ROADMAP TO GST IN INDIA

STEPS TOWARD IMPLEMENTATION OF GST

YEARWISE DEVELOPMENTS

2004	• Dr. Kelkar Task Force recommended the need of a National GST
Jan. 2007	• First GST study released by Dr. Shome
2007	• Consultation with stakeholders on GST Model
April 2007	• CST phase out started
May 2007	• Joint Working Groups appointed by E.C.
Nov 2007	• 13th Finance Commission Constituted
Nov 2007	• Joint Working Groups submitted Report
Feb 2008	• F.M. Announced introduction of GST from 1.4.2010 in Budget Speech 2008-09
April 2008	• Empowered Committee (EC) finalized its views on GST Structure
July 2009	• F.M. announced Dual GST from April 1, 2010 in Budget Speech 2009-10
Oct 2009	• 13th Finance Commission to submit its Report
Nov 2009	• Release of First Discussion Paper on GST
2009-2010	• Consultation on Model of inter-State transactions, RNR and other issues - In progress • **Nandan Nilekani** given the responsibility for creating the required IT structure and NSDL has been chosen as the technology partner for operating the structure.
Dec 2014	• 122nd Constitution Amendment Bill introduced in Parliament
May 2015	• 122nd Constitutional Amendment bill passed by Lok Sabha and referred to the Select Committee of Rajya Sabha to submit its report in first week on Monsoon Session.

Taxes to be subsumed:

- Excise
- Customs – CVD & SAD
- Service Tax
- VAT
- CST
- Other taxes like Entry Tax, Entertainment Tax, Taxes on Lottery & Gambling

More than 100 countries across globe have introduced GST.

The GST rate in various countries ranges from as low as 5% in Taiwan to as high as 25% in Denmark.

Revenue Neutral Rate (RNR) of our country comes to ______%
FM has recently proposed GST rate of _____%

GST means
any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.

"Services" means anything other than good.

MODELS OF GST

There are three prime models of GST:

- GST at Central (Union) Government Level only
- GST at State Government Level only
- GST at both, Union and State Government Levels

Three Prime Models of GST

Central GST	State GST	Dual GST
GST to be levied by the Centre	GST to be levied by the States	GST to be levied by the Centre and the States concurrently

Features of Proposed GST

- Destination based Taxation
- Apply to all stages of the value chain
- Apply to all taxable supplies of goods or services (as against manufacture, sale or provision of service) made for a consideration except –
    - Exempted goods or services – common list for CGST & SGST
    - Goods or services outside the purview of GST
    - Transactions below threshold limits
- Dual GST having two concurrent components –
    - Central GST levied and collected by the Centre
    - State GST levied and collected by the States

Features of Proposed GST contd.

- All goods or services likely to be covered under GST except :
  - Alcohol for human consumption - State Excise plus VAT
  - Electricity - Electricity Duty
  - Real Estate - Stamp Duty plus Property Taxes
  - Petroleum Products (to be brought under GST from date to be notified on recommendation of GST Council)

- Tobacco Products under GST with Central Excise duty.

Features of Proposed GST contd.

