

GOODS AND SERVICES TAX

Presented by:
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At: Seminar on GST
By: ICAI
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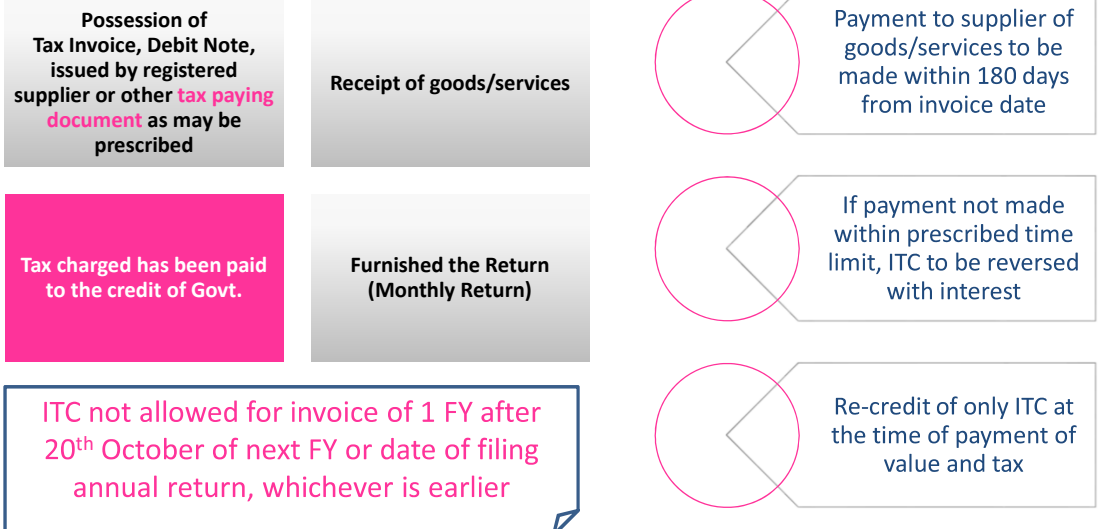


Session Design...

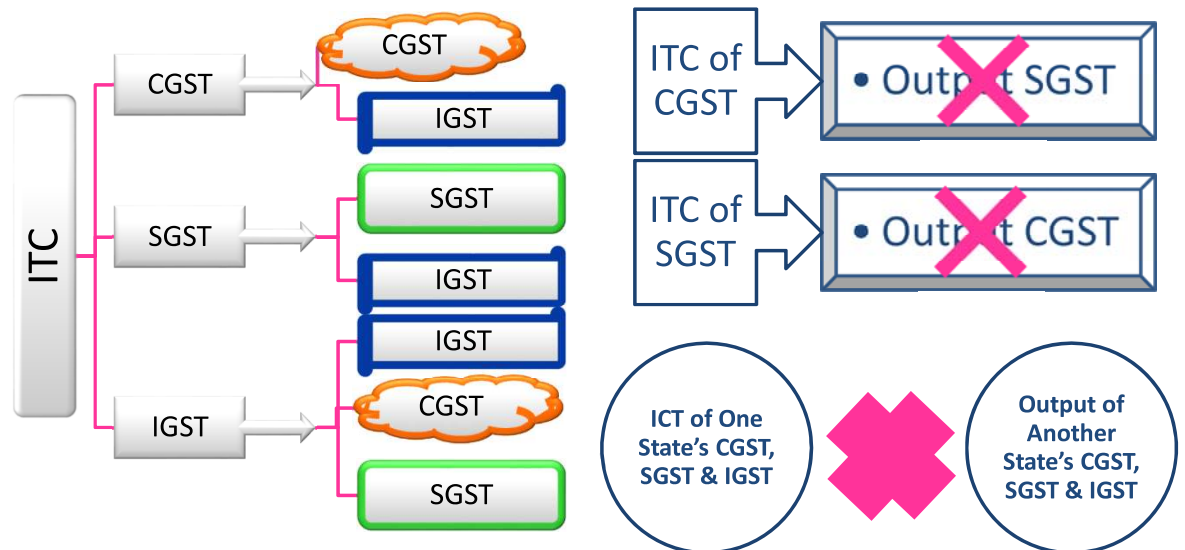


- ITC
- Transitional provisions
- Job work
- Works Contract
- E-commerce
- TCS
- TDS
- Goods return
- Place of supply

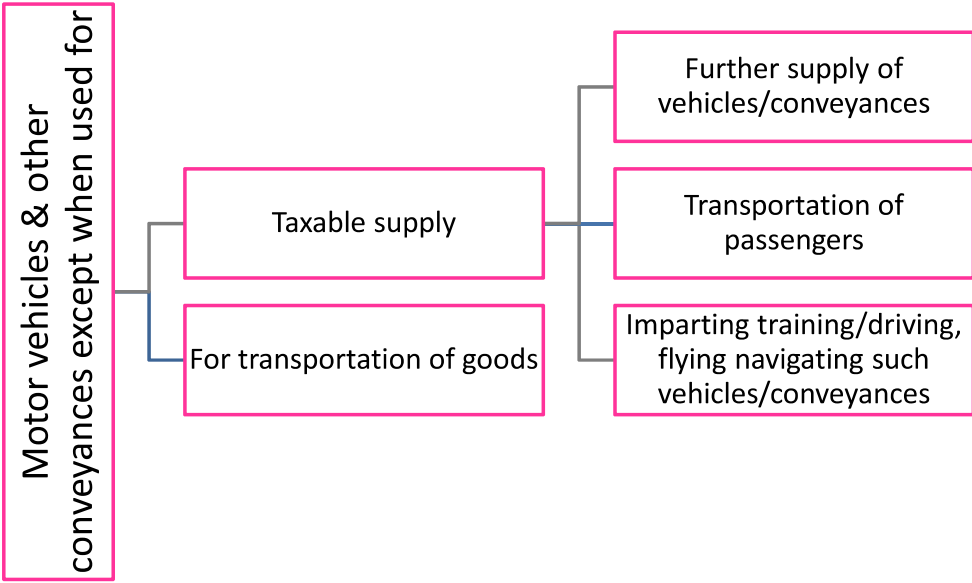
Pre-requisites for claiming ITC



ITC Mechanism



ITC – Blocked Credits...



...ITC – Blocked Credits...



- Goods lost, stolen, destroyed, written off or disposed off by way of gift or free samples
- Goods/services used for personal consumption
- Food & beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except when used for same output services or as composite/mixed supply

...ITC – Blocked Credits...

- ⊗ Rent-a-cab, life insurance and health insurance except when
 - Mandatorily required to be provided by employer to employee or
 - When used for same output services or as composite/mixed supply
- ⊗ Travel benefits extended to employees on vacation such as leave or home travel concession
- ⊗ Membership of a club, health & fitness centre
- ⊗ Tax paid under composition
- ⊗ Tax paid due to demand by GST Authorities due to *mala fide* intentions or detention, seizure or confiscation of goods
- ⊗ Goods/services received by NRI except import of goods

...ITC Blocked Credits

Works contract services when supplied for construction of immovable property (other than plant & machinery), except where it is input service for further supply of WCS

Goods /Services received for construction of immovable property (other than plant or machinery) on his own account including when goods/services used in the course or furtherance of business

‘Construction’ includes re-construction, renovation, additions/alteration or repairs, to the extent of capitalisation, to the said immovable property

TRANSITIONAL PROVISIONS

Transitional provisions (Section 143)...

