GST CONCEPTS

(Version: 1.2)

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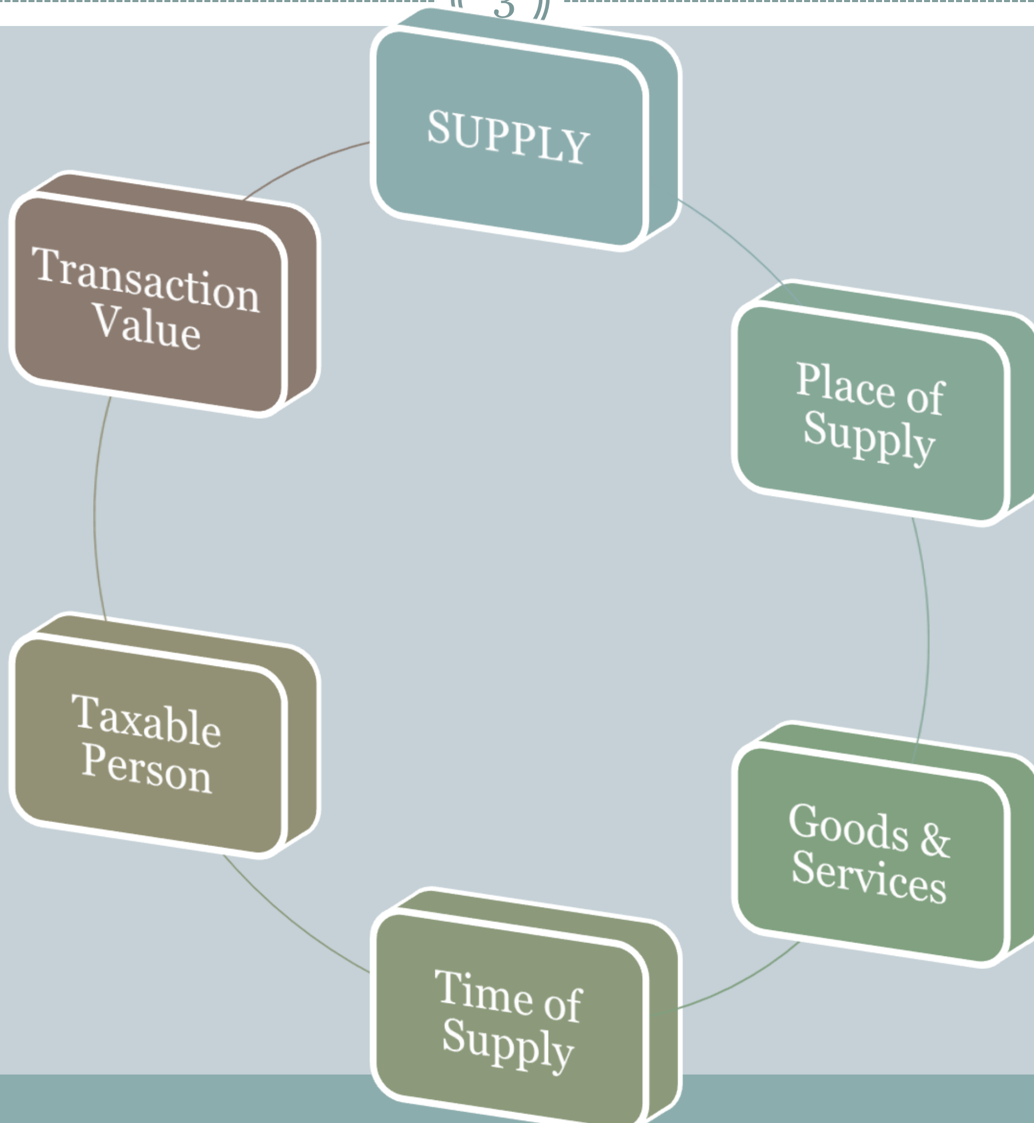
What is GST?

Goods and Service Tax is a comprehensive Value Added Tax on[1] *Supply of* [2] *Goods and Services* or both payable at the [3] *time of supply* by every [4] *Taxable Person* on the [5] *Transaction Value* of such supply.

