

# All About GST and Model GST Law

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- Supply - Time & Place
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- Input Tax Credit
- Administration & Procedures
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# Basics of GST

# Meaning and Concept

GST would be applicable on “Supply” of goods and services as against “Manufacture” or “Sales” of goods or “Provision of Services”.

GST is a stage wise destination based consumption tax.

GST is a value-added tax levied at all points in the supply chain with credit allowed for any tax paid on input acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner, with exemptions restricted to a minimum.

# Benefits of GST

Uniform and single tax rate across the supply chain.

Wider tax base, will bring down the overall tax rates.

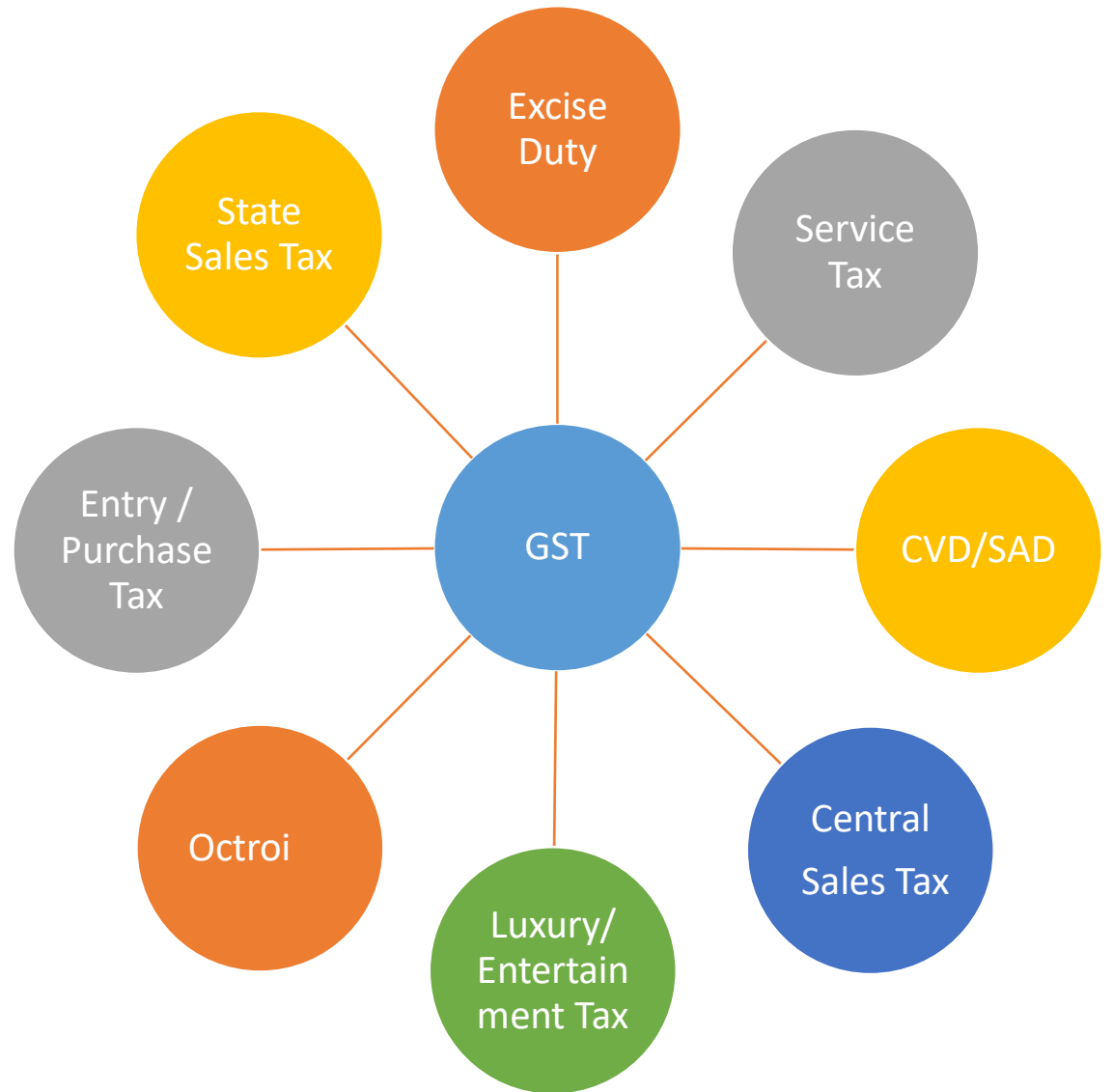
Eliminates cascading effects of taxes i.e. tax on tax.

Taxable event to be Destination / Consumption rather than the Origin / Production.

Prices of goods and services to come down eventually as tax burden on dealers will reduce.

International cost competitiveness of indigenous products and services.

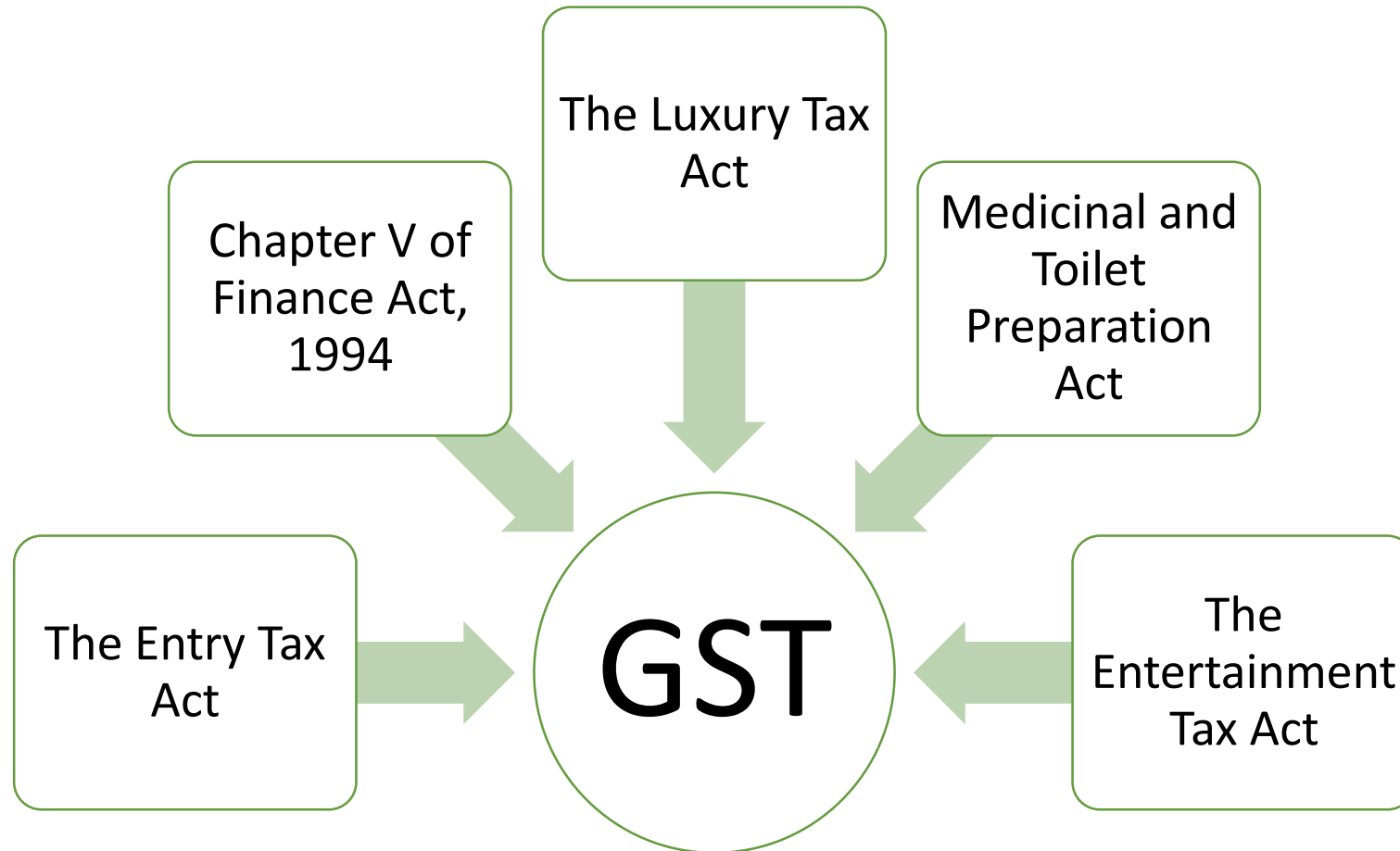
# Taxes to be Subsumed Under GST



# Taxes to be left out of GST



# Legislations to be Repealed



# Structure Proposed – Dual GST

Intra-state supply of  
Goods & Services

- Central GST (CGST)
- State GST (SGST)

