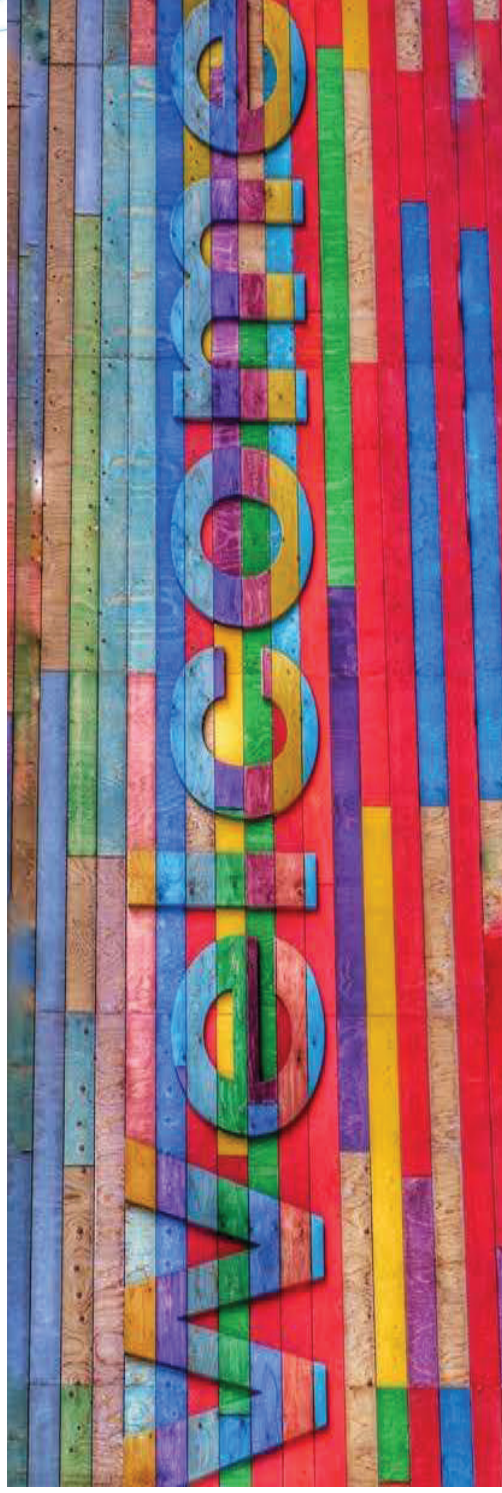


Certificate Course on GST – 10th Batch

– CMA CA Kedamath



Certificate Course on GST – 10th Batch



Certificate Course on GST

Topic: Zero Rated Supplies, Imports & Exports & Provision of GST TDS & TCS

- On 5th & 6th Jan 2022

Introduction to GST

GST is known as the Goods and Services Tax

- ❖ It is an indirect tax which has replaced many indirect taxes in India such as the excise duty, VAT, CST, Services tax, Entertainment Tax and Luxury Tax etc.
- ❖ The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017.
- ❖ Goods and Services Tax Law in India is a
- ✓ Comprehensive: GST has wider in scope
- ✓ Multi-stage: GST is levied on the value additions at each stage, i.e., the monetary value added at each stage to achieve the final sale to the end customer
- ✓ Destination Based Tax: GST is called as destination-based tax or consumption-based tax, it means Goods and Service Tax is levied at the point of consumption.

Taxable Event

- The Foundation stone of any taxation system is “Taxable Event”
- It determines the **point at which tax** would be levied
- Before levying any tax, taxable event needs to be ascertained.
- The GST laws resolve these issues by laying down **one comprehensive word** called as taxable event i.e.,
“Supply”

Parameters of “Supply”

