



# Goods and Service Tax

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# Topics to be covered

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- ▶ Introduction
- ▶ Composite v. Mixed Supply
- ▶ Composition Scheme
- ▶ Reverse Charge Mechanism
- ▶ Time and Value of Supply
- ▶ Registration
- ▶ Input Tax Credits
- ▶ Invoice Rules
- ▶ Returns
- ▶ Payments
- ▶ Transitional Provisions
- ▶ E-Way Bills

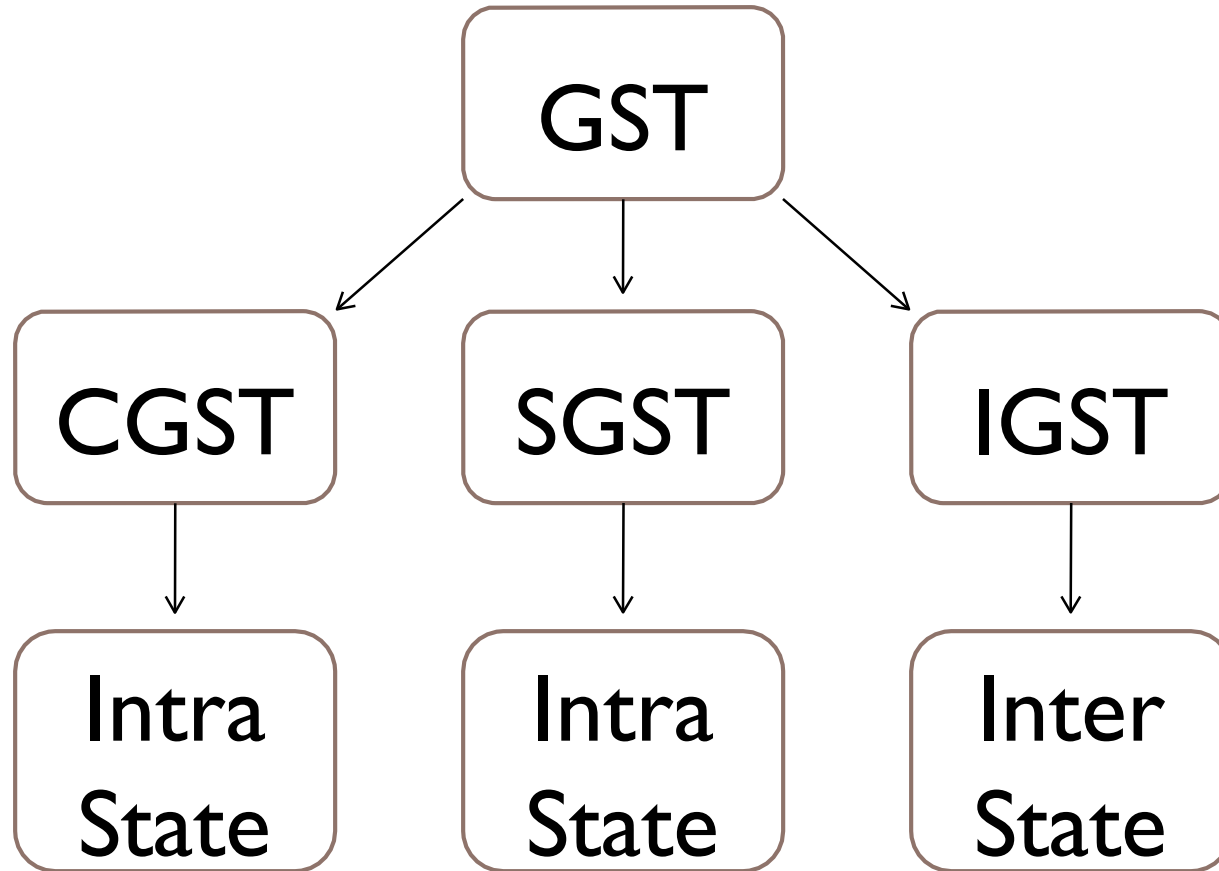
## Taxes to be subsumed in GST

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- ▶ Excise Duty
- ▶ Service Tax
- ▶ Counter Veiling Duty (CVD)
- ▶ Special Additional Duty
- ▶ VAT
- ▶ CST
- ▶ Entertainment Tax
- ▶ Luxury Tax
- ▶ Purchase
- ▶ Octroi and Entry Tax