Inter-state supply of  
Goods & Services

- Integrated GST (IGST)

Imports

- Basic Customs Duty
- Integrated GST (in place of CVD and SAD)

Exports

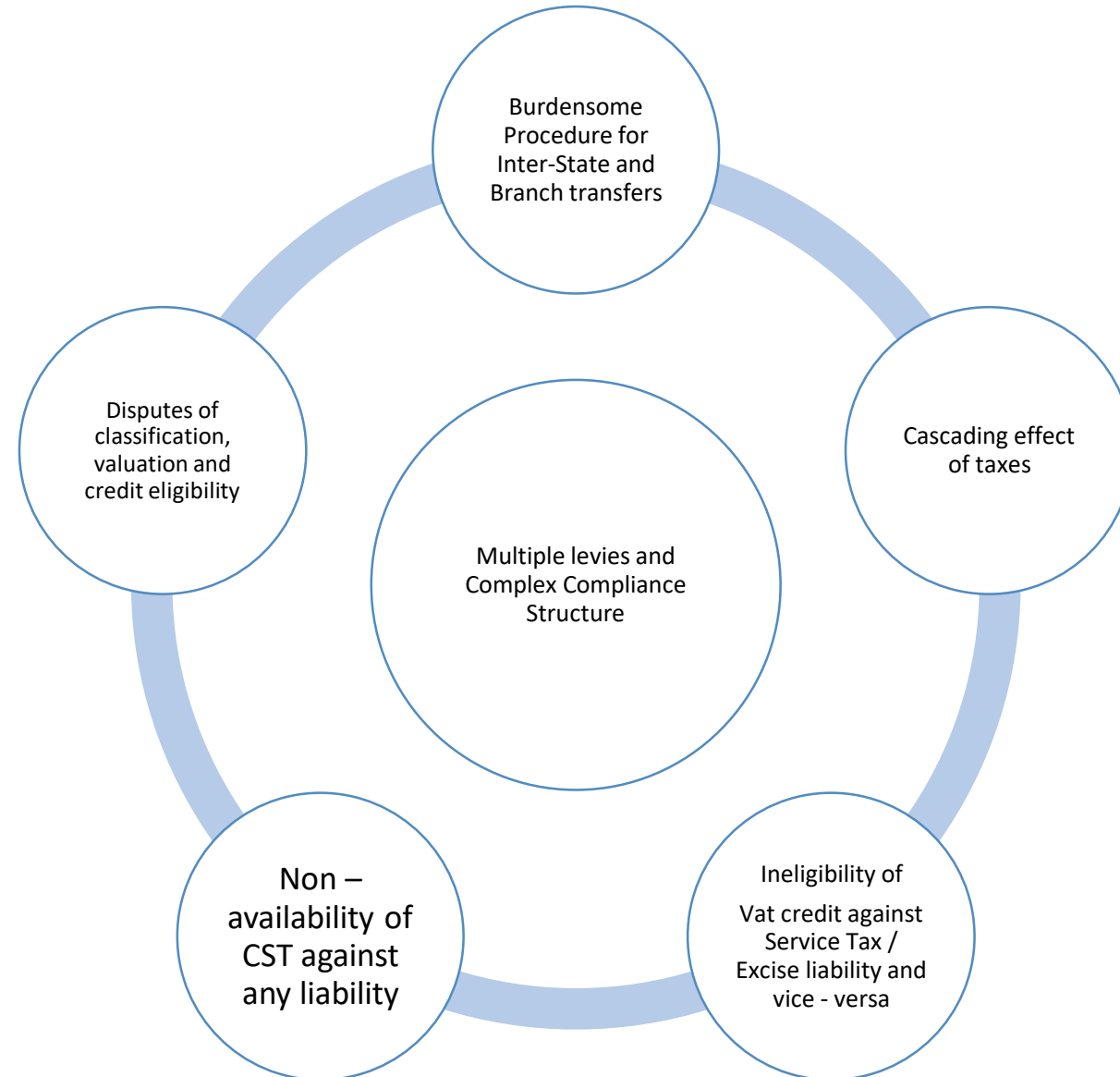
- Zero Rated



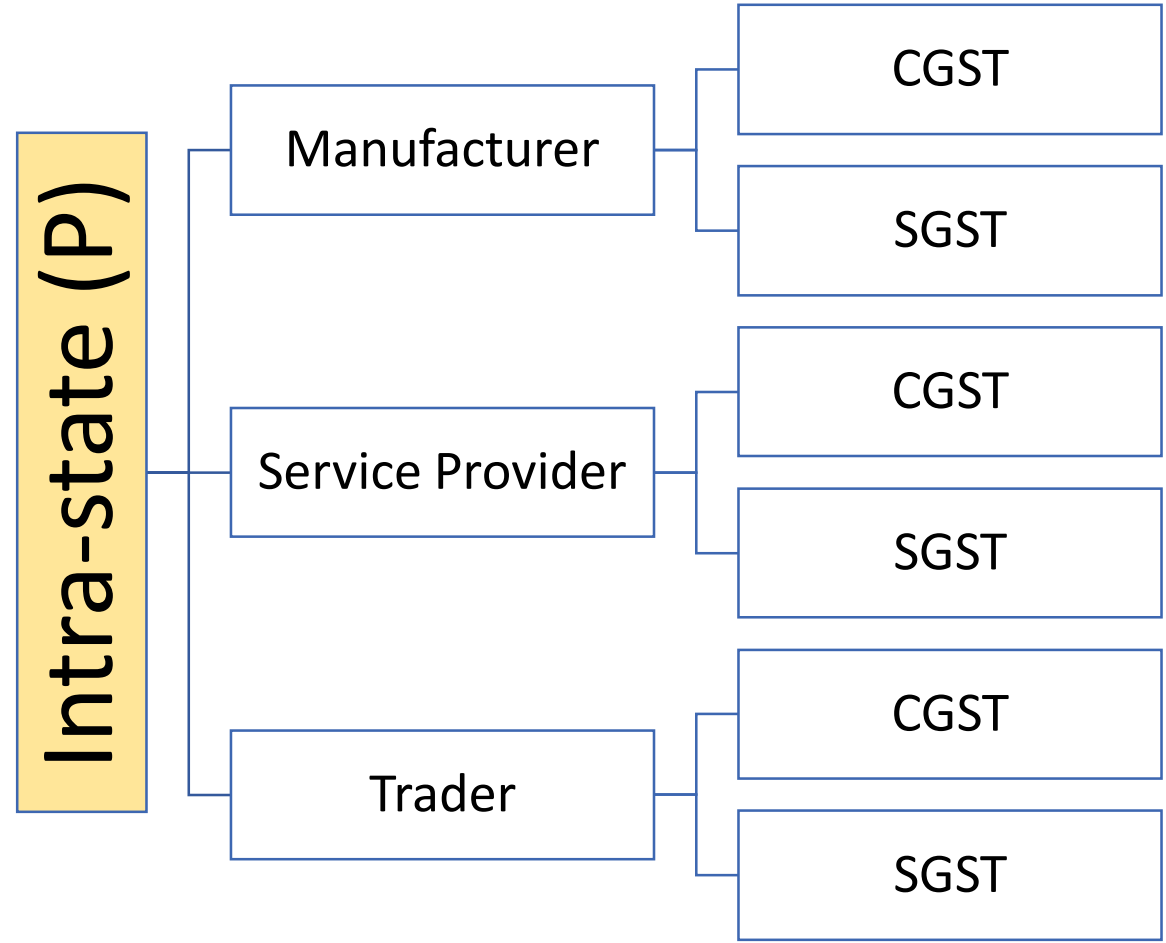
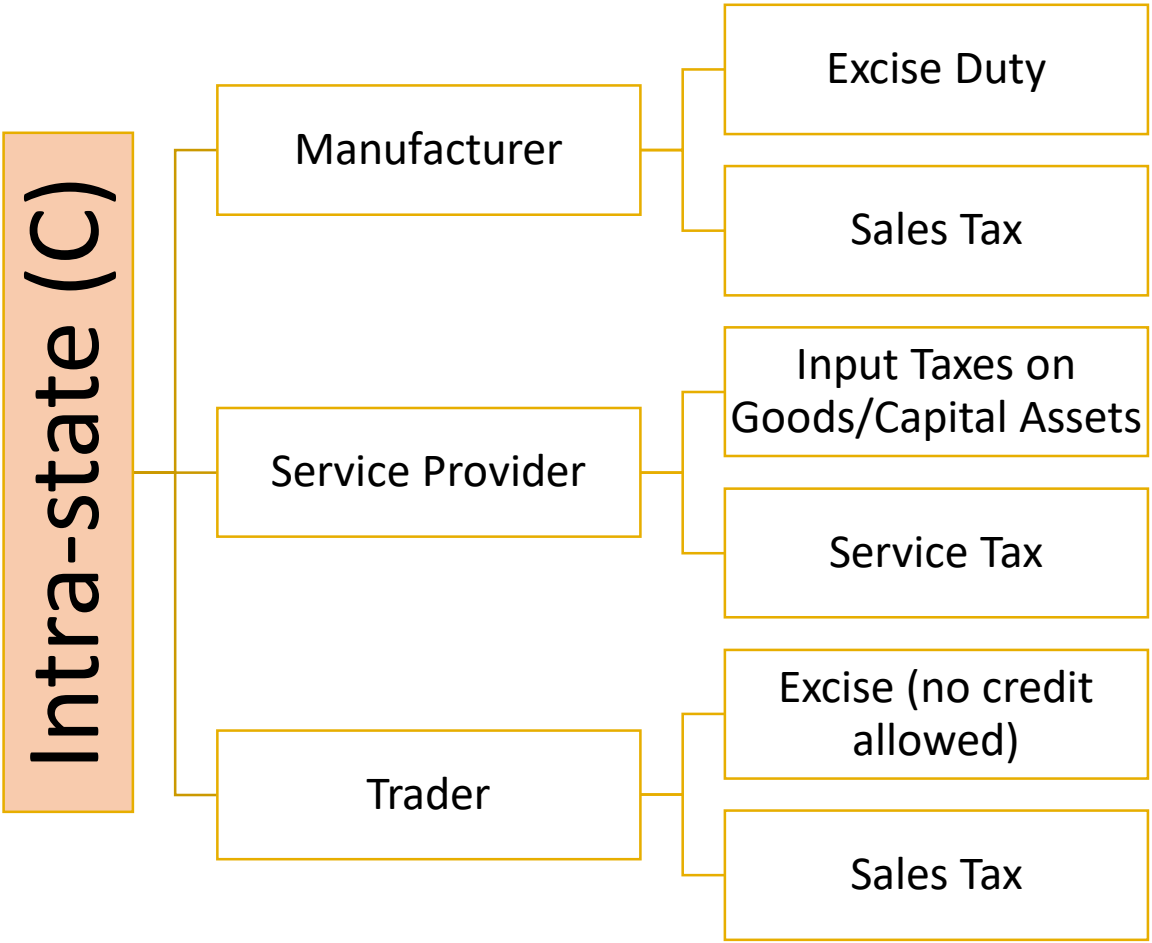
# Probable Rate Structure in GST

