

One Day Seminar on GST



Post Implementation & Compliance

Thrissur Chapter of Institute of Cost Accountants of India

LEVY AND COLLECTION OF TAX

- **CGST Act** - There shall be levied a tax called the **Central Goods and Services Tax** on all Intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, at such rates, not exceeding twenty per cent
- **KGST Act** - There shall be levied a tax called the **Kerala Goods and Services Tax** on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, at such rates, not exceeding twenty per cent.
- **IGST ACT** - There shall be levied a tax called the **Integrated Goods and Services Tax** on all Inter-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, at such rates, not exceeding forty per cent.

The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified

Taxable Person

“Taxable person” means a person who is registered or liable to be registered

Persons liable for registration.

➤ Every supplier who makes a taxable supply of goods or services or both,

“taxable supply” means a supply of goods or services or both which is leviable to tax under this Act;

➤ if his aggregate turnover in a financial year exceeds twenty lakh

“aggregate turnover” means the aggregate value of all taxable supplies, 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

“exempt supply” means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax and includes non-taxable supply;

Taxable Person

Persons not liable for registration.

- any person engaged **exclusively** in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax
- an agriculturist, to the extent of supply of produce out of cultivation of land

“agriculturist” means an individual or a Hindu Undivided Family who undertakes cultivation of land— (a) by own labour, or (b) by the labour of family, or (c) by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family;

Taxable Person

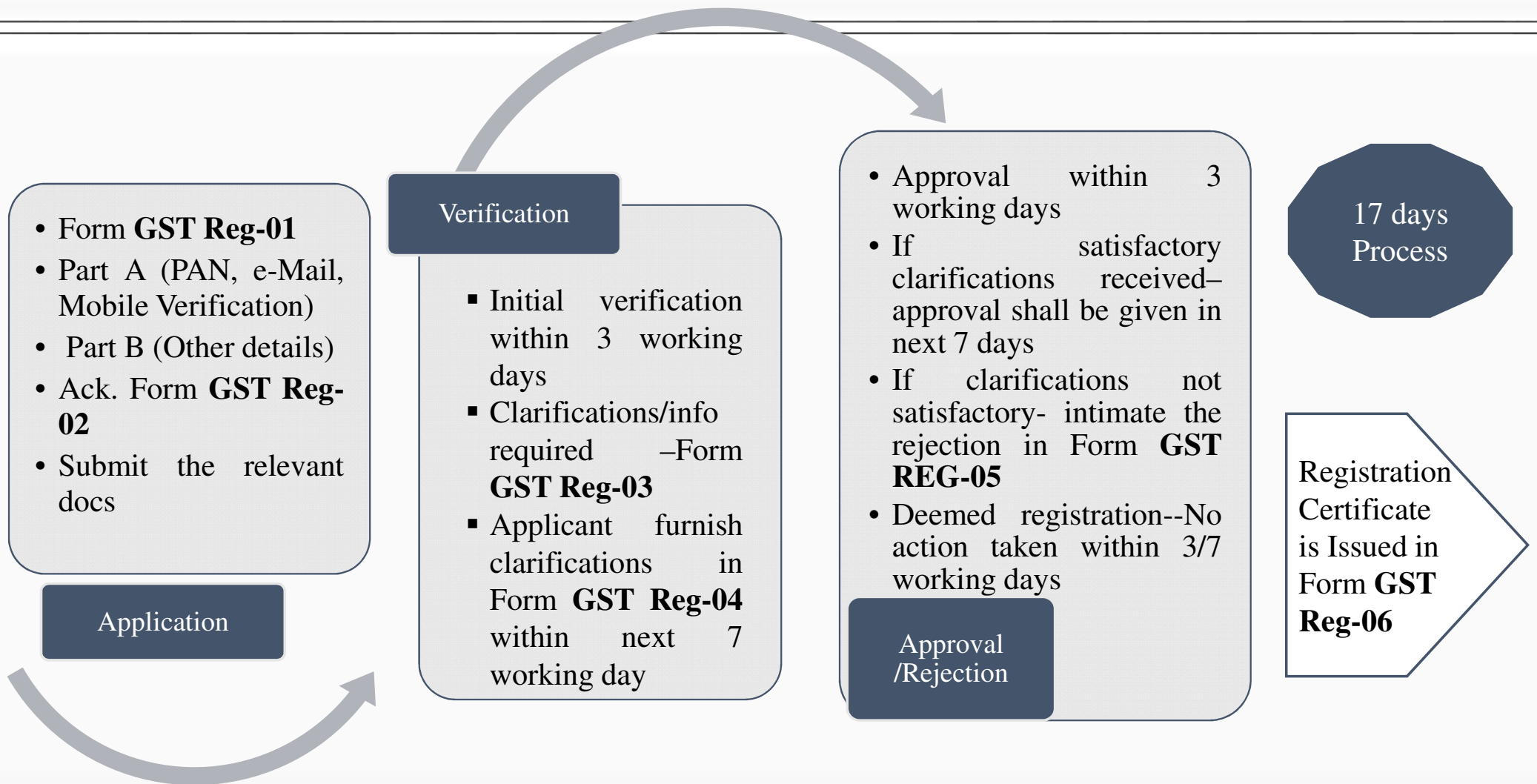
Compulsory registration even if aggregate turnover doesn't exceeds 20 Lakhs

- (i) persons making any inter-State taxable supply;
- (ii) casual taxable persons making taxable supply;
- (iii) persons who are required to pay tax under reverse charge;
- (iv) electronic commerce operator who is laible to pay tax on certain intra state supply of services if such services are supplied through it
- (v) non-resident taxable persons making taxable supply;
- (vi) persons who are required to deduct tax under section 51,
- (vii) persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
- (viii) Input Service Distributor, whether or not separately registered under this Act;
- (ix) persons who supply goods or services or both, other than supplies specified under (v) above, through such electronic commerce operator who is required to collect tax at source under section 52;
- (x) every electronic commerce operator;
- (xi) every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person;

Taxable Person

- PAN based Registration: PAN will be mandatory (except for Non-Resident / UN agencies)
- A person, whose aggregate turnover is less than Rs 20 Lakhs may get himself registered Voluntarily
- A registered person supplying taxable goods shall, before or at the time of removal of goods for supply to the recipient issue a tax invoice.
- A registered person supplying taxable services shall before or within a period of 30 days from provision of service but within a prescribed period, issue a tax invoice
- Every person who is liable to be registered shall apply for registration within thirty days from the date on which he becomes liable to registration.
- A person who is not a registered person shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act.
- A registered person may, within one month from the date of issuance of certificate of registration issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him;

Taxable Person



Meaning & Scope of Supply

All forms of supply of goods and/or services such as:

- Sale
- Transfer
- Barter
- Exchange
- License
- Rental
- Lease
- Disposal

For a consideration

In the course or furtherance of business

Section 3(1)(a)

Consideration" in relation to the supply of goods and/or services to any person, includes

- any payment made or to be made, whether in money or otherwise,
- the monetary value of any act or forbearance, whether or not voluntary,
 - in respect of, in response to, or for the inducement of,
 - the supply of goods and/or services,
 - 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;

Meaning & Scope of Supply

All forms of supply of goods and/or services such as:

- › Sale
- › Transfer
- › Barter
- › Exchange
- › License
- › Rental
- › Lease
- › Disposal

For a consideration

In the course or furtherance of business

Section 3(1)(a)

“business” includes –

- any trade, commerce, manufacture, profession, vocation or any other similar activity, whether or not it is for a pecuniary benefit;
- any transaction in connection with or incidental or ancillary to (a) above;
- any transaction in the nature of (a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;
- supply or acquisition of goods including capital assets and services in connection with commencement or closure of business;
- provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members,
- admission, for a consideration, of persons to any premises;
- services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;

Meaning & Scope of Supply

➤ Import of services for a consideration whether or not in the course or furtherance of business.

