

GOODS AND SERVICES TAX

Presented by:
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At: Refresher Course of GST
By: ICAI
On: 15th April, 2017



Session Design...



- Job work
- Works Contract
- E-commerce
- TCS
- TDS
- Goods return
- Payments
- Refunds

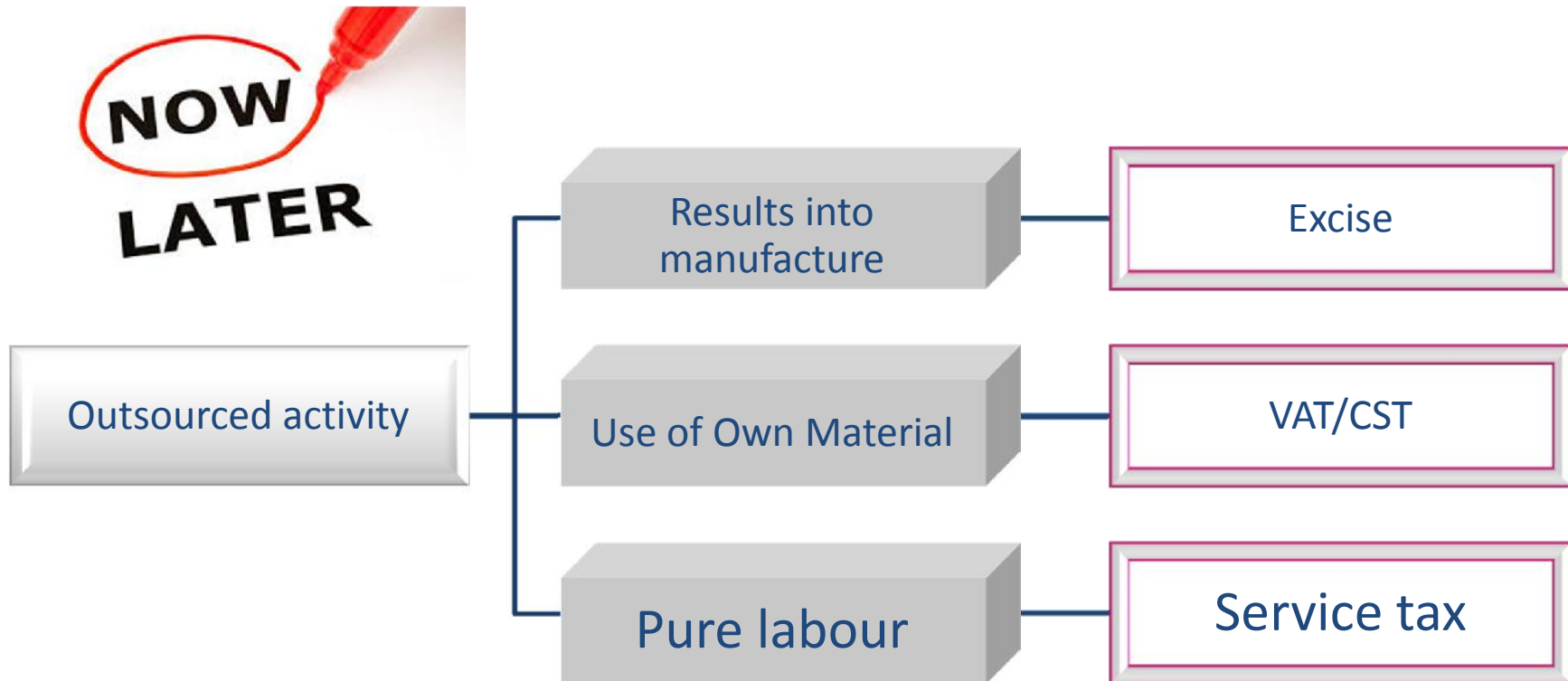
...Session Design



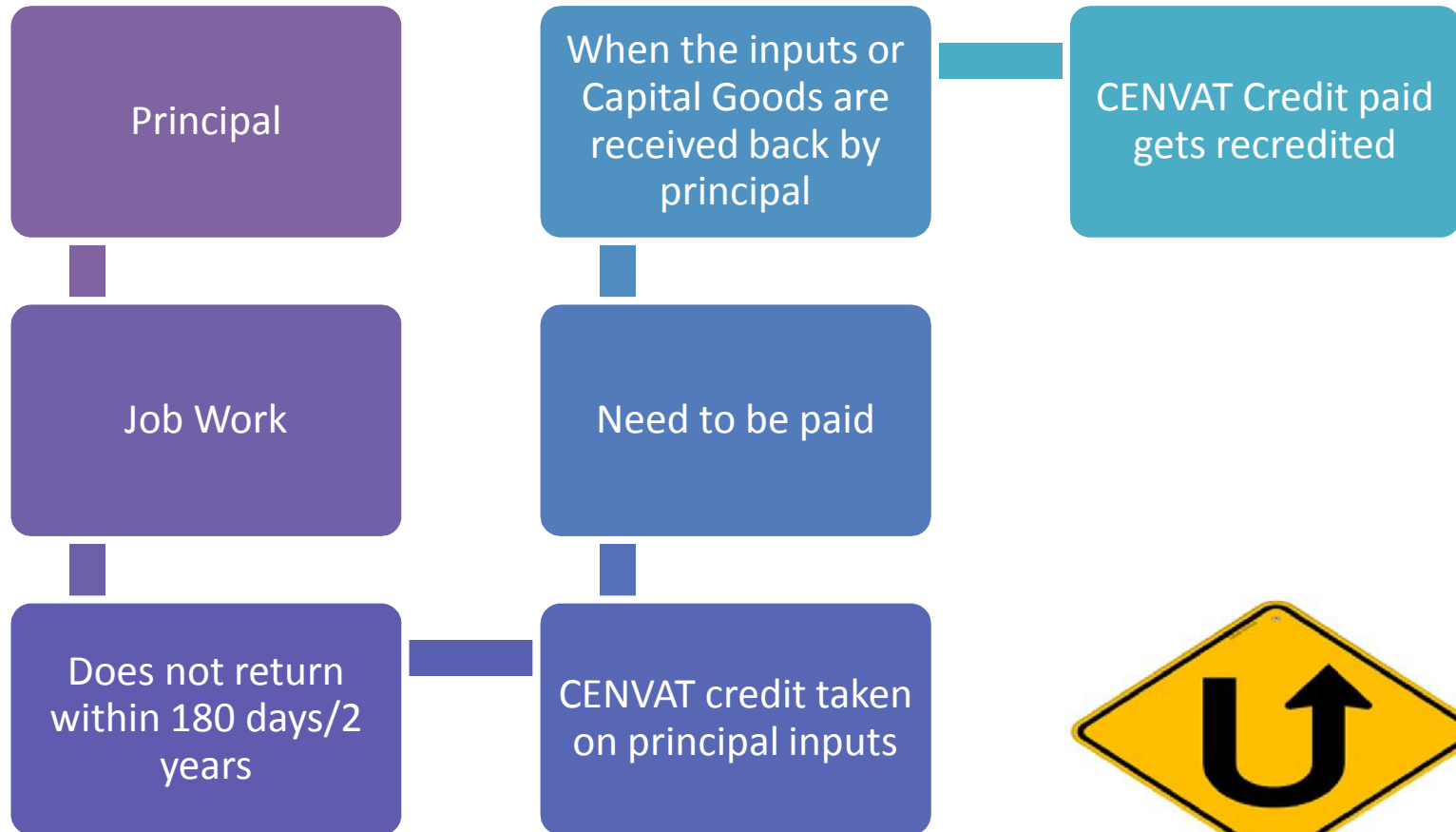
- Registrations
- Invoice
- Records
- Returns
- With related transitional provisions

JOB WORK

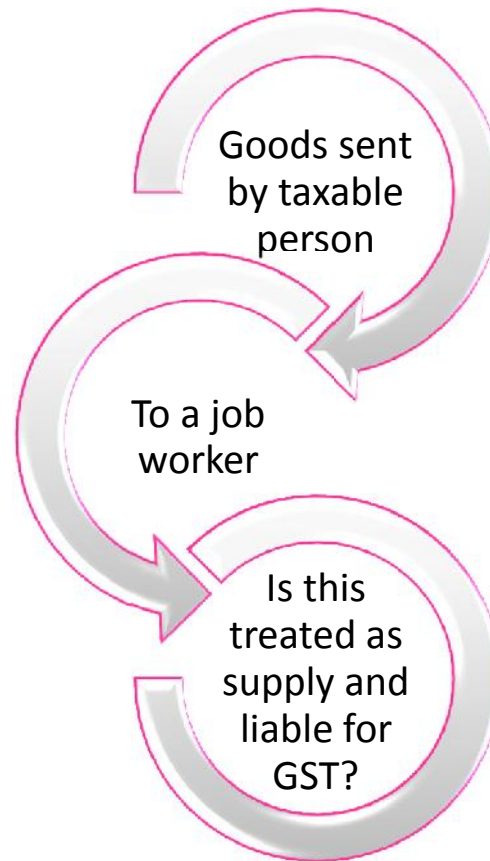
Job work current laws



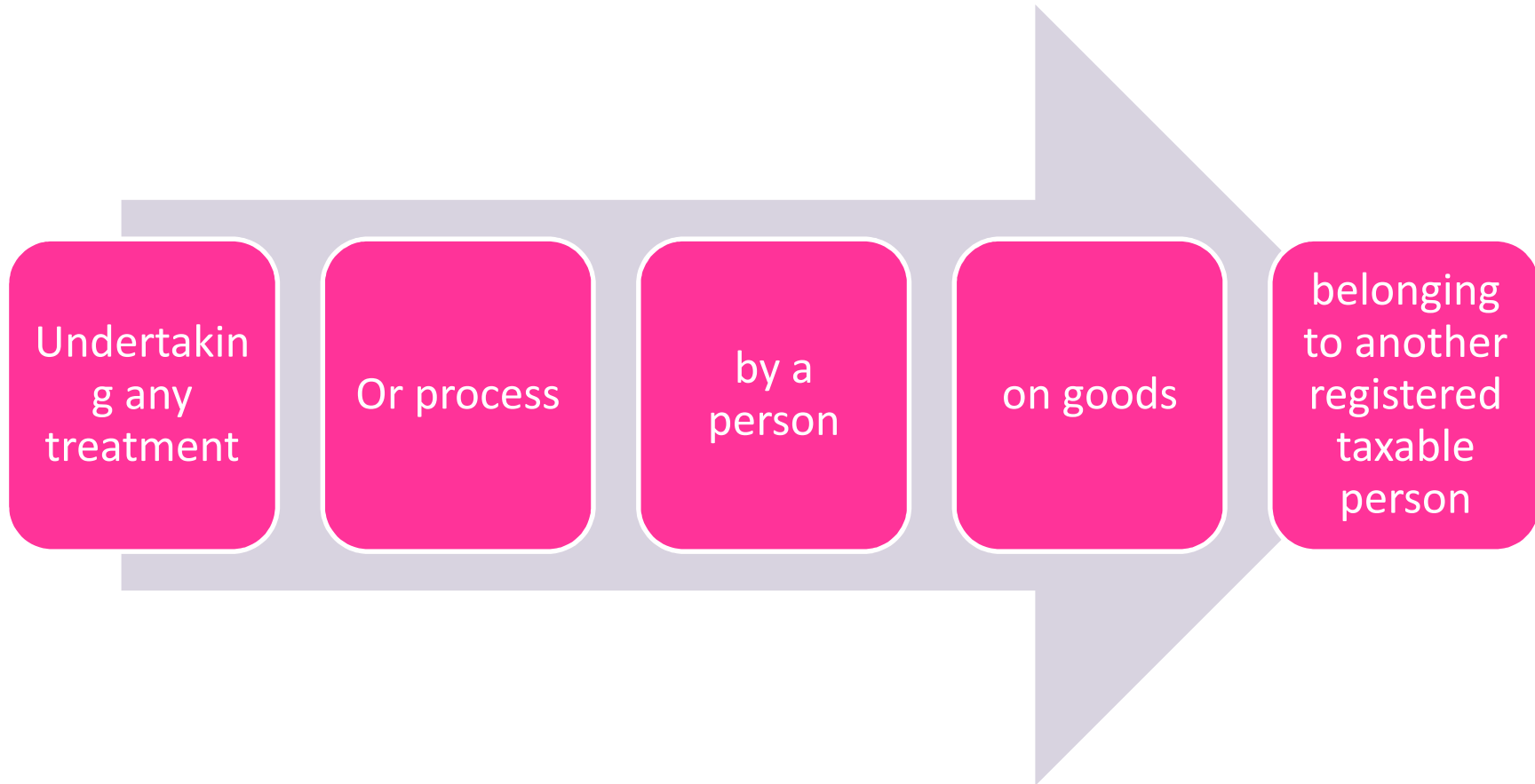
Job work- current law-Reversal of Credit



Job work under GST law...



Meaning of 'Job work' CGST 2(68)



Job work-Analysis of definition

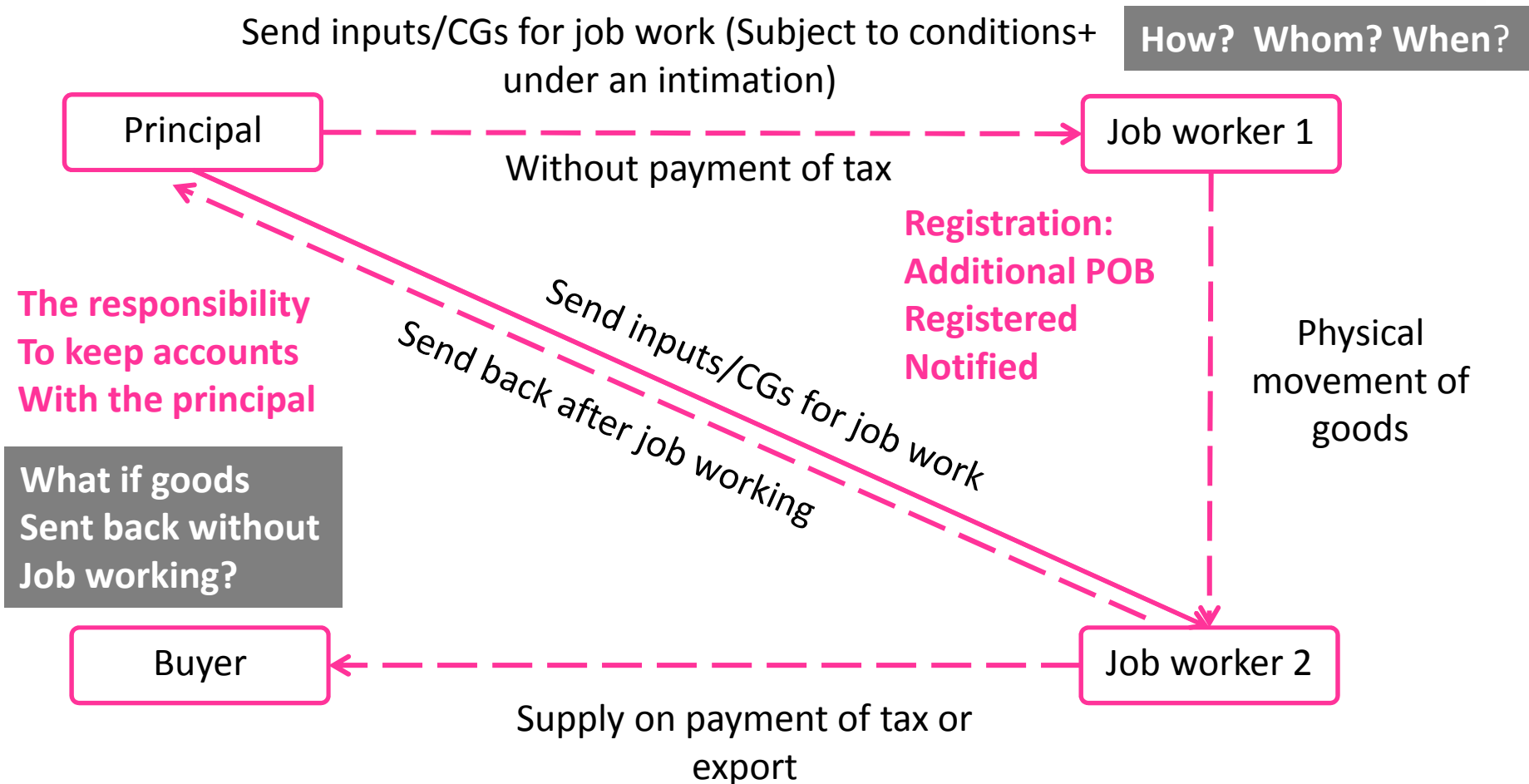
Job worker need
not be a registered
taxable person

Principal has to be
a registered
taxable person

Process or
treatment

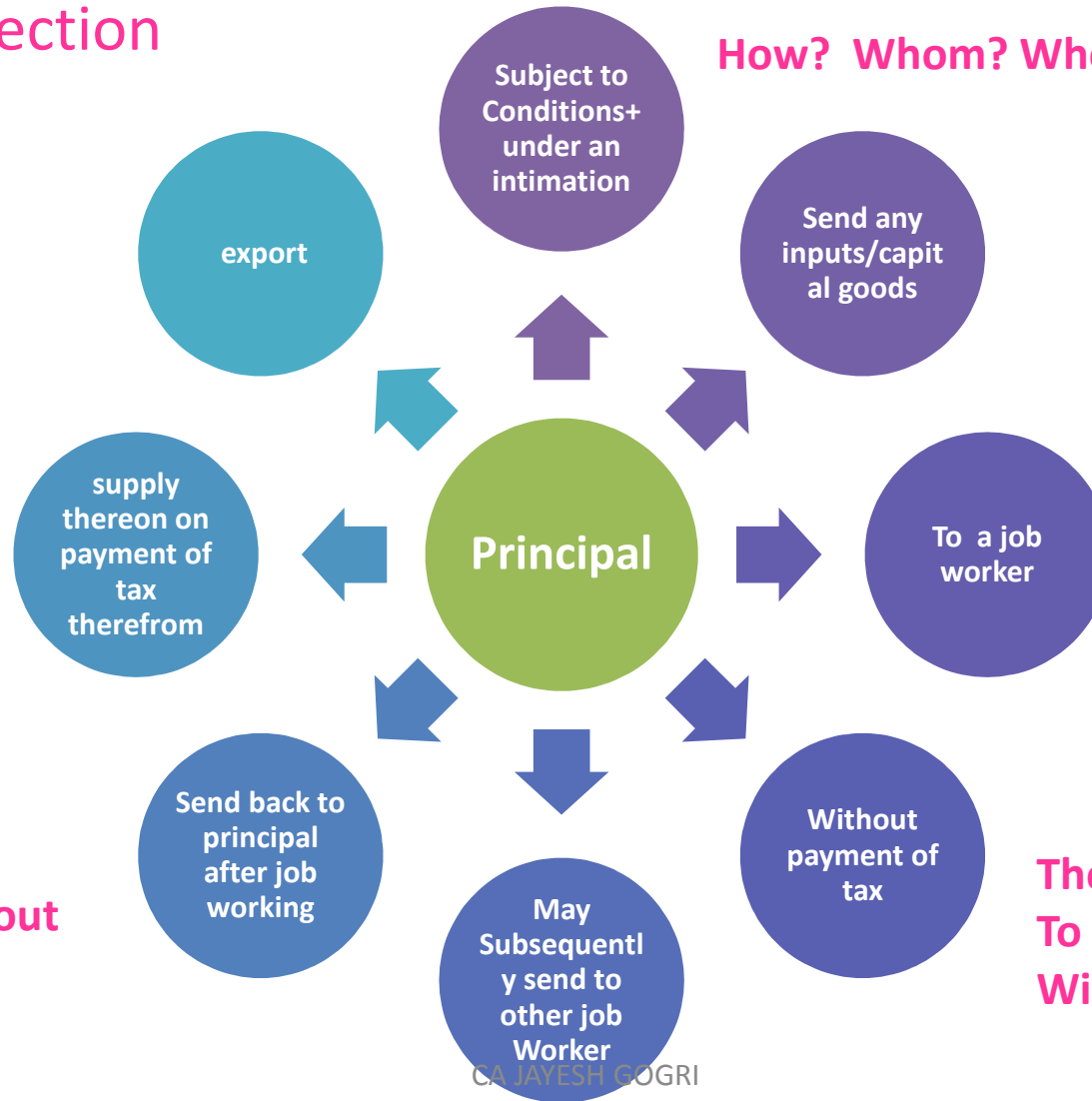
Repairs?

Job work –process flow-Section 143 CGST



Job work-Section 143 CGST

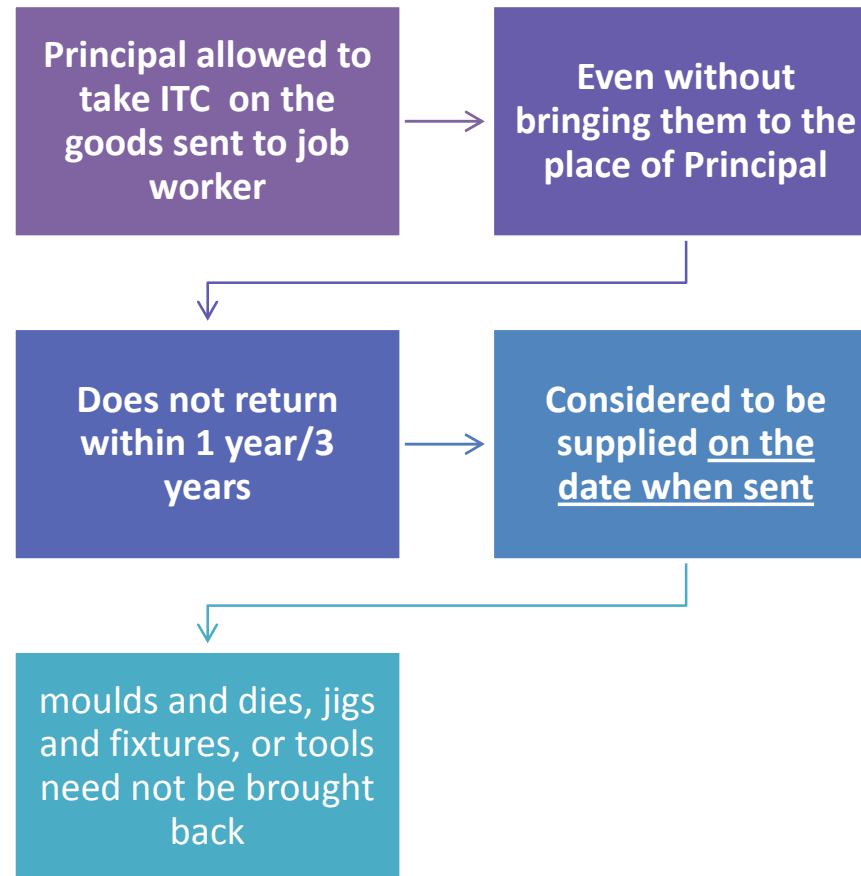
**Registration:
Additional POB
Registered
Notified**



**What if goods
Sent back without
Job working?**

**The responsibility
To keep accounts
With the principal**

Job work-Input tax Credit (Section 19 CGST)



Job work-Turnover for registration

**Explanation (ii) to Section
22**

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

Job work-Transitional Provisions (CGST 141)