SGST + CGST / IGST (as the case maybe) In %	Description of Goods and Services
Zero Rated	Goods and Services of National Importance viz. Defense etc.
	Export of Goods and Services, Goods and Services provided to SEZ, UN and Foreign Diplomatic Mission
	Basic Education, Healthcare, Agriculture related, Public Transport etc.
Up to 5%	Gold and Silver ornaments, precious and semi-precious stones
18%	Normal GST on all Goods and Services
Rates without Restrictions (De-merit rate)	Tobacco, Cigarettes, Lottery tickets, betting and gambling [SIN Goods and SIN Services]
From date to be notified at a later stage	Petrol and Petroleum Products
Out of GST	Alcoholic Liquor for human consumption

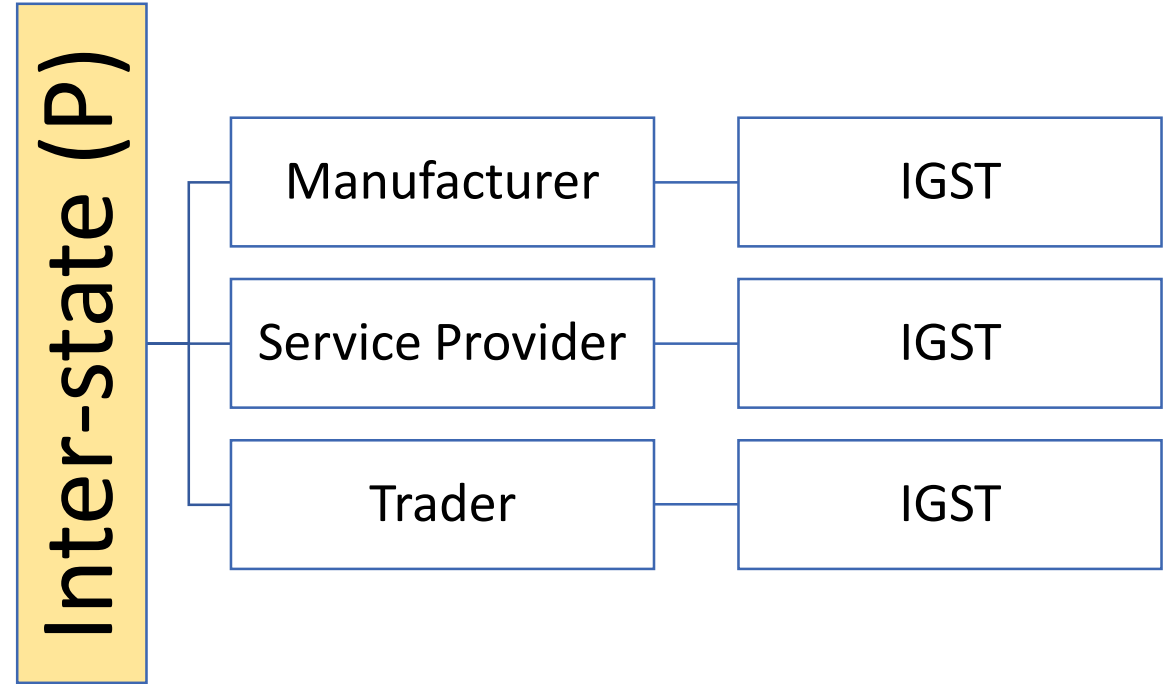
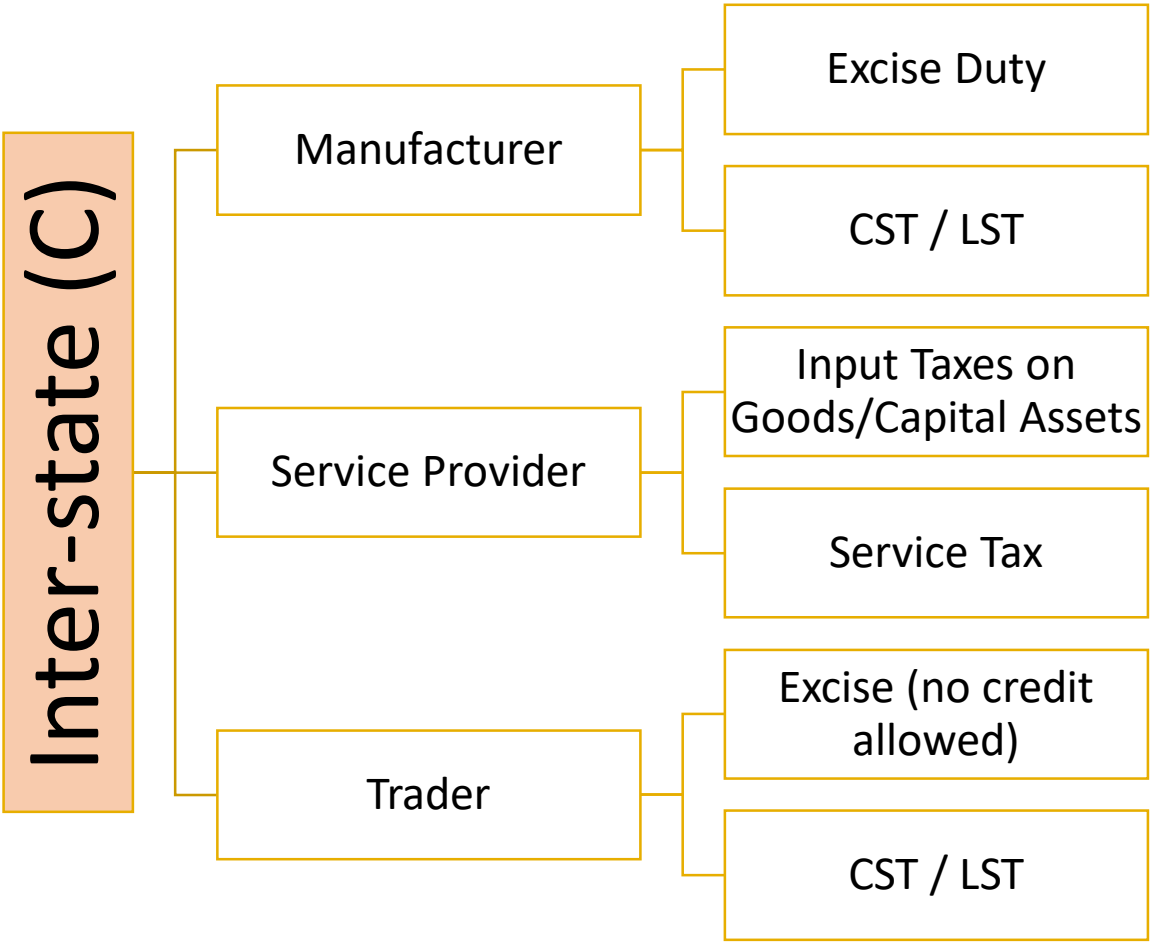
# Short Comings in Current Indirect Tax Structure



