GST

COMPLIANCE HANDBOOK

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by

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1 Meaning & Scope of Supply:

A. Meaning of Supply:

a) [Section 7(1)(a)] All forms of supply of goods and / or services, made or agreed to be made for a consideration, in the course or furtherance of business such as sale, transfer, barter, exchange, license, rental, lease or disposal

b) [Section 7(1)(b)] Importation of service, for a consideration, whether or not in the course or furtherance of business

c) [Section 7(1)(c)] Supplies specified in Schedule I

(i) Permanent transfer / disposal of business assets for which ITC has been availed

(ii) Supplies between related persons/ distinct persons in the course or furtherance of business (gifts of less than Rs. 50,000 in value in a FY by employer to employee not to be treated as supply)

(iii) Supply of goods by / to principal to / by agent where agent undertakes to supply / receive such goods on behalf of principal

(iv) Importation of service from a related person or from any of his other establishments outside India, in the course or furtherance of business

d) [Section 7(1)(d)] Activities to be treated as supply of goods or supply of services as specified in Schedule II

(i) Transfer

* Any transfer of title in goods
* Any transfer of right in goods or undivided share in goods without the transfer of title thereof
* Any transfer of title in goods wherein the property in goods will pass at a future date upon payment of full consideration as agreed

(ii) Land and Building

* Any lease, tenancy, easement, licence to occupy land
* Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly,(renting of residential dwelling for use as residence is exempt)

(iii) Any treatment or process applied to another person's goods

(iv) Transfer of business assets

* Transfer / Disposal of goods so as to no longer to form part of business assets, whether or not for a consideration
* Goods 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
* Any person ceases to be a taxable person, any goods forming part of assets of any business carried on by him – shall be deemed to be supply in the course or furtherance of his business immediately before he ceases to be a taxable person

(v) Following to be treated as Supply of Services

* Renting of immovable property (except renting of residential dwelling for the purpose of residence)
* 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 before its first occupation, whichever is earlier

* Temporary transfer or permitting the use or enjoyment of any intellectual property right

* Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of information technology software

* Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act

* 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

(vi) Following Composite Supplies to be treated as Supply of Services

* Works Contract - a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract

* 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

* Supply of goods by any unincorporated AOP or BOP to a member thereof for cash, deferred payment or other valuable consideration shall be treated as supply of goods

B. Activities not to be treated as supply:

a) [Section 7(2)(a)] Activities or transactions specified in Schedule III

(i) Services by employee to employer in course of or in relation to his employment

(ii) Services by court or Tribunal established under any law for the time being in force

(iii) functions performed by the M.Ps, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities

(iv) duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity

(v) 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

(vi) Services of funeral, burial, crematorium or mortuary including transportation of the deceased

(vii) Sale of land and, subject to Construction Activity of Schedule II, sale of building

(vii) Actionable claims, other than lottery, betting and gambling

b) [Section 7(2)(b)] Activities or transactions undertaken by Central Govt, State Govt, Local authority in which they are engaged as public authorities as may be notified by the Government on the recommendations of the GST Council

2 Composition Levy:

A. Conditions:

a) Aggregate Turnover sholud be less than Rs.1 Crore (Rs. 75 Lakhs in case of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh)
b) No tax to be collected
c) No Input Tax Credit available
d) The taxpayer cannot make any inter-state supply of goods

B. Rate of Tax:

Type of Business	CGST	SGST	Total
Manufacturers or Traders (Goods)	0.50%	0.50%	1.00%
Restaurants not serving alcohol	2.50%	2.50%	5.00%

3 Time of Supply:

A. Time of Supply of Goods:

Earlier of invoice or payment, i.e.,

- Actual date of issue of invoice by the supplier
- Due date for issue of invoice by the supplier:
  * Non-Continuous Supply involves movement: Time of removal of goods for supply
  * Non-Continuous Supply - Other cases: Delivery of goods/ making available to the recipient
  * Continuous Supply: Date of issue of statement of account/receipt of payment
  * Sale on approval basis: Earlier of time at which it becomes known that the supply has taken place OR 6 months from date of removal
- Date of receipt of payment (date on which payment is entered in the books of Accounts of supplier or Date on which payment is credited to the supplier's bank a/c whichever is earlier

