

# SEMINAR ON

(at ICAI-Bhubaneswar Chapter)

# GST

**CMA ASHOK B NAWAL**

**B.Com (Hons.), FCMA**

Chairman - Taxation Committee of Institute of Cost Accountants of India

Central Council Member of Institute of Cost Accountants of India

Advisor - Confederation of Export units, New Delhi.

Trainer - Central Excise Officers of Various Commissionerate

Advisor - Laghu Udyog Bharati

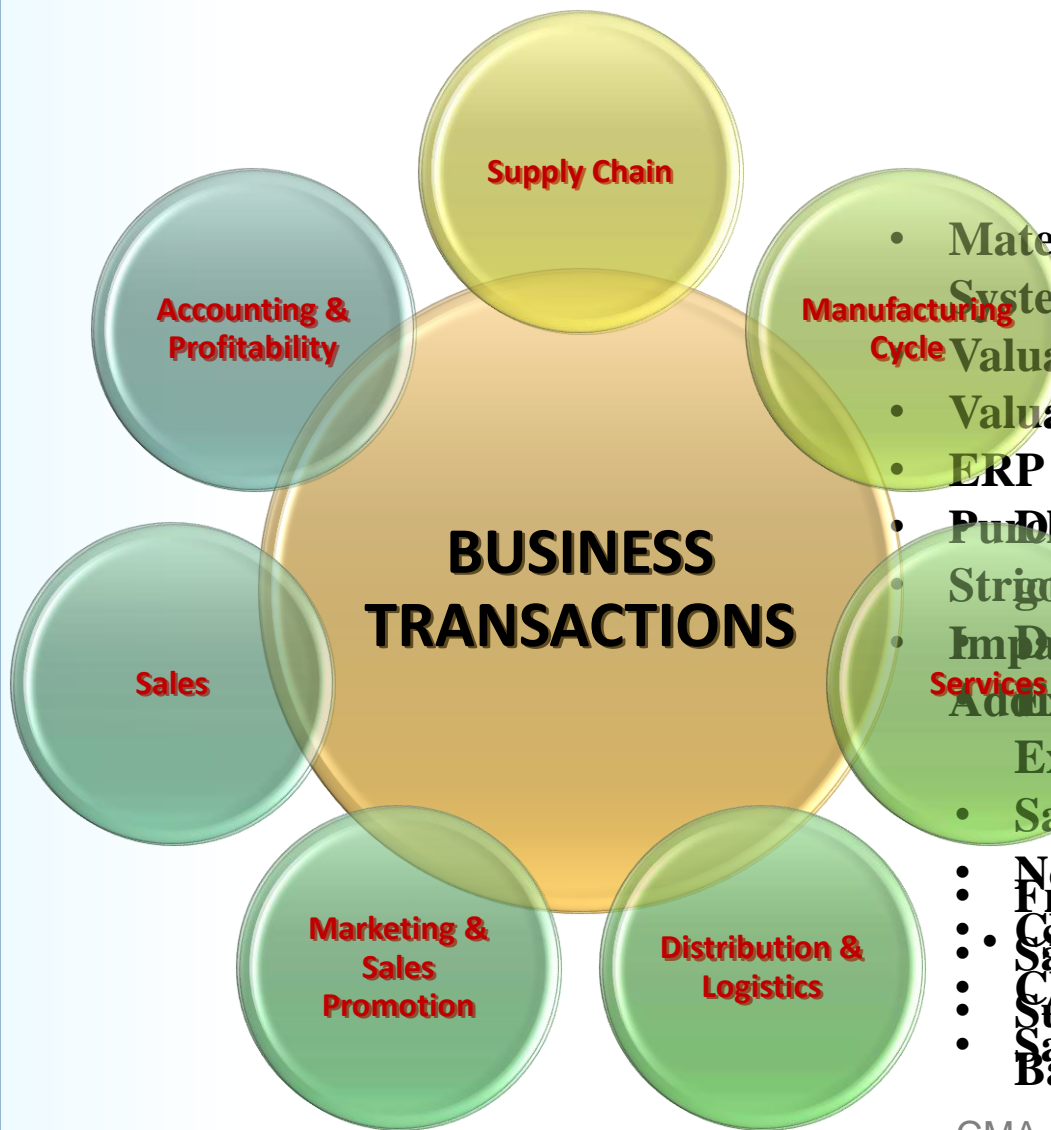
Vice Chairman - Bizsolindia Services Pvt. Ltd.



