



# GST Workshop

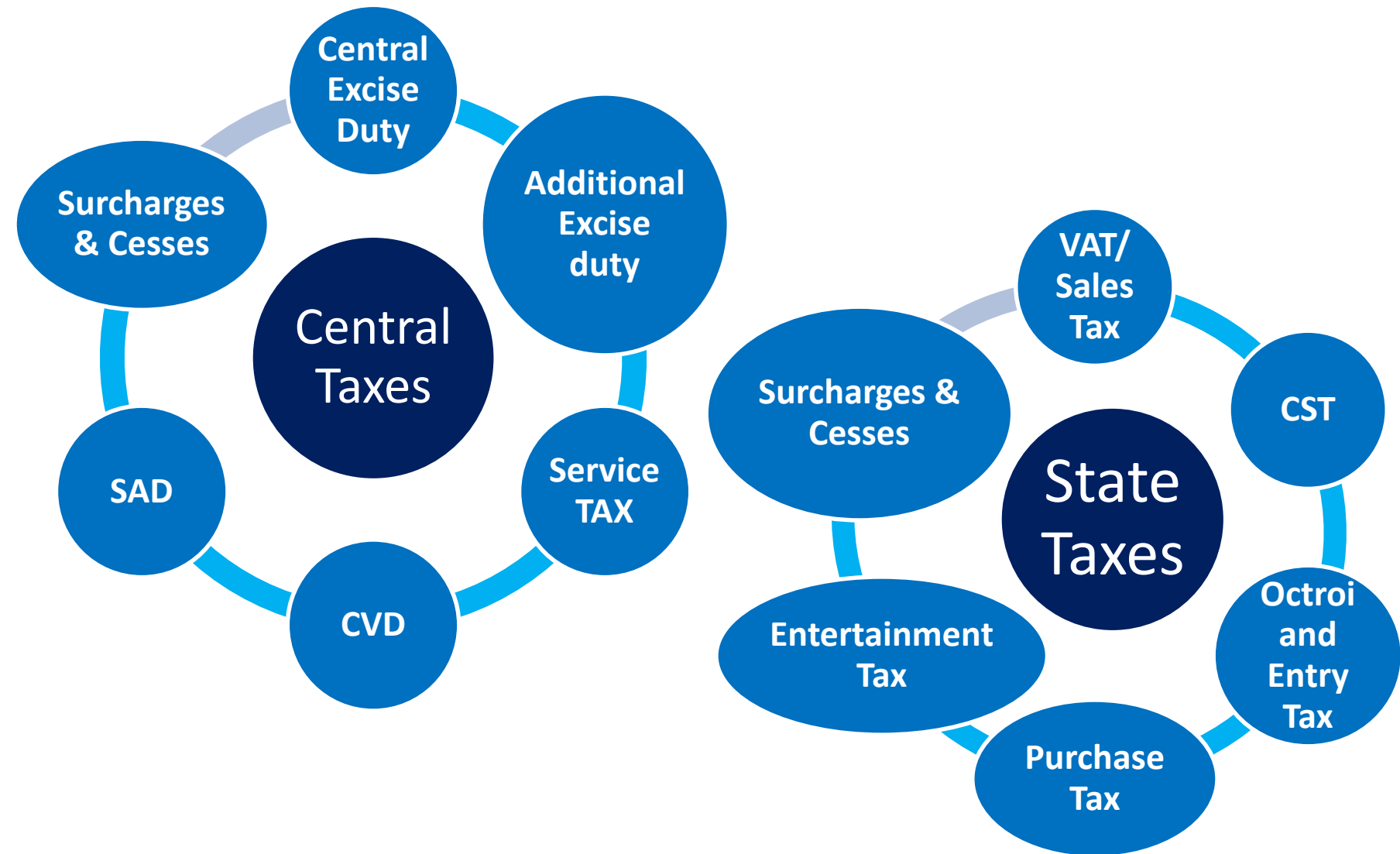
9<sup>th</sup> June 2017

# GST Model- Basic Features

**GST is tax on the supply of goods and services, right from the manufacturer/service provider to the consumer.**

- **Destination based consumption Tax (Tax would accrue to consumption state)**
- **Value Added Tax: Credits of input taxes paid at each stage will be available in the subsequent stage of value addition.**
- **Seamless credit across entire supply chain will reduce cascading effect of taxes on the cost of goods and services.**
- **Dual tax mechanism- Centre will enact CGST & IGST and States their SGST legislation.**

