



Overview of Model GST Law

CMA BHOGAVALLI MALLIKARJUNA GUPTA

Goods and Service Tax

- ▶ Any views or opinions represented in this presentation are personal and belong solely to the speaker and do not represent those of people, institutions or organizations that the speaker may or may not be associated with in professional or personal capacity, unless explicitly stated. Any views or opinions are not intended to malign any religion, ethnic group, club, organization, company, or individual.

Goods and Service Tax

Agenda

- ▶ Introduction to GST
- ▶ Why India has to go for Dual GST
- ▶ Definitions
- ▶ Supply
- ▶ Time of Supply
- ▶ Valuation
- ▶ Input Credit Management
- ▶ Reporting
- ▶ Q & A

Introduction to Taxation

Tax is a Latin word derived from the word “Taxo” meaning rate.

Tax is a financial charge levied by the government (central / state / local body) for meeting the public expenditure like road, dams, army for safe guarding the borders etc. the dictionary meaning of tax “A compulsory contribution to state revenue, levied by the government on workers’ income and business profits, or added to the cost of some goods, services, and transactions: higher taxes will dampen consumer spending”.

Introduction to Goods and Service Tax

- ▶ Goods and Service Tax is a comprehensive tax on supply of Goods and Services
- ▶ A single tax is applicable for goods and services
- ▶ It is also know as Value Added Tax in few countries like European Union
- ▶ It is been implemented in about 160 countries
- ▶ In Malaysia it is implemented from 1st April 2016

GST – Features of Goods and Service Tax

- ▶ No Tax on Tax or Tax Cascading
- ▶ Uninterrupted input tax credit in the supply chain process
- ▶ Supply of goods and services share the same tax
- ▶ Items are classified in same manner unlike current classification different for excise and VAT. VAT item classification deferrers from state to state
- ▶ Origin based taxation to destination based taxation

GST – Features of Goods and Service Tax

- ▶ Uninterrupted Input Tax Credit in the supply chain
 - Input tax credit is available in the whole supply chain process unlike the current taxes like Central Sales Tax where credit is not available
 - All taxes are available for input tax credit if purchased for a registered dealer. Unlike in current taxation like
 - entry tax is not eligible for credit
 - 100% credit is not available on VAT in few states like MH portion of credit has to be reversed 4% in case of spare parts, etc
- Supply of goods and services share the same tax
 - Goods and services share the same tax
 - Report to the same tax authority unlike the current system where it has to be reported to different tax authorities
 - Same report for goods and services
 - Same tax rates for supply of goods and services

GST – Features of Goods and Service Tax

▶ Item Classification

- Items are classified in same manner under central and state
- All states are recommend to maintain the same classification

▶ Origin based taxation to destination based taxation

- Paradigm shift in the taxation
- Main impact with CST which will be replaced with a new tax and the same will be going to the consuming state i.e place of the state where consumption takes place. It does not have any impact on the end consumer but on the revenue to the state governments.

GST – The Journey so far



- 1974 Report of LK Jha Committee suggested VAT
- 1986 Introduction of a restricted VAT called MODVAT
- 1991 Report of the Chelliah Committee recommends VAT/Goods & Services Tax (GST) and recommendations accepted by Government
- 1994 Introduction of Service Tax
- 1999 Formation of Empowered Committee on State VAT
- 2000 Implementation of uniform floor Sales Tax rates (1%, 4%, 8% & 12%) Abolition of tax-related incentives granted by States
- 2003 VAT implemented in Haryana in April, 2003
- 2004 Significant progress towards a Central VAT, Sept 2004
GST – Integration

GST – The Journey so far

- 2005–06 VAT implemented in 26 more States
- 2007 First GST Study Released By Mr. P.Shome in Jan 2007
FM announces for GST in Budget Speech
CST Phase out Starts in April 2007
Joint Working Group formed by EC in May 2007
WG Submits its report in November 2007
- 2008 EC finalizes its view on GST structure in April 2008
- 2009 GST proposed to be implemented from 1.4.2010
- 2011 THE CONSTITUTION (ONE HUNDRED AND FIFTEENTH AMENDMENT) BILL, 2011 was introduced
- 2014 THE CONSTITUTION (ONE HUNDRED AND TWENTY-SECOND AMENDMENT) BILL, 2014 was introduced

GST – The Journey so far



- 2015 THE CONSTITUTION (ONE HUNDRED AND TWENTY-SECOND AMENDMENT) BILL passed in Lok Sabha referred to Select Committee in Rajya Sabha & Submitted its report
- ????? Rajya Sabha Passes the bill

GST – Taxes under GST

▶ Taxes under the proposed Goods and Service Tax in India

Central Goods and Service Tax (CGST)

- Applicable on supply of goods and services

State Goods and Service Tax (SGST)