- Impact Analysis**
  - Business Transactions**
  - Business Segments**
- Transitional Issues**
- Gearing up for GST**
- Way Forward**
- Question & Answer Session**



# IMPACT OVERVIEW BUSINESS TRANSACTIONS



- Procurement within State & Outside State
- Sample for testing on Returnable Basis.
- Domestic Sale RM / FM / Spares / Tooling - Unrelated /
- Sample for testing on Non-Returnable Basis.
- Related Party, within / outside State .
- Quality Samples
- Material Accounting - Integral part of Accounting System
- Bure Job Work with material
- Domestic Sale CG - Unrelated / Related Party - within /
- Job Work with Addition of Material from Job Worker.
- Valuation of Goods / Services - with Consideration
- Rework on Non-chargeable Basis.
- Valuation of Goods / Services - without Consideration
- Rework on Chargeable Basis.
- ERP System - Needs change a State
- Goods sent for Repairing / Calibration / Testing (on Returnable basis), Loan Basis.
- Purchases for Repairs & Spares (Stationary & Consuming)
- Strictly to be used for such purposes. No \$ & Credit Notes & used for
- Goods sent on Returnable basis.
- Domestic Sale for Job Work, any State/ outside State
- Transfer to Other own Factory of Related Party.
- Additional State/ Unrelated Party / Third Party
- Consumption of inputs within same Factory when
- Exports. Service Provided on contractual nature to Buyer of the
- Intermediate Goods are Excisable (Taxable) and FG
- Sales Returner within state / outside state
- exempted.
- Non-acceptance of Goods. (Non-delivery) of Goods
- Free Gifts and Donation. of goods One State and material
- Clearance of Goods on Seller Approval Basis. and S
- Sample for testing on Returnable Basis/ Outside.
- Clearance of Goods of the goods.
- Supply of Goods on Hire basis/ outside state/ outside.
- Sales on Schemes / Combo Packs.
- Barter Sale, on exchange by Supplier and lying with
- Supplier.
- Manufacture of goods with receipt of free supplies.



# BUSINESS SEGMENTS



- **Units located in Uttarakhand & Himachal Pradesh.**
- **Units located in Jammu & Kashmir and North Eastern States.**
- **Units located in Kutch, Diu Daman & Silvassa.**
- **EOU / STP / EHTP / HTP / BTP.**
- **Private Bonded Warehouses & Public Bonded Warehouses.**
- **Free Trade Warehousing Zones (FTWZ).**
- **Special Economic Zones (SEZ).**



# TRANSITIONAL ISSUES







- **CENVAT CREDIT AND SET OFF:**

- Accumulated Cenvat Credit – Inputs, CG & Service Tax.
- Cenvat Credit lying in Stock.
- 50% Cenvat not availed on CG.
- Rejection of material out of material procured from the date of implementation and treatment of duty thereof.



- **SERVICE TAX:**

- Service Tax payment made on advances received and services provided in GST Regime.
- Service tax not paid when services are provided and payment not made.

- **REFUNDS :**

- Cenvat Refund / rebates / drawbacks already filed or to be filed.
- VAT refunds

- **PENDING CASES:**

- Pending adjudicating proceeding and results thereafter.
- Duty Demand if any for the period prior to date of implementation of GST and Payment thereof and input credit admissibility.