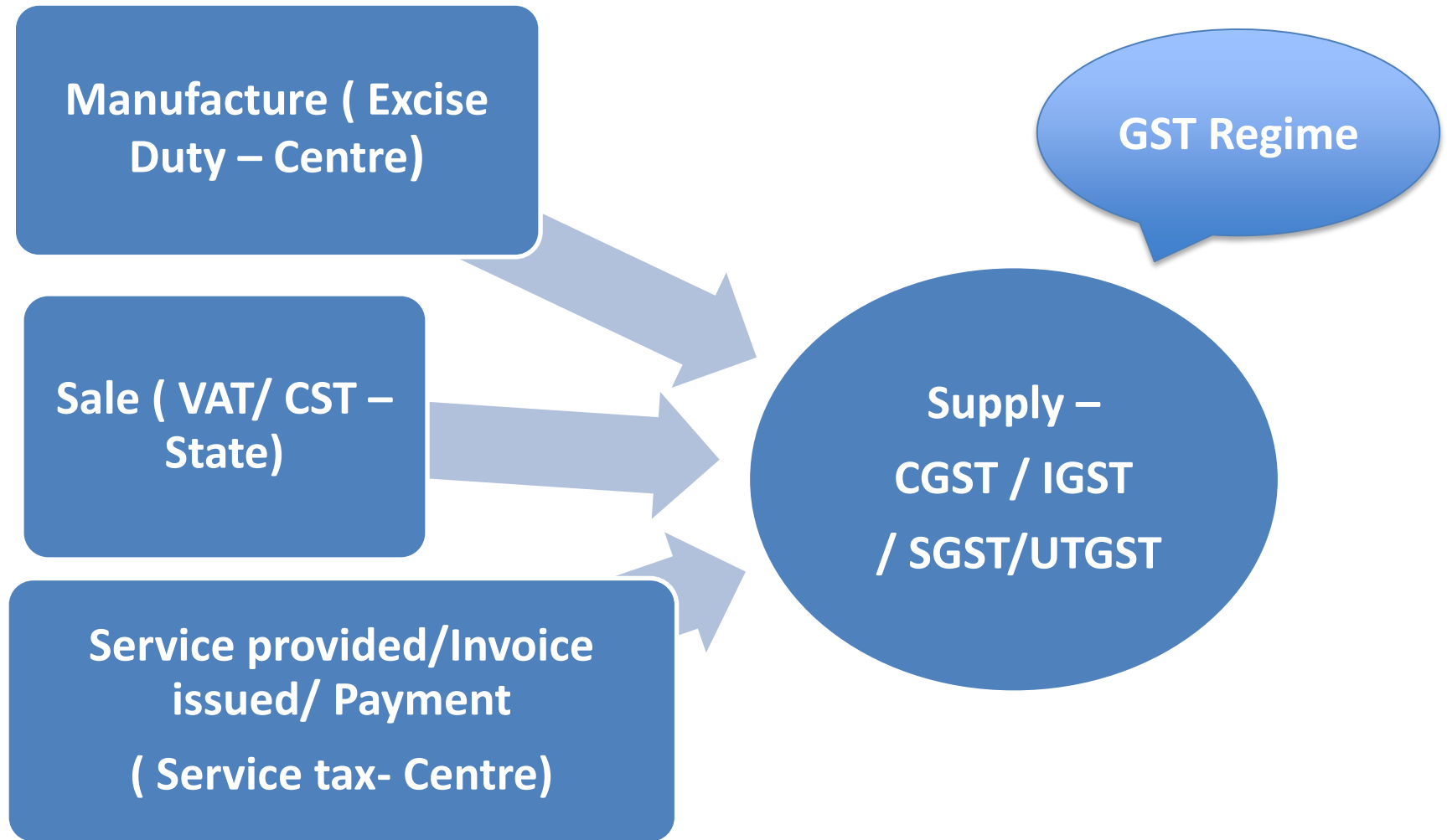
# Taxes to be subsumed in GST



# Existing Taxes remains in the GST scenario

- **Basic Custom Duty ( BCD)**
- **Electricity Duty**
- **Stamp Duty**
- **Property Tax**
- **Export Duty**
- **Environment Tax**
- **Taxes on liquors**
- **Taxes on Petroleum Product – to be brought under GST later**  
**(Crude, HSD, Motor spirit, Aviation turbine fuel, natural Gas)**