- ⊗ (1) Credit carried forward in the last return
 - Eligible under this law
 - Last 6 months returns
 - Specified exemption notifications
- ⊗ (2) Capital goods- balance credit
- ⊗ (3) Not eligible under the current law, now eligible
 - Proper invoice-12 months
 - Not eligible for abatement
- ⊗ Proviso to (3) Trader-no proper document
 - 40% of CGST
 - 6 months
- ⊗ (4) Exempted and taxable goods/services

...Transitional provisions (Section 143)

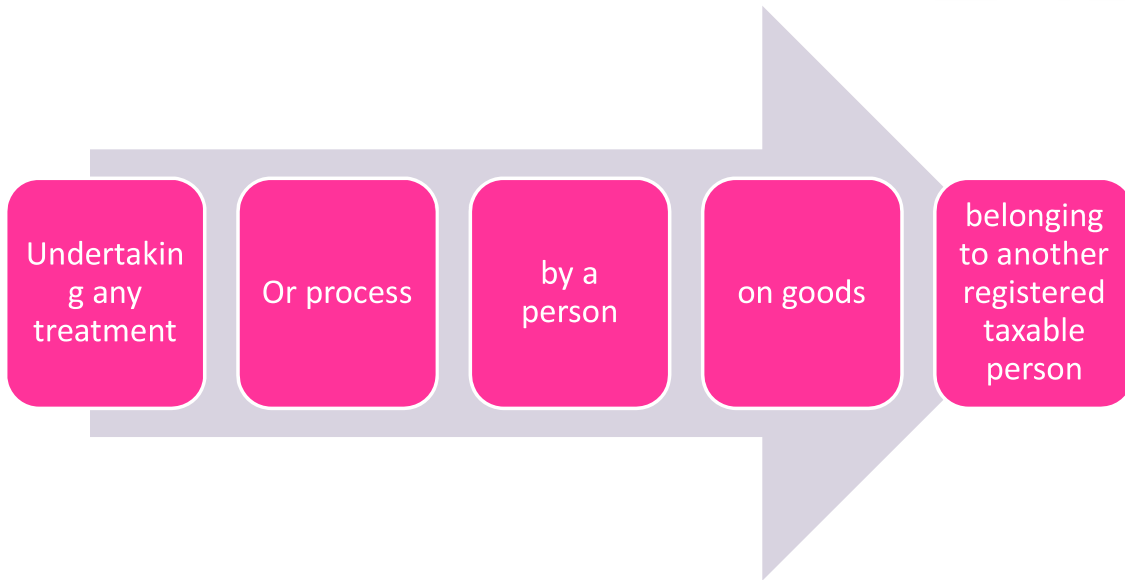


- ⊗ (5) Inputs/input services received after appointed day
 - 30 days
 - Statement
- ⊗ (6) Composition/fixed rate
- ⊗ (7) ISD- Services received prior
- ⊗ (8) Centralised registration
 - 3 months
 - Any registration
- ⊗ (9) Payment within 3 months- service providers