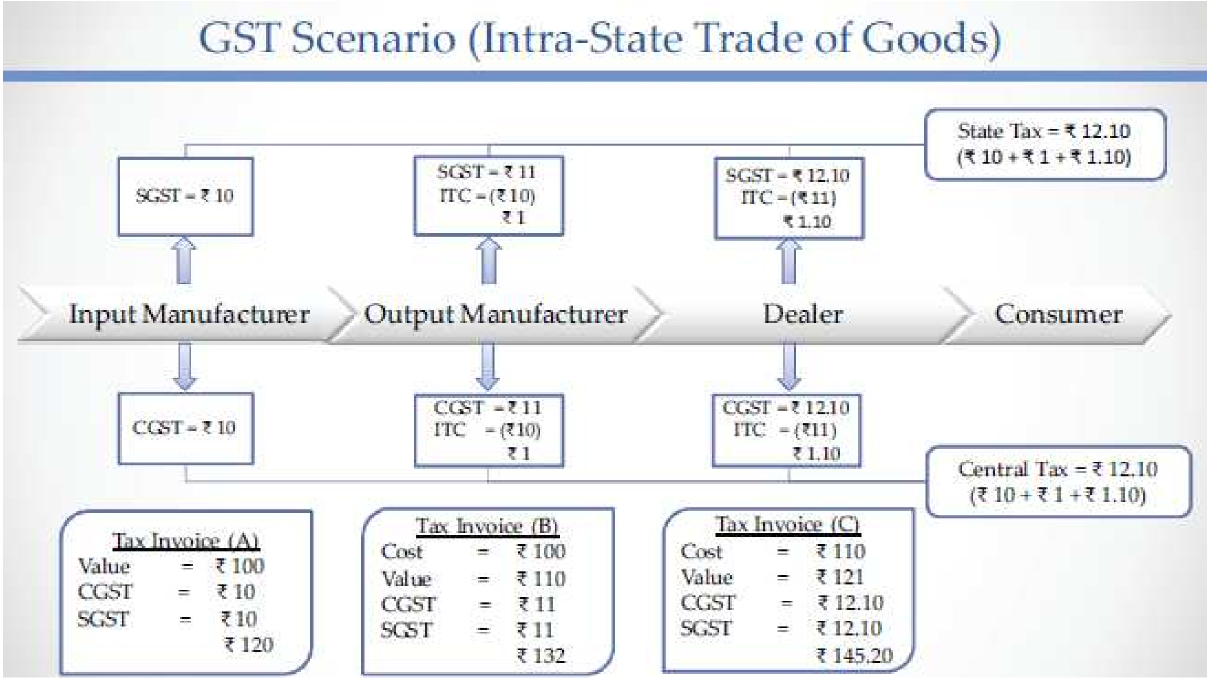
- CGST and SGST on intra-State supplies of goods or services in India.

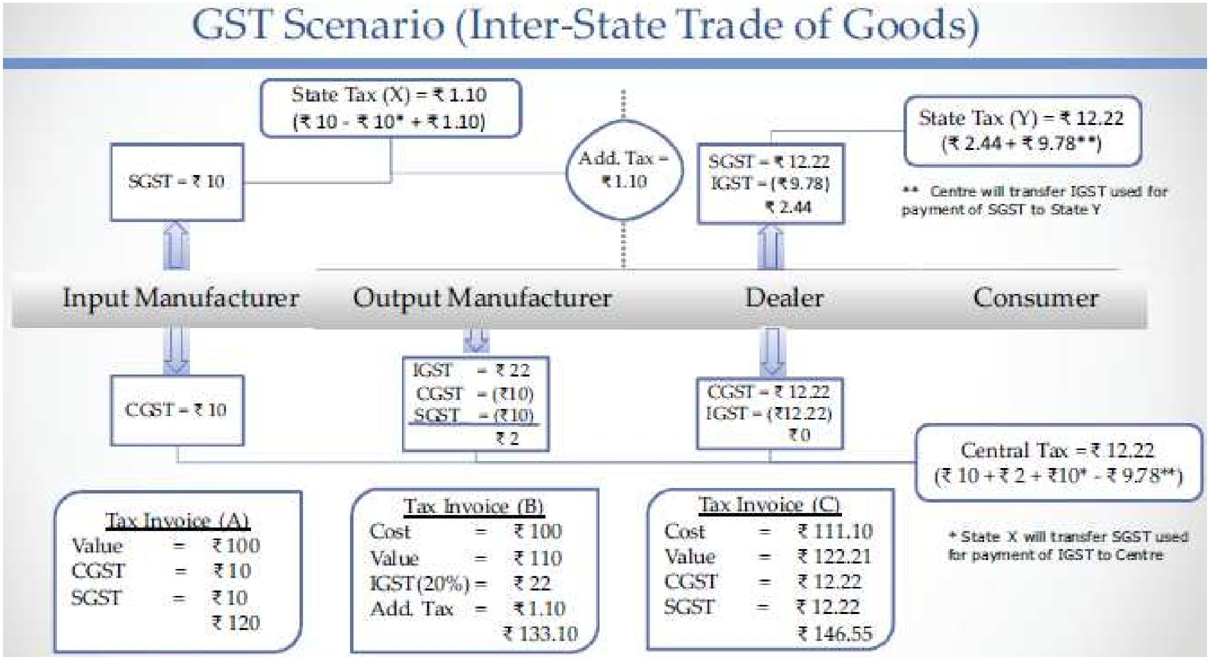
- IGST (Integrated GST) on inter-State supplies of goods or services in India – levied and collected by the Centre.

