GST FOR SMALL ENTERPRISES

(This file is only for those enterprises who is registered under state vat or under Service Tax or under any other state law)

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Meaning of GST

G- Goods &

S- Services

T- Tax

1. GST is a tax levy on supply of Goods & Service.

2. GST will be levied on each stage of supply of Goods & Service.

3. There are 3 types of tax in GST:-

(i) **Central GST (CGST)** – levied on all **intra state** supply of Goods & Service and levied & collected by Central Govt.

(ii)**State GST (SGST)-** levied on all **intra state** supply of Goods & Service and levied & collected by State Govt.

(iii)**Integrated GST (IGST)** - levied on all **inter state** supply of Goods & Service and levied & collected by Central Govt.

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Existing Indirect Tax Structure

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Indirect Tax Structure Under GST

State taxes will be subsumed

1) State VAT
2) Central Sales Tax
3) Purchase Tax
4) Luxury Tax
5) Entry Tax
6) Entertainment Tax
7) State cess and surcharges insofar they relate to supply of goods or services.

Central taxes will be subsumed

1) Service Tax
2) Central Cess and surcharges insofar they relate to supply of goods or services.

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Registration under GST

Every Supplier shall be liable to be **registered under GST Act if his aggregate turnover* in a financial year exceeds**

Other than North East States and Sikkim	North East States and Sikkim
9 Lakhs	4 Lakhs

- **Every person who, on the day immediately preceding the appointed day, is registered or holds a license under an earlier law, shall be liable to be registered under this Act with effect from the appointed day(appointed day means the date on which section 1 of this Act comes into effect).**

- In GST Registration, Special Point is that Supplier shall have to take a **separate registration** in each state if taxable person will supplied goods or services from more than one state.

- The application for registration shall be made within 30 days from the date when turnover exceeds the aforesaid limits.

- The taxpayer will be allotted a State wise PAN based 15 digit Goods and / or services Taxpayer Unique Identification Number(GSTIN). The various digits in the GSTIN will denote the following:-

State Code		PAN	Entity Code	Blank	Check Digit
1	2	3 to 12	13	14	15

***Aggregate turnover** to be computed **on all India basis and**

Include = all taxable supplies + non-taxable supplies + exempt supplies + exports of goods and/or services

Exclude = taxes charged under the CGST Act, SGST Act and the IGST Act + value supplies on which tax is levied on reverse charge basis.

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Compulsory Registration under GST

Following categories of persons shall be required to take registration under GST irrespective of the threshold limits discussed in the last slide:

- persons making any inter-State taxable supply
- persons who are required to pay tax under reverse charge
- non-resident taxable persons
- persons who are required to deduct tax under section 37 (Tax Deduction at Source i.e. to deduct tax at source from payments made to the suppliers by the Government, local authority)
- persons who supply goods and/or services on behalf of other registered taxable persons whether as an agent or otherwise
- input service distributor
- persons who supply goods and/or services, other than branded services, through electronic commerce operator
- every electronic commerce operator
- an aggregator who supplies services under his brand name or his trade name
- casual taxable persons;
- such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council.

LIABILITY TO PAY TAX:

1. Every Supplier shall be liable to be PAY TAX under GST Act if his aggregate turnover in a financial year exceeds

Other than North East States and Sikkim	North East States and Sikkim
10 lakhs	5 lakhs

On the rate to be specified.

Composition Scheme

- Tax payment under this scheme is an option available to the registered taxable person.

- Supplier whose 'aggregate turnover' is upto Rs. 50 lakhs in a financial year will be eligible for composition scheme.

- This scheme shall be applicable only to taxable person whose supplies are restricted to a particular State. In other words, if taxable person will supplied goods or services from more than one state then cannot opt this scheme.

- The taxable person should make an application exercising his option to pay tax under this scheme. Once granted, the eligibility would be valid unless his permission is cancelled.

- Any tax payable under reverse charge mechanism, the option of payment under this scheme will not be available.