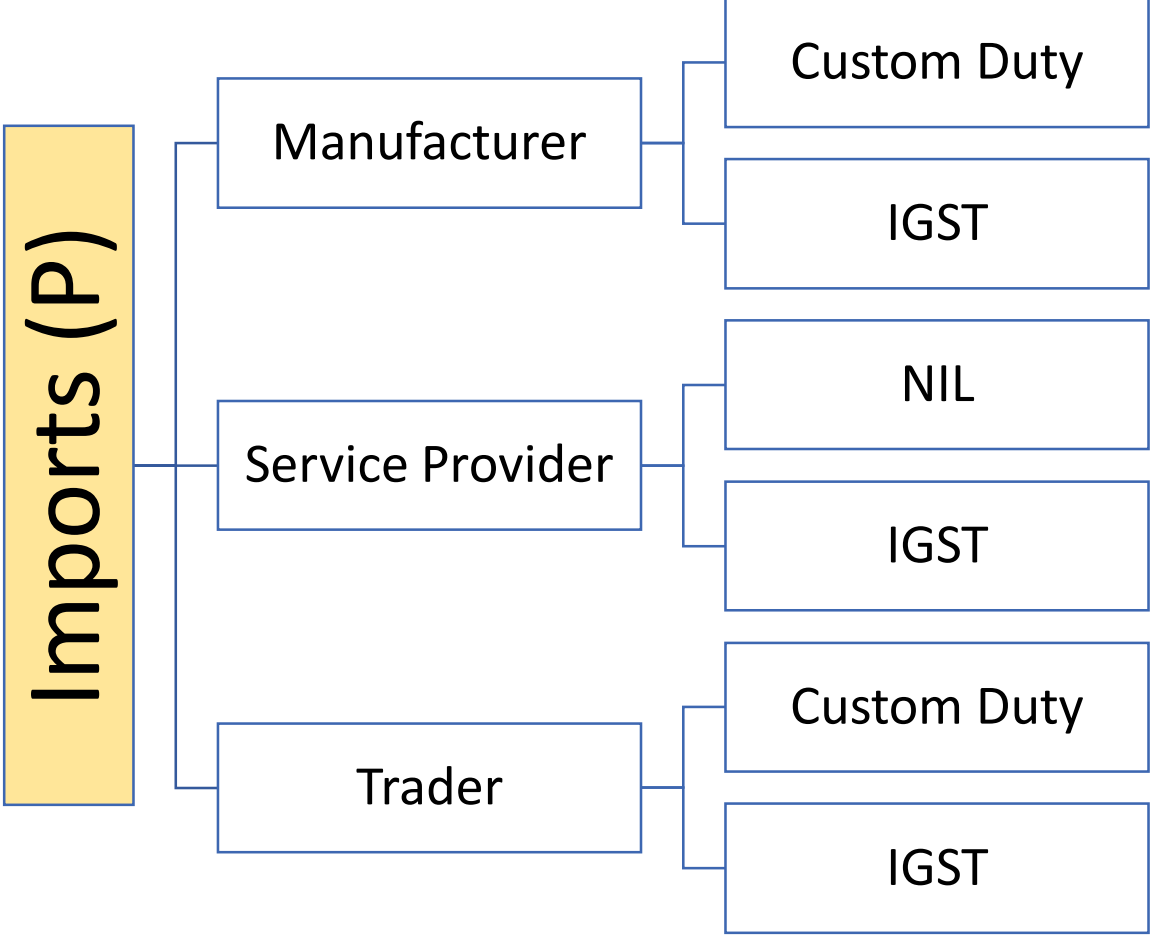
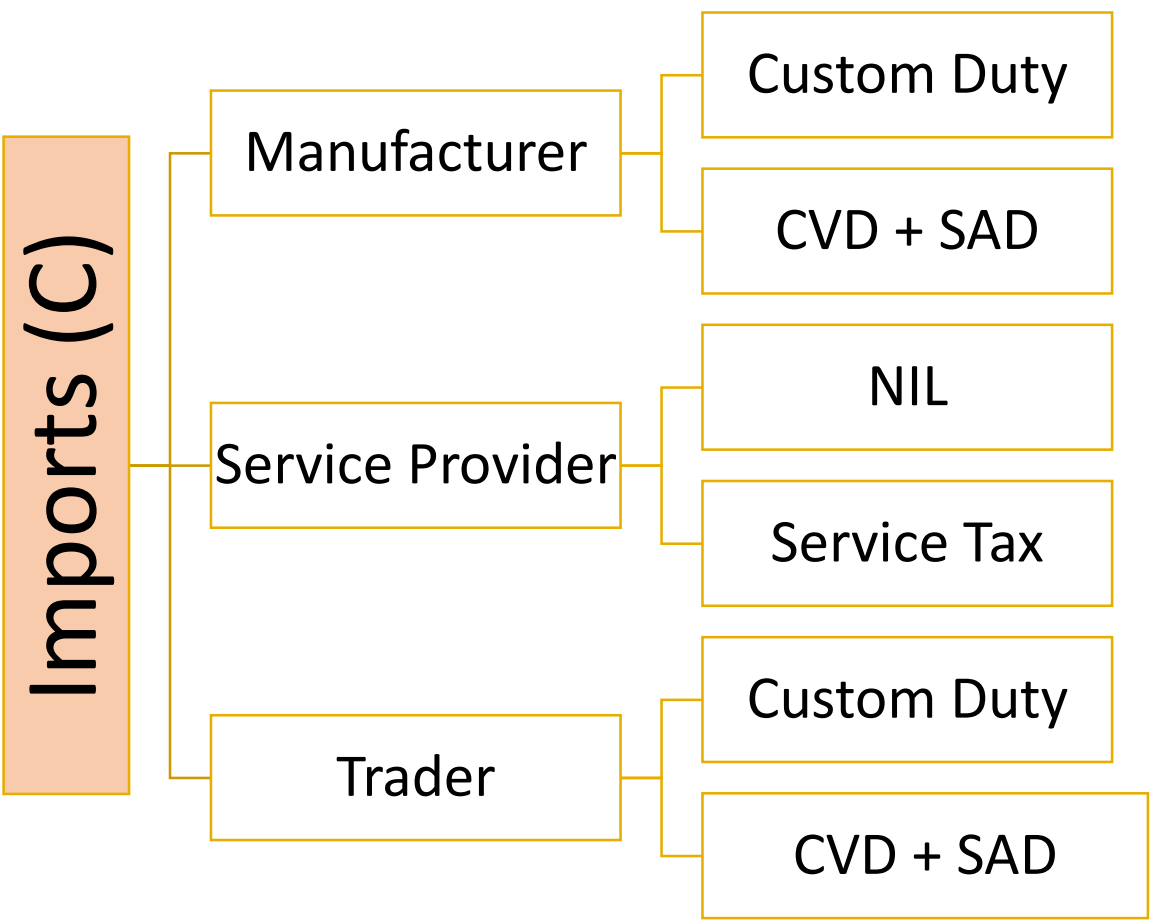
# Comparison between the Current and Proposed Structure