➤ **Schedule I – Activities without Consideration to be treated as Supply**

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.

2. Supply of goods or services or both between related persons or between distinct persons, when made in the course or furtherance of business:

An establishment of a registered person in another State or Union territory or an establishment of a registered person in the same state with a separate registration shall be treated as establishments of distinct persons.

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

3. Supply of goods—

(a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or

(b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

4. Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Meaning & Scope of Supply

Schedule III – Activities to be treated as Neither as Goods Nor as Service

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.
3. (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.
4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
(clause (b) of paragraph 5 of Schedule II:- “construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier shall be treated as Supply of Service”)
6. Actionable claims, other than lottery, betting and gambling

Nature of supply

Supply of goods or services or both where the location of the supplier and the place of supply are in two different States, shall be treated as a supply of goods in the course of inter-State trade or commerce.

“Location of the Supplier of Services” means:

- (a) Where 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 the location of the establishment most directly concerned with the receipt of the supply;
- (d) And in absence of such places, the location of the usual place of residence of the Supplier

“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;

Place of Supply - Goods

Article 366(12) of the Constitution

'Goods' **INCLUDES** all materials, commodities and articles;

Section 2 (48) of CGST / SGST Act

'Goods' **MEANS** every kind of movable property other than Money and Securities

but **INCLUDES**

actionable claims,
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;

Place of Supply - Goods

Where the supply involves movement of goods,
whether by the supplier or the recipient or by any other person,
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.**

Check Whether there is a	Location of supplier (location of goods ready for supply)	Termination of movement for delivery	Place of Supply	Act Applied
Movement of goods by the supplier / recipient / or any other person (Both Ex works / FoR contracts)	Kerala	Maharashtra	Maharashtra	Interstate - IGST Act will apply
	Kerala	Kerala	Kerala	Intra State - CGST / SGST Act will apply

Place of Supply - Goods

Where the goods are delivered by the supplier to a recipient or any other person, on the direction of a third person,

whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and

the place of supply of such goods shall be the principal place of business of such person.

Location of the Supplier	Location of the Buyer (Third Party)	Place of Delivery of Goods (Recipient)	Place of Supply	GST Applicable
Cochin	Bangalore	Hyderabad	Karnataka	IGST
Cochin	Bangalore	Cochin	Karnataka	IGST
Cochin	Bangalore	Banglore	Karnataka	IGST
Cochin	Cochin	Hyderabad	Kerala	CGST / SGST

Place of Supply - Goods

Where the supply **does not involve movement of goods**, whether by the supplier or the recipient, the place of supply shall be the location of such goods **at the time of the delivery to the recipient**.

Particulars	Location of supplier	Location of recipient	Location of goods	Place of supply	Tax Payable
Manufacture of moulds by job-worker (supplier), sold to the Principal, but retained in job worker's premises	Kerala	Tamilnadu	Kerala	Kerala	CGST + SGST payable at Kerala

Place of Supply - Goods

Where the goods are assembled or installed at site, the place of supply shall be the **place of such installation or assembly.**

Particulars	Location of supplier	Registered office of recipient	Installation/ Assembly Site	Place of supply	Tax Payable
Installation of weigh bridge	Kerala	Goa	Goa	Goa	IGST payable
Servers supplied and installed at the office of a marketing firm	Kerala	Goa	Kerala	Kerala	CGST + SGST payable
Servers supplied and installed at the office of a marketing firm	Kerala	Kerala	Goa	Goa	IGST payable

Goods Supplied on Board a Conveyance

Where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board

Place of Supply - Services

As per 2 (92) of CGST /SGST Act : “Services” means anything other than goods; money and securities;

But includes an activity 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

Place of Supply - Services

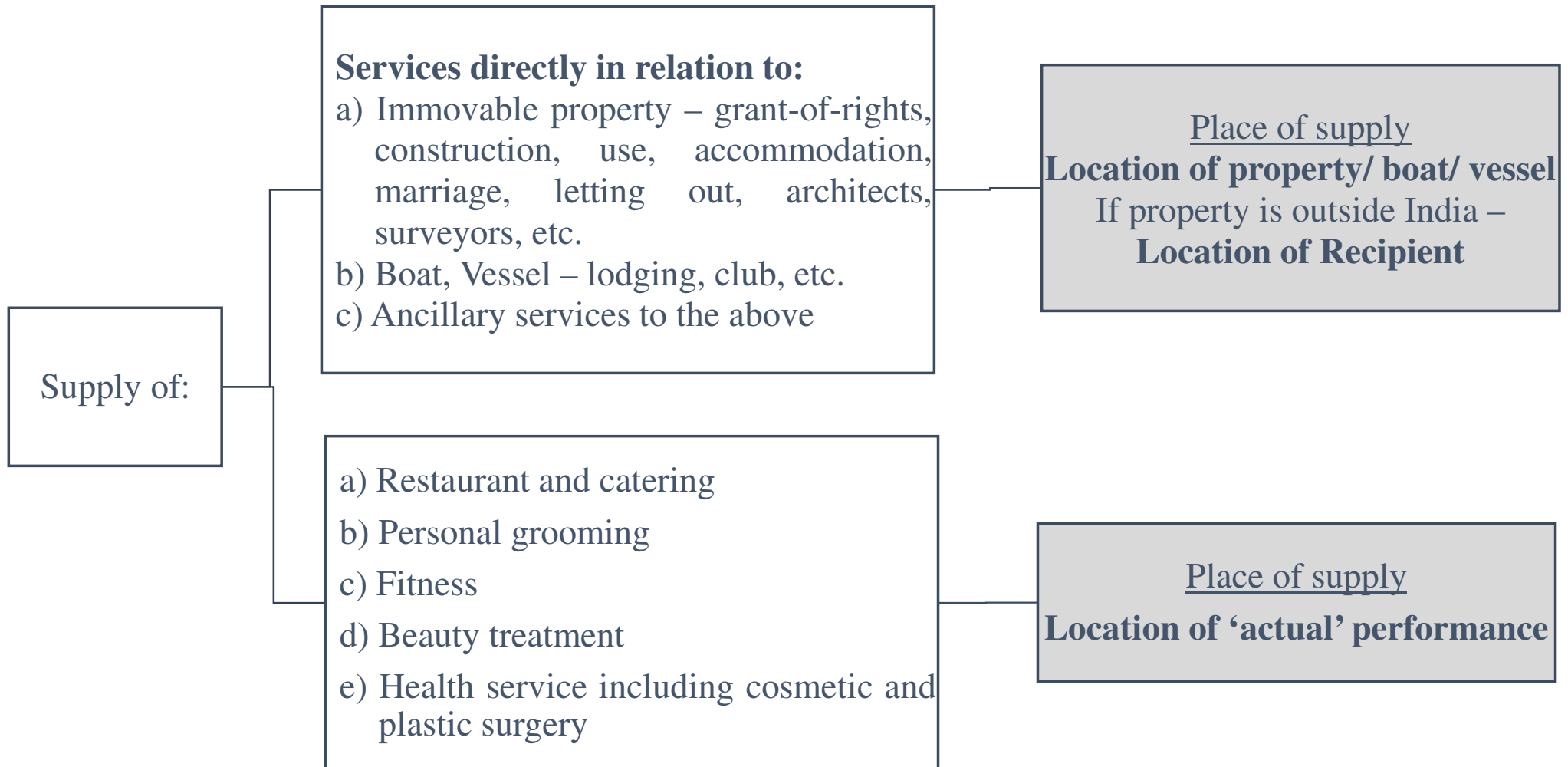
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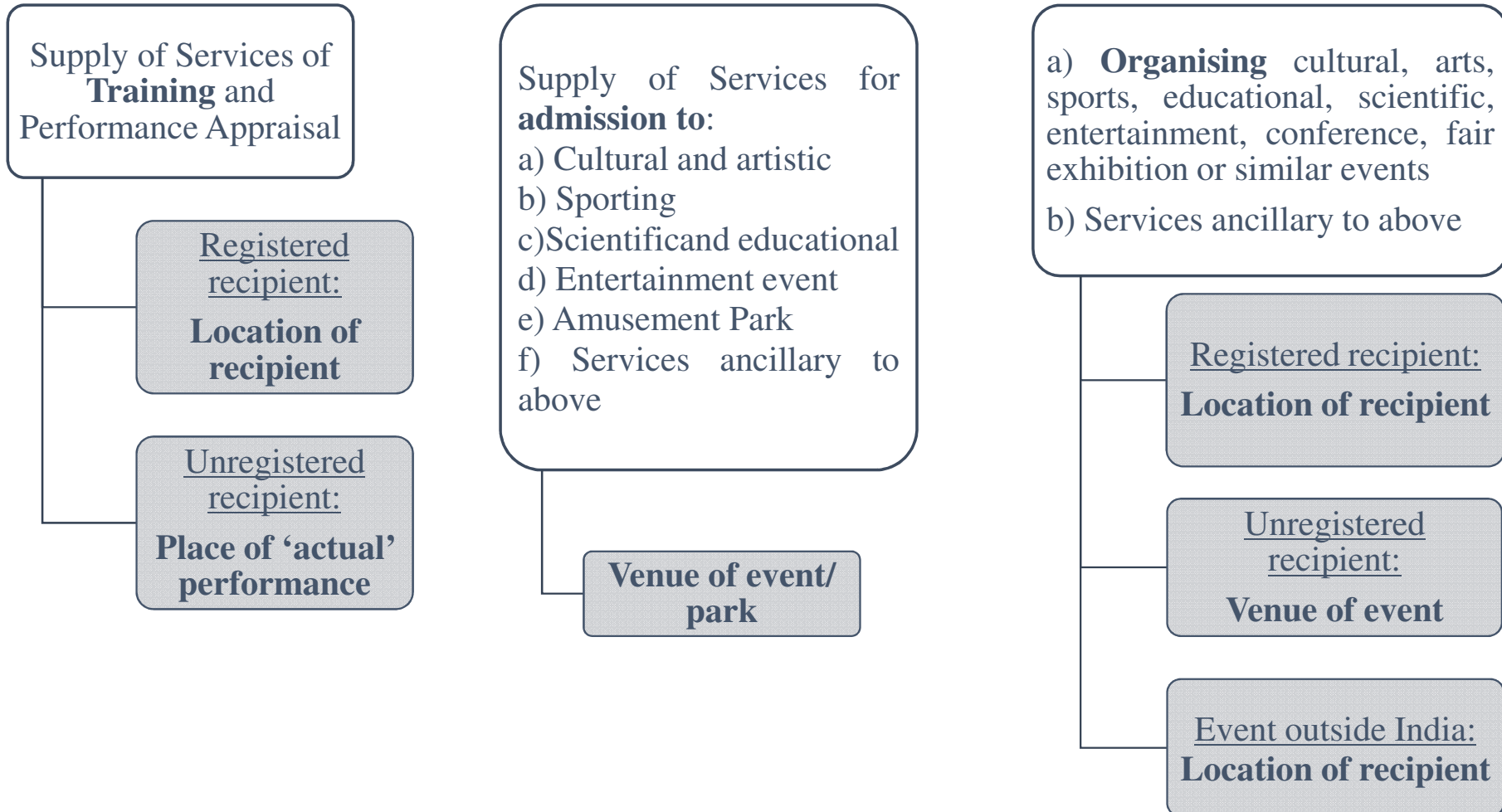
Where the Location of Supplier & Recipient is in India

