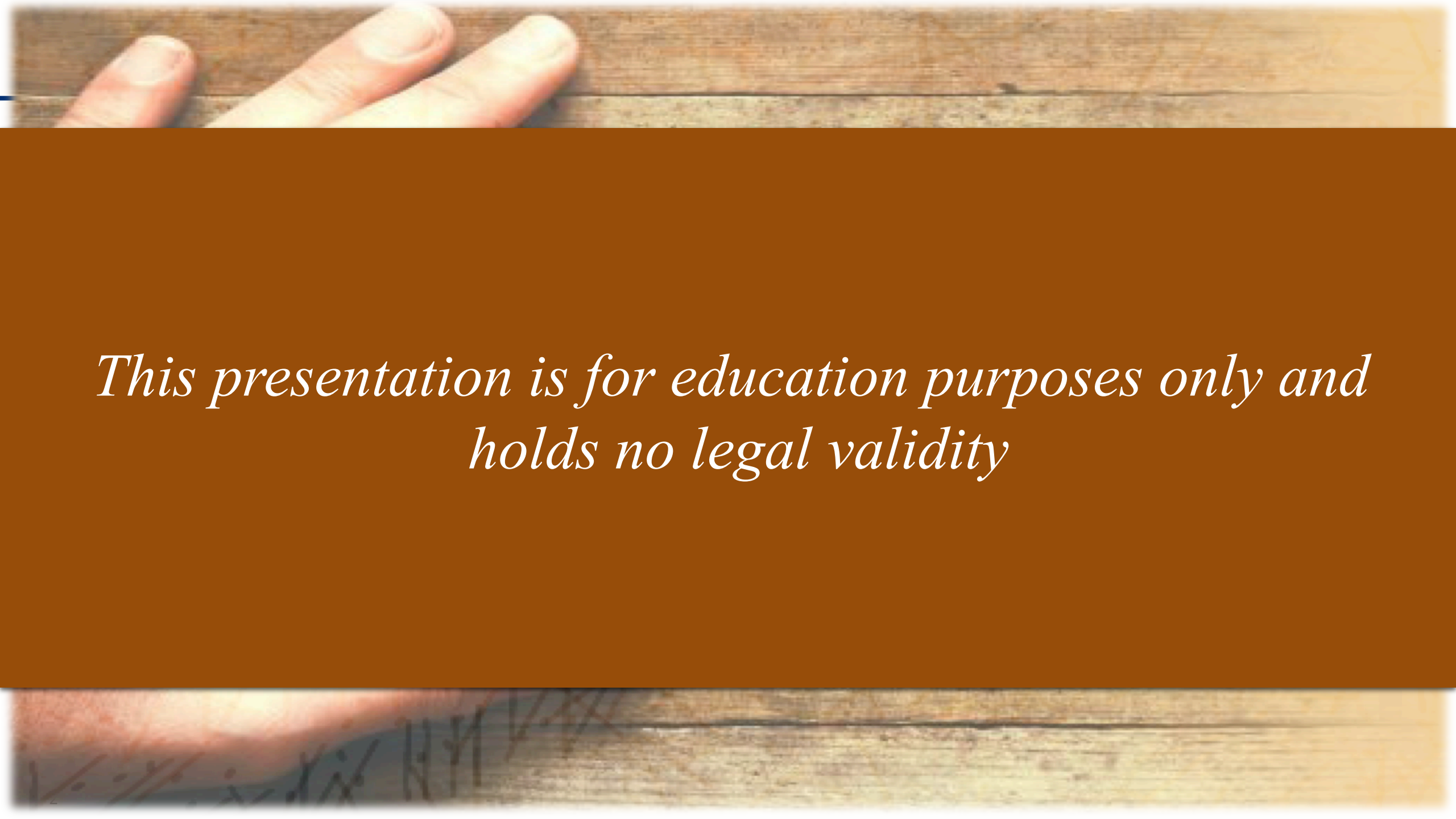


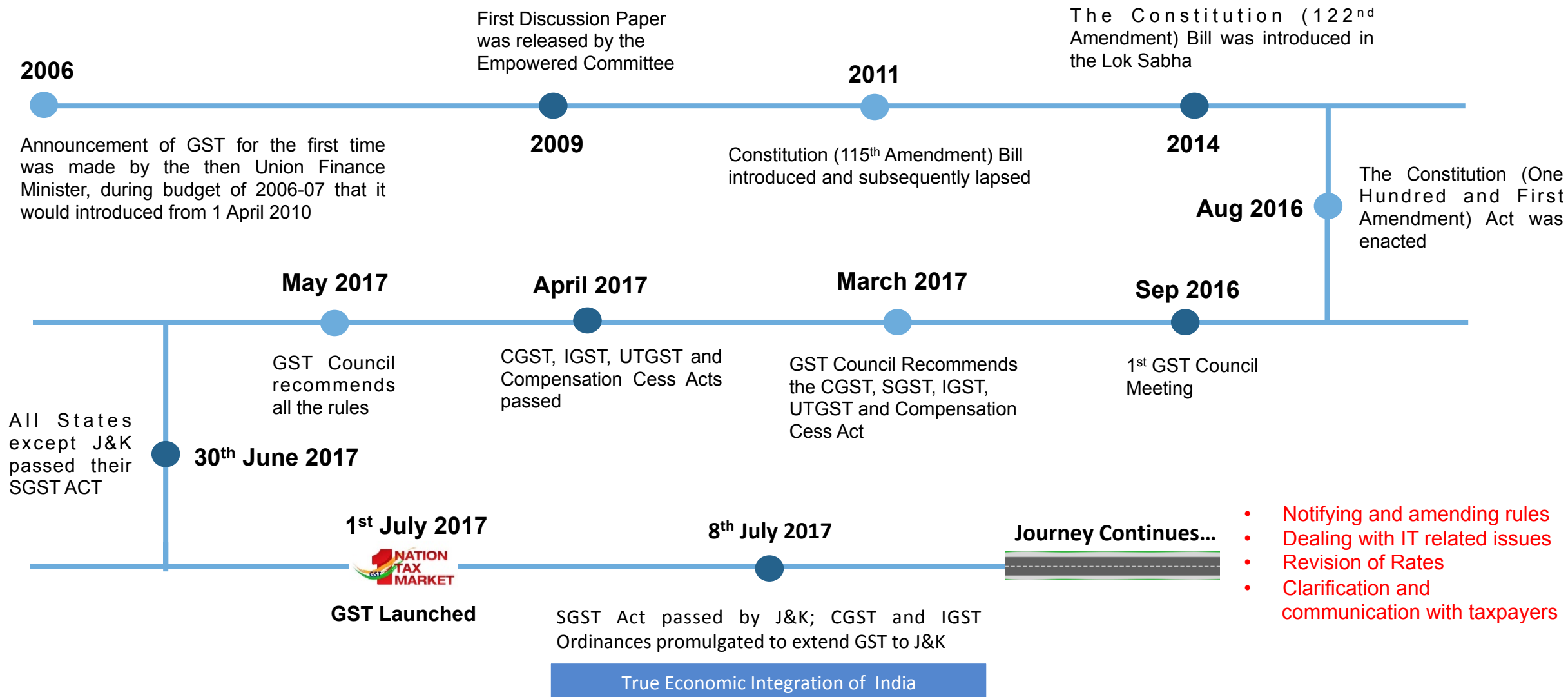


GST – An Update (As on 01st August 2018)

A hand is visible at the top left, holding a horizontal wooden plank. A large, solid brown rectangular area covers the center of the image. At the bottom, another wooden plank is visible, with some faint, illegible markings or graffiti on its surface.

*This presentation is for education purposes only and
holds no legal validity*

The Journey to GST



Definition of GST

Article 366(12A)

“Goods and services tax” means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption

Sl No	Definition	Article	Definition
1.	Goods	366(12)	Includes all materials, commodities, and articles [Pre Existing Definition]
2.	Service	366 (26A)	Anything other than goods [Introduced vide 101 st Constitutional Amendment Act]
3.	State	366(26B)	With reference to articles 246A, 268, 269, 269A and Article 279A includes a Union territory with Legislature. [Introduced vide 101 st Constitutional Amendment Act]

“Goods and Services tax” law while having unique principles, has significant elements of prior Central and State laws; and is also inspired by VAT/GST legislation of EU, Australia, Malaysia etc. along with International VAT/GST guidelines of OECD

- ❖ Bill passed by Rajya Sabha on 03.08.2016 & Lok Sabha on 08.08.2016
- ❖ Notified as Constitution (101st Amendment) Act, 2016 on 08.09.2016
- ❖ Key Features:
 - ❑ Concurrent jurisdiction for levy & collection of GST by the Centre & the States – Article 246A
 - ❑ Centre to levy & collect IGST on supplies in the course of inter-State trade or commerce including imports – Article 269A
 - ❑ Compensation for loss of revenue to States for five years on recommendation of GSTC – Clause 19
 - ❑ GST on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas & aviation turbine fuel to be levied from a later date on recommendations of GSTC