## • INVENTORY

- Stocks at all locations, warehouses and out of inter-state and intra-state movements.
- Goods in Transit.
- Incidence of CST in Stocks of RM, Inputs, WIP & FG.
- Stocks on which import / excise duty is paid and subsequent sale thereof.
- Stocks lying with registered dealers, imports – first stage and second stage and subsequent sale.
- Impact on stocks of the dealers presently in exemption category by way of turnover or dealing with goods.
- Impact on stocks of the dealers / manufactures who has paid tax on MRP basis like manufacturers covered under MRP based assessment or chemist or druggist.
- Entry tax already paid on the goods in stocks.



- **MISCELLANEOUS :**

- Projects in hand / WIP – normal business model and works contract model.
- Stock-in-trade with
  - share brokers,
  - real estate sector,
  - power sector,
  - transport,
  - passenger sector etc...
- Dealers in tobacco, narcotics, alcoholic beverages etc.
- Overlapping between goods and services like Software, restaurant and hotel services, title of intangible asset transfer including IPR.



# ACCOUNTING - RESTRUCTURING



# ACCOUNTING - RESTRUCTURING

- Transaction structuring / restructuring and realignment of Accounting systems.
- Material accounting will be the integral part of financial accounting.
- Accurate and upto date records w.r.t. vatable / non-vatable taxes paid on procurements at Federal and State level.
- Accurate and upto date records w.r.t. taxes payable on supplies at Federal and State level.
- Year end accounting differences viz Goods in Transit (GIT), Ownership change due to GIT.
- Robust IT Systems.
- Valuation for material Movement other than sale.





# Case- I - Purchase and Sale of Goods & Services - within the State

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
1	Purchase of Goods – within the State		
	Purchase A/c .....Dr.	100000	
	Input CGST A/c .....Dr.	10000	
	Input SGST A/c .....Dr.	10000	
	To Creditors A/c.		120000
	(Being Goods Purchased on Credit. CGST @ 10% & SGST @ 10%)		
2	Sale of Goods - within the State		
	Debtors A/c .....Dr.	180000	
	To Sales A/c .		150000
	To Output CGST A/c		15000
	To Output SGST A/c		15000
	(Being Goods Sold on Credit. CGST @ 10% & SGST @ 10%)		
3	Received Services - within the state		
	Consultancy Service A/c .....Dr.	2000	
	Telephone/Internet Service A/c .....Dr.	3000	
	Input CGST A/c .....Dr.	500	
	Input SGST A/c .....Dr.	500	
	To Bank A/c		6000
	(Being Service Received & Payment made through Bank.		



# Case- I - Purchase and Sale of Goods & Services - within the State

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
4	Purchase of Capital Goods - within the State		
	Capital Goods A/c .....Dr.	10000	
	Input CGST A/c .....Dr.	1000	
	Input SGST A/c .....Dr.	1000	
	To Creditors A/c		12000
	(Being Capital Goods Purchased on Credit. CGST @ 10% & SGST @ 10%)		

## Balance remaining in Account

Particulars	Input	Output
IGST	0	0
CGST	11500	15000
SGST	11500	15000





## Case- I - Purchase and Sale of Goods & Services - within the State

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
5	Adjustment Entry for Input Tax		
	Output CGST .....Dr.	11500	
	Output SGST .....Dr.	11500	
	To Input CGST		11500
	To Input SGST		11500
	(Being Input tax adjusted against Output tax)		
6	Payment of Tax		
	Output CGST A/c .....Dr.	3500	
	Output SGST A/c .....Dr.	3500	
	To Bank		7000
	(Being Outstanding Output Tax paid Through Bank)		



