

Comprehensive Understanding into IndiaGST law & Compliance

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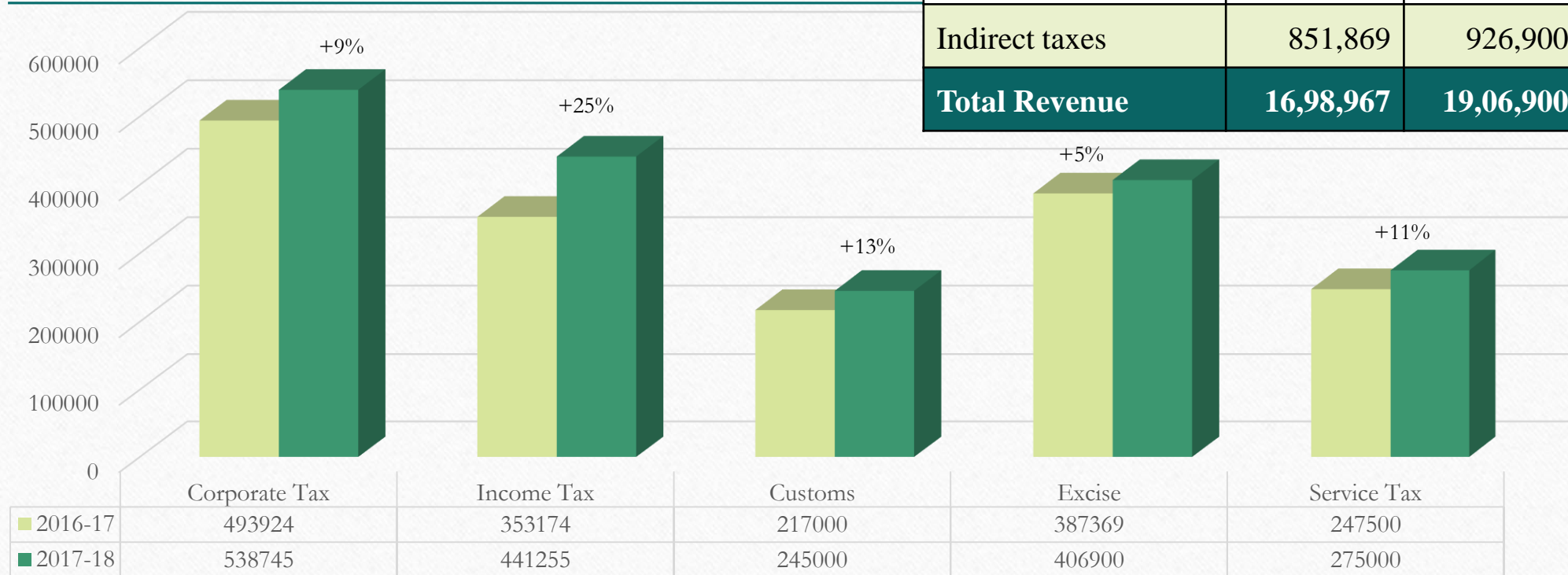
Session	Topic
I	GST overview and Levy of GST
II	Understanding important definitions
III	Valuation of Supply
IV	Time & Place of Supply
V	Input Tax Credits
VI	Refunds, eCommerce, Jobwork & TDS
VII	Compliances under GST, Invoices & eWay-bills
VIII	Transitional Provisions under GST

IndiaGST, distinctive features

- Merges different transactional taxes into a unified levy for both State and Centre, taxing supply of both goods and services
 - Important provisions regarding levy, charge, valuation, place of supply have been borrowed from one of other prominent statutes getting subsumed – May give rise to conceptual imbalance
 - Seeks to borrow international principles and applies to the unique taxing systems in India
 - Moves away from the concept of aspect theory
- Removes the concept of originating tax to a destination based taxing system
 - Creates distinction between B2B and B2C transactions
 - Brings impact on pricing and causes change in business structure
- Broadens the base, checks evasion and would increase compliance

Impact on Union revenue

Union Tax Revenues	2016-17	2017-18
Direct taxes	847,098	980,000
Indirect taxes	851,869	926,900
Total Revenue	16,98,967	19,06,900



Source: Finance Bill, 2017 | Rs. in Crores

- Revenue from indirect taxes except duties on petroleum products and basic customs duty to be subsumed under GST. Tobacco would suffer GST and continue to be taxed under Central Excise.
- 30% to 35% of the indirect tax revenue earned by the union is from petroleum products

Impact on State revenue

2015-16(BE) | Rs. in Crores | Source: RBI

Year	All States Revenue	%	Karnataka Revenue	%
VAT/CST	594,332	64%	41,329	54%
Tax on Property	117,229	13%	8,421	11%
State Excise	109,262	12%	15,200	20%
Tax on Vehicles	46,380	5%	4,800	6%
Electricity Duties	28,415	3%	1,151	2%
Entry Tax/ Octroi	22,868	2%	3,101	4%
Profession Tax	6,115	1%	986	1%
Other taxes & duties	5,193	1%	1,238	2%
Entertainment tax	2,417	0%	220	0%
Total	932,212	100%	76,445	100%

State taxes which are not subsumed under GST

- Tax on Property including stamp duty
- State Excise + VAT on Alcohol
- VAT & Entry Tax on Petroleum Products (30% to 35% of States Revenue)
- Tax on Vehicles
- Electricity Duties
- Profession Tax

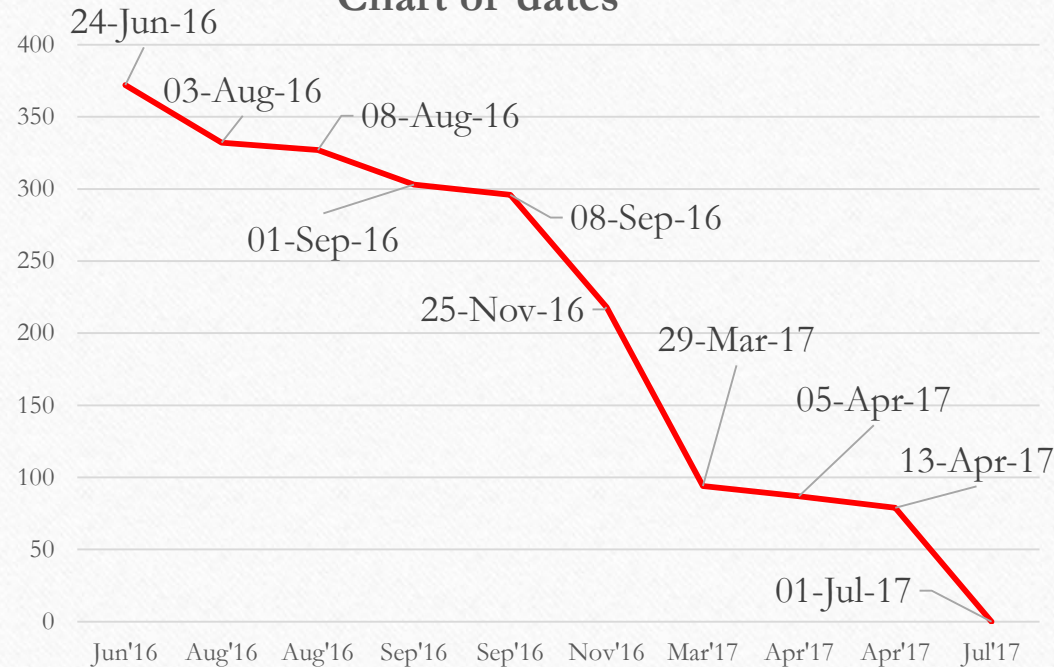
Sl.	State	Own Tax Revenue	Centre Share	Non-Tax Revenue	Total Revenue	%
1	Uttar Pradesh	91,915	86,729	71,236	249,880	12%
2	Maharashtra	130,576	29,120	38,534	198,231	10%
3	Tamil Nadu	96,083	21,150	25,448	142,681	7%
4	Karnataka	76,445	24,790	15,125	116,360	6%
5	Madhya Pradesh	43,448	30,450	40,526	114,423	6%
6	West Bengal	46,497	31,966	34,637	113,100	6%
7	Rajasthan	47,096	28,925	35,341	111,362	6%
8	Gujarat	68,416	13,000	27,879	109,295	5%
9	Bihar	30,875	50,748	21,566	103,189	5%
10	Telangana	46,495	12,823	34,814	94,132	5%
11	Andhra Pradesh	44,423	22,638	23,064	90,125	4%
12	Kerala	45,428	13,122	18,877	77,427	4%
13	Odisha	21,280	19,580	30,080	70,941	4%
14	Chhattisgarh	20,086	16,213	21,657	57,956	3%
15	Assam	12,892	16,667	27,504	57,064	3%
16	Haryana	33,249	5,680	13,383	52,312	3%
17	Jharkhand	14,701	12,000	21,326	48,027	2%
18 to 29	Other States	62,304	49,918	93,162	205,384	10%
	Total	932,212	485,519	594,159	2,011,890	100%

Implementation Maths

Time Line

Issue of Model Law: 24-Jun-16
CAB in Rajya Sabha: 03-Aug-16
CAB ratified (LokSabha): 08-Aug-16
CAB Ratification (States): 01-Sep-16
CAB Presidential assent : 08-Sep-16
Revised GST Model Law: 25-Nov-16
GST bill by Lok Sabha: 29-Mar-17
Rajya Sabha: 05-Apr-17
Presidential Assent: 13-Apr-17
Training
Trade & Industry Deliberations
Migration & Registrations into GST
Implementation of GST: 01-Jul-17

Chart of dates



Sl.	State Assembly	Passed on
1	Telanagana	09-Apr-17
2	Bihar	24-Apr-17
3	Rajasthan	26-Apr-17
4	Jharkhand	27-Apr-17
5	Chhattisgarh	28-Apr-17
6	Uttarakhand	02-May-17
7	MP	03-May-17
8	Haryana	04-May-17
9	Gujarat	09-May-17
10	Odisha	11-May-17
11	Assam	11-May-17
12	Arunachal	12-May-17
13	Maharashtra	
14	Kolkata	

- What could not happen in the last 10 years, was made to happen in previous 9 months
- Implementation of GST is certain between Jul'17 to Sep'17
- Telangana becomes the first States to enact GST, on 13-Apr-17, leading way for other States to follow suit
- Model GST law is complex and may be inviting litigation on various aspects

Levy of GST

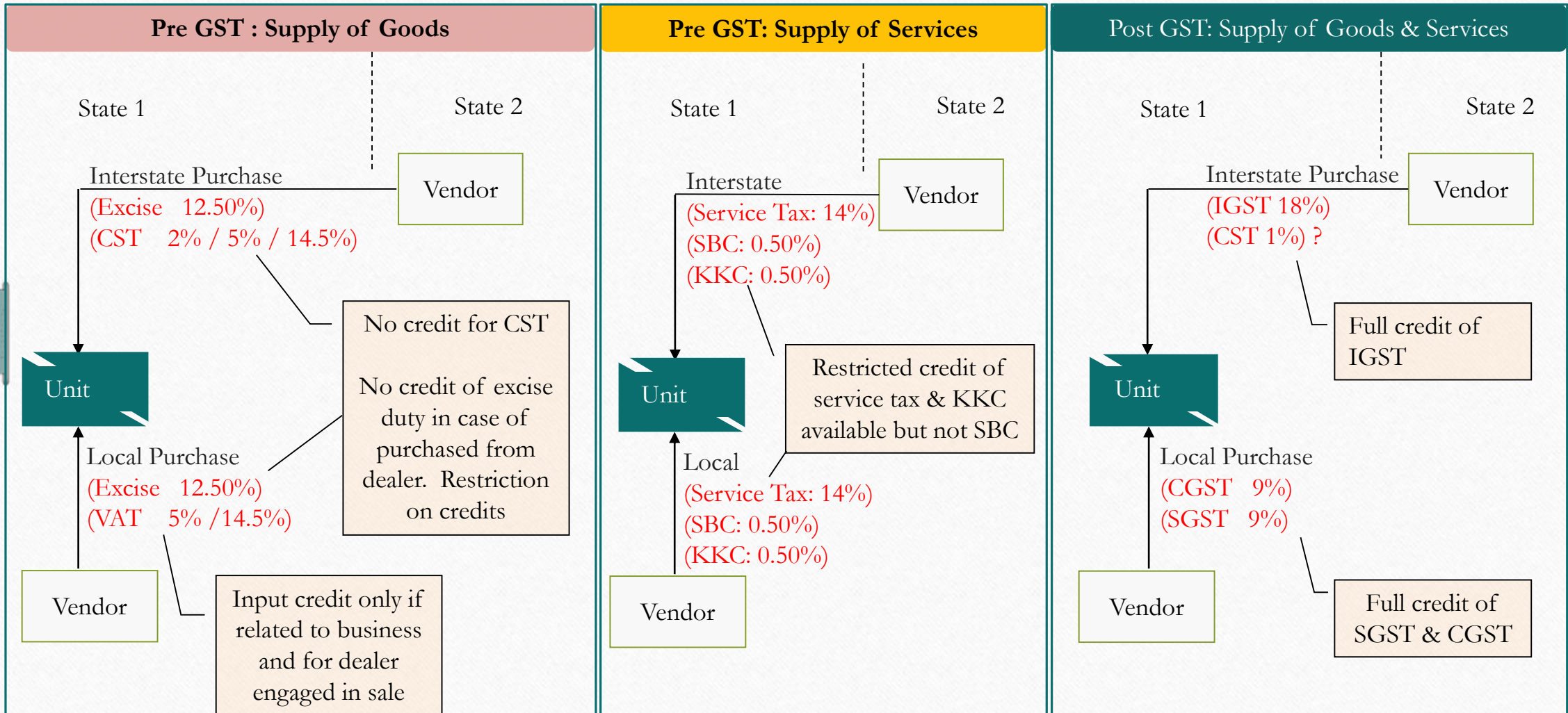
Constitutional provisions

- Article 246A: Concurrent jurisdiction for levy of GST by the Centre and the States
- Article 269A: Authority for Centre to levy & collection of IGST on supplies in the course of inter-State trade or commerce including imports
- Article 366 (12A) defines "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;
- Article 366 (26A) defines "Services" to mean anything other than goods;
- Article 366 (12) defines "goods" as includes all materials, commodities, and articles

Proposed structure

- GST would be destination based levy, split between Central component and State component
- Every transaction of supply would be subjected to appropriate GST
 - Local Supply: CGST & SGST
 - Interstate Supply: IGST
 - Exports: Nil
- IGST would be sum of CGST and SGST. State component contained in IGST would be collected by Center and distributed to destination State
- GST paid on purchases, subject to conditions, will be available for set-off against output GST, whether purchased locally, interstate or imported.
- Exports to be zero rated

Impact on purchases (sales)



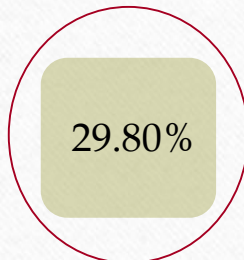
Impact on imports

Pre GST

Basic Customs Duty	10%
Countervailing Duty	12.5%
Customs Education Cess	3%
Additional Customs Duty	4%
Total Customs Duty	29.44%

Post GST

Basic Customs Duty	10%
IGST	18%
Total Customs Duty	29.80%



Cascading effect continues?



Levy of GST

- Section 9 of Central & State GST law and Section 5 of IGST law provides for levy
- Intrastate supplies levied under respective State laws and Central GST law and Interstate supplies to be levied under IGST law
- The tax levied to be called Central GST, State GST and Integrated GST
- Levy on all supplies of goods and services
- Levy on value provided under law
- Levy at the rate notified by central or State but not exceeding 14%
- Liability to pay on taxable person including in case of reverse charge & unregistered dealer purchases

Levy of GST

- Levy is on supply of goods or services
- Supply includes
 - all forms of supply of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business
 - importation of services, for a consideration whether or not in the course or furtherance of business, and
 - the activities specified in Schedule I, made or agreed to be made without a consideration
 - Schedule II to specify activities to be treated (deemed) as supply of goods or as supply of services

Levy of GST

Sale

Transfer

Barter

Exchange

License

Rental

Lease

Disposal

- Article 366 (29A) defines tax on the sale or purchase of goods includes
 - a) A tax on the transfer, otherwise than in pursuance of a contract, of property in any goods for cash, deferred payment or other valuable consideration;
 - b) A tax on the transfer of property in goods (whether as goods or in some other form) invoked in the execution of a works contract;
 - c) A tax on the delivery of goods on hire purchase or any system of payment by instalments;
 - d) A tax on the 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;
 - e) A tax on the supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration;
 - f) A tax on the 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 (whether or not intoxicating), where such supply or service, is for cash, deferred payment or other valuable consideration

Levy of GST

Sale

Transfer

Barter

Exchange

License

Rental

Lease

Disposal

- Different modes of transfer
 - a) Transfer of title (covered under sale)
 - b) Transfer of possession (covered under sale)
 - c) Hire purchase (covered under sale)
 - d) Installment purchase (covered under sale)
 - e) Transfer of right to use (covered under sale)
 - f) Transfer of goods without transfer of right to use
 - g) Transfer of custody
 - h) Transfer of business
 - i) Transfer of assets & liabilities
 - j) Transfer to members
 - k) Transfer during mortgage

Levy of GST

Sale

Transfer

Barter

Exchange

License

Rental

Lease

Disposal

- Barter is a system of exchange where goods or services are directly exchanged for other goods or services without using a medium of exchange, such as money
- When two persons mutually transfer the ownership of one thing for the ownership of another, neither thing or both things being money only, the transaction is called an “exchange”.
- Barter in goods is not taxed in the current regime
- Barter of service is taxable in the current regime
- Barter of transactions with branch
- Common directors
- Sharing of common use of premises (common registered office)
- In barter, exchange needs to be done simultaneously
- Exchange of old for new

Levy of GST

Sale

- A license is a contractual right that gives someone permission to do a certain activity or to use certain property that is owned by someone else.