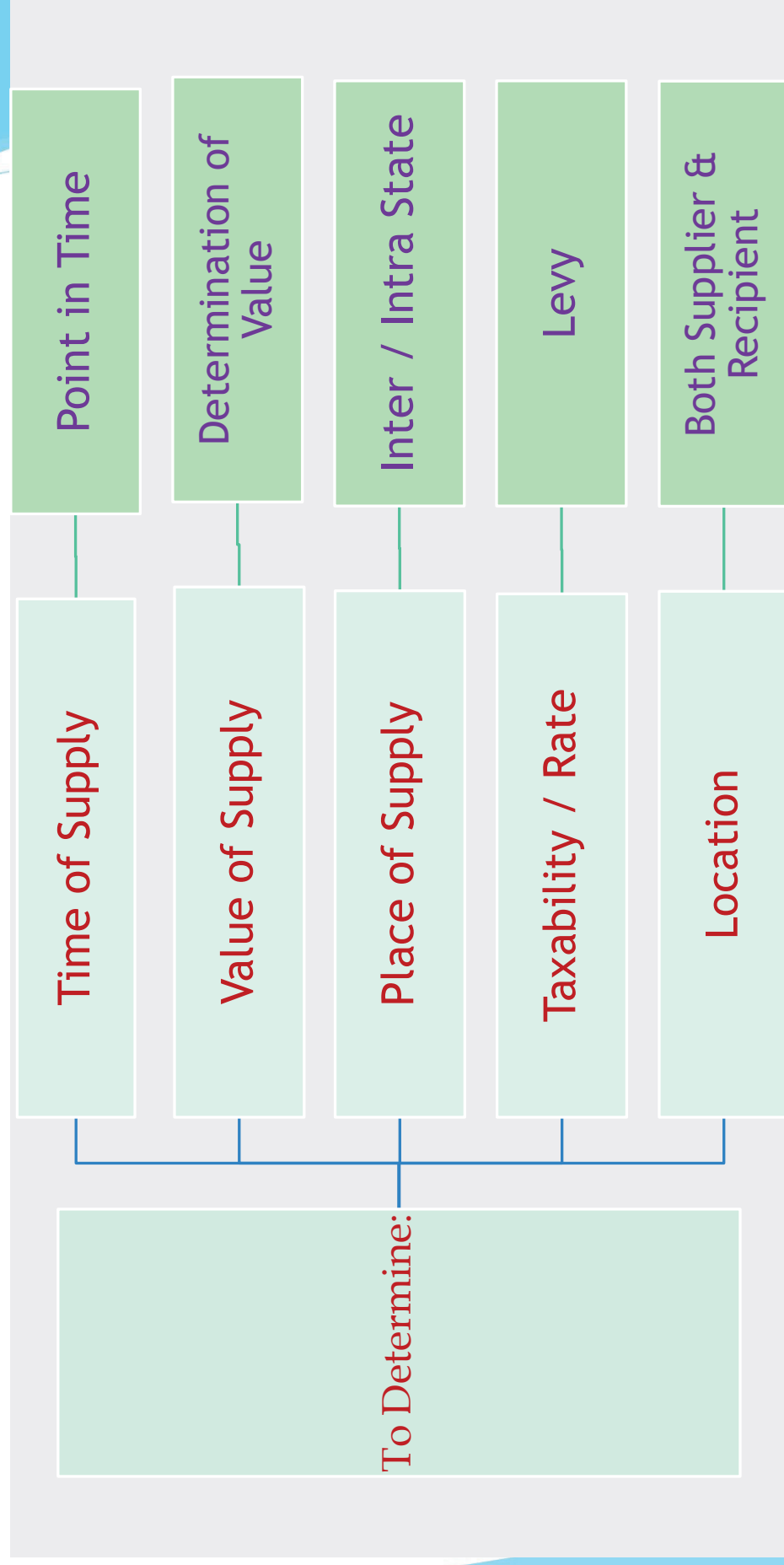
- Supply should be of **Goods** or **Services** or **both**
- Supply of anything **other than** goods or services like money, securities, actionable claims etc. does not attract GST
- Supply should be made for a **consideration**
- Supply should be made in the **course** or **furtherance** of **business**.

What constitutes supply?

Supply includes:

- ✓ Sale
- ✓ Transfer
- ✓ Barter
- ✓ Exchange
- ✓ License
- ✓ Rental
- ✓ Lease
- ✓ Disposal
- ✓ Import of services for a consideration

General Implication on the Supply:



Supplier & Recipient

❖ “Supplier” means:

- The person supplying the said Goods or Services or Both and
- include an agent acting on behalf of the supplier

❖ “Recipient” means:

- Where a consideration is payable: The **person who is liable to pay** that consideration;
- Where NO consideration is payable:
 - ✓ **For Goods**: the person to whom the goods are delivered or made available,
or to whom possession or use of the goods is given or made available;
 - ✓ **For Service**: the person to whom the service is rendered

GST Refunds – Chapter XII

Relevant Sections in CGST Act, 2017

- ✓ **S.54 : Refunds**
- ✓ **S.55 : Refund in certain cases, say Consulate or Embassy of foreign countries etc.,**
- ✓ **S.56 : Interest on delayed refunds – 6% p.a**
- ✓ **S.57 : Consumer Welfare Fund**
- ✓ **S.58 : Utilization of Fund**

Applicable Provisions – GST Refunds

Relevant CGST Rules, 2017

- ✓ Rule-89
- ✓ Rule-90
- ✓ Rule-91
- ✓ Rule-92
- ✓ Rule-93
- ✓ Rule-94
- ✓ Rule-95
- ✓ Rule-96
- ✓ Rule-97

Relevant CGST Rules, 2017

Rule-89 : Application for refund of Tax, interest, penalty, fees or any other amount - **GST RFD-01**

Rule-90 : Acknowledgement - **GST RFD-02 & GST RFD-03** (15 Days from RFD-01)

Rule-91 : Grant of provisional refund - **GST RFD-04** (70 Days from RFD-02)

Rule-92 : Order sanctioning refund - **GST RFD-06**

Rule-93 : Credit of the amount of rejected refund claim - **GST PMT-03**

Rule-94 : Order sanctioning interest on delayed refunds.

Rule-95: Refund of tax to certain persons

Rule-96: Refund of integrated tax paid on goods exported out of India

Rule-96A : Export of goods or services under bond or Letter of Undertaking (LUT)

Rule-96B : Recovery of refund of unutilized input tax credit or integrated tax paid on export of goods where export proceeds not realized

Rule-97 : Consumer Welfare Fund

Introduction to Zero-rated Supply

As per the GST Act, Zero-rated supplies treated as “Inter-state supplies”

Once the transaction is pertaining to Inter-state supplies then IGST will apply

Zero rated supply:

As per Sec.16(1) of IGST Act, 2017 ‘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 SEZ developer or a SEZ unit.