Goods sent to job worker

Before the appointed day

Not Returned within 6+2 months

ITC to be recovered

Recovery-Not creditable

Both to declare details

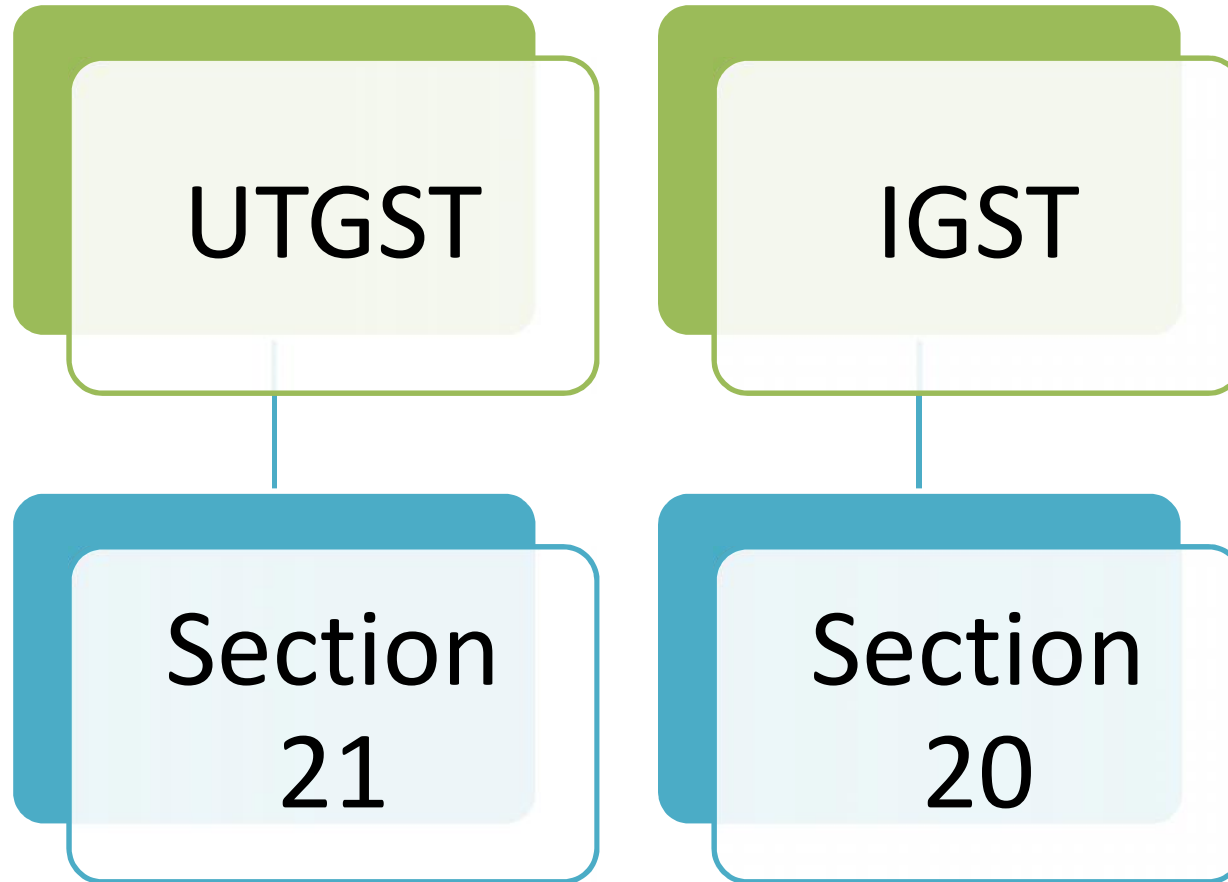
Of the stock

Can be cleared within 6 +2 months-tax/export

Job work-Comparison with the previous law

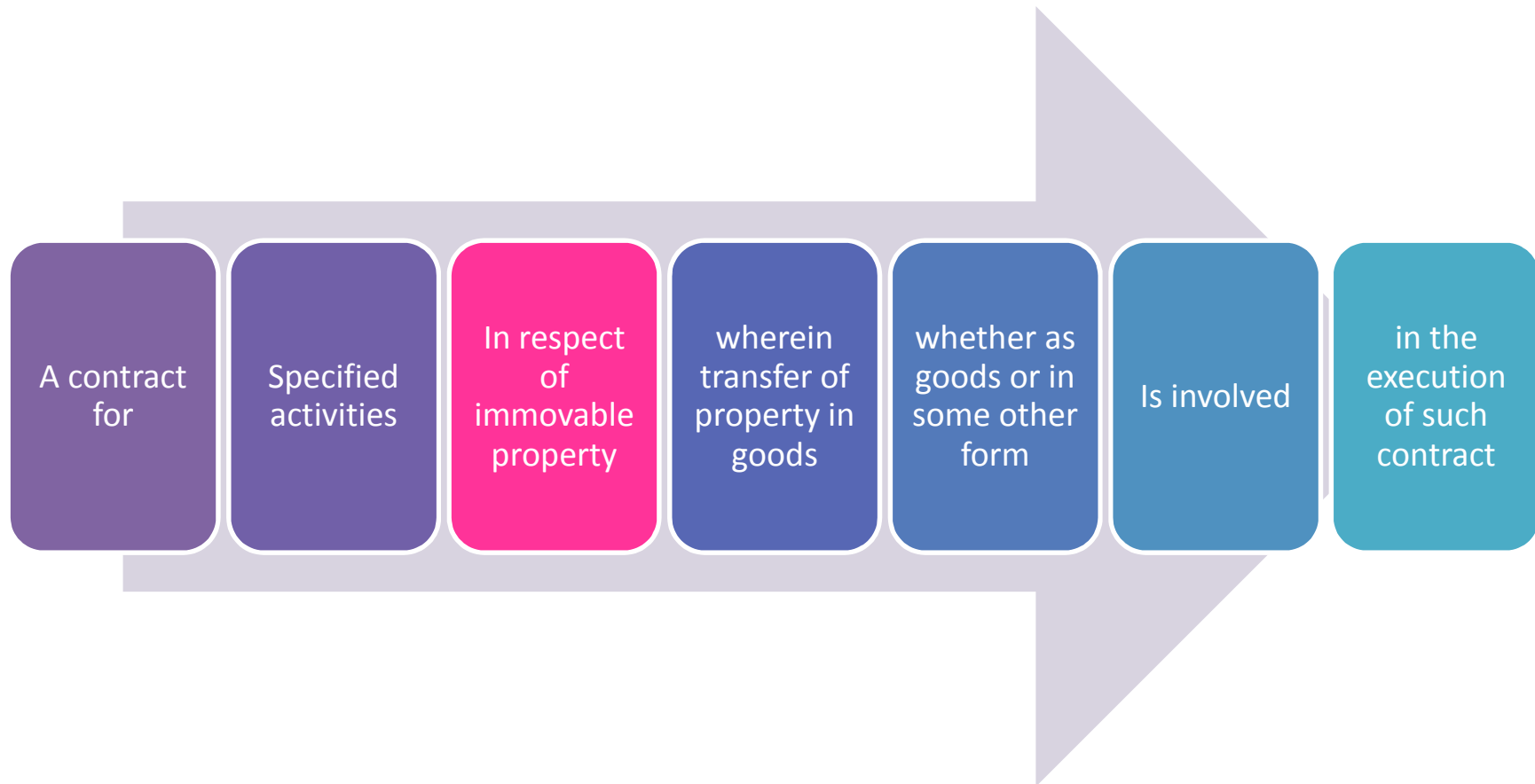
- ITC subject to conditions
- Exemption within the law v. Notification/Rules
- 180 days v. 1 year
- 2 years v. 3 years
- Brought back after the period-no salvage

Job work-Other laws

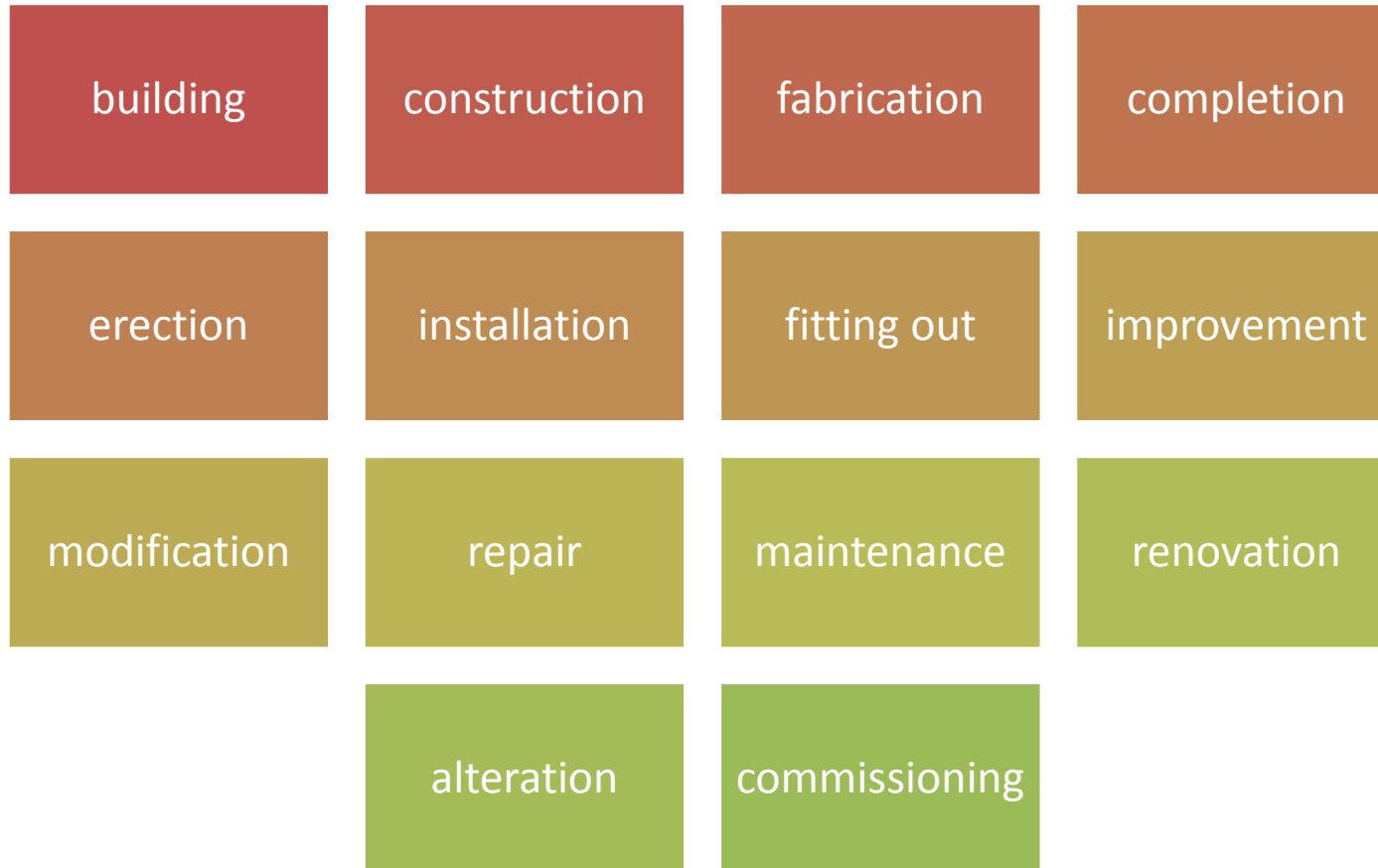


WORKS CONTRACT

Meaning of Works contract (CGST 2 (119))



Works contract-Specified activities



Works contract- Classification

Schedule II

6. Composite supply

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

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

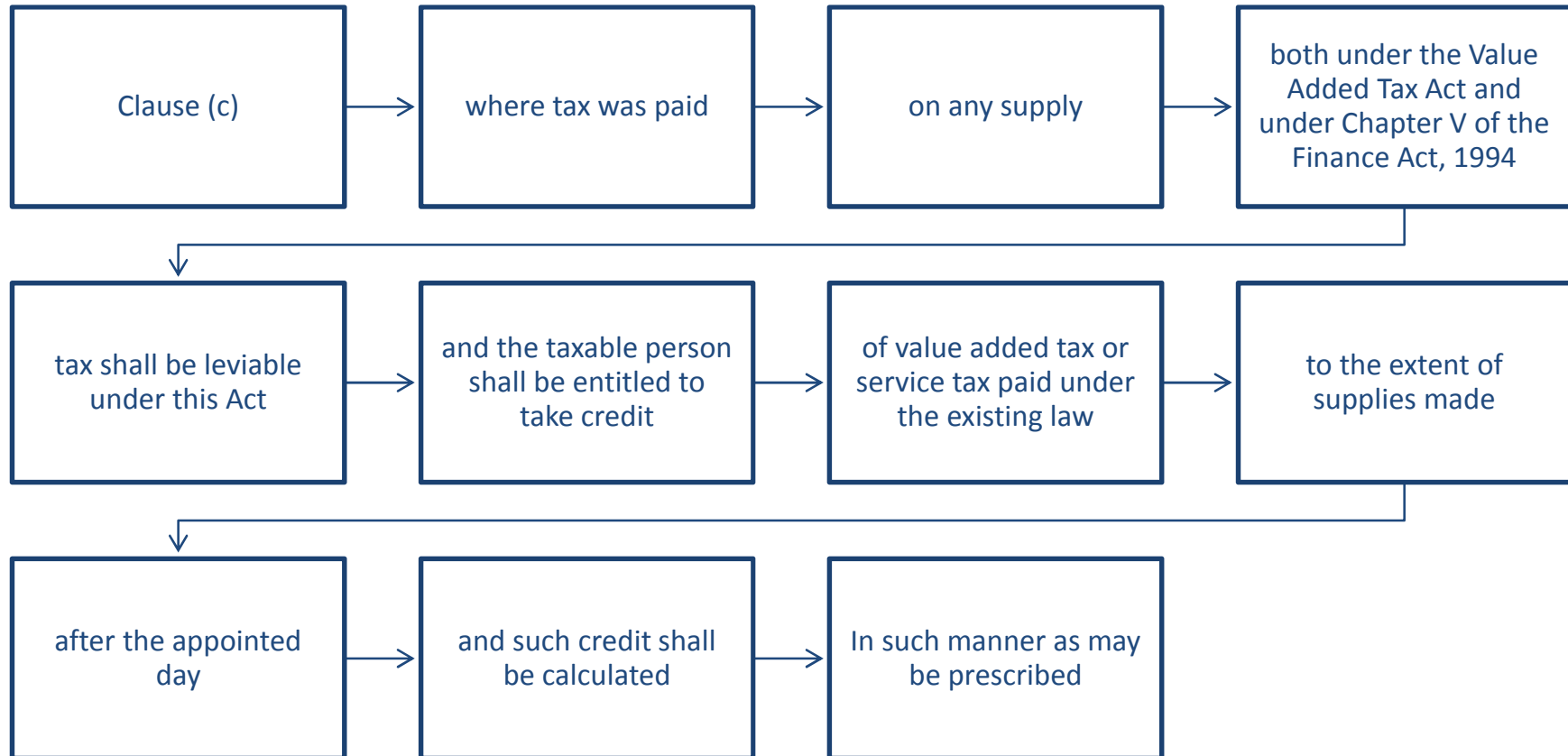
Works contract-Transitional Provisions (CGST 142(10))

- the goods or services or both
- supplied
- on or after the appointed day
- in pursuance of a contract
- entered into prior to the appointed day
- shall be liable to tax
- under the provisions of this Act

Works contract-Transitional Provisions (CGST 142(11))

Clause (a) and (b)	Notwithstanding anything contained in Sections 12/13
No tax shall be payable on	Goods/services under this Act
To the extent the tax was leviable	On the said goods/services
Under the Value Added Tax Act of the State or	Under Chapter V of the Finance Act, 1994

Works contract-Transitional Provisions (CGST 142(11))



Works contract-Transitional Provisions (CGST 140(3))

Credit of eligible duties

On inputs held in stock/contained in semi-finished/finished goods

To a registered person

providing works contract service

availing notification No. 26/2012ST

subject to
specified
conditions

...Works contract-Transitional Provisions (CGST 140(3))

such inputs or goods are used or intended to be used for making taxable supplies under this Act

eligible for input tax credit on such inputs under this Act

is in possession of prescribed documents

issued not earlier than twelve months

not eligible for any abatement under this Act

Works contract-Blocked credits (CGST 17(5) (c))

- Input tax credit shall not be available in respect of
- works contract services
- when supplied
- for construction of an immovable property
- other than plant and machinery
- except where it is an input service
- for further supply of works contract service

Distinction between job work and Works contract

Job Work

any
treatment or
process

undertaken
on
goods

Works Contract

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

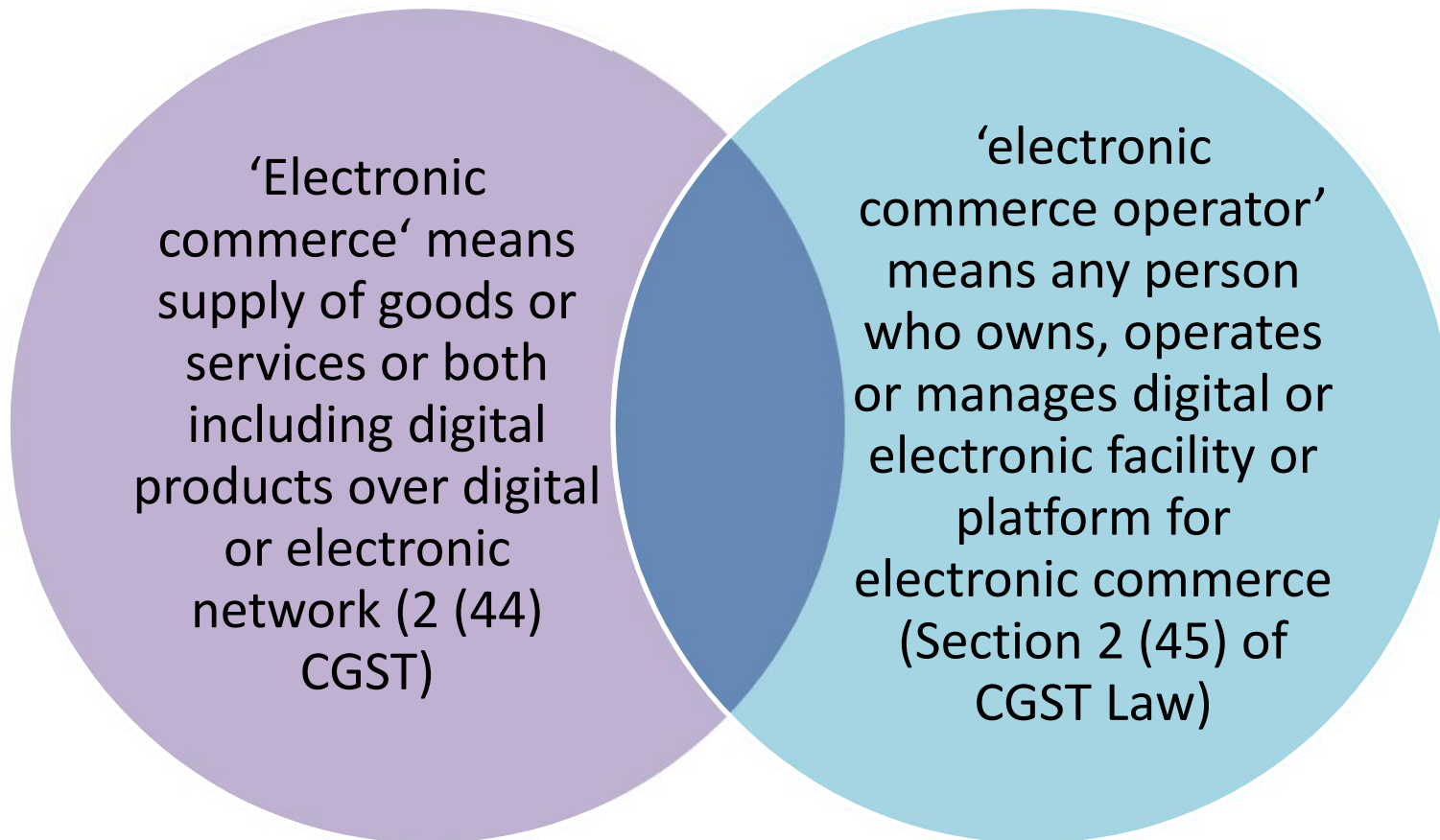
wherein transfer of
property in goods
(whether as goods
or in some other
form) is involved in
the execution of
such contract

of any immovable
property



E-COMMERCE & TCS

E-commerce...



E-commerce – Existing Laws

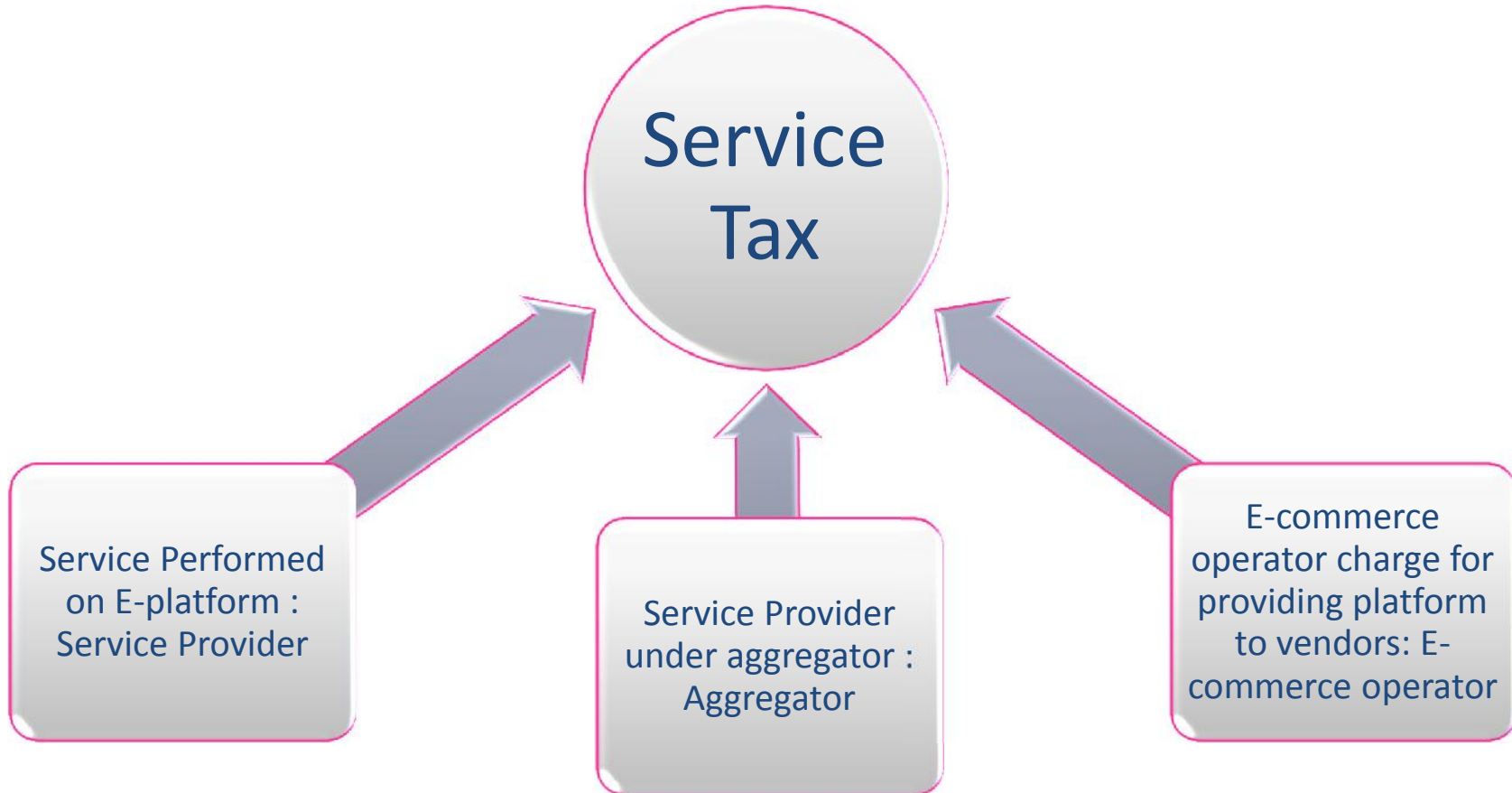
VAT/CST

Actual
seller/Vendor
of goods

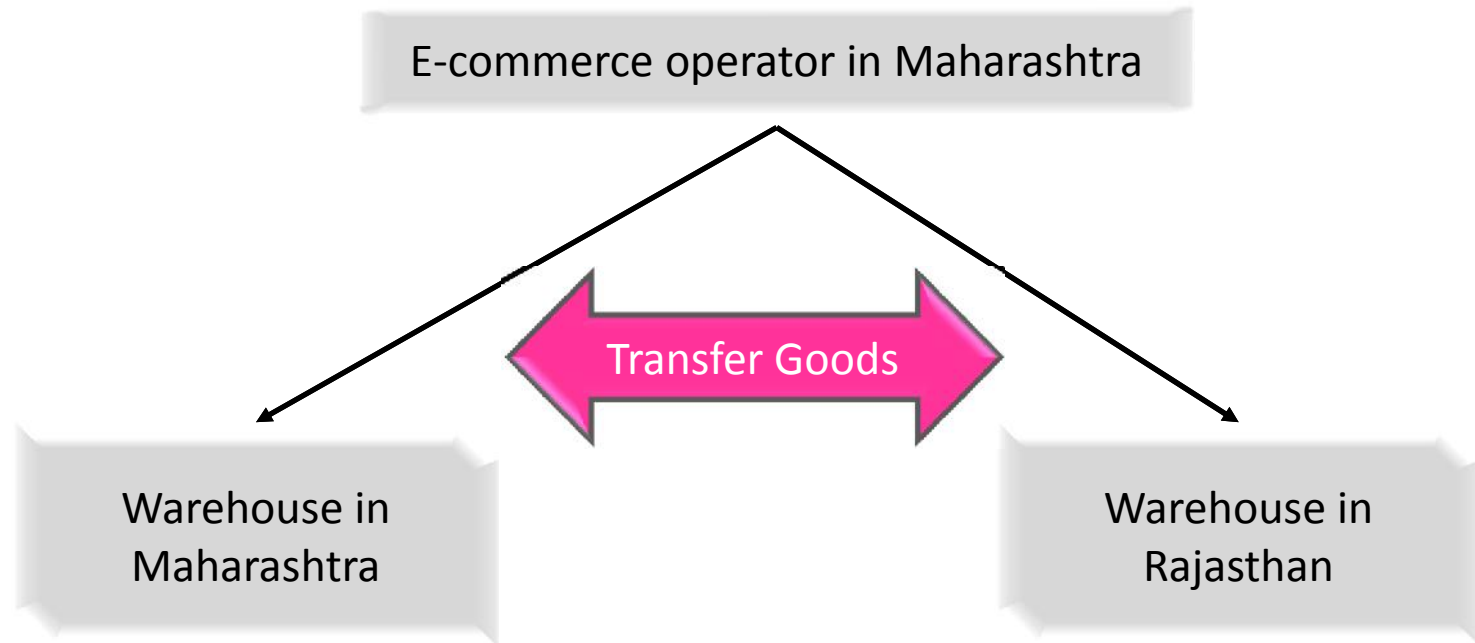
Entry
tax/Octroi

Actual
seller/Vendor
of goods

E-commerce – Existing Laws



Vendors on E-Com Platforms



E-commerce – Existing Laws

E commerce
operator charge
vendors for using
their platform and
Traders are not
eligible to take
cenvat of the same



