GST Presentation

Content:

- ✓ Just for recall
- ✓ What's New in GST
- ✓ The word- Supply/Import & Export
- ✓ Action/Decision to be taken for implementation of GST
- ✓ GL Classification in SAP for GST
- ✓ Refund Procedure under GST
- ✓ Accounting Treatment in SAP
- ✓ Impact of GST on 100% EOU

Just for recall…………..

Existing vs Proposed Framework

Taxes to be subsumed

- Excise Duty
- Service tax
- CVD/SAD under customs
- Cess
- CST
- Others

- VAT/Sales Tax
- Entry Tax
- Entertainment / Luxury Tax
- Cess etc.

Dual tax structure

Central GST

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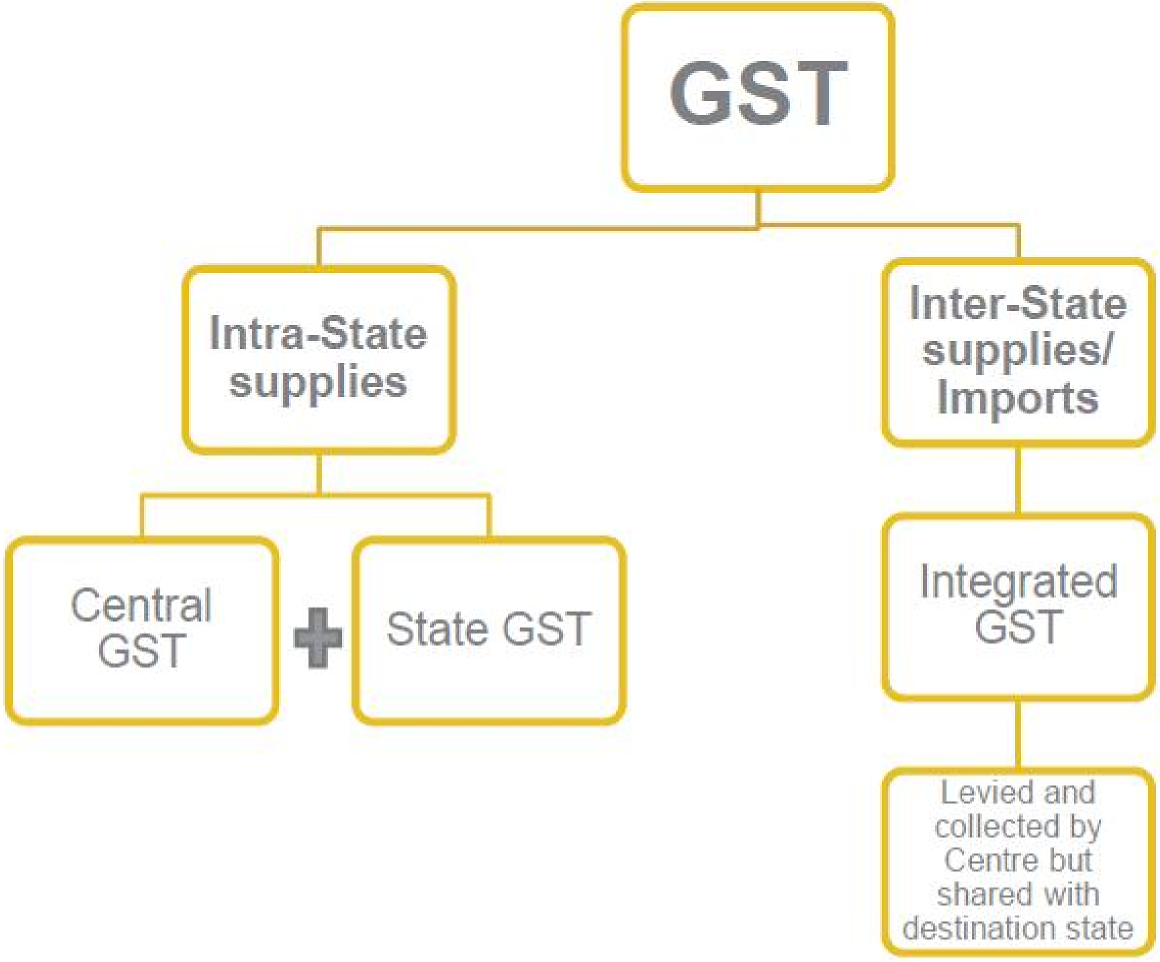
State GST

