GST SESSION

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GST : PART - I

Overview of GST, GST Model & Levy of Tax

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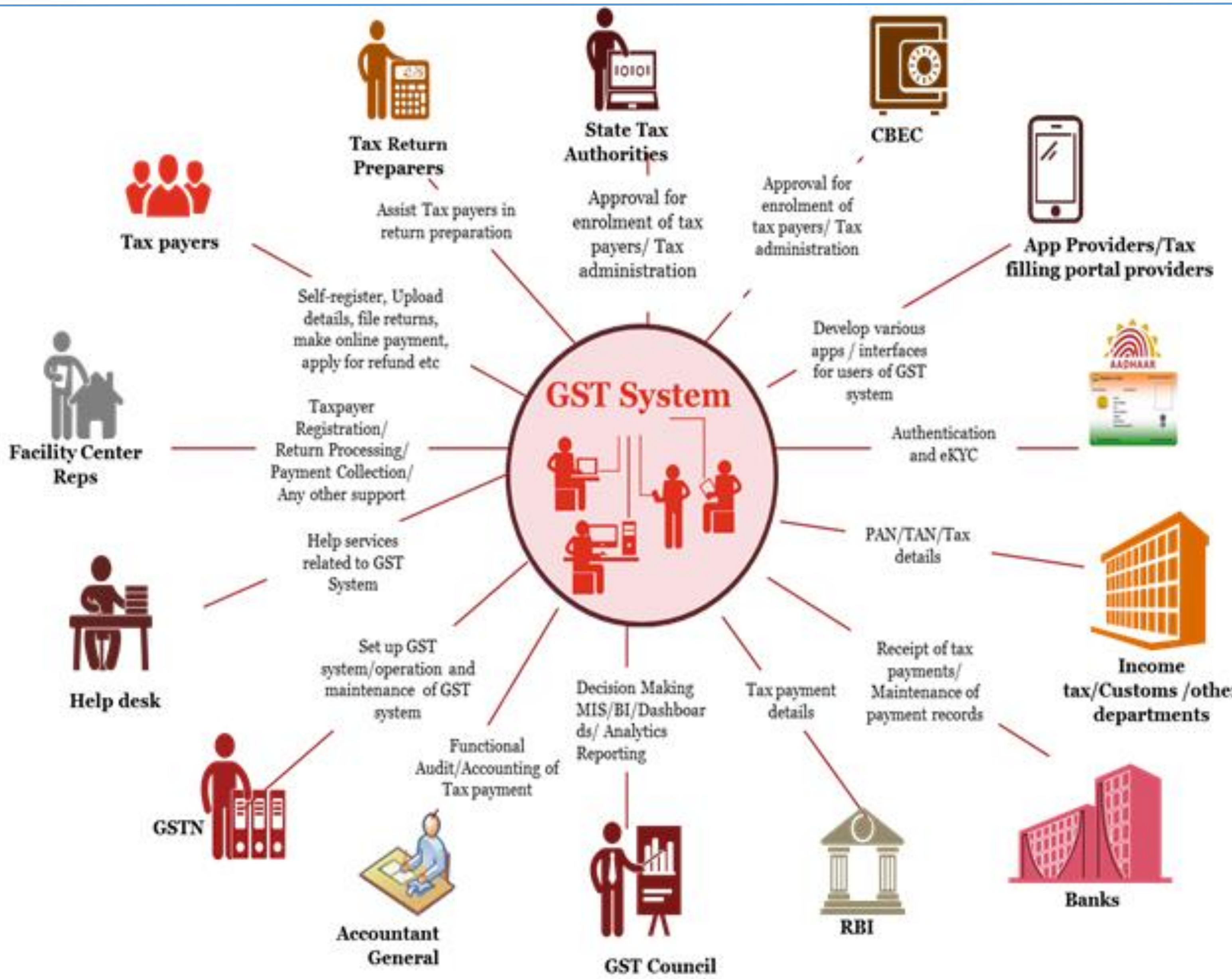
GST ECO-System



Constitutional Levies

Current Central Taxes (Sch VII (List I) (Central Govt)	Subsumed in CGST	Comments
Excise (84)	Yes.	
Customs (83	Only CVD & SAD.	Basic Custom Duty to continue
Service Tax (97)	Yes	
Central Sales Tax (92 A)	Yes	

Current Central Taxes Sch VII (List II) State Govt	Subsumed in SGST / UTGST	Comments
VAT (54)	Yes	
State Excise (51)	No. Except for Industrial Alcohol	Alcohol for human consumption will be subjected to State Excise
Cess	Yes	
Entertainment & Luxury Tax (62)	Yes	
Stamp Duty (63)	No.	Only on Immovable goods.
Taxes on Vehicle (57)	No.	
Taxes on Electricity (52)	No	

Current Central Taxes Sch VII (Local Authorities)	Subsumed in CGST	Comments
Octroi / Entry Tax / LBT (52)	Yes.	

Why Reduction in Prices in GST Regime?

Cascading effect of taxes :

- Tax on Tax
- VAT Retention for Stock Transfer and
- Central Sales Tax
- Entry Tax
- Purchase Tax
- Less credit for capital goods
- Cenvat Credit on Input Services to Trader
- SAD to Service Provider
- VAT Credit to Service Provider
- Petroleum Products ***(Out of GST for time being)***

Issues of Present Taxation

- Multiple Acts and Compliances - Returns
- Different Valuation basis
- Different Adjudications
- Ambiguity under Service Tax & VAT
    - Restaurant Services
    - Works Contract
    - Right to use of Movable goods
    - Software
    - IPR
- Ambiguity under Excise & Service tax for
    - Drawings and Designs
    - Software
    - Commissioning & Installation

Issues of Present Taxation

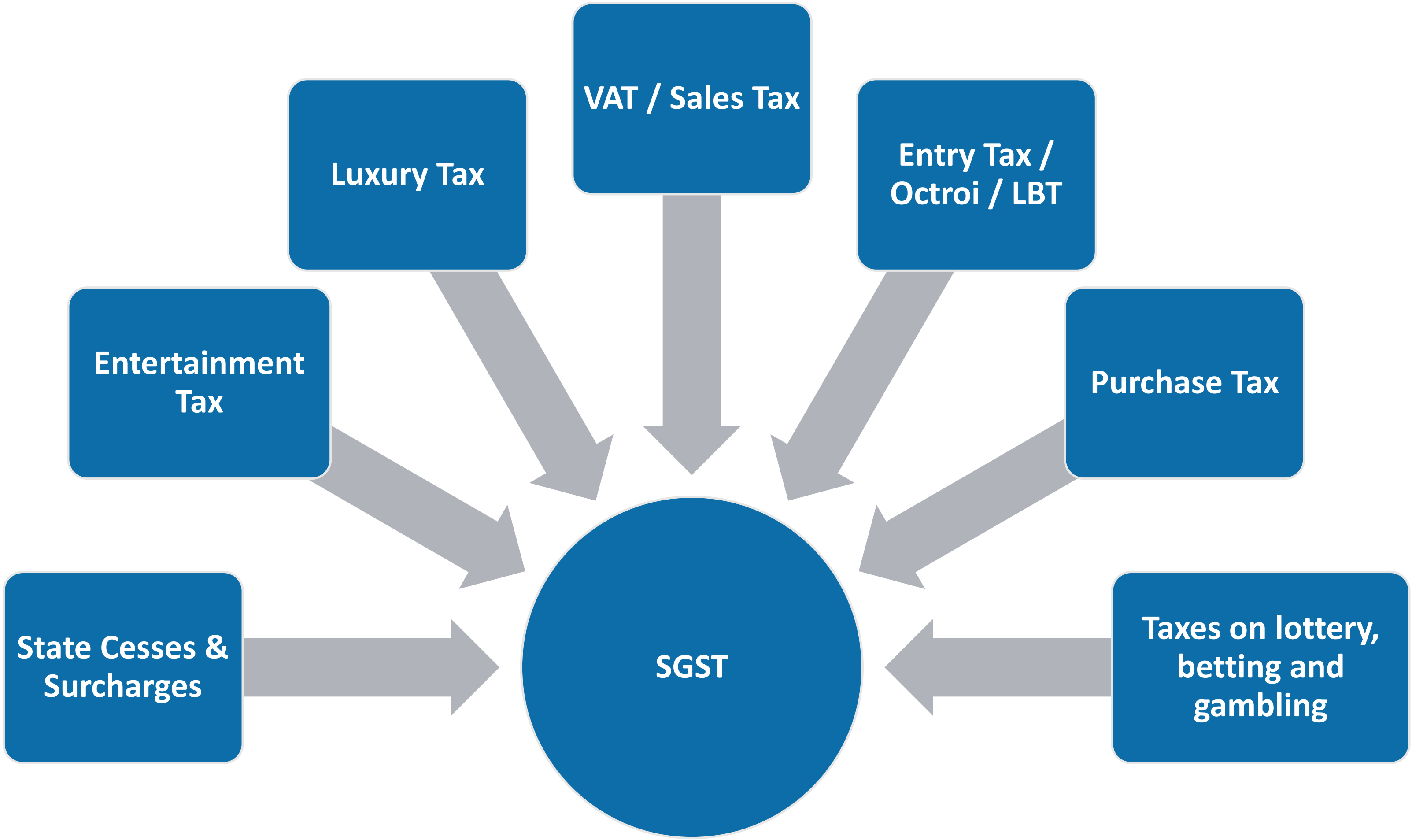
- Excise
  - Taxable Event is Manufacture / Deemed Manufacture
  - Different Valuation Mechanism : Production Capacity / Transaction Value / MRP
  - Different Exemption – Absolute and Conditional
  - Excise Exemption Zone – Uttaranchal / Himachal Pradesh / J&K / N&E
- Service Tax
  - Taxable Event is Rendering / Provision of Services
  - Positive List v/s Negative List
  - Transactions involving Goods and Services
  - Valuation and Abatement Issues
- Sales Tax
  - Taxable Event is Sale of Goods
  - Different Threshold limits, VAT Rates, Forms , Returns across states

Need for GST

- Avoid Double Taxation
- Ease of Doing Business
- Avoid Cascading Effect
- Reduce Interface with different departments: Central, State & Local bodies
- Level Playing Field
- Simple Collection System
- Simplified & Unified Tax System
- Reduction in Collection of Revenue Cost

Taxes to be Subsumed into CGST

Taxes to be Subsumed into SGST



Coverage

- **GST will be applicable on all Goods & Services EXCEPT**
  - Alcoholic Beverages for Human Consumption – State Excise Duty to Continue
  - Effective date for Petroleum Products will be notified later
- Industrial incentives to be converted into investment link cash subsidy
- Special Industrial Area Schemes to be also converted into investment based through their validity period / **Grandfathering of exemptions by way of refund of direct cash and no upfront exemption**
- Common list of exemption for CGST & SGST
- Transactions which are below threshold limits

Coverage

- **GST will be applicable to whole of India : Sec 2(56) of CGST Bill defines "India":**

  "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters;

Insertion of Article 279A – President to Constitute GST Council

- **Composition of the GST Council:**
  - Union Finance Minister - Chairman
  - Union Minister of State in charge of Revenue or Finance Member
  - State FM's / Nominated State Ministers Members
  - Members to choose Vice Chairperson

- **Quorum** – One Half of the total members shall constitute the quorum.

- **Voting & Decision making :** Every decision of the council shall be taken by majority of not less than 3/4th of the weighted votes of the members present and voting in accordance with the following principles:

  - Vote of Union Government shall have a weightage of 1/3rd of the total votes cast.
  - Votes of all State Government taken together shall have weightage of 2/3rd of the total votes cast.

- **GST Council to recommend on:**
  - Taxes, Cesses & Surcharges levied by Union, State, Local Bodies to be subsumed in the GST
  - Goods and services that may be taxable or exempted
  - Model GST Laws, principles of levy, apportionment of IGST and the principles that govern the place of supply
  - Threshold limit of turnover for exemption
  - Rates including floor rates with bands of GST
  - Special rate(s) for a specified period, to raise additional resources during any natural calamity or disaster
  - Special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur; Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
  - Any other matter relating to the goods and services tax, as the Council may decide.

The Roadmap To GST

1st Meeting
22nd & 23rd Sept'16

Threshold limit, Compounding Scheme & issues of dual control.

2nd Meeting
30th Sept'16

Rules for Registration, Payments, Returns, Refunds & Invoices

3rd Meeting
18th & 19th Oct'16

Finalized the compensation formula for states

4th Meeting
3rd & 4th Nov'16

4 Tier Structure of Tax Rates - 5%, 12%, 18% & 28% - Additional Cess for Luxury & Demerit Goods – GST Compensation Cess

5th Meeting
2nd & 3rd Dec'16

9 Chapters of Model Law have been debated & approved

The Roadmap To GST

6th Meeting
11th Dec'16

Deliberated upto section 99 of the Model GST Law released in the public domain on 26th Nov'16

7th Meeting
22nd & 23rd Dec'16

Approved provisions of Revised Draft Model CGST & SGST Law except for the provision of dual control for the dealers having turnover less than Rs. 1.5 Cr.

8th Meeting
2nd & 3rd Jan'17

Approved Provisions of Revised Draft Model IGST Law except for the provision of dual control for the dealers having turnover less than Rs. 1.5 Cr. & applicability of IGST on High Sea Sale Transactions.

The Roadmap To GST

9th Meeting
16th Jan'17

Deliberation of above pending issues & resolved the issue of dual control in the ratio of 90:10 for turnover less than 1.5 Crores and 50:50 for turnover more than 1.5 Crores of State and Central Government. Similarly issue of taxing of High Sea Sale transaction has been resolved

10th Meeting
18th Feb'17

Finalisation of draft Model CGST, SGST & IGST Law and recommendations to the Central & State Government for putting these laws for approval of Parliament.

11th Meeting
4th March 2017

GST Council approved the final draft of the Central Goods and Service Tax Bill (CGST) and Integrated Goods & Service Tax Bill (IGST) & GST Compensation Bill.

The Roadmap To GST

12th Meeting
16th March 2017

Approved the final draft of the State Goods and Service Tax Bill (SGST) & Union Territory Goods and Service Tax Bill (UTGST)

29th March 2017

Four Bills tabled in the Parliament. CGST Bill, UTGST Bill, IGST Bill & THE Goods & Services Tax (Compensation To States) Bill, 2017

13th Meeting
31st March 2017

Recommendation of six rules

The Roadmap To GST

Change Management:

- Reorganization of Field Formations
- Training of Officials & Trade & Industry
- Spreading Accounting Literacy
- Developing IT Skills
- Reorganization of Audit Procedures
- Harmonization of Processes & Procedures between CGST / IGST & SGST Law
- Outreach and Consultation with trade and industry

Proposed GST Rates

Current Regime		GST Regime
Excise Duty % / ST %	**VAT %**	**GST %**
Nil	Nil	Exempt
Nil	5/6%	5%
Nil	12.5/13.5/14.5%	12%
6%	Nil	5%
6%	5/6%	12%
6%	12.5%	18%
12.5%	6%	18%
12.5%	12.5%	18%
12.5%	12.5%	28% (For Beverages & White Goods) Cess on SIN Goods

GST Model World-Wide

National GST	State GST	Non-concurrent Dual GST	Concurrent Dual GST	Quebec Model
Tax levied by Centre with provisions for revenue sharing with Provinces / States	Tax levied by Provinces / States	GST on Goods levied by State & on Services levied by Centre	Tax levied by Centre & State on both Goods & Services	Separate legislation for Federal / Provinces – Tax collection, Admin, Enforcements etc., by Provinces
Australia/ China	USA		Brazil & Canada- “India”	

❑ Section 2(84) of CGST Bill "person" includes :

- "**person**" includes—
- (a) an individual;
- (b) a Hindu undivided family;
- (c) a company;
- (d) a firm;
- (e) a Limited Liability Partnership;
- (f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;
- (g) any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 2(45) of the Companies Act, 2013 (18 of 2013);
- (h) any body corporate incorporated by or under the laws of a country outside India;
- (i) a co-operative society registered under any law relating to cooperative societies;
- (j) a local authority;
- (k) Central Government or a State Government;
- (l) society as defined under the Societies Registration Act, 1860 (21 of 1860);
- (m) trust; and
- (n) every artificial juridical person, not falling within any of the preceding sub-clauses;

Section 7(1) of IGST Bill - Supplies of goods and / or services in the course of inter-State trade or commerce

- **When location of supply & Place of Supply are in :**

  (*a*) two different States;

  (*b*) two different Union territories; or

  (*c*) a State and a Union territory, shall be treated as a supply of goods/ Services in the course of inter-State trade or commerce.

- **Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce.**

- **Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.**

- **Supply of goods or services or both,—**

  (*a*) when the supplier is located in India and the place of supply is outside India;

  (*b*) to or by a Special Economic Zone developer or a Special Economic Zone unit; or

  (*c*) in the taxable territory, not being an intra-State supply and not covered elsewhere in this section, shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.