Transfer

- License to produce,
- License to sell goods or services,

Barter

- License to market,

Exchange

- License to use brand name, IPR, trademark, software etc.
- Fee for provision of franchise, job worker, royalty payments etc.

License

Rental

Lease

Disposal

Levy of GST

Sale

- Renting of immovable property
- Renting of movable property

Transfer

- Renting of vacant land
- Permitting use of immovable property for placing vending/dispensing machines
- Allowing erection of communication tower on a building

Barter

- Renting of theatres by owners to film distributors

Exchange

- Lease of immovable property

License

- Lease of movable property
- Operating Lease

Rental

- Finance Lease

Lease

Disposal

Levy of GST

Sale

- Disposal of assets

Transfer

- Scrap sales

- Any similar disposal

Barter

Exchange

License

Rental

Lease

Disposal

Levy of GST

- Liability would ordinarily arise
 - When supply made for a consideration unless listed in Schedule I
 - Made in the course or furtherance of business unless listed in Schedule I
- Supply includes importation of service, whether or not for a consideration and whether or not in the course or furtherance of business
 - Import of software subjected to GST, whether or not made in the course of business or for a consideration
 - Wide enough to include transactions undertaken by employees on behalf of company

Schedule I

- Permanent transfer or disposal of business assets on which input credit is availed
- Free supply of goods or services between related persons and distinct persons as specified in Section 25
 - Free supplies to employees [cap of INR 50K]
 - Stock transfer of goods and services
- Supply of goods by principal to agent or vice-versa where agent undertakes the transaction on behalf of principal
- FOC import of services from a related person or any of his establishment outside India.

Levy of GST

- The Central or a State Government may, upon recommendation of the Council, specify, by notification,
- the transactions that are to be treated as—
 - (i) a supply of goods and not as a supply of services; or
 - (ii) a supply of services and not as a supply of goods; or
 - (iii) neither a supply of goods nor a supply of services.

Levy of GST

- Schedule II prescribes matters to be treated as **deemed** to be supply of goods or services

Goods	Service
Transfer of title in goods	Transfer of goods or right in goods or undivided share in goods without transfer of title
Hire purchase or installment purchase transactions	Lease, tenancy, easement, license to occupy land
Supply of goods by unincorporated association or BoP to a member for cash or deferred payment or other valuable consideration	Lease or letting out of building including commercial, industrial or residential complex for business or commerce
	Treatment or process which is being applied to another person's goods
	Declared Services as defined in current Service Tax law

Levy of GST: declared services

1	Renting of Immovable Property
2	Construction of a complex, building, civil structure intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate or before its first occupation, whichever is earlier.
3	Temporary transfer or permitting the use or enjoyment of any IPR
4	Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of IT software
5	Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act
6	Works contract including transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract
7	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
8	Supply of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption) for cash, deferred payment or other valuable consideration

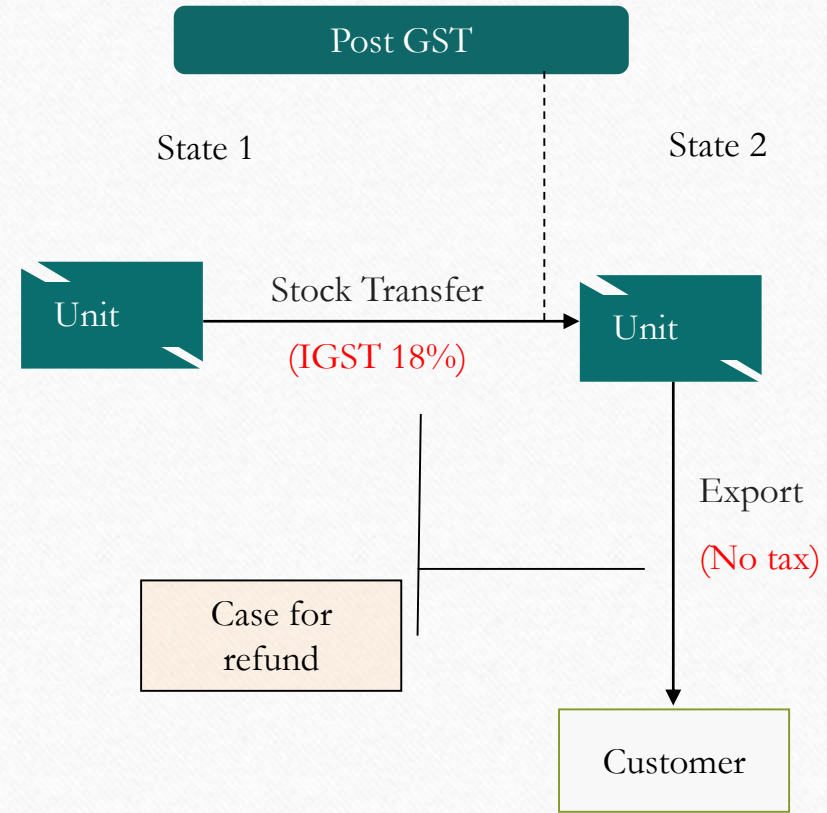
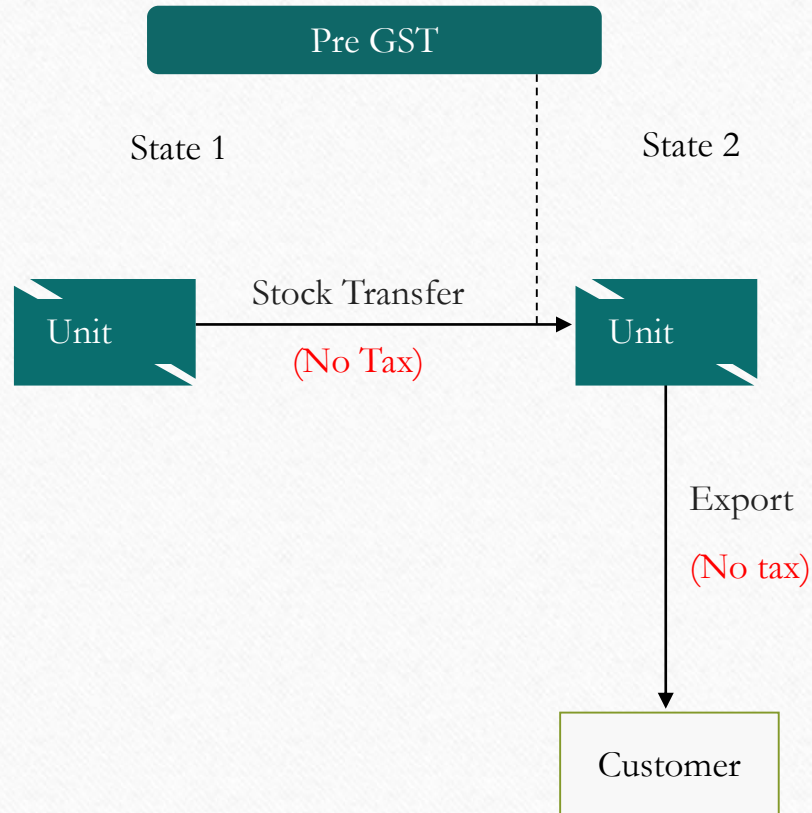
Levy of GST: neither goods or services

1	Services by employee to employer
2	Services by any Court or Tribunal established under any law for the time being in force.
3	Functions performed by MP, MLA or members of Panchayats or local authorities
4	Services by a foreign diplomatic mission located in India.
5	Services of funeral, burial, crematorium or mortuary including transportation of the deceased
6	Services provided by a Government or local authority to another Government or local authority excluding the following services other than department of posts, life insurance, aircraft, vessel or transportation of passengers
7	Services provided by a Government or local authority to individuals in discharge of its statutory powers or functions such as issuance of passport, visa, driving licence, birth certificate or death Certificate and assignment of right to use natural resources to an individual farmer for the purpose of agriculture
8	Services provided by a Government or local authority or a governmental authority by way of healthcare, education and other specified services of Government

Composition levy

- A registered taxable person
- Whose aggregate turnover in preceding financial year does not exceed 50 Lakh rupees
- May opt to pay tax at composite rate
 - Manufacturer: 1% + 1% [2%]
 - Hotelier – supply of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption): 2.50% + 2.50% [5%]
 - Others: 0.5% + 0.5% [1%]
- Option not available for
 - supply of services
 - When supplies are made interstate or
 - Supplies made through electronic commerce
 - Specified assessee's
- Composite dealer is not entitled to take input tax credit

Impact on stock transfer



Stock transfer of services

Section 3: Definition of Levy under GST

(1) Supply includes:

- a) all forms of supply of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business,
- b) importation of services, for a consideration whether or not in the course or furtherance of business, and
- c) a supply specified in **Schedule I**, made or agreed to be made without a consideration.

Schedule I

...

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

Section 25: distinct persons

- 2) A person who has obtained or is required to obtain more than one registration, whether in one State or more than one State, shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.
- 3) An establishment of a person who has obtained or is required to obtain registration in a State, and any of his other establishments in another State shall be treated as establishments of distinct persons for the purposes of this Act.

Impact: Stock transfer of services

- Liability to pay GST is ordinarily on supply of goods or services for consideration
- In terms of Section 7 read with Schedule 1, supplies of goods or supplies of services when made to distinct persons, are subject to GST, even when made without consideration
- The term distinct persons include branches of the Company registered separately under GST, whether within or outside the State [does not include branches within the State under same registration]
- Accordingly, supply of services from one branch to another branch has become taxable under GST
 - Meaning of supply of services is wide
 - Taxability of tangible supplies is identifiable and easy from compliance
 - Scope of taxability of branch to branch services is subjective and complex
 - Ordinarily, stock transfer of services can be said only with respect to:
 - Common internal costs such as salary, etc., incurred at one location but pertaining to another
 - External costs such as audit fees, etc., incurred at one location but attributable to another

Method of taxability: Stock transfer of services

- Options provided for discharge of tax: external costs
 - Distribute the tax charged by the supplier of service by obtaining input service distributor registration
 - Only tax paid on input services are allowed to be distributed
 - Distribution to be done by raising of invoice by charging IGST
 - Charge tax as if supply of taxable services by one branch to another. Department may raise requirement for mark-up, which should be defensible as the underlying cost is provided by independent third party service provider and is done more as cross charge than otherwise
- Options provided for discharge of tax: internal costs
 - No tax is chargeable when the internal costs are accounted based on cost centre at respective location. Alternatively, department may impute value based on cost plus reasonable mark-up. The Company may be required to charge appropriate GST, as in the manner of taxable supply by location incurring the cost and billable to the location to which the costs pertain.

Important Definitions

Aggregate turnover

“**Aggregate turnover**” means 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 persons having the same Permanent Account number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;



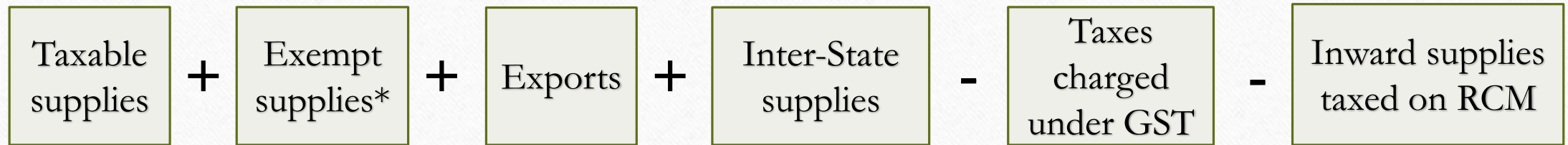
(Computed on an all India basis)

*Exempt supplies are those which are not taxable under the Act - Includes supplies taxed at NIL rate and supplies exempted by way of notification u/s 11

Note: Aggregate turnover will determine liability to register and option to pay tax under composition

Turnover in a State

“**Turnover in a State**” 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) and exempt supplies made within a State or Union territory by a taxable person, exports of goods or services or both and inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person but excludes central tax, State tax, Union territory tax, integrated tax and cess;



*Exempt supplies are those which are not taxable under the Act - Includes supplies taxed at NIL rate and supplies exempted by way of notification u/s 11

Business vertical

“**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;

Example:

ABC Ltd is a conglomerate company having divisions in petrochemicals, retail business, telecommunications etc. Each such divisions / business verticals may be registered.

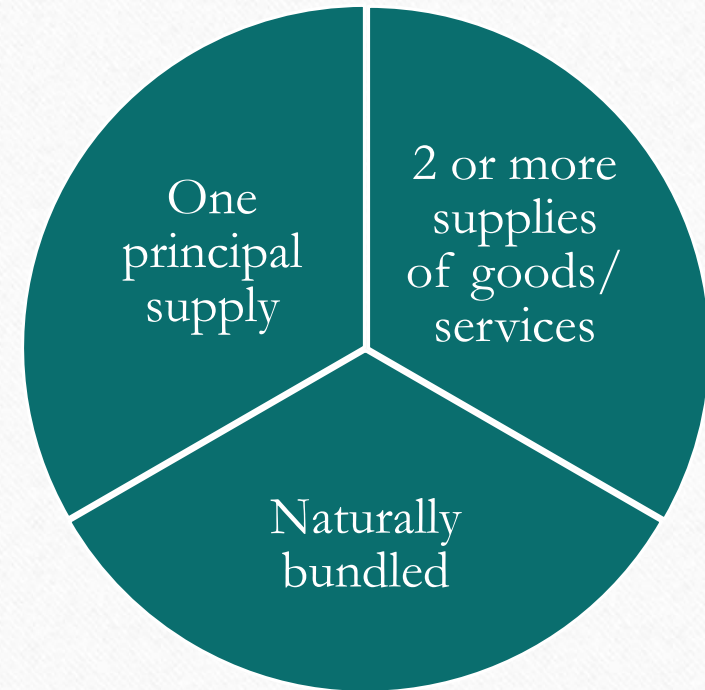
Composite Supply

“**composite supply**” means a supply consisting of -

- (a) two or more goods;
- (b) two or more services; or
- (c) a combination of goods and services

which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a 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

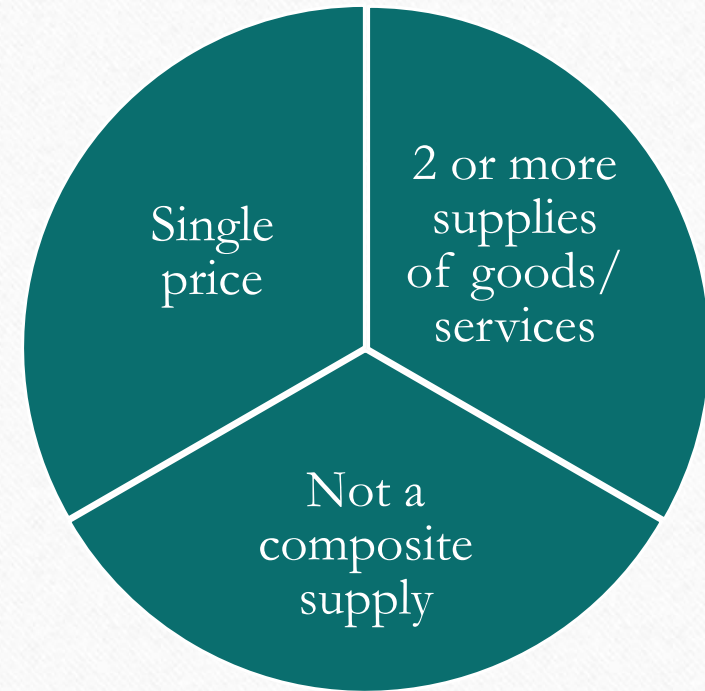


Mixed Supply

“**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

Illustration:

A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.