IGST

- Introduction of GST will result in:
  - Reduction in number of taxes
  - Removal of cascading
  - Decrease in effective tax rate of goods over a period
  - Increase in transparency and tax collection
  - Uniformity in tax rates across India

Proposed GST Structure



What’s New in GST

Under GST, there are three types of Invoice (Tax Invoice, Revised Invoice and Supplementary Invoice)	Under GST alongwith the Tax Invoice the concept of "Bill of Supply" is brought in. (Who has opted to composition scheme or supplies exempted goods/services)	Bill of Supply is issued by a person who has opted to composition scheme or supplies exempted goods/services)
ITC can be claimed based on "Tax Invoice" not on the basis of "Bill of Supply"	**What's New in GST**	At present invoice can be issued inclusive of tax whereas it is mandatory to indicate the tax charged in GST Regime
An Exporter mentioned on the face of Invoice:1.Supply meant for export on payment of IGST 2. Supply meant for export under bond without payment of IGST	Cost for claiming the Refund increased due to certification from CA	Procurement from Unregistered vendors can have implications in the forms of reverse charge liability which could have direct impact on working

The words- Manufacture/Sale/Service Provided replaced by "SUPPLY"

Taxable Event

Manufacture of Excisable goods

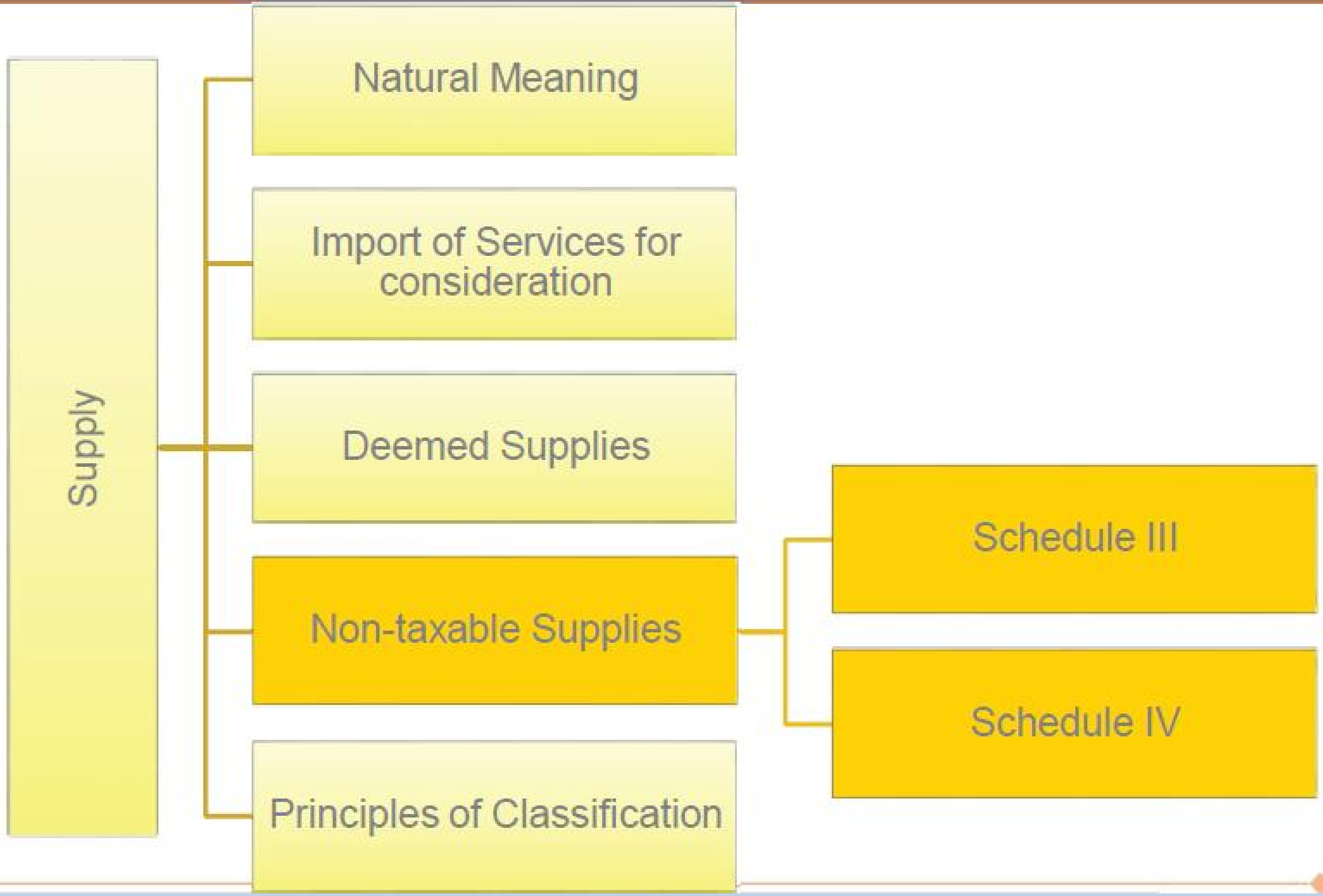
Provision / Receipt of services

Sale or Purchase of goods

GST

Supply of goods or services

Supply u/s 3



Supply
Natural Meaning
Import of Services for consideration
Deemed Supplies
Non-taxable Supplies
Principles of Classification
Schedule III
Schedule IV

Import of Goods

- As per the 101st Constitution Amendment, Basic Customs Duty has not been subsumed in GST.
- Parliament will have power to impose IGST on import of goods (since CVD and SAD are subsumed in GST), which will, however, be eligible for set-off as input tax credit to the importer.
- As per **section 2(10) of Model IGST Act, "import of Goods",** means bringing into India from a place outside India.

Section 8 (1)

- POS of goods imported into India shall be the location of the importer

Export of Goods

- **"Export of Goods" means** taking out of India to a place outside India. [Section 2(5) of Model IGST Law]
- Exports are zero-rated in the GST