Levy (CGST 9 (5) & IGST 5 (5))

- ⌚ Notified services – E-com operator may be liable as if he is the supplier
- ⌚ If not present physically- representative



Taxable Event-Supply



**Composite
Supply**

Mixed Supply

Ecom-Concept of 'composite' and 'mixed' supply

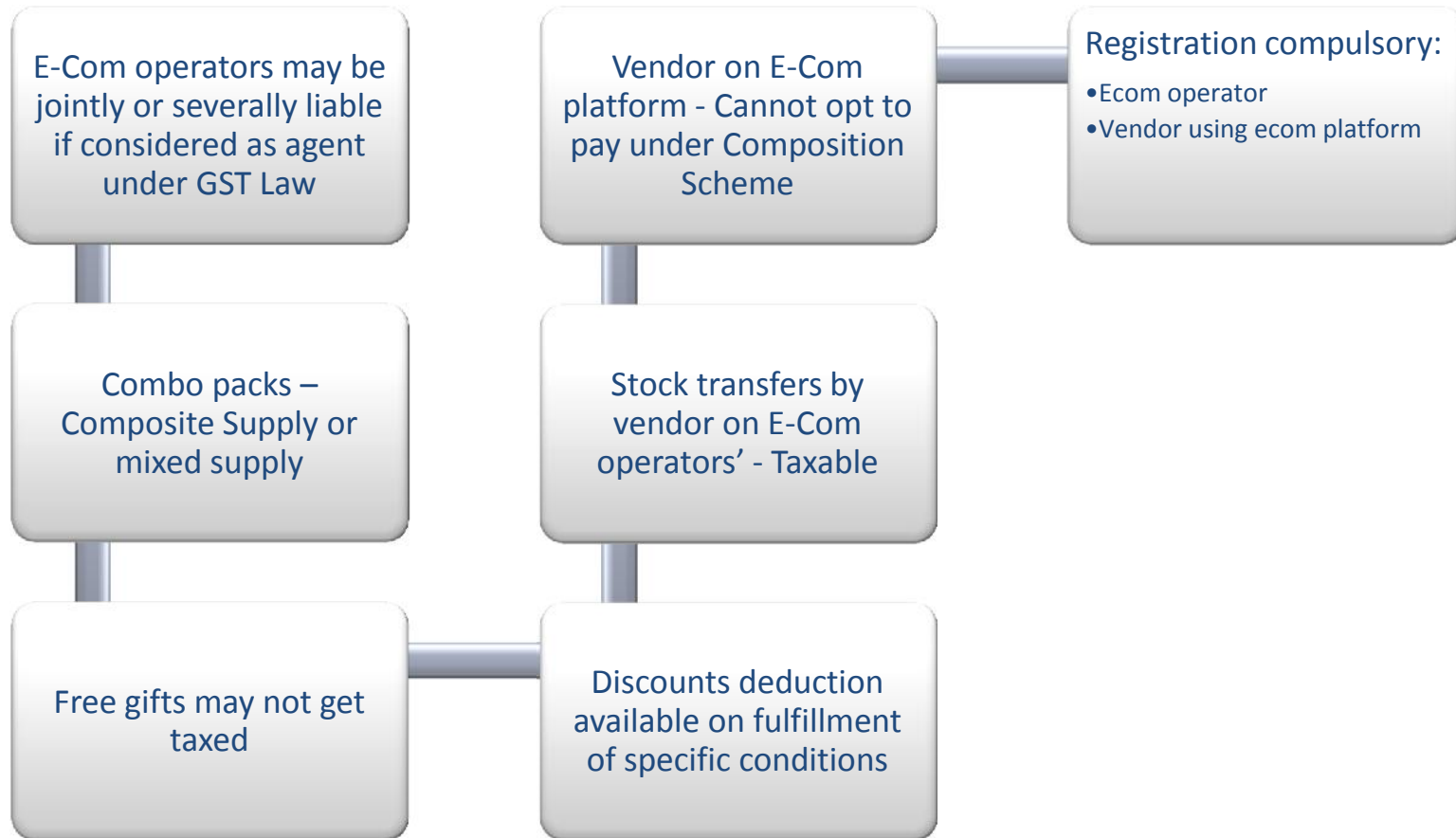
Composite Supply

- ⌚ Comprising of two or more supplies
- ⌚ Naturally bundled
- ⌚ & supplied in conjunction with each other
- ⌚ In the ordinary course of business
- ⌚ One of which is a principal supply
- ⌚ **Treated as a supply of principal supply**

Mixed Supply

- ⌚ Comprising of two or more individual supplies
- ⌚ Made in conjunction with each other
- ⌚ For a Single price
- ⌚ Which is not a composite supply
- ⌚ **Treated as supply of that particular supply which attracts highest rate of tax**

...E-commerce



TCS (CGST 52)...

- ⊙ Every electronic commerce operator
- ⊙ not being an agent
- ⊙ shall collect
- ⊙ at such rate not exceeding 1%
- ⊙ of the net value of
- ⊙ taxable supplies made through it
- ⊙ where the consideration is to be collected by the operator
- ⊙ Net value of means the aggregate value of taxable supplies other than services notified under sub-section (5) of section 9, made during any month by all registered persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month

...TCS

- 🕒 To be paid by 10th of the next month
- 🕒 Statement to be filed by 10th of the next month
 - Rectification possible before
 - If not as a result of
 - scrutiny, audit, inspection or enforcement activity by the tax authorities
 - Due date of Filing statement of September of the next FY
 - Actual date of Filing annual statement
 - Whichever is earlier
- 🕒 Details will be matched
 - Rectification by either in the next month
 - Liability will be added to the supplier's output liability

Ecom- information (CGST 52 (13,14))

- ⌚ Service of notice by department to Ecom operator for details relating to:
 - (a) supplies of goods or services or both effected through such operator during any period; or
 - (b) stock of goods held by the suppliers making supplies through such operator in the godowns or warehouses, by whatever name called, managed by such operator and declared as additional places of business by such suppliers, as may be specified in the notice
- ⌚ Furnish the required information within 15 working days
- ⌚ Consequence of failure to furnish information
 - Penalty which may extend to Rs. 25,000/-

Other laws

UTGST

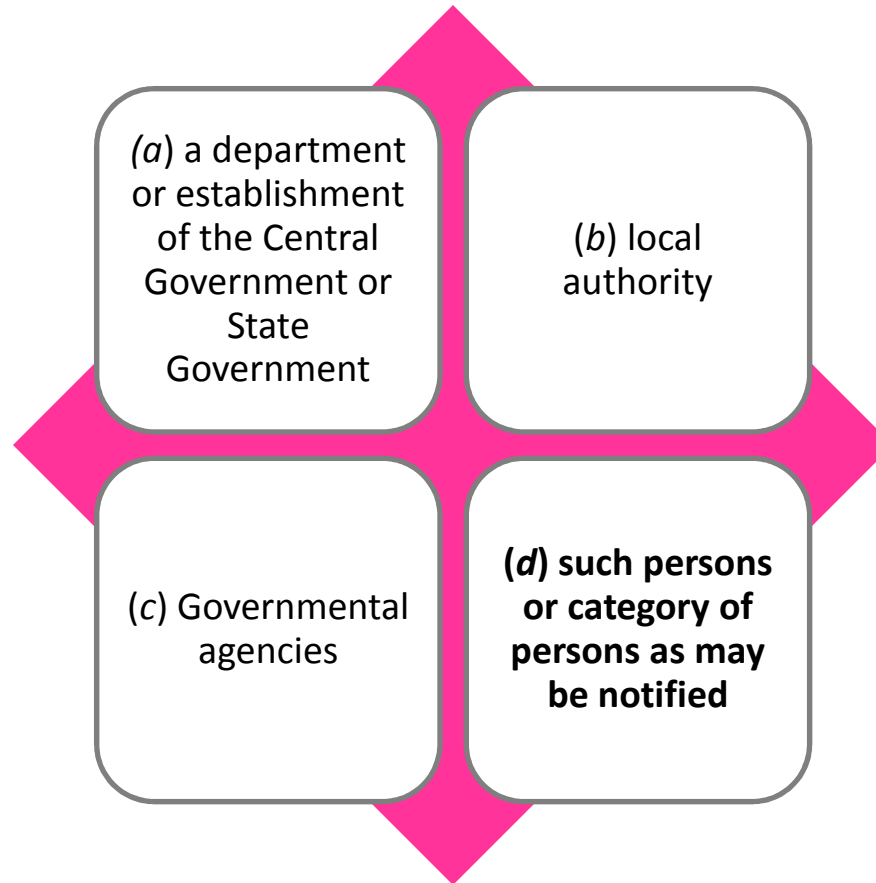
IGST

Section
21 (xxiv)

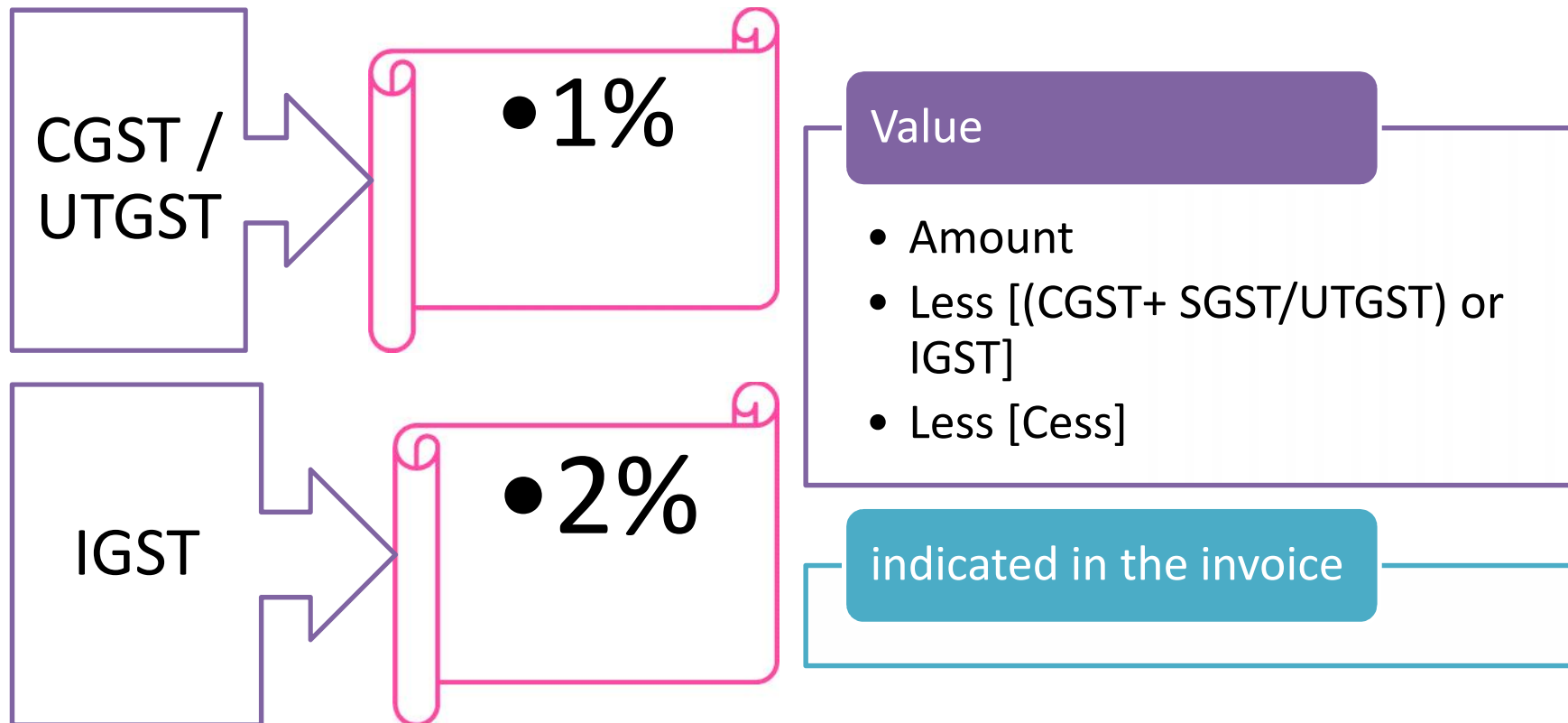
Section
20 (xxiii)

TDS

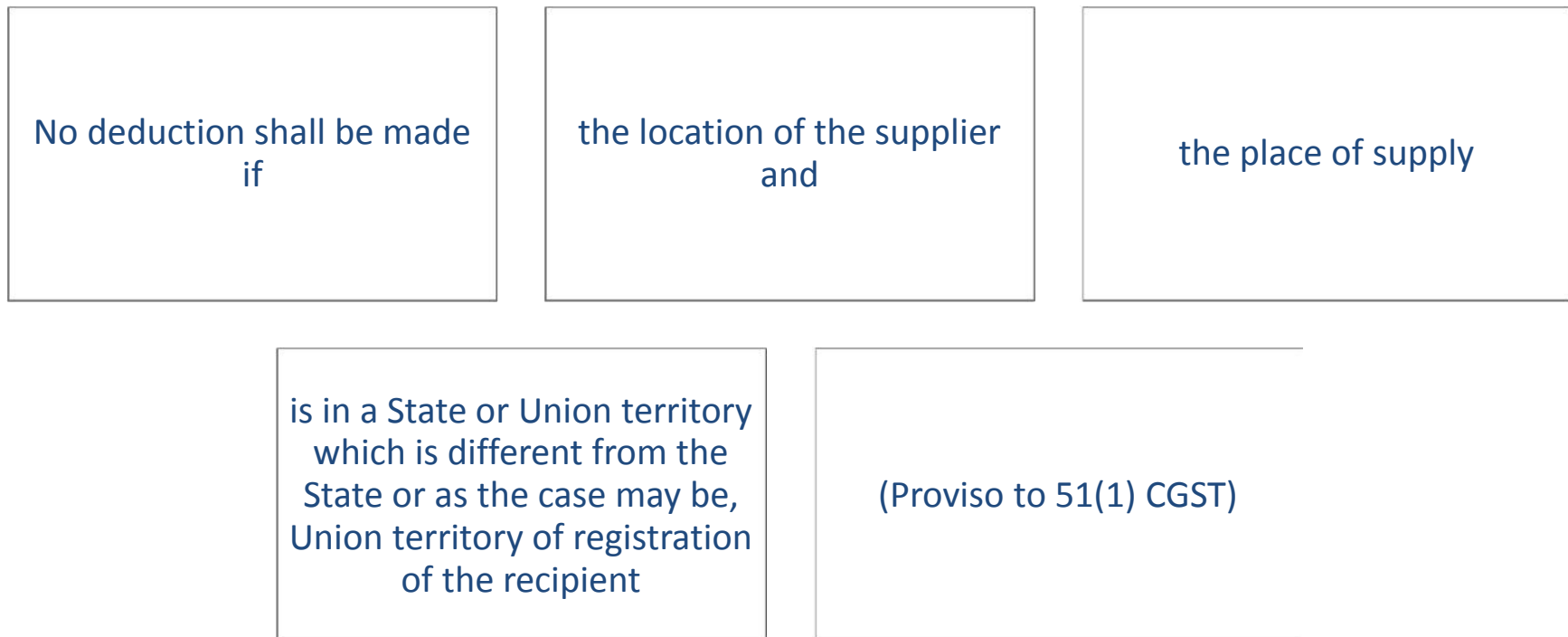
TDS – Who? (CGST 51)



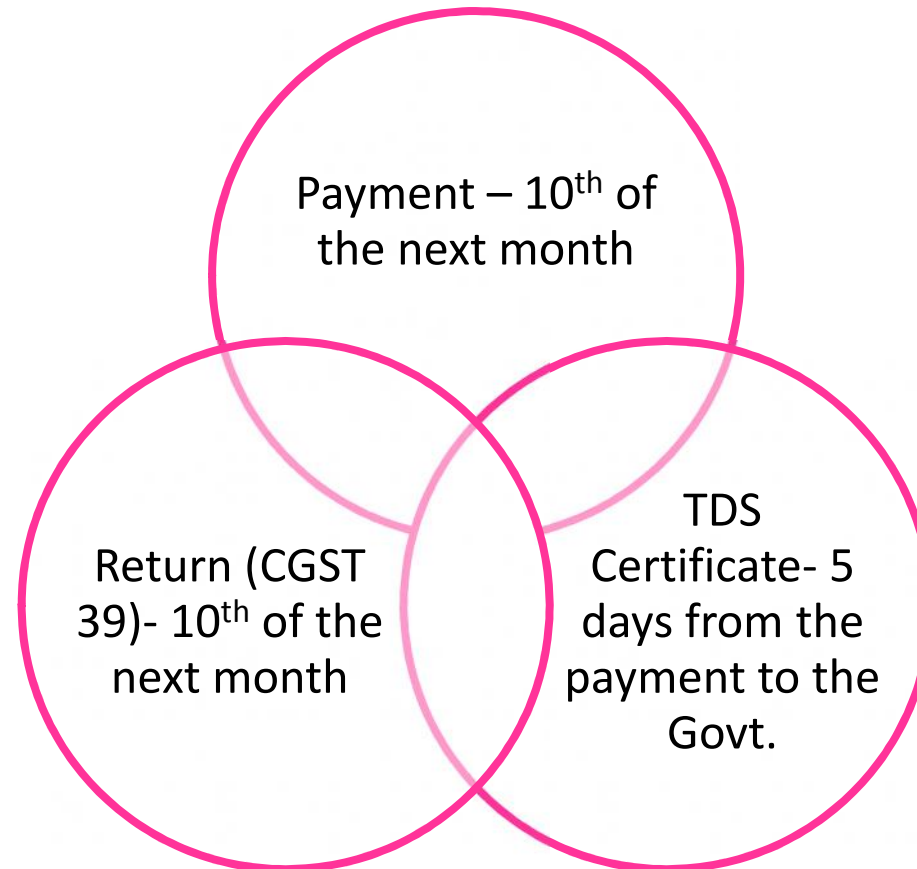
TDS- How much?