Pre-GST Indirect Tax Structure in India

Central Taxes

- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toilet Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

State Taxes

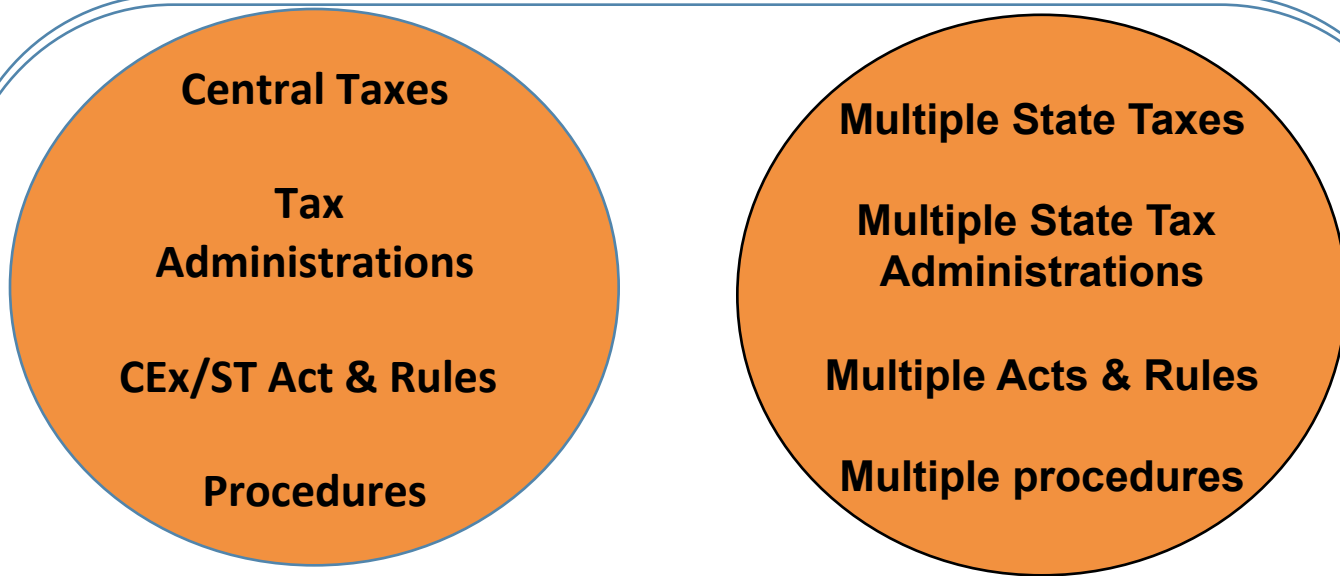
- State VAT / Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