- (a) Supply of Services **to a Registered person** shall be the Location of such person.
- (b) Supply of Services to any person **other than a Registered person** shall be
 - (i) the location of the recipient where the address on record exists
 - (ii) the location of the supplier of services in other cases

Place of Supply - Services



Place of Supply - Services



Place of Supply - Services

Where the Location of Supplier or Recipient is Outside India

Services when goods required to be made **physically** available by recipient or requiring **physical presence** of receiver / person acting on his behalf

Location where services actually performed

When such services are provided from a remote location by way of electronic means,

Location where goods are situated at the time of supply of service

Services supplied directly in relation to **immovable property**

Location of such immovable property (or where it is intended to be located)

Service by way of **admission** to / **organising** an event, etc. and ancillary services

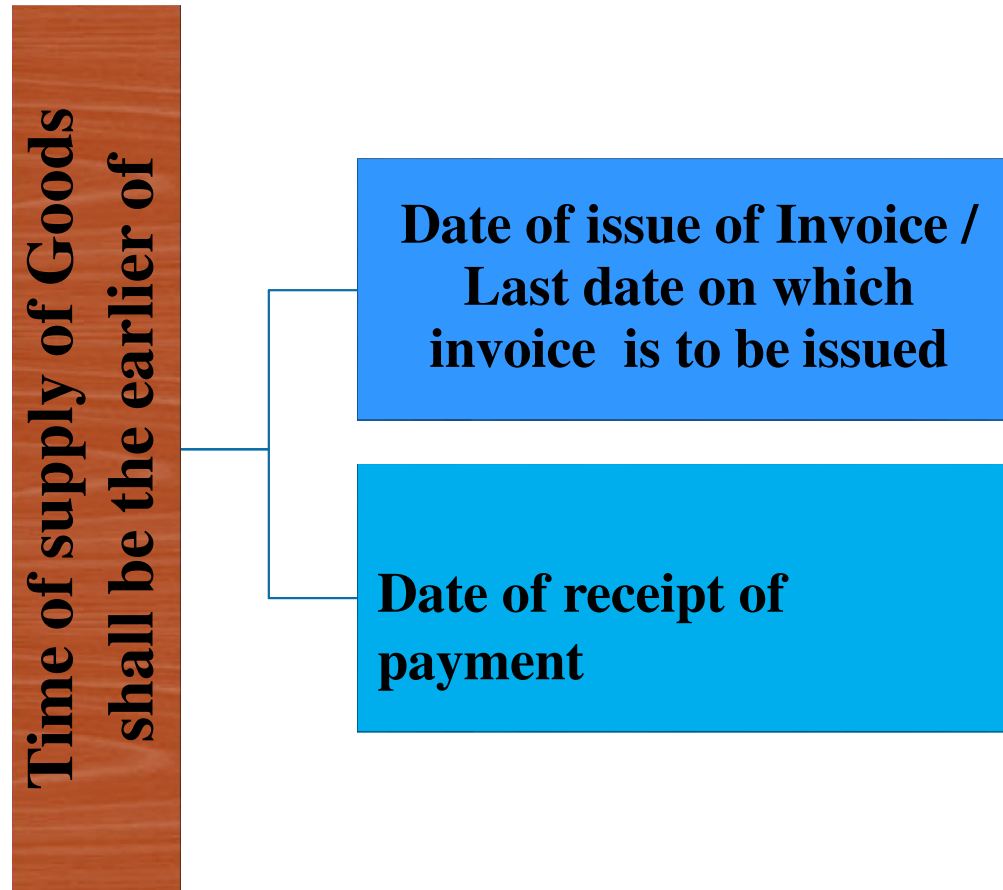
Place where the event is actually held

Transportation of goods (other than by way of mail / courier)