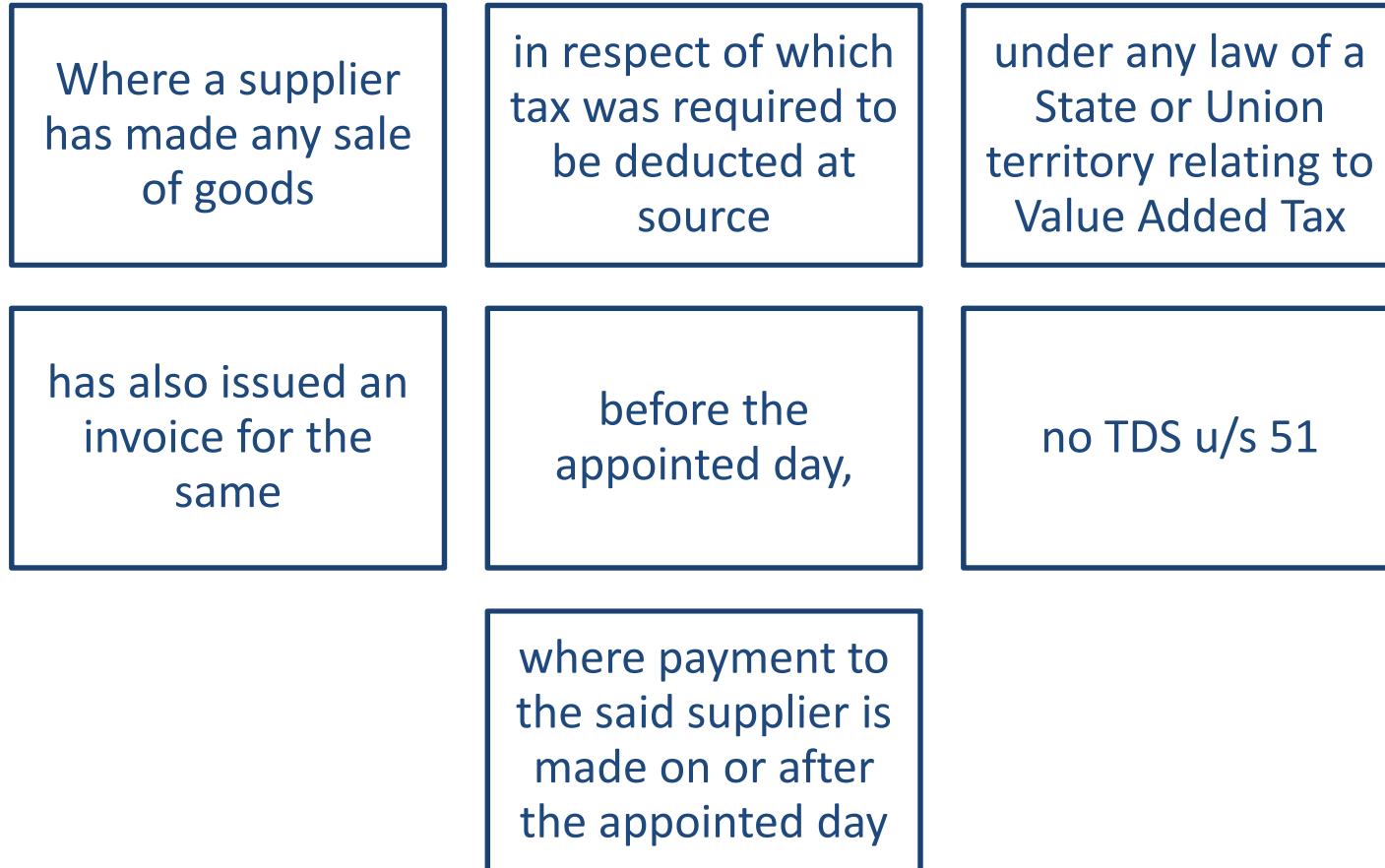
TDS-Exception



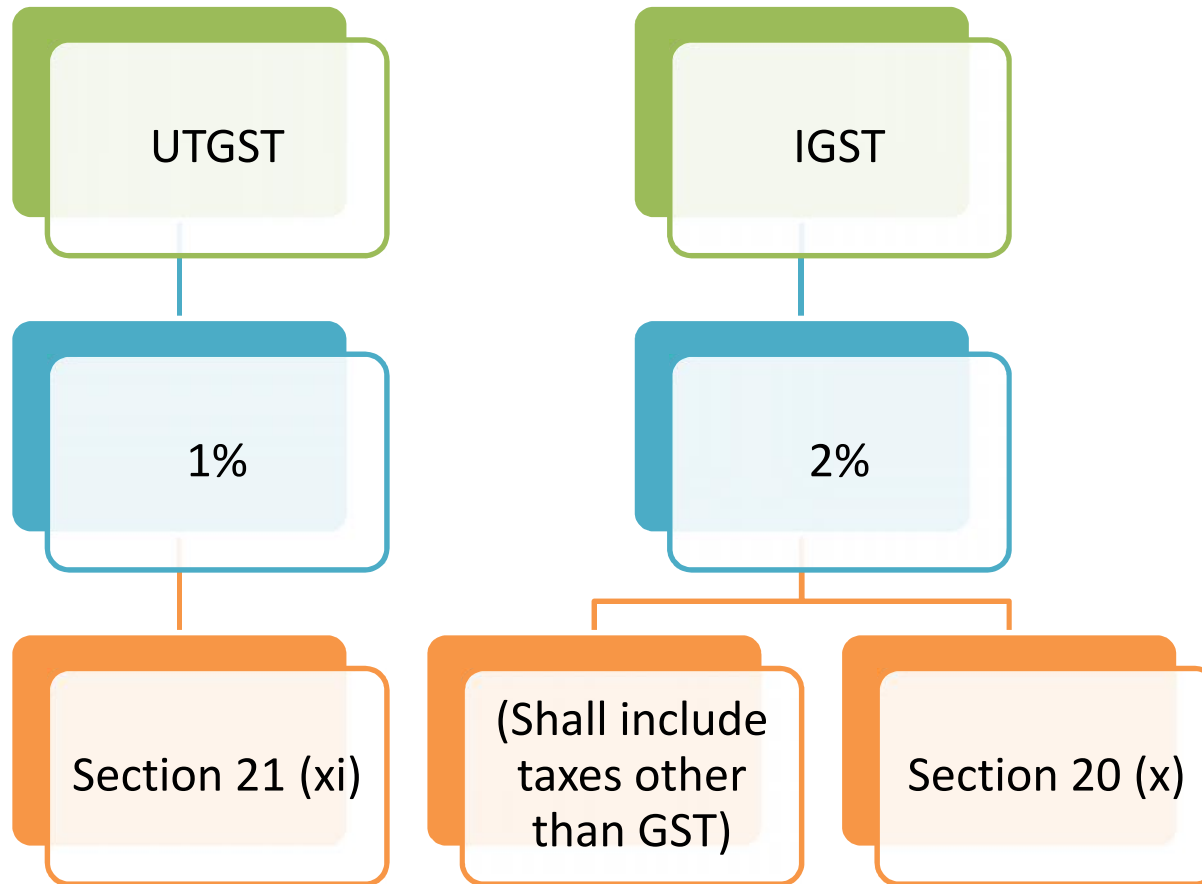
TDS- When?



TDS-Transitional provisions (CGST 142(13))



TDS-Other laws



Distinction between TDS and TCS

Particulars	TDS	TCS
On what?	Contracts exceeding 2.5 lacs	Charges /fees
Who?	Govt. depts/Notified persons	E com operators
Rate	1% CGST	Upto 1% CGST
Certificate	Necessary	Not necessary
Compliance	Return	Statement
	No annual return	Annual statement
Rectification	Not possible-refund	Possible within prescribed time limit

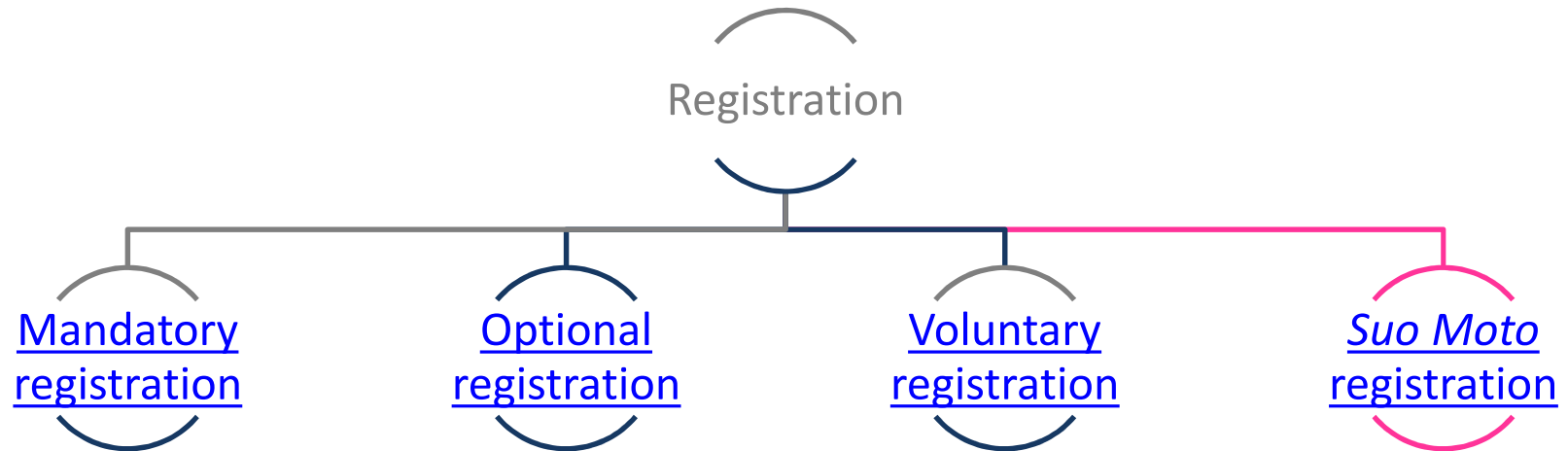
REGISTRATION (CGST 22 TO 30)

Registration

I am a Chartered Accountant
and supply services to
clients situated in 4 States.
Should one registration at
Mumbai be sufficient?



Registration (Sections 22 to 28)



Mandatory Registration (Section 25)

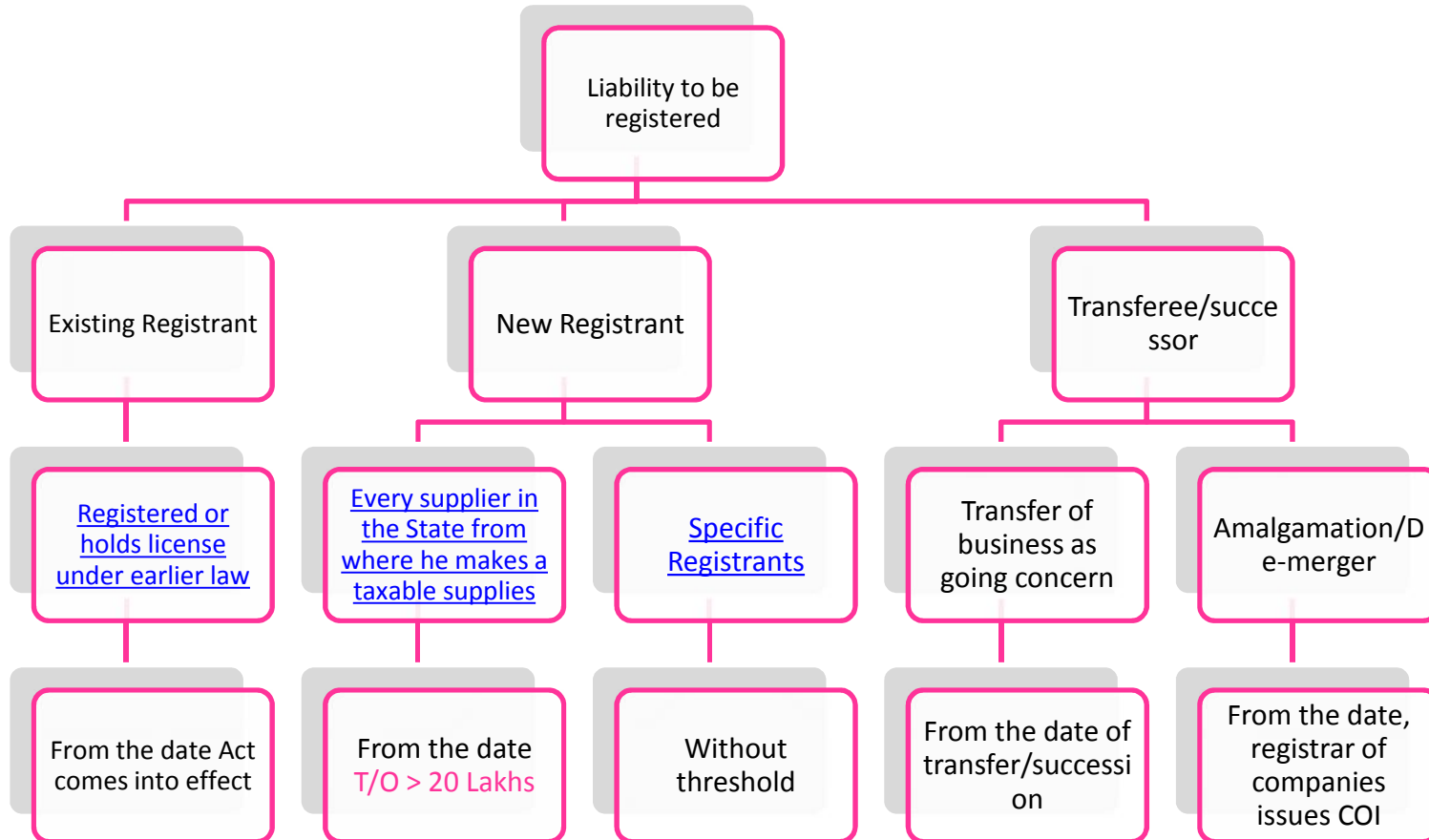
Every person
who is liable to
be registered
under Section 22
or 24

shall apply for
registration in
every State/UT
in which he is so
liable

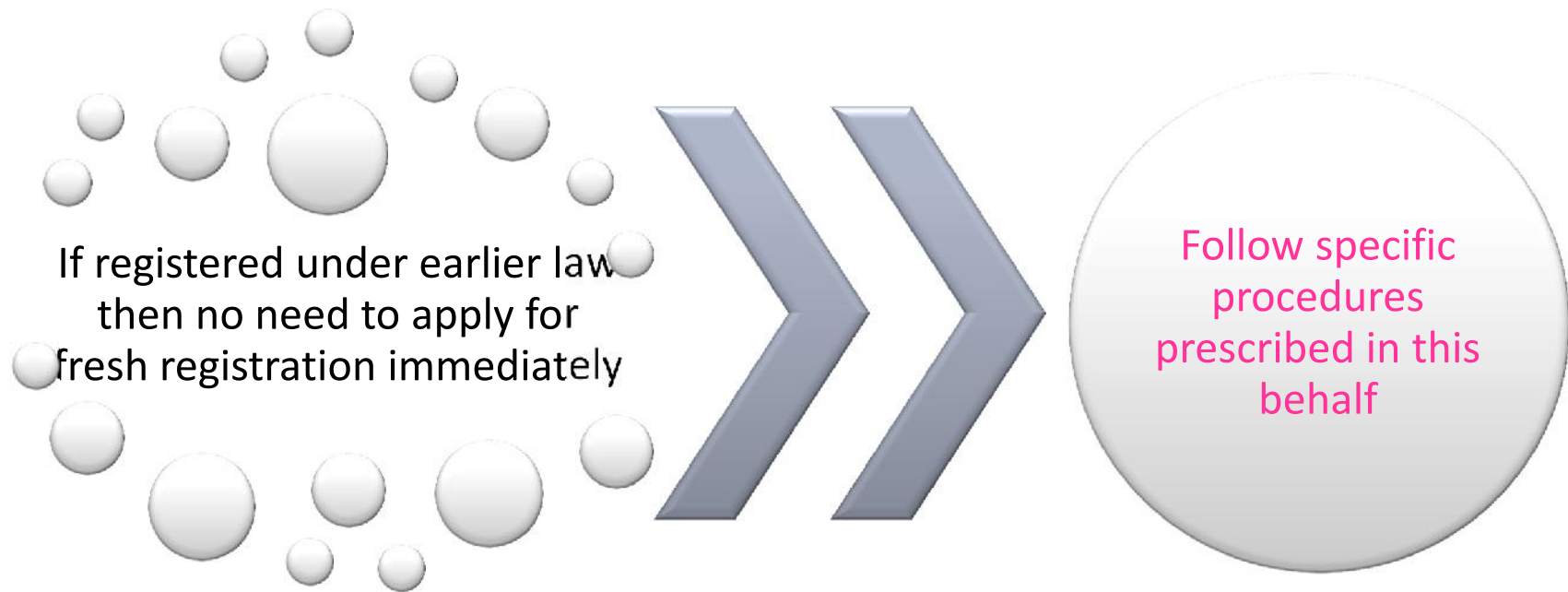
within 30 days
from the date on
which he
becomes liable
to registration

in such manner
and subject to
such conditions,
as may be
prescribed


Sections 22 & 24



Existing Registration




Liability to be registered generally



Every supplier shall be liable to be registered in the State/UT **from where he makes a taxable supply of goods and/or services** if his aggregate turnover in a FY exceeds **Rs. 20 Lakhs**

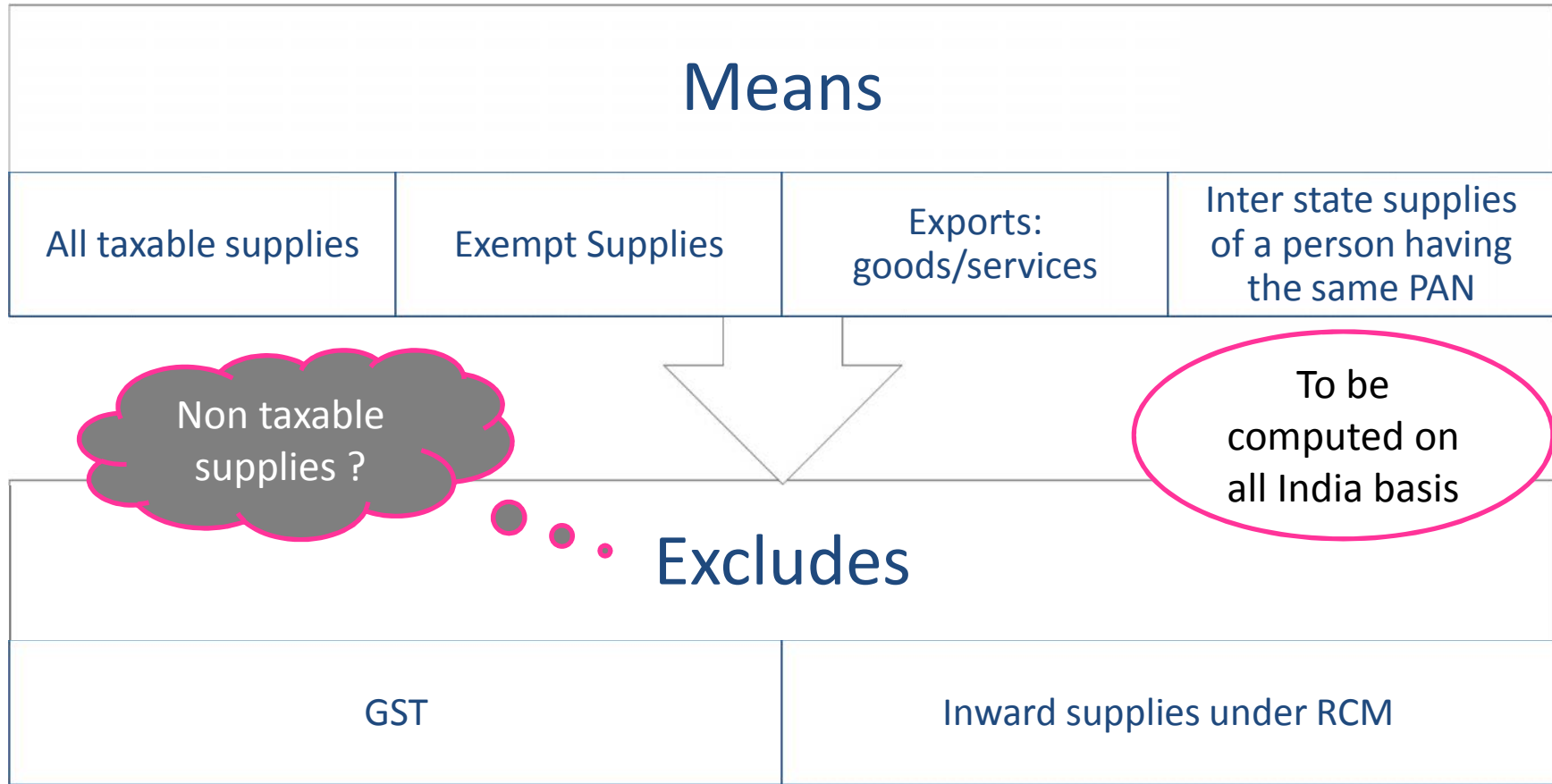
- If taxable person conducts his business in Special Category States
 - Threshold: **Rs. 10 Lakhs**



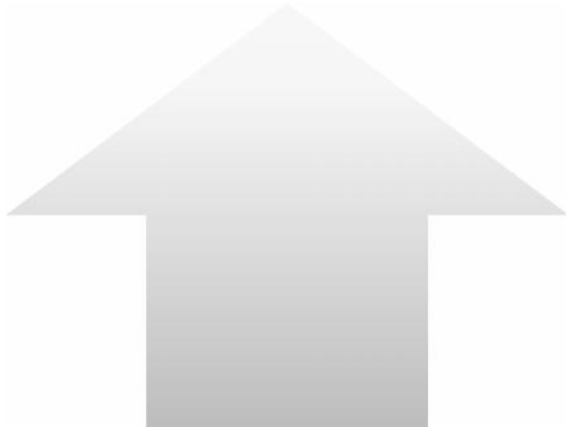
Not a taxable person till Aggregate turnover in a FY > **Rs. 20 Lakhs**
(Section 2 (107))

- In case business in any of Special Category States
 - Threshold: **Rs. 10 Lakhs**

Aggregate Turnover (Section 2 (6))



Location of supplier



Location of supplier of
goods-Not defined



Location of supplier of
service
(Section 2 (71) - CGST)

Location of supplier of service means

Supply from registered place of business

- Location of such place of business

Supply from unregistered place of business, say, fixed establishment

- Location of fixed establishment

Supply from more than one establishment (business or fixed establishment)

- Location of the establishment most directly concerned with provision of supply

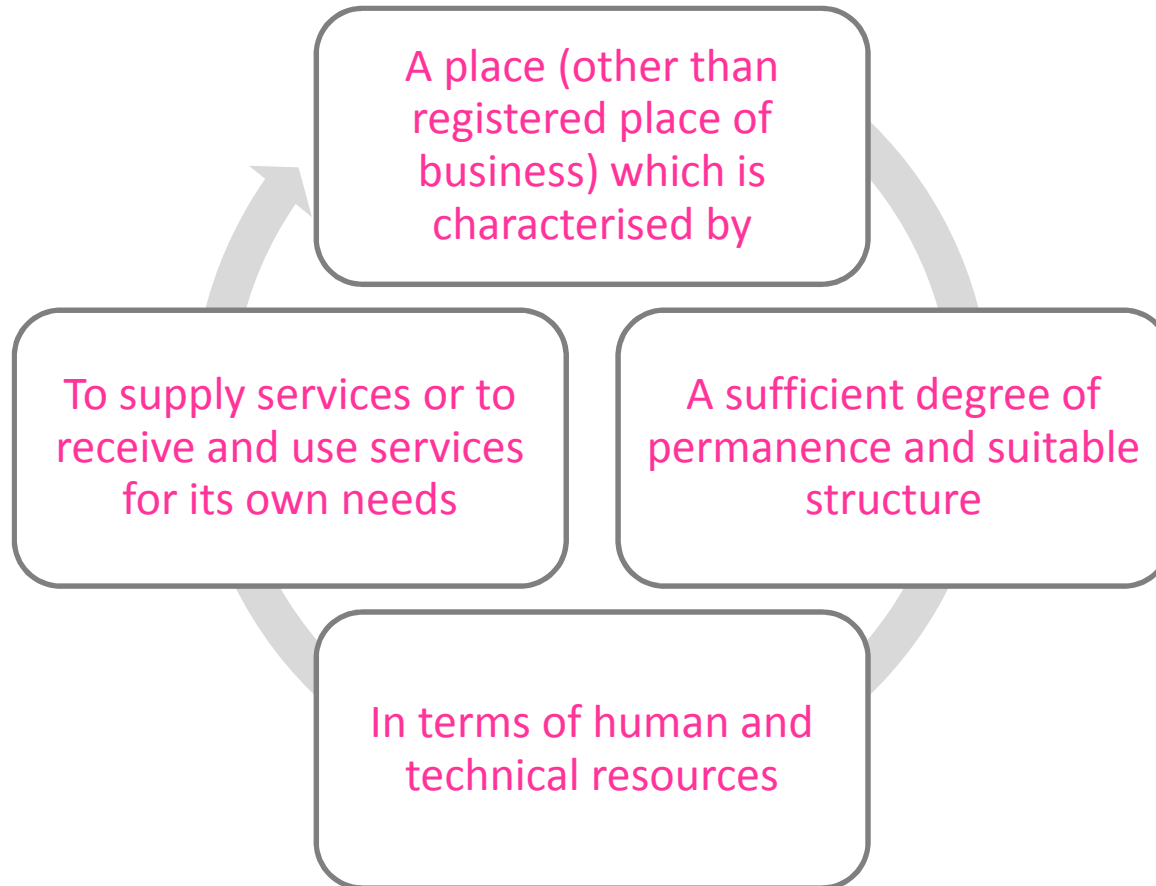
Other cases

- Location of usual place of residence of supplier

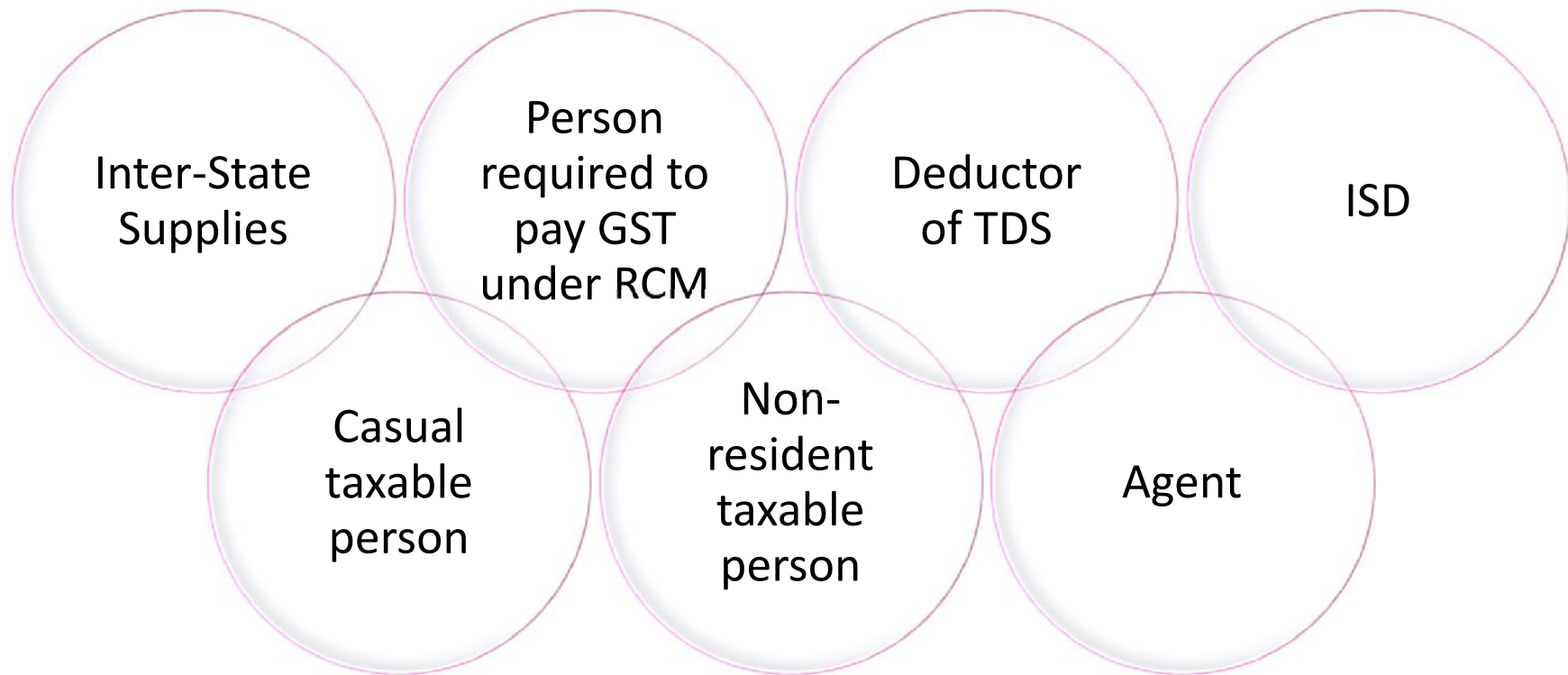
Place of Business includes (Section 2 (85))



