

Overview of Goods and Services Tax

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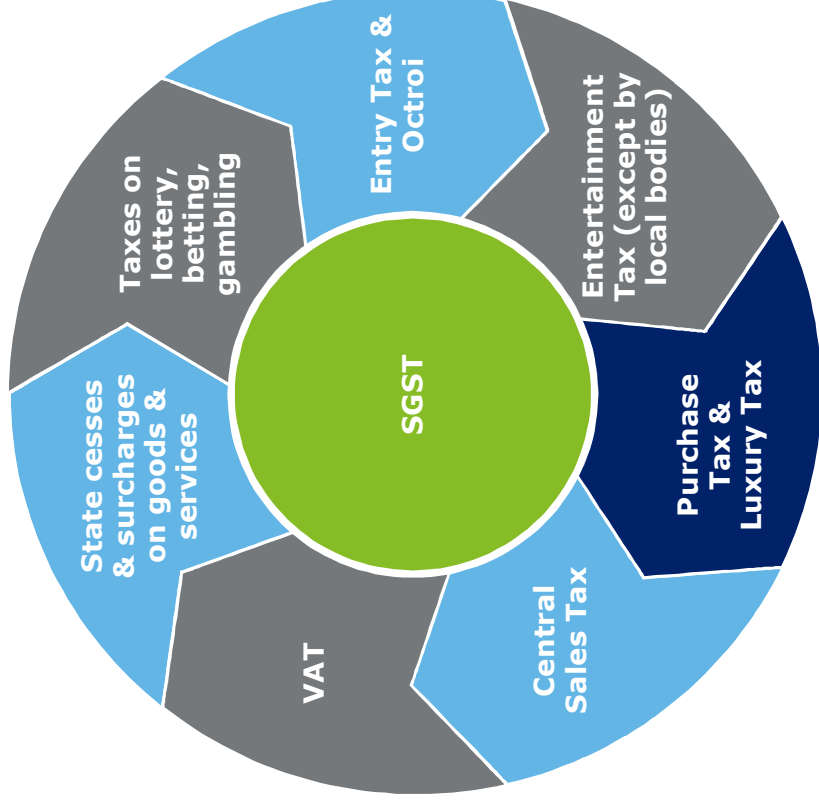
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Background