- Integrated GST (IGST) to be levied on [6] **Interstate supply** of goods and services.
- GST Regime will have a **Dual Structure** i.e. both Centre (CGST) and State (SGST) will simultaneously levy GST on a common base of Goods and Services.
- GST is a **destination based** Indirect Tax
- GST Regime ensures **seamless flow of ITC** throughout the supply chain.
- **Exclusions** from GST: Power, Liquor for Human Consumption, Oil and Gas
- GST system is targeted to be simple, Transparent, and efficient system of Indirect Taxation and is already adopted by 160 countries around the world.

GST CONCEPTS



Sec 3: Supply (Taxable Event)

Supply Includes

a) All forms of supply of Goods/ Services such as sale, transfer, barter, exchange, license, rental, lease or disposal made for a *consideration* by a person in the course or furtherance of business,

b) Importation of service whether or not for a consideration and whether or not in the furtherance of business, (reverse charge)

c) Supply specified in schedule I *without consideration*:

   a) Permanent transfer or disposal of business asset,
   b) Temporary application of business assets to a private or non business use,
   c) Services put to private or non business use,
   d) Assets retained after deregistration,
   e) Supply of goods and services by a taxable person to another taxable/ non taxable person in the course or furtherance of business. (gifts, free samples etc.)

d) Where a person acting as agent who for an agreed commission, either supplies or receives on behalf of any principal, the transaction between such principal and agent shall be deemed to be supply.

- Supply of Goods and Services shall be Interstate if Location of Supplier and ***Place of Supply*** are in Different States.

Place of Supply of Goods

Situation	Place Of Supply
Movement of goods involved	Location of goods where movement of goods terminate for delivery to recipient.
No Movement of goods	Location of Goods at the time of delivery to recipient.
Goods are delivered to the Recipient or any other person on the direction of third person	Place of business of Third Person
Goods are assembled or Installed at site	Place of Such Installation or Assembly
Goods are supplied on board a conveyance (Aircraft, Train, Vessel etc.)	Location at which such goods are taken on board.

Sec 9: Taxable Person (Who is Liable to Pay GST?)

Taxable person means a person who carries on business at any place in India and who is registered or required to be registered under schedule III.

LIABILITY TO BE REGISTERED (Schedule III)

- Every supplier is liable to be registered in the state from where he makes taxable supply of goods and services if his *Aggregate Turnover (Pan India)* in a financial year is exceeds Rs 18 lakh (for north eastern state including Sikkim Rs 8 Lakh)
- Every supplier making *Interstate taxable supply*
- *Casual Taxable Person*
- Person Required pay tax under *Reverse Charge*.
- *Non Resident* Taxable person
- Person required to *deduct Tax* Under Section 37
- *Agent* of Taxable Person
- *Input Service Distributor*
- *Electronic Commerce Operator*
- *Merchant* Supplying goods/ services through Electronic commerce operator.

Note: Following persons are not required to be registered:

  - Person Engaged exclusively in supply of goods and services not liable to tax
  - Services provided by an employee to his employer

Goods and Services

- **GOODS** means every kind of movable property.
  - INCLUDES
    - Securities
    - Growing Crops, Grass and things attached to of forming part of land
  - EXCLUDES
    - Actionable Claims
    - Money
    - Intangible Property

- **SERVICES** means anything other than Goods.
  - INCLUDES
    - Intangible Property
    - Actionable Claims
  - EXCLUDES
    - Money

Sec12: Time of Supply (When GST is Liable to be Paid?)

GOODS

Time of Supply of goods shall be earliest of following:

1. Date on which goods are *removed by the supplier* for supply to the recipient or the date on which goods are made available to the recipient where goods are not required to be removed,
2. Date on which supplier *issues invoice* for supply
3. Date on which supplier *receives the payment* for the supply whether full or in part
4. Date on which *recipient shows the receipt of goods* in his books of accounts

SERVICES

Time of supply of services shall be:

1. Date of Issue of Invoice or the date of Receipt of Payment whichever is earlier, if invoice is issued within prescribed period
2. Date of Completion of Provision of service or the date of receipt of payment whichever is earlier if invoice is not issued within the prescribed period
3. Date on which recipient shows the receipt of services in his books of accounts where both above situations do not apply

Sec 15: Transaction Value (On What value GST will be charged?)