Destination of the goods

Time of Supply of Goods

General Rule - Goods



Time of supply for addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

Time of Supply of Goods

General Rule - Services

Supply of Services shall be the earliest

If the invoice is issued
within the prescribed
period

If the invoice is not issued
within the prescribed period

Residual
Rule

Date of
Invoice

Date of
receipt of
payment

The date of
provision of
service

The date of
receipt of
payment

Date on which
Invoice is
booked in the
books of
accounts of
recipient of
service

Time of supply for addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

Valuation of Supply

- Valuation shall be **transaction value** where supplier and recipient of the supply are not related and the price is the sole consideration for the supply, which **shall include**:
 - any taxes, duties, cesses, fees and charges levied under any statute other the GST Acts
 - any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods and / or services
 - incidental expenses, such as, commission and packing, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods and / or services at the time of, or before delivery of the goods or supply of the services
 - interest or late fee or penalty for delayed payment of any consideration for any supply
 - subsidies directly linked to the price excluding subsidies provided by the Central and State governments;

Valuation of Supply

- **Exclusion from transaction value:**

- Levies under the Goods and Services Tax, if charged separately by the supplier to the recipient
- Any discount before or at the time of the supply provided such discount has been duly recorded in the invoice issued in respect of such supply
- Any discount after the supply has been effected provided:
 - such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices
 - input tax credit has been reversed by the recipient of the supply as is attributable to the discount on the basis of document issued by the supplier.

Valuation Rules

Value of supply of goods or services where consideration is not wholly in money

- Open market value of such supply
- Sum total of consideration in money + money equivalent of consideration in other form if such amount is known at the time of supply
- Value of supply of goods or services or both of like kind and quality
- Sum total of consideration in money + money equivalent as determined by application of Cost rule or Residual rule in that order

Valuation Rules

Value of supply of goods or services between Distinct or Related person

Order Sequence

- Open market value of such supply
- Value of supply of goods or services or both of like kind and quality
- Value as determined by application of Cost rule or Residual rule in that order

Where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person:

Where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.

Margin Scheme for Second Hand Goods

Where a taxable supply is provided by a person dealing in buying and selling of second hand goods

i.e., used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on the purchase of such goods,

the value of supply shall be:-

the difference between the selling price and the purchase price and where the value of such supply is negative, it shall be ignored.

Purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be:-

the purchase price of such goods by the defaulting borrower reduced by five percentage points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession.

Reverse Charge Mechanism

Specify categories of supply of goods and/or services the tax on which is payable on reverse charge **by the person receiving such goods and/or services** and all the provisions of this Act shall apply to such person as if he is the person liable for paying the tax in relation to such goods and/or services

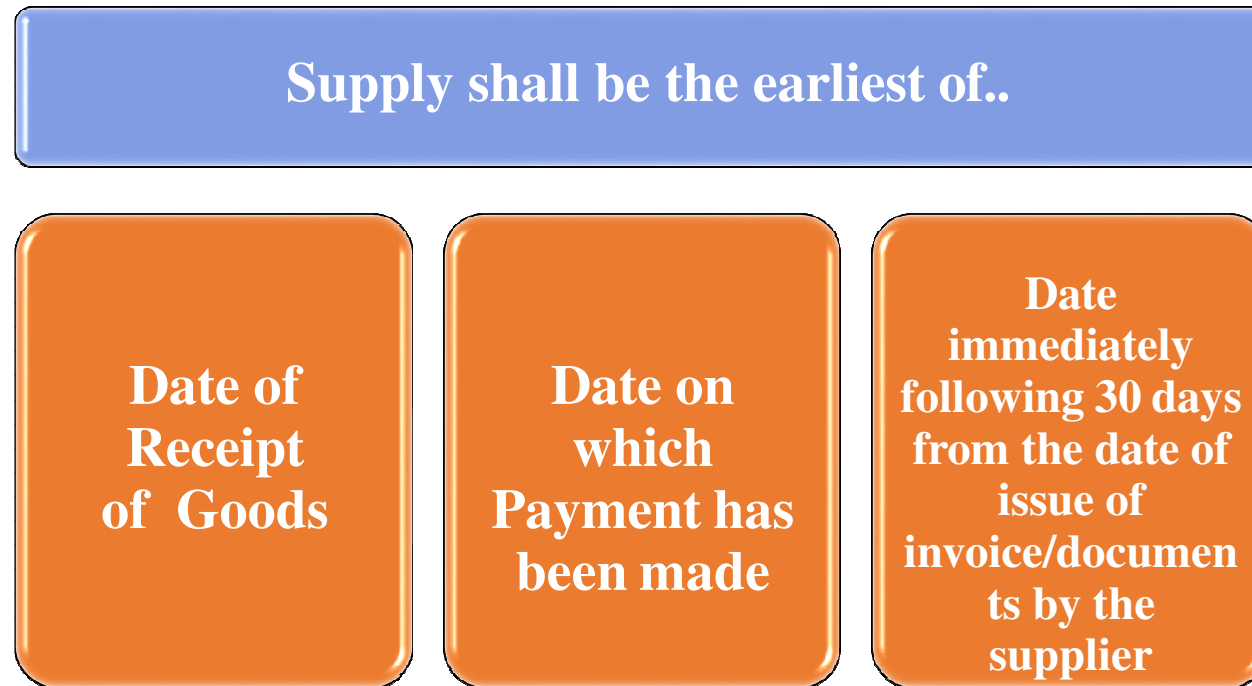
Tax in respect of the supply whose value is above Rs 5,000 per day (from a single supplier or all the suppliers put together) of taxable goods or services or both by a supplier, **who is not registered, to a registered person** shall be paid by the Recipient on reverse charge basis.

Intra-State supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods and who pays the tax on Margin scheme, from any supplier, who is not registered, is exempted from paying tax on Reverse Charge Basis

Persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis are exempted from obtaining registration under the aforesaid Act.