## Case - II - Purchase of Goods & Services - within the State & Sale - outside the state

Sr. No.	Particulars	Dr. (Rs.)	Cr. (Rs.)
<b>1.</b>	Purchase of Goods - within the State		
	Purchase A/c .....Dr.	100000	
	Input CGST A/c .....Dr.	10000	
	Input SGST A/c .....Dr.	10000	
	To Creditors A/c.		120000
	(Being Goods Purchased on Credit. CGST @ 10% & SGST @ 10%)		
<b>2.</b>	Sale of Goods - outside the State		
	Debtors A/c .....Dr.	181500	
	To Sales A/c		150000
	To Output IGST A/c		30000
	To 1% Additional Tax		1500
	(Being Goods Sold on Credit. CGST @ 10% & SGST @ 10%)		
<b>3.</b>	Received Services - within the state		
	Consultancy Service A/c .....Dr.	2000	
	Telephone/Internet Service A/c .....Dr.	3000	
	Input CGST A/c .....Dr.	500	
	Input SGST A/c .....Dr.	500	
	To Bank A/c		6000
	(Being Service Received & payment made through Bank. CGST @ 10% & SGST @ 10%)		



## Case - II - Purchase of Goods & Services - within the State & Sale - outside the state

Sr. No.	Particulars	Dr. (Rs.)	Cr. (Rs.)
4.	Purchase Capital Goods - within the State		
	Capital Goods A/c .....Dr.	10000	
	Input CGST A/c .....Dr.	1000	
	Input SGST A/c .....Dr.	1000	
	To Creditors A/c		12000
	(Being Capital Goods Purchased on Credit. CGST @ 10% & SGST @ 10%)		

### Balance remaining in Account

Particulars	Input	Output
<b>IGST</b>	0	30000
<b>CGST</b>	11500	0
<b>SGST</b>	11500	0



## Case - II - Purchase of Goods & Services - within the State & Sale - outside the state

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
5	Adjustment Entry for Input Tax Output IGST A/c .....Dr. To Input CGST (Being Input tax adjusted against Output tax)	11500	11500
6	Adjustment Entry for Input Tax Output IGST A/c .....Dr. To Input SGST (Being Input tax adjusted against Output tax)	11500	11500
7	Payment of Tax Output IGST A/c .....Dr. 1% Additional tax ..... Dr. To Bank (Being Outstanding Output Tax paid Through Bank)	7000 1500	8500



## Case - III - Purchase of Goods & Services - outside the State and Sale - within the state

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
1	Purchase of Goods - outside the State		
	Purchase A/c .....Dr.	100000	
	Input IGST A/c .....Dr.	20000	
	1% Additional Tax.....Dr.	1000	
	To Creditors A/c.		121000
	(Being Goods Purchased on Credit. IGST = 20% [CGST @ 10% + SGST @ 10%])		
2	Sale of Goods - within the State		
	Debtors A/c .....Dr.	180000	
	To Sales A/c		150000
	To Output CGST A/c		15000
	To Output SGST A/c		15000
	(Being Goods Sold on Credit. CGST @ 10% & SGST @ 10%)		
3	Received Services - outside the state		
	Consultancy Service A/c .....Dr.	2000	
	Telephone/Internet Service A/c.....Dr.	3000	
	Input IGST A/c .....Dr.	1000	
	To Bank A/c		6000
	(Being Service Received & payment made through Bank. IGST = 20% [CGST @ 10% + SGST @ 10%])		



## Case - III - Purchase of Goods & Services - outside the State and Sale - within the state

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
4	Purchase of Capital Goods - outside the State		
	Capital Goods A/c .....Dr.	10000	
	Input IGST A/c .....Dr.	2000	
	To Creditors A/c		12000
	(Being Capital Goods Purchased on Credit. IGST = 20% [CGST @ 10% + SGST @ 10%])		

### Balance remaining in Account

Particulars	Input	Output
<b>IGST</b>	23000	0
<b>CGST</b>	0	15000
<b>SGST</b>	0	15000



## Case - III - Purchase of Goods & Services - outside the State and Sale - within the state

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
5	Adjustment Entry for Input Tax Output CGST A/c .....Dr. To Input IGST (Being Input tax adjusted against Output tax)	15000	15000
6	Adjustment Entry for Input Tax Output SGST A/c .....Dr. To Input IGST (Being Input tax adjusted against Output tax)	8000	8000
7	Payment of Tax Output CGST A/c .....Dr. Output SGST A/c .....Dr. To Bank (Being Outstanding Output Tax paid Through Bank)	0 7000	7000



