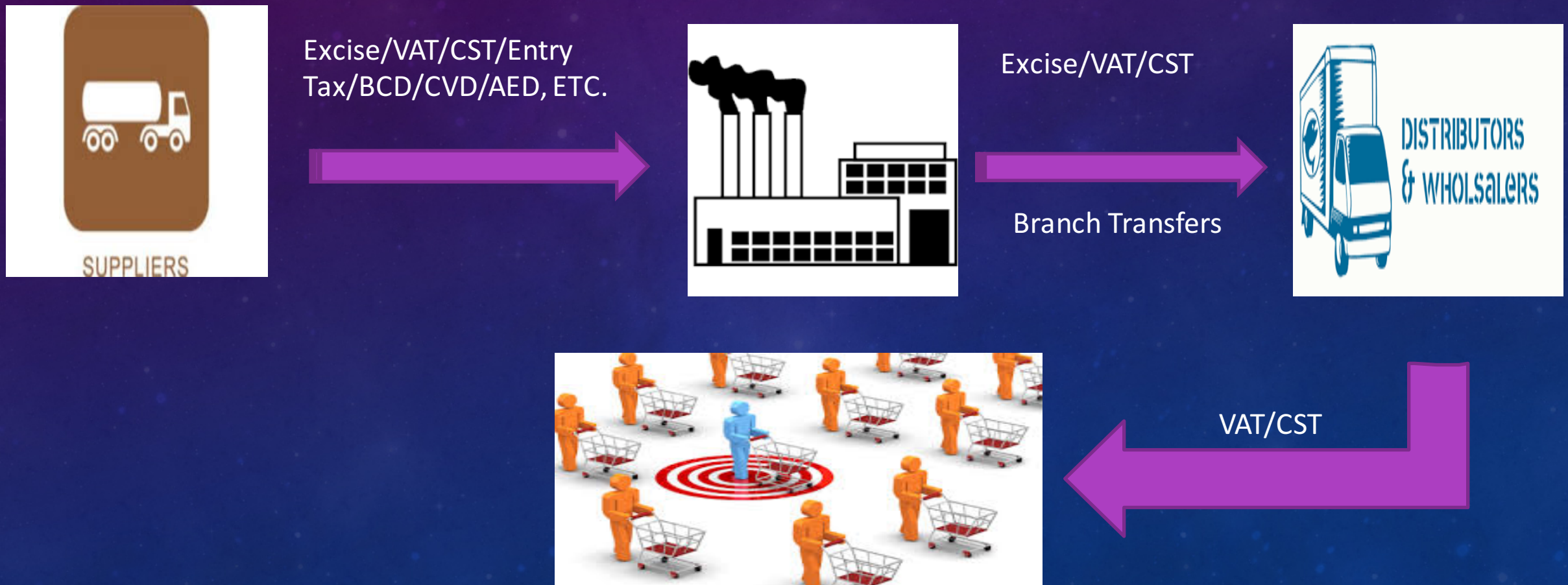


SIMPLIFYING THE GST CODE

PARIMAL PATEL
P. J. E-CONSULTANTS

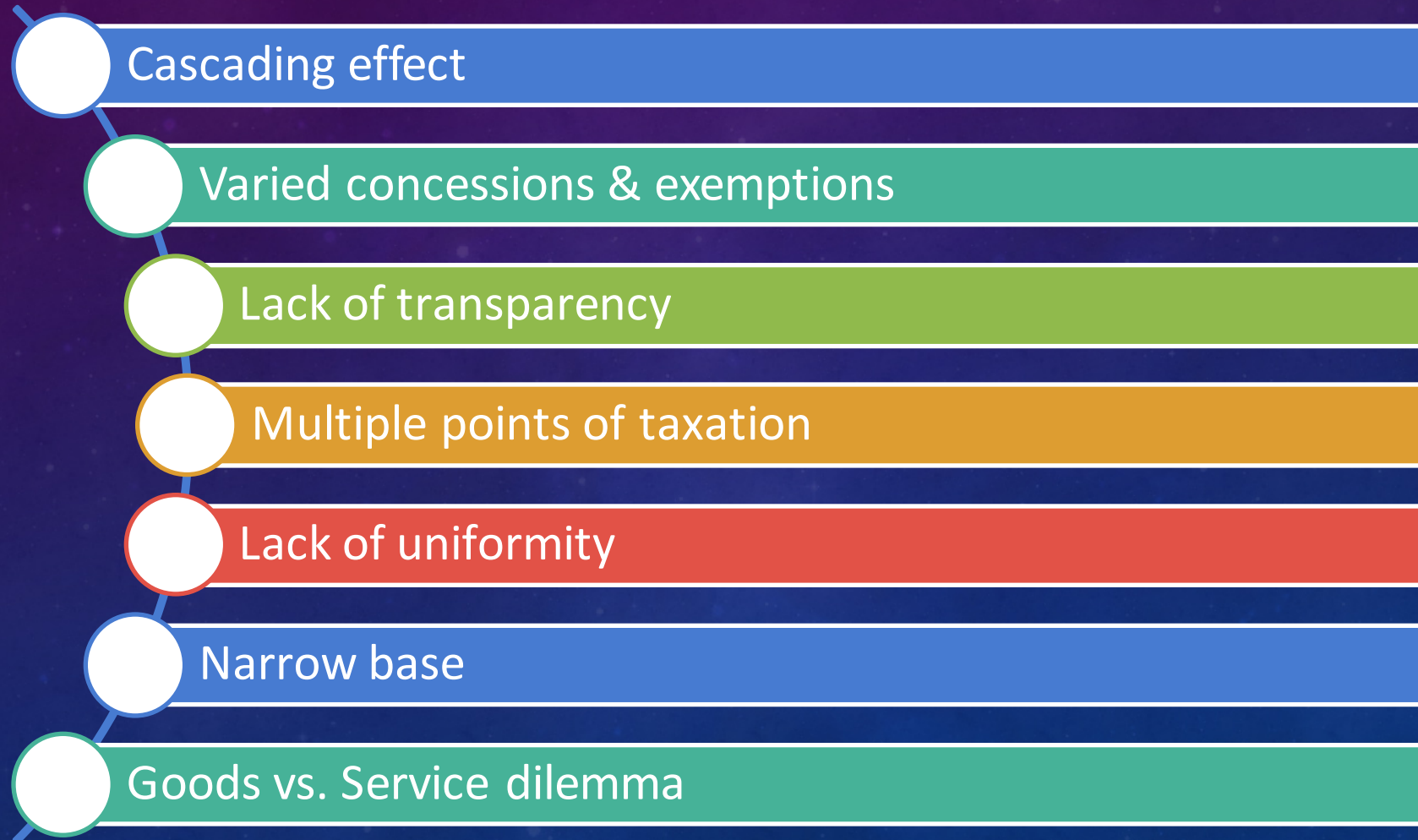
AHMEDABAD

CURRENT STRUCTURE – CASCADING EFFECT – TAX ON TAX

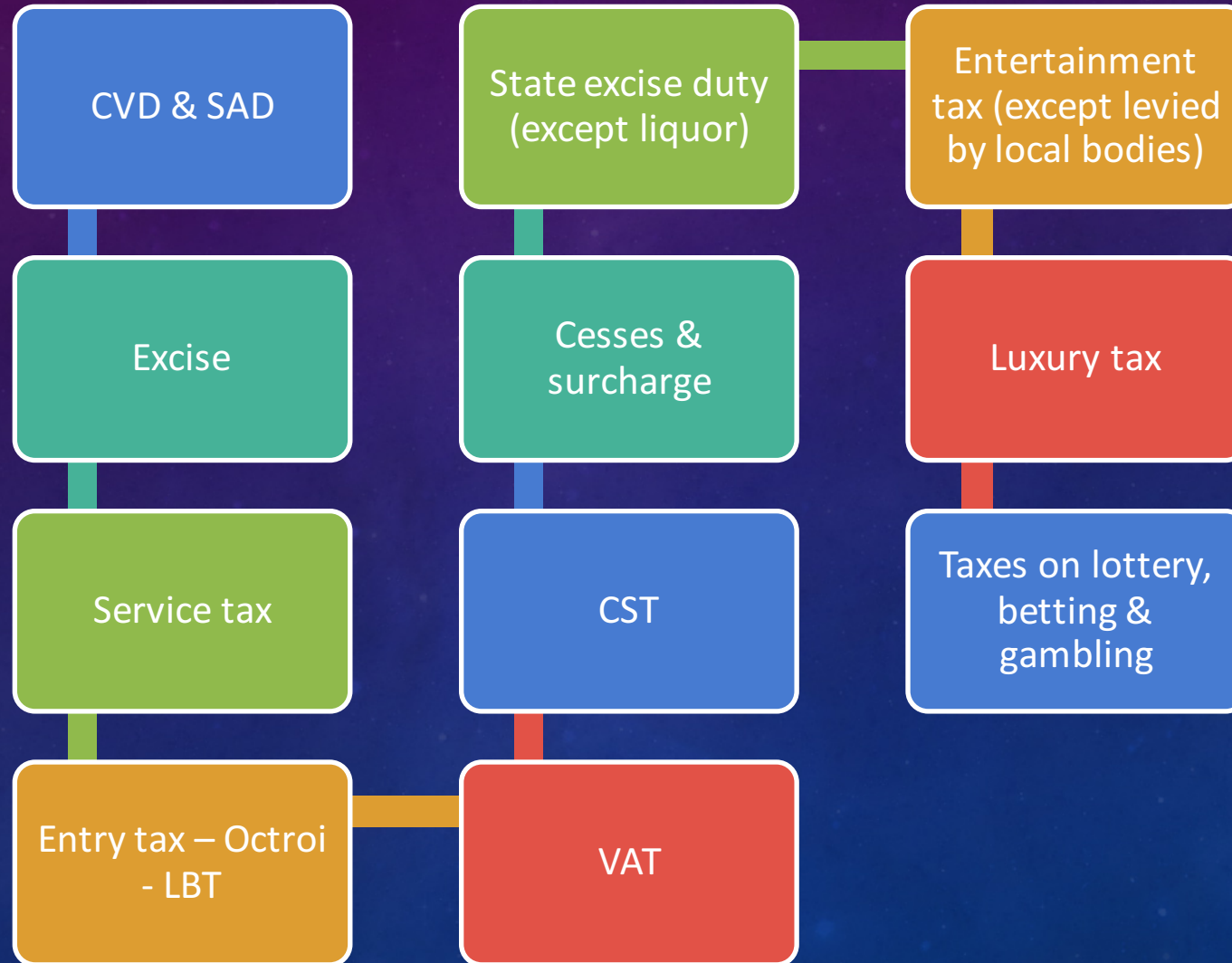


WHY GST ?

