

The Institute of Cost Accountants of India

Certificate Course on GST

7Th Batch

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Topic for discussion on 12/09/2020	Constitutional background of GST
	Existing indirect tax subsumed under GST
	Goods outside the preview of GST
	Model of GST
	Fundamentals of GST
	Important definition

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Presented by : CMA SATYA NARAYAN MISHRA

GOODS AND SERVICE TAX (GST) CONCEPT & STATUS

1. INTRODUCTION.

Before going for detail discussion about GST law, we have to understand how indirect tax is levied in India and also understand certain basic idea about Indian taxation system. Let one by one discuss the same.

1.1. What is Tax?

Tax is a compulsory extraction/collection of money by Govt. by an enactment of Law.

1.2. Types of Tax.

There are two type of tax, one is direct tax and another is Indirect tax.

1.3. Power to impose tax?

- Article 265 of the Constitution of India provides that no tax shall be levied or collected except by authority of law.
- Thus to collect a tax there must be some power. Now, we have to understand in pre-GST regime how Govt. is empowered to collect tax?

1.4. Power of Govt. to Collect tax before pre GST regime.

- Before implementation of Goods and Service Tax (GST), Indian taxation system was a combination of central, state and local level tax.
- Article 246 of constitution of India empower Govt, to collect tax.
- There are several matters are listed in seventh schedule of constitution of India and as per article 246 of constitution, the Central Govt. has the power to make laws in respect of matters given in List-I which is called Union list.
- Further the matter listed in List-II i.e State list, the state Govt has the exclusive jurisdiction to legislate tax laws.
- Further for the matter listed in List-III called as concurrent list for which both the Central Government and State Governments can frame tax laws.

Being tax was levied by both center as well as state level for which we can say that , the Indian Tax system is a combination of central level as well as state level tax.

1.5. What are the main source of tax revenue before GST in India ?

Before implementation of GST, the main source of Indirect tax was:

For Central Govt.	For State Govt.
❖ Customs duty- Levied on Export and Import	❖ Excise duty on alcoholic liquors, opium and narcotic.
❖ Excise Duty- Levied on manufactured of Goods	❖ Taxes on luxuries, entertainments, amusements, betting and gambling.
❖ Service Tax- Levied on Provision of service	❖ Entry Tax: levied on movement of goods from one state to another
❖ CST- Levied on Inter-state sales of goods.	❖ Electricity Tax:- levied on consumption or sale of electricity

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2. INTERNATIONAL SCENARIO OF GST:

- 2.1. In 1954 France was the first country to implement GST by naming the same as VAT.
- 2.2. Presently, more than 160 countries have implemented GST in various form.
- 2.3. GST laws varies from one country to another in terms of its technical aspects but it has one common principle, i.e it is a destination based consumption tax instead of origin consumption.

3. NEED FOR GST IN INDIA

There are several reason for implementation of GST in India and following are the most viable reason need implementation of GST in India.

- 3.1. **To remove cascading effect.:** Cascading tax effect is also termed as “tax on tax”. This effect occurs when a good is taxed on every stage of production. Such a good is taxed till it is finally sold to the consumer. This means each succeeding transfer of good is taxed inclusive of the taxes charged on the preceding transfer. As a result, the final consumer bears the burden of the multiple taxes imposed on every stage of production.
- 3.2. **To reduce compliance mechanism:** Being several tax was levied for single transaction for which several compliance is required and which ultimately increase the price of the product and service. As a result, the final consumer bears the burden of the multiple compliance cost.