Taxes to be subsumed in GST

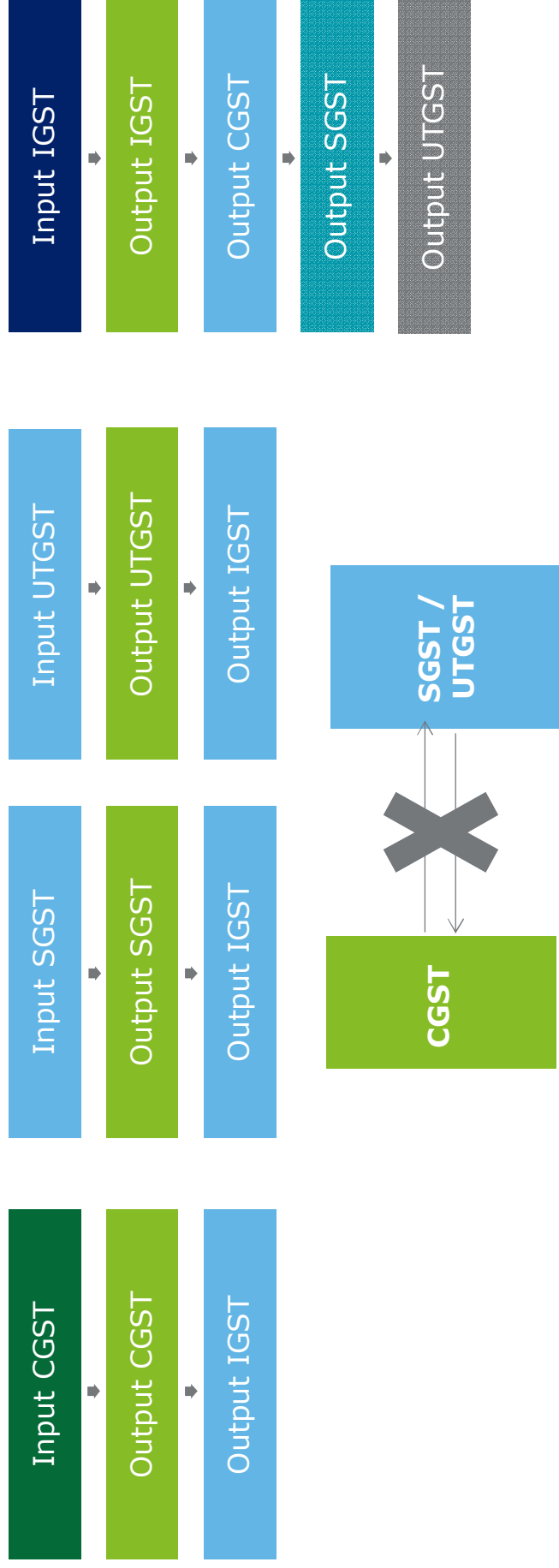


Note:

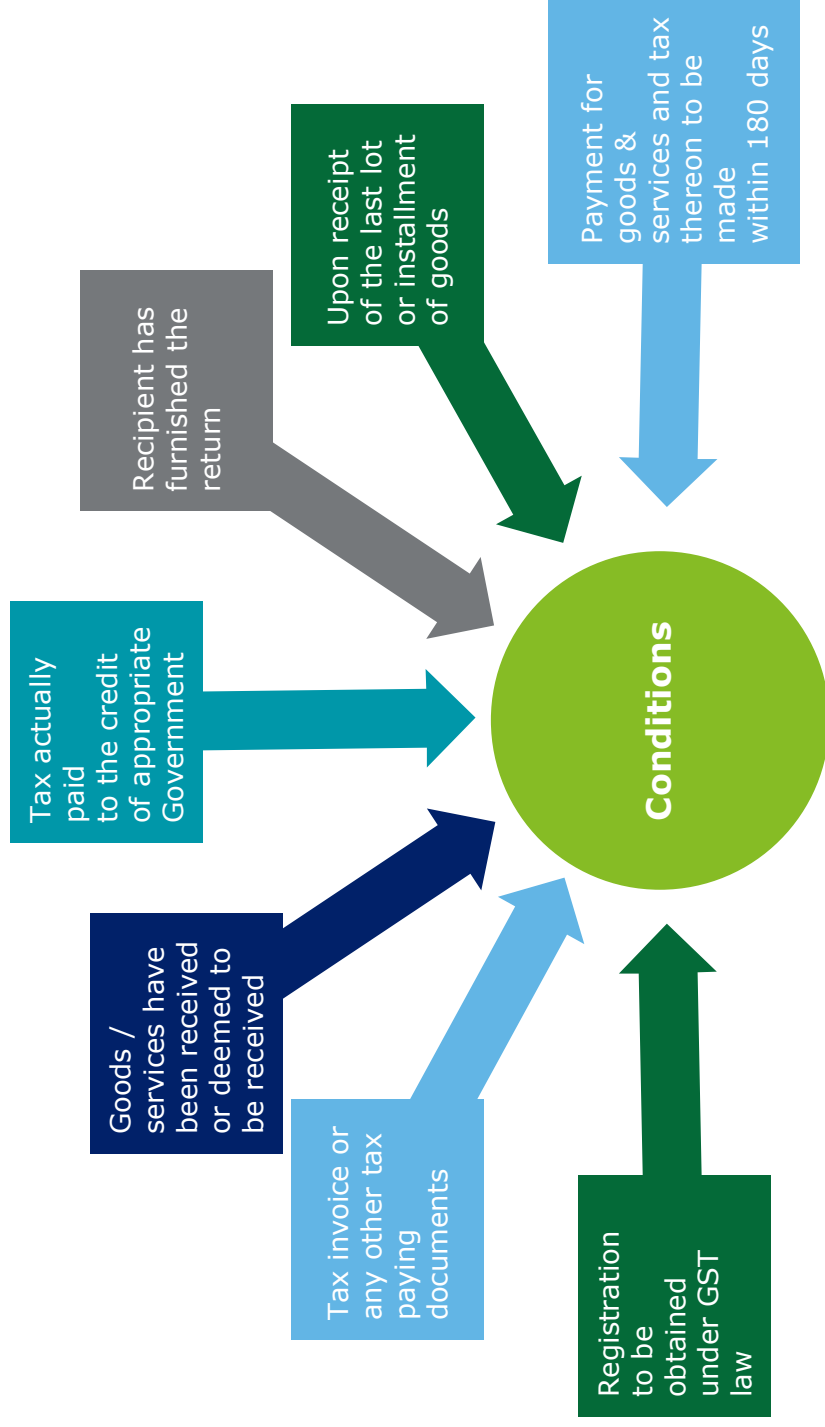
- 1) Alcoholic beverages for human consumption are proposed to be kept out of the purview of GST
- 2) GST on petroleum products would be levied from a notified date recommended by the GST Council
- 3) * Includes Excise duty levied under Medicinal & Toilet Preparations (Excise Duties) Act, 1955

