सत्यमेव जयते

भारत सरकार/GOVERNMENT OF INDIA
पोत परिवहन मंत्रालय/MINISTRY OF SHIPPING
नौवहन महानिदेशालय/DIRECTORATE GENERAL OF SHIPPING

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Dated: 28.06.2017

Notice

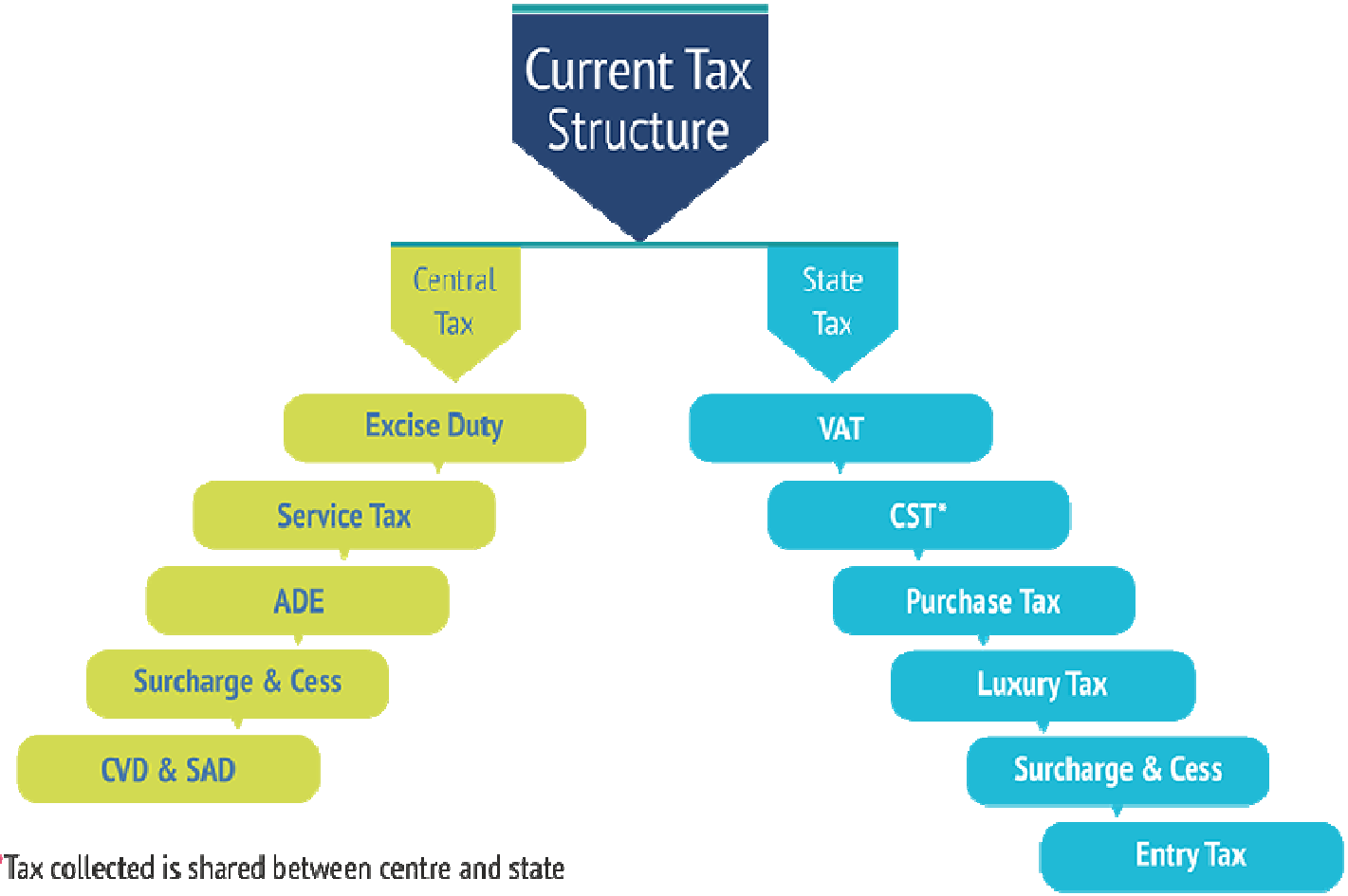
The Directorate General of Shipping, Mumbai conducted a training session on 27.06.2017 on Goods and Service Tax (GST) Act 2017. The copy of the presentation given by Chartered Accountant Shri Kamlesh Dave has been uploaded for the benefit of all concerned.

28 June 17

Deependra Singh Bisen
Assitt. Director General of Shipping


GST SEMINAR
Dt. 03.10.2017 & 17.10.2017
Venue : Ola Vakola Banquet,
Near Vakola Police Station,
Santacruz East,
Mumbai - 400 055
Conducted By CA Kamlesh Dave
Concept By Sunil Dhiwa

CURRENT TAX STRUCTURE



*Tax collected is shared between centre and state

CURRENT TAX STRUCTURE

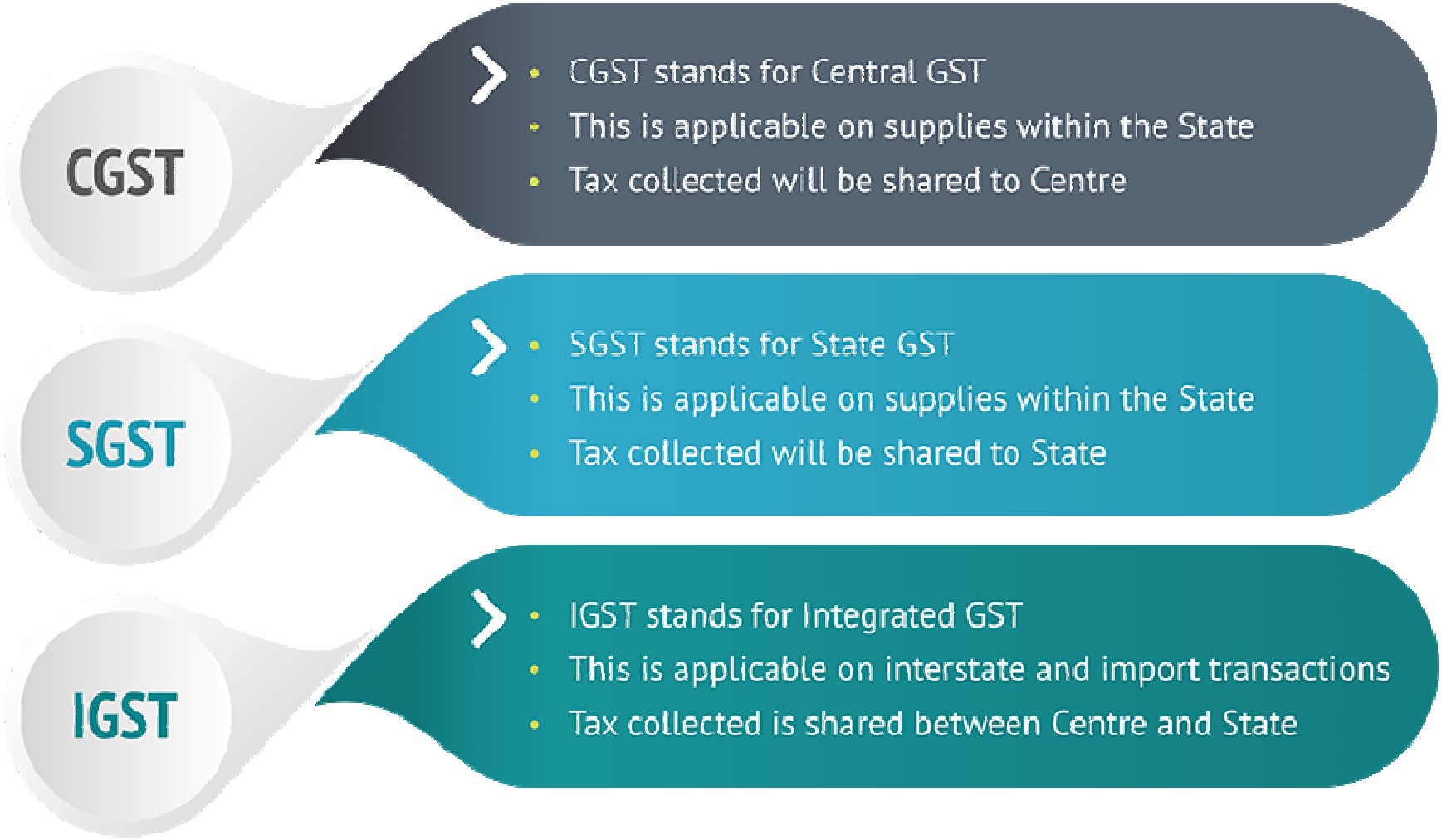
- CURRENTLY WE HAVE TAX ON ORIGIN BASE
  - EXCISE ON MANUFACTURE
  - OCTROI ON MOVEMENT
  - VAT ON SALE
  - ENTERTAINMENT TAX ETC.
- WE HAVE SEPERATE TAXES ON GOODS, SERVICES ETC AND IN SOME CASES ITS DOUBLE TAXATION
- FURTHER THE TAXES ARE ON DIFFERENT BASIS