Import & Export of Goods

❖ **Export of Goods:** means

- ✓ Taking Goods out of India to a place outside India;

❖ **Import of Goods:** means

- ✓ Bringing Goods into India from a place outside India;

Import & Export of Services

- ❖ **Export of services:** means, the of 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** [or INR wherever permitted by the RBI]; and
 - v. The supplier of service and the recipient of service are **not** merely establishments of a distinct person

❖ Import of Service: means

- i. The supplier of service is located **outside** India
- ii. The recipient of service is located **in** India, and
- iii. The place of supply of service is in India

Refunds under GST:

Balance in Cash Ledger :

- ❑ Excess Deposit of Cash
- ❑ GST TDS Balance

Balance in Credit Ledger :

- ❑ Accumulated ITC
- ❑ In the course or furtherance of Business

Note:

- As we aware that Zero-rated supplies are duty free
- ITC pertaining to the Inputs / Input services / Capital Goods lying in the electronic credit ledger and accumulating over a period of time
- So the mechanism to obtain the GST paid on the inputs/input services/capital goods is, Filing Refund Application with the GST Department

Concept of LUT

- ✓ As per the provisions of the GST Act, Zero-rated supplies are duty free
- ✓ To claim the benefit of duty free, tax payer has to furnish the LUT under Rule 96A of CGST Rules, 2017
- ✓ **Rule-96A** explains Export of goods or services under bond or Letter of Undertaking (LUT)
- ✓ **Form: GST RFD-11**
- ✓ LUT shall be applied prior to beginning of the Financial Year
- ✓ The validity of LUT is for one year
- ✓ If LUT is **not** applied at the beginning of FY, but subsequently applied for the same (or) Zero-rated supplies effected prior to the furnishing of LUT:
- ✓ The Jurisdictional Commissioner may condone the delay based on the Serial No. 44 Circular No. 125/44/2019 Dated 18th Nov 2019
- ✓ If Tax Payer fails to furnish the LUT: He has to pay IGST on each export transaction
- ✓ How to apply & view LUT: Let's see practically

S.54 Refund of Tax & Time Limit to claim Refund:

- ✓ Any person claiming refund of any tax and interest, if any,
- ✓ paid on such tax or any other amount paid by him,
- ✓ may make an application **before the expiry of two years** from the **relevant date**
- ✓ in such form and manner as may be prescribed:

Relevant Date refers to:

In case of Goods exported:

- ✓ By sea or air : the date on which the ship / aircraft leaves India
- ✓ By land : the date on which such goods pass the frontier; or
- ✓ By post : the date of dispatch of goods by the Post Office

In case of Deemed exports:

- ✓ The date on which the return relating to such deemed exports is furnished

S.54 Time Limit to claim Refund:

Relevant Date:

In case of Services Exported:

- ✓ Services are completed: The date of foreign currency realization
- ✓ Services are Not completed (advance received): The date of raising invoice

In case refund of tax is based on Judgement / decree / order / or direction of the Appellate Authority, Appellate Tribunal or any court:

- ✓ Date of communication of such judgment, decree, order or direction

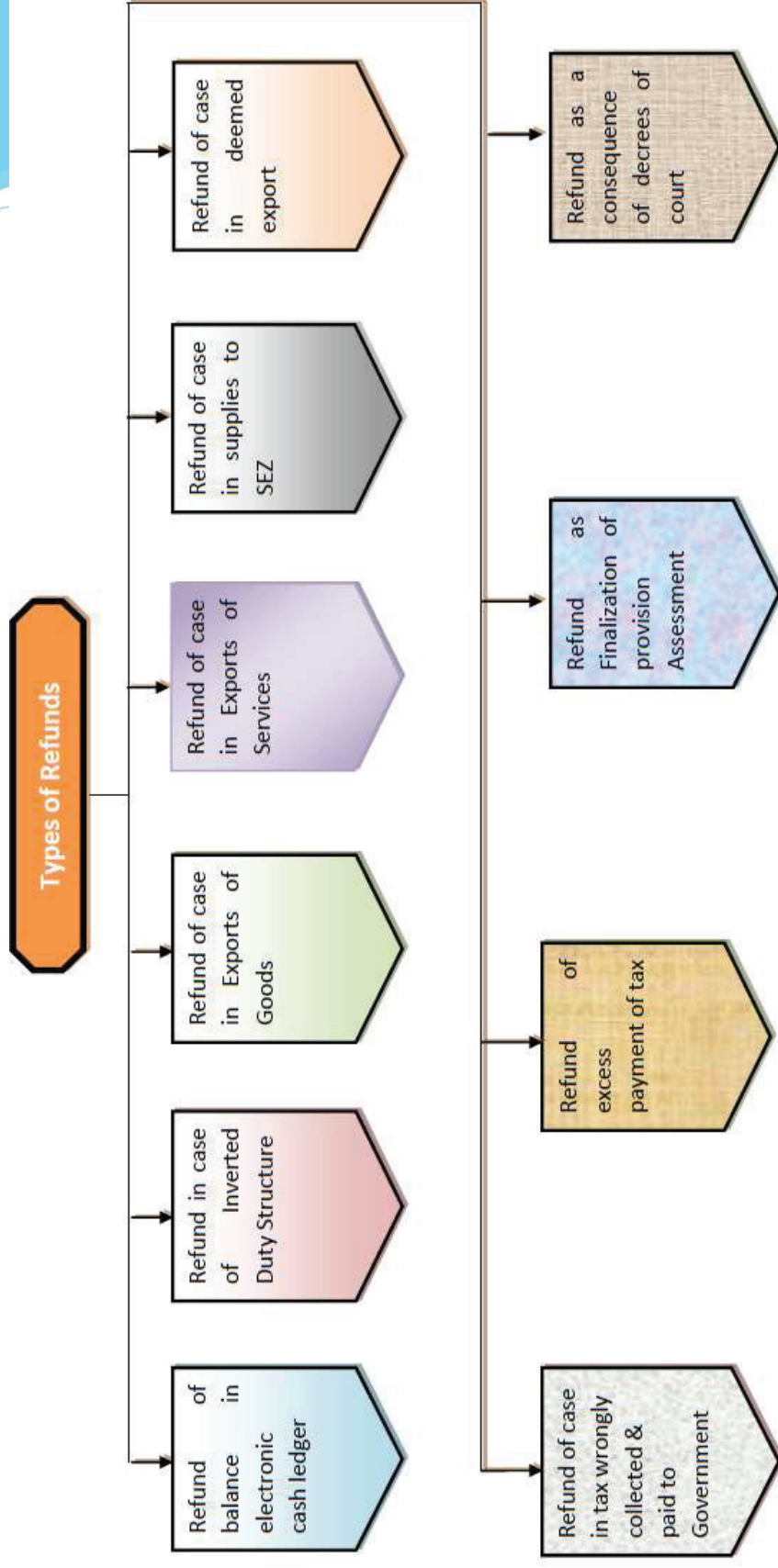
Tax Paid Provisionally:

- ✓ The date of adjustment of tax after the final Assessment

Any other case:

- ✓ The date of payment of tax.

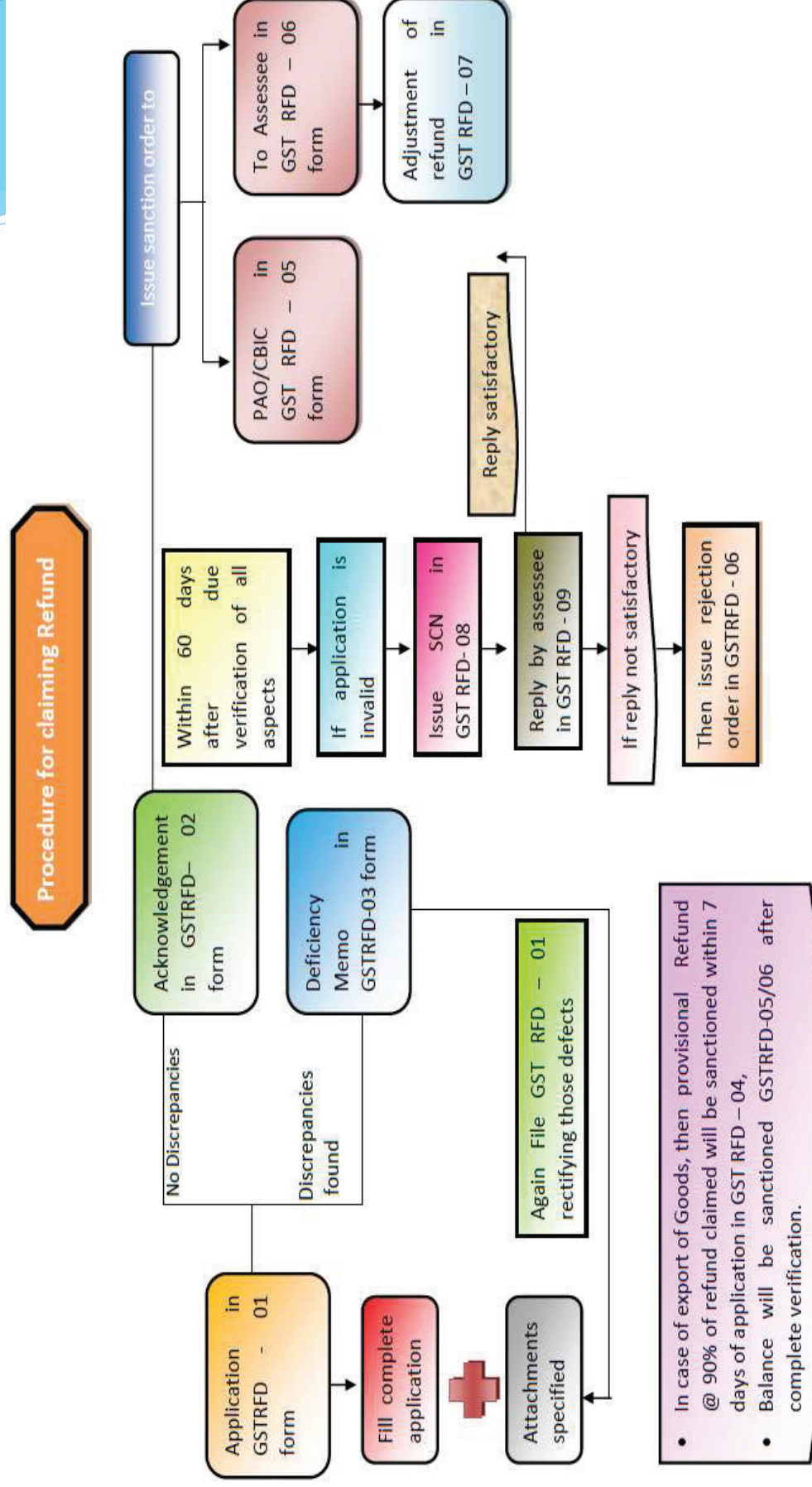
Refunds:



GST Refund Categories available in GST Portal:

1. Refund of Excess Balance in Electronic Cash Ledger
2. Refund of ITC on Export of Goods & Services **without** Payment of Tax
3. On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)
4. Refund on account of ITC accumulated due to Inverted Tax Structure
5. On account of Refund by Recipient of deemed export
6. Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)
7. Export of services with payment of tax
8. Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa
9. On account of Refund by Supplier of deemed export
10. Excess payment of tax
11. On Account of Assessment/Provisional Assessment/Appeal/ Any other order
12. Any other (specify)

Procedure for filing Refund Application:



Refund of Excess Balance in Electronic Cash Ledger

S.N	Particulars	Special Points
1.	Time limit for Filing Refund Claim	Within 2 years from the date of Payment of Tax
2.	Procedure	Refund Application in GST RFD-01
3.	What assessee is going to get Refund	Balance in Electronic Cash Ledger
4.	Attachments	No Attachments

Refund of ITC on Export of Goods & Services without Payment of Tax

Refund =

Net ITC * Turnover of zero rated supply of goods and services (₹) / Adjusted Total Turnover

Eligible to claim

ITC on Inputs & Inputs Services

Not eligible to claim ITC on capital goods

Refund of ITC on Export of Goods with Payment of Tax

- ❖ No separate refund application filed
- ❖ Shipping bill shall be deemed to be an application for refund of IGST paid on the goods exported
- ❖ The master of ship / conveyance entered the details in EGM

❖ GSTR-1:

- ✓ Disclosed in Table No.6A (Exports)
- ✓ Selected the option “with payment of tax”
- ✓ Declared the Taxable value and Tax amount
- ✓ Return filed successfully

❖ GSTR-3B:

- ✓ Disclosed in Table No.3.1(b) (Zero-rated supply)
- ✓ Discharged the IGST component
- ✓ Return filed successfully

S.55 Refund in certain cases

- ✓ The Government may, on the recommendations of the Council, by notification, specify
- ✓ Any specialised agency of the United Nations Organisation or
- ✓ any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947,
- ✓ Consulate or
- ✓ Embassy of foreign countries and
- ✓ any other person or class of persons as may be specified in this behalf,
- ✓ who shall, subject to such conditions and restrictions as may be prescribed, be entitled
- ✓ to claim a refund of taxes paid on the notified supplies of goods or services or both received by them.

S.56 Interest on delayed Refund

- ✓ If refund is not disbursed within 60 days from the date of receipt of application
- ✓ Rate of Interest @ 6% p.a
- ✓ Department will pay

S.56 Consumer Welfare Fund

The Government shall constitute a Fund, to be called the Consumer Welfare Fund and there shall be credited to the Fund, —

- (a) the amount referred to in sub-section (5) of section 54;
 - (b) any income from investment of the amount credited to the Fund; and
 - (c) such other monies received by it,
- in such manner as may be prescribed.

S.57 Utilization of Consumer Welfare Fund

- (1) All sums credited to the Fund shall be utilised by the Government for the welfare of the consumers in such manner as may be prescribed.
- (2) The Government or the authority specified by it shall maintain proper and separate account and other relevant records in relation to the Fund and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and

Auditor-General of India.

GST Refund Forms: Order

RFD-01

RFD-02

RFD-03

RFD-04

RFD-05

RFD-06

RFD-07

RFD-08

RFD-09

Order of GST RFD Forms - 100% Refund Sanctioned

APPLICATIONS
NOTICE/ ACKNOWLEDGEMENT
REPLIES
ORDERS
AUDIT HISTORY

S.No.	Date	Action	Reference No.	Action By
1	14/04/2021	Refund Application filed	AA360421012827F	Taxpayer
2	22/04/2021	Acknowledged (GST RFD-02)	ZY3604210247605	Tax Officer
3	22/04/2021	Refund Sanction/Rejection Order Issued (GST RFD-06)	ZX3604210248161	Tax Officer
4	23/04/2021	Payment Order Issued (GST RFD-05)	ZR3604210267727	Tax Officer

Export Promotion under GST:

- Export promotion is used by many countries and regions to promote the goods and services from their companies abroad.
- This is good for the trade balance and for the overall economy.
- Export promotion can also have incentive programs designed to draw more companies into exporting.
- Governments do this by providing assistance in the marketing and product identification and development, by arranging payment guaranty schemes, pre-shipment and post-shipment financing, trade visits, training, trade fairs, and foreign representation.
- In GST, we have **refund** mechanism
 - Export of Goods / Services without payment of Tax
 - Export of Goods / Services with payment of Tax & claiming of Refund of Taxes

Rule-96 Refund of IGST paid on goods [or services] exported out of India:

- The shipping bill filed by an exporter of goods shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India and
- Such application shall be deemed to have been filed only when:-
 - the person in charge of the conveyance carrying the export goods duly files [a departure manifest or] an export manifest or an export report covering the number and the date of shipping bills or bills of export; and
 - the applicant has furnished a valid return in **FORM GSTR-3B**, and
 - the applicant has furnished a valid return in **FORM GSTR-1**
- The details of the relevant export invoices in respect of export of goods contained in **FORM GSTR-1** shall be transmitted electronically by the common portal to the ICEGATE (system designated by the Customs) and
- The said system shall electronically transmit to the common portal, a confirmation that the goods covered by the said invoices have been exported out of India.

