FINANCE ACCOUNT AND AUDITING

GOVERNMENT POLYTECHNIC SONIPAT

GOODS AND SERVICE TAX

HISTORICAL BACKGROUND OF GST

- GST was first recommended by Kelkar Task Force on implementation of Fiscal Reforms and Budget Management Act 2004 but the First Discussion Paper on Goods and Services Tax in India was presented by the Empowered Committee of State Finance Ministers dtd.10th Nov.10th, 2009.
- In 2011, the Constitution (115th Amendment) Bill, 2011 was introduced in Parliament to enable the levy of GST. However, the Bill lapsed with the dissolution of the 15th Lok Sabha.
- Subsequently, in December 2014, the Constitution (122nd Amendment) Bill, 2014 was introduced in Lok Sabha. The Bill was passed by Lok Sabha in May 2015 and referred to a Select Committee of Rajya Sabha for examination.

- **Government is endeavoring to roll out GST by 1st July, 2017, by achieving consensus on all the issues relating thereto. It is geared to attain July 1 deadline for implementation of GST across India.**
- GST is a path breaking indirect tax reform which will create a common national market by dismantling inter-State trade barriers. GST has subsumed multiple indirect taxes like excise duty, service tax, VAT, CST, luxury tax, entertainment tax, entry tax, etc.
- France was the first country to implement GST in the year 1954. Within 62 years of its advent, about 160 countries across the world have adopted GST because this tax has the capacity to raise revenue in the most transparent and neutral manner.
- **GST Bill Passed in Rajya Sabha & Lock Sabha**
- **When GST is Applicable – Modi Government Want to applicable GST Bill From 1st July 2017**

Definition of GST

- “GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set of benefits from the producer’s / service provider’s point up to the retailers level where only the final consumer should bear the tax.”

OBJECTIVES OF GST

- *One Country – One Tax*
- *Consumption based tax instead of Manufacturing*
- *Uniform GST Registration, payment and Input tax Credit*
- *To eliminate the cascading effect of Indirect taxes on single transaction*
- *Subsume all indirect taxes at Centre and State Level under*
- *Reduce tax evasion and corruption*
- *Increase productivity*
- *Increase Tax to GDP Ratio and revenue surplus*
- *Increase Compliance*
- *Reducing economic distortions*

GST

Central GST

1. Central excise duty
2. Additional excise duty
3. Service tax
4. Countervailing duty(CVD)
5. Additional duty of customs(ADC)
6. Surcharge, Education and Secondary/Higher secondary cess

State GST

1. VAT
2. Purchase tax
3. Entertainment tax
4. Luxury tax
5. Lottery tax
6. State surcharge and cesses leviable on the above as of now

FEATURES OF GST CONSTITUTION AMENDMENT ACT

- *Concurrent jurisdiction for levy & collection of GST by the Centre (CGST) and the States (SGST)*
- *Centre to levy and collect IGST on supplies in the course of inter-State trade or commerce including imports*
- *Compensation for loss of revenue to States for five years*
- *GST on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas & aviation turbine fuel to be levied from a later date on recommendations of CounciL*

LEGISLATIVE FRAMEWORK

- There is single legislation – CGST Act, 2017 – for levying CGST. Similarly, Union Territories without State legislatures [Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Chandigarh] will be governed by UTGST Act, 2017 for levying UTGST. States and Union territories with their own legislatures [Delhi and Puducherry] have to enact their own GST legislation for levying SGST. Though there would be multiple SGST legislations, the basic features of law, such as chargeability, definition of taxable event and taxable person, classification and valuation of goods and services, procedure for collection and levy of tax and the like would be uniform in all the SGST legislations, as far as feasible. This would be necessary to preserve the essence of dual GST.

REGULATORY FRAMEWORK OF GST

- A new set up by Government of India named as ‘GST Council’. GST Council constituted w.e.f. 12.09.2016
- The GST Council consists of
- (a) the Union Finance Minister (as Chairman),
- (b) the Union Minister of State in charge of Revenue or Finance, and
- (c) the Minister in charge of Finance or Taxation or any other Minister, nominated by each state government.
- All decisions of the GST Council will be made by three fourth majority of the votes cast; the centre shall have one-third of the votes cast, and the states together shall have two-third of the votes cast.
- Threshold limit for exemption to be Rs. 20 lakh (Rs. 10 lakh for special category States)
- Compounding threshold limit to be Rs. 50 lakh – not available to inter-State suppliers, service providers (except restaurant service) & specified category of manufacturers
- Government may convert existing area based exemption schemes into reimbursement based scheme

SCOPE OF GST

- GST shall cover all goods and services, except alcoholic liquor for human consumption, for the levy of goods and services tax. In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of Goods and Services Tax till a date notified on the recommendation of the Goods and Services Tax Council.
- **Promulgation of GST Council:** Proposed Article 279A of the Bill provides for constitution of Goods and Services Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, exemption list and threshold limits. The Council shall function under the Chairmanship of the Union Finance Minister and will have the State Union Minister as its members.
- All goods and services are covered under GST Regime except Alcoholic liquor for Human Consumption,
- Tobacco Products subject to levy of GST and Centre may also levy excise duty
- GST Council yet to decide the incidence and levy of GST on following;
  - a)Crude Petroleum
  - b)High Speed Diesel (HSD)
  - c)Motor Spirit (Petrol)
  - d)Natural Gas
  - e)Aviation Turbine Fuel

ADVANTAGES OF GST

- CBEC has released few advantages which would accrue to Citizens, Trade/Industry and the Central/State Government with the introduction of GST. The advantages to the Citizens are listed as:
- a. Simpler tax system.
- b. Reduction in prices of goods and services due to elimination of cascading.
- c. Uniform prices throughout the country.
- d. Transparency in taxation system.
- e. Increase in employment opportunities.