- Applicable on intra state supply of goods and services

Integrated Goods and Service Tax (IGST)

- Applicable on inter state supply of goods and services

Additional Tax of 1%

- Applicable on inter state supply of goods and services

GST – Central Goods and Service Tax

- ▶ Taxes which are being proposed to be subsumed under CGST are
 - Central Excise duty
 - Duties of Excise (Medicinal and Toilet Preparations)
 - Additional Duties of Excise (Goods of Special Importance)
 - Additional Duties of Excise (Textiles and Textile Products)
 - Additional Duties of Customs (commonly known as CVD)
 - Special Additional Duty of Customs (SAD)
 - Service Tax
 - Cesses and surcharges insofar as far as they relate to supply of goods or services

GST – Central Goods and Service Tax

- ▶ Taxes which are not being proposed to be subsumed under CGST are
 - Basic Customs Duty
 - Excise Duty on Tobacco Products (In addition to GST)
 - Excise Duty on Petroleum Products for initial years (In addition to GST at NIL rate)

GST – State Goods and Service Tax

- ▶ Taxes which are being proposed to be subsumed under SGST are
 - State VAT
 - Purchase Tax
 - Luxury Tax
 - Entry Tax (All forms)
 - Entertainment Tax (not levied by the local bodies)
 - Taxes on advertisements
 - Taxes on lotteries, betting and gambling
 - State cesses and surcharges insofar as far as they relate to supply of goods or services

GST – State Goods and Service Tax

- ▶ Taxes which are not being proposed to be subsumed under SGST are
 - State Excise on Alcoholic Beverages
 - VAT on Petroleum Products for initial years (in addition to GST at NIL rate)
 - Entertainment Tax levied by local bodies
 - Stamp Duty
 - Electricity Duty & Royalty on minerals
 - Environmental/Regulatory Taxes, e.g., Vehicles Tax

GST – Inter State Goods and Service Tax

- ▶ Taxes which are being proposed to be subsumed under IGST are
 - Central Sales Tax

GST – Additional Tax upto 1%

- ▶ It is being proposed to be levied on inter state sale of goods for a period of two years
- ▶ This tax will go to the origin state, as states have expressed reservations on revenue loss
- ▶ Based on the select committee report “Consideration” added, it means when consideration is received the only it is applicable not applicable in case of stock transfer to branches where consideration is not received.
- ▶ Latest media reports state that it may be dropped to get the bill passed in Rajya Sabha and have the support of the Congress, which has majority
- ▶ Chief Economic Adviser (CEA) Report also recommend to drop this additional tax
- ▶ To get congress on board, FM has hinted that it can be dropped

GST – Change in Taxation

▶ Two types of taxation

- Origin Based Taxation – Currently we have origin based taxation. The taxes will be levied based on the location from where the goods are shipped like Excise – exempted, VAT Deferment by states.

Revenue collected will go to the selling state

- Destination Based – under GST it is proposed to be Destination based taxation.
- Under GST there will be no concept of exemptions until and unless specified in the Constitutional Amendment Bill.

Tax Revenue will go to the consuming state not to the selling state – CST

GST – Why Dual Taxation

- ▶ Globally under GST there is only one tax for goods and services
- ▶ Why India has to go for dual taxation – by center and state
 - Due to be constitutional provisions
- ▶ Only Canada has dual GST, similar to India called as Harmonized Sales Tax – Labrador, Nova Scotia etc.

Model GST Act – Definitions

- ▶ (48) “**goods**” means every kind of movable property other than actionable claim and money but includes securities, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under the contract of supply;
- ▶ (88) “**services**” means anything other than goods;
- ▶ (54) “**input**” means any goods other than capital goods, subject to exceptions as may be provided under this Act or the rules made thereunder, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business;
- ▶ (55) “**input service**” means any service, subject to exceptions as may be provided under this Act or the rules made thereunder, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business;
- ▶ (30) “**continuous supply of goods**” means a 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;

Model GST Act – Definitions

► (20) “**capital goods**” means: -

(A) the following goods, namely:-

(i) all goods falling within Chapter 82, Chapter 84, Chapter 85, Chapter 90, heading 6805, grinding wheels and the like, and parts thereof falling under heading 6804 of the Schedule to this Act;

(ii) pollution control equipment;

(iii) components, spares and accessories of the goods specified at (i) and (ii);

(iv) moulds and dies, jigs and fixtures;

(v) refractories and refractory materials;

(vi) tubes and pipes and fittings thereof;

(vii) storage tank; and

(viii) motor vehicles other than those falling under tariff headings 8702, 8703, 8704, 8711 and their chassis but including dumpers and tippers used-

(1) at the place of business for supply of goods; or

(2) outside the place of business for generation of electricity for captive use at the place of business; or

(3) for supply of services,

Model GST Act – Definitions

(B) motor vehicle designed for transportation of goods including their chassis registered in the name of the supplier of service, when used for

- (i) supplying the service of renting of such motor vehicle; or
- (ii) transportation of inputs and capital goods used for supply of service; or
- (iii) supply of courier agency service;

(C) motor vehicle designed to carry passengers including their chassis, registered in the name of the supplier of service, when used for supplying the service of-

- (i) transportation of passengers; or
- (ii) renting of such motor vehicle; or
- (iii) imparting motor driving skills;

(D) Components, spares and accessories of motor vehicles which are capital goods for the taxable person.

