GOODS AND SERVICES TAX

Introduction about GST

I would like to share Goods and Services Tax (GST) Law drafting committee recommendation. During the Empowered Committee was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Registration, Return and payment to the Empowered Committee. It was also decided that the Joint Committee should also keep in view the Registration and Return requirements necessary for IGST Model.

6/5/2015 Constitution (122^{nd}Amendment) Bill passed in LS

November 2009 - First Discussion Paper (FDP) on GST released by Empowered Committee

2006-07 - First mooted by FM in Budget Speech There was a broad mention in 2005-06 as well

As GST is an indirect taxation. It will be introduced instead of –

- VAT
- CST
- Excise
- Service tax
- Entry tax
- Other Indirect taxes

Empower committee has recommended as follows:

- Registration procedure
- Return procedure
- Payment procedure
- Refund

Goods and Services Tax Network (GSTN):

GST common port has linked with the following server:-

- VAT data base
- CBEC data base
- NSDL database
- Aadhaar data base
- IC Gate database

I.Registration procedure:

Each tax payer will be allotted a state wise PAN based 15 digit number is called Goods and Services Taxpayer Identification Number (GSTIN).

- Structure of registration number:
- State code PAN Entry code / Blank Check Digit

State code	PAN	Entry code	/ Blank	Check Digit
1 2	**3 to 12**	**13**	**14**	**15**

GSTIN example 33ACD5265D25522

Migration of existing registrant:

Migration of existing registrant from VAT, CBEC data base via Annexure III (Registration of GST)

Maintain the statutory ledger:

GST law have provision for maintained for head wise account

- Major head
- Minor head
-

To be maintain the following GL :

- CGST ledger
- SGST ledger
- IGST ledger
- Additional tax ledger
- Interest on GST
- Penalty on GST
- Fee and others

II. GST Return procedure:

The empower committee would be introduced GST return like name is called GSTR1 to GSTR8.

1.GSTR1 - Outward supplies made by taxpayer(Sales)- Due date 10th of every month
2.GSTR2 - Inward supplies received by a taxpayer (Purchase)- 15the of ever month
3.GSTR3 - Monthly return - 20th of next month
4.GSTR4 - Quarterly return for compounding Taxpayer - 18th of month next to Qtr
5.GSTR5 - Periodic return by Non-Resident Foreign Taxpayer – Last dateof registration
6.GSTR6 - Return for Input Service Distributor (ISD) - 15th of the next month
7.GSTR7 - Return for Tax Deducted at Source - 10th of the next month
8.GSTR8 - Annual Return - By 31st December of next FY

9. ITC Ledger of taxpayer - Continuous
10. Cash Ledger of taxpayer - Continuous
11. Tax ledger of taxpayer - Continuous

Month return:

The filling of return would be only through online mode although the facility of offline generation and preparation of return would be provided.

- There would be separate return for the outward supplies (GSTR1), Inward supplies (GSTR2) and consolidated return (GSTR3) based on theses two returned (Automatic data capture)
- For all B2B supplies (whether inter state or intra state) invoice wise specified details will be uploaded in GST common port.
- **Capital Good** will be allowed to be availed over a period of two years in two equal Installment
- Credit note / Debit note details separately upload

Annual return:

GSTR8 Annual return main intended 360 degree view of financial transaction certified by Chartered Accountant. The last date of filling 31th December of every FY

Revision return:

There would be no revision of returns allowed.

Late fee:

GST Law may also provide for imposition of automatic late fee for non filling and late filling of return.

Rate of Interest:

- Refund interest @ 6% p.a
- Default in payment @ 18% p.a accordingly

<u>III. PAYMENT:</u>

Payment by taxpayer though **internet banking** authorized bank (Now authorized 26 bank), thought **credit card / debit card (**Sec.45 of RBI Act, 1934 permitted).

- Counter payment allowed below Rs.10,000/- only
- E-payment must be paid more than Rs.10,000/-
- No cash payment would be permitted
- Liabilities paid would be paid head wise (head code will be declared GST committee soon)

Payment paid through –

- GST Port
- E-FPB
- E-Kuber of RBI
- CAS (Central accounts section)
- CCA, CBEC, Accountant General of the state
- Tax authorities of center and state

Create challan :

The created payment challan validity 7 days

IV. REFUND

GST may allowed refund the following circumstance

- Excess payment
- Export good rebate
- Any statutory refund (claim allowed the tribunal or court)
- UN Bodies, CSD, Military canteen, embassies allotted Unique Identification Number (UID) the structure of which would be uniform across the state.
- Mandatory of showing this UID number in invoices
- CSD, Military canteens would not eligible for exemption. It would claim exemption only
- Up to 90% of the refund claimed by the taxpayer may be sanctioned automatically by the system. The balance amount of refund may be granted after completion of verification of documents / accounts to be done at the end of the financial year and to be completed within a period of three months
- Refund interest @ 6% p.a

Tax refund of international tourist (TRT) :

GST has newly an introduced TRT refund mechanisms

- Foreign tourist to purchase goods during their say in India on purchase of GST and obtain refund of the GST paid at the time of exit from the country.
- This facilities will be available an airport and port only
- The main intention for TRT to improve tourist

GST popular terms abbreviation :

GST **–** Goods and Services Tax
GSTN – Goods and Service tax Network
GSTIN-Goods and Services Taxpayer Identification Number
UID – Unique Identity Number
HSN – Harmonize System of Nomenclature for Goods
SAC – Service Accounting Code
FC – Facilitation center
GDI- Govt. Department unique ID
POS- Place of supply of goods or services
CPIN-Common Portal identification Number
CIN- Challan Identification Number
UTP- Unique Transaction Number
BRN-Bank Transaction Number
SCN- Show Cause Notice

Reference and Source**:**
www.gstindia.com/
www.caclubindia.com/
http://finmin.nic.in/

Prepared by
R.Suresh