4. CONSTITUTIONAL AMENDMENT FOR IMPLEMENTATION OF GST

- 4.1. We have already discussed that Article 265 of Constitution provides that, without authority of law tax cannot be collected and Article 246 empowered the Govt levy various taxes such as Excise, Service tax, Vat etc. Thus, for introduction of GST it was required that respective Govt shall have the power to levy GST.
- 4.2. To get the power from constitution to legislate GST, it is required to amend the constitution of India by abolishing previous taxes.
- 4.3. To amend the constitution, the Constitution (122nd Amendment) Bill, 2014 was introduced in the 16th Lok Sabha in 2014. The Constitution Amendment Bill was passed by the Lok Sabha in May, 2015. The Bill with certain amendments was finally passed in the Rajya Sabha and thereafter by Lok Sabha in August, 2016. Further the bill was ratified by required number of States and received assent of the President on 8th September, 2016 and has since been enacted as Constitution 101st Amendment Act, 2016 w.e.f. 16.09.2016.
- 4.4. The important changes introduced in the Constitution by the 101st Amendment Act are the following:
 - I. Insertion of new article 246A which makes enabling provisions for the Union and States with respect to the GST legislation. It further specifies that Parliament has exclusive power to make laws with respect to GST on inter-state supplies.
 - II. Article 268A of the Constitution has been omitted which empowered the Government of India to levy taxes on services.
 - III. Article 269A has been inserted which provides for goods and services tax on supplies in the course of inter-State trade or commerce which shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.
 - IV. Article 270 has been amended to provide for distribution of goods and services tax collected by the Union between the Union and the States.
 - V. Article 279A has been inserted to provide for the constitution and mandate of GST Council.
 - VI. Article 366 has been amended to exclude alcoholic liquor for human consumption from the ambit of GST, and services have been defined.
 - VII. Article 368 has been amended to provide for a special procedure which requires the ratification of the Bill by the legislatures of not less than one half of the States in addition to the method of voting provided for amendment of the Constitution.

5. SUBSUMING OF TAXES, DUTIES ETC IN GST

By amending the constitution various taxes are subsumed into GST and thereafter IGST Act, CGST Act SGST Act get the consent of parliament.

Central Tax Subsumed in GST	StateTax subsumed in GST
<ul style="list-style-type: none">❖ 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 levied on above.	<ul style="list-style-type: none">❖ State VAT,❖ Purchase Tax,❖ Luxury Tax,❖ Entry Tax,❖ Entertainment Tax (except those levied by the local bodies),❖ Taxes on advertisements,❖ Taxes on lotteries, betting and gambling,❖ Cesses and surcharges on above

6. GOODS OUTSIDE THE PURVIEWS OF GST

While implementing GST certain products are not fall within the scope of GST and these are:

SI No	Item	Remarks
1	Alcoholic Liquor for human consumption	Article 366(12A) of the Constitution of India provides that taxes on the supply of alcoholic liquor for human consumption are outside the purview of the Goods and Service Tax Act
2	Petroleum Products viz, petroleum crude, high spirit diesel, motor spirit	GST to be levied from such date as may be notified by the Government on the recommendations of the GST Council (Section 9(2) of the CGST Act). Till then Central excise duty will continue on petroleum products.
3	Electricity	As per Entry 53 in List II(State list) of the Seventh Schedule to the Constitution of India, taxes on consumption and sale of electricity are under the ambit of the States.

7. GST TRANSFORM THE TAXATION SYSTEM FROM ORIGIN BASED TAXATION TO DESTINATION BASED TAXATION

Origin Based Taxation	Destination Based Taxation
<ul style="list-style-type: none"> ❖ Origin Based Taxation as the name suggests is the taxation based on origin or source where the goods and services are produced. ❖ This principle seeks to tax the goods and services on the basis of the principle that the goods and services should be taxed in the Jurisdiction where their production or origination takes place rather than where their consumption takes place. ❖ Therefore, revenue accrues to the jurisdiction where goods and services are produced. 	<ul style="list-style-type: none"> ❖ Destination Based Taxation as the name suggests is the taxation based on destination of goods or services. ❖ This principle seeks to tax the goods and services on simple theory that the goods or services should be taxed in the jurisdiction where their consumption takes place rather than the point where their origin or production takes place. ❖ Thus, entire revenue relating to the goods or services accrues to the jurisdiction where they are being ultimately consumed.
<p>For Example, If A in Gujarat produces the goods and sells the goods to B in Rajasthan, then in such case the tax should be levied and collected in the State of Gujarat and not in the State of Rajasthan.</p>	<p>For Example, If A in Gujarat produces the goods and sells the goods to B in Rajasthan, then in such case the tax should be levied and collected and should accrue to the State of Rajasthan and not to the State of Gujarat.</p>
<p>The basic difference between the two lies in the fact that origin based taxation seeks to levy and collect tax on the basis of location of production and destination based taxation seeks to levy and collect tax on the basis of location of consumption.</p>	

8. MODEL OF GST IN INDIA

There are two model in GST as under:

- 8.1. **Dual Model:** India has adopted dual GST model because of its unique federal nature. Under this model, tax is levied both by the Centre as well as the States on a common base, i.e. supply of goods or services or **both**. GST to be levied by the Centre would be called Central GST (Central tax / CGST) and that to be levied by the States would be called State GST (State Tax / SGST). State GST (State Tax / SGST) would be called UTGST (Union territory tax) in Union Territories without legislature. CGST & SGST / UTGST shall be levied on all taxable intra-State supplies.
- 8.2. **IGST Model:** Inter-State supply of goods or services shall be subjected to integrated GST (Integrated tax / IGST). The IGST Model envisages that Centre would levy IGST (Integrated Goods and Service Tax) which would be CGST plus SGST on all inter-State supply of goods or services or both.

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PREMABLE OF GST LAWS IN INDIA.

9. Previously we have discussed that, in India Dual model and IGST model is followed for which following laws are effective in India to implement GST.
- **INTEGRATED GOODS AND SERVICES TAX ACT, 2017**(IGST Act): An Act to make a provision for levy and collection of tax on **inter-State supply** of goods or services or both by the Central Government and for matters connected therewith or incidental.
 - **THE CENTRAL GOODS AND SERVICES TAX ACT, 2017** (CGST Act) :An Act to make a provision for levy and collection of tax on **intra-State supply** of goods or services or both by the Central Government and the matters connected therewith or incidental thereto.
 - **UNION TERRITORY GOODS AND SERVICES TAX ACT, 2017**(UGST Act):An Act to make a provision for levy and collection of tax on intra-State supply of goods or services or both by the Union territories and the matter connected therewith or incidental thereto.
 - **GST COMPENSATION TO STATES ACT, 2017**:An Act to provide for **compensation** to the States for the loss of revenue arising on account of implementation of the goods and services tax in pursuance of the provisions of the Constitution (One Hundred and First Amendment) Act, 2016.
 - Respective State Govt, has passed their respective **STATE GST ACT,2017**(SGST) to make the provision for levy and collection of tax on **intra-state** supply of goods or services or both and matter connected therewith. `

From the preamble of several GST laws the crux is “GST will be levied on supply of Goods and service or on both”.

10. Types of GST:

There are four type of GST such as:

- Central Goods and Service Tax (CGST)
- State Goods and Service Tax (SGST),
- Union Territory Goods and Service Tax (UTGST)
- Integrated Goods and Service Tax (IGST)

11. As a layman If we read all related provision, we will be able acquire knowledge about the following matters:

Levy & Collection mechanism	To know charging provision of GST & various collection mechanism of GST.
Registration	Who is required to registration?
Time of Supply.	When tax liability will arise?
Value of Supply	On what GST will be charged.
Rate of tax	Know the applicable rate of GST
Assessment	Determination of tax liability
Payment of Tax & Regular compliance	How to make the payment of tax and regular filing of return.
Refund	Different situation for claiming of refund of tax which are already paid .
Audit	Requirements of audit and who will conduct GST Audit.
Demand and recovery	Process of demand and recovery by Govt,If there is short payment of tax.
Interest and penalty	Method of computation of interest and payment process.
Litigation.	If there is any conflict then Appeal filing procedure.
Other provision	Migration process, documentation, Job work, transitional provision, composition scheme etc.

12. BASIC INGREDIENT TO LEVY TAX.

Hon'ble Supreme court of India in the case of Govind Saran Ganga Saran vs. Commissioner of Sales Tax, in his judgment set a principle and evolved four number of basic requirement of a taxing statute and those requirements are.

- There must be a Taxable event.
- Such event must be a taxable person who will pay the tax.
- Such event has some value and
- There must be a rate of tax.

It may be noted that, if one of the element is missing then it is not possible to levy a tax.

13. LEVY OF GST.

- 13.1. Section 9(1) of **CGST** Act state that, there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, on the value determined and at such rates, and collected in such manner as may be prescribed and shall be paid by the taxable person.
- 13.2. Further, Section 7(1) **IGST** Act state that, there shall be levied a tax called the integrated goods and services tax on all inter-State supply of goods or services or both, on the value determined and at such rates, and collected in such manner as may be prescribed and shall be paid by the taxable person.
- 13.3. From the charging provision it is under stood that **CGST will be levied on intra-state** supply and **IGST will be levied on Inter-state supply**.
- 13.4. For further analysis, we have to first understand the meaning of various terminology used in the charging provision. Let one by one discuss the relevant meaning of various definition provided in GST law.