Deemed Exports in GST

- “Deemed Exports” refers to supplies of goods manufactured in India (and not services) which are notified as deemed exports under Section 147 of the CGST/SGST Act, 2017.
- The supplies do not leave India.
- The payment for such supplies is received either in Indian rupees or in convertible foreign exchange.
- Deemed exports are not zero rated supplies by default, unlike the regular exports.
- Hence all supplies notified as supply for deemed export will be subject to levy of taxes i.e. such supplies can be made **on payment of tax and cannot be supplied under a Bond/LUT**.
- However, the refund of tax paid on the supply regarded as Deemed export is admissible to **either the supplier or the recipient**.
- The application for refund has to be filed by the supplier or recipient (subject to certain conditions) of deemed export supplies, as the case may be.

IGST on Import of Goods

- ❖ As a basic principle, GST law says that all supplies of goods & services made as **imports** into India will be treated as an inter-state supply.
- ❖ All inter-state supplies attract IGST.
- ❖ So import of goods and services into India will attract IGST.
- ❖ Basic custom duty and all applicable customs levy will continue to be charged.
- ❖ IGST on import of goods will be levied and collected under the Customs Act, 1962.
- ❖ IGST on import of services will be covered under the IGST Act, 2017
- ❖ Here the importer has to deposit IGST on reverse charge basis.
- ❖ Except in case of OIDAR (Online Information Data Access and Retrieval) services, the supplier has to seek registration and pay taxes.
- ❖ The IGST paid on imports will be available as input tax credit to the importer.
- ❖ This can be set off against the GST outgo on supplies made by the importer.

Import of Services

- ❖ As per Section 2(11) of IGST Act, import of service means supply of service, where,
 - a) Supplier of service is located outside India
 - b) Recipient of Service is located in India
 - c) The place of supply of service is in India
- ❖ **Taxability of Import of Service under GST includes the following: -**
 - a) Import of service for a consideration whether or not in the course or furtherance of business [Section 7]
 - b) Import of service without consideration by a taxable person from related person or from any of his establishment outside India, in the course or furtherance of business [Schedule I to CGST Act].

Place of Supply of Imports

- Place of supply of any goods imported into India is the location of the importer.
- Therefore, if an importer is located in the state of Maharashtra, the state's share of IGST will go to

Supply is	Place of supply	GST
Goods imported into India	Location of the importer	IGST
Services imported to India	Location of the receiver of services (if not available, location of supplier of services)	IGST

Example 1- Import

Mr. Ravi Imports Stationery items from USA for his shop (registered in Bangalore).

Place of supply: Bangalore

GST: IGST

Example 2- Export

Ms. Anita (Kolkata) exports Indian perfumes to UK.

