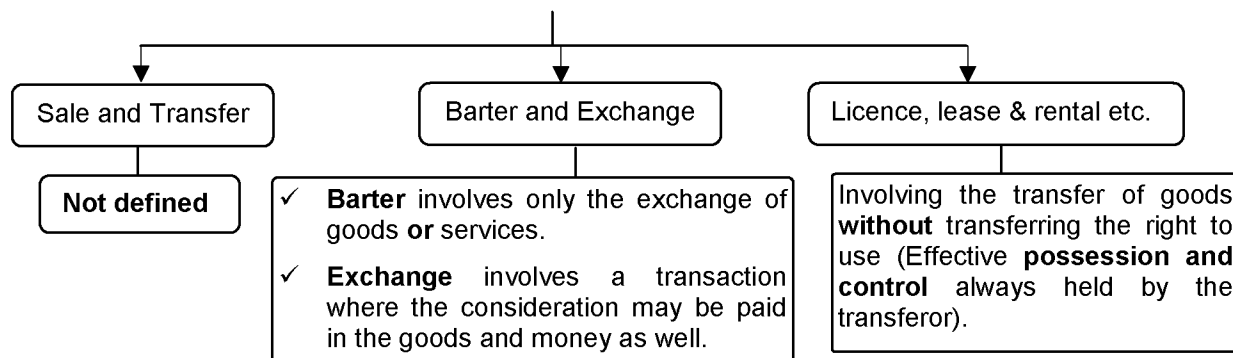
### 1. Supply for consideration or furtherance of the business:

- Supply should be of goods or services.
- Supply should be made for a consideration.
- Supply should be made in the course or furtherance of business.
- Supply should be made by a taxable person.
- Supply should be a taxable supply.

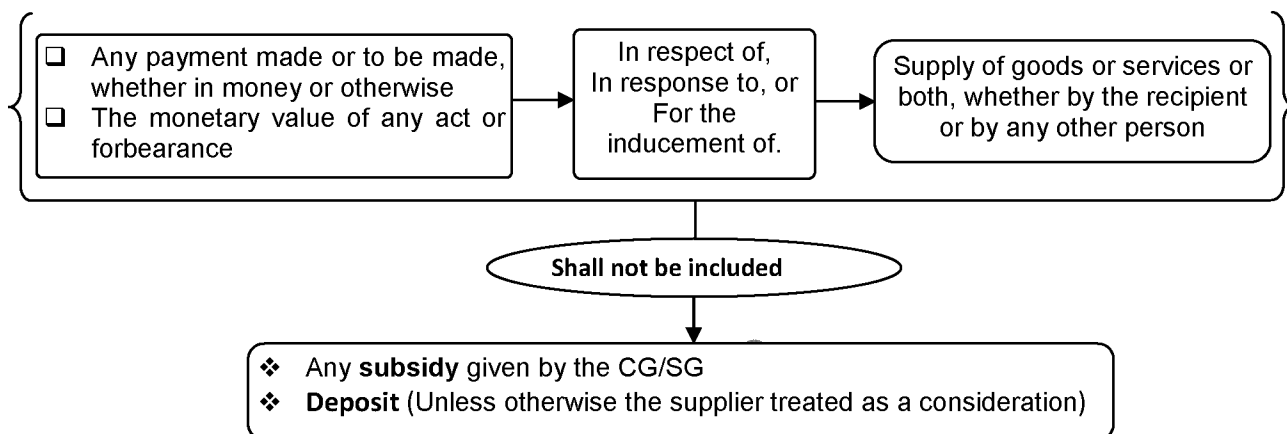
#### i) Supply should be of goods or services:

Supply of anything other than goods or services like **money, securities etc.** does not attract GST.

Supply includes all forms of supply of goods or services or both, **such as:**



**ii) Supply should be made for a consideration:**

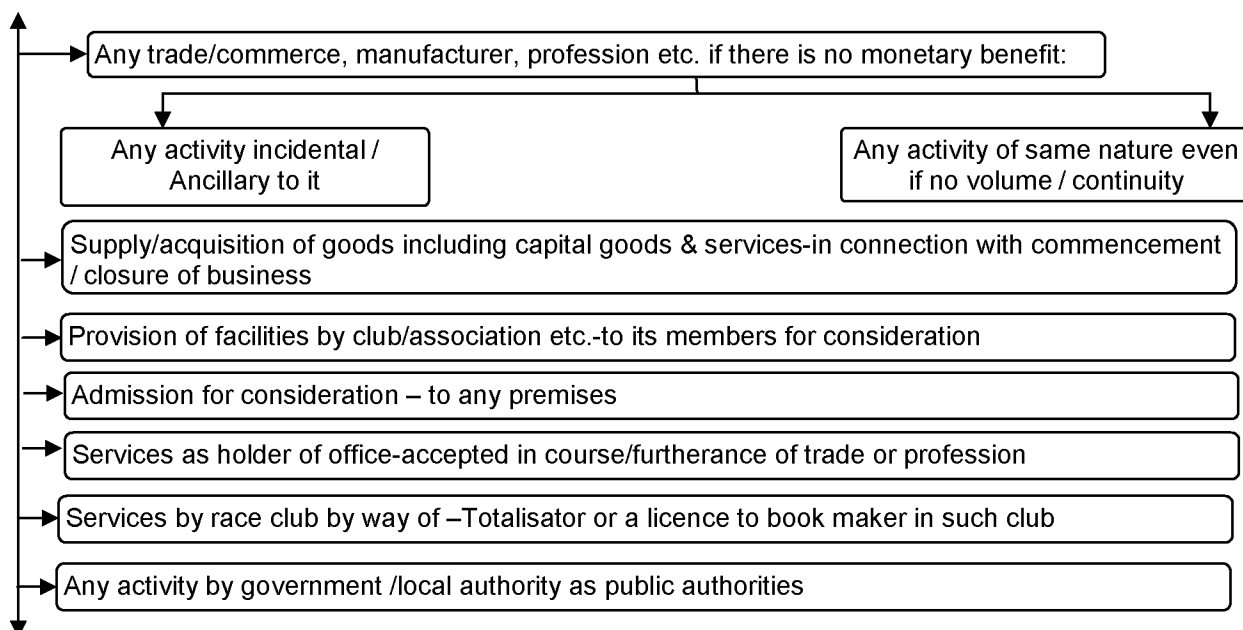


**Focus on:**

- ❑ Consideration may be paid in advance or future payment.
- ❑ Consideration may be in cash or in kind.
- ❑ Consideration may not be necessarily received from the recipient only.
- ❑ Consideration does not includes subsidy received from SG/ CG.
- ❑ Supply of goods or services or both, **without consideration** is not a supply unless deemed as a supply under the CGST Act.

**iii) Supply should be made in the course or furtherance of business:**

**Business includes:**



**Focus on:**

- GST is a tax on commercial transactions.
- Those transactions incurred in the course or furtherance of the business shall constitute as a Supply
- Supplies made in the individual capacity without a commercial motive does not qualify as a supply

**Exception to the term “course or furtherance of business” is import of services for a consideration**

**iv) Supply should be made by a taxable person:**

- GST could be levied only when the supplier is a taxable person.
- In other words, the recipient may or may not be a taxable person.

<b>Taxable person</b>	<b>A person who is registered or liable to be registered under section 22 or section 24</b>
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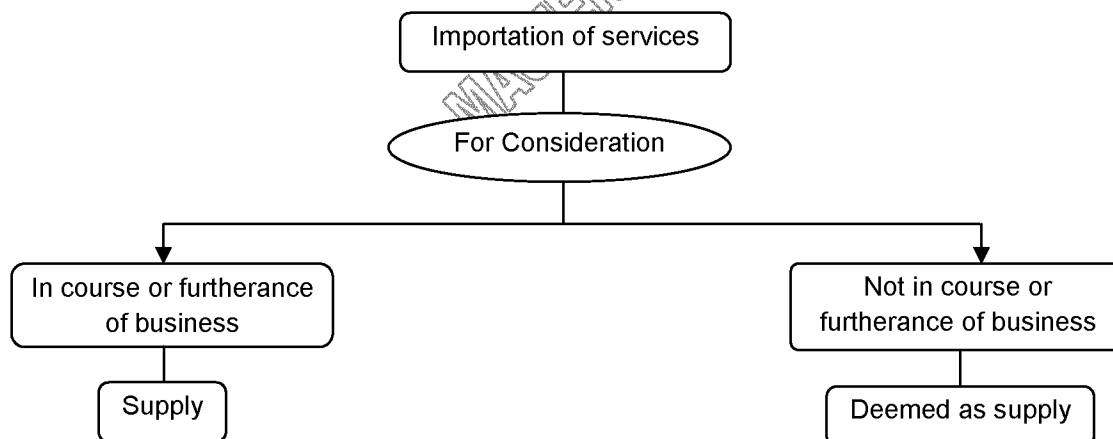
**Focus on:**

- A person who was not registered yet but liable for registration or
- A person agreed to be registered himself/herself/ itself voluntarily

Shall also be a  
Taxable Person

**v) Supply should be a taxable supply:**

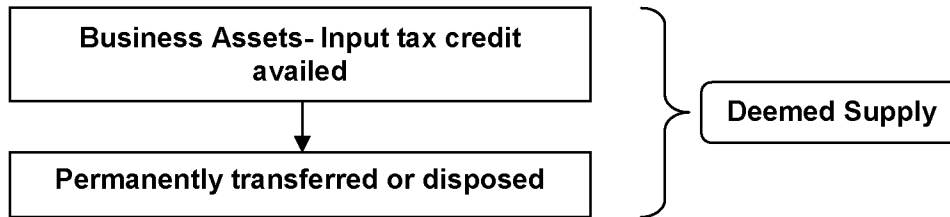
- Any supply of goods or services or both which, is leviable to tax.
- Exemptions may also be provided in respect certain specified **services/goods**.

**2. Importation of services for consideration or not in course or furtherance of the business:****Focus on:**

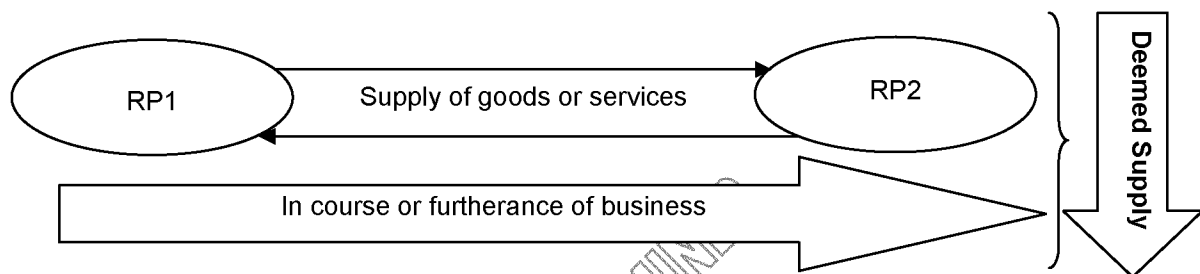
- ✓ Supply should be in course or furtherance of business.
- ✓ The exception to the said rule is import of services is deemed as supply even if the same has been imported not in course/furtherance of business.

**3. Supply without consideration:**

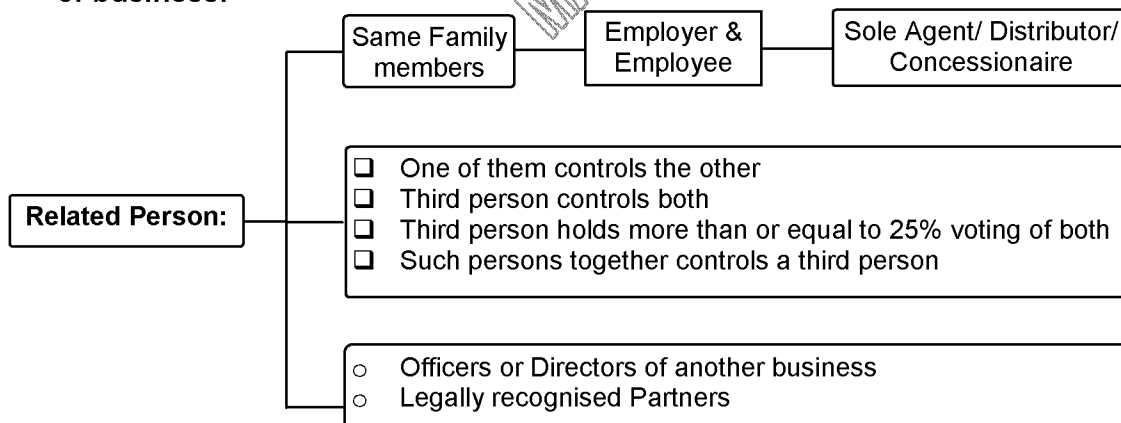
- ❑ This includes all supplies made to a taxable or non-taxable person, **even if the same is without consideration**.
- ❑ These are specifically mentioned in Schedule I.
- ❑ The following four cases, supplies made without consideration will be treated as supply:

**A. Permanent Transfer / Disposal of Business Assets:**

**Focus on:**

- Any kind of disposal or transfer of business assets made by an entity on permanent basis even though without consideration qualifies as supply.
- This provision would apply only if input tax credit has been availed on such assets.
- If any business asset is transferred from holding to subsidiary company for no consideration, it will be still treated as supply.

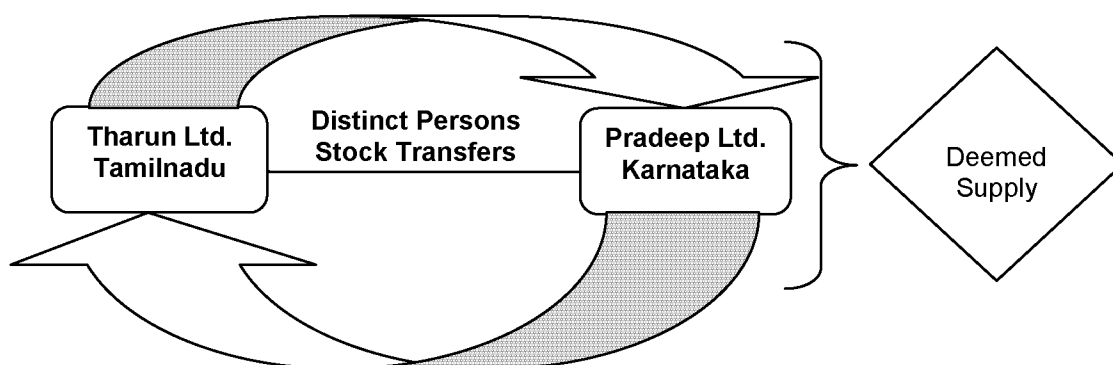
**B. Supply between related person or distinct persons:**

**Focus on:**

- Supply of goods or services or both between **related persons** or between **distinct persons** as specified in section 25, will qualify as supply **provided it is made in the course or furtherance of business**.


**Distinct Persons:**

- ❖ A person who is obtained or required to obtain **more than one registration for his premises located at one or more state(s) or Union(s)** [i.e. union territory] shall be treated as distinct or separate persons in respect of his/ her/ its **premises**.
- ❖ The transactions between different locations of same legal entity will qualify as 'supply'

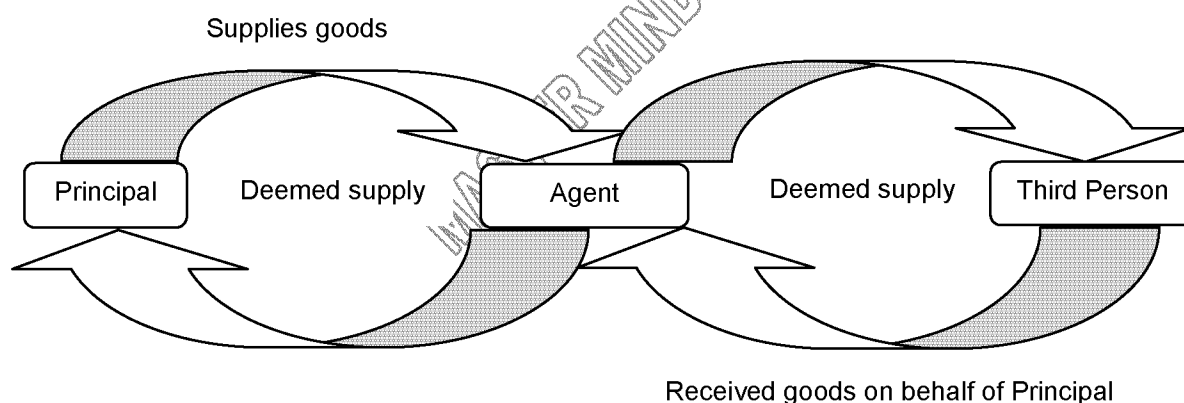
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**Focus on:**

- The employer and employee are related persons.
- However the services provided by an employee to his employer in the course of employment shall not be treated as a supply of service.
- In the course of employment, supply by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST.
- As per Sch.I gifts of value more than Rs.50,000 made without consideration are subject to GST, when made in the course or furtherance of business.

**C. Supply between Principal & Agent:**

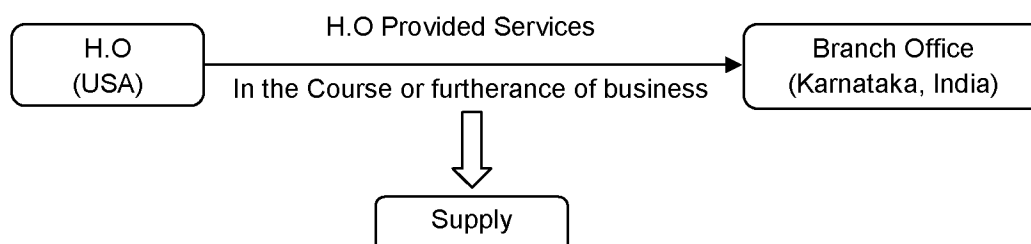
Supply of **Goods**, by **Principal to Agent** or **Vice versa** shall be considered as supply.

**Focus on:**

- ✓ Supply of **Goods**, by Principal to Agent and vice versa shall be a supply of goods irrespective of consideration.
- ✓ Supply of services shall not be covered here.

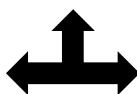
**D. Importation of services (without consideration):**

Import of services by taxable person from related person or from any of his other establishments outside India, in the course or furtherance of business.



**Importation of services(Summary):**
**Taxability of Import of Services**

With Consideration



Without Consideration

In the course or furtherance of business	Not in the course or furtherance of business	Related person/distinct person and in the course or furtherance of business	Other Cases
Taxable	Taxable	Taxable	Non-taxable

**4. Activities to be treated as supply of goods or services-Schedule II:**

1. TRANSFER	SoG	<ul style="list-style-type: none"> <li>✓ Any transfer of the title in goods.</li> <li>✓ Any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration.</li> </ul>
	SoS	<ul style="list-style-type: none"> <li>✓ Any transfer of right in goods or of undivided share in goods without the transfer of title.</li> </ul>
2. LAND AND BUILDING	SoS	<ul style="list-style-type: none"> <li>✓ Any lease, tenancy, easement, license to occupy land.</li> <li>✓ Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly.</li> </ul>
3. TREATMENT OR PROCESS	SoS	<ul style="list-style-type: none"> <li>✓ Any treatment or Process which is applied to other person's goods.</li> </ul>
4. TRANSFER OF BUSINESS ASSETS	SoG	<ul style="list-style-type: none"> <li>✓ When goods forming part of the assets of a business are transferred or disposed of whether or not for a consideration.</li> </ul>
	SoS	<ul style="list-style-type: none"> <li>✓ When a person carrying on a business starts using business goods for any private use or he allows the use by any other person for any private use, whether or not for a consideration.</li> </ul>
	Deemed SoG	<ul style="list-style-type: none"> <li>✓ When any person ceases to be a taxable person, any goods forming part of the assets of any business shall be deemed to be supplied by him immediately before he ceases to be a taxable person. However this will not apply if;                             <ul style="list-style-type: none"> <li>• The business is transferred as a going concern to another person,</li> <li>• The business is carried on by a personal representative who is deemed to be a taxable person.</li> </ul> </li> </ul>
5. SUPPLY OF SERVICES	SoS	<ul style="list-style-type: none"> <li>✓ Temporary transfer or permitting use or enjoyment of any intellectual property right.</li> <li>✓ Renting of immovable property.</li> <li>✓ Construction of a civil structure including construction intended for sale to a buyer. Except when the entire consideration has been received                             <ul style="list-style-type: none"> <li>• after issuance of completion certificate or</li> <li>• after its first occupation;</li> </ul> <b>Whichever is earlier</b> </li> <li>✓ Development, design, programming, customization, adaptation, up gradation, enhancement, implementation of IT software.</li> </ul>

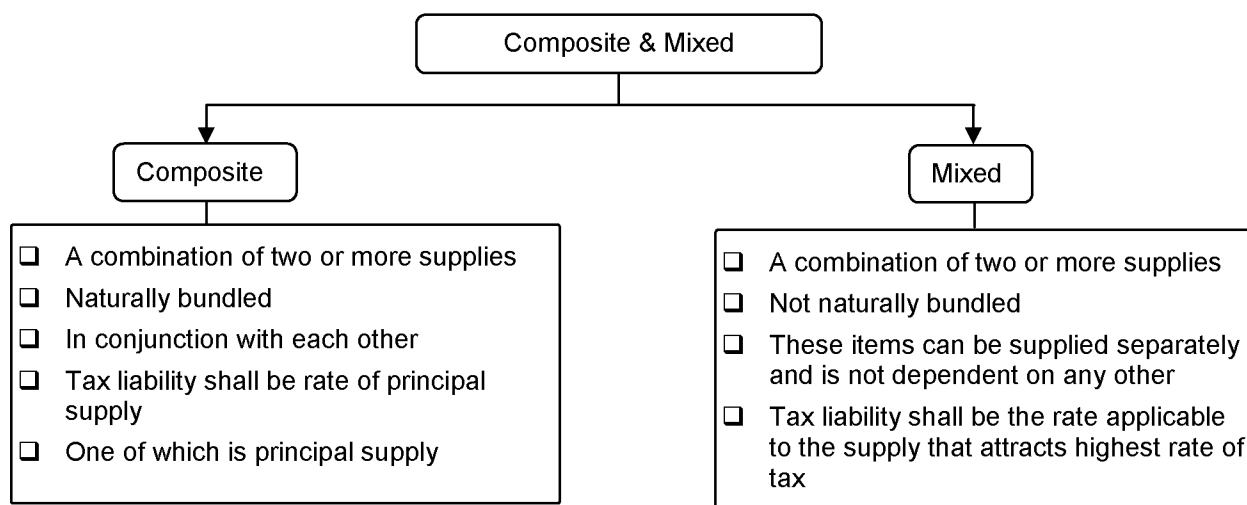
		✓ Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act. ✓ Transfer of right to use any goods for any purpose for cash, deferred payment or other Valuable consideration.
<b>6.COMPOSITE SUPPLY</b>	<b>SoS</b>	✓ Works contract as defined in Section 2(119) and ✓ Supply under the service of 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.
<b>7.SUPPLY OF GOODS BY AOP/BOI</b>	<b>SoG</b>	✓ Supply of goods by any AOP/BOI to a member for cash, deferred payment or other valuable consideration.

### NEGATIVE LIST

**Activities or Transactions treated neither as supply of goods nor supply of services (Schedule III) (Called Negative List)**

Services by	<input type="checkbox"/> Employee to the employer in the course of or in relation to his employment.
Services by	<input type="checkbox"/> Any court or Tribunal established under any law for the time being in force.
Functions performed by	<input type="checkbox"/> Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities.
Duties performed by	<input type="checkbox"/> Any person who holds any post in pursuance of the provisions of the Constitution in that capacity.
Duties performed by	<input type="checkbox"/> Any person as a Chairperson or a Member or a Director in a body established by CG or SG or LA & who is not deemed as an employee before the commencement of this clause.
Services of	<input type="checkbox"/> Funeral, burial, crematorium or mortuary including transportation of the deceased.
Sale of land	<input type="checkbox"/> And, subject to paragraph 5(b) of Schedule II, sale of building.
Actionable claims	<input type="checkbox"/> Other than lottery, betting and gambling.

### COMPOSITE AND MIXED SUPPLIES



Principal supply → constitutes the predominant element of a composite supply.