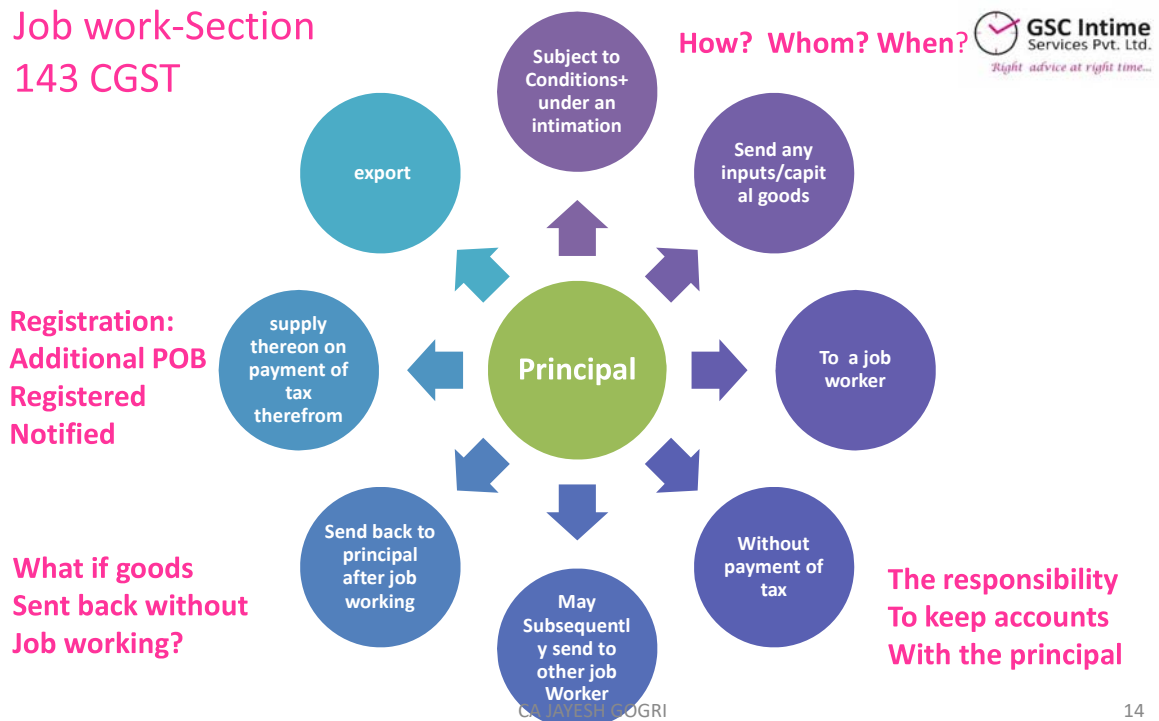


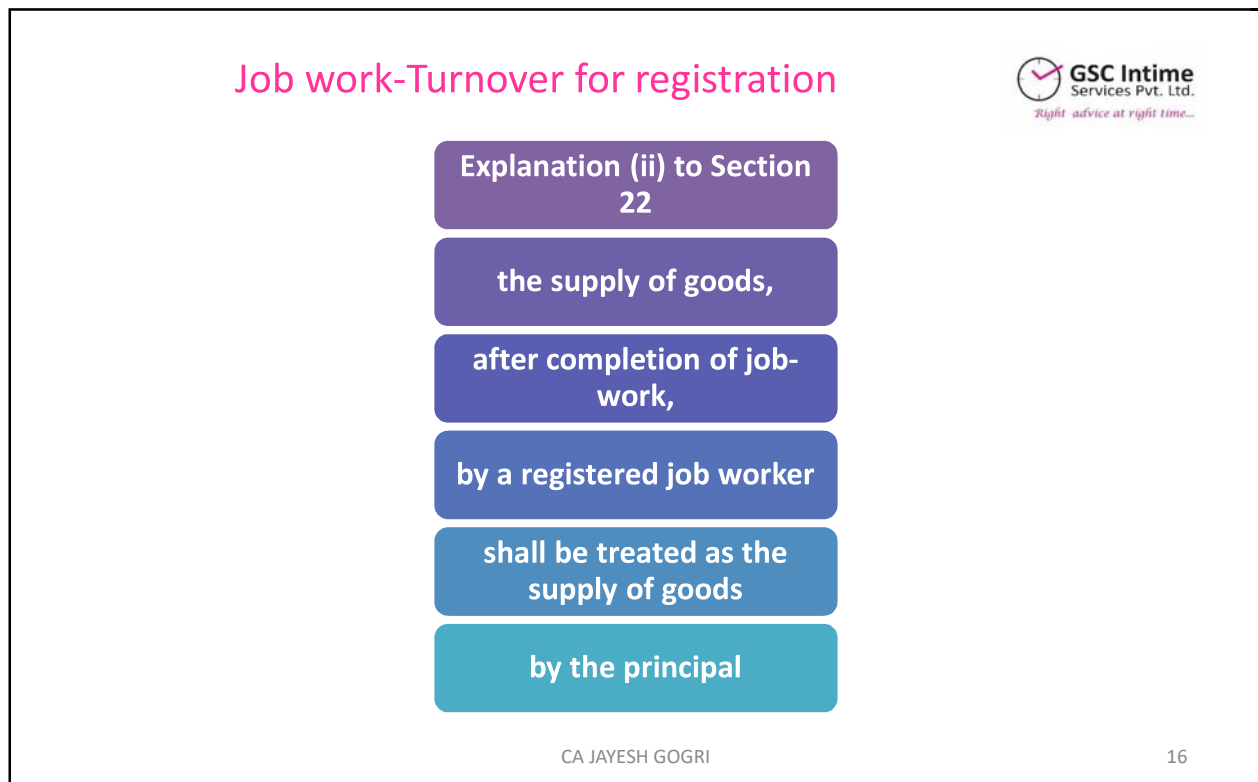
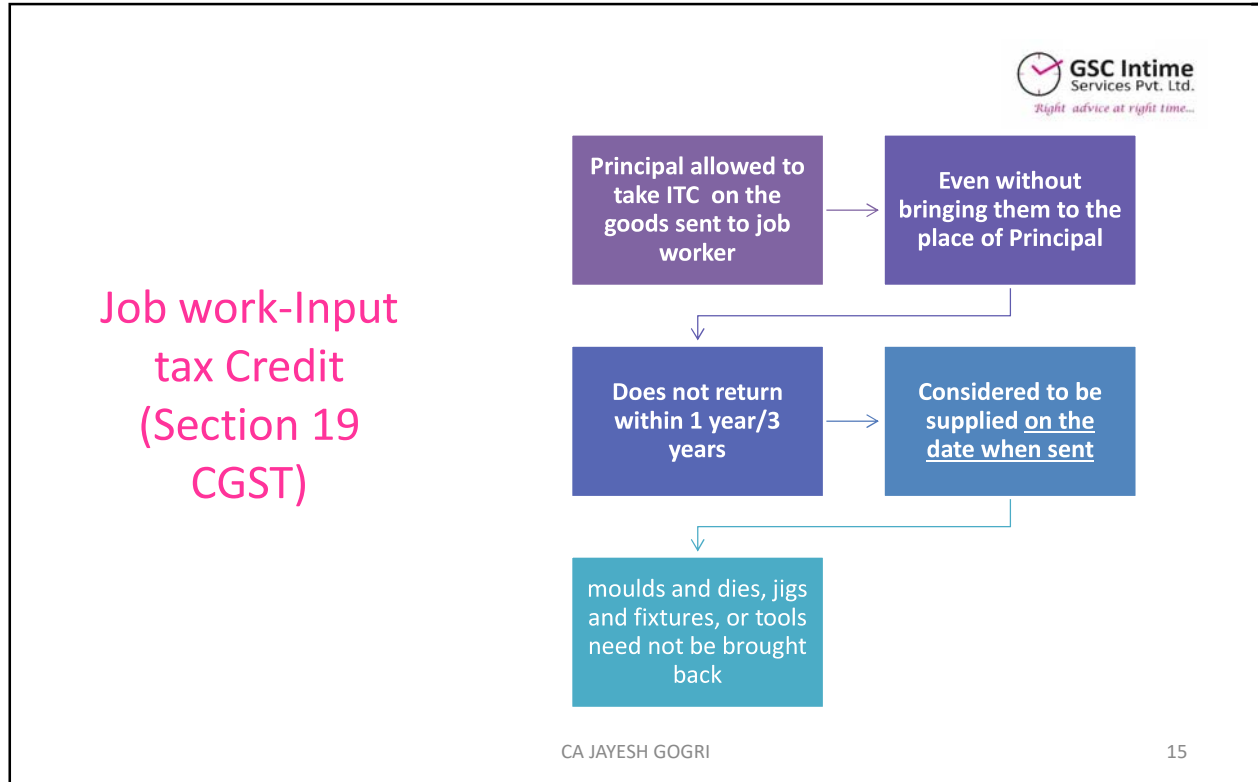
JOB WORK

Meaning of 'Job work' CGST 2(68)



Job work-Section 143 CGST





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

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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

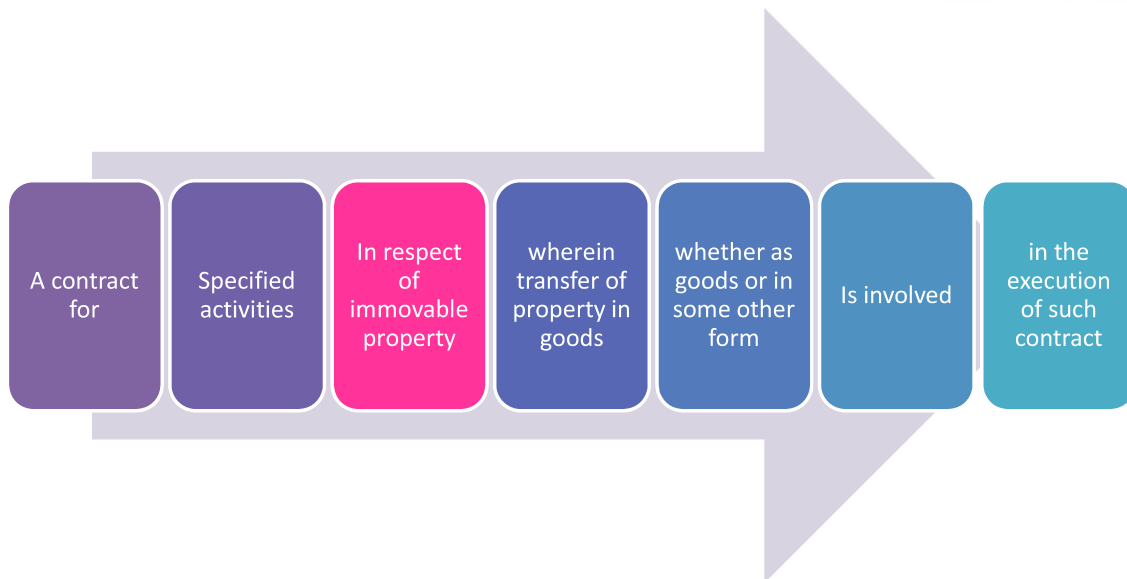
Brought back after the period-no salvage