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;
- and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify

Continuous Supply of Service

- 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;

Taxable and Exempt Supply

- “taxable supply” means a supply of goods and/or services which is chargeable to tax under this Act
- “exempt supply” means supply of any goods and/or services which are not taxable under this Act and includes such supply of goods and/or services which are specified in Schedule . . . of the Act or which may be exempt from tax

Consideration

- Something in return (quid pro quo)

“**Consideration**” in relation to the supply of goods or services 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;

Inducement of supply of goods/ services

Payment - Made/ to be made in money/ otherwise by recipient or any other person

Consideration

Excludes subsidy given by CG/ SG

Act/ Forbearance

Consideration

- Whether in money or otherwise
- Otherwise - consideration could be in the form of following:
 - Supply of goods and services in return for Supply of goods and services
 - Refraining or forbearing to do an act in return for Supply of goods and services
 - Tolerating an act or a situation in return for Supply of goods and services
 - Doing or agreeing to do an act in return for Supply of goods and services

Goods

“**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;

Goods to include:

- Electricity
- Carbon credits
- DEPB/ SFIS Scrip
- Brand Name

Actionable claim

“**Actionable claim**” shall have the meaning assigned to it in Section 3 of Transfer of Property Act, 1882;

Section 3 of the Transfer of Property Act, 1882:

"Actionable Claim" is a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of moveable property, or to any beneficial interest in moveable property not in possession either actual or constructive, of the claimant, which the civil courts recognise as affording grounds of relief whether such debt or beneficial interest be existent, accruing or conditional or contingent.“

Illustration:

A borrows INR 5000/- on 01-Apr-2016 from B at interest of 12% per annum and promises to pay back the amount with interest before 01-Jul-2016. Until 01-Jul-2016, the debt would be an actionable claim

- Actionable claim is money equivalent
- Is excluded in the definition of service under the current law
- May impact securitization of debt

Services

“**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

Exclusions:

- Money and securities

Related person

Person shall be deemed to be “**related persons**” if only –

- 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; or
- they are members of the same family;

Explanation I. - The term "person" also includes legal persons.

Explanation 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.

Associated enterprise

“**Associated enterprise**” shall have the meaning assigned to it in section 92A of the Income Tax Act, 1961

- (a) one enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent of the voting power in the other enterprise; or
- (b) any person or enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent of the voting power in each of such enterprises; or
- (c) a loan advanced by one enterprise to the other enterprise constitutes not less than fifty-one per cent of the book value of the total assets of the other enterprise; or
- (d) one enterprise guarantees not less than ten per cent of the total borrowings of the other enterprise; or
- (e) more than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of one enterprise, are appointed by the other enterprise; or
- (f) more than half of the directors or members of the governing board, or one or more of the executive directors or members of the governing board, of each of the two enterprises are appointed by the same person or persons; or
- (g) the manufacture or processing of goods or articles or business carried out by one enterprise is wholly dependent on the use of know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights; or

Associated enterprise

“**Associated enterprise**” shall have the meaning assigned to it in section 92A of the Income Tax Act, 1961

- (h) ninety per cent or more of the raw materials and consumables required for the manufacture or processing of goods or articles carried out by one enterprise, are supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise; or
- (i) the goods or articles manufactured or processed by one enterprise, are sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise; or
- (j) where one enterprise is controlled by an individual, the other enterprise is also controlled by such individual or his relative or jointly by such individual and relative of such individual; or
- (k) where one enterprise is controlled by a Hindu undivided family, the other enterprise is controlled by a member of such Hindu undivided family or by a relative of a member of such Hindu undivided family or jointly by such member and his relative; or
- (l) where one enterprise is a firm, association of persons or body of individuals, the other enterprise holds not less than ten per cent interest in such firm, association of persons or body of individuals; or
- (m) there exists between the two enterprises, any relationship of mutual interest, as may be prescribed.

Casual taxable person

“**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

“fixed establishment” means a place (other than the registered place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs;

What would the impact be on:

- Events
- Road shows
- Onsite training
- Performance based services such as surgery

Capital goods

“**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”.

Example:

- Plant and machinery capitalized in the books of accounts could be considered as capital goods for claiming credit of tax paid.
- Input tax credit on furniture and fixture capitalized in the books of accounts could be restricted if they are not used in the course of business.
- Impact of financial lease

Input

“**Input**” means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business”.

Would the following purchases be regarded as inputs

- Stationery
- Mobile phones not capitalized
- Marketing material
- Leased capital goods (operating or financial lease)

“**Input Services**” means any service used or intended to be used by a supplier in the course or furtherance of business”.

Exports of goods and services

“Export of goods” with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India

“Export of services” means the supply of any service when

- a) the supplier of service is located in India,
- b) the recipient of service is located outside India,
- c) the place of supply of service is outside India,
- d) the payment for such service has been received by the supplier of service in convertible foreign exchange, and
- e) the supplier of service and recipient of service are not merely establishments of a distinct person in accordance with explanation 1 of Section 8

Imports

“Import of goods” with its grammatical variations and cognate expressions, means bringing goods into India from a place outside India

“Import of service” means the supply of any 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

Valuation of Supply

Valuation under current law

Statute	Valuation Principles	Meaning & Inclusions	Exceptions
Central Excise & Customs (CVD Portion)	<ul style="list-style-type: none"> Transaction Value 	Price actually paid or payable for goods	<ul style="list-style-type: none"> Price not being the sole consideration for sale Related Party
	<ul style="list-style-type: none"> Maximum Retail Price, less prescribed abatement 	Maximum price at which packaged goods are sold to end-customer	
	<ul style="list-style-type: none"> Other Valuation Principles 	Specific Duty, Tariff Value, Compounded Levy or based on Production Capacity	

Statute	Valuation Principles	Meaning & Inclusions	Exceptions
Service Tax	<ul style="list-style-type: none"> Gross Value 	Gross amount charged for provision of taxable services	<ul style="list-style-type: none"> Pure Agent

Valuation under current law

Statute	Valuation Principles	Meaning & Inclusions	Exceptions
VAT	<ul style="list-style-type: none"> Taxable Turnover 	Total price charged for sale including freight charged (under VAT but not under CST) for delivery of goods	<ul style="list-style-type: none"> Deductions such as discounts on invoice, labour value, etc.
	<ul style="list-style-type: none"> Composition Scheme 	Total consideration charged including labour value	<ul style="list-style-type: none"> Restrictions on interstate purchases
Statute	Valuation Principles	Meaning & Inclusions	Exceptions
Entry Tax	<ul style="list-style-type: none"> Landed Price 	Price paid for entry into local area	
Statute	Valuation Principles	Meaning & Inclusions	Exceptions
Others illustrative examples	<ul style="list-style-type: none"> Highest rack rate for stay in hotel Maximum seat capacity of Movie halls 	Gross amount charged	<ul style="list-style-type: none"> Limited

Valuation under GST

- Supply to be taxed on transaction value, unless
 - Supply made to a related party
 - Price is not the sole consideration for supply
 - Absence of consideration
- In case transaction value is not acceptable, then value to be determined based on rules

Valuation under GST

- Price is not the sole consideration for sale
 - Supply of goods below cost
 - Unusual discounts or abnormal discounts
 - Supply of goods or services by the recipient
 - Supplier is liable to incur but paid by the recipient
 - Additional consideration is received in imputed form

Valuation under GST

- Illustrative Issues
 - ABC rents his premises for commercial use to XYZ. The monthly rent is INR 100,000/- and security deposit is INR 12,00,000/-. Whether notional interest will have to be imputed?
 - What happens when the ABC gives the property on lease for INR 110,00,000/-. In a lease, the land-lord refunds the amount after the period of lease
 - PQR undertakes audit of INFY and INFY provides free use of cab, food, use of conference room facility in INFY for conduct of audit?
 - Similar would be a case when INFY provides to and fro air-tickets to its lawyer in Bangalore for representing a matter in New Delhi
 - AB buys a new phone in exchange of old phone. Whether AB will be liable to GST and also, whether seller will need to include notational value of used mobile on sale of new phone

Valuation under GST

- Value to include
 - Reimbursement of expenses
 - Subsidies Provided
 - Price charged at the time of supply or any other time
 - Discounts unless provided under an agreement and known at the time of supply
 - Consideration in kind

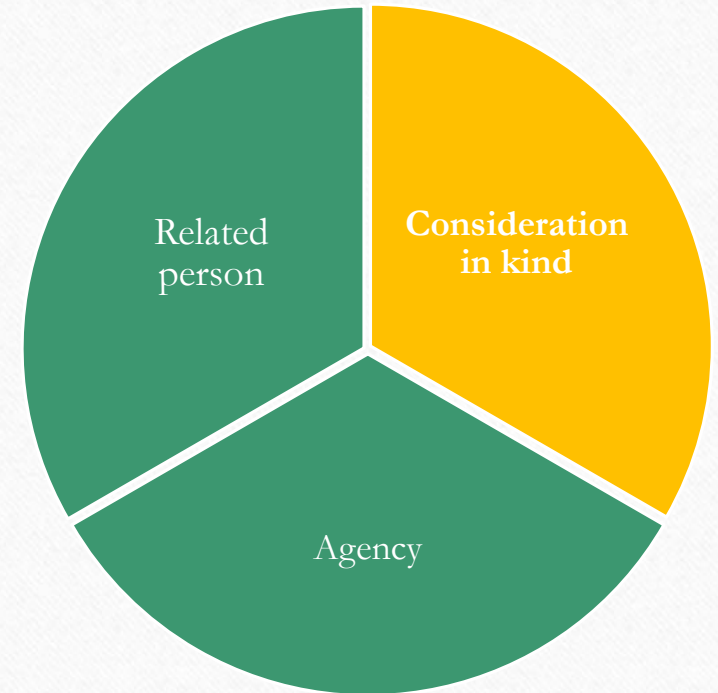
Illustrative Issues

- Tips collected while serving food by steward or paid by recipient to taxi driver

Valuation

Consideration is not wholly in money

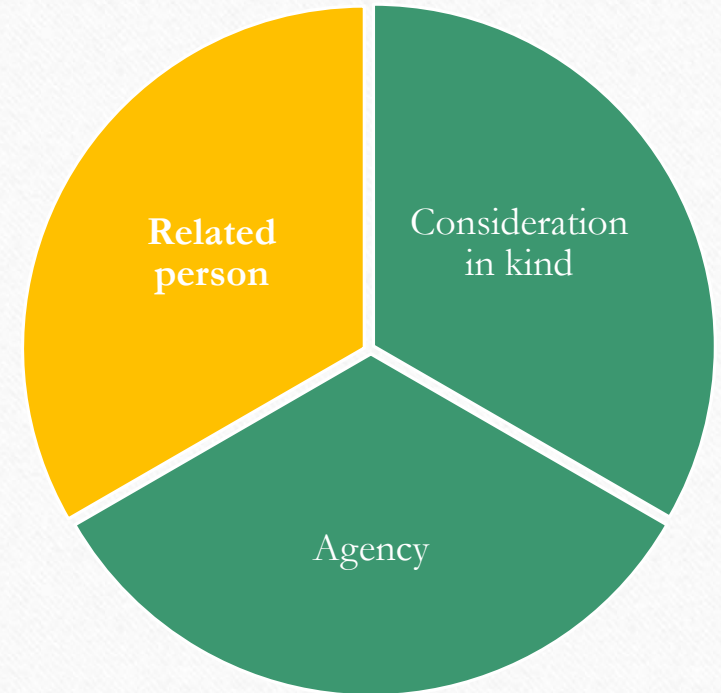
- Value in the open market
- Value of consideration in money and money's worth, to be known at the time of supply
- Money's value of like kind and quality of supply
- 110% of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services
- Reasonable means consistent with the principles and general provisions



Valuation

Related party transactions

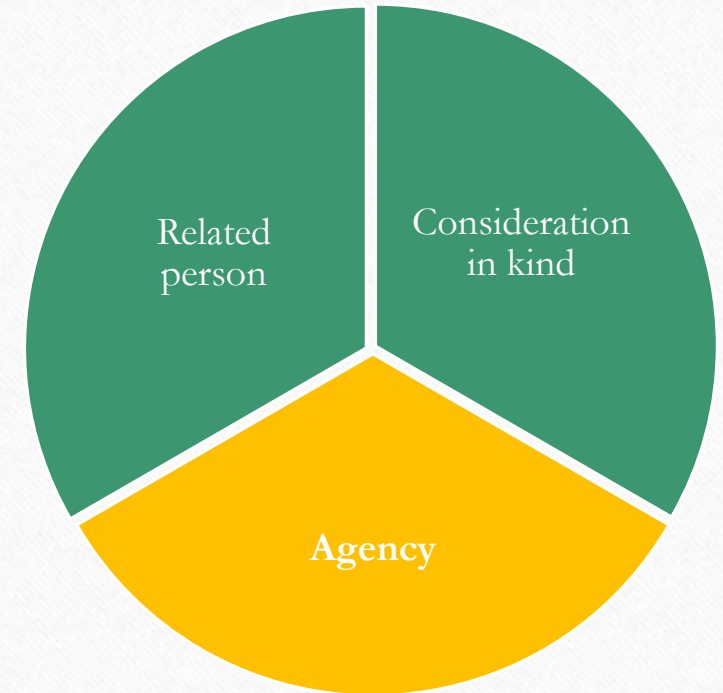
- Value in the open market
- Money's value of like kind and quality of supply
- 110% of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services
- Reasonable means consistent with the principles and general provisions
- Where the goods are intended for further supply as such by the recipient, value can be 90% of the price charged to unrelated party for like kind and quality goods.
- Where the recipient is eligible for full ITC, value declared in the invoice shall be deemed to be OMV



Valuation

Transactions with agents

- Value in the open market or 90% of selling price of agent to unrelated person, procured for further supply by agent
- 110% of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services
- Reasonable means consistent with the principles and general provisions



Valuation

Other transactions

- 110% of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services
- Reasonable means consistent with the principles and general provisions

Valuation: special transactions

- Purchase or sale of foreign currency including money changing [1%, 0.50%, 0.10% plus fixed amount]
- Booking of tickets for travel by air provided by an air travel agent [5% domestic/ 10% foreign]
- The value of supply of services in relation to life insurance business
- Person dealing in buying and selling of second hand goods [Margin or profits made]
- Value of redeemable token, or a voucher, or a coupon, or a stamp (other than postage stamp)
- Rate of exchange for transactions in foreign currency
- Stock transfer of services by notified service providers between distinct persons where ITC is available shall be deemed to be NIL [this is subject to notification]

Valuation: pure agent deduction

- a. The service provider acts as a pure agent of the recipient of service when he makes payment to third party for the goods or services procured;
- b. The recipient of service receives and uses the goods or services so procured by the service provider in his capacity as pure agent of the recipient of service;
- c. The recipient of service is liable to make payment to the third party;
- d. The recipient of service authorises the service provider to make payment on his behalf;
- e. The recipient of service knows that the goods and services for which payment has been made by the service provider shall be provided by the third party;
- f. 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;
- g. The service provider recovers from the recipient of service only such amount as has been paid by him to the third party; and
- h. The goods 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.