- **Sec 2(107) of CGST Bill – Taxable person**
  - eans a person who is registered or liable to be registered under section 22;
- **Sec 2(94) of CGST Bill – Registered person**
  - Means a person who is registered under section 22 but does not include a person having a Unique Identity Number

❑ Sec 9 of CGST Bill 2017 / Sec 5(1) of IGST Bill 2017 / Sec 7 of UTGST Bill 2017 / Sec 7 of SGST Bill (Proposed)

- CGST & SGST / UTGST on Intra-State Supply OR IGST on Inter-State Supply of goods & Services except for supply of alcoholic liquor on human consumption on the value to be determined in accordance with Sec 15 and the rate not exceeding of 40% or at the rate to be notified
- CGST & SGST / UTGST or IGST on supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel will be levied only when notified by the Government on the recommendations of GST Council.
- Reverse charge also will be applicable when goods or services received from unregistered person and for the goods & categories to be notified on categories of Supply of Goods or Services OR both and to be payable by the recipient.
- E-Commerce operator to pay the tax on specified categories of services which are routed through the operator and such E-Commerce operator will have to obtain registration in Taxable Territory either himself or through his authorized representative
- IGST will be leviable on importation of goods as well as supply of zero rated goods under the claim of refund

Composition Levy

❑ Sec 10 of CGST Bill 2017

- Permission will be granted if aggregate Turnover in previous year does not exceed Rs.50 lacs. Which may be extended upto Rs. 1 Cr. On recommendation of GST Council
- Permission valid till turnover reaches Rs.50 lacs during the year
- Scheme to be opted for by all registered persons under same PAN
- Tax would not be charged / collected from Customer
- Input Credit would not be admissible
- Tax and penalty applicable if scheme is wrongly availed

❑ Sec 10 of CGST Bill 2017

Composition scheme introduced when turnover is below INR 5 million as under:

- Manufacturers - 1% CGST and 1% SGST
- Restaurants - 2.5% CGST and 2.5% SGST
- Other supplies - 0.5% CGST and 0.5% SGST

❑ Sec 10 of CGST Bill 2017

- Scheme not applicable to:

  a) Supply of services;

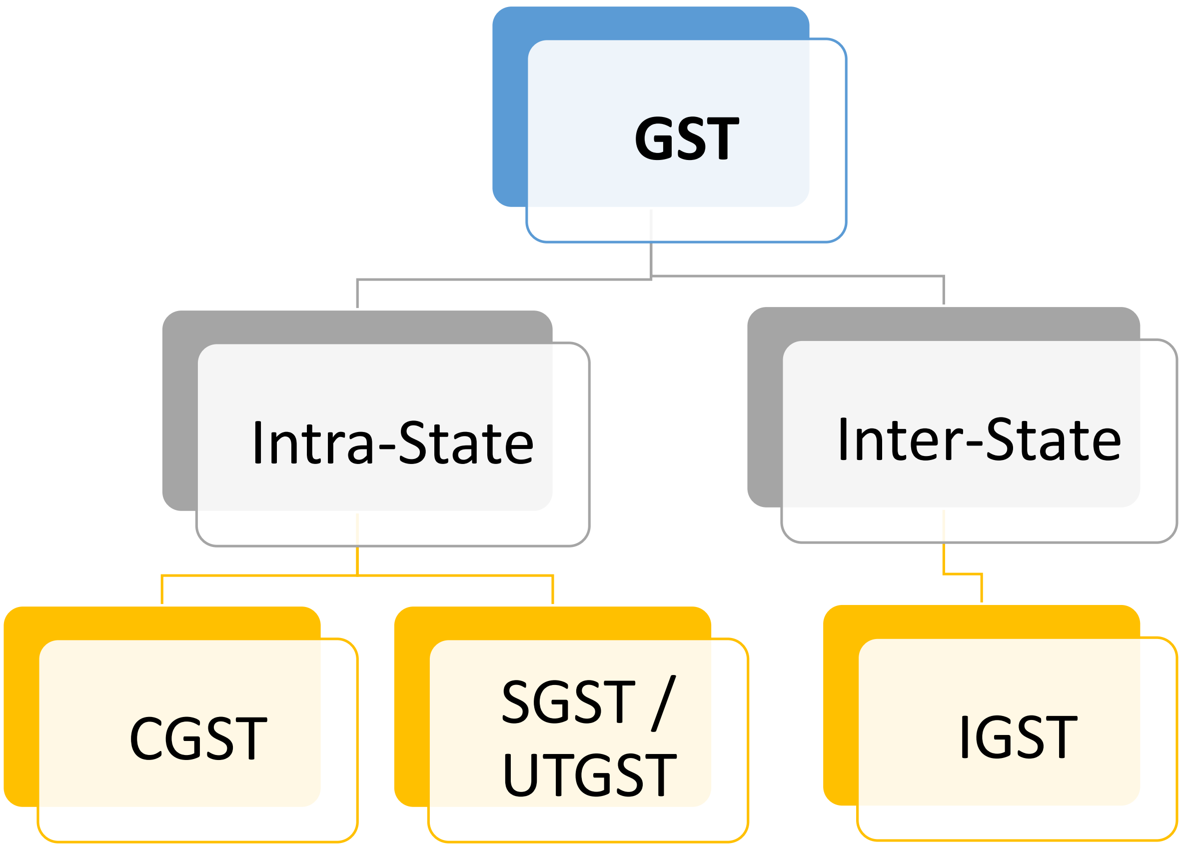
  b) Supply of goods which are not leviable to tax under this Act;

  c) Inter-State outward supplies of goods; or

  d) Supply of goods through an electronic commerce operator who is required to collect tax at source

  e) Manufacturer of notified goods as per the recommendation of the Council:

Broad Constitutes of Goods & Service Tax



Revenue will be ultimately received by the state in which goods are finally consumed

GST : PART -II

Meaning & Scope of Supply & Time / Place / Valuation

CONTENTS

“SUPPLY” (SECTION 3 of CGST Bill 2017 made applicable to IGST / UTGST / SGST)

"**Goods**" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply

"**Services**'' means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

"supplier" in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied;

"**Consideration**" in relation to the supply of goods or services or both includes–
–

(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.

(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government: Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;

"**Composite Supply**" means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

"Mixed Supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply;

"Principal Supply" "principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;

Sec 3 : Meaning & Scope of "Supply"

1. Supply of goods and / or services includes all forms of supply made or agreed to be made for a consideration by a person in the course or furtherance of business

- sale
- transfer
- barter
- exchange
- license
- rental
- lease or
- disposal

2. Importation of services for a consideration, whether or not in the course or furtherance of business

3. Supply specified in Schedule I, made or agreed to be made without consideration

4. Schedule II defines specified transactions as supply of goods or supply of services.

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES : SCHEDULE III:

Government to specify activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities will be neither supply of goods nor supply of service, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

Government to notify transactions which will be treated as supply of goods & not a supply of service and vis-e-versa

1. Permanent transfer or disposal of business assets where input tax credit has beenavailed on such assets.

2. Supply of goods or services or both **between related persons** or **between distinct persons** as specified in section 25, when made in the course or furtherance of business:

3. Gifts to Employees by Employer exceeding Rs. 50,000/- treated as supply of goods or services or both.

4. **Supply of Goods—**
(a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
(b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

5. Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

1. Transfer

(a) any transfer of the title in goods is a supply of goods;

(b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;

(c) any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods.

2. Land and Building

(a) any lease, tenancy, easement, licence to occupy land is a supply of services;

(b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.

3. Treatment or process

Any treatment or process which is applied to another person's goods is a supply of services

4. Transfer of business assets

(*a*) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of goods by the person;

(*b*) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services;

(*c*) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—
(*i*) the business is transferred as a going concern to another person; or
(*ii*) the business is carried on by a personal representative who is deemed to be a taxable person.

5. Supply of services:

The following shall be treated as supply of service, namely:—

(*a*) renting of immovable property;
(*b*) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

Explanation.—For the purposes of this clause—

(*1*) the expression "competent authority" means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:—

(*i*) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or

5. Supply of services

(*ii*) a chartered engineer registered with the Institution of Engineers (India); or
(*iii*) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;

(*2*) the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;
(*c*) temporary transfer or permitting the use or enjoyment of any intellectual property right;
(*d*) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;
(*e*) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and
(*f*) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

6. Composite supply

The following composite supplies shall be treated as a supply of services, namely:—

(*a*) works contract as defined in clause (119) of section 2; and
(*b*) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

7. Supply of Goods

The following shall be treated as supply of goods, namely:—

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

1. Services by an employee to the employer in the course of or in relation to his employment.

2. Services by any court or Tribunal established under any law for the time being in force.

3. (*a*) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;

(*b*) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or

(*c*) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.

4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.

5. Sale of land and, subject to clause (*b*) of paragraph 5 of Schedule II, sale of building.

6. Actionable claims, other than lottery, betting and gambling.

Explanation.—For the purposes of paragraph 2, the term "court" includes District Court, High Court and Supreme Court.

“PLACE OF SUPPLY OF GOODS”

(SECTION 10 to 11 OF IGST Bill 2017)

"Address of delivery" means the address of the recipient of goods or services or both indicated on the tax invoice issued by a registered person for delivery of such goods or services or both

"Continuous supply of goods"

* Supply of goods which is provided, or agreed to be provided,

* continuously or on recurrent basis under a contract,

* whether or not by means of a wire, cable, pipeline or other conduit,

* and for which the supplier invoices the recipient on a regular or periodic basis;

"Continuous supply of services"

* Supply of services which is provided, or agreed to be provided,

* continuously or on recurrent basis, under a contract,

* for a period exceeding three months with periodic payment obligations

*and includes supply of such service as the Central or a State Government may, whether or not subject to any condition, by notification, specify

"Import of service" means supply of service, where

a) the supplier of service is located outside India

b) the recipient of service is located in India and

c) the place of supply of service is in India

"intermediary" means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account;

"**location of the recipient of service**" means:

(i) where a supply is received at a place of business for which registration has been obtained, the location of such place of business;

(ii) where a supply is received at a place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;

(iii) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and

(iv) in absence of such places, the location of the usual place of residence of the recipient;

"**location of the supplier of service**" means:

(i) where a supply is made from a place of business for which registration has been obtained, the location of such place of business ;

(ii) where a supply is made from a place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;

(iii) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and

(iv) in absence of such places, the location of the usual place of residence of the supplier;

"non-taxable online recipient" means Government, a local authority, a governmental authority, an individual or any person not registered under section 23 of the CGST Act, 2016 receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory;

"online information and database access or retrieval services" means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and impossible to ensure in the absence of information technology and includes electronic services such as advertising on the internet;

providing cloud services; provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet; providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network; online supplies of digital content (movies, television shows, music, etc.); digital data storage; and online gaming

"recipient" of supply of goods and / or services means-

(a) where a consideration is payable for the supply of goods and / or services, the person who is liable to pay that consideration,

(b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available, and

(c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply;

Explanation.- The expression "recipient" shall also include an agent acting as such on behalf of the recipient in relation to the goods and / or services supplied.

Place of Supply of Goods – Other than Import / Export

Goods	Place of Supply
With movements of goods involved (whether by the supplier or the recipient or by any other person)	Location of the goods at the time at which the movement of goods terminates for delivery to the recipient.
Without any movement of goods	Location where goods are located at the time when delivery takes place.
Where goods are delivered before or during their movement either by way of transfer of documents of title to the goods or otherwise, to a recipient or any other person on the direction of a third person.	Principal place of business of third person

Place of Supply of Goods - Other than Import / Export

Goods	Place of Supply
Goods installed / assembled	Location at which installation / assembly has actually taken place
Goods on board a conveyance	Location where goods are taken on board.
Residual	Recommendation from council

Place of Supply of Goods - Import / Export

Goods	Place of Supply
Goods imported into India	Location of the importer
Goods exported from India	Location outside India

"PLACE OF SUPPLY OF SERVICES – LOCATION OF SUPPLIER AND RECIPIENT IN INDIA"

(SECTION 12 of IGST Bill 2017)

Nature of Service	Place of Supply of Service
Services in relation to immovable property including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work / any services ancillary to these services	Location at which the immovable property is located If the location of the immovable property is located or intended to be located outside India, the place of supply shall be the location of the recipient
• Lodging accommodation by a hotel, inn, guest house, homestay, club or campsite, by whatever name called and including a house boat or any other vessel / any services ancillary to the services • Accommodation in any immovable property for organizing any marriage or reception or matters related therewith, official, social, cultural, religious or business function including services provided in relation to such function at such property / any services ancillary to the services	Location at which the immovable property, boat or vessel is located. If the location of the immovable property or boat or vessel is located or intended to be located outside India, the place of supply shall be the location of the recipient
Note: If immovable property or boat or vessel is located in more than one State, supply of service shall be treated as made in each of the States in proportion to the value for services separately collected or determined, in terms of the contract / agreement entered into in this regard or, in the absence of this, on reasonable basis as may be prescribed in this behalf	

Nature of Service	Place of Supply of Service
Restaurant and catering, personal grooming, fitness, beauty treatment, health services, cosmetic and plastic surgery	Location where the services are actually performed.
Services in relation to training and performance appraisal.	• In case of registered person – location of such person. • Other than registered person - location where the services are actually performed.

Place of supply of services - location of supplier and the location of the recipient is in India

<table>
<tr><th>Nature of Service</th><th>Place of Supply of Service</th></tr>
<tr><td>Admission to a cultural, artistic, sporting, scientific, educational, or entertainment event or amusement park or any other place and services ancillary thereto.</td><td>Location of the event or park or other place, as the case may be.</td></tr>
<tr><td>Services provided by way of organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of service in relation to a conference, fair, exhibition, celebration or similar events.
Services ancillary to organization of any of the above events or services.
Assigning of sponsorship of any of the above events.</td><td>When provided to a registered person – location of such person.
When provided to other than registered person - location where the services are actually performed.
If the event is held outside India, the place of supply shall be the location of the recipient</td></tr>
<tr><td colspan="2">Note: If the event is held in more than one State and a consolidated amount is charged, place of supply of such services shall be taken as being in proportion to the value of services so provided in each State as per terms of the contract or agreement or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf</td></tr>
</table>

Place of supply of services - location of supplier and the location of the recipient is in India

Nature of Service	Place of Supply of Service
Transportation of goods including mail or courier	• When provided to a registered person – location of such person. • When provided to other than registered person - location at which the goods are handed over for their transportation.
Passenger transportation service.	• When provided to registered person – location of such person. • When provided to other than registered person - place where the passenger embarks on the conveyance for the continuous journey. • When point of embarkation is not known at the time of issue of right to passage – location of registered person / location of recipient on records in case or location of supplier in case of unregistered person Note: Return journey shall be treated as a separate journey

Place of supply of services - location of supplier and the location of the recipient is in India

Nature of Service	Place of Supply of Service
Service on board a conveyance such as vessel, aircraft, train or motor vehicle	Location of the first scheduled point of departure of that conveyance for the journey.
Telecommunication services including data transfer, broadcasting, cable and direct to home television services:	
• Services by way of fixed telecommunication line, leased circuits internet leased circuit, cable or dish antenna;	• Location where the telecommunication line, leased circuit or cable connection or dish antenna is installed.
• Mobile connection for telecommunication and internet services provided on post-paid basis;	• Location of billing address of the service receiver on record of the service provider.
• Mobile connection for telecommunication, direct to home services and internet services are provided on pre-payment through a voucher or any other means.	If through selling agent / re-seller / distributor of SIM card or re-charge voucher, address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply. If by any person to the final subscriber shall be the location where such pre-payment is received or such vouchers are sold

Nature of Service	Place of Supply of Service
Telecommunication services including data transfer, broadcasting, cable and direct to home television services: • Cases not covered above	Address of the recipient as per records of the supplier of the service. If address of the recipient as per records of the supplier of service is not available, the place of supply shall be location of the supplier of service if such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services on record of the supplier of services shall be the place of supply of such service Note: If the leased circuit is installed in more than one State and a consolidated amount is charged for supply of services relating to such circuit, the place of supply of such services shall be taken as being in each of the States in proportion to the value of services so provided in each State as ascertained from the terms of the contract or agreement entered into in this regard or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf

Place of supply of services - location of supplier and the location of the recipient is in India

Nature of Service	Place of Supply of Service
Banking or other financial services including stock broking.	• Location of the service receiver on the record of the service provider. • Where location of service receiver is not available, the place of supply shall be location of the supplier of services.
Insurance services.	• In case of registered person – location of such person • Other than registered person - location of the service receiver available on the records of the service provider.

Place of supply of services - location of supplier and the location of the recipient is in India

Nature of Service	Place of Supply of Service
Advertisement services to the central government, state government, a statutory body or a local authority meant for identifiable states	Each such State – Value will be proportionate basis / reasonable basis
Services not covered above.	• When provided to registered person – location of such person. • When provided to other than registered person - location of the service receiver available on the records of the service provider or if not available location of the service provider

“PLACE OF SUPPLY OF SERVICES – LOCATION OF SUPPLIER OR RECIPIENT OUTSIDE INDIA”

(SECTION 13 of IGST Bill 2017)

Nature of Service	Place of Supply of Service
Services supplied in respect of goods that are required to be made physically available by the recipient of service to the supplier of service, or to a person acting on behalf of the supplier of service	Location where the services are actually performed (NA for services supplied in respect of goods that are temporarily imported into India for repairs and are exported after repairs without being put to any use in India) If provided at more than one location, including a location in the taxable territory, place of supply shall be the location in the taxable territory where the greatest proportion of the service is provided If supplied in more than one State, place of supply of such services shall be taken as being in proportion to the value of services so provided in each State as per terms of the contract or agreement or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf

Place of supply of services - location of supplier or location of recipient is outside India

Nature of Service	Place of Supply of Service
Services are provided from a remote location by way of electronic means in respect of goods	Location where goods are situated at the time of supply of service If provided at more than one location, including a location in the taxable territory, place of supply shall be the location in the taxable territory where the greatest proportion of the service is provided If supplied in more than one State, place of supply of such services shall be taken as being in proportion to the value of services so provided in each State as per terms of the contract or agreement or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf
Services supplied to an individual or a person acting on behalf of the recipient, which require the physical presence with the supplier for the supply of the service	Location where the services are actually performed

Place of supply of services - location of supplier or location of recipient is outside India

Nature of Service	Place of Supply of Service
Services supplied directly in relation to an immovable property, including services supplied in this regard by experts and estate agents, supply of hotel accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including architects or interior Decorators	Location at which the immovable property is located / intended to be located If provided at more than one location, including a location in the taxable territory, place of supply shall be the location in the taxable territory where the greatest proportion of the service is provided If supplied in more than one State, place of supply of such services shall be taken as being in proportion to the value of services so provided in each State as per terms of the contract or agreement or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf
Services supplied by way of admission to, or organization of, a cultural, artistic, sporting, scientific, educational, or entertainment event, or a celebration, conference, fair, exhibition, or similar events, and of services ancillary to such admission	Place where the event is actually held If provided at more than one location, including a location in the taxable territory, place of supply shall be the location in the taxable territory where the greatest proportion of the service is provided If supplied in more than one State, place of supply of such services shall be taken as being in proportion to the value of services so provided in each State as per terms of the contract or agreement or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf

Place of supply of services - location of supplier or location of recipient is outside India

Nature of Service	Place of Supply of Service
Banking company, or a financial institution, or a non-banking financial company, to account holders / Intermediary services / services consisting of hiring of means of transport other than aircrafts and vessels except yachts, upto a period of one month	Location of the supplier of service
Transportation of goods, other than by way of mail or courier	Place of destination of the goods
Passenger transportation service	Place where the passenger embarks on the conveyance for a continuous journey
Services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board	First scheduled point of departure of that conveyance for the journey

Nature of Service	Place of Supply of Service
Online information and database access or retrieval services	Location of recipient of service Person receiving such services shall be deemed to be located in the taxable territory **if any two** of the following non-contradictory conditions are satisfied, namely: (i) the location of address presented by the recipient of service via internet is in taxable territory; (ii) the credit card or debit card or store value card or charge card or smart card or any other card by which the recipient of service settles payment has been issued in the taxable territory; (iii) the billing address of recipient of service is in the taxable territory; (iv) the internet protocol address of the device used by the recipient of service is in the taxable territory; (v) the bank of recipient of service in which the account used for payment is maintained is in the taxable territory; (vi) the country code of the subscriber identity module (SIM) card used by the recipient of service is of taxable territory; (vii) the location of the fixed land line through which the service is received by the recipient is in taxable territory.
Services not covered above	Location of recipient of service If not available location of the service provider
Note: Central Government is further empowered to notify any description of service or circumstances in which the place of supply shall be the place of effective use and enjoyment of a service to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules	

Special Provision online information & database access

- supply of online information and database access or retrieval services by any person located in a non-taxable territory to any non-taxable online recipient - the supplier of service located in a non-taxable territory shall be the person liable for paying IGST

  If supply of online information and database access or retrieval services is by any person located in a non-taxable territory to a nontaxable online recipient, an intermediary located in the non-taxable territory, who arranges or facilitates provision of such service, shall be deemed to be receiving such services from the service provider in non-taxable territory and supplying such services to the non-taxable online recipient except when such intermediary satisfies specified conditions

Special Provision online information & database access

- Supplier of online information and database access or retrieval services shall take a single registration under a Simplified Registration Scheme

  Any person located in taxable territory representing such supplier for any purpose in the taxable territory shall take a registration and pay IGST on behalf of the supplier

  If supplier does not have a physical presence or does not have a representative in the taxable territory, supplier will appoint a person in the taxable territory for the purpose of paying IGST and such person shall be liable for paying IGST

“TIME OF SUPPLY OF GOODS” (SECTION 12 OF CGST BILL 2017)

Time of Supply of Goods — General Rule - Goods

Time of supply of Goods shall be the earlier of

- Date of issue of Invoice / Last date on which invoice is to be issued
- Date of receipt of payment

Time of Supply of Goods

Reverse Charge - Goods

Supply shall be the earliest of..

