

## GST NOTES

- GST is wef 01/07/2017. It subsumes Excise Duty, Custom Duty, VAT, Service Tax, Luxury Tax, Entry Tax, Octroi, Entertainment Tax, Local Body Tax.
- Aggregate t/o includes value of all taxable supplies (excluding supplies under RCM), exempt supplies & exports under one PAN, but excludes GST.
- For **Composition Levy** of tax only t/o within the state is calculated.
- **Casual Taxable Person** is a person who occasionally does business in a state where he has no fixed place of business.
- **Goods** means movable property including actionable claims , growing crops excluding money, securities.
- **Location of recipient of service** means a place where he is registered or services are received elsewhere, than at that other place, or if services received at more than one place, then at that place directly concerned with the supply of service or the absence of such places, the place of residence of recipients.
- **Location of Supplier of service** means a place where he is registered or services are received elsewhere, than at that other place, or if services received at more than one place, then at that place directly concerned with the supply of service or the absence of such places, the place of residence of supplier.
- **Non Resident Taxable Person** A person who has no fixed place of business or residence in India.
- **Services** means anything other than goods, money, securities.
- **WorksContract** is a contract in connection to any immovable property wherein transfer of property is involved in its execution. If it is the connection with a movable property it is not a works contract, but either a composite or mixed supply.
- **Supply** is the taxable event for GST. It includes all forms of goods or services for a consideration in furtherance of business. Certain transactions are supply even if there is no consideration especially supply between related persons, provided gifts upto Rs 50000 in a FY by employer to employee is not supply.
- For supply of goods, transfer of title in goods has to pass now or at further date.
- Supply of services includes transfer of rights in goods without transfer of title, lease, tenancy, licence, letting out , treatment or process applied to another persons goods(job works), construction of immovable property, works contract, temporary transfer of IPR, development design, programming, implementation of IT software.
- Agreeing/ tolerating or refraining to do any act, supply for human consumption in hotel or by caterer.

- Not supply of services are services by employee to employer in course of or in relation to employment, funeral services including transportation of deceased, sale of land and building after OC or first occupation (earlier of).
- **Composite Supply**- where 2 or more goods/services are naturally bundled, in conjunction wrt. Each other, one of which is a principal supply. The predominant element is the principal supply and the rate applicable + Principal supply is applicable to the total supply.
- **Mixed Supply** means two or more goods/ services for a single price. Each item can be sold individually & are not dependent on each other. The rate applied to the entire lot is of that item which has the maximum rate of tax.
- **Composition Scheme**: for registered dealers having annual t/o <1.5crores , rate is 1% in case of manufacturing & 5% for restaurants (other than those selling alcoholic drinks).
- Not eligible for supply of alcoholic liquor & petroleum goods.
- Not eligible to interstate supplies.
- Not eligible to Ecommerce operator.
- Not eligible to manufacturing of icecream & tobacco, but trader of such item can apply.
- Person cannot issue tax invoice, but to issue ' Bill of Supply' & mention ' Composition tax person' not eligible to collect tax)
- Composition tax person not entitled to ITC( Input tax credit).
- Composition tax person has to opt for compensation for all businesses or none , cannot choose normal scheme for some & compensation for others.
- Compensation scheme lapse from date when t/o exceeds threshold limit.
- Not applicable for Casual Taxable Person (CTP) or Non Resident Taxable Person.
- Goods should not have been purchased from unemployed person, otherwise he has to pay tax.
- Person continues to pay Reverse Charge tax whenever applicable.
- Has to display 'Composition Taxable Person' at his office place.
- Has to file GSTR-4 Quarterly within 18 days from qtr end.
- Service providers can opt for composition scheme wise total 6% cost , if t/o upto 50 lacs and file one Annual Return with quarterly payment of taxes.

**Time of supply**earlier of (a) Invoice date which should be at time of renewal of goods or delivery of goods or any earlier date or (b) Payment, Receipts date entered in receivers book of accounts or in receivers bank statements.

- Discounts are excluded in transaction value if given before supply or at the time of supply & recorded in Invoice. Discount given after supply not excluded unless to an existing customer and Input tax Credit on such discount is reversed.
- No Input Tax Credit on purchase of second hand goods.