# Types of GST

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# Applicability of GST

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- ▶ Sale, Transfer, Barter, Exchange, License, Rental, Lease, etc of Goods or Service or Both
- ▶ Import of Service whether for Business Purpose or for personal purpose

## Composite Supply

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- ▶ When two or more services/goods are naturally bundled with each other, they are called composite supply.
- ▶ E.g. M Limited sold machine of Rs. 10,00,000/- to P Limited. It charged freight Rs. 50,000/- and insurance Rs. 30,000. Rate of GST on Machine is 12%. On Freight and Insurance, GST is 18%. What will be Tax rate applicable?

## Composite Supply

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- ▶ In case of composite supply, tax rate of principal supply shall be applicable.
- ▶ So in given case, it will be composite supply and rate applicable for machine will be applicable on Total amount charged.

## Mixed Supply

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- ▶ Supply of Two or more Goods/Service which are not naturally bundled together.
- ▶ E.g. McD supply Burger and Cold Drink for Consolidated Price of Rs. 200. Burger is taxable at 12% and Cold Drink is taxable at 28%.



## Mixed supply

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- ▶ Tax Rate applicable will be highest of all rates.
- ▶ In given case, every item will be taxed @ 28%.

## Exempted supply

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- ▶ Services by Employee to an employer in the course of an employment
  
- ▶ Various Issues
  - ❑ Sales Commission paid to Employees
  - ❑ Notice Pay recovered from Employees
  - ❑ Employer recover money for bus transportation facility

## Exempted Supply

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- ▶ Services by Court or tribunal
- ▶ Constitutional functions discharged by MP, MLAs, Government
- ▶ Sale of Land/Building(except sale of under-construction premises where the part or full consideration is received before issuance of completion certificate or before its first occupation, whichever is earlier)
- ▶ Actionable Claims other than lottery and gambling
- ▶ Services of funeral, burial, etc

## Specifically Taxable Supply

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- ▶ Permanent Transfer or Disposal of Business Assets, if ITC has been claimed on it
- ▶ Supply of Goods or Services between related person without consideration (Gift) in the course of Business or furtherance of business. However no GST on gift by employer to employee up to Rs.50,000/-

# Composition Scheme

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- ▶ Available only for Goods. Not for services
- ▶ Threshold turnover is Rs.50 lakhs
  
- ▶ Rate of Tax
  - ❑ Manufacturers – 2%
  - ❑ Food/Restaurants – 5%
  - ❑ Other Goods – 1%

## Conditions to avail Composition Scheme

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- ▶ He should not be providing any service
- ▶ He should not be selling Non GST Goods
- ▶ He should not be making interstate supplies (Interstate purchase is allowed)
- ▶ He should not be making supply through electronic commerce operator
  
- ▶ He should not collect any tax from the buyers
- ▶ He shall not be entitled to avail any input tax credit.
- ▶ Such option shall be exercised for all branches and offices

## How to avail this Option

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- ▶ In case of Migrated Users – File Form GST CMP 01 before 1 July 2017 or upto 30 July 2017.
- ▶ In case of new registration – Specify this in registration form GSTREG-1
- ▶ User Paying Normal GST in FY 2017-18, wants to migrate to this scheme for AY 2018-19 – File GST CMP 02 before 1 April 2018. Also file statement of stock and inward supply as on 31 March 2018 in Form GST CMP 03 before 30 May 2018.
- ▶ Return to be filed on quarterly basis within 18 Days

# Reverse Charge

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- ▶ Applicable on Both Goods and Services
- ▶ Entire tax will be paid by recipient
- ▶ Such person must apply for registration irrespective of his turnover
- ▶ He can avail credit of tax paid under reverse charge system



Description	Applicable to
Unregistered Person Selling Goods to Registered Person	All Registered Person
Services received in India from Outside India	Any Person receiving service. However, if service is received online, applicable only when it is used by business user
Goods Transport Agency	Factory, Co Op Society, Registered Person, Body Corporate, Partnership firm or casual taxable person
An Individual Advocate or firm of advocates	Any Business User
Services of Arbitral tribunal	Any Business User
Certain Services Provided by Government	Any Business User
Services of Director	A Company or Body Corporate
Insurance Agent	Insurance Company
Radio tax or Rent a cab through e-commerce	E commerce aggregator

## Time of Supply of Goods

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- ▶ In case of Forward Charge
  - ❑ Date of Issue of Invoice; or
  - ❑ Date of Receipt of Payments, whichever is earlier.
  