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WORKS CONTRACT

Meaning of Works contract (CGST 2 (119))



Works contract-Specified activities




GSC Intime
Services Pvt. Ltd.
Right advice at right time...

building	construction	fabrication	completion
erection	installation	fitting out	improvement
modification	repair	maintenance	renovation
	alteration	commissioning	

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Works contract- Classification



GSC Intime
Services Pvt. Ltd.
Right advice at right time...

Schedule II

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6. Composite supply

↓

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

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

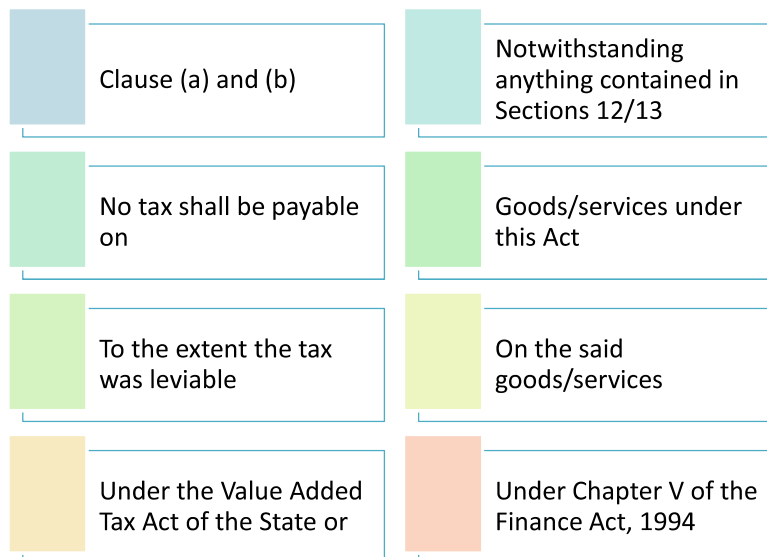
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Works contract-Transitional Provisions (CGST 142(10))

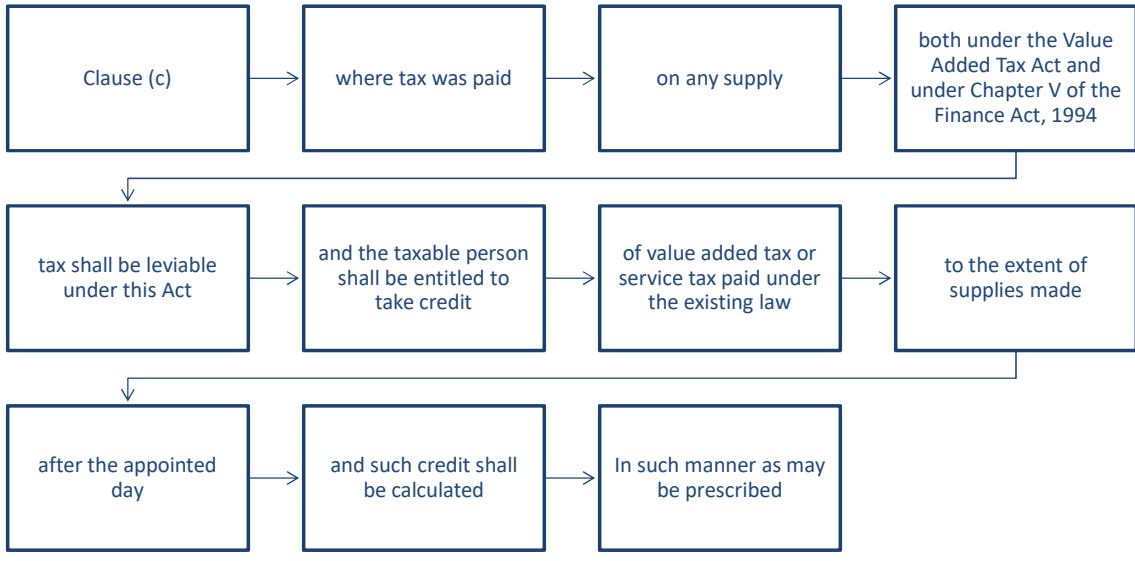


- the goods or services or both
- supplied
- on or after the appointed day
- in pursuance of a contract
- entered into prior to the appointed day
- shall be liable to tax
- under the provisions of this Act

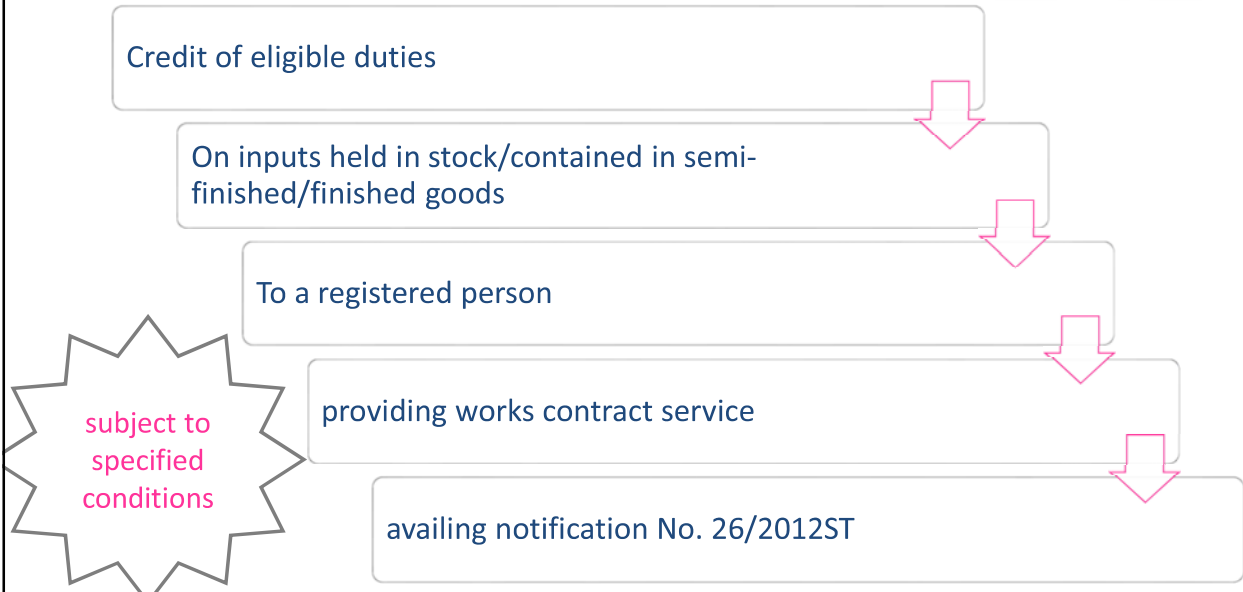
Works contract-Transitional Provisions (CGST 142(11))