+ 13 Cesses

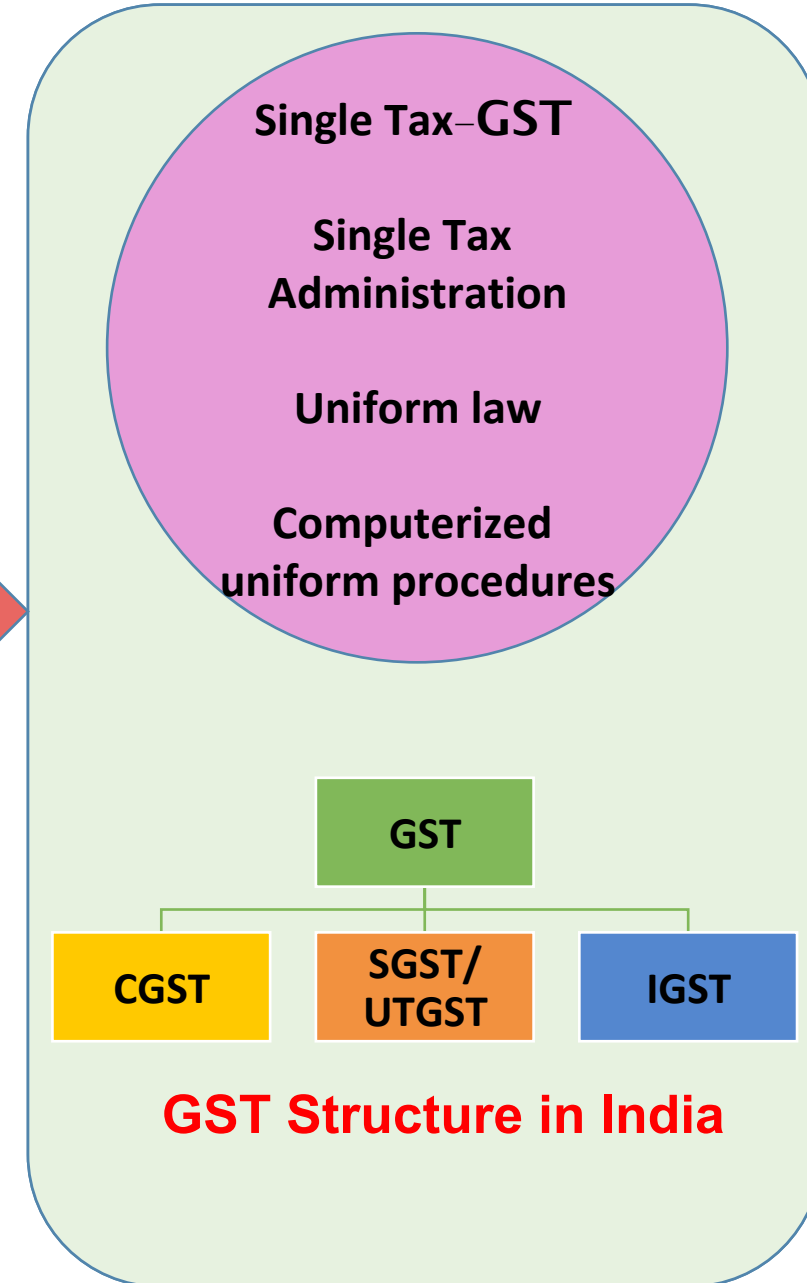
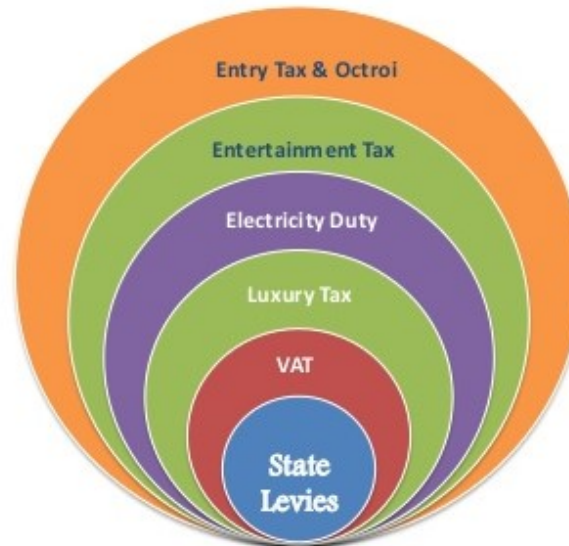
GST



**Constitution amended to provide concurrent powers to both Centre & States to levy GST
(Centre to tax sale of goods and States to tax provision of services)**



Pre-GST Indirect tax structure in India



GST Structure in India

Outside GST !



Alcohol for human consumption

Power to tax remains with the State



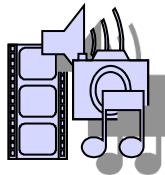
Five petroleum products – crude oil , diesel, petrol, natural gas and ATF

GST Council to decide the date from which GST will be applicable



Tobacco

Part of GST but power to levy additional excise duty with Central Government



Entertainment tax levied by local bodies

Power to tax remains with local bodies

- Chairperson – Union FM
- Vice Chairperson - to be chosen amongst the Ministers of State Government
- Members - MOS (Finance) and all Ministers of Finance / Taxation of each State
- Quorum is 50% of total members
- Decision by 75% majority
- States - 2/3 weightage and Centre - 1/3 weightage
- Council to make recommendations on everything related to GST including laws, rules and rates etc.

GST Council - Decisions (1/12)

- ❑ Threshold limit for exemption to be Rs. 20 lac (Rs. 10 lac for special category States except J&K)
- ❑ Compounding threshold limit to be Rs. 1 Crore with -

Categories	Tax Rate
Traders	1%
Manufacturers	1%
Restaurants	5%

- ❑ Turnover limit recommended to be raised to Rs. 1.5 Cr in 23rd GST Council meeting - to be notified after necessary amendment in the Act
- ❑ Government may convert existing Area based exemption schemes into reimbursement based scheme – Already notified by Centre on 05.10.2017
- ❑ Four tax rates namely 5%, 12%, 18% and 28%
- ❑ Some goods and services would be exempt
- ❑ Separate tax rate (3% or 0.5%) for precious metals / stones