GST Law – Basic Features

- Taxation on destination based consumption principles
- Taxable event of 'supply' as against manufacture (excise), sales (VAT) and services (service tax)
- Dual GST (Central GST and State GST) to apply concurrently on supply of all goods and services
- Integrated GST (IGST) on inter-State transactions including stock transfers
- Exports zero rated; Imports subject to IGST
- Concurrent credit chain as under:



Conditions to avail Input GST Credit



- Time limit for availing credit – Before the due date of filing return for the month of September of subsequent financial year or date of filing of annual return, whichever is earlier [Section 16(4) of the CGST Act, 2017]

Concept of Supply



Supply – meaning and scope

Meaning and Scope of 'Supply'

All forms of supply of goods/services such as sale, transfer, barter, exchange, license, rental, lease or disposal, for consideration by a person in the course and furtherance of business.

Importation of services, for a consideration whether or not in the course or furtherance of business.

Supply specified in Schedule I, made or agreed to be made without a consideration

Schedule I

Supplies made or agreed to be made without consideration

Permanent transfer/disposal of business assets where input tax credit has been availed on such assets

Supply of goods/services between related persons, or between distinct person , when made in the course or furtherance of business

Supply of goods

- by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal, or
- by an agent to his principle where the agent undertakes to receive such goods on behalf of the principal

Importation of services by a taxable person from a related person or from any of his other establishment outside India, in the course or furtherance of business

Please note: Supply of goods by a registered taxable person to a job-worker not to be treated as supply of goods

Schedule II

Matters to be treated as Supply of Goods or Services

Particulars of Nature of Transactions

To be Treated as supply of

Transfer	Title in goods	Goods
	Goods or of right in goods or of undivided share in goods without the transfer of title thereof	Services
	Property in goods will pass at a future date upon payment of consideration	Goods
Transfer of business assets	Where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business, whether or not for a consideration	Goods
	Goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration	Services

Schedule II

Matters to be treated as Supply of Goods or Services

Particulars of supply	Nature of Transactions	To be Treated as supply of
Land and Building	Any lease, tenancy, easement, license to occupy Land Any lease or letting out the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly	Services Services
Treatment or process	Any treatment or process which is being applied to another person's goods	Services

Schedule III

Transaction which shall be treated neither as a supply of goods nor supply of services

Service by an employee to the employer in the course of or in relation to his employment

Service by any Court or Tribunal established under any law for the time being in force

- Functions performed by the Members of parliament, Members of state legislature, Members of Panchayats, Members of Municipalities and Member of other local authorities
- Duties performed by any person holding any post in pursuance of the provision of Constitution in that capacity
- Duties performed by any person as a chairperson or a Member or a Director in a body established by the Central/State Government or a local authority and who is not deemed as an employee before the commencement of this clause

Service by a foreign diplomatic mission located in India

Service of funeral, burial, crematorium or mortuary including transportation of the deceased

Intra-State supply and Inter-State supply – Relevant provisions

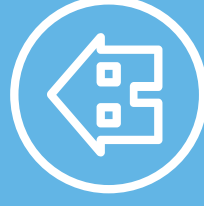
- Section 8(1) of the IGST Act, 2017 provides that where **location of supplier** and **place of supply** are in the same State, the transaction shall qualify as an intra-state supply
- However as per first proviso to section 8(1) supply to or by SEZ developer/unit is specifically excluded from the ambit of intra-state supply, it shall be considered as inter-state supply.