# Comparison between the Current and Proposed Structure



# Comparison between the Current and Proposed Structure



# Supply – Meaning and Scope

# Supply Includes

For Consideration in the course of business:

- Sale
- Barter
- Transfer
- Exchange
- License
- Rental
- Lease
- Disposal

Whether or not for consideration or business:

- Importation of service

Without Consideration

- Permanent transfer / disposal of business assets.
- Temporary application of business assets to a private or non-business use.
- Services put to a private or non-business use.
- Assets retained after deregistration
- Supply of goods and/ or services by a taxable person to another taxable or non-taxable person in course of business

# Schedule II – Supply of Goods vs. Supply of Services

Supply of Goods	Supply of Services
<ul style="list-style-type: none"><li>• Transfer in title of goods.</li></ul>	<ul style="list-style-type: none"><li>• Transfer of goods without transfer of title.</li></ul>
<ul style="list-style-type: none"><li>• Transfer of title in goods under an agreement which stipulates that property in goods will pass at a future date upon payment of full consideration as agreed, is a supply of goods.</li></ul>	<ul style="list-style-type: none"><li>• Lease, tenancy, easement, etc.</li></ul>
<ul style="list-style-type: none"><li>• Transfer of business assets except transfer made for the private use with or without consideration</li></ul>	<ul style="list-style-type: none"><li>• Treatment or process applied to other person's goods.</li></ul>
	<ul style="list-style-type: none"><li>• Transfer of business assets made for the private use with or without consideration</li></ul>
Declared list of supply of goods and supply of services (Refer Schedule II)	



# Time and Place of Supply of Goods and Services

# Time of Supply of Goods

## Normal Supply

- Earliest of:
- Date of removal of goods / Date on which goods are made available to recipient .
- Date of issue of invoice.
- Date of receipt of payment.
- Date on which recipient shows receipt of goods in his accounts.

## Continuous Supply

- Date of expiry of period requiring issue of successive statement of accounts or making successive payments
- In other cases, earliest of:
  - Date of issue of invoice
  - Date of receipt of payment

# Time of Supply of Goods..

## Reverse Charge

- Earliest of:
- Date of receipt of goods.
- Date of receipt of invoice.
- Date of which payment is made.
- Date of debit in books of accounts.

## Goods sent on approval basis

- Earliest of:
- Time of supply when it is known.
- 6 months from the date of removal.

# Time of Supply of Services

## Normal Supply

- Invoice within time:
- Earliest of Date of issue of invoice or receipt of payment
- Invoice not within time:
- Earlier of: Date of completion of service or receipt of payment
- Other cases: Date of receipt in books of accounts of recipient.

## Continuous Supply

- Due date of payment is ascertainable: Date on which payment is liable to be made irrespective of invoice or payment
- Due date is not ascertainable: Earlier of payment or invoice
- Payment linked to completion: At the time of completion

# Time of Supply of Services..

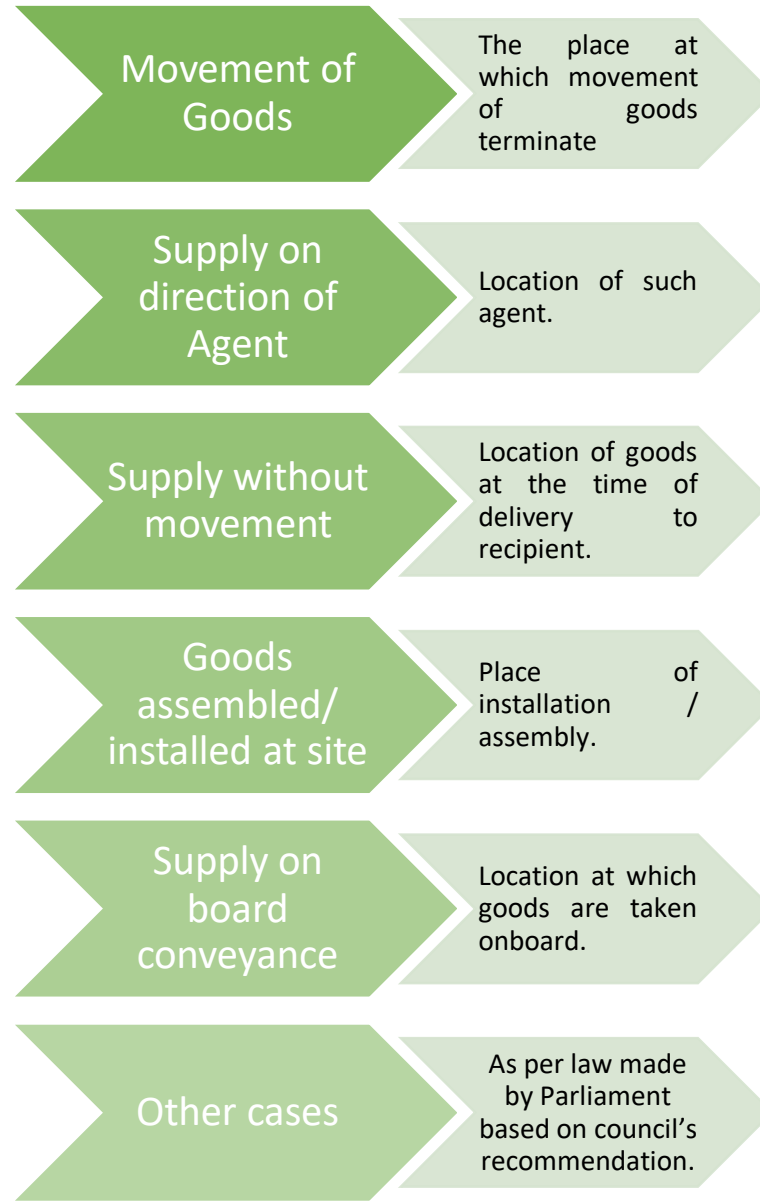
## Reverse Charge

- Earliest of:
- Date of receipt of service.
- Date of receipt of invoice.
- Date of which payment is made.
- Date of debit in books of accounts.

## Other Cases

- Date of filing of return or;
- Date on which CGST/SGST is paid.

# Place of Supply of Goods



# Place of Supply of Services

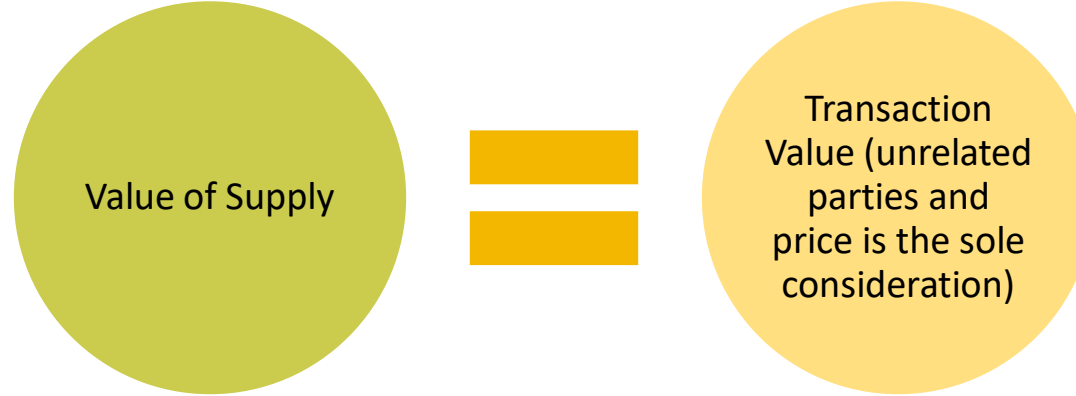
Particulars	Place of Supply
General Provision	<ul style="list-style-type: none"><li>• Supply to registered person – Location of such person.</li><li>• Supply to any other person – Location of recipient where his address is available and in other cases, location of supplier of service.</li></ul>
Immovable Property	Location of such immovable property.
Restaurant, grooming, fitness, etc.	Location where the services are performed.
Training and performance appraisal	<ul style="list-style-type: none"><li>• Supply to registered person – Location of such person.</li><li>• Supply to any other person – Location where service is performed.</li></ul>
Admission to cultural event, amusement park etc.	Place where event is held or park is located.
Banking & Financial Services	<ul style="list-style-type: none"><li>• Account linked service – Location of recipient</li><li>• Non account linked service – Location of supplier</li></ul>