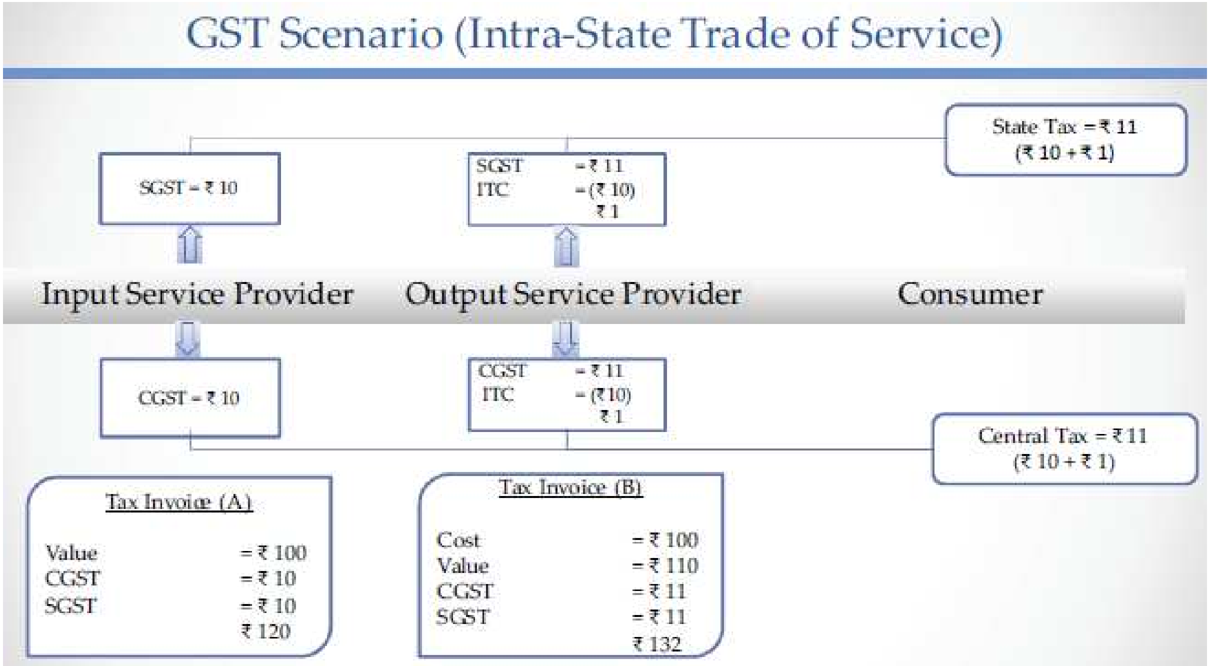
- IGST applicable to
  - Import of goods and services
  - Inter-state stock transfers of goods and services

