

*Borivali Central CPE Study  
Circle of WIRC jointly with  
WICASA of ICAI  
on  
Practical Implementation of  
GST*

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*15-11-19*

# *Agenda:*

- ▶ Glance to Certain Legal Terms
- ▶ Framework under GST
- ▶ Taxable Event
- ▶ Analysis of Transaction under GST
- ▶ Computation of Tax Liability
- ▶ Payment of Taxes
- ▶ Filing of Returns

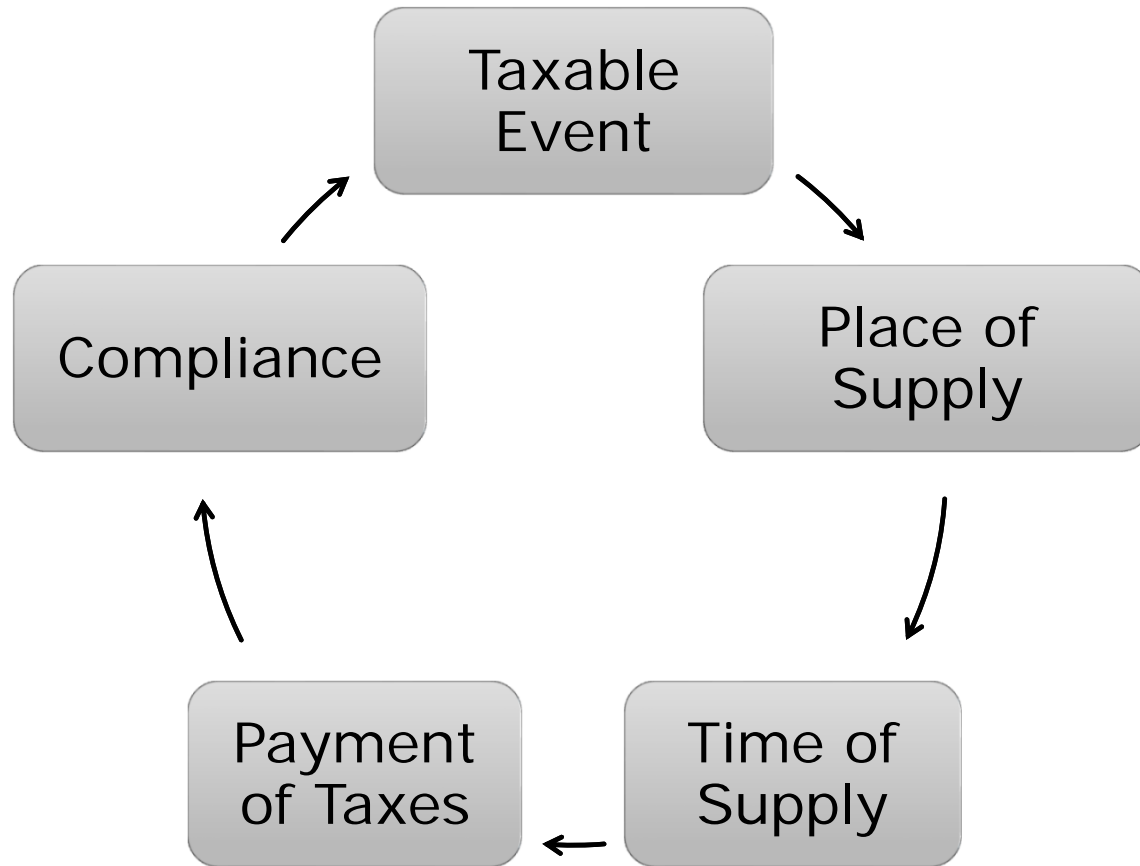
# *What is GST ?*

- ▶ GST is an Indirect tax levied on supply of Goods and Services
- ▶ It is a destination-based tax on consumption of goods and services
- ▶ It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff
- ▶ only value addition will be taxed and burden of tax is to be borne by the final consumer