- GST IS SINGLE TAX ON ALL SUPPLY OF GOODS AND SERVICES
- GST IS A TAX BASED ON THREE LINES
  - GST IS A DESTINATION BASED TAX
  - ON CONSUMPTION OF GOODS AND SERVICES
  - WITH SEAMLESS CREDIT (BEING CHARGED AT ALL STAGES FROM MANUFACTURE TO CONSUMPTION)
- EVERY OTHER COUNTRY WITH GST HAS SINGLE TAX BUT IN INDIA WE HAVE DUAL GST MODEL BECAUSE WE HAVE FEDRAL SYSTEM OF CENTRAL AND STATE GOVTS
  - CGST
  - SGST
  - IGST
- Input Tax Credit at each stage of value chain
- Rates Structure- Nil, 5%, 12%, 18%, 28%, 28%+Cess

WHAT IS GOODS AND SERVICES

- There are only two things goods and services
  - Any kind of moveable property other then money and security is goods includes actionable claims growing crops etc
  - Any thing other then goods is service and also includes activates in relation to usage of monies or its conversion by cash or any other mode from one form of currency or denomination for which separate consideration is charged is service

TAX COMPONENTS OF GST



TAXABLE PERSON

- Any person who is registered or is required to be registered
- Or who has obtained or is required to obtain more than one registration (**in one or more states**) will be distinct person
- Electronic commerce operator means a person who owns manages operates digital electronic facility or platform for e commerce (i.e. supply of goods or services over digital or electronic network) (specific tax payable by them)

LEVY UNDER CGST & SGST / IGST

- SGST & CGST / IGST is to be levied on
  - all taxable supplies (excluding liquor for human consumption)
  - on intra state transactions SGST & CGST 50% of declare rate
  - on inter state transactions IGST as per declare rate
  - by a taxable person
  - in manner prescribed,
  - including RCM on URD and notified purchases
  - Including specific tax on ecommerce operator

Present ITC

Nature of Tax	Levy on	Credit available to
Excise Duty	Manufacture of Goods	Manufacturer/ Service Provider
Additional / Special Custom duties	Import of Goods	Manufacturer
Service Tax	Provision of Services	Service Provider/ Manufacturer
VAT/Entry Tax	Sale of Goods	Manufacturer/ Traders
CST/Entertainment/ Luxury/LBT/Octroi	Goods/Entertain ment/Luxury	Not Available to any person

PRESENT AND PROPOSED STRUCTURE

TRANSACTION	CURRENT TAX	PROPOSED TAX	SET OFF
IMPORT OF GOODS FROM ABROAD	COUSTOM DUTY CVD AND SAD +OCTROI	BCD WILL CONTINUE +IGST **	IGST TO BE SET OFF AGAINST SALES
IMPORT OF SERVICES FROM ABROAD	SERVICETAX UNDER RCM	IGST	IGST TO BE SET OFF AGAINST SALES
INTERSTATE SUPPLY	EXCISE CST +VAT OR SERVICETAX	IGST	IGST TO BE SET OFF AGAINST SALES
INTRA STATE SUPPLY	EXCISE + VAT +OCTROI OR SERVICETAX	CGST AND SGST	CGST AND SGST TO BE SET OFF AGAINST SALES

Concept of Supply

- Taxable event in excise is manufacture in vat its sale i.e. transferee of property in goods etc.
- In GST taxable event is supply when we talk supply it cover both goods and services
- Dictionary mean make some thing needed available to someone

Concept of Supply

(1) **Supply includes**

a) **all forms of supply** of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in **the course or furtherance of business**

b) **import of services**, for a consideration whether or not in the course or furtherance of business,

c) the activities specified in **Schedule I**, made or agreed to be made without a consideration

d) The activities to be treated as supply of goods or supply of services as referred to in **Schedule- II**.

<u>Schedule- I :</u> Activities to be treated as Supply even if made without consideration

1. Permanent transfer or **disposal of business assets** where input tax credit has been availed on such assets. **(Gifted to charity or family)**

2. Supply of goods or services or both between related persons or between **distinct persons** (branch / vertical), when made in the course or furtherance of business:

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

3. Supply of goods—

a) by a principal to his agent where the agent undertakes to supply such goods on behalf of The principal; or

b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

4. 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.

Schedule- II : Activities to be treated as Supply of Goods or Supply of Services

1. Transfer :
   - Transfer of **TITLE IN GOODS** – Supply of Goods
   - Transfer of **RIGHT IN GOODS/UNDIVIDED SHARE IN GOODS** without transfer of title –**SUPPLY OF SERVICES**
   - Transfer of title in goods under agreement that property shall be transferred at a future date upon payment of consideration – **SUPPLY OF GOODS**

2. Land and Building :
   - Any lease, tenancy, easement, license to occupy **Land** – **SUPPLY OF SERVICES**
   - Any lease or letting out of **BUILDING** including a commercial, industrial or residential complex for business or commerce, either wholly or partly –**SUPPLY OF SERVICES**

3. Treatment or Process :

   Any treatment or process applied to another persons goods – **SUPPLY OF SERVICES**

Supply of Service :

(a) temporary transfer OR permitting use OR enjoyment of any **INTELLECTUAL PROPERTY RIGHTS**

(b) development, design, programming, customization, adaptation, up gradation, enhancement, implementation of **INFORMATION TECHNOLOGY SOFTWARE**

(c) Agreeing to the obligation to **REFRAIN FROM AN ACT**, or to tolerate an act or situation, or to do an act

(d) **TRANSFER OF THE RIGHT** to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration

Activities Neither Supply of Goods nor Services Sch III

- **Services of employee to employer in course of or in relation to employment**
- **Services by Court / Tribunal established under any law in force**
- **Functions performed by elected representatives at various levels**
- **Duties performed by a person holding constitutional post**
- **Duties performed by any person as Chairperson / member / director in body established by CG/SG & not deemed employee**
- **Services of foreign diplomatic missions in India**
- **Crematorium, Funeral, Burial or Mortuary including transportation of deceased**
- **Sale of land and, subject to clause (*b*) of paragraph 5 of Schedule II, sale of building.**
- **Actionable claims, other than lottery, betting and gambling.**

6. Composite supply :

The following composite supplies shall be **treated as a supply of services, namely:—**

a) **works contract** as defined in clause (119) of section 2

b) 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.

7. The following shall be treated as supply of goods, namely:—

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration. **COOPERATIVE SOCIETIES**

*"**Composite supply**" means a supply made by a taxable person to a recipient comprising **two or more supplies** of goods or services, or any combination thereof, which are **naturally bundled** and supplied in conjunction with each other in the ordinary course of business, one of which is a **principal supply;***

Section 2(90)

- *"**Principal supply**" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.*
- *"**Mixed supply**" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.*

Examples :

- Airline providing free supply of food- Transportation and Supply of Food – **Composite Supply.** Goods are packed and transported with insurance, the supply of goods, packing material, transport and insurance is a composite supply.
- Laptop and Carry bag sold together **Composite Supply**.
- A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a **mixed supply**. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

Composition levy in CGST

- **A registered person, whose aggregate turnover in the preceding financial year did not exceed Seventy Five lakhs rupees, may opt to pay tax under composition scheme.**
- **Rates of Tax under Composition :**

a) one per cent of the turnover in State in case of a manufacturer,

b) two and a half per cent, of the turnover in State in case of persons engaged in making supplies sale of food or any other article for human consumption and

c) half per cent, of the turnover in State in case of other suppliers.

- **The registered person shall be eligible to opt for Composition if –**

a) he is not engaged in the supply of services other than supplies referred to in clause (*b*) of paragraph 6 of Schedule II (being food or any other article for human consumption or any drink)

b) he is not engaged in making any supply of goods which are not liveable to tax under this Act;

c) he is not engaged in making any inter-State outward supplies of goods;

d) he is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52; and

e) he is not a manufacturer of such goods as may be notified by the Government.

- **Provisions of Section 10 are subject to provisions of sub-sections (3) & (4) of section 9 i.e. Tax payable under 'Reverse Charge'.**

INPUT TAX CREDIT

- The input tax credit system is the basic foundation of VAT system
- Under any VAT laws Every transaction is liable to tax at every successive stage, so the cascading effected is removed by deducting tax paid on input of supplies credit from output dues (separate credits available under different laws now but limited)
- Definition of inputs (goods and services is simple and wide)
- Any Goods or services used for the purpose or furtherance of business.
- Input tax credit Includes RCM paid.