Model GST Act – Definitions

- ▶ (31) “**continuous supply of services**” means a 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;
- ▶ (40) “**electronic cash ledger**” means the cash ledger in electronic form maintained at the common portal for each registered taxable person in the manner as may be prescribed in this behalf;
- ▶ (41) “**electronic credit ledger**” means the input tax credit ledger in electronic form maintained at the common portal for each registered taxable person in the manner as may be prescribed in this behalf;
- ▶ (56) “**Input Service Distributor**” means an office of the supplier of goods and / or services which receives tax invoices issued under section 23 towards receipt of input services and issues tax invoice or such other document as prescribed for the purposes of distributing the credit of CGST (SGST in State Acts) and / or IGST paid on the said services to a supplier of taxable goods and / or services having same PAN as that of the office referred to above;
Explanation.- For the purposes of distributing the credit of CGST (SGST in State Acts) and / or IGST, Input Service Distributor shall be deemed to be a supplier of services.

Model GST Act – Definitions

- ▶ (57) "**input tax**" in relation to a taxable person, means the {IGST and CGST}/{IGST and SGST} charged on any supply of goods and/or services to him which are used, or are intended to be used, in the course or furtherance of his business and includes the tax payable under sub-section (3) of section 7;
- ▶ (58) "**input tax credit**" means credit of 'input tax' as defined in section 2(56);
- ▶ (6) "**aggregate turnover**" means 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.
- ▶ (104) "**turnover in a State**" means the aggregate value of all taxable and non-taxable supplies, including exempt supplies and exports of goods and / or services made within a State by a taxable person and inter-state supplies of goods and / or services made from the State by the said taxable person excluding taxes, if any charged under the CGST Act, SGST Act and the IGST Act, as the case may be;
- ▶ (92) "**supply**" shall have the meaning as assigned to it in section 3;

Model GST Act – Definitions

- ▶ In Model GST Law, the word “Supply” plays a key role for levy and collection of taxes
- ▶ Section 3, defines the meaning and scope of supply
- ▶ The word supply includes – all forms of supply of goods or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made to made to be agreed for a consideration.
- ▶ Schedule 1 – lists all supplies made without consideration – transfer or disposal of business assets, transfer of material for job work under section 43A, services put to a private user or non business use, retaining of assets after de registration
- ▶ Schedule 11 – lists rules for treating what is supply of service or supply of goods

Model GST Act – Time of Supply

- ▶ Time of supply of goods – Section 12
- ▶ Time of supply of services – Section 13
- ▶ Value of Taxable Supply – Section 15

Model GST Act – Time of supply of Goods

- ▶ Time of supply of goods – Section 12
- ▶ Time of supply refers to the point when the liability of CGST/SGST/IGST arises
- ▶ Generic principle
 - Earliest of the following dates
 - Date on which goods are removed
 - Date on which goods are made available
 - Date on which supplier issues the invoice
 - Date on which the payment is received
 - Date on which recipient shows the receipt of goods in his book
- ▶ Continuous Supply
- ▶ Reverse Charge
- ▶ Miscellaneous

Model GST Act – Time of supply of Goods

- ▶ Time of supply of goods – Section 12
- ▶ Time of supply refers to the point when the liability of CGST/SGST/IGST arises
- ▶ Generic principle

Sl.No	Date of removal	Date of issue of invoice	Date of Receipt of Advance	Date on which recipient shows in his books	Time of Supply - earliest of the dates
1	14-May-17	15-May-17	NA	NA	14-May-17
2	22-May-17	21-May-17	NA	NA	21-May-17
3	22-May-17	22-May-17	10-May-17	NA	10-May-17
4	13-May-17	13-May-17	NA	12-May-17	12-May-17

Model GST Act – Time of supply of Goods

- ▶ Time of supply of goods – Section 12
- ▶ Continuous Supply
- If Successive payments or statements available
 - Date of expiry of statement of accounts or successive payments
- If Successive payments or statements not available
 - Earliest of the following dates
 - Issue of invoice
 - Receipt of payment

Model GST Act – Time of supply of Goods

- ▶ Time of supply of goods – Section 12
- ▶ Reverse Charge
 - Earliest of the following dates
 - Date of receipt of goods
 - Date on which payment is made
 - Date of receipt of invoice
 - Date of debit in books of accounts