Date of Receipt of Goods	Date on which Payment has been made	Date immediately following 30 days from the date of issue of invoice/documents by the supplier

Time of supply shall be the date of entry in the books of account of the recipient of supply if the above is not feasible

Supply of Vouchers

- Date of issue of voucher if the supply is identifiable at that point
- Date of redemption of voucher, in all other cases

Time of Supply of Goods

Residual Rule - Goods

Residual Rule

- In a case where a periodical return has to be filed, be the date on which such return is to be filed
- In any other case, be the date on which the CGST / SGST is paid.

"TIME OF SUPPLY OF SERVICES"

(SECTION 13 OF CGST BILL 2017)

Time of Supply of Services

Time of Supply of Services under reverse charge shall be earlier of

- Date of payment
- Date immediately following 60 days from the date of issue of invoice / documents by the supplier

Time of supply shall be the date of entry in the books of account of the recipient of supply if the above is not feasible

Time of Supply of Services

Time of Supply of Services under reverse charge where supplier of Services is outside India shall be earlier of

- Date of entry in books of accounts
- Date of payment

Supply of Vouchers

- Date of issue of voucher if the supply is identifiable at that point
- Date of redemption of voucher, in all other cases

“CHANGE IN RATE OF TAX”

(SECTION 14 OF CGST BILL 2017)

Change in Rate of Tax – Goods / Services

Sr. No.	Good / Service Supplied	Invoice w.r.t. rate of tax	Receipt of Payment	Effective Rate
1.	Before rate change	After	After	Whichever is earlier
2.	-do-	Before	After	Date of issue of invoice
3.	-do-	After	Before	Date of Receipt of payment
4.	After rate change	Before	After	Date of Receipt of payment
5.	-do-	Before	Before	Which ever earlier
6.	-do-	After	Before	Date of issue of invoice

"VALUATION"
(SECTION 15 OF CGST BILL 2017)

"Related Person" : Persons shall be deemed to be 'related persons' only if:

- they are officers or directors of one another's businesses,
- they are legally recognized partners in business,
- they are employer and employee,
- any person directly or indirectly owns, controls or holds **twenty five** per cent or more of the outstanding voting stock or shares of both of them,
- one of them directly or indirectly controls the other,
- both of them are directly or indirectly controlled by a third person,
- together they directly or indirectly control a third person,
- they are members of the same family.

- It is clarified that

(i) the term 'person' also includes legal persons; and

(ii) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other shall be deemed to be related.

- Valuation shall be transaction value where supplier and recipient of the supply are not related and the price is the sole consideration for the supply, which **shall include:**
  - any taxes, duties, cesses, fees and charges levied under any statute, other than the {SGST Act / UTGST Act & CGST Act } and the Goods and Services Tax (Compensation to the States for Loss of Revenue) Act, 2016, if charged separately by the supplier to the recipient
  - any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods and / or services
  - incidental expenses, such as, commission and packing, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods and / or services at the time of, or before delivery of the goods or, as the case may be, supply of the services
  - interest or late fee or penalty for delayed payment of any consideration for any supply
  - subsidies directly linked to the price excluding subsidies provided by the Central and State governments;

- **Exclusion from transaction value:**
  - Any discount before or at the time of the supply provided such discount has been duly recorded in the invoice issued in respect of such supply
  - Any discount after the supply has been effected provided that such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices and input tax credit has been reversed by the recipient of the supply as is attributable to the discount on the basis of document issued by the supplier.
- **Situations under which value cannot be determined as above, to be determined in manner prescribed -** ***Valuation Rules not notified with the revised Model GST Laws – Previous Notified Rules are given hereunder for reference***

- Value of such supplies as may be notified by the Central or a State Government on the recommendation of the Council, shall be determined in such manner as may be prescribed

“VALUATION”
- GST Valuation (Determination of the Value of Supply of Goods and Services) Rules, 2016

Valuation Rules: Yet to be Notified

❑ Rule 1 : Short title, commencement and application

Apply to the supply of goods and/or services under the IGST / CGST / SGST Act

❑ Rule 2 : Definitions

- “goods of like kind and quality” means goods which are identical or similar in physical characteristics, quality and reputation as the goods being valued, and perform the same functions or are commercially interchangeable with the goods being valued and supplied by the same person or by a different person

- “services of like kind and quality” means services which are identical or similar in nature, quality and reputation as the services being valued and supplied by the same person or by a different person

❑ Rule 3 : Methods of determination of value—

1. Subject to rule 7, the value of goods and / or services shall be the transaction value.
2. The "transaction value" shall be the value determined in monetary terms.
3. Where the supply consists of both taxable and non-taxable supply, the taxable supply shall be deemed to be for such part of the monetary consideration as is attributable thereto.
4. The transaction value shall be accepted even where the supplier and recipient of supply are related, provided that the relationship has not influenced the price.

Valuation Rules: Yet to be Notified

❑ Rule 3 : Methods of determination of value—

1. Where goods are transferred from—

   a. one place of business to another place of the same business,

   b. the principal to an agent or from an agent to the principal, whether or not situated in the same State,

   the value of such supply shall be the transaction value.

2. The value of supplies specified in sub-section (4) of section 15 of the Act (i.e. which cannot be determined based on transaction value) shall be determined by proceeding sequentially through rules 4 to 6.

Valuation Rules: Yet to be Notified

- **Rule 4 : Determination of value of supply by comparison—**

1. Where the value of a supply cannot be determined under rule 3, the value shall be determined on the basis of the transaction value of goods and / or services of like kind and quality supplied at or about the same time to other customers, adjusted in accordance with the provisions of sub-rule (2).
2. In determining the value of goods and / or services under sub-rule (1), the proper officer shall make such adjustments as appear to him reasonable, taking into consideration the relevant factors, including-

a. difference in the dates of supply,
b. difference in commercial levels and quantity levels,
c. difference in composition, quality and design between the goods and / or services being valued and the goods and / or services with which they are compared,
d. difference in freight and insurance charges depending on the place of supply.

Valuation Rules: Yet to be Notified

❑ Rule 5 : Computed value method—

If the value cannot be determined under rule 4, it shall be based on a computed value which shall include the following:-

a. the cost of production, manufacture or processing of the goods or, the cost of provision of the services;

b. charges, if any, for the design or brand;

c. an amount towards profit and general expenses equal to that usually reflected in supply of goods and / or services of the same class or kind as the goods and / or services being valued which are made by other suppliers.

- **Rule 6: Residual method—**

Where the value of the goods and / or services cannot be determined under the provisions of rule 5, the value shall be determined using reasonable means consistent with the principles and general provisions of these rules.

- **Rule 7: Rejection of declared value—**

(1)(a) When the proper officer has reason to doubt the truth or accuracy of the value declared in relation to any goods and / or services, he may ask the supplier to furnish further information, including documents or other evidence and if, after receiving such further information, or in the absence of any response from such supplier, the proper officer still has reasonable doubt about the truth or accuracy of the value so declared, it shall be deemed that the transaction value of such goods and / or services cannot be determined under the provisions of sub-rule (1) of rule 3.

- **Rule 7: Rejection of declared value—**

(b) The reasons to doubt the truth or accuracy of the value of the supply declared by the supplier shall include, but not be limited to the following:

(i) the significantly higher value at which goods and / or services of like kind or quality supplied at or about the same time in comparable quantities in a comparable commercial transaction were assessed;

(ii) the significantly lower or higher value of the supply of goods and / or services compared to the market value of goods and / or services of like kind and quality at the time of supply; or

(iii) Any mis-declaration of goods and / or services in parameters such as description, quality, quantity, year of manufacture or production.

❑ Rule 7: Rejection of declared value -

(2) The proper officer shall intimate the supplier in writing the grounds for doubting the truth or accuracy of the value declared in relation to the supply of goods and / or services by such supplier and provide a reasonable opportunity of being heard, before taking a final decision under sub-rule (1).

(3) If after hearing the supplier as aforesaid, the proper officer is, for reasons to be recorded in writing, not satisfied with the value declared, he shall proceed to determine the value in accordance with the provisions of rule 4 or rule 5 or rule 6, proceeding sequentially.

Explanation: For removal of doubts, it is hereby declared that this rule by itself does not provide a method for determination of value. It provides a mechanism and procedure for rejection of declared value in cases where there is reasonable doubt that the declared value does not represent the transaction value.

❑ Rule 8: Valuation in certain cases

(1) Pure Agent

(a) Notwithstanding anything contained in these rules, the expenditure or costs incurred by the service provider as a pure agent of the recipient of service, shall be excluded from the value of the taxable service if all the following conditions are satisfied, namely:-

(i) the service provider acts as a pure agent of the recipient of service when he makes payment to third party for the goods and / or services procured;

(ii) the recipient of service receives and uses the goods and / or services so procured by the service provider in his capacity as pure agent of the recipient of service;

(iii) the recipient of service is liable to make payment to the third party;

(iv) the recipient of service authorises the service provider to make payment on his behalf;

Rule 8: Valuation in certain cases

(v) the recipient of service knows that the goods and / or services for which payment has been made by the service provider shall be provided by the third party;

(vi) the payment made by the service provider on behalf of the recipient of service has been separately indicated in the invoice issued by the service provider to the recipient of service;

(vii) the service provider recovers from the recipient of service only such amount as has been paid by him to the third party; and

(viii) the goods and / or services procured by the service provider from the third party as a pure agent of the recipient of service are in addition to the services he provides on his own account.

❑ Rule 8: Valuation in certain cases

Explanation: For the purposes of this sub-rule, "pure agent" means a person who–

(a) enters into a contractual agreement with the recipient of service to act as his pure agent to incur expenditure or costs in the course of providing taxable service;

(b) neither intends to hold nor holds any title to the goods and / or services so procured or provided as pure agent of the recipient of service;

(c) does not use such goods and / or services so procured; and

(d) receives only the actual amount incurred to procure such goods and / or services.

(2) Money Changer The value of taxable service provided for the services in so far as it pertains to purchase or sale of foreign currency, including money changing, shall be determined by the service provider in the following manner:-For a currency, when exchanged from, or to, Indian Rupees (INR), the value shall be equal to the difference in the buying rate or the selling rate, as the case may be, and the Reserve Bank of India (RBI) reference rate for that currency at that time, multiplied by the total units of currency

Registration

Forms for Registration

GST FORM	PARTICULARS
FORM GST REG-01	Application for New Registration
FORM GST REG-02	Acknowledgement for submission of registration application
FORM GST REG-03	Requisition for Clarification w.r.t. application
FORM GST REG-04	Clarification w.r.t. above
FORM GST REG-05	Rejection of application
FORM GST REG-06	Certificate of Registration
FORM GST REG-07	Application for New Registration for TDS / TCS

Forms for Registration

GST FORM	PARTICULARS
FORM GST REG-08	Cancellation of registration w.r.t. TDS / TCS
FORM GST REG-09	Application for unique identity number
FORM GST REG-10	Application for registration to non-resident taxable person
FORM GST REG-11	Application for amendment to registration
FORM GST REG-12	Order confirming amendment
FORM GST REG-13	Issue of order for suo moto registration

Forms for Registration

GST FORM	PARTICULARS
FORM GST REG-14	Application for cancellation of registration
FORM GST REG-15	Show cause for cancellation
FORM GST REG-16	Cancellation of Registration
FORM GST REG-17	Application for revocation of cancellation of registration
FORM GST REG-18	Order for revocation of cancellation
FORM GST REG-19	Notice for rejection of revocation of cancellation
FORM GST REG–20	Application by existing registrants

Forms for Registration

GST FORM	PARTICULARS
FORM GST REG-21	Provisional Certificate of registration to existing registered persons
FORM GST REG-22	Cancellation of provisional registration
FORM GST REG-23	Notice for cancellation of provisional registration
FORM GST REG-24	Application for cancellation of provisional registration of existing registrants
Form GST REG-25	Application for extension of period by casual taxable person and non-resident taxable person
Form GST REG-26	Report of physical verification

"Aggregate Turnover" means the aggregate value of all taxable supplies, exempt supplies, exports of goods and / or services and inter-State supplies of a person having the same PAN, to be computed on all India basis and excludes taxes, if any, charged under the CGST Act, SGST Act and the IGST Act, as the case may be.

Explanation.- Aggregate turnover does not include the value of inward supplies on which tax is payable by a person on reverse charge basis under sub-section (3) of Section 8 and the value of inward supplies.

"Input Service Distributor" means an office of the supplier of goods and / or services which receives tax invoices issued under section 28 towards receipt of input services and issues a prescribed document for the purposes of distributing the credit of CGST (SGST in State Acts) and / or IGST paid on the said services to a supplier of taxable goods and / or services having same PAN as that of the office referred to above

"Business Vertical" means a distinguishable component of an enterprise that is engaged in supplying an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business verticals

Explanation: Factors that should be considered in determining whether products or services are related include:

(a) the nature of the products or services

(b) the nature of the production processes

(c) the type or class of customers for the products or services

(d) the methods used to distribute the products or provide the services

(e) if applicable, the nature of the regulatory environment, for example, banking, insurance, or public utilities

"Casual Taxable Person" means a person who occasionally undertakes transactions involving supply of goods and / or services in the course or furtherance of business whether as principal, agent or in any other capacity, in a taxable territory where he has no fixed place of business;

"Non-resident taxable person" means a taxable person who occasionally undertakes transactions involving supply of goods and / or services whether as principal or agent or in any other capacity but who has no fixed place of business in India;

❑ Persons required to obtain registration:

- Every supplier who makes a taxable supply having aggregate turnover more than Rs.20 Lacs for States other than Special Category states
- Every supplier who makes a taxable supply having aggregate turnover more than Rs.10 Lacs for Special Category States
- Aggregate turnover shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals
- Supply of goods, after completion of job-work shall not be included in the aggregate turnover of the registered job worker

❑ Persons required to obtain registration:

- Every person who is registered on the day immediately preceding the appointed day
- No registration required if goods / services are wholly exempt / not liable to tax
- No registration required by an agriculturist, for the purpose of agriculture
- The transferee, or the successor upon transfer of business as a Going Concern
- The transferee in a case of transfer on account of amalgamation or de-merger of two or more companies by an order of a High Court
- Any person may voluntarily get himself registered

❑ Persons required to obtain registration irrespective of threshold limit

- persons making any inter-State taxable supply
- casual taxable persons & non-resident taxable persons
- persons who are required to pay tax under reverse charge
- persons who are required to deduct tax
- persons who are required to collect tax
- persons who supply goods and / or services on behalf of other registered taxable persons whether as an agent or otherwise
- Input Service Distributor

Persons required to obtain registration irrespective of threshold limit

- persons who supply goods through electronic commerce operator who is required to collect tax (other than on which electronic commerce operator is required to pay tax)
- every Electronic Commerce Operator
- every person supplying online information and database access, or retrieval services from a place outside India to a person in India, other than a registered taxable person
- such other person or class of persons notified by the Central Government or a State Government on the recommendations of the Council

❑ Multiple Business Verticals

- No business vertical of a taxable person shall be granted registration to pay tax under composition levy if any one of the other business verticals of the same person is paying tax under normal levy
- All separately registered business verticals shall pay tax on supply of goods and / or services made to another registered business vertical and issue a tax invoice for such supply.
- Procedure of verification and registration in line with other registrations

❑ Casual / Non-Resident Taxable Person

- Application to be submitted electronically
- Temporary identification number will be issued which can be used for depositing the advance tax
- The certificate of registration can be extended subject to advance deposit of tax for the period of extension and submission of application electronically for extension.

❑ Unique Identity Number to Specified Entities

- Specialized agency of the United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries / other person or class of persons, as may be notified by the Commissioner shall be granted a Unique Identity Number
- Submit application electronically
- Unique Identity Number will be allotted with 3 working days

Registration – Specific Issues

❑ Time limit for registration

- Within 30 days from the date on which he becomes liable to registration.
- Non-Resident / Casual Taxable Person to apply for registration at least five days prior to commencement of the business.
- PAN / TAN required for registration – however other document may be sufficient for non-resident taxable person
- If person fails to register, officer may proceed to register
- Registration or an Unique Identity Number shall be deemed to have been granted if no deficiency is communicated
- Any rejection of application for registration or the Unique Identity Number under the CGST Act / SGST Act shall be deemed to be rejection in other

Procedure for Registration

- PAN / Mobile number / Email address is mandatory for registration – validation of PAN online / Validation of mobile and email id through OTP passwords to respective accounts
- Online application reference number will be generated based on which application can be done electronically along with information / documents
- Query / clarification needs to be called for within 3 days of submission of application
- Registration to be issued within 3 common working days from the date of submission of application, or within 7 common working days from the date of receipt of clarification, information or documents furnished
- Physical verification of business premises may be done after issue of registration certificate in some cases
- Registration effective from the date on which the person becomes liable to registration where the application for registration has been submitted within 30 days from such date or if beyond 30 days, the date of registration will be date of grant of registration

Procedure for Amendment

- Application to be made electronically within 15 days of the change along with documents
- If change relates to the Name of Business, Principal Place of Business, and details of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for day to day affairs of the business which does not warrant cancellation of registration under section 21, approval for amendment is required
- If change relates to any particulars other than those specified above, approval will not be required.
- Change in the mobile number or the e-mail address will be only through Common portal

Procedure for Amendment

- Fresh registration required where change in constitution results in new PAN.
- Registration to be issued within 15 common working days from the date of submission of application, or within 7 common working days from the date of receipt of clarification, information or documents furnished
- Notice may be issued within 15 common working days from the date of receipt of the application, requiring the registered taxable person to show cause, within seven common working days of the service of the said as to why the application submitted shall not be rejected

Procedure for Existing Registrants

- Person registered under earlier laws and having PAN will be issued a certificate of registration with GSTIN on provisional basis
- Submit an application electronically along with the information and documents
- Certificate of Registration to be issued if information found in line with requirements, else cancellation after providing opportunity of being heard.
- If information is not submitted, then registration may be cancelled after serving a notice to Show Cause
- Existing registrant not required to register under GST can apply for cancellation electronically and the application will be processed as per cancellation process.