- Tax Invoice to be issued within 30 days from date of supply for continuous supply when payment is received or before date of completion of event.
- Not tax invoice/ bill of supply if less than Rs 200/- three copies for goods two for services supply.
- Book of accounts along with Invoices etc to be retained for 72 hours from due date of furnishing of annual returns for that year and one year after disposed of appeal revision or investigations.
- GST audit if turnover is more than 2 cores.
- Inter State where location of suppliers & place of supply are in 2 different states/ 2 different Union territories or a state & a union territory or import into India or Export Supplier in India & place of supply outside India or to by Special Economic Zone.
- Intra State Suppliers & Place of supply in same state, same unit territory.
- POS (Place of supply) of goods other than Imports/ Export- Rules
  - 1) location of goods were delivered finally
  - 2) If goods supplied on direction of 3<sup>rd</sup> person other than seller or buyer then the 3<sup>rd</sup> person is deemed to be the recipients & place of supply is place of business (POB) of 3<sup>rd</sup> person bill to ship to transaction or at place of installation / assembly of goods or place of carrier of goods
- Import of goods place of supply is location of importer exporter of goods place is outside India.
- place of supply (for services) for business to business location of recipients, for business to customer if recipients address is there then that location or suppliers location. For Immovable property services (Rent/Architecture services/Hotel Accommodation/vessels/ functions).Place of supply is location of Immovable property.

For performance based services- place of supply is place of performance (held services) business to business location of recipients.

For Events cultural, social religious based services – place of the Events.

For Goodstransportations-business to business location of recipients.

- In most cases of business to customer, place of supply is the place where the recipient has consumed the services.
- In most cases of business to business Place of supply is the location of the recipients.
- Place of supply where location supplier or recipient is outside India, general rule is place of supply is the location of recipients of services. If recipients' location is not available then location of supplier is place of supply.

ITC- Import taxcredit available on capital goods, Inputs (goods) & inputs services.

- Available only to registered person in same state where ITC in that same state is to be taken. Person to have the tax Invoice, should have filed GST return. Tax should have been paid by supplier. Recipients must pay to supplier the bill within 180days. If goods are received in lots/ installments against single invoice, ITC is entitled on receipts of last lots/installment of goods.
- No ITC on capital goods if depreciation has been claimed.
- ITC can be claimed in same month of receipt of supply or in later months but, before filing of Sept returns in next F.Y i.e. by 20<sup>th</sup> Sept or filing of Annual Return (earlier)
- ITC not available in motor vehicle for passenger transport having less than 13 seating capacity including driver unless assessee is in the business of transportation.
- No ITC on insurance, servicing, repairs & maintenance of motor vehicles unless assessee is in the business of transportation.
- No ITC on following goods & services – foods & beverage, outdoor catering, beauty treatment, health services, cosmetic, plastic surgery, leasing and renting or hiring of motor vehicles unless (see above point).

Life insurance & health insurance (all above being nature of personalized services), membership of club, health & fitness center & on employees travel benefits when on vacation, leave or home travel, works contract services received on construction (includes reconstruction renovation repairs capitalized ) of immovable property (other than Plant & Machinery), on composition tax, goods & services record by non-resident, goods & services used for personal consumption, goods lost, stolen, destroyed, write off, disposed by gift, or free samples, on tax paid on A/C of fraud, detection, seizure, confiscation of goods.

- No ITC when supply used for non business purpose or for exempt supply except when tax free goods are exported.
- Exempt goods means supply having NIL rate or wholly exempt or non taxable supply where no GST is levied e.g. Alcoholic liquor, petroleum, sale of land & building, or on interest & discount, on loans & advances.
- When supply used partly for business & non business, no ITC to the extent attributable to such non business purpose. ITC assumed attributable to the extent of 5% of common ITC at filing of returns & later at year end actual basis calculated & adjusted.
- Full ITC if supply used only for zero rated supplies (exports or supply to special economic zone)
- If supply used partly for zero rated as well as for exempt supply then no ITC to the extent attributable to exempt supply.
- For capital goods, useful life is restricted at 5 years. If resold before 5 years then ITC to be reversed @ 5% for every quarter or part, for balance unused period.

- Where capital goods is used for taxable supply as well as for exempt supply, during its life time for 5 yrs then ITC proportionate to exempt t/o to be reversed and added to output tax.
- ITC by Banks, Financial institution & NBFC's have the option of ITC either in normal manner or every month avail restriction of 50% of eligible credits (other than in negative list) & balance 50% shall lapse. Option once exercised not to be changed within the year. Restriction of 50% not applicable to ITC available in respect of supplier from its branches.
- Where inputs & capital goods are sent to job worker, principal can take ITC or inputs within 1 year of return of goods on capital goods within 3 years of its returns from the date when they were sent out to the job worker under a challan. Not applicable to moulds, dig, tools & jigs sent for job work. If goods not returned or condition not fulfilled, such inputs supplied deemed to be taxable supply of to job worker or the date of supply & output, tax payable with interest.