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



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



...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

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

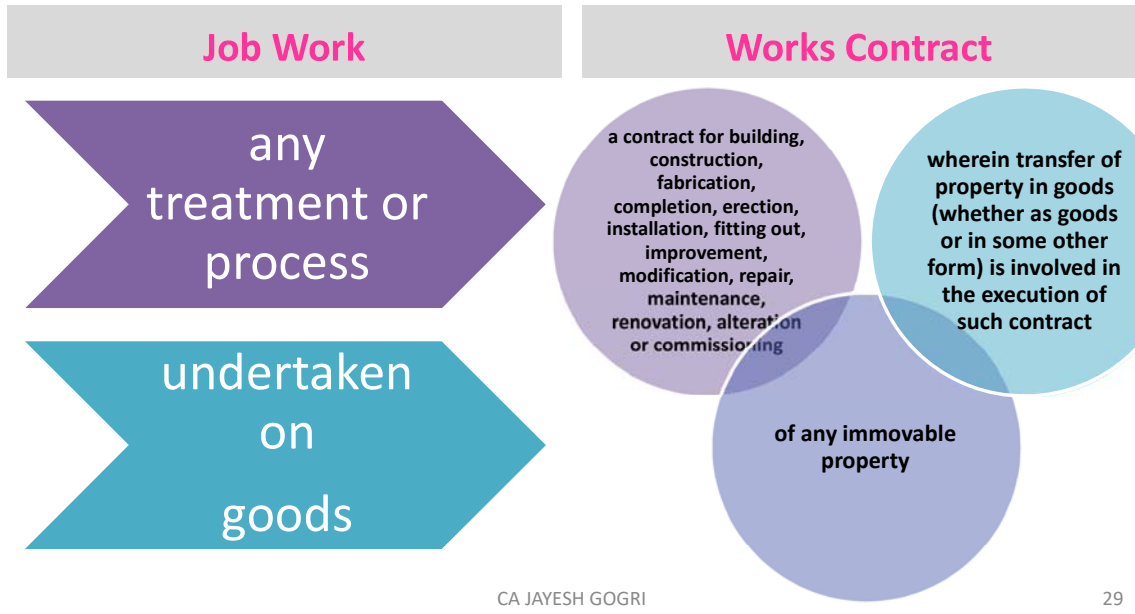


- Input tax credit shall not be available in respect of
- works contract services
- when supplied
- for construction of an immovable property
- other than plant and machinery
- except where it is an input service
- for further supply of works contract service

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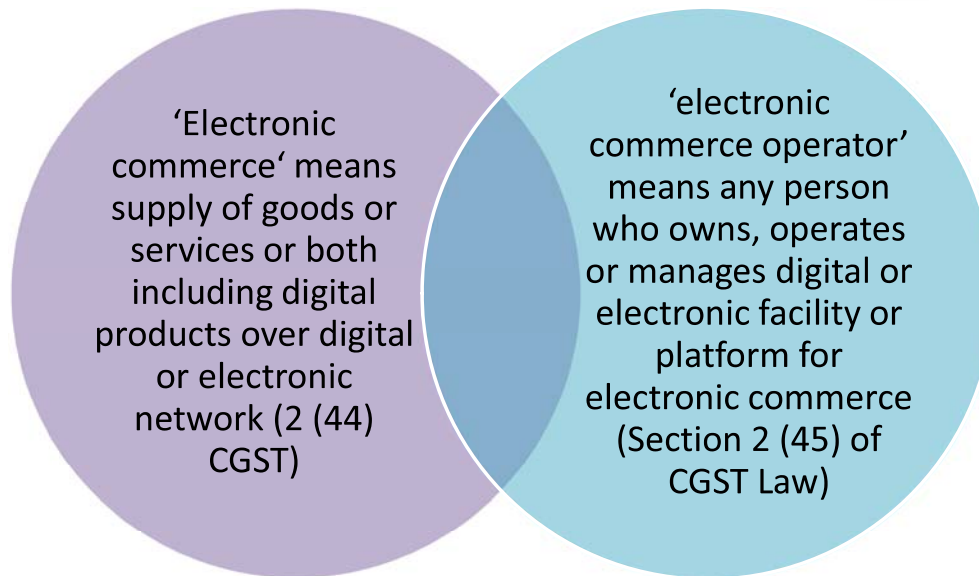
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Distinction between job work and Works contract



E-COMMERCE & TCS

E-commerce...



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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

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...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

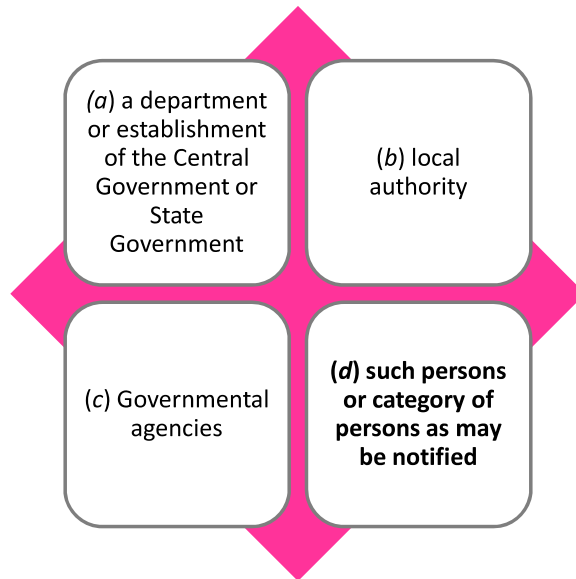
Ecom- information (CGST 52 (13,14))