- As the dealer pays a lesser amount of tax hence the **GST CREDIT** is **not available** for tax paid under **composition scheme**
- In other words **all the tax paid on any input supplies** will be allowed to be taken credit, **subject to exceptions**
- the all the purchases expenses and capital assets imports, will be subject to GST, input tax credit will be available even if paid by RCM
- Only registered dealer will be allowed the ITC if the supplies **received** and **are used** for the purposes and furtherance of business

Reverse Charge

- The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.
- The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both. Tax paid un registered supplier is your cost
- Tax payable on Reverse Charge basis has been specifically excluded from the definition of 'Output Tax' u/s. 2(71), thereby such liability shall be paid only in cash and not by way of utilisation of credit.
- Tax payable on Reverse Charge basis has been included in definition of 'Input Tax' u/s 2(62). Hence Input Tax Credit in respect Tax paid on Reverse Charge can be availed. Only If already paid

REGULAR VS COMPOSITE ILLUSTRATION – B2B

GST Rate Assumption: 20%			
Scenario 1	Dealer has registered as regular		
	Vendor	Distributor	Dealer
Base Price	1,00,000	1,05,000	1,12,000
GST	20,000	21,000	22,400
Gross Invoice Value	1,20,000	1,26,000	1,34,400
Effective Cost	-	**1,00,000**	**1,05,000**

- All businesses in supply chain are registered GST dealers and not availing the composite scheme
- Each Entity in the supply chain can get Input tax credit after upload and matching of transaction
- The distributor bills to end customer (Another Business)
- End customer avails input credit of Rs 22,400
- Cost to the end customer is Rs 1,12,000

REGULAR VS COMPOSITE ILLUSTRATION – B2B

GST Rate Assumption :20%			
Scenario 2	Dealer has availed composite scheme		
	Vendor	Distributor	Dealer
Base Price	1,00,000	1,05,000	1,26,000
GST	20,000	21,000	-
Gross Invoice Value	1,20,000	1,26,000	1,26,000
Effective Cost	-	**1,00,000**	**1,26,000**

- The Vendor ,Distributor avail input tax credit after uploading and matching there transactions.
- Dealer has availed composite scheme
- The Distributor bills to end customer (Another Business)
- The End customer cannot avail input tax credit
- Cost of the dealer will go up by x% where x will be defined by GSTN as tax rate for dealer opting composite scheme
- Cost to the end customer is Rs 1,26,000 + x%

SCENARIO 1 Vs SCENARIO 2

GST Rate Assumption :20%			
Scenario 1	**Regular Dealer**		
	Vendor	Distributor	Dealer
Base Price	1,00,000	1,05,000	1,12,000
GST	20,000	21,000	22,400
Gross Invoice Value	1,20,000	1,26,000	1,34,400
Effective Cost	**-**	**1,00,000**	**1,05,000**

GST Rate Assumption :20%			
Scenario 2	**Dealer has availed composite scheme**		
	Vendor	Distributor	Dealer
Base Price	1,00,000	1,05,000	1,26,000
GST	20,000	21,000	-
Gross Invoice Value	1,20,000	1,26,000	1,26,000
Effective Cost	**-**	**1,00,000**	**1,26,000**

- In **Scenario 2** the Dealer selling to end customer becomes non-competitive
- The cost to end customer is higher so he will not prefer to buy from this partner
- Being a GST registered regular dealer will make you competitive in the market

REGULAR VS COMPOSITE ILLUSTRATION – B2C

GST Rate Assumption :20%			
Scenario 3	**Retailer is a Regular Dealer**		
	Vendor	Distributor	Retailer
Base Price	50,000	55,000	65,000
GST	10,000	11,000	13,000
Gross Invoice Value	60,000	66,000	78,000
Effective Cost	**-**	**50,000**	**55,000**

- Consumer Durables retailer who sells white goods to home users is a Business to Consumer entity
- Home user doesn't avail input credit
- The retailer charges GST from Consumer and being regular dealer avails the input tax credit.
- The price to end customer is 78000

REGULAR VS COMPOSITE ILLUSTRATION – B2C

GST Rate Assumption: 20%			
Scenario 4	**Retailer has opted for composite scheme**		
	Vendor	Distributor	Retailer
Base Price	50,000	55,000	78,000
GST	10,000	11,000	-
Gross Invoice Value	60,000	66,000	78,000
Effective Cost	**-**	**50,000**	**66,000**

- Consumer Durables retailer who sells white goods to home users is a Business to Consumer entity
- Home user doesn't avail input credit
- The retailer has availed Composite scheme hence he pays X % on his turn over to Government
- The cost of the retailer is 66000 +X %
- The price to end customer is 78000

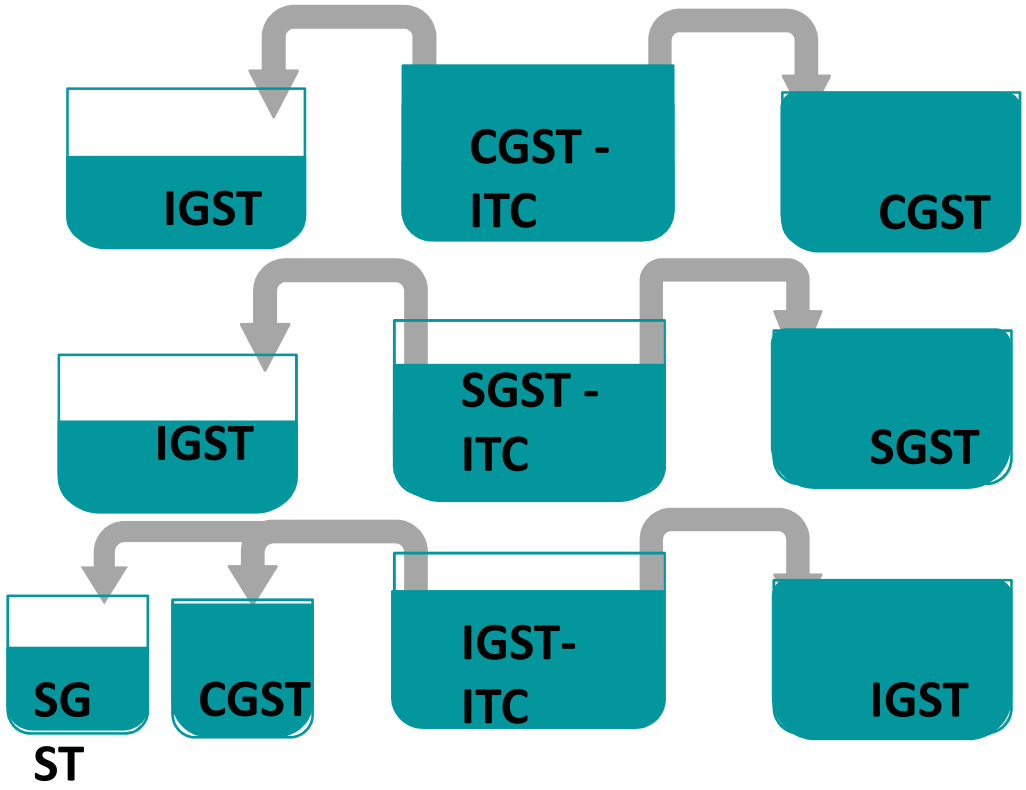
SCENARIO 3 Vs SCENARIO 4

GST Rate Assumption :20%			
Scenario 3	**Retailer is a Regular Dealer**		
	Vendor	Distributor	Retailer
Base Price	50,000	55,000	65,000
GST	10,000	11,000	13,000
Gross Invoice Value	60,000	66,000	78,000
Effective Cost	**-**	**50,000**	**55,000**

GST Rate Assumption: 20%			
Scenario 4	**Retailer has opted for composite scheme**		
	Vendor	Distributor	Retailer
Base Price	50,000	55,000	78,000
GST	10,000	11,000	-
Gross Invoice Value	60,000	66,000	78,000
Effective Cost	**-**	**50,000**	**66,000**

- In **Scenario 4,** the retailer is composite dealer and his cost is Rs. 11000 more than the regular dealer though they are billing the end customer at Rs. 78000
- In a B2C environment the end customer is not availing input credit and can buy from either of the two in case of same price
- However the composite Dealer becomes non-competitive because of less margins.

INPUT CREDIT ADJUSTMENT



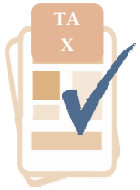
Input credit will not be credited to bank. It will be available in an electronic ledger which can be adjusted against tax liability

AVAILING ITC IN GST REGIME

Seller pays tax to the government

Buyer gets input credit

Seller



Tax dept

Buyer

only

Buyer gets input credit if seller pays GST

CONDITION FOR TAKING CREDIT

- The invoice for the purchases and in case of imports relevant invoice and documents must **be in your possession**
- The tax must be **actually paid** by the supplier
- The taxable person has furnish the returns
- If received in installment the credit will be allowed on receipt of last installment.
- **Payment not made to supplier of goods/service/both within 180 days from the date of issue of invoice:**
- **Reverse the credit along with interest**
- **Re-credit after payment of bill & tax to supplier**
- The credit should be taken before due date of September 2018 due date of annual return (September)

LIMITS TO THE INPUT TAX CREDIT

- If supplies are partially used for the business proportionate credit
- If supplies are partially used for zero rated supply proportionate credit
- Not allowed on purchase of passenger vehicle and conveyance
- Not allowed on purchase on food and beverages
- On membership fees of club etc
- Rent a cab & life and health insurance
- Leave travel benefits to employees

- Works contract services when supplied for construction of
- immovable property,
  - other than plant and machinery,
  - except where it is an input service for further supply of works
- contract service;
  - goods or services received by a taxable person for construction of an immovable property other than plant and machinery, on his own account incl. when used for furtherance of business
- Tax paid under Composition
- Received by Non-Taxable person except goods
- imported by him
- Used primarily for personal consumption

- Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples
- ITC wrongly availed or utilized by reason of fraud etc.
- retention, seizure and release of goods and conveyances in transit
- Confiscation of goods and/or conveyances

ITC on Registration

ITC of Inputs held in Stock, semi-finished, finished goods

Applied for registration within 30 days of becoming liable, ITC of stock held immediately preceding the **date from liable to pay tax**	Applied for Voluntary Registration, ITC of stock held immediately preceding the **date of registration**	Switched from Composition to Normal Levy, ITC of stock held and **Capital goods** immediately preceding the **date from liable to pay tax**	Where exempt supply by RTP becomes taxable supply, ITC of stock held and **Capital goods exclusively used for such exempted supply** immediately preceding the **date from which supply becomes**

No Credit after the expiry of 1 year from the date of issue of invoice for such supply

- Time limit to claim the credit
- If erroneously credit not taken the credit can be taken before the date on which annual return is to be filled
- Or within one year from the date of invoice

ITC in case of Job Work Sec 19

ITC available to principal in respect of Inputs/ capital goods sent for Job Work		
Entitlement	Conditions	Period of Return
Inputs	Sent by Principal or directly sent without bringing first to Place of Business of principal, returned after completion of Job work	1 year
Capital Goods		3 years

- If not returned within prescribed period then deemed to be supply on the day when such inputs/ capital goods were sent to jobworker.