GST Rates

GST Rates

- Based on initial recommendations of Chief Economic Adviser, Dr. Arvind Subramanian
- Essentials are expected to be exempt, while precious metal may be taxed at rate lower than special rates

GST Rates

RNR	"Special Rate"	"Concessional Rate"	"Standard Rate"	"Demerit Rate" or Non-GST excise (Goods)
15% / 15.5%	5%	12%	18%	28% to 40%
Illustrative list	Renewable energy devices and spare parts	Telephones and its parts for manufacture	Electric motors and generators	Static convertors, primary cell and batteries, vaccum cleaners
		Utensils of iron and steel	Iron & steel tubes, pipes, pre-fabricated structure	Sanitary ware of iron & steel
	Transportation of goods or passengers	Supply of food in budget hotels	Hotels with liquor license	Luxury Hotels, Entertainment Events
	Life Saving Drugs	Construction Services (with value of land)	Works Contract Services	UPS, Motor Vehicle, Parts of Motor Vehicle, Air-conditioners
	Essentials	Tractors, Bi-Cycles, Medicines	IT Products, , Machineries, Furniture	SIN Goods

International VAT/ GST rates

FY 2015 | Source: <http://www.worldwide-tax.com>

Country	Rate	Country	Rate	Country	Rate	Country	Rate
Argentina	21.00%	Finland	24.00%	Malta	18.00%	Saudi Arabia	Nil
Australia	10.00%	France	20.00%	Mexico	16.00%	Serbia	20.00%
Austria	20.00%	Georgia	18.00%	Moldova	20.00%	Singapore	7.00%
Barbados	17.50%	Germany	19.00%	Monaco	19.60%	Slovakia	20.00%
Belarus	20.00%	Gibraltar	0.00%	Morocco	20.00%	Slovenia	22.00%
Belgium	21.00%	Greece	23.00%	Montenegro	19.00%	South Africa	14.00%
Brazil	17%-25%	Hungary	27.00%	Netherlands	21.00%	Spain	21.00%
Bulgaria	20.00%	India	5%-15%	New Zealand	15.00%	Sweden	25.00%
Canada	5.00%	Indonesia	10.00%	Norway	25.00%	Switzerland	8.00%
China	17.00%	Ireland	23.00%	Pakistan	17.00%	Thailand	7.00%
Croatia	25.00%	Israel	18.00%	Panama	7.00%	Tunisia	18.00%
Cyprus	19.00%	Italy	22.00%	Philippines	12.00%	Turkey	18.00%
Czech Rep.	21.00%	Japan	8.00%	Poland	23.00%	U.K.	20.00%
Denmark	25.00%	Latvia	21.00%	Portugal	23.00%	Ukraine	17.00%
Egypt	10.00%	Lithuania	21.00%	Romania	24.00%	Vietnam	10.00%
Estonia	20.00%	Luxemburg	17.00%	Russia	18.00%	Zambia	16.00%

Time of Supply under GST

Time of Supply

- The time/ point at which tax is attached to a supply
- To determine the time/ point at which supply is liable to tax
- To determine the time/ point at which tax is liable to be paid by a supplier or a recipient

Relevant Sections

Section 12 - Time of Supply of Goods

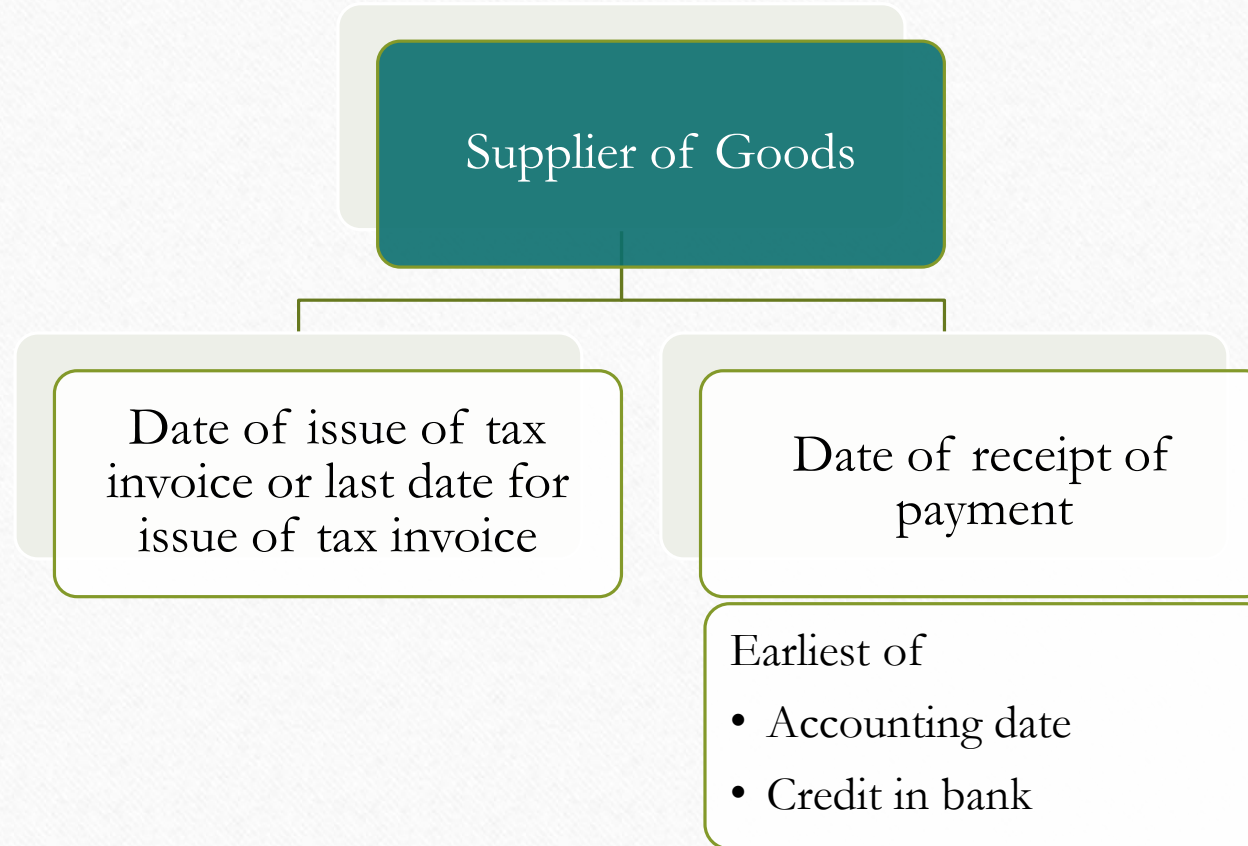
Section 13 - Time of Supply of Services

Section 14 - Change in rate of tax in respect of supply of goods or services

Section 31 - Tax Invoice

Section 12 (2) – Time of Supply of Goods

The earliest of the following:



Section 28 – Timelines for Issuance of Tax Invoice

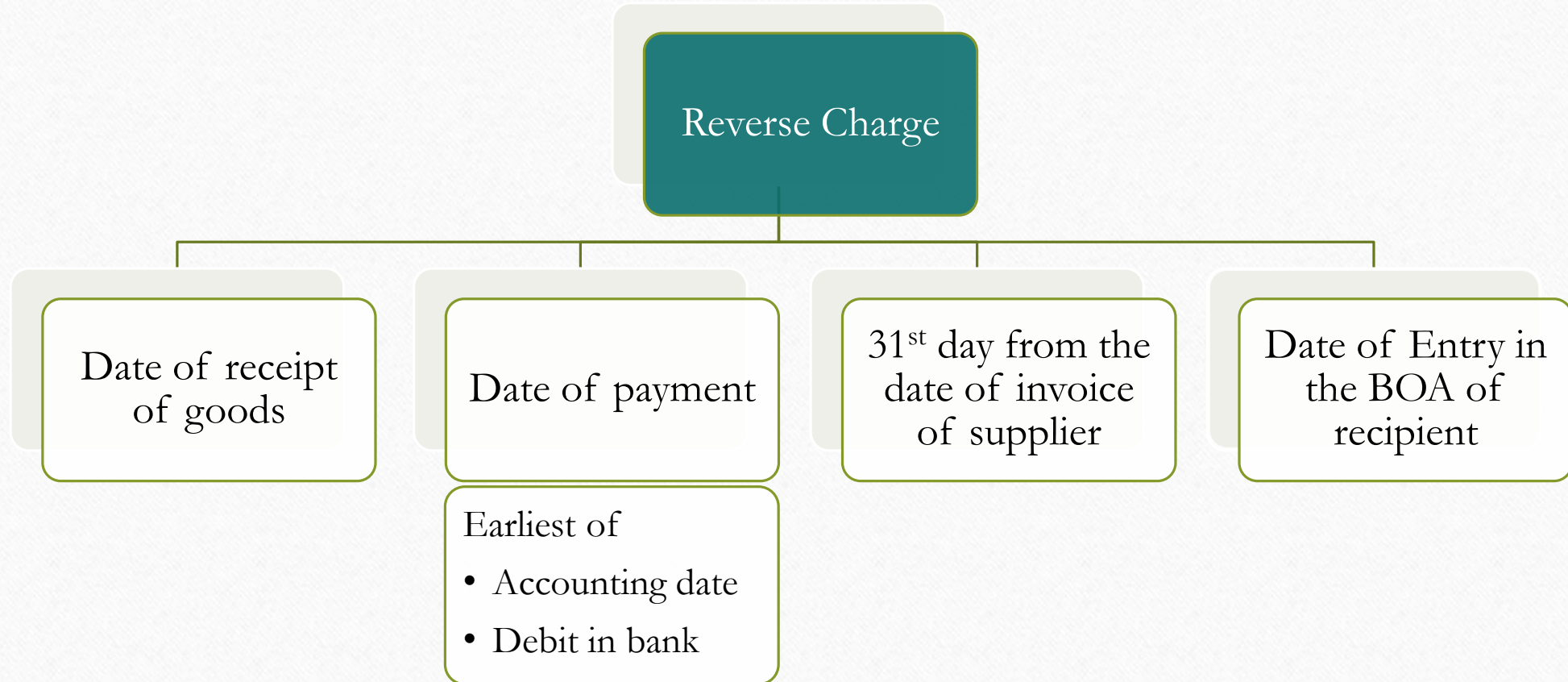
Movement of goods	No movement of goods	Continuous supply of goods	On Approval
<ul style="list-style-type: none"> • Before or at the time of removal of goods 	<ul style="list-style-type: none"> • Before or at the time of delivery of goods • Before or at the time of making available the goods 	<ul style="list-style-type: none"> • Before or at the time of issuance of successive statement of account • Before or at the time of receipt of successive payment 	<ul style="list-style-type: none"> • Before or at the time when it is known that supply has taken place • Six months from the date of removal <p>Whichever is earlier</p>
<ul style="list-style-type: none"> • Ordinary Sales • Stock transfers 	<ul style="list-style-type: none"> • Tools sold to principal manufacturer but retained with OEMs for manufacture of parts • Sale and lease back 	<ul style="list-style-type: none"> • Supply of gases thru pipeline 	<ul style="list-style-type: none"> • Sale on approval basis

Illustrations – Time of Supply of Goods (Forward Charge)

Date of Invoice	Date of Removal	Date of Making Available	Date of accounting Receipt	Date of Credit in Bank	Time of Supply
31-Jul-2017	01-Aug-2017	---	17-Aug-2017	17-Aug-2017	31-Jul-2017
02-Jul-2017	01-Jul-2017	---	15-Jul-2017	15-Jul-2017	01-Jul-2017
15-Jul-2017	16-Jul-2017	---	14-Jul-2017	16-Jul-2017	14-Jul-2017
15-Jul-2017	16-Jul-2017	---	17-Jul-2017	12-Jul-2017	12-Jul-2017
15-Jul-2017	--	14-Jul-2017	17-Jul-2017	15-Jul-2017	14-Jul-2017
16-Jul-2017	--	17-Jul-2017	17-Jul-2017	17-Jul-2017	16-Jul-2017
16-Jul-2017	--	17-Jul-2017	15-Jul-2017	18-Jul-2017	15-Jul-2017

Section 12 (3) – Time of Supply of Goods

The earliest of the following:



Illustrations - Time of Supply of Goods (Reverse Charge)

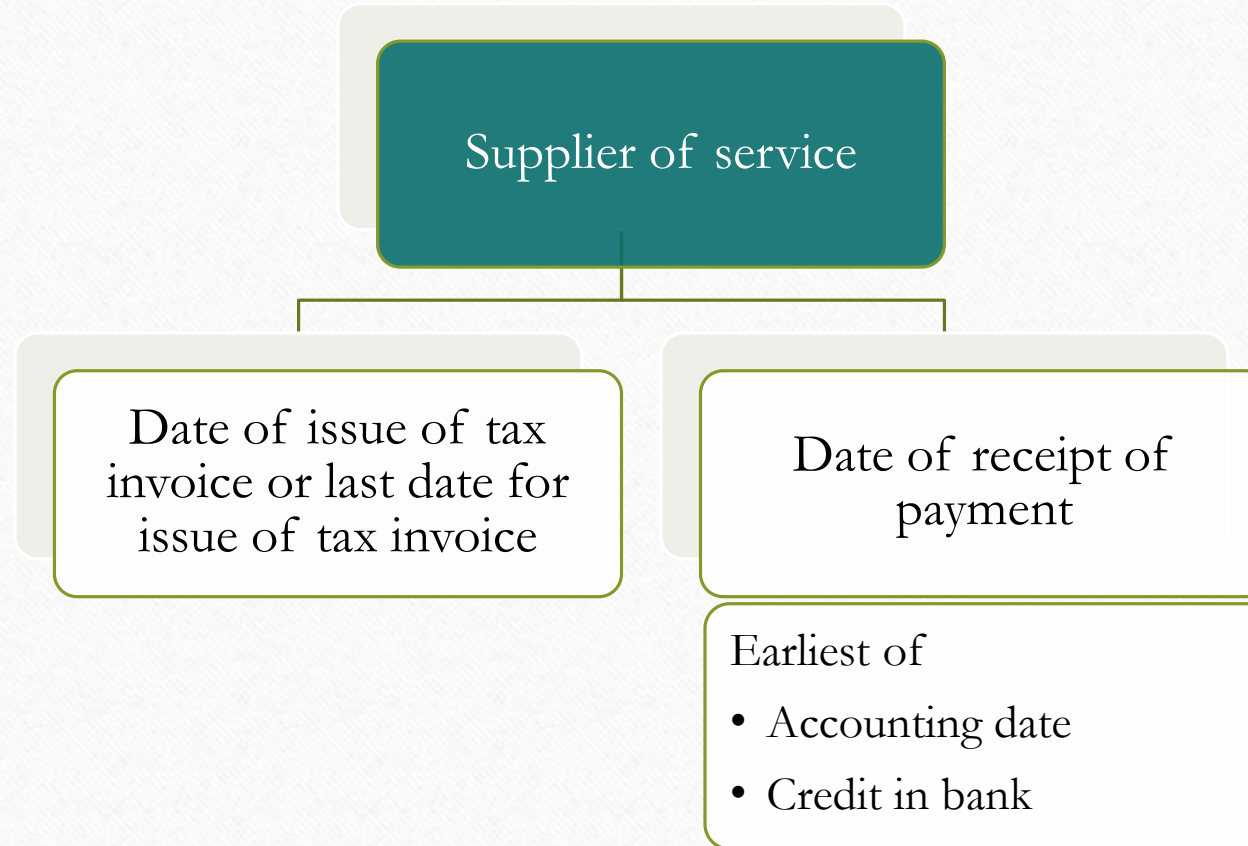
Date of Invoice	Date of Receipt of goods	Date of accounting payment	Date of debit in Bank	31 st Day from date of invoice	Time of Supply
01-Jul-2017	10-Jul-2017	15-Jul-2017	15-Jul-2017	01-Aug-2017	10-Jul-2017
01-Jul-2017	15-Jul-2017	10-Jul-2017	15-Jul-2017	01-Aug-2017	10-Jul-2017
01-Jul-2017	15-Jul-2017	15-Jul-2017	14-Jul-2017	01-Aug-2017	14-Jul-2017
01-Jul-2017	02-Aug-2017	17-Aug-2017	12-Aug-2017	01-Aug-2017	01-Aug-2017

Section 12 (4) & 12 (5) – Time of Supply of Goods

- Section 12 (4) - supply of voucher
 - Supply is identifiable at the point of issue of voucher - Date of issue of voucher
 - In all other cases - Date of redemption of voucher.
- In case if it is not possible to determine time of supply u/s. 12(2), (3) and (4)
 - Where periodical return has to be filed – Date of which return is filed
 - In any other case - Date of which Tax is paid

Section 13 (2) – Time of Supply of Service

The earliest of the following:



Section 28 – Timelines for Issuance of Tax Invoice

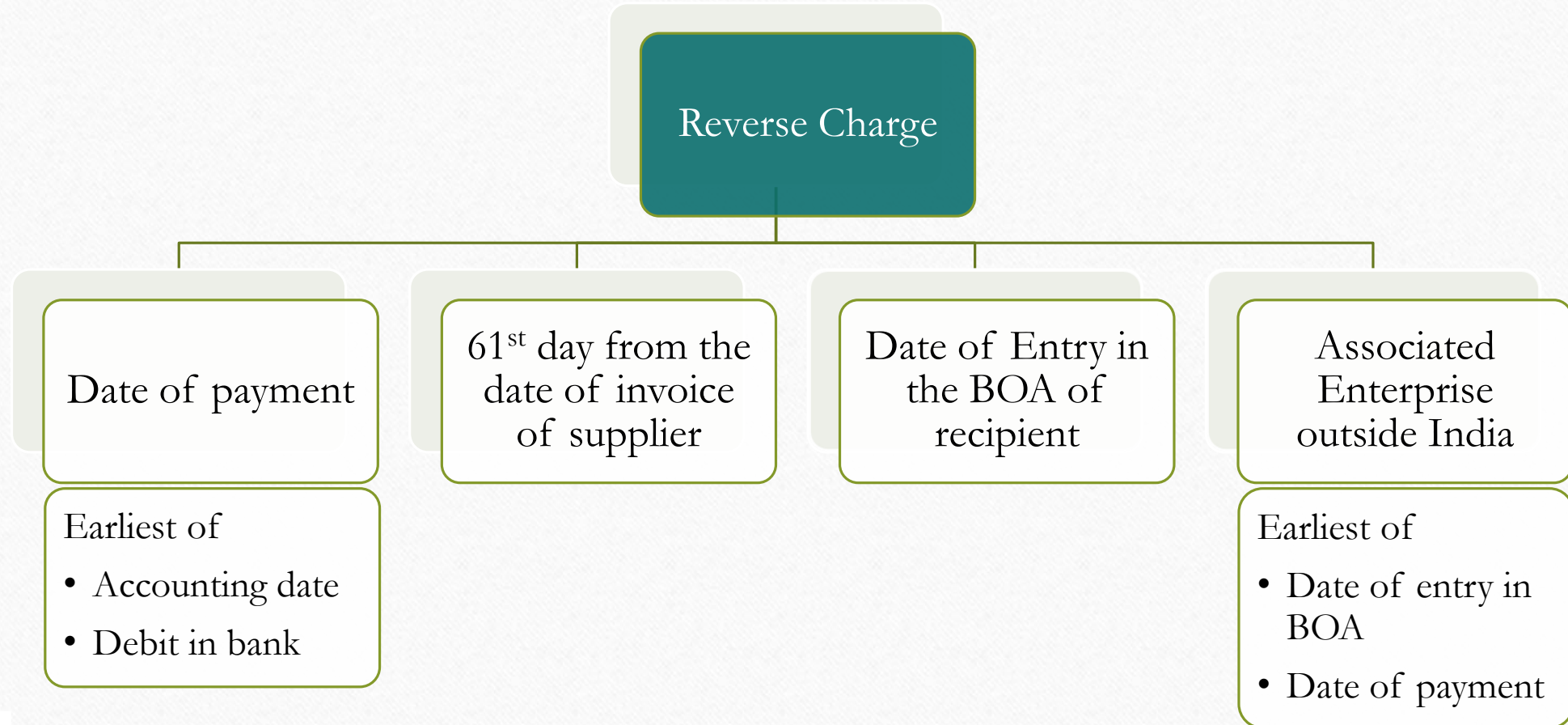
Provision of Service	Continuous supply of Service	Cessation of Service
<ul style="list-style-type: none">• Before or after provision of service but within a prescribed time i.e. 30 days	<ul style="list-style-type: none">• Due date of payment is ascertainable from the contract – before or after the payment is liable to be made but within a prescribed period• Due date of payment is not ascertainable from the contract- before or after each such receipt of payment but within a prescribed period• Payment is linked to completion of event – before or after completion of event but within a prescribed period	<ul style="list-style-type: none">• At the time when supply of service ceases and to the extent of supply effected before cessation

Illustrations - Time of Supply of Service (Forward Charge)

Date of Provision of Service	Date of Invoice	Date of accounting Receipt	Date of Credit in Bank	Time of Supply
31-Jul-2017	01-Aug-2017	17-Aug-2017	17-Aug-2017	01-Aug-2017
31-Jul-2017	15-Jul-2017	17-Aug-2017	17-Aug-2017	15-Jul-2017
15-Jul-2017	17-Aug-2017	20-Aug-2017	20-Aug-2017	15-Aug-2017
15-Jul-2017	12-Aug-2017	11-Aug-2017	14-Aug-2017	11-Aug-2017
15-Jul-2017	12-Aug-2017	17-Aug-2017	11-Jul-2017	11-Jul-2017

Section 13 (3) – Time of Supply of Services

The earliest of the following:



Illustrations - Time of Supply of Service (RCM)

Date of Invoice	Date of Accounting Invoice	Date of accounting payment	Date of debit in Bank	61 st Day from date of invoice	Time of Supply
Non-Associated Enterprises & Associated Enterprises in India					
01-Jul-2017	09-Jul-2017	10-Jul-2017	15-Jul-2017	31-Aug-2017	10-Jul-2017
01-Jul-2017	09-Jul-2017	15-Jul-2017	11-Jul-2017	31-Aug-2017	11-Jul-2017
01-Jul-2017	09-Jul-2017	16-Sept-2017	15-Sept-2017	14-Sept-2017	14-Sept-2017
Associated Enterprises outside India					
01-Jul-2017	09-Jul-2017	10-Jul-2017	15-Jul-2017	31-Aug-2017	09-Jul-2017
01-Jul-2017	12-Jul-2017	15-Jul-2017	11-Jul-2017	31-Aug-2017	11-Jul-2017
01-Jul-2017	17-Sept-2017	16-Sept-2017	15-Sept-2017	14-Sept-2017	14-Sept-2017

Section 13 (4) & 13 (5) – Time of supply of service

- Section 13 (4) - supply of voucher
 - Supply is identifiable at the point of issue of voucher - Date of issue of voucher
 - In all other cases - Date of redemption of voucher.
- In case if it is not possible to determine time of supply u/s. 13 (2), (3) and (4)
 - Where periodical return has to be filed – Date of which return is filed
 - In any other case - Date of which Tax is paid

Section 14 - Time of Supply of Goods/Services - rate change

Supply	Invoice Issued	Payment Received	Time of Supply
Before	After	After	- Date of Invoice or - Date of receipt of payment, Whichever is earlier
Before	Before	After	- Date of Invoice
Before	After	Before	- Date of receipt of payment
After	Before	After	- Date of receipt of payment
After	Before	Before	- Date of Invoice or - Date of receipt of payment, Whichever is earlier
After	After	Before	- Date of Invoice

Place of Supply under GST

Place of Supply

- To determine levy of CGST + SGST or IGST
- Place of Supply
 - B2B: Location of the recipient
 - B2C: Location of the provider
 - Location of immovable property
 - Performance
 - Others

Place of Supply

Relevant Sections

Section 2(13) – Intermediary

Section 2(14) – Location of the recipient of services

Section 2(15) - Location of the supplier of services

Section 2(16) – Non-taxable online recipient

Section 2(17) – Online information and database access or retrieval service (OIDAR)

Section 2(85) – Place of Business

Section 7 – Supplies of goods / services in the course of inter-State trade or commerce

Section 8 - Supplies of goods / services in the course of intra-State trade or commerce

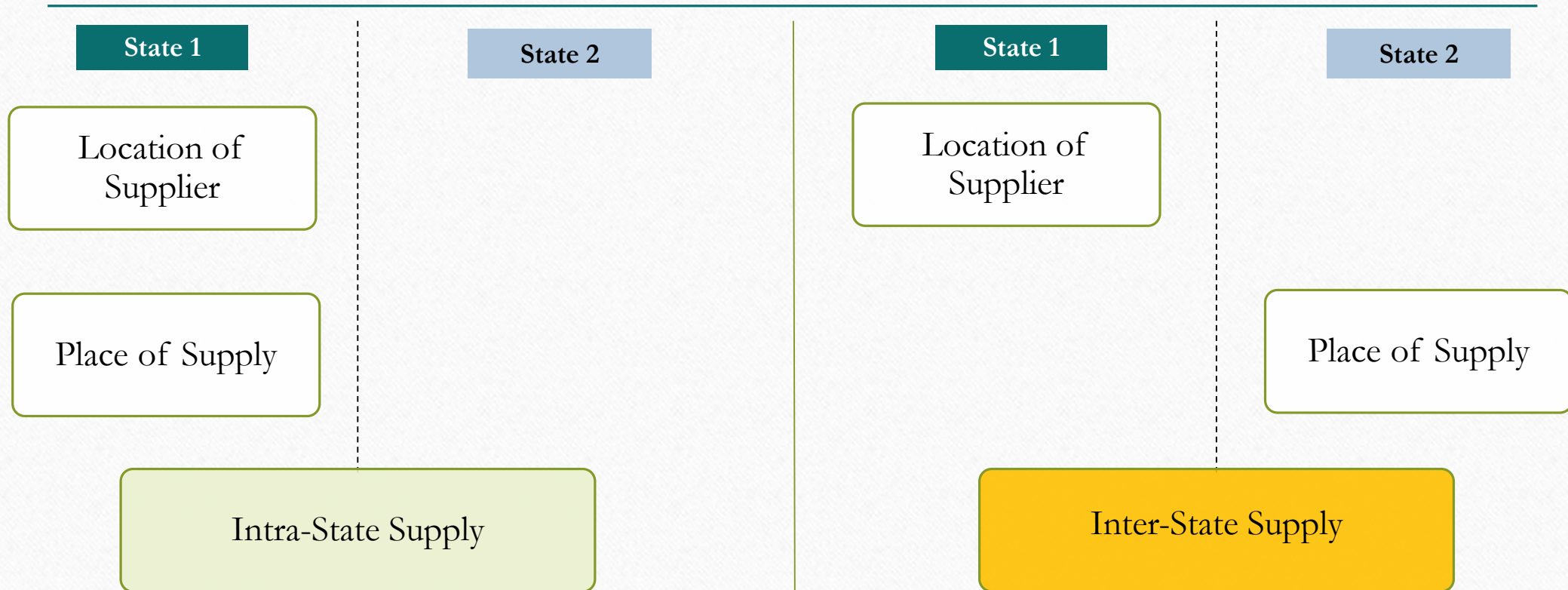
Section 10 – Place of supply of goods other than imported into or exported from India

Section 11 - Place of supply of goods imported into or exported from India

Section 12 – Place of supply of service where the location of the supplier of service and the location of the recipient is in India

Section 13 - Place of supply of service where the location of the supplier of service or the location of the recipient is in India

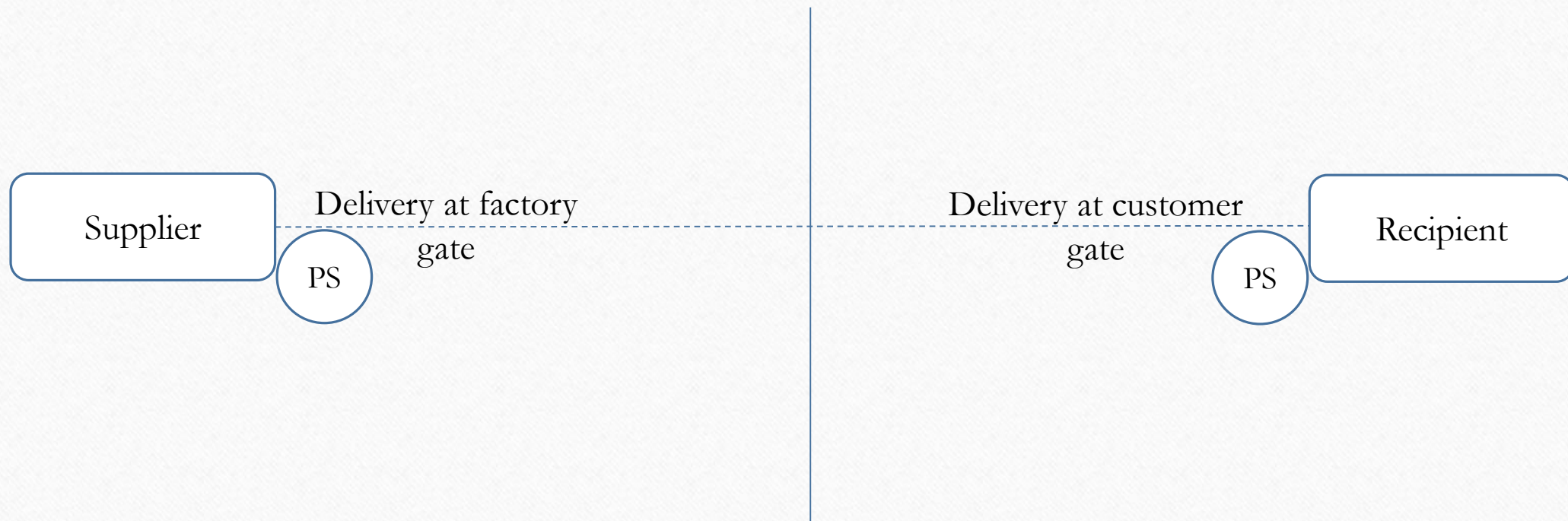
Section 7 & 8 – Principles for determining inter-State/intra-State



- Import/Export of goods or services
- Supplies to or by SEZ
- Any supply other than intra-State

Section 10(1)(a) - Place of Supply of Goods

- Where the supply involves movement of goods whether by the supplier or by the recipient or any other person – place of supply shall be the location of goods at the time at which movement of goods terminates for delivery to the recipient.

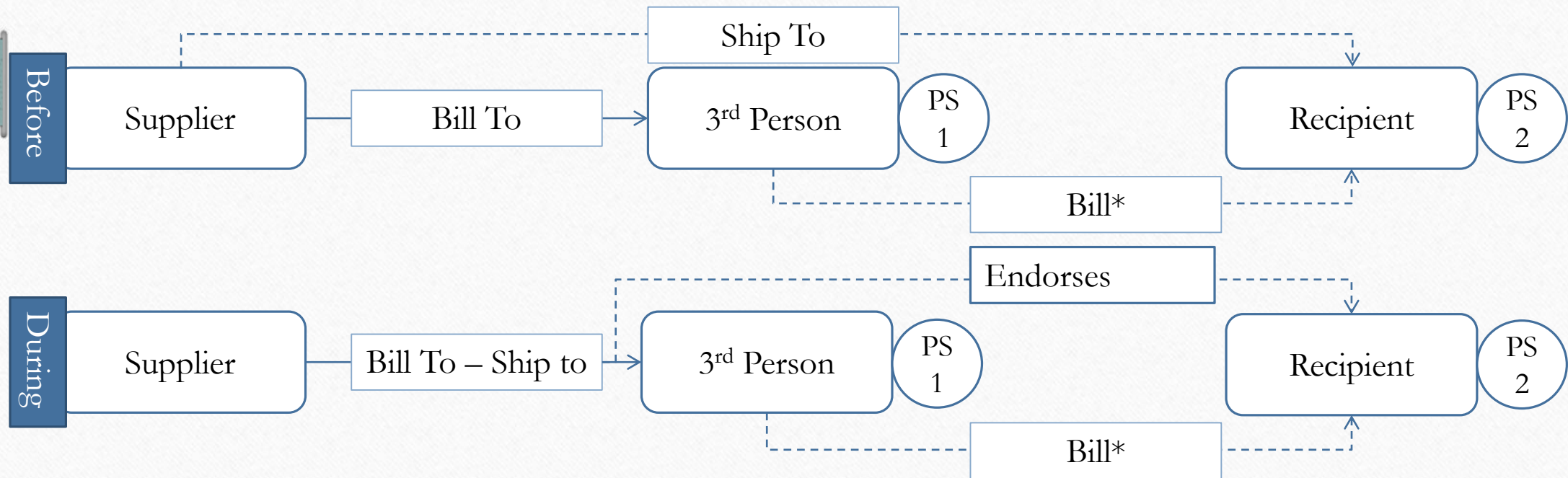


Illustrations - Section 10(1)(a)

Example	Place of Supply	Tax to be Collected
ABC supplies goods from KA to PQR in TN (FOB)	TN	IGST
ABC supplies goods from KA to PQR in TN (Ex-Works)	TN	IGST
ABC having retail shop supplies goods from KA to PQR over the counter	KA	CGST + SGST
ABC supplies goods from Bangalore to PQR in Mysore	KA	CGST + SGST

Section 10(1)(b) - Place of Supply of Goods

- Before or during the movement of goods, goods are delivered to recipient or any other person on the direction of 3rd person, either by way of transfer of title or otherwise – Deemed that 3rd person has received the goods and POS shall be principal place of business of such person



Section 10(1)(c) - Place of Supply of Goods

- Section 7(4) - Where supply does not involve movement of goods – location of such goods at the time of delivery.

Ex: second limb of 10(1)(b), machineries embedded in earth etc

Illustrations

- ABC (KA) issues a tax invoice as Bill to JKL (KA) but ships goods to PQR (TN)
 - 1st place of supply – ABC to JKL – intra-State [Section 10(1)(b)]– CGST + SGST
 - 2nd place of supply – JKL to PQR – inter-State [Section 10(1)(c)] – IGST
- ABC (KA) issues a tax invoice and ships goods to JKL (AP), in-turn JKL endorses the documents to title in favour of PQR (TN)
 - 1st place of supply – ABC to JKL – inter-State [Section 10(1)(b)]– IGST
 - 2nd place of supply – JKL to PQR – inter-State [Section 10(1)(c)] – IGST

Section 10 - Place of Supply of Goods

- **Section 10(1)(d)** – where goods are assembled or installed at site – location of such assembly or installation

Ex: RMC batching point at construction site

- **Section 10(1)(e)** – where goods are supplied on board – location at which such goods are taken on board

Ex 1: Flight from Mumbai to Chennai has stopover at Bangalore, goods are taken on board at Bangalore supplied on board, Place of supply is Karnataka.

Ex 2: Bus operator regd in KA operates a bus from Bangalore to Bellary has stopover at XYZ in AP, goods are taken on board at XYZ and supplied when bus is in KA. Place of supply shall be AP.