Returns Under GST

S. No.	Return Form	Particular	Due Date	Late Filling Fee/Penalty
1	GSTR-1	Outward Supplies	10^{th} day of next month	Rs. 100/day (Maximum Rs. 5,000)
2	GSTR-2	Inward Supplies	15^{th} day of next month	
3	GSTR-3	Monthly return / Common Return	20^{th} day of next month	
4	GSTR-4	Quarterly Return for person covered under Composition Scheme	18^{h} day of next month of quarter	
5	GSTR-5	Return by Non Resident Taxpayer	➢ If registration period is less than month - within 7 days after the date of expiry of registration. ➢ If registration period is more than one month then to be furnished on monthly basis - 20^{th} day of next month.	
6	GSTR-6	Return for Input Service Distributor	15^{h} day of next month of quarter	
7	GSTR-7	TDS Return (Return for Tax Deducted at Source)	10^{th} day of the next month	
8	GSTR-8	Annual Return for Every Taxable Person		Rs. 100/day (Maximum 0.25% of aggregate turnover)

Comparative Illustration between Existing Tax System & GST Tax System

Particular	Existing Taxes	GST
Manufacturer to Wholesaler		
Cost Of Production	100,000	100,000
Add: Profit	10,000	10,000
Manufacturer Price	110,000	110,000
Add: Excise Duty @ 12%	13,200	-
Total Value	123,200	110,000
Add: State VAT @12 %	14,784	-
Add: SGST @12 %	-	13,200
Add: CGST @12 %	-	13,200
INVOICE VALUE	137,984	136,400
Wholesaler to Retailer (Note 1)		
Cost for Wholesaler	123,200	110,000
Add: Profit @10%	12,320	11,000
Total Value	135,520	121,000
Add: State VAT @12 %	16,262	-
Add: SGST @12 %	-	14,520
Add: CGST @12 %	-	14,520
INVOICE VALUE	151,782	150,040
Retailer to consumer (Note 2)		
Cost for Retailer	135,520	121,000
Add: Profit @10%	13,552	12,100
Total Value	149,072	133,100
Add: State VAT @12 %	17,889	-
Add: SGST @12 %	-	15,972
Add: CGST @12 %	-	15,972
INVOICE VALUE Note 3	166,961	165,044

Note 1 - Input Tax Credit is available in the hand of Wholesaler is Rs. 14,784 and Rs. 26,400 in case of existing Tax System and GST respectively.

Note 2- Input Tax Credit is available in the hand of Retailer is Rs. 16,262 and Rs. 29,040 in case of existing Tax System and GST respectively.

Note 3 - Net Saving in the Hand of Consumer is Rs.1,917/- With the Help of this illustration, it is clear that GST is beneficial for all i.e. Wholesaler, Retailer & Consumer.

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Input Tax Credit

- Cross utilization of CGST and SGST will not be permitted i.e. for the payment of SGST, input of CGST is not available and vice-a-versa.

- For the payment of CGST, first input of CGST to be used then input IGST to be used.

- For the payment of SGST, first input of SGST to be used then input IGST to be used.

- For the payment of IGST, first input of IGST to be used then input CGST and then input of SGST to be used.

- For Example :- if an assesses is having IGST input credit of Rs. 10000, CGST input credit of Rs. 5000 and SGST input credit of Rs. 2,000 then

  - ✓ Illustration 1 :- If Output IGST liability of Rs. 20,000 then input credit of Rs. 10,000 , Rs. 5000 and Rs. 2,000 can be utilized in the account of IGST, CGST and SGST respectively and the final IGST liability is Rs. 3,000 (20,000-10,000-5,000-2000).

  - ✓ Illustration 2:- Output IGST liability of Rs. 13,000 then input credit of Rs. 10,000 and Rs. 3,000 can be utilized in the account of IGST and CGST respectively and the final IGST liability is nil (13000-10000-3000) and balance CGST input credit of Rs. 2000 and SGST input credit of Rs. 2,000.

  - ✓ Illustration 3- Output CGST liability of Rs. 12,000 then input credit of Rs. 5,000 and Rs. 7,000 can be utilized in the account of CGST and IGST respectively and the final CGST liability is nil (12,000-5,000-7,000) and balance IGST input credit of Rs. 3,000 and SGST input credit of Rs. 2,000.

  - ✓ Illustration 4 - Output SGST liability of Rs. 9,000 then input credit of Rs. 2,000 and Rs. 7,000 can be utilized in the account of SGST and IGST respectively and the final SGST liability is nil (9,000-2,000-7,000) and balance IGST input credit of Rs. 3,000 and CGST input credit of Rs. 5,000.

Thank you

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