Model GST Act – Time of supply of Goods

- ▶ Time of supply of goods – Section 12
- ▶ Miscellaneous
 - Not able to determine supply will take place – consignment sales / on approval, earliest date is considered for time of supply
 - Date on which supply takes place
 - 6 months from the date of removal
 - Periodical return has to be filed
 - Date of filing of return
 - Date of payment for CGST/ SGST/IGST

Model GST Act – Time of supply of Services

- ▶ Time of supply of goods – Section 13
- ▶ Time of supply refers to the point when the liability of CGST/SGST/IGST arises
- ▶ Generic
 - ❑ Date of issuance of invoice
 - ❑ Date of receipt of payment
 - ❑ Date of completion of service (if invoice not issued within prescribed period)
 - ❑ Date on which recipient shows receipt of service in books of account (where there is no invoice or payment)
- ▶ Continuous Supply
- ▶ Reverse Charge
- ▶ Miscellaneous

Model GST Act – Time of supply of Services

- ▶ Time of supply of goods – Section 13
- ▶ Time of supply refers to the point when the liability of CGST/SGST/IGST arises
- ▶ Generic

Sl.No	Date of payment	Date of invoice	Date of debit in books	Completion of Service	Time of Supply - earliest of the dates
1	14-May-17	15-May-17	15-May-17	15-May-17	14-May-17
2	15-Jun-17	10-May-17	10-May-17	22-May-17	10-May-17
3	09-May-17	13-May-17	08-May-17	22-May-17	08-May-17
4	05-Jun-17	25-May-17	25-May-17	20-May-17	20-May-17

Model GST Act – Time of supply of Services

- ▶ Time of supply of goods – Section 13
- ▶ Time of supply refers to the point when the liability of CGST/SGST/IGST arises
- ▶ Continuous Supply
 - Where due date of payment is ascertainable from the contract – date on which payment is liable to be made by recipient, whether or not invoice issued or payment received by supplier
 - Where due date of payment is not ascertainable from the contract – each time when the supplier receives payment or issues an invoice, whichever is earlier
 - Where payment is linked to completion of an event – time of completion of event

Model GST Act – Time of supply of Services

- ▶ Time of supply of goods – Section 13
- ▶ Time of supply refers to the point when the liability of CGST/SGST/IGST arises
- ▶ Reverse Charge
 - ❑ Date of receipt of services
 - ❑ Date on which payment is made
 - ❑ Date of receipt of invoice
 - ❑ Date on which debit in the books of accounts

Model GST Act – Time of supply of Services

- ▶ Time of supply of goods – Section 13
- ▶ Time of supply refers to the point when the liability of CGST/SGST/IGST arises
- ▶ Miscellaneous
 - In cases where the supply of services ceases before the completion of the supply, then time of supply will be the date of cessation of supply
 - Not possible to determine time of supply based on above rules,
 - Date of filing of return
 - Date of payment for CGST/ SGST/IGST

Model GST Act – Time of supply of Services

- ▶ Date of receipt of payment – Time of supply of goods and services

Date of receipt of payment will be the earlier date of the two, date on which the payment is entered in the books of accounts of the supplier or the date on which the amount is credited in the supplier's bank account

- ▶ Date of payment - time of supply of goods and services under reverse charge

Date of payment will be the earlier date of the two, date on which the payment is entered in the books of accounts or the date on which the amount is debited in the bank account

Model GST Act – Valuation

Section 15 of the Model GST Act describes about the valuation

The value of supply of goods and services will be the transaction value i.e for the actual value of goods and services paid or payable by the buyer if both the buyer and seller or not related parties.

- Transaction values includes
 - Any reimbursement of expenses incurred by the seller
 - Goods issued as free or at a reduced price
 - Royalties, license fees,
 - Any other taxes, duties, levies applicable on the product
 - It does not include any sort of discounts applicable for the supply known at the time of supply
- The transaction value under sub-section (1) shall not include any discount allowed before or at the time of supply provided such discount is allowed in the course of normal trade practice and has been duly recorded in the invoice issued in respect of the supply.

Model GST Act – Input Tax Credit

Section 16 of the Model GST Act describes the manner under which input tax credit can be availed under GST

- Input tax credit is available only if the following conditions are met
 - The input tax credit should be taken within one year from the date of issue of tax invoice.
 - The buyer must have received the goods / services
 - The buyer is in possession of the tax invoice, supplementary invoice, credit note or debit note or any other tax paying document as specified
 - In case if goods are received in installments, the input credit is allowed only on receipt of the last lot or installment.
- Input tax credit is available when the seller pays the taxes, the electronic credit ledger for the buyer will be credited.
- If a registered tax payer uses input of goods or services for taxable and non-taxable purposes, the amount of input tax is allowed only on the portion of the input used supply of taxable goods or services including zero rated supplies.
- If there is change in the constitution of the taxable person on account of merger, sale, demerger, amalgamation, lease or transfer of business, the input tax credit is allowed to be transferred.