- **Section 10(2)** – Residuary – as may be prescribed by Central Government

Section 11 - Place of Supply of Goods (Import & Export)

- **Section 11(a)** – Place of supply for goods imported into India shall be the ‘location of the importer’
- **Section 11(b)** – Place of supply for goods exported from India shall be the ‘location outside India’

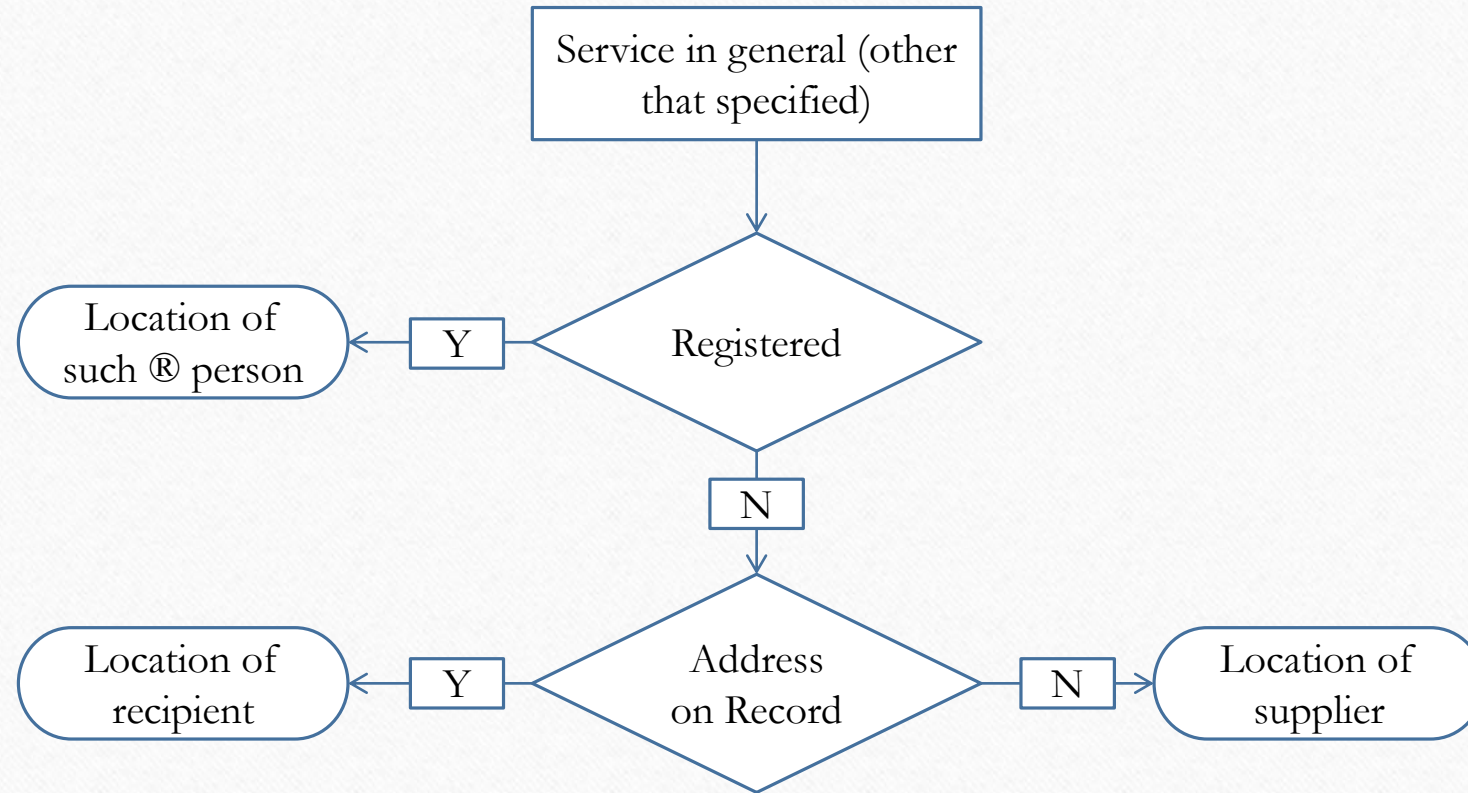
Place of Supply of Service

- In case of services, deciding the place of supply can be complicated.
- There are generic rules and specific rules.
- POS can also be different for registered recipient and un-registered recipient.
- **Section 2(14)** of IGST Act – ‘location of recipient of service’ means
 - (a) where a supply is received at a place of business for which registration has been obtained, the location of such place of business;
 - (b) 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;
 - (c) 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
 - (d) in absence of such places, the location of the usual place of residence of the recipient;

Place of Supply of Service

- **Section 2(15)** of IGST Act– ‘location of the supplier of service’ means
 - (a) where a supply is made from a place of business for which registration has been obtained, the location of such place of business;
 - (b) 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;
 - (c) 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
 - (d) in absence of such places, the location of the usual place of residence of the supplier;

Section 12(2) - Place of Supply of Service



Section 12(3) - Place of Supply of Service

- Services in relation to immovable property –location of immovable property or boat or vessel is located or intended to be located.

Clause (a)	Clause (b)	Clause (c)
<p>In relation to immovable property including</p> <ul style="list-style-type: none"> ▪ Architects ▪ Interior decorators ▪ Surveyors ▪ Engineers and related experts ▪ Estate agents ▪ Grant of right to use ▪ Carrying out or co-ordination of construction work 	<ul style="list-style-type: none"> ▪ Lodging/accommodation by hotel/inn/guest house/home stay/club/campsite ▪ Including a house boat or any other vessel 	<ul style="list-style-type: none"> ▪ Accommodation for organizing any marriage, reception, official, social, cultural, religious or any business functions
<p>Clause (d) - Any service ancillary to above services</p>		

Section 12(4), (5) & (6) - Place of Supply of Service

Sec. Ref.	Nature of Service	Place of Supply of Services
12 (4)	Restaurant and catering service, personal grooming, fitness, beauty treatment, health services, cosmetic and plastic surgery.	Location where the services are actually performed
12 (5)	Services in relation to training and performance appraisal to.	(a) A registered person: Location of such registered person. (b) Other than registered person: Location where the services are actually performed.
12 (6)	Admission to a cultural, artistic, sporting, scientific, educational, or entertainment event or amusement park or any other place and services ancillary thereto.	Place where the event is actually held or where the park or other place is located

Section 12(7) - Place of Supply of Service

- 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, or assigning of sponsorship of any of the above event



- If event is held outside India – location of recipient of service
- If the event is held in multiple States and a consolidated amount is charged, place of supply shall be deemed to be in each State in proportion to the value of service so provided in each State as ascertained from contract, if no contract exists on such other reasonable value

Section 12(8) - Place of Supply of Service

- Services of transportation of goods, including by mail or courier



Location of ® Person	Location of Transporter	Place of Supply	Levy
Karnataka	Maharashtra	Karnataka	IGST
Karnataka	Karnataka	Karnataka	CGST + SGST

Goods handed over	Location of Transporter	Place of Supply	Levy
Karnataka	Maharashtra	Karnataka	IGST
Karnataka	Karnataka	Karnataka	CGST + SGST

Section 12(9) & (10) - Place of Supply of Service

- Section 12(9) – Services of transportation of passengers



*Return Journey is treated as separate journey

- Section 12(10) – Services supplied on board – location of first scheduled point of departure of that conveyance for the journey

Illustrations

1. SRS Travels (registered in KA) providing passenger transportation services to the Suresh Enterprises located and registered in TN: Place of supply of service shall be TN.
2. SRS Travels (registered in KA) providing transportation services to educational institution located in Kerala (unregistered person) for all India tour. The tour scheduled to start from Kerala: Place of supply of service shall be Kerala.

Section 12(11) - Place of Supply of Service

Sec Ref	Nature of Service	Place of Supply of Services
12 (11)(a)	Telecommunication Services: Fixed telecommunication line, leased circuits, cable or dish antenna;	Location where the telecommunication line, leased circuit or cable connection or dish antenna is installed.
12(11)(b)	Telecommunication Services: Mobile connection and internet services provided on post-paid basis;	Location of billing address of the recipient of service on record of the supplier.
12(11)(c)	Telecommunication Services: Mobile connection and internet services provided on pre-payment basis;	<ul style="list-style-type: none"> • <i>Thru selling agent and the like</i> – address of the selling agent • <i>Any other person</i> – location where such pre-payment is received or such vouchers are sold • <i>Online prepayment</i> – location of the recipient of service on record of the supplier
12(12)(d)	Other than (b) & (c)	location of the recipient of service on record of the supplier
	Where location of the recipient of service is not available	Location of supplier of service
	Lease Circuit is installed in more than 1 State and consolidated amount is charged	Each of the State in proportion to value as per contract In absence of contract– reasonable basis

Section 12(12), (13) & (14) - Place of Supply of Service

- Section 12(12) – banking & other financial services including stock broking

Location of recipient of service on record

Location of supplier of service

- Section 12(13) – Insurance service

Location of such ® person

Y

Registered

N

Location of recipient of service on record

- Section 12(14) – Advertisement services to the Central Govt, State Govt, a statutory body or a local authority meant for identifiable states – Each of the State in proportion to value as per contract. In absence of contract– reasonable basis

Section 13 - location of supplier or recipient is outside India

Sec Ref	Nature of Service	Place of Supply of Services
13 (2)	Services in general (other than specified)	<ul style="list-style-type: none"> The location of recipient of service The location of recipient of service is not available in the ordinary course of business, location of the supplier of service
13(3)(a)	(i) Services performed on goods (physically) (ii) Services performed on goods (electronic means)	(i) Location where the services are actually performed. (ii) Location where goods are situated at the time of service
	<p>This section shall not apply for goods temporarily imported into India for repairs and re-exported without put to use</p>	
13(3)(b)	Services supplied to an individual or his agent which require physical presence of the receiver with the supplier of service	Location where the services are actually performed

Section 13 - location of supplier or recipient is outside India

Sec Ref	Nature of Service	Place of Supply of Services
13 (4)	Services directly in relation to immovable property including estate agents, architects, interior decorators, accommodation by a hotel, inn, guest house, homestay, club or campsite, by whatever name called, grant of rights to use immovable property, carrying out or co-ordination of construction work.	Location at which the immovable property is located or intended to be located
13 (5)	Admission to a cultural, artistic, sporting, scientific, educational, or entertainment event or amusement park or any other place and services ancillary thereto.	Location of the event or park or other place, as the case may be.
13 (6)	Services referred in sub-section (3), (4), (5) is supplied at more than one location, including a location in <u>taxable territory</u>	Location in the <u>taxable territory</u> where the greatest proportion of the service is provided

Section 13 - location of supplier or recipient is outside India

Sec Ref	Nature of Service	Place of Supply of Services
13 (7)	Services referred in sub-section (3), (4), (5) & (6) are supplied in more than one State, including a location in taxable territory	Each of the State in proportion to value as per contract. In absence of contract– reasonable basis
13 (8)	(i) Services provided by banking Company, financial institution or NBFC to A/c holders (ii) Intermediary services (iii) Hiring of means of transport other than aircrafts and vessels upto a period of one month “goods also includes securities”	Location of the supplier of service
13 (9)	Services of transportation of goods other than by way of mail or courier	Destination of goods
13 (10)	Services of transportation of passengers	Place where the passenger embarks on the conveyance for the continuous journey.

Section 13 - location of supplier or recipient is outside India

Sec Ref	Nature of Service	Place of Supply of Services
13 (11)	Services provided on board including services intended to be wholly or substantially consumed while on board	First point of scheduled departure of the conveyance
13 (12)	OIDAR	Location of the recipient of service
	<p>*Recipient shall be deemed to be in <u>taxable territory</u> if any of the 2 conditions are satisfied</p> <ul style="list-style-type: none"> • Address presented by recipient via internet is in taxable territory • Credit / debit card or any other card by which payment is made has been issued in taxable territory • Billing address of the recipient is in taxable territory • IP address of the device used by recipient is in taxable territory • Bank A/c of recipient by which payments are made is in taxable territory • Country code of SIM used by recipient is of taxable territory • Fixed line thru service is received is in taxable territory 	
13 (13)	To avoid double taxation or non-taxation or for uniform application of rules	Central Govt to notify Place of effective use and enjoyment of service

Input Tax Credits

Input & Input Services

“**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 Services**” means any service used or intended to be used by a supplier in the course or furtherance of business”.

Capital goods

“**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”.

Example:

- Plant and machinery capitalized in the books of accounts could be considered as capital goods for claiming credit of tax paid.
- Input tax credit on furniture and fixture capitalized in the books of accounts could be restricted if they are not used in the course of business.
- Impact of financial lease

Input tax

“**Input Tax**” in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes:

- a) the integrated goods and services tax charged on import of goods;
- b) the tax payable under the provisions of Section 9 (3) and (4) – Reverse Charge;
- c) the tax payable under the provisions of Section 5 (3) and (4) of the IGST Act – Reverse Charge;
- d) the tax payable under the provisions of Section 9 (3) and (4) of SGST Act – Reverse Charge; or
- e) the tax payable under the provisions of Section 7 (3) and (4) of UTGST Act – Reverse Charge, but does not include the tax paid under the composition levy;

“**input tax credit**” means credit of ‘input tax’

Input tax credits

Sections	Analysis
Sec 16 (1)	<p>a) Input tax credit would be eligible to a registered person subject to conditions and restriction as specified in Section 49.</p> <p>b) Input tax credit can be claimed immediately when reflected in electronic credit ledger. Input tax credit credited to buyer's E-Ledger may be seen after logging into GSTN.</p>
Sec 16 (2)	<p>Taxable person will be entitled to input tax credit when the said person:</p> <ul style="list-style-type: none">➤ is in possession of a tax invoice or debit note➤ he has received the goods and/or services➤ Subject to Section 41, the tax charged has been actually paid to Government account➤ has furnished the return under section 39:<ul style="list-style-type: none">• Credit eligible in last installment• In case recipient fails to pay to supplier, the amount towards supply along with tax, within a period of 180 days from date of invoice, the said amount will be added to output tax payable along with interest

Input tax credits

Sections	Analysis
Sec 16 (3) Sec 16 (4)	<ul style="list-style-type: none">• Where the registered taxable person has claimed depreciation (Capital Goods), the input tax credit shall not be allowed on the said tax component• Input tax credit cannot be claimed after furnishing the return for the period of September, following the financial year to which invoice pertains or annual return, whichever is earlier
Sec 17	<ul style="list-style-type: none">• Input tax credit restricted to use for the purpose of business when also used otherwise• Input tax credit restricted to use for the purpose of taxable supplies including zero rated supplies when also used for exempted supplies <i>It is stated that exempt supplies include supplies on which recipient is liable to tax under reverse charge</i>• Banking Company shall have the option to either comply with the provisions of Section 17(2), or avail an amount equal to 50% of eligible input tax credit on inputs, capital goods & input services. The option once exercised cannot be withdrawn for the remaining part of the financial year.
Sec 17 (5)(i)	<ul style="list-style-type: none">• Any tax paid in accordance with the provisions of Sections 74, 129 and 130 (tax paid by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax)

Ineligible: Input tax credits

Section 17	Analysis
Motor Vehicle	Input tax credit is restricted on motor vehicles unless the assessee is engaged in further supply of the said motor vehicle or transportation of passengers or goods or imparting training on motor driving skills
Personal use or consumption of employee	Supplies (goods or services or both) namely <ul style="list-style-type: none">• food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where such inward supply of goods or services of a particular category is used by a registered taxable person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply• membership of a club, health and fitness centre• rent-a-cab, life insurance, health insurance except where the Government notifies the services which are obligatory for an employer to provide to its employees or used for making an outward taxable supply of the same category of goods or services; and• travel benefits extended to employees on vacation such as leave or home travel concession

Ineligible: Input tax credits

Section 17	Analysis
Works Contract	Works contract services when supplied for construction of immovable property, other than plant and machinery, except where it is an input service for further supply of works contract service;
Immoveable Property	Goods or services received by a taxable person for construction of an immovable property on his own account, other than plant and machinery, even when used in course of business <ul style="list-style-type: none">• “construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property• ‘Plant and Machinery’ means apparatus, equipment, machinery, pipelines, telecommunication tower fixed to earth by foundation or structural support that are used for making outward supply and includes such foundation and structural supports but excludes land, building or any other civil structures, telecommunication towers and pipelines laid outside factory
Others	<ul style="list-style-type: none">• Person registered opting to pay tax under composition scheme• Goods or services used for personal consumption• Goods lost, stolen, destroyed, written off or disposed of by way of gift or free Samples

Special circumstances

Section 18:

- Person who has applied for registration within 30 days from the date he becomes liable, will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock (not beyond one year), on the day immediately preceding the date from which he becomes liable, to pay tax under the provisions of this Act
- Where an exempt supply of goods or services or both, becomes a taxable supply, such person shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock (not beyond one year), relating to such exempt supply and on capital goods (reduced by such % as may be prescribed) exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable
- Transfer of credit allowed is a case of 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

Taxable to exempt

Section 18 (4):

- Where any registered person who has availed of input tax credit opts to pay tax under Section 10 or, where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, 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 and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:

Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

Set-off: Input tax credits

Section 49:

1. Credit of IGST shall be first utilized for payment of IGST then for CGST and then for SGST/ UTGST.
2. Credit of CGST shall be first utilized for CGST then for IGST.
3. Credit of SGST shall be first utilized for SGST then for IGST.
4. Credit of UTGST shall be first utilized for UTGST then for IGST
5. Credit of SGST/ UTGST Shall not be used for CGST and vice versa.