ACTION PLAN OF GST COUNCIL

- List number of Taxes, cesses, and surcharges to be subsumed under GST
- Preparation of list of goods and services subject to, or exempt from GST
- Determination of threshold limit of turnover for application of GST
- Fixation of rates
- Preparation of model GST Laws, principles of levy, apportionment of tax benefits
- Firming up Place of supply Rules
- Recommend on Compensation to states losing on revenue post implementation of GST, subject to maximum time limit of 5 years.
- Passage of SGST laws by all State legislatures

- Recommendation of Model GST Rules by GST Council
- Notification of GST Rules
- Recommendation of GST Tax rates by GST Council
- Establishment and upgradation of IT framework
- Meeting implementation challenges
- Effective coordination between Centre & State tax administrations
- Reorganization of field formations
- Training of Officials
- Outreach programs for all stakeholders including Trade & Industry

THE ADVANTAGES ACCRUING TO THE TRADE/ INDUSTRY ARE LISTED AS:

- a. Reduction in multiplicity of taxes.
- b. Mitigation of cascading/double taxation.
- c. More efficient neutralization of taxes especially for exports.
- d. Development of common national market.
- e. Simpler tax regime-fewer rates and exemptions.

THE ADVANTAGES ACCRUING TO THE CENTRAL/STATE GOVERNMENT ARE LISTED AS:

- **The advantages accruing to the Central/State Government are listed as:**
- a. A unified common national market to boost Foreign Investment and “Make inIndia” campaign.
- b. Boost to export/manufacturing activity, generation of more employment,leading to reduced poverty and increased GDP growth.
- c. Improving the overall investment climate in the country which will benefit thedevelopment of states.
- d. Uniform SGST and IGST rates to reduce the incentive for tax evasion.
- e. Reduction in compliance costs as no requirement of multiple record keeping.

TYPES OF GST

- Since GST subsumed indirect taxes of both central government (excise duty, service tax, custom duty, etc.) and state governments (VAT, Luxury tax, etc.), both the governments now depend on GST for their indirect tax revenue. Therefore, the GST rate is composed of two rates. Intra-state transactions will carry one of CGST and one of SGST (in case of state) or CGST and UTGST (in case of union territory). Therefore, while making an intra-state sale (i.e., sale within the same state), the CGST collected will go to the central government and the SGST collected will go the respective state government in which sale is made. Similarly, SGST or UTGST are replaced with IGST when intra-state transactions are involved.

WHAT IS SGST?

- **SGST full form is State Goods and Service Tax.**
- SGST (State GST) is one of the two taxes levied on every intrastate (within one state) transaction of goods and services. The other one is CGST. SGST is levied by the state where the goods are being sold/purchased. It will replace all the existing state taxes including VAT, State Sales Tax, Entertainment Tax, Luxury Tax, Entry Tax, State Cesses and Surcharges on any kind of transaction involving goods and services. The State Government is the sole claimer of the revenue earned under SGST. Let's understand this with an example.
- e.g. – Suresh from Rajasthan wants to sell some goods to Pradeep in Rajasthan. The product, originally priced at Rs 10,000, will attract GST at 18% rate comprising of 9% CGST rate and 9% SGST rate. The SGST tax amount here is Rs 900 (9% of Rs 10,000) which is fully claimed by the Rajasthan State Government. The rate of the product after SGST will be Rs 10,900.

WHAT IS CGST?

- **CGST full form is Central Goods and Service Tax.**
- CGST refers to the Central GST tax that is levied by the Central Government of India on any transaction of goods and services tax taking place within a state. It is one of the two taxes charged on every intrastate (within one state) transaction, the other one being SGST (or UTGST for Union Territories). CGST replaces all the existing Central taxes including Service Tax, Central Excise Duty, CST, Customs Duty, SAD, etc. The rate of CGST is usually equal to the SGST rate. Both taxes are charged on the base price of the product. See the example below to understand it better.
- e.g. – In the example above, when Suresh sales a product to Pradeep in the same state (Rajasthan), he has to pay two taxes. CGST is for the central government while SGST is for the state. The rate of CGST is 9%, same as SGST. After the application of CGST (9% of Rs 10,000), the final cost of the product will become Rs 11,800.
- As you can probably guess, all the taxes in all the conditions above are borne by the end consumer in the final cost, not by the manufacturer or the dealer of the product or service. Since GST is levied on consumption, the state where the product is originally manufactured is not entitled to the tax collected. If the manufacturing state levies a tax, the same will be transferred to the consuming state through the Central government.

WHAT IS IGST?

- **IGST full form is Integrated Goods and Service Tax.**
- Integrated GST (IGST) is applicable on interstate (between two states) transactions of goods and services, as well as on imports. This tax will be collected by the Central government and will further be distributed among the respective states. IGST is charged when a product or service is moved from one state to another. IGST is in place to ensure that a state has to deal only with the Union government and not with every state separately to settle the interstate tax amounts. Let's try to understand IGST with an example.
- e.g., – Ramesh is a manufacturer in Rajasthan who sold goods worth Rs 10,000 to Suresh in Rajasthan. Since it is an interstate transaction, IGST will be applicable here. Let's assume the GST rate is 18% for the particular item. So, the IGST amount charged by the Central Government will be Rs 1800 (18% of Rs 10,000), and the refined rate of the product will be Rs 11,800.
- Now, GST is a consumption tax that means only the state where the goods are actually consumed will get the tax benefits, irrespective of the manufacturing state.