LIMITATIONS OF CURRENT STRUCTURE



TAXES TO BE SUBSUMED IN GST



TAXES TO REMAIN



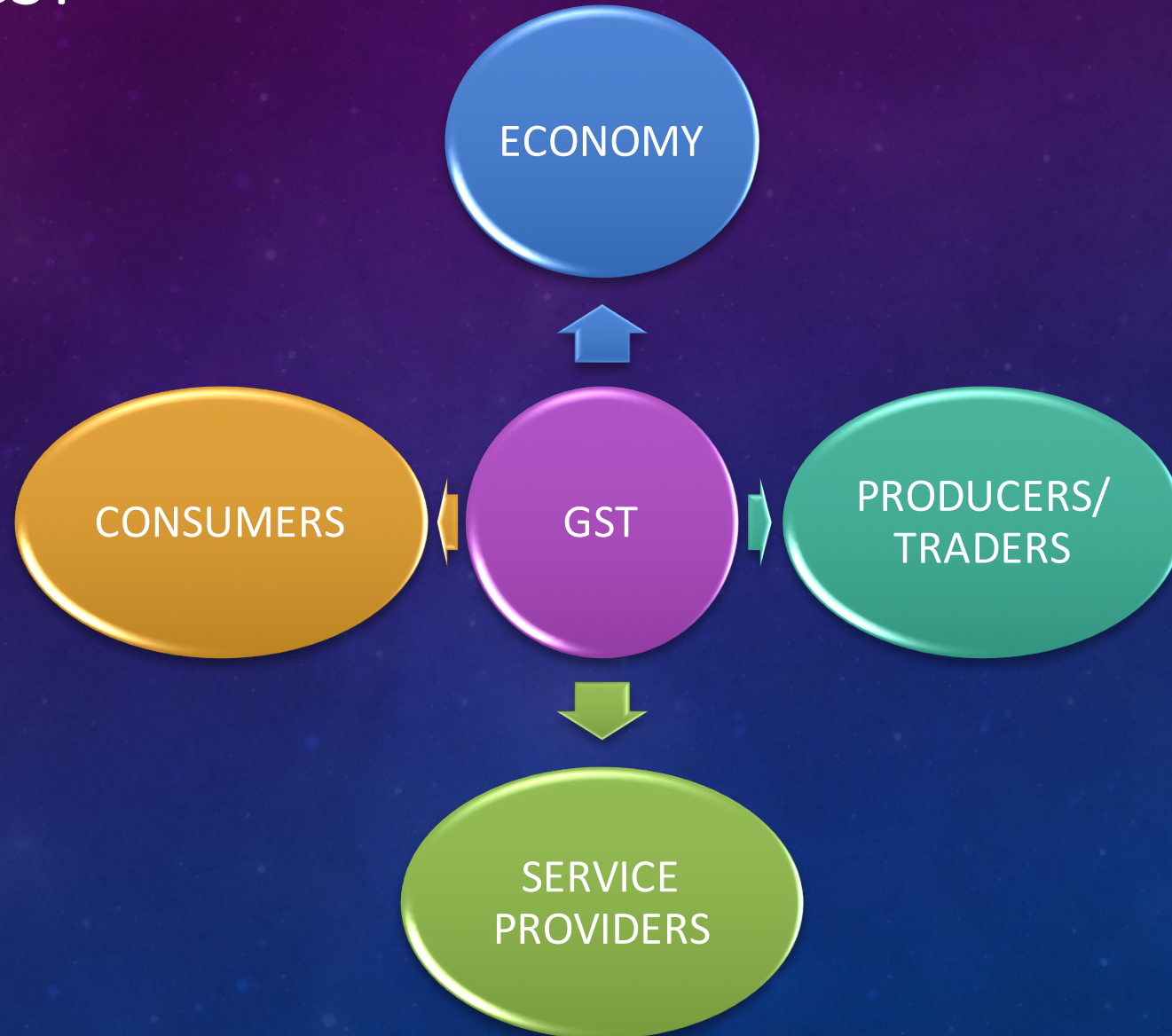
PROPOSED GST STRUCTURE



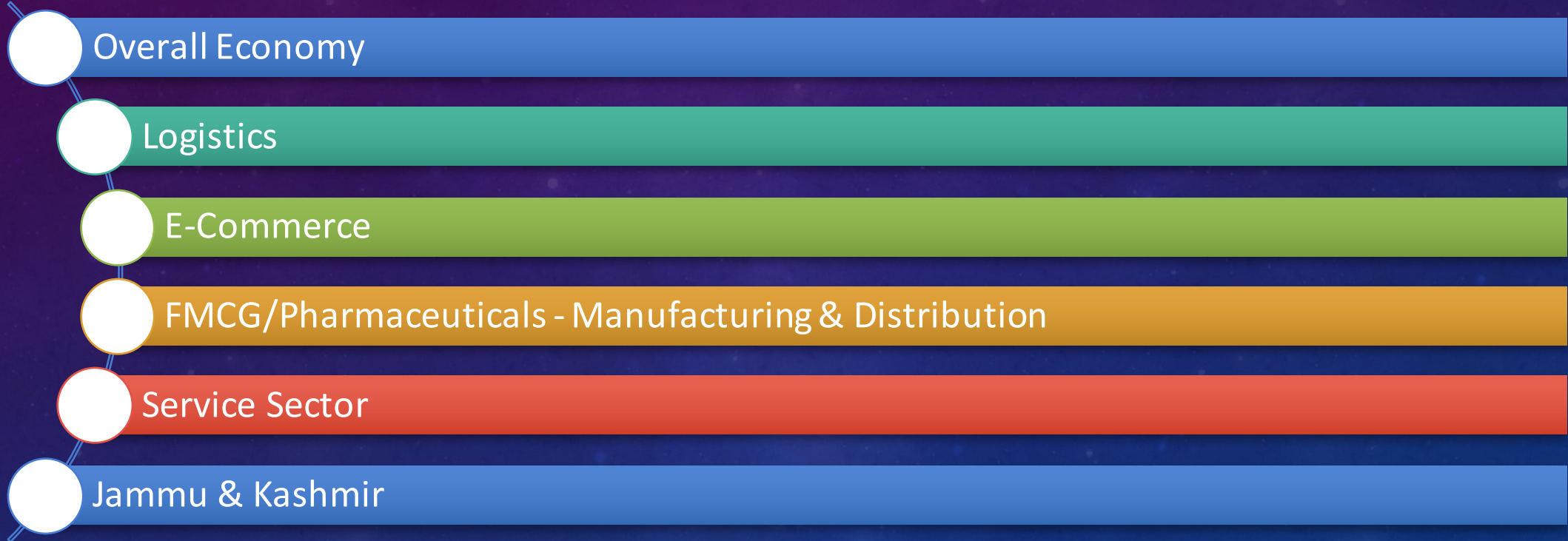
UTILIZATION OF CREDITS



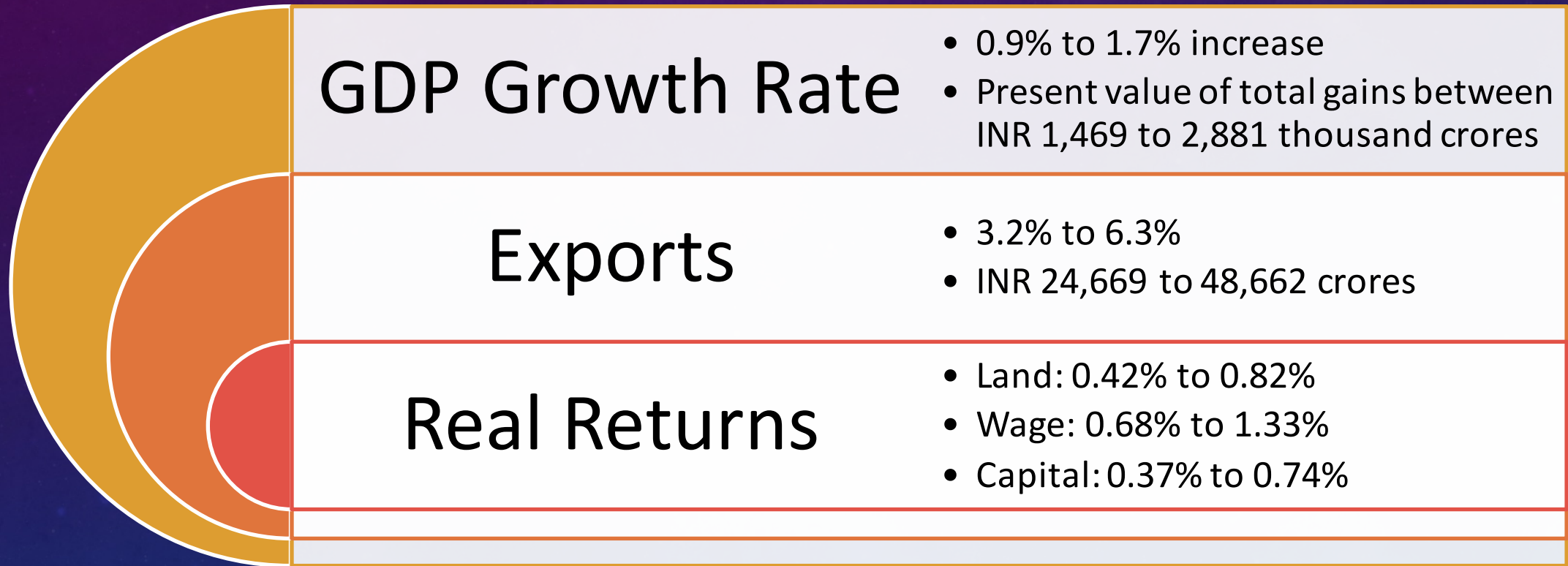
IMPACT OF GST



IMPACT ON THE ECONOMY



OVERALL ECONOMY (NCAER - 2009)



LOGISTICS

Reduction in transportation cycle times – abolition of check posts

Lead to consolidation of warehouses - Concept of central warehouses

Enhance supply chain decisions

Industry shall migrate to new ERP systems to manage the compliances

E-COMMERCE

Problems with the definition of aggregator (e.g. Olx or Quikr – for goods)

Place of supply

Digital goods

Collection of tax at source

Increased compliance

FMCG/PHARMACEUTICALS

Blockage of money on stock transfers

Relook at warehousing decisions

Uncertainty on Excise exemptions

Traders will be covered

SERVICE SECTOR

Increase in rate of tax

Difficulty in determination of inter/intra state transactions

Multiple registrations vis-à-vis one registration

Increased compliance

JAMMU & KASHMIR

Will be covered under GST

Expected net gain will be Rs. 1,580 crores – mainly from taxing services

MANUFACTURERS/TRADERS

Registrations

- Lower threshold of Rs. 10/5 lakhs
- Dual registration shall continue

Negative list of ITC

- Full ITC still not available

Blockage of funds

- Definition of supply is exclusive

1% tax on inter-state sale

- Add to the cost as ITC will not be available

Transitional provisions

- Many unresolved issues
- Refund of CENVAT to be claimed in cases under appeal at present

SERVICE PROVIDERS

Increase in rate of tax from current 15%

Difficulty in determining the place of supply

Multiple registrations

Dual control

CRITICAL IMPACT ISSUES – IN DEPTH

OVERVIEW OF GST CYCLE



DEFINITION OF GOODS & SERVICE (SEC. 2(48)) & 2(88))

GOODS

- Every kind of movable property other than actionable claim and money
- Moveable property shall not include any intangible property.