# Place of Supply of Services..

Particulars	Place of Supply
Organization of cultural, sporting, etc. events.	<ul style="list-style-type: none"> <li>• Supply to registered person – Location of such person.</li> <li>• Supply to any other person – Location where event is held.</li> </ul>
Transportation of goods including mail and courier.	<ul style="list-style-type: none"> <li>• Supply to registered person – Location of such person.</li> <li>• Supply to any other person – Location where goods are handed over for transportation.</li> </ul>
Passenger Transportation Service	<ul style="list-style-type: none"> <li>• Supply to registered person – Location of such person.</li> <li>• Supply to any other person – Location from where passenger embarks on the vessel.</li> </ul>
Telecommunication services, including data transfer, broadcasting, DTH	<ul style="list-style-type: none"> <li>• Location where the telecommunication line, leased circuit or cable connection or dish antenna is installed</li> <li>• For mobile connection for telecommunication and internet services:               <ul style="list-style-type: none"> <li>• Post-paid basis - Location of billing address of the recipient</li> <li>• Pre-paid basis through a voucher - Location where such pre-payment is received / vouchers are sold</li> </ul> </li> </ul>
Insurance Service	<ul style="list-style-type: none"> <li>• Supplied to Registered Person - Location of such person</li> <li>• Supply to any other person - Location of the recipient of services on record of supplier</li> </ul>



# Valuation



## Transaction Value

### Shall Include:

- Amount paid by recipient instead of supplier and not included in price
- Value of goods / services supplied by the recipient free of charge or at reduced cost
- Royalties and License fees related to and as a condition to supply
- Taxes and duties other than GST
- Incidental costs/ expenses
- Subsidies linked to the supply
- Reimbursable expenses incurred on behalf of the supplier
- Discount or incentive allowed after the supply

### Shall not Include

- Post supply discount known before supply and linked to invoices
- Any discount allowed before or at the time of supply as recorded in invoice

# Valuation Rules – When transaction value is not acceptable (Rule 4 to Rule 6)

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Rule 4

Value by comparison

- Goods / Services of similar kind, quality and supplied at the same time
- Adjustments by proper officer

Rule 5

Computed Value

- Cost + Design / brand charges + general expenses and profit

Rule 6

Residual Method

- Using reasonable means
-

Rule 7 : Provides the mechanism in case of rejection of declared value by proper officer

Rule 8 : Valuation in certain cases :

- Pure agent of service recipient
- Money changer

# Input Tax Credit

# Conditions for Entitlement of Input Tax Credit by Registered Taxable Person



Possession of tax invoice / debit note / supplementary invoice

Has received goods and/or services

Tax charged has been actually paid

Return u/s 27 has been furnished

# Manner of Utilization of Input Tax Credit

Order of Set-off	CGST Credit	SGST Credit	IGST Credit
1	CGST Liability	SGST Liability	IGST Liability
2	IGST Liability	IGST Liability	CGST Liability
3			SGST Liability

# Time Limit for Entitlement of Input Tax Credit

Credit in respect of any invoice for supply of goods and/or services pertaining to financial year :

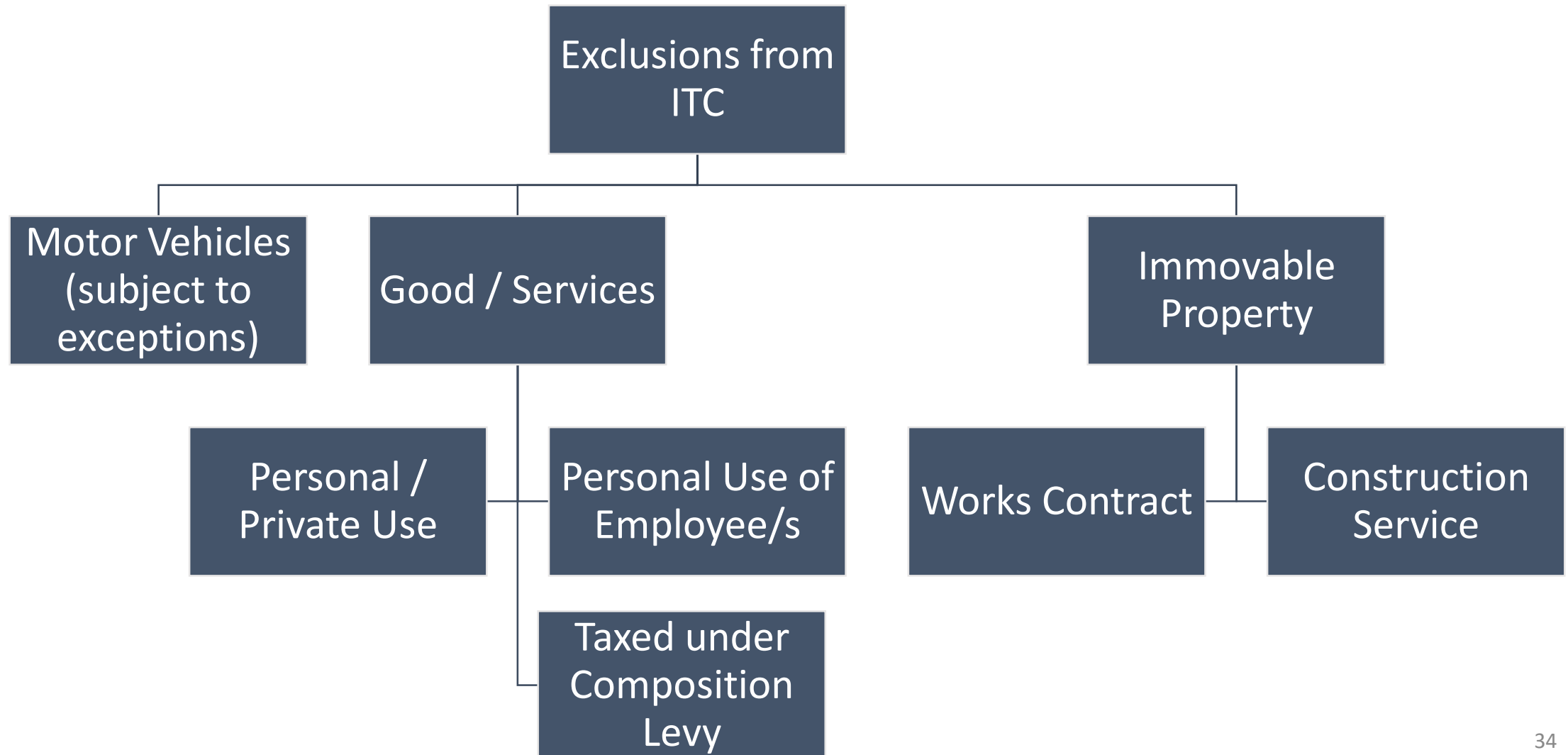
- Before filing return for the month of September following the end of the financial year, or;
- Filing of the relevant annual return;
- Whichever is earlier.