WHAT IS UTGST (OR UGST)?

- **UTGST full form is Union Territory Goods and Services Tax.**
- The Union Territory Goods and Services Tax, commonly referred to as UTGST, is the GST applicable on the goods and services supply that takes place in any of the five Union Territories of India, including Andaman and Nicobar Islands, Dadra and Nagar Haveli, Chandigarh, Lakshadweep and Daman and Diu. This UTGST will be charged in addition to the Central GST (CGST) explained above. For any transaction of goods/services within a Union Territory: CGST + UTGST
- The reason why a separate GST was implemented for the Union Territories is that the common State GST (SGST) cannot be applied in a Union Territory without legislature. Delhi and Puducherry UTs already have their own legislatures, so SGST is applicable to them.

commodities not included in GST

- Alcohol
- Petroleum Products
- Tobacco Products

Taxes not included in GST

- Stamp Duty
- Property Tax
- Toll Tax
- Electricity Tax

WHAT ARE HSN CODES?

- HSN or HS (Harmonised Commodity Description and Coding System) is a multipurpose international product nomenclature developed by the World Customs Organization (WCO).
- WCO has 181 members, three-quarters of which are developing countries that are responsible for managing more than 98 percent of world trade. HSN standardizes the classification of merchandise under sections, chapters, headings, and subheadings. This results in a six-digit code for a commodity (two digits each representing the chapter, heading, and subheading).
- India, a member of WCO since 1971, has been using HSN codes since 1986 to classify commodities for Customs and Central Excise. Customs and Central Excise added two more digits to make the codes more precise, resulting in an eight-digit classification.

WHO ARE THEY FOR?

- Under GST, the majority of dealers will need to adopt two-, four-, or eight-digit HSN codes for their commodities, depending on their turnover the year prior.
- Dealers with turnover of less than Rs 1.5 crores will not be required to adopt HSN codes for their commodities.
- Dealers with turnover between Rs 1.5 crores and Rs 5 crores shall be required to use two-digit HSN codes for their commodities.
- Dealers with turnover equal to Rs 5 crores and above shall be required to use four-digit HSN codes for their commodities.
- In the case of imports/exports, HSN codes of eight digits shall be compulsory, as GST has to be compatible with international standards and practices.

THE BASICS OF HSN CLASSIFICATION

- HSN has 21 sections, 99 chapter, 1,244 headings, and 5,224 subheadings. Sections and chapters are arranged in order of a product's degree of manufacture or in terms of its technological complexity. Natural products like animals and vegetables appear in the earlier sections; man-made or technologically advanced products like machinery appear later.
- Chapters have a similar structure. Take cotton, for example - Chapter 52. Cotton that has not been carded or combed appears earlier in the chapter; cotton as a woven fabric appears later.

MORE ON HSN CODES

- Each Section is a collection of various chapters. Sections represent a broader class of goods, and chapters represent a particular class of goods. For example, Section XV relates to base metals and articles of base metals, while Section XV, Chapter 72 is for iron and steel specifically.
- Each chapter is further divided into various headings depending upon different types of goods belonging to the same class. For example, Chapter 72, Heading 02 deals with ferro-alloys, and Chapter 72, Heading 29 with wire of other alloys.
- Each heading contains products, which are ultimately assigned an HSN code. Ferro-manganese under ferro-alloys, for example, bears the HSN code 72.02.01 - 01 being the product code under Heading 02 of Chapter 72. The HSN code for other products under ferro-alloys is 72.02.99.
- For better identification of goods, India and a few other countries use eight-digit codes for deeper classification. For example, 72.02.99.11 is the HSN code for ferro-phosphorus under other ferro-alloy products.
- Some HSN codes also use dashes. A single dash (-) at the beginning of a description denotes an article that belongs to a group covered under a heading. A double dash (--) indicates that the article is a sub-classification of the preceding article that has a single dash. Similarly, a triple dash (---) or quadruple dash (----) indicates the article is a sub-classification of the preceding article that has a double dash or triple dash.

CLASSIFYING GOODS UNDER HSN

- In formatting a classification for a particular item, dealers must apply the General Interpretative Rules (GIR) in a sequential manner. Once a classification is complete, there's no need to continue applying the remainder of the rules. Moving on to the next rule is only necessary if a complete classification does not result from applying the previous rule. Classification is final once there is no ambiguity or confusion.
- For classification purposes, a word should be construed in its popular sense and not in the strict or technical sense. For example, "Dabur Lal Dant Manjan" is not understood as "ayurvedic medicine" in trade parlance but as "toilet preparation" and should be classified accordingly.
- **Rule 1**
- Titles of sections, chapters, and sub-chapters are provided for ease of reference only.
- For legal purposes, refer to headings and sub-headings to drive classification.
- **Rule 2a**
- If the goods are incomplete/unfinished and have the characteristics of the finished product, classification is the same as that of the finished product (if the classification is known).
- The heading shall also include removed/unassembled or disassembled parts (i.e., SKD/CKD).
- **Rule 2b**
- Any reference to a material or substance includes a reference to mixtures or combinations of that material or substance with other materials or substances.
- The classification of goods consisting of more than one material or substance shall take place as per Rule 3.