- ❑ Cess over the peak rate of 28% on specified luxury & sin goods
- ❑ To ensure single interface – all administrative control over
 - 90% of taxpayers having turnover below Rs. 1.5 cr would vest with State tax administration
 - 10% of taxpayers having turnover below of Rs. 1.5 cr. would vest with Central tax administration
 - taxpayers having turnover above Rs. 1.5 cr. would be divided equally between Central and State tax administration
- ❑ Power under the IGST Act shall also be cross-empowered on the same basis as under CGST and SGST Acts with few exceptions
- ❑ Power to collect GST in territorial waters delegated to the States
- ❑ Eighteen rules on composition, registration, valuation, input tax credit etc. have been recommended and notified

- ❑ Exemption from registration
 - to suppliers of services making inter-State supply upto Rs. 20 lacs
 - to suppliers providing services through an e-commerce platform provided their aggregate turnover does not exceed Rs. 20 lacs
- ❑ Exemption from Section 9(4) – Reverse Charge on purchase from unregistered persons till 30.09.2019
- ❑ No requirement on payment of tax on advance received for supply of goods by all taxpayers
- ❑ Exemption from tax for supplies from GTA to unregistered person
- ❑ Suspension of TCS / TDS provisions till 30.09.2018
- ❑ Introduction of nation-wide E-way bill for inter-State supplies from 01.04.2018 and for intra-State supplies by 03.06.2018
- ❑ www.ewaybillgst.gov.in, managed by NIC would be the portal for generation of e-way bill

- ❑ Introduction of E-Wallet Scheme for exporters from 01.10.2018 & till then relief for exporters in form of broadly existing practice
- ❑ All taxpayers to file monthly GSTR-3B & pay tax on monthly basis
- ❑ Taxpayers with turnover upto Rs. 1.5 Cr to file quarterly GSTR – 1 returns – Monthly for other taxpayers
- ❑ Late fee already paid but subsequently waived off to be re-credited to their Electronic Cash Ledger under “Tax” head instead of “Fee” head

- ❑ From October 2017 onwards, the amount of late fee payable by a taxpayer
 - whose tax liability for that month was 'NIL' will be Rs. 20/- per day instead of Rs. 200/- per day
 - whose tax liability for that month was not 'NIL' will be Rs. 50/- per day instead of Rs. 200/- per day
- ❑ Facility for manual filing of refund application
- ❑ Facility for manual filing of application for advance ruling
- ❑ Supply of services to Nepal and Bhutan exempted from GST even if payment not received in foreign convertible currency – such suppliers to be eligible for input tax credit
- ❑ Centralized UIN to be issued to every Foreign Diplomatic Mission / UN Organization by the Central Government
- ❑ www.gst.gov.in, managed by GSTN, would be the common portal

GST Council - Decisions (6/12)

In its 28th meeting held in New Delhi on 21.07.2018, the GST Council recommended certain amendments in the CGST Act, IGST Act, UTGST Act and the GST (Compensation to States) Act. The major recommendations are :

- ❑ Upper limit of turnover for opting for composition scheme to be raised from Rs. 1 crore to Rs. 1.5 crore. Present limit of turnover can now be raised on the recommendations of the Council.
- ❑ Composition dealers to be allowed to supply services (other than restaurant services), for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher.
- ❑ Levy of GST on reverse charge mechanism on receipt of supplies from unregistered suppliers, to be applicable to only specified goods in case of certain notified classes of registered persons, on the recommendations of the GST Council.

- ❑ Threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand to be increased to Rs. 20 Lakhs from Rs. 10 Lakhs.
- ❑ Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/Union territory.
- ❑ Mandatory registration is required for only those e-commerce operators who are required to collect tax at source.
- ❑ Registration to remain temporarily suspended while cancellation of registration is under process, so that the taxpayer is relieved of continued compliance under the law.

- ❑ Following transactions to be treated as no supply (no tax payable) under Schedule III:
 - Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India;
 - Supply of warehoused goods to any person before clearance for home consumption; and
 - Supply of goods in case of high sea sales.
- ❑ Scope of input tax credit is being widened, and it would now be made available in respect of the following:
 - Most of the activities or transactions specified in Schedule III;
 - Motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft;
 - Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and
 - Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.

- ❑ Registered persons may issue consolidated credit/debit notes in respect of multiple invoices issued in a Financial Year.
- ❑ Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 Crores and Rs. 50 Crores respectively.
- ❑ Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.

- ❑ Supply of services to qualify as exports, even if payment is received in Indian Rupees, where permitted by the RBI.
- ❑ Place of supply in case of job work of any treatment or process done on goods temporarily imported into India and then exported without putting them to any other use in India, to be outside India.
- ❑ Recovery can be made from distinct persons, even if present in different State/Union territories.
- ❑ The order of cross-utilisation of input tax credit is being rationalized.