- The Value of Supply of Goods and Services shall be transaction Value.
- **Transaction Value** is the price actually paid or payable for the said supply of goods and services where the supplier and recipient of supply are *not related* and price is sole *consideration* for the supply

- Value of Supply in following situations shall be determined as per the GST Valuation Rules, 2016:
  1. Consideration is not money, wholly or partly
  2. Supplier and recipient of supply are related
  3. There is a reason to doubt the truth and accuracy of Transaction Value declared by Supplier
  4. Business Transactions undertaken by a pure agent, money changer, insurer, air travel agent, distributor and selling agent of lottery
  5. Any other supply notified by State or Central Government in this behalf

Sec2: Some Important Definitions

- ***"aggregate turnover"*** means the aggregate value of all taxable and non taxable supplies, exempt supplies and export of goods/ services of a person having same PAN, to be computed on All India Basis and Excludes Taxes.
- **"principal place of business"** means the place of business specified as the principal place of business in the certificate of registration.
- **"electronic cash ledger"** means cash ledger in electronic form on GST portal used for recording Cash Payment of GST, TDS, TCS for each taxable person.
- **"electronic credit ledger"** means the input tax credit ledger in electronic form on GST portal.
- **"input tax "** means the IGST, CGST, SGST charged on any supply of goods and services which are used in the course or furtherance of his business and includes tax paid on reverse charge.

GST Returns and Ledger

Return/ Ledger	Purpose	Filling Date
GSTR 1	**Outward Supplies made during the month**	**10th of Next Month**
GSTR 2	**Inward Supplies received during the month**	**15th of Next Month**
GSTR 3	**Monthly return**	**20th of Next Month**
GSTR 8	**Annual Return**	**31st Dec of Next Financial Year**
Electronic Cash Ledger	**Tax Deposited, TDS, TCS**	
Electronic Credit Ledger	**Input Tax Credit**	
Electronic Ledger	**GST Liabilities under the Act**	