B. Time of Supply of Services:

If invoice issued within prescribed time	→	Date of issue of Invoice or receipt of payment, whichever is earlier
If invoice not issued within prescribed time	→	Date of provision (completion) of service or receipt of payment, whichever is earlier
If both the above clauses do not apply	→	Date on which recipient shows the receipt of services in his books of accounts

Prescribed Time - 30 days (45 days in case of Banking, Insurance, Financial Institution or NBFC company)
Receipt of Payment - Earlier of entry in books or credit in bank account

4 Input Tax Credit:

"Input tax" means IGST (including that on import of goods), CGST, SGST and UTGST charged on any supply of goods or services

A. Credit Utilization Chart

Credit of	Allowed for payment of		
	IGST	CGST	SGST
IGST	1	2	3
CGST	2	1	N.A.
SGST	2	N.A.	2

The numbers represent the order of utilization of credit

B. Conditions to claim ITC:

Conditions to claim ITC

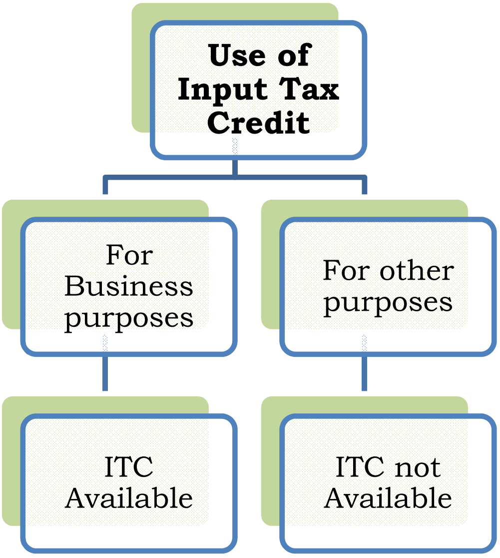
- Possession of a tax invoice or debit note or document evidencing payment
- Receipt of goods and/or services
- Tax actually paid by the supplier to the credit of the appropriate Government, either in cash or by utilization of ITC & the supplier filed the return

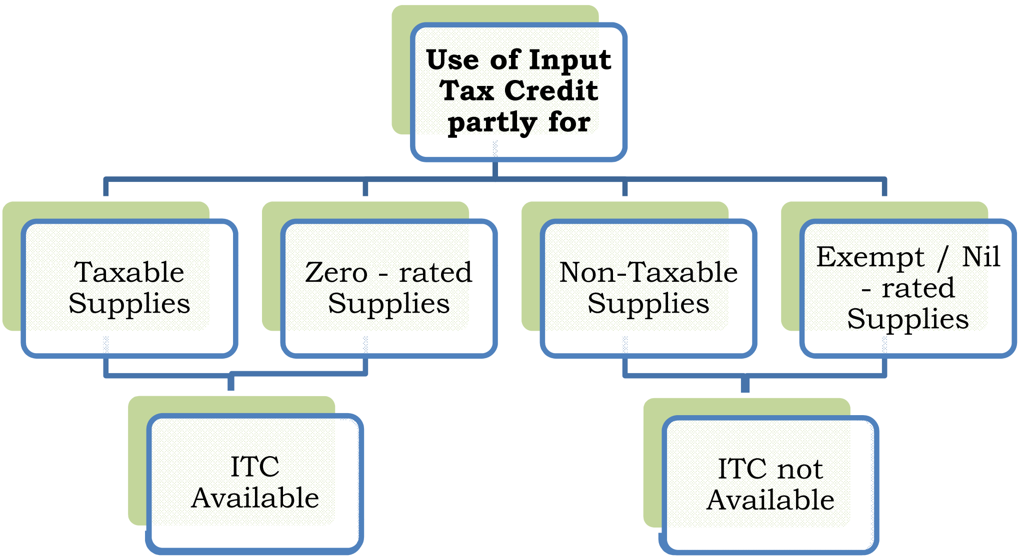
C. Conditions to claim ITC in case of Capital Goods:

Depreciation claimed on Tax component of the cost of capital goods under IT Act

- Yes → ITC not Available
- No → ITC Available

D. ITC on the basis of use of Inputs:





Attribution of ITC to be made as per the manner prescribed in the ITC Rules

E. Cases where ITC is not available under GST:

a) Motor Vehicles - ITC for Motor Vehicles will not be available

Exceptions:

(i) Transportation of goods

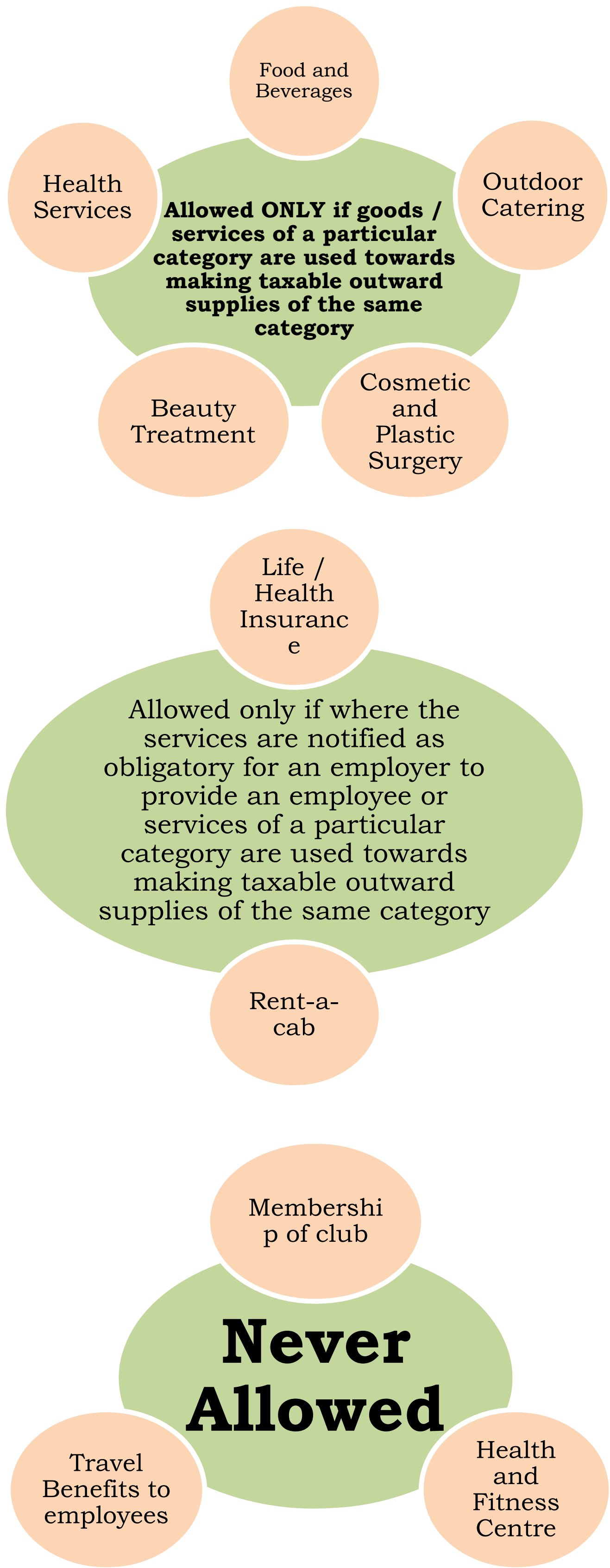
(ii) Making the following taxable services

Further supply of such vehicles / conveyances

Transportation of passengers

Training for driving / flying / navigating such vehicles / conveyances

b) Supply of goods and services being



c) Construction of Immovable Property (other than plant and machinery):

(i) Works contract services, except where it is an input service for further supply of works contract service

(ii) Goods or services received by a taxable person for construction of an immovable property on his own account even when used in course or furtherance of business

d) Taxes on supply of goods or services paid u/s 10

e) Goods or services or both received by a non-resident taxable person except on goods imported by him, shall not be allowed

f) Goods or services or both used for personal consumption

g) Goods lost, stolen, destroyed, written off or disposed of by way of gift or free supplies

h) Any tax paid in accordance with the provisions of sections 74, 129 and 130

5 Registration:

A. Persons liable to register:

a) Aggregate turnover (Taxable Supplies + Exempt Supplies) > Rs.20 Lakhs (Rs.10 Lakhs in case of specifies states as discussed earlier)

b) Persons having Inter-State Taxable supply

c) Casual Taxable persons making taxable supply

d) Person Required to pay tax under Reverse Charge

e) Required to pay tax under sub-section (5) of section 9

f) Non Resident Taxable persons making Taxable supply

g) Required to deduct tax under section 51

h) Making taxable supply as an Agent or otherwise

i) Input Service Distributor

j) Every Electronic commerce operator

k) Supplier of OIDAR services from outside India to a to a person in India

l) Other than supplies specified under sub-section (5) of section 9 such e-commerce operator who is required to collect tax at source under sec-52