**Determinations of the services are bundled in the ordinary course of business:**

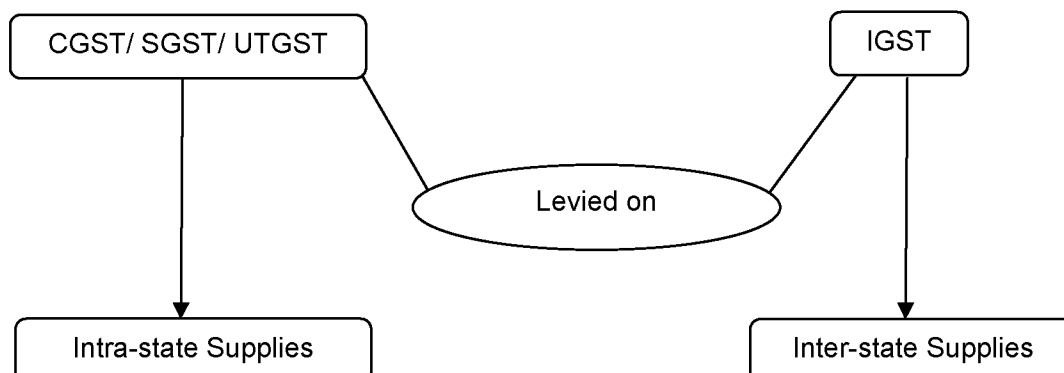
- Majority of service providers in a particular area of business provides similar bundle of services.
- There is a single price or the customer pays the same amount
- The different elements are integral to one overall supply
- Various services in a bundle of services (The elements are normally advertised as a package)
- Perception of consumer or the service receiver

**THE END**

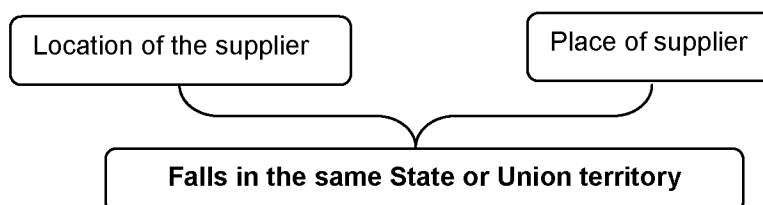
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### 3. LEVY AND COLLECTION OF GST

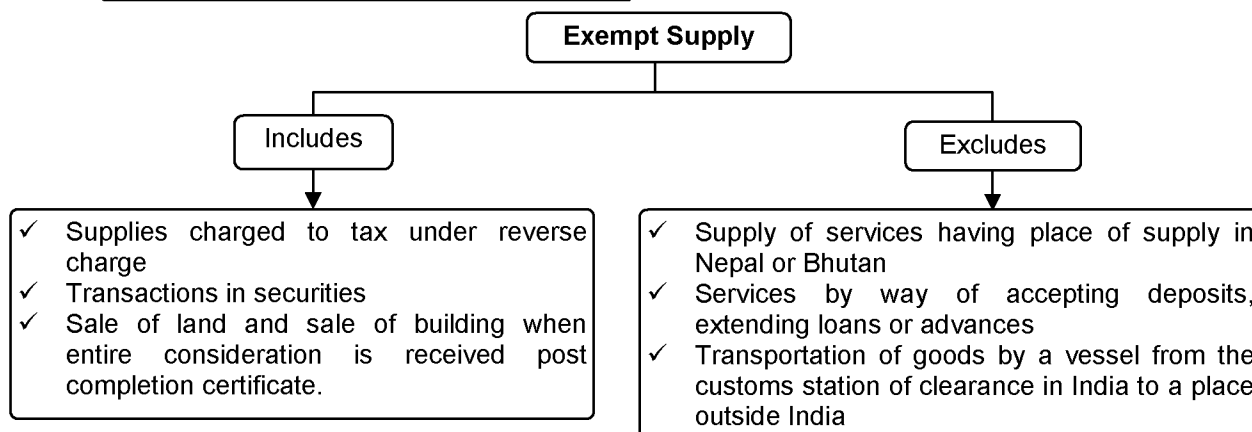
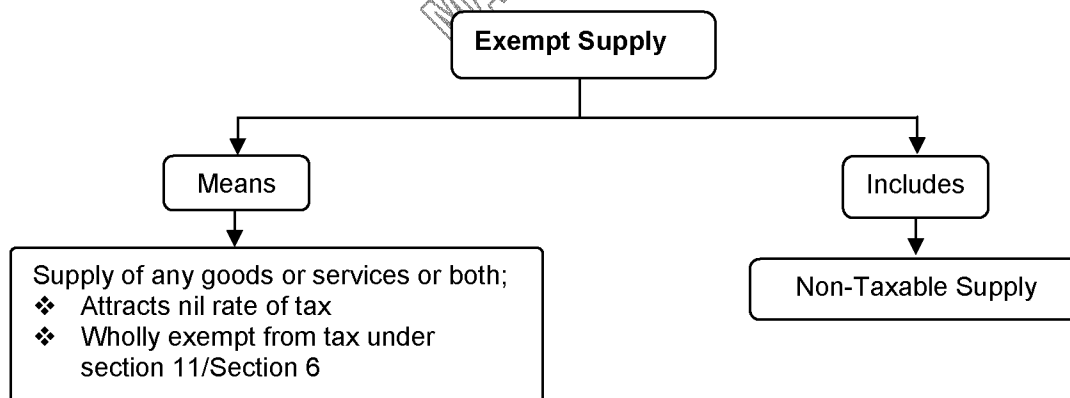
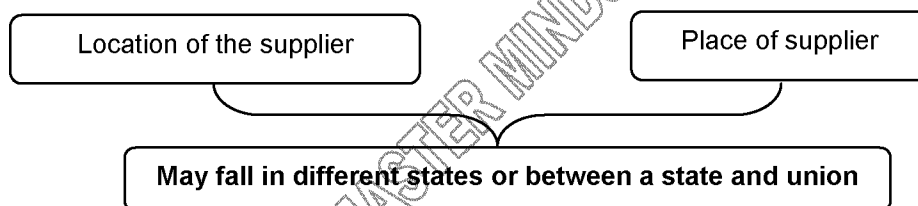
- The very basis for the charge of tax in any taxing statute is the taxable event
- The taxable event under GST is **Supply**

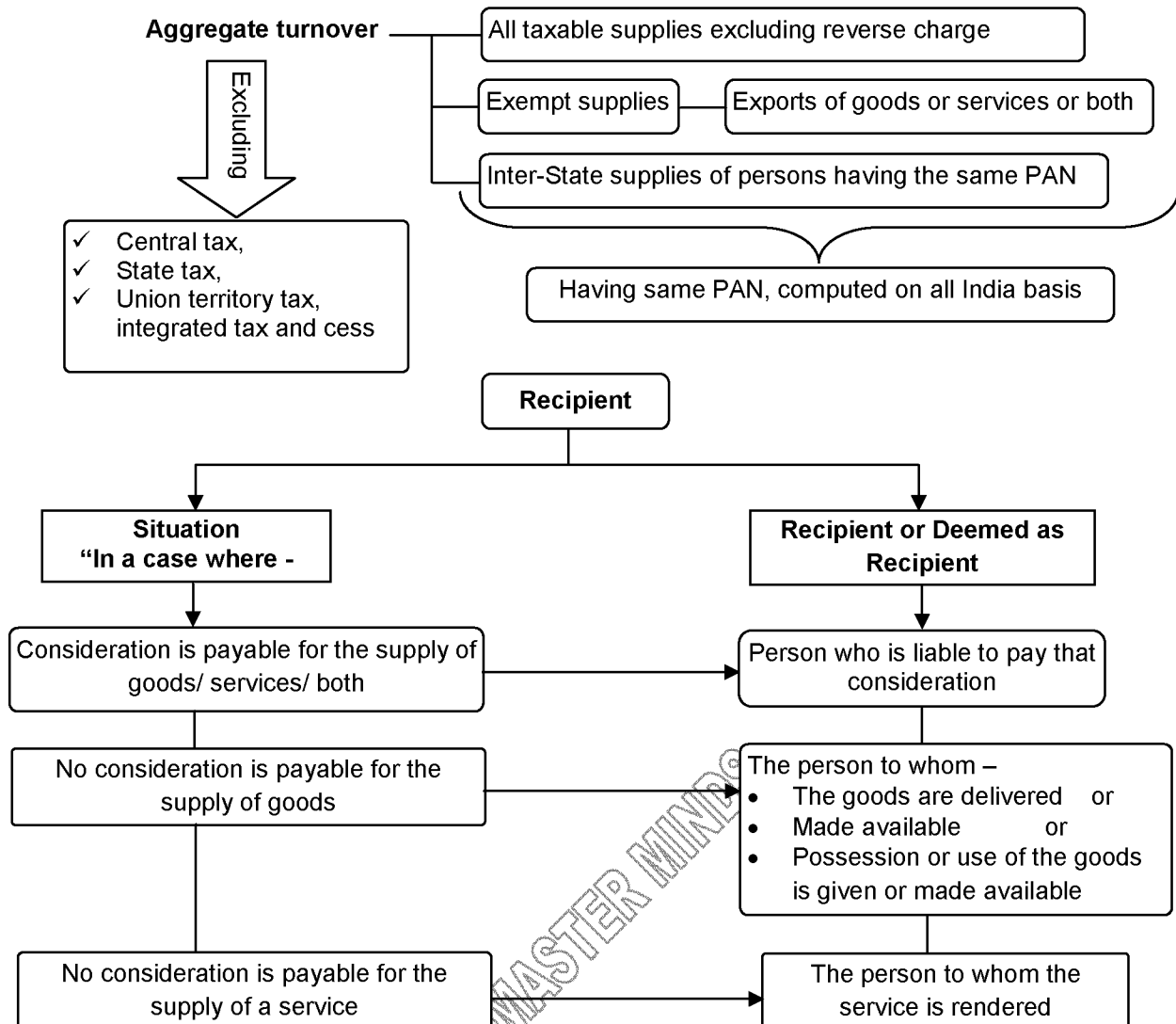


- Intra (within) - state Supply**



- Inter (between) - state Supply**





### CGST Act, 2017:

- The Act extends to **whole of India including Jammu & Kashmir**.

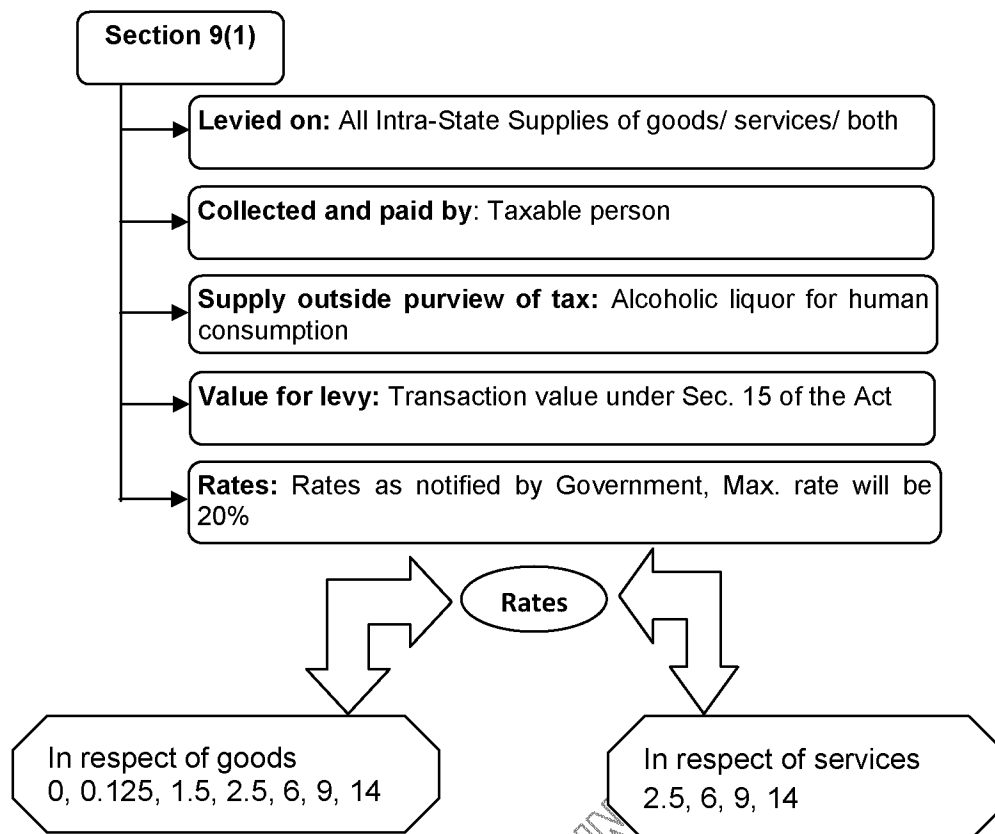
### SGST Act, 2017:

- State GST law of the respective State or Union Territory with State Legislature.
- State includes a union territory with legislature (Delhi and Puducherry).
- Extends to whole of that State/Union Territory.

### UTGST Act, 2017:

- Union territory without state legislature shall be treated as separate union territory
- Union territory means the territory of —
  - ✓ Andaman and Nicobar Islands
  - ✓ Lakshadweep
  - ✓ Dadra and Nagar Haveli
  - ✓ Daman and Diu
  - ✓ Chandigarh
  - ✓ Other territory.

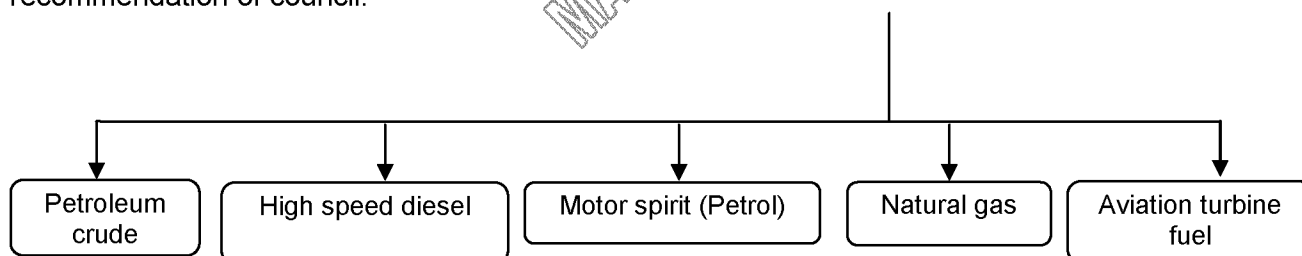
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**Levy & Collection of CGST:**


**Note:** S.G/ UT also levies similar rate of GST.

**Section 9(2):**

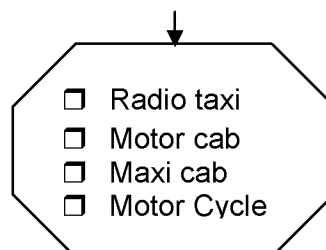
On the following products, tax could be levied from a date to be notified by the C.G on the recommendation of council:


**Reverse charge Section 9(3&4):**

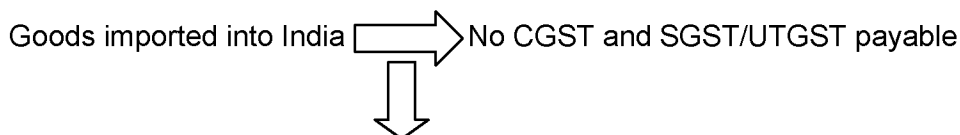
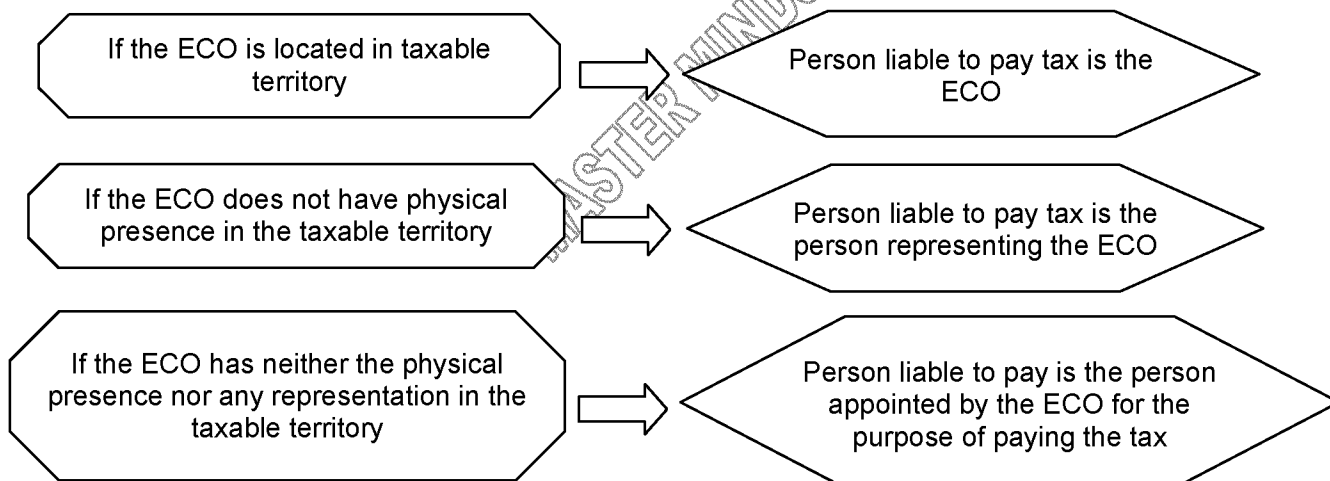
- Supply of goods or services or both, notified by the Government on the recommendations of the GST Council
- Taxable supplies **by** an unregistered supplier **to** a registered person
- Focus on:**
  - ✓ The burden to pay GST is on the recipient.
  - ✓ But the compliance requirements have been shifted from supplier to recipient.
  - ✓ No GST shall be payable, if the aggregate of supplies received from all the suppliers not exceeds Rs.5000 in a day.
  - ✓ In case of supplies made by unregistered persons to registered persons delayed till 1st July 2018.

**Electronic commerce operator services**

- Any person who owns operates or manages digital or electronic facility or platform for electronic commerce.
- The Government may notify specific categories of services the tax on supplies of which shall be paid by electronic commerce operator (ECO) as if such services are supplied through it.
- The following are the services notified:**
  - ❖ Services provided by way of passenger transportation by –



- ❖ Services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration.
- ❖ Services by way of providing house-keeping, such as plumbing, carpentering etc., except where the person supplying such service through electronic commerce operator is liable for registration.

**Person liable to pay GST when services supplied through an ECO:**


IGST shall be levied and collected on import of goods as per the section 3 of the Custom Tariff Act, 1975.

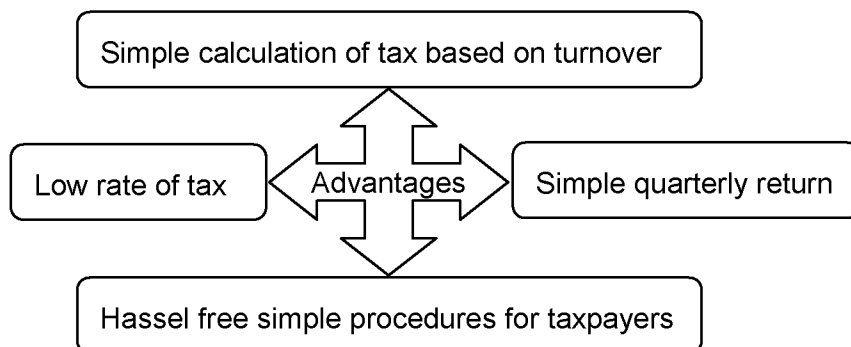
**List of services taxable under reverse charge (Services where tax is payable by recipient):**

Category of Supply of Services	Supplier	Recipient
1. Supply of services by GTA	GTA	<ul style="list-style-type: none"> <li>Any registered factory</li> <li>Any registered society</li> <li>Any co-operative society</li> <li>Any registered person under any of the GST Acts</li> </ul>

		<ul style="list-style-type: none"> <li>Any Body corporate established, by or under any law; or</li> <li>Partnership firm including association of persons.</li> <li>Casual taxable person</li> </ul>
2. Services supplied by way of representational services before any court, tribunal or authority, directly or indirectly	An individual advocate including a senior advocate or firm of advocates	Any business entity located in the taxable territory
3. Legal services	An arbitral tribunal	Any business entity located in the taxable territory
4. Sponsorship services	Any person	Any Body corporate or partnership firm (including LLP) located in the taxable territory.
5. Services excluding – <ul style="list-style-type: none"> <li>✓ Renting of immovable property to unregistered entity and</li> <li>✓ Services by Department of Posts(Speed post, Express parcel post, Life insurance, Agency services);</li> <li>✓ Services in relation to an aircraft or a vessel;</li> <li>✓ Transport of goods or passengers.</li> </ul>	CG,SG,UT or LA	Any business entity located in the taxable territory
6. Services supplied by a director	A director of the company or body corporate	The company or body corporate located in the taxable territory
7. Insurance agent services	An insurance agent	Any person carrying on insurance business, located in the taxable territory.
8. Recovery agent services	A recovery agent	A banking company or a financial institution or a Non-banking financial company, located in the taxable territory.
9. Supply of services by way of transfer or permitting the use or enjoyment of a copyright relating to original literary, dramatic, musical or artistic works.	Author or music composer, photographer, artist, or the like	Publisher, music company, producer or the like, located in the taxable territory.
10. Overseeing Committee Services	Members of Overseeing Committee	RBI

**COMPOSITION SCHEME OF LEVY:**

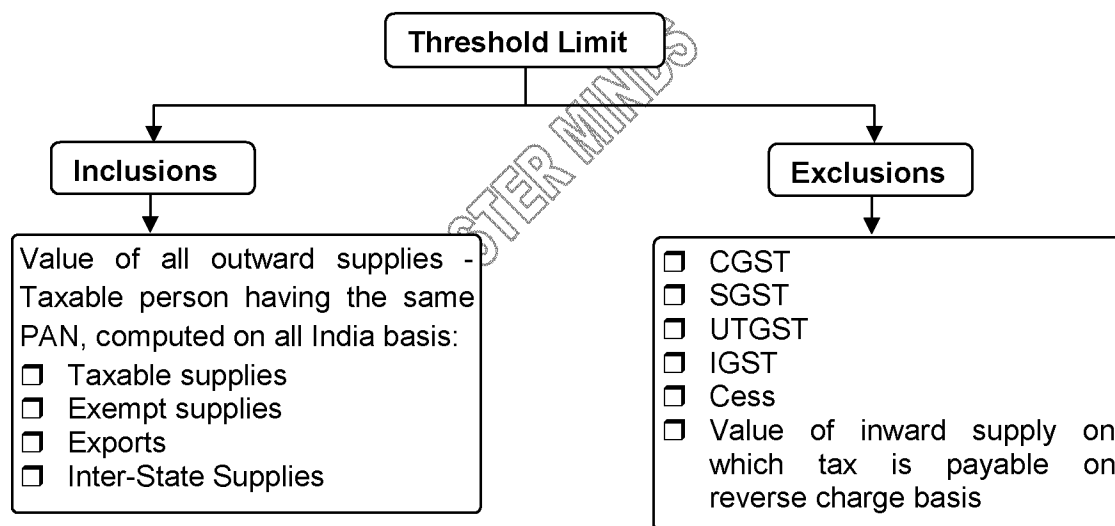
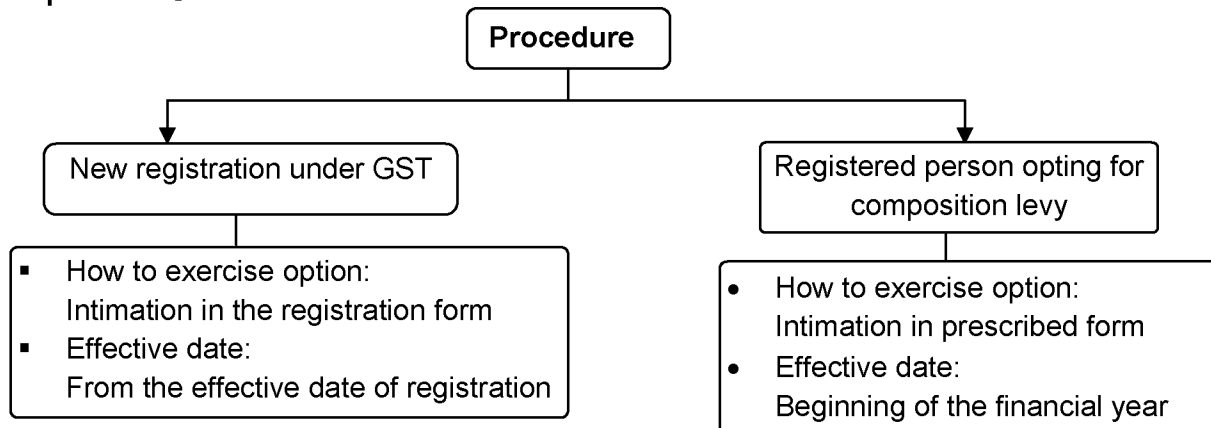
- It is an option for specified categories of small taxpayers to pay GST at a very low rate on the basis of turnover.
- The **advantages** of composition scheme:


**Eligibility for Composition Levy:**

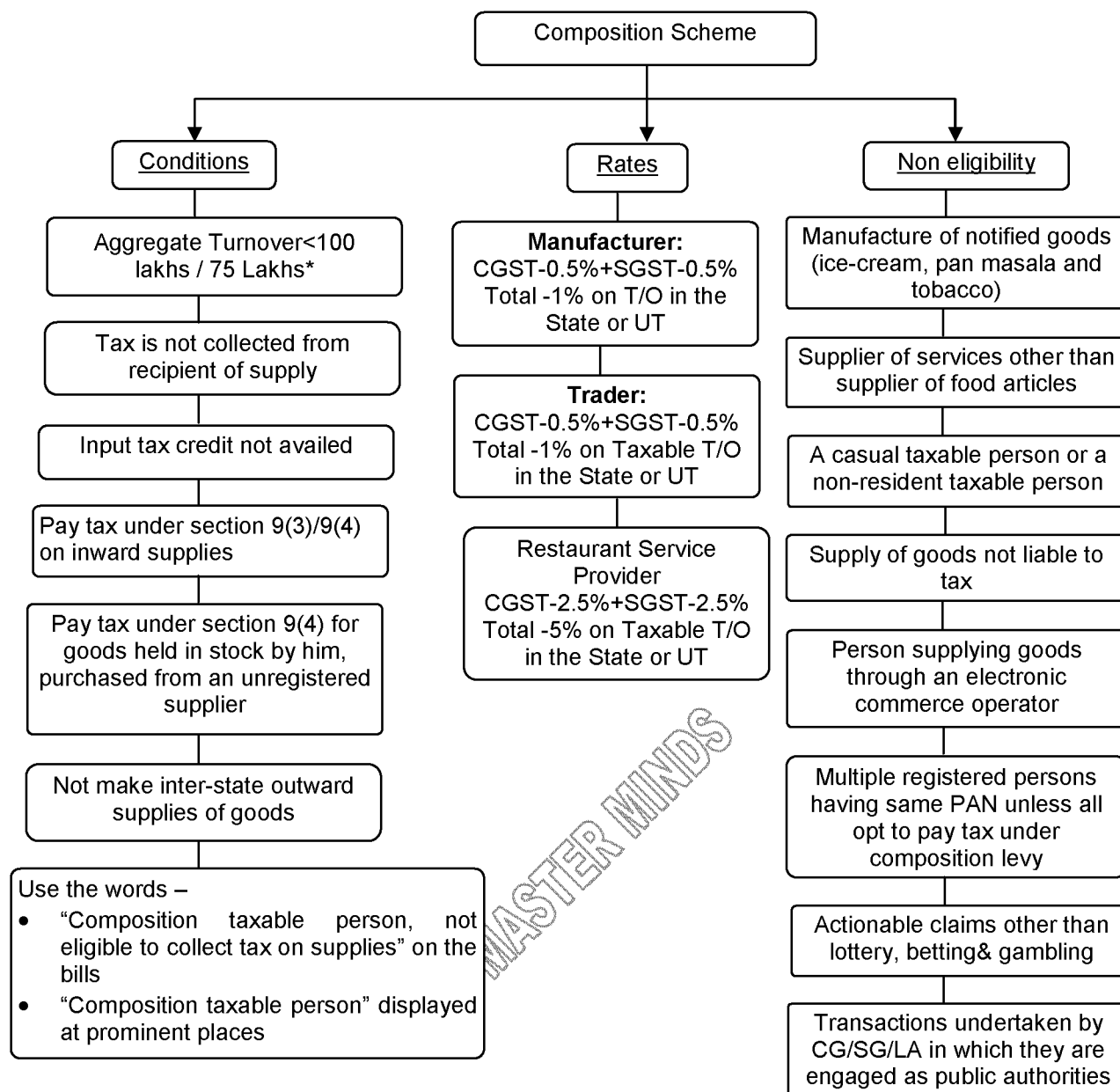
- Initially, Sec.10 of the CGST Act specifies the threshold limit for small tax payers as Rs.50 Lakhs.
- As of now, this threshold limit has now been fixed at Rs.100 lakhs (including the states Uttarkhand, Jammu & Kashmir)
- The threshold limit has been stringently limited to Rs. 75 lakhs for **Special Category states**.