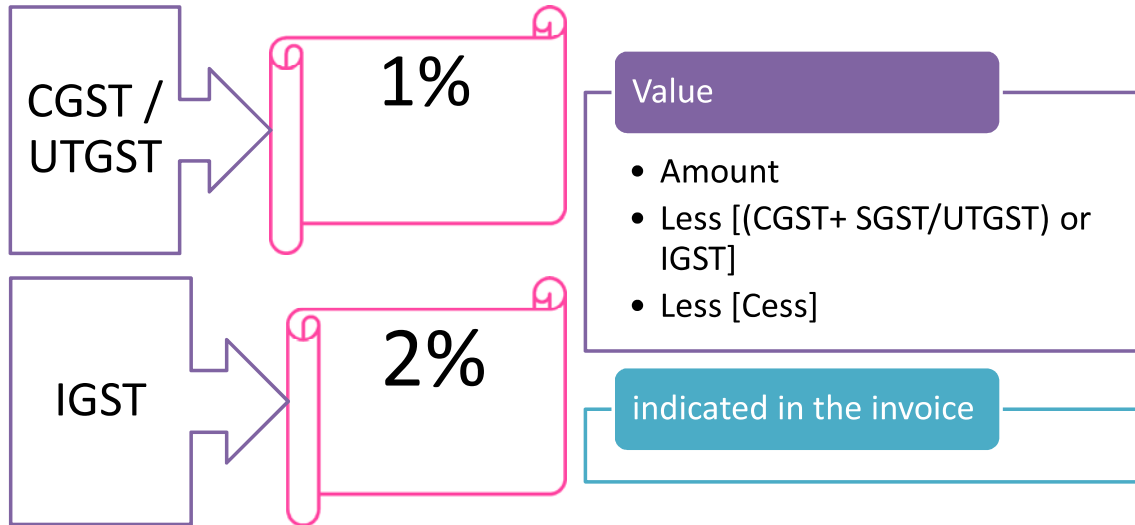
- ☑ Service of notice by department to Ecom operator for details relating to:
 - (a) supplies of goods or services or both effected through such operator during any period; or
 - (b) stock of goods held by the suppliers making supplies through such operator in the godowns or warehouses, by whatever name 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/-

TDS

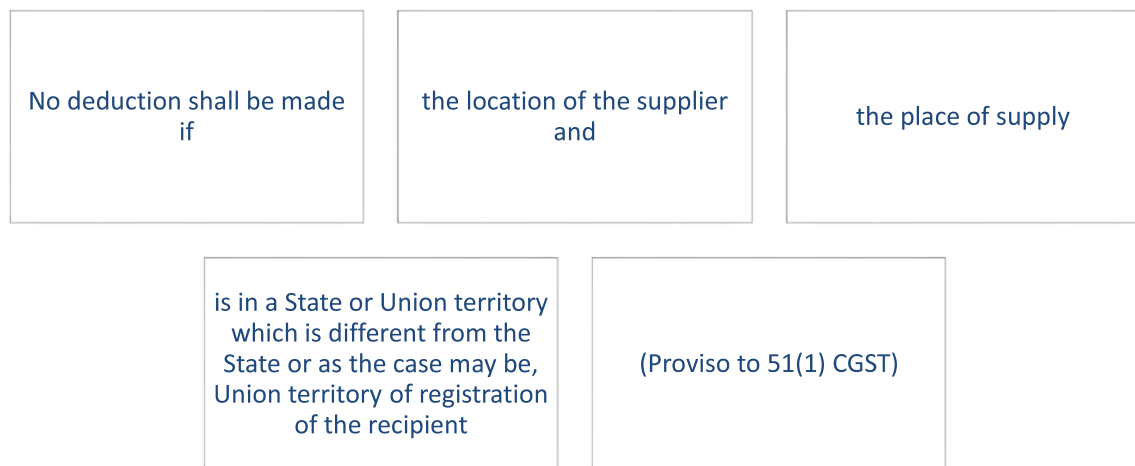
TDS – Who? (CGST 51)



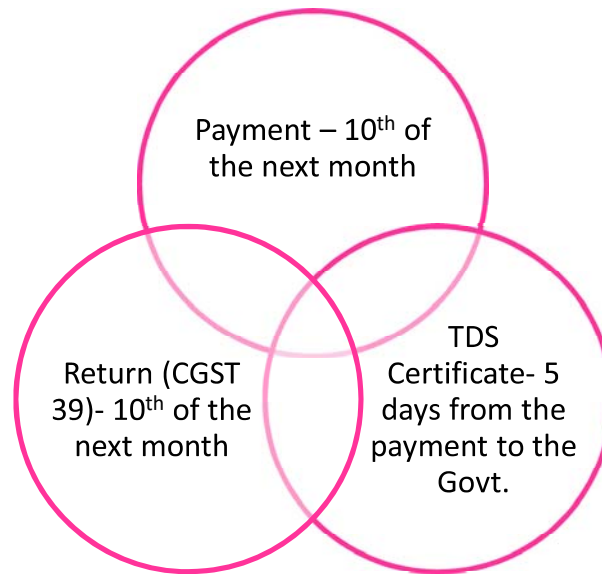
TDS- How much?



TDS-Exception



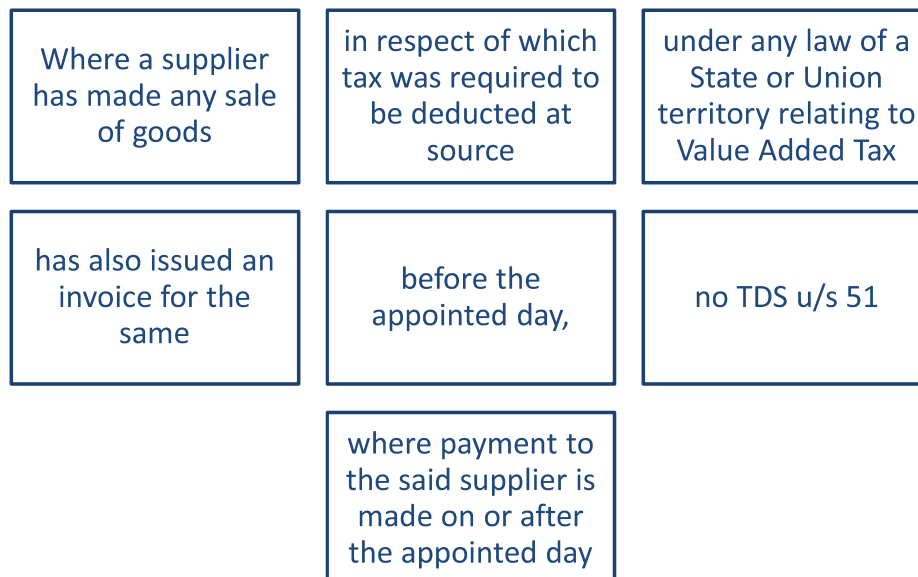
TDS- When?