**ISD (Input Service Distributor)** is an office of the assessee which receives tax invoices towards receipt of input services and issues a document for the purposes of distributing the credit of GST paid to a supplier of goods/services having same Pan as itself.

- ISD is not for GST on goods /inputs it's for input services only.
- If ISD & recipients is in same state-business verticals- credit of GST passed is of same type as the GST charged to ISD –if C then C , if I then I , if S then S.
- If ISD & recipients is in different state then credit is of IGST type only, irrespective of type of GST charged to ISD.
- Credit distributed cannot exceed the credit available.
- Credit distributed on service attributable to the recipients prorata or basis of turnover of each recipient ratio to aggregate turnover of all recipients in the year or based on last Quarter turnover available.
- ITC available in a month to be distributed in same month for real estate & assesses. ITC of capital goods to be calculated for each project separately.
- For received projects after 1/4/2019 for which new rate apply, ITC is 0
- Registration under GST: Turnover excluding GST if exceeds threshold yearly limit of 40lacs for goods & 20lacs for services supplier within 30days of crossing to apply for registration. GST effect from date of crossing turnover if application within 30 days or from date of application if made after 30days.
- Compulsory Registration for casual & non-resident assessee, no turnover limit within 5 days prior to commencement of business registration is given for a period of 3 months extended by for the 3 months. Estimated tax liable to be paid in advance.
- Voluntary Registration all dealers except casual & NR no turnover limit, average time effective from date of granting registration to deposit.

- No registration for supply is not liable to tax or wholly exempts from tax.
- No registration for agriculturist for supply of produce from cultivation of land.
- No registration for person(supplier) who is providing supply under RCM.
- Compulsory Registration for recepient under RCM even if supplier is unregistered person.
- For intra state supplier for casual taxable non-resident taxable person for agents supplying on behalf of other registered persons.
- ISD persons supplying through e commerce operator who is required to collect tax.
- Every e commerce operator.
- Successor/ transferee of business liable to take registration from date of such events.
- Persons having multiple business verticals / multiple businesses in same state can have separate registration for each vertical if needed.
- Casual /Non-resident, taxable person will be allowed temporary ID no. or registration for payment of advance GST.
- Tax Authority can do suomoto registration of any person who has not applied.
- Changes to registration certificate within 15 days.
- Voluntary registered person cannot cancel registration within 1 year.
- Person cancelling registration if Final Return in GSTR 10.
- Suomoto cancellation of registration if composition dealer haven't filed returns for 3 consecutive periods or any other person not filed returns for continuous period of 6 months or voluntary R.C person not commenced business within 6 months or if person contravenes Acts/ Rules.
- Cancellation can be restored on application within 30days.

| <u>Forms</u> | <u>Returns of</u>                   | <u>Due date</u>                           |
|--------------|-------------------------------------|-------------------------------------------|
| GST R 1      | Outward supply (Sales)              | Before 11 <sup>th</sup> of next month.    |
| GST R 2      | Inward Supplies (Purchases)         | Before 15 <sup>th</sup> of next month.    |
| GST R 3 B    | Monthly Return                      | Before 20 <sup>th</sup> of next month.    |
| GST 4 P 05   | Annual Return Composition Dealer    | 30 <sup>th</sup> April after year end.    |
| GST CMP 08   | Quarterly Return Composition Dealer | 18 <sup>th</sup> days from quarterly end. |
| GST R 6      | Monthly date ISD                    | 13 <sup>th</sup> day from month end.      |

- Payments GST over counter in Bank allowed upto Rs 10000 per challan by cash/cheque DD, otherwise by Internet Banking, Dr/Cr Card, NEFT/ RTGS.
- Late fees Rs 100 per day. Interest on tax not paid @18% p.a.
- Interest on delayed parts of tax by delay in filling 3B levied on both tax & ITC elements.
- Hard copy of first appeal to be filed within 3 month of communication of order, extended by one month in form GST APL -01.
- 10% of disputed amount to be deposited in filing of appeal. Undisputed amount to be paid 100%.
- Second Appeal to tribunal within 3 months in GST APL 05. 25% of disputed amount (over & above the 10% paid in First appeal) to be paid before filing appeal.