Arunachal Pradesh, Assam, Himachal Pradesh, Sikkim, Tripura, Manipur, Meghalaya  
Nagaland, Mizoram


**Composition Scheme- Procedure**


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### \* Special Category States

#### Focus on:

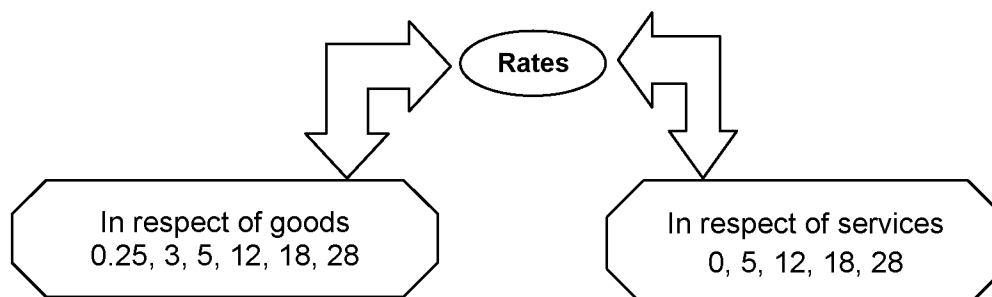
- The composition scheme shall be valid as long as the person is satisfying the prescribed Conditions and eligibility criteria.
- Required to file intimation for withdrawal from the scheme within 7 days or 30 days
- The Composition scheme shall be adopted uniformly by all the registered persons having the same PAN.
- Supplier cannot collect tax from the recipient
- Taxable person opting for the composition scheme is not entitled to any credit of input tax.

### Integrated Goods and Services Tax Act, 2017

- Extends to the whole of India **including** Jammu & Kashmir
- Levied on all Inter-State Supplies of goods/ services/ both except Alcoholic liquor for human consumption
- Rates as notified by Government, Max. rate will be 40%



- Levied and collected on import of goods as per the section 3 of the Custom Tariff Act, 1975
- Levied as additional duty of customs in addition to basic customs duty under the Customs Tariff Act, 1975.
- Taxable person should collect and pay tax on transaction value determined as per Sec. 15 of the Act.
- **Rates:**



**Note:** S.G/ UT also levies similar rate of GST.

- On the following products, tax could be levied from a date to be notified by the CG
  - Petroleum crude
  - High speed diesel
  - Motor spirit (Petrol)
  - Natural gas and
  - Aviation turbine fuel
- Reverse charge shall be applicable in respect of –
  - ✓ Notified supplies
  - ✓ Taxable supplies by an unregistered supplier to a registered person
- In addition to the services mentioned in The CGST Act, 2017, for the following services entire IGST shall be paid by the Recipient.

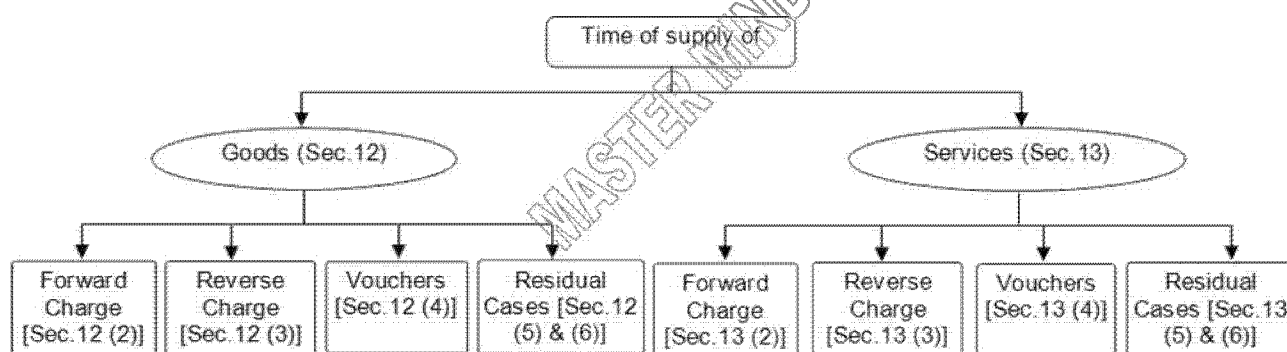
Nature of the Supply of Service	Supplier	Recipient
1. Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient.	Any person located in a non-taxable territory	Any person located in the taxable territory other than non-taxable online recipient
2. Services supplied by a person located in nontaxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India	A person located in a non-taxable territory	Importer

**THE END**

## 5. TIME & VALUE OF SUPPLY

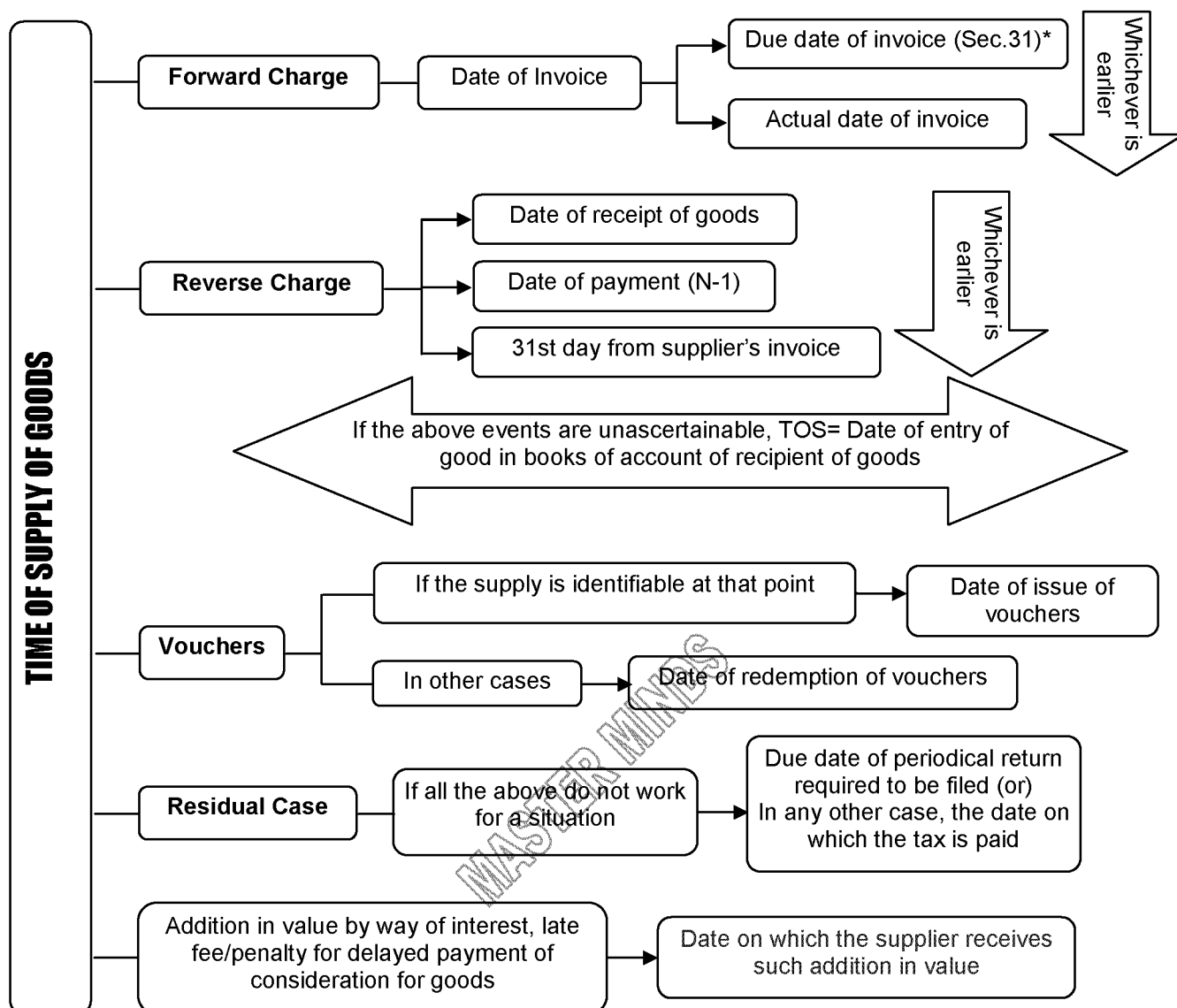
### PART I – TIME OF SUPPLY

- Time of supply deals with Point in time when the liability to pay tax arises.
- The point of taxation enables us to determine the rate of tax, value and due dates for payment of taxes.
- The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13 of CGST Act (section 20 of the IGST Act).
- Provisions relating to 'time of supply' provide answer to all such questions that arise on the timing of the liability to pay CGST and SGST/UTGST (Intra-state supply) and IGST(Inter-state supply) as time of supply fixes the point of time when the liability to pay tax arises.
- **Concept of Time of Supply of Goods/Services:**
  - ❖ Supply of goods/services on which the supplier is liable to pay tax(Forward Charge)
  - ❖ Receipt of goods/services that are taxable under reverse charge(Reverse Charge)
  - ❖ Supply of vouchers that can be exchangeable for goods/used to pay for services
  - ❖ Residual Cases
  - ❖ Enhancement in the value on account of interest /late fee etc. for delayed payment
- **Time of Supply:**

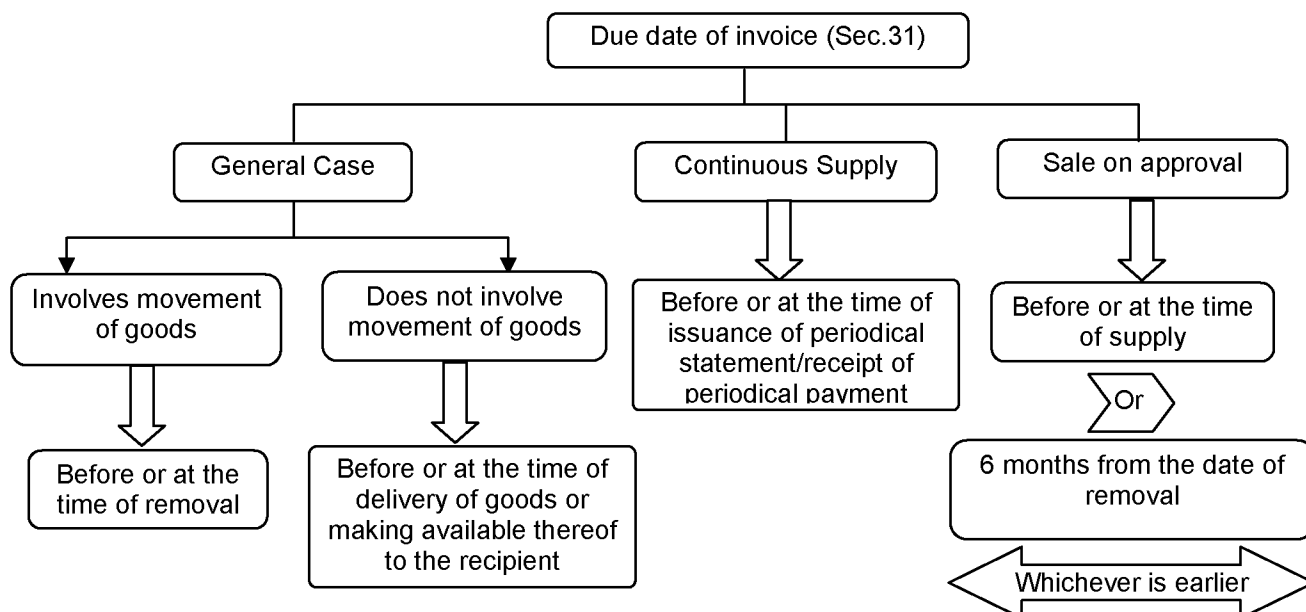


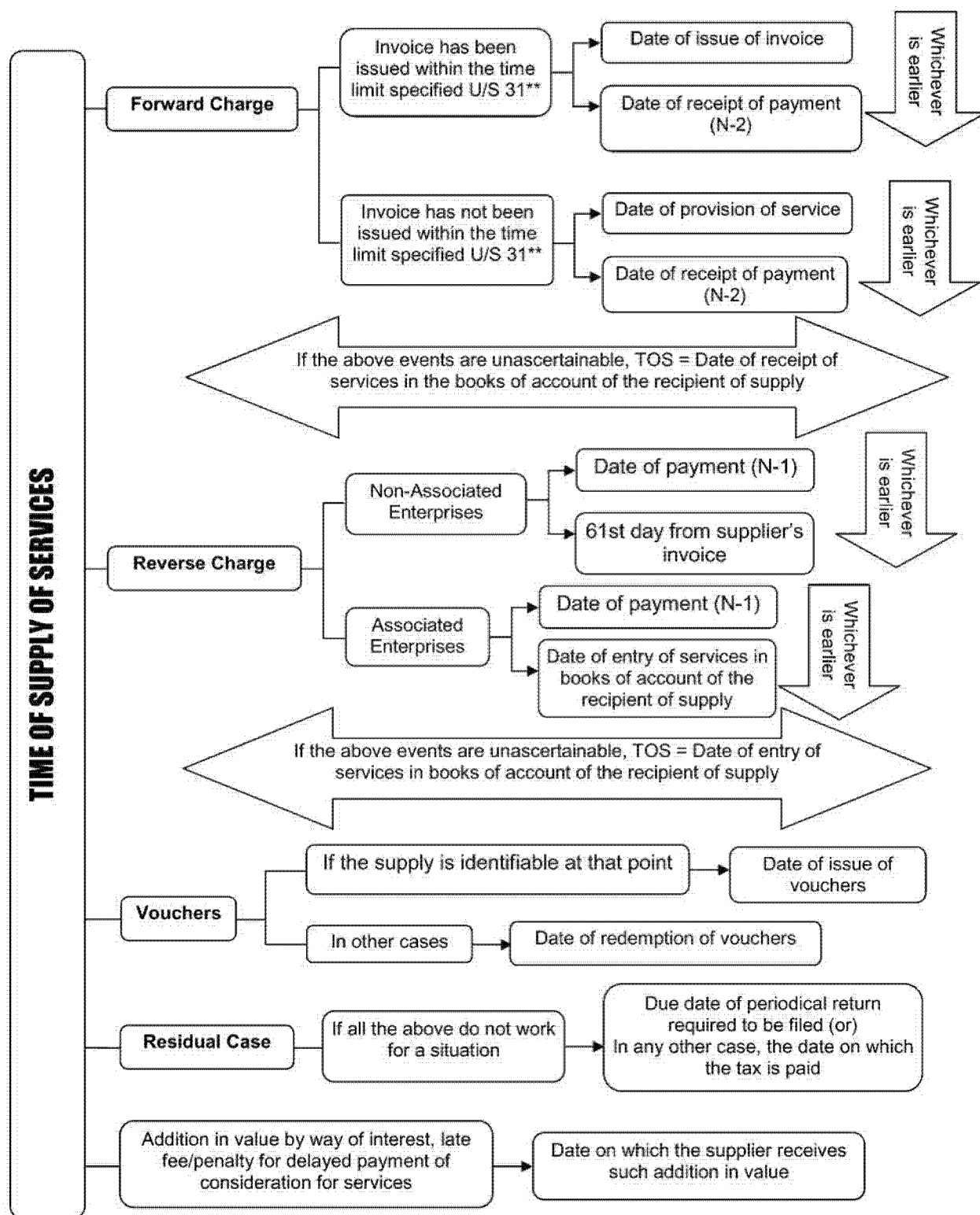
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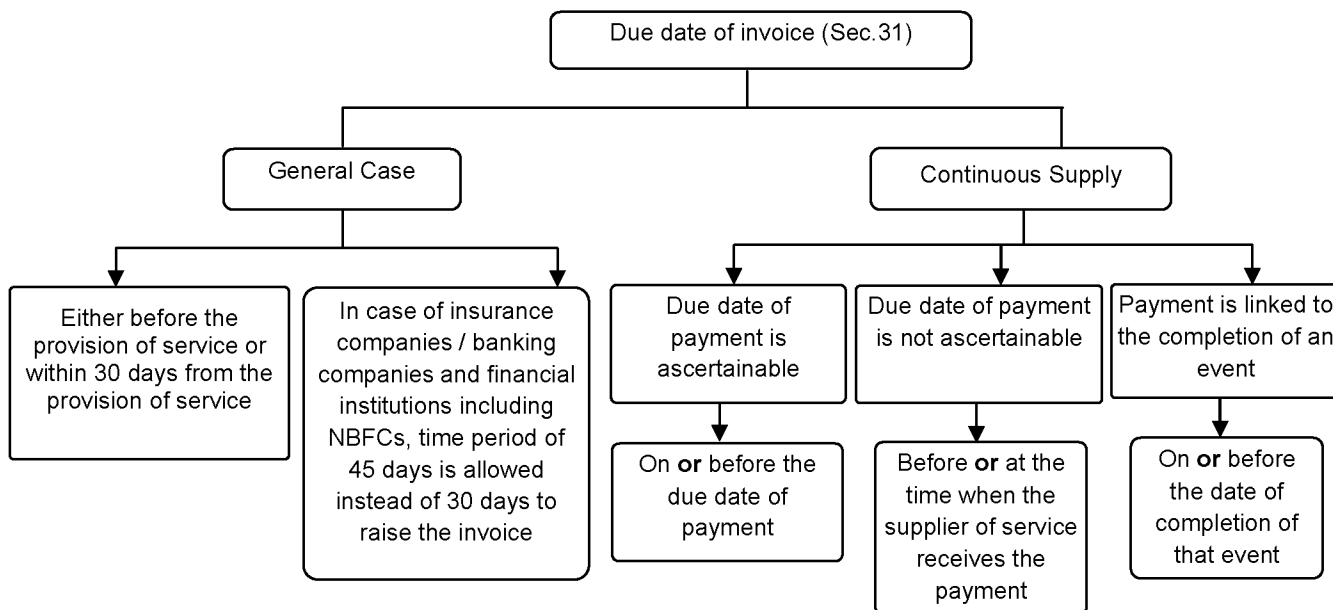
- **Reverse charge** means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both.



**\*Due date of invoice (Sec.31):**





**\*\*The time limit specified U/S 31:**


**Note-1: Date of Payment-** Date of Payment shall be the earlier of the following two dates:

- (i) Date on which the payment is recorded in the books of accounts of the recipient of goods/services; or
- (ii) Date on which the payment is debited to the recipient's bank account.

**Note-2: Date of receipt of payment-** Date of receipt of payment shall be the earlier of the following two dates:

- (i) Date on which the payment is recorded in the books of accounts of the Supplier of services; or
- (ii) Date on which the payment is credited to the supplier's bank account.

**Focus on:**

- In case of part payment was made in the form of an advance and the issuance of an invoice was made, then the supply shall be deemed to have been made to the extent of the amount so paid or covered by the invoice but not the full value of supply.
- If payment received is up to Rs.1,000 in excess of the value of the goods/services invoiced, the supplier can choose to take the date of invoice issued with respect to such excess amount as the time of supply of goods/services for such excess value.
- No GST is payable on advance received and on such advances GST is payable as and when the invoice is issued or to be issued, whichever is earlier.
- Where the payment is received in installments, the time of supply shall be determined separately for each installment.

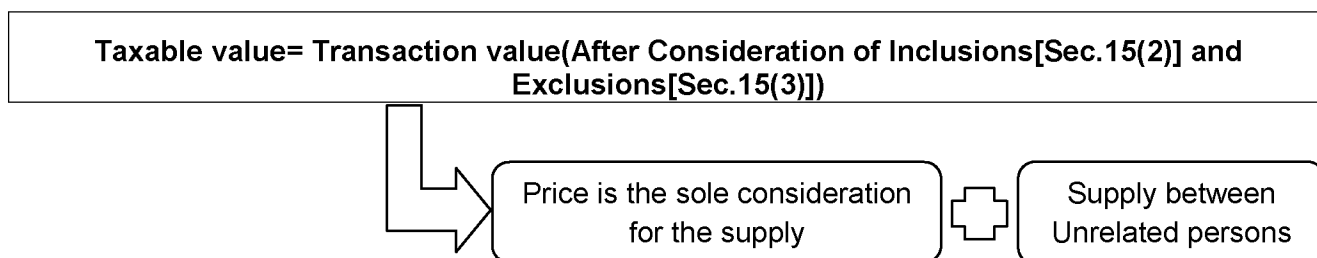
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## PART II - VALUE OF SUPPLY

- GST is levied as a percentage of the value of supply, whether of goods or of services.
- Therefore it becomes important to know how to arrive at the value on which tax is to be paid.
- Section 15 of the CGST Act supplemented with the Chapter IV of CGST Rules, deals with determination of Value of Supply.