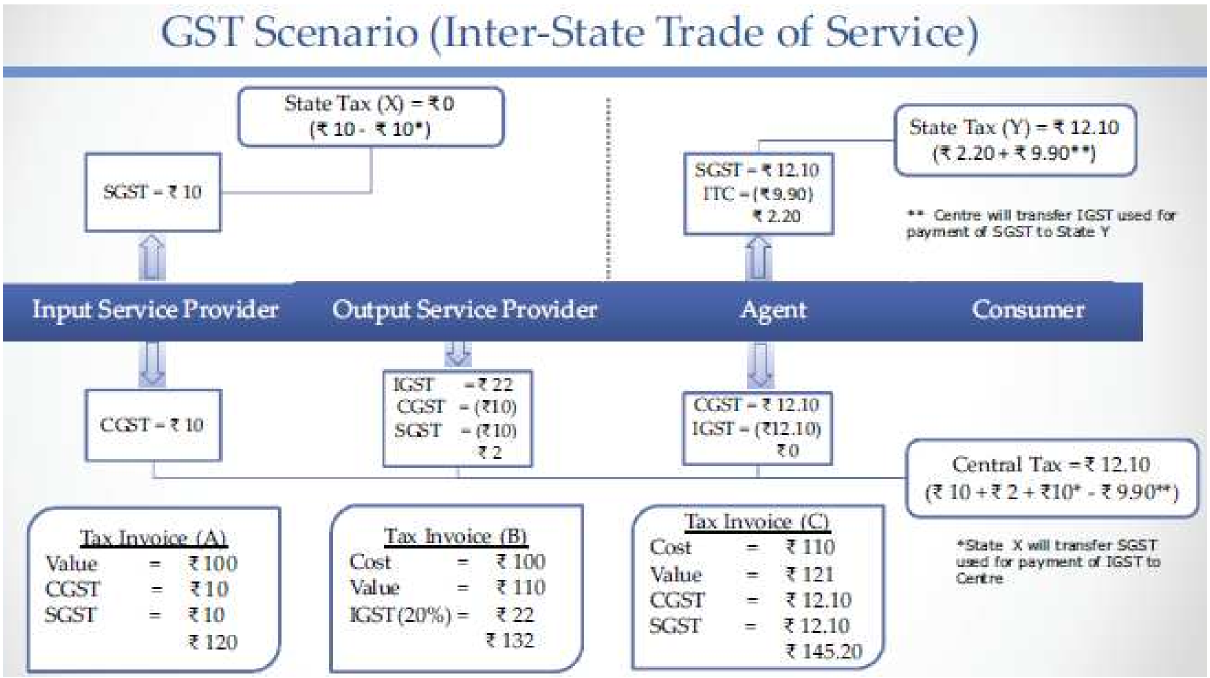
- Export of goods and services – Zero rated.

- Additional Tax of 1% on Inter State Taxable supply of Goods by State of Origin and non CENVATABLE


GST Scenario (Intra-State Trade of Goods)
State Tax = ₹ 12.10
(₹ 10 + ₹ 1 + ₹ 1.10)
SGST = ₹ 10
SGST = ₹ 11
ITC = (₹ 10)
₹ 1
SGST = ₹ 12.10
ITC = (₹ 11)
₹ 1.10
Input Manufacturer
Output Manufacturer
Dealer
Consumer
CGST = ₹ 10
CGST = ₹ 11
ITC = (₹ 10)
₹ 1
CGST = ₹ 12.10
ITC = (₹ 11)
₹ 1.10
Central Tax = ₹ 12.10
(₹ 10 + ₹ 1 + ₹ 1.10)
Tax Invoice (A)
Value = ₹ 100
CGST = ₹ 10
SGST = ₹ 10
₹ 120
Tax Invoice (B)
Cost = ₹ 100
Value = ₹ 110
CGST = ₹ 11
SGST = ₹ 11
₹ 132
Tax Invoice (C)
Cost = ₹ 110
Value = ₹ 121
CGST = ₹ 12.10
SGST = ₹ 12.10
₹ 145.20