# Input Tax Credit for Capital Goods

- Input tax credit shall not be allowed where the registered taxable person has claimed depreciation on the tax component of the cost of capital goods under the provisions of the Income Tax Act, 1961.
- In case of supply of capital goods on which input tax credit has been taken, payment is required to be made
  - for an amount equal to input tax credit reduced by percentage as may be specified, or;
  - tax on the transaction value of such capital goods, **whichever is higher**

# Exclusions from Input Tax Credit



# Input Tax Credit in Respect of Inputs Held in Stock and / or Contained in Semi-finished or Finished Goods

Person Eligible	Period of Eligibility
Person who has applied for registration within 30 days from the date on which he becomes liable to registration and has been granted such registration	ITC in respect of Inputs held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the Act
Person who has taken voluntary registration u/s 19(3)	ITC in respect of Inputs held in stock on the date immediately preceding the date of registration
When a person ceases to pay tax u/s 8 (Composition Levy)	ITC in respect of Inputs held in stock on the day immediately preceding the date from which he becomes liable to pay tax u/s 7

# Provisions for Switch Over

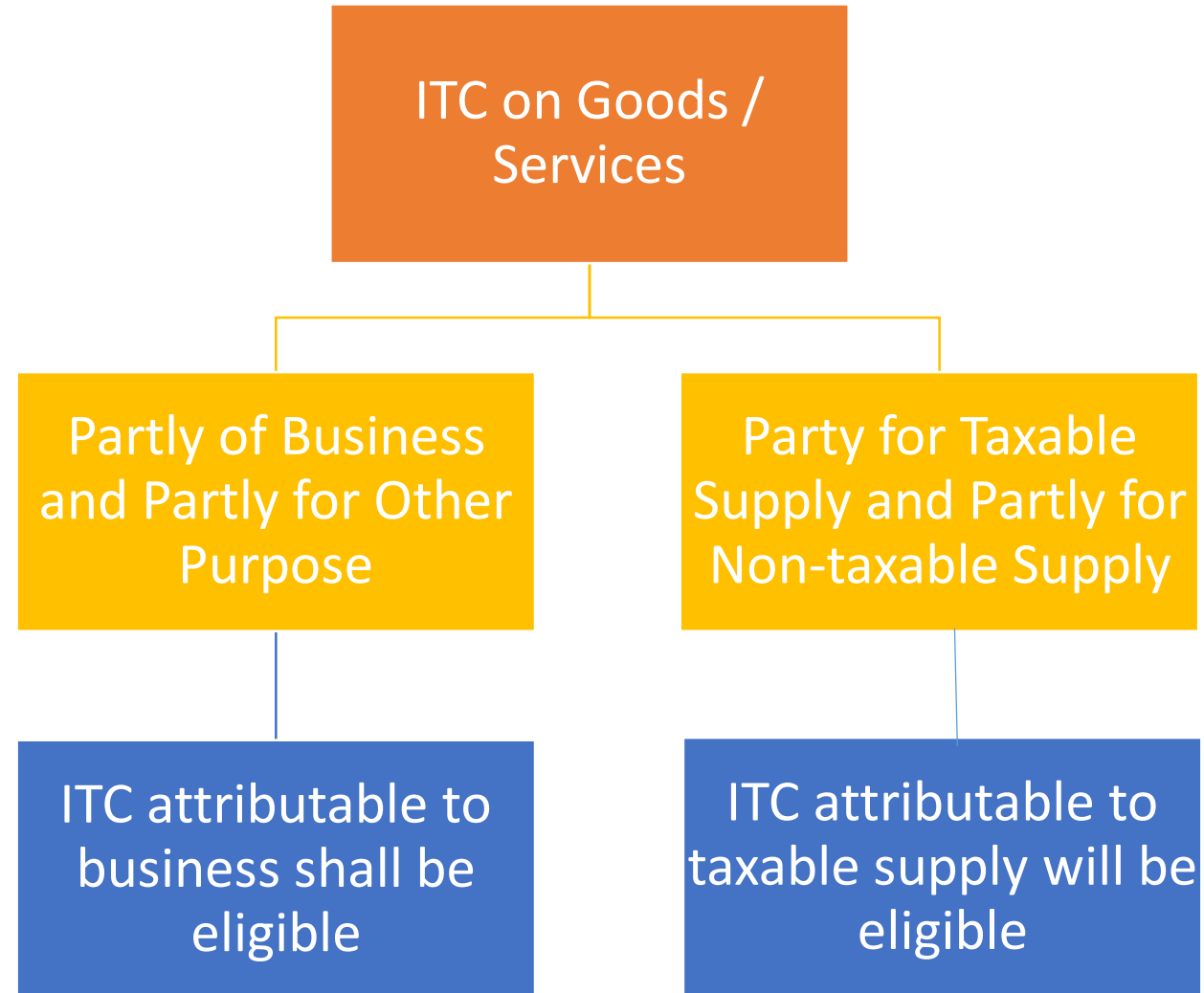
When a registered taxable person availing benefit of Input Tax Credit (ITC)

Switches over to Composition Levy (section )

Goods / Services supplied by him become absolutely exempt u/s. 10

1. Shall pay an amount equal to ITC held in stock or semi finished or finished goods immediately preceding the date of such over or date of exemption
2. Balance amount of ITC; if any; lying in electronic credit ledger shall lapse.

# Reversal of ITC



# ITC in case of Inputs / Capital Goods sent for Job Work

The “principal” shall be entitled to take credit on inputs sent for job work if the said inputs, after completion of job work, are received back within 180 days of them being sent.

The “principal” shall be entitled to take credit on input tax on capital goods sent for job work if the said capital goods, after completion of job work, are received back within 2 years of them being sent.

\* The “principal” shall be entitled to take credit of input tax on inputs / capital goods 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, and in such a case, the period of 180 days or 2 years as the case maybe shall be counted from the date of receipt of the inputs by the job worker.

# Registration, Payment, Refund and Return

# Registration

- State wise (fresh registration not required if already registered under earlier law)
- Separate registration for multiple business verticals within the state maybe obtained
- Option of Voluntary Registration is also available.
- Single threshold limit for goods and services. i.e. Rs. 9 Lakhs for normal category and Rs. 4 Lakhs for Northern Eastern State incl. Sikkim.
- Certain persons required to take compulsory registration. Such as Inter state supplier, Casual dealer, Person required to pay tax under RCM, Person paying TDS, Person acting as agent, ISD, e-Commerce operator, Aggregator, Other persons to be notified by Government.



# Payment

- Single threshold limit for goods and services. i.e. Rs. 10 Lakhs for normal category and Rs. 5 Lakhs for Northern Eastern State including Sikkim.
- Three modes of payment of tax under GST regime are proposed i.e. through internet banking / credit or debit card, Over the Counter payment (upto Rs. 10,000 per challan) and payments through NEFT/RTGS.
- The input tax credit as self-assessed in the return of a taxable person shall be credited to his electronic credit ledger to be maintained in the manner as may be prescribed.

# Refund

- Refund claim is available in case of
  - ✓ Export and deemed export
  - ✓ Accumulated credit on account of input tax rate being higher than output tax rate
- Claim to be filed within 2 years from the relevant date.
- Refund order to be issued within 90 days from the date of receipt of application.
- Proper officer to release 80% of the claim of refund provisionally and remaining 20% amount after due verification of documents filed by the applicant.

# Return

Type of Return	Form	To be filed by
Outward Supplier	GSTR -1	10 <sup>th</sup> of next month
Inward Supplier	GSTR -2	15 <sup>th</sup> of next month
All assesses except specified	GSTR -3	20 <sup>th</sup> of next month
Person paying TDS	GSTR -7	10 <sup>th</sup> of next month
ISD	GSTR -6	13 <sup>th</sup> of next month
Composition Dealer	GSTR -4	18 <sup>th</sup> of the month following the end of quarter
Annual Return	GSTR -8	31 <sup>st</sup> December following F.Y.