- 13.5. **“Goods”** means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.[Section.2(52) of CGST Act].

Example of Goods: Laptop, motor car, machinery, trees after separation from land.

- 13.6. **“Services”** means anything other than goods, money and securities but includes activities 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. [Section 2(102) of CGST Act].

Example of service: Consultancy, transportation, teaching, telecommunication etc., facilitating to someone for converting foreign currency to Indian currency.

The Concept Of Supply

- 13.7. **Supply:** The backbone of GST act is supply. If a transaction qualifies as supply then the said transaction will fall within the ambit of GST law.
- 13.8. Section 7(1)(a) of CGST Act laid down the scope of service and as per the said provision the expression **“supply”** includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a **consideration** by **a person** in the course or furtherance of **business**;
- 13.9. The term, “supply” has been inclusively defined & which can be carried out in any manner or in any form. But such manner is carried out by the supplier in the course or furtherance of business against a consideration. Thus, the meaning and scope of supply can be understood in terms of several parameters to levy GST such as:
- (a) There must be supply of goods or services or both.
 - (b) Supply of anything other than goods or services such as money, securities etc does not attract GST provision.
 - (c) Supply should be made for a consideration (exceptional situations are there as per Schedule-I).
 - (d) Supply should be made in the course or furtherance of business.
 - (e) The supply is made by a person to another i.e supplier to recipient.

13.10. Forms/manner of making Supply: As per GST Law supply can be made in any form and any manner but in general we have to understand the possible manner of making supply such as :

- (a) **Sale:** It involves transfer of property in goods from one person to another person for consideration.
- (b) **Transfer:** the term transfer means, where the ownership may not be transferred but the right in the goods is transferred.
- (c) **Barter:** it means, the exchange of goods and productive services for other goods and productive services, without the use of money.
- (d) **Exchange:** when two persons mutually transfer the ownership of one thing for the ownership of another, neither thing nor both things being money only, the transaction is called an exchange.
- (e) **Licence:** where one person grants to another, or to a definite number of other persons, a right to do or continue to do in or upon the immovable property of the grantor, the right is called a licence.
- (f) **Rentals:** Periodical payment for use of another's property. Rent is to pay on monthly.
- (g) **Lease:** A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease may be financial lease or operating lease.
- (h) **Disposal:** Disposal normally considered as selling of assets when the organization is about to close down and various assets are required to be disposed of.
- (i) Any other mode as may possible.

13.11. **Person:** As per Section 2(84) of CGST Act: "person" includes—

- a) an individual;
- b) a Hindu Undivided Family;
- c) a company;
- d) a firm;
- e) a Limited Liability Partnership;
- f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;
- g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013 (18 of 2013);
- h) any body corporate incorporated by or under the laws of a country outside India;
- i) a co-operative society registered under any law relating to co-operative societies;
- j) a local authority;
- k) Central Government or a State Government;
- l) society as defined under the Societies Registration Act, 1860 (21 of 1860);
- m) trust; and
- n) every artificial juridical person, not falling within any of the above.

13.12. **Business:** As per Section. 2(17) of CGST Act the term“business” includes —

- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
- (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
- (c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;
- (d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
- (e) 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;
- (f) admission, for a consideration, of persons to any premises;
- (g) 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;
- (h) activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and
- (i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;

13.13. **Consideration:** As per Section 2(93) of CGST Act “consideration” in relation to the supply of goods or services or both includes —

- (a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;
- (b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, 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;

13.14. **Supplier:** “Supplier” in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied. [Sec.2(105) CGST Act.]

13.15. **Recipient:** Section 2(93) of CGST Act. “Recipient” of supply of goods or services or both, means —

- (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (b) where no consideration is payable for the supply of 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; and
- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

13.16. Inter-State Supply:

Section 7 of IGST Act provides the condition for identifying a transaction as Inter-state supply transaction which are as under:

- a) In case of supply of goods and services, where the **location of the supplier** and the **place of supply** are in two different States or in two different Union territories; or in a State and a Union territory, then such transaction shall be treated as a supply of in the course of inter-State trade or commerce.
- b) Further, in case Supply of goods or services or both,— when the supplier is located in India and the place of supply is outside India shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.
- c) Further supply to or by a Special Economic Zone developer or a Special Economic Zone unit , shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.

