

GOODS AND SERVICE TAX

Awareness

- As per the New GST Acts
 - w.e.f. 1.7.17

-M/S BELDI AND ASSOCIATES
Chartered Accountants

INDEX – GST

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**Are you
ready
for
GST?**

GST Readiness

Phase 1

- Entity Understanding the GST

Phase 2

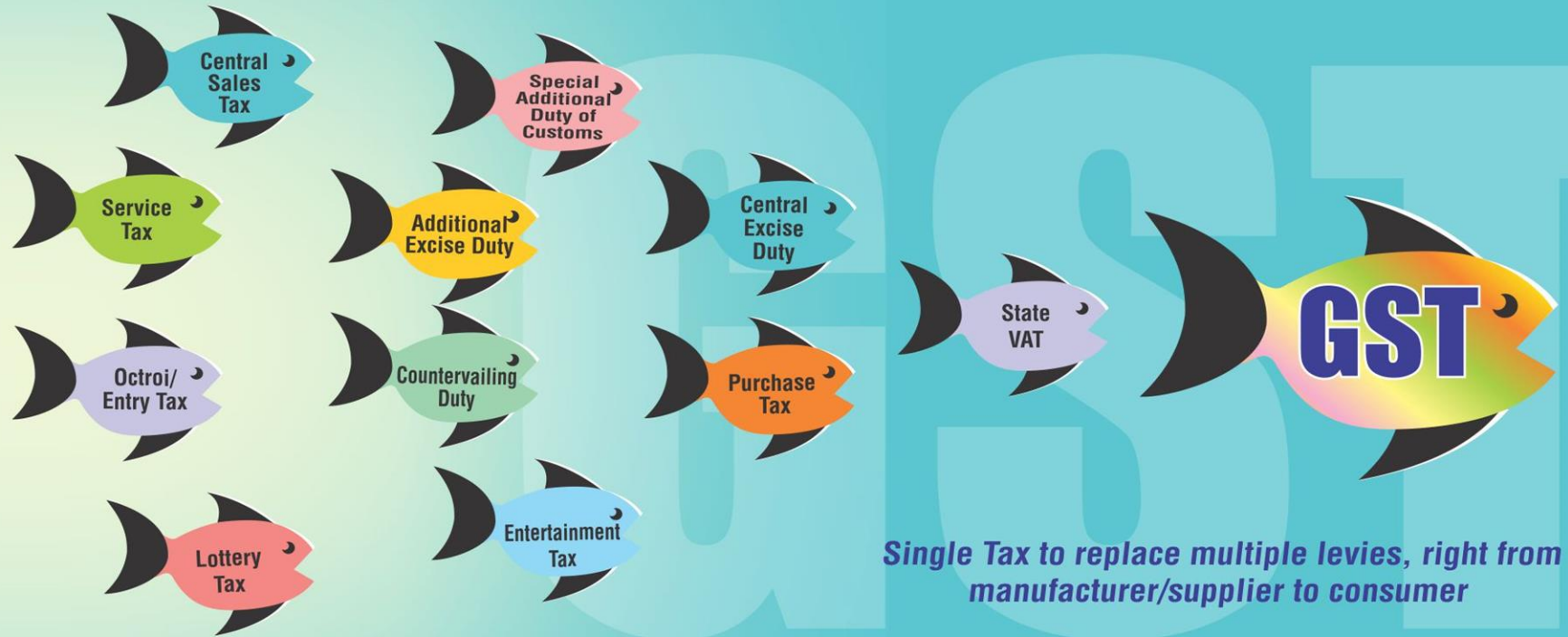
- Understanding the Business and impact assessment
- Action Tracker cum road map for implementation

Phase 3

- Implementation assistance to Entity-”CA“Consultant

Goods and Services Tax

Single Tax to promote Indian Trade and Industry



Single Tax to replace multiple levies, right from manufacturer/supplier to consumer

Spurring Economic Growth

- Fillip to making India a manufacturing hub
- To create a unified common national market
- To boost investments & exports
- To generate more employment by increased economic activity.

Promoting Trade & Industry

- Common procedures for registration, duty payment, return filing, refund of taxes
- More efficient neutralization of taxes to make our exports more competitive internationally
- Seamless flow of tax credit from manufactures/ supplier to user / retailer to eliminate cascading of taxes
- Benefit of exemption / compounding scheme for a large segment of small scale suppliers to make their products cheaper

A nation is made, when taxes are paid



Directorate General of Taxpayer Services
CENTRAL BOARD OF EXCISE & CUSTOMS
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GST OBJECTIVES

- ❑ One nation -One Market
- ❑ Subsuming most of the existing Indirect tax into One tax –GST.
- ❑ Elimination of cascading effect of taxes.
- ❑ Seamless Input Credit.
- ❑ Uniform tax of each product across the country.