TRANSITIONAL PROVISIONS

- Credit lying in the service tax and MVAT will be allowed to be carried forward as per the last return filled and accounted for
- If the last return is revised then the credit can be reduced but cannot be increased

TRANSITIONAL PROVISIONS

Carried forward of Credit by registered persons

Type of Credit	Conditions
Amount of CENVAT Credit / ITC allowed to registered taxable person under GST	Amount of eligible credit carried forward as per **earlier law in return filed** for the period ending immediately prior to appointed day
Amount of un-availed* CENVAT credit of Capital goods allowed to registered taxable person under GST	Un-availed CENVAT credit not carried forward in return filed for the period ending immediately prior to appointed day under earlier law
*Un-availed amount of CENVAT credit in respect of Capital goods = Aggregate amount of CENVAT Credit (-) Credit already availed in respect of capital goods in earlier return	

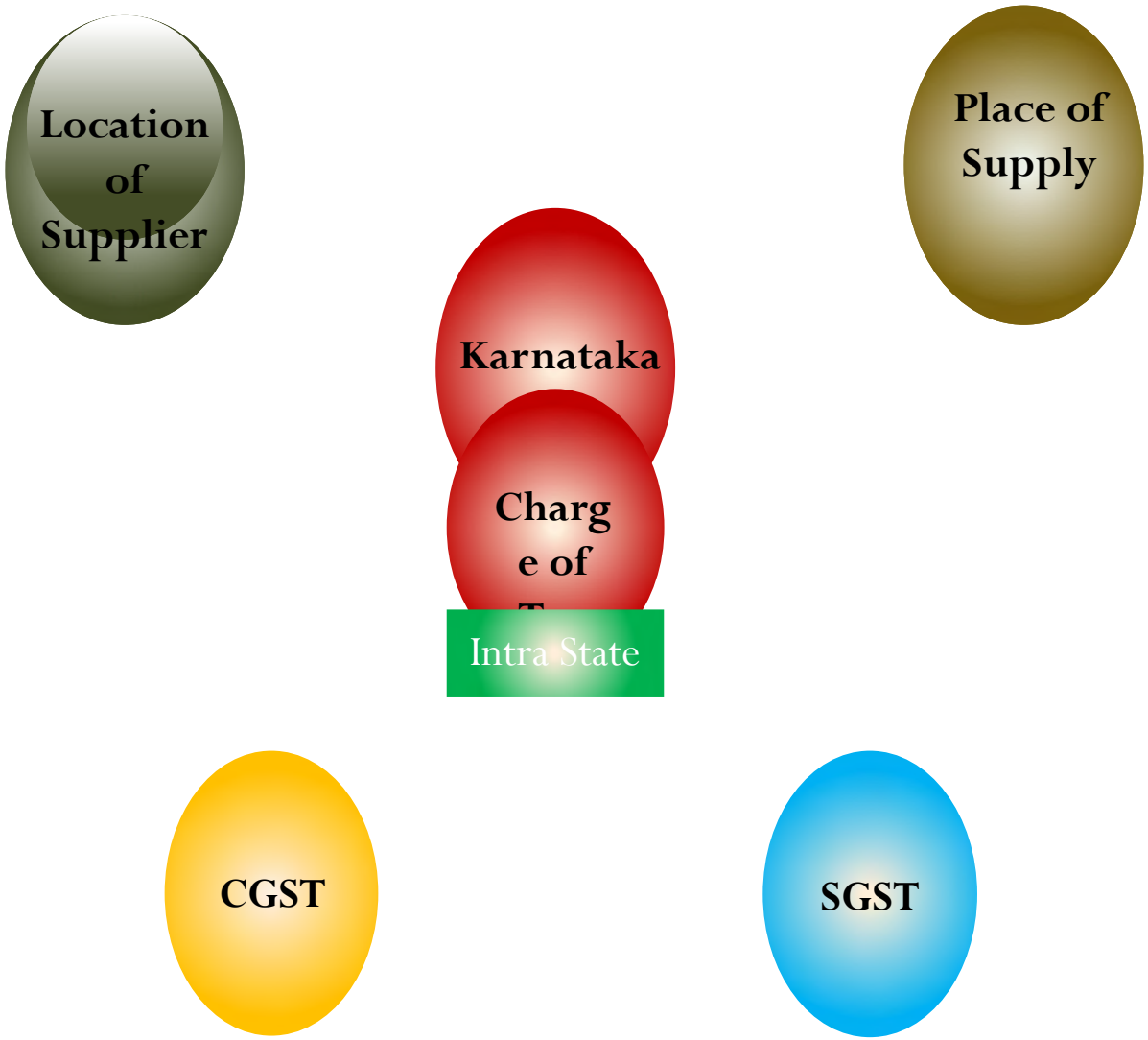
TRANSITIONAL PROVISIONS (Example)

- No opening stock
- Purchases for June 5,00,000 vat 67,500/-
- Sales for June 4,00,000 vat 54,000/-
- Vat for the period +67500-54,000 = refund 13,500/-
- Closing stock cost 2,00,000/- vat 27,000/-
- Weather refund due is 13,500/- or 27000 or (40,500)
- Refund will be 13,500 /- as it is the accounted and shown as refund in VAT return (assuming no excise credit)
- No carry forward if vat is payable as per return

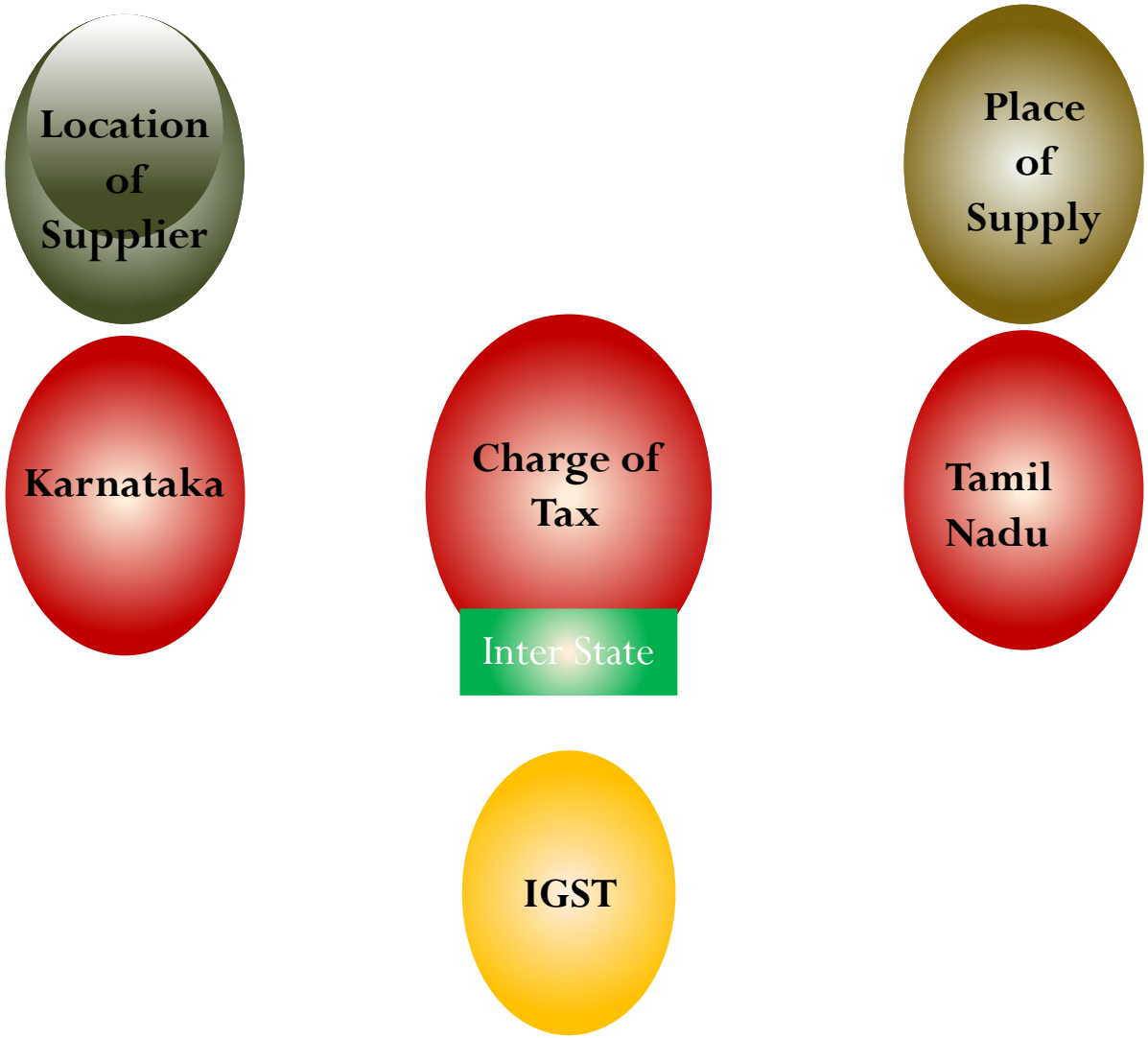
Place of supply IGST Act- Inter- State Supply