- In case of Reverse Charge (Earliest of Following)
  - ❑ Date of the receipt of Goods
  - ❑ Date of Payment as entered in Books of Recipient
  - ❑ 30 days from the date of issue of invoice by *Supplier*

## Time of Supply of Services

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- ▶ If invoice is issued with in specified time limit, time of supply will be earlier of
  - ❑ Date of Issue of Invoice; or
  - ❑ Date of Receipt of Payment
  
- ▶ If invoice is **NOT** issued with in specified time limit, time of supply will be earlier of
  - ❑ Date of Provision of Service; or
  - ❑ Date of Receipt of Payment

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- ▶ Mr. A, a transporter provided transportation facility on 31 December 2017. It issued invoice on 15 January 2018. Time of Supply will be 15 January 2018.
  - ▶ However, if he issued invoice on 31 January 2017, time of supply will be 31 **December** 2017

## Time of Supply of Services (Reverse Charge)

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- ▶ Date of Payment (Earlier of Date entered in Books or Date of Debit in Bank)
- ▶ 60 Days after Date of Issue of Invoice

# Value Determination for GST

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- ▶ Transaction Value
- ▶ Any amount which supplier is liable to pay but incurred by recipient
- ▶ Incidental expense, including commission and packing, charged by supplier before delivery of Goods
- ▶ **Interest or Fees charged for delayed payment**
- ▶ Pricing related subsidy

# Discounts

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- ▶ Discount given before supply, if properly recorded in the invoice
- ▶ Discount given after the supply if
  - ❑ Such discount is established in terms of an agreement and specifically linked to relevant invoices; and
  - ❑ Input tax credit on discount has been reversed

## Case 1

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- ▶ Mrs. Jaya purchases a Samsung television set costing Rs. 85,000 from Giriyas, in exchange of her existing TV set. After an hour of bargaining, the shop manager agrees to accept Rs.78,000 instead of his quote of Rs.81,000, as he would still be in a profitable position (the old TV can be sold for Rs.8,000).



## Case 2

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- ▶ Mr. Mohan located in Manipal purchases 10,000 Hero ink pens worth Rs.4,00,000 from Lekhana Wholesalers located in Bhopal. Mr. Mohan's wife is an employee in Lekhana Wholesalers. The price of each Hero pen in the open market is Rs.52. The supplier additionally charges Rs.5,000 for delivering the goods to the recipient's place of business

## Case 3

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- ▶ Rajguru Industries stock transfers 1,00,000 units (costing Rs.10,00,000) requiring further processing before sale, from Bijapur in Karnataka to its Nagpur branch in Maharashtra. The Nagpur branch, apart from processing units of its own, engages in processing of similar units by other persons who supply the same variety of goods, and thereafter sells these processed goods to wholesalers. There are no other factories in the neighboring area which are engaged in the same business as that of its Nagpur unit. Goods of the same kind and quality are supplied in lots of 1,00,000 units each time, by another manufacturer located in Nagpur. The price of such goods is Rs.9,70,000

# Registration

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- ▶ Mandatory if aggregate supply exceeds Rs.20 lakhs
- ▶ Rs. 20 lakhs limit to be calculated including taxable and exempt supply.
- ▶ Once you obtain registration, you will be liable to pay tax.