Time of Supply of Goods

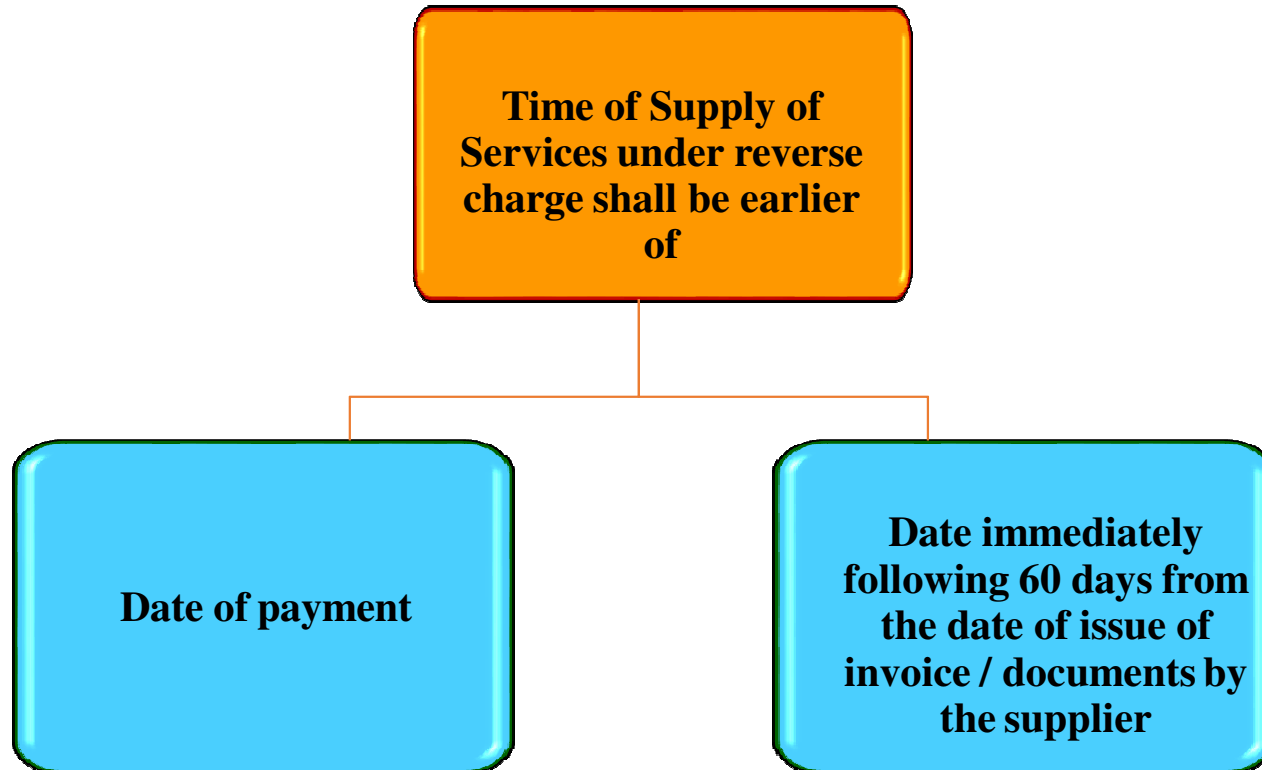
Reverse Charge - Goods



Time of supply shall be the date of entry in the books of account of the recipient of supply if the above is not feasible

Time of Supply of Goods

Reverse Charge - - Services



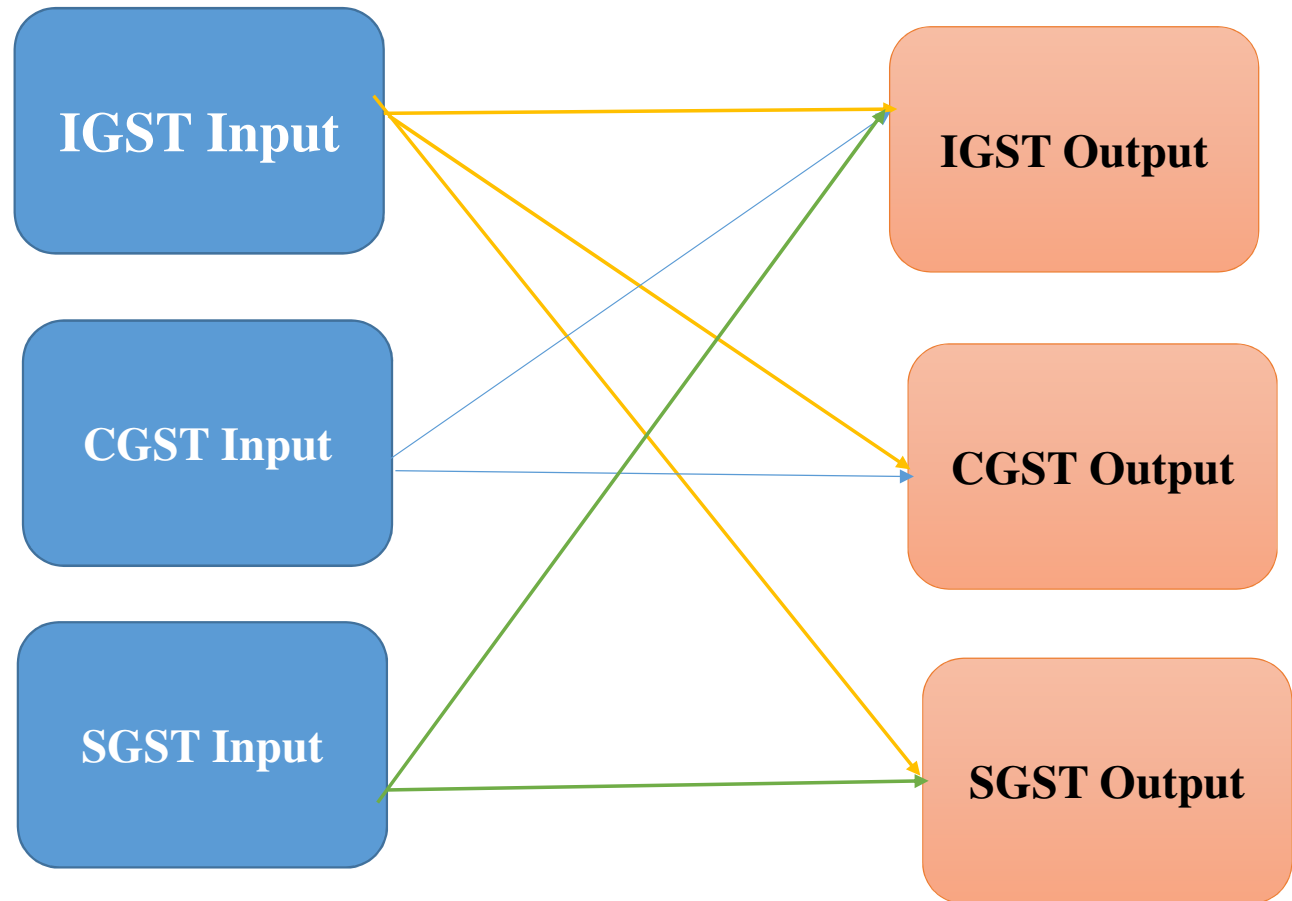
Time of supply shall be the date of entry in the books of account of the recipient of supply if the above is not feasible

Conditions for Availment of Input Tax Credit

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

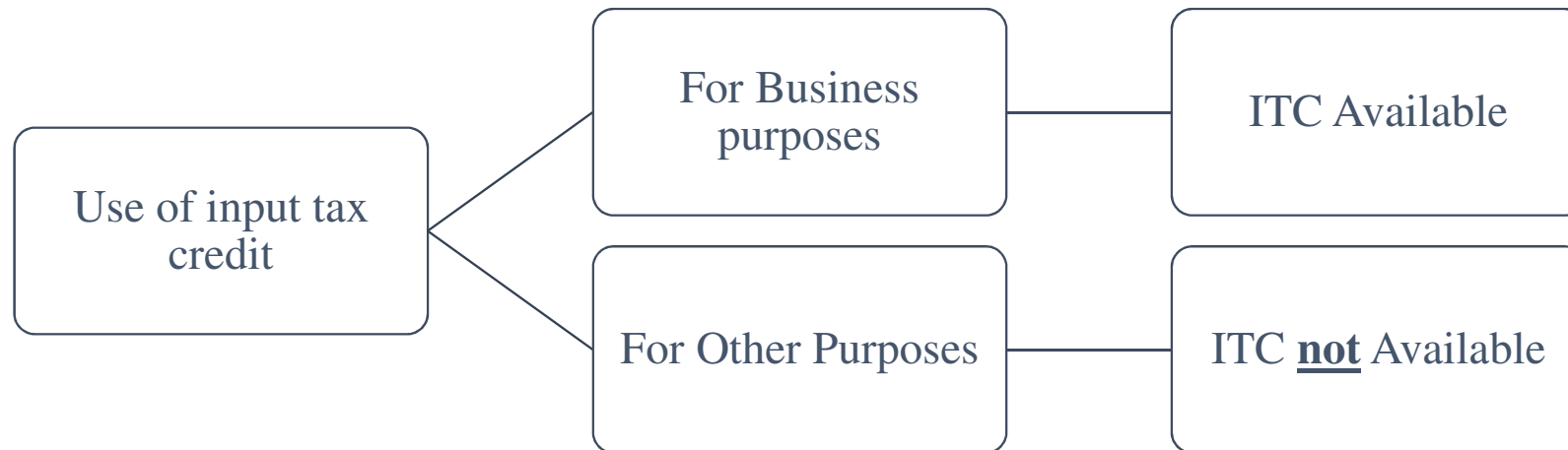
“**capital goods**” means goods, the value of which is capitalised in the books of accounts of the person claiming the credit and which are used or intended to be used in the course or furtherance of business