CLASSIFYING GOODS UNDER HSN

- **Rule 3a**
- Choosing a specific heading is preferred over a general heading.
- For example, 85.10 is the classification for "shavers, hair clippers and hair removing appliances, with self-contained electric motor". This is a more specific classification for a handheld electric razor than either:
  - 67: "tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric motor," or
  - 09: "electro-mechanical domestic appliances with self-contained electric motors, other than vacuum cleaners"
- **Rule 3b**
- Mixtures/composite goods should be classified per the material or substance that gives them their essential character.
- For example, a grooming kit consisting of electric hair clippers (85.10), a comb (96.15), and a brush (96.03) inside a leather case (45.02), should be classified under the electric hair clippers heading (85.10).
- **Rule 3c**
- If two headings are equally suited to the item, choose the heading that appears last in numerical order.
- **Rule 4**
- If goods cannot be classified per the above rules, they are to be classified according to the goods to which they are most akin.
- **Rule 5**
- Containers specifically designed for the article and suitable for long-term use will be classified along with that article, if such articles are normally sold along with such cases. For example, a camera case would fall under cameras.
- Packing materials and containers are also to be classified with the related goods except when the packing is for repetitive use.

CONCLUSION

- Along with India's move to GST come moves to an online taxation system and to HSN codes for classifying goods for taxation. It's all designed to bring about more uniform taxation as well as more ease of doing business. HSN codes will now be used in filing returns, on invoices, etc., rather than written descriptions.
- It will all require some prep work from professionals and taxpayers, but automated GST compliance solutions are available to help ease the transition

HSN SECTIONS

- HSN sections
- Section I (Chapters 1 to 5) covers live animals and animal products
- Section II (Chapters 6 to 14) covers vegetable products
- Section III (Chapter 15) covers animal or vegetable fats and oils
- Section IV (Chapters 16 to 24) covers beverages, spirits, vinegar, and tobacco
- Section V (Chapters 25 to 27) covers mineral products
- Section VI (Chapters 28 to 38) covers chemical and para-chemical products
  Section VII (Chapters 39 to 40) covers plastics and rubber, and articles thereof
- Section VIII (Chapters 41 to 43) covers certain animal hides and skins
- Section IX (Chapters 44 to 46) covers wood, cork, manufactures of straw, and articles thereof
- Section X (Chapters 47 to 49) covers pulp of wood, paper, paperboard, and printed products
- Section XI (Chapters 50 to 63) covers textiles and textile articles

HSN SECTIONS

- Section XII (Chapters 64 to 67) covers footwear, headgear, umbrellas, walking sticks, prepared feathers, artificial flowers, and articles of human hair
- Section XIII (Chapters 68 to 70) covers articles made of minerals, stone, plaster, cement, etc., and ceramic and glass products
- Section XIV (Chapter 71) covers precious metals and stones
- Section XV (Chapters 72 to 83) covers base metals and articles thereof (Note: Chapter 77 is reserve for future use)
- Section XVI (Chapters 84 to 85) covers machinery and mechanical appliances, electrical equipment, sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles
- Section XVII (Chapters 86 to 89) covers vehicles, aircraft, vessels, and associated transport equipment
- Section XVIII (Chapters 90 to 92) covers optical, photographic, cinematographic, and musical apparatus and equipment; measuring, medical, surgical, and other instruments; and clocks and watches
- Section XIX (Chapter 93) covers arms and ammunitions
- Section XX (Chapters 94 to 96) covers miscellaneous manufactured articles
- Section XXI (Chapters 97 to 99) covers arts, collector's pieces, and antiques (Note: Chapter 99 is reserved for national use)

GST CONCEPT

- GST stands for “Goods and Services Tax”, and is proposed to be a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level. Its main objective is to consolidates all indirect tax levies into a single tax, except customs (excluding SAD) replacing multiple tax levies, overcoming the limitations of existing indirect tax structure, and creating efficiencies in tax administration.
- Simply put, goods and services tax is a tax levied on goods and services imposed at each point of sale or rendering of service. Such GST could be on entire goods and services or there could be some exempted class of goods or services or a negative list of goods and services on which GST is not levied. GST is an indirect tax in lieu of tax on goods (excise) and tax on service (service tax). The GST is just like State level VAT which is levied as tax on sale of goods. GST will be a national level value added tax applicable on goods and services.
- A major change in administering GST will be that the tax incidence is at the point of sale as against the present system of point of origin. According to the Task Force under the 13th Finance Commission, GST, as a well designed value added tax on all goods and services, is the most elegant method to eliminate distortions and to tax consumption.
- One of the reasons to go the GST way is to facilitate seamless credit across the entire supply chain and across all States under a common tax base. It is a tax on goods and services, which will be levied at each point of sale or provision of service, in which at the time of sale of goods or providing the services the seller or service provider can claim the input credit of tax which he has paid while purchasing the goods or procuring the service. This is because they include GST in the price of the goods and services they sell and can claim credits for the most GST included in the price of goods and services they buy. The cost of GST is borne by the final consumer, who can’t claim GST credits, i.e. input credit of the tax paid.

REGISTRATION PROCESS OF GST

- **GST Application Preparation**
- An IndiaFilings GST Expert will prepare your GST application and collect the documents necessary through the iCFO platform.
- **GST Application Filing**
- Once the application is prepared and documents are collected, we will file your application online and provide you ARN number immediately.
- **GST Registration Certificate**
- Once the GST application and the attached supporting documents are verified by the Officer, GSTIN and GST Certificate is provided.