These amendments will now be placed before the Parliament and the legislature of State and Union territories with legislatures for carrying out the amendments in the respective GST Acts.

GST Council in its 28th meeting held on 21.07.2018 in New Delhi, also approved the new return formats and associated changes in law. The main features of the new return filing format are the following:

- ❑ All taxpayers excluding small taxpayers and a few exceptions like ISD etc. shall file one monthly return.
- ❑ The return is simple with two main tables. One for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier.
- ❑ Invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. This process would ensure that very large part of the return is automatically filled based on the invoices uploaded by the buyer and the seller. Simply put, the process would be “UPLOAD – LOCK – PAY” for most tax payers.

- ❑ Taxpayers would have facility to create his profile based on nature of supplies made and received. The fields of information which a taxpayer would be shown and would be required to fill in the return would depend on his profile.
- ❑ NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS.
- ❑ There shall be quarterly filing of return for the small taxpayers having turnover below Rs. 5 Cr as an optional facility. Quarterly return shall be similar to main return with monthly payment facility but for two kinds of registered persons – small traders making only B2C supply or making B2B + B2C supply. For such taxpayers, simplified returns have been designed called Sahaj and Sugam. In these returns details of information required to be filled is lesser than that in the regular return.
- ❑ The new return design provides facility for amendment of invoice and also other details filed in the return. Amendment shall be carried out by filing of a return called amendment return. Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayers.

Main Features of the GST Act (1/5)

- ❑ Concurrent jurisdiction for levy & collection of GST by the Centre (CGST) and the States (SGST)
- ❑ Centre to levy and collect IGST on supplies in the course of inter-State supplies & on imports
- ❑ Compensation for loss of revenue to States for five years
- ❑ All transactions and processes only through electronic mode – Non-intrusive administration
- ❑ PAN Based Registration
- ❑ Registration only if turnover more than Rs. 20 lac (Rs. 10 lacs for special category States except J&K)

Main Features of the GST Act (2/5)

- ❑ Option of Voluntary Registration
- ❑ Composition threshold shall be Rs. 100 lakh
 - Composition scheme shall not be available to inter-State suppliers, service providers (except restaurant service) and specified category of manufacturers
- ❑ Deemed Registration in three working days
- ❑ Input Tax Credit available on taxes paid on all procurements (except few specified items)

Main Features of the GST Act (3/5)

- ❑ Set of auto-populated Monthly returns and Annual Return
- ❑ Composition taxpayers to file Quarterly returns
- ❑ Automatic generation of returns
- ❑ GST Practitioners for assisting filing of returns
- ❑ GSTN and GST Suvidha Providers (GSPs) to provide technology based assistance

Main Features of the GST Act (4/5)

- ❑ Tax can be deposited by internet banking, NEFT / RTGS, Debit / credit card and over the counter
- ❑ Concept of TDS for certain specified categories *(to be brought in force wef 01.10.2018)*
- ❑ Concept of TCS for E-Commerce Companies *(to be brought in force wef 01.10.2018)*
- ❑ The e-way bill system has been introduced nation-wide for all inter-State movement of goods with effect from 01.04.2018. As on 16.06.2018, all States and Union Territories have introduced e-way bill system for intra-state movement of goods
- ❑ Refund to be granted within 60 days
- ❑ Provisional release of 90% refund to exporters within 7 days

Main Features of the GST Act (5/5)

- ❑ Interest payable if refund not sanctioned in time
- ❑ Refund to be directly credited to bank accounts
- ❑ Comprehensive transitional provisions for smooth transition of existing tax payers to GST regime
- ❑ Special procedures for job work
- ❑ System of GST Compliance Rating
- ❑ Anti-Profiteering provision – National Anti-Profiteering Authority already set up
 - Standing Committee on Anti-Profiteering already set up
 - State level Screening Committee already set up

Benefits of GST (1/2)

1 Reduction in Cascading of Taxes

2 Overall Reduction in Prices

3 Common National Market

4 Benefits to Small Taxpayers

5 Self-Regulating Tax System

6 Non-Intrusive Electronic Tax System

Decrease in
Inflation

Ease of Doing
Business

Decrease in “Black”
Transactions

Benefits of GST (2/2)

