

Overview of GST

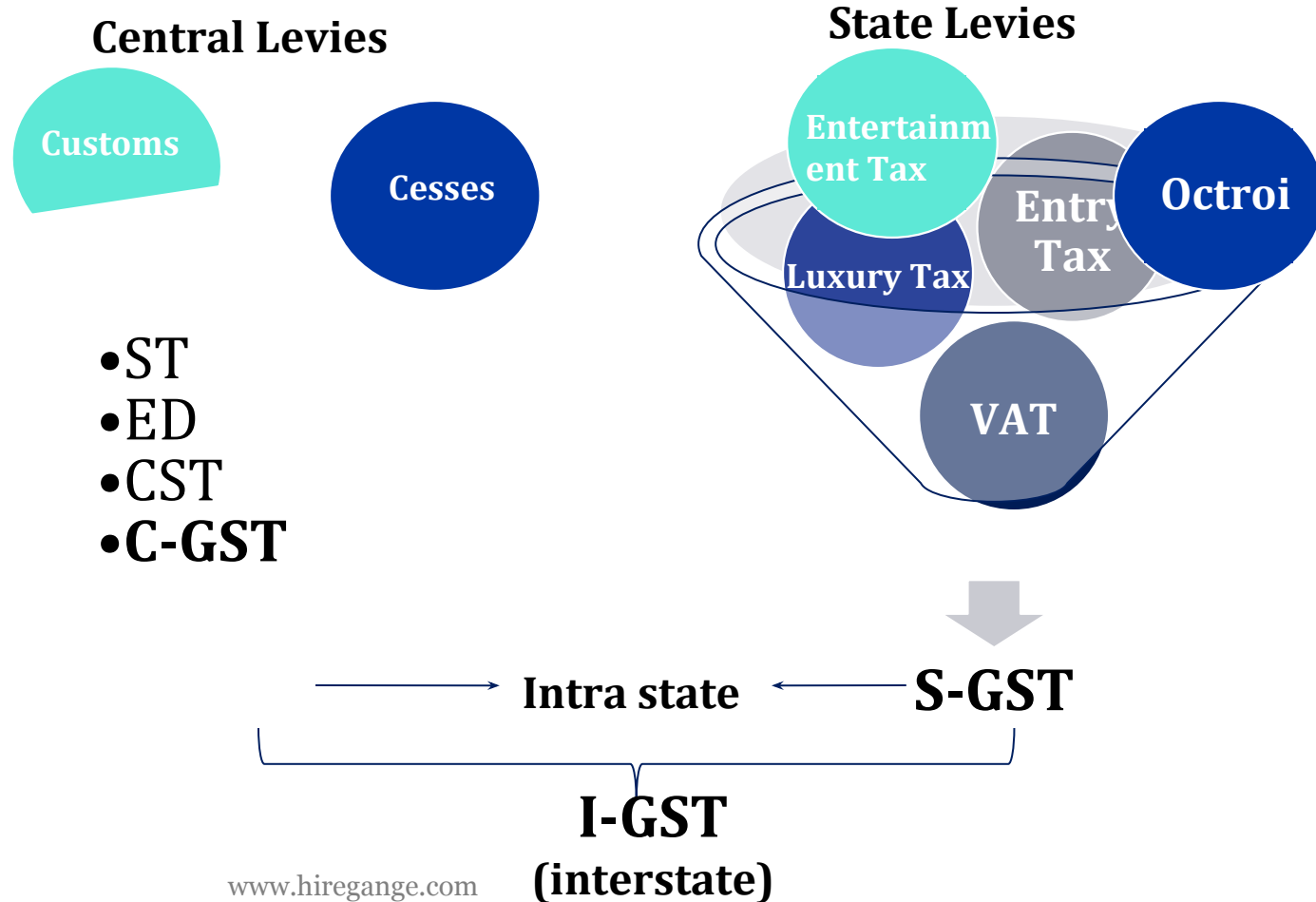
➤ **Issues in indirect taxes at present:**

- Cascading effect of tax / Tax on more than 100% value
- No credit of Taxes paid – CST, Octroi etc
- Various forms to be submitted
- Compliance under multiple laws
- Check posts, transport documentations, delay in transportation
- Less use of technology in tax administration
- High cost of collection of taxes
- High cost of compliances
- Ways to parallel economy / corruption

GST in INDIA

- Origin based to destination based
- Multi-stage value added tax
- Law making authority GST Council
- Records maintained Electronically.. GSTN
- State wise / business vertical wise registration
- Exemptions .. very few, may be by way of refunds
- Levy is on 'Supply'
- UTGST on supplies made within Union Territory.