### Section 15:

Sec. 15(1) - Transaction value:

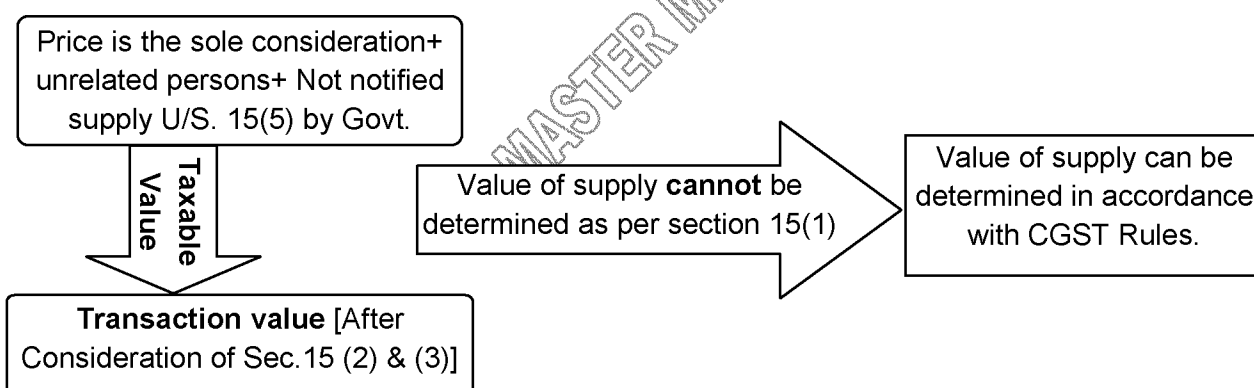


Sec. 15(2) & (3) → Inclusions and Exclusions in transaction value

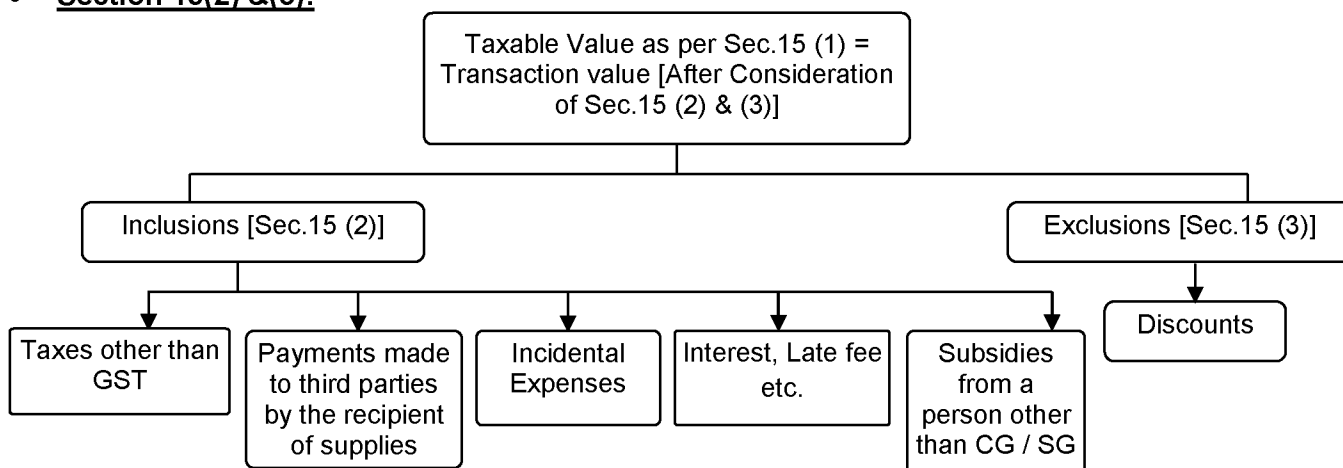
Sec. 15(4) → Where the taxable value of supply cannot be determined as per section 15(1) of CGST Act, the same needs to be determined in accordance with CGST Rules.

Sec. 15(5) → Empowers the Government to notify any supply, the value of which would need to be determined in accordance with CGST Rules.

### Section 15: Overview

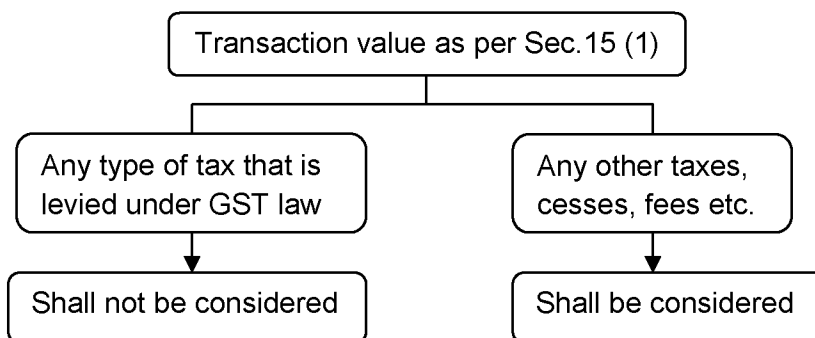


### Section 15(2) &(3):



• **Section 15(2) - Inclusions:**

**A. Taxes other than GST [Sec.15 (2) (a)]:**



**B. Payments made to third parties [Sec.15 (2) (b)]:**

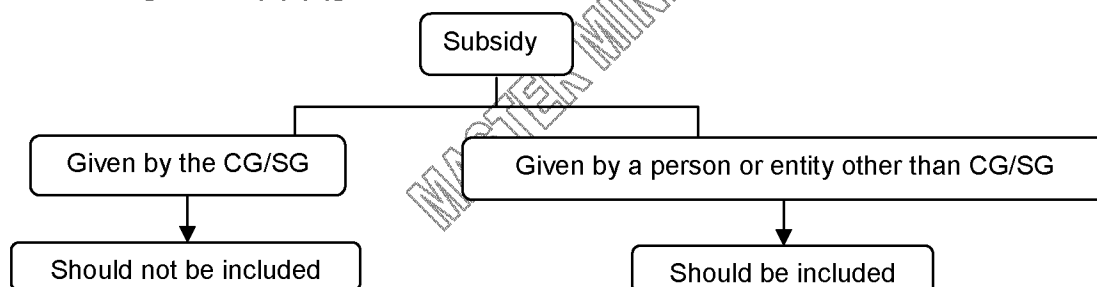
Should include the following amounts-

- ✓ A supplier may need to incur various expenses out of his own pocket, in order to make a particular supply of goods/services. Further this amount charged from recipient.
- ✓ A customer makes direct payment of some of such liabilities of the supplier to the third parties (Even though does not include this amount in the bill).

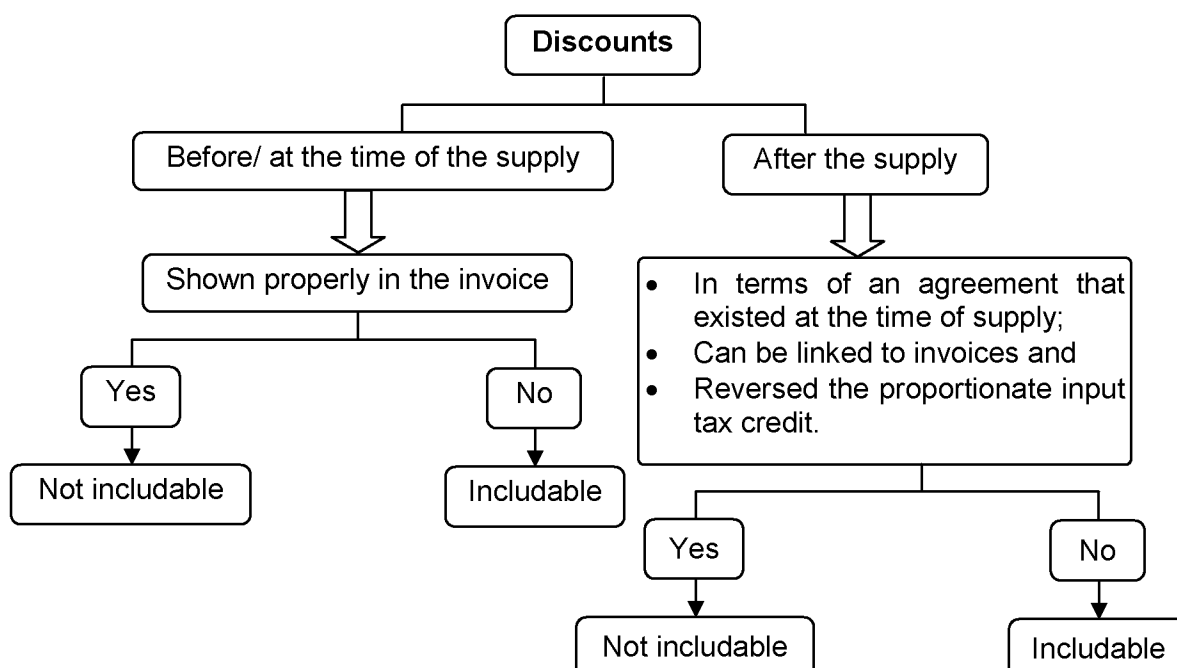
**C. Incidental Expenses [Sec.15 (2) (c)]:** Incidental expenses up to the point of delivery of goods/ for supply of services, if charged to recipient.

**D. Interest, Late fee etc. [Sec.15 (2) (d)]:** Not only the base price but also the charges for delay in payment.

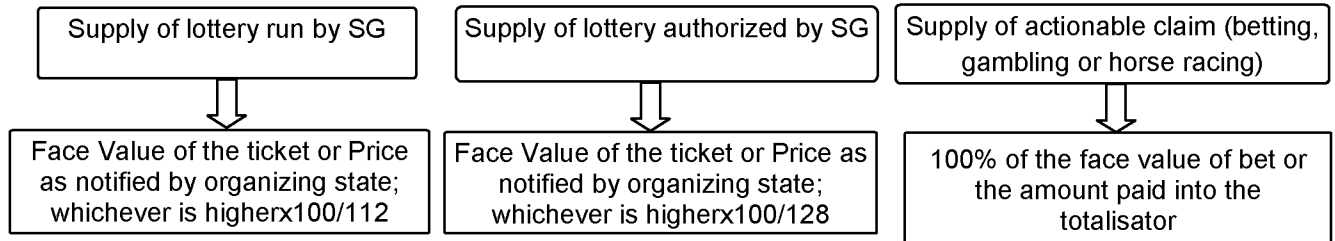
**E. Subsidies [Sec.15 (2) (e)]:**



• **Section 15(3)-Exclusions(Discouts):**



- Value of supply (Lottery, Betting, Gambling and Horse Racing):



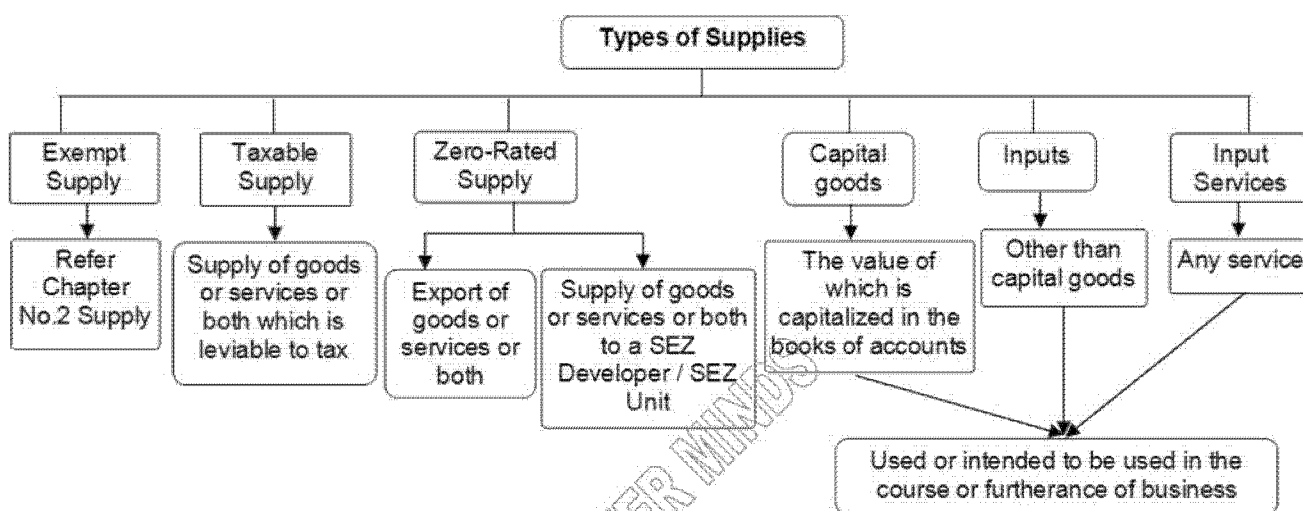
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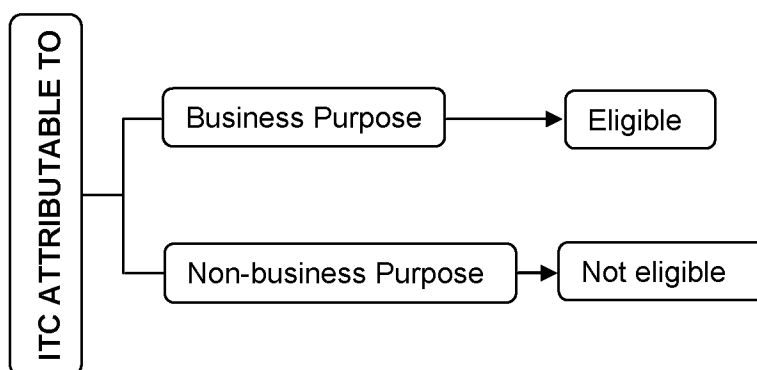


## 6. INPUT TAX CREDIT

- Input tax credit will be given to avoid the cascading effect (double impact) of taxes.
- Earlier, State VAT taxes will be governed by the respective state laws, allowed ITC of VAT on inputs and capital goods for transactions within the state, but not on inputs and capital goods coming in the state from outside the state on which CST was paid.
- Introduction of GST at both central and state levels has integrated taxes on goods/services for the purpose of set-off relief and ensured that the cascading effects prevalent under the earlier regime get removed.
- GST legislature allows seamless credit on goods and services across the entire supply chain.
- **Definitions:**

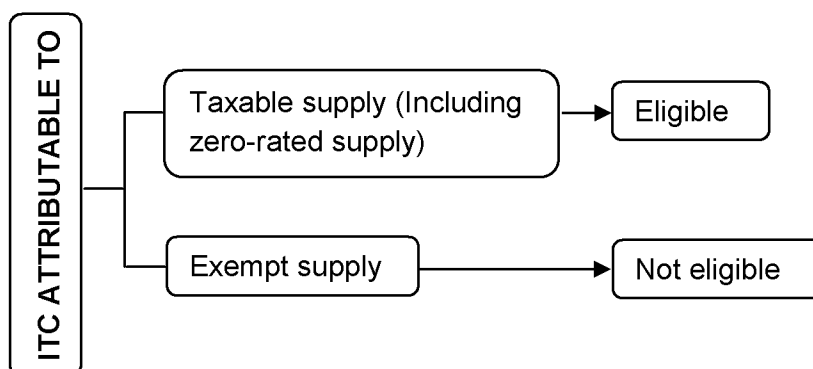


- ITC may be availed on inward supplies for making zero-rated supply. Therefore, ITC is available on goods or services or both used for supplies made in the course of export or to a SEZ Developer/SEZ Unit.
- **Eligibility:**
  - A registered person can claim ITC on inward supplies of goods/ services/ both used or intended to be used in the course or furtherance of business.
  - Goods or services or both which are used for both business and non-business purposes:

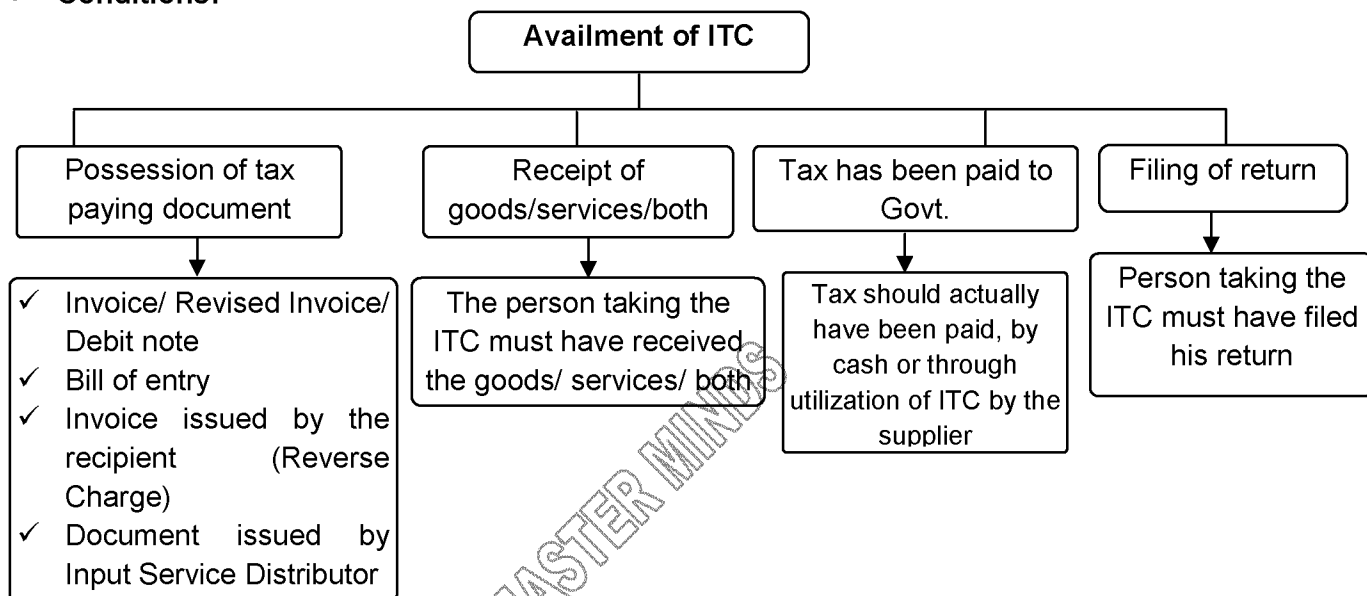


- Goods or services or both which are used for both Taxable (Including zero-rated supply) and Exempt supplies:

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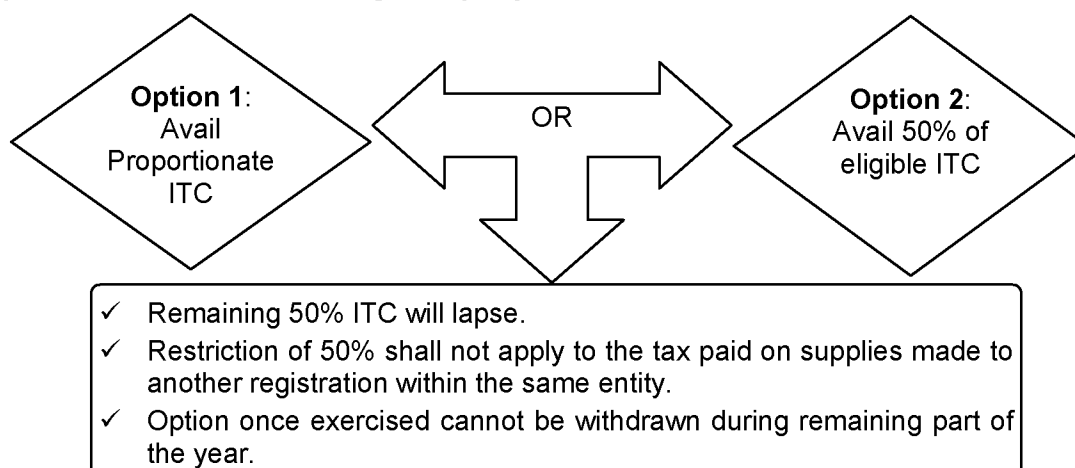
• **Conditions:**



• **Focus on:**

- As per CGST Rules, the original copy issued by the supplier may preferably be kept for record to support the credit entry.
- Goods delivered to a third party on the direction of registered person deemed to be received by the registered person. ITC available to registered person [Bill to Ship to Model].
- In case the goods covered under an invoice are not received in a single consignment but are received in multiple lots / instalments, the ITC can be taken only upon receipt of the last lot / instalment.
- If depreciation claimed on tax component, then ITC not allowed. No double benefit is allowed.

• **An optional scheme for Banking Company:**



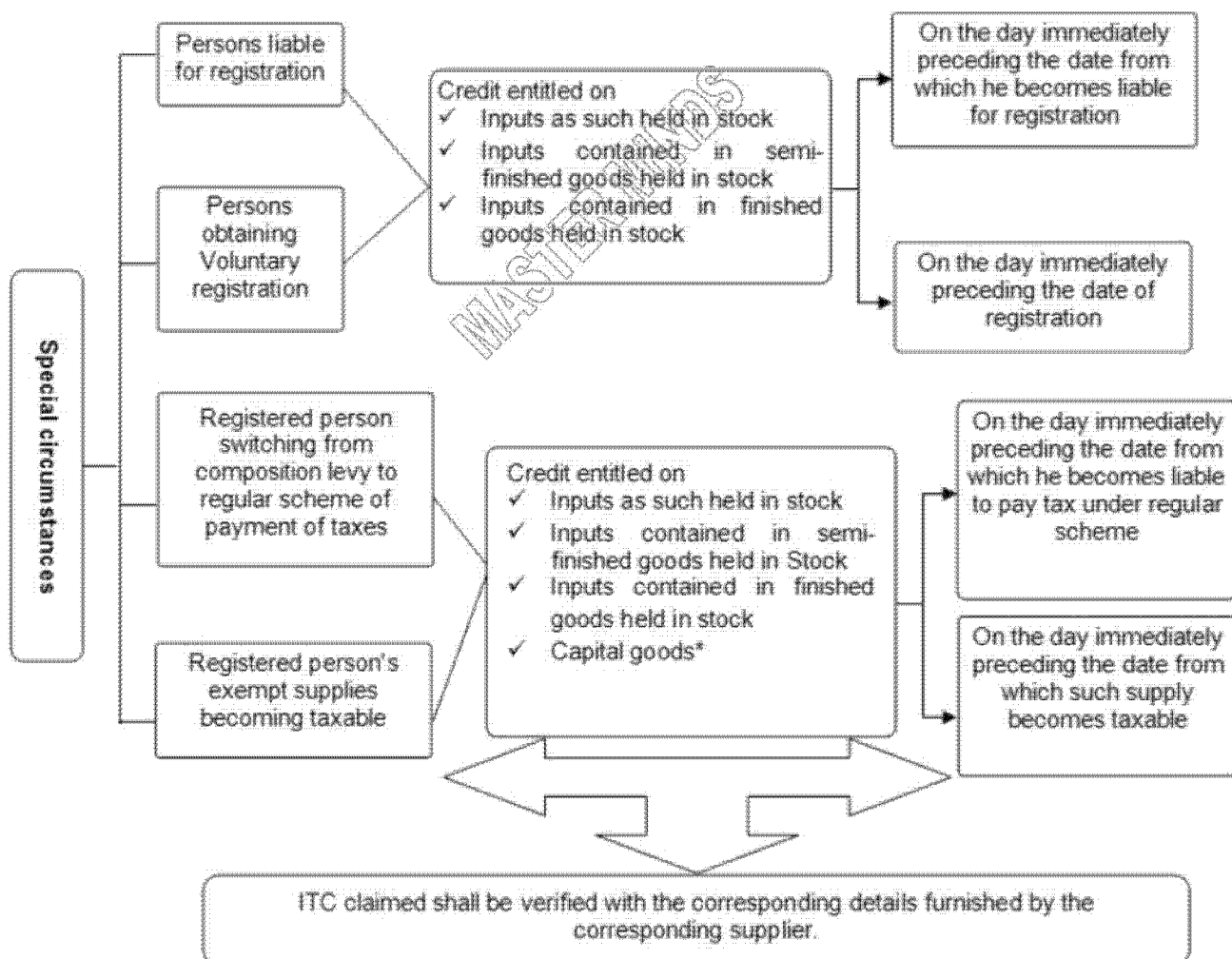
- **Payment for invoice to be made within 180 days:**
  - In case the payment for an invoice was not made within 180 days of the date of issuance of invoice, then the ITC availed shall be reversed along with interest @ 18%.
  - The details of such supplies and corresponding credits thereon must be furnished in the GSTR 2 of the month immediately following such 180 days.
  - However, once the payment is made, the recipient will be entitled to avail the credit again without any time limit.
  - Exceptions-Payment within 180 days does not apply in the following situations:
    - i) Supplies under Reverse Charge;
    - ii) Deemed supplies without consideration.
- **Time limit for availing ITC:**
  - ITC on invoices/ Debit notes pertaining to a financial year can be availed any time till the due date of filing of the return for the month of September of the succeeding financial year (i.e. 20<sup>th</sup> October) or the date of filing of the relevant annual return (i.e. 31<sup>st</sup> December), whichever is earlier.
  - The time limits stated above applies only in case of availment of credit for the first time. Such limits do not apply in case of re-availment of credit that had been reversed earlier.
- **Blocked credits:**

Generally, input tax credit is available on almost every input and input service used for supply of taxable goods or services except on goods/ services/ both specified below:

Blocked credits	Exception
Motor vehicles and conveyances	Motor vehicles and conveyances are used for- <ol style="list-style-type: none"> <li>i) Transportation of goods;</li> <li>ii) Further supply;</li> <li>iii) Transportation of passengers;</li> <li>iv) Imparting training on driving/ flying/ navigating.</li> </ol>
Foods and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery	Used for making an outward taxable supply of the same category or as an element of a taxable composite or mixed supply.
Inward supplies on which tax has been paid under the composition scheme	-
Goods and / or services used for personal consumption	-
Goods that are lost, stolen, destroyed, written off or disposed of by way of gift or free samples	-
Rent-a-cab, life insurance and health insurance	<ol style="list-style-type: none"> <li>i) The Government has made it obligatory for an employer to provide any of these services to his employees;</li> <li>ii) Used for making an outward taxable supply of the same category or as an element of a taxable composite or mixed supply.</li> </ol>
Membership of a club, health and fitness Centre	-

Works contract services for construction of an immovable property	Works contract services received in connection with construction of an immovable property, used for- i) Further supply; ii) Plant and Machinery.
Inward supplies received by a taxable person for construction of an immovable property on his own account even when such supplies are used in the course or furtherance of business	Plant and Machinery
Travel benefits to employees on vacation such as LTC or home travel concession	-
Tax paid as a result of evasion of taxes, or upon detention of goods/conveyances in transit, or towards redemption of confiscated goods/conveyances	-
Inward supplies received by a non-resident taxable person	-