# Mandatory Registration

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- ▶ Person making inter state supply
- ▶ Person required to pay tax under reverse charge
- ▶ Input Service Distributor
- ▶ Electronic Commerce Operator
- ▶ An agent of registered person

# Important Points about Registration

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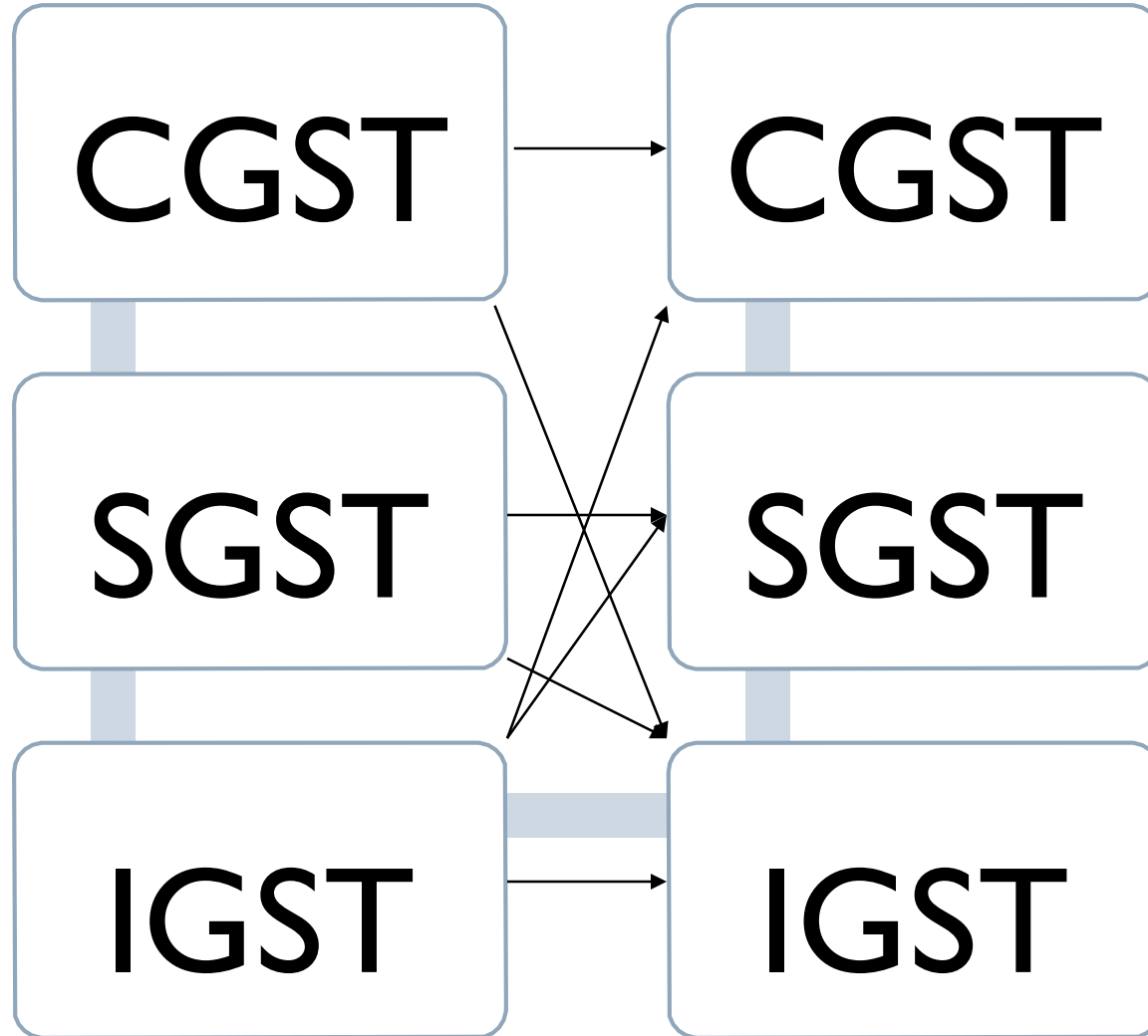
- ▶ It will be State-wise Registration.
- ▶ Even after obtaining voluntary registration, you will be required to pay GST
- ▶ You must own PAN
- ▶ Each registered unit of Same Entity will be treated as different entity and be subject to GST

# Input Tax Credit

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- ▶ Available only to registered persons
- ▶ Invoice must be available to claim credit
- ▶ Must have received Goods or Services or both
- ▶ **Tax must be paid to government by Supplier**
- ▶ Return must have been furnished
  
- ▶ If you do not pay supplier **within 180 days** of issue of invoice, you are required to reverse ITC, pay equivalent amount with interest
- ▶ No Input Tax credit available after end of year if return of September has been furnished or annual return has been filed; whichever is earlier.