Taxes to be subsumed



What is excluded???

- Not covered under GST
 - Petroleum crude;
 - High speed diesel;
 - Motor spirit (commonly known as petrol);
 - Natural gas;
 - Aviation turbine fuel; and
 - Alcohol for Human Consumption

Inter - State

➤ Inter State Supply – Sec 7 of IGST

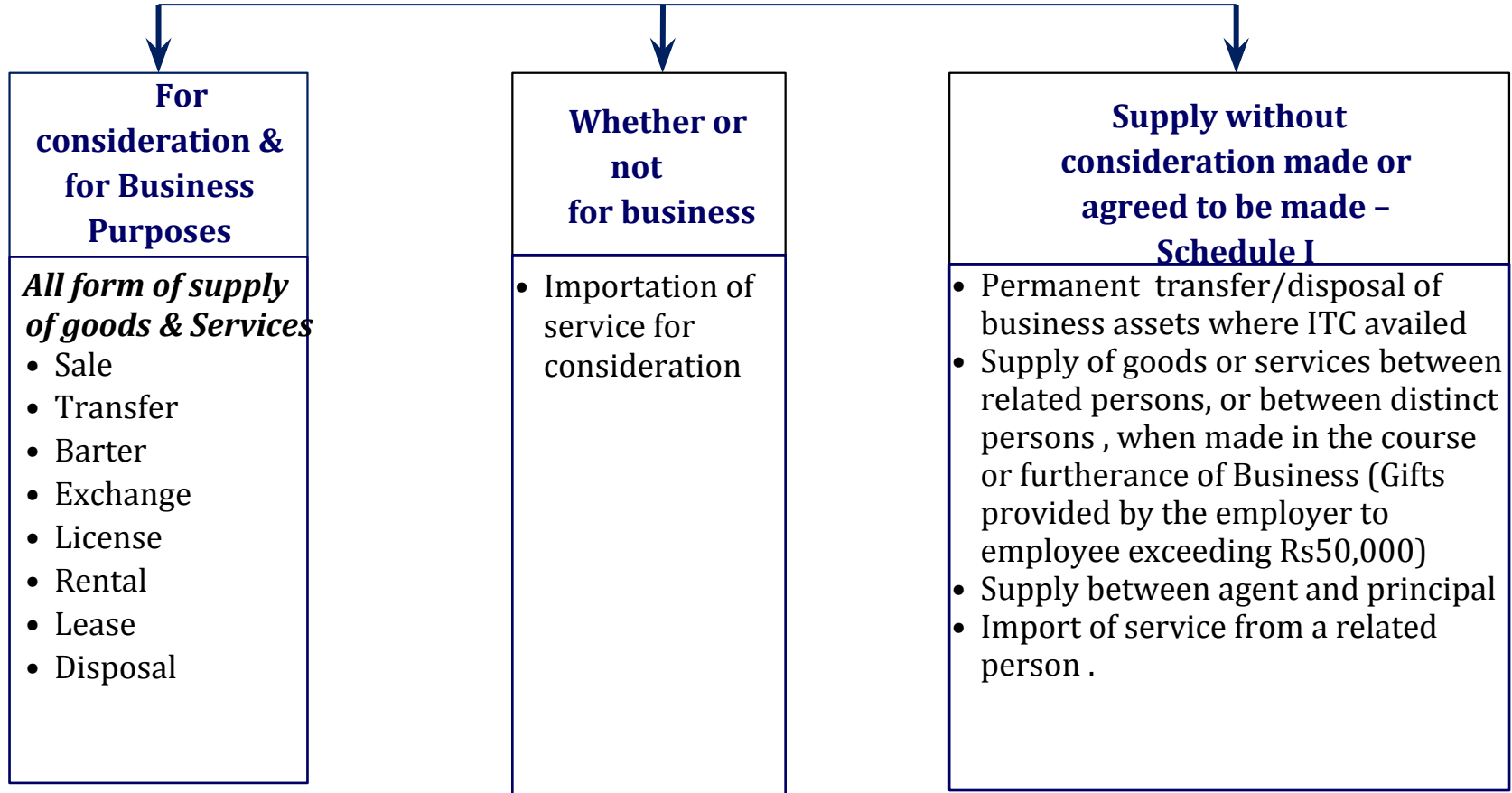
- Where location of the supplier and Place of supply are in different States/UT
- Import of Services
- Supply to SEZ
- Supplier located in India and place of supply outside India
- Supply in taxable territory, not being an intra-state supply & not covered elsewhere, shall be an inter-state supply.