## Case - IV - Purchase and Sale of Goods & Services - outside the state

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
1	Purchase of Goods - outside the State		
	Purchase A/c .....Dr.	100000	
	Input IGST A/c .....Dr.	20000	
	1% Additional Tax.....Dr.	1000	
	To Creditors A/c.		121000
	(Being Goods Purchased on Credit. IGST = 20% [CGST @ 10% + SGST @ 10%])		
2	Sale of Goods - outside the State		
	Debtors A/c .....Dr.	181500	
	To sales A/c		150000
	To Output IGST A/c		30000
	To 1% Additional Tax		1500
	(Being Goods Sold on Credit. IGST = 20% [CGST @ 10% + SGST @ 10%])		
3	Received Services - outside the state		
	Consultancy Service A/c .....Dr.	2000	
	Telephone/Internet Service A/c.....Dr.	3000	
	Input IGST A/c .....Dr.	1000	
	To Bank A/c		6000
	(Being Service Received & payment made through Bank. IGST = 20% [CGST @ 10% + SGST @ 10%])		





# Case - IV - Purchase and Sale of Goods & Services - outside the state

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
4	Purchase of Capital Goods - outside the State		
	Capital Goods A/c .....Dr.	10000	
	Input IGST A/c .....Dr.	2000	
	To Creditors A/c		12000
	(Being Capital Goods Purchased on Credit. IGST = 20% [CGST @ 10% + SGST @ 10%])		

## Balance remaining in Account

Particulars	Input	Output
<b>IGST</b>	23000	30000
<b>CGST</b>	0	0
<b>SGST</b>	0	0



# Case - IV - Purchase and Sale of Goods & Services - outside the state

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
5	Adjustment Entry for Input Tax Output IGST A/c .....Dr. To Input IGST (Being Input tax adjusted against Output tax)	23000	23000
6	Payment of Tax Output IGST A/c .....Dr. 1% Additional Tax .....Dr.  To Bank (Being Outstanding Output Tax paid Through Bank)	7000 1500	8500



## Case – V - Received goods & services - within and outside the State. Sale of services and goods - within and outside the State

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
1	Purchase of Goods - outside the State		
	Purchase A/c .....Dr.	100000	
	Input IGST A/c .....Dr.	20000	
	1% Additional Tax.....Dr.	1000	
	To Creditors A/c.		121000
	(Being Goods Purchased on Credit. IGST = 20% [CGST @ 10% + SGST @ 10%])		
2	Purchase of Goods - within the State		
	Purchase A/c .....Dr.	50000	
	Input CGST A/c .....Dr.	5000	
	Input SGST A/c .....Dr.	5000	
	To Creditors A/c.		60000
	(Being Goods Purchased on Credit. CGST @ 10% & SGST @ 10%)		
3	Sale of Goods - outside the State		
	Debtors A/c .....Dr.	181500	
	To sales A/c		150000
	To Output IGST A/c		30000
	To 1% Additional Tax		1500
	(Being Goods Sold on Credit. IGST = 20% [CGST @ 10% + SGST @ 10%])		



## Case – V - Received goods & services - within and outside the State. Sale of services and goods - within and outside the State

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
4	Sale of Goods - within the State		
	Debtors A/c .....Dr.	90000	
	To sales A/c		75000
	To Output CGST A/c		7500
	To Output SGST A/c		7500
	(Being Goods Sold on Credit. CGST @ 10% & SGST @ 10%)		
5	Received Services - outside the state		
	Consultancy Service A/c .....Dr.	20000	
	Telephone/Internet Service A/c.....Dr.	30000	
	Input IGST A/c .....Dr.	10000	
	To Bank A/c		60000
	(Being Service Received & payment made through Bank. IGST = 20% [CGST @ 10% + SGST @ 10%])		
6	Received Services from within the state		
	Consultancy Service A/c.....Dr.	2000	
	Telephone/Internet Service A/c.....Dr.	3000	
	Input CGST A/c .....Dr.	500	
	Input SGST A/c .....Dr.	500	
	To Bank A/c		6000
	(Being Service Received & payment made through bank. CGST @ 10% & SGST @ 10%)		