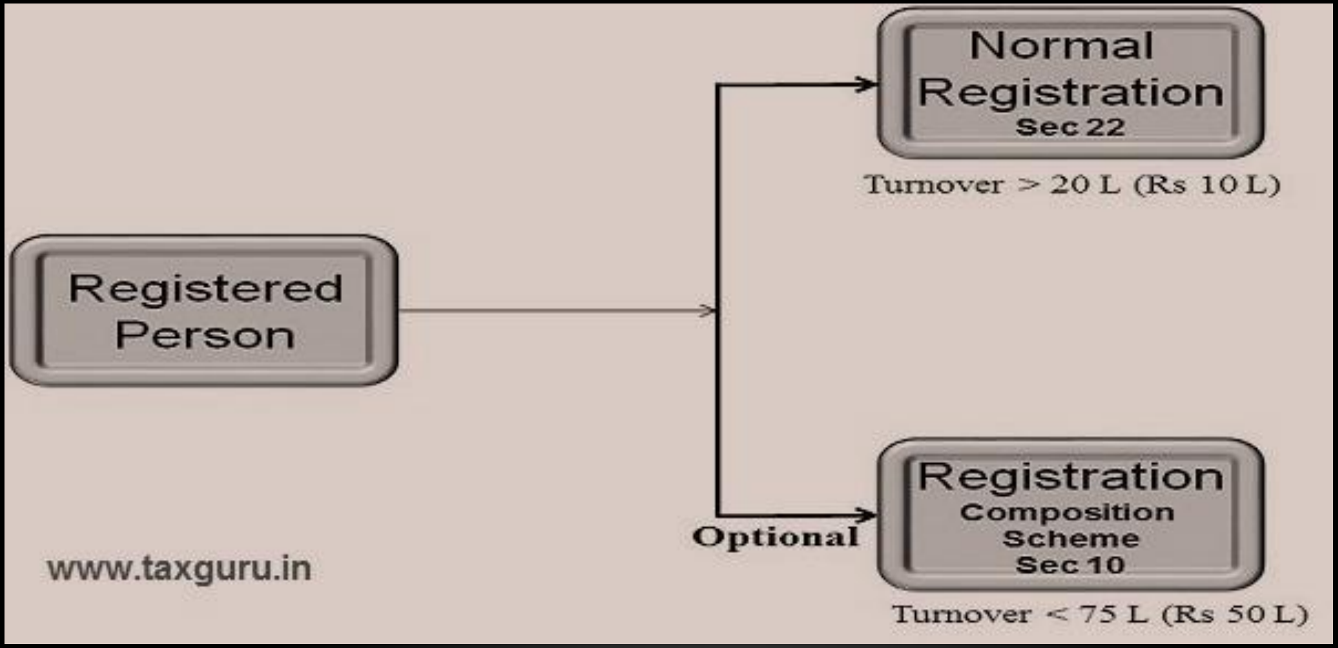
GST FORMS FOR RETURNS

- **GSTR-1**
- **Quarterly Returns (Taxpayers with Annual Turnover upto Rs. 1.5 Crore can opt for quarterly return filing)**
-
- **GSTR-2 and GSTR-3**
- **GSTR-2 and GSTR-3** filing dates for July 2017 to March 2018 will be worked out later by a Committee of Officers
- **GSTR-3B**
- GSTR-3B has been extended to June 2018
- All businesses have to file **GSTR-3B** by 20th of next month until June 2018.
- Due date for the month March 2018 is 20th April 2018
- Due date for the month February 2018 is 20th March 2018
- Due date for the month January 2018 is 20th February 2018
- Due date for the month December 2017 was extended to 22nd January 2018

- **GSTR-4**
- Due date for the quarter January 2018 to March 2018 is 18th April 2018
- The Due date for the period October -December 2017 is 18th January 2018
- The due date for the period July-September 2017 is 24th December 2017
- **GSTR-5**
- Due date for February 2018 is 20th March 2018
- Due date for January 2018 is 20th February 2018
- The due date for the period July-December 2017 is 31st January 2018
- **GSTR-5A**
- Due date for February 2018 is 20th March 2018
- Due date for January 2018 is 20th February 2018
- The due date for the period July-December 2017 is 31st January 2018
- **GSTR-6**
- **Latest Update!**
- Due date of GSTR-6 for the months from July 2017 to April 2018 is extended to 31st May 2018

TYPES OF DEALERS

- REGULAR DEALERS
- COMPOSITION DEALERS



WHO IS A GST PRACTITIONER

GST Compliance

- In the current indirect tax regime, there are accounting and tax professionals who are authorized to file returns on behalf of taxable persons. Currently, this role is performed by Chartered Accountants (CAs), Sales Tax Practitioners (STPs) and advocates. The Draft Model GST Law seeks to formalize this association between a tax payer and the return preparer and make the three-way association between a tax payer, a GST practitioner and GSTN transparent.
- Let us understand who a GST practitioner is.
- A GST practitioner is a person approved by the Central or State Government to perform any or all of the following activities, on behalf of a taxable person:
- File an application for fresh registration
- File an application for amendment or cancellation of registration
- Furnish details of outward and inward supplies
- Furnish monthly, quarterly, annual or final GST returns
- Make payments for credit into the electronic cash ledger, i.e. payments for tax, interest, penalty, fees or any other amount
- File a claim for refund
- Represent the taxable person in any proceeding under the Act, other than inspection, search, seizure and arrest
- File an appeal to the First Appellate Authority
- File an appeal to the Appellate Tribunal (can only be done by a CA/CS/ICWA/Advocate)