Cancellation of Registration

- **Cancellation of registration by registered person**
  - ✓ Discontinuation of business
  - ✓ Change in constitution of business
  - ✓ Transfer of business
  - ✓ Where person is no longer liable for registration.
- **Cancellation of registration by proper officer**
  - ✓ contravened the provisions of the Act or the rules made thereunder
  - ✓ Non filing of return for continuous period of 6 months
  - ✓ Non filing of return for 3 consecutive tax periods in case of persons opting for compounding levy
  - ✓ Voluntary registration and business not commence with in 6 months.
  - ✓ Any registration has been obtained by means of fraud, willful misstatement or suppression of facts

Procedure for Cancellation of registration by registered person

- Electronically submit an application at common portal
- Include details of closing stock and liability thereon
- Pay an amount equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher. For capital goods, pay an amount equal to the input tax credit taken on the said capital goods reduced by the percentage points as may be prescribed in this behalf or the tax on the transaction value of such capital goods, whichever is higher
- Submit relevant documents in support thereof
- No cancellation for one year in case of voluntary registration
- Final Return needs to be furnished

Procedure for Cancellation of registration by officer

- Issue a notice to the taxable person to show cause within seven days as to why his registration should not be cancelled
- After satisfying himself, issue order for cancellation within 30 days from the date of application / the date of reply to the show cause issued
- Notify the taxable person arrears, tax, interest or penalty, if any

Revocation of Cancellation

- Submit an application for revocation of cancellation of registration within 30 days of the date of service of the order of cancellation of registration
- Revocation cannot be filed if cancellation is on account of failure to furnish returns or failure to pay liability unless such return is filed / liabilities are discharged
- Cancellation to be revoked for justified reasons within 30 days of application or receipt of clarification

Registration Number

15 digit Centralized PAN based

One State One Registration

Option of multiple reg. within a state for diff. business segments

Contain State Code

E-mail ID and the internet bank account number

1st & 2nd Digit

- State Code as defined under the Indian Census 2011

  Unique Two Digit Code

3rd to 12nd Digit

- PAN

13nd Digit

- alpha-numeric – 1 to 9 and then A to Z

14th Digit

- Blank for future use

15th Digit

- Check Digit

State wise PAN-based 15-digit GSTIN:

GST Compliance Rating / Black listing Provision

(Business Process Reports)

- Every taxable person shall be assigned a GST compliance rating score based on prescribed parameters
- GST compliance rating score shall be updated at periodic intervals and communicated to the taxable person and put in public domain
- The Business Process Reports also stated:
  - Rating will be for regulating ITC by others
  - Notified (auto-SMS) to all dealers who have pre-registered this dealer (black listed now) as their supplier
  - Prospective only (from month next to blacklisting)
  - Blacklisted GSTINs cannot be uploaded in purchase details
  - Corresponding denial of ITC to be supported by suitable provision in the law
  - ITC reversal in hands of the buyer should take place for disowning of any tax invoice with date prior to effect of blacklisting of the seller
  - Once blacklisting is lifted, buyers can avail unclaimed ITC subject to this dealer uploading sales details along with tax and interest

GST : PART IV

Important Definition, Job Work, Input Tax Credit, ISD, TDS, Impact overview of Segments, Ecommerce

CONTENTS

JOB WORK

❑ Section 2(68):

"job work" means undertaking any treatment or process by a person on goods belonging to another registered taxable person and the expression "job worker" shall be construed accordingly.

❑ Intimation

Intimation to send taxable goods, without payment of tax, to a job worker for job-work and from there subsequently send to another job worker and likewise with prior permission of The Commissioner.

❑ Conditions for availment in respect of inputs sent for job work:

- Input tax Credit is allowed on inputs sent to a job-worker for job-work if the inputs, after completion of job-work, are received back by him within 1 year of their being sent out

- ITC will be allowed even if the inputs / capital goods are directly sent to a job worker for job-work without their being first brought to his place of business

- ITC is allowed on capital goods sent to a job-worker for job-work if the capital goods, after completion of job-work, are received back by him within 3 years of their being sent out (other than moulds and dies, jigs and fixtures, or tools)

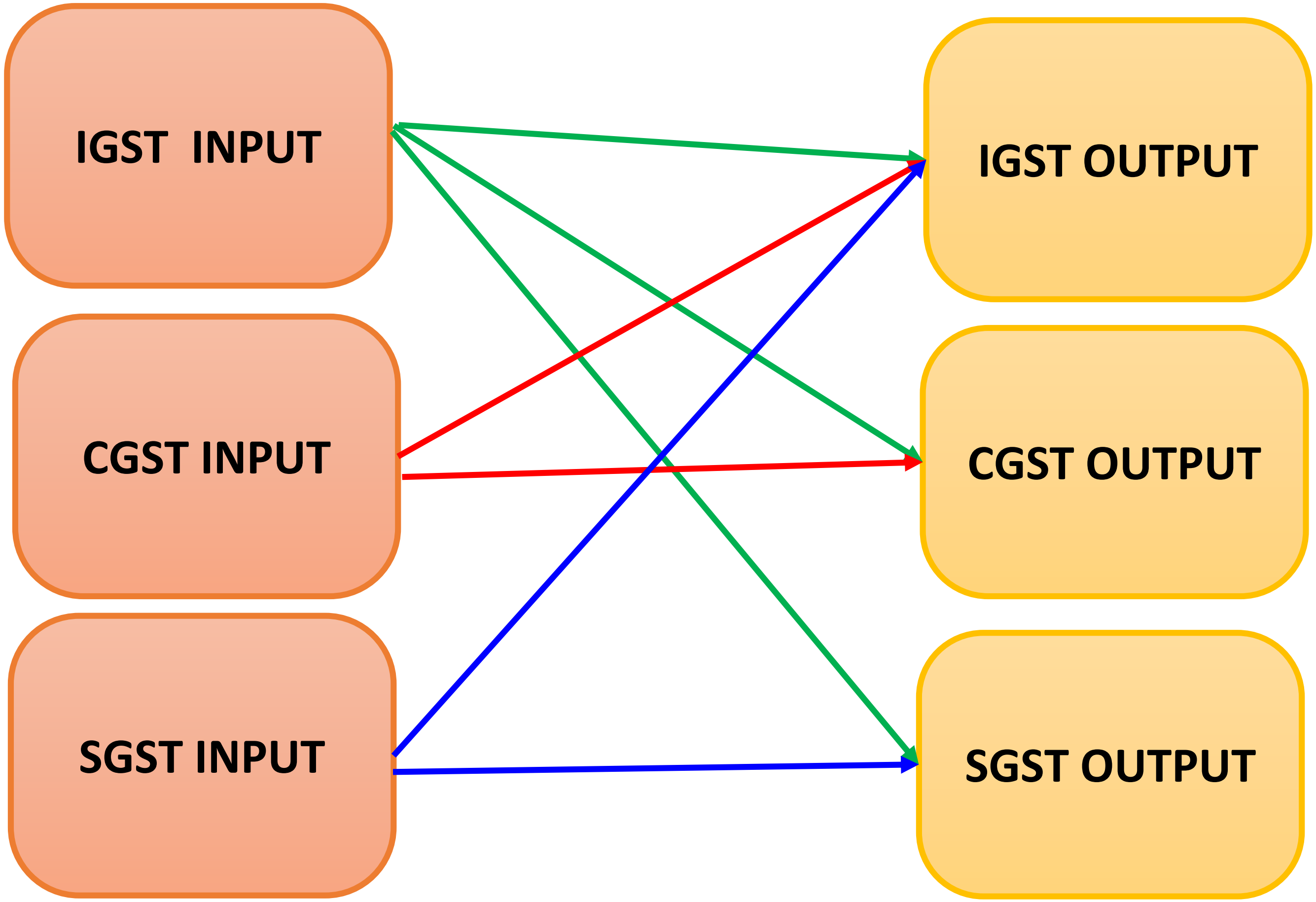
- It the inputs or capital goods are not received with in specified time limit, the inputs / capital goods shall be **deemed to have been supplied** when the same were sent out.

❑ Supply of goods from the place of Job worker

- The goods send to job worker shall be brought back to any place of business of taxable person.
- Scrap / waste generated can be disposed off from job worker on payment of tax – by job worker if he is registered / principal if he is not registered
- Supply such goods from the place of business of a job-worker on payment of tax within India, or with or without payment of tax for export, as the case may be provided place of business of such job worker is declared as additional place of business by principal in his registration except:
  - where the job worker is registered under section 23
  - where the “principal” is engaged in the supply of such goods as may be notified by the Commissioner in this behalf

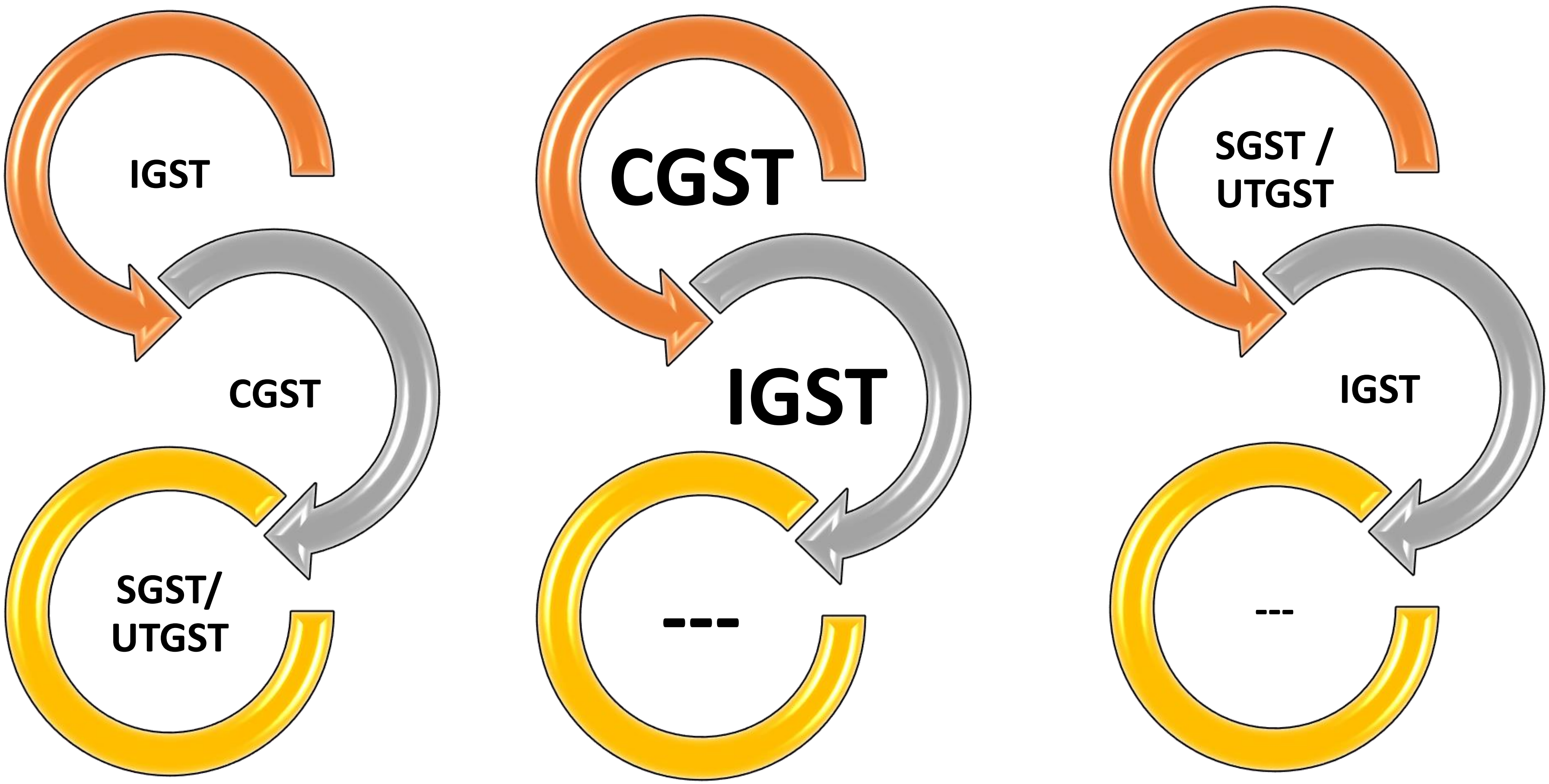
Input Tax Credit

Proposed Flow of ITC Credit..



ITC credit of SGST is not available for CGST or vice-a-versa

Sequence of Use of IGST



Relevant Definitions

"capital goods" means goods, the value of which is capitalised in the books of accounts of the person claiming the credit and which are used or intended to be used in the course or furtherance of business

"input" means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business

"input service" means any service used or intended to be used by a supplier in the course or furtherance of business

"**inward supply**" in relation to a person, shall mean receipt of goods and / or services whether by purchase, acquisition or any other means and whether or not for any consideration

"**outward supply**" in relation to a person, shall mean supply of goods and / or services, whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other means made or agreed to be made by such person in the course or furtherance of business

Input Tax Credit

- Input tax credit allowed to every taxable person - can be availed when the goods and / or services are used in the course or furtherance of business
- Input tax credit will be allowed for zero rated supplies but will not be allowed for exempt supplies (which includes non-taxable supplies)
- In case of a change in the constitution of a registered taxable person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provision for transfer of liabilities, the said registered taxable person shall be allowed to transfer the input tax credit that remains unutilized
- Entitled to take credit of input tax in respect of goods held in stock on the day immediately preceding the day with effect from date on which taxpayer becomes liable to pay tax.
- Reversal of credit of input tax in respect of goods held in stock on the day immediately preceding the date from on which taxpayer ceases to pay tax

Conditions for availment and utilization of ITC

- Tax Invoice / Debit note or other tax paying documents as prescribed
- Receipt of the goods / services by the recipient / agent / person acting on recipient's direction
- Tax has to be paid to the credit of the appropriate Government
- Return has been filed under the Act
- ITC will be allowed upon receipt of last lot or installment where goods received in lots against an invoice
- ITC to be availed within period of one year from the date of invoice
- Value of the service along with tax needs to be paid within 3 months from date of issue of invoice
- Immediate ITC on Capital Goods without any restriction

Conditions for availment and utilization of ITC

- At the time of removal of capital goods, taxable person shall pay an amount equal to the input tax credit taken on the said capital goods reduced by the percentage points (as specified) or the tax on the transaction value of such capital goods, whichever is higher.
- Credit shall be restricted to so much of the input tax as is attributable to the purposes of his business and attributable to non-business purpose will be disallowed
- Credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies and no credit will be allowed w.r.t. exempt supplies - exempt supplies shall include supplies on which recipient is liable to pay tax on reverse charge basis
- Banking company or a financial institution including a non-banking financial company shall have option to avail credit proportionately or an amount equal to 50% of the eligible input tax credit on inputs, capital goods and input services in that month

Conditions for availment in respect of inputs sent for job work

- Input tax Credit is allowed on inputs sent to a job-worker for job-work if the inputs, after completion of job-work, are received back by him within 1 year of their being sent out
- ITC will be allowed even if the inputs / capital goods are directly sent to a job worker for job-work without their being first brought to his place of business
- ITC is allowed on capital goods sent to a job-worker for job-work if the capital goods, after completion of job-work, are received back by him within 3 years of their being sent out (other than moulds and dies, jigs and fixtures, or tools)
- It the inputs or capital goods are not received with in specified time limit, the inputs / capital goods shall be **deemed to have been supplied** when the same were sent out.

In-eligible Input Tax Credit

- Motor vehicles with few exceptions
- Food & Beverages
- Outdoor catering
- Beauty treatment
- Health services
- Cosmetic and plastic surgery
- Membership of a club
- Health & fitness center (other than obligatory under Government notification)
- Life insurance, health insurance (other than obligatory under Government notification)
- Rent-a-cab (other than obligatory under Government notification)

In-eligible Input Tax Credit

- Travel benefits extended to employees on vacation used primarily for personal use or consumption of any employee
- Goods and / or services acquired in execution of works contract when such contract results in construction of immovable property (other than P&M)
- Goods / services which are used in the construction of immovable property (Other than P&M) even when used in furtherance of business
- Goods and / or services on which tax has been paid under compounding levy scheme
- Goods and / or services used for personal consumption
- Goods lost, stolen, destroyed, written off or disposed off by way of gift or free samples
- If depreciation on the tax component of the cost of capital goods under the provisions of the income tax is claimed
- Any tax paid in terms of sections 67, 89 or 90

Issues w.r.t. Input Tax Credit

- Conditions for availing credit : from the date of registration OR from the date when he becomes liable for payment of tax (Input credit on stocks subject to correlation of duty paying documents)
- Input Tax Credit will be available to the recipient of goods / services only upon payment of tax by the supplier
- Input tax credit can be taken only when such amount of input tax is paid by the supplier
- Input tax credit will not be allowed for the goods / services used for private use or personal use. In other words, input tax credit will be litigated for supplies of goods and services for captive purpose
- Now input tax credit even on capital goods which are used for both taxable and non-taxable goods / services need to be proportionately availed
- Input tax credit will be allowed only upto annual return is filed
- No Input Service Credit is allowed on goods & services used for construction of property

Matching, reversal and reclaim of ITC

- Inward supplies shall be matched :
  - With the corresponding details of outward supply furnished by the corresponding taxable person
  - With the additional duty of customs in respect of imported goods
  - For duplication of claims of input tax credit

- The amount in respect of which any discrepancy is not rectified by the supplier in his valid return for the month in which discrepancy is communicated, such amount shall be added to the output tax liability of the recipient, in his return for the month succeeding the month in which the discrepancy is communicated. Interest will also be applicable on such output tax liability

Matching, reversal and reclaim of ITC

- When the supplier declares the details of the invoice and / or debit note in his valid return, the output tax liability of recipient will be reduced to that extent and interest will be credited to the electronic cash ledger

- The excess input tax credit claimed on account of duplication of claims shall be added to the output tax liability of the recipient along with interest in his return for the month in which the duplication is communicated

Matching, reversal and reclaim of reduction in Output tax liability

- The claim for reduction in output tax liability by the supplier shall be matched with the corresponding reduction in the claim for input tax credit by the recipient
- In case the reduction of output tax liability in respect of outward supplies exceeds the corresponding reduction in the claim for input tax credit or the corresponding credit note is not declared by the recipient in his valid returns, the discrepancy shall be communicated to both supplier and recipient.
- The duplication of claims for reduction in output tax liability shall be communicated to the supplier and it shall be added to the output tax liability of the supplier in his return for the month in which such duplication is communicated.

Matching, reversal & reclaim of reduction in Output tax liability

- If the discrepancies are not rectified by the recipient in his valid return for the month in which discrepancy is communicated, the same along with interest shall be added to the output tax liability of the supplier
- The supplier shall be eligible to reduce such amount, from his output tax liability, if the supplier declares the details of the invoice and / or debit note in his valid return on or before September subsequent to financial year. The interest paid earlier shall be credited to the electronic cash ledger.
- Both supplier and recipient will have to report credit note, otherwise tax liability will not be reduced.