Fixed establishment means (Section 2 (50))



Mandatory Registration-Threshold not applicable (24)



Mandatory Registration-Threshold not applicable



Collector of TCS

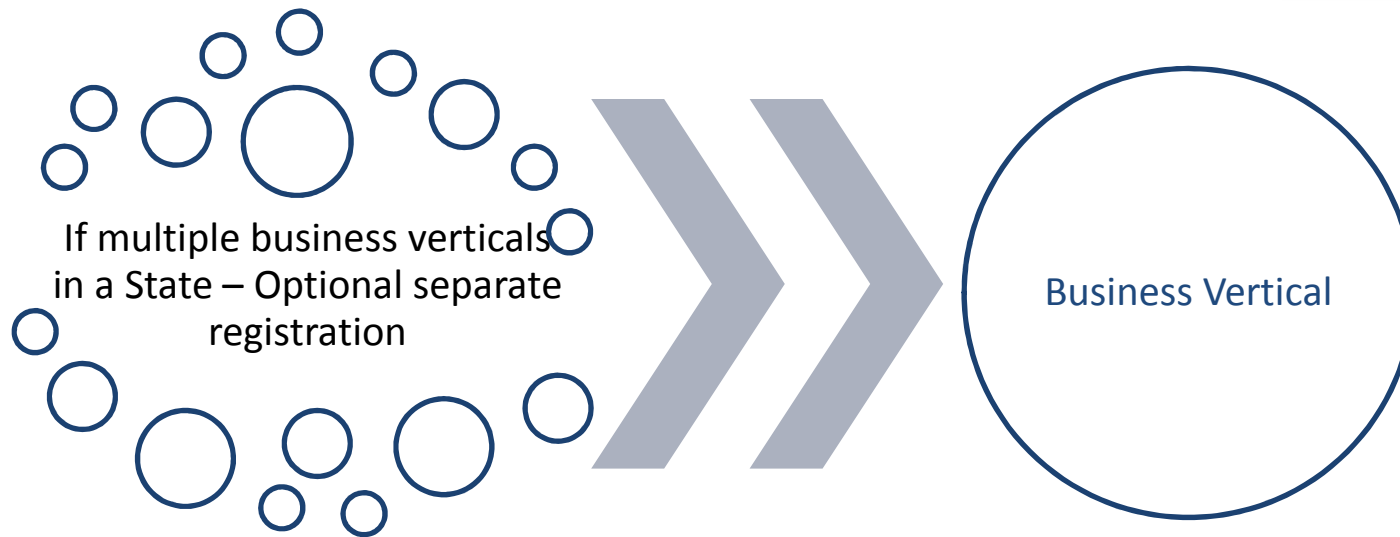
Vendor on E-commerce platform

E-commerce operator

Supplier of online information and database access or retrieval services from outside India to unregistered person in India

Persons notified by Central or State Government on recommendations of the Council

Optional Registration (Section 25 (2))



Voluntary Registration (Section 25 (3))

- 🕒 All provisions of this Act applicable

- 🕒 Why would one take voluntary registration?
 - For claiming ITC
 - Due to Customer's specific demand
 - To have unbroken chain of GST till the goods/services reach end consumer
 - To pass on the credit-ITD

Suo Moto Registration (25(8))

A person liable to be registered



Fails to register



officer



Can proceed to register



Registration (Section 25(6) & (7))

- ⌚ PAN mandatory
- ⌚ If registration under GST for TDS, TAN under Income tax mandatory
- ⌚ NRI- If no PAN then other documents as may be prescribed
- ⌚ After verification, 2 options to department:
 - Grant RC
 - Reject RC
- ⌚ If no deficiency communicated within specific time limit, registration deemed to be granted

Section 23

Persons
not liable
to
registration

Any person engaged exclusively
in the business of supplying

- non-taxable goods/services
- Wholly exempted goods/services

An agriculturist for the purpose
of agriculture

Notified persons

Consequences of default in taking Registration

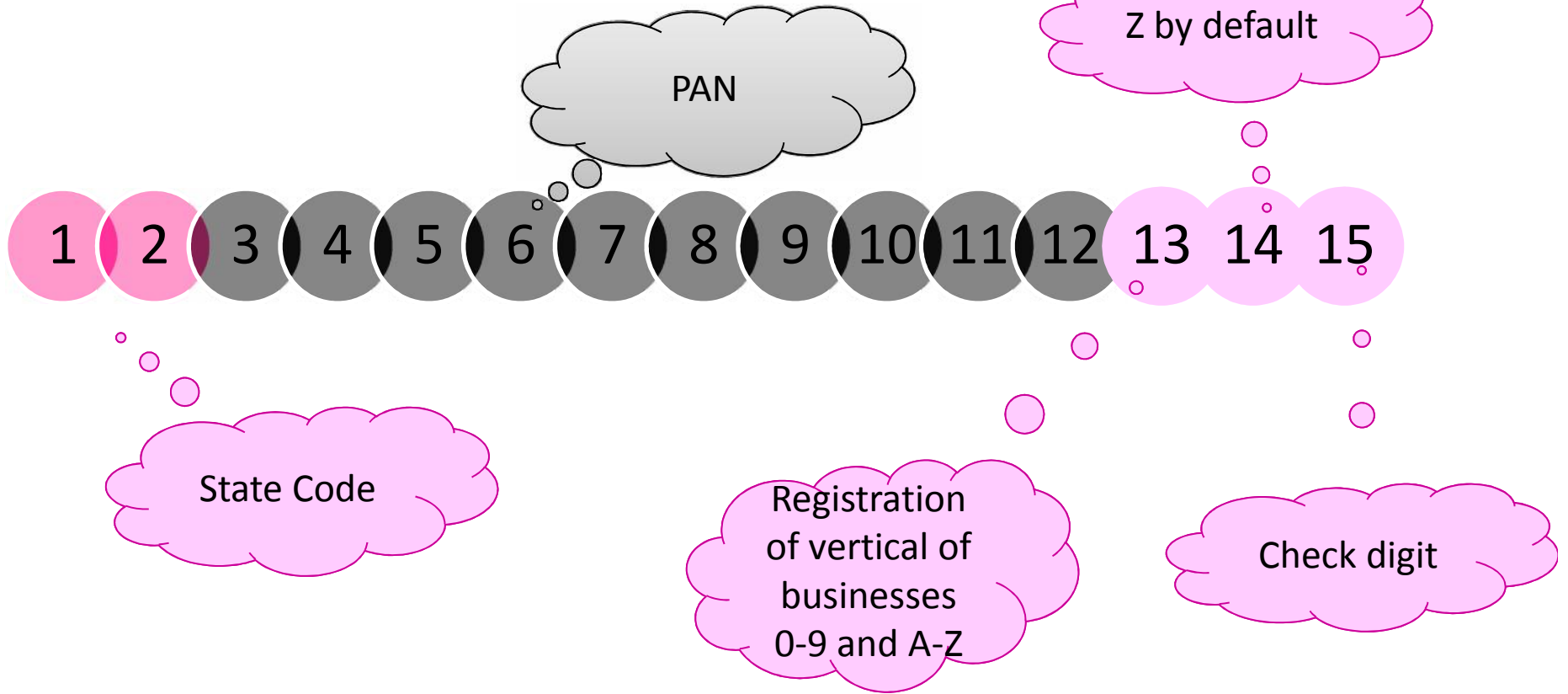
Liable to a penalty

- Higher of
 - Rs. 10,000/- or
 - 100% of tax evaded or
 - The tax not deducted or short deducted

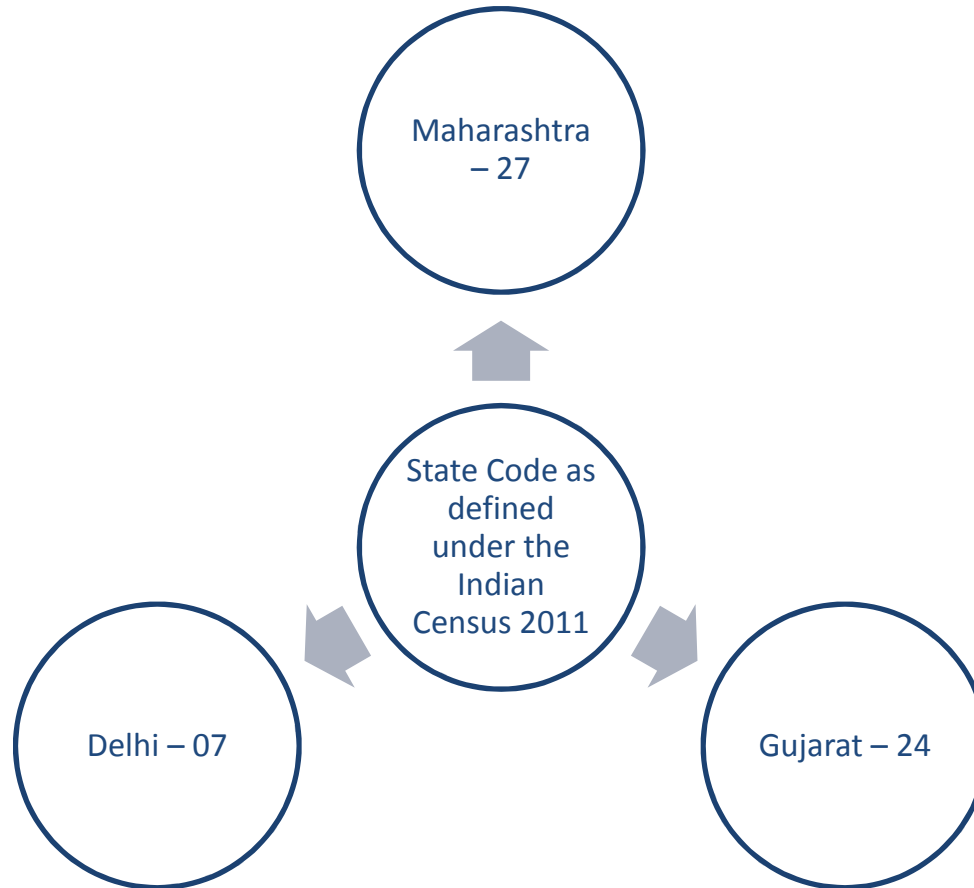
ITC cannot be claimed for the period prior to registration
(Effective date of Registration)

Pay Liability with interest

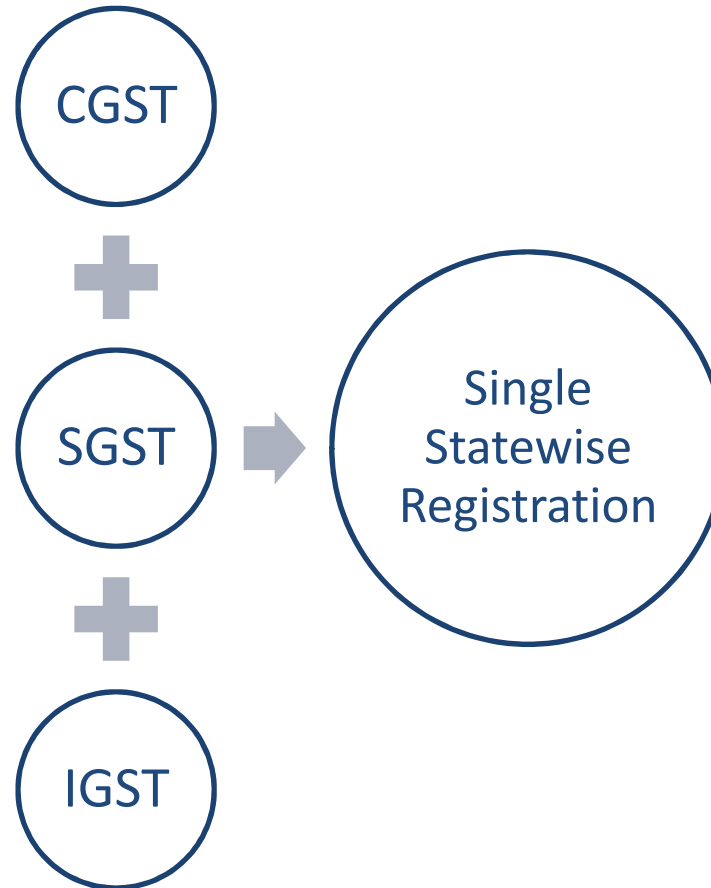
GSTIN (Goods and Services Tax Identification Number)



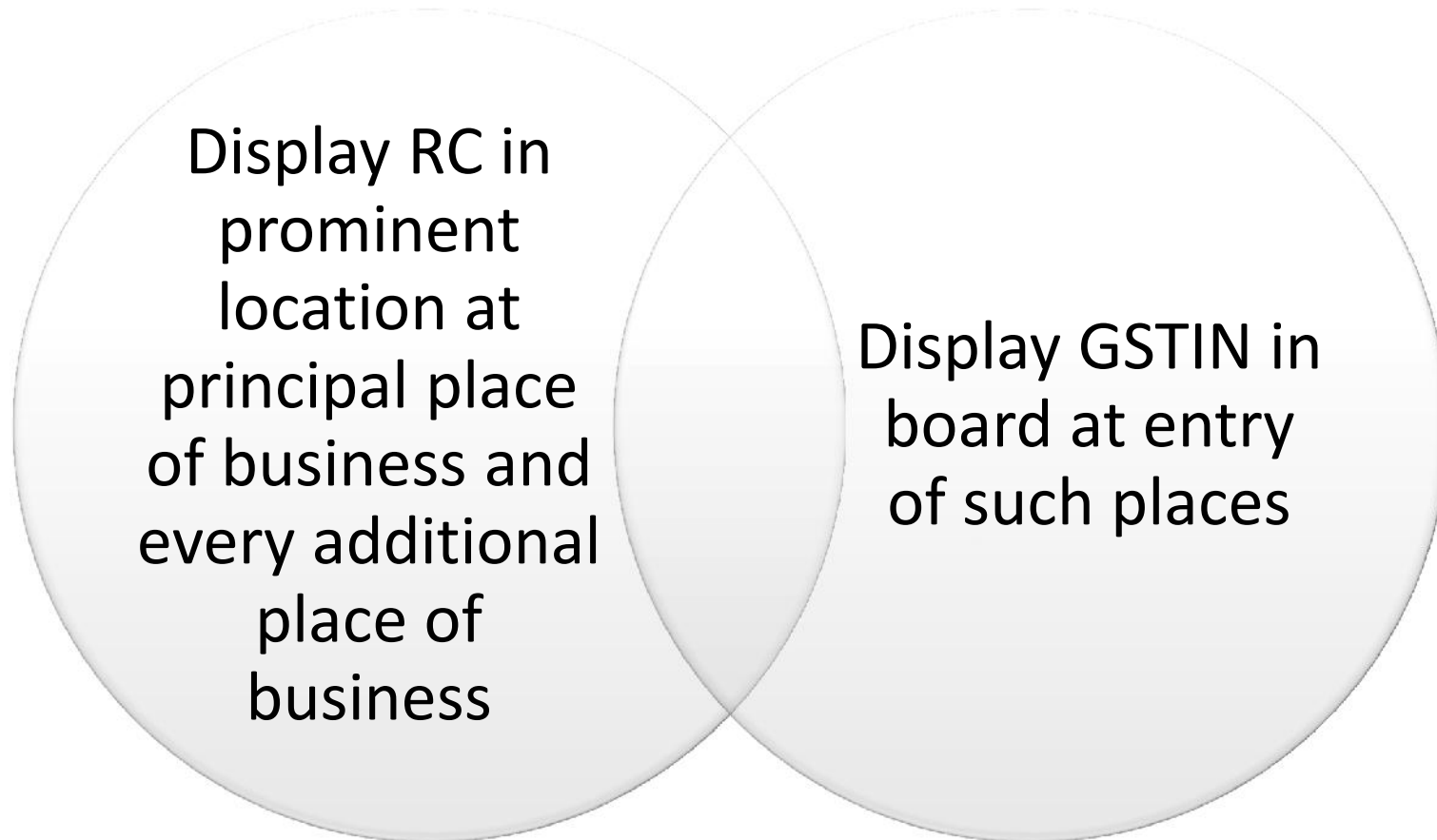
GSTIN



Registration Business Process



Display Registration



MIGRATION

Existing Registration – Migration

Every person registered under earlier laws and having valid PAN

Provisional Registration Certificate

- Validity – 6 months from the date of issue
- Extension – Notify

Provide information in prescribed manner

Issuance of final Registration Certificate

Cancellation of provisional RC if information not provided

- If Cancellation since the person not liable for registration – Deemed that provisional RC not issued

Helpdesk



Keep all
snapshots
for queries
& future
purposes

GSTN

- 0124-4688999
- helpdesk@gst.gov.in

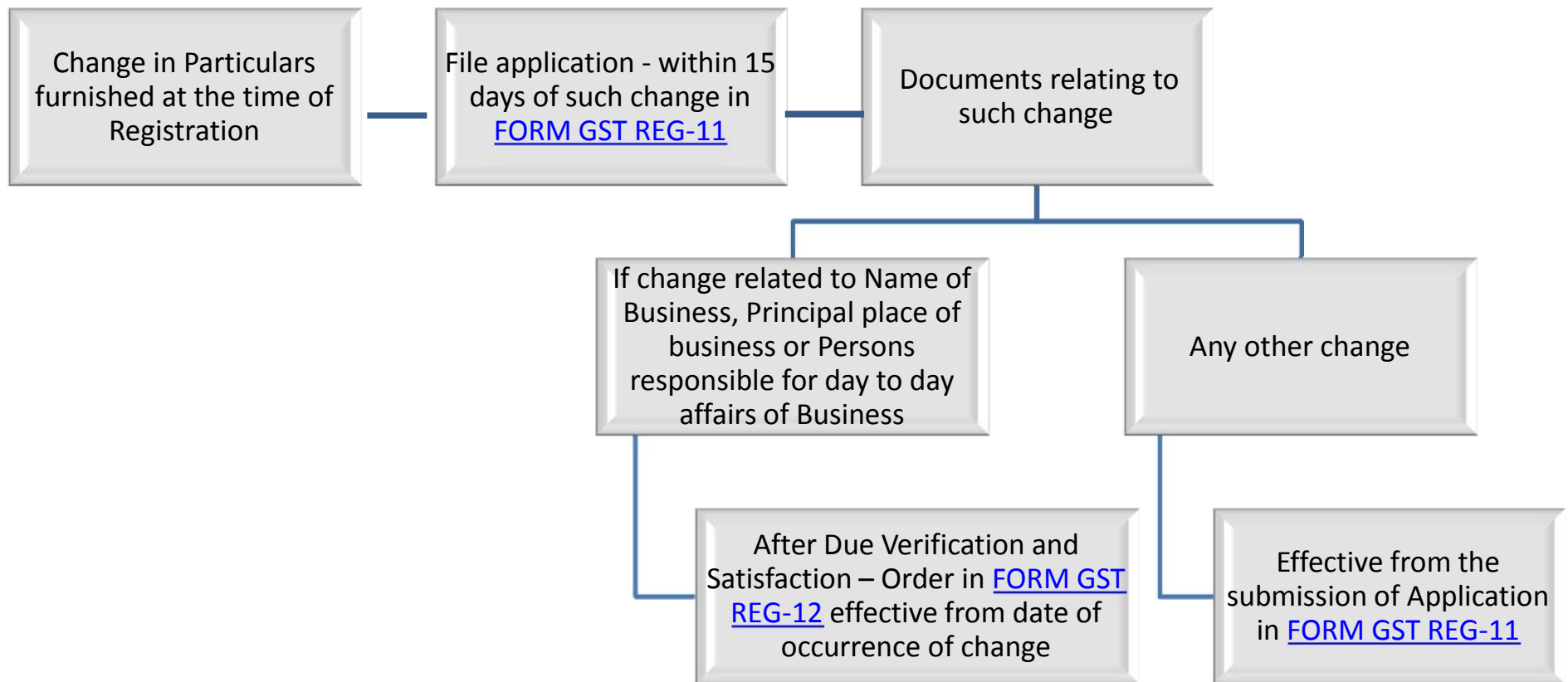
MVAT

- 1800225900

CBEC

- 1800-1200-232
- cbecmitra.helpdesk@icegate.gov.in

Amendments to registration...



...Amendments to registration...