Section 8 (2)

- POS of goods exported from India shall be the location outside India

Action/Decision to be taken for implementation for GST

S.No.	Action/decision to be taken
1	Collect all pending concessional forms (Form-C, D2, D1 etc)
2	If Stautory forms are not submitted with in the prescribed time, ITC shall not be eligible.
3	Utilize the maximum CENVAT credit
4	Proper reconciliation should be available for ITC
5	Closing balance of credit available in the books to be transferred in respective ITC under GST regime

S.No.	Action/decision to be taken
1	New GL should be opened before 30th June 2017.
2	All vendors code should be updated with GSTIN No., State code, HSN/SAC etc.
3	Company GSTIN No. should also be updated in vendors/customers record.
4	Proper training should be provided to the team.
5	Proper report should be extraced from SAP for filing the return under GST regime.

GL Classification in SAP for GST

GL Classification- Payable

Present	In GST	Tax code	Nature of Tax
VAT Payable-4% VAT Payable-12.5% CST Payable-2% CST Payable-12.5%	SGST	0% 6% 12% 18%	Local/Intra state Taxes
Excise Duty Payable Service Tax Payable	CGST	0% 6% 12% 18%	Local/Intra state Taxes
	IGST	0% 6% 12% 18%	Inter-State Supply Tax

GL Classification- Receivable

Present	In GST	Tax code	Nature of Tax
VAT Receivable-4% VAT Receivable-12.5% CST Receivable-2% CST Receivable-12.5%	SGST	0% 6% 12% 18%	Local/Intra state Taxes
Excise Duty Receivable Service Tax Receivable	CGST	0% 6% 12% 18%	Local/Intra state Taxes
	IGST	0% 6% 12% 18%	Inter-State Supply Tax

Refund Procedure under GST

S.No.	Refund Provision under GST
1	Time limit for filing: 2 years from the relevant date
2	Export unit, including zero rate supply, may claim unutilized credit at the end of any tax period.
3	No refund of input tax credit can be taken, if the export is on payment of export duty
4	No refund of ITC shall be allowed if supplier of goods or services has claimed refund of output tax paid under IGST
5	Application form-GST RFD-1 alongwith necessary documents.
6	If amt exceeds Rs. 5 lacs, the same should be certified by the chartered Accountants
7	Refund wil be given within 60 days of filing if application complete in all respect
8	To avoid the holding of capital of exporters, refund will be given in 7 days of the acknowledge of claim.