Input Service Distributor

❑Sec 2(61):Input Service Distributor

- "**Input Service Distributor**" means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having same Permanent Account Number as that of the said office

❑ Sec 2(6):Aggregate Turnover

- "**Aggregate Turnover**" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of a person having the same Permanent Account Number, to be computed on all India basis and excludes central tax, State tax, Union territory tax, integrated tax and cess

Manner of distribution of credit by Input Service Distributor

- **Distributor and the recipient of credit are located in different States**
  - The credit of CGST as CGST or IGST & IGST as IGST or CGST to be distributed, by way of issue of a prescribed document
  - The credit of SGST as SGST or IGST, by way of issue of a prescribed document
- **Distributor and the recipient of credit, being a business vertical, are located in the same State**
  - The credit of CGST and IGST to be distributed as CGST, by way of issue of a prescribed document
  - The credit of SGST and IGST to be distributed as SGST, by way of issue of a prescribed document

Conditions of distribution of credit by Input Service Distributor

- The credit of input services to be distributed against prescribed documents containing prescribed details
- The amount of credit distributed shall not exceed the amount of credit available for distribution
- Credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient
- Credit of tax paid on input services attributable to more than one recipient of credit shall be distributed only amongst such recipient(s) to whom the input service is attributable and such distribution shall be *pro rata* on the basis of the turnover in a State of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period
- Credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period

- **Relevant period:**
  - if the recipients of the credit have turnover in their States in the financial year preceding the year during which credit is to be distributed, the said financial year
  - if some or all recipients of the credit do not have any turnover in their States in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed
- 'recipient of credit' means the supplier of goods and / or services having the same PAN as that of Input Service Distributor
- 'turnover' means aggregate value of turnover

Manner of recovery of credit by Input Service Distributor

- The credit distributed in excess of credit available for distribution shall be recovered from recipient along with interest
- Provisions of section 66 or 67 shall apply for effecting recovery

Tax Deducted at Source

Tax Deducted at Source

- TDS on supply of notified goods / services
- Persons responsible for deducting tax - Department or Establishment of Central or State Government / Local authority / Government Agencies / Such persons or categories of person as notified by the Government
- TDS will be applicable where the total value of such supply, under a contract, exceeds rupees 2.5 lacs – Value is excluding taxes value
- TDS will be deducted @ 1% from the payment made or credited to the supplier
- Tax deducted to be deposited within 10 days of the end of the month in which tax is deducted

Tax Deducted at Source

- TDS Certificate to be furnished giving the details of contract value, rate of deduction, amount deducted, amount paid and other relevant particulars
- If deductor fails to issue TDS certificate within 5 days of crediting such amount to Government, he will be liable to pay late fees of Rs. 100/- per day maximum upto Rs. 5,000/-.
- Deductee shall claim credit in the electronic cash ledger
- If deductor fails to pay the TDS to the credit of the Government, interest will be leviable
- Determination of the amount in default shall be in accordance with section 66 or 67
- Refund of wrong deduction will be made in accordance with provisions applicable to refund specified in Section 48 - no refund to deductor shall be granted if the amount deducted has been credited to the electronic cash ledger of the deductee

BUSINESS SEGMENTS

Business Segments

1. E-Commerce
2. Units located in Uttarakhand & Himachal Pradesh
3. Units located in North Eastern States
4. EOU / STP / EHTP / HTP / BTP
5. Private Bonded Warehouses & Public Bonded Warehouses
6. Free Trade Warehousing Zones (FTWZ)
7. Special Economic Zones (SEZ)
8. Units located in Jammu & Kashmir

Electronic Commerce

- Sec 2(44):'**electronic commerce**' means supply of goods and / or services including digital products over digital or electronic network
- Sec 2(45):'**electronic commerce operator**' means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce

Collection of Tax at Source:

- Every electronic commerce operator shall, collect the tax at the time of credit of any amount to the account of the supplier of goods and / or services or at the time of payment of any amount towards the supply of goods and / or services made through it.
- Tax will be collected @ 1% of net value of taxable supplies - aggregate value of taxable supplies of goods or services, other than services notified under sub-section (4) of section 8, made during any month by all registered taxable persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month
- The amount collected shall be paid to the credit of the appropriate Government by the operator within ten days after the end of the month in which such collection is made
- Supplier shall claim credit in his electronic cash ledger

❑ Return:

- Return towards outward supplies of goods and / or services during a calendar month in specified format shall be submitted by the ecommerce operator within ten days after the end of the month
- Details of supplies and amount collected as per the return filed by E-commerce operator will be matched with the outward supplies mentioned by the supplier in his return and if any discrepancy is found intimation of the same will be given to both E-commerce operator and supplier.
- Required corrections to be made in return pertaining to the same month in which such discrepancy is communicated, otherwise the amount of such tax would be added to output tax liability of supplier
- **Annual Return to be submitted by 31^{st} Dec of subsequent year.**

IMPACT OVERVIEW ON BUSINESS TRANSACTIONS

IMPACT OVERVIEW – BUSINESS TRANSACTIONS

Category	Business Transactions
Supply Chain	• Procurement within State & Outside State • Domestic Sale RM / PM / Spares / Tooling - Unrelated / Related Party - within / outside State . • Domestic Sale CG - Unrelated / Related Party - within / outside State. • Purchase Returns / Rejections etc. • Goods Given on Loan Basis. • Direct clearance to Job-worker. • High-Seas Sale during the import in country. • Transit Sale. • Shortage in receipt of goods. • Excess receipt of the goods.
Services	• Place of Supply Rules & ITC Credit • Services – Intra - State • Services - Inter - State • Service availed by the Corporate Office & used for Factories / Warehouses etc/etc Within State/ outside State • Import of Services • Service Provided on contractual nature to Buyer of the seller within state / outside state • Service Provider located in One State and material supplier free of cost by manufacturer and Service are provided within state / outside state • ISD Mechanism • Reverse Charge Mechanism

IMPACT OVERVIEW – BUSINESS TRANSACTIONS

Category	Business Transactions
Manufacturing Cycle	• Sample for testing on Returnable Basis. • Sample for testing on Non-Returnable Basis. • Quality Samples • Pure Job Work with material. • Job Work with Addition of Material from Job Worker. • Rework on Non-chargeable Basis. • Rework on Chargeable Basis. • Goods sent for Repairing / Calibration / Testing (on returnable basis). • Good sent on Returnable Basis. • Transfer to Other own Factory or Related Party. • Consumption of Inputs within same Factory when Intermediate Goods are Excisable (Taxable) & FG exempted. • Tool Amortization. • Destruction of FG - within / outside. • Destruction of RM/PM etc. - within / outside. • Tools manufactured by Supplier and lying with Supplier. • Manufacture of goods with receipt of free supplies.

IMPACT OVERVIEW – BUSINESS TRANSACTIONS

Category	Business Transactions
Distribution & Logistics	Stock Transfer to Other Warehouses / Depots / C&F Agents / Consignment Sales.
Marketing & Sales Promotion	• Free Gifts of Bought outs. • Sample for Sale Promotions. • Supply of Goods for purchase of different goods – Barter Sale / Exchange Sale. • Business Exhibitions & Events
Sales	• Domestic Sale FG - within State (FG means finished goods, by-products, co-products & scraps) • Domestic Sale FG - outside State. • Export Sale to Related / Unrelated Party / Third Party Exports. • Sales Returns • Non-acceptance of Goods / Non-delivery of Goods. • Clearance of Goods on Sale on Approval Basis. • Clearance to Consignee. • Sales on Schemes / Combo Packs.

IMPACT OVERVIEW – BUSINESS TRANSACTIONS

Category	Business Transactions
Accounting & Profitability	• Material Accounting - Integral part of Accounting System • Valuation of Goods / Services - with Consideration • Valuation of Goods / Services - without Consideration • ERP System - Needs change • Purchase Transactions & Sales Transactions Matching • Strict Accounting through Debit Note & Credit Notes • Impact Analysis on Profitability of Retention vis-à-vis Additional Tax

GST : PART V

Returns & Accounts, Records, Assessment, Demand, Search, Seizure, Audit, Offences & Penalties, Settlement, Compounding , Advance Ruling

CONTENTS

- Returns
- Accounts & Records
- Assessment and audit
- Demands and recovery
- Inspection, Search, Seizure & Arrest
- Offences & Penalties, Prosecution & compounding of offences
- Appeals, Settlement Cases
- Advance Ruling

Returns

Forms for Returns

GST FORM	PARTICULARS	Date
FORM GSTR-1	Monthly Details of outward supplies of goods and / or services	10^{th} of subsequent month. changes allowed only in the subsequent month.
FORM GSTR-2	Monthly Details of inward supplies	15^{th} of subsequent month.
FORM GSTR-3	Monthly return	20^{th} of subsequent month.
FORM GSTR-4	Quarterly Return under Composition Scheme	18th day of subseuent quarter
FORM GSTR-5	Monthly Return by non-resident taxable person	20th of the month succeeding tax period & within 7 days after expiry of registration
FORM GSTR-6	Monthly ISD Return	13^{th} of subsequent month.

Forms for Returns

GST FORM	PARTICULARS	Date
FORM GSTR-7	Monthly Return - Details of Tax Deducted at Source	10th of subsequent month
FORM GSTR-8	Monthly Return - Details of Tax Collected at Source	10th of subsequent month
FORM GSTR-9	Annual Return	31st Dec of subsequent year
FORM GSTR-9A	Annual Return for Composition Scheme	31st Dec of subsequent year
FORM GSTR-9B	Audited annual accounts and a reconciliation statement, duly certified	31st Dec of subsequent year
FORM GSTR-10	Final Return	within 3 months
FORM GSTR-11	Details of inward supplies of persons having Unique Identity Number	End of every month
Form GSTR	**Annual return for E-Commerce Operators**	**31st Dec of subsequent year**

Forms – Generated through Common Portal

GST FORM	PARTICULARS
FORM GSTR-2A	Monthly Details of outward supplies furnished by the supplier as made available electronically to each of the registered taxable persons (recipients)
FORM GSTR-1A	Monthly Details of inward supplies added, corrected or deleted by the recipient shall be made available to the supplier electronically
FORM GSTR-6A	Details of ISD
FORM GSTR-7A	Details of Tax Deducted at Source made available to deductee
FORM GSTR-3A	Notice to non-filers of returns
FORM GST ITC-1	Final acceptance of claim of input tax credit / claim of reduction in output tax liability / Communication and rectification of discrepancy in details

Rule 1 of Draft GSR Return Rules

GSTR – 1 : Details of Outward Supplies

Due Date 10th of subsequent month

- Provision for mentioning place of supply when different from the location of recipient
- Provision for mentioning tax payable under reverse charge
- Provision for mentioning provisional assessment
- Provision for corrections of previous month in outward supplies -B2B Supply - Intra state and inter state
- Provision for B2C Supply - Intra state and inter state
- Details for mentioning debit note and credit note and impact on tax including amendment in previous month's debit note and credit note

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GSTR – 1 : Details of Outward Supplies

Due Date 10th of subsequent month

Details of outward supplies which are exempted, non-taxable and having Nil rate
Details of Exports and Deemed Exports including amendment of previous month's supplies
Details of tax already paid on advances and subsequently corresponding invoice issued
Documents reference to be generated for advance received and tax paid
Provision for supply made to E-Commerce operator and amendment in subsequent month
Invoice cut off and invoice control
Auto correction after 1A acceptance

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GSTR – 2 : Details of Inward Supplies

Due Date 15th of subsequent month

- Auto populated based on suppliers GSTR-1 and GSTR-2A
- Provision for mentioning place of supply when different from the location of recipient
- Eligibility of ITC Credit on inputs, capital goods & input services, partial or full or ineligibility to be mentioned against each transactions of inward supplies
- Provision to include any inward supplies which has not been auto populated
- Provision to include the inward supplies for which tax is required to be paid on reverse charge basis and which has not been auto populated
- Provision of amending inward supplies received in previous months

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GSTR – 2 : Details of Inward Supplies

Due Date 15th of subsequent month

☛ Provision to include details of imported inward supplies of goods & services and amendment of inward supplies of goods & services received in previous months
☛ Provision to include debit note & credit note which are not auto populated and also amendment for such debit notes credit notes received pervious months
☛ Provision to include Supplies received from composition taxable person/unregistered person & other exempt/nil/non GST supplies - Inter State & Intra State
☛ Details of credit received on account of TDS, TCS and ISD and details of partial credit availed in previous month (capital goods)
☛ Provision to give the details of advances on which reverse charge is required to be paid and amendment thereto for previous month
☛ Details of ITC reversal on account of mismatch and any other reason & amendment thereto in subsequent month

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Rule 2 of Draft GSR Return Rules

GSTR – 3 : Monthly Return

Due Date 20th of subsequent month

- Provision to give total turnover separately for Taxable Turnover, Export Turnover, Nil rated and Exempted Turnover, Non GST Turnover
- Most of the information of outward supplies and inward supplies are auto populated based on GSTR -1 & GSTR -2
- Provision for Output tax added / reduced on account of non-rectification / rectification of communicated mismatches
- Provision for Total tax liability for the month for goods & Services separately
- Provision for ITC received during the month, mainly from electronic ITC ledger
- Auto populated Tax, interest, late fee and penalty paid from Electronic cash ledger and ITC ledger
- Provision for Refunds claimed from cash ledger

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Rule 4 of Draft GSR Return Rules

GSTR – 4 : Quarterly Return (Compounding Levy)

Due Date 18th of subsequent quarter

- Provision for Inward supplies including supplies received from unregistered persons other than auto populated and amendment thereto in the subsequent month
- Provision to include details of imported inward supplies of capital goods, input & services and amendment of inward supplies of capital goods, input & services received in previous months
- Provision for outward supplies made intra state & inter state and amendment thereto
- Provision to include debit note & credit note which are not auto populated and also amendment for such debit notes credit notes received pervious months

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Rule 4 of Draft GSR Return Rules

GSTR – 4 : Quarterly Return (Compounding Levy)

Due Date 18th of subsequent quarter

- Details of credit received on account of TDS, TCS and ISD and details of partial credit availed in previous month (capital goods)
- Provision to include the inward supplies for which tax is required to be paid on reverse charge basis and which has not been auto populated
- Provision to give the details of advances on which reverse charge is required to be paid and amendment thereto for previous month
- Documents reference to be generated for advance received and tax paid
- Provision for Liability payable, Tax payable and refund claim

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Rule 5 of Draft GSR Return Rules GSTR – 5 : Non-Resident Foreign Taxable Person

Due Date 20th of subsequent month & within 7 days after expiry of registration

- Provision for goods & Services imported and amendment thereto
- Provision for outwards supplies and amendment thereto
- Details of debit note and credit note and amendment thereto
- Provision for Tax paid
- Provision for closing stock of goods
- Provision for refund claim from cash ledger

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Rule 6 of Draft GSR Return Rules GSTR – 6 : Input Service Distributor Return

Due Date 13th of subsequent month

- From Registered Taxable Persons (to be auto-populated from counter party GSTR-1 and GSTR-5) and provision for non- auto populated and amendment thereto
- Details of debit note and credit note and amendment thereto
- Provisions for details of Input Service Distribution and amendment thereto
- Provision for ISD Ledger giving details of Opening Balance ITCs received, ITC Reversal, ITC Distributed, Distributed as IGST, Distributed as CGST, Distributed as SGST, Closing balance

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Rule 7 of Draft GSR Return Rules

GSTR – 7 : TDS Return

Due Date 10th of subsequent month

- Provision for details of TDS & amendment thereto
- Details of liability payable, paid & refund claim

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Rule 21 of Draft GSR Return Rules

GSTR – 9 : Annual Return

Due Date 31st December of the next Financial Year

☛ Details of expenditure giving for goods & services received quantity, value & HSN code/ accounting code (inter-state & intra state, import) including other expenditure.
☛ Details of income giving for goods & services received quantity, value & HSN code/ accounting code (inter-state & intra state, export, deemed export, purchase return) including other income
☛ Return reconciliation Statement giving details of IGST, CSGT, SGST, arrears, & refund
☛ Provision for Profit as Per the Profit and Loss Statement, Gross Profit, Profit after Tax, Net Profit and

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Rule 21 of Draft GSR Return Rules GSTR–9A : Annual Return for Compounded Dealer

Due Date 31st December of the next Financial Year

- Details of expenditure giving for goods & services received quantity, value & HSN code/ accounting code (inter-state & intra state, import) including other expenditure.
- Details of income giving for goods & services received quantity, value & HSN code/ accounting code (inter-state & intra state, export, deemed export, purchase return) including other income
- Return reconciliation Statement giving details of IGST, CSGT, SGST, arrears, & refund
- Provision for Profit as Per the Profit and Loss Statement, Gross Profit, Profit after Tax, Net Profit and

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Due Date 31st December of the next Financial Year

☛	Details of expenditure giving for goods & services received quantity, value & HSN code/ accounting code (inter-state & intra state, import) including other expenditure.
☛	Details of income giving for goods & services received quantity, value & HSN code/ accounting code (inter-state & intra state, export, deemed export, purchase return) including other income

Microsoft Excel Worksheet

Due Date 31st December of the next Financial Year

☛	Return reconciliation Statement giving details of IGST, CSGT, SGST, arrears, & refund with Annual return vis-à-vis profit and loss account and balance sheet giving details of reasons of reconciliation as illustration
☛	Provision for Profit as Per the Profit and Loss Statement, Gross Profit, Profit after Tax, Net Profit and
☛	Return to be certified by Cost Accountant or Chartered Accountant along with audit report

Microsoft Excel Worksheet

Rule 22 of Draft GSR Return Rules

GSTR–10 : Final Return

Due Date within 3 months of surrender or cancellation of registration

☛	Provision for date of surrender and details of cancellation order
☛	Details of closing stock held on the date of cancellation
☛	Details of amount of tax payable on closing stock

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Rule 22 of Draft GSR Return Rules

Mismatch Report

Due Date end of every month

- Final ITC matched credit and duplicate entries, otherwise mismatch amount will be added in output tax liability
- Summary of ITC Claimed in current tax period, Matched ITC claim for current tax period , Mismatched ITC of earlier tax period matched in current tax period, ITC Mismatched - Current Period, Mismatched ITC of earlier tax period- Added as Output tax liability , Output Tax added due to Duplicate ITC Claim for CGST, SGST & IGST will be provided
- ITC mismatch report will be provided in 2 parts
  A. Where Both supplier and recipient has filed valid relevant returns
  B. Where Supplier has not filed valid return
- Additional invoices added by recipient will remain under mismatch category till these are accepted by pairing supplier.
- All invoices will remain under mismatch pertaining to those suppliers who have not filed the valid returns till date

Microsoft Excel Worksheet

Rule 22 of Draft GSR Return Rules

Mismatch Report

Due Date end of every month

- Difference between ITC claimed by receiver taxpayer and output tax paid by supplier taxpayer will be highlighted
- Report for duplicate claims also will be provided
- ITC Mismatch Report due to credit notes will be provided
- Details of month wise reversal, reclaim of reversed ITC & reduction in output tax, Summary of mismatches and list for tax authorities, Difference between output tax reduced by supplier taxpayer and ITC reduced by receiver taxpayer will be highlighted
- Report on credit notes issued by supplier but recipient is yet to reduce ITC giving summary of Output tax reduced by Supplier in current tax period, Corresponding ITC reduced by receiver in current tax period , Mismatched reduction in output tax of earlier tax period matched in current tax period , Reduction in output tax not matched by corresponding decrease in ITC, Mismatched reduction in output tax of earlier tax period - Added as Output Tax liability in current tax period
- Mismatch report- Outward supplies made through e-commerce operator (For Supplies to Registered Dealers & unregistered persons separately)
- Separate Mismatch Reports for E-commerce Operators

Microsoft Excel
Worksheet

- **Late fee for filing of returns other than annual return:**

Fee Rs. 100 per day maximum upto Rs. 5000/- will be applicable for delay in submission returns (other than annual return).