- Understanding the place of supply rules provided in IGST rules
  - One state to another different states
    - - inter state IGST
  - location of buyer and supplier same state
    - -intra state CGST AND SGST
  - Import of goods from abroad
    - - inter state IGST RCM
  - Supply from and to SEZ
    - - inter state zero rated
  - Export abroad
    - - inter state zero rated

DETERMINATION OF CHARGE



DETERMINATION OF CHARGE



TIME OF SUPPLY OF GOODS AND SERVICES

Time of Supply of Goods

- Importance of Time of Supply
- Deemed Concept – Pay Early - Cash Flow
- Late payment – Interest Liability

Time of supply of goods is earliest of:

- Date of Invoice
- Last date for issue of invoice if provided
- Date of payment

Invoice needs to be issued at time of :

- Removal or (dispatch by supplier/ collection by recipient) or delivery of goods or (risk and reward transfers) or making goods available. Invoice to be issued before or at time of supply when movement is involved

TIME OF SUPPLY OF GOODS AND SERVICES

- **Supply of services**
- Time of Supply of Services – Sec 13
- A. Supply of services earliest of:
- Invoice if issued as per Sec 31(2)
- Date of Provision of Services if invoice not issued
- Date recipient shows receipt of services (fraud)
- **Invoice needs to be issued at** – before or after provision of services or within 1 month
- B. Time of supply in case of Reverse charge – Import/ URD
- Date of receipt of goods
- Date of payment
- 30 days from date of issue of invoice by supplier
- Date of entry in books of recipient- fraud?

TIME OF SUPPLY OF GOODS AND SERVICES

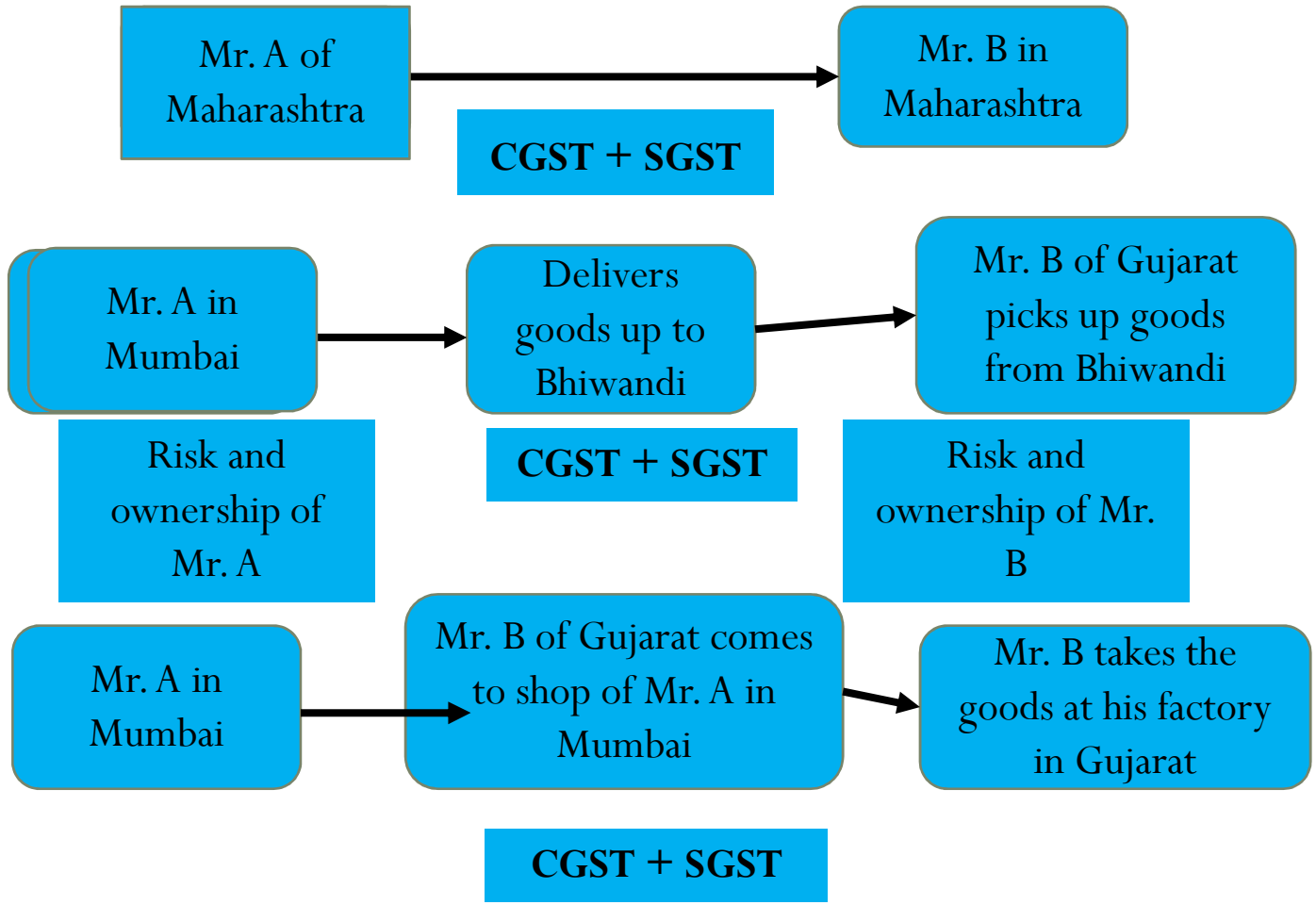
Date of Payment

- Date of entering in Books of account
- Date of credit in bank account
- Advance – Is it a refundable deposit? Is it adjustable on receipt of material/ services? This may not be considered a payment.
- Illustration: Mobilization Advance or Deposit?

Place of supply

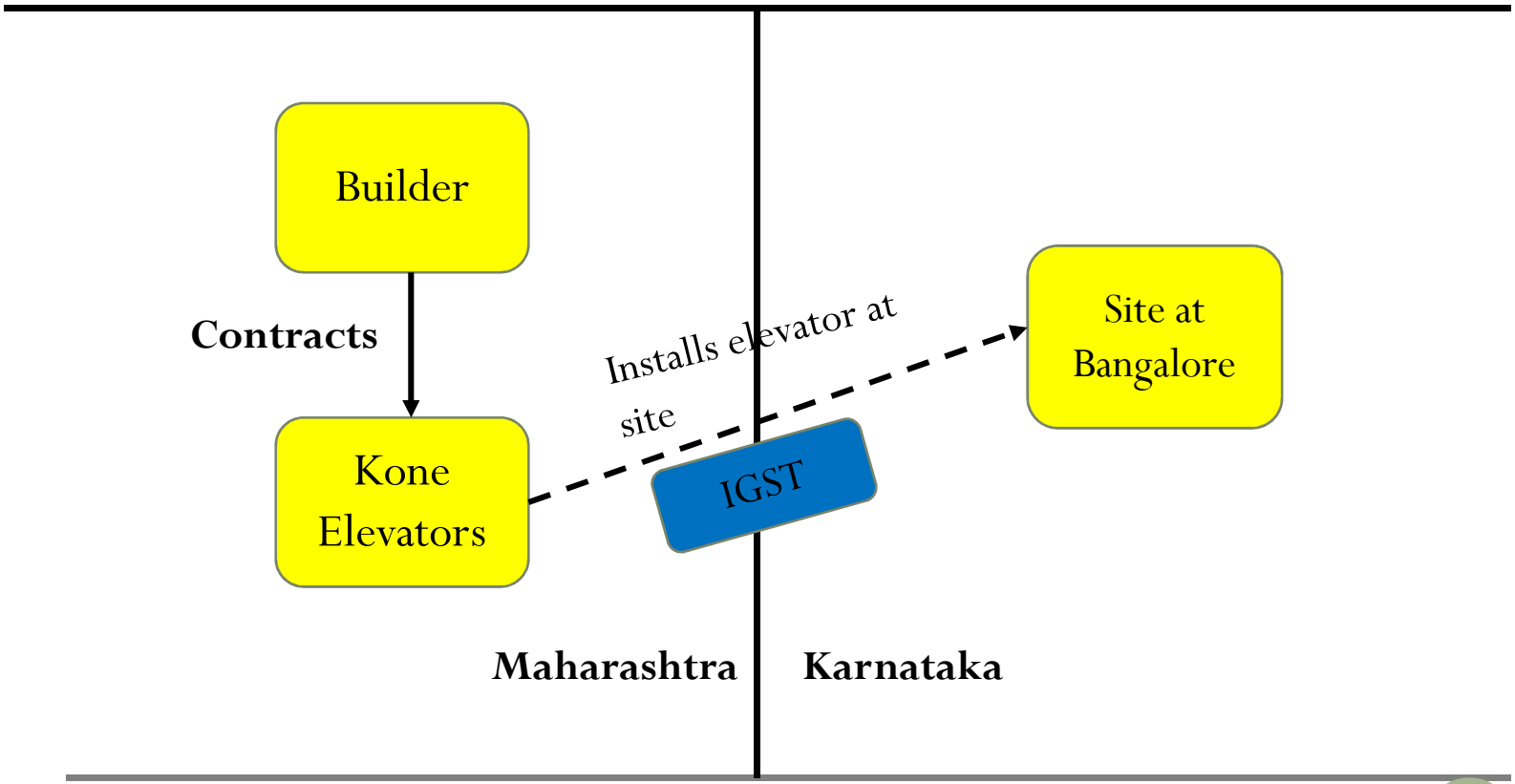
- Where the supply **involves movement of goods**,
  - whether by the supplier or by the recipient or by any other person,
  - the place of supply of such goods shall be **the location of** the goods at the time at which **the movement of goods terminates for delivery to the recipient.**