Model GST Act – Input Tax Credit

Section 16 of the Model GST Act describes the manner under which input tax credit can be availed under GST

- Input tax credit not available in the following cases
 - ❑ Input tax credit on motor vehicles in the following cases
 - Transportation of goods
 - Transportation of passengers
 - Used for training
 - ❑ On purchases from composite dealer
 - ❑ If input tax credit is claimed then depreciation benefit on the tax is not allowed for computation of depreciation under Income Tax Act 1961.
 - ❑ Input tax credit on goods or services used for private consumption
 - ❑ goods and / or services provided in relation to food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, membership of a club, health and fitness centre, life insurance, health insurance and travel benefits extended to employees on vacation such as leave or home travel concession, when such goods and/or services are used primarily for personal use or consumption of any employee
 - ❑ goods and/or services acquired by the principal in the execution of works contract when such contract results in construction of immovable property, other than plant and machinery;

Model GST Act – Input Tax Credit

Section 16A of the Model GST Act describes the manner under which input tax credit can be availed when goods are sent out for job work

Job work or sub-contracting is allowed under GST also. Section 43A of the Model GST Act prescribes the provisions for job work. Special permission has to be taken from the commissioner. Goods can be sent directly to sub contractor and also allows back to back sub-contracting.

➤ Input tax credit in case of job work

▣ Inputs

- In case of inputs, the credit is allowed / eligible only if the goods are received back from the job worker within 180 days for those goods which are shipped to job workers place directly. For computing 180 days, from the date on which the inputs have been received at the job workers place will be considered.
- Credit can be availed only if the supplier pays the tax.

▣ Capital Goods

- The input credit for capital goods can be taken if the goods capital goods is used by the job worker and the same is returned within 2 years from the date on which it is sent out to job worker.

➤ In case if the goods are not received within 180 days, the amount of input tax credit availed on inputs or capital goods should be paid.

Model GST Act – Input Tax Credit

- Cross Utilization of Input Tax Credit
 - ❑ CGST – CGST then with IGST
 - ❑ SGST – SGST then with IGST
 - ❑ IGST – IGST then CGST and then SGST

Model GST Act – Tax Invoice, Debit /Credit Memo

- Section 23 of the Model GST Act describes about the tax invoice, debit memo / credit memo.
- A Taxable Invoice should be issued at the time of supply as prescribed under section 12, 13 and 14 of the Model GST Act.
- A Tax invoice should contain the following information Description of the goods
 - HSN code / accounting code
 - Quantity sold
 - Value of the goods sold
 - Tax base amount – the amount on which tax is charged
 - Tax charged
- A debit memo / credit memo is also considered as a tax invoice if issued post the time of supply of goods or services for price change or any other reason.

Model GST Act – Tax Deduction at Source

- Section 37 of the Model GST Act describes about the process of Tax deduction at Source
- A tax at a rate of not more than 1% is to be recovered from the contracts above Rs 10 lacs based on the notification from the government from time to time.
- The deductor have to remit the tax within 10 days of the next month after deduction of tax.
- The deductor have to issue a certificate to the deductee with information like the amount of tax deducted, value of taxable supply, amount paid, rate of deduction.
- If the deductor fails to issue a certificate within 5 days from the date of payment, the deductor is liable to pay a fine of Rs 100 per day till the date, certificate is issued.
- The deductee can take the credit of the tax paid by the deductor when it is paid. It is reflected in the electronic cash ledger.

Model GST Act – Collection of Tax at Source

- Section 43C of the Model GST Act describes about the process of collection of tax at source.
- An electronic commerce operator is liable to collect tax from his supplier of goods or services, when amount is credited to the supplier of goods or services in any manner.
- The rate of tax to be collected will be notified by the relevant government based on the recommendation of the council.
- The electronic operator should deposit the tax within 10 days after the end of the month
- A statement should be filed by the operator for the tax deposited based on the information asked by the government.
- The amount of tax collected from the supplier of goods or services will be credited to the electronic cash ledger of the supplier.

Model GST Act – Rounding

- Section 137 of the Model GST Act describes the conditions for the rounding of the tax amount payable.
- The amount of tax, interest, penalty, fine or any other amount payable should be rounded off to nearest rupee.
- If the tax amount is greater than fifty paise, it should be increased to the nearest rupee.
- If the tax amount is less than fifty paise, it should be ignored.