- **Late fee for filing of annual return:**

Fee Rs. 100 per day maximum up to 0.25% of aggregate turnover will be applicable for delay in submission annual return.

Accounts and Records

Invoice

Supplier	Type of document
Supplier of goods and / or services	Tax invoice
Banking company & or a financial institution & non-banking financial	Tax invoice or any other document
A goods transport agency	Tax invoice or any other document
Input Service Distributor	ISD Tax invoice
Non-taxable goods	Bill of supply
Composition levy	Bill of supply
Passenger transportation service	Ticket

❑Details to be mentioned on Tax invoice

- Name, address and GSTIN of the supplier;
- serial number containing only alphabets and / or numerals, unique for a financial year;
- date of issue;
- For Registered recipient
  - Name, address and GSTIN / Unique ID Number of the recipient
  - the address of delivery,
- For Un-registered recipient
  - name of State and its code, only where the taxable value of supply is fifty thousand rupees or more;
- HSN code of goods or Accounting Code of services;
- description of goods or services;
- place of delivery where it is different from the place of supply;
- whether the tax is payable on reverse charge;

❑Details to be mentioned on Tax invoice

- For Revised / supplementary Invoice
  - the word “Revised Invoice” or “Supplementary Invoice”, to be, indicated prominently,
  - the date and invoice number of the original invoice;
- Signature or digital signature of the supplier or his authorized representative.
- Quantity in case of goods and unit or Unique Quantity Code thereof;
- Taxable value of goods or services taking into account discount or abatement, if any;
- Rate of tax (CGST, SGST or IGST);
- Amount of tax charged in respect of taxable goods or services (CGST, SGST or IGST);
- Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
- For exports, an endorsement “SUPPLY MEANT FOR EXPORT ON PAYMENT OF IGST” or “SUPPLY MEANT FOR EXPORT UNDER BOND WITHOUT PAYMENT OF IGST”

❑ Details to be mentioned on ISD invoice

- name, address and GSTIN of the Input Service Distributor;
- serial number containing only alphabets and / or numerals, unique for a financial year;
- date of its issue;
- name, address and GSTIN of the supplier of services,
- the credit as passed on by supplier
- serial number and date of invoice issued by such supplier;
- name, address and GSTIN of the recipient to whom the credit is distributed;
- amount of the credit distributed;
- signature or digital signature of the supplier or his authorized representative:

❑Details to be mentioned Goods transport agency

- The gross weight of the consignment,
- Name of the consignor and the consignee,
- Registration number of goods carriage in which the goods are transported
- Details of goods transported
- Details of place of origin and destination
- GSTIN of the person liable for paying tax whether as consignor, consignee or goods transport agency
- Other information as prescribed for tax invoice

❑Manner of issue of Tax invoice

- Invoice shall be issued in triplicate for supply of goods and duplicate for supply of services
- Serial number of invoices issued during a tax period shall be furnished electronically through the Common Portal. Supplementary tax invoice can be issued containing consecutive serial number
- Number of digits of HSN code for goods or, the Accounting Code for services & class of taxable persons that would not be required to mention the HSN code & Accounting Code for services
- Registered taxable person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue revised tax invoices in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration
- Receipt voucher / Appropriate document to be issued for advances received
- Registered taxable person may opt not to raise bill of supply for supplies less than one hundred rupees
- Issue of Credit Note / Debit note in relation to a supply of goods and / or services is required for any excess / short observed w.r.t. taxable value / taxes but not later than September following the end of the year in which such supply was made, or the date of filing of the relevant annual return, whichever is earlier

❑Time limit for issue of Tax invoice

Supply of Goods	Before or at the time of (a) removal of goods for supply to the recipient, where the supply involves movement of goods (b) delivery of goods or making available thereof to the recipient, in any other case
Supply of goods sent or taken on approval or sale or return or similar terms	Before or at the time when it becomes known that the supply has taken place or six months from the date of removal, whichever is earlier
Supply of service	Before or after the provision of service but within a period prescribed in this behalf
Continuous supply of goods (where successive statements of accounts or successive payments are involved)	Before or at the time each such statement is issued or, as the case may be, each such payment is received

Time limit for issue of Tax invoice

Continuous supply of services	(a)	due date of payment is ascertainable from the contract - before or after the payment is liable to be made by the recipient but within a period prescribed in this behalf whether or not any payment has been received by the supplier of the service
	(b)	been received by the supplier of the service from the contract - before or after each such time when the supplier of service receives the payment but within a period prescribed in this behalf
	(c)	payment is linked to the completion of an event - before or after the time of completion of that event but within a period prescribed in this behalf
	(d)	supply of services ceases under a contract before the completion of the supply - at the time when the supply ceases and such invoice shall be issued to the extent of the supply effected before such cessation

Payment of Tax

- Electronic tax liability register shall be maintained on the Common Portal and all amounts payable shall be debited to the said register
- Electronic credit ledger or electronic cash ledger shall be maintained and any liability paid through these ledgers will be credited to Electronic tax liability ledger
- Amount payable towards TDS / TCS shall be only through electronic cash ledger
- Extent of relief given by the appellate authority shall be credited to Electronic tax liability
- Every claim of input tax credit shall be credited to the Electronic credit Ledger
- Amount to the extent of the refund claim shall be debited in the Electronic credit ledger / Electronic cash ledger as the case may be. If the refund so filed is rejected, either fully or partly, the amount debited shall be re-credited
- Challan will be generated through common portal for purpose of depositing the amount to electronic cash ledger which will be valid for 15 days

❑ Manner of payment of Tax

- Deposit can be made through
  - (i) Internet Banking through authorized banks;
  - (ii) Credit card or Debit card after registering the same with the Common Portal from authorized bank
  - (iii) National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank;
  - (iv) Over the Counter payment (OTC) through authorized banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft
- A temporary identification number generated through the Common Portal for Payment by non-registered
- Challan Identification Number (CIN) will be generated upon crediting to concerned government account
- Incase of difficulty in generating of CIN, representation to be made electronically through the Common Portal to the Bank or electronic gateway through which the deposit was initiated
- Unique identification number (UIN) shall be generated at the Common Portal for each debit or credit to the electronic cash or credit ledger and the UIN relating to discharge of any liability shall be indicated in the corresponding entry in the electronic tax liability register

Accounts and Records

- **Keep and maintain following records at principle place of business:**

1) Production or manufacture of goods
2) Inward supply of goods and / services
3) Outward supply of goods and / services
4) Stock of goods
5) Input Tax Credit
6) Tax payable and paid
7) Any other documents as prescribed

*** The accounts and records can be maintained in electronic format.**

- **If more than one place of business**

  The accounts relating to each place of business shall be kept at such places of business concerned

- **Records by non-registered person**

  Every owner or operator of warehouse or godown or any other place used for storage of goods irrespective of whether he is a registered taxable person or not shall maintain records of consigner, consignee and other relevant details of the goods as may be prescribed

❑ Period of retention of accounts:

1. Normal situation:

72 months from the due date of filing of annual return for the respective year

2. Appeal or revision or any other proceeding:

One year after final disposal of such appeal or revision or proceeding or 60 months from the last date of filing of annual return, whichever is later

❑ Audit:

1. Specified category of taxable person will be required to get his accounts audited by Chartered Accountant / Cost Accountant before filing annual return.
2. Statement reconciling value of supply declared in return and audited annual accounts need to be submitted.

Assessment and Audit

❑ Self-Assessment:

Registered taxable person shall assess the taxes payable by him

❑ Provisional Assessment:

- Unable to determine the value of goods and / or services or determine the rate of tax applicable may opt for provisional assessment.
- The bond needs to be executed in prescribed format along with surety or security as prescribed by the specified officer.
- The proper officer within a period of 6 months pass the final assessment order or extended period of further 6 months.
- Additional liability to be paid along with interest and for excess payment of tax application for refund to be made – Interest as applicable will be paid

❑ Scrutiny of returns:

- The returns will be scrutinized by the proper officer (no time period specified for scrutiny).
- Proper officer will inform the discrepancies and seek explanation from taxable person.
- If explanation found acceptable, no further action shall be taken.
- In case no satisfactory explanation is furnished within a period of 30 days or extended period or taxable person fails to take corrective action, proper officer may initiate appropriate action.

❑ Best judgement Assessment and issue of Assessment order:

- Taxable person fails to furnish the return required even after the service of a notice
- Proper officer to proceed to assess the tax liability taking into account all the relevant material and issue an assessment order
- If taxable person furnishes a valid return within thirty days of the service of the assessment order, assessment order shall be deemed to have been withdrawn
- Non-filers of returns & unregistered taxable person - proper officer may proceed to assess the tax liability of such person for the relevant tax periods and issue an assessment order within a period of five years from the due date for filing of the annual return for the year to which the tax not paid relates – Order to be passed only after giving notice and reasonable opportunity of being heard

Departmental Audit:

- Business audit will be carried out by department at predefined frequency.
- Following records needs to be made available to audit party,
  - Books of accounts
  - Other documents / information necessary
- Minimum 15 days notice will be given to the taxable person
- Audit to be completed within period of 3 months & can be further extended for a period not exceeding 6 months
- Audit findings to be shared within 30 days of conclusion of the audit
- Proper officer may initiate action under section 66 or 67 if audit results in tax not paid or short paid or erroneously refunded

❑ Special Audit:

- Any officer not below the rank of [Deputy / Assistant Commissioner] is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits, he may, with the prior approval of the [Commissioner] direct the taxable person to have his accounts audited by a Chartered Accountant / Cost Accountant [nominated by Commissioner].
- The report should be submitted with 90 days or further extended period of 90 days.
- On the basis of finding of the report appropriate action will be initiated for recovery of dues
- The expenses will be borne by Commissioner
- Proper officer may initiate action under section 66 or 67 if audit results in tax not paid or short paid or erroneously refunded

Demand and Recovery

❑ Demand on account of reasons other than fraud or any willful misstatement or suppression of facts (Section 73):

- Period of limitation for issue of order – within 3 years of filling of annual return or within 3 years from the date of erroneous refund
- SCN to be issued atleast 3 months prior to the time limit of issue of order.
- Statement can be served for subsequent period which shall be deemed to be a notice subject to grounds are same as mentioned in previous notice.
- Penalty @10% or Rs.10000/- whichever is higher.
- No penalty, if payment is before issue of SCN, however interest is payable.
- If payment is done within 30 days of issuance of SCN then no penalty, however interest is payable.

❑ Demand on account of reasons on account of fraud or any willful misstatement or suppression of facts (Section 74):

- Period of limitation for issue of order – within 5 years of filling of annual return or within 5 years from the date of erroneous refund
- SCN to be issued atleast 6 months prior to the time limit of issue of order.
- Statement can be served for subsequent period which shall be deemed to be a notice subject to grounds are same as mentioned in previous notice.
- Penalty @15%, if payment is made before issue of SCN, interest is payable.
- Penalty @25%, if payment within 30 days of issue of SCN, interest is payable

❑ General Provisions (Section 75):

- Period of stay of Order by Court to be excluded for purpose of computing time limit
- Appellate Authority or Tribunal or Court concludes that charges of fraud or any wilful misstatement or suppression of facts are not established the tax will be determined for 3 years as if the notice was issued on grounds other than these reasons
- Order required to be issued on direction of Tribunal or a Court has to be within 2 years of such direction
- Opportunity of personal hearing shall be granted where a request is in writing
- Adjournment may be granted subject to no more than 3 adjournments
- Relevant facts and the basis of decision needs to be specified in the order

❑ General Provisions (Section 75):

- Amount of tax, interest and penalty demanded in the order shall not be in excess of the amount specified in the notice and no demand shall be confirmed on grounds other than the grounds specified in the notice
- If Appellate Authority or Tribunal or Court modifies the amount of tax, amount of interest and penalty shall stand modified
- Interest on the tax short paid or not paid shall be payable irrespective of whether the same is specified in order or not
- Adjudication proceedings shall be deemed to be concluded if order is not issued within specified time limit

❑ General Provisions (Section 75):

- If a decision is given by an adjudicating authority which is prejudicial to the interest of the Revenue and appeal is filed against the same, then the time period between the date of decision against which appeal is filed and the date of decision of the higher authority for such appeal shall be excluded for determining the time limit
- Where any amount of self-assessed tax in accordance with a return furnished under section 34 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered under the provisions of section 72
- If any penalty is imposed under section 66 or 67, no penalty for the same act and / or omission shall be imposed on the same person under any other provision of the Act

❑ Tax collected but not deposited (Section 76):

- Deposit the said amount to the credit of the Central or a State Government regardless of whether the supplies in respect of which such amount was collected are taxable or not along with interest
- No time limit for issuance of SCN
- Penalty equal to demand amount
- The order to be issued with in 1 year from the date of issue of notice
- Amount shall be adjusted against the tax payable and then credited to the Fund or refunded to the person who has borne the incidence of such amount
- Person who has borne the incidence of the amount may apply for the refund of the same within six months of the date of issue of public notice

❑ Tax wrongfully collected and deposited with the Central or a State Government (Section 77):

- If CGST / SGST (in SGST Act) is paid on a transaction considering it to be an intra-state supply, but which is subsequently held to be an inter-state supply refund shall be granted of the amount of CGST / SGST (in SGST Act)
- If IGST is paid on a transaction considering it to be an inter-state supply, but which is subsequently held to be an intra-state supply, there shall be no requirement to pay any interest on the amount of CGST / SGST payable

❑ Initiation of recovery proceedings (Section 78):

- Amount payable by a taxable person in pursuance of an order passed under the Act shall be paid by such person within a period of 90 days from the date of service of such order or shorter period if the proper officer considers it expedient in interest of revenue for reasons recorded in writing.

❑ Recovery (Section 79):

- Recovery provisions are in line with the existing provisions under the Central Excise Act, 1944 i.e. recovery from Debtors, attachment of property, tax to be first right on property, prohibition on transfer of property etc.

Inspection, Search, Seizure and Arrest

❑ Inspection / Power of Inspection, Search and seizure (Section 67)

- Power to inspect the business premises. Joint Commissioner and officer above this rank can order inspection in writing.
- Power to search premises and seizure goods / documents. Joint Commissioner and officer above this rank can order inspection in writing. Where seizure is not feasible order for non-removal of goods without permission will be passed
- Notice be issued within 6 months of seizure of the goods. If not issued, the goods to be returned to the person.
- Goods seized can be released on provisional basis on execution of bond / security
- Provision of Code of Criminal Procedure, 1973 shall apply to search and seizure
- Inspection of documents of the goods in movement for any consignment carrying goods of value exceeding specified limit

❑ Arrest (Section 69)

- Commissioner of CGST / SGST / UTGST / IGST can order arrest of the person
- In case of Cognizable offences, ground of arrests will be informed and the officer will be produced before magistrate within 24 hours.
- In case of non-cognizable and bailable offence, the officer will have same powers as officer-in-charge of police station.
- All arrest to be carried out in accordance with Code of Criminal Procedure, 1973 (2 of 1974) relating to arrest
- Power to officers authorized by competent authority to summon persons to give evidence and produce documents

Amount of Evasion	Period of imprisonment
Above Rs. 5 Cr	Max upto 5 years
Above Rs. 2 Cr upto Rs. 5 Cr	1 Year
Above Rs. 1 Cr to Rs. 2 Cr	6 Months
Habitual offender	5 Years

Offences & Penalties

Penalty

- **Following offences will be liable for fine penalty of Rs.10,000 or an amount equivalent to the tax / credit involved therein whichever is higher :**

1. Supplies any goods and / or services without issue of any invoice or incorrect / false invoice.
2. Issues any invoice or bill without supply of goods and/or services
3. Collects any amount as tax but fails to pay the same to the credit of the Government beyond a period of 3 months from the date on which such payment becomes due.
4. collects any tax in contravention of the provisions of this Act but fails to pay the same to the credit of the Government beyond a period of 3 months from the date on which such payment becomes due
5. Fails to deduct TDS or less deduction of TDS
6. Fails to collect taxes (TCS) or less collection of tax

Offences & Penalties

7. Takes and / or utilizes input tax credit without actual receipt of goods and/or services
8. Fraudulently obtains refund of any CGST / SGST under this Act
9. Incorrect distribution of the credit by ISD
10. falsifies or substitutes financial records or produces fake accounts / documents with an intention to evade tax
11. is liable to be registered under this Act but fails to obtain registration
12. furnishes any false information with regard to registration particulars, either at the time of applying for registration, or subsequently
13. Obstructs or prevents any officer to discharge his duties
14. Transport any taxable goods without cover of documents

15. Suppression of Turnover to evade the duties
16. Fails to maintain the prescribed accounts / records
17. Fails to furnish the information for the audit and proceedings
18. supplies, transports or stores any goods which he has reason to believe are liable to confiscation under this Act
19. issues any invoice or document by using the identification number of another taxable person
20. tampers with, or destroys any material evidence
21. disposes off or tampers with any goods that have been detained, seized, or attached under this Act

- **Penalty of Rs.25000 to any person who**
  - aids or abets any of the offences specified in 21 clauses above;
  - acquires possession of, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with any goods which he knows or has reason to believe are liable to confiscation under this Act or the rules made thereunder;
  - receives or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reason to believe are in contravention of any provisions of this Act or the rules made thereunder;
  - fails to appear before the CGST / SGST officer, when issued with a summon for appearance to give evidence or produce a document in an enquiry;
  - fails to issue invoice in accordance with the provisions of this Act or rules made thereunder, or fails to account for an invoice in his books of account;

- **Penalty of Rs.10000/- or 10%** of the tax due from such person, whichever is higher to any registered taxable person who supplies any goods or services on which any tax has not been paid or short-paid or erroneously refunded, or where the input tax credit has been wrongly availed or utilized for any reason, other than the reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a
- In cases wherein the Penalty is not separately provided Rs.25,000/- per offence.
- Proper officer may issue an order levying such penalty after giving a notice and opportunity of being heard where the same is not covered in any of the proceedings

❑ Detention, seizure and release of goods and conveyances in transit

- Conveyance carrying goods in contravention of provisions of the act is liable to detention or seizure along with the goods
- Same shall be released on:
  - Payment of tax and penalty equal to 100% of tax payable on such goods where the owner of the goods comes forward for payment of tax and penalty
  - Payment of tax and penalty equal to 50% of value of goods where the owner of the goods comes forward for payment of tax and penalty
- Proper officer detaining or seizing goods and / or conveyances shall issue a notice specifying the tax payable and pass order for tax / penalty

❑ Confiscation of goods (this provision is not applicable for services)

- The goods are liable for confiscation if any person,
    - Supplies the goods in contravention of the provisions with intent to evade tax
    - Does not account for the taxable goods
    - Supplies any goods liable to tax under this Act without having applied for registration
    - Contravenes the provision of act with intent to evade the payment of tax
    - uses any conveyance as a means of transport for carriage of taxable goods in contravention of the provisions
- Fine in lieu of confiscation can be paid by the taxpayer on release of the goods. The fine may extend up to market value of such goods less the tax chargeable.
- Tax required to be paid on the goods will be paid over and above the fine.
- The title of the goods confiscated will be with the Government.