Conditions for Availment of Input Tax Credit

- Shall be availed based on **tax invoice / debit note issued by a registered supplier**, or other prescribed tax paying document
- Goods and/or services Shall be received
- Tax actually paid by the supplier to the credit of the appropriate Government, either in cash or by utilization of ITC
- Supplier has furnished the monthly return in Form GSTR-3 under Section 39
- Credit only upon receipt of the last lot/ instalment in case of goods received in lots / instalments.
- Goods deemed to be received by a taxable person when the supplier delivers the goods to the recipient/ any other person, on the direction provided by the taxable person to the supplier.
- Exception in case of goods being directly sent to job worker
- If the recipient of services fails to pay (value + tax) within 180 days from date of invoice, (ITC availed + interest) shall be added to his output tax liability. ITC available when amount discharged later
- Depreciation claimed on Tax component of the cost of capital goods under IT Act

Conditions for Availment of Input Tax Credit



***Note:** Attribution of ITC to be made as per the manner prescribed in the ITC Rules*

Blocked Credit

a) Motor Vehicles

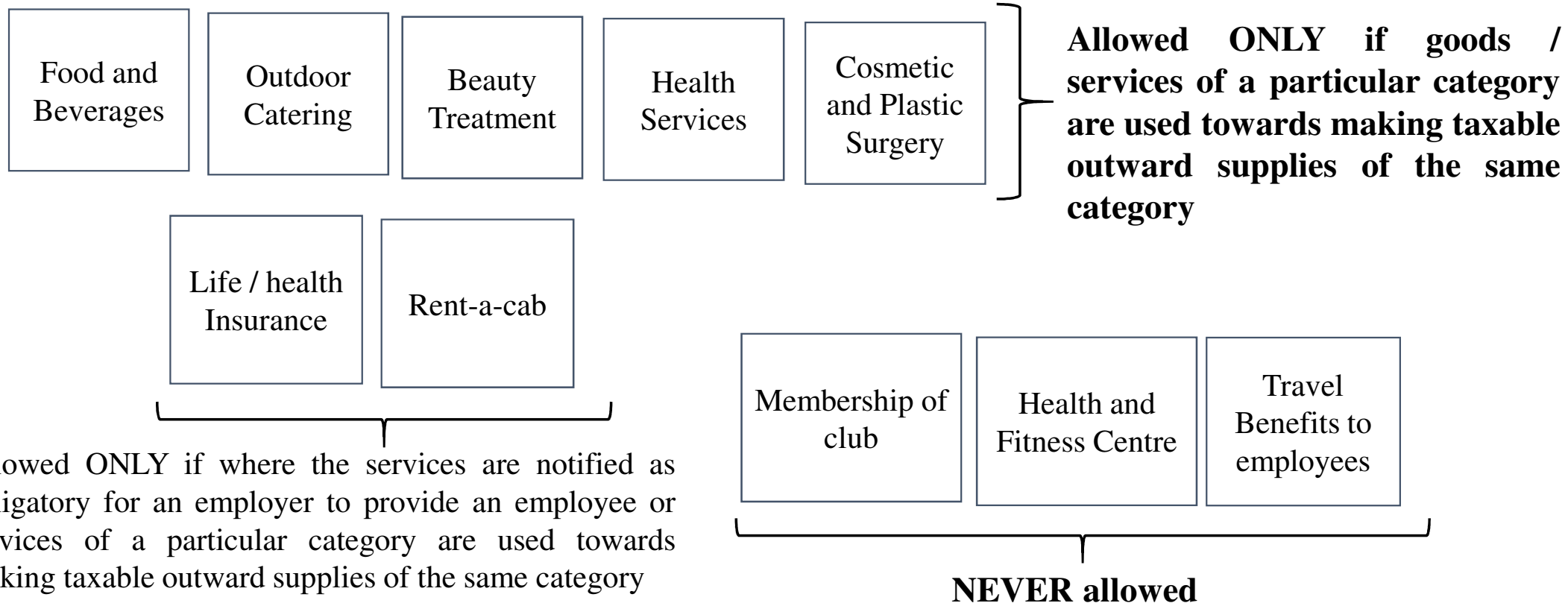
ITC for Motor Vehicles will **NOT** be available

Except
when they are used for

- Transportation of goods , or
- Making the following taxable services:
 - i. Further supply of such vehicles / conveyances, or
 - ii. Transportation of passengers, or
 - iii. Training for driving / flying / navigating such vehicles / conveyances

Blocked Credit

b) Supply of goods and services being:



Blocked Credit

c) Construction of Immovable Property (other than plant and machinery)

Works contract services, 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 even when used in course or furtherance of business;

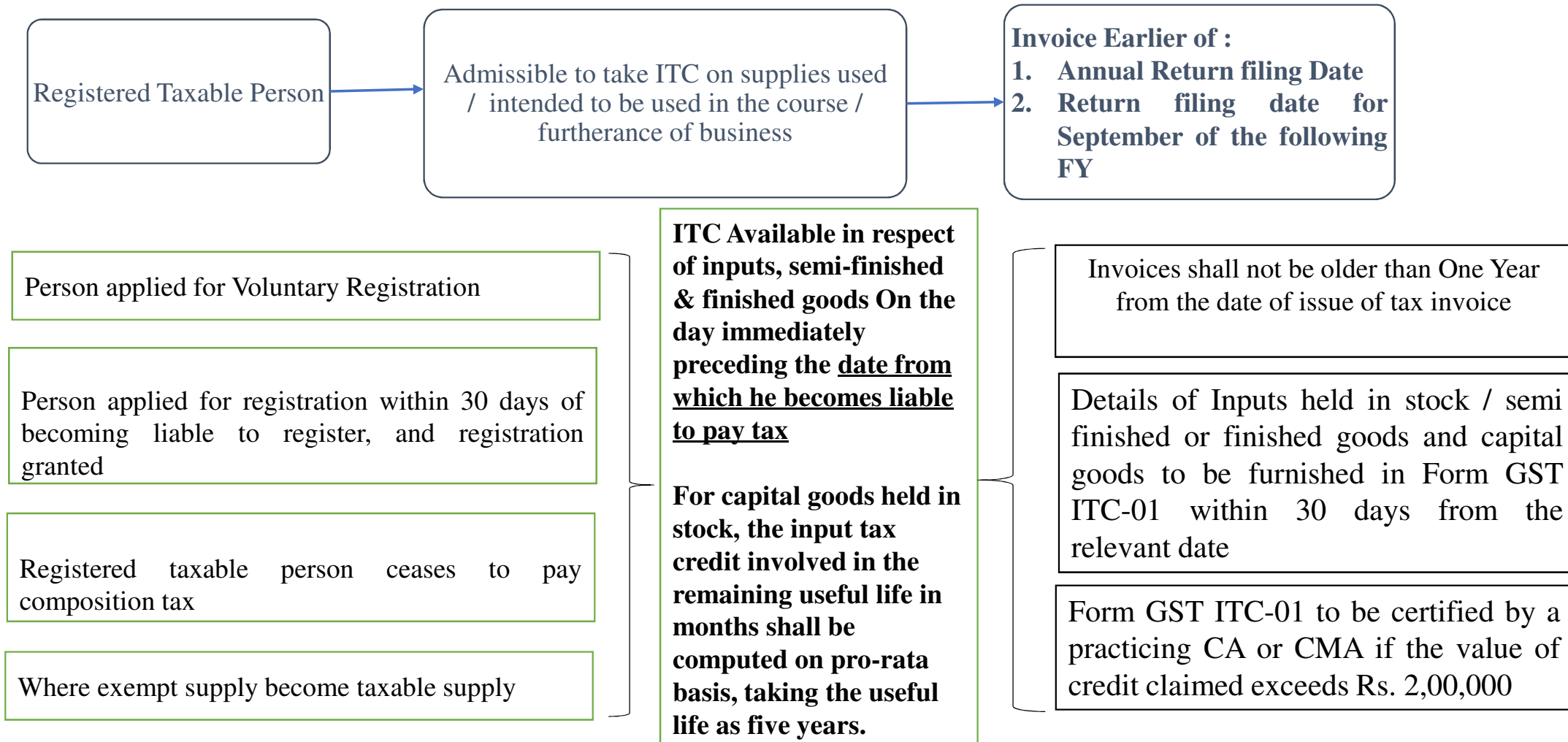
ITC not Available

Construction includes re-construction, renovation, additions or alterations or repairs to the extent of capitalisation