➤ Inter-State supply – IGST

➤ Intra-State supply – SGST+CGST

Supply

Supply Includes



Supply

Schedule II : Activities to be treated as supply of goods or services

Supply of goods

- Transfer of title.
- Hire Purchase
- Transfer/ Disposal of business assets whether or not for consideration
- Supply of goods by any unincorporated association to a member

Supply of services

- Transfer of right
- Lease/tenancy/license to occupy land
- Lease of any building for business/commerce
- Treatment or process applied to other's goods.
- Goods put to private/ non business use whether or not for consideration
- Renting of immovable property.
- Construction of complex except where the consideration is recd after OC
- Temporary transfer of IPR.
- Development, designing of software.
- Agreeing to tolerate an act.
- Transfer of right to use.
- Works contract
- Supply of food for human consumption.

Note : Sale of assets by a person who ceases to be a taxable person shall be deemed to be supplied in the course or furtherance of business unless -

1. **Transferred as a Going Concern to another person**
2. **Business carried on by a personal representative**

Supply

Schedule III : Specifies certain activities as neither supply of goods nor supply of service

- Services by:
 - Employee to the employer
 - Any Court & Tribunal
 - Funeral, burial services
- Actionable claims other than lottery, betting and gambling
- Sale of land & Building
- Functions performed by the MP's, MLA's, Members of Panchayats, Members of Municipalities and Members of Local Bodies and Person who hold post in pursuance of provisions of Constitution etc.,

Reverse Charge

- Govt may notify the categories of supplies of goods/service for RCM - Recipient of goods/service is liable to pay GST.
- Supply by person who is **Not Registered** – Recipient of such supply is liable.
- Govt may notify the categories of **Services** – Tax shall be paid by the e-commerce operator if he is a supplier.
- If e-commerce operator does not have a physical presence in the taxable territory - Any person representing him shall pay.

Composition Levy

- Govt may permit a regd. Taxable person whose aggregate TO in the preceding FY did not exceed Rs. 50 lakhs to pay composition tax.

Category of persons	CGST	SGST
Manufacturers	1%	1%
Supply of food other than alcoholic liquor for human consumption	2.5%	2.5%
Any other supplier	0.5%	0.5%

Option to pay tax under composition scheme is not available to the following persons

- Any person supplying services other than supply of food.
- Making supplies not leviable to tax.
- Engage in making inter – state outward supply of goods.
- Supplying goods through an electronic commerce operator who is required to collect tax.
- Not a manufacturer of notified goods.

Stock Transfers

- Stock transfer from one state to another – Liable under GST
- Stock transfers within the state – Not liable
- The recipient unit can take the credit based on document issued by Supplier.
- This may have an impact on cash flows.