## Case – V - Received goods & services - within and outside the State. Sale of services and goods - within and outside the State

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
7.	Purchase of Capital Goods - outside the State		
	Capital Goods A/c .....Dr.	9000	
	Input IGST A/c .....Dr.	1800	
	To Creditors A/c		10800
	(Being Capital Goods Purchased on Credit. IGST = 20% [CGST @ 10% + SGST @ 10%])		
8.	Purchase of Capital Goods - within the State		
	Capital Goods A/c .....Dr.	10000	
	Input CGST A/c .....Dr.	1000	
	Input SGST A/c .....Dr.	1000	
	To Creditors A/c		12000
	(Being Capital Goods Purchased on Credit. CGST@10% & SGST@10%)		



## Case – V - Received goods & services - within & outside the State. Sale of services & goods - within & outside the State

### Balance remaining in Account

Particulars	Input	Output
<b>IGST</b>	31800	30000
<b>CGST</b>	6500	7500
<b>SGST</b>	6500	7500

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
9	Adjustment Entry for Input Tax Output CGST A/c .....Dr. To Input CGST (Being Input tax adjusted against Output tax)	6500	6500
10	Adjustment Entry for Input Tax Output SGST A/c .....Dr. To Input SGST (Being Input tax adjusted against Output tax)	6500	6500
11	Adjustment Entry for Input Tax Output IGST A/c .....Dr. To Input IGST (Being Input tax adjusted against Output tax)		

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Bizsolindia Services Pvt. Ltd.



## Case – V - Received goods & services - within & outside the State. Sale of services & goods - within & outside the State

### Balance remaining in Account

Particulars	Input	Output
<b>IGST</b>	1800	0
<b>CGST</b>	0	1000
<b>SGST</b>	0	1000

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
12	Adjustment Entry for Input Tax Output CGST A/c .....Dr. To Input IGST (Being Input tax adjusted against Output tax)	1000	1000
13	Adjustment Entry for Input Tax Output SGST A/c .....Dr. To Input IGST (Being Input tax adjusted against Output tax)	800	800
14	Payment of Tax Output SGST A/c .....Dr. 1% Additional Tax.....Dr. To Bank (Being Outstanding Output Tax paid Through Bank)	200 1500	1700