ELIGIBILITY CRITERIA TO APPLY FOR GST PRACTITIONER

- Following are the eligibility criteria to apply for GST Practitioner:
- a. i. The person is a citizen of India.
- ii. The person is of a sound mind.
- iii. The person is not adjudicated as insolvent.
- iv. The person has not been convicted by a competent court for an offence with imprisonment not less than two years
- **And satisfies any of the following conditions,**
- b. He is retired officer of Group-B Gazetted officer of any state VAT Department or CBEC or department of Revenue, or
- c. A Graduate or Post graduate of commerce, Law, Banking, Business administration, Business Management from any Indian University established by law.
- d. Person who has cleared any degree (as mentioned in “c”) examination of foreign university as recongnized by Indian university
- e. Chartered Accountant Or Cost and Management Accountant Or Company Secretary

♦ PROCEDURE TO GET REGISTERED AS GST PRACTITIONER

- **Step : 1 –** Make application in **GST PCT-1**
- **Step : 2 –** Authorized officer shall after making enquiry about the eligibility, issue the certificate in **GST PCT – 2**
- **♦ Online list of GST Practitioner**
- A list of goods and services tax practitioner enrolled shall be maintained on the Common Portal in **FORM GST PCT -5**
- **♦ Online Authority by Registered person**
- Any registered person may, at his option, authorize a goods and services tax practitioner on the Common Portal in **FORM GST PCT -6** or, at any time, withdraw such authorization in **FORM GST PCT -7** and the goods and services tax practitioner so authorized shall be allowed to undertake such tasks as indicated in **FORM GST PCT -6** during the period of authorization.
- **♦ Statement furnished by the** Tax Practitioner
- Where a statement required to be furnished by a registered person has been furnished by the goods and services tax practitioner authorized by him, a confirmation shall be sought from the registered person over email or SMS and the statement furnished by the goods and services tax practitioner shall be made available to the registered person.

♦ PROCEDURE TO GET REGISTERED AS GST PRACTITIONER

- **♦ Activities on behalf of registered person**
- A goods and services tax practitioner can undertake any or all of the following activities on behalf of a registered person, if so authorised by the registered person to:
- (a) Furnish details of outward and inward supplies;
- (b) Furnish monthly, quarterly, annual or final return;
- (c) Make deposit for credit into the electronic cash ledger;
- (d) File a claim for refund; and
- (e) File an application for amendment or cancellation of registration.
- **♦ Condition for appearance as GST Practitioner**
- No person shall be eligible to attend before any authority, as a goods and services tax practitioner, in connection with any proceedings under the Act on behalf of any registered person or un-registered person unless his name has been entered in the **list maintained in Form GST PCT-5.**
- **♦ Found Guilty**
- If any goods and services tax practitioner is found guilty of misconduct in connection with any proceedings under the Act, the authorised officer may, by order, in **FORM GST PCT – 3** direct that he shall henceforth be disqualified under section 48, after giving him a notice to show cause in **FORM GST PCT – 4** against such disqualification and after giving him a reasonable opportunity of being heard.
- Such person can file appeal to the Commissioner against such order for within 30 days.

. WHAT IS AN EWAY BILL?

- EWay Bill is an electronic way bill for movement of goods which can be generated on the eWay Bill Portal. Transport of goods of more than Rs. 50,000 (Single Invoice/bill/delivery challan) in value in a vehicle cannot be made by a registered person without an eway bill.
- Alternatively, Eway bill can also be generated or cancelled through SMS, Android App and by Site-to-Site Integration(through API).
- When an eway bill is generated a unique eway bill number (EBN) is allocated and is available to the supplier, recipient, and the transporter.

CANCELLATION PROCEDURE

- **When to cancel your GST registration**
- Cancelling your GST registration won't close your business. You don't have to be registered to continue your business or taxable activity.
- You must cancel your GST registration within 21 days if:
- you stop your taxable activity, and
- don't intend to start a new activity within the next 12 months.
- You should consider cancelling your GST registration if:
- your turnover for the next 12 months will be under $60,000, or
- you've been filing nil returns for some time.
- **When you can't cancel your GST registration**

- If GST is built into your prices you can't cancel your GST registration even if your annual turnover is under $60,000.
- For example, a taxi driver must be registered for GST regardless of turnover because GST is built into the price they charge.
- **How to cancel your GST registration**
- If you have a myIR account, you can cancel your GST registration online.
- If you don't have a myIR account register for one now. You can also cancel your registration by sending us details of your cancellation.
- **Cancelling a separate GST registration**
- If you've registered branches or divisions of your business separately, the parent body can cancel the separate registration of any of the branches at any time in myIR.
- After cancellation, the parent body must account for GST and be responsible for all of the branches' taxable activities.
- If you cancel the parent body's GST registration, the separate GST registrations of the branches will be cancelled automatically.

- **Notice confirming your cancellation**
- We'll send you confirmation once your registration has been cancelled.
- **Completing your final GST return**
- Your final GST return must include all taxable goods and services up to the cancellation date.
- **Keeping assets after cancelling GST registration**
- If you're keeping assets, either for private use or for use in another business, you'll need to make an adjustment in your final GST return.
- Assets that were mainly for private use, but with GST adjustments made for the business use, don't need to be included in your final GST return.
- **Accounting for assets you want to keep**
- The adjustment for assets is calculated as follows:
- *Open market value multiplied by 3 divided by 23*
- The open market value is the value of an asset if it were sold today. You must return the GST on the open market value of the asset regardless of your accounting

MEANING OF SUPPLY

- 1. Supply means and includes—
- (a) all forms of supply of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business,
- (b) importation of services, for a consideration whether or not in the course or furtherance of business, and
- (c) a supply specified in Schedule I, made or agreed to be made without a consideration.