Place of supply

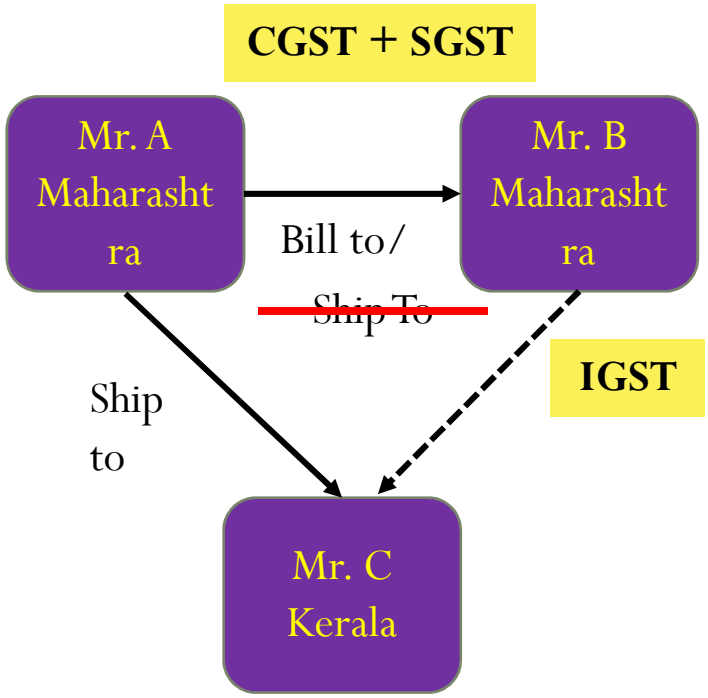


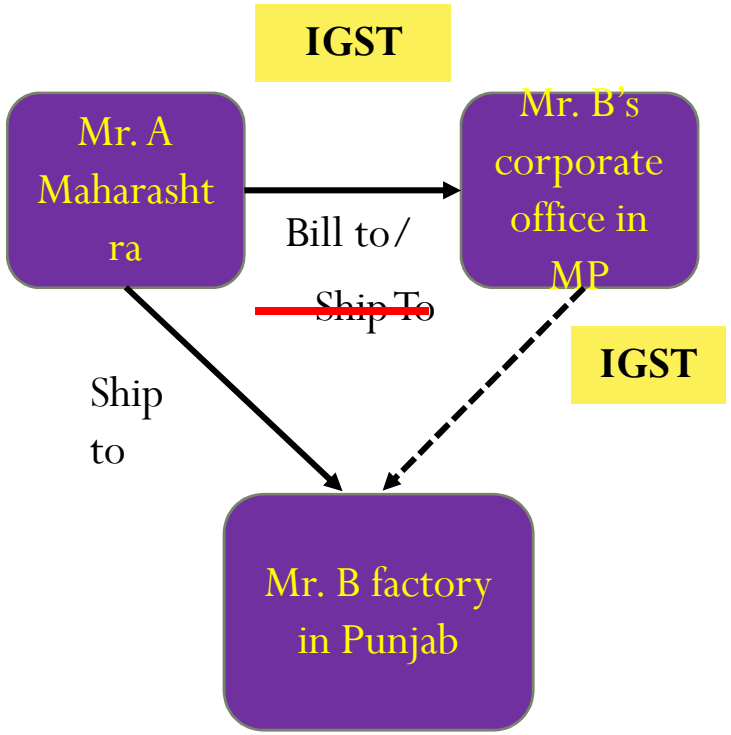
Section 10(1)(d) of the IGST Act...

Where the goods are assembled or installed at site, the place of supply shall be place of such installation or assembly

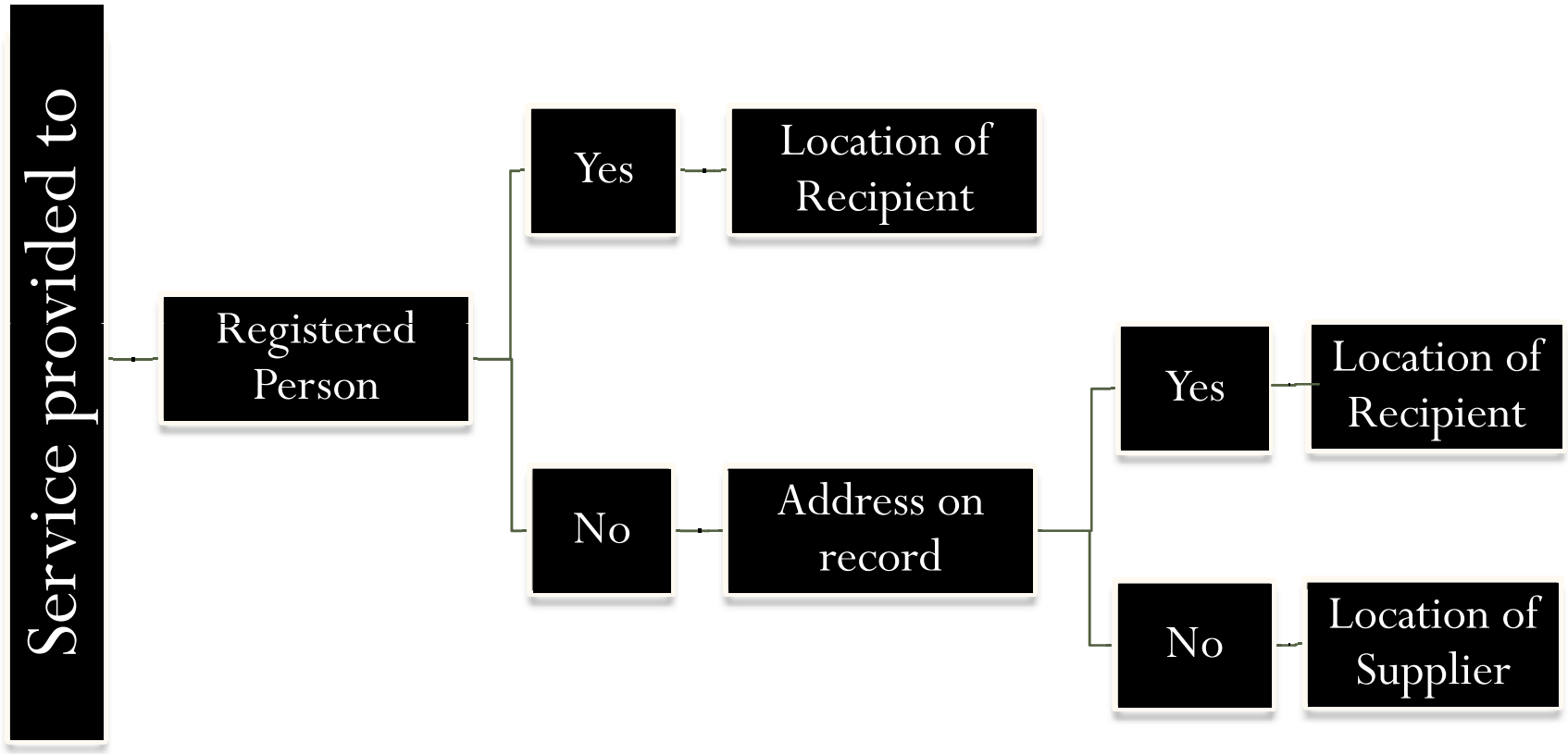


Section 10(1)(b) of the IGST Act... (Examples)