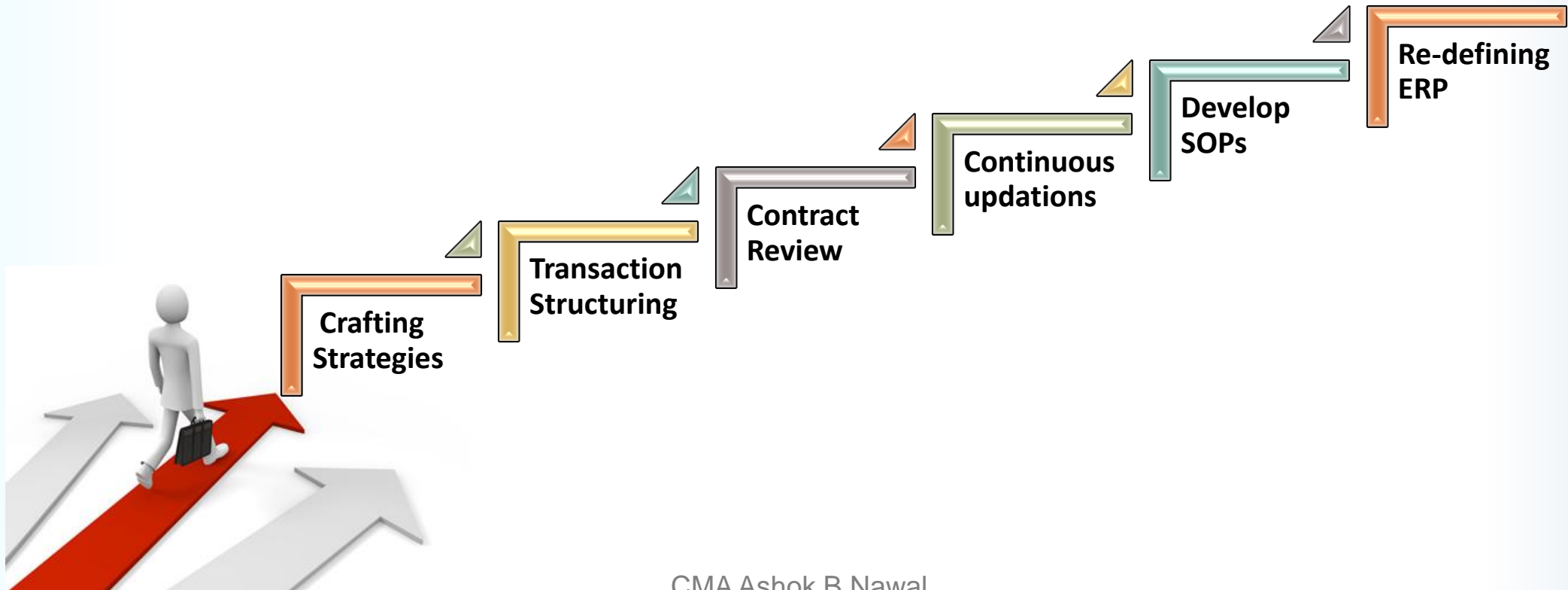
# Miscellaneous Entries

Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
1	Purchase return, if Purchase was made within the State Creditors A/c.....Dr. To Purchase A/c To Input CGST A/c To Input SGST A/c (Being purchases Return of Rs.25000. CGST @ 10% & SGST @ 10%)	30000	25000 2500 2500
2	Purchase return, if Purchase was made - outside the state Creditors A/c.....Dr. To Purchase A/c To Input IGST A/c (Being Purchased Return of Rs. 25000. IGST = 20% [CGST @ 10% + SGST @ 10%]))	30000	25000 5000
3	Sales return, if sales was made - with the state Sales A/c.....Dr. Outside CGST A/c.....Dr. Outside SGST A/c.....Dr. To Debtors A/c (Being Sales Return of Rs. 25000. CGST @ 10% & SGST @ 10%)	25000 2500 2500	30000
4	Sales Return, if Sales was made - outside the state Sales A/c.....Dr. Output IGST A/c.....Dr. To Debtors A/c (Being Sales Return of Rs. 25000. IGST = 20% [CGST @ 10% + SGST @ 10%]))	25000 5000	30000





Sr	Particulars	Dr.(Rs.)	Cr.(Rs.)
5	Job Work / Material on returnable basis without consideration within State – on material sent		
	Output CGST ..... Dr.	10000	
	Output SGST ..... Dr.	10000	
	To CGST Payable		10000
	To SGST Payable		10000
	(Being goods of value Rs. 1 Lac sent for job work / on returnable basis within State and taxes accounted for)		
6	When material returned back		
	CGST Payable..... Dr.	10000	
	SGST Payable ..... Dr.	10000	
	To Output CGST		10000
	To Output SGST		10000
	(Being liability reversed when material received back)		
7	Job Work / Repairs charges		
	Contracting Charges / repairs charges ..... Dr.	15000	
	To Subcontracting Account		14700
	To TDS Payable		300
	(Being charges payable)		



- GST awareness sessions for your team
- Impact study of GST on your business.
- Crafting business plans in the changed environment
- Suggesting best possible alternative for Working Capital Management
- Transaction Structuring by mapping existing business model.
- Developing SOPs for your business in the changed tax regime.
- Opinion and other advisory.
- Contract Review for Cost Reduction / Price Revisions





# QUESTION & ANSWER SESSION



*Thank  
you*



**Contact :**

[nawal@bizsolindia.com](mailto:nawal@bizsolindia.com)

Mobile No: 9890165001