**E way Bill** is a document to be carried by the person transporting. The goods which is generated online form E- way portal, for quick & easy movement of goods.

- Registered person to register on [www.ewaybillnic.in](http://www.ewaybillnic.in) if outside transport is used. Not to register if owned/ hired vehicle is used.
- EWB to be generated for in form EWB-01 for consignment value of supply more than Rs 50000 unless of supplied goods. Not needed for supply as demo, repairing, job work, branch transfer within the state, not to be generated on supply form unregistered supplier.
- EWB 01 form has 2 parts Part A info of goods in movements & Part B details of vehicles & transporter both parts to be filled. Generation before commencement of movement. A unique no. will be generated.
- Compulsory EWB without minimum limit of goods sent for job work interstate, or transport of handicraft goods interstate by register exempted person.
- If details not available for filing Part 'B' then GSTIN of transporter to be mentioned, then Part B to be filled by transporter & he has to generate EWB number.
- EWB can be generated at both dealers & transporters option even if value < Rs 50000.
- Part 'B' not to be filled if transported upto distance upto 50km from place of business of consigner (supplier) within the state.
- No EWB needed for movements of goods upto 20 km from consigner (supplier) place of business provided & delivery challan is issued by supplier.
- Change in transporter before updation in Part B, EWB can be assigned to another transporter by person furnishing Part A or transporter. After updation of vehicle details can be done only by Transporter last assigned.
- In case of multi mode transport choose change to multi vehicle option later & update the EWB.

- Validity of EWB is 1 day (from generation of EWB & expiry at midnight on the following day) for normal cargo upto 100km & 1 additional day for every 100km or part.
- EWB can be cancelled within 24 hrs if goods are not, transported at all if not transported as per the details furnished in the EWB. EWB cannot be cancelled if it has been verified in transit.
- EWB can be accepted or rejected if supplier or recipient has not communicated registration within 72 hrs (3days) of details available on portal or by delivery date, otherwise deemed to be accepted.
- No EWB if transport on non motorized conveyance, or where goods are alcoholic liquor, petroleum diesel etc natural gas or of exempt goods or empty containers.
- No EWB in Maharashtra of goods more terminate if goods are yarn fabric & garments transported upto 50kms for job work, ultra goods if goods value more than 1 goods like kerosene, postal baggage, pearls, precious & semi precious stones, precious metals, currency, used personal & household effects.
- Transport to carry the invoice/ Bill of supply/ Delivery Challan & EWB or EWB no. In place of Tax Invoice, an IRN( Invoice Ref no.) can be generated by filling form GST-INV-1 from the portal & produced for verification which shall be valid for 30 days.
- If inspection in transit is conducted, a summary report shall be recorded online until 24 hrs of inspection by the officer and final reports recorded within 3 days, with further extension of 3 days.
- Physical Verification if done at one place in the state or any other state no further verification can be carried out unless evasion of tax suspected.
- If goods detained for more than 30 minutes, transporter can upload info in Form GST EWB-04 online.
- EWB cannot be generated if person supplier or recipient has not filed return for consecutive 2 months, or if under composition scheme, not furnished returns for 2 tax periods.
- In EWB Bill HSN code first 2 digits to be mentioned by person having t/o in previous year upto 5 crores, for more than 5 crores then 4 digits of HSN code to be mentioned. Persons upto 1.5 crores t/o also 2 digits HSN code to mention- no relaxation given in EWB unlike given in monthly returns & in Invoice.
- EWB also needed for 'samples' > Rs 50,000.

**CWSS Charge(CC)** not defined in GST. Earlier concepts of Brand Transfer(5<sup>th</sup> transfers) No earlier concepts of charging tax on services provided by one branch/ HO. To another as there was centralized registration under service tax, so no need for cross charge arisen.



- Now deemed supply of goods/ services if between related persons or between distinct persons in course of business. So cross charge.
- Cross Charge is different from ISD as for CC, no separate registration needed, it is to accounted for and charged GST on supply made between 2 distinct persons eg IT system maintenance activities performed by HO proportionately debited to branches/ other offices. There is a visible service rendered by person who cross charges to his other units. Unlike in ISD, the service is rendered by a third outside party and not by the ISD. In CC, separate inv/dr/cr note as ' Business Support Services' to be raised by person cross charging. CC is when one distinct person is providing output services to another distinct person.