- **<u>Meaning of Supply as per Schedule I</u>**
- (1) Permanent transfer/disposal of business assets where input tax credit <u>has been availed</u> on such assets.
- (2) Supply of goods or services between related persons, or between distinct persons as specified in section 10, when made in the course or furtherance of business.
- (3) Supply of goods—
- (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal, or
- (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- (4) Importation of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.
- 2. <u>Schedule II</u>, in respect of matters mentioned therein, shall apply for determining what is, or is to be treated as a supply of goods or a supply of services.

PLACE OF SUPPLY OF GOODS

- GST is a destination based tax, i.e., the goods/services will be taxed at the place where they are consumed and not at the origin. So, the state where they are consumed will have the right to collect GST.
- This, in turn, makes the concept of place of supply crucial under GST as all the provisions of GST revolves around it.
- Place of supply of good under GST defines whether the transaction will be counted as intra-state or inter-state, and accordingly levy of SGST, CGST & IGST will be determined

Supply	Place of supply
Involves movement of goods, whether by the supplier or the recipient or by any other person	Location of the goods when the movement of goods terminates for delivery to the recipient
Goods are delivered by the seller to a recipient on the direction of a third person, (whether agent or not) before or during movement of goods, by way of transfer of documents of title to the goods or some other way.	It is assumed that the third person has received the goods and the place of supply of such goods will be the principal place of business of 3rd person

TIME OF SUPPLY OF GOODS UNDER GST EXPLAINED

- **Time of Supply of Goods under GST Explained**
- Point of taxation means the point in time when goods have been deemed to be supplied or services have been deemed to be provided. The point of taxation enables us to determine the rate of tax, value, and due dates for payment of taxes.
- Under GST the point of taxation , ie., the liability to pay CGST / SGST, will arise at the time of supply as determined for goods and services. There are separate provisions for time of supply for goods and time of supply for services.

BUYER

- 1. Party which acquires, or agrees to acquire, ownership (in case of goods), or benefit or usage (in case of services), in exchange for money or other consideration under a contract of sale. Also called purchaser. See also customer.
  2. Professional purchaser specializing in a specific group of materials, goods, or services, and experienced in market analysis, purchase negotiations, bulk buying, and delivery coordination.

GST TAX RATES

- **Items exempted under GST:**
- Milk, eggs, curd, buttermilk, Fresh vegetables and fruits, Un-branded wheat and rice, un-branded flour, Puja Items
- **Items under 5%**
- Frozen Vegetables and fruits, branded wheat and rice, branded flour, hand-made safety matches, cotton, cotton fabrics, Footwear below Rs.500
- **Items under 12%**
- Butter, Cheese, Dry fruits, mobile phones, ayurvedic products
- **Items under 18%**
- Biddi wrapper leaves, biscuits, footwear exceeding Rs. 500, man-made fibre, hair oil, soap, toothpaste
- **Items under 28%**
- Biris, LED TV, AC, Cars, tobacco products, cement

WHAT IS INPUTS TAX CREDIT?

- Inputs refer to materials or services that a manufacturer procures or avails in order to manufacture a product or services which is the output. The taxes paid by a manufacturer, while buying the raw material or services, are known as input tax and similarly the tax collected on the sale of the product or services is called the output tax. Given that GST is charged on both goods and services, input credit can be availed on both goods and services. “Input tax credit means that a business can reduce the taxes it has paid on inputs from the taxes it has to deposit on output,” said Archit Gupta, chief executive officer and founder, Cleartax.
- For example, if you have a business and the product (or service) sold by you attracts 18% tax. And you use input goods (and services) in the course of your business. Then, you can reduce the taxes you have already paid on purchase of these inputs from the tax due from you (of 18%), explained Gupta. Manufacturers will add tax only on the value addition done by them and not on the entire value of the product.

CALCULATION OF INPUT TAX CREDIT

- To calculate the input tax credit applicable, one can follow these steps:
- Recommended By Colombia
- 1) Find out if you are eligible to claim an ITC.
- 2) Determine the percentage of use in your commercial activity.
- 3) Determine the amount of GST/HST you can claim as an ITC for different type of expenses.
- 4) Calculate using the regular or simplified method.

- ***Types of gst returns forms***

WHO SHOULD FILE GSTR 3B?

- **Who should file GSTR 3B?**
- Every person who has registered for GST must file the return GSTR-3B including nill returns.
- However, the following registrants do not have to file GSTR-3B
- Input Service Distributors & Composition Dealers
- Suppliers of OIDAR
- Non-resident taxable person
- GSTR-3B is a monthly self-declaration that has to be filed a registered dealer from July 2017 till March 2018. Points to Note:
- You must file a separate GSTR-3B for each GSTIN you have
- Tax liability of GSTR-3B must be paid by the last date of filing GSTR-3B for that month
- GSTR-3B cannot be revised

A. WHAT IS GSTR-1?

- GSTR-1 is a monthly or quarterly return that should be filed by every registered dealer. It contains details of all outward supplies i.e sales.
- The return has a total of 13 sections.
-
- **B. When is GSTR-1 due?**
- The due dates for GSTR-1 are based on your turnover. Until March 2018 the due dates for the return has been notified.
- Businesses with sales of up to Rs. 1.5 crore will file quarterly returns.
- Other taxpayers with sales above Rs. 1.5 crore have to file monthly return.
- Here are the due dates for the return until March 2018.