Goods and Services Tax

GST



Local Levies

VAT

Sales Tax

Excise

What will become Expensive



Eating out



Phone Bills



Small cars



Telephone Bills



Phones



Cabs/ Taxis



Parcel/ Courier



Branded Jewellery

What will become Cheaper



Branded cloths



Big Cars



Heaters, Air coolers



Paint, Cement



Consumer durables and items like fans, lighting, water



Furniture



Biscuits & Cakes



Buying House



Satellite TV



Batteries



Electronics like LED TV

GST SPECIAL FEATURES

- Principle of 'consumption-based taxation
- 100% Technology driven Compliance
- Compliance Rating
- Anti-Profiteering clause

TYPES OF LEVY UNDER GST- CGST/SGST/UTGST/ITGST/COM Cess

	CGST	SGST/UTGST	IGST	COMPENSATION CESS
Sales with in State (Intra)	Yes	Yes	-----	Yes (based on the product)
Sales outside the State (Inter state sales)	-----	-----	Yes	Yes (based on the product)
Sale in the course of Export	-----	-----	Yes (will be refunded)	Yes (will be refunded)

Types of charges -who is required to pay

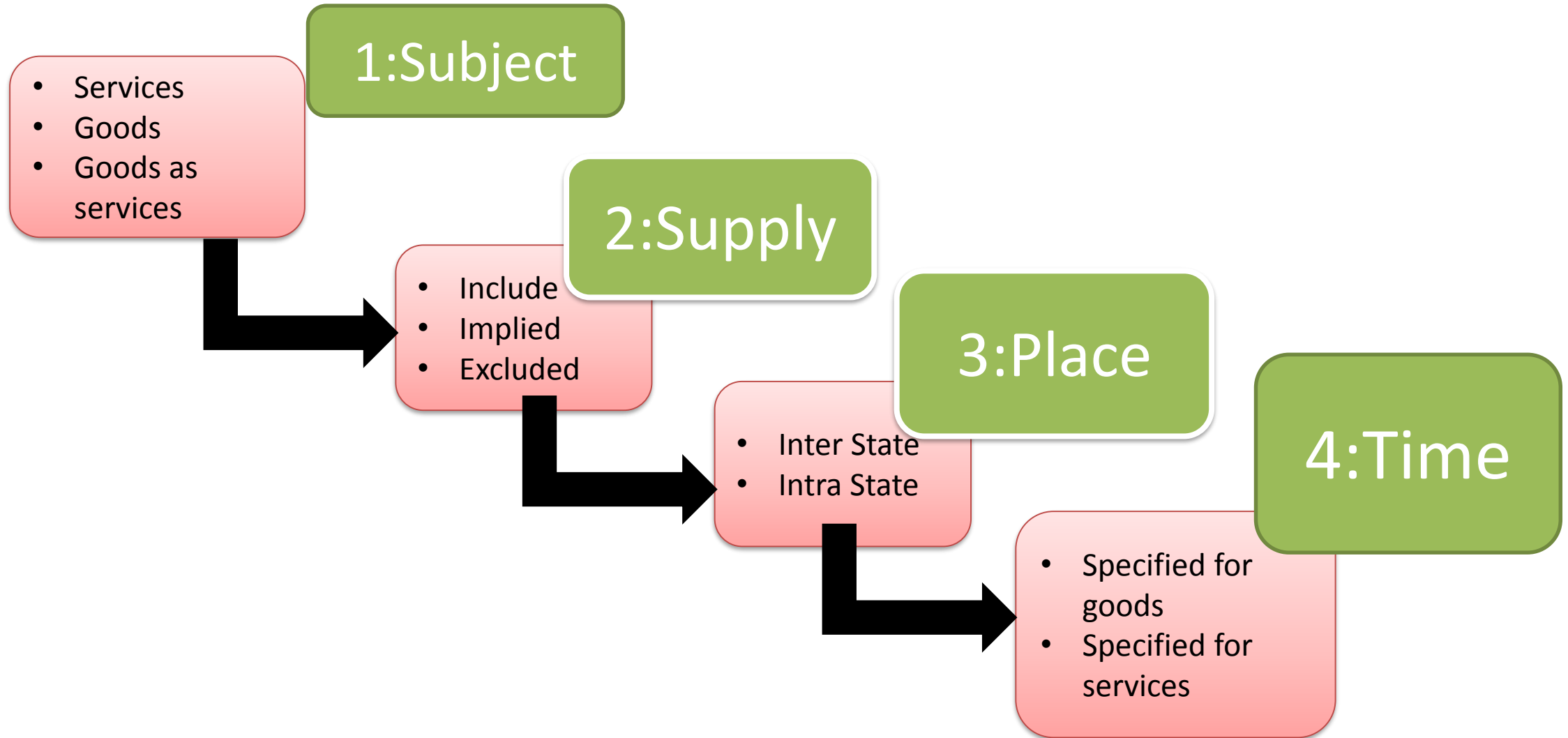
General / Reverse / Lateral

	General	Reverse Charge	Lateral Charge
Who is required to pay	Supplier	Recipient	Third Party
Applicability	In all General cases	When supplier is Unregistered [sec 9(4)]	E-commerce Operators
		Cases as may be Notified [Sec 9(3)]	