# Credit Appropriation



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- ▶ ITC will be credited to Electronic Credit Ledger **GST PMT 02**
  
  - ▶ ITC is available on
    - ❑ Input
    - ❑ Input Services
    - ❑ Capital Goods



# Definitions

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- ▶ Input means
  - Any Goods
  - Other than capital goods
  - Used or intended to be used by supplier
  - In the course or furtherance of business
  
- ▶ Input Services means
  - ▶ Any service
  - ▶ Used or intended to be used by a supplier
  - ▶ In the course or furtherance of business

- Capital Goods means
- ✓ Goods whose values are being capitalized in the books of accounts of person claiming credit;and
- ✓ Which are used or intended to be used in the course or furtherance of business
  
- ▶ No ITC is available if depreciation is claimed on value of GST included in Cost of Capital Goods

## Blocked Input Credit

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- ▶ Motor Vehicle except when used in business of sale or purchase or transportation
- ▶ Food and Beverages, Out Door Catering, Beauty Treatment, Health Services, Cosmetic and Plastic Surgery
- ▶ Membership of a Club, Health and Fitness Center
- ▶ Rent a cab
- ▶ Life Insurance, health insurance except when it is obligatory for employer
- ▶ Travel Benefits to Employee

## Blocked Input Credit

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- ▶ Works contract services for construction of immovable property other than Plant and Machinery
- ▶ ITC on Goods and Services received for own immovable property
- ▶ Goods or Services on which tax is paid under composition system
- ▶ Goods and Services used for Personal Consumption
- ▶ Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

# Issue of Invoice

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- ▶ All Invoices will be Tax Invoice
- ▶ Name, Address and GSTIN of the Supplier
- ▶ Serial Number
- ▶ Date of issue
- ▶ GSTIN of recipient
- ▶ Name and Address of recipient and address of delivery, along with name of state and its code, if such recipient is un-registered and where value of supply is Rs. 50,000 or more
- ▶ **HSN Code of Goods or Account Code of Services**
- ▶ Description of Goods and Service
- ▶ Quantity
- ▶ Value
- ▶ Rate of Tax and tax
- ▶ In case of inter state supply, place of supply
- ▶ Whether tax is payable under reverse charge system or not
- ▶ Signature

# Sample Invoice Format

S.No		Description of Goods	HSN Code (GST)	Qty	UOM	Rate	Total	Discount	Taxable value	CGST	SGST	IGST			
										Rate	Amount	Rate	Amount	Rate	Amount
						₹ -	₹ -	₹ -			₹ -		₹ -		₹ -
										₹ -		₹ -		₹ -	
Invoice Value (In Words)												Total		₹ -	₹ -

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	<b>COMMON INVOICE</b> <b>YOUR COMPANY NAME</b>
	YOUR COMPLETE BUSINESS ADDRESS LINE -1 YOUR COMPLETE BUSINESS ADDRESS LINE -2 <a href="mailto:info@yourbm.com">info@yourbm.com</a> <a href="http://www.yourbm.com">www.yourbm.com</a>

Your Gstin Number:	Transportation Mode: (Apply for Supply of Goods only)
Tax Is Payable On Reverse Charge: (Yes/No)	Veh.No :
Your Invoice Serial Number:	Date & Time of Supply:
Your Invoice Date:	Place OF Supply:

Details of Receiver (Billed to)					Details of Consignee (Shipped to)				
Name:					Name:				
Address :					Address :				
State:					State:				
State Code :					State Code :				
GSTIN Number:					GSTIN Number:				

# Requirement of HSN

Turnover	Requirement of HSN/SAC
Less than Rs. 1.50 crore	Not mandatory at all
Rs. 1.50 crore to Rs. 5 crore	HSN Code – Only 2 Digit Chapter Number. Voluntary in first year, Mandatory from next year SAC – Mandatory
More than Rs. 5 crore	HSN – Minimum 4 Digit Mandatory SAC – Mandatory
In case of Exports (Irrespective of Turnover)	HSN Code – 8 Digits Mandatory

## Issue of Receipt Voucher

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- ▶ In case of advance payment, supplier shall issue receipt voucher
- ▶ If no supply is made after receipt of advance, supplier shall issue refund voucher
- ▶ In case of tax payable under reverse charge system, issue payment voucher.