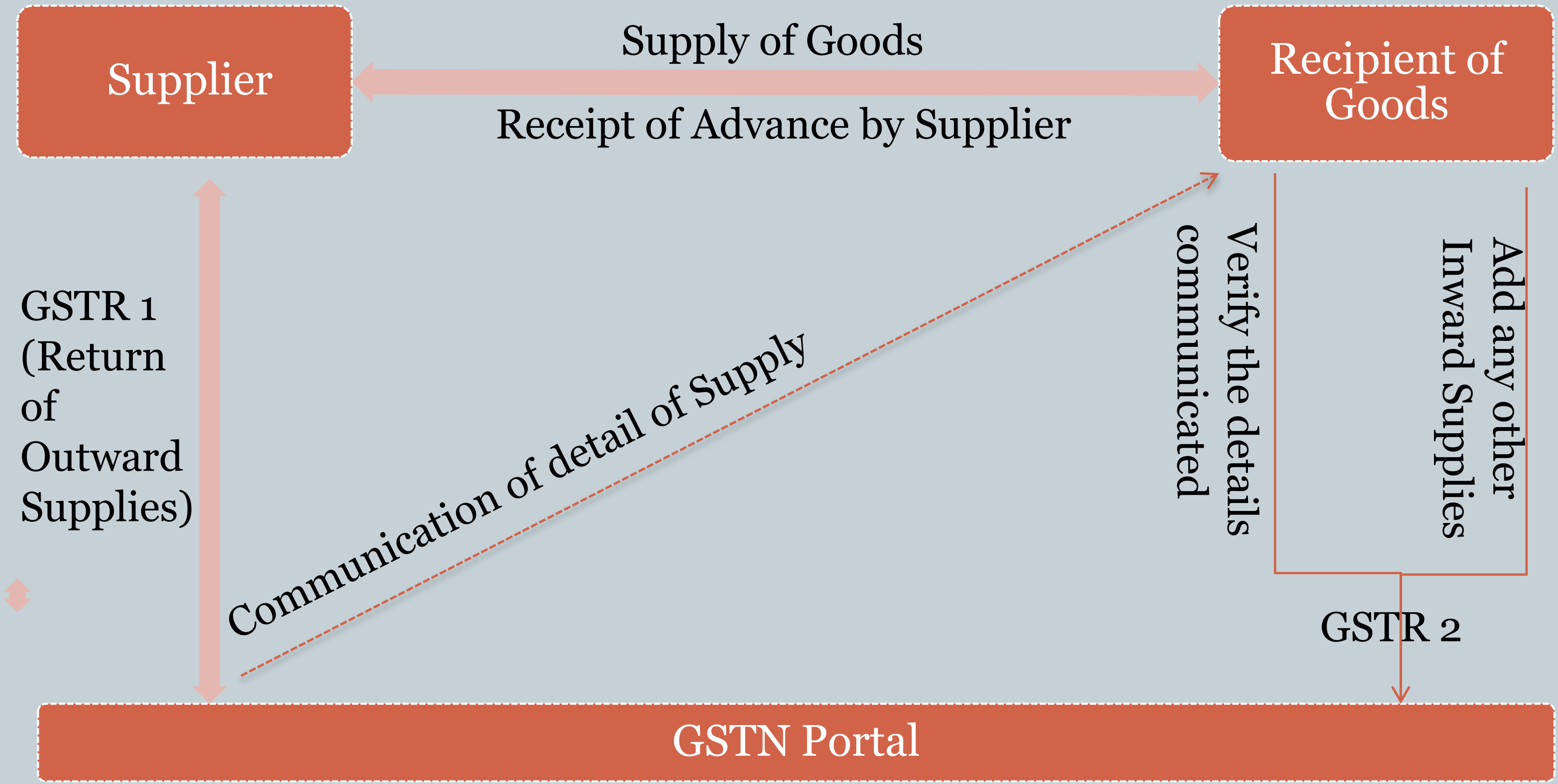
Mandatory Three Monthly returns for every state and one annual return. Thus minimum 37 Returns are to be filled yearly for every state in which you operate.

GST Working Principle (Matching Concept)

- **Details of Outward Supply GSTR 1**
  - Every Registered Taxable person to furnish detail of outward supply during the month by *10th of succeeding month.*
  - Such details to be communicated to recipient of said Goods
- **Details of Inward Supply GSTR 2**
  - Every Registered taxable person to Validate, modify or delete details received as per above communication (automatic population of GSTR2 based on Returns of registered suppliers)
  - Add any other Inward Supplies (Supplies form Unregistered supplier, supplies not furnished by registered supplier)
  - To furnish detail of all inward supply during the month by *15th of succeeding month.*

- **Matched Transactions** (Supplier has furnished detail of outward supply same is validated by recipient of goods)
  - ITC Available to recipient
- **Unmatched Transactions** (Transaction not matched due to non filling of return by supplier or errors or mistakes committed by Supplier or recipient)
  - ITC available if claimed on provisional basis till error is rectified or return filled in the next monthly return. ITC Final on rectification. ITC to be reversed in subsequent return if supply is not matched.

GST Working Principle (Contd…)



Taxes to be subsumed in GST

CENTRE	STATE
• Central Excise Duty • Excise Duty on Medicinal & Toiletries Preparation • Additional Duty of Excise • Central Sales Tax • Service Tax • CVD and SAD (On Import Of Goods) • Cesses and Surcharges insofar as far as they relate to supply of Goods and Services	• VAT/ Sales Tax • Entertainment Tax • Luxury Tax • Taxes on Lottery, Betting and Gambling • State Cesses and Surcharges in so far as they relate to supply of Goods and Services • Octroi and Entry Tax • Purchase Tax

Taxes Not to be Subsumed : Export Duty, Basic Customs Duty, Stamp Duty, Property Tax, Electricity Duty, Professional Tax etc.

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Thank You

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