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TDS-Transitional provisions (CGST 142(13))



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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

PLACE OF SUPPLY

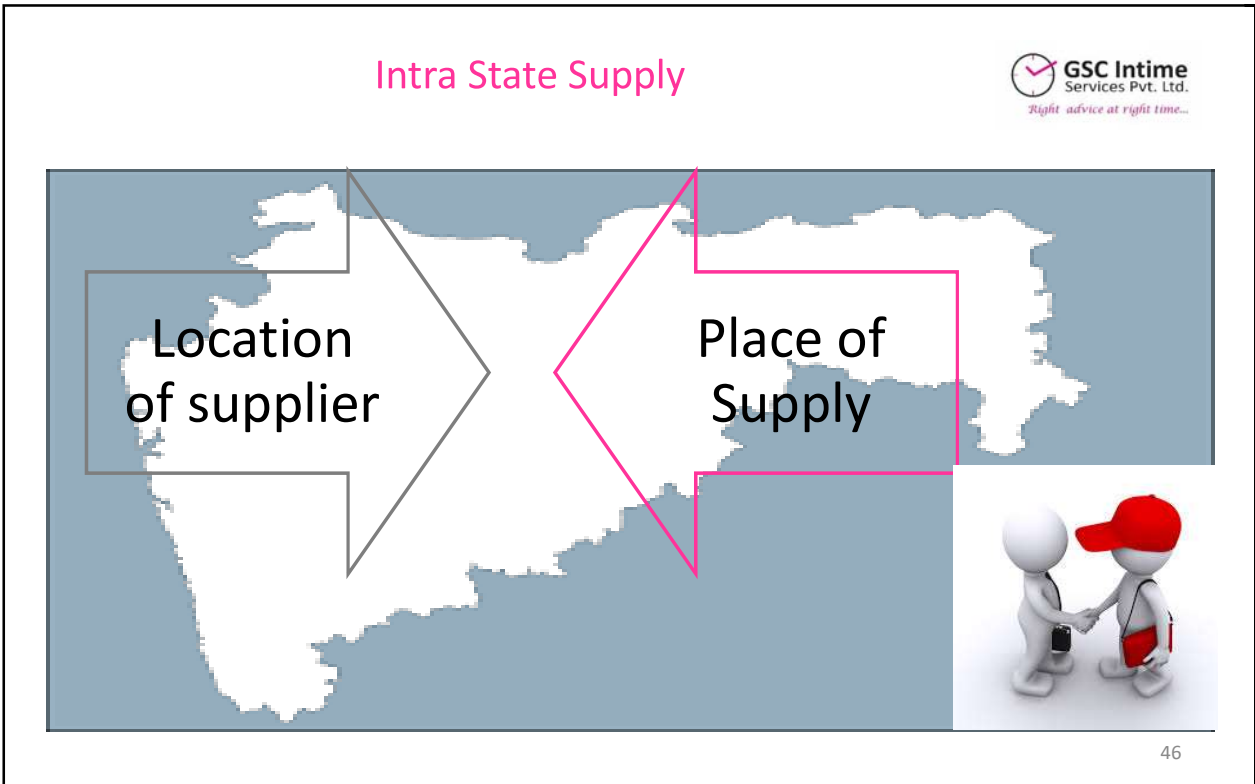
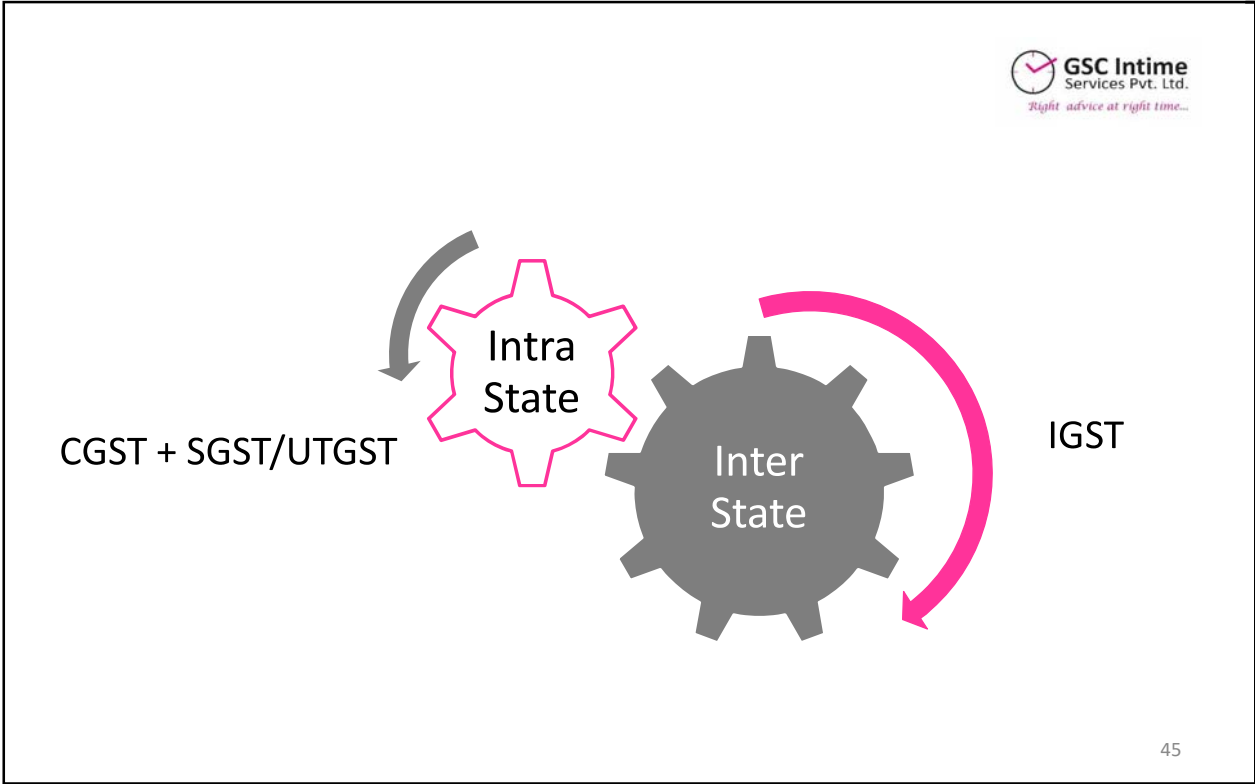
What is the need of understanding Place of supply provisions?

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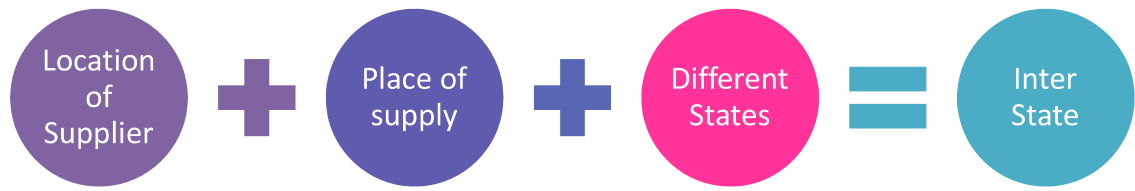
GST Components



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When would the transaction be called as Inter-State Supply?