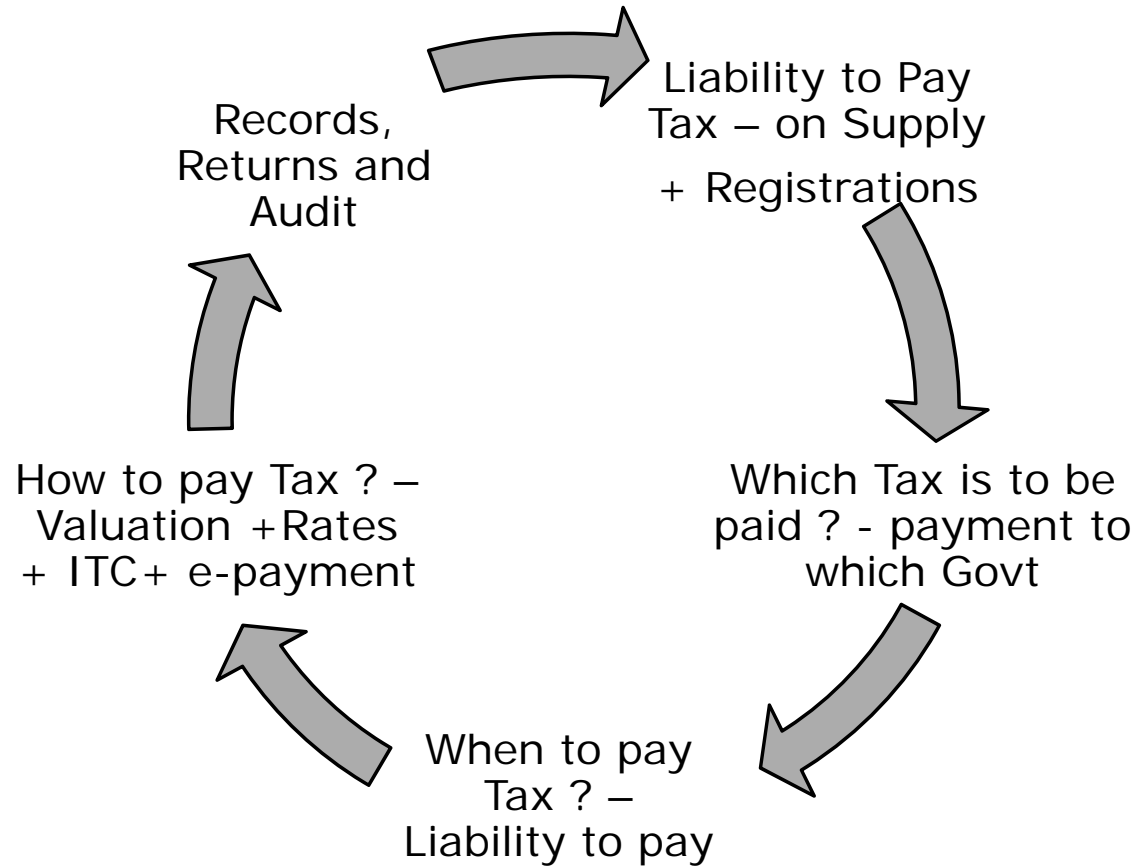
# *Glance to Certain Legal Terms*

Goods – Sec 2(52) of CGST Act	Services – Sec 2(102) of CGST Act
Supplier – Sec 2(105) of CGST Act	Recipient – Sec 2(93) of CGST Act
Outward Supply – Sec 2(83) of CGST Act	Inward Supply – Sec 2(67) of CGST Act
Output Tax – Sec 2(82) of CGST Act	Input Tax – Sec 2(62) of CGST Act
Taxable person – Sec 2(107) of CGST Act	Registered person – Sec 2(94) of CGST Act
Inter-state Supply – Sec 7 of IGST Act	Intra-state Supply – Sec 8 of IGST Act
Input tax Credit – Sec 2(63) of CGST Act	Reverse Charge – Sec 2(98) of CGST Act
Aggregate Turnover – Sec 2(6) of CGST Act	Business – Sec 2(17) of CGST Act