• **Special circumstances enabling availing of credit:**



**Focus on:**

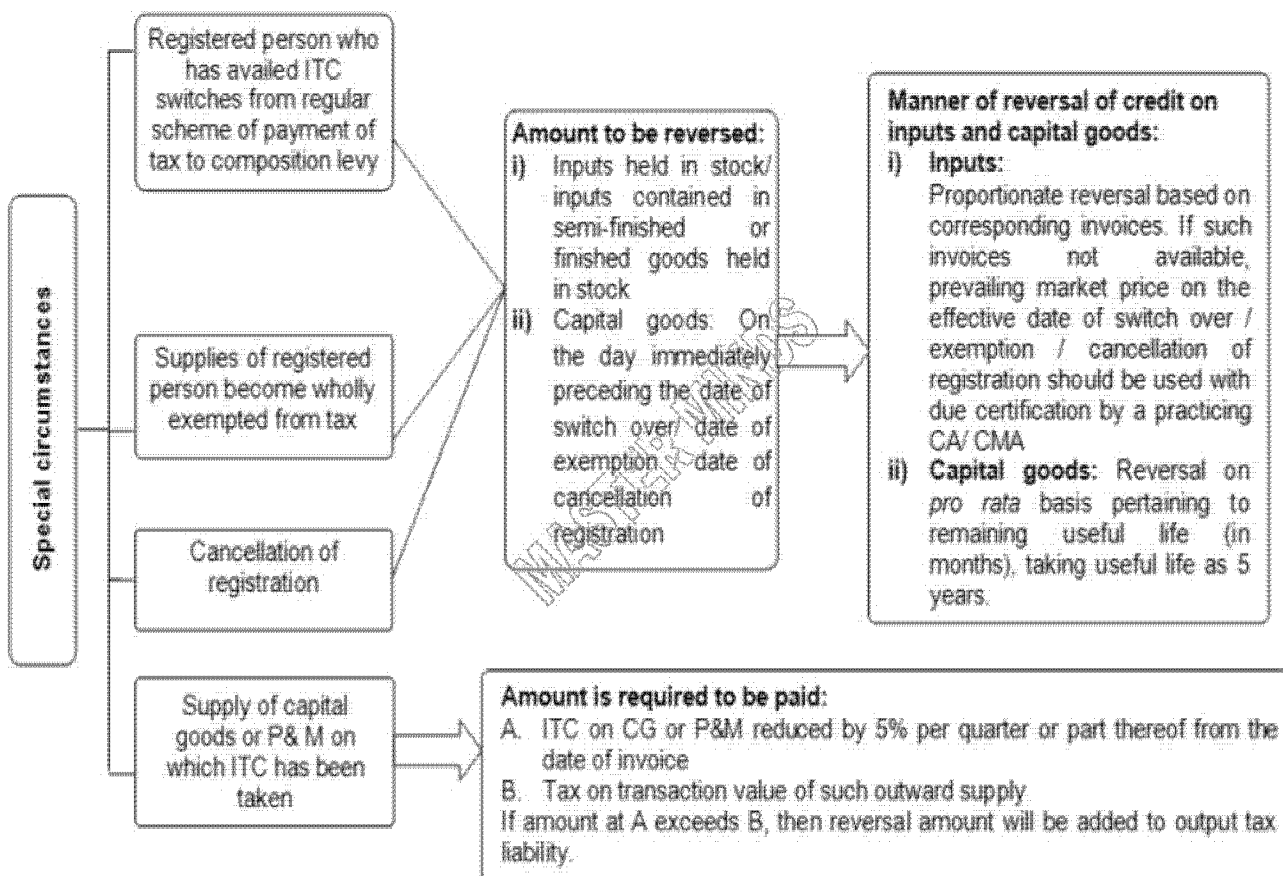
- ITC, in all the above cases, is to be availed within 1 year from the date of issue of invoice by the supplier.
- Procedural Conditions:

- An electronic declaration has to be filed on the day immediately preceding the day on which credit becomes eligible.
- Such declaration has to be filed within 30 days from becoming eligible to avail credit. (In case of persons liable for registration- CGST/IGST Commissioner empower to extend the time period for submission of such declaration.)
- Details furnished in the declaration have to be certified by a CA/CMA if aggregate claim of all taxes put together exceeds Rs.2,00,000.

**\*Note:**

Entire tax on capital goods shall not be available as credit. Total tax paid on procurement of capital goods as reduced by 5% per quarter or any part thereof from the date of invoice shall be admissible as credit.

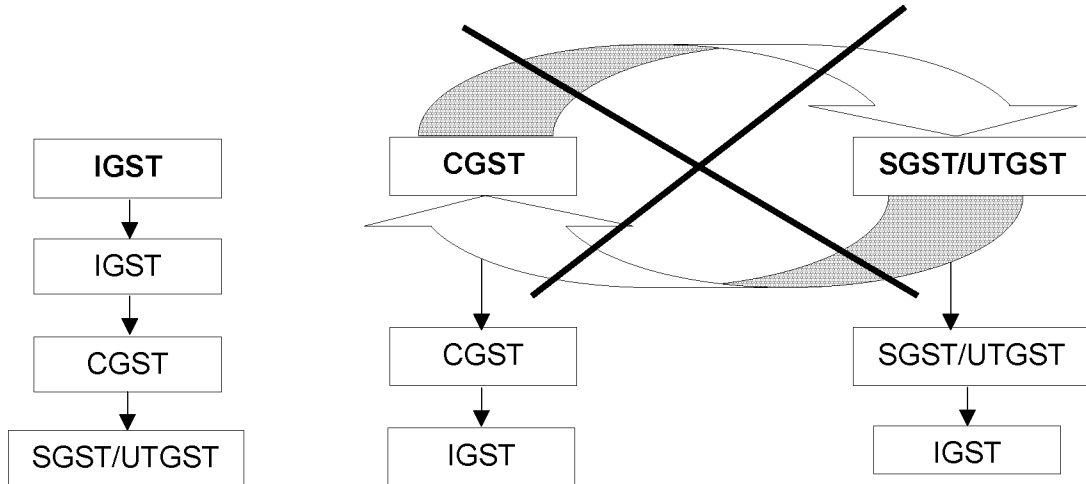
• **Special circumstances leading to reversal of credit or payment of amount:**



**Focus on:**

- The amount to be reversed will be added to output tax liability of the registered person.
- ITC to be reversed will be calculated separately for ITC of CGST, SGST/UTGST and IGST.
- The electronic credit/cash ledger will be debited with such amount. Balance ITC, if any, will lapse.
- If refractory bricks, moulds, dies, jigs & fixtures are supplied as scrap, the taxable person may pay tax on transaction value of such outward supply.
- **Transfer of ITC on account of change in constitution of registered person:**
  - In case of amalgamation etc., Unutilized ITC can be transferred to the new entity if;
    - (i) Specific provision for transfer of liabilities;
    - (ii) The inputs and capital goods so transferred shall be duly accounted.

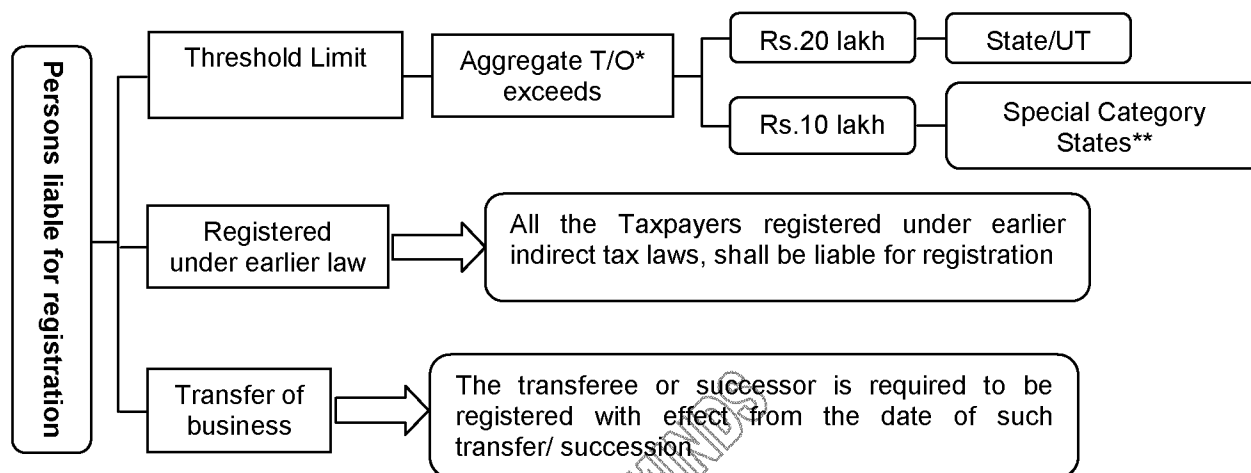
- In case of demerger, ITC will be apportioned in the ratio of value of assets of new unit.
- Details of change in constitution will have to be furnished along with request to transfer unutilised ITC. CA/ CMA certificate will have to be submitted.
- Details should be accepted by transferee. Unutilized ITC will be credited to his Electronic Credit Ledger.
- **Manner of utilization of ITC:**



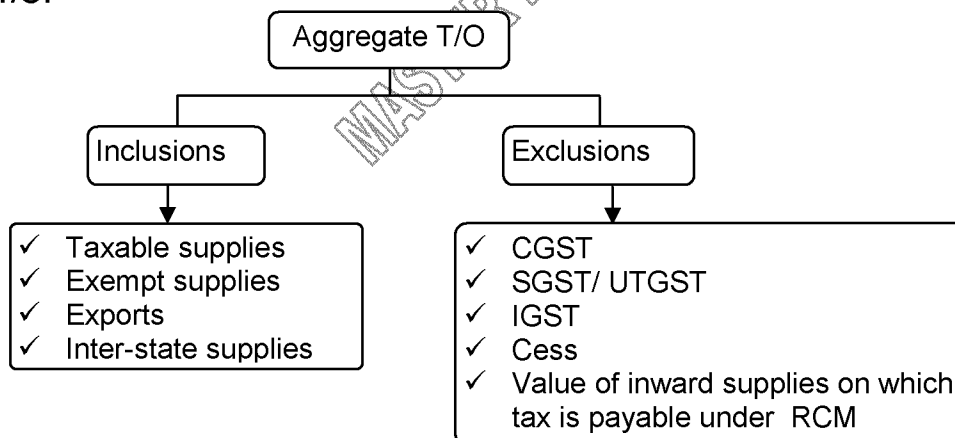
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## 7. REGISTRATION

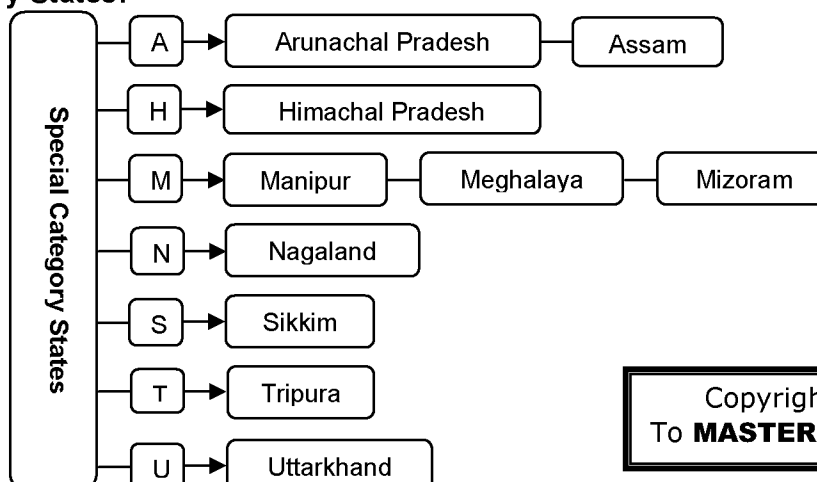
- The registration in GST is PAN based and state specific.
- One registration per State/UT.
- Registration under GST is not tax specific, i.e. single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and cesses.
- However, a business entity having separate business verticals in a State may obtain separate registration for each of its business verticals.
- GST Identification Number called "GSTIN" and a certificate of registration incorporating therein such GSTIN is made available to the applicant on the GSTN portal.
- **Persons liable for registration:**



**\*Aggregate T/O:**



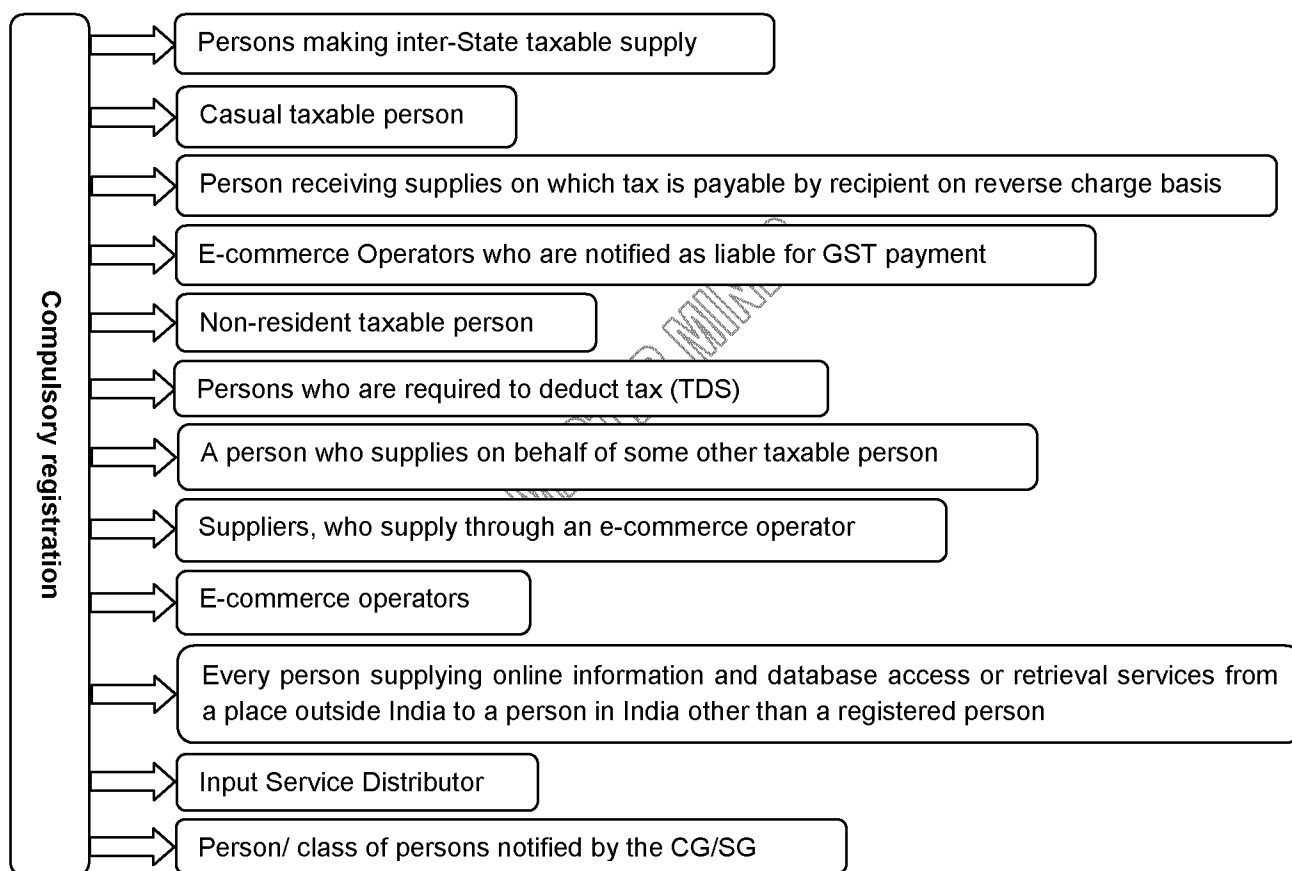
**\*\*Special Category States:**



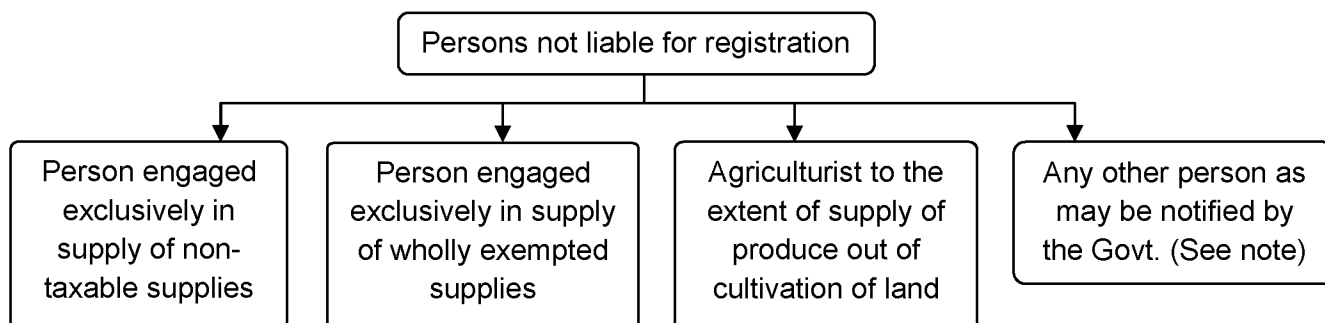
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**Focus on:**

- Aggregate turnover to include total turnover of all branches with same PAN.
- A person having place of business in different States, one branch in any of the Special Category States, then the limit for registration will be Rs. 10 lakh for all his branches.
- Aggregate turnover to include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.
- A person is required to obtain registration with respect to his each place of business in India.
- Amalgamation/ Demerger by an order of High Court etc., the transferee is liable to be registered from the date on which ROC issues incorporation certificate.
- **Persons liable for compulsory registration:**



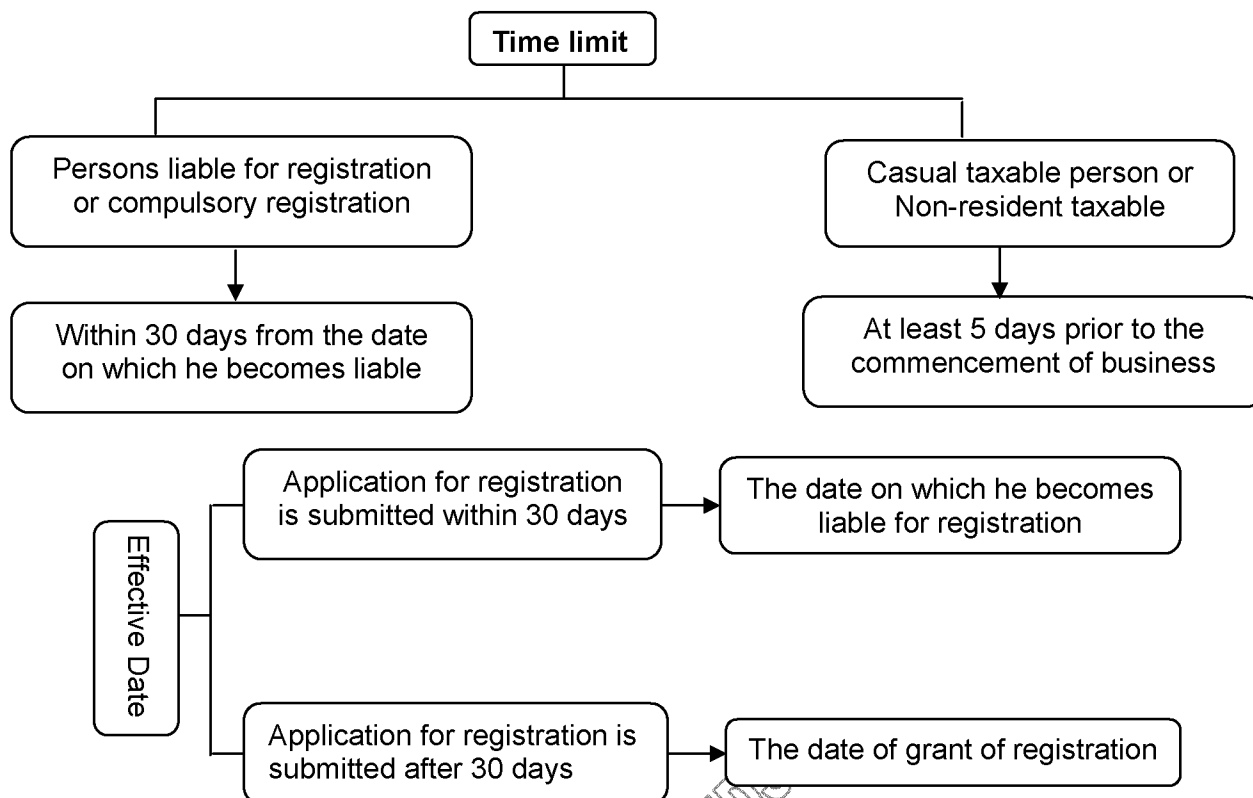
- **Persons not liable for registration:**



**Note:** Persons making only reverse charge supplies exempted from obtaining registration.



• **Procedure for registration:**

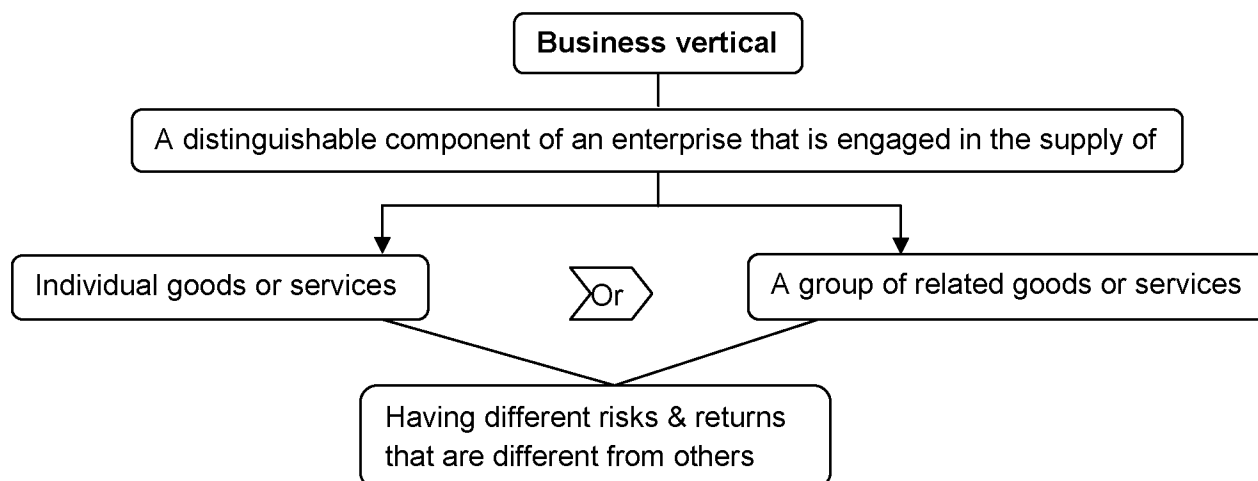


**Focus on:**

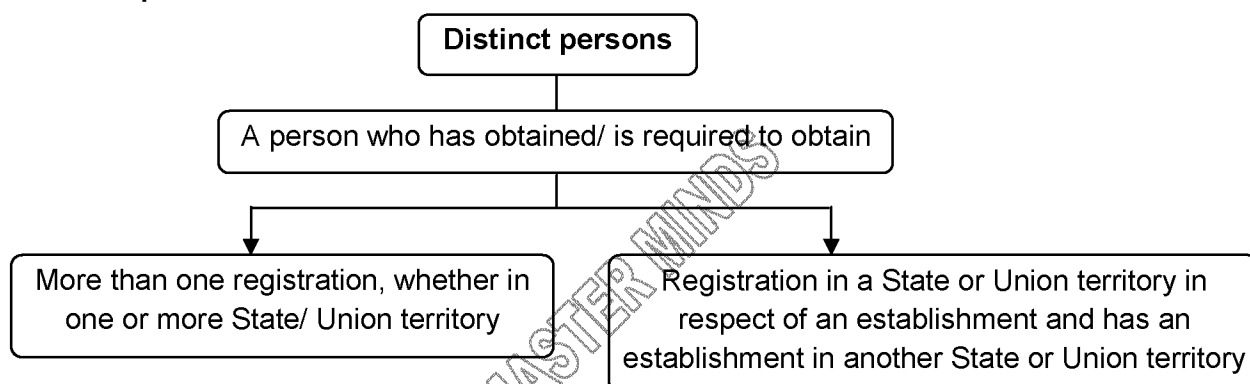
- A business entity having separate business verticals in a State may obtain separate registration for each of its business verticals.
- Under GST, there is no concept of centralised registration as registration needs to be taken state-wise.
- A business entity having its branches in multiple states will have to take separate state-wise registration.
- An entity can apply for single registration, provided that it declares one place as principal place of business and other as additional places of business.
- If one of the business verticals of a taxable person is paying tax under normal levy, no other business vertical shall be granted registration to pay tax under composition levy.
- If one of the business vertical registered separately becomes ineligible to pay tax under composition levy, all other business verticals would also become so ineligible.
- Once a person get registered voluntarily, he was liable to pay GST irrespective of the fact that his aggregate T/O does not exceed Rs.20 lakh / 10 lakh.
- PAN is mandatory to be eligible for grant of registration except in case of a Non-Resident Taxable Person.