GST Scenario (Inter-State Trade of Goods)
State Tax (X) = ₹ 1.10
(₹ 10 - ₹ 10* + ₹ 1.10)
SGST = ₹ 10
Add. Tax = ₹ 1.10
SGST = ₹ 12.22
IGST = (₹ 9.78)
₹ 2.44
State Tax (Y) = ₹ 12.22
(₹ 2.44 + ₹ 9.78**)
** Centre will transfer IGST used for payment of SGST to State Y
Input Manufacturer
Output Manufacturer
Dealer
Consumer
CGST = ₹ 10
IGST = ₹ 22
CGST = (₹10)
SGST = (₹10)
₹ 2
CGST = ₹ 12.22
IGST = (₹12.22)
₹ 0
Central Tax = ₹ 12.22
(₹ 10 + ₹ 2 + ₹10* - ₹ 9.78**)
Tax Invoice (A)
Value = ₹ 100
CGST = ₹ 10
SGST = ₹ 10
₹ 120
Tax Invoice (B)
Cost = ₹ 100
Value = ₹ 110
IGST (20%) = ₹ 22
Add. Tax = ₹ 1.10
₹ 133.10
Tax Invoice (C)
Cost = ₹ 111.10
Value = ₹ 122.21
CGST = ₹ 12.22
SGST = ₹ 12.22
₹ 146.55
* State X will transfer SGST used for payment of IGST to Centre


GST Scenario (Intra-State Trade of Service)
State Tax = ₹ 11
(₹ 10 + ₹ 1)
SGST = ₹ 10
SGST = ₹ 11
ITC = (₹ 10)
₹ 1
Input Service Provider
Output Service Provider
Consumer
CGST = ₹ 10
CGST = ₹ 11
ITC = (₹10)
₹ 1
Central Tax = ₹11
(₹ 10 + ₹ 1)
Tax Invoice (A)
Value = ₹ 100
CGST = ₹ 10
SGST = ₹ 10
₹ 120
Tax Invoice (B)
Cost = ₹ 100
Value = ₹ 110
CGST = ₹ 11
SGST = ₹ 11
₹ 132


GST Scenario (Inter-State Trade of Service)
State Tax (X) = ₹0
(₹ 10 - ₹ 10*)
SGST = ₹ 10
State Tax (Y) = ₹ 12.10
(₹ 2.20 + ₹ 9.90**)
SGST = ₹ 12.10
ITC = (₹9.90)
₹ 2.20
** Centre will transfer IGST used for payment of SGST to State Y
Input Service Provider
Output Service Provider
Agent
Consumer
CGST = ₹ 10
IGST = ₹ 22
CGST = (₹10)
SGST = (₹10)
₹ 2
CGST = ₹ 12.10
IGST = (₹12.10)
₹0
Central Tax = ₹ 12.10
(₹ 10 + ₹ 2 + ₹10* - ₹ 9.90**)
Tax Invoice (A)
Value = ₹100
CGST = ₹10
SGST = ₹10
₹ 120
Tax Invoice (B)
Cost = ₹ 100
Value = ₹ 110
IGST(20%) = ₹ 22
₹ 132
Tax Invoice (C)
Cost = ₹ 110
Value = ₹ 121
CGST = ₹ 12.10
SGST = ₹ 12.10
₹ 145.20
*State X will transfer SGST used for payment of IGST to Centre

Discussion on Registration Draft Report.

Registration:

Most fundamental requirement.

GST Compliance Rating (like star rating)

Threshold Registration

- Based on total turnover including export and exempted supplies exceed threshold limit.
- Threshold to be calculated on an all-India basis

Discussion on Registration Draft Report

- State-wise registration

For each state – separate registration even in case of single legal entity.