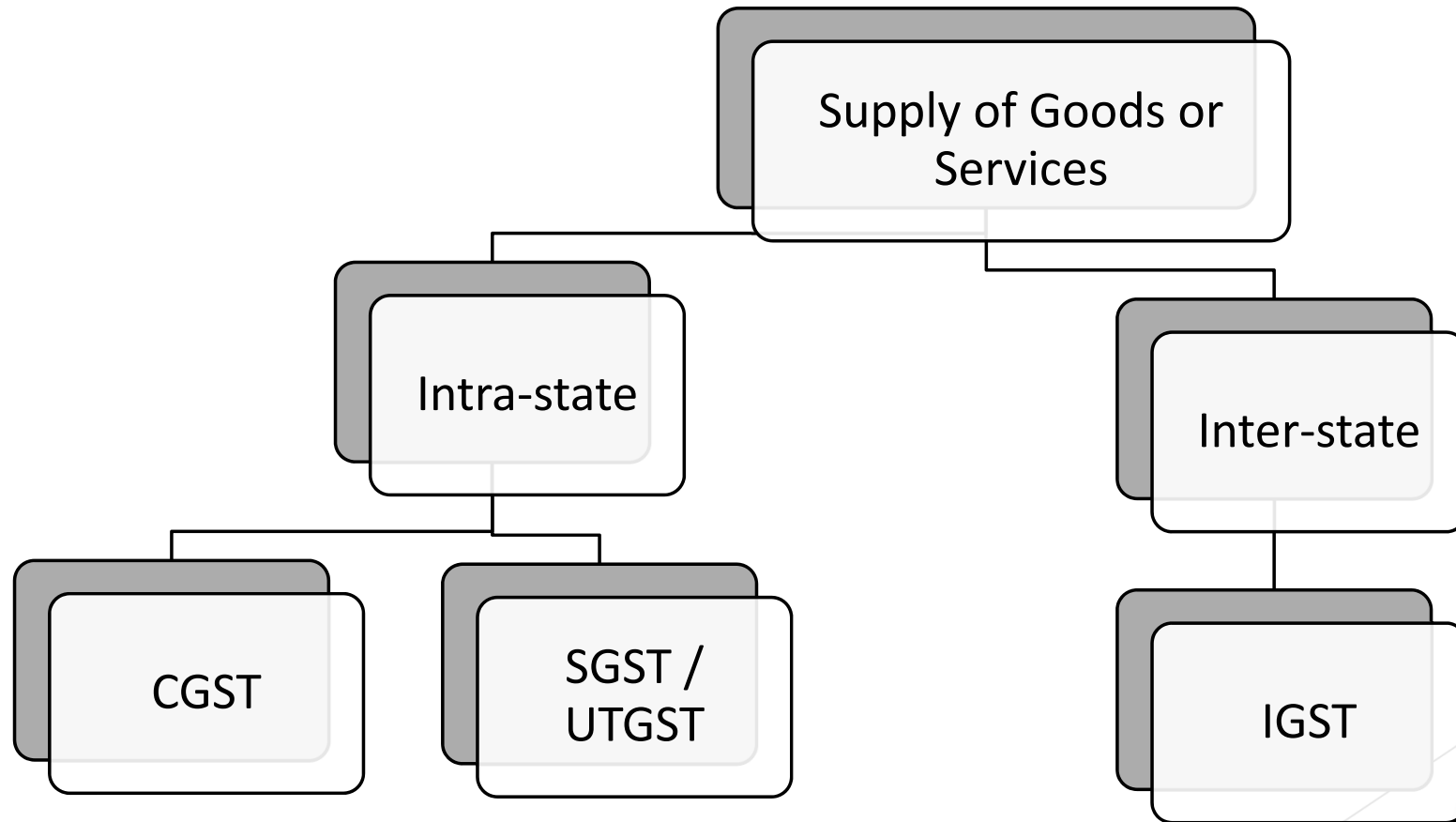
# *Framework under GST*



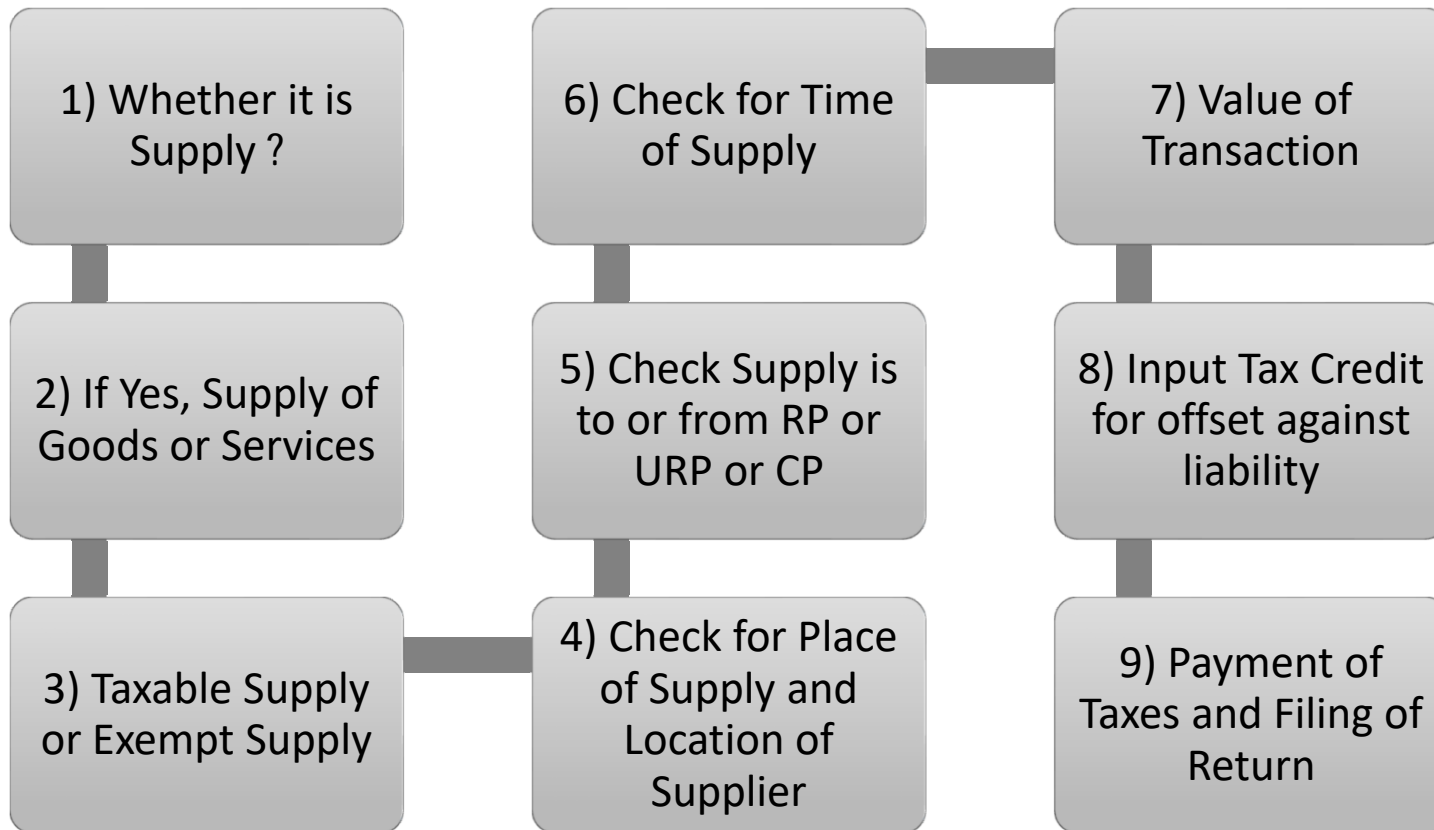
# Framework under GST



# *Taxable Event*



# *Analysis of Transaction under GST*

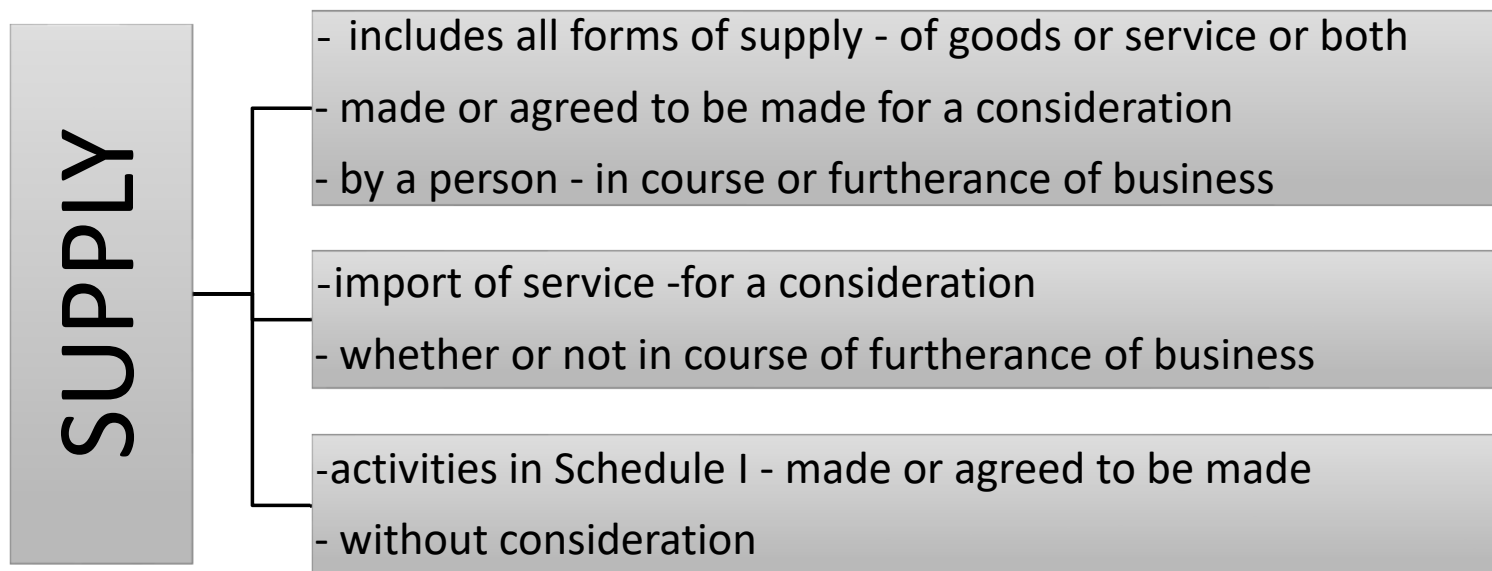




# Analysis of Transaction under GST

## Check whether Transaction falls in scope of Supply

- Refer Sec 7 of Act read with Schedules



# Analysis of Transaction under GST

## Check Transaction entered is Supply of Goods OR Supply of Services

- Refer Schedule II of CGST Act - few entries for reference

Supply of Goods (SOG)	Supply of Services (SOS)
Transfer of title in Goods	Transfer of right / undivided share without title
Transfer of title - under agreement- property to be transferred in future- on full payment	any lease, tenancy, easement, licence to occupy Land
	Any treatment or process which is applied to another person's goods
	Renting of Immovable property
by any unincorporated association/body of persons - to a member - for consideration	Transfer of the right to use any goods for any purpose - for consideration
	Supply as a part of any service, of goods being food or other item of human consumption except alcoholic liquor - for consideration
Transfer of Business asset	Works contract / Construction of complex
	agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act