TYPES OF DEALERS

	Unrecognised (Turnover Up to 20L)	Composition (Turnover Up to 75L)	Regular (Registered)
Tax	Nil	1 or 2 or 5% as specified	Regular
Input Credit	Not available & cannot pass on	Not available & cannot pass on	Available & can also pass
Compliance	Nothing	Quarterly return	Full fledged Compliance
Competitive in the market	No	No	Yes

LEVY - CONCEPT



Definition of

- **“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.- 2(52)
- **“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.-2(102)

Classification of ACTIVITIES FOR GST

- ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION- **Schedule I**
- – ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES- **Schedule II**
- - ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES – **Schedule - III**

SCHEDULE III

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE

- 1. Services by an employee to the employer in the course of or in relation to his employment.
- 2. Services by any Court or Tribunal established under any law for the time being in force.
- . (a) The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
(b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
(c) The duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
- 3. Services by a foreign diplomatic mission located in India.
- 4. Sale of Land , subject to clause (b) of Para 5 of Schedule II ,sale of Building
- 5. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.

Taxable Supply- 2(108)

- *the activity involves supply of goods or services or both;*
- *the supply is for a consideration unless otherwise specifically provided for;*
- *the supply is made in the course or furtherance of business;*
- *the supply is made in the taxable territory;*
- *the supply is a taxable supply; and*
- *the supply is made by a taxable person.*

Taxable supplies

- ❑ *Supplies of all goods and services are taxable **except** alcoholic liquor for human consumption. Supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be taxable with effect from a future date. This date would be notified by the Government on the recommendations of the GST Council.*
- ❑ *A 'taxable supply' means a supply of goods or services or both which is chargeable to goods and services tax under the GST Act.*
- ❑ Service Tax Exemptions to be continued in GST as decided by GST Council.

Place of supply- 2(86)

- For determining the place of supply in relation to services, the following could be used for determining the place of supply.
 - (a) location of service provider;
 - (b) the location of service receiver;
 - (c) the place where the activity takes place/ place of performance;
 - (d) **the place where it is consumed**; and
 - (e) the place/person to which actual benefit flows
- The place of supply of goods shall be the location of the goods at the time at which the movement **of goods terminates for delivery to the recipient**.

Time of Supply

- *Section 12 & 13 of the CGST/SGST Act provides for time of supply of goods. The time of supply of goods shall be the earlier of the following namely,*
 - (i) the date of issue of invoice by the supplier or the last date on which he is required under Section 31, to issue the invoice with respect to the supply; or*
 - (ii) the date on which the supplier receives the payment with respect to the supply.*

Time of supply under reverse charge

The time of supply will be the earliest of the following dates:

For Goods -12(3)

a) date of receipt of goods; or

b) date on which payment is made; or

c) the date immediately following 30 days.

from the date of issue of invoice by the supplier.

- **What is the time of supply of service? -13(3)**

The time of supply will be the earlier of the following dates:

a) date on which payment is made; or

b) the date immediately following sixty days from the date of issue of invoice by the supplier.

Heads Of Accounts of Bank / Urban /Co Op Bank

❖ **Income** Side of The **Profit & Loss** Account

- . **Processing Charges**
- . **Documentation Charges**
- . **Incidental Charges**
- . **Bank Charges**
- . **Misc. Income / Charges**
- . **Unit visit / Stock Inspection / Charge Verification Charges Etc**
- . **Interest Income**
- . **Appraisal Charges**
- . **Account Opening Charges**
- . **RTGS / DD / TT/ Charges**
- . **Cheque Return / SMS Charges**
- . **Locker Rent**

Head accounts of Bank / Bank/Co Op Bank

❖ **Expenditure** Side of The **Profit & Loss** Account

- . Appraiser Fee
- . AMC / Contract Expenses
- . Audit Fee
- . Advertisement
- . Misc. Expenses
- . Outsourcing / Manpower Expenses
- . **Salaries**
- Advocate Services
- Recovery Agents
- . Rent
- . Software Expenses
- . Printing & Stationery
- . Travelling & Conveyance
- . Food / Catering Expenses
- . Security Guard Services
- Goods Transport Agency
etc as mentioned under Reverse Charge

SAC Codes for Services / HSN Codes for others

997212

Example : Rental or leasing services involving own or leased non-residential property.

Codes Need to be correctly identified

For the Services SAC Codes need to be ascertained from the list and accordingly the Rate of Tax need to Be ascertained and applied .