Blocked Credit

- Taxes on supply of goods or services paid under composition levy
- Goods or services or both received by a non-resident taxable person except on goods imported by him, shall not be allowed
- Goods or services or both used for personal consumption
- Goods lost, stolen, destroyed, written off or disposed of by way of gift or free supplies and
- Any tax paid in accordance with the provisions of sections 74, 129 and 130.
- Removal of Capital goods – Pay amount equal to input tax credit taken on the said capital goods reduced by 5% per quarter from the date of tax invoice or the tax on the transaction value of such capital goods, whichever is higher

Eligibility and Time Limit for Availing ITC



Reversal of credit

Where inputs or input services are used partly for business purposes or partly for effecting exempt supplies –

Terms used in Rule	Particulars	Amount
T	Total Input Tax of Input and Input Services	500.00
T1	ITC for Non Business	100.00
T2	ITC for Exempt Supply	50.00
T3	ITC of Blocked Credits (Inputs Only)	25.00
$C1 = T - (T1 + T2 + T3)$	Valid ITC in ECL	325.00
T4	ITC for Taxable Supply	200.00
$C2 = C1 - T4$	Common ITC	125.00
E	Value of Exempt Supplies	2000.00
F	Aggregate Turnover	5000.00
$D1 = E / F * C2$	Value of ITC for Exempt Supply (From Common ITC)	50.00
$D2 = C2 * 5\%$	Value of ITC for Non Business Purpose (From Common ITC)	6.25
$C3 = C2 - (D1 + D2)$	Eligible ITC from Common ITC	68.75
$T4 + C3$	Total Eligible ITC for Use	268.75

TAX CREDIT W.R.T. COMMON CAPITAL GOODS

- Tax Credit pertaining to capital goods exclusively used for non-business purpose or exempted supplies needs to be identified.
- Tax credit pertaining to capital goods exclusively used for taxable supplies including zero rated needs to be identified.
- The balance credit capital goods (Tc) will be divided by 60 to arrive at per month tax amount (Tm) assuming 5 years residual life (12 months x 5 years = 60 months)
- The summation of credit of all common capital assets will be done. (Tr).
- The summation of Tax pertaining to common assets (Tr) will be reduced by tax on exempted / non-business supplies arrived by applying % of turnover of exempted supplies / total supplies.

Returns

GST FORM	PARTICULARS	Date
FORM GSTR-1	Monthly Details of outward supplies of goods and / or services	10th of subsequent month. changes allowed only in the subsequent month.
FORM GSTR-2A	Monthly Details of outward supplies furnished by the supplier as made available electronically to each of the registered taxable persons (recipients)	
FORM GSTR-2	Monthly Details of inward supplies	15th of subsequent month.
FORM GSTR-1A	Monthly Details of inward supplies added, corrected or deleted by the recipient shall be made available to the supplier electronically	
FORM GSTR-3	Monthly return	20th of subsequent month.
FORM GSTR-3A	Notice to non-filers of returns	
FORM GSTR-4	Quarterly Return under Composition Scheme	18th day of subsequent quarter
FORM GSTR-5	Monthly Return by non-resident taxable person	20th of the month succeeding tax period & within 7 days after expiry of registration
FORM GSTR-6	Monthly ISD Return	13th of subsequent month.
FORM GSTR-6A	Details of ISD	

Returns

GST FORM	PARTICULARS	Date
FORM GSTR-7	Monthly Return - Details of Tax Deducted at Source	10th of subsequent month
FORM GSTR-7A	Details of Tax Deducted at Source made available to deductee	
FORM GSTR-8	Monthly Return - Details of Tax Collected at Source	10th of subsequent month
FORM GSTR-9	Annual Return	31st Dec of subsequent year
FORM GSTR-9 A	Annual Return for Composition Scheme	31st Dec of subsequent year
FORM GSTR-9 B	Audited annual accounts and a reconciliation statement, duly certified	31st Dec of subsequent year
FORM GSTR-10	Final Return for taxable person whose registration has been surrendered or cancelled	within 3 months

Returns Process

The details of outward supplies of goods or services or both furnished in FORM GSTR-1 shall include the –

(a) invoice wise details of all –

(i) inter-State and intra-State supplies made to the registered persons; and

(ii) inter-State supplies with invoice value more than two and a half lakh rupees made to the unregistered persons;

(b) consolidated details of all –

(i) intra-State supplies made to unregistered persons for each rate of tax; and

(ii) State wise inter-State supplies with invoice value upto two and a half lakh rupees made to unregistered persons for each rate of tax;

(c) debit and credit notes, if any, issued during the month for invoices issued previously

Returns Process

- The details of outward supplies furnished by the supplier shall be made available electronically to the concerned registered recipients in Part A of FORM GSTR- 2A
- The details of invoices furnished by an non-resident taxable person in his return in FORM GSTR-5 shall be made available to the recipient of credit in Part A of FORM GSTR 2A
- The details of invoices furnished by an Input Service Distributor in his return in FORM GSTR-6 shall be made available to the recipient of credit in Part B of FORM GSTR 2A
- The details of tax deducted at source furnished by the deductor in FORM GSTR-7 and the details of tax collected at source furnished by an e-commerce operator in FORM GSTR-8 shall be made available to the concerned person in Part C of FORM GSTR 2A

Returns Process

- The recipient shall, on the basis of details contained in Part A, Part B and Part C of FORM GSTR-2A, furnish the same in FORM GSTR-2
- Details which were auto generated in GSTR 2A / 4A / 6A can be modified by Receiver in GSTR-2 in three ways
 - Addition- Add if invoice not shown by Supplier can add it
 - Correction- If invoice details is wrongly entered by Supplier than receiver can correct it
 - Deletion – If invoice is mistakenly added receiver can delete the invoice
- The details of inward supplies of goods or services or both furnished in FORM GSTR-2 shall include the -
 - (a) invoice wise details of all inter-State and intra-State supplies received from registered persons or unregistered persons;
 - (b) import of goods and services made; and
 - (c) debit and credit notes, if any, received from supplier.
- The registered person shall specify the inward supplies in respect of which he is not eligible, either fully or partially, for input tax credit in FORM GSTR-2 where such eligibility can be determined at the invoice level.
- The registered person shall declare the quantum of ineligible input tax credit on inward supplies which is relatable to non-taxable supplies or for purposes other than business and cannot be determined at the invoice level in FORM GSTR-2.

Returns Process

- Every registered person paying tax under section 9 shall pay tax & furnish a return FORM GSTR-3 before 20th of the succeeding month
- Part A of the return shall be electronically generated on the basis of information furnished through FORM GSTR-1, FORM GSTR-2 and based on other liabilities of preceding tax periods.
- Every registered person shall discharge his liability towards tax, interest, penalty, fees or any other amount payable by debiting the electronic cash ledger or electronic credit ledger and include the details in Part B of the return in FORM GSTR-3.
- A registered person claiming refund of any balance in the electronic cash ledger may claim such refund in Part B of the return in FORM GSTR-3 and such return shall be deemed to be an application filed for such refund.