Advance Ruling

Advance Ruling Authority

- Each State will have its own Advance Ruling Authority.
- The Authority will comprise one member CGST and one member SGST

Who can apply?

Any person registered or desirous of obtaining registration under the Act.

The questions for which Advance Ruling can be sought

a) Classification of goods / services;

b) Applicability of a notification

c) Principles to be adopted for the purposes of determination of value of the goods and/or services

d) Admissibility of input tax credit of tax paid or deemed to have been paid;

e) Determination of the liability to pay tax on any goods and/or services under the Act;

f) Whether applicant is required to be registered under the Act;

g) Whether any particular thing done by the applicant with respect to any goods and/or services amounts to or results in a supply of goods and/or services, within the meaning of that term.

h) Advance ruling can also obtain for determination of time and value of supply of goods or services or both

GST : PART VI

REFUNDS

Section 2(5) of Model IGST Law "export of goods" with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India

Section 2(6) of Model IGST Law "export of services" means the supply of any service when:

- the supplier of service is located in India
- the recipient of service is located outside India
- the place of supply of service is outside India
- the payment for such service has been received by the supplier of service in convertible foreign exchange
- the supplier of service and recipient of service are not merely establishments of a distinct person in accordance with explanation 1 of section 5

Sec 2(39):"deemed exports", means such supplies of goods as may be notified under section 147

As per Section 147, the Government may, on the recommendations of the Council, notify certain supplies of goods as deemed exports, where goods supplied do not leave India, and payment for such supplies is received either in Indian rupees or in convertible foreign exchange, if such goods ***are manufactured in India.***

Section 2(72) of CGST Bill 2017 "Manufacturer"

means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly

Section 16 of CGST Bill 2017 "zero rated supply" means any of the following taxable supply of goods and / or services, namely:

- export of goods and / or services
- supply of goods and / or services to a SEZ developer or an SEZ unit

Refunds – Inclusions / Exclusions

"refund" includes

1. Refund of tax on goods and / or services exported out of India including zero rated supplies
2. Refund of tax on inputs or input services used in the goods and / or services which are exported out of India, or
3. Refund of unutilized input tax credit at end of tax period – no refund will be allowed if this pertains to anything other than on account of exports / zero rated supplies / supplies where rate of tax on inputs is higher than the rate of tax on output supplies
4. Refund of tax on the supply of goods regarded as deemed exports

Refunds – Inclusions / Exclusions

- Refund of IGST / CGST / SGST paid by United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries or any other person or class of persons as notified under section 49 is allowed subject to application is made within 6 months from the last day of the month in which supply is received
- Refund of IGST paid on supply of goods to outbound tourist
- No refund on goods exported out of India which are subjected to export duty
- No refund of unutilized credit in cases of nil rated or fully exempt supplies
- No refund of input tax credit shall be allowed if the supplier of goods or services claims refund of output tax paid under the IGST Act, 2016

Refunds – Relevant Date

Rebate / Refund on account of	Relevant date
Export of Goods by sea or air	Date on which the ship or the aircraft in which such goods are loaded, leaves India
Export of Goods by land	Date on which such goods pass the frontier
Export of Goods by Post	Date of dispatch of goods by Post Office
Export of Services	Date of Receipt of payment / date of issue invoice for receipt of advance
Deemed Export	Date of filing of return
Provisional Assessment	Date of adjustment of tax after the final assessment
Duty / Tax during Investigation / Adjudication	Date of communication of such judgment, decree, order or direction
Credit Accumulation due to Inverted Duty Structure	End of the financial year
Unutilized tax credit due to exports of goods and / or services	End of the financial year

Limitation period: period of 2 years (except where tax or interest paid under protest)

Refunds – Relevant Forms

Form Number	Particulars
FORM GST RFD-1	Application for refund of any tax, interest, penalty, fees
FORM GSTR-3, **FORM GSTR-4** or **FORM GSTR-7** (return for the relevant tax period)	Refund relating to balance in the electronic cash ledger
FORM GST RFD-2	Acknowledgement w.r.t. filing of refund
FORM GST RFD-3	Communicating the deficiencies to the applicant
FORM GST RFD-4	Order sanctioning the amount of refund on provisional basis
FORM GST RFD-8	Payment advice for provisional refund payment
FORM GST RFD-5	Order sanctioning refund

Refunds – Relevant Forms

Form Number	Particulars
FORM GST RFD-6	Order for adjustment of outstanding liability against refund
FORM GST RFD-7	Notice that amount claimed as refund is not admissible
FORM GST RFD-8	Payment advice for final payment
FORM GST RFD-9	Order for interest payment
FORM GST RFD-10	Application for refund on inward supplies
FORM GSTR-11	Statement of inward supplies of goods and / or services by specified persons

Refunds - Procedure

- Application to be filed electronically through common portal
- Documents or other evidence (as specified) to establish the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed and that the incidence of such tax and interest had not been passed on by him to any other person.
- No documentary evidence required for refund claim below Rs.5 lacs, except for declaration.
- If taxable goods or services are exported without payment of tax, under bond or letter of undertaking, then refund will be allowed as under:

Refund Amount = (Export turnover of goods + Export turnover of services) x Net ITC/Adjusted Total Turnover

Refunds - Procedure

- Refund of tax paid in advance by casual / non-resident taxable person shall be claimed in last return or after last return is filed
- Application for refund other than for refund from electronic cash ledger shall be scrutinized within 15 days by the officer and acknowledgement issued if the application is complete
- After scrutiny, amount of refund may be sanctioned / notice issued for non-admissibility of refund
- If the claim is rejected, then the amount paid on provisional basis needs to be credited to Consumer welfare fund
- Order of refund to be passed within 60 days from date of receipt of application and will also be accompanied by order for interest

Documents specified:

- the reference number of the order and a copy of the order passed by the proper officer or an appellate authority or any competent court resulting in such refund including refund of pre-deposit under chapter XVIII along with the reference number of the payment of the amount claimed as refund;
- a statement containing the number and date of shipping bills or bills of export and the number and date of relevant export invoices, in a case where the refund is on account of export of goods;
- a statement containing the number and date of invoices as prescribed in rule **Invoice._** in case of supply of goods made to an SEZ unit or a developer;
- a statement containing the number and date of invoices, in a case where the refund is on account of deemed exports;

Documents specified:

- a statement containing the number and date of invoices and the relevant Bank Realization Certificates or Foreign Inward Remittance Certificates, as the case may be, in a case where the refund is on account of export of services;
- a statement containing the number and date of invoices and the details of payment, along with proof thereof, made by the claimant to the supplier for authorized operations as defined under the SEZ Act, 2005, in a case where the refund is on account of supply of services made to an SEZ unit or a developer;
- a statement in Annex 1 of FORM GST RFD-1 containing the number and date of invoices received and issued during a tax period in a case where the claim pertains to refund of any unutilized input tax credit under sub-section (2) of section 38 where the credit has accumulated on account of rate of input tax being higher than the rate of output tax

Documents specified:

- the reference number of the final assessment order and a copy of the said order in a case where the refund arises on account of finalisation of provisional assessment;
- a declaration to the effect that the incidence of tax and interest claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed is less than five lakh rupees:

  Provided that a declaration is not required to be furnished in respect of cases covered under clause (a), (b) or (d) of sub-section (6) of section 38;
- a Certificate in Annex 2 of FORM GST RFD-1 issued by a Chartered Accountant or a Cost Accountant to the effect that the incidence of tax and interest claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed is five lakh rupees or more

Refunds – Time Limit

❑ **Time limit for sanction of claim:**

- **Refund on account of export of goods and / or services (for specified category of exports)**
  - registered taxable persons, refund eighty percent of the total amount so claimed to be sanctioned on provisional basis within a period of 7 days of issue of acknowledgement.
  - The remaining twenty percent may be refunded after due verification of documents furnished by the applicant.
  - Provisional refund will be allowed if (a) the person claiming refund has, during any period of five years immediately preceding the tax period to which the claim for refund relates, not been prosecuted for any offence under the Act or under an earlier law where the amount of tax evaded exceeds two hundred and fifty lakh rupees; (b) the GST compliance rating of the applicant is not less than five on a scale of ten; (c) no proceeding of any appeal, review or revision is pending on any of the issues which form the basis of the refund and if pending, the same has not been stayed by the appropriate authority or court.

- **Other**
  - The refund order to be issued within ninety days from the date of receipt of application.
  - No refund shall be paid to an applicant if the amount is less than rupees one thousand.

❑ Key issues:

- Separate application of refund of tax and interest to be made for IGST / CGST / SGST
- Refund amount may be withheld for non filing of return
- The amount of refund may be reduced if person have defaulted in payment of tax, interest and penalty which is not stayed by the Appellate tribunal or order of court
- Commissioner / Board may withhold the refund, if he is of the opinion that grant of such refund is likely to adversely affect the revenue.

Key issues:

- Refund of unutilized credit on account of deemed export is also not covered rather refund of tax paid on supply of goods regarded as deemed exports is allowed to be claimed by the recipient of deemed export supplies

GST : PART VII

Transitional Provisions / Draconian Provisions / Business Strategy, Business Process Controls & Way Forward

Session 7 : Contents

- Transitional Provisions
- Business Strategy
- Draconian Provisions
- Way Forward

TRANSITIONAL PROVISIONS

Registration (Section 139)

- Existing taxpayers will be migrated to GST
- Every person registered under any of the earlier laws shall be issued a certificate of registration on a provisional basis
- Certificate of registration issued on provisional basis shall be valid for 6 months from date of its issue
- The registered person should furnish specified information within 6 months
- On furnishing of above information and verification of the same, registration will be issued on final basis
- If information is not furnished within the prescribed period, registration will be cancelled
- A person eligible to pay tax under compounded levy scheme may opt to do so within time and manner specified

Transitional Provisions

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Cenvat Balance on Inputs (carried forward in return)	140	-	18	Credit should be admissible as cenvat credit under the GST Act
VAT Credit Balance (carried forward in return)	140	-	18	• Credit should be admissible under GST Act and credit should be taken not later than 90 days • Credit as is attributable to any claim related to section 3, sub-section (3) of section 5, section 6 or section 6A of the CST Act, 1956 shall not be eligible to be credited
Unavailed Cenvat credit on CG	140	-	-	Credit should be admissible as cenvat credit under the earlier law and GST Act.
Unavailed VAT credit on CG	-	-	18	Credit should be admissible as cenvat credit under the earlier law and GST Act.
Unavailed cenvat credit w.r.t. stock of input and input contents in WIP & finished goods which are exempted / exempted services / first stage dealer / second stage dealer / importer	140	-	18	• Such inputs &/or goods to be used for taxable supplies under GST Act. • The credit should be eligible credit under the earlier law and GST Act. • Proper duty paying documents not dated earlier to 12 months preceding the appointed day. • ***Taxable person passes on the benefit of such credit by way of reduced prices to the recipient.*** • Registered taxable person, other than manufacturer or supplier of service allowed to take credit at the rate and in the manner prescribed in absence of duty paying documents • Manner for calculation of above credit will be prescribed

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Unavailed VAT credit w.r.t. stock of input and input contents in WIP & finished goods which are exempted	140	-	18	• Such inputs and / or goods to be used for taxable supplies under GST Act. • The credit should be eligible credit under the earlier law and GST Act. • Proper duty paying documents not dated earlier to 12 months preceding the appointed day. • ***Taxable person passes on the benefit of such credit by way of reduced prices to the recipient.*** • Manner for calculation of above credit will be prescribed
Credit w.r.t. input and input contents in WIP & finished goods where manufacturer is manufacturing both non-exempted & exempted goods	140	-	18	Amount of Cenvat credit as carried forward in return and the amount of Cenvat credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to exempted goods or services will be allowed
Credit of eligible duties and taxes in respect of inputs or input services during transit	140	-	18	• Allowed subject to the condition that the invoice or any other duty / tax paying document of the same was recorded in the books of accounts of such person within a period of 30 days from the appointed day or extended period. • A statement of such transit credit needs to be furnished

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Unavailed Credit of eligible duties and taxes on inputs held in stock and input contents in WIP & finished goods upon switching over from composition scheme	140	-	18	• Such inputs and / or goods to be used for taxable supplies under GST Act. • The credit should be eligible credit under the earlier law and GST Act. • Proper duty paying documents not dated earlier to 12 months preceding the appointed day
Duty / Tax exempt goods sent before appointed day and returned on or after the appointed day	140	-	18	• No taxes are payable if they are sent not more than 6 months before the appointed day and are returned within 6 months. • Further no taxes payable even if received beyond 6 months if the goods continue to be exempted under GST. • No tax is payable if the goods are returned by a person who is not registered under the Act
Duty paid goods sent before appointed day and returned on or after the appointed day	140	-	18	• Refund of duty paid under the earlier law will be allowed to the registered taxable person if goods are sent not more than 6 months before the appointed day and are returned within 6 months of the appointed day by a non-registered person. • If the said goods are returned by a registered taxable person the return of the goods shall be deemed to be a supply

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Input as such / Partially processed inputs sent for jobwork, testing, repairing, reconditioning, etc. before appointed day and returned on or after the appointed day	141	-	19	• No taxes are payable if returned within 6 months. • Period may be extended for 2 months. • If received beyond prescribed period, input tax credit shall be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as input tax credit under this Act • Person dispatching the goods and jobworker need to declare the stock as on the appointed day
Semi-finished goods sent for jobwork, testing, repairing, reconditioning, etc. before appointed day and returned on or after the appointed day	141	-	19	• No taxes are payable if the goods after processing are returned within 6 months. • Period may be extended for 2 months. • If received beyond prescribed period and goods are taxable, input tax credit shall be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as input tax credit under this Act • Manufacturer and jobworker need to declare the stock as on the appointed day • Transfer of the said goods to the premises of any registered taxable person for the purpose of supplying therefrom on payment of tax in India or without payment of tax for exports within 6 months or extended period is allowed.

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Finished goods removed without payment of duty for carrying out tests or any other process not amounting to manufacture before appointed day and returned on or after the appointed day	141	-	19	• No taxes are payable if returned within 6 months. • Period may be extended for 2 months. • If received beyond prescribed period, input tax credit shall be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as input tax credit under this Act • Transfer of the said goods to the premises of any registered taxable person for the purpose of supplying therefrom on payment of tax in India or without payment of tax for exports within 6 months or extended period is allowed.

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Upward price revision in respect of contract for goods / services entered into prior to appointed day and goods / services provided prior to appointed day	142	-	20	• Supplementary invoice or debit note needs to be issued within 30 days of the price revision. • Tax is payable as if an outward supply
Downward price revision in respect of contract for goods / services entered into prior to appointed day and goods / services provided prior to appointed day	142	-	20	• Supplementary invoice or credit note needs to be issued within 30 days of the price revision • Tax liability can be reduced as if this downward revision is towards outward supply provided the recipient of the invoice or credit note has reduced his input tax credit corresponding to such reduction of tax liability

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Pending Refunds of any amount of cenvat credit, duty, tax or interest paid / amount of input tax credit, tax and interest paid filed before or after the appointed day	142	-	20	• Will be disposed of in accordance with the provisions of earlier law and amount shall be paid in cash irrespective of provisions of earlier law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 (1 of 1944) / provisions of earlier Law. • If any claim for refund is fully or partially rejected, the amount so rejected shall lapse • No refund claim shall be allowed of any amount of Cenvat credit / Input Tax credit where the balance of the said amount as on the appointed day has been carried forward under this Act
Refund claims of any duty or tax paid under earlier law filed after the appointed day for goods cleared or services provided before the appointed day and exported before or after the appointed day	142	-	20	• Shall be disposed of in accordance with the provisions of earlier law • Where any claim for refund of Cenvat credit is fully or partially rejected, the amount so rejected shall lapse • No refund claim shall be allowed of any amount of Cenvat credit where the balance of the said amount as on the appointed day has been carried forward under this Act

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Refund claims of tax filed after the appointed day for payments received and tax deposited before the appointed day in respect of services not provided	142	-	20	• Shall be disposed of in accordance with the provisions of earlier law and any amount eventually accruing to him shall be paid in cash, notwithstanding anything to the contrary contained under the provisions of earlier law other than the provisions of subsection (2) of section 11B of the Central Excise Act, 1944 (1 of 1944)
Proceeding of appeal, revision, review or reference relating to a claim for CENVAT credit initiated before, on or after the appointed day under the earlier law	142	-	20	• Amount of credit found to be admissible shall be paid in cash irrespective of provisions of earlier law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 (1 of 1944). • No refund claim shall be allowed of any amount of Cenvat credit where the balance of the said amount as on the appointed day has been carried forward under this Act
Proceeding of appeal, revision, review or reference relating to a recovery of CENVAT credit initiated before, on or after the appointed day under the earlier law	142	-	20	• Recovery of CENVAT shall be disposed of in accordance with the provisions of earlier law • if any amount of credit becomes recoverable as a result of appeal, revision, review or reference, amount shall be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as input tax credit under this Act

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Proceeding of appeal, revision, review or reference relating to output duty / tax initiated before the appointed day, on or after the appointed day	142	-	20	• Disposal in accordance with earlier provisions of law. • Amount shall be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as input tax credit under this Act
Proceeding of appeal, revision, review or reference relating to output liability initiated before the appointed day, on or after the appointed day	142	-	20	• Disposal in accordance with earlier provisions of law. • Amount refundable shall be paid in cash irrespective of provisions of earlier law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 (1 of 1944)
Treatment of the amount recovered in pursuance of assessment or adjudication proceedings instituted, whether before, on or after the appointed day, under the earlier law	142	-	20	If amount of tax, interest, fine or penalty becomes recoverable, the same shall be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as input tax credit under this Act

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Treatment of the amount refunded in pursuance of assessment or adjudication proceedings instituted, whether before, on or after the appointed day, under the earlier law	142	-	20	If amount of tax, interest, fine or penalty becomes refundable, the same should be paid in cash irrespective of provisions of earlier law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 (1 of 1944)
Treatment of the amount recovered in pursuance of revision of returns	142	-	20	If return furnished under earlier law is revised after the appointed day and if any amount becomes recoverable or any amount of cenvat credit is found to be inadmissible, the same shall be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as input tax credit under this Act
Treatment of the amount refundable in pursuance of revision of returns	142	-	20	If return furnished under earlier law is revised after the appointed day and if any amount becomes refundable, the same should be paid in cash irrespective of provisions of earlier law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 (1 of 1944)

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Treatment of long term construction / works contracts	142	-	20	The goods and/or services supplied on or after the appointed day in pursuance of a contract entered into prior to the appointed day shall be liable to tax under the provisions of this Act
Progressive or periodic supply of goods or services made on or after the appointed day and the consideration, whether in full or part, for the said supply has been received prior to the appointed day	142	-	20	No tax shall be payable if the duty or tax payable thereon has already been paid under the earlier law
Taxability of supply of services in certain cases	142	-	20	• Notwithstanding anything contained in section 13 or 14, Tax in respect of the taxable services shall be payable under the earlier law to the extent the point of taxation in respect of such services arose before the appointed day • Where the portion of the supply of services is not covered by this section, such portion shall be liable to tax under this Act
Taxability of supply of goods in certain cases	142	-	20	• Notwithstanding anything contained in section 12 or 14, Tax in respect of the taxable goods shall be payable under the earlier law to the extent the point of taxation in respect of such goods arose before the appointed day • Where the portion of the supply of goods is not covered by this section, such portion shall be liable to tax under this Act

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Credit distribution by ISD of input tax credit on account of any services received prior to the appointed day	142	-	20	Eligible for distribution as credit under this Act even if the invoice(s) relating to such services is received on or after the appointed day
Transfer of unutilized Cenvat Credit by taxable person having centralized registration under the earlier law	142	-	20	• Credit of the amount of cenvat credit carried forward in a return shall be allowed to be taken • If the taxable person files his return for the period ending with the day immediately preceding the appointed day within 3 months of the appointed day such credit shall be allowed subject to the condition that the said return is either an original return or a revised return where the credit has been reduced from that claimed earlier • Credit should be admissible under this Act • Such credit may be transferred to any of the registered taxable persons having the same PAN for which the centralized registration was obtained under the earlier law
Tax paid on goods belonging to the principal but lying with agents	142	-	20	• Agent shall be entitled to take credit of the tax paid on such goods subject to he is a registered taxable person under this Act. • Both the principal and the agent declare the details of stock of goods lying with such agent on the date immediately preceding the appointed day. • Invoices for such goods are not dated earlier than 12 months preceding the appointed day. • Principal has either reversed or not availed of the input tax credit in respect of such goods.