## Additional Details in case of Transporters

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- ▶ Gross Weight of Consignment
- ▶ Consignor and Consignee Name
- ▶ Reg No of Vehicle
- ▶ Details of Goods Transported
- ▶ Origin & Destination Details
- ▶ GSTN of Person liable to pay freight

## 3 Copies of Bill

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- ▶ Original for Consignee
- ▶ Duplicate for Transporter
- ▶ Triplicate for Consignor

# Returns

Particulars	Due Date
Return for Outward Supplies – GSTR-I	10 <sup>th</sup>
The Details of <b>Form GSTR-I</b> furnished by the supplier shall be made available to the recipient in Part A of <b>Form GSTR-2A</b>	11 <sup>th</sup> to 15 <sup>th</sup> Day
<ul style="list-style-type: none"> <li>•The Form GSTR-2A shall be reviewed and modified by the recipient of supply</li> <li>•File <b>Form GSTR 2</b> based on them</li> <li>•If return of outward supplies are not matched with recipient's inward supplies, rectify return for outward supply</li> <li>•Modifications made in <b>Form GSTR-2</b> will be available in Form <b>GSTR-IA</b></li> </ul>	15 <sup>th</sup>
Accept or Reject details communicated by GSTN	17 <sup>th</sup>
File Final return in <b>Form GSTR-3</b>	20 <sup>th</sup>

# Entry of Invoice in Return

Type	Supplies Made to	Invoice Level	Level of Submission
Interstate	Registered Person	Any	Invoice Level
Interstate	Unregistered Person (Stated as Consumer)	-Less than Rs. 2.50 lakhs	-Consolidated
		-More than Rs. 2.50 lakhs	-Invoice Level
Local	Registered Person	Any	Invoice Level
Local	Unregistered Person (Stated as Consumer) as	Any	Consolidated

## Other Important Details

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- ▶ Filing of NIL return is also mandatory
- ▶ You cannot submit new return unless you have submitted return for the previous period
- ▶ Form **GSTR-3** will be auto populated based on GSTR-1, GSTR-2, ITC Ledger, Electronic Cash Ledger, etc.
- ▶ Return can be filed online or offline
- ▶ Offline return can be filed using Excel or Java utility
- ▶ Late fees of Rs. 100 per day each for GSTR-1/2/3, maximum Rs.5000
- ▶ No late return can be filed without payment of late fees

## Annual Return

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- ▶ File annual return in **Form GSTR-9** on or before 31 December
- ▶ In case where audit is required under GST Law, Annual Return shall be accompanied with
  - Audited Accounts
  - Reconciliation Statement
- Penalty Rs. 100 per day or 0.25% on turnover
- (Turnover shall include exempt supply as well.)

## Payment of Tax

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- ▶ Pay through Challan No GST PMT06
- ▶ Internet Banking
- ▶ Credit or Debit Card
- ▶ NEFT or RTGS
- ▶ Offline Payments per challan Rs. 10000/- max
  
- ▶ Amount paid will be credited to Electronic Cash Ledger in Form GST PMT05
- ▶ Date of Credit to government account will be date of payment (and not date of presentation of cheque)

# Order of Apportionment

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- ▶ Self Assessment Tax and other dues of Previous Period
- ▶ Self Assessment and other dues of Current Period
- ▶ Any other amount payable
  
- ▶ Interest @ 18% on delayed payment
- ▶ Interest @ 24% in case of excess availment of ITC



## Transitional Provisions

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- ▶ Credit of CENVAT (Excise/Service Tax) as per return for period ending on 30 June 2017
- ▶ Similar provisions for carry forward of Credit of VAT & Entry Tax
- ▶ Unutilized Credit of Capital Goods are also allowed to carry forward.
- ▶ No credit allowable if returns of last 6 months are not filed under Excise/VAT/ST
- ▶ File Form GSTTRAN-I within 90 days

## Credit of CENVAT to Traders

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- ▶ Under existing laws, traders are not eligible to claim credit of Excise paid on Goods
- ▶ However, since excise will be merged in GST, they will be eligible to claim credit of excise on inputs held in stock and input held in semi finished and finished goods