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- **Business vertical:**



- **Distinct persons:**



- **Unique Identification Number**

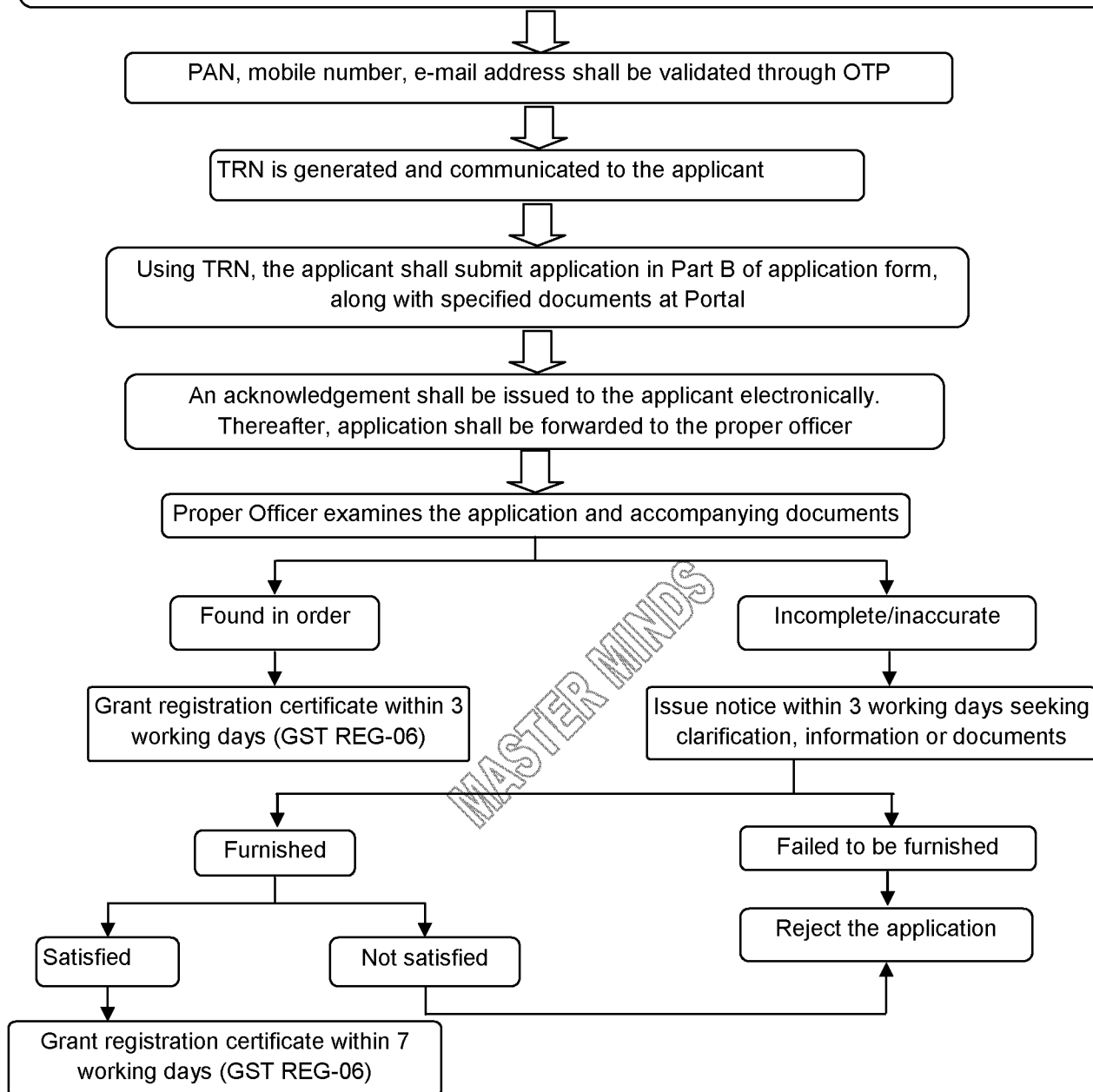
- ✓ Specialized agencies of UNO, foreign embassies etc. are allowed refund of taxes paid by them, required to obtain a UIN from GST Portal.
- ✓ For obtaining UIN, an online application has to be submitted. The UIN shall be granted within 3 days of filing of application.

- **Suo-moto registration:**

- ✓ A proper officer finds that a person liable to registration under the Act has failed to apply for such registration, may register the said person on a temporary basis and issue an order in prescribed form.
- ✓ Such person so registered temporarily, shall Submit an application for registration;
  - Within 90 days from the date of grant of temporary registration or
  - Within 30 days from the date of order of the appellant authority, in case if such person files an appeal.

• **Procedure for registration:**

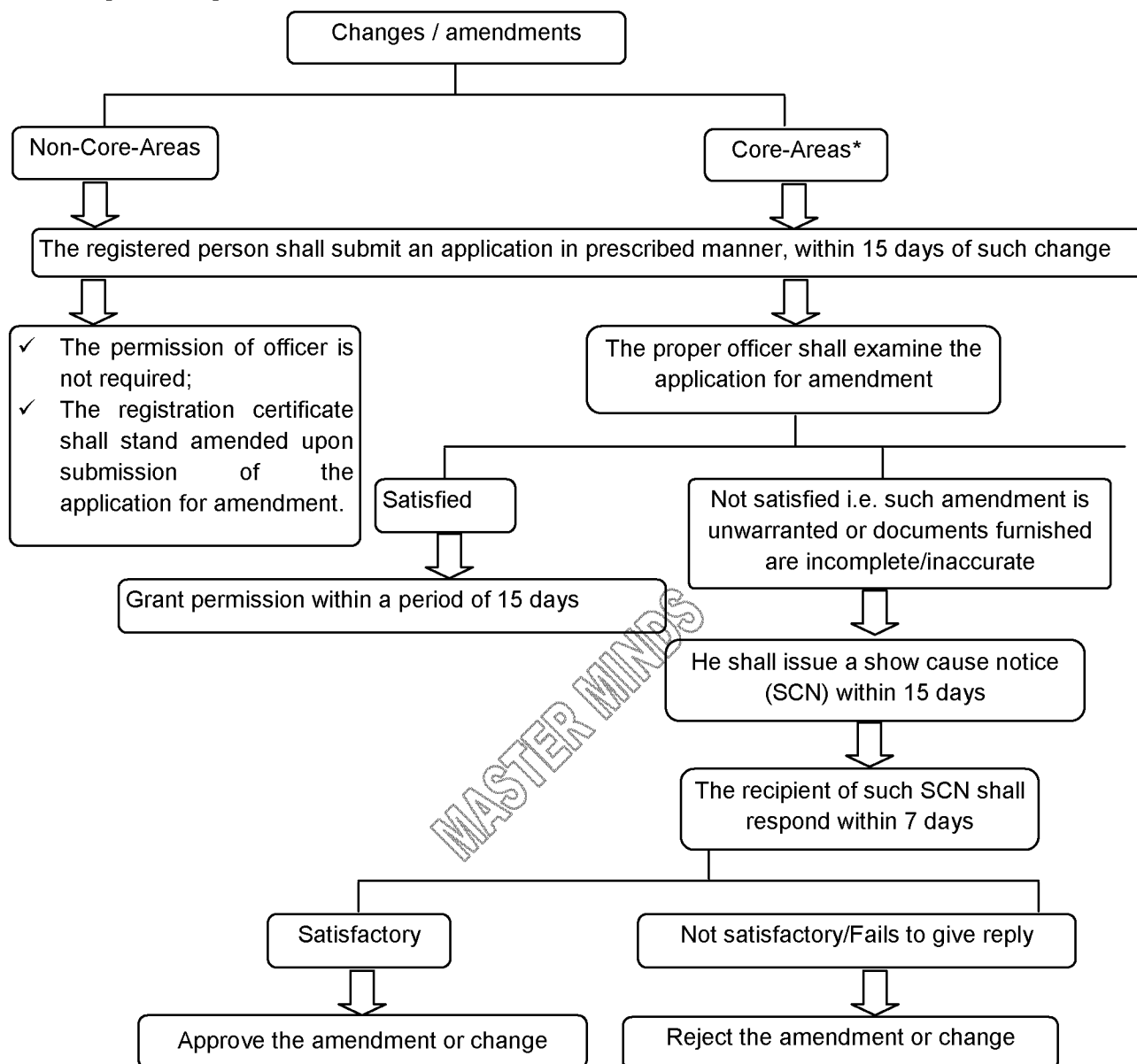
Every person liable for registration & person seeking voluntary registration shall, apply for registration, by declaring PAN, mobile number, e-mail address, State/UT in Part A of FORM GST REG- 01 on GST Portal



**Focus on:**

- In case of a casual taxable person TRN will be generated only after deposit of prescribed advance by the applicant.
- The registration shall be deemed to have been approved in case if the proper officer fails to take any action within required time period.
- Every registered person shall display his registration certificate in a prominent location at his principal place of business as well as at every additional place of business. GSTIN shall be displayed on the name board of the applicant.
- Registration shall be granted within 15 days of the date of physical verification, in case where there is a requirement for physical verification of the business premises by the proper officer.

• **Changes in registration:**



**\*Note: Core-Areas**

- Legal name of business;
- Address of Principle place of business/ Additional place of business;
- Addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, CEO or equivalent, responsible for day to day affairs of the business.

**Focus on:**

- Mobile number or E-mail address of authorised signatory can be amended only after online verification through GST Portal.
- The amended registration certificate shall be deemed to have been granted if the proper officer fails to take the action within 15 days/7 days as the case may be.
- Since the GSTIN is PAN based, the change in PAN would results the need for applying new registration rather than amending the old registration.
- Grant of registration/UIN under any SGST/UTGST Act is deemed as grant of registration/UIN under CGAT Act provided application for registration has not been rejected under CGAT Act.

- Further, rejection of application for registration/UIN under any SGST/UTGST Act is deemed to be rejection of application for registration under CGAT Act.

- **Cancellation of registration:**

**A. Registration can be cancelled either suo-moto by the proper officer or an application for cancellation made to him by the registered person/Legal heirs:**

- a) Business discontinued
- b) Transfer of business for any reason including death of the proprietor
- c) Amalgamation with any other entity
- d) Disposal of business by way of demerger or otherwise
- e) Change in the constitution of the business
- f) Taxable person is no longer liable to be registered

A registered person shall submit an application for cancellation of registration within 30 days along with the details of inputs and capital goods.

The proper officer shall issue an order cancelling the registration within 30 days.

**B. Registration can be cancelled by proper officer on his own:**

- a) Registered person does not conduct any business from the declared place of business
- b) Registered person issues invoice/bill without supply of goods/services in violation of the provisions of this Act, or the rules made thereunder
- c) A registered person has not filed returns for continuous 6 months(3 Consecutive tax periods in case of a person who opted for composition levy)
- d) Voluntarily registered person has not commenced the business within 6 months from the date of registration
- e) Registration was obtained by means of fraud, willful misstatement or suppression of facts

Before cancelling registration, the proper officer shall issue a SCN and give reasonable opportunity of being heard. The registered person is required to furnish a reply within 30 days.

Reply filed is found to be satisfactory, the proper officer shall drop the proceedings; otherwise, the proper officer shall issue an order of cancellation of registration within 30 days.

**C. Reversal of credit:**

1. **Inputs:** The amount of reversal by a registered person as determined by the CGST rules, shall be the higher of –

- a) Inputs held in stock, Inputs contained in semi-finished stock / finished stock as on the date immediately preceding to the date of Cancellation or ITC on inputs Computed proportionately on the basis of corresponding invoices

Or

- b) Output tax payable

2. **Capital goods:** The amount of reversal by a registered person as determined by the CGST rules, shall be **the higher of** –

- a) ITC in respect of capital goods or plant & machinery or ITC involved in the remaining useful life in months of the capital goods will be reversed on pro-rata basis, taking the useful life as 5 years

Or

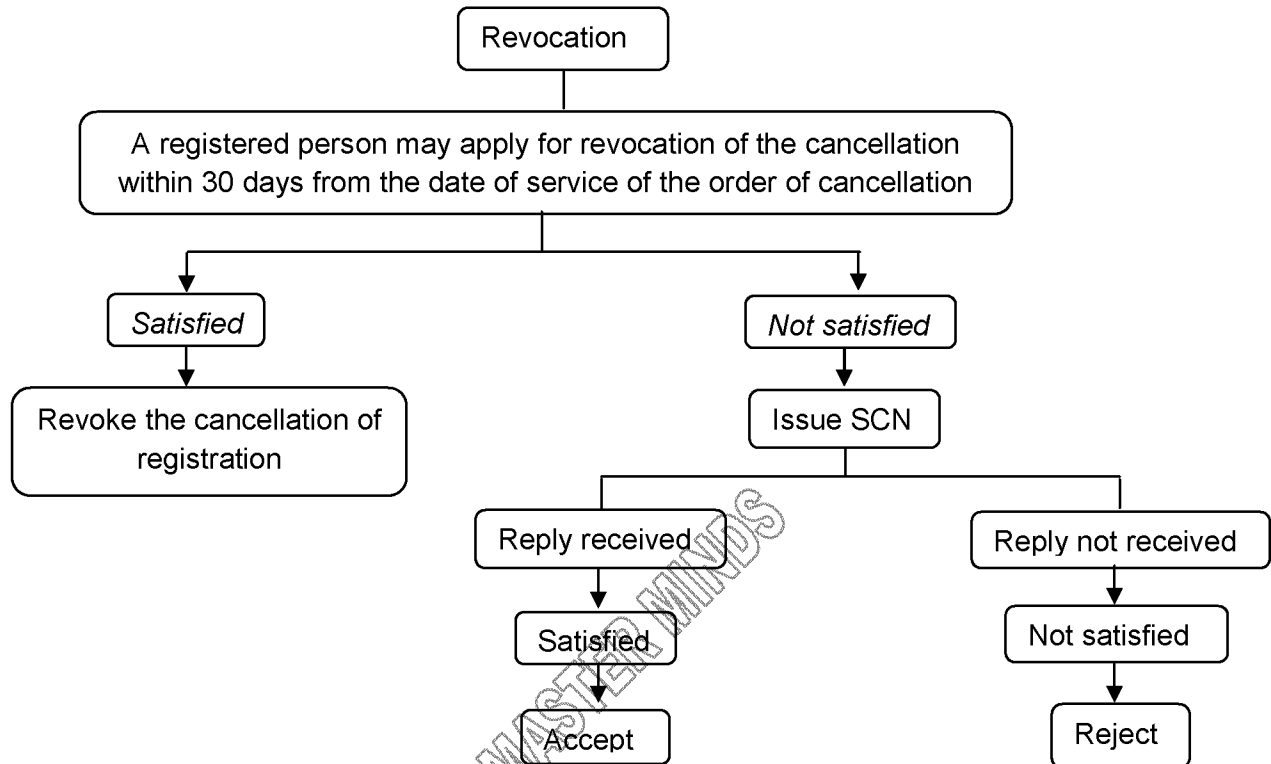
- b) Tax on the transaction value of such capital goods or plant and machinery

**Focus on:**

- A person having a UIN cannot apply for cancellation of registration.

- The cancellation of registration will not affect liability of registered person to pay tax and other dues under the Act for any period prior to the date of cancellation.
- The cancellation of registration under either SGST Act/ UTGST Act shall be deemed to be a cancellation of registration under CGST Act.

**D. Revocation of cancellation:**

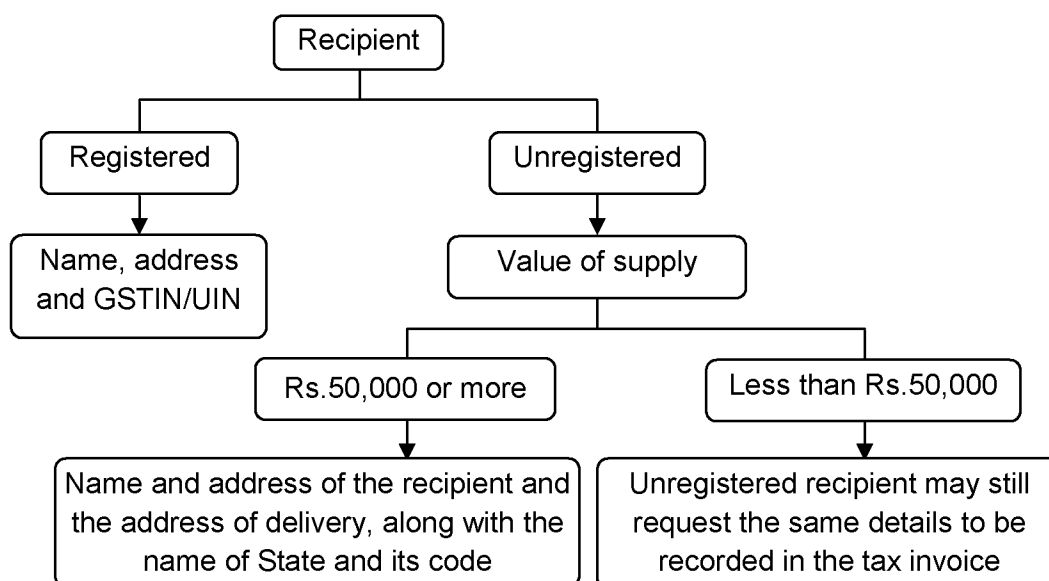


**THE END**

## 8. TAX INVOICE, DEBIT & CREDIT NOTES

1. An invoice is a commercial instrument issued by a supplier of goods/ services to a recipient.
2. In order to ensure transparency, issuance of invoice for every taxable transaction is a pre-requisite.
3. Tax invoice acts as a document evidencing the payment of the value of the goods or services or both as also the tax portion in the same.
4. Thus, a registered person cannot avail Input Tax Credit unless he is in possession of a tax invoice or a debit note.
5. **Tax invoice:**
  - a) All the GST taxpayers are free to design their own format for tax invoice. There is no format prescribed for issuance of tax invoice.
  - b) Invoice may be issued manually or electronically. Issuance of electronic invoices is not mandatory.
  - c) The serial number of invoices issued during a month/ quarter shall be furnished electronically in FORM GSTR-1.
  - d) The invoice shall be issued at the time when the supply ceases to the extent of the supply made before such cessation.
  - e) The format and particulars of a tax invoice:
    - i) Name, address and GSTIN of supplier
    - ii) Consecutive Serial Number & date of issue
    - iii) Recipient Details\*
    - iv) Description of goods (including quantity) or services
    - v) Total Value and taxable value of supply taking into account discount or abatement, if any
    - vi) Tax rates and Amount of tax charged
    - vii) Place of supply along with the name of State and its code, in case of an inter-state supply.
    - viii) Address of delivery where the same is different from the place of supply
    - ix) Tax payable on reverse charge basis
    - x) Signature or digital signature of the supplier or his authorized representative
    - xi) HSN (goods) and SAC (services)\*\*

\*Recipient Details:

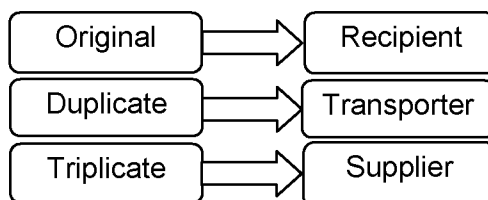


\*\*HSN (goods) and SAC (services):

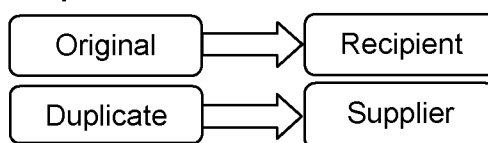
T/O of Preceding FY	Number of Digits of HSN Code
Upto Rs.1.5 crores	Nil
Exceeds Rs.1.5 crores But Does Not Exceed Rs.5 crores	2
Exceeds Rs. 5 crores	4

### 1. Manner of issuing an invoice:

#### a) In the case of goods: Triplicate



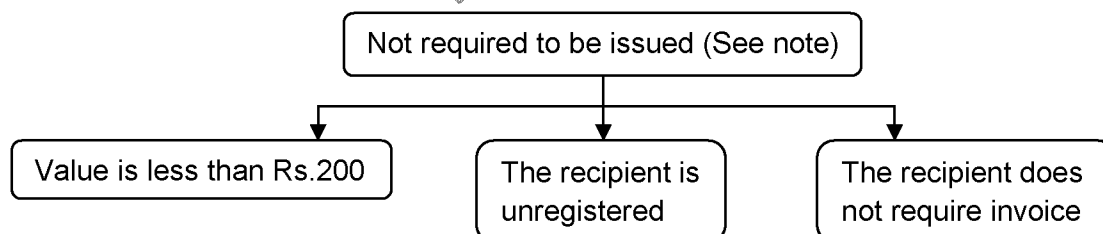
#### b) In the case of services: Duplicate



### 2. Revised tax invoice:

- The tax invoice includes revised tax invoice. The issuance of a revised tax invoice arises when a person issued tax invoices before the issuance of the registration certificate.
- A revised tax invoice shall be issued within 1 month from the date of issuance of certificate registration.
- Issued for taxable supplies effected during the period between the Effective date of registration and the Date of issuance of certificate of registration.

### 3. Tax invoice for smaller value of supplies:



**Note:** A Consolidated Tax Invoice shall be issued for such supplies at the close of each day.

### 4. Bill of supply:

- Any tax invoice or any other similar document issued under any other Act for the time being in force in respect of any non-taxable supply".
- A registered person –
  - Supplying exempted goods or services or both (Or)
  - Paying tax under composition levy

Shall issue a bill of supply instead of a tax invoice.

**Note:** A registered person who supplies taxable as well as exempted goods or services or both to an unregistered person, may issue a single "invoice-cum-bill of supply" for all such supplies.

### 5. Receipt voucher:

- A registered person shall issue a receipt voucher in respect of an advance received



- b) Where at the time of receipt of advance –
- If the rate of tax is not determinable – Tax@18%
  - If the nature of supply is not determinable - Inter-state supply

#### 6. Refund voucher:

Issued by a registered supplier if all the following conditions are satisfied –

- An advance has been received from the recipient
- A receipt voucher has already been issued in respect of the advance so received
- A supply of goods/ service/ both and tax invoice has not been made.

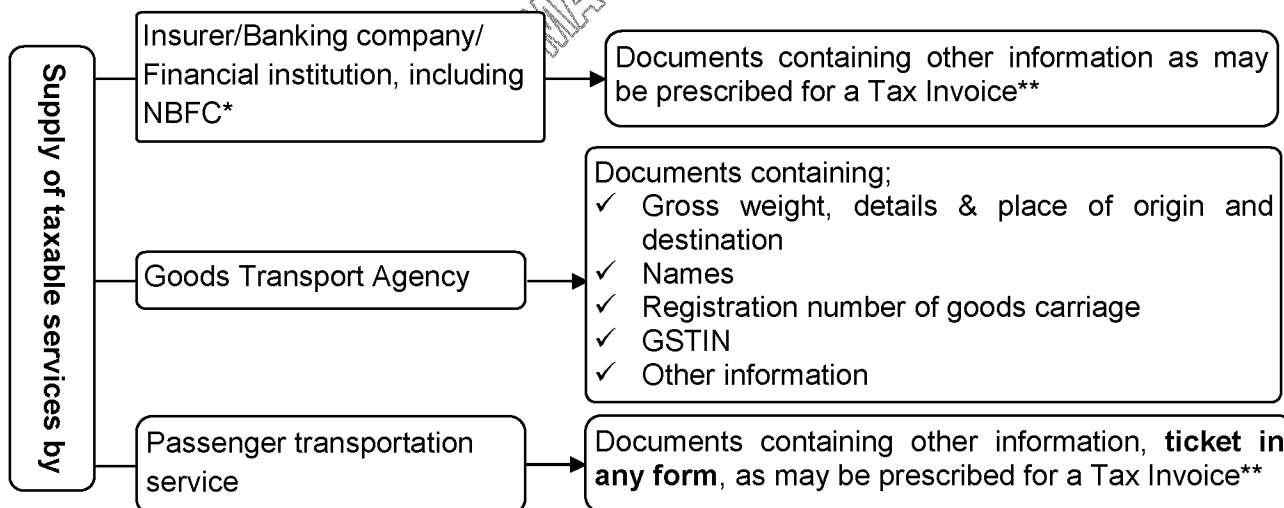
7. In the following two cases a registered recipient is liable for issuance of any invoice/ voucher under RCM:

	Payment voucher	Invoice
Whether the Recipient is registered or not?	Registered	Registered
In case of providing the notified services, whether the Supplier is registered or not?	Registered/ Unregistered	Unregistered
In case of non-notified supply of goods/ services/ both, Whether the Supplier is registered or not?	Unregistered	Unregistered
Time of issue	At the time of making payment to the supplier	At the time of receipt of goods/ services/ both

#### 8. Other documents to be issued in lieu of a tax invoice:

The government after considering the recommendations of the council;

- Exempts an entity/ person
- Specifies such other documents to be issued; In respect of **specified services**

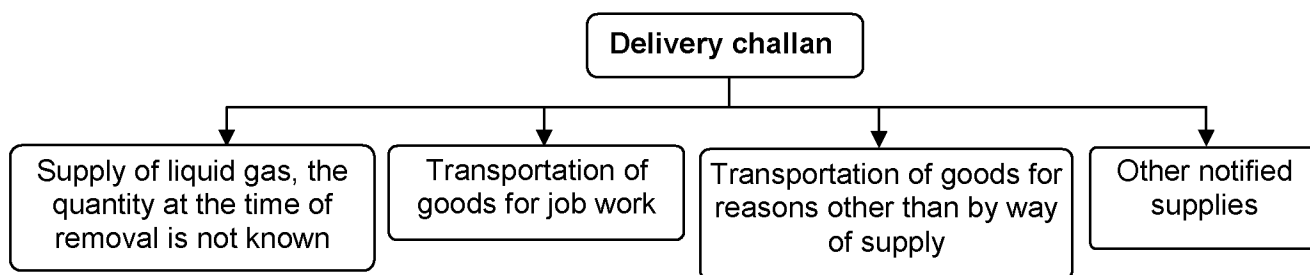


\* The Supplier MAY issue a Consolidated invoice for the supply of services made during a month.