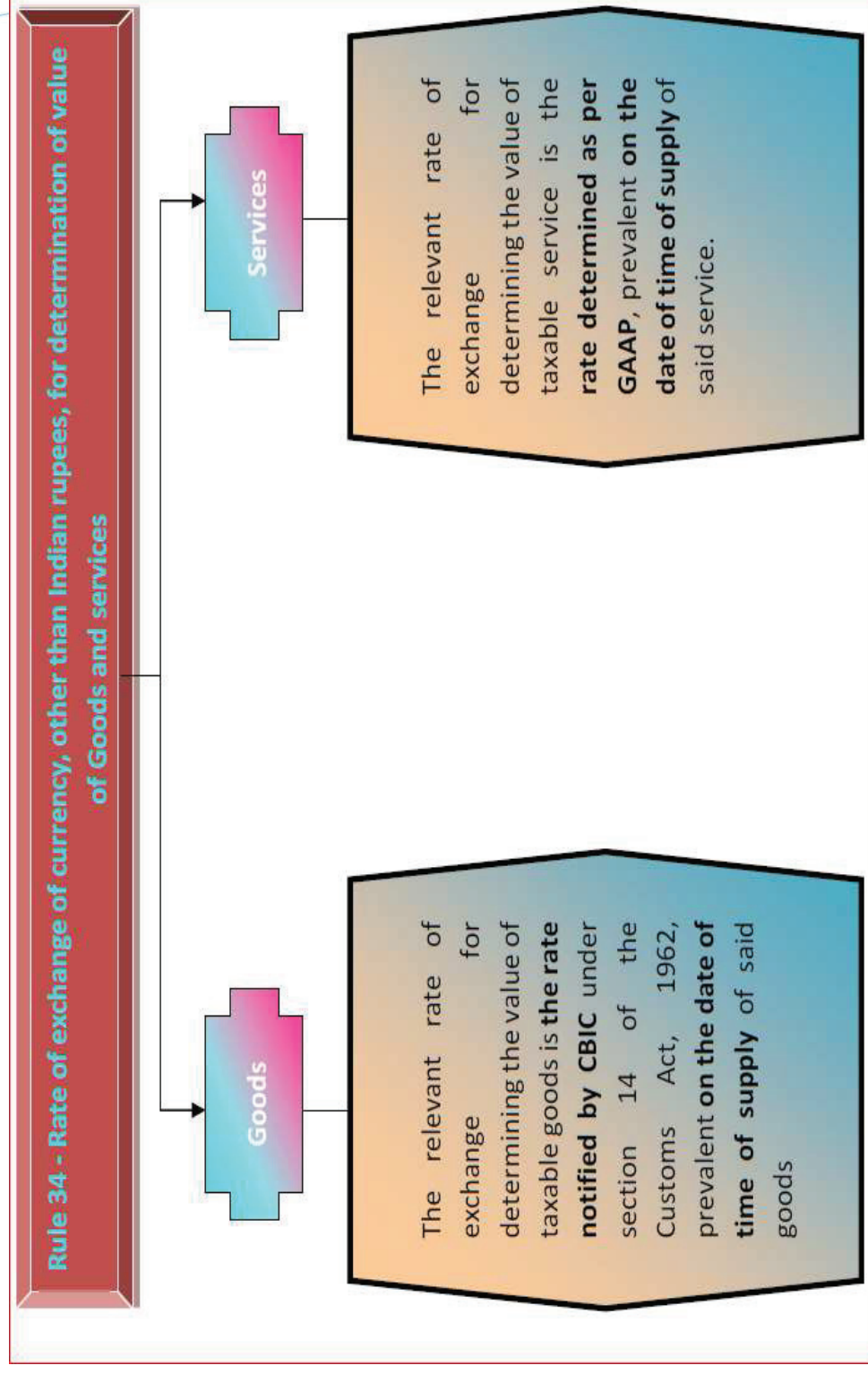
Place of supply: UK

GST: Exempted

High Sea Sales

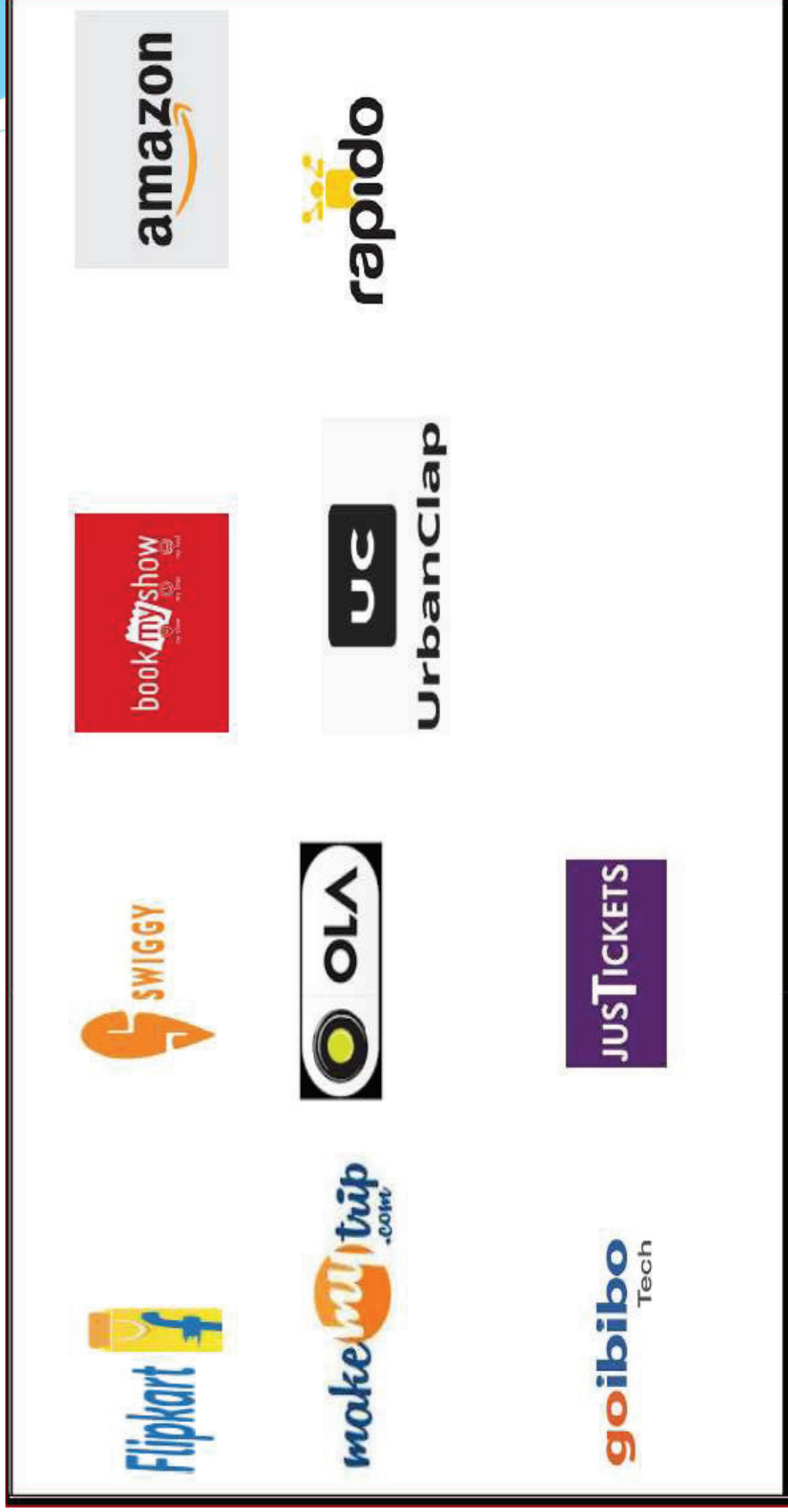
- High sea sales is a sale carried out by the actual consignee (i.e. the consignee shown in the Bill of Lading) to another buyer while the goods are on high seas or after their dispatch from the port of loading and before their arrival at the port of discharge.
- For example, if a buyer in India purchases iron scrap from USA and while the shipment is in transit, the goods are sold to another person, the transaction would be termed as high sea sales.
- Hence, the high sea sales agreement / contract should be signed **after dispatch of goods** from the origin and **prior to their arrival at destination**.
- On concluding the high sea sales agreement, the bill of lading should be endorsed in favor of the buyer.
- The title of the goods transfers to the buyer and **bill of entry** is also filed in the name of buyer.
- The final buyer in a high sea sales transaction is responsible for payment of GST and providing the necessary documents as required under Customs for clearance of the goods.