13.17. Intra-State Supply

Section 8 of IGST Act provides that where the **location of the supplier** and the **place of supply** of goods or services are in the same State or same Union territory shall be treated as intra-State supply.

13.18. **Location of the supplier of services**” means,—

- a) where a supply is made from a place of business for which the 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 (a fixed establishment elsewhere), the location of such fixed establishment;
- c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provisions of the supply; and
- d) in absence of such places, the location of the usual place of residence of the supplier;

13.19. **“location of the recipient of services”** means,—

- a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;
- b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;
- c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and
- d) in absence of such places, the location of the usual place of residence of the recipient;

13.20. **Location of supplier of goods & place of supply of goods:** The location of supplier of goods and place of supply of goods is not defined under GST act. These terms are to be understood in general parlance.

13.21. **Place of Supply:** As per section 2(86) of CGST Act “place of supply” means the place of supply as referred to in Chapter V of the IGST Act. Section 10 to 14 of IGST Act deals with said provision. Generally it determined on the basis of location of recipient.

Other relevant definition:

- 13.22. **Taxable person:** Taxable person” means a person who is registered or liable to be registered as per GST provision. [Section 2(107) of CGST Act].
- 13.23. **“Aggregate turnover”** means the aggregate value of all **taxable supplies** (excluding the value of inward supplies on which tax is payable by a person on **reverse charge** basis), **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 but excludes central tax, State tax, Union territory tax, integrated tax and cess. **[Section 2(6) of CGST Act]**
- 13.24. **Taxable supplies:** means a supply of goods or services or both which is leviable to tax under GST Act. [Section.2(108) of CGST Act].
- 13.25. **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 under section 11 of CGST Act, or under section 6 of the IGST Act and includes non-taxable supply; [Section 2(47) of CGST Act].
- 13.26. **Non-taxable supply:** non-taxable supply” means a supply of goods or services or both which is not leviable to tax under GST Act. [Section 2(78) of CGST Act].
- 13.27. **Outward supply”** in relation to a taxable person, means supply of goods or services or both, whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other mode, made or agreed to be made by such person in the course or furtherance of business. . [Section 2(83) of CGST Act].
- 13.28. **Reverse charge:** means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9, or under sub-section (3) or subsection (4) of section 5 of the Integrated Goods and Services Tax Act; [Section 2(98) of CGST Act].
- 13.29. **“Assessment”** means determination of tax liability under this Act and includes self-assessment, re-assessment, provisional assessment, summary assessment and best judgment assessment [Section 2(11) of CGST Act].
- 13.30. **“Audit”** means the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the rules made thereunder; [Section 2(13) of CGST Act].

13.31. “**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; [Section 2(30) of CGST Act].

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.

13.32. “**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; ; [Section 2(90) of CGST Act].

13.33. “**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; [Section 2(74) of CGST Act].

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.

13.34. **Output tax** in relation to a taxable person, means the tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis; [Section 2(82) of CGST Act].

13.35. **Input tax credit**” means the credit of input tax. [Section 2(82) of CGST Act].

13.36. **Tax period** means the period for which the return is required to be furnished; [Section 2(106) of CGST Act].

13.37. **Return** means any return prescribed or otherwise required to be furnished by or under this Act or the rules made thereunder; [Section 2(97) of CGST Act].

14. WHO IS LIABLE TO GET REGISTERED UNDER GST?

- 14.1. GST registration is mandatory for any business whose aggregate turnover in a financial year exceeds Rs 20 lakhs for manufacture (Rs 10 lakhs for North Eastern and hill states).
- 14.2. Provided also that the Government may, at the request of a State and on the recommendations of the Council, enhance the aggregate turnover from twenty lakh rupees to such amount not exceeding forty lakh rupees in case of supplier who is engaged exclusively in the supply of goods, subject to such conditions and limitations, as may be notified.