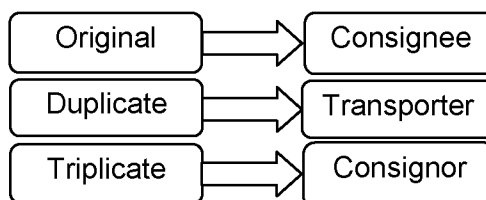
\*\* Details such as Serial number, Address of the recipient of taxable service are optional.

#### 9. Delivery challan:

In some cases, a delivery challan may be issued instead of a tax invoice at the time of removal of goods. However, tax invoice shall be issued after the delivery of goods.



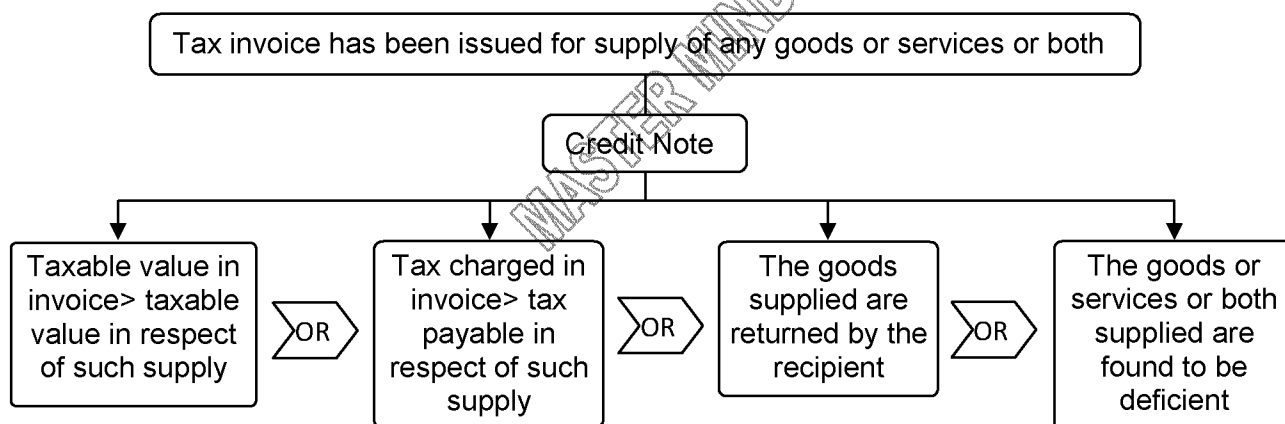
Delivery challan: Triplicate



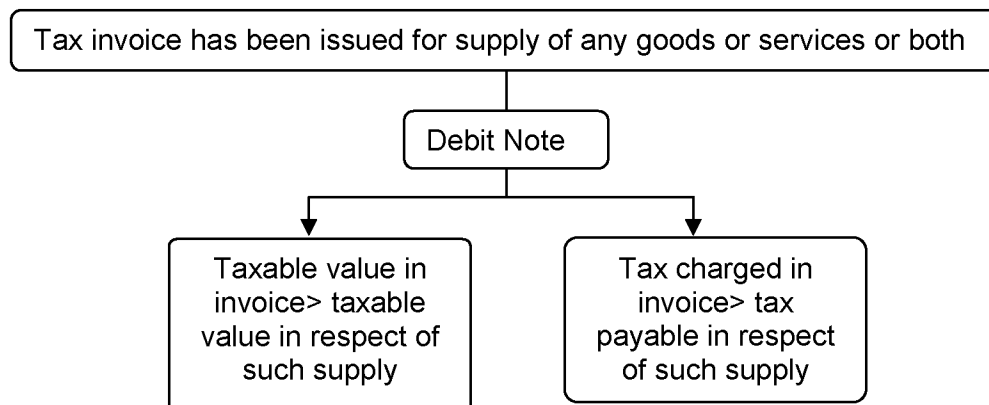
### Focus on:

- ✓ The delivery challan to be issued: Serially numbered, in one or multiple series, at the time of removal.
- ✓ Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in E-Way Bill.

### 10. Credit Note:



### 11. Debit Note

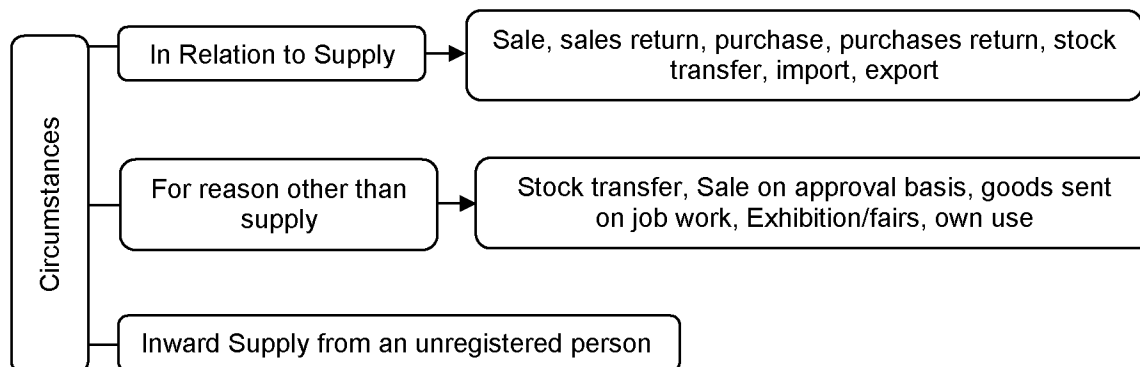
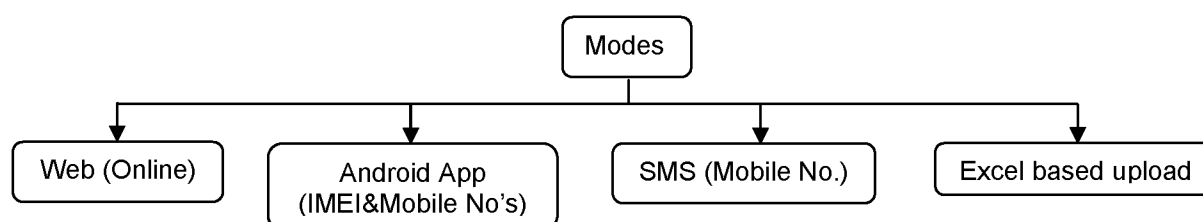


### Focus on:

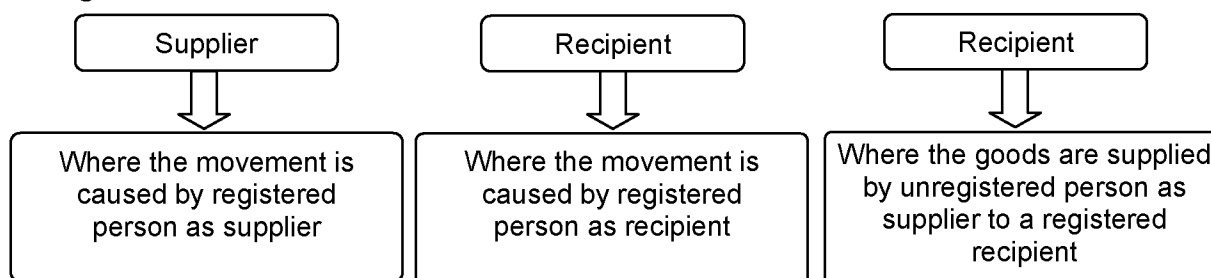
- ✓ Registered supplier of goods/ services/ both may issue Credit Note/ Debit Note to the recipient of goods/ services/ both.
- ✓ A person who is not a registered person shall not collect any amount by way of tax. No registered person shall collect tax except in accordance with the provisions.

**12. E-Way Bill:**

- It is an electronic way bill for movement of goods which can be generated on e-way bill portal.
- E Way bill is required for movement of goods of value in excess of Rs. 50,000.


**13. Modes of generation:**

**Focus on:**

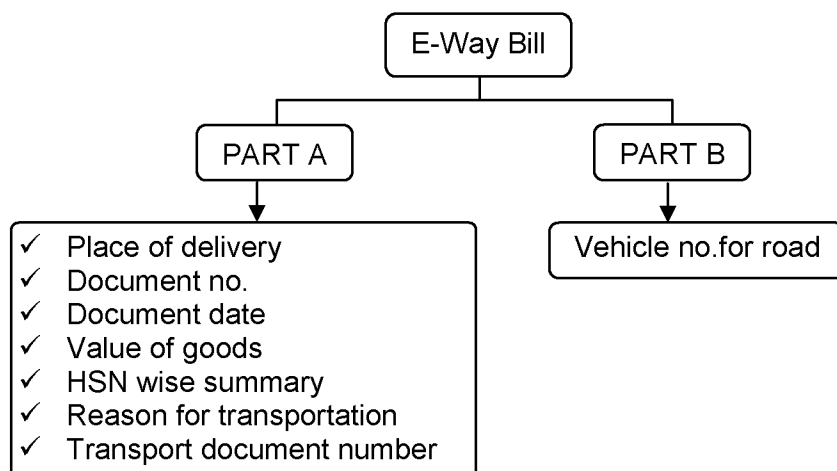
- ✓ If the e-Way Bill is generated with wrong information it can be cancelled and new e-Way Bill can be generated.
- ✓ Provision for Cancellation of e-Way Bill within 24 hours by the person who have generated the e-Way Bill.
- ✓ The Recipient can reject the e-Way Bill within 72 hours of generation.
- ✓ Alert messages are also issued to the Users through Online and SMS.

**14. Who generates:**

**Focus on:**

- ✓ **Consolidated E-Way Bill:** Where supplier or Recipient has not generated EWB-01 & consignment value of goods > Rs. 50,000 then registered transporter shall generate EWB-01 and may also generate a consolidated e-way bill in Form GST EWB- 02.
- ✓ Goods being transported in SKD or CKD condition: Multiple EWBs shall be generated for each such vehicles based on delivery challans issued for that portion of consignment.
- ✓ Goods are transferred from one conveyance to another, the recipient or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in Part B of the e-way bill.
- ✓ **Unique e-way bill number (EBN):** Upon generation of the e-way bill, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter.

- ✓ Details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory.

#### 15. Parts of form GST EWB -01:



#### 16. Forms and validity of E-Way Bill:

Forms	Description
Form GST EWB-01	E-Way Bill form
Form GST EWB-02	Consolidated E-Way Bill form to be generated by transporter
Form GST EWB-03	Inspection report to be filled up by proper officer
Form GST EWB-04	Form to upload details by transporter, if vehicle detained for more than 30 minutes

#### 17. Validity:

S. No.	Distance	Validity period
1	Upto 100 km.	One day in cases other than over dimensional cargo
2	For every 100 km. or part thereof thereafter	One additional day in cases other than over dimensional cargo
3	Upto 20 km.	One day in case of over dimensional cargo
4	For every 20 km. or part thereof thereafter	One additional day in case of over dimensional cargo

#### Focus on:

- ✓ An e-way bill is valid for periods as listed above, which is based on the distance travelled by the goods.
- ✓ Period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as 24 hours.

#### 18. Exemption from generation:

- a) 8 notified goods (LPG, Postal Baggage, Jewellery, Currency, Used personal and household effects etc.)
- b) Where goods are transported in a non-motorized vehicle
- c) Movement of goods from Port/Airport/Air Cargo Complex/Land Custom Station to ICD/ Container Freight Station
- d) Specified goods to be notified
- e) Exempted goods other than de-oiled cake

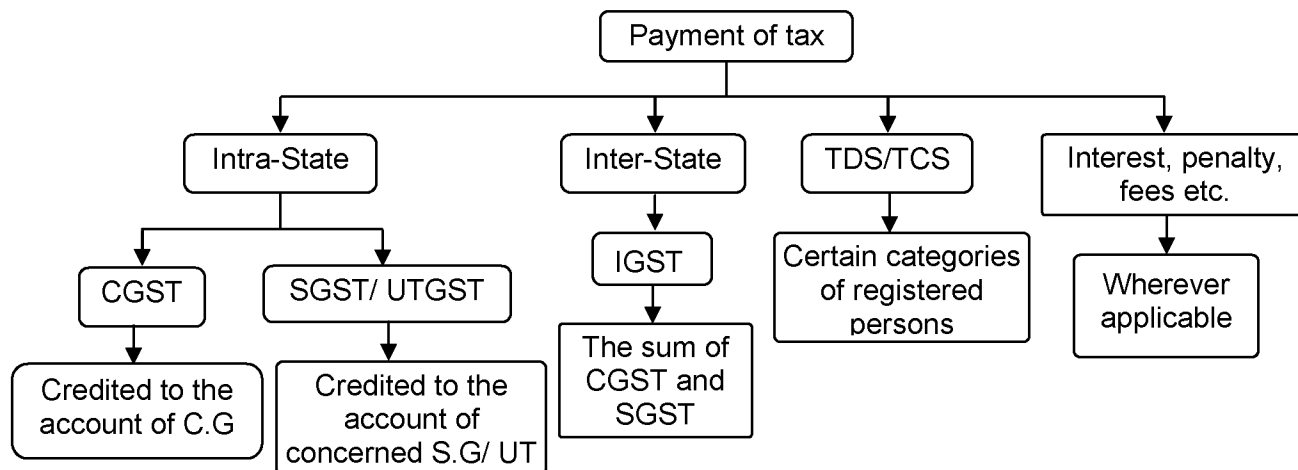
- f) Alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit, natural gas, aviation turbine fuel
- g) Supply of goods falling under Schedule III of CGST Act, 2017 (i.e., Sale of Land).
- h) Any movement of goods caused by defense formation under ministry of defense as consignor or consignee
- i) Where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail
- j) Where empty cargo containers are being transported

**THE END**

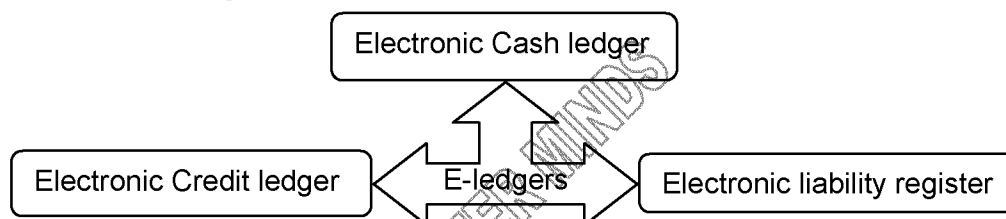
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## 9. PAYMENT OF TAX

- E-Ledgers are statements of cash and input tax credit in respect of each registered taxpayer.
- In addition, each taxpayer shall also have an electronic tax liability register.
- Once a taxpayer is registered on common portal (GSTN), two e-ledgers (Cash & Input Tax Credit ledger) and an electronic tax liability register, will be automatically opened

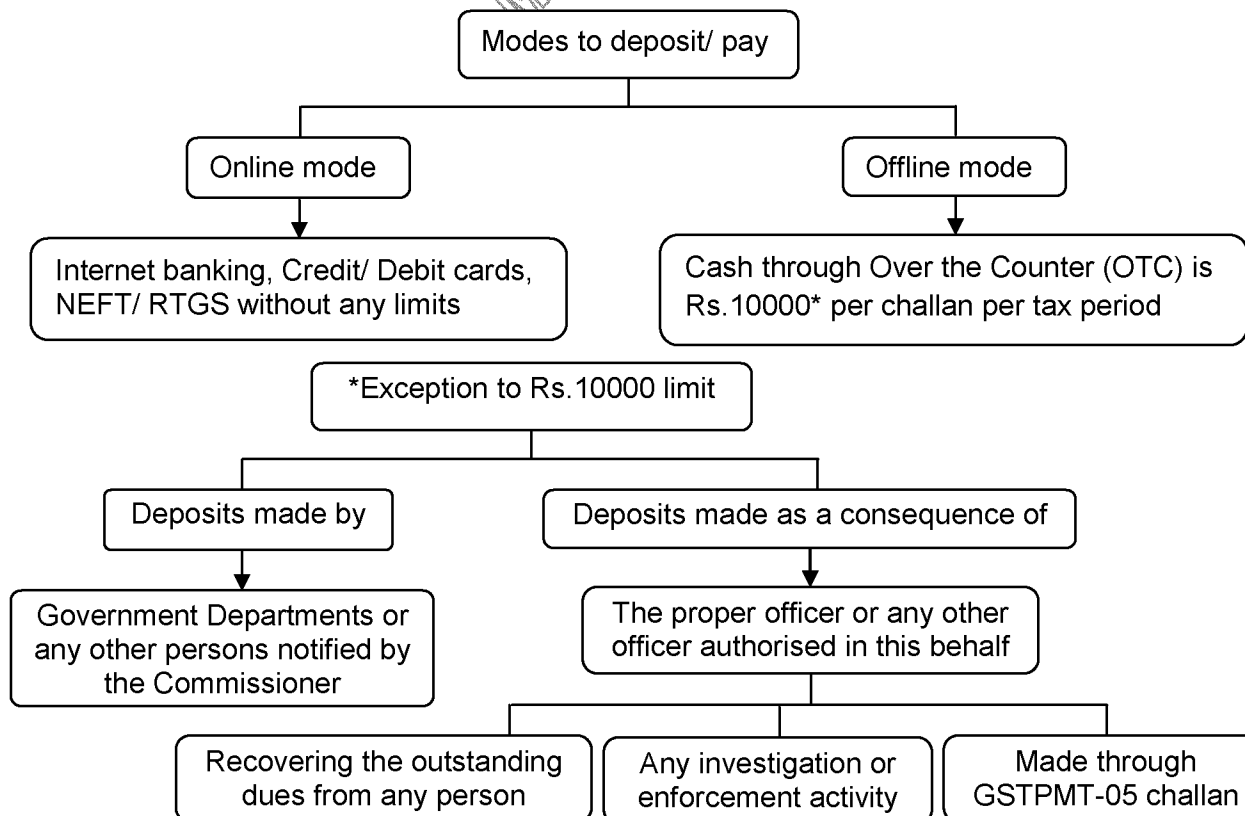


### 1. Types of electronic ledgers:



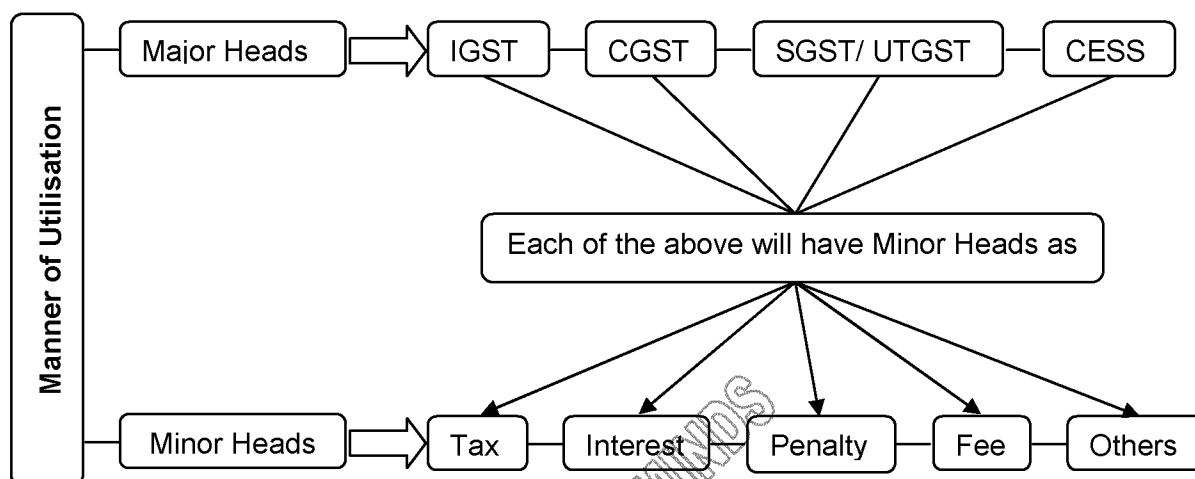
### 2. Electronic Cash ledger:

Electronic cash ledger contains a summary of all the deposits or receipts made by a tax payer.



**Focus on:**

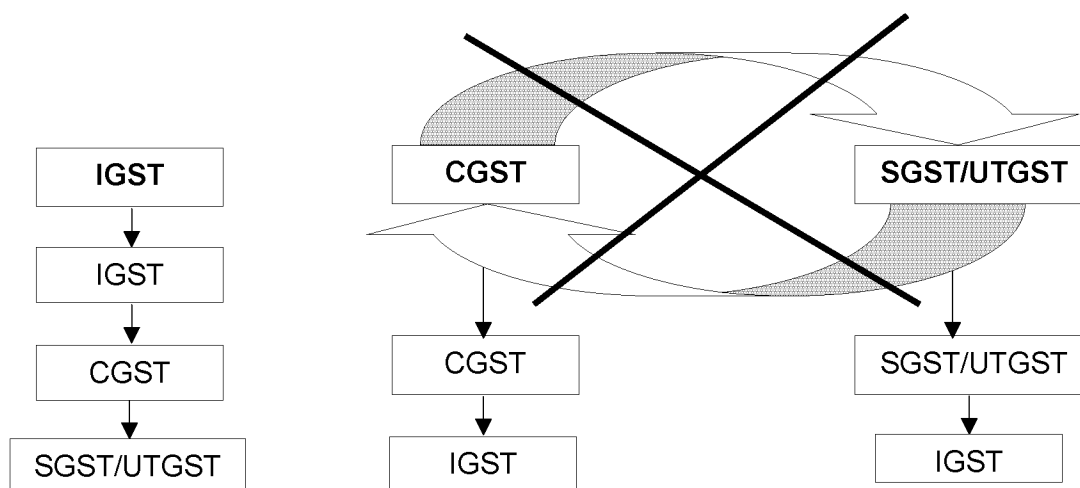
- ✓ Manual or physical challans are not allowed. It is mandatory to generate challans online.
- ✓ There is single Challan prescribed for all taxes, fees, penalty, interest, and other payments to be made.
- ✓ **Validity of Challan:** Generated challan shall be valid for a period of 15 days.
- ✓ The date of deposit means the Date of credit of amount in the account of government.

**3. Manner of Utilisation:**

**Focus on:**

- ✓ The amount deposited/ reflected in E-Cash Ledger can be used for making any payment towards tax, interest, penalty, fee, others.
- ✓ The amount available in the E-Cash Ledger can be utilised for payment of any liability for the respective major and minor heads.
- ✓ Cross utilisation of amount/ cash available under one major head against another major head is not allowed.

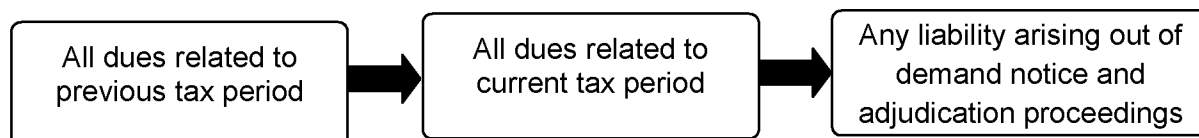
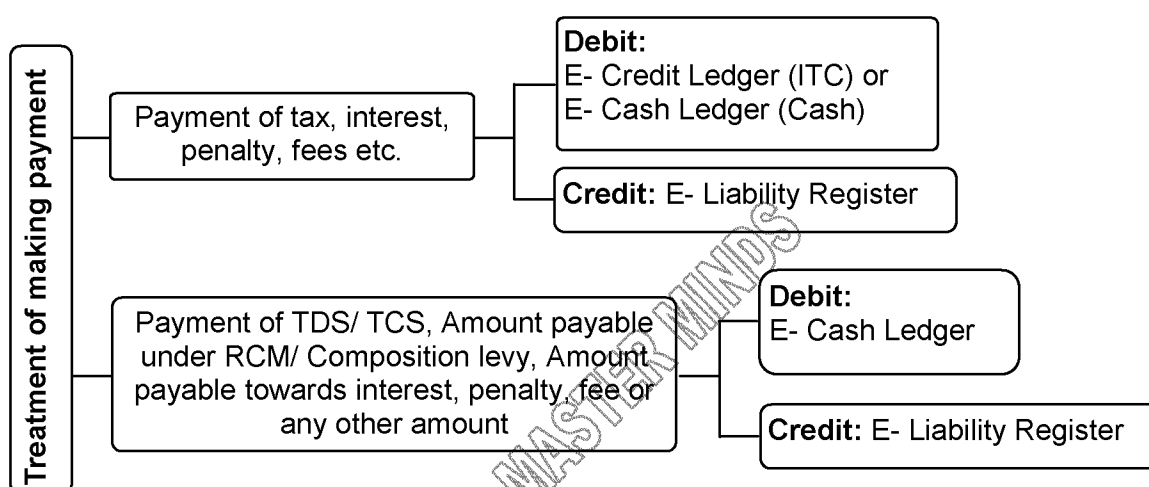
**4. Electronic Credit ledger:**

- a) The self-assessed input tax credit by a registered person shall be credited to this ledger.
- b) The credit in this ledger can be used to make payment of tax only and not any other minor heads (as interest, penalty, fee etc.)