# Transitional Provisions

# Migration of Existing Tax to GST Regime

Issuance of  
Provisional  
Certificate of  
Registration

Provisional  
Registration to  
be valid for 6  
months or  
extended period

To furnish such  
information as  
maybe required  
within specified  
period

Final Certificate  
of Registration  
to be issued  
after furnishing  
the information

Cancellation of  
Provisional  
Registration on  
failure to submit  
information

# Carry Forward of Cenvat Credit as Input Tax Credit

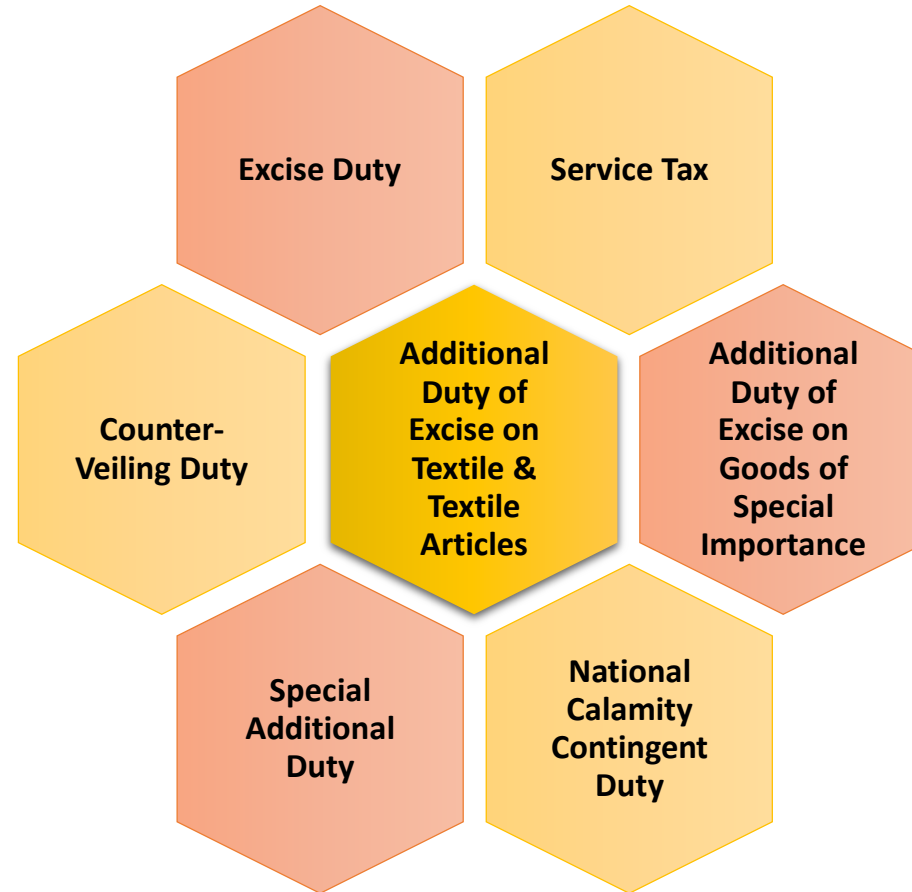
Amount of Cenvat Credit / VAT Credit allowed to be carried forward under GST	Amount of Un-availed* Cenvat credit / VAT Credit of Capital Goods allowed to be carried forward under GST
1. Amount of eligible credit carried forward in the return filed under earlier law for the period immediately preceding the appointed day.	1. Un-availed credit not carried forward in return filed for the period immediately preceding the appointed day.

\* Un-availed credit in respect of Capital Goods = Aggregate amount of Cenvat Credit Less Credit already availed in respect of Capital Goods in previous return

# Eligibility of Credit on Input Taxes held in Stock

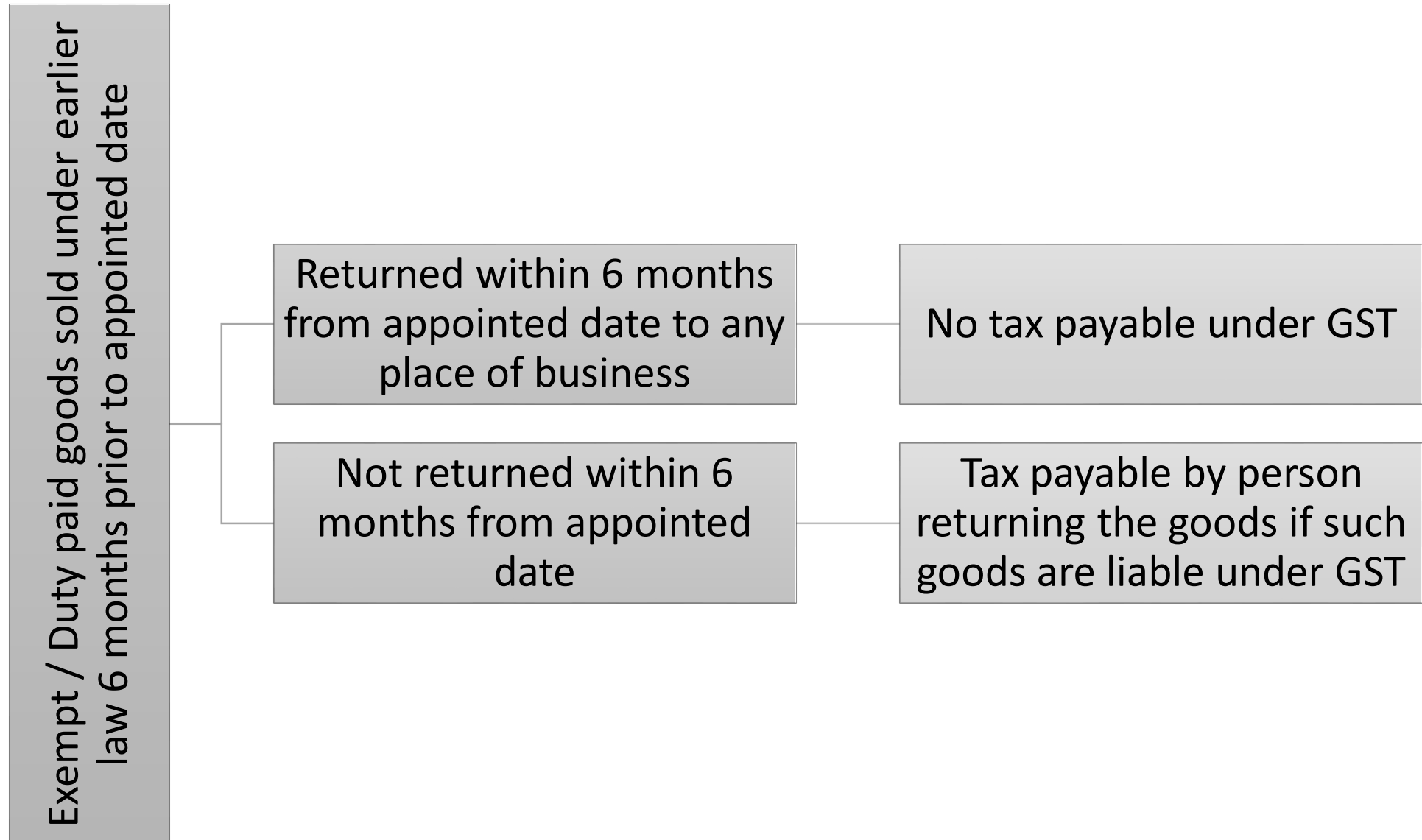
Eligibility	Eligible on	Conditions
<p>A registered taxable person under GST who:</p> <ul style="list-style-type: none"><li>• Was not liable to be registered under earlier law</li><li>• Who was engaged in manufacture of exempt goods</li><li>• Was under composition scheme</li></ul>	<p>Shall be entitled to take credit of:</p> <ul style="list-style-type: none"><li>• Inputs in stock on the appointed date</li><li>• Inputs contained in semi finished or finished goods held in stock on appointed date</li></ul>	<ul style="list-style-type: none"><li>• Intended to be used for making taxable supplies</li><li>• Has not availed cenvat credit under earlier law due to conditions as stated above</li><li>• Not paying tax under composition scheme under GST regime</li><li>• Eligible for ITC under GST regime</li><li>• Possession of invoice issued not earlier than 12 months immediately preceding the appointed date</li></ul>

# Eligible Duties and Taxes to be Carried Forward





# Exempted or Duty Paid Goods Returned after Appointed Date



# Branch Transfer and Goods Sent on Approval Basis

## Branch Transfer

- Any amount of input tax credit reversed prior to the appointed day shall not be admissible as credit of input tax under GST regime

## Goods Sent on Approval Basis (not earlier than 6 months before appointed day)

- Returned within 6 months from appointed date : No tax will be payable
- Not returned within 6 months from appointed date : Tax shall be payable by person returning the goods or person who has sent goods on approval basis

# Price Revision on Contract

<b>Upward Revision</b>	<b>A Supplementary Invoice or Debit Note to be issued within 30 days of revision</b>
<b>Downward Revision</b>	<b>A Supplementary Invoice or Debit Note to be issued within 30 days of revision</b> <b>Tax Liability to be reduced to the extent of revision under GST regime.</b>

# Thank You!

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