For Other Than Services HSN Codes need to be identified from out of about 1200 codes and corresponding rate to be ascertained and applied

REGISTRATION

- 22 . Registration
- 23. Persons not liable for registration
- 24. Compulsory registration in certain cases
- 25. Procedure for registration
- 26. Deemed registration
- 28,29. Amendment & Cancellation of registration
- 30. Revocation of cancellation of registration

Registration

- *As per Section 22 of the CGST/SGST Act 2017, every supplier (including his agent) who makes a taxable supply and his aggregate turnover in a financial year exceeds the threshold limit of **twenty lakh rupees** shall be liable to register himself in the State or the Union territory of Delhi or Puducherry from where he makes the taxable supply.*
- *In case of **eleven** special category states (as mentioned in Art.279A(4)(g) of the Constitution of India), this threshold limit for registration liability is **ten lakh rupees**.*

Aggregate turnover

- *As per section 2(6) of the CGST/SGST Act “aggregate turnover” includes the aggregate value of:*
 - (i) all taxable supplies,*
 - (ii) all exempt supplies,*
 - (iii) exports of goods and/or service, and,*
 - (iv) all inter-state supplies of a person having the same PAN.*

Widespread number of branches; registration a hassle

Need to obtain a separate registration for each state where they operate.

In addition to registration, compliance burden about filing of returns has also increased substantially in terms of the periodicity of returns, number of return formats and level of details required in these returns.

Mandatory registration irrespective of turnover

- *i) persons making any inter-State taxable supply;*
- *ii) casual taxable persons;*
- *iii) persons who are required to pay tax under reverse charge;*
- *iv) electronic commerce operators required to pay tax under sub-sec (5) of section 9*
- *v) non-resident taxable persons;*
- *vi) persons who are required to deduct tax under section 51;*
- *vii) persons who supply goods and/or services on behalf of other registered taxable persons whether as an agent or otherwise;*
- *viii) Input service distributor -**IDS**(whether or not separately registered under the Act)*
- *ix) persons who are required to collect tax under section 52;*
- *x) every electronic commerce operator*
- *xi) every person supplying online information and data base retrieval services from a place outside India to a person in India, other than a registered person; and,*
- *xii) such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council.*

Migration procedure

SERVICE TAX-EXCISE TO GST MIGRATION WORK FLOW PPT

1



Taxpayer obtains
GSTN login id and
password from
aces.gov.in

2



Taxpayer completes
enrollment process on
gst.gov.in

3



Taxpayer receives
provisional GSTIN on
appointed date

www.simpletaxindia.net

Format of Provisional ID

22 AAAAAA0000A 1 Z 5



State Code



Permanent Account Number (PAN)



Entity
number of
the same
PAN holder
in a state



Alphabet
'Z' by
default



Check
sum digit

INPUT TAX CREDIT

- **Input Tax Credit contingent upon -16(2)**
 - Possession of tax invoice / debit note or such other prescribed document
 - **Receipt of goods or services or both.**
 - **Tax charged in respect of supply and has been actually paid to the credit of the Government either in cash or through utilization of admissible input tax credit**
 - Furnishing of return
- **Where goods are received in lots or installments, credit entitlement only on *receipt of the last lot or installment.***
- If supplier bill is not settled within **180** days from the date of invoice, credit availed will become tax liability of the recipient with interest.

ITC- Apportionment -^{17(4),(5)}

- If the Goods or Services or both ,received are used partly for Taxable including Zero rated and partly for exempted , the amount of ITC is restricted to as is attributable the said taxable supplies including zero rated .- i.e. to maintain separate books .
- A Banking company / Fin. Institution/NBFC engaged in supply of services like Accepting deposits , giving loans shall have option to go for the above or avail every month **50 % of the ITC** .other 50% lapse . Once opted to continue for the F Y .

NON-AVAILABILITY OF ITC- 17(5)

- **Motor vehicles** unless used for providing services of further supply of such vehicles for conveyances, transportation of passengers / goods or used for training for motor driving, flying, navigation
- **F&B, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery** *except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of taxable composite or mixed supply.*
- **Membership of club, health and fitness centre.**
- **Rent-a-cab, life insurance and health insurance** except where
 - Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force.
 - *Inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of taxable composite or mixed supply.*

NON-AVAILABILITY OF ITC

- 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;
- 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 or furtherance of business;
*‘Plant and machinery’ means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports **but excludes**—*
 - (i) land, building or any other civil structures;*
 - (ii) Telecommunication towers; and*
 - (iii) Pipelines laid outside the factory premises.***
- Compounding tax

NON-AVAILABILITY OF ITC

- Goods or services or both received by a non-resident taxable person except on goods imported by him.
- Goods or services or both used for personal consumption.
- Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples;
- Tax paid as per Section 74, Section 129 and Section 130.
- If depreciation has been claimed on tax component of capital goods
- Specified tax payments

Utilization of ITC & cross utilization

Input Tax	Output Tax (In the order of preference)
IGST	IGST CGST SGST
CGST	CGST IGST
SGST	SGST IGST

REVERSE CHARGE MECHANISM [Sec9(3) of CGST]