### Conditions

- Such input shall be used to make taxable supplies under CGST
- He should be possessing invoice or other documents
- Invoice should not be old than 12 months

## CENVAT without Bills

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- ▶ If person is not possessing Invoice;
- ▶ Item is liable for 18% or 28%, credit available will be @5.40% or 8.4% respectively
- ▶ If item is liable for 12% or 5%, credit will be 2.4% or 1% respectively
- ▶ Credit is available only after CGST on sales is paid
- ▶ Such stock must be liquidated on or before 31 December 2017
- ▶ Supplier shall furnish Form GST TRAN 2 at end of 6 months, indicating the names of suppliers to whom these supplies have been made

## Steps to be followed

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- ▶ Prepare working of your closing stock as on 31 March and 30 June
- ▶ Determine Quantity, Amount, Excise, VAT paid on this stock
- ▶ Revise your VAT returns if necessary
- ▶ Make a separate file of all stocks as on 30 June 2017 e.g. purchase bills, delivery challan, excise invoice, etc.
- ▶ Find stock older than 1 year and sell it to sister concern. Otherwise no credit will be admitted to it
- ▶ Obtain GSTIN of all suppliers

## E-Way Bill

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- ▶ Rules are not yet approved
- ▶ Seeks to Regulate Movement of Goods and abolish Check Post Culture
- ▶ Mandatory when consignment value is more than Rs. 50,000/-. Voluntary otherwise
  
- ▶ Every registered person is required to generate E-Way Bill at time of Movement of Goods in **Form GST INS 01 Part A**
  
- ▶ He will be required to generate the same when he is buying goods from unregistered person

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- ▶ Recipient of Goods may fill details of goods in **Part B** of **Form GST INS-01**, when goods are moved in his conveyance or in hired one
  - ▶ When goods are handed over to transporter and recipient has not generated e-way bill as above, , registered person shall furnish details relating to transporter in **Part B** and e way bill shall be generated by the transporter

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- ▶ Upon Generation of E-Way Bill, unique number shall be made available to Supplier, Transporter and recipient
  - ▶ If transporter changes vehicle during course of transportation, he shall generate New Form **GST INS 01**
  - ▶ When transporter carries various consignment carrying multiple e-way bills, he shall furnish details of each such consignment and consolidated E-way bill shall be generated in **Form GST INS 02**
  - ▶ If supplier has not generated **GST INS 01**, transporter shall generate **GST INS 01** as well as generate **GST INS 02**

## Cancellation of E Way Bill

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- ▶ If E-Way Bills are generated, but goods are not transported, it can be cancelled within 24 Hours
- ▶ However, if officer has checked e-way bill in physical form or carried out physical inspection of conveyance, such e-way bills shall not be cancelled.



## Validity Period of E-Way Bills

Distance	Validity Period
Upto 100 kms	1 Day
100-300 kms	3 Days
300-500 kms	5 Days
500-1000 kms	10 Days
1000 kms and more	15 Days

- Commissioner may enhance above period for certain category of bills
- E-way bill generated shall be available for recipient for verification
- He shall communicate his acceptance or rejection within 72 hours
- If no reply is made within 72 hours, it should be rejected

## Documents to be carried by Transporter

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- ▶ Invoice or Bill of Supply or Delivery Challan
- ▶ A Copy of E-Way Bill or E-way bill number mapped into RFID embedded in conveyance
- ▶ Government will install RFID tracking devices
- ▶ Registered Person may obtain Invoice Reference Number from common portal by uploading invoice and furnish the same to officer. In this case, he will not be required to furnish invoice
- ▶ Invoice reference number shall be valid for 30 days
- ▶ However, proper officer shall have power to stop conveyance, check documents and goods

## Checking by Officer

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- ▶ A Summary Report of every inspection of Goods in transit shall be recorded online by Proper officer in **Part A of Form GST 03** within 24 hours of inspection
- ▶ Final Report shall be recorded in **Part B of Form GST 03** within 3 days of inspection
- ▶ Where physical inspection of Goods on conveyance has been done in state or in any other state, no further physical inspection shall be carried out again *normally*
- ▶ Where any conveyance has been detained for period more than 30 minutes, transporter **may upload** said information in **Form GST INS 04**

# One Tax, One Nation!

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