Matching of claim of input tax credit

- The following details relating to the claim of input tax credit on inward supplies including imports, provisionally allowed shall be matched after the due date for furnishing the return in FORM GSTR-3-
- (a) Goods and Services Tax Identification Number of the supplier;
 - (b) Goods and Services Tax Identification Number of the recipient;
 - (c) invoice or debit note number; (d) invoice or debit note date; and (e) tax amount.
- (i) The claim of input tax credit in respect of invoices and debit notes in FORM GSTR- 2 that were accepted by the recipient on the basis of FORM GSTR-2A without amendment shall be treated as matched if the corresponding supplier has furnished a valid return;
- (ii) The claim of input tax credit shall be considered as matched where the amount of input tax credit claimed is equal to or less than the output tax paid on such tax invoice or debit note by the corresponding supplier.

Communication and rectification of discrepancy in claim of input tax credit and reversal of claim of input tax credit.-

- Any discrepancy in the claim of input tax credit in respect of any tax period, and the details of output tax liable to be added on account of continuation of such discrepancy, shall be made available to the recipient making such claim in FORM GST MIS-1 and to the supplier electronically in FORM GST MIS-2 on or before the last date of the month in which the matching has been carried out.
- A supplier to whom any discrepancy is made available may make suitable rectifications in the statement of outward supplies to be furnished for the month in which the discrepancy is made available.
- A recipient to whom any discrepancy is made available may make suitable rectifications in the statement of inward supplies to be furnished for the month in which the discrepancy is made available.
- Where the discrepancy is not rectified either by the supplier or by the recipient himself an amount to the extent of discrepancy shall be added to the output tax liability of the recipient in his return to be furnished in FORM GSTR-3 for the month succeeding the month in which the discrepancy is made available.

ZERO RATED SUPPLY

➤ “zero rated supply” means any of the following supplies of goods or services or both, namely:—

(a) export of goods or services or both; or

(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit

“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,—

(i) the supplier of service is located in India;

(ii) the recipient of service is located outside India;

(iii) the place of supply of service is outside India;

(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and

(v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance

with Explanation 1 in section 8;

ZERO RATED SUPPLY

- In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking, refund of input tax credit shall be granted as per the following formula –

$$\text{Refund Amount} = (\text{Turnover of zero-rated supply of goods} + \text{Turnover of zero-rated supply of services}) \times \text{Net ITC} \div \text{Adjusted Total Turnover}$$

Where,- (A) "Refund amount" means the maximum refund that is admissible;

(B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period;

(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking;

(D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-

(E) "Adjusted Total turnover" means the turnover in a State or a Union territory, excluding the value of exempt supplies other than zero-rated supplies, during the relevant period;

(F) "Relevant period" means the period for which the claim has been filed.

ZERO RATED SUPPLY

(1) Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in FORM GST RFD-11 to the jurisdictional Commissioner, binding himself to pay the tax due along with the interest within a period of —

(a) fifteen days after the expiry of three months from the date of issue of the invoice for export, if the goods are not exported out of India; or

(b) fifteen days after the expiry of one year, or such further period as may be allowed by the Commissioner, from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange.

The provisions shall apply, mutatis mutandis, in respect of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit without payment of integrated tax.

Special Economic Zone

- A person having a unit(s) in a Special Economic Zone or being a Special Economic Zone developer shall make a separate application for registration as a business vertical distinct from his other units located outside the Special Economic Zone:
- In respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, the application for refund shall be filed by the –
 - (a) supplier of goods after such goods have been admitted in full in the Special Economic Zone for authorised operations, as endorsed by the specified officer of the Zone;
 - (b) supplier of services along with such evidence regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone:

Job Work

- “job work” means any treatment or process undertaken by a person on goods belonging to another registered person and the expression “job worker” shall be construed accordingly;
- The principal shall be allowed input tax credit on inputs sent to a job worker for job work, even if the inputs are directly sent to a job worker for job work without being first brought to his place of business
- the supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;

Job Work

- the “principal” may under intimation send any inputs or capital goods, without payment of tax, to a job worker for job work and from there subsequently send to another job worker and likewise, and shall,—
- (a) bring back inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out, to any of his place of business, without payment of tax;
 - (b) supply such inputs, after completion of job work or otherwise, or capital goods, from the place of business of a job worker on payment of tax within India, or with or without payment of tax for export
 - (c) the principal shall not supply the goods from the place of business of a job worker unless the said principal declares the place of business of the job worker as his additional place of business except in a case where the job worker is registered under section 25
 - (d) The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal.

Job Work

- The inputs, semi-finished goods or capital goods shall be sent to the job worker under the cover of a challan issued by the principal, including where such goods are sent directly to a job-worker
- The challan issued by the principal to the job worker shall contain the details specified in rule 55
- The details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be included in FORM GST ITC-04 furnished for that period on or before the twenty-fifth day of the month succeeding the said quarter.
- Where the inputs or capital goods are not returned to the principal within the time stipulated, it shall be deemed that such inputs or capital goods had been supplied by the principal to the job worker on the day when the said inputs or capital goods were sent out and the said supply shall be declared in FORM GSTR-1 and the principal shall be liable to pay the tax along with applicable interest.

Job Work

➤ For the transportation of goods for job work the consigner may issue a delivery challan, serially numbered not exceeding sixteen characters, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely:-

(i) date and number of the delivery challan;

(ii) name, address and Goods and Services Tax Identification Number of the consigner, if registered;

(iii) name, address and Goods and Services Tax Identification Number or Unique Identity Number of the consignee, if registered;

(iv) Harmonised System of Nomenclature code and description of goods;

(v) quantity (provisional, where the exact quantity being supplied is not known);

(vi) taxable value; (vii) tax rate and tax amount – central tax, State tax, integrated tax, Union

territory tax or cess, where the transportation is for supply to the consignee;

(viii) place of supply, in case of inter-State movement; and (ix) signature.

Job Work

The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner, namely:–

- (a) the original copy being marked as ORIGINAL FOR CONSIGNEE;
- (b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
- (c) the triplicate copy being marked as TRIPLICATE FOR CONSIGNER.

(3) Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared as per E-way rules.

Composite Supply

“Composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any 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;

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods 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” 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.

Composite Supply

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:—

(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and

(b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

The following composite supplies shall be treated as a supply of services, namely:—

(a) works contract as defined in clause (119) of section 2; and

(b) 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 (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

Works Contract

Section 2 (119) “Works contract” means a contract for

- building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning

of any immovable property

wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract;

Time of Supply - Works Contract

“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 services as the Government may, subject to such conditions, as it may, by notification, specify;

Time of supply for the purpose of determining continuous supply of services shall be

- where the due date of payment is ascertainable from the contract, the date on which the payment is liable to be made by the recipient of service, whether or not any invoice has been issued or any payment has been received by the supplier of service;
- where the due date of payment is not ascertainable from the contract, each such time when the supplier of service receives the payment, or issues an invoice, whichever is earlier;
- where the payment is linked to the completion of an event, the time of completion of that event

Books to be Maintained - Works Contract

Every registered person executing works contract shall keep separate accounts for works contract showing –

- (a) the names and addresses of the persons on whose behalf the works contract is executed;
- (b) description, value and quantity (wherever applicable) of goods or services received for the execution of works contract;
- (c) description, value and quantity (wherever applicable) of goods or services utilized in the execution of works contract;
- (d) the details of payment received in respect of each works contract; and
- (e) the names and addresses of suppliers from whom he received goods or services.



Thank
you

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