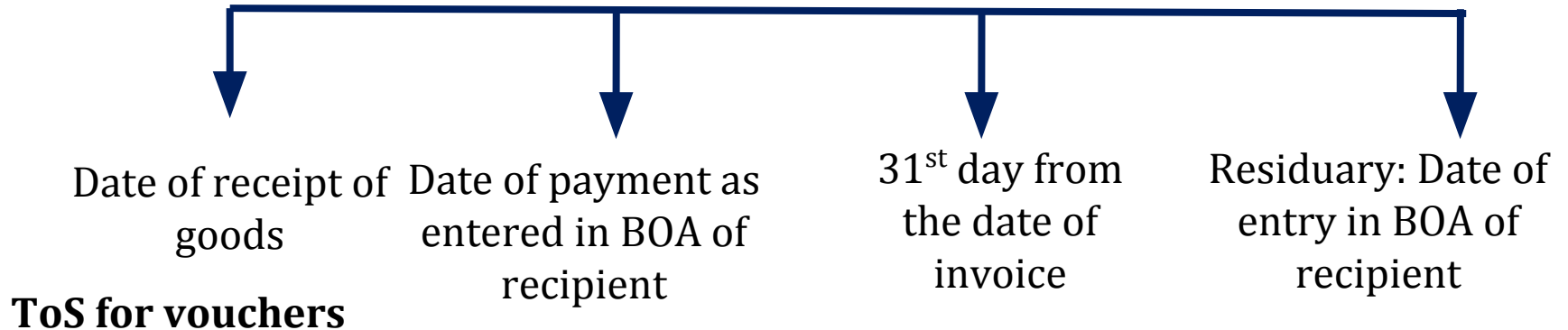
Time of Supply

Earliest of the date on which:



Under RCM

Earliest of the date on which:



Place of supply

of Services

To a registered person

- Location of service receiver

To a non registered person

- Location of the service receiver available on the records of provider or
- Location of the supplier of service.

of Goods

Movement of goods

- Location at which movement of goods terminates for delivery

No Movement of goods

- Location of goods at the time of delivery to the receiver

Valuation

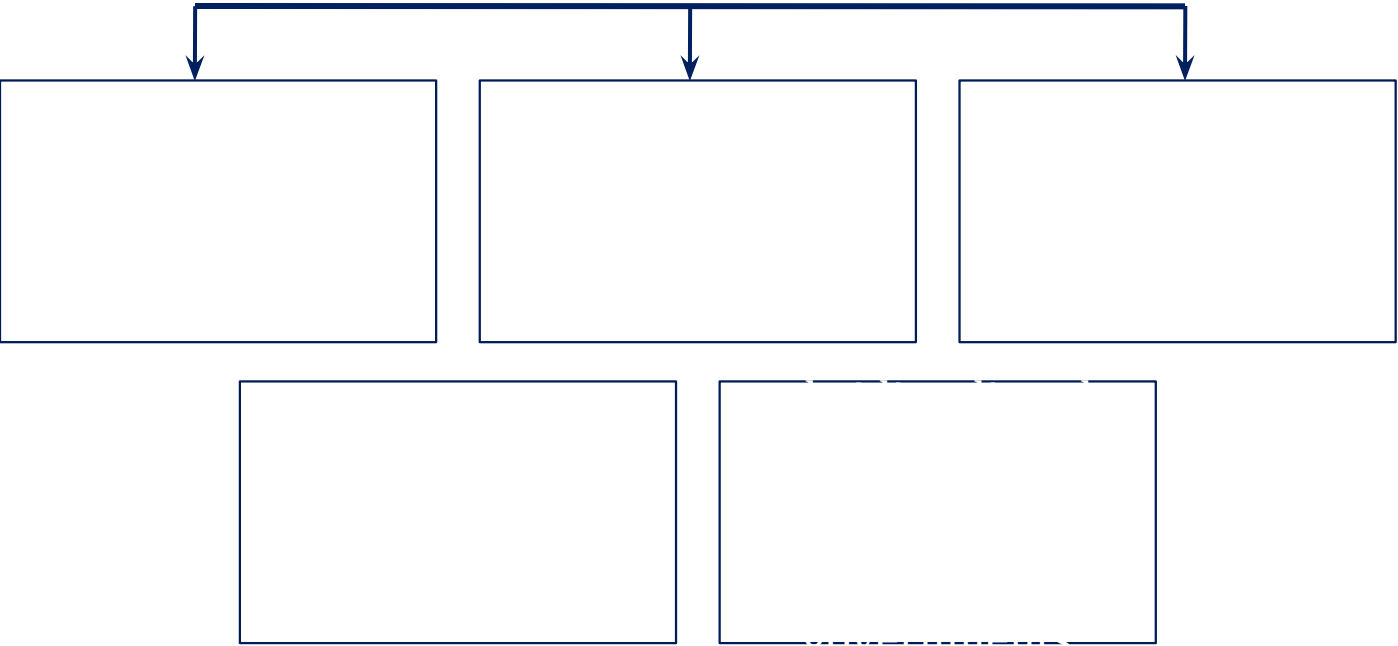
Transaction value (price actually paid or payable)