# *Analysis of Transaction under GST*

## *Check Whether Transaction entered is Taxable Supply OR Exempt Supply*

- Exempt Supply means -
  - ❖ supply of any goods or services or both which attracts nil rate of tax
  - ❖ which may be wholly exempt from tax under section 11
  - ❖ includes non-taxable supply
  
- Taxable supply means –
  - ❖ a supply of goods or services or both which is leviable to tax
  - ❖ If taxable supply – check rate of tax as notified by Government

# *Analysis of Transaction under GST*

## Check for Place of Supply and Location of Supplier

Location of Supplier + Place of Supply – Same State / UT

- = Intra-State Supply

Location of Supplier + Place of Supply – Different State / UT

- = Inter-state Supply

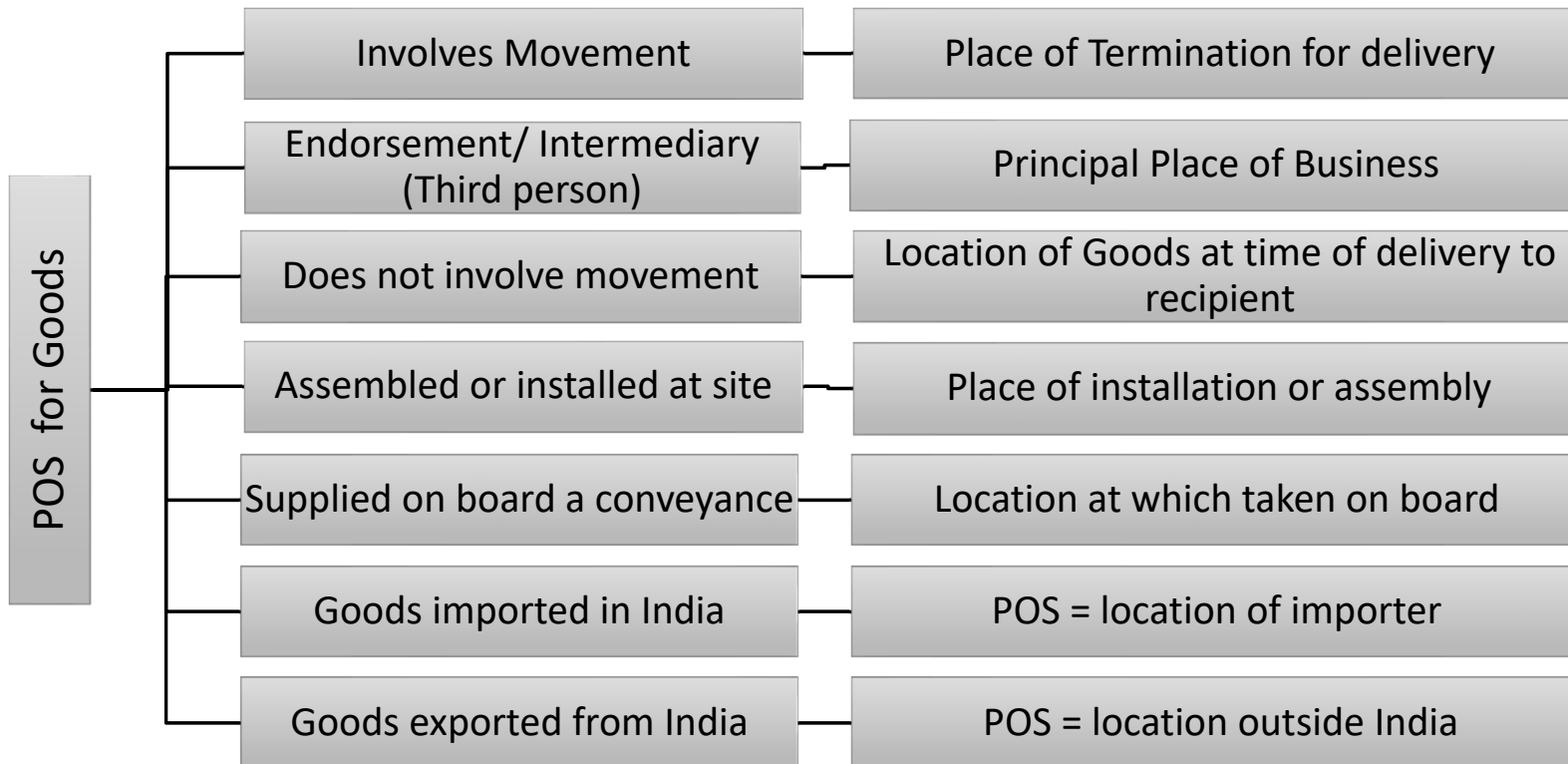
# *Analysis of Transaction under GST*

## *Check for Place of Supply and Location of Supplier*

- ▶ Location of Supplier of Goods is not defined
- ▶ Location of Supplier of Services is as under :
  - ✓ where a supply is made from a place of business for which the registration has been obtained - POB
  - ✓ where a supply is made from a place other than the place of business for which registration has been obtained - Fixed Establishment
  - ✓ where a supply is made from more than one establishment - location of the establishment most directly concerned with the provisions of the supply
  - ✓ in absence of such places, the location of the usual place of residence of the supplier

# Analysis of Transaction under GST

## Check for Place of Supply and Location of Supplier



# Analysis of Transaction under GST

## Check for Place of Supply and Location of Supplier

For services, place of supply is provided based on location of supplier and location of recipient. Few such specific place of supply examples are as under:



# *Analysis of Transaction under GST*

## *Check whether supply to or supply from*

- ✓ Registered person (including UIN holder)
- ✓ Unregistered person
- ✓ Transaction is liable under RCM or not ? (Sec 9(3) and 9(4))
  
- ❑ If to or from Registered person, check
  - ✓ person has opted for Regular scheme
  - ✓ person has opted for Composition scheme