B. General provisions regarding Registration:

a) Registration is required in the State from which he makes taxable supply

b)

JJ Ltd

Chennai Unit Turnover - Rs.7 Lakhs

Manipur Unit Turnover - Rs.12 Lakhs

Manipur unit is a special category state wherein the registration limit is Rs.10 lakhs. Hence JJ Ltd required to take registration in Manipur Unit due to Aggregate turnover > Rs.10 Lakhs

Now, Whether for Chennai Unit registration required? Yes, Even though Aggregate Turnover is < Rs.20 Lakhs, registration would be mandatory for Chennai Unit by virtue of mandatory registration in Manipur

C. GSTIN:

Format	**00AAAAA0000A000**

First Two Digits	00	State Code
Next Ten Digits	AAAAA0000A	PAN
Next Two Digits	00	Entity Code
Last Digit	0	Check Sum

6 Returns & Due Date:

A. Retun Process:

1
- **Upload GSTR 1 by 10th of next month**

2
- **Auto-drafted GSTR 2A based on details from GSTR 1 filed by other suppliers**

3
- **File GSTR 3B (Summary return) by 20th of next month and pay total GST liability either through cash or through ITC**

B. Forms & Due Date:

Form	Particulars	Due Date	Applicable for
GSTR-1	Outward Supplies	10th of the next month	Normal Taxpayer
GSTR-2	Inward Supplies	15th of the next month	Normal Taxpayer
GSTR-3	Monthly return [periodic]	20th of the next month	Normal Taxpayer
GSTR-3B	Monthly return (Summary return)	20th of the next month	Normal Taxpayer
GSTR-4	Return by composition taxpayers	18th of the month next to the quarter	Composition Taxpayer
GSTR-5	Return by non resident taxpayers [foreigners]	20th of the next month or within 7 days after expiry of registration, whichever is earlier	Foreign Non-Resident Taxpayer
GSTR-6	Return by input service distributors [ISD]	13th of the next month	Input Service Distributor
GSTR-7	TDS	10th of the next month	Tax Deductor
GSTR-8	TCS	10th of the next month	E-Commerce Operator
GSTR-9	Annual return	31st December of next FY	Normal tax payer (other
GSTR-9A	Annual return	31st December of next FY	Composition Taxpayer
GSTR-9B	Annual Statement of TCS	31st December of next FY	E-Commerce Operator
GSTR-9C	Annual return along with the copy of audited annual accounts and a reconciliation statement	31st December of next FY	Normal taxpayer having turnover more than 2 crore
GSTR-10	Final Return	Within 3 months of the date of cancellation or date of order of cancellation, whichever is later	Persons cancelling registration

As per Press Release, filing of Form GSTR-2 and GSTR-3 shall continue to remain suspended. Present system of filing Forms GSTR-1 and GSTR-3B shall continue for upto 31.03.2019

C. GSTR 1 - Some Important points:

a) GSTR 1 includes:

(i) Invoice details of all outward supply of Goods / Services / both:

Registered Person	All Inter / Intra State Supplies
Unregistered Person	Inter State Supply > Rs.2.5 Lakhs

(ii) Consolidated details of:

Unregistered Person	Intra State Supplies of each rate of tax
Unregistered Person	State wise Inter State supplies < Rs.2.5 Lakhs for each rate of tax

(iii) Details of Debit and Credit Notes

(iv) Zero Rated Supplies and Deemed Exports

(v) Tax liability arising on account of receipt of consideration for which invoices have not been issued (i.e., on Advances received)

(vi) Adjustment of tax liability for tax already paid on advance receipt of consideration

(vii) Nil rated, exempted and Non GST supplies

(viii) HSN wise summary of goods/ services supplied during the period

(ix) Details of various documents issued by the tax payer such as Invoice, Debit/ Credit Notes, Receipt Voucher, Payment Voucher, Refund Voucher, Delivery Challan for Job Work, etc.,

b) Late fee & Penalty for GSTR 1:

Late Fees for not filing GSTR-1 is Rs.200 per day of delay (Rs.100 as per CGST Act and Rs.100 as per SGST Act) subject to a maximum of Rs.10,000/-

D. GSTR 3B - Some Important points:

a) GSTR 3B includes consolidated details of:

(i) All types inward and outward supplies of goods/services

(ii) Value of exempt, nil rated, non-GST supplies

(iii) ITC available, ITC reversed and ineligible ITC

(iii) Tax Payable, Tax Paid, Interest & Late fee, if any

b) Late fee & Penalty for GSTR 3B:

Late Fees for not filing GSTR-1 is Rs.50 per day of delay (Rs.25 as per CGST Act and Rs.25 as per SGST Act) subject to a maximum of Rs.10,000/-

E. Other points regarding GST Returns:

a) Rectification of Return is allowed till due date for furnishing return of September or second quarter of next year or date of filing annual return, whichever is earlier

b) Cancellation of registration for non filing of returns for 3 consecutive tax periods for composition dealer or 6 months continuously for other taxable persons

c) There is no any concept of revised return under GST. So, under GST, amendment can be made only in the subsequent month returns

7 TDS:

A. Persons liable to deduct TDS under GST:

a) A department or an establishment of the Central Government or State Government

b) Local authority

c) Governmental agencies

d) Such persons or category of persons as may be notified by the Government:

(i) An authority or board or any other body which has been set up by Parliament or State Legislature or by government with 51% equity (control) owned by the government

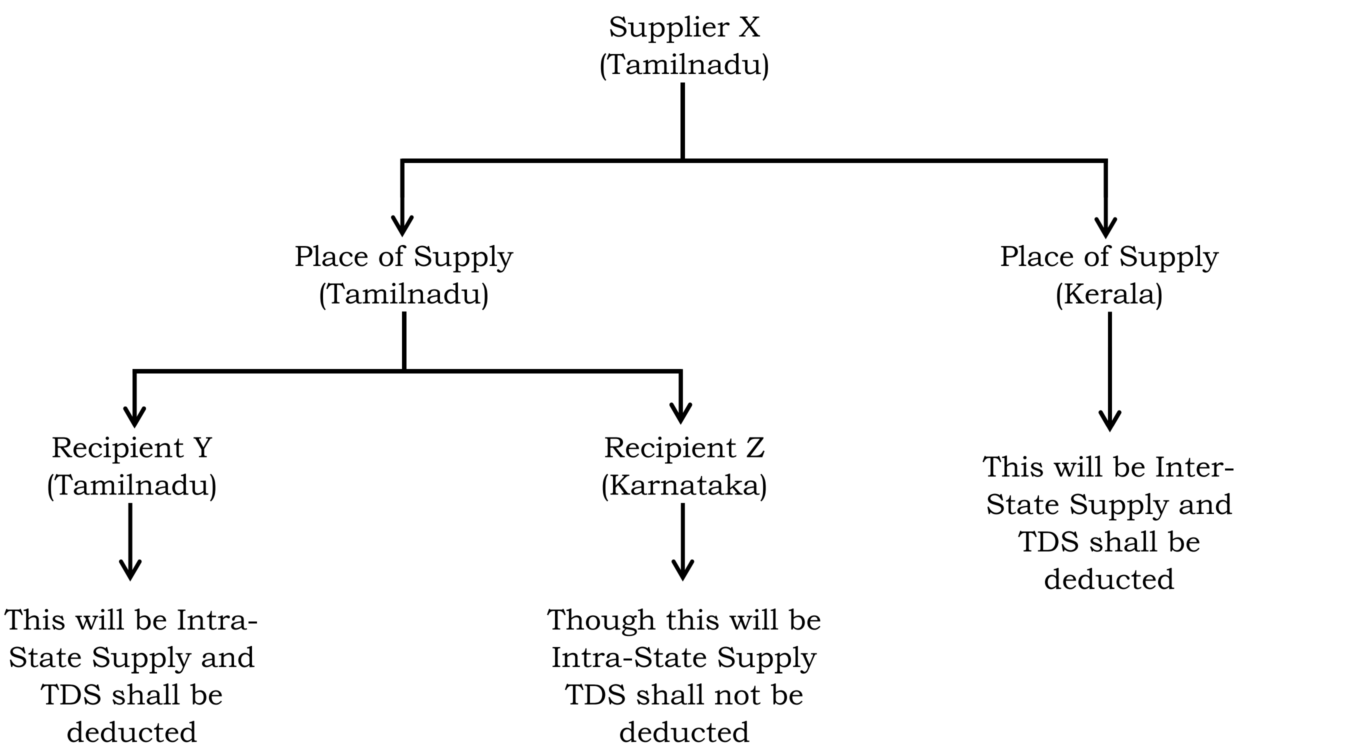
(ii) A society established by the Central or any State Government or Local Authority and the society is registered under the Societies Registration Act, 1860