- The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

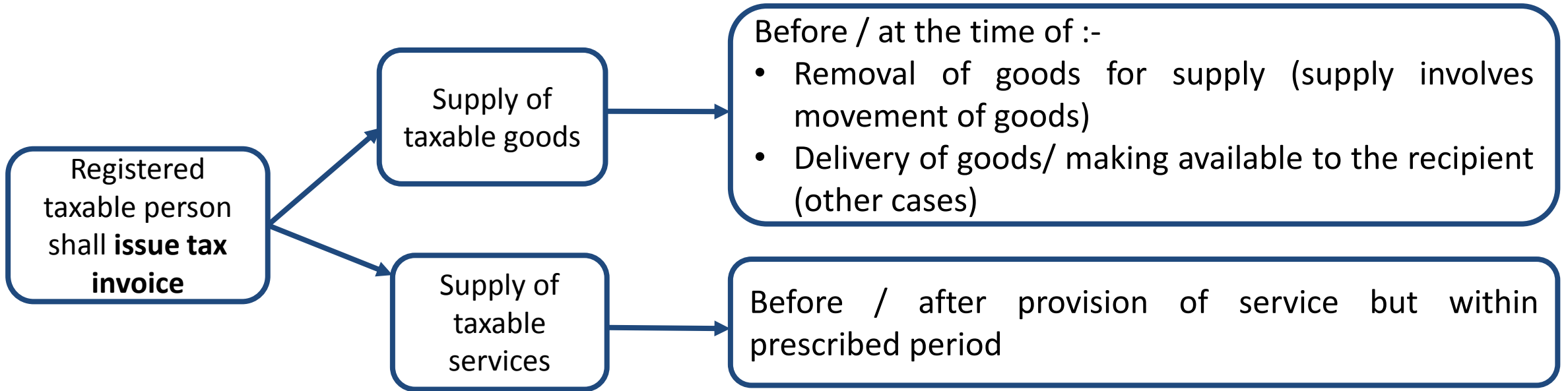
List-of-services-under-reverse-charge (SEPARATELY ENCLOSED)

- Notification No. **13/2017**- Central Tax (Rate) 28.6.2017
(as per the GST council recommendations on 19.5.17-
9 out of 12 . S no 1, 10 & 12 are eliminated) – 100 % RCM –
Unlike Service Tax period .



RCM Services Notif-13-CGST.pdf

Tax Invoice – Sec 31



- Revised invoices may be issued against the invoice already issued during the period starting from the effective date of registration till the date of issuance of certificate of registration **within one month from date of issuance of certificate of registration.**
- No invoice required if value of goods or services or both < Rs. 200
- Composition dealers and Person supplying exempted goods or services to issue a bill of supply instead of tax invoice

INVOICING UNDER GST

- Tax invoice is generally issued **to charge** the tax and **pass on** the credit.
- Where the supplier of taxable service is an insurer or a banking company or a financial institution, including a non-banking financial company, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, whether or not serially numbered, and
- Whether or not containing the address of the recipient of taxable service but containing other information as prescribed under rule 1 (Format attached)

BILL OF SUPPLY UNDER GST

- In GST there are some instances where the service provider is not allowed to charge any tax and hence a Tax invoice can't be issued instead another document called Bill of Supply is issued.

Cases where a registered service provider needs to issue a bill of supply:

Rendering of exempted services

Service provider is paying tax under composition scheme



Time limit for issuing invoice

- ❖ Invoice for taxable supplies of service to be issued within 30 days from the date of supply of service.
- ❖ The supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, invoice or document to be issued within 45 days from the date of supply of service.

Tax invoice, debit & credit notes

Tax invoice not mandatory – 31(3)(b)

- Invoice value less than Rs. 200

Advances – 31(3)(d) & (e)

- Issue receipt voucher
- Subsequently, if no supply, issue refund voucher

Self – invoice – 31(3)(f) & (g)