# Analysis of Transaction under GST

## Check for Time of Supply

Time of Supply for Goods	Time of Supply of Services
<b>In Normal cases</b>	
i) The date of issue of invoice or ii) The date of receipt of payment whichever is earlier	<input type="checkbox"/> If invoice is issued within due date : Earlier of i) Date of invoice or ii) Date of Receipt of payment <input type="checkbox"/> If invoice is not issued within due date : Earlier of i) Date of provision of service or ii) Date of Receipt of payment <input type="checkbox"/> If invoice need not be issued : Date entered in recipient's books
<b>In case of liability under Reverse charge : Earlier of</b>	
<input type="checkbox"/> Date of receipt of Goods <input type="checkbox"/> Date of payment in books or Debit to bank A/c <input type="checkbox"/> 30 days from date of invoice/document for supply <input type="checkbox"/> Date of entry in books of SR	<input type="checkbox"/> Date of payment in books or Debit to bank A/c <input type="checkbox"/> 60 days from date of invoice/document for supply <input type="checkbox"/> Date of entry in books of SR

# Analysis of Transaction under GST

## Check for Time of Supply

Due date to issue Invoice for Goods	Due date to issue Invoice for Services
Before or At the time of <input type="checkbox"/> Removal of Goods – if movement involves <input type="checkbox"/> Delivery / making available goods – others	Issue before or after the provision of service but within 30 days from provision of service

### Minimum Contents of an Invoice :

- Name, Address and GSTIN of Supplier
- Name, Address and GSTIN of Recipient including delivery address (Bill to Ship to)
- HSN Code or SAC Code and Description of Goods or Services, date of Issue, Invoice no.(consecutive)
- Quantity , Unit, Rate, Value , Total Value, Rate of Tax and Type of Tax, Name of State
- Whether payable under RCM or no ?
- Signature or Digital signature

# *Analysis of Transaction under GST*

## *Check for Time of Supply*

### Minimum Contents of an Invoice :

- If Exports then mention – “Supply meant for Export on payment of Integrated Tax” Or “Supply meant for Export under Bond or Letter Of Undertaking without payment of Integrated Tax”
- Similar content for Bill of Supply, Receipt voucher, Refund voucher, Payment voucher, ISD Invoice
- 3 Invoices for Goods – Original (Recipient), Duplicate (Transporter), Triplicate (Supplier)
- 2 Invoices for Services - Original (Recipient), Duplicate (Supplier)
- Mark on each copy relevant words as above
- Mark “Revised Invoice” or “Debit Note” or “Credit Note” with reference to Original Invoice
- Transportation of Goods without invoice – should be under challan
- Credit note - to be issued on or before 20<sup>th</sup> Oct of next FY (Sec 34(2) of CGST Act)
- Debit note – no specific time limit

# *Analysis of Transaction under GST*

## *Valuation of Transaction*

- Value of Supply = Transaction value (Price paid or payable), where parties are not related and price is sole consideration

<b>Value shall include</b>	<b>Value shall not include</b>
Any taxes, duties, cess, fees & charges	SGST, CGST, IGST, UTGST, Cess
Any amount supplier is liable to pay, but paid by recipient	Subsidies by CG or SG
Incidental expenses including commission, packing charges, etc	Discount given before or at the time of supply
Interest, late fee on delayed payment	Discount given after supply if agreement entered before supply & ITC is reversed by recipient
Subsidies directly linked to price	

# *Analysis of Transaction under GST*

## *Valuation of Transaction*

- ▶ Special provisions are provided for following type of transactions :
  - Where consideration is not wholly in money
  - Transaction between related or distinct person
  - Transaction between Principal and agent
  - Purchase or Sale of Foreign currency
  - Booking of Air tickets
  - Life insurance business
  - Dealing in Second-hand Goods
  - Sales of Token, Voucher or Coupons
  - Supply of Service by Pure agents
  - Value inclusive of taxes (GST)

# Analysis of Transaction under GST

## Input Tax Credit

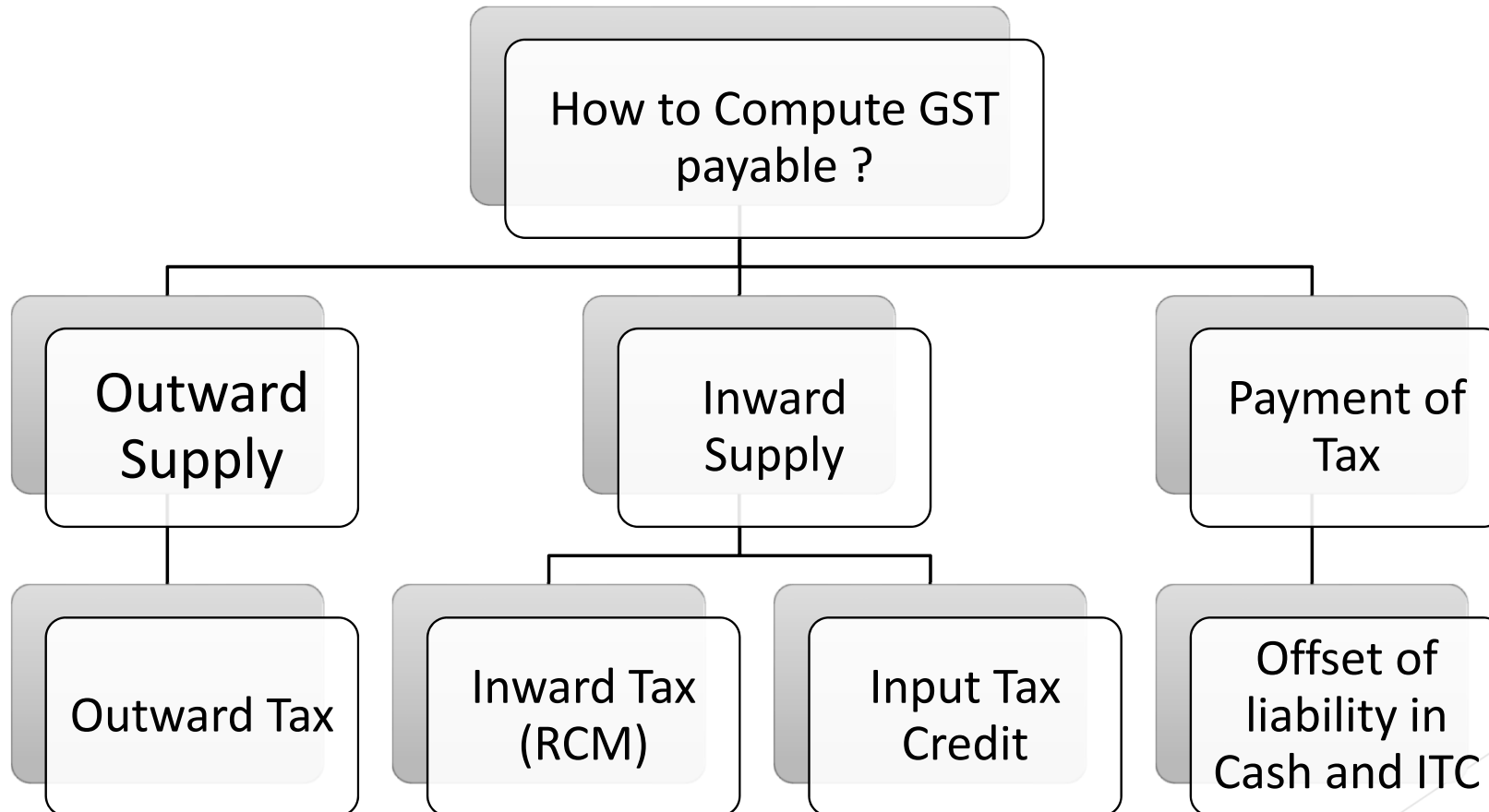
Input tax credit	Conditions
Entitled to take credit of Input tax charged on supply of Goods or Services – Inward supply – If :-----	<input type="checkbox"/> Used in course or furtherance of business
	<input type="checkbox"/> Credited to Electronic Credit Ledger
	<input type="checkbox"/> Possession of Invoice
	<input type="checkbox"/> Received Goods or Services or both
	<input type="checkbox"/> Tax actually paid to Government
	<input type="checkbox"/> Return filed
	<input type="checkbox"/> If Goods received in lots, avail on receipt of last lot
	<input type="checkbox"/> Payment made to supplier within 180days from date of invoice – else reverse credit taken on such invoice
	<input type="checkbox"/> No credit if considered as cost for Depreciation
	<input type="checkbox"/> No credit allowed beyond 20 <sup>th</sup> Oct of next FY or date of filing annual return (whichever earlier)