If the change is related to
Change in Mobile No. or
Email Address of Authorised
Signatory



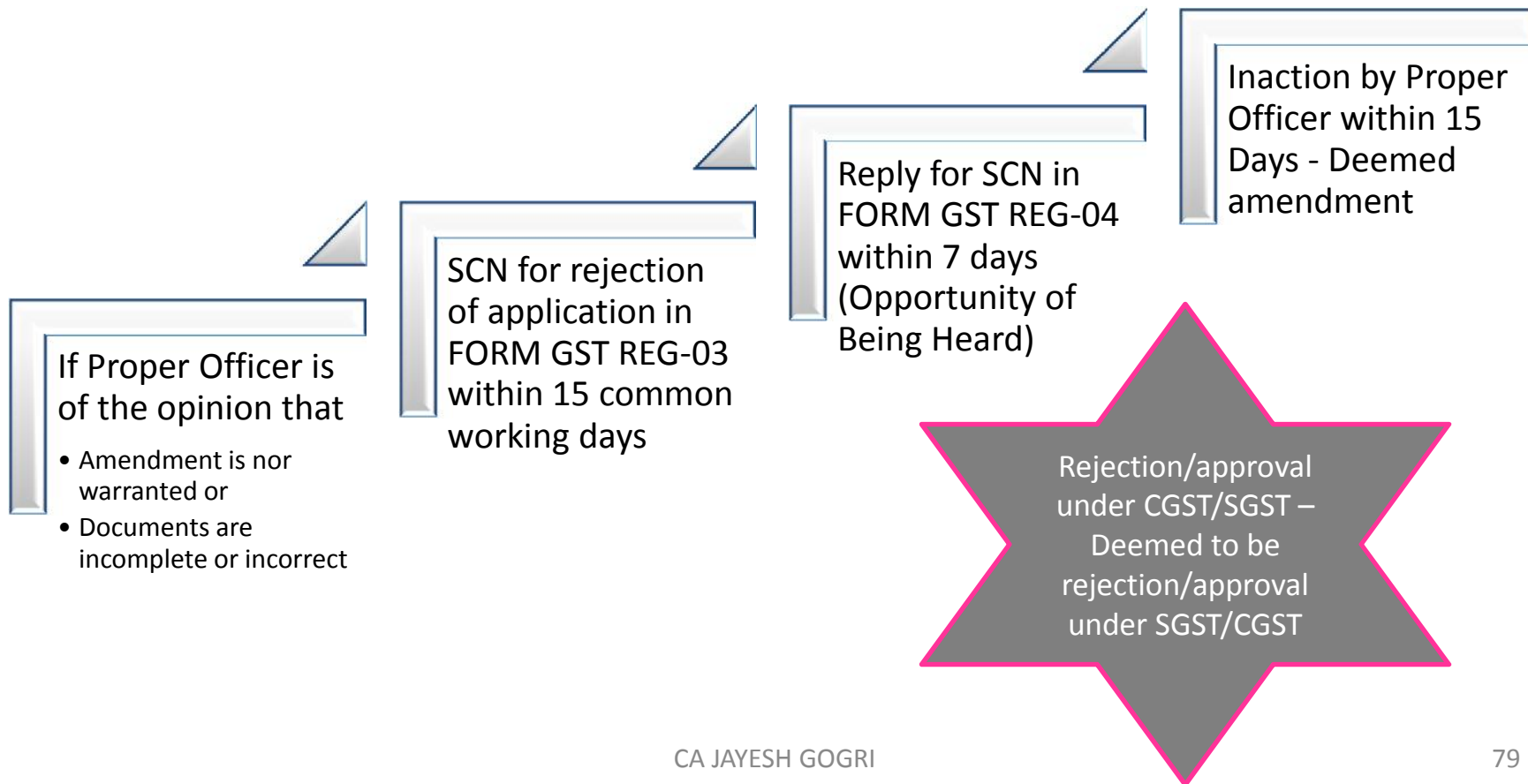
Effective after online
verification from the
common portal

Change in Constitution
of Business as result in
change of PAN



Fresh Registration is
Required

...Amendments to registration

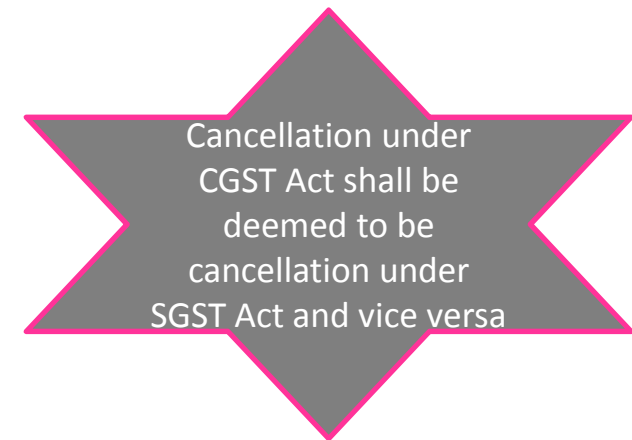


CANCELLATION OF REGISTRATION

Section 29 - Cancellation of registration...

- ⌚ **Cancellation - By **Proper Officer** or Application by tax payer**
 - Issuance of SCN except in case of death
 - Providing reasonable opportunity of being heard

- ⌚ **Reasons for cancellation**
 - Transfer/discontinuation of business
 - Discontinuation of business
 - Full transfer of business for any reason
 - Death of proprietor
 - Amalgamation
 - De-merger
 - Disposal of business
 - Change in constitution of business
 - No longer liable to be registered



...Cancellation of registration...

- 🕒 **Cancellation possible even from earlier date if**
 - Contravention of provisions of GST Law
 - Composition dealers – returns not furnished consecutively for 3 tax periods
 - Other dealers – returns not furnished consecutively for 6 months
 - Voluntary registration – Business not commenced in 6 months from the date of registration

- 🕒 **If registration obtained by fraud, wilful mis-statement, suppression of facts**
 - Cancellation with retrospective effect

- 🕒 **ITC**
 - Pay ITC of inputs in stock, contained in semi-finished or finished goods or output tax, whichever is higher
 - Capital goods: Pay either ITC (-) specific % or tax on transaction value, whichever is higher
 - Detailed rules for calculation to be prescribed

...Cancellation of registration

Cancellation of registration shall not affect liability of taxable person for period prior to cancellation

- to pay tax and other dues or
- to discharge any obligation

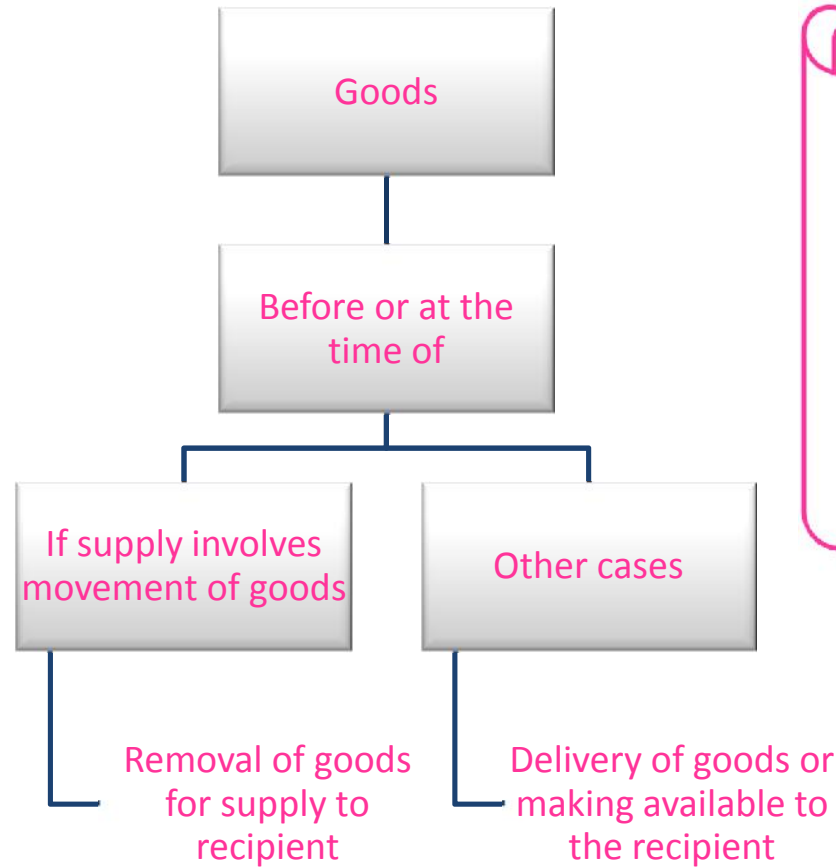
Irrespective of the time of determination i.e. either before or after the date of cancellation

TAX INVOICE – SECTION 31

Relevance of Tax Invoice

- Disallowance of credit to the recipient
- Fraudulently non issuance or issuance of invoice without supply –
Penalty upto 10,000 or amount of tax whichever is higher
- Bona fide non issuance or issuance of invoice without supply –
Penalty upto 10,000 or 10% of tax whichever is higher
- Improper invoice-upto 25,000
- Confiscation of goods and/or conveyance
- Prosecution

Tax Invoice – When?



Notified goods: Tax invoice to be issued within specific time limit

Continuous supply of goods (2 (32))

Continuous supply of goods

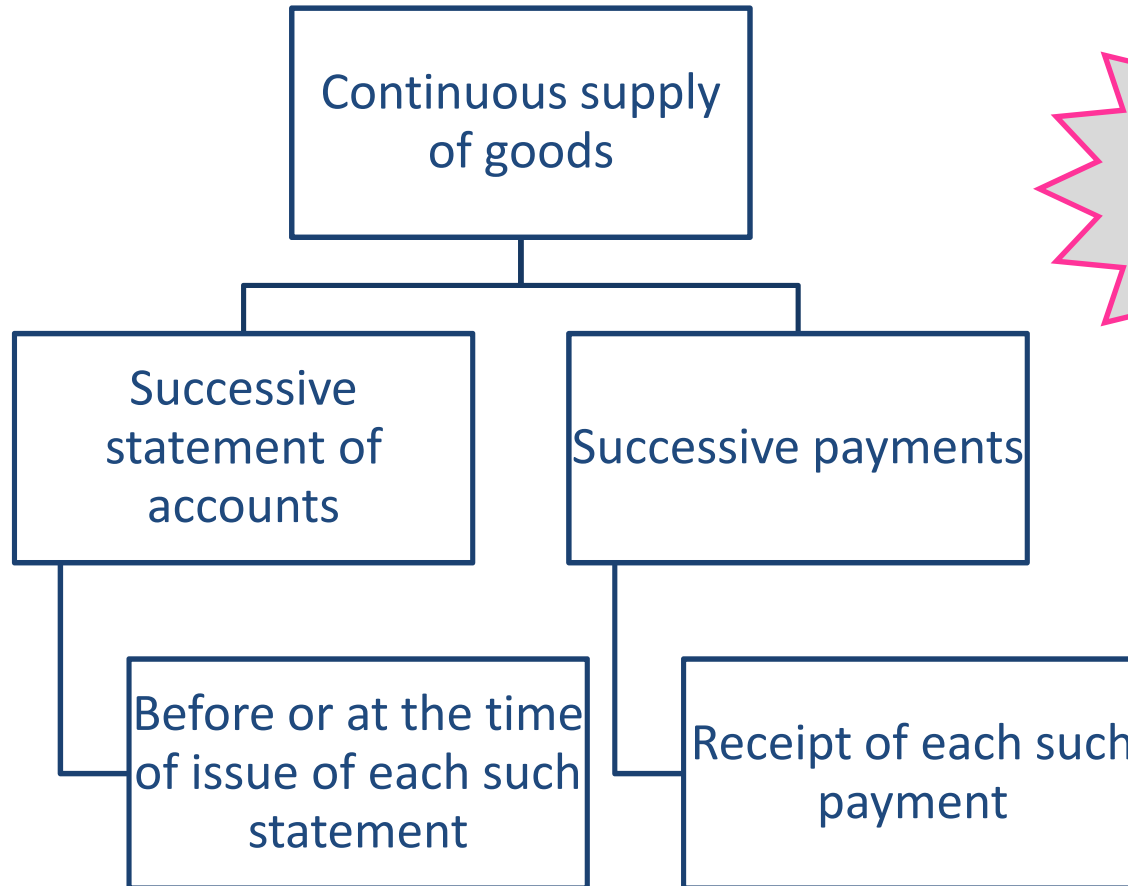
means

a supply of goods which is provided, or agreed to be provided,
continuously or on recurrent basis, under a contract

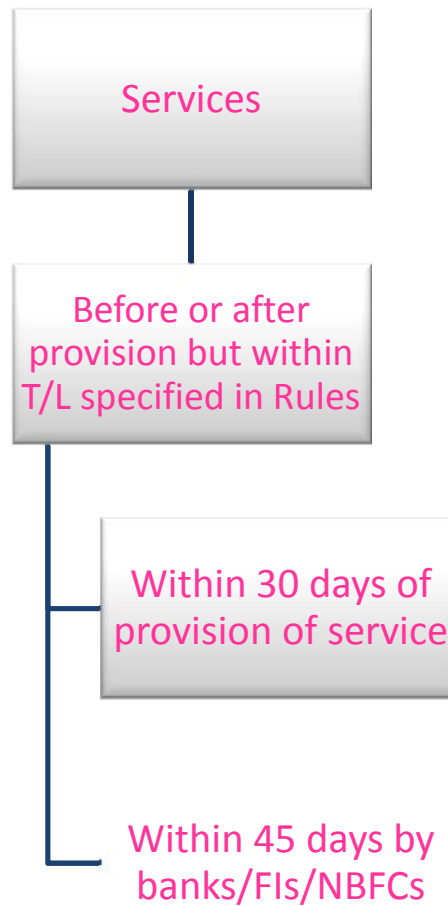
whether or not by means of a wire, cable, pipeline or other
conduit,

and for which the supplier invoices the recipient on a regular
or periodic basis

Continuous supply of goods – Invoice – 31(4)



Tax Invoice – When?



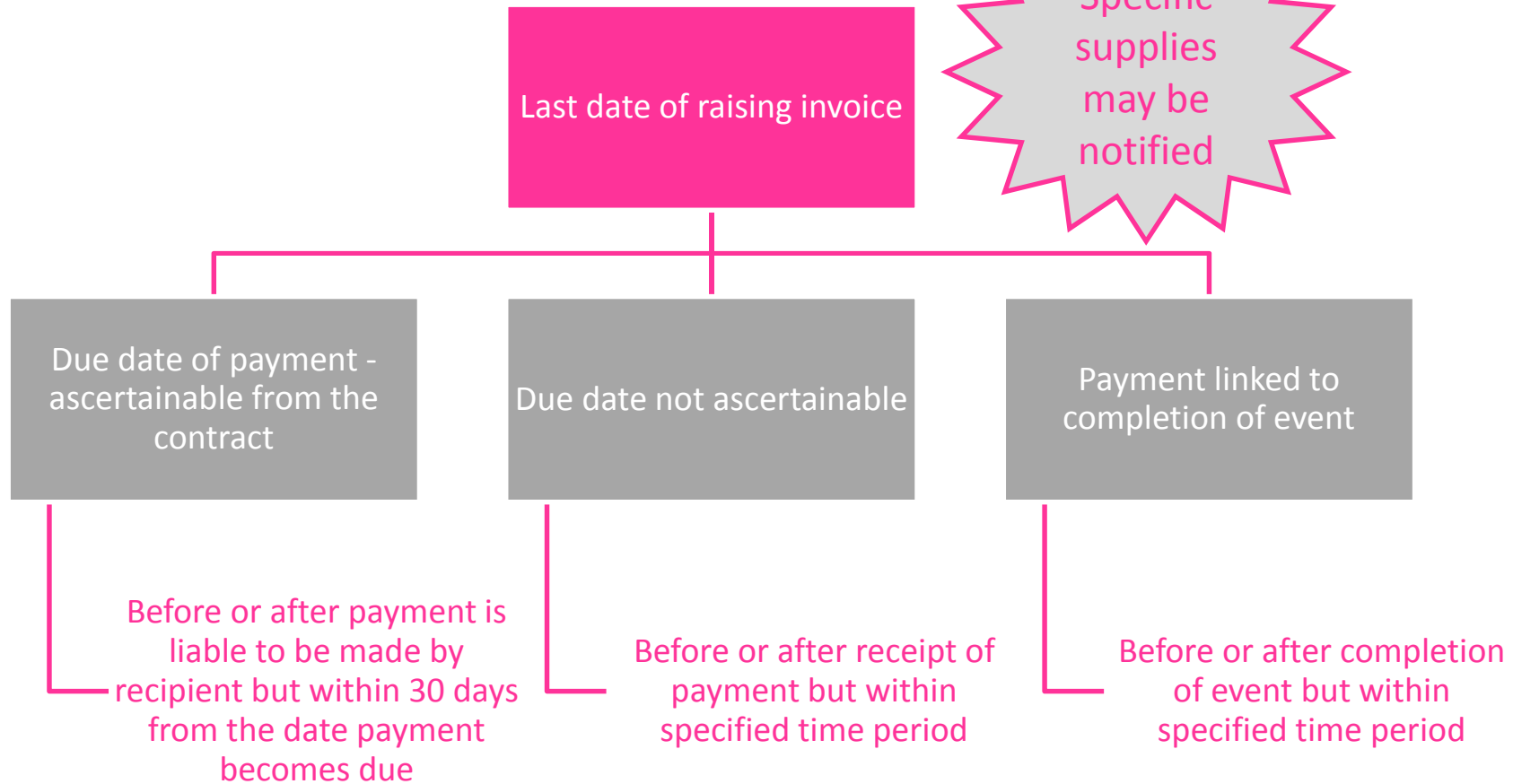
Continuous supply of services

Continuous supply of services
Means

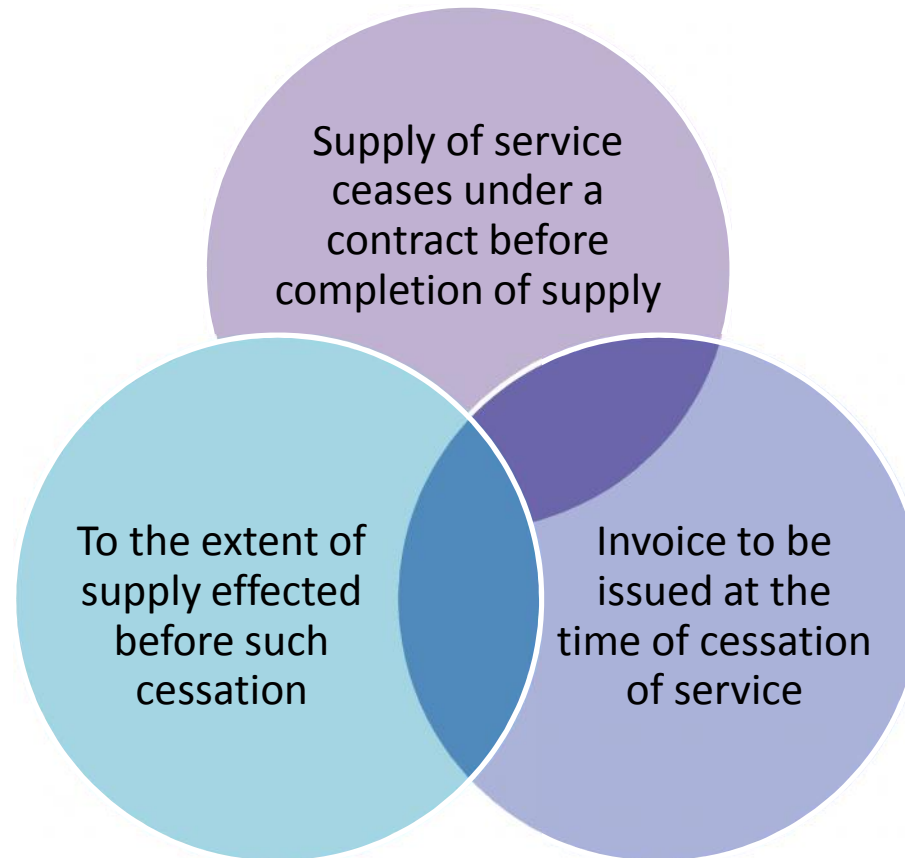
a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, **for a period exceeding three months** with periodic payment obligations

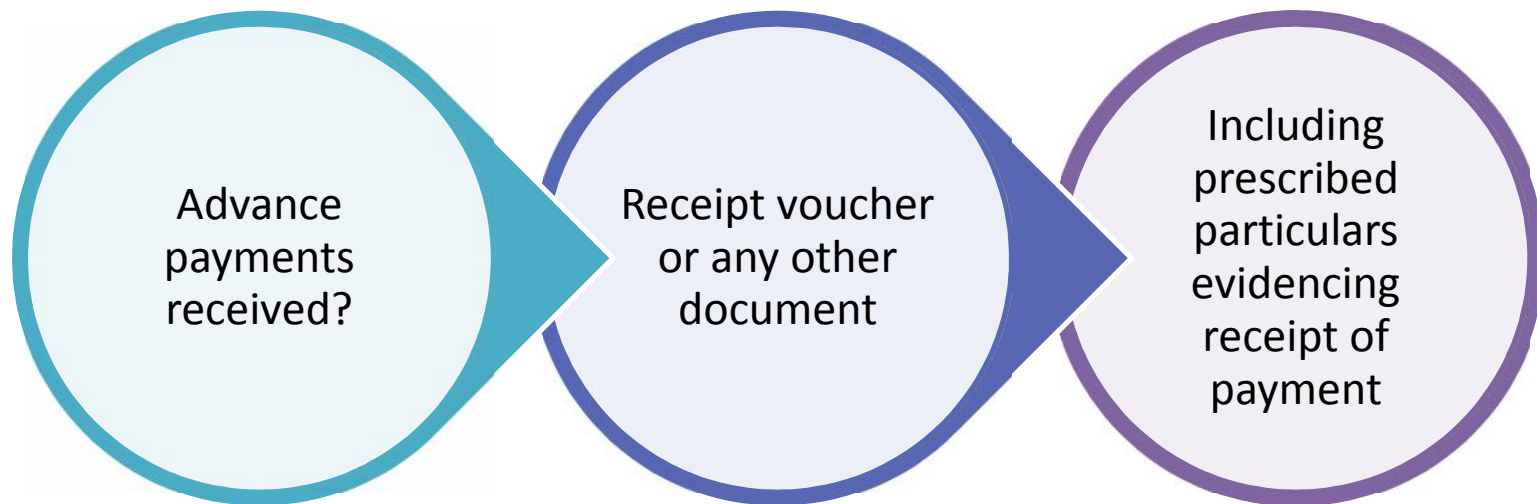
and includes supply of such service as the Central or a State Government may, whether or not subject to any condition, by notification, specify

Continuous supply of services



Cessation of supply of service

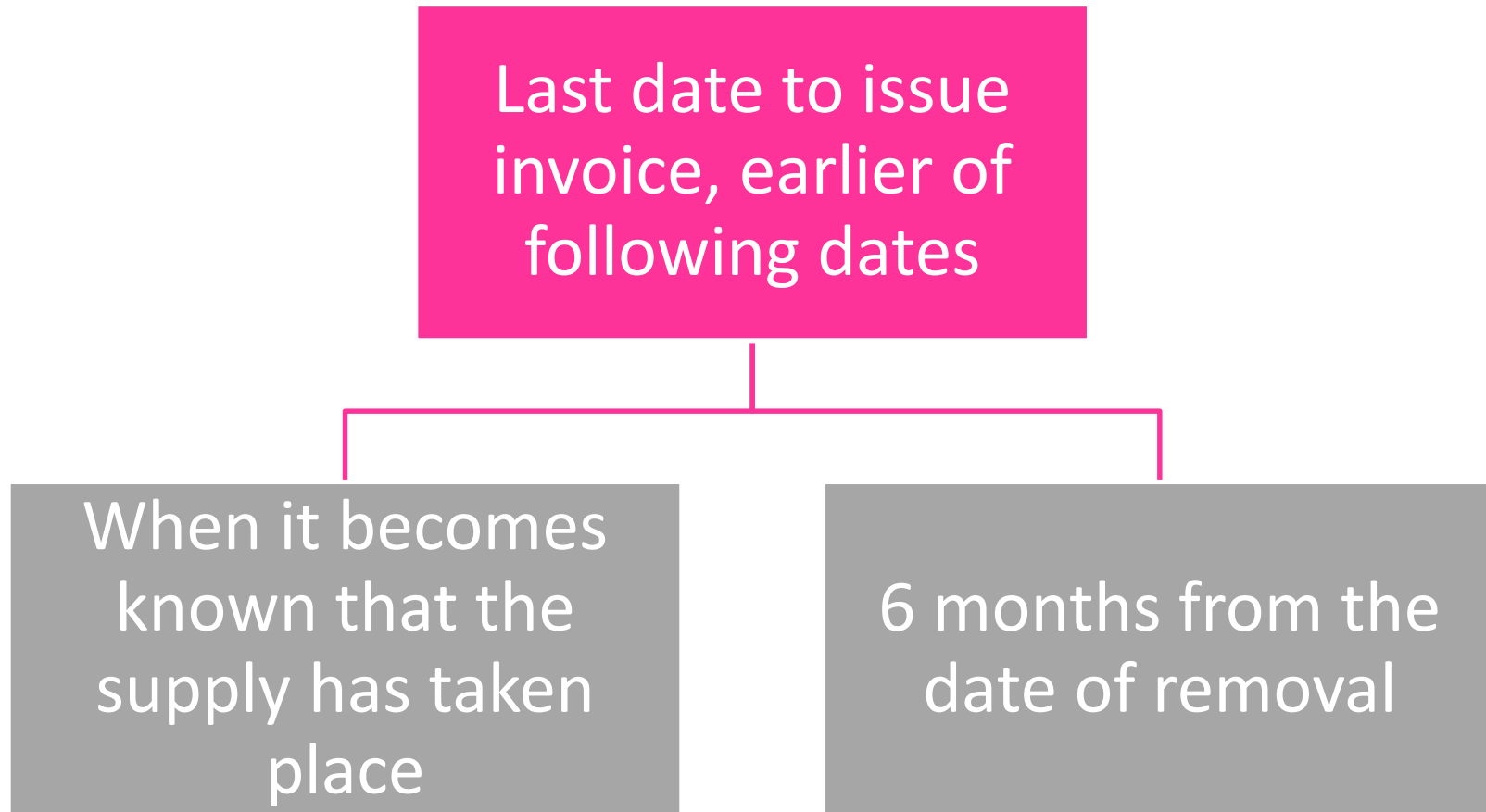


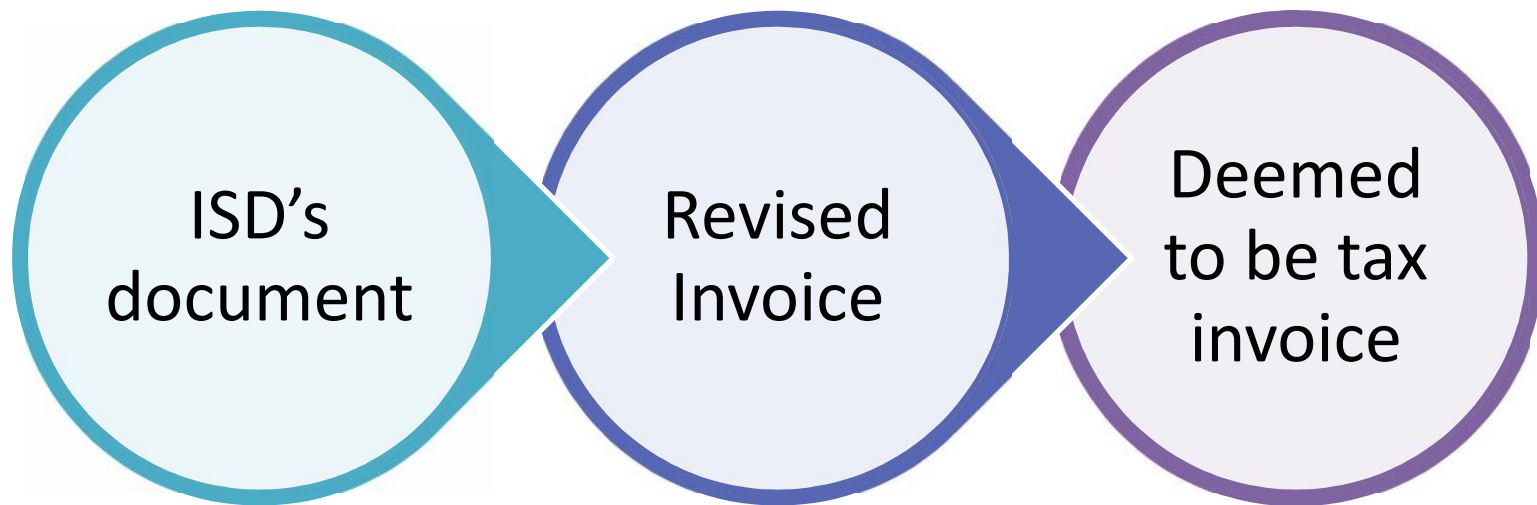


How to claim ITC in respect
of advances on which GST is
paid?