Intra-State Supply



- Section 7(1) and 7(5) of the IGST Act, 2017 provides that where the **location of supplier** and **place of supply** are in different states (including those supplies not covered elsewhere and are not intra-state supplies) shall qualify as an inter-state supply
- Section 7(2) of the IGST Act provides that import of goods till the goods cross customs frontiers and all import of services are deemed to be inter-state supply
- Proviso to Section 8(1) of the IGST Act, 2017 provides that supply to or by SEZ developer/unit are also deemed to be inter-state supply

Inter-State Supply



Composite supply and Mixed supply

Composite Supply - means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, 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

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

Tax liability on a composite or a mixed supply shall be determined in the following manner :

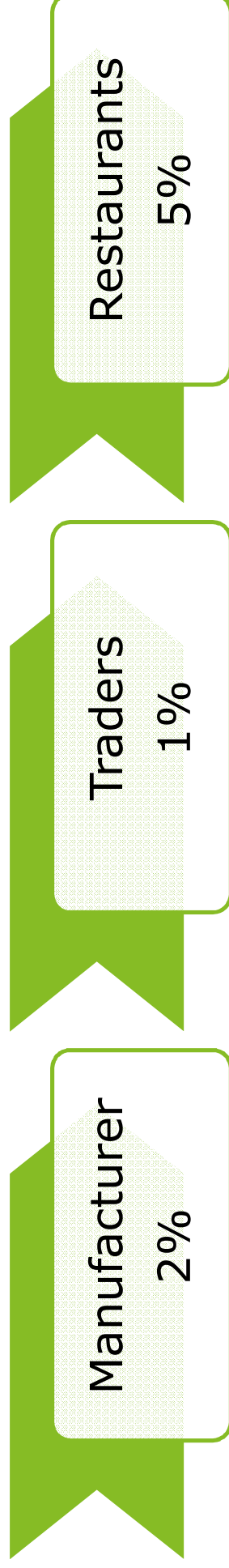
- a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply;
- a mixed supply comprising two or more supplies shall be treated as supply of that particular supply which attracts the highest rate of tax.

Composition Scheme



Composition Scheme

Registered person, whose aggregate turnover in the preceding financial year did not exceed INR 75 lakhs (INR 50 lakhs for special category states) can opt for Composition Scheme