Input tax credits: conditions

1. Document for availing credit

- An invoice issued by the supplier of goods or services or both;
- Debit note issued by a supplier;
- Bill of entry;
- An invoice issued under Section 31(3) (f) [Reverse charge];
- Document issued by an Input Service Distributor
- Document issued when inputs are partly used for the purposes of business and partly otherwise, or partly used for effecting taxable supplies including zero rated supplies and partly otherwise

2. Invoice issued by the supplier contains all the particulars prescribed in invoice rules

3. Supplier has filed GSTR-2 with all the required particulars

4. No in respect of any tax that has been paid in pursuance of any order where any demand has been raised on account of any fraud, willful misstatement or suppression of facts

Input tax credits: accrual

1. In case credit is availed on accrual and payment to supplier is not paid within 180 days, the credit availed shall be paid as output tax along with interest
2. The credit can be availed back when payment to the vendor is made

Input tax credits: banking company

1. Credit not be availed for supplies used for non-business purposes or generally restricted
2. Avail 50% of the remaining admissible input tax credit

Input tax credits: special provisions

1. 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 from which he becomes liable to pay tax
2. Transfer of credit on sale, merger, amalgamation, lease or transfer of a business
3. Manner of determination of credit for use partly for business and partly otherwise
4. Supplies to jobworker

Distribution of Input tax credits

Manner	CGST ACT	SGST ACT
Distributor and recipient are located in different state	CGST----->IGST IGST-----> IGST	SGST -----> IGST
Distributor and recipient are located in different state being business vertical	CGST----->CGST IGST-----> CGST	SGST----->SGST IGST-----> SGST

Condition for distribution

1. Distributed against a prescribed documents like invoice, others
2. Amount of Credit distributed shall not exceed the amount of credit available for distribution.
3. Where the credit distributed by the ISD is in excess of credit available for distribution, the excess credit distributed shall be recovered from ISD along with the interest.
4. Where the credit distributed by the ISD is in contravention of Sec 20, resulting in excess distribution of credit to one or more suppliers, the excess of credit so distributed shall be recovered from such suppliers along with the interest.

Input tax credits: ISD

1. Credit to be distributed in the same month
2. Credit distributed to be categorized separately as ineligible and eligible
3. Credit distributed to be split based on source i.e. state, central or integrated GST, but be distributed as IGST
4. Amount distributed to consider recipients whether registered or not

Refunds

Refunds under GST

- Excess payment of tax due to mistake or inadvertence
- Refund of accumulated input credit of duty for exports
- Finalization of provisional assessment
- Refund of pre-deposit
- Payment of duty/ tax during investigation
- Refund of tax payment on purchases made by UN bodies
- Refund of accumulated credit [inverted, exempted output or others]
- Tax Refund for International Tourists

Refunds

- Refund to be made within two years from relevant date.
- In case of UN Organizations – refund to be made within six months from the end of the quarter in which supply is received
- Refund allowed with respect to:
 - Zero rated supplies made without payment of tax;
 - Inverted duty-structure
- Documentary evidence
 - Such documentary evidence as may be prescribed to establish that a refund is due to the applicant
 - In case refund is less than INR 200,000 be supported by declaration, certifying that the incidence of such tax and interest had not been passed on to any other person

Refunds: relevant date

- Goods are exported by sea or air: **The date when goods leave India**
- Goods are exported by land: **The date when goods cross the frontier**
- Goods are exported by post: **The date of despatch of goods to a place outside India**
- Supply of goods regarded as deemed exports: **The date on which the return (deemed exports) is filed**
- Service Exports: **Receipt of payment in convertible foreign exchange or invoice, whichever is later**
- Tax becomes refundable as a consequence of judgment: **The date of communication of such judgment**
- Refund of unutilised input tax credit: **End of the financial year in which such claim for refund arises**
- Tax is paid provisionally under this Act: **Date of adjustment of tax after the final assessment thereof**
- In any other case: **The date of payment of tax**

Refunds: rules

- **Form:** Form GST RFD-01
- **Mode:** Electronically
- **In case of unutilized balance:** Form GSTR-3, Form GSTR-4 or Form GSTR-7, as the case may be. The electronic credit ledger be debited equal to the amount of claim.
- **Inverted duty structure:** a statement in Annex 1 of Form GST RFD-01
- **Documentary evidence:**
 - Tax becomes refundable as a consequence of judgment: Copy of the order
 - Export of goods: statement containing the number and date of shipping bills or bills of export and the number and date of relevant export invoices
 - Export of Services: a statement containing the number and date of invoices and the relevant Bank Realization Certificates or Foreign Inward Remittance Certificates
 - CA Certificate: Incidence of duty has not been passed on

Refunds: rules

- **Form GST RFD-02:** Acknowledgement
- **Form GST RFD-03:** Deficiency
- **Form GST RFD-04:** Provisional Refund
- **Form GST RFD-05:** Payment advice
- **Form GST RFD-06:** Order in Original
- **Form GST RFD-07:** Adjustment of refund with outstanding refund
- **Form GST RFD-08:** Show cause notice
- **Form GST RFD-09:** Reply to show cause notice within 15 days
- **Conditions for provisional refund:**
 - Not been prosecuted for any offence under the Act or under an existing law where the amount of tax evaded exceeds 250,000/-, in the preceding 5 years
 - GST compliance rating: not less than 5 / 10
 - No proceedings 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 appropriate authority or court

Job-work

Input tax credits: sent to job-worker

Section 19:

- The principal is entitled to take credit on inputs sent to a job worker for job work if the said inputs, after completion of job work, are received back within one year of their being sent.

The principal is entitled to take credit on inputs even if the said inputs are directly sent to job worker without being brought to his place of business, and in such case the period of one year shall be counted from the date of receipt by job worker.

- The principal is entitled to take credit on capital goods sent to a job worker for job work if the said capital goods, after completion of job work, are received back within 3 years of their being sent.

The principal is entitled to take credit on inputs even if the said capital goods are directly sent to job worker without being brought to his place of business, and in such case the period of 3 years shall be counted from the date of receipt by job worker.

- The restriction of period shall not apply to moulds and dies, jigs and fixtures, or tools sent to job worker for job work

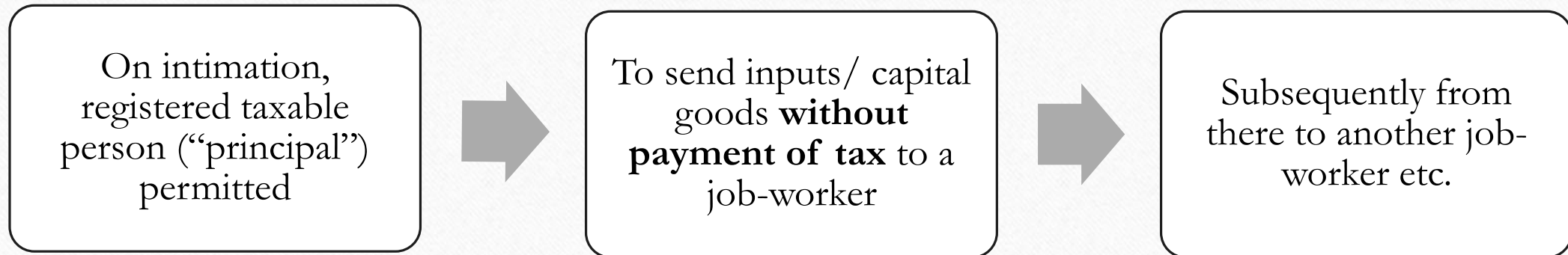
Input tax credits: sent to job-worker

Section 19:

where the inputs or capital goods are not received back within the time limit specified, he shall pay an amount equivalent to the input tax credit availed of on said goods along with the interest specified in Section 50.

Particulars	Time Limit (Inputs)	Time Limit (Capital Goods)
Input/capital goods sent to job worker for job work (including when sent directly to the job worker by the supplier on behalf of the principal)	One year from the date of their being sent	3 years from the date of their being sent

Section 143 – Job Work



Principal, after completion of job-work or otherwise, can :-

- Bring back inputs/ capital goods (other than moulds and dies, jigs and fixtures, or tools) to any place of business without payment of tax for further supply **within 1 year/ 3 years of they being sent out**
- Directly supply inputs/ capital goods (other than moulds and dies, jigs and fixtures, or tools) from job-worker premises on payment of tax within India or without payment of tax for export **within 1 year/ 3 years of they being sent out**

Section 143 – Job Work

- Direct supply from job-worker premises not permitted unless such premise is declared as an additional place of business of the ‘principal
- Direct Supply is permitted if:
 - Job-worker is registered under the GST laws
 - Principal is engaged in supply of certain goods (to be notified)
- ‘Principal’ is responsible for payment of tax and accountability of the goods.
- If inputs/ capital goods (other than moulds and dies, jigs and fixtures, or tools) are not received back by the principal within one or 3 years of they being sent out
 - Deemed that such inputs/ capital goods had been supplied by principal to job-worker on the day when they were sent out
- Any waste/ scrap generated during job-work may be supplied by job-worker directly from his place of business on payment of tax by job-worker if he is registered. If job-worker is unregistered, Principal will have to pay tax

eCommerce

Electronic Commerce

Section 2 (44):

“electronic commerce” means the supply of goods or services or both, including digital products over digital or electronic network”

Section 2 (45):

“electronic commerce operator” means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce”

Electronic Commerce

Section 9 (5):

The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services.

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax

Electronic Commerce: TCS

Section 52:

Shall collect an amount calculated at such rate not exceeding 1%, as may be notified on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.

"net value of taxable supplies" shall mean the aggregate value of taxable supplies of goods or services or both, other than services notified under sub-section (5) of section 9, made during any month by all registered persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month.

Electronic Commerce: compliance

- File return in Form GST-8, within 10 days from end of month
- File annual statement within 9 months from the end of financial year, giving details of outward supplies (net of returns)
- Needs to compulsory register under GST
- Supplier through electronic commerce operator who is required to collect tax at source u/s. 52, cannot opt for composition and needs to compulsory register under GST

TDS

Section 51

- The Government may mandate, the following persons to deduct tax:
 - Department or establishment of the Central Government or State Government;
 - Local authority
 - Governmental agencies
 - Such persons or category of persons as may be notified by the Government on the recommendations of the Council
- File return in Form GST-7, within 10 days from end of month, for taxes deducted
- If any deductor fails to furnish to the deductee the certificate, after deducting the tax at source, within five days of crediting the amount so deducted to the Government, the deductor shall pay, by way of a late fee, a sum of one hundred rupees per day

Compliance under GST

Liability to Registration

- The following persons would need to obtain registration
 - Every supplier shall be liable to be registered in the State from where he makes a taxable supply of goods and/or services and if the aggregate turnover exceeds INR 20 lakhs/ FY [10 lakhs for NE States]. The turnover of jobworker to be included in the turnover of Principal for determining threshold
 - A person acquiring business on account of succession or otherwise
 - Persons making interstate supplies
 - Casual Traders
 - Persons who are required to pay tax under reverse charge/ non-resident taxable person [no threshold]
 - Persons who are required to deduct TDS
 - E-commerce companies/ suppliers thru e-commerce/ Agents [no threshold]
 - Input service distributer

Composite Dealers

- Option can be exercised only from beginning of the financial year
- Composite dealer can switch to ordinary dealer any time but not vice versa
- The aggregate turnover limit for composition is considered to be INR 50,00,000/-.
The term aggregate turnover is defined to mean 'the aggregate value of all taxable and non-taxable supplies, exempt supplies and exports of goods and/or services 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 supplies on which tax is levied on reverse charge basis and the value of inward supplies.

How to Register

- Registration to be applied online using GSTN, slated to be given within 5 days
- Verification of registration premises to be post issuance of registration
- GSTIN: 15 digit PAN based registration. No PAN, no registration

1	2	P	Q	R	S	T	3	4	5	6	F	E	B	C
State Code		10 Digit PAN No.										Entity Code	Blank Digit	Check Digit

- Every taxable person to have single centralized registration for each State.
- The taxable person to have the option to obtain different registration based on business vertical, maximum of 35 business verticals are permitted
- Existing registrants to be automatically given registration on the implementation date

GST Network

- Goods & Services Tax Network (GSTN), is a Section 25 Company, promoted as PPP. The share holding comprises of 24.50% of Centre, 24.50% of State and 51% held by LIC Housing, ICICI Bank, HDFC Bank, NSE Strategic Investment
- GSTN will provide the following services:
 - Online registration
 - Filing of sales and purchases information
 - Tax payment
 - Filing of return
 - Filing of refund claims
 - Storehouse of information and sharing of information for settlement of credits
 - Call centre for queries

Registration conditions

- Only registered assessee allowed to collect GST and to also claim input tax credit
- Registration to be applied within 30 days from becoming liable
- Composition scheme is optional
- UN Bodies to have unique identification number
- Registration as input service distributor allowed for distribution of GST paid on procurement of services at multiple locations
- Registration issued to a casual taxable person or a non-resident taxable person shall be valid for a period of 90 days, subject to extension by another 90 days
- Every registered person shall maintain accounts and records at principal place of business
- Online verification of PAN necessary even for authorized person representing the Assessee

Registration documents

Requirement	Relevant Document
Constitution of business	MOA, AOA, Partnership Deed, etc.
Principal place of business	Own: Latest Tax Paid Receipt or Municipal Khata copy or Electricity Bill copy Lease: Additionally Rental/ Lease Agreement Customer ID or account ID mentioned in electricity bill for address proof
Bank Account	Opening page giving Account No., Name of the Account Holder, MICR and IFS Codes and Branch details
Authorized Signatory	Authorization letter from appropriate authority (such as Board of Directors)
Photograph	Key Persons such as Directors, Partners, etc.
Registrations in other States	Registration Number



Registration

Returns under GST

GSTR 1	<ul style="list-style-type: none">Return for outward supplies	10 days from end of month
GSTR 2	<ul style="list-style-type: none">Return for inward supplies	15 days from end of month
GSTR 3	<ul style="list-style-type: none">Monthly return (regular dealer)	20 days from end of month
GSTR 4	<ul style="list-style-type: none">Quarterly return for dealer under composition	18 days from end of Quarter
GSTR 5	<ul style="list-style-type: none">Return for non-resident foreign taxpayer	Last day of registration
GSTR 6	<ul style="list-style-type: none">Return for Input Service Distributor	15 days from end of month
GSTR 7/ 8	<ul style="list-style-type: none">Return for Tax Deducted at Source (Recipient)/ eCommerce	10 days from end of month
GSTR 9/ 10	<ul style="list-style-type: none">Annual Return/ Final Return	9 months from end of year

GSTR-1: Return for outward supplies

- B2B: To carry invoice wise details
- B2C: To submit invoice wise details for value in excess of INR 250,000
- B2C: Invoice having value in excess of INR 50,000 – to carry address of customer
- B2C: Invoice less than INR 50,000 & not having address – to be treated as local sale and information at consolidated level submitted in the return
- Business verticals having separate registrations under GST, to file separate returns
- Information to capture destination State, based on place of supply
- Return to have separate disclosure for all adjustments including credit/ debit notes
- Return to have separate disclosure for effecting modifications/ corrections

GSTR-1: Return for outward supplies

- Transactions to carry codes for goods [HSN] and services [SAC]
 - 4 digit HSN: for an assessee having turnover in excess of INR 50 Million in the previous year
 - 2 digit HSN: for an assessee having turnover > INR 15 Million < 50 Million in the previous year
 - Prescribed services (based on place of supply) to have mandatory SAC disclosure
 - 8 digit HSN and SAC to be mandatory for exports and imports
- Return to carry details of:
 - Reverse charge particulars
 - Exempted, nil rated and non-GST supplies
 - Advances received & taxes paid in advance
 - Exports made with payment of tax and without tax

GSTR-2: Return for inward supplies

- Information submitted in GSTR-1 will be auto populated
- Recipient may add invoices in his possession, not uploaded by supplier
- Buyer to mark the purchases either as eligible or ineligible for credit
- Buyer to provide details of import of services/ goods (including capital goods)
- Return to capture separate information on partial credits availed earlier
- Return to capture particulars of credit taken on capital goods over the credit term
- In case the buyer splits the invoice issued by the supplier and accounts the transaction over a period, the buyer will be allowed the credit when the last purchase is accounted
- Credits to be allowed to buyer based on accounting (not based on invoice date)

GSTR-2: Return for inward supplies

- Return to have separate disclosure for all adjustments including credit/ debit notes or for effecting modifications/ corrections
- Return to carry details of:
 - Exempted, nil rated and non-GST supplies
 - Particulars of ISD credits
 - Particulars of TDS credits
- Information in GSTR-2 to be auto populated on or after 11th of the succeeding month
 - Addition or deletion of the invoice by the tax payer to be permitted between 11th and 15th
 - Adjustments to be permitted on 16th and 17th of the succeeding month
- *Para 3.2.3 mentions due date to file return as 17th, whereas table in Para 2.1 mentions due date to file GSTR-2 as 15th.*

GSTR-3: GST Return

- Turnover details:
 - Gross Turnover, Export Turnover, Exempted Turnover, Domestic Turnover, Nil Rated Domestic Turnover, Non GST Turnover and Net Taxable Turnover
- Liability disclosure
 - TDS Credits
 - ITC Ledger
 - Cash Ledger
 - Tax liability under CGST, SGST, IGST and Additional Tax
 - Other liabilities such as interest, penalty, fee and others

Other returns

- GSTR-4: Composition
 - Quarterly return
 - Requirement to pay tax on reverse charge for purchases from unregistered suppliers
 - No restriction for purchases from outside the State as GST would be destination based levy
 - There would be restriction for interstate sale but not exports
- GSTR-5: Non-resident
 - Meaning of Non-resident foreign taxpayers return is unclear
 - Granted for specified period. In case the period extends one month, the assessee will need to be file monthly return as required
 - Return to be filed within 7 days of cancellation of registration

Other returns

- **GSTR-6: ISD Return**
 - Purchases to be auto-populated
 - Assessee to be allowed to modify by adding or deleting the purchases
 - Details of distribution of credit along with opening balance, credit taken, debits & closing balance
- **GSTR-7: TDS Return**
 - Invoice wise details of the supplier on which tax is deducted
 - TDS to be applicable for CGST, SGST and IGST
 - To have details of other payments such as interest, penalty, fees, etc.