Deemed Inter-state supplies– Sec 7 of IGST



Supply of goods imported into the territory of India till they cross the customs frontiers of India

Supply of services imported into the territory of India

Supply of goods and/or services, when the supplier is located in India and the place of supply is outside India

Supply of goods and/ or services to or by a SEZ developer or SEZ unit

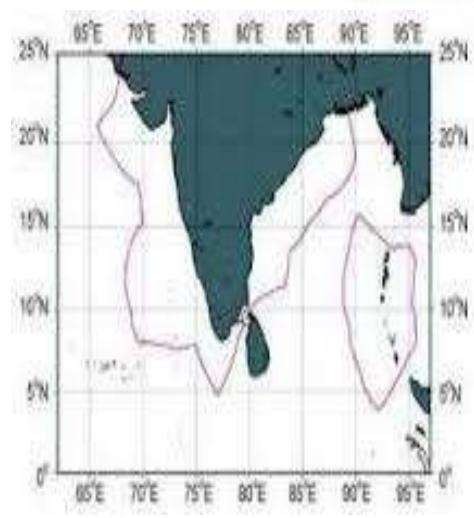
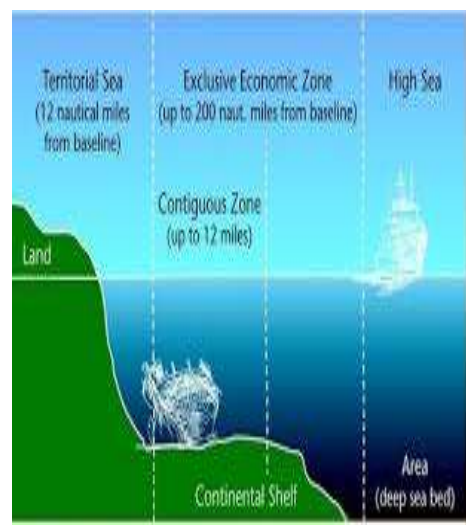
Any supply of goods and/or services in the taxable territory, not being an intra-State supply and not covered elsewhere

Supplies in Territorial Waters



- ☺ Location of Supplier in territorial waters
 - Location of such supplier
- ☺ Place of supply in territorial waters
 - Place of Supply

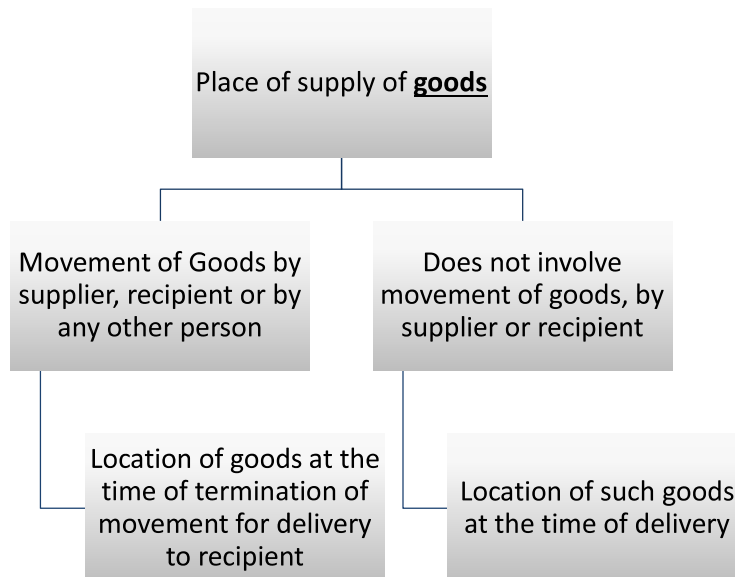
Deemed to be in the coastal State or Union Territory where the nearest point of the appropriate baseline is located



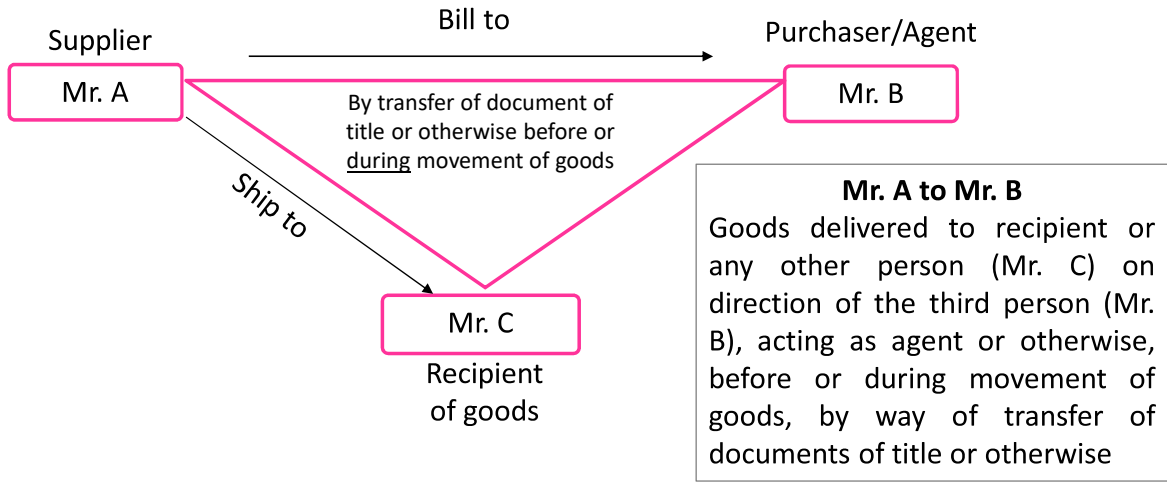


GOODS

Place of Supply of Goods domestically (Section 10)

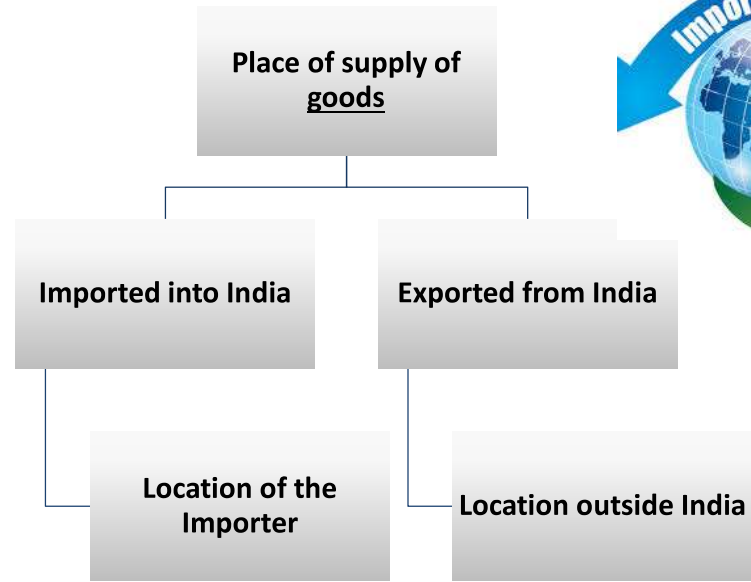


Sale in transit – Place of Supply?



Place of supply: Location of principal place of business of the third person (Mr. B)

Import/Export Goods (Section 11 of IGST Act)





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Location of supplier of services means

Supply from registered place of business

- Location of such place of business

Supply from unregistered place of business, a fixed establishment

- Location of fixed establishment

Supply from more than one establishment (place of 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

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PLACE OF SUPPLY OF SERVICES

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Place of supply
of services

General Rule
(Residual)

Specific Rule
(Preferred over
general)

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