- PAN based Registration

TIN would be a PAN based, 15 digits, alphanumeric number in the following manner

State Code	PAN	Entity Code	BLANK	Check Digit
1 2	3 4 5 6 7 8 9 10 11 12	13	14	15

DISCUSSION ON REGISTRATION DRAFT REPORT

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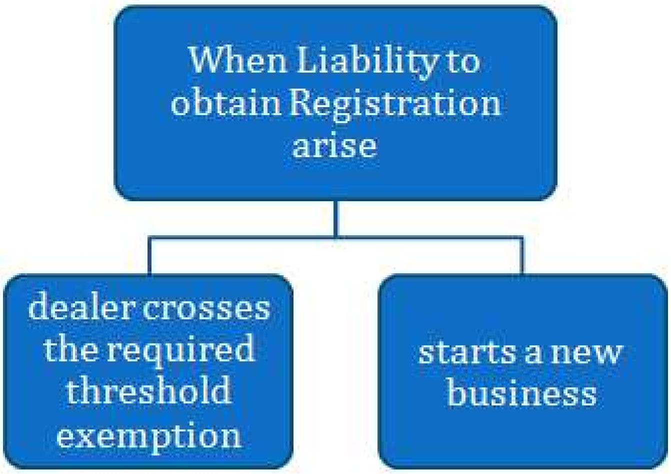
DISCUSSION ON REGISTRATION DRAFT REPORT



<u>Registration application must be filled within 30 days from the date of the dealer's liability for obtaining such registration.</u>

DISCUSSION ON REGISTRATION DRAFT REPORT

- Procedure

Registration would be granted through common GST portal

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Application will be required to apply online.

DISCUSSION ON REGISTRATION DRAFT REPORT

Scanned Documents with application

(i) Constitution of Business

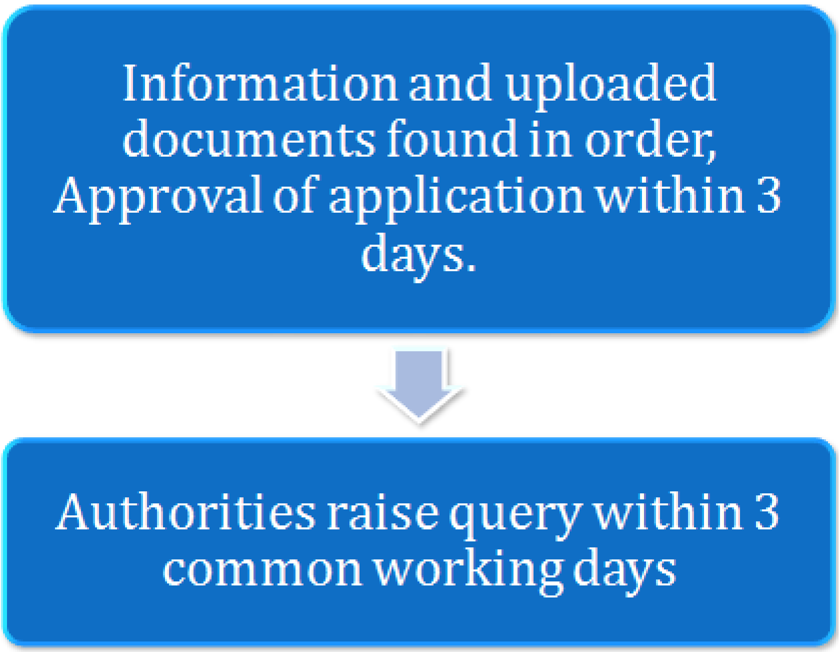
(ii) Details of the Principle place of business