- Reverse charge mechanism
- Unregistered supplier

Invoice sample

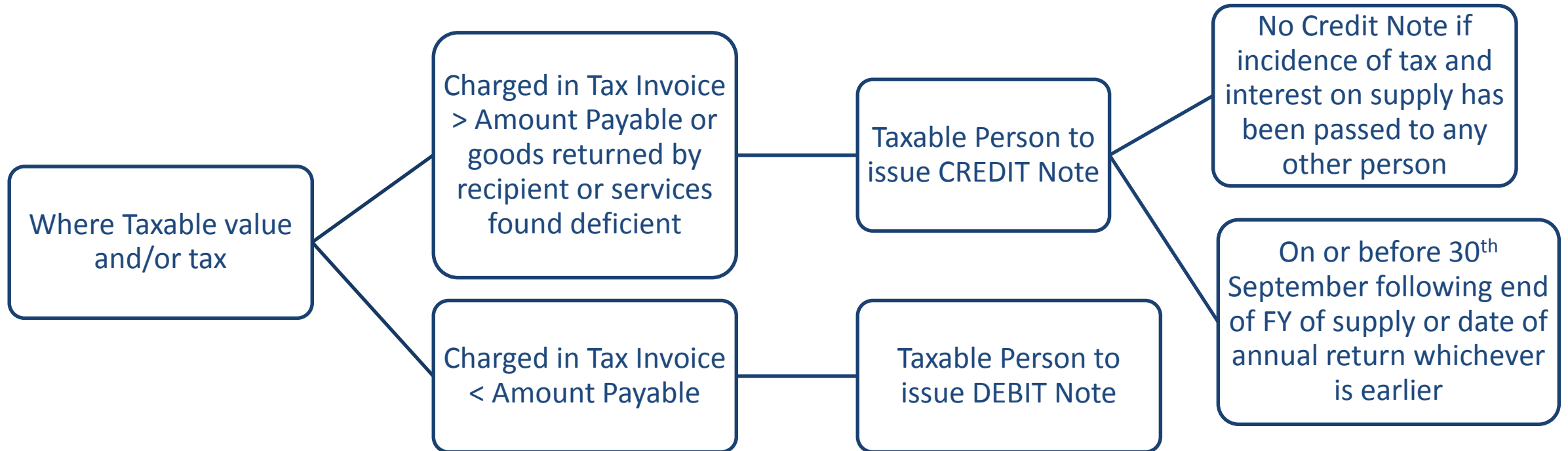
With in the state Sale

#	HSN or AC Code	SKU or Product Code	Description of Goods/ Services	Price	Qty	Total Gross Amt.	Disc. %	Disc. Amt.	Total Taxable Amt.	CGST Rate	CGST Amt.	SGST Rate	SGST Amt.	IGST Rate	IGST Amt.	Total Amt.
1	1701	P0001	Sugar	50	5	250	10	25	225	2.5	5.625	2.5	5.625	NA	NA	236.25
2	1902	P0002	Pasta	30	4	120	10	12	108	9	9.72	9	9.72	NA	NA	127.44
Total																
					9	370		37	333		15.35		15.35			363.7

Inter State sale

#	HSN or AC Code	SKU or Product Code	Description of Goods/ Services	Price	Qty	Total Gross Amt.	Disc. %	Disc. Amt.	Total Taxable Amt.	CGST Rate	CGST Amt.	SGST Rate	SGST Amt.	IGST Rate	IGST Amt.	Total Amt.
1	1701	P0001	Sugar	50	5	250	10	25	225	NA	NA	NA	NA	5	11.25	236.25
2	1902	P0002	Pasta	30	4	120	10	12	108	NA	NA	NA	NA	18	19.44	127.44
Total																
					9	370		37	333						30.7	363.7