PARTICULARS	Section			REMARKS
	CGST	IGST	UTGST	
Tax paid on capital goods belonging to the principal but lying with agents	142	-	20	• Agent shall be entitled to take credit of the tax paid on such capital goods subject to he is a registered taxable person under this Act. • Both the principal and the agent declare the details of stock of capital goods lying with such agent on the date immediately preceding the appointed day. • Invoices for such goods are not dated earlier than 12 months preceding the appointed day. • Principal has either reversed or not availed of the input tax credit in respect of such goods.
Input tax credit reversed prior to the appointed day w.r.t. Branch Transfers	142	-	20	No credit of input tax under GST Act
Goods sent on approval basis not earlier than six months before the appointed day and returned on or after the appointed day	142	-	20	• No tax shall be payable if such goods are returned within six months from the appointed day. • Period may be extended for 2 months. If received beyond prescribed period and goods are taxable, • Tax is payable by returning person. • Tax shall be payable by the person sending goods on approval basis if such goods are taxable under this Act, and are not returned within prescribed period.

PARTICULARS	SECTION			REMARKS
	CGST	IGST	UTGST	
Deduction of tax at source in respect of sale of goods on which tax was required to be deducted at source under the earlier law and invoice has also been issued for the same before the appointed day	142	-	20	No deduction of tax at source even if payment to the supplier is made on or after the appointed day
Transitional provisions for availing Cenvat credit in certain cases	142	-	20	If any Cenvat credit availed for the input services provided under the earlier law has been reversed due to non-payment of the consideration within a period of 3 months, such credit can be reclaimed provided that the taxable person has made the payment of the consideration for that supply of services within a period of 3 months from the appointed day

Transitional Provisions

PARTICULARS	SECTION			REMARKS
	CGST	IGST	UTGST	
Reversal of cenvat credit / input credit w.r.t. stock of input and input contents in WIP & finished goods at time of moving over to composition scheme	142	-	20	No corresponding section - After payment of such amount, the balance of input tax credit, if any lying, shall lapse
Retention payments received on or after the appointed day w.r.t. supply of goods and / or services made before the appointed day	142	-	20	No corresponding section - No tax shall be payable if the full duty or tax payable on such supply has already been paid under the earlier law.
Cenvat Balance on Input Service / Input Service Distributor	142	-	20	No specific provision – should be allowed to be carried forward
Cenvat Balance of KKC / SBC	142	-	20	No specific provision - The balance of Krishi Kalyan Cess and Swacch Bharat Cess will lapse
Cenvat Balance on CG (carried forward in return)				No specific provision - Credit should be admissible as cenvat credit under the earlier law and GST Act

PARTICULARS	SECTION			REMARKS
	CGST	IGST	UTGST	
Import of services or inter-State supply of goods and / or services made on or after the appointed day	142	-	20	• Liable to tax under the provisions of this Act regardless of whether the transactions for such import of services or inter-state supply had been initiated before the appointed day • If the tax on such import or inter-State supply had been paid in full under the earlier law, no tax shall be payable on such import or inter-state supply under this Act • If the tax on such import of services had been paid in part under the earlier law, balance amount of tax shall be payable on such import or inter-state supply under this Act • Transaction shall be deemed to have been initiated before the appointed day if either the invoice relating to such supply or payment, either in full or in part, has been received or made before the appointed Day

Department wise To Do List

Microsoft Excel
Worksheet

Other Specific Issues - Transition

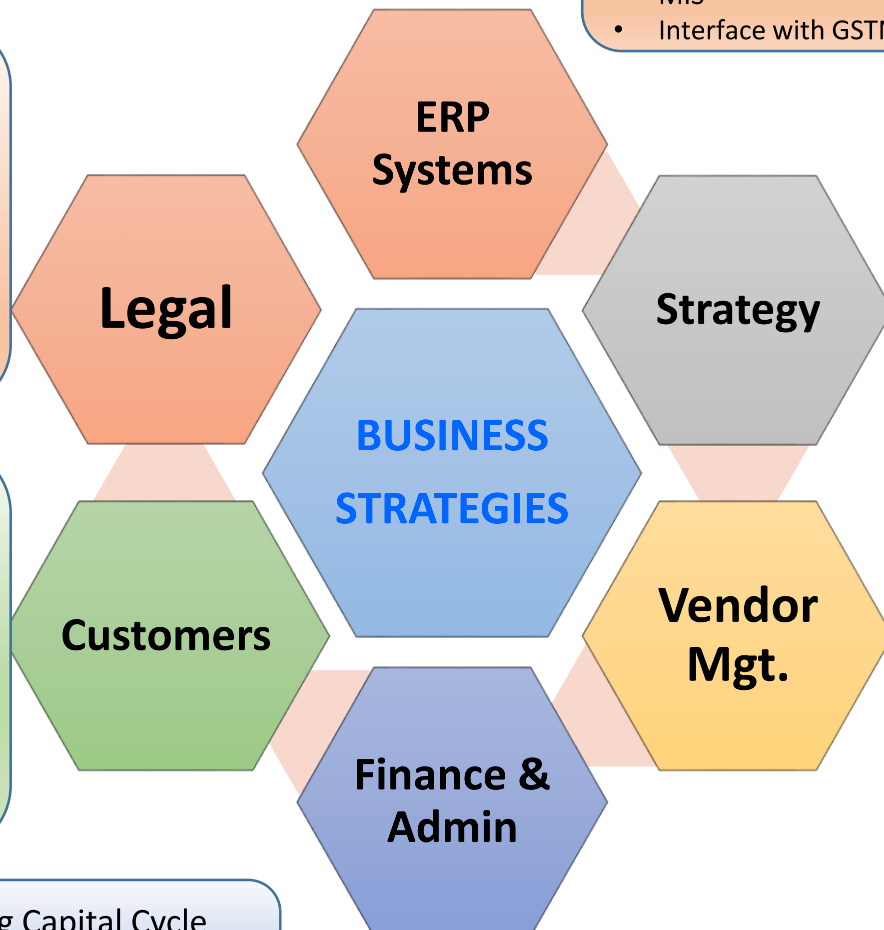
- Scrips in hand and endorsements required, if any
- Review of contracts with Suppliers / Customers / Job-workers / Consignment agents / Commission Agents / Contractors and determine revised terms
- Define Accounting changes and Revised Chart of accounts
- ERP updates / changes to accommodate the transitional transactions and transactions in GST scenario without impacting existing transactions - Compliance w.r.t. GST Requirements, Customised Reports required for uploading to GSTN, Return requirements, Auditing requirements
- Define GST Implementation and Coordination Team
- Training of team across the functions of the company w.r.t. new responsibilities, systems, processes, ERP changes, controls, reporting requirements
- Define SOPs for each transaction

BUSINESS STRATEGIES

Business Strategies

- Robust IT System
- Integrated Material Accounting & Costing
- CGST , IGST & State wise SGST
- System reconciliations
- MIS
- Interface with GSTN

- Review of Contracts
- Projects / Procurements / Sales / Services
- Cases Prior to GST
- Issues after GST



- Pricing Model
- Manufacturing Strategies - Make or Buy
- Marketing & Distribution Strategy
- E-Commerce
- Sales Promotion Strategies considering Place of Supply & ITC Model
- New Projects

- Customers
- Sales Promotion Strategies
- Schemes & Discounts
- Logistics Management
- Pricing

- Selection of Vendor
- State / Credit Worthiness, ERP Availability
- Impact of 1% Additional Tax OR Vendor’s Branch
- JIT
- Procurement Prices
- Restricted ITC for Services based on Place of Provision of Services

- Working Capital Cycle
- Cash Flow / Fund Flow
- Valuation

GST Implementation

GST Multi-fold Impact

GST is a game changer → Why? → What are the impact areas?

GST

- Business Processes
- Supply chain
- HR
- Sales & Marketing Product Pricing
- Cash Flows
- Accounting
- Fiscal
- IT systems

Our Approach - GST Implementation

Phase I → Phase II → Phase III

Phase I

- Understanding of Business
- Scrutiny of records
- Understanding of business processes
- Classification of transactions in to different baskets
- Trend Analysis
- Impact Analysis

Phase II

- Crafting business strategies
- Contract review
- Transaction restructuring
- Guidance in transitional period
- Trainings to the management
- Benchmarking of procurement rates
- Advisory to IT system w.r.t. GST

Phase III

- Assisting in developing SOPs
- Aliening with GSTN
- Go live support
- Support in filling first returns

Stages of Implementation of GST

A	Impact Analysis through Analysis & Mapping of Existing Process vis-à-vis GST
A1	Understand Existing Org Structure
1	Understanding of Transactions of the Business:
i	Transaction listing through narration dump
ii	Trial Balance - Location wise, State Wise & Segment wise
iii	Existing Returns ER-1, ER-2 & ST-3, VAT Audit, Balance Sheet, Tax Audit, Cost Audit – All locations.
iv	Present Valuation of all transactions and valuations under GST.
v	Existing retention of tax – ineligible Cenvat Credit on input capital goods & input services, VAT, CST, Entry Tax, LBT, Purchase tax including cascading effects.

Stages of Implementation of GST

A2	Analyse Existing Flow (Material and Value) between entities
A3	Understanding of existing business and deriving best practices in GST for optimizing maximum benefits.
1	Classification of the transactions into specified w.r.t. Goods & Service & Place of provisions
2	Understanding of Flow Chart with respect to:
i	Organization
ii	Material Movement – Prior manufacturing
iii	Material Movement – During manufacturing or for other purpose.
iv	Distribution Pattern – Post manufacturing
3	Understanding functions of each Department at Macro & Micro level to assess the GST impact on their transactions and mapping them with existing Business Model.

Stages of Implementation of GST

4	Understanding of warehousing & logistic model including depot, branches, stock level thereof for GST impact and restructuring thereof.
5	Trend Analysis
i	Inventory - Location wise & category wise
ii	Branch transfers
iii	Location wise sales
6	Understanding distribution patterns till ultimate sale to consumer for GST impact and restructuring thereof.
7	Understanding of sales policy including schemes, discounts, return of goods for GST impact and restructuring thereof.

Stages of Implementation of GST

A4	Impact Analysis
A5	Map Existing Material Movement Flow
A6	Map P&L Expense Accounts (For Services / Non Stock / Misc.)
A7	Guidance for Transitional Period & deriving strategies for smooth transition and avoiding losses during transition
A8	List Open Area / Decisions and Alternative Path / Strategies

Stages of Implementation of GST

B	Contract Review
B1	Understanding of suppliers - nature of goods, place of supply & present contractual terms for GST impact and restructuring thereof.
B2	Understanding service providers including contractors & contractual terms and place of supply for GST impact and restructuring thereof.
B3	Advising revised terms & conditions in GST regime
B4	Advising amendment to the present POs during transition period
B5	Probable reduction in purchase price – A-Class vendors

Stages of Implementation of GST

C	GST Strategies
C1	Analysing function wise GST leakages & liabilities form the existing business strategy.
C2	Crafting Business Strategies
C3	Advising new business strategies and continuous consultation with GST Core Group of the company (multifunction team).

Stages of Implementation of GST

D	As Is - To Do preparations
D1	Suggest Change in Org Structure in line with GST
D2	Advise on Accounting Control for Tax Compliance and Tax Management.
D3	Advise for mapping transactions to ERP System.
E	Training & Operating Procedure
E1	Assisting in developing SOPs in each function of the Department including GST compliance
E2	Training at 3 levels.
i	Senior level team for decision making
ii	Middle Management for implementation
iii	Lower Management & Operating Team for documentation and compliances.

Role of IT Division

F	List Various Possibilities of Restructuring within ERP
F1	Prepare Material (Input / Output) Flow As Is - To Do
F2	Prepare Service (Input / Output) Flow As Is - To Do
F	Prepare Other Transactions As Is - To Do
F1	Prepare Transition Provision System Requirement
F2	Suggest Master / Transaction Changes, Checks and Balance
F3	Suggest Changes to Processes & Accounting Structure / ledgers

Role of IT Division

H	Guidance for ERP Implementation
H1	Enable ERP Team for GST Change Requirement
H2	Train ERP Team for Changes in GST & Rational behind System Changes
H3	Discuss As-Is To Do prepared as per requirement
H4	Define Data Points for GST Returns and Reconciliations in line with GSTN
H5	Help Finalize Change Requirement Document / Blue Print
H6	Suggest Best Practice & Process Improvements
H7	Provide GST Roadmap, Must Do - To Do for Go Live & payback points

Role of IT Division

I	Member of ERP Implementation Team
I1	GST ERP Implementation Steering & Change Management
I2	Participate in Implementation Reviews
I3	Verify Proposed Solutions design for requirements
I4	List Delta & Suggest Changes / improvements to reduce gaps
I5	Participate and Output testing and validate results
I6	Work for User Training & Change Management

GST Impact Analysis Tool

Bizsol

...partners in strategy

Gia'N't

Procurement

Location State:-	All India

Inputs VAT /CST

Inputs Customs Duty

Inputs Excise Duty

Inputs Service Tax

Inputs - Working capital impact

Inputs WCT

GST

Impact Assessment 'N' Tool

Input Worksheets

Impact Analysis

Sales / Supply

Product/Brand:-	All Product

Outputs VAT /CST

Outputs Excise Duty

Outputs Customs Duty

Outputs Service Tax

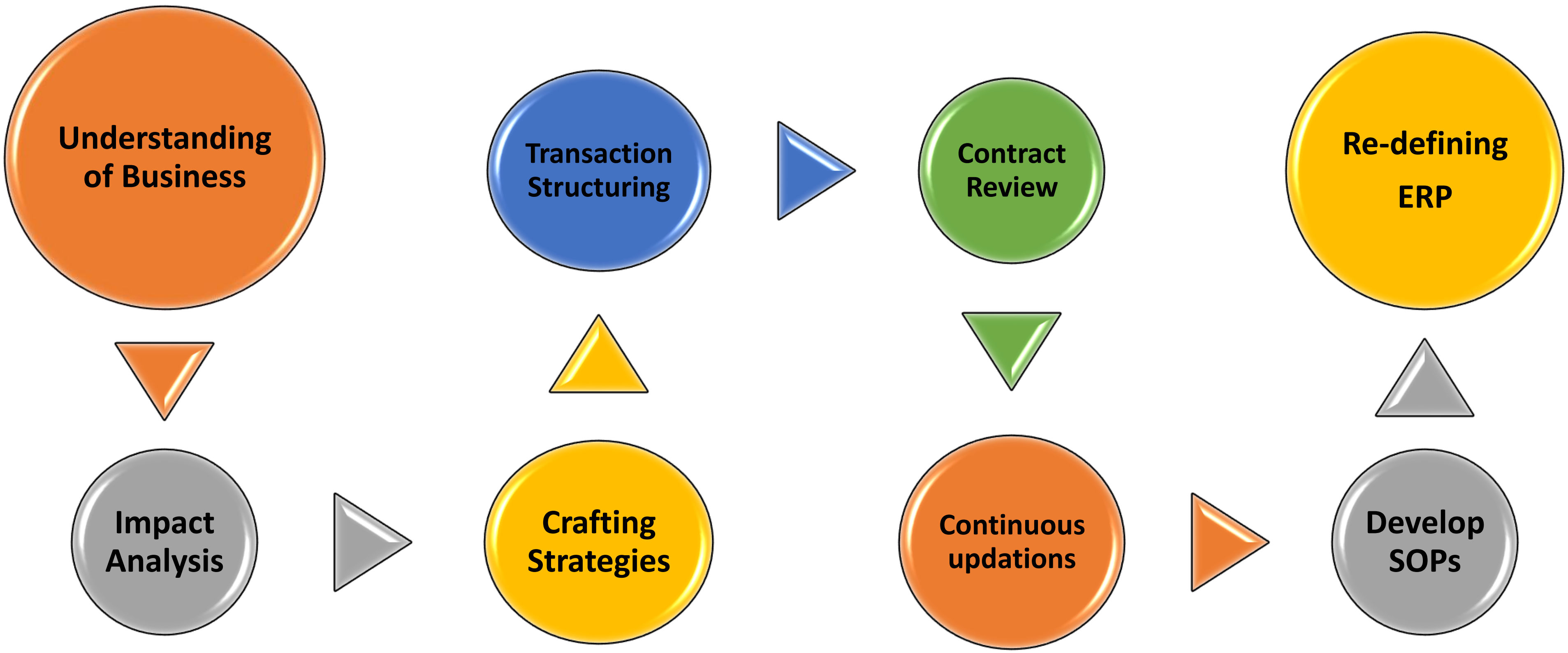
Inputs- GST Margin

Outputs WCT

Update dropdown list

-

Way Forward


Understanding of Business
Impact Analysis
Crafting Strategies
Transaction Structuring
Contract Review
Continuous updations
Develop SOPs
Re-defining ERP

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