Goods sent on approval or sale or return basis etc.





Tax Invoice – Contents

- ⊗ Name, address and GSTIN of the supplier
- ⊗ Name, address, GSTIN/UIDN of the recipient
- ⊗ Consecutive serial number unique for a financial year (In one or multiple series)
 - Alphabets/numbers/both
- ⊗ In case of unregistered recipient and supply more than 50,000- Name, address of the recipient, address of delivery
- ⊗ HSN code of goods/Accounting code for services
- ⊗ Description of goods/services
- ⊗ Quantity, unit/unique quantity code
- ⊗ Value
- ⊗ Taxable value
 - Discount
 - Abatement
- ⊗ Rate and amount of tax
- ⊗ Inter state supply-place of supply
- ⊗ RCM?

Tax Invoice – Banking Company

Any
document
in lieu of
Tax invoice

No serial
number
mandatory

Address of
the
recipient
not
mandatory

Tax Invoice – GTA

Any document

Gross weight of consignment

Name of the consignor/consignee

Registration number of the goods carriage

Details of goods transported

Place of origin and destination

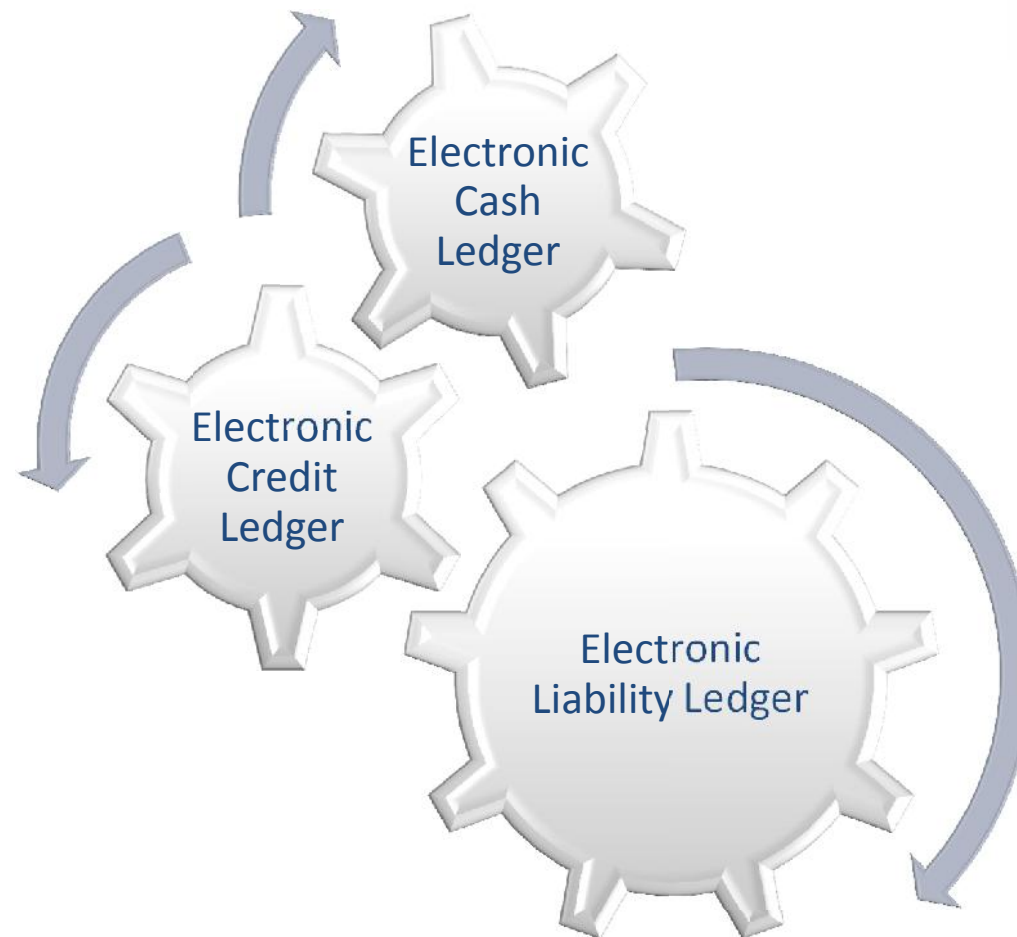
GSTIN of person liable to pay tax

Tax Invoice – Passenger transportation

Tax invoice shall include ticket in any form

Address of the recipient not mandatory

PAYMENT



Electronic Liability Register-FORM GST PMT 1



Debits:

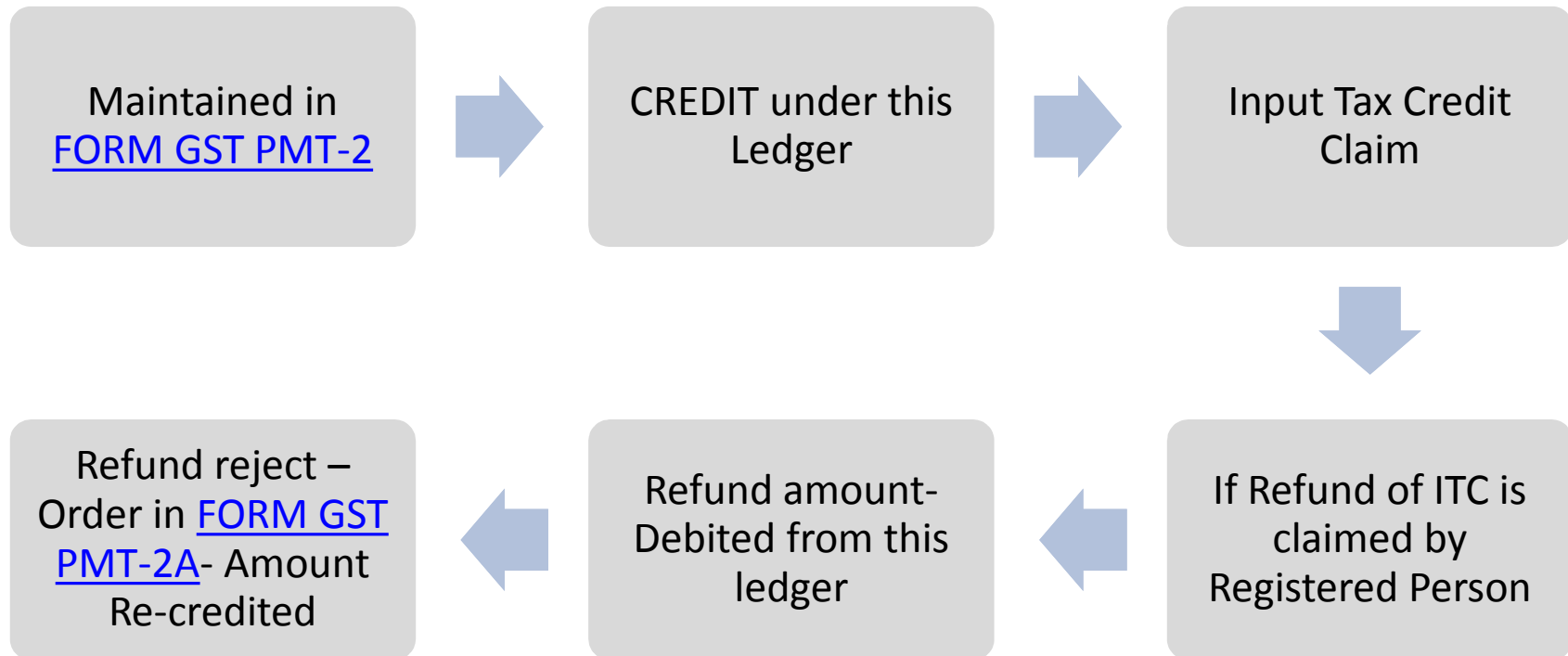
- As per return
 - Tax
 - Interest
 - Late fee
 - Any other amount payable
- As determined by the officer
 - Tax
 - Interest
 - Penalty
 - Any other amount payable
 - Tax and interest – mismatch
 - TDS/TCS/Composition tax



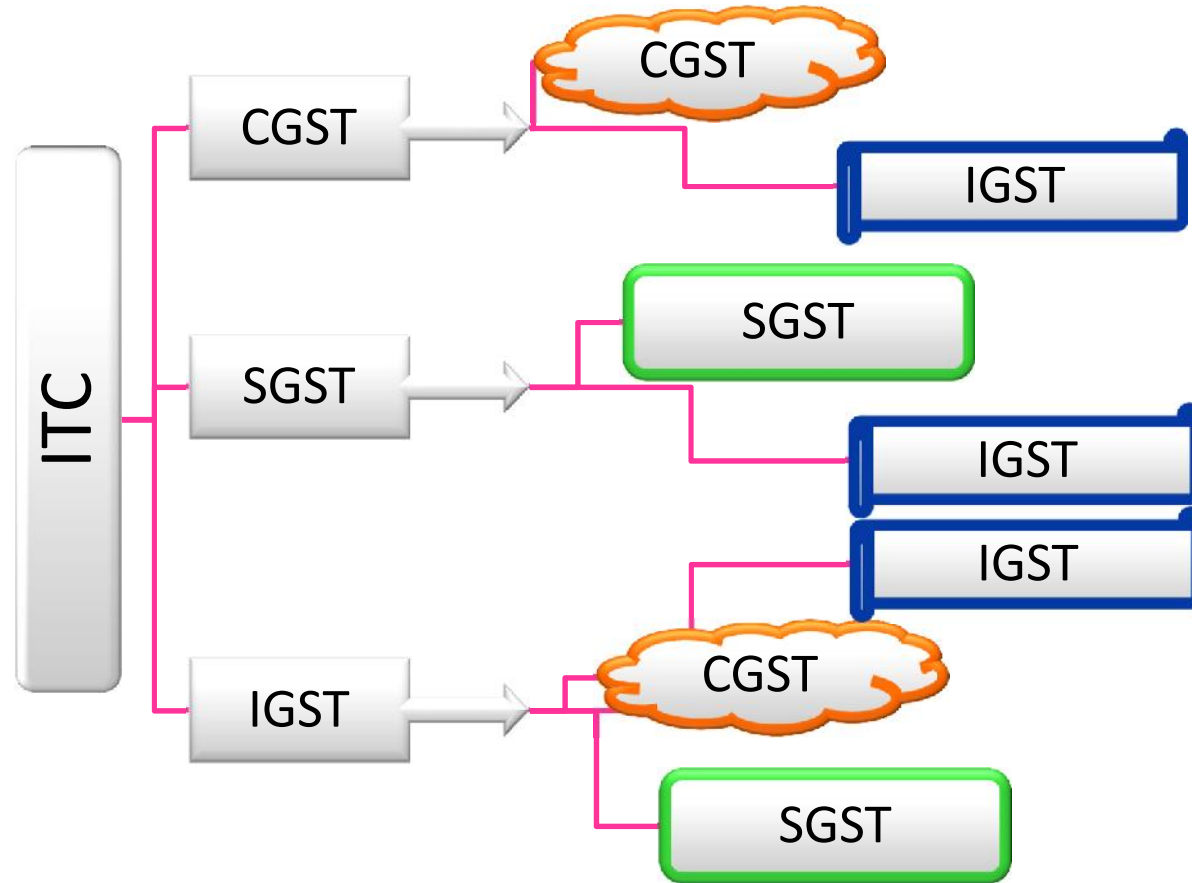
Credits:

- Payment made towards taxes
- Relief granted by appellate authority
- Penalties reduced due to payment of tax against SCN

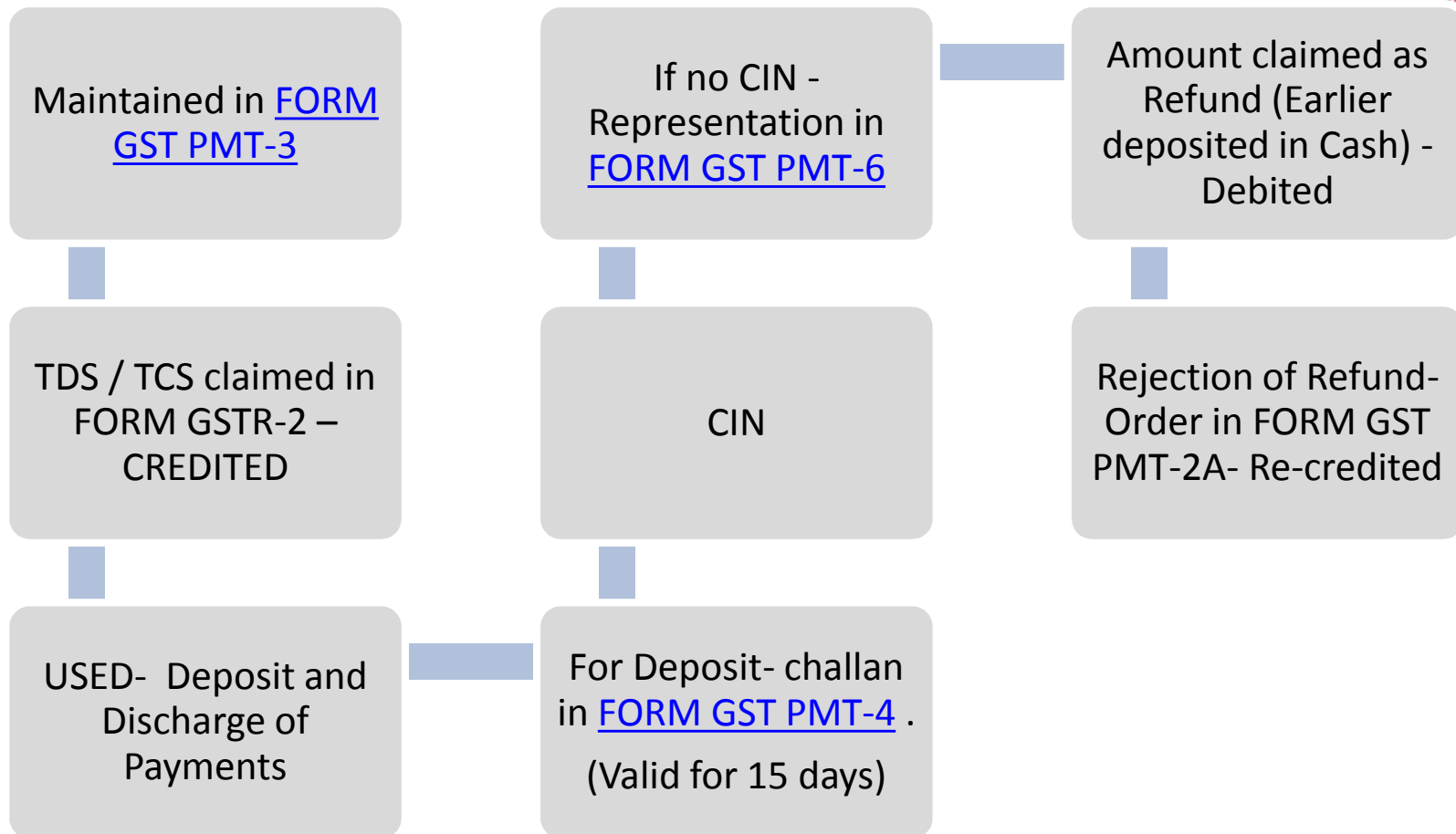
ELECTRONIC CREDIT LEDGER



Utilisation of ITC

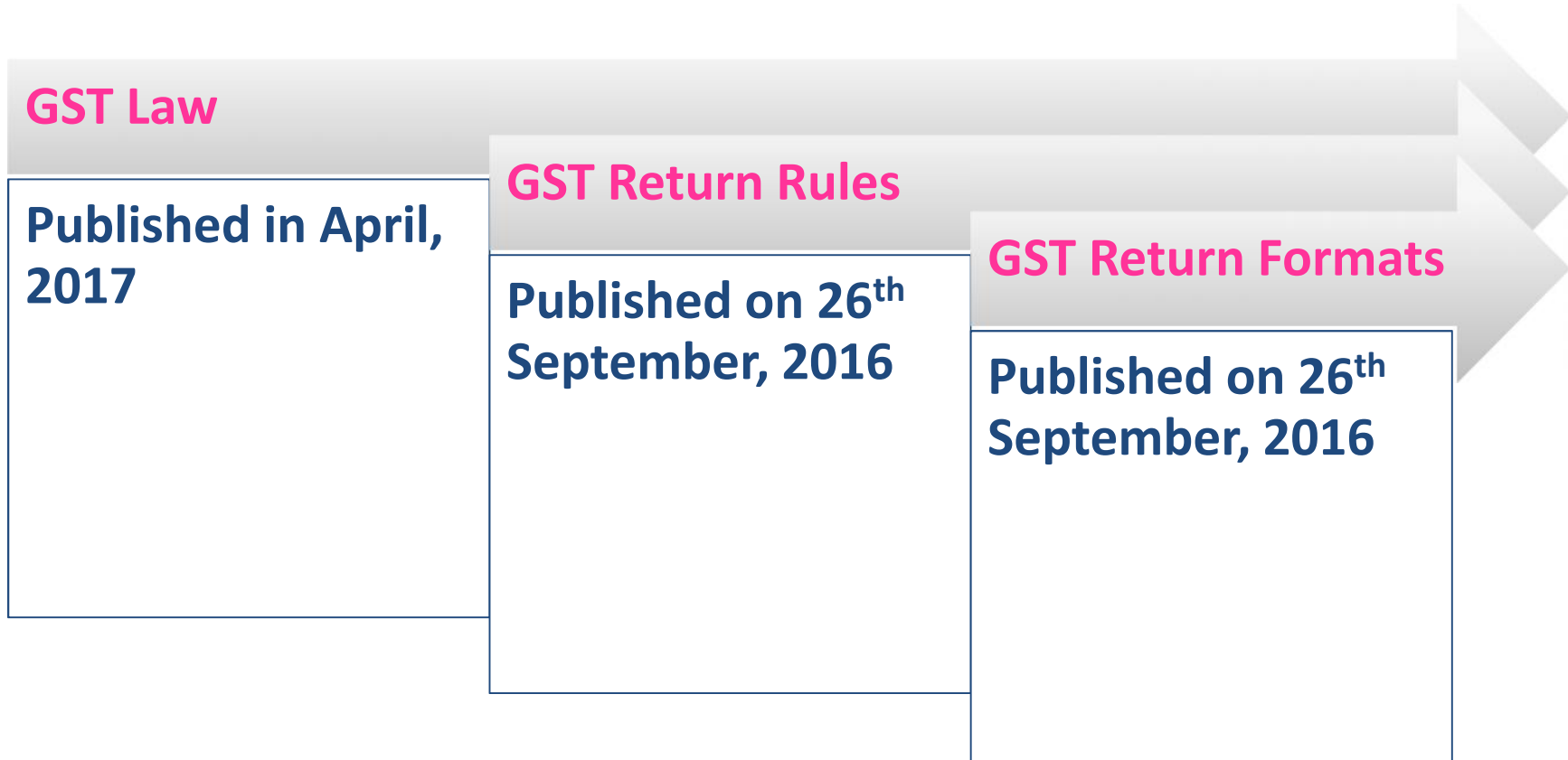


ELECTRONIC CASH LEDGER (ECL)



RETURNS

GST Returns



GST Returns

Return	Purpose	Due Date
GSTR-1	Outward Supplies	10 th of next month
GSTR-1A	Outward Supplies as added, corrected or deleted by recipient	To be made available after submission by recipient in GSTR-2 or GSTR-4 & to be accepted or rejected between 16 th to 17 th of next month
GSTR-2	Inward Supplies	Between 11 th to 15 th of next month
GSTR-2A	Inward Supplies made available to recipient	To be made available after due date of GSTR-1 filed by supplier
GSTR-3	Monthly return	20 th of next month
GSTR-3A	Notice to defaulter	After completion of due date of filing return