WHAT IS GSTR 2 ?

- GSTR 1 is a monthly return of inward supplies. Essentially, it is a return showing all your purchase and expense transactions
- **Who needs to file GSTR 2?**
- Every business registered under GST will have to file GSTR2
- **What is the due date of filing GSTR 2?**
- GSTR 2 for the month of July 2017 is due on 31st October 2017
- Due date for GSTR 2 for the month of August and September 2017 will be notified soon by the government

WHAT IS GSTR 3?

- GSTR 3 form is the final monthly return to be filed by the regular taxpayer in the GST era, on or before the 20th of the subsequent month. Prior to filing the GSTR 3 form, the taxpayer must file GSTR 1 by the 10th of the subsequent month with the details of all outward supplies and GSTR 2 by the 15th of the subsequent month, with corrected details of inward supplies.
- **Who should file GSTR 3?**
- The GSTR 3 form must be filed by all regular taxpayers registered under GST. In India, any person undertaking taxable supply of goods and services over INR 20 lakhs (INR 10 lakhs in Special Category States) are required to be registered under GST , and such taxpayers must regularly file GSTR 3.
- In short, every regular registered taxable person is required to file GSTR 3 except:
- Input Service Distributor
- Casual Taxable Person
- Non-residential Taxable Person
- Person required to deduct the TDS or E-commerce operator person.

WHAT IS GSTR-4?

- GSTR-4 is a GST Return that has to be filed by a Composition Dealer. Unlike a normal taxpayer who needs to furnish 3 monthly returns, a dealer opting for the composition scheme is required to furnish only 1 return which is GSTR-4
- **. Who should file GSTR-4?**
- A taxpayer opting for the Composition Scheme is required to file GSTR-4.
- **. How to revise GSTR-4?**
- GSTR-4 cannot be revised after filing on the GSTN Portal. Any mistake in the return can be revised in the next month's return only. It means that, if a mistake is made in the GSTR-4 filed for the July-September quarter, the rectification for the same can be made only when filing the next quarter's GSTR-4.

WHAT IS GSTR - 5?

- The GSTR-5 form is a monthly return form required to be furnished by every registered non-resident taxable person at the GST Portal. Non-resident taxable persons are those suppliers, who do not have a business establishment in India and have come to India for a short period of time to make supplies.
- **When is the GSTR - 5 last date?**
- Before we understand when is the GSTR - 5 due date, we need to understand the concept of registration for the non-resident foreign taxable person.
- Under Section 27 of the GST rules, a special certificate of registration is issued to a casual taxable person or a non-resident taxable person. The registration is a temporary one and is valid for the period specified in the application, or 90 days from the effective date of registration, whichever is earlier. Thus, such a person can make taxable supplies only after the issuance of the certificate of registration.
- Thus a non-resident taxable person, registered as such is required for filing GSTR-5 form:
- By the 20th of the succeeding month
- Within 7 days from the last day of the period of registration
- As per the recent GST notifications, the GSTR-5 last date for the period of July to December 2017 has been extended up to 31st January 2018.

WHAT IS GSTR-6?

- The GSTR-6 form is a monthly return form required to be furnished by an input service distributor at the GST Portal. It contains the details of ITC received by an ISD and also contains all the documents issued for distribution of ITC and the manner of distribution of such credit against all the relevant tax invoices. GSTR 6 has to be filed by every ISD, even if it is a nil return.
- **What is GSTR-6A?**
- GSTR-6A is an automatically generated form based on the details provided by the suppliers of an ISD, in their Form GSTR-1 . However, it is to be noted that Form GSTR-6A is a read only form, and any changes to be made in it, have to be done while filing GSTR-6 form. One can view the Form GSTR-6A by going to the return dashboard on the GST portal.

WHAT IS GSTR-7?

- The GSTR-7 form is a monthly return form required to be furnished by all taxable persons who are required to deduct TDS (Tax Deducted at Source) underGST .
- Form GSTR-7 will show the details of TDS deducted, amount of TDS paid and payable and any refund of TDS claimed. The deductee i.e. the person whose TDS has been deducted can claim the ITC of such TDS deducted and utilize the same for the payment of output tax liability. The details of TDS deducted is available electronically to each deductee in Form GSTR-2A after the due date of filing of Form GSTR-7. Also the certificate for such TDS deducted shall be made available to the deductee in Form GSTR-7A on the basis of the return filed in Form GSTR-7

WHAT IS GSTR - 9?

- Form GSTR-9 is an annual return form to be furnished by all registered taxpayers under GST including those taxpayers who are registered under the composition scheme.
- GSTR-9 return filing involves the following 4 return forms:
- **GSTR-9:** should be filed by the regular taxpayers who are filing GSTR-1, GSTR-2 and GSTR-3
- **GSTR-9A:** should be filed by the persons registered under composition scheme under GST
- **GSTR-9B:** should be filed by the e-commerce operators who have filed GSTR-8 during the financial year
- **GSTR-9C:** should be filed by the taxpayers whose annual turnover exceeds INR 2 crores during the financial year. All such taxpayers are also required to get their accounts audited and file a copy of audited annual accounts, reconciliation statement of tax already paid and details of tax payable as per audited accounts, along with this return