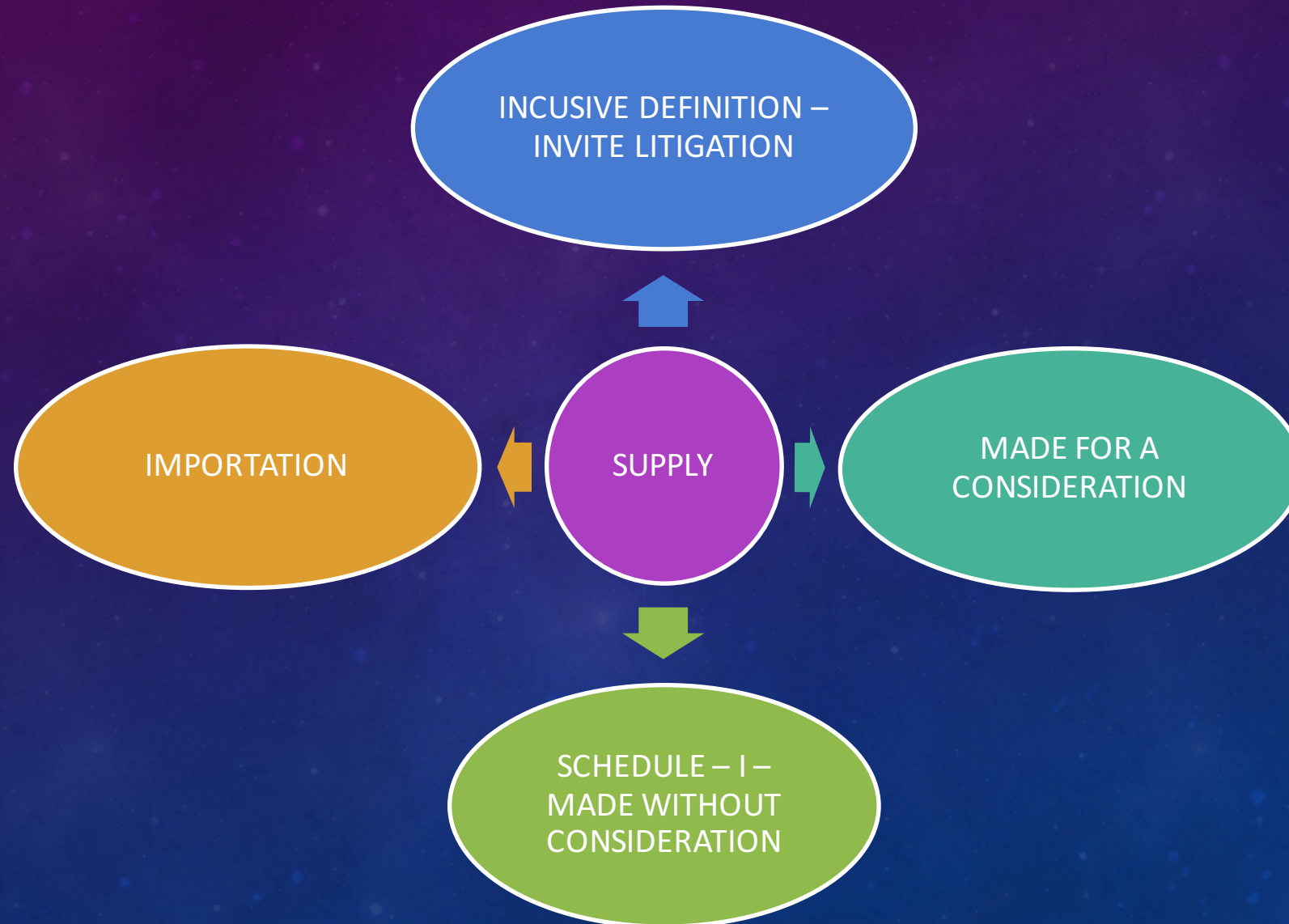
TANGIBLE PROPERTY

- Property that can be touched or felt - Felt is experiential e.g. Goodwill
- Intangible property means any property other than tangible property

SERVICE

- Means anything other than goods
- Include intangible property and actionable claim but does not include money

LEVY OF GST IS ON SUPPLY (SEC. 3)



SUPPLY WITHOUT CONSIDERATION – SCHEDULE - I

Temporary application of business assets to a private or non-business use

Services put to a private or non-business use

Assets retained after deregistration

Supply of goods and / or services by a taxable person to another taxable or non- taxable person in the course or furtherance of business

DEEMED SUPPLY OF GOODS & SERVICE (SCHEDULE – II)

GOODS

- Any transfer of the title in goods is a supply of goods
- Hire purchase
- Transfer or disposal of business assets
- Disposal by a creditor/financial institution
- Closing goods on cessation of business unless business is continued
- Supply of goods by any unincorporated association or body of persons to a member thereof

SERVICE

- Transfer of right to use
- Lease of land or building
- Treatment or process on another person's goods
- Private use of business goods/assets
- Temporary transfer or permitting the use or enjoyment of any intellectual property right
- Development, design, programming, customization, adaptation, up gradation, enhancement, implementation of information technology software
- Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act
- Supply of goods, being food or any other article for human consumption or any drink

REAL ESTATE – WORKS CONTRACT (SEC. 2(107))

Definition is not exhaustive:

- Test of transfer of property in goods not needed
- Excludes maintenance & completion service

No tax if:

- Entire consideration received after issuance of completion certificate or before its first occupation, whichever is earlier

Composite supply:

- Further rules awaited

WIDENING THE TAX BASE – REGISTRATIONS (SEC. 19 READ WITH SCHEDULE – III)