GST Returns

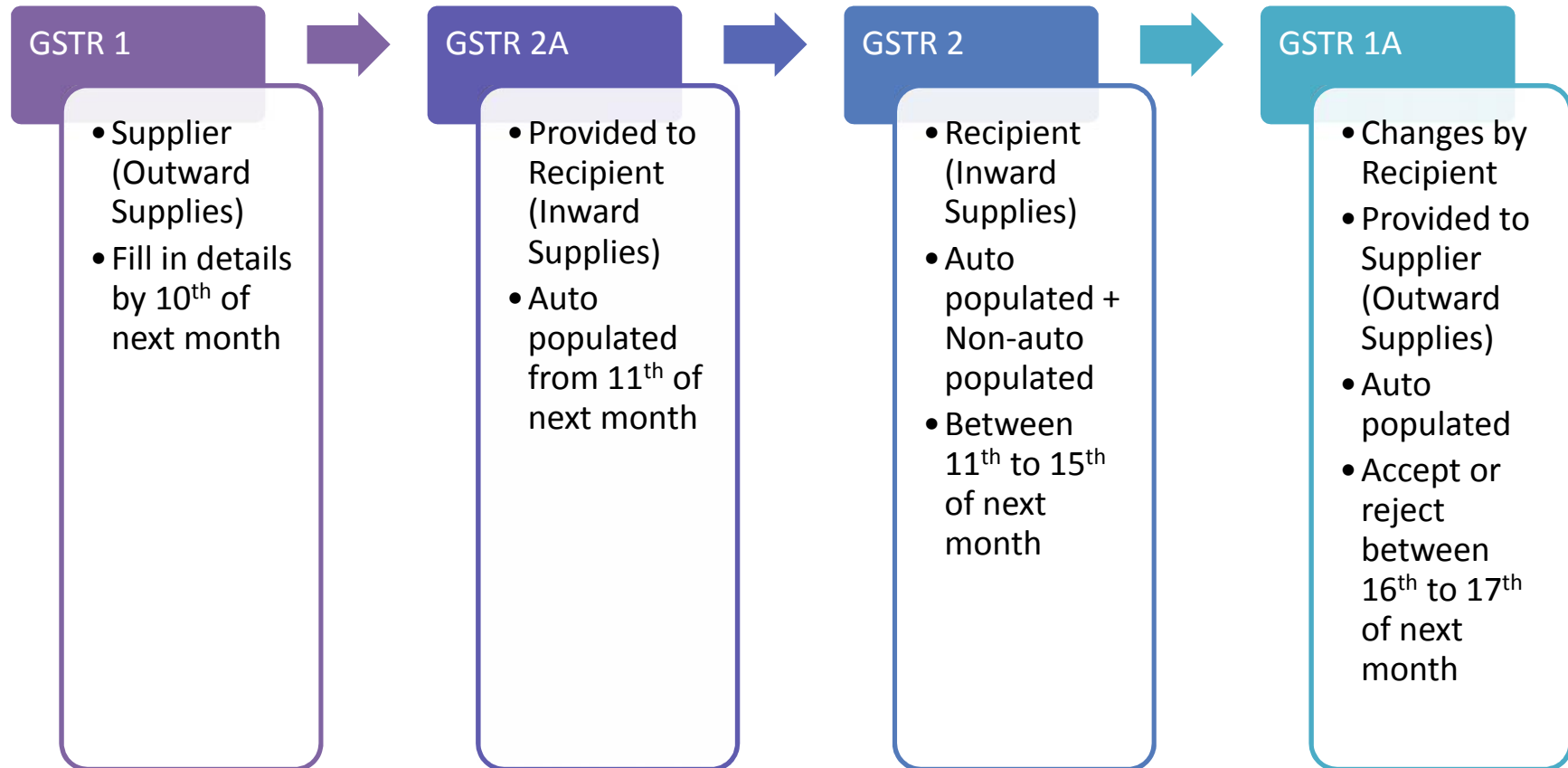
Return	Purpose	Due Date
GSTR-4	Compounding dealer	18 th of month following the quarter
GSTR-4A	Inward supplies made available to recipient under composition	To be made available after submission by supplier in GSTR-1
GSTR-5	Non-resident foreign taxable person	20 th of next month/quarter or 7 days from the date of completion of registration period, whichever is earlier
GSTR-6	ISD	13 th of next month
GSTR-6A	Inward Supplies made available to ISD recipient	To be made available after submission by supplier in GSTR-1
GSTR-7	TDS Deductor	10 th of next month

GST Returns

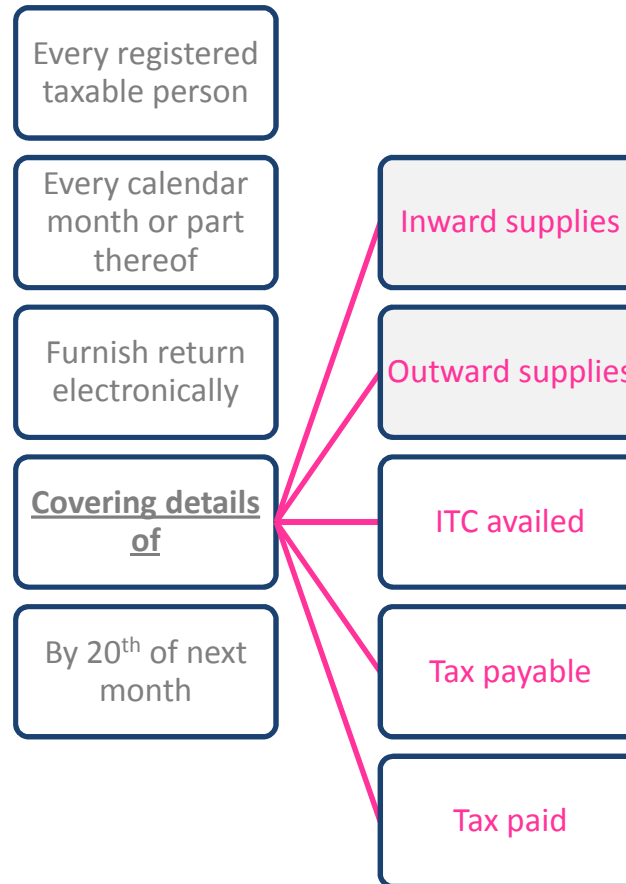
Return	Purpose	Due Date
GSTR-7A	TDS Certificate	
GST-ITC-1	Communication of acceptance, discrepancy or duplication of ITC	
GSTR-8	E-commerce Operators	
GSTR-9	Annual return	31 st December of next FY
GSTR-9A	Annual return for Composition dealer	31 st December of next FY
GSTR-9B	Reconciliation Statement	

GST Returns

Return	Purpose	Due Date
GSTR-10	Final Return	3 months of date of cancellation or date of cancellation order, whichever is later
GSTR-11	Inward Supplies by person having UIN	
GST-TRP-1 to 7	Tax return preparers	



Returns (Section 39)-GSTR-3

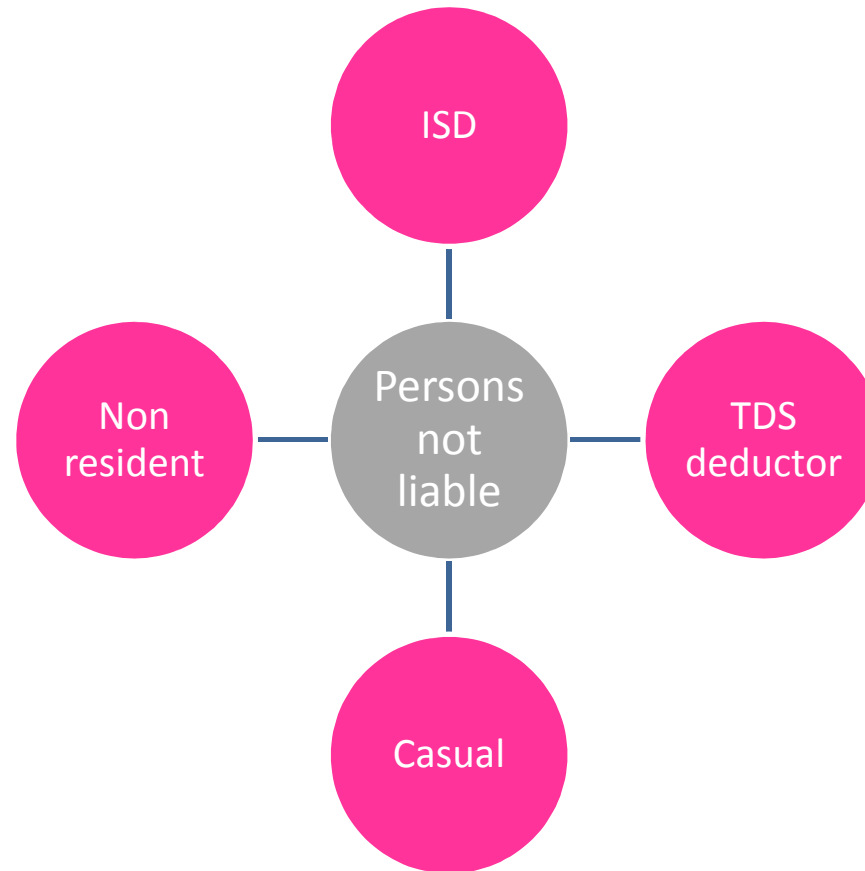


ITC Credit and provisional acceptance (Section 41)

- Every registered taxable person
- Subject to prescribed conditions and restrictions
- Entitled to take credit of self assessed ITC
- Provisional ITC allowed to Electronic Credit Ledger
- Credit to be utilised only for payment of self-assessed output tax liability**

ANNUAL RETURN

Annual Return GSTR 9 Sec. 44





Composition
dealer in form
GSTR 9A

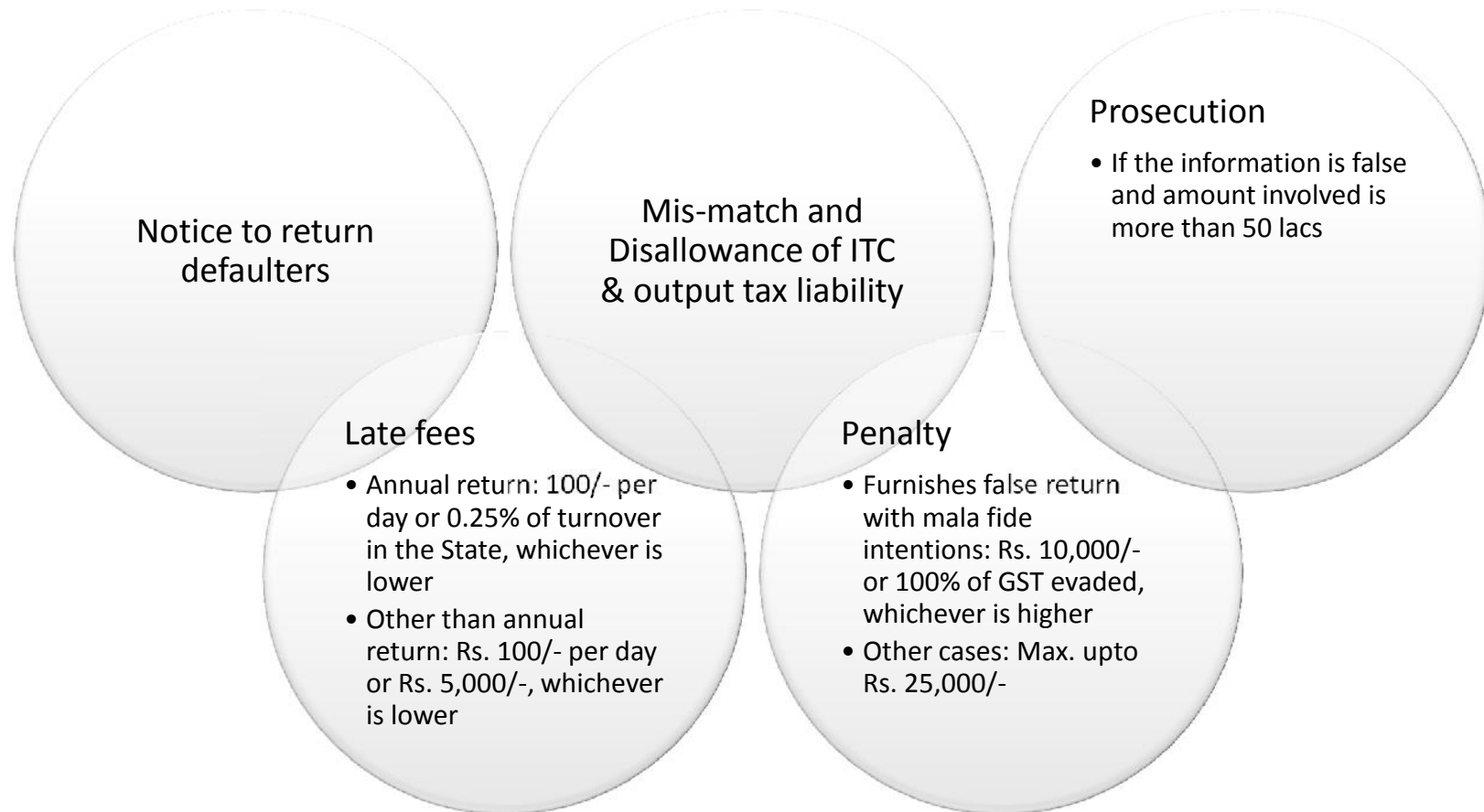


Audited
reconciliation in
form 9B

GSTR 9

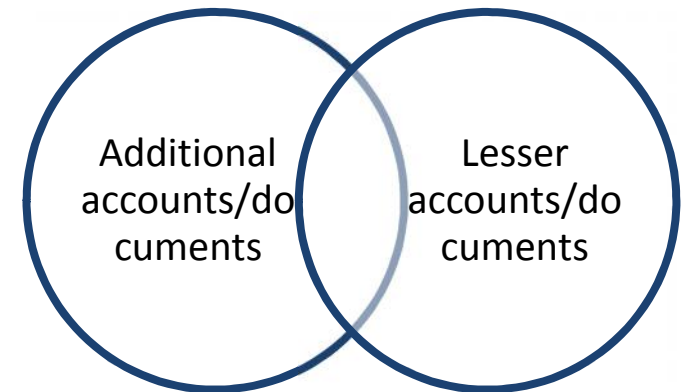
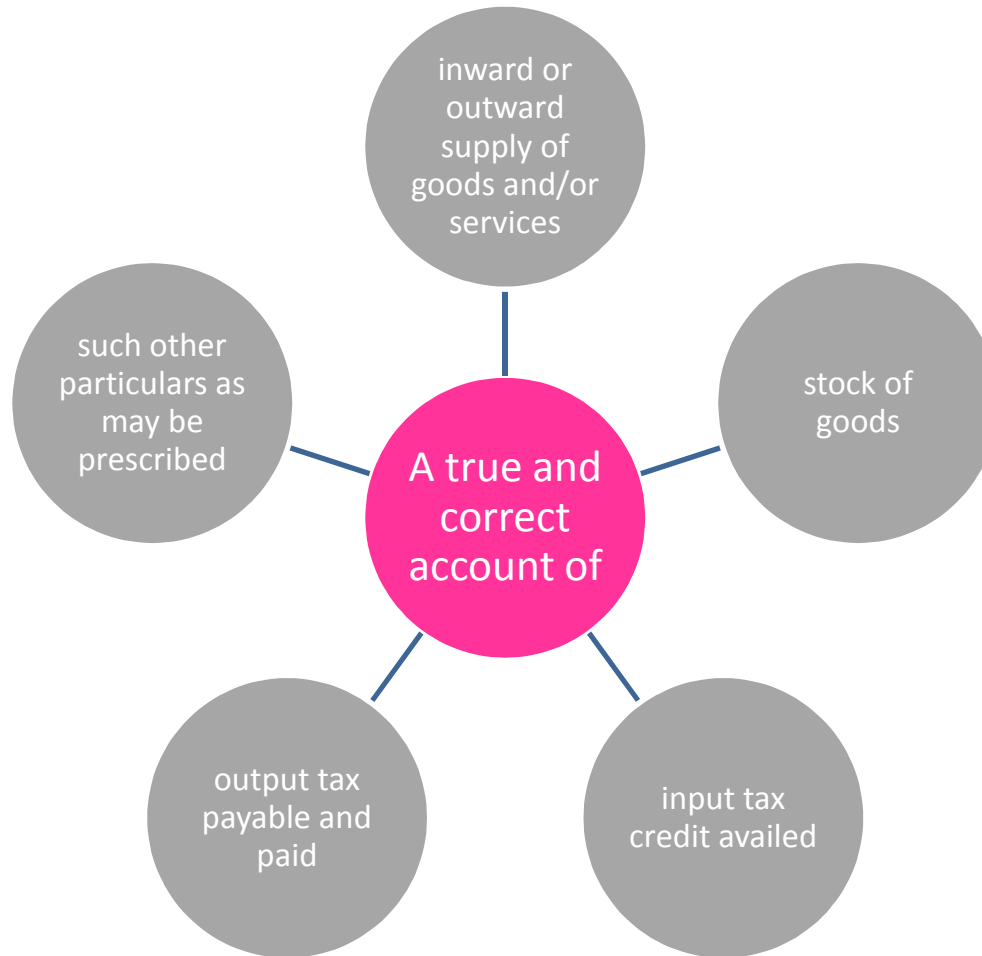
- ⊗ Details of the Taxable person
- ⊗ Details of the Audit/auditors
- ⊗ Details of expenditure
 - Total value of purchases
 - On which ITC claimed
 - Inter state (separate details for imports)
 - » Goods
 - HSN Code wise
 - Quantity details
 - Tax rate and ITC
 - » Services
 - Accounting code
 - Intra state
 - On which No ITC claimed
 - Sales returns
 - Other expenditure
- ⊗ Details of Income
 - On which GST paid
 - Inter state (separate for exports)
 - Intra state
 - On which no GST paid
 - Purchase returns
 - Income other than from supplies
- ⊗ Return reconciliation
- ⊗ Current status of arrears/refunds

Consequences of non-filing/wrong filing of return



DOCUMENTATION

Accounts and records to be maintained





where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business concerned

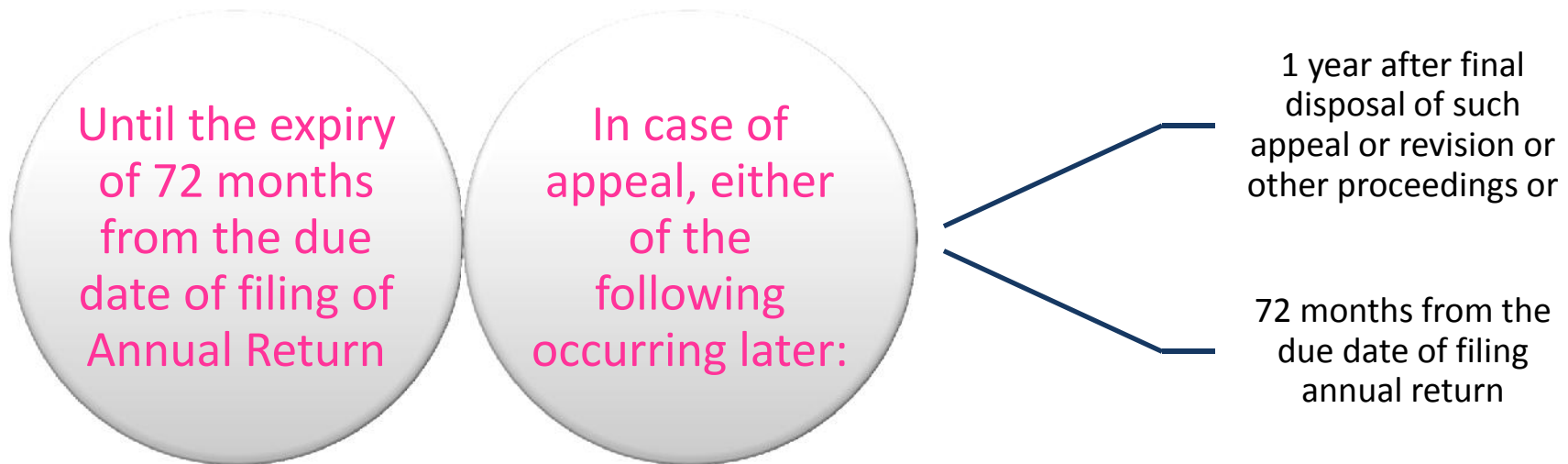


the registered person may keep and maintain such accounts and other particulars in the electronic form in the manner as may be prescribed



The Commissioner/Chief Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified

Period of retention



If failed to
account for
goods/services

Proper officer to
determine tax payable
as if goods/services
supplied and follow
adjudication procedure

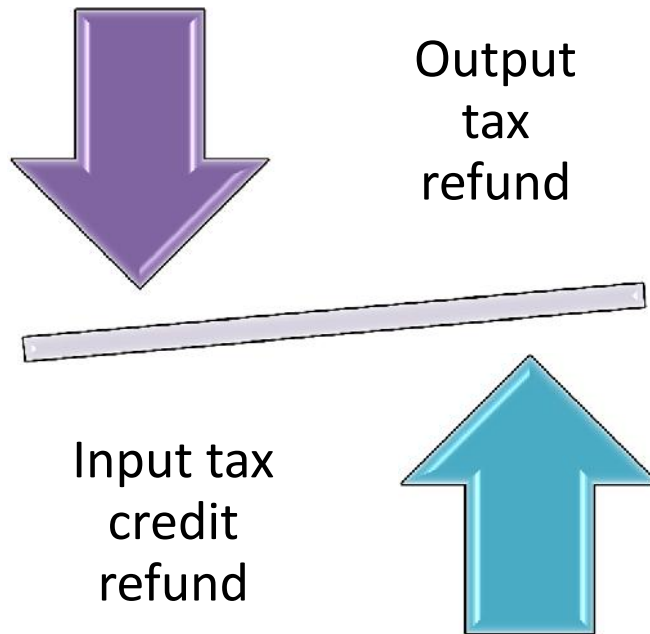
Owner/WH
keeper, whether
registered or not

To maintain records of
consignor, consignee
and other relevant
details of goods as may
be prescribed

REFUNDS

Refund

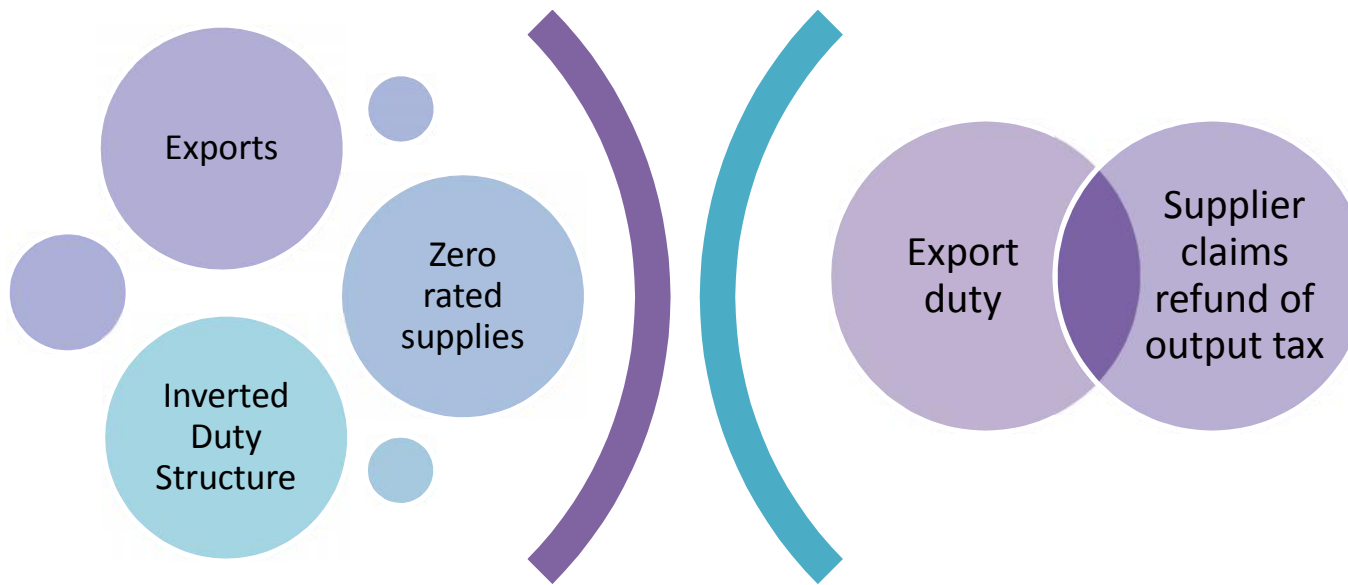
Refund Types



Limitation Period

- ⌚ Normal limitation period for filing refund claim: 2 years from relevant date
- ⌚ Specialised agency of UN Organisations, Multilateral Financial Institution and notified UN Organisations, Consulate or Embassy of foreign Countries, other notified persons: Refund claim to be filed within 6 months from the last day of the month in which such supply was received

Unutilised ITC Refund



Unutilised ITC Refund
only in these cases

No refund if

Refund procedure

If claim more than 2 Lacs:
Documentary evidence that incidence of GST is not passed on

If claim less than 2 Lacs:
Self declaration of following unjust enrichment

In case of export except by notified persons:

90% of total amount excluding provisional ITC – Immediate refund

10% after verification of documents

Mandatory refund order in 60 days from date of application

No refund if amount is less than Rs. 1,000/-





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