7 Simplified Tax Regime

8 Reduction in Multiplicity of Taxes

9 Consumption Based Tax

10 Abolition of CST

11 Exports to be Zero Rated

12 Protection of Domestic Ind. - IGST

More informed
consumer

Poorer States
to Gain

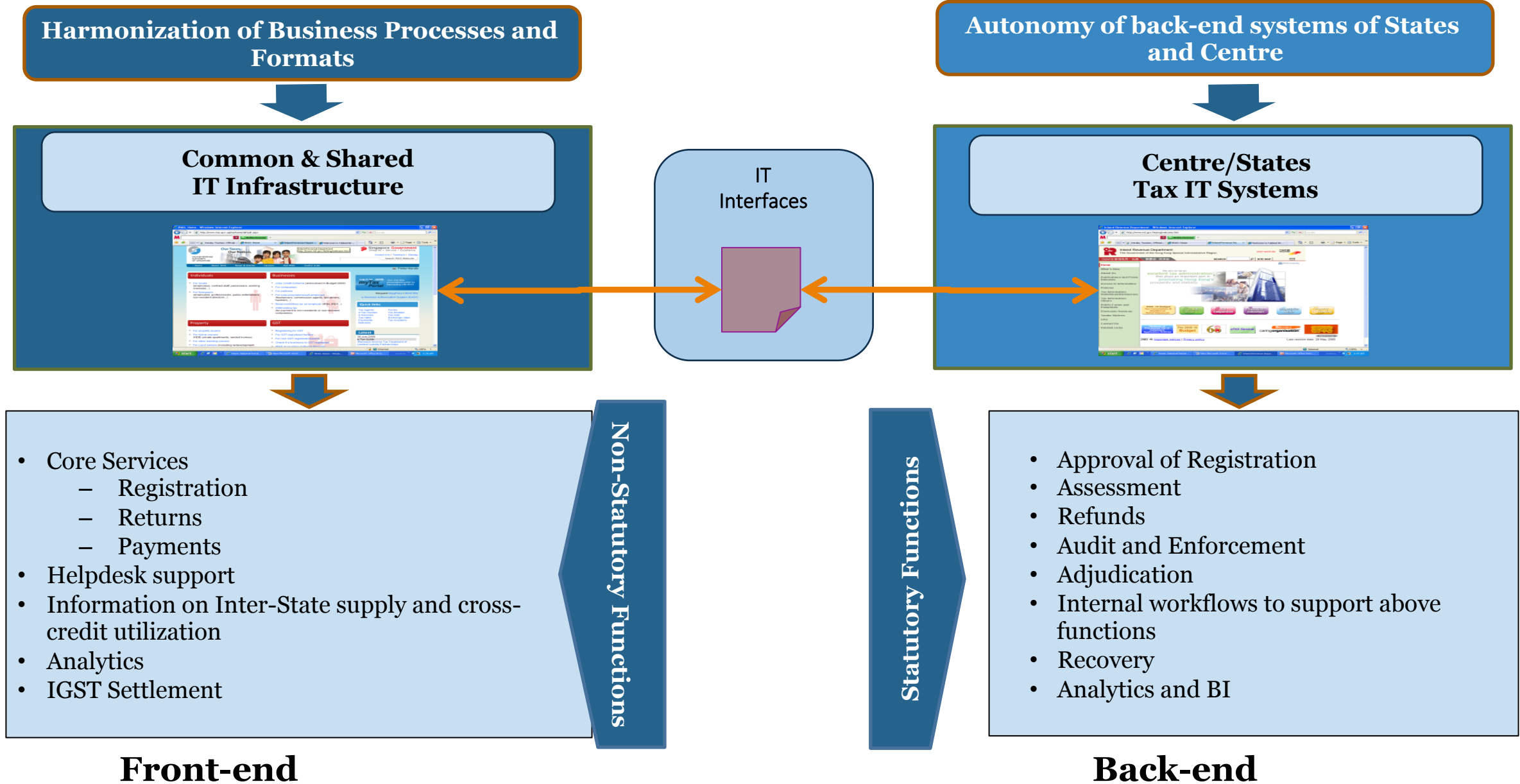
Make in India

Goods and Service Tax Network (1/4)