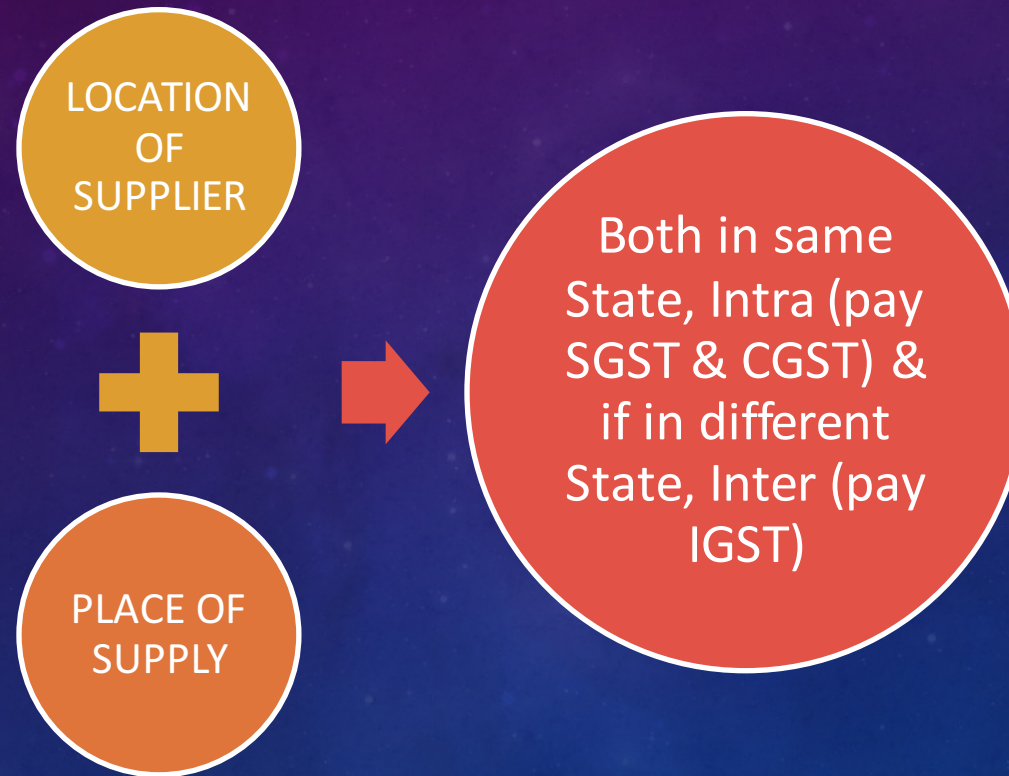
Normal cases

- Threshold on all India basis
- Limit of Rs. 10/5 lakhs

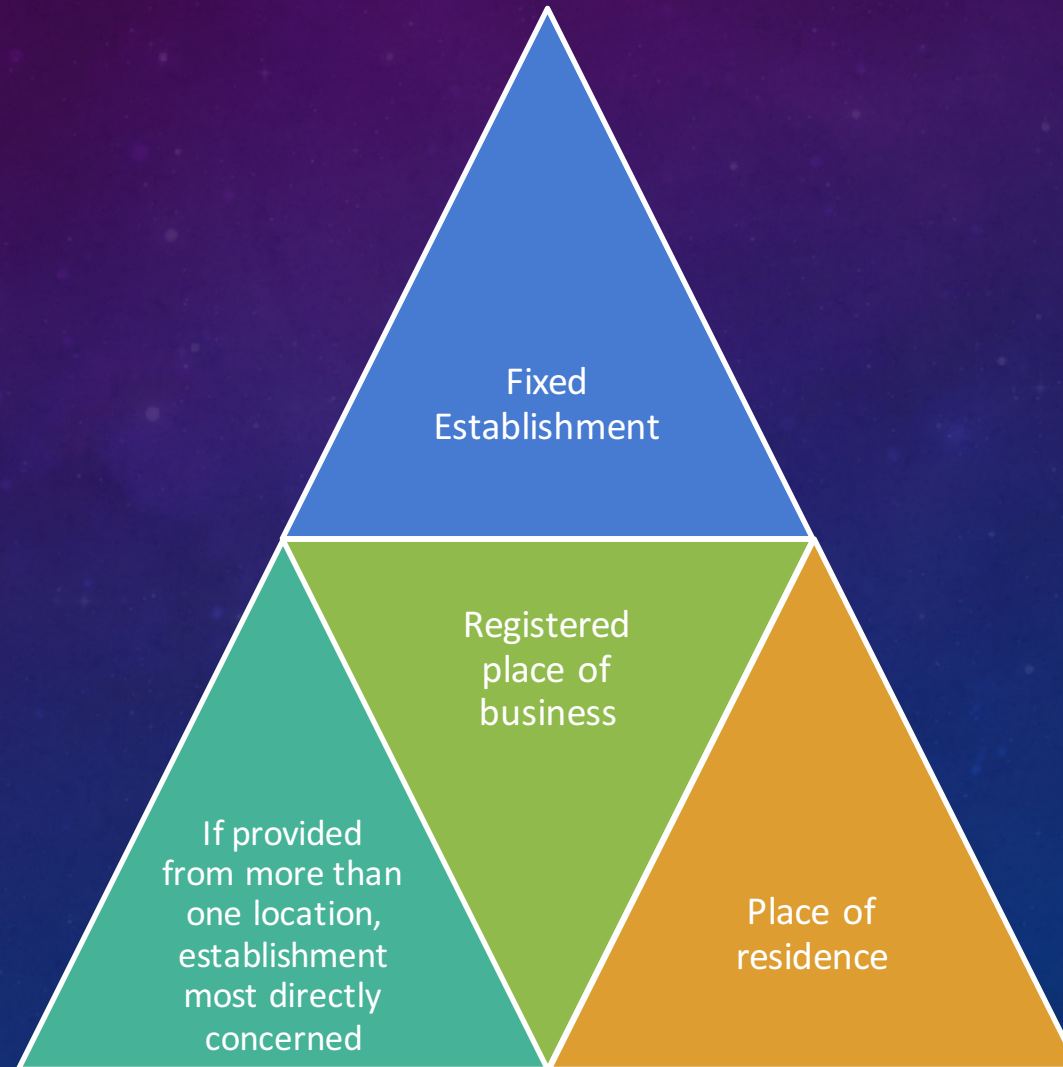
Mandatory registrations

- Persons making any inter-state taxable supply
- Persons who are required to pay tax under reverse charge
- Non-resident taxable persons
- Persons who supply goods and/or services, other than branded services, through electronic commerce operator
- Every electronic commerce operator

DETERMINATION OF INTER/INTRA STATE SUPPLY (SEC. 3 & 3A OF IGST ACT)



LOCATION OF SUPPLIER (SEC. 2(65))



PLACE OF SUPPLY – GOODS (SEC. 5 OF IGST ACT)



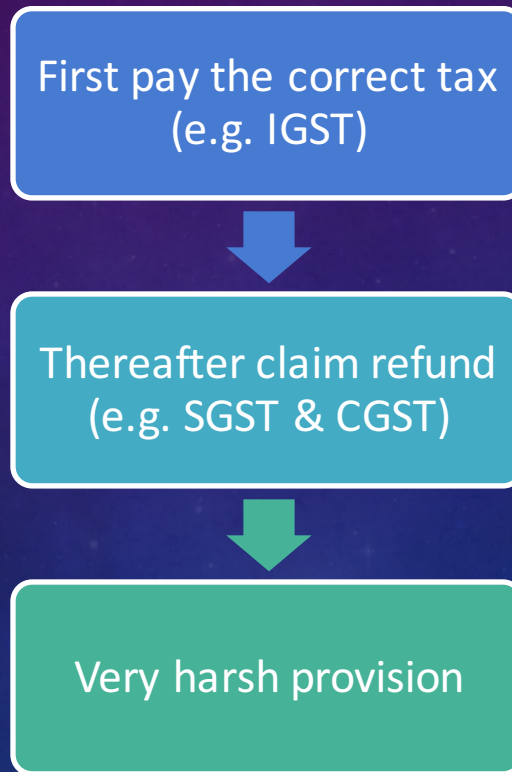
PLACE OF SUPPLY – SERVICES (SEC. 6 OF IGST ACT)

TYPE	PLACE OF SUPPLY
Made to a registered person	Location of such person
Made to other than a registered person	Location of the recipient where the address on record exists. If not, location of supplier
Immovable property/boat/vessel	Location of such property/boat/vessel
Restaurant and other personal services like beauty treatment	Location where the services are actually performed.
Training and performance appraisal	Location where the services are actually performed.
Admission to events	Place where event is actually held
Organization of events/transportation of goods & passengers	Location of person if registered or where event is held if not registered