Model GST Act – Registration

- ▶ Section 19 of the Model GST Act describes about the process and procedure for obtaining the registration number.
- ▶ Schedule III of the Model Act prescribes who all need to obtain registration number.
 - ❑ Every Supplier who makes a taxable supply of goods or services in a previous financial year exceeds Rs 9.00 Lacs in states other than north eastern states.
 - ❑ Every Supplier who makes a taxable supply of goods or services in a previous financial year exceeds Rs 4.00 Lacs, in north eastern states.
 - ❑ All tax payers registered under the current tax regimes
 - ❑ Any person who is required to pay tax under reverse charge mechanism
 - ❑ Any person marking interstate supplies
 - ❑ Casual taxable person
 - ❑ Non Residential taxable person
 - ❑ Person required to deduct tax under Sec 37
 - ❑ A person who supplies goods or services on behalf of a principal has to be obtain irrespective of the threshold
 - ❑ Input service distributor

Model GST Act – Registration

- ▶ Under the registration number is being called as Goods and Service Tax Identification Number
- ▶ Registration number is based on PAN Number similar to ECC number.
- ▶ If an enterprise has presence in 15 states it has to obtain that many registration numbers.

Model GST Act – Registration

- ▶ Format of Registration GSTIN – 15 digits based on PAN

State Code		PAN Number										Entity Code	Blank	Check Digit
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

- ▶ The first two digits, determine the state in which the GSTIN is being obtained, the list of the states is based on 2011 Indian Census. Under this each state will be allocated a two digit number.
- ▶ Next 10 digits are PAN number of the entity issued by the Income Tax Department.
- ▶ Thirteenth digit is alphanumeric and it is based on the user's requirement to get registration based on the business vertical. There can be 35 sequences maximum for this 1-9 numbers and alphabets a - z . If the tax payer is going for a single registration then it will be 1 in the thirteenth field but if he goes for more than one registration like one two business vertical say for example one for consumer durables and another for automobiles then the second one will be having 2 in the thirteenth number and the third registration number will be having 3 in the thirteenth field.
- ▶ 14th digit is being reserved by the GSTIN for the future use and the 15th digit is check digit.

Model GST Act – Returns

- Section 27 of the Model Act prescribes the returns to be filed by a taxable person.
- All tax payers have to file the returns electronically including the Input Service Distributor.
- The tax payer has to furnish details in details related to inward and outward supplies of goods and services.

Model GST Act – Returns

Returns

Type	VAT / CST	Central Excise	Service Tax	Total
Annexure	317			317
Challan	10	1	1	12
Declaration	28	1	3	32
Form	97	13	2	112
Requisition Form	10			10
Transit Pass	2			2
Worksheet	4			4
Invoice Format	5			5
Register		1		1
Total	473	16	6	495

Model GST Act – Returns

Returns

Sl.No	Report Name	To be filed by	Content of the report	Due date
1	GSTR - 1	Other than by compounding tax payer and input service distributor	Outward supplies – goods and services	10 th of next month
2	GSTR – 2	Other than by compounding tax payer and input service distributor	Inward supplies – goods and services	15 th of next month
3	GSTR – 3	Other than by compounding tax payer and input service distributor	Monthly return	20 th of next month
4	GSTR – 4	Compounding tax payer	Quarterly	18 th of the next month of the quarter
5	GSTR – 5	Non Resident Tax Payer	Inward supplies – goods and services	Last day of registration
6	GSTR – 6	Input service distributor	Inward supplies – services	15 th of next month
7	GSTR – 7	Other than by compounding tax payer and input service distributor	Return for tax deducted at source	10 th of next month
8	GSTR – 8	Other than by compounding tax payer and input service distributor	Annual Return	By 31 st December of next financial year

Model GST Act – Returns

Returns

Basic Features

- ▶ Self-assessment of tax liability by the taxpayer
- ▶ Common e-Return for CGST, SGST, IGST & Additional Tax
- ▶ Returns by a normal / casual taxpayer to be filed in sequential manner with different cut-off dates to allow auto-population of return & automated matching of invoices
- ▶ Payment of due tax is must for filing valid return (short payment is considered as invalid return)
- ▶ Provision for filing revised information (through Debit / Credit Notes, Supplementary Invoices)

Overview of Business Process Documents

Returns

Basic Features

- ▶ Maintenance of electronic Cash Ledger
- ▶ Maintenance of electronic ITC Ledger
- ▶ Maintenance of electronic Tax liability Ledger

Overview of Business Process Documents

Returns

Time Lines

- ▶ Normal/Regular taxpayers – monthly return
 - 10th day of succeeding month: last date for uploading supply invoice details – GSTR -1
 - 15th day of succeeding month: last date for auto-population & uploading purchase details – GSTR-2
 - 17th day of succeeding month: last date for finalizing supply & purchase details
 - 20th day of succeeding month: last date for filing GSTR-3
- ▶ Compounding taxpayers to file quarterly return: by 18th day of succeeding month of the Quarter – GSTR-4
- ▶ Foreign Non-resident Taxpayers to file monthly return: within 7 days after expiry of registration - GSTR-5