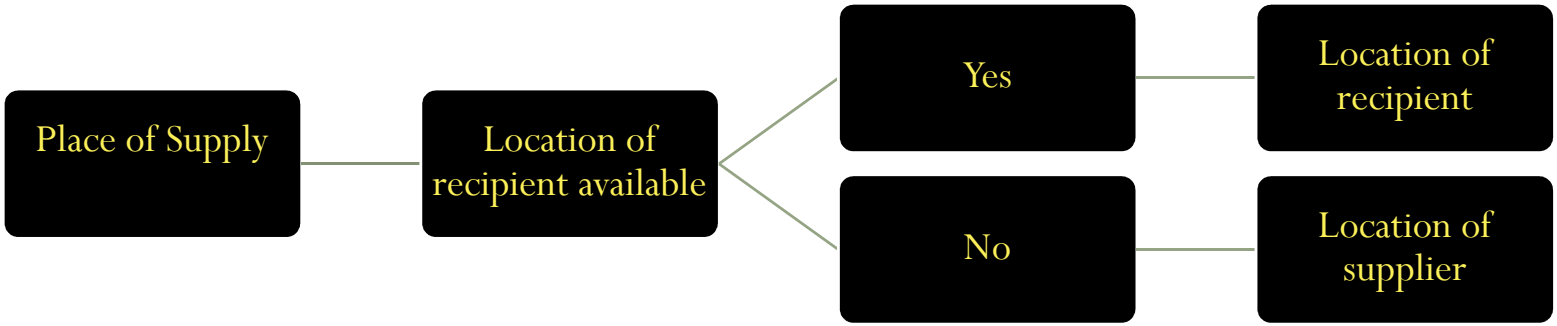




Section 12(2)- General Rule



Section 13(2)- General Rule



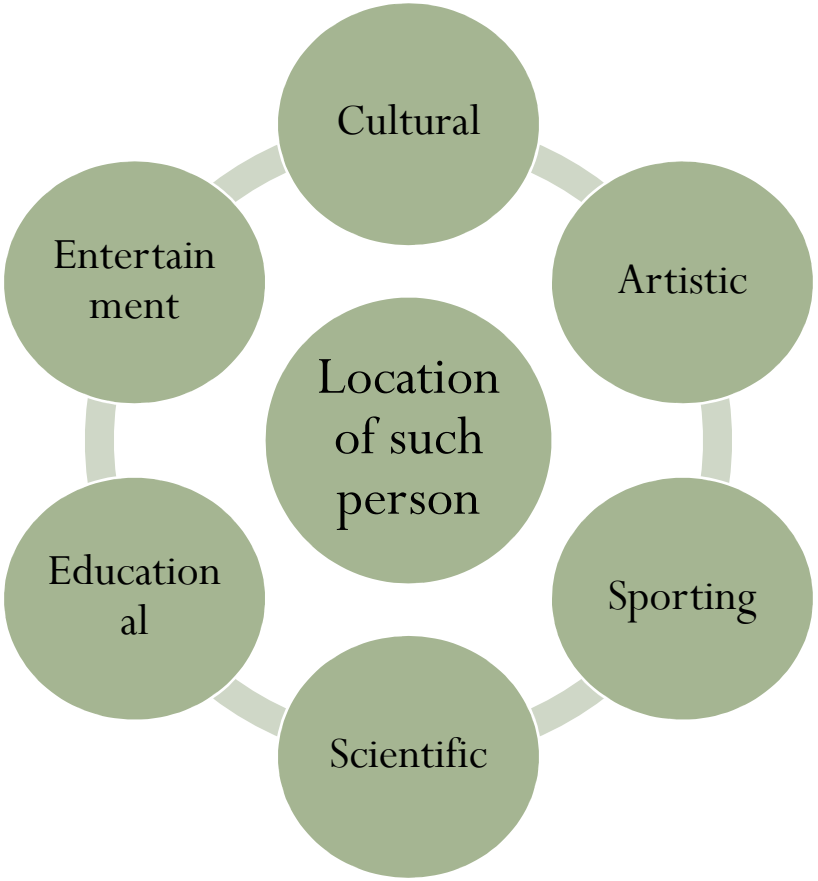
Similar to provisions of Place of Provision of Service Rules, 2012

Exceptions to General Rule...

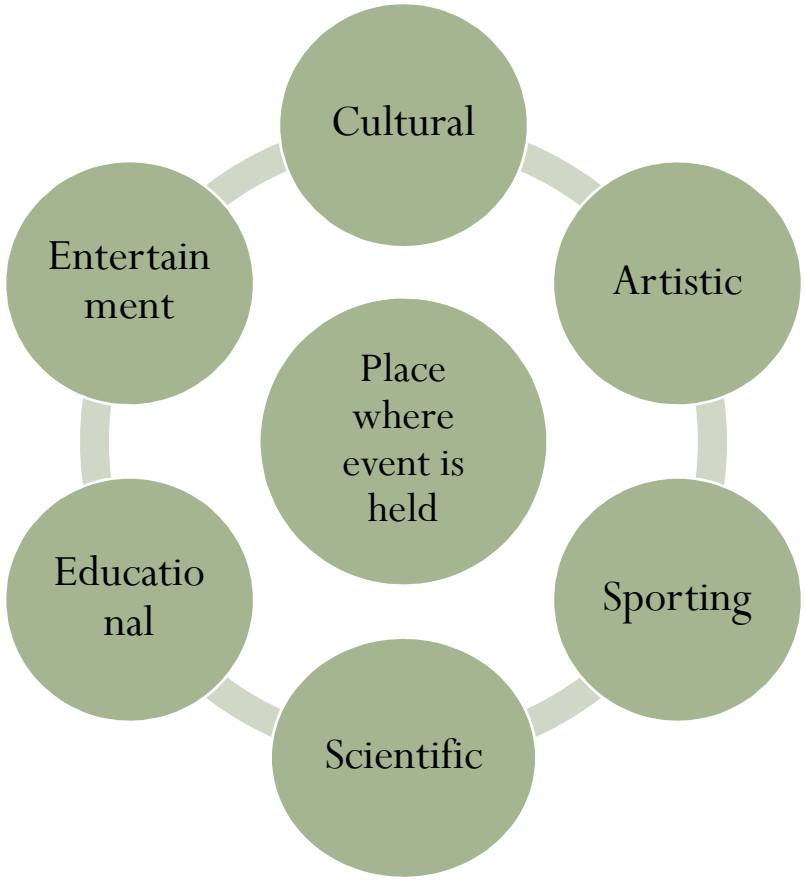
Source Rule	Hybrid Rule
Services in Relation to Immovable Property	Training and Performance appraisal
Hotels, Mandap Keeper services	Organization of events and ancillary services
Restaurant, catering, personal grooming, fitness, beauty treatment, health services, cosmetic and plastic Surgery	Transportation of Goods including mail and courier
Services in relation to admission to event	Passenger Transportation services
Services supplied on board of a conveyance	Banking and Stock Broking

Section 12(7)- Organising an Event

Registered Person

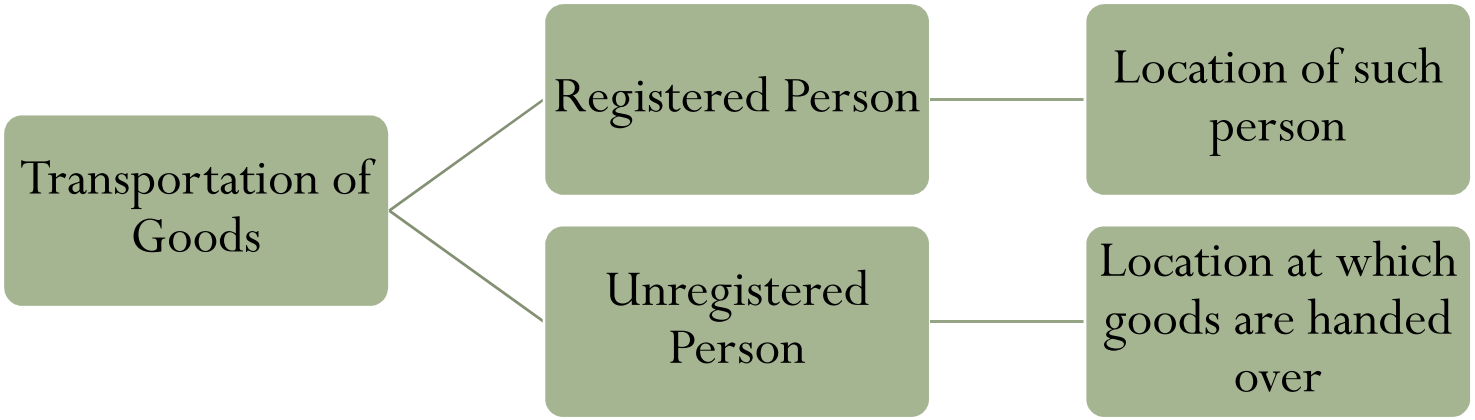


Unregistered Person



Section 12(8)- Transportation of Goods..