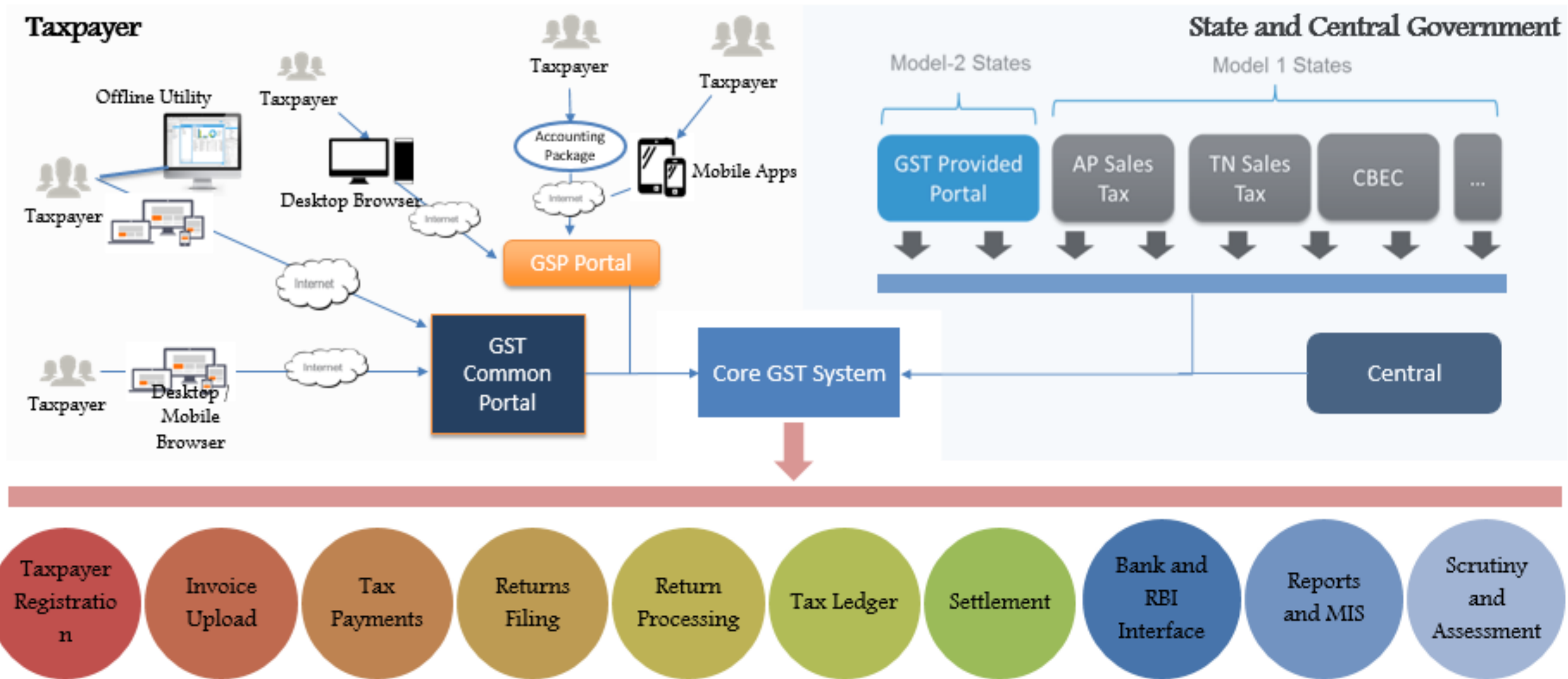
- ❑ Incorporated in March 2013 as Section 25 private limited company with paid up capital of Rs. 10 crore
- ❑ Equity Holders
 - Central Government - 24.5%
 - EC and all States together - 24.5%
 - Financial Institutions – 51%
- ❑ To function as a Common Pass-through portal for taxpayers-
 - submit registration application
 - file returns
 - make tax payments
- ❑ To develop back end modules for 27 States (MODEL –II)
- ❑ Infosys appointed as Managed Service Provider (MSP)
- ❑ Appointed 73 GST Suvidha Providers (GSPs)

- ❑ The GST Council in its 27th meeting held on 04.05.2018 has approved the change in shareholding pattern of GSTN:
- ❑ Considering the nature of 'state' function' performed by GSTN, the GST Council felt that GSTN be converted into a fully owned Government company.
- ❑ Accordingly, the Council approved acquisition of entire 51 per cent of equity held by non-Governmental institutions in GSTN amounting to Rs. 5.1 crore, equally by the Centre and the State Governments.

Goods and Service Tax Network (3/4)



Goods and Service Tax Network (4/4)



- ❑ Role in Policy making: Drafting of GST Law, Rules & Procedures – CGST, UTGST & IGST Law
- ❑ CBIC is responsible for administration of the CGST and IGST law
- ❑ Assessment, Audit, Anti-evasion & enforcement under CGST, UTGST & IGST Law
- ❑ Levy & collection of Central Excise duty on products outside GST – Petroleum Products & Tobacco
- ❑ Levy & collection of Customs duties
- ❑ Developing linkages of CBIC - GST System with GSTN
- ❑ Training of officials of both Centre & States
- ❑ Outreach programs for Trade and Industry
- ❑ Director General of Safeguards, CBIC has been mandated to conduct detailed enquiry on anti-profiteering cases



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