(iii) Details of bank Account

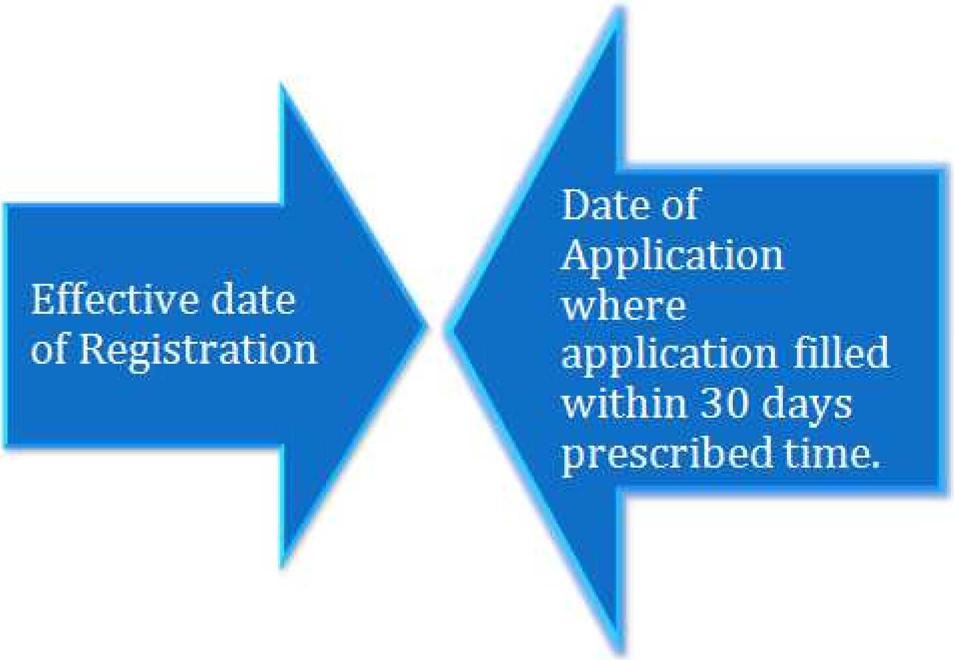
(iv) Details of authorised signatory

(v) Photograph of authorised person.

DISCUSSION ON REGISTRATION DRAFT REPORT



DISCUSSION ON REGISTRATION DRAFT REPORT



Discussion on Registration Draft Report

- Facilitation Center and Tax Return Preparer Scheme (TRP) – Available.

Return

GST is a self–assessed destination based taxation system,

Submission and processing of return is an imp link between taxpayer and tax administration.

Only through online mode

offline generation and preparation allowed but will be uploaded.

Discussion on Return Draft Report

Eight Different Types of Return

GSTR 1 to GSTR 8

Nil Return Mandatory

No revision of return

All unreported Invoices can be reported in current month. Interest will be auto populated

All under – reported invoice and ITC revision will have to be corrected using credit / debit note in current month.

Discussion on Return Draft Report

Periodicity of Return Filling

Return	For	To be filled By
GSTR-1	Outward Supplies	10th of next month
GSTR-2	Inward Supplies	10th of next month
GSTR-3	Monthly Return (other than Compounding taxpayer and ISD)	20th of next month
GSTR-4	Quarterly Return for Compounding taxpayer	20th of next month

Discussion on Return Draft Report

Periodicity of Return Filling

Return	For	To be filled By
GSTR-5	Periodic Return by Non Resident Foreign Taxpayer	Last day of Registration
GSTR-6	Input Service Distributor	20th of next month
GSTR-7	Tax Deducted at Source	10th of next month
GSTR-8	Annual Return	31st Dec of next FY

A separate reconciliation statement certified by CA to be filed by taxpayers covered under Section 44AB of Income Tax Act.

Discussion on Payment Draft Report

Payment Mode proposed

E-payment	• Internet banking-authorised banks • Credit/debit cards-any bank
OTC (over the Counter)	• Via authorised banks only • Applicable for payment upto Rs. 10000 only
NEFT/RTGS	• Via authorized as well as non-authorised banks • Applicable for the payment of any amount.

Model GST law

Strategically Leaked documents contains...

1. GST Act 2016
   XX Parts with 130 Sections
   3 Schedules
2. GST Valuation Rules 2016
3. The Integrated Goods and Service Tax Act 2016
4. Additional Tax on certain Inter-State Supplies