**Focus on (Common Points):**

- ✓ Where a person has claimed refund of any amount from the electronic cash or credit ledger, the said amount shall be debited to the E-Cash or Credit Ledger.
  - ✓ If the refund so claimed is rejected, either fully or partly, the amount debited earlier, to the extent of rejection, shall be credited to the E-Cash or Credit Ledger.
5. **Electronic liability register:** It represents the total tax liability of a taxpayer (after netting) for a particular month.
6. **Order of discharge of tax and other dues:**


**7. The treatment of making the payment:**

**8. Summary of 3 ledgers:**

Name of the ledger	Electronic Cash Ledger	Electronic Credit ledger	Electronic Liability Register	
<b>Debit Items</b>	✓ Credit amount of this ledger may be used for payment of tax, interest, fees etc. ✓ Remaining credit balance amount after payment of above tax etc. will be refunded to taxable person.	✓ Credit amount of this ledger may be used for payment of output tax viz IGST, CGST, SGST, UTGST in the prescribed order.	✓ Amount payable towards tax, interest, fees etc. ✓ Tax or interest payable due to mismatch ✓ Any other dues	✓ Amount payable towards output tax
<b>Credit items</b>	✓ Any deposit made towards tax, interest, penalty, late fee etc. via internet banking, RTGS, fund transfer etc. ✓ TDS/ TCS claimed	✓ Input Tax credit as self-assessed in the return in the form of IGST, CGST, SGST, UTGST	✓ Electronic cash ledger	✓ Electronic credit ledger

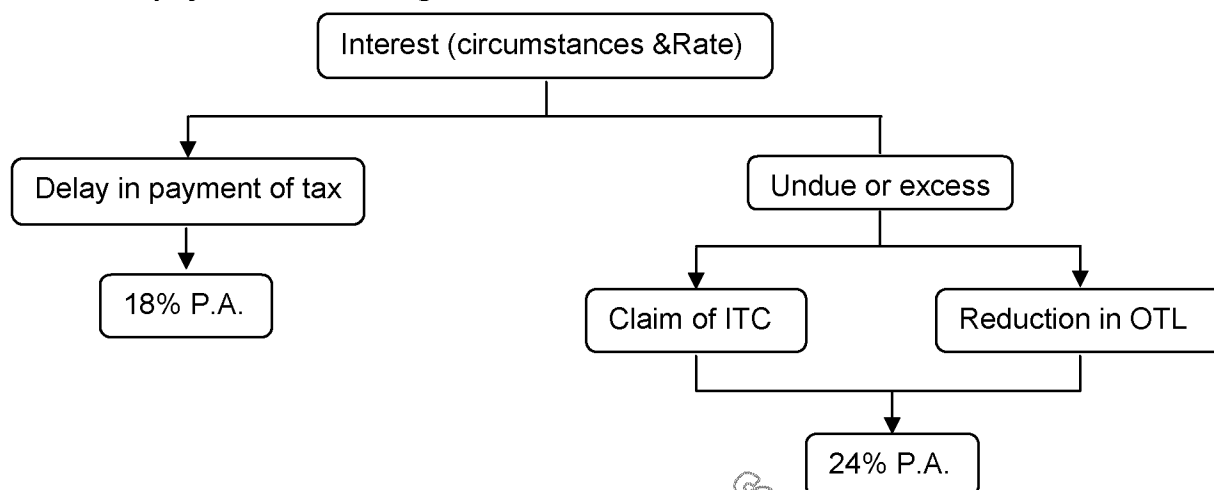
**9. Benefits of the new tax payment system:**

- a) Payments can be made online 24 X 7
- b) Instant online receipts for payments



- c) Tax Consultants can make payments on behalf of the clients
- d) Single Challan form to be created online(Replacing 3/4 copy Challan)
- e) Revenue will come earlier into the Government Treasury
- f) Greater transparency
- g) Online payments made after 8 pm will be credited to the taxpayer's account on the same day.

**10. Interest is payable in following circumstances:**



**11. Period of interest computation:** From the date following the due date of payment to the actual date of payment.

**Focus on:**

- ✓ In case of belated payment, the payment of interest should be made voluntarily even without a demand.
- ✓ The interest payable shall be debited to the Electronic Liability Register.
- ✓ The liability for interest can be settled by adjustment with balance in E-Cash Ledger but not with balance in E-Credit Ledger.

**12. Tax wrongfully collected and paid to C.G or S.G:**

- Payment of tax based on erroneous determination of 'nature of supply' is not permitted to be adjusted. Instead refund will be made.
- By first restoring the discharge of the correct tax due, taxable person can claim the refund (Reflects 'paid in excess').
- IGST paid in error will be refunded subject to conditions.
- IGST payable due to payment of CGST & SGST/UTGST is exempted from payment of interest on IGST due.

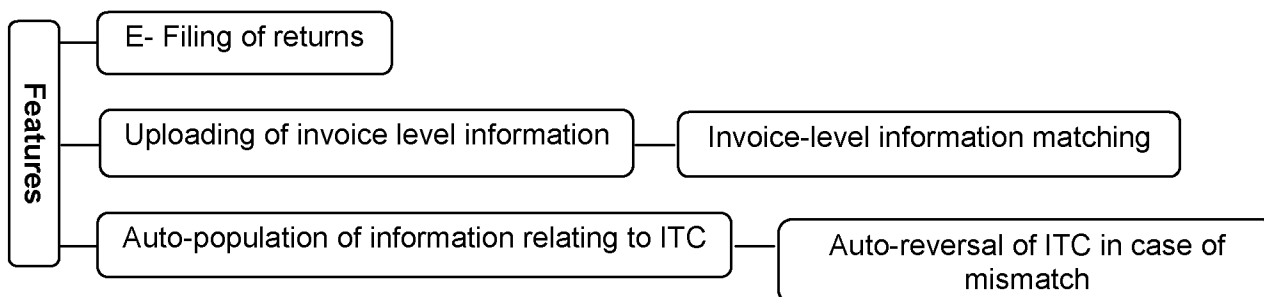
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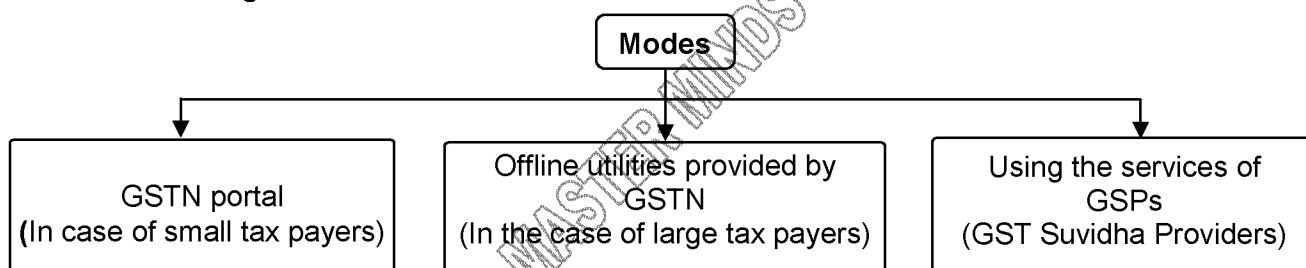
## 10. RETURNS

- Filing of returns is the most important compliance procedure which enables the tax administrators to estimate tax collection for a particular period.
- Filing of GST returns helps in determination of tax liability of the person filing the return.
- It also has a huge bearing on determination of tax liability of other persons with whom the former has entered into taxable activities as ITC is admissible upon matching of returns of both the supplier and the recipient.
- The returns mechanism is designed to assist the taxpayer to file returns and avail ITC.

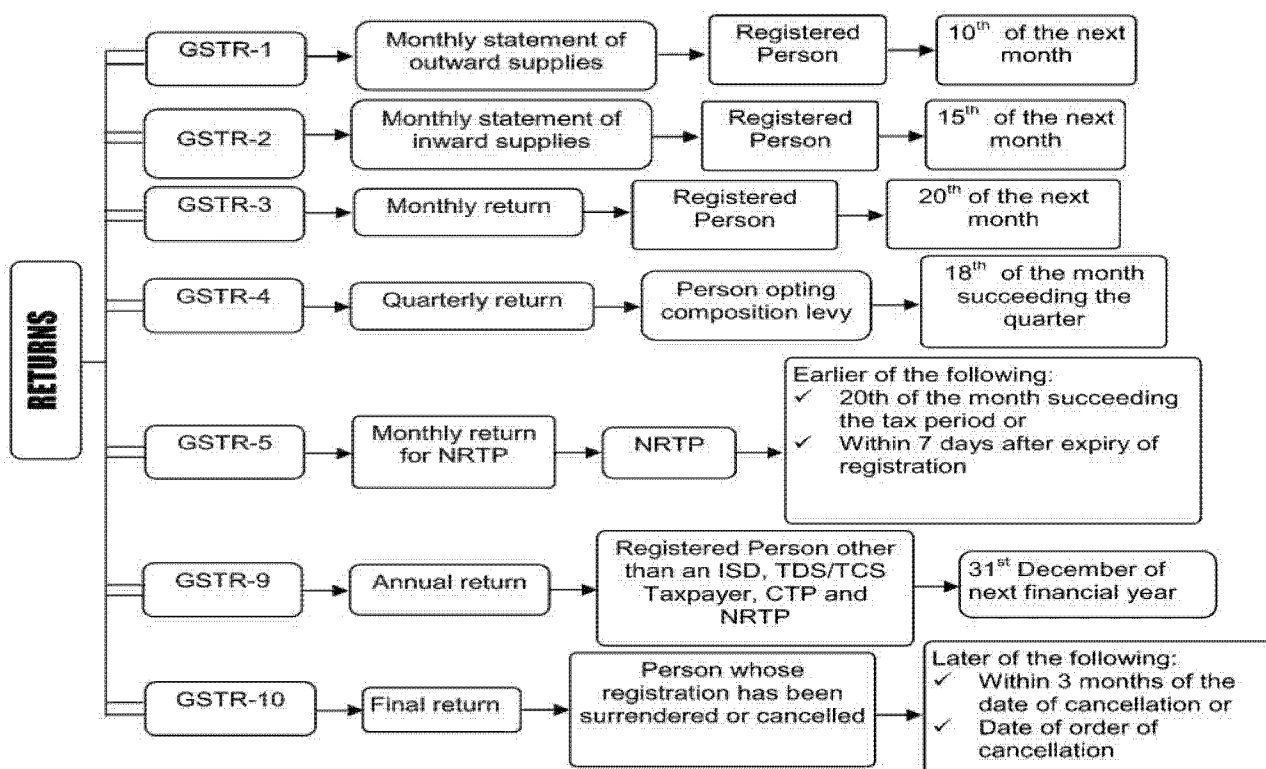
### 1. Basic features of the return mechanism:



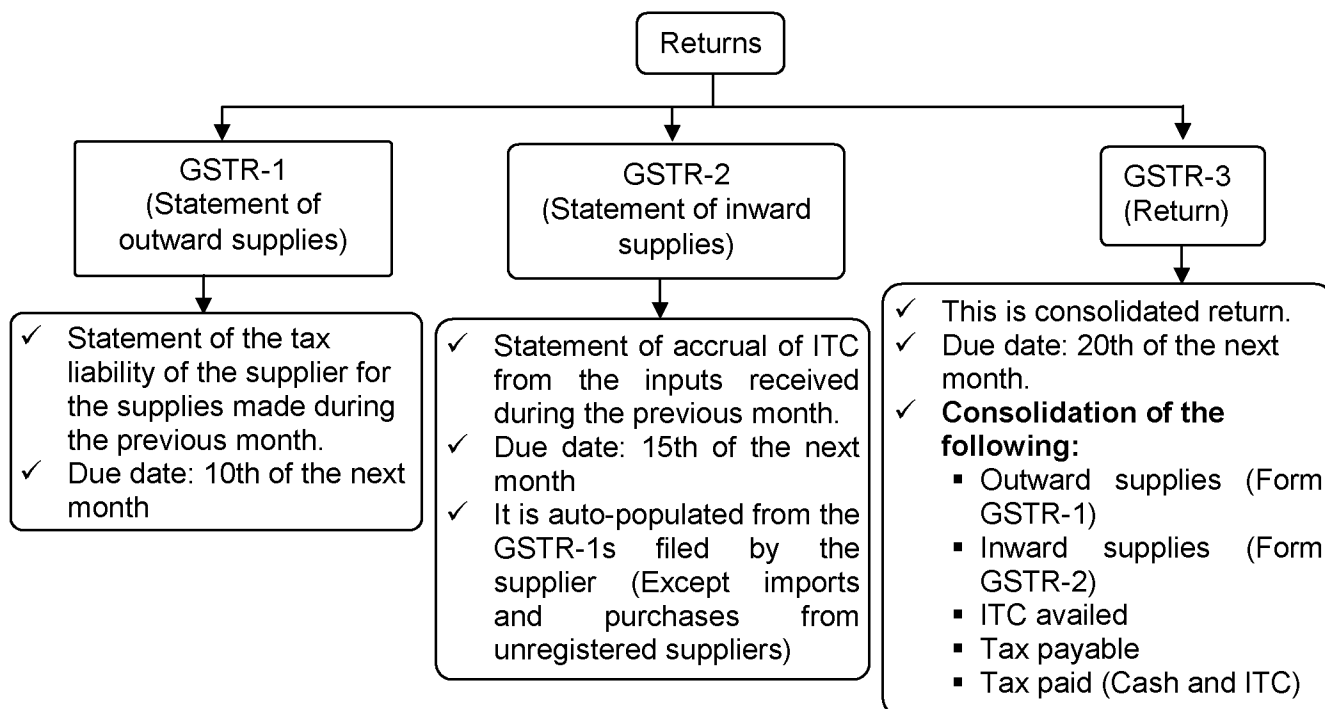
### 2. Modes of filing return:



### 3. List of returns under GST:



#### 4. Returns to be filed by a normal taxpayer:



#### Focus on:

- ✓ **Due date of payment:** Payment should be made on or before 20<sup>th</sup> of every month.
- ✓ **Annual Return:** This return needs to be filed by 31<sup>st</sup> December of the next Financial Year. In this return, the taxpayer needs to furnish details of expenditure and income for the entire Financial Year.

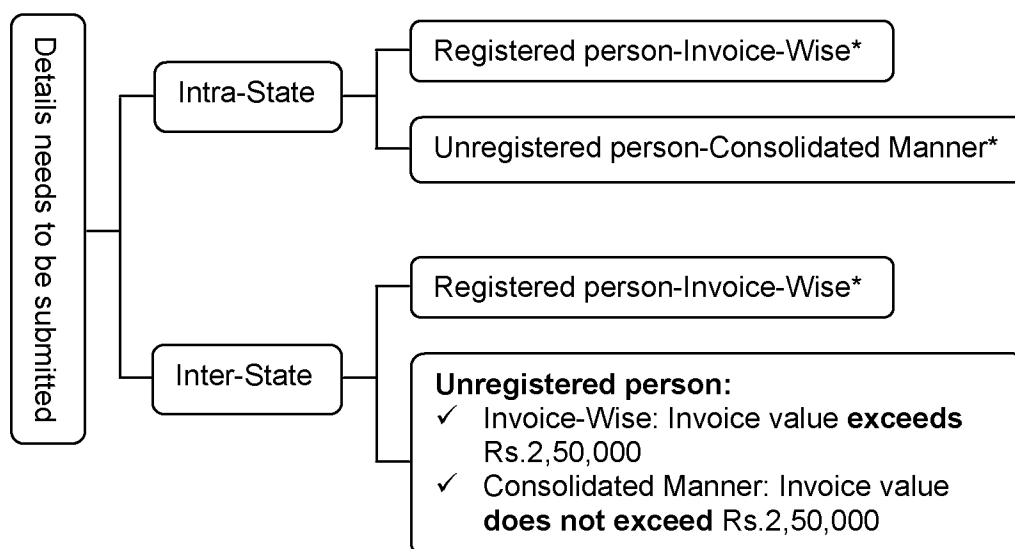
#### 5. GSTR-3B:

- a) Whenever the due dates for furnishing GSTR-1/GSTR-2 are extended, a preliminary statement has to be furnished in form GSTR-3B.
- b) GSTR-3B is a simple return containing summary of outward and inward supplies liable to reverse charge, eligible to ITC, payment of tax etc. Thus, GSTR-3B does not require invoice-wise date of outward supplies.
- c) GSTR-3B can be submitted electronically through the common portal, either directly or through a notified facilitation centre.

#### 6. First return:

- a) When the T/O of a person crosses the threshold limit of Rs.20 lakhs/Rs.10 lakhs, required to apply for registration within 30 days.
- b) In order to enable such registered person to declare the taxable supplies made by him for the period between the date on which he became liable to registration till the date on which registration has been granted.
- c) The registered person is
  - i) Issue revised tax invoices within 1 month from the date of grant of certificate of registration and
  - ii) Declare his outward supplies in the first return furnished by him after grant of registration

## 7. Outward supplies (Invoice-Wise/Consolidated details):



**\*Irrespective of invoice value**

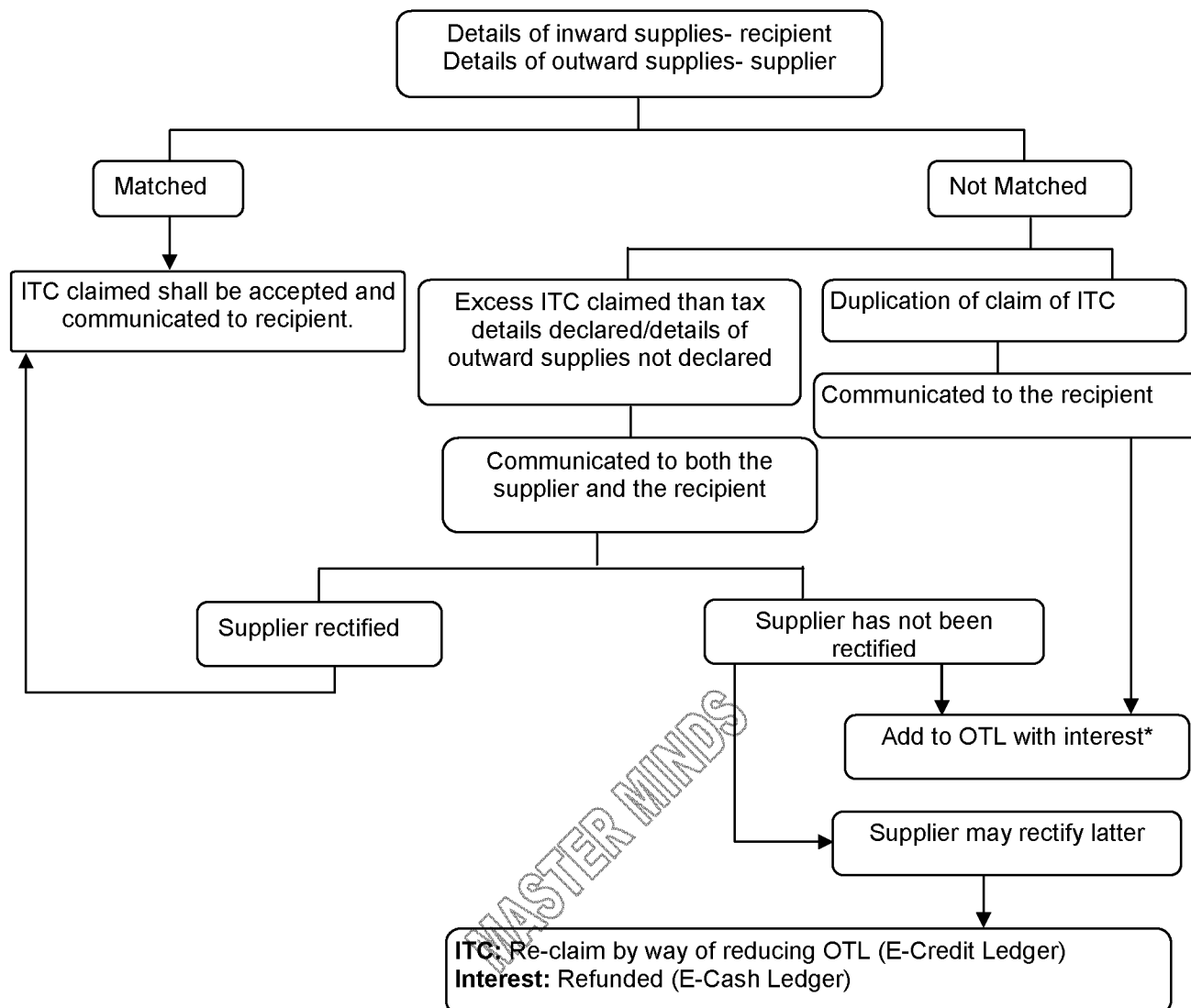
**Focus on:**

- ✓ **Between 15th and 17th:**
  - Supplier has the option to accept/reject additional invoices added by the recipient;
  - Supplier's GSTR-1 gets amended to that effect.
- ✓ GSTR-1 cannot be filed during the period from 11<sup>th</sup> day to 15<sup>th</sup> day of month succeeding the tax period. GSTR-1 can be filed on or after 16<sup>th</sup> of a month, if due date of 10<sup>th</sup> of the month is missed.
- ✓ Scanned copies of invoices are not required to be uploaded. Only certain prescribed fields of information from invoices needs to be uploaded (Invoice number, date of invoice, value of invoice, taxable value, rate of tax, amount of tax etc).
- ✓ Even if no supplies have been effected during a month, a nil return has to be furnished mandatorily.
- ✓ Filing of GSTR-1 for current month is possible only when GSTR-1 for the previous month has been filed.

## 8. Revision of Returns:

- a) The rectification of errors/omissions is allowed in the subsequent returns.
- b) Time limit within which such errors/omissions are permissible is earlier of the following dates:
  - i) Date of filing of monthly return for the month of September following the end of the financial year to which such details pertain; or
  - ii) Date of filing of the relevant annual return.

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To **MASTER MINDS**, Guntur

**9. ITC Matching and auto-reversal:**


**\*Interest: From the date of availing of ITC till the date of adding ITC to OTL.**

**Focus on:**

- ✓ The process of ITC Matching begins after the due date for filing of the return (20th of every month).
  - ✓ This is carried out by GSTN.
  - ✓ Failure to file valid return by the supplier may lead to denial of ITC in the hands of the recipient.
  - ✓ Re-claim can be made by recipient only if supplier declares details of the Invoice and/or Debit Notes.
  - ✓ Interest paid by recipient shall be refunded to him by way of crediting the amount to his E- Cash Ledger.
  - ✓ A taxpayer cannot file GSTR-1 before the end of the current tax period.
- Exceptions to this rule –
- Casual taxpayers, after the closure of their business
  - Cancellation of GSTIN of a normal taxpayer
- ✓ Invoices can be modified/ deleted any number of times till the submission of GSTR-1 of a tax period irrespective of the due date.

- ✓ Values in GSTR-1 will be adjusted to 2 decimals.
- ✓ Taxpayer opting for voluntary cancellation of GSTIN will have to file GSTR-1 for active period.
- ✓ GSTR-1 can be filed on a quarterly basis by registered person whose aggregate turnover during previous year does not exceed Rs.1.5 Crores. However, they shall file GSTR-3B on a monthly basis on or before the specified date.
- ✓ Taxpayers can electronically sign their returns by using:
  - Digital Signature Certificate (Mandatory for all types of companies and LLPs);
  - E-sign (Aadhaar-Based OTP Verification); or
  - EVC (Electronic Verification Code) sent to the registered mobile number of the authorized signatory.

#### 10. Fee for Delay:

Statement or Return	Other than Nil Return: GSTR-1,GSTR-3B,GSTR-4,GSTR-5	Nil Return: GSTR-1,GSTR-3B,GSTR-4,GSTR-5	Annual Return: GSTR-9,GSTR-9A,GSTR-9B
CGST Act	Rs.25 per day (Subject to a maximum of Rs.5,000)	Rs.10 per day (Subject to a maximum of Rs.5,000)	Rs.100 per day (Subject to a maximum of 0.25% of turnover during the year)
SGST Act	Rs.25 per day (Subject to a maximum of Rs.5,000)	Rs.10 per day (Subject to a maximum of Rs.5,000)	Rs.100 per day (Subject to a maximum of 0.25% of turnover during the year)
IGST Act	No Late Fee	No Late Fee	No Late Fee

**THE END**