GSTR-10: Annual Return

- To provide reconciliation with audited financial statements
- Captures all details of income and expenditure
- Statement duly certified by Chartered Accountant



Returns

Special information

- Supplier will not be allowed to include missing invoices on his own after 10th
- Supplier can upload information daily, weekly or monthly basis or adhoc basis
- Purchaser to only accept, reject or modify the auto populated information
- Supplier to accept the information based on information added by the Purchaser
- Credit note or debit note to contain original invoice reference
- GST law to provide special provisions for post-sale discount – to be completed before filing the annual return
- Return may be filed by assessee or authorized representative [both to have separate logins]
- Revision of returns would not be permitted – effect in the current tax period

Invoices

Particulars
Name, Address, GSTIN or Unique ID of Supplier
Invoice No. and Date
Name, Address, GSTIN of Recipient and address of delivery (if different from place of supply)
HSN Code and SAC
Description, Quantity and Taxable Value of supply
Tax Rate [CGST, SGST, IGST] and Tax Amount
Place of Supply
Whether tax is payable on reverse charge basis
Signature or digital signature of the supplier
Others - Supply Meant For Export On Payment Of IGST or Without payment of IGST

- Be issued within 30 days from the date of supply of service [45 days for Banking Company]
- Goods
 - Original for recipient
 - Duplicate For Transporter
 - Triplicate For Supplier
- Services
 - Original for recipient
 - Duplicate For Supplier
- Bill of Supply for exempt supplies
- Special provisions for supplementary tax invoice and Credit or debit notes

e way-bills

e-way-bills

1. Movement of goods exceeding INR 50,000/-
 - in relation to a supply; or
 - for reasons other than supply; or
 - due to inward supply from an unregistered person;
2. furnish information relating to the said goods electronically, on the common portal, before commencement of movement,
3. Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal
4. Any transporter transferring goods from one conveyance to another in the course of transit shall, before such transfer and further movement of goods, generate a new e-way bill on the common portal
5. Where an e-way bill has been generated under this rule, but goods are either not being transported or are not being transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, within 24 hours of generation of the e-way bill

e-way-bills

6. Validity of e-way bill

- Less than 100 km: 1 day
- 100 km or more but less than 300km: 3 days
- 300 km or more but less than 500km: 5 days
- 500 km or more but less than 1000km: 10 days
- 1000 km or more: 15 days

7. The person in charge of a conveyance shall carry the invoice or bill of supply or delivery challan, as the case may be and a copy of the e-way bill or the e-way bill number

8. The details of e-way bill generated under sub-rule (1) shall be made available to the recipient, if registered, on the common portal, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill

9. The registered person or, as the case may be, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than 50,000 rupees

Transitional Provisions under GST

Transitional Provisions

- Seeks nullifying the incidence of current tax cost
- Given the difference in current tax and under GST, creates an imbalance or inequality in supply
- Based on transitional provisions, one may plan the holding of stock as on the implementation date

Section	Particulars
139	Migration of existing taxpayers to GST
140	Transitional credit under various scenarios
141	Provisions relating to job work.
142	Miscellaneous provisions

Section 139: Migration of existing taxpayers

- Every registered person under earlier law having valid PAN shall be issued provisional certificate of registration
- Shall be liable to be cancelled unless replaced by final certificate of registration
- Application to be filed for cancellation of provisional registration if not liable for registration under GST

Section 140(1): Closing balance of credit in current law

- A registered taxable person, not opting for composition
- Would be entitled to take into credit into electronic credit ledger
- Credits carried forward in the return filed in the current law
 - The said credits are eligible under earlier law and under GST
 - Has furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date

Section 140(1): Closing balance of credit in current law

Current Duties	GST Credit as	Remarks
Central Excise	CGST	
Service Tax	CGST	
Education Cess	CGST	May be disputed
Secondary & Higher Education Cess	CGST	May be disputed
Krishi Kalyan Cess	CGST	May be disputed
CVD (Additional duty u/s. 3(1) of Custom Tariff Act)	CGST	Manufacturer
SAD (Additional duty u/s. 3(5) of Custom Tariff Act)	CGST	Manufacturer
Value Added Tax	SGST	
Entry Tax*	SGST	*Only those States which provide credit of entry tax in the current regime

Section 140(2): Un-availed capital goods credit

- A registered taxable person, not opting for composition
- Would be entitled to take into credit into electronic credit ledger
- Unavailed Cenvat Credit with respect to capital goods
- Not carried forward in the return filed in the current law
 - The said credits are eligible under earlier law and under GST
 - “unavailed Cenvat credit” means the amount that remains after subtracting the amount of cenvat credit already availed in respect of capital goods by the taxable person under the existing law from the aggregate amount of cenvat credit to which the said person was entitled under the existing law

Section 140(3): Credit on inputs held in stock

- A registered taxable person
 - Was not liable to be registered under earlier law or
 - Was engaged in the manufacture of exempted goods or provision of exempted service or
 - Providing works contract service and claiming abatement under Notification 26/2012; or
 - Is a first stage or a second stage dealer or a registered importer or a depot of a manufacturer
- Would be entitled to take in electronic credit ledger, credit of eligible duties
 - In respect of inputs held in stock on the appointed day
 - Inputs contained in semi-finished or finished goods held in stock on the appointed day

Section 140(3): Credit on inputs held in stock

- Eligible Duties & Taxes (CGST)
 - Duty of excise specified in First & Second Schedule to the Central Excise Tariff
 - Additional Duty leviable under Section 3(1) & 3(5) of the Customs Tariff Act, 1975
 - Additional Duty of Excise under Additional Duties of Excise (Textile and Textile Articles) Act, 1978 and under Additional Duties of Excise (Goods of Special Importance) Act, 1957
 - National Calamity Contingent Duty
 - CVD & SAD
- Eligible Duties & Taxes (SGST)
 - VAT
 - Entry Tax in Specified State VAT Laws

Section 140(3): Credit on inputs held in stock

- Conditions:
 - such inputs / goods are used or intended to be used for making taxable supplies under GST;
 - input tax credit on such inputs is eligible under GST;
 - is in possession of invoice/ other prescribed duty paying document under the earlier law and is issued within 12 months immediately preceding the appointed day;
 - the supplier of services is not eligible for any abatement under the Act
 - the said inputs are not specified in Schedule XX or in the rules or in any notification as inputs on which credit is not admissible under earlier law (SGST)
- In case a registered person, other than a manufacturer or a supplier of services,
 - Is not in possession of an invoice or any other documents evidencing payment of duty in respect of inputs, then:

Section 140(3): Deemed credit on inputs held in stock

Nature	Particulars
<p>A registered person, who was not registered under the existing law, availing credit in accordance with the proviso Section 140(3) shall be allowed to avail input tax credit on goods held in stock on the appointed day in respect of which he is not in possession of any document evidencing payment of central excise duty</p>	<p>40% of the Central tax applicable on supply of such goods</p> <ol style="list-style-type: none"> i. Such goods were not wholly exempt from duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not nil rated ii. Document for procurement of such goods is available with the registered person iii. The stock of goods on which the credit is availed is so stored that it can be easily identified by the registered person
<p>A registered person, holding stock of goods which have suffered tax at the first point of their sale in the State and the subsequent sales of which are not subject to tax in the State availing credit in accordance with the proviso to Section 140(3) shall be allowed to avail input tax credit on goods held in stock on the appointed day in respect of which he is not in possession of any document evidencing payment of value added tax</p>	<p>40% of the State tax applicable on supply of such goods</p> <ol style="list-style-type: none"> i. Such goods were not wholly exempt from duty of Specified State VAT ii. Document for procurement of such goods is available with the registered person iii. The stock of goods on which the credit is availed is so stored that it can be easily identified by the registered person

Should I hold stock on transitional date?

Particulars	Current	GST
Assessable Value	100,000	100,000
Excise Duty @ 12.50%	12,500	Nil
CST @2% / GST @18%	2,250	18,000
Landed Cost	114,750	100,000
Transitional Relief - duty paid document available		
- Claim of ED - 12.50%	12,500	
Landed cost	102,250	100,000
Transitional Relief - duty document not available		
- 40% of CGST (9%) - 3.6%	4,131	
Landed cost	110,619	100,000

- The intention of transitional relief is to nullify the incidence of cascading tax
- Dealers holding excise duty paid stock, not having duty paid document, will not be competitive with dealers having duty paid document.
- It is perceived that market forces should force the reduction price, for manufactured goods, given better efficiency of credit. The dealer holding more of current stock under GST will not be competitive, for two reasons:
 - Higher landed cost
 - Stock purchased by competitors under GST may have lower basic price

Section 140(4): Exempted becoming taxable

- A registered taxable person, engaged in
 - Manufacture of taxable and exempted goods; or
 - Provision of taxable and exempted services
- Would be entitled to take into credit into electronic credit ledger
 - Credits carried forward in the return filed in the current law; 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 on the appointed day, relating to such exempted goods or services, in accordance with the provisions of sub-section (3)

Section 140(5): Current tax, but supply received in GST

- A registered person, engaged in
- Would be entitled to take into credit into electronic credit ledger
 - Credit of eligible duties and taxes
 - In respect of inputs or input services (but not capital goods)
 - Received on or after the appointed day (not applicable if received before appointed day but accounted after appointed day)
 - But the duty or tax in respect of which has been paid by the supplier under the existing law
 - That the invoice or any other duty or tax paying document of the same was recorded in the books of accounts, within 30 days from the appointed day (may be extended by the Commissioner for a further period not exceeding 30 days)

Section 140(6): Switch over from composition scheme

- A registered taxable person under GST who was registered/ paying tax at fixed rate or fixed amount
 - Would be entitled to take into Electronic Credit Ledger,
 - Credit of eligible duties & taxes (except Entry Tax)
 - In respect of inputs held in stock on the appointed day and inputs contained in semi-finished or finished goods held in stock on the appointed day
 - The amount shall be calculated as may be prescribed
- Conditions:
 - such inputs / goods are used or intended to be used for making taxable supplies under GST;
 - Is not under composition under GST
 - input tax credit on such inputs is eligible under GST;
 - possession of invoice / other prescribed duty paying document under the current law and is issued within 12 months immediately preceding the appointed day;

Section 140(7): Services received by ISD

- Input tax credit pertaining to services
- Received prior to appointed day
- by an Input Service Distributor
- Would be eligible for distribution
- Even if invoices relating to such services are received on or after the appointed day
 - Time limit for distribution not provided

Section 140(8): Centralized registration under service tax

- A registered person, having centralized registration under existing law (service tax)
- Allowed to take credit in electronic credit ledger
- Cenvat Credit carried forward in the return filed in the current law
 - Credit lower of credit in the original return or in the revised return
 - input tax credit on such inputs is eligible under GST
- The credit can be taken in any of the places included in the registration, but having the same PAN

Section 140(9): Credit that can be availed after payment

- Cenvat credit availed for services provided under existing law
- But reversed due to non-payment of the consideration within three months
- Allowed to take credit in electronic credit ledger by the registered person
- On payment of the consideration for supply within three months from appointed day

Section 141: Job-work

- Inputs/Semi-finished goods removed/dispatched to job-worker for further processing, testing, repair, reconditioning or any other purpose and returned on or after appointed day
 - No tax payable if returned within 6 months from Appointed day. This may be extended by Commissioner by further 2 months on sufficient cause being shown
 - In case returned after prescribed period, the input tax shall be recovered as arrears of revenue
- In case of a manufacturer, the goods are permitted to be moved to any registered premises, for export, with or without payment of duty, within the period specified herein
- The manufacturer and the job-worker, to declare the details of the inputs or goods held in stock by the job-worker on behalf of the manufacturer on the appointed day in such form and manner and within such time as may be prescribed

Section 142: Miscellaneous Provisions

Nature	Particulars
Duty paid under the current law and returned by un-registered dealer within 6 months under GST	<ul style="list-style-type: none"> On return, duty paid under the current law to eligible as refund The goods returned are identifiable to the satisfaction of proper officer
Duty paid under the current law and returned by registered dealer within 6 months under GST	<ul style="list-style-type: none"> Transaction deemed as supply made by the person returning the goods
Upward or downward revision in price	<ul style="list-style-type: none"> On upward revision, appropriate GST payable On downward revision, appropriate GST payable can be reduced provided the buyer also reduces his corresponding input tax credit Debit note and credit note to be issued within 30 days of price revision
<ul style="list-style-type: none"> Refund claims of cenvat credit, filed before or after appointed day Refund claim of tax or duty filed after appointed day 	<ul style="list-style-type: none"> To be disposed under the earlier law Where any claim for refund of CENVAT credit is fully or partially rejected, the amount so rejected shall lapse
Proceeding of appeal, review or reference relating to a claim for cenvat credit or output tax, initiated whether before, on or after the appointed day	<ul style="list-style-type: none"> Tax short paid or irregular credit, if any, to be recovered as arrears of tax and taxable person not entitled to input tax credit of tax so paid Claim held eligible, to be refunded in cash to the taxable person Rejection of refund related to cenvat credit not eligible for credit under GST

Section 142: Miscellaneous Provisions

Nature	Particulars
Finalization of assessment under current law or revision of returns filed under current law	<ul style="list-style-type: none"> • Tax short paid, if any, unless recovered under the current law, be recoverable as arrears of tax and on payment, taxable person not entitled to input tax credit • Excess tax, if any found to be paid, be refunded in cash to the taxable person
Supply of goods or services made under GST in pursuance to contract entered in the current regime	<ul style="list-style-type: none"> • Unless otherwise provided, tax payable as supply under GST • Tax not leviable under GST in case the point of taxation would fall in the current regime
Goods sent on approval basis under the current law and are rejected or not approved by the recipient	<ul style="list-style-type: none"> • Not taxable under GST provided the goods are returned within 6 months from the appointed day • This may be extended by Commissioner by further 2 months on sufficient cause being shown • In case returned after specified period, duty would become
Deduction of tax at source	Tax not to be deducted under GST if invoice is issued under the current law but payment is made under GST

www.accoletadvisors.com | www.IndiaGST.com

Bangalore Office
'Green Apple', No. 16,
1st Floor, Murphy Road, Ulsoor,
Bangalore - 560 008, India.
Phone: +91 80 4190 0148
contact@accoletadvisors.com

Deepak Kumar Jain B
Founder Director
Mobile: +91 98809 23240
email: deepak@accoletadvisors.com