(iii) Public sector undertakings

B. Liability & Rate of TDS:

a) TDS is to be deducted at the rate of **2%** on payments made to the supplier of taxable goods and/or services, where the total value of such supply, under an **individual contract**, **exceeds Rs.2,50,000/-**

b) No deduction of Tax is required when the location of supplier and place of supply is different from the State of the registration of the recipient



8 E-Way Bill:

A. What is eWay Bill?

a) eWay Bill is an Electronic Way bill for movement of goods to be generated on the eWay Bill Portal. A GST registered person cannot transport goods in a vehicle whose value exceeds Rs. 50,000 (Single Invoice/bill/delivery challan) without an e-way bill that is generated on ewaybillgst.gov.in

b) Alternatively, Eway bill can also be generated or cancelled through SMS, Android App and by site-to-site integration through API. When an eway bill is generated, a unique Eway Bill Number (EBN) is allocated and is available to the supplier, recipient, and the transporter

B. When Should eWay Bill be issued?

eWay bill will be generated when there is a movement of goods in a vehicle/ conveyance of value more than Rs. 50,000 (either each Invoice or in aggregate of all Invoices in a vehicle/ Conveyance)

C. eWay Bill even if the Value of the consignment of Goods is less than Rs.50,000:

For certain specified Goods, the eway bill needs to be generated mandatorily even if the Value of the consignment of Goods is less than Rs.50,000:

(i) Inter-State movement of Goods by the Principal to the Job-worker by Principal/ registered Job-worker

(ii) Inter-State Transport of Handicraft goods by a dealer exempted from GST registration

D. Who should generate eWay Bill?

Who	When	Which Part	Form
A person Registered under GST	Before movement of goods	Part A	GST EWB-01
If Registered person is consignor or consignee (mode of transport may be owned or hired) OR is recipient of goods	Before movement of goods	Part A	GST EWB-01
Registered person is consignor or consignee and goods are handed over to transporter of goods	Before movement of goods	Part B	GST EWB-01
Transporter of goods	Before movement of goods	e-Way Bill will be created based on the information completed by the registered person in Part A of GST EWB-01	

An unregistered person under GST and recipient is registered	Recipient is considered to be same as the Supplier	If it is an intrastate/intra-union territory transport of 10 km or less from a business place of the consignor to business place of the transporter with the intention of further transportation, the supplier or the transporter is not required to furnish the details of conveyance in Part B of FORM GST EWB-01
		If air/ship /railways make the supply, then consignor or recipient needs to complete Part A of FORM GST EWB-01.