Rate of exchange of currency, other than Indian rupees, for determination of value

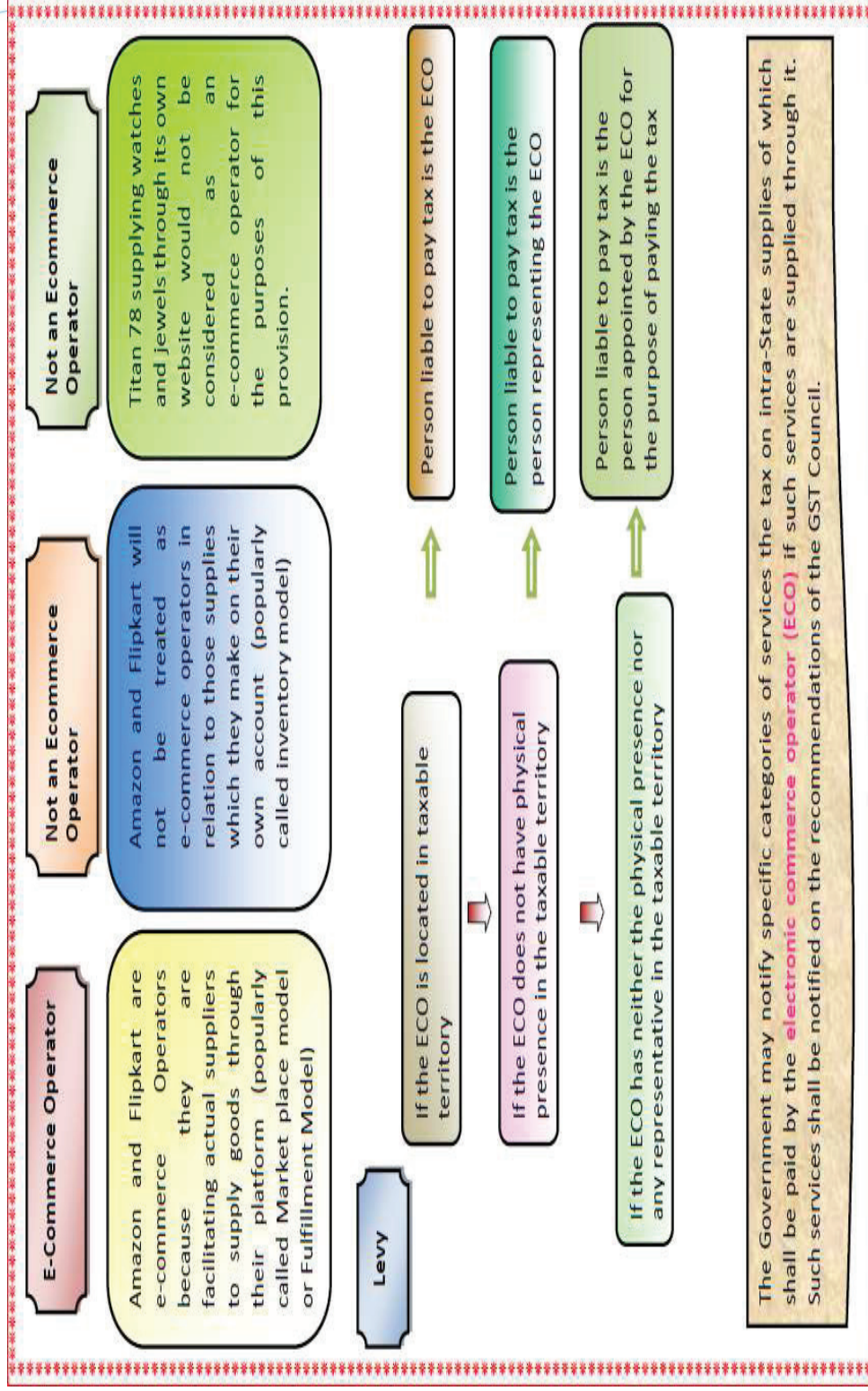


Electronic Commerce Operator (ECO)

Any person who owns, operates or manages digital or electronic facility or platform for electronic commerce



Electronic Commerce Operator (ECO)



GST TDS & TCS

- **Tax Deducted at Source (TDS)** under Goods and Service Tax.
- As per the GST law, certain notified registered persons will be required to deduct these taxes while making payments to the registered supplier.
- In other words, TDS under GST shall be deducted and deposited with the government.
- **Tax Collected at Source (TCS)** under GST means
- The tax collected by an e-commerce operator from the consideration received by it on behalf of the supplier of goods, or services who makes supplies through the operator's online platform.