Conditions for availing Composition Scheme

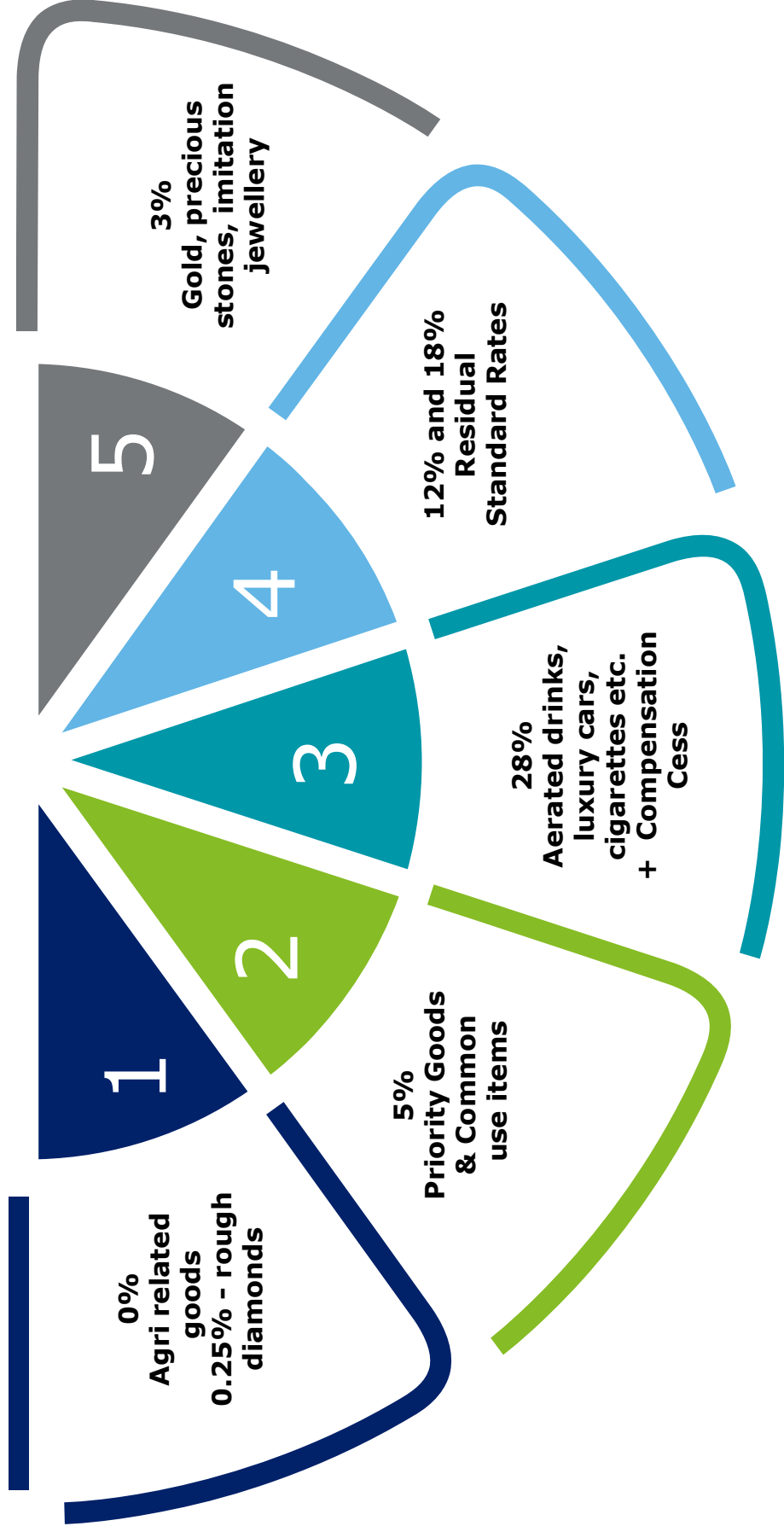
- Not to be engaged in providing services except supply of food by way of or as a part of services
- Not to be engaged in supply of goods not leviable to tax under this Act
- Not to be engaged in supply of goods through e-commerce operator
- Not to be engaged in making outward inter-state supply of goods
- Not to be engaged in manufacture of ice-cream, pan masala, tobacco products and tobacco substitutes
- Not to purchase goods / services from un-registered persons / pay tax under reverse charge mechanism on such purchases

Rates, exemptions & Reverse charge mechanism



GST rates

GST Rates



Key Services exempted from GST

- Services of renting by religious / charitable trusts except where:
 - Room rent is INR 1000 or more per day
 - Rent of premises / hall is INR 10000 or more per day
 - Rent of shop / commercial space is INR 10000 or more per month
- Transport of passengers by non air-conditioned contract carriage
- Service of transportation of goods by aircraft up to Customs Station of clearance
- Services by an acquiring bank, to any person in relation to settlement of an amount up to two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service.
- Health care services by clinical establishment / medical practitioner / para-medics
- Organizing business exhibitions outside India
- Services provided to educational institutions (pre-school & education up to higher secondary) namely; transportation, catering & security / cleaning
- Society maintenance up to INR 5000 per month in housing society / residential complex
- Supply of specified goods by rail / road
- Renting of residential property for use as residence

Reverse Charge Mechanism

Services Under RCM

- **GTA**
- **Legal Services**
- **Arbitral Tribunal**
- **Sponsorship**
- **Transport of goods by vessel**
- **Directorship services**
- **Insurance agent**
- **Recovery Agent**
- **Transfer of copyright to music company**

Goods under RCM

- **Cashew nuts (not shelled or peeled)**
- **Tendu leaves**
- **Tobacco leaves**
- **Silk yarn**
- **Lottery (supplied by State/Union Government or local authority)**

- **Procurement of goods and / or services by registered persons from unregistered persons.**
- **Such procurements up to INR 5000 per day - exempted**

Questions



Thank You

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