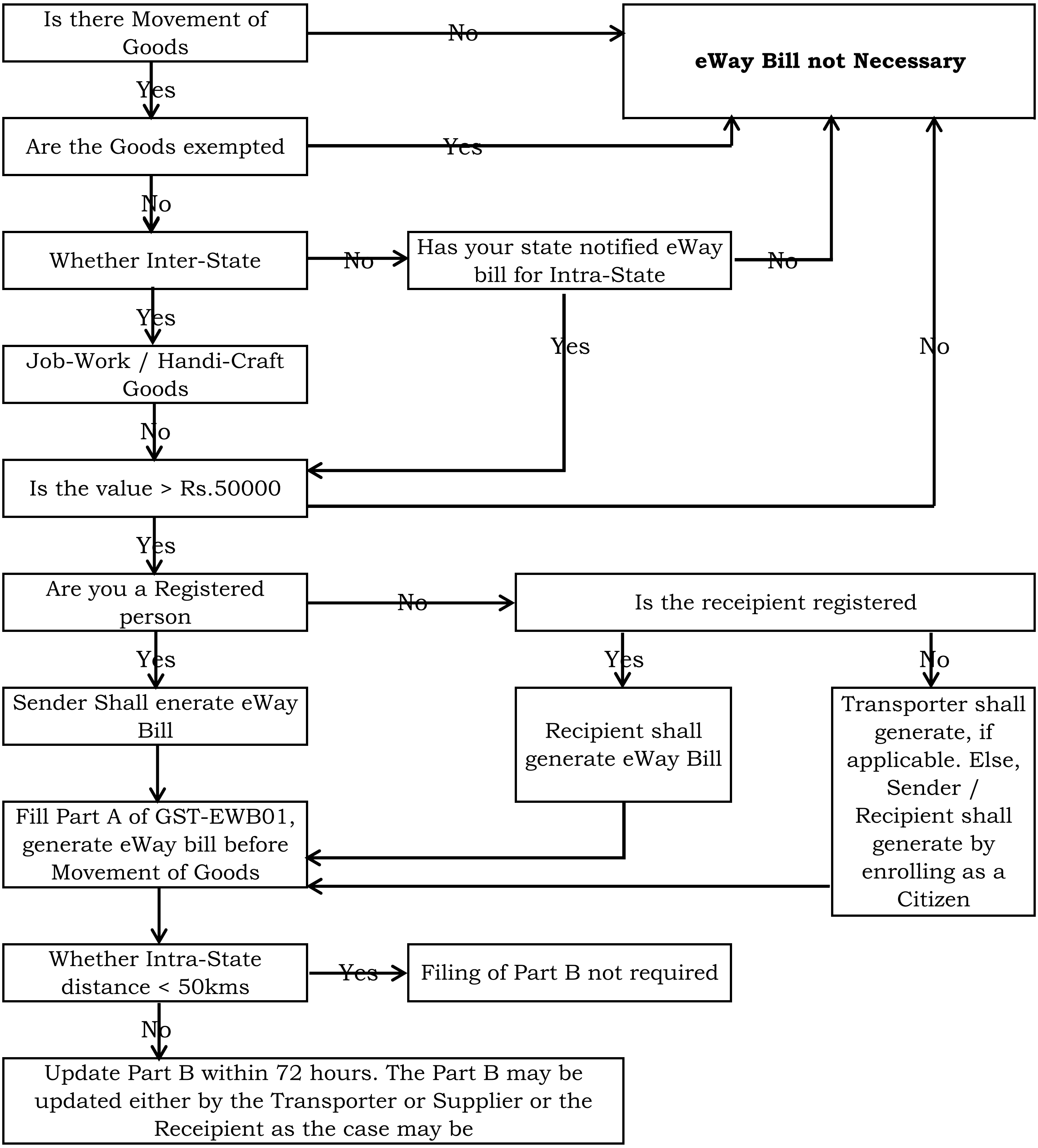
E. Cases when eWay bill is Not Required:

a) The mode of transport is non-motor vehicle
b) Goods transported from Customs port, airport, air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs
c) Goods transported under Customs supervision or under customs seal
d) Goods transported under Customs Bond from ICD to Customs port or from one custom station to another
e) Transit cargo transported to or from Nepal or Bhutan
f) Movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
g) Empty Cargo containers are being transported
h) Consignor transporting goods to or from between place of business and a weighbridge for weighment at a distance of 20 kms, accompanied by a Delivery challan
i) Goods being transported by rail where the Consignor of goods is the Central Government, State Governments or a local authority
j) Goods specifed as exempt from E-Way bill requirements in the respective State/Union territory GST Rules
k) Transport of certain specified goods- Includes the list of exempt supply of goods, Annexure to Rule 138(14), goods treated as no supply as per Schedule III, Certain schedule to Central tax Rate notifications

F. Validity of eWay Bill:

Type of conveyance	Distance	Validity of EWB
Other than Over dimensional cargo	Less Than 100 Kms	1 Day
	For every additional 100 Kms or part thereof	Additional 1 Day
For Over dimensional cargo	Less Than 20 Kms	1 Day
	For every additional 20 Kms or part thereof	Additional 1 Day

G. eWay Bill Chart:



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