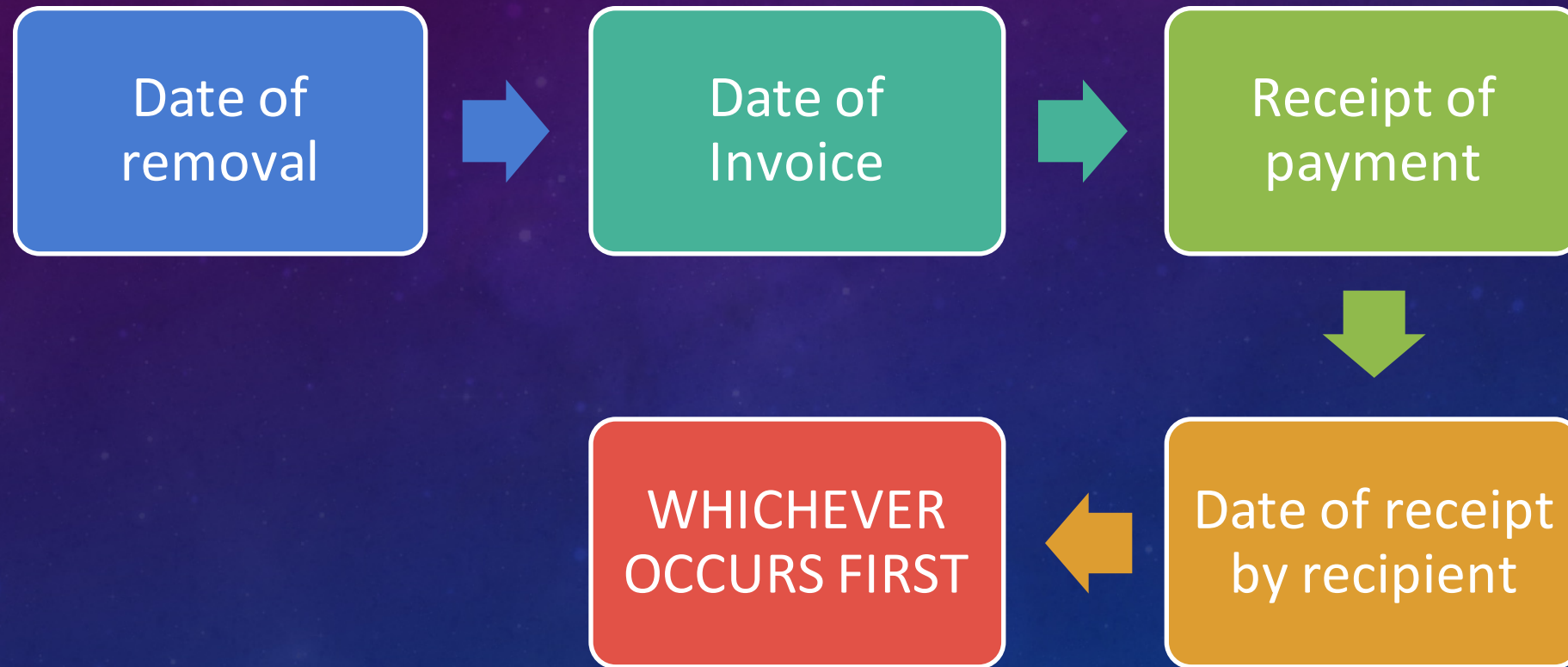
PLACE OF SUPPLY – SERVICES (SEC. 6 OF IGST ACT)

TYPE	PLACE OF SUPPLY
Services on board a conveyance	The first scheduled point of departure
Telecommunication services	Place of installation, post-paid: billing address, pre-paid: place of sale (internet banking: place of recipient on record)
Banking & other financial services	Place of recipient of service on record

REFUND OF TAX WRONGLY PAID (SEC. 53)



TIME OF SUPPLY FOR PAYMENT OF GST – GOODS (SEC. 12)



TIME OF SUPPLY FOR PAYMENT OF GST – GOODS (SEC. 12)

Continuous Supply

- As per statement
- If not available earliest of date of issue of invoice or receipt of payment

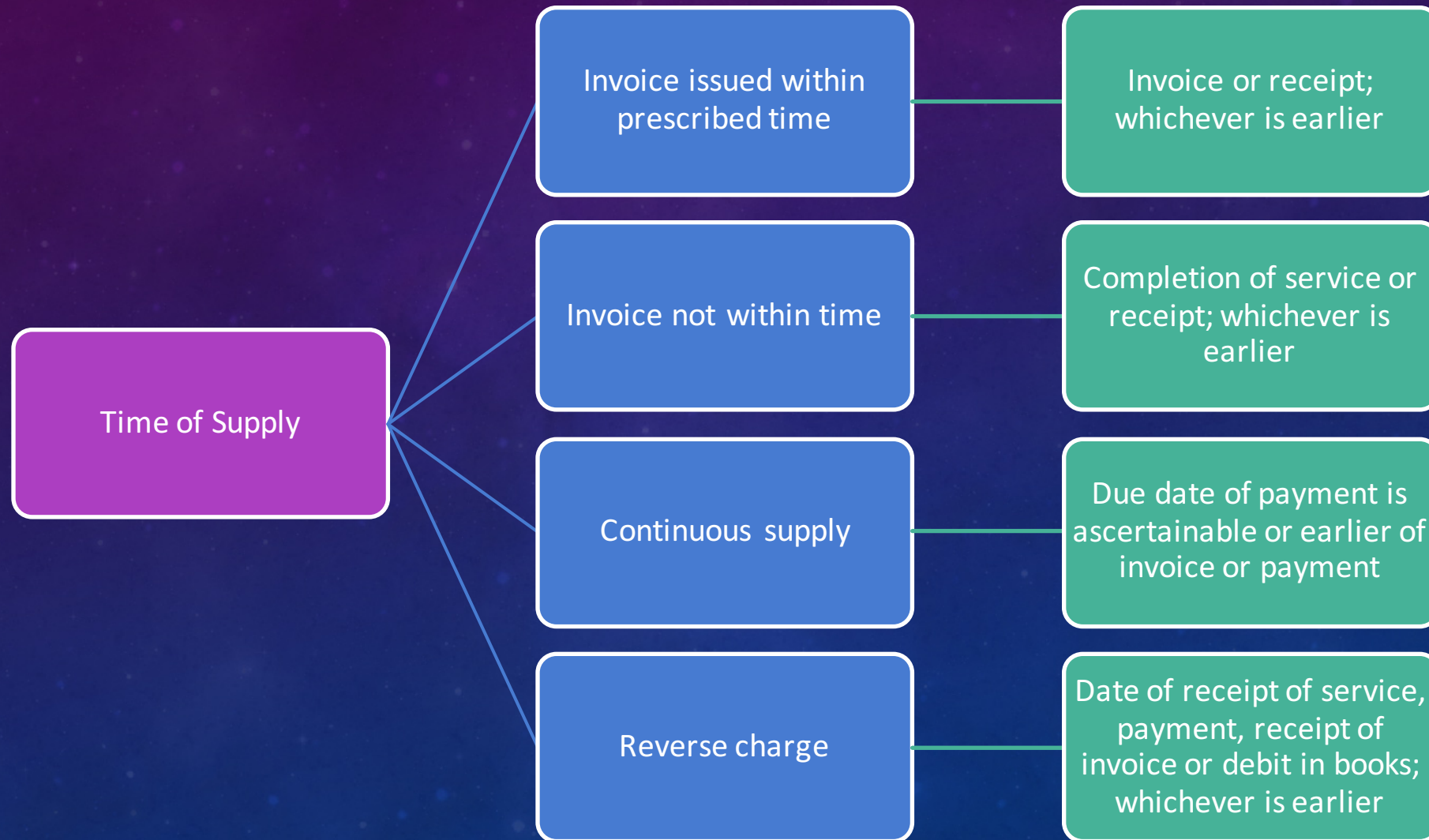
Reverse Charge

- Date of receipt of goods
- Date of payment
- Date of receipt of invoice
- Date of debit;
- Whichever is earlier

Goods sent on approval basis

- Time of supply when known
- Six months;
- Whichever is earlier

TIME OF SUPPLY FOR PAYMENT OF GST – SERVICES (SEC. 13)



INPUT TAX CREDIT (CHAPTER V)

Eligibility:

- All goods or services
- Used or intended to be used
- In the course or furtherance of business

Negative list:

- Motor vehicle except transportation or training
- Used in relation to specified services used primarily of personal use by employees
- Construction of immovable property
- Composition tax
- For personal/private consumption

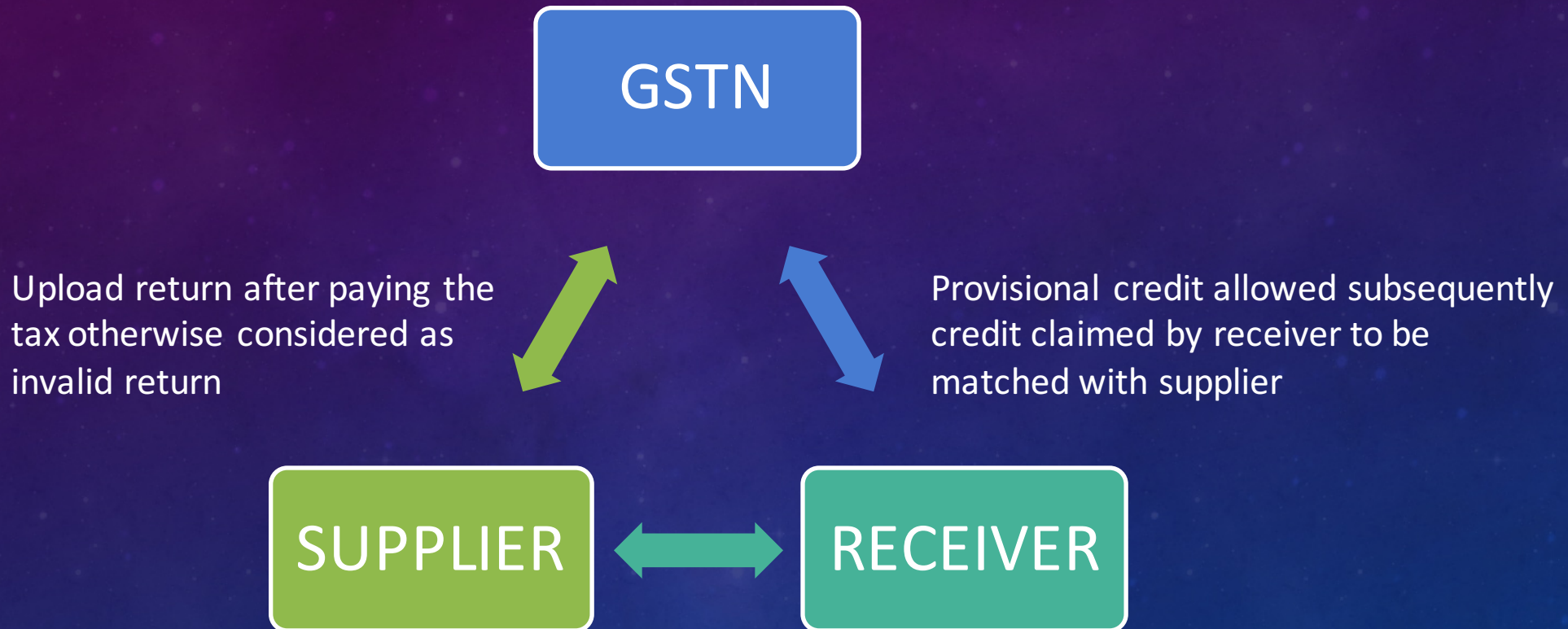
Conditions:

- Possession of a tax invoice, debit note, supplementary invoice or such other taxpaying document
- He has received the goods and/or services
- The tax charged in respect of such supply has been actually paid
- He has furnished the return under section 27

Time Limits:

- Credit for an invoice pertaining to a FY cannot be claimed after:
Filing of the return for the month of September following the end of FY or
Filing of the annual return of the FY; whichever is earlier (effectively 20th Oct)

GOODS AND SERVICES TAX NETWORK (SEC. 28 & 29)



Receiver to pay interest on mis-match from date of availment and not utilization, refund only to the extent of tax & interest paid by supplier

REFUND (SEC. 38)



JOB-WORK (SEC. 43A)



RETURNS (SEC. 27 & 30)

RETURN	DUE DATE	FORM
Outward Supplies	10th of next month	GSTR -1
Inward Supplies	15th of next month	GSTR-2
Summary return for all taxable persons except specified herein under	20th of next month	GSTR-3
Composition Person	18th of next month following end of quarter	GSTR-4
Periodic return by non-resident foreign taxpayer	Last day of registration	GSTR-5
Input Service Distributor	13th of next month	GSTR-6
Tax Deductor	10th of next month	GSTR-7
Annual Return	31st December following F.Y.	GSTR-8
Final return	3 months from date of cancellation or order of cancellation whichever is later (to include all transactions from last return to date of cancellation)	

VALUATION – INCLUSIONS (SEC. 14)

Consideration

- Payment made for the inducement of, the supply of goods and/or services
- The monetary value of any act or forbearance
- Deposit, whether refundable or not not be considered unless applied

Incurred by recipient

- Not included in the price
- The value of such goods and/or services as are supplied directly or indirectly by the recipient of the supply free of charge or at reduced cost
- Royalties and license fees

Taxes

- Shall include all taxes other than SGST or the CGST or the IGST

Incidental expenses

- Commission and packing
- Any amount charged for anything done by the supplier in respect of the supply of goods and/or services at the time of, or before delivery of the goods or, as the case may be, supply of the services

Subsidies

- Which is linked to supply

VALUATION – INCLUSIONS (SEC. 14)

Reimbursement

- All reimbursement shall be included

Discount before Time of supply

- Allowed only if it is in the course of normal trade practice
- And has been duly recorded in the invoice