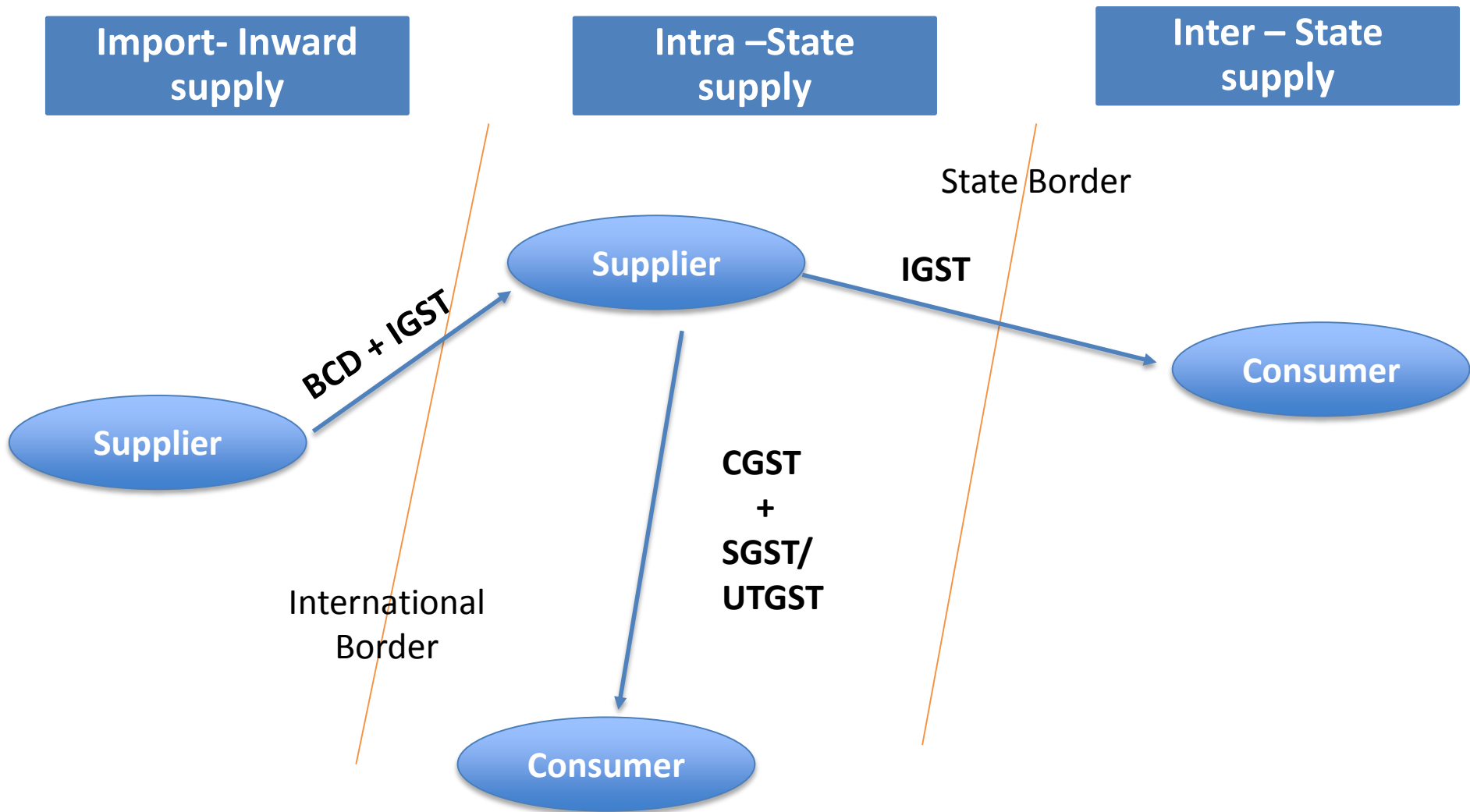
# Taxable Event



Shift from multiple event of Taxation to single event of Taxation i.e. Supply , which includes sale, transfer, barter, exchange, license, rental, lease or disposal.

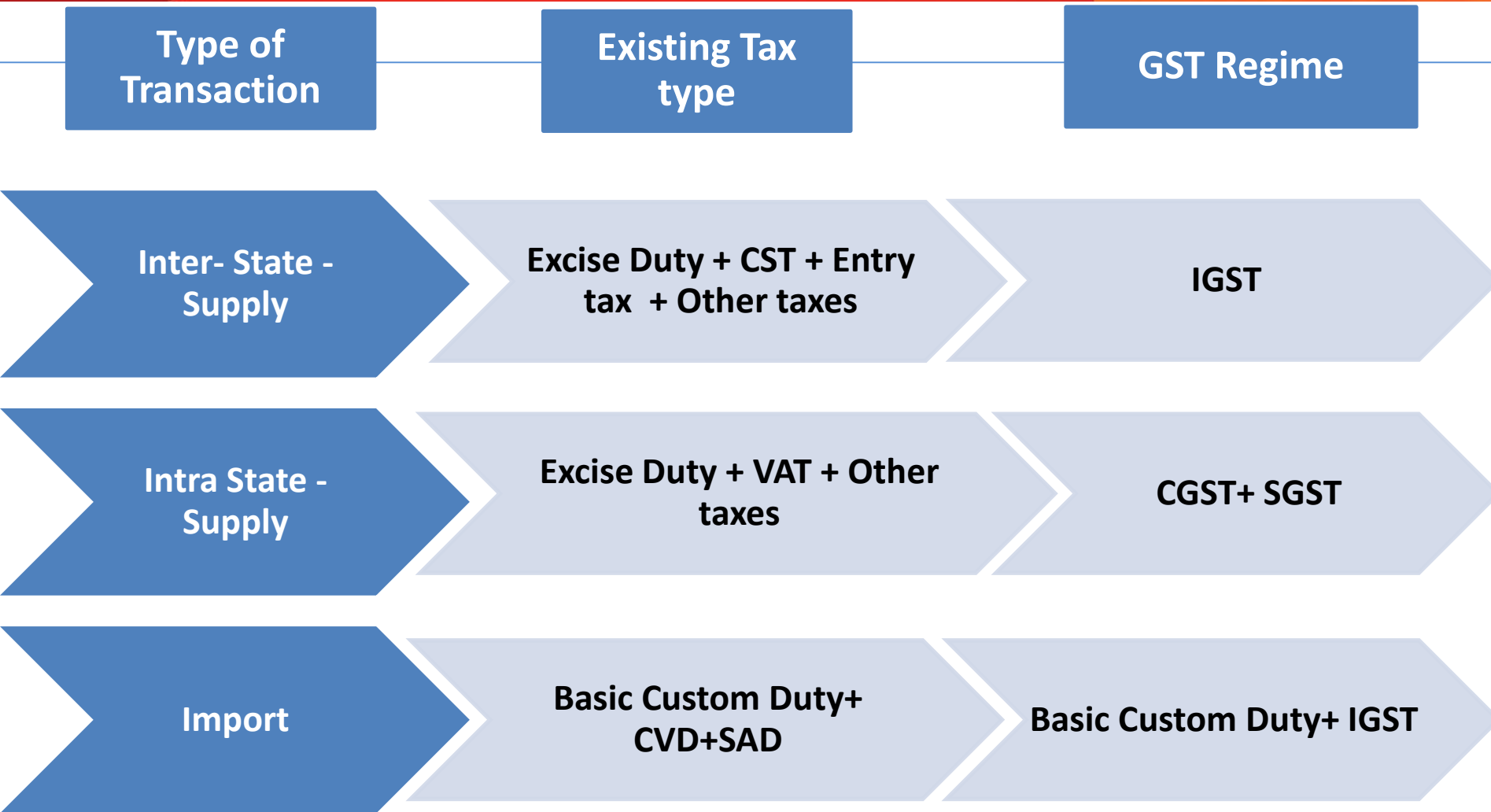
- ❖ **Composite supply:** means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, or an combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.
- ❖ **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.
- ❖ **zero-rated supply :** means a supply of any goods and/or services on which no tax is payable but credit of the input tax related to that supply is admissible;  
Explanation.- Exports and SEZ shall be treated as zero-rated supply.

# Place of Supply – Relevance



Bill to Ship to : Tax will be calculated based on Principal place of business of person

# Tax Category : Current v/s GST regime





# Input Tax Credit ( ITC)

- ***ITC is available in respect of inputs, capital goods and input services used or intended to be used in the course or furtherance of business purpose.***
- ***There is a negative list of items on which no ITC is available***
- ***Where goods are received in instalments, then credit can be availed after receipt of last lot.***
- ***ITC is not allowed in respect of any invoice/ debit note, after the filing of September month return following the end of financial year to which such invoice pertains or filing of the relevant annual return, whichever is earlier.***

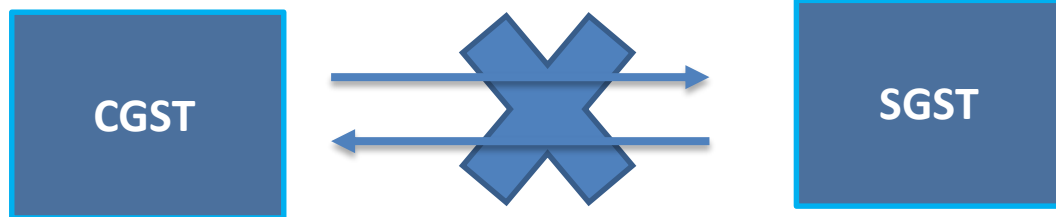
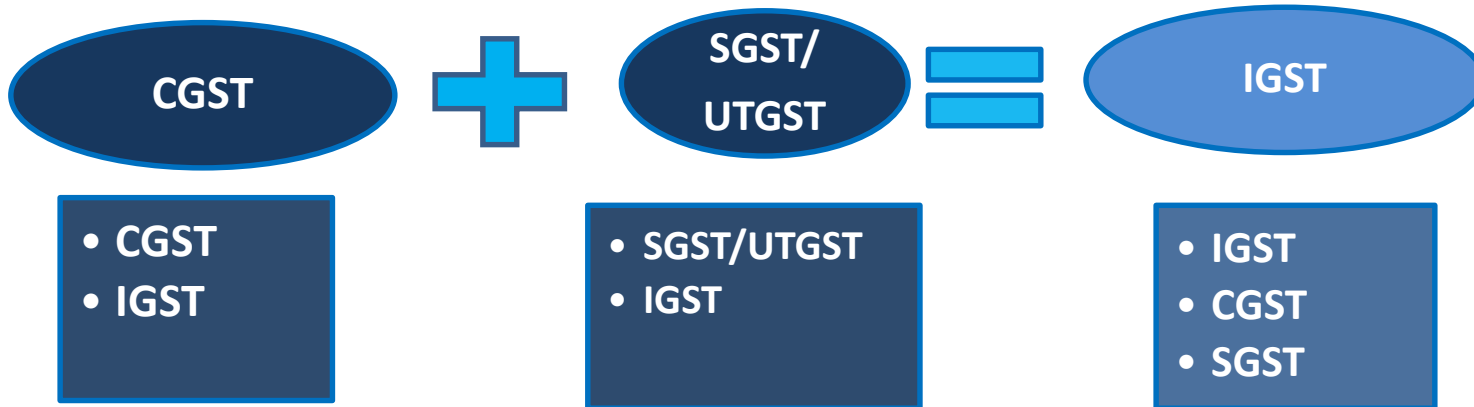
➤ *As per Sec 16 (2) of CGST, following four conditions are necessary for obtaining ITC in respect of goods and / or Services :*

- 1. In possession of tax Invoice/ tax paying Documents**
- 2. Receipts the goods and / or services**
- 3. Tax payment by Supplier**
- 4. Valid Return filed by taxable person**

➤ **Payment by recipient to supplier with in 180 days.**

➤ **Matching of Document with supplier**

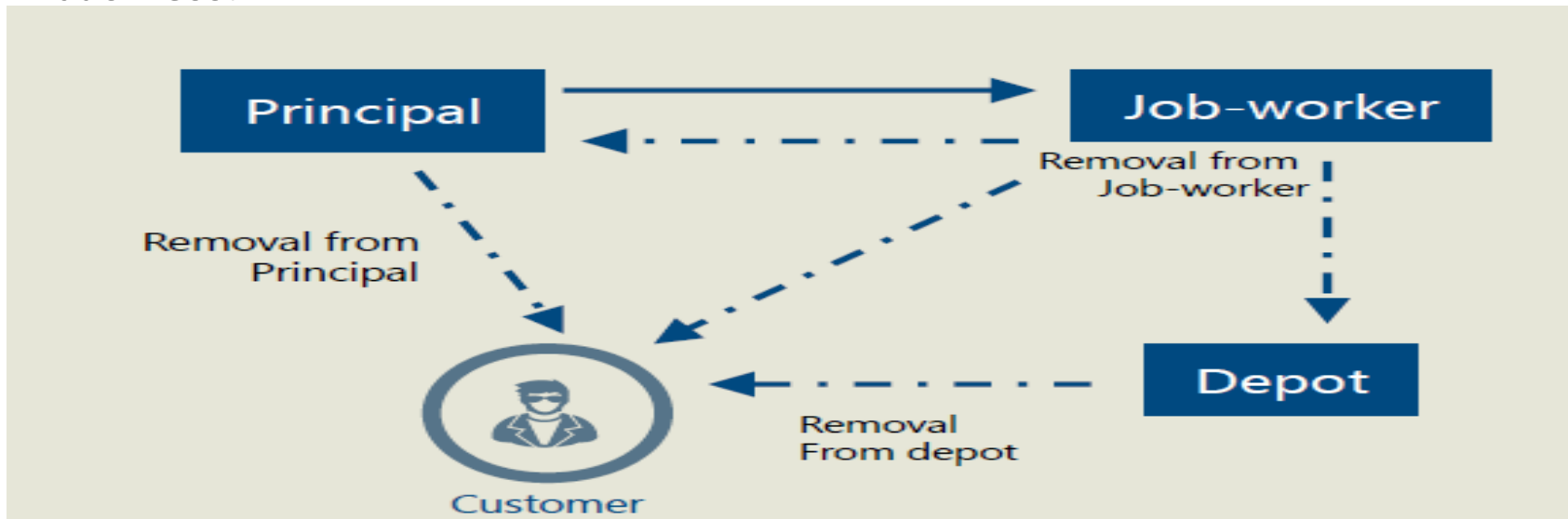
# Utilisation of Input Tax Credit ( ITC)



ITC available only to the extent used for business purpose and taxable supplies

# Job Work - Sec 143

- *Job-work procedure allowed without payment of tax under intimation and subject to conditions specified .*
- *GST on job charges to be levied as service.*
- **Job-workers is allowed to return the goods to any place of business of Principal**
- **Supply can be permitted from the place of a Job worker in cases where job worker is registered or the principal declares it as an additional place of business.**



# Registration.

- **Single PAN based 15 digit registration number for each state from where taxable supplies are being made.(aggregate turnover > Rs. 20 Lac/ 10 Lac)**
- **HIL will have two separate registration number for its business vertical - copper and Aluminium in a state.**

## **\* Compulsory Registration for person:**

- ✓ **making any inter- State taxable supply**
- ✓ **Who are required to pay tax on reverse charge**
- ✓ **Who supply goods and / or services on behalf of other registered taxable person – i.e. agent**
- ✓ **Input service distributor**

# Returns

Type of Return	Purpose	Due Date
GSTR - 1	Outward Supply- Goods and/ or Services	By 10 <sup>th</sup> of the next month
GSTR - 2	Inward Supply ( by recipient)	By 15 <sup>th</sup> of the next month
GSTR- 3	Monthly Return (Outward + Inward + Payment)	By 20 <sup>th</sup> of the next month
GSTR- 4	Quarterly Return- by Compounding Taxpayer	By 18 <sup>th</sup> of the month next to the quarter
GSTR- 6	ISD	By 13 <sup>th</sup> of the next month
GSTR- 9	Annual Return	By 31 <sup>st</sup> December the next FY
GSTR- 9B	Reconciliation Statement	

# Returns - Flow

GSTR-1 ( Outward supply return filed by Supplier)



GSTR- 2A (Inward supplies auto populated to the recipient) based on GSTR-1 & 5



GSTR 2-(Import , eligibility of ITC & purchase from unregistered person to be added +  
Correction of supplier data)



GSTR-1A (Details of outward supplies as added, corrected or deleted by the recipient)





# Transitional Provisions - ITC allowed in GST regime

- ***Amount of Cenvat Credit, VAT credit carried forward in Return (with in 90days+90days):***
- ***Unavailed Cenvat credit on capital goods, which is not carried forward in a return.***
- ***Credit of eligible duties in respect of inputs held in stock and inputs contained in WIP of FG.***
- ***In transit : Credit of eligible duties and taxes in respect of inputs or input services within 30days+30 days***
- ***Reclaim of Cenvat credit on input services, earlier reversed due to non-payment - if paid with in 3 months.***

# **ITC of eligible duties - inputs held/contained in Stock / WIP/FG**

***Available to Unregistered Person/ manufacturer of exempted goods/ first stage dealer or a second stage dealer/ registered importer (under the existing law ):140(3)***

- used or intended to be used for making taxable supplies under this Act**
- eligible for input tax credit on such inputs under this Act**
- possession of invoice/prescribed documents evidencing payment of duty under the existing law in respect of such inputs**
- such invoices or other prescribed documents were issued with in 12 months**

**\* Not in possession of Invoice (other than a manufacturer) will also be allowed ITC**

# ITC of eligible duties in input held in stock ,WIP, FG

*\*A registered person who was unregistered under the existing law and not in possession of document, evidencing payment of ED/ VAT*

- ✓ *Shall be credited after payment of tax on such supply IN GST*
- ✓ *Scheme shall be available for 6 tax periods*

Type of goods	Central tax liability allowed as ITC	Integrated Tax liability allowed as ITC
Goods attracting CGST at 9% or more	60%	30%
Other goods	40%	20%

Type of goods	State tax liability allowed as ITC	Integrated Tax liability allowed as ITC
Goods attracting SGST/UTGST at 9% or more	60%	30%
Other goods	40%	20%

# Transition to GST

- ***Migration of existing registered (any existing law) person - provisional registration***
- **Opening credit of VAT and entry tax can be carried forward only after adjusting the amount of tax liability on account of non-submission of pending forms (C forms , F forms ).**
- **Goods sent to job-worker should be returned within six months of appointed day.**
- **Goods sent for testing are returned back within six months of appointed day**
- ***Pending Litigation would be assessed as per earlier law***

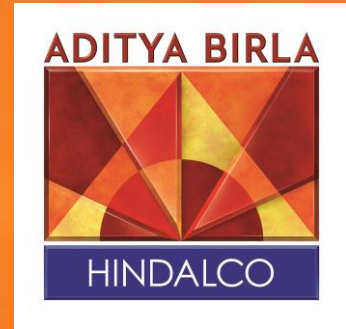
# Current Status- GST Legislation

- ❖ *The Following Acts got the assent of the President on 12<sup>th</sup> April 2017:*
  - *CGST*
  - *IGST*
  - *UTGST*
  - *State Compensation Cess*
- ❖ *GST Council had approved the model GST (SGST) Bill ( 16<sup>TH</sup> March'17).*
- ❖ *Respective States are calling special session of State Assembly to pass SGST Bill*
  - *24 States have already approved the SGST Bill (pending State - Delhi, Karnataka, Kerala, Punjab, West Bengal, Tamilnadu )*
- ❖ *9 Rules – Rules approved by GST council*
- ❖ *5 Rules – Draft Rules issued.*
- ❖ *Government is pressing hard to stick to the implementation date of 1<sup>st</sup> July'17.*

# GST Rate Structure - Goods / Services

➤ **GST Council has finalised the following Rate structure :**

- ❖ Exempted : 0 %**
- ❖ Lower Rate -1 : 3% ( Only for Gold)**
- ❖ Lower Rate - 2 : 5 %**
- ❖ Standard Rate -1 : 12 %**
- ❖ Standard Rate - 2 : 18 %**
- ❖ Highest Rate : 28% + Cess ( Demerit List).**



Thank You.