Overview of Business Process Documents

Returns

Time Lines

- ▶ Input Service Distributors (ISD) taxpayers to file monthly return: by 15th day of succeeding month – GSTR-6
- ▶ Tax Deductors to file monthly TDS return: by 10th of succeeding month – GSTR- 7
- ▶ Casual taxpayers to file same return as for normal taxpayer but with monthly periodicity and / or linked to validity period of registration
- ▶ UN agencies to file return for the month in which they make purchases – to claim refunds

Overview of Business Process Documents

Returns

HSN Codes & SAC

- ▶ HSN Code for goods - in invoice level details
 - 4-digit HSN Code mandatory for taxpayers having turnover above Rs. 5 Crore in preceding FY
 - 2-digit HSN Code for taxpayers with turnover between Rs. 1.5 Crore & Rs. 5 Crore in preceding FY - optional in 1st Year and mandatory from 2nd Year
 - 8-digit level mandatory for exports & imports
- ▶ Accounting Codes for services – in invoice level details
 - Mandatory for those services for which Place of Supply Rules are dependent on nature of services
 - Mandatory for exports & imports
- ▶ Service Accounting Code to be prefixed with 's' for differentiating from HSN

Overview of Business Process Documents

Returns

Invoice Details

- ▶ Buyer's GSTIN / Departmental ID / Address
- ▶ Invoice Number & Date
- ▶ HSN Code/Accounting Code - for each line item of an invoice in case of multiple codes in an invoice
- ▶ Taxable Value
- ▶ Invoice Value
- ▶ Tax Rate
- ▶ Tax Amount (CGST & SGST or IGST & / or Additional Tax)
- ▶ Place of Delivery/Place of Supply - only if different than the location of buyer

Overview of Business Process Documents

Returns

GSTR – 1

- ▶ Taxpayer details
- ▶ Return period details
- ▶ Invoice level specified details
- ▶ All B2B supplies
 - Line-item level data in case multiple tax rate or HSN / Service Accounting Code in one invoice
- ▶ Inter-State B2C supplies
 - only if Taxable Value per invoice is \geq INR 250000/-

Overview of Business Process Documents

Returns

GSTR – 1

- ▶ Aggregate State-wise summary
 - All other B2C inter-State taxable supplies having address on record
 - Every invoice having Taxable Value of \geq INR 50,000/- to mandatorily have address of buyer
- ▶ Aggregate summary
 - All B2C intra-State taxable supplies
 - All exempted, nil rated & non-GST supplies (intra- State & inter-State AND B2B & B2C)

Overview of Business Process Documents

Returns

GSTR – 1

- ▶ Export & deemed Export
 - Invoice level details along with shipping bill details
 - with payment of GST
 - without payment of GST
- ▶ Debit Notes / Credit Notes: Details of debit note, credit note & changes in supply information for earlier tax periods with consequential increase/decrease in tax liability
- ▶ Details of tax liability on receipt of advance
- ▶ Details of subsequent issuance of invoices issued w.r.t. advance receipt

Overview of Business Process Documents

Returns

GSTR – 2

- ▶ Taxpayer details
- ▶ Return period details
- ▶ Invoice level inward supply details received from registered taxpayer
 - To be auto-populated from GSTR-1 of counterparty supplier
 - Recipient to have option to add receipts not declared by counterparty supplier – if in possession of taxable invoice & have received supply of goods / services
- ▶ Bill of entry details of import of goods
- ▶ Invoice level details of import of services

Overview of Business Process Documents

Returns

GSTR – 2

- ▶ Debit Notes / Credit Notes: Details of debit note, credit note and changes in inward supply information for earlier tax periods with consequential increase/decrease in ITC
- ▶ Option to declare eligibility for ITC
- ▶ Aggregate summary of receipts of exempted, nil rated, non-GST supplies & supplies received from unregistered person
- ▶ Details of ITC received from ISD
- ▶ Details of cash credit received on account of TDS

Overview of Business Process Documents

Returns

GSTR – 3

- ▶ Taxpayer details
- ▶ Return period details
- ▶ To be auto-populated from GSTR-1 & GSTR-2
- ▶ Aggregate values of all B2B outward supplies
- ▶ Aggregate value of all B2C outward supplies
- ▶ Aggregate value of all exports including deemed exports
- ▶ Aggregate value of all inward supplies
- ▶ Aggregate value of all imports
- ▶ Information about adjustments for earlier periods

Overview of Business Process Documents

Returns

GSTR – 3

- ▶ Details of cash credit received on account of TDS
- ▶ Details of all liabilities (Tax, interest, penalty, late fee, etc.)
- ▶ Details of ITC availed, ITC utilized, credit reversible on account of invoice mismatch and other adjustment
- ▶ Details of gross & net tax liability
- ▶ Details of payment of tax and other statutory liabilities
- ▶ Provision for capturing Debit Entry No. of Cash & ITC Ledger
- ▶ A field for return based refund & Bank Account Number