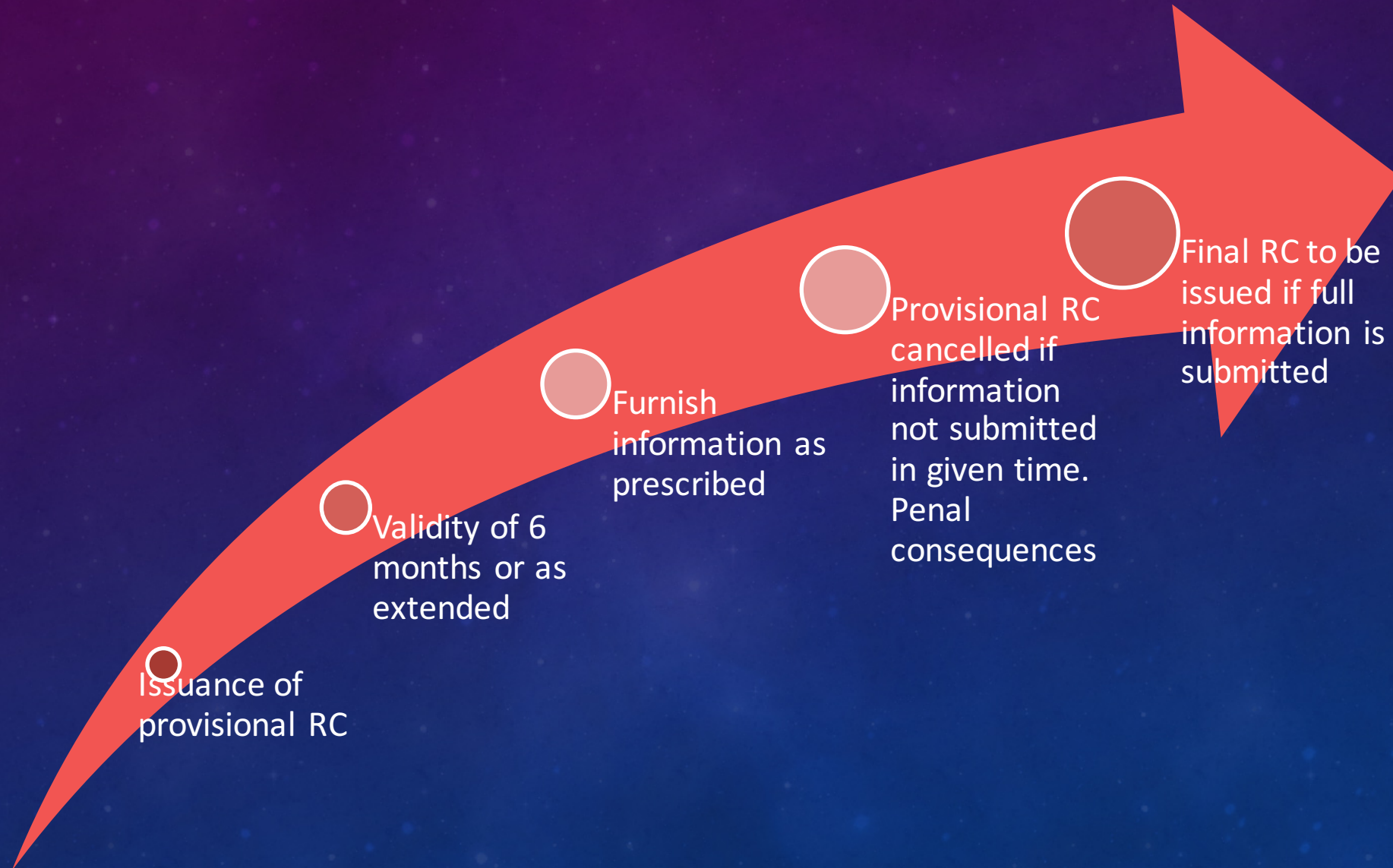
Discount after Time of supply

- Allowed only if such post-supply discount is established as per the agreement and is known at or before the time of supply
- Specifically linked to relevant invoices

GST Valuation Rules, 2016

- Transaction Value
- Value by Comparison
- Computed Value Method
- Residual Method
- Rejection of declared value

TRANSITIONAL PROVISIONS – MIGRATION (SEC. 142)



TRANSITIONAL PROVISIONS – UNUTILIZED CREDIT (SEC. 143, 144, 145 & 146)

Existing CENVAT & ITC balance

- Amount as per return ending immediately preceding appointed day to be eligible as CGST/SGST

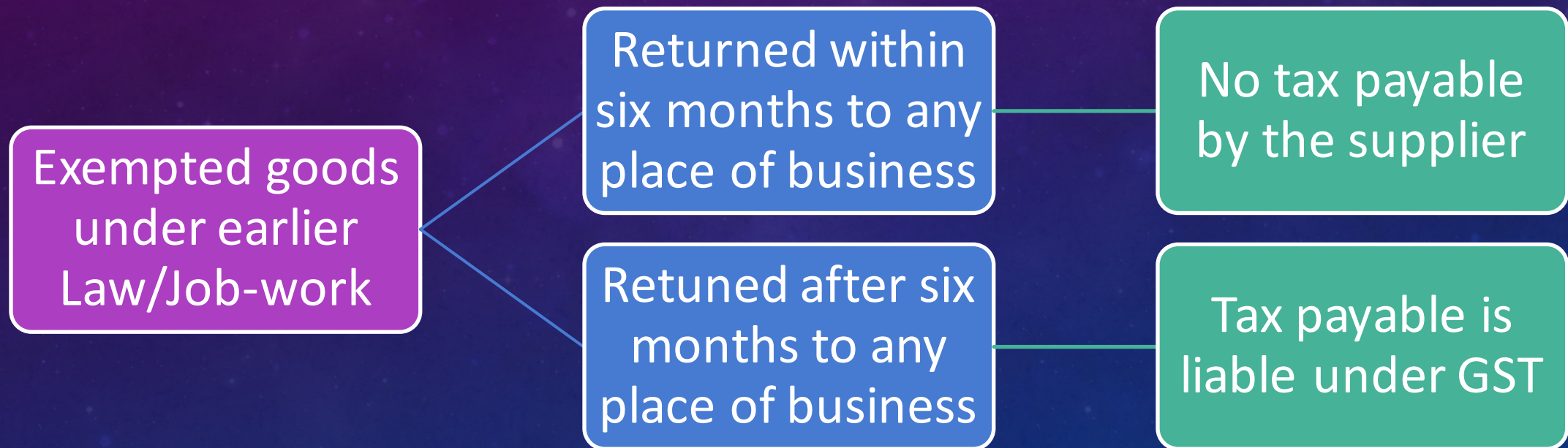
Un-availed CENVAT on Capital goods

- Eligible as CGST

First time registration

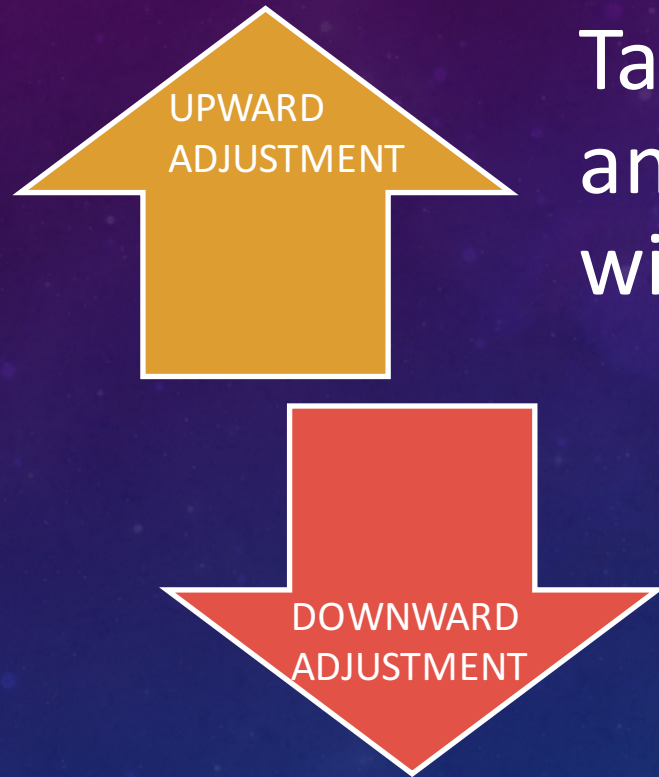
- Credit eligible on inputs held in stock or contained in semi-finished or finished goods
- Not allowed for purchases older than one year

TRANSITIONAL PROVISIONS – RETURN OF GOODS (SEC. 148 & 150)



In case of job-work period can be extended by two more months by competent authority

TRANSITIONAL PROVISIONS – SUBSEQUENT REVISIONS (SEC. 153)



Tax to be paid under GST
and debit note to be issued
within 30 days of revision

TRANSITIONAL PROVISIONS - BRANCH TRANSFERS (SEC. 162C)

ITC reversed before not entitled as credit

What about ITC on fuel ??

HOW WE CAN HELP



GOVERNMENT

INDUSTRY

INCREASE
REVENUE

CHECK EVASION

EASY
COMPLIANCE

SINGLE
CONTROL

SIMPLIFICATION

THANK YOU !!