The place of supply of services by way of transportation of goods, including by mail or courier to-



Contents of Tax Invoice 17 items

(a) Name, Address and GSTIN of the supplier;

(b) A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year;

(c) Date of its issue;

(d) Name, address and GSTIN or UIN, if registered, of the recipient;

(e) Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more;

Contents of Tax Invoice 17 items

(f) HSN code of goods or Accounting Code of services;
(g) Description of goods or services;
(h) Quantity in case of goods and unit or Unique Quantity Code thereof;
(i) Total value of supply of goods or services or both;
(j) Taxable value of supply of goods or services or both taking into account discount or abatement, if any;
(k) Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
(l) Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
(m) Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
(n) Address of delivery where the same is different from the place of supply;
(o) Whether the tax is payable on reverse charge basis; and
(p) Signature or digital signature of the supplier or his authorized representative:

- ✓ **Harmonized System of Nomenclature (HSN) / Services Accounting Code (SAC) may be prescribed for classifying nature of supply.**
- ✓ **HSN/SAC will be mandatory in Invoice and returns, except during 1st year of GST implementation. HSN will be restricted to maximum of 8 digits**
- ✓ **For 1st Year of GST Implementation, HSN/SAC will be applicable as follows:**

✓ **EXPORTS**	**HSN OF 8 DIGITS**
✓**Above 5 Cr**	**HSN of 4 Digits**
✓**Below 1.5 Cr**	**HSN/SAC not mandatory**
✓**1.5 Cr to 5 Cr**	**Minimum HSN of 2 Digits**

Transaction value

Section 15(1) reads as follows:

(1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply **are not related and the price is the sole consideration for the supply.**

The transaction value shall be accepted even if the supplier and recipient of supply are related provided **relationship has not influenced the price**. Thus it is essential to establish the relationship has influenced the price in order to reject the transaction value.

Consideration sale price valuation

(31) "**consideration**" **in relation to the supply of goods or services or both includes—**

(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:

(c) Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;

B) Transaction Value shall include the following:

(a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act,;

(b) any amount that the **supplier is liable to pay** in relation to such supply but which has been **incurred by the recipient** of the supply and not included in the price actually paid or payable for the goods or services or both;

(c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

(d) interest or late fee or penalty for delayed payment of any consideration for any supply; and

The value of the supply **shall not include** any **discount** that is given:

(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, if –

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

➢Valuation Rule –

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

(a) be the **open market value** of such supply;

(b) if open market value is not available, be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money if such amount is known at the time of supply;

(c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality;

(d) if value is not determinable under clause (a) or clause (b) or clause (c), be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money.

(e) Separate provision for foreign currency transaction (1%)

Valuation Rule –

Illustration:

(1) *Where a new phone is supplied for Rs.20000 along with the exchange of an old phone and if the price of the new phone without exchange is Rs.24000, the open market value of the new phone is Rs 24000.*

(2) *Where a laptop is supplied for Rs.40000 along with a barter of printer that is manufactured by the recipient and the value of the printer known at the time of supply is Rs.4000 but the open market value of the laptop is not known, the value of the supply of laptop is Rs.44000.*

How to make payment

- Payment of Tax, Interest, Penalty or any other amounts has to be deposited in to Government Treasury by a taxable person by using –
- Internet banking;
- Credit / Debit Cards;
- National Electronic Fund Transfer (NEFT);
- Real Time Gross Settlement (RTGS);
- Over the Counter Payment (OTC) up to Rs. 10,000 per challan per tax period
- [Charges viz. commission etc. have to be borne by tax payer]

RETURNS

R1
- 10TH ON THE MONTH
- DETAILS OF SALES

R2
- 11TH OF THE MONTH
- DETAILS OF PURCHASES

R3
- 20TH MONTH
- MONTHLY RETURN ON FIN

R1A
- 20TH OF THE MONTH
- DETAILS OF SALES CONFIRMATION AS ADDED, CORRECTED OR DELETED BY THE RECIPIENT

R2A
- AUTO-POPULATED DETAILS OF INWARD SUPPLIES MADE AVAILABLE TO THE RECIPIENT ON THE BASIS OF FORM GSTR-1 FURNISHED BY THE SUPPLIER

R9
- 31ST DECCEMBER
- Annual Return - Furnish the details of ITC availed and GST paid which includes local, interstate and import/exports.

Returns – Outward Supply

Sr. No.	Return / Ledger	For	Due Date
1	GSTR – 1	Every RTP have to furnish details of outward supplies electronically through the Common Portal either directly or through a Facilitation Centre., effected during a tax period and effected during an earlier tax period, for each registered place. This return is not required to be filed by (i) ISD's, (ii) NR Taxable person, (iii) RTP discharging tax under composition levy, (iv) person who is required to deduct tax, (v) person who have to collect tax at source)	10th of Next Month

GSTR – 1 – Section 37

- Details shall include inter-alia –

a. Invoice wise details of all –

i. Inter-State and Intra-State supplies made to RTP; [B 2 B Transactions]

ii. Inter-State supplies with invoice value more than Rs. 2.5 Lakhs made to URP;

b. Consolidated details of all –

i. Intra-State supplies made to URP for each rate of tax; and [B 2 C Transactions]

ii. State wise Inter-State supplies with invoice value less than Rs. 2.5 Lakhs made to URP for each rate of tax; and

c. Debit and Credit notes, if any, issued during the month for which invoices issued previously.

- Details of outward supplies furnished by the supplier shall be made available electronically to the concerned recipient in Part A of Form GSTR 2A after the 10th of next month.

- RTP is not allowed to furnish details of outward supplies during the period from 11th to 15th of the month succeeding the tax period.

On receipt of details in Form GSTR -2A of inward supplies, recipient may add, correct or delete, if any, in the details after 10th of the next month. Such corrected details would be communicated to supplier in Form GSTR – 1A.

Supplier shall either accept or reject the details so communicated on or before the 17th but not before 15th of the next month and on such acceptance, details would be amended.

- If any details furnished for any tax period and remained un-matched, supplier shall upon discovery of any error or omission, rectify such error or omission.

- If there is any short payment, supplier is liable to pay the tax and interest, if any.

- Rectification in the details is permitted –

  (i) before the due date of furnishing return for the month of September (20th October) following the end of the FY to which details pertains; or

  (ii) Furnishing annual return (31st Dec), which ever is earlier.

Returns

Sr. No.	Return / Ledger	For	Due Date
1	GSTR– 2	Every RTP have to furnish details of inward supplies electronically through the Common Portal either directly or through a Facilitation Centre., effected during a tax period and effected during an earlier tax period, for each registered place.	15th of Next Month

- All the requirements same as the outward returns
- Inward returns important for calculation of tax under RCM and igst on imports

Sr. No.	Return / Ledger	For	Due Date
1	GSTR– 3	Every RTP have to furnish return electronically through the Common Portal either directly or through a Facilitation Centre., of inward and outward supplies, ITC availed, tax payable, tax paid and such other particulars as may be prescribed.	20th of Next Month

- Part A of the return shall be electronically generated on the bases of information furnished through GSTR-1, GSTR-2, and other liabilities of preceding tax periods;

- Taxable person have to discharge his tax liability, interest, penalty, fees by debiting ECL as per the details contained in Part B of return.

Sr. No.	Return / Ledger	For	Due Date
4	GSTR – 4	Quarterly Return for Composition Taxpayer	18th of Next Quarter
5	GSTR – 5	Periodic return by Non-Resident Foreign Taxpayer.	Within 7 days after the expiry of Registration.
6	GSTR – 6	Return for Input Service Distributor (ISD)	15th of Next Month
7	GSTR – 7	Return for Tax Deducted at Source	10th of Next Month

Audits of Accounts and Records – S. 35(5)

- Every RTP whose turnover during a financial year exceeds Rs. 1.00 Crores shall get his accounts audited by a chartered accountant or a cost accountant and shall submit to the Proper Officer -
  - ✓ a copy of the audited annual accounts;
  - ✓ the reconciliation statement under section 44(2); and
  - ✓ such other documents in the form and manner as may be prescribed in this behalf.

- **In the present Vat system you upload sales & purchases every month. In GST you have to upload every sale & purchase bill.**
- **Be careful, every thing in GST is system driven. Once uploaded you cannot revise anything. No officer can help you in this. They can only pity the mistake.**
- **Your firm rating will be done by the system. Based on the rating audit trials will be conducted.**
- **1st time in the history of independent India 4 major category of businesses will be covered : Education, Textiles, Medical & Professional services. Now medical and education are exempt**

- Distribution + C & F channel under threat
- **All movements of material will be taxable like : Head office to branch office (stock transfer), factory to C & F agent, godown to shop.**
- The GST officer has all rights to value your goods & fix the price. The law will decide Valuation of the product at Various levels like : Manufacturing, Wholesalers, Distribution & retailers.
- All books & records to be maintained on daily basis.
- All travel & tour expenses related to business have to be claimed under firm name.
- If your vendor does not upload his bills within 180 days , you will not get tax credit.
- You cannot claim credit for material in stock beyond one year.
- They propose that You have to dispose all your old stocks purchased under VAT/CST within September 2017.
- All VAT related documents like C forms, F forms etc have to be cleared within Sept 2017.
- Your Vat credit will not be carry forwarded to GST.

Some TIPS

Due diligence	Credit not taken due to Disputes	Credit on payment basis
Ensure all credit shown in the books of account is reflected in the return	It is advised that the Company should take all such credits in the return	Such credit shall also be taken in the return on the receipt of invoice

Some TIPS

Invoice on regular basis

invoices are raised after the month end. The bill to these services shall be received prior to appointed date and credit is reflected in the returns

RCM

Payment under RCM shall be made prior to appointed date and credit is reflected in the returns.

SHOULD YOU GO FOR REGISTRATION UNDER GST ???

THANK YOU

ALL QUESTION US AT

EMAIL TO gst@dhiwa.com

or

Whatsapp

SUNIL 9969348704

OR KAMLESH 9867189871