# *Analysis of Transaction under GST*

## *Input Tax Credit*

<b>Proportionate Credit or Blocked Credit</b>	
If used for Business and Non-business	allowed only credit towards Business use
If used for Taxable and Exempt supply	allowed only credit towards Taxable supply
Special provision for Banking and NBFC's	50% or Proportionate
Motor vehicles & other conveyances	Not allowed except few
Food, Outdoor catering, beauty treatment, health service, cosmetic or plastic surgery	Not allowed except of same category output service
Membership of club, health center, etc	Not allowed
Rent-a-cab, Life and health insurance	Not allowed except obligatory or same category
Travel benefits on vacation to Employee	Not allowed
Work Contract service	Not allowed except of same category output
Construction service – on account	Not allowed even if for business purpose
Tax paid under Composition levy	Not allowed
Received by Non-resident	Not allowed except for goods imported
Used for personal consumption	Not allowed
Goods lost, stolen, destroyed, disposed as gift or free samples	Not allowed

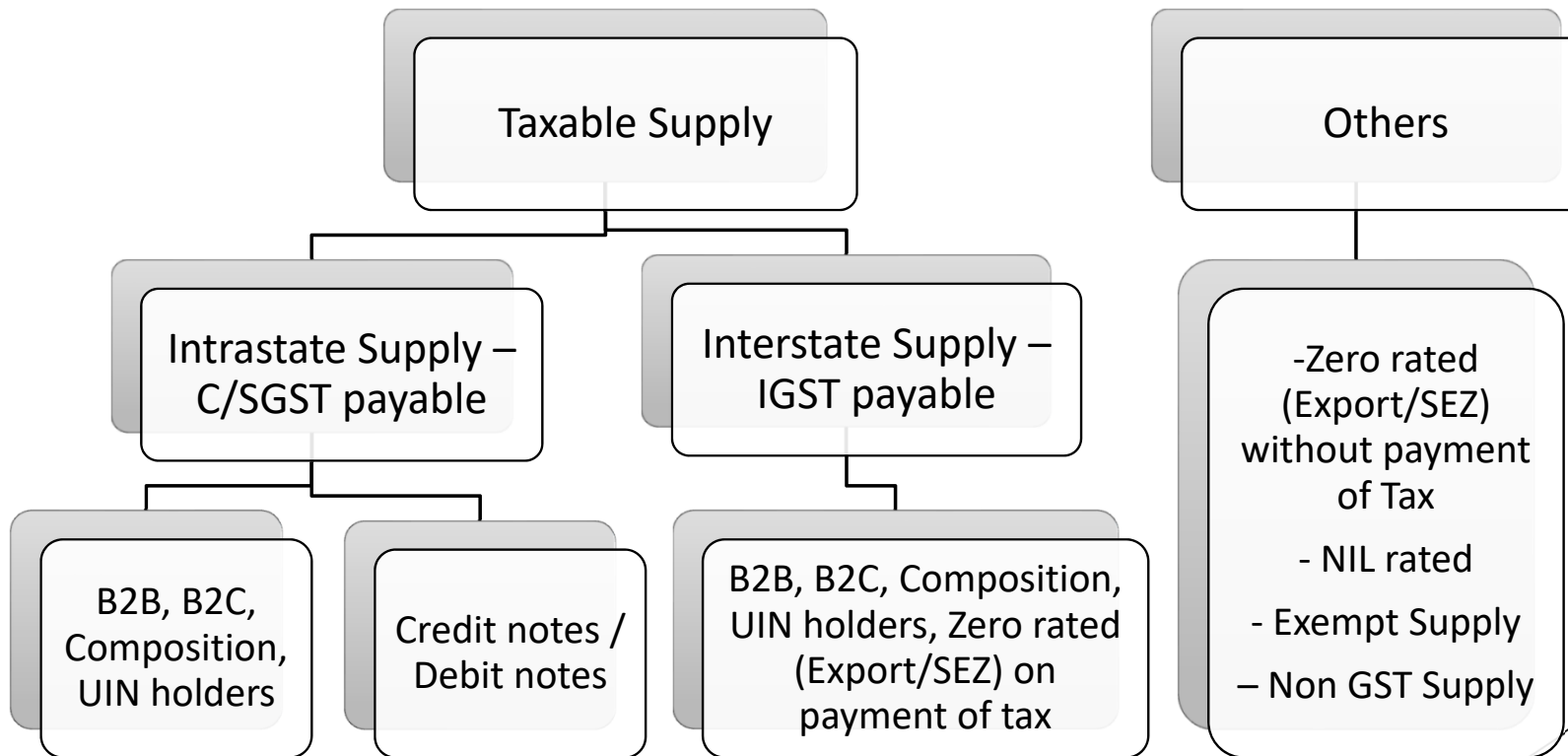
# Computation of Tax Liability





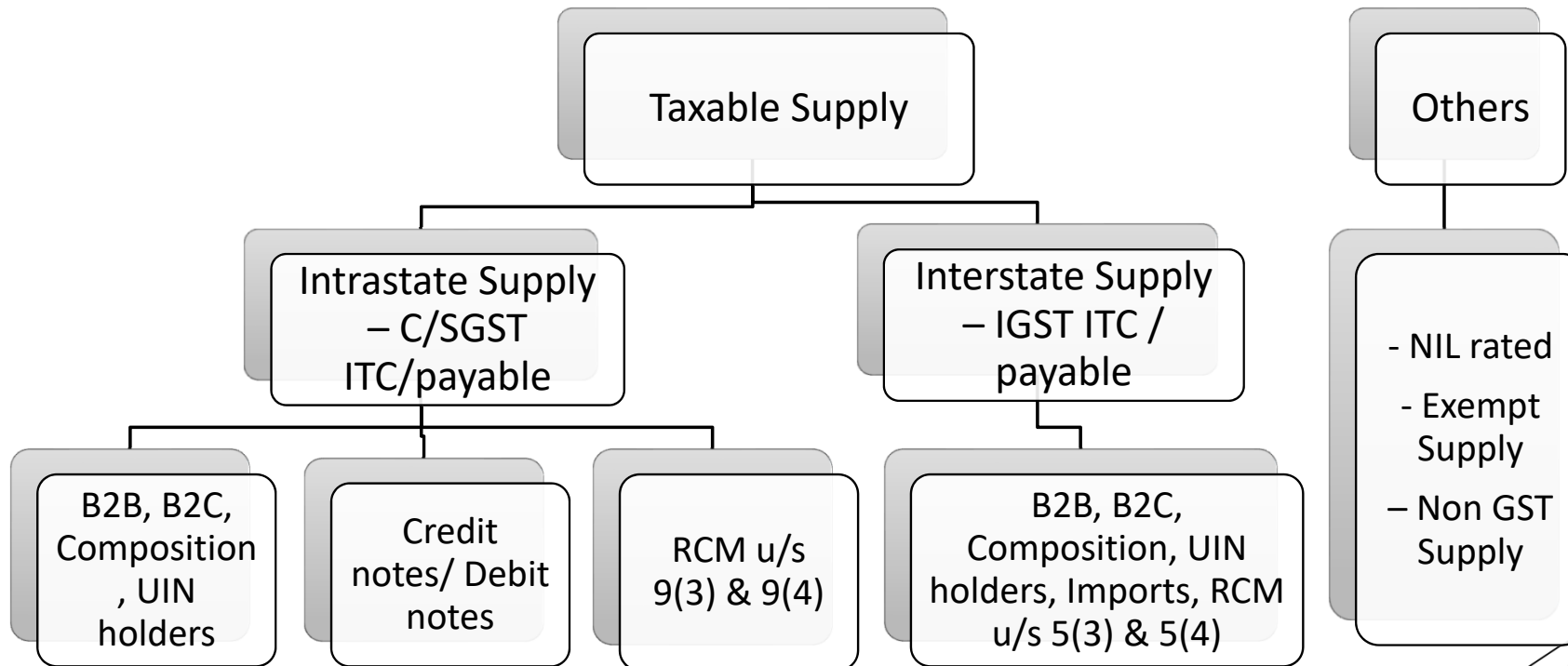
# Computation of Tax Liability

## ➤ Outward Supply and Outward Tax :



# Computation of Tax Liability

## ➤ Inward Supply and Inward Tax :



# Computation of Tax Liability

## ➤ Payment of Tax and Offset of Liability:

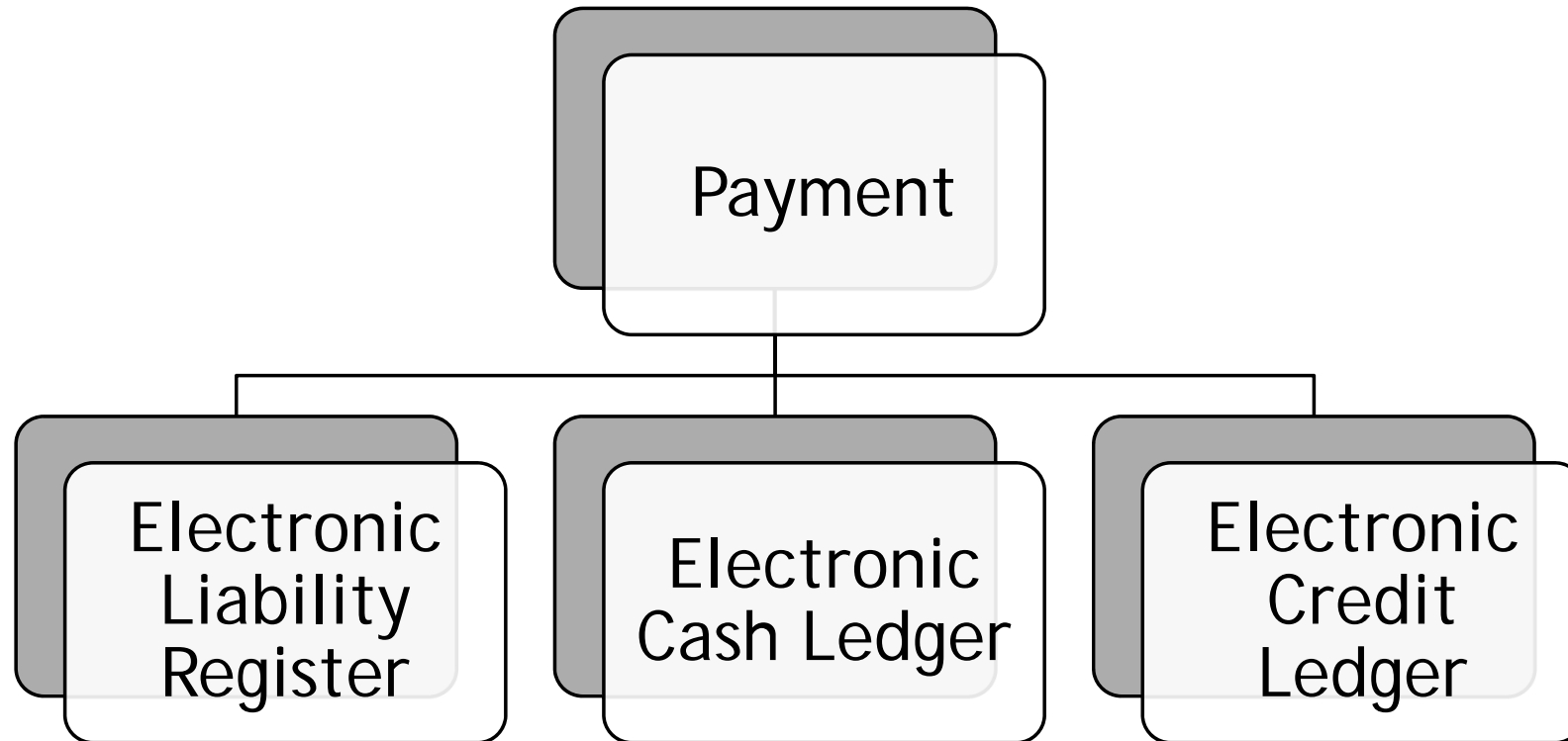
Particulars		IGST	CGST	SGST
Tax on Outward Supply – Domestic / Local	A	10,000	8,500	8,500
Tax on Outward Supply – Exports / SEZ	B	6,000	-	-
Tax on Inward Supply (RCM liability)	C	4,000	2,500	2,500
<b>Total liability</b>	<b>D</b>	<b>20,000</b>	<b>11,000</b>	<b>11,000</b>
ITC on Inward Supply – Domestic / Local	E	5,000	4,500	4,500
ITC on Inward Supply – Imports	F	18,000	-	-
ITC on Inward Supply – RCM (as above)	G	4,000	2,500	2,500
<b>Total ITC Available</b>	<b>H</b>	<b>27,000</b>	<b>7,000</b>	<b>7,000</b>
Reversal u/s 17 (5) – Ineligible ITC	I	-	500	500
Reversal u/s 17(2) – Assumed there is other exempt supply liable to reverse ITC	J	250	750	750
<b>Net ITC Available for Offset</b>	<b>K</b>	<b>26,750</b>	<b>5,750</b>	<b>5,750</b>

# Computation of Tax Liability

## ➤ Payment of Tax and Offset of Liability:

Particulars		IGST	CGST	SGST
Tax on Outward Supply	A+B	16,000	8,500	8,500
Less : ITC available for Offset				
IGST Credit – to be utilized first	K	-16,000	-5,400	-5,350
CGST Credit – same head adjustment	K	-	-3,100	-
SGST Credit – same head adjustment	K	-	-	-3,150
Balance payable for Outward Supply		NIL	NIL	NIL
Amount payable in cash for RCM	C	4,000	2,500	2,500
Closing Balance of ITC		-	2,650	2,600

# Payment of Taxes



# Payment of Taxes

- ✓ Tax is required to be paid in cash only (mainly RCM)