Overview of Business Process Documents

Returns

GSTR – 4

- ▶ Taxpayer details
- ▶ Return period details
 - Inward supply details
 - Auto-populated from GSTR-1 of counter-party supplier
 - Option to add receipts not uploaded by counter-party supplier
 - Receipts from unregistered dealers to be added
 - Includes supply attracting tax payment on reverse charge basis
- ▶ Details of import of goods and services
- ▶ Details of outward supply: intra-state, exports & non-GST

Overview of Business Process Documents

Returns

GSTR – 4

- ▶ Details of all liabilities (Tax, interest, penalty, late fee, etc.)
- ▶ Details of payment of tax and other statutory liabilities
- ▶ Provision for capturing Debit Entry No. of Cash ledger
- ▶ Information on possibility of crossing composition limit before date of next return

Overview of Business Process Documents

Returns

GSTR – 5

- ▶ Taxpayer details
- ▶ Return period details
- ▶ Details of imported goods: HSN details at 8 digit level
- ▶ Details of outward supplies
- ▶ Details of ITC availed
- ▶ Details of tax payable
- ▶ Details of tax paid
- ▶ Closing stock of goods

Overview of Business Process Documents

Returns

GSTR – 6

- ▶ Taxpayer details
- ▶ Return period details
- ▶ Details of ITC
 - Auto-populated from GSTR-1 of counter-party supplier
 - Option to add receipts not declared by counterparty supplier – if in possession of taxable invoice & have received supply of goods or services
 - Includes supplies attracting reverse charge
 - Information about ITC available in the month for distribution

Overview of Business Process Documents

Returns

GSTR – 6

- ▶ Details of credit of CGST, SGST & IGST distributed
- ▶ Details of ISD ledger
 - Opening and closing balance of ITC
 - ITC received, reversed and distributed

Overview of Business Process Documents

Returns

GSTR – 7

- ▶ Taxpayer's details
- ▶ Return period details
- ▶ Details of Tax deducted
 - GSTIN of supplier
 - Invoice details
 - Payment details
 - Amount of TDS on account of CGST, SGST & IGST
- ▶ Details of payments of any other amount

Overview of Business Process Documents

Returns

GSTR – 8

- ▶ Taxpayers Details
- ▶ Details of all expenditure
- ▶ Details of all income
- ▶ Details of all other tax liability
- ▶ Other Reconciliation Statement

Overview of Business Process Documents

Returns

GSTR - 8

- ▶ All Regular and Compounding taxpayers to file Annual Return
Last date - 31st December following the end of the financial year
- ▶ Simpler Annual Return for Compounding taxpayers & those taxpayers who are not required to get their accounts audited
- ▶ Annual Return to be accompanied with a statement showing reconciliation of information as per Returns with information as per annual audited accounts
- ▶ Reconciliation statement to be filed by taxpayers who are required to get accounts audited under Section 44AB of the Income Tax Act, 1961

Overview of Business Process Documents

Returns

Filing process

- ▶ To be filed by taxpayer at GST Common Portal either:
 - by himself logging on to the GST System using his own user ID & password; or
 - through his authorized representative using the user Id & password (allotted to the authorized representative by the tax authorities), as chosen at the time of registration, logging on to the GST System
- ▶ Filing may be done through TRPs / FCs also
- ▶ Filing may be done either directly or by using Applications developed by accounting companies / IT companies which will interact with GST System using APIs

Overview of Business Process Documents

Returns

Invoice Matching & Credit Reversal

- ▶ B2B supply information given by the supplying taxpayer in GSTR-1 will be auto-populated into GSTR-2 of the counterparty purchaser
- ▶ Purchasing taxpayers will be allowed to add invoice details in GSTR-2 & avail credit if he is in possession of valid invoice & have received supply of goods or services
- ▶ Counterparty registered taxpayers shall have a 2-day window to reconcile invoice information among themselves prior to filing of GSTR-3
- ▶ Credit availed on unmatched invoices shall be auto-reversed in the next to next return period (e.g. mismatched ITC for April to be auto-reversed in return for June)

GST – The road ahead

- ▶ Will the bill be passed in Monsoon Session of Parliament ?
- ▶ Will it be practical for implementation from 1st April 2017
- ▶ What will be tax rate – Revenue Neutral Rate
- ▶ IT Preparedness

GST – Additional Information

- ▶ Website - <http://india-gst.in/>
- ▶ Blogs - <https://indiagstdotin.wordpress.com/>
- ▶ Facebook page – for latest news on GST - www.facebook.com/ingst
- ▶ Mail – mallikarjunagupta@india-gst.in



