



Thinking Ahead and
Responding Rapidly



THE DAWN OF GST ERA

Updated 3 June 2017

THE POWER OF BEING UNDERSTOOD





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The Dawn of GST Era

Updated 3 June 2017



This publication comprises of analysis of following significant decisions taken during 15th GST Council meeting held on 3 June 2017:

- The classification and rates for goods / services
- Approved rules:
 - Return Rules
 - Tax Invoice
 - Input Tax Credit
 - Refund
 - Transition Rules
 - Composition Scheme
 - Valuation
 - Payment of Tax

Preface

The Goods and Services Tax (GST) which is set to replace a plethora of current indirect taxes is undoubtedly the most iconic structural financial reform undertaken in India. Indirect taxes generally account for 10% to 20% of the turnover and as such, GST will have far reaching impact for virtually every business in terms of tax rates; overall tax incidence, input credits, distribution system, prices and costs. GST seeks to reduce the cascading effect of the multiple indirect taxes such as excise duty, VAT, service tax, central sales tax, countervailing duty (CVD), octroi duty and harmonize tax administration between the Centre and the States which will improve the ease of doing business. The destination based GST provides businesses with seamless credit across the value chain. The agreement and coherence between the Centre and the States is indeed a remarkable feat and envisages creation of a common market throughout India. The GST regime will enable a vast majority of Indian businesses to access the entire national market without having to invest heavily in a country wide warehousing and distribution network and in the process further propel India's economy.

Electronic return filing and assessment will smoothen the process of tax credits and set offs across the value chain, reduce tax evasion, significantly reduce compliance cost and eventually transaction cost. Also, reduction in multiple product and area based exemptions will make the tax system more transparent, regular and predictable. A single taxable event viz. supply makes it easier for businessmen to understand the levy and the subject matter of taxation.

While it is good and admirable to ponder on the benefits of GST, businesses need to undertake a series of concrete actions that would ensure they are well poised and equipped to benefit from the GST regime. GST is a complex legislation and does have far reaching impacts on businesses, some of which are extremely challenging and disruptive. It is easy to get lost in the jargon of GST and get lost in the labyrinth of legislative changes. It is with this intention that we have come out with this publication so that we can serve as a roadmap for businesses to navigate through this complex mist and haze surrounding GST. The book presents a one-stop roadmap for consideration of the impact of GST from a business perspective. These include pricing and renegotiation of agreements, changes in Enterprise Resource Planner (ERP) and supporting IT infrastructure, supply chain optimisation, compliances and consideration of impact on

cash flows and business processes. GST presents an opportunity for those who are willing to make suitable adjustments to cope with the same and could result in tremendous cost savings and improve competitiveness.

We hope that the publication serves as a ready reckoner for the businesses and gives you a clear GST blueprint. We have tried to do away with the jargon as much as possible and tried to give the publication an entirely business oriented perspective.

The publication is updated covering the decisions made in the 15th GST Council meeting held on 3 June 2017.

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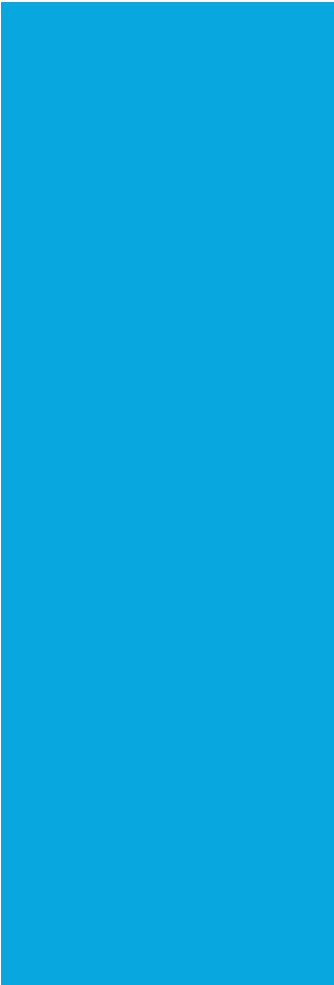
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