Accounting Entry in SAP-Present Vs GST

ACCOUNTING TREATMENT (PRESENT VS GST)

Present				In GST			
IMPORT				**IMPORT**			
Purchase	Dr	100		Purchase	Dr	100	
BCD	Dr	10		BCD	Dr	10	
CVD	Dr	12.5		IGST	Dr	18	
To	Vendor		100	To	Vendor		100
To	Bank		22.5	To	Bank		28
Local Purchase				**Local Purchase**			
Purchase	Dr	100		Purchase	Dr	100	
ED	Dr	12.5		CGST	Dr	10	
VAT	Dr	4		SGST	Dr	8	
To	Vendor		116.5	To	Vendor		118
Inter- State Purchase				**Inter- State Purchase**			
Purchase	Dr	100		Purchase	Dr	100	
ED	Dr	12.5		IGST	Dr	18	
CST	Dr	2					
To	Vendor		114.5	To	Vendor		118

ACCOUNTING TREATMENT (PRESENT VS GST)

Present					In GST				
EXPORT									
	Customer	Dr	200			Customer	Dr	200	
	To	Sale (Export)		200		To	Sale (Export)		200
DEEMED EXPORT									
	Customer	Dr	200			Customer	Dr	236	
	To	Sale (Deemed Export)		200		To	Sale (Deemed Export)		200
	To	Duty		Nil		To	CGST		12
						To	SGST		24
DTA SALE									
(i)	Customer	Dr	251.7		(i)	Customer	Dr	236	
	To	Sale (DTA)		200		To	Sale (DTA)		200
	To	Duty		42		To	CGST		12
	To	VAT		9.68		To	SGST		24
					(ii)	Customer	Dr	236	
						To	Sale (DTA)		200
						To	IGST		36

CENVAT Utilisation			
Liability	**First**	**Second**	**At Last**
SGST Payable	SGST	IGST	
CGST Payable	CGST	IGST	
IGST Payable	IGST	CGST	SGST
Note: NO ITC without online reconciliation			

Comparison of Duty Structure-Present IDT Vs. GST

Present Duty Structure (FG Sale)			GST Duty Structure (FG Sale) Case-I If Exemption notification not available			GST Duty Structure (FG Sale) Case-II If Exemption notification available		
Particulars	**Duty Rate**	**INR**	**Particulars**	**Duty Rate**	**INR**	**Particulars**	**Duty Rate**	**INR**
Value of Goods		100.00	Value of Goods		100.00	Value of Goods		100.00
BCD	12.5	6.25	BCD	12.5	12.50	BCD	12.5	6.25
		106.25	Total		112.50	Total		106.25
CVD	12.5	13.28	IGST	18%	20.25	IGST	18%	19.13
		119.53	**Total**		132.75	**Total**		125.38
Cess	3	0.59	**Duty rate**		**32.75**	**Duty rate**		**25.38**
Total		120.12	CENVAT available		20.25	CENVAT available		19.13
Duty Rate		**20.117**	Cost		12.50	Cost		6.25
CENVAT available		13.28	Increase/Decrease		**83%**	Increase/Decrease		**-9%**
Cost		6.84						

Present Duty Structure (Scrap Sale)		
Particulars	**Duty Rate**	**INR**
Value of Goods		100.00
BCD	2.5	1.25
		101.25
CVD	12.5	12.66
		113.91
Cess	3	0.42
Total		114.32
Excise Duty Rate		**14.323**
CENVAT available		12.66
Cost		1.67

GST Duty Structure (Scrap Sale)		
Case-I If Exemption notification not available		
Particulars	**Duty Rate**	**INR**
Value of Goods		100.00
BCD	2.5	2.50
Total		102.50
IGST	18%	18.45
Total		120.95
Duty rate		**20.95**
CENVAT available		18.45
Cost		2.50
Incremental effect		**50%**

GST Duty Structure (Scrap Sale)		
Case-II If Exemption notification available		
Particulars	**Duty Rate**	**INR**
Value of Goods		100.00
BCD	2.5	1.25
Total		101.25
IGST	18%	18.23
Total		119.48
Duty rate		**19.48**
CENVAT available		18.23
Cost		1.25
Incremental effect		**-25%**

Thanks

For any query, Pl feel free to contact:

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