15. WHO WILL PAY GST?

- 15.1. Under GST provision, the tax is to be paid by a registered person. Generally the supplier paid the tax on his outward supply.
- 15.2. However, there are certain supplies notified by the Govt on which the recipient is liable to pay the tax which is known as tax payable under reverse charge mechanism.

16. REVERSE CHARGE MECHANISM

- 16.1. India is a country where there are partly organized and unorganized sectors, which require continuous monitoring for better tax compliance and coverage. To carry out this function smoothly, the government had introduced REVERSE CHARGE MECHANISM (RCM).
- 16.2. As per section 9(3) of CGST Act and 5(3) of IGST Act listed certain supplies on which RCM provision applicable such as GTA service, service provided by an advocate, Director of a company, Sponsorship service, Service by Govt, service by insurance agent, service of a recovery agent of bank, Confiscated goods received from Govt etc.

17. PREVAILING RATE OF GST

- 17.1. The GST council has fitted over 1300 goods and 500 services under four tax slabs of 5%, 12%, 18% and 28% under GST. In addition to the same the tax on gold 3% is charged and on rough precious and semi-precious stones a special rate of GST of 0.25% is charged.

18. VALUE OF TAXABLE SUPPLY.

18.1. As per Section 15(1) the value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services and which exclude discount amount known at the time of supply and includes the following :

- any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than GST act.
- Incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;
- any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient

19. TIME LIMIT FOR ISSUANCE OF TAX INVOICE:

For Service- As per rule 47 of CGST rules state that in the case of the taxable supply of services, invoice shall be issued within a period of thirty days from the date of the supply of service:

For Goods- A registered person supplying taxable goods shall, before or at the time of removal of goods (where supply involves movement of goods) or making of delivery to the recipient. (Section 31(1) of CGST Act)

20. **CONTENTS OF TAX INVOICE** : GST law mandated a tax invoice should contain the following mandatory information:

- name, address and GSTIN Number of the supplier
- a consecutive serial number not exceeding sixteen characters,
- date of its issue;
- name, address and GSTIN, if registered, of the recipient
- Address of delivery along with state code and place of supply.
- Harmonised System of Nomenclature code for goods or services;
- description of goods or services;
- quantity in case of goods and unit or Unique Quantity Code thereof;
- total value of supply of goods or services or both;
- taxable value of the supply of goods or services or both taking into account discount or abatement, if any
- rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- place of supply along with the name of the State, in the case of a supply in the course of inter-State trade or commerce
- whether the tax is payable on reverse charge basis; and
- signature or digital signature of the supplier or his authorised representative:

21. TIME OF SUPPLY

The liability to pay tax on goods shall arise at the time of supply and the general provision for time of supply will be

For Forward charge	
For supply of Goods	For supply of Service
Earlier date of: <ul style="list-style-type: none">- the date of issue of invoice by the supplier- the date on which the supplier receives the payment with respect to the supply:	Earlier date of: <ul style="list-style-type: none">- the date of issue of invoice by the supplier or the date of receipt of payment- or- the date of provision of service, if the invoice is not issued within the period prescribed

For Reverse Charge	
For supply of Goods	For supply of Service
Earliest of the following dates : <ul style="list-style-type: none">- Date of the receipt of goods- Date of payment,- Date immediately after 30 days from the date of issue of the invoice by the supplier or- Date of debit in the books of accounts	Earliest of the following dates : <ul style="list-style-type: none">- Date of the receipt of service- Date of payment,- Date immediately after 60 days from the date of issue of the invoice by the supplier or- Date of debit in the books of accounts

22. COMPOSITION LEVY :

- It is a optional scheme.
- Who will opt the scheme will pay GST at concessional rate such as:
 - o 2% of the turnover in case of manufacturers.
 - o 1% of the turnover in other cases
 - o 5% In case of Restaurant Services
- The person who opting for composition scheme is not eligible to claim ITC.
- The said person will not collect any tax from the customer.

23. ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION.

As per the scope of supply if the transaction made for a consideration then it qualifies as a supply. However, there are certain exception where the activity made without consideration also to be treated as supply and the same is provided in schedule I of CGSt Act. Such as

- Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:

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.

- Supply of goods by a principal to his agent or vice versa.

उत्तिष्ठ भारत
THANKS & REGARDS

CMA SATYA NARAYAN MISHRA