- ✓ Check whether ITC available for off-set of liability (inter-head adjustments of ITC)
- ✓ Amount paid to Electronic Cash ledger will be adjusted In sequence of :
  1. Towards liability of Previous Tax Period
  2. Towards liability of Current Tax Period
  3. Towards other amount payable against demand raised

Amount of Credit availed will be adjusted as in sequence of ----				
IGST	→	IGST	CGST / SGST / UTGST (IGST ITC should be utilized first as per amended rules)	
CGST	→	CGST	IGST	SGST / UTGST
SGST	→	SGST	IGST	<del>CGST</del>
UTGST	→	UTGST	IGST	<del>CGST</del>

# Filing of Returns

## **GSTR – 1 Outward Supply**

<input type="checkbox"/> Invoice wise details	➤ Registered persons - All supplies (Interstate + Intra state)
	➤ Unregistered persons - All Inter state supplies exceeding 2.5 Lacs per invoice
<input type="checkbox"/> Consolidated details for unregistered persons for each rate of tax	➤ Intra state – All Supplies
	➤ Inter state - State wise details for all supplies less than 2.5 Lac per invoice
<input type="checkbox"/> Further, details of any debit/credit notes issued for the sales made previously	

## **GSTR – 2 Inward Supply**

<input type="checkbox"/> Invoice wise details of all Inter-State & Intra-Sate supplies received from registered persons or unregistered persons
<input type="checkbox"/> Import of Goods/Services during the period
<input type="checkbox"/> Details of any debit/credit notes if any received from the supplier

# Filing of Returns

GSTR – 3 Monthly Return	
PART A	PART B
<input type="checkbox"/> Turnover Details bifurcated between Taxable Turnover, Export Turnover, Nil rated & Exempted Turnover, Non-GST Turnover	<input type="checkbox"/> Details of Tax paid in cash and by utilization of credit
<input type="checkbox"/> Details of Outward & Inward Supplies	<input type="checkbox"/> Interest, Late Fee and Penalty Paid in cash
<input type="checkbox"/> Total Tax Liability for the Month with separate value for CGST, SGST, and IGST	<input type="checkbox"/> Refund claimed of excess balance in Electronic Cash Ledger
<input type="checkbox"/> Input Tax Credit Received during the month	

## Interest and Late Fees for delay in Filing of Returns

Interest payable @ 18%p.a (24%p.a. in certain cases) for the delay in payment of Tax

Late fees payable for delay in filing Monthly Returns - Rs. 100 per day of delay (Maximum Rs. 5000/-) under each Act i.e CGST and SGST



## *Words of Caution*

- ❑ Views expressed are the personal views based on interpretation of GST Act.
- ❑ Presentation is based on CGST Act, IGST Act, UTGST Act and Draft Rules
- ❑ This educational meeting is arranged with a clear understanding that we will not be responsible for any error, omission, commission and result of any action taken by anyone on the basis of this presentation.

# THANK YOU