Credit / Debit Notes – Sec 34

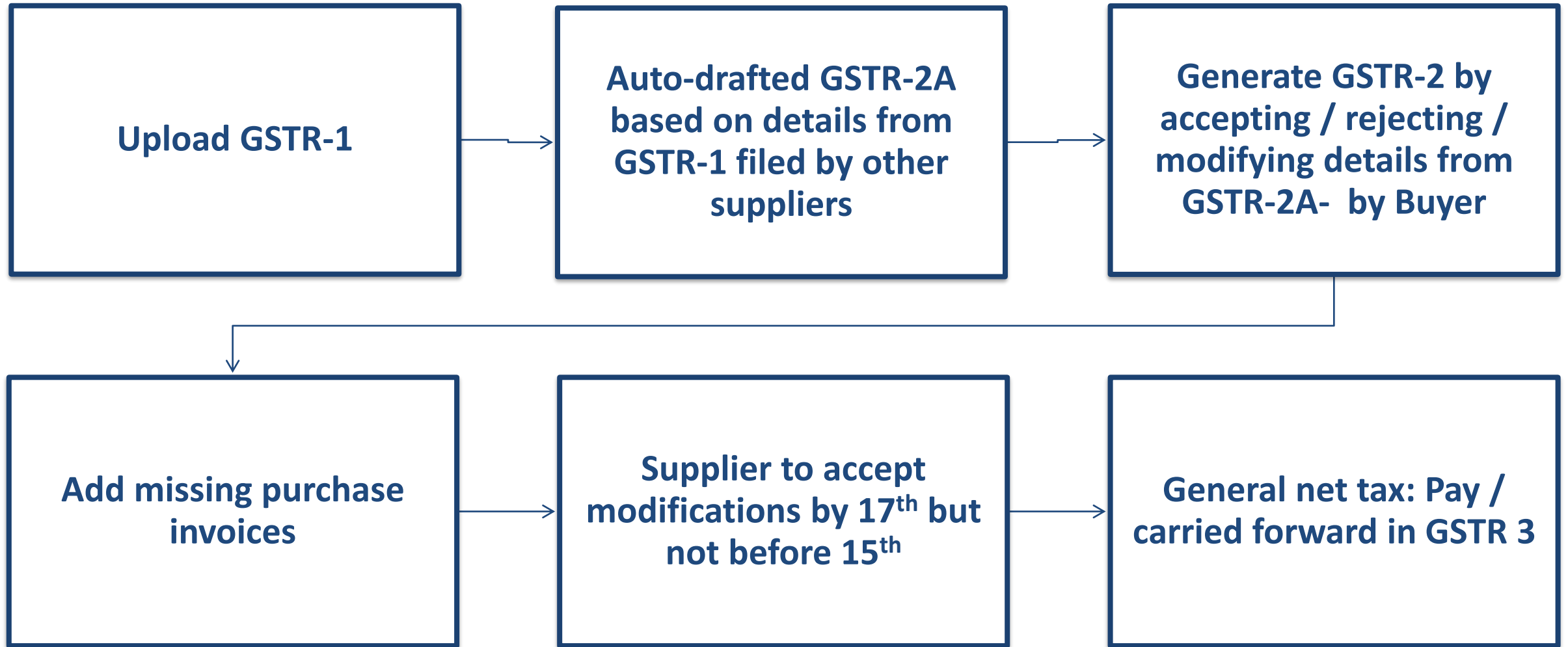


* Registered taxable person issuing Debit / Credit notes to declare its details in the return for the month during which such notes are issued / received or in the return for any subsequent month but not later than September following the end of FY of supply, or the date of filing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in the manner specified in this Act.

GST RETURNS

GST Tax Payer @ Normal Rates		
GSTR 1	Outward Supply	10 th of Next Month
GSTR 2	Inward Supply	15 th of Next Month
GSTR 3	Monthly Return	20 th of Next Month

Returns Process



GSTR 1A-Communication to supplier of goods and services for any addition/deletion/modification made by the recipient in GSTR-2

GST RETURNS

GSTR-4

- Quarterly Return-Composition Supplier.
- Due Date: 18th of the succeeding Quarter.

GSTR-5

- Non Resident Taxable Person
- Due Date: 20th of next month.

GSTR-6

- Input Service Distributor (**ISD**)
- Due Date: 13th of next month.

GSTR-7

- Tax Deductor.
- Due Date: 10th of every month.

GST RETURNS

GSTR-8

- E-Commerce Operator.
- Due date: 10th of every month.

GSTR-9

- Annual Return
- 31st December of next financial year.