Recipient and supplier are not related

Price is the sole consideration

INCLUDES

EXCLUDES



Valuation - Rules

- Value of Supply of Goods/Services where the consideration is not fully in money or the transaction between Related Parties, then the value of such Supply is Open Market Value of such Goods/Services.
- If the Open Market Value is not available, then the value of Supply is the value of like kind and quantity.
- From the above cases if we are not able to find the value, then the value of such Supply is 110% of Cost of Production.
- If the Goods are supplied between the Principal and the Agent, then the Value of such transaction is Open Market Value of such Goods or at the option of supplier i.e. 90% of price charged for like Goods in normal cases.

Registration

Registration

Intra-State taxable supplier

- Every taxable supplier having aggregate turnover in excess of 20 lakhs/10 lakhs
- Registration is required from every state from where taxable supply is made
- Registration not required for agriculturist for purposes of agriculture
- Persons exclusively engaged in non-taxable or exempt supply
- Business transferred as a going concern – Transferee liable to registration

Mandatory Migration

Tax payers registered under current regime

- Registered tax payers under current regime are mandatorily liable to be registered w.e.f the appointed day
- Section 139 provides for migration of existing taxpayers to GST

Compulsory Registration

Notified persons

- | | | | |
|--------------------------------------|------------------------|------------------|-------------------------|
| • Inter-state taxable supplier | • NR Taxable Person | • Agent | • e-com Operator |
| • Casual Taxable Person | • Tax deductor u/s 51 | • ISD | • OIDARS |
| • Person liable under Reverse charge | • Tax collector u/s 52 | • e-com Supplier | • Other notified person |

Returns

SN	Return	Purpose	Due date
1	GSTR 1	Outward supplies made by taxpayer (other than composition taxpayer and ISD)	10 th of next month
2	GSTR 2	Inward supplies received by a taxpayer (other than a composition taxpayer and ISD)	After 10 th – before 15 th of next month
3	GSTR 3	Monthly return (other than composition taxpayer and ISD)	20 th of next month
4	GSTR 4	Quarterly return for Composition Taxpayer	18 th of next quarter
5	GSTR 5	Periodic return by Non-Resident Foreign Taxpayer	Last day of registration /Monthly
6	GSTR 6	Return for Input Service Distributor (ISD)	13 th of next month
7	GSTR 7	Return for Tax Deducted at Source	10 th of next month

Returns

SN	Return	Purpose	Due date
8	GSTR-7A	TDS Certificate	
9	GSTR 8	Statement for E-commerce operators	10 th of next month
10	GSTR 9	Annual Return	31st Dec of next FY
12	GSTR 9A	Simplified return to be filed by composition dealer	
13	GSTR 9B	Reconciliation statement	
14	GSTR 10	Final return	
15	GSTR 11	Details of inward supplies of goods/services to a person having UIN	

Returns

- The unmatched amounts shall be rectified else will be added to the output liability of the subsequent month of the recipient.
- Any unmatched details shall be rectified in the month/period in which the error is noticed
- If supplier declares such invoice in his return subsequently then the recipient can reduce his output tax liability that was earlier added.
- Any unmatched details can be rectified only up to September/due date of filing annual return.

Addressing Business + Finance + Compliance

- Restructuring Current Set of Commercial Transactions on Procurement & Invoicing by reviewing Contracts at Short/Immediate levels with business level interactions across cross-functional team
- Addressing “Supply Side” Definition : Manufacturing/Warehousing/Logistics etc
- Current IT Systems and Processes to mitigate associated risk on Pricing, Positioning & Penetration on businesses
- Compliance tracking as per notified rules, regulation and transition