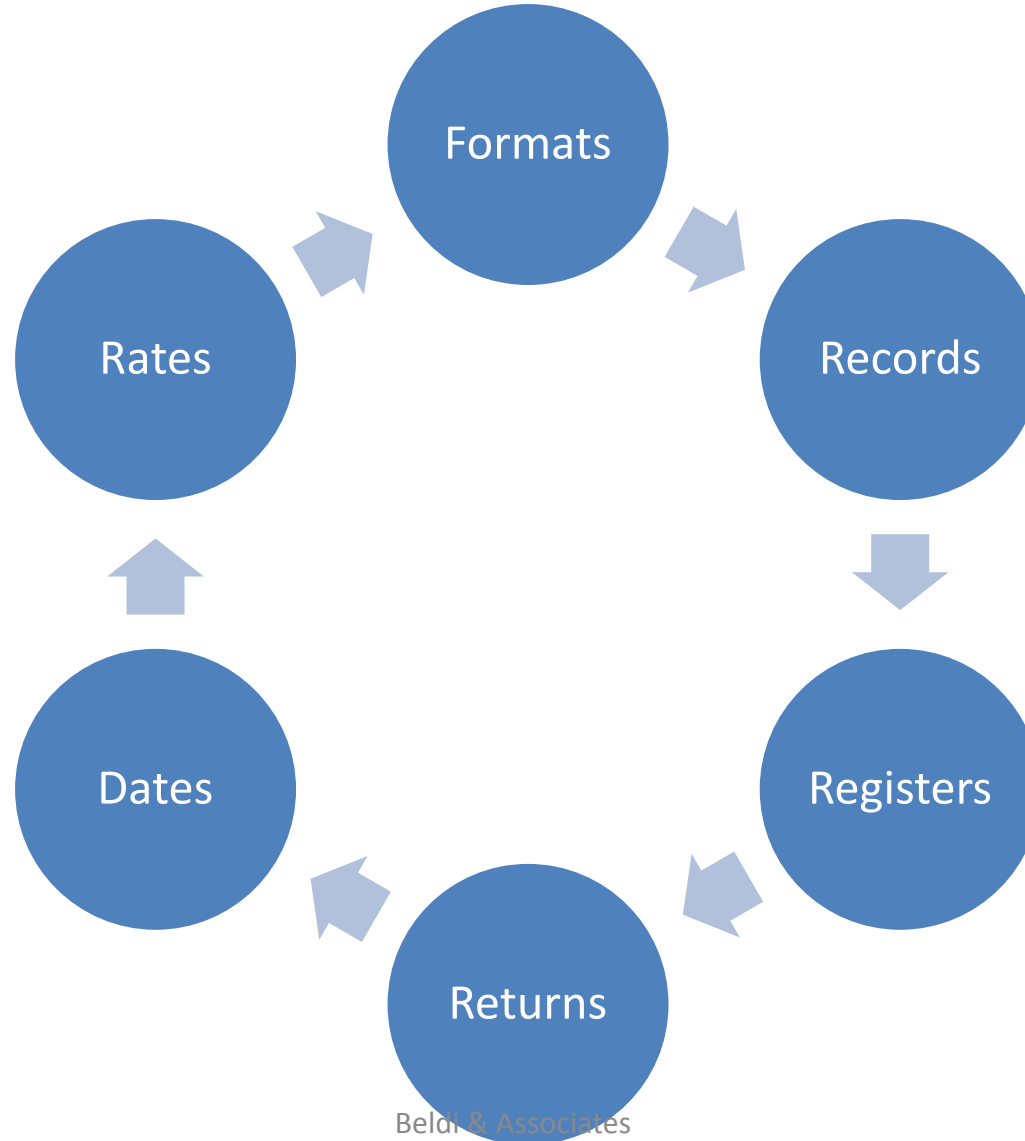
GSTR-10

- Registration Surrendered/Cancelled.
- Due date: Within 3 months of Cancellation

GSTR-11

- Person having UIN and Claiming Refund.
- 28th of the month following the month for which statement is filed.

Compliance Required



Compliance rating

- ✓ Every Person liable to pay GST shall be rated and will be assigned a GST compliance rating score
- ✓ The rating would be based on his compliance with the provisions of CGST, SGST and IGST
- ✓ The details of **parameters & methodology** would be prescribed
- ✓ The compliance rating score will be updated periodically and will be intimated as follows:
 - **To the taxable person**
 - **will be placed in the public domain**

ANTI-PROFITEERING MEASURE

- ❑ In order to prevent any rise in price of commodities after GST implementation, the centre has proposed an “ anti-profiteering” measure to ensure that trade and industry pass the benefits of reduction in tax rates to consumers.

ACCOUNTING CHALLENGES UNDER GST

Matching

- Transactional reporting, every month
- Simultaneous Matching of Invoices

AR/AP

- Accounting for Advances received
- Outstanding payments

Debit Note

- Consolidated credit note- Not possible
- Consolidated debit note- Not possible

COMPLIANCE CHALLENGES UNDER GST

Return Filing

- 100% Online return filing
- Even adjustment shall be made online

Interlocking

- Input credit is dependent on **Suppliers compliance**
- **Input Credit- Unregistered suppliers**

Rectification

- No Revised return.
- No further return if payment is not made

Compliance

- Compliance is Rated
- compliance rating to **effect scrutiny**

Management perspective

Business spread over states and Registrations.

- Business spread over states and Registrations.

- Organizational Structure

- Related party transactions

- Accounting software

- Redefining the roles of accounting personnel

Redefining the roles of accounting personnel

- Accounting processes

TRANSITION CHALLENGES UNDER GST

- Migration

- Filing of returns for last 6 months- A MUST

- Declaration of closing stocks

- Trading stocks earlier than 12 months- ineligible

- **Transactions half – done.**

- Refunds, Assessment, Appeals to continue (old)

WORKING CAPITAL CHALLENGES UNDER GST



- Branch transfer are also taxed



- Taxation at the time of advance itself



- No input credit- if no Payment in 180days



- No input credit- if Vendor fails to pay



- No input credit- till Goods/Services are received

CAUTION

- As you are aware, Government implemented Goods and Service Tax ('GST') from 1st July 2017.
- The Government has already started the GST enrolment process for migrating existing registrations under various indirect tax legislations to GST registration. Kindly note that under GST, registration number shall be PAN based and hence PAN is the primary requirement to obtain registration. Further such GST registration number shall be very critical as GST Input Tax Credit (ITC) will depend on the availability of correct GST registration number.
- To ensure minimum mismatches and seamless flow of ITC, it is better to collect the required details from **vendors**.

Minimum details about vendor for Vendor Master

Sl.No	Particulars	To be obtained
1.	GSTIN	
2.	Name	
3.	Address	
4.	Pin Code	
5.	State	
6.	State Code	
7.	E-Mail ID	
8.	Mobile No.	
9.	Email ID	
10.	PAN	
11.	Existing VAT/STC	
12.	HSN/SAC Codes	
13.	Contact details of person in case of any mismatch	

For UPDATES

	CBEC	GST
Website:	www.cbec.gov.in	www.gst.gov.in
Email		info@gstindia.com
Toll-free	1800-1200-232	1800-425-1717
Helpdesk	cbecmitra.helpdesk@icegate.gov.in	helpdesk@gst.gov.in 0120-4888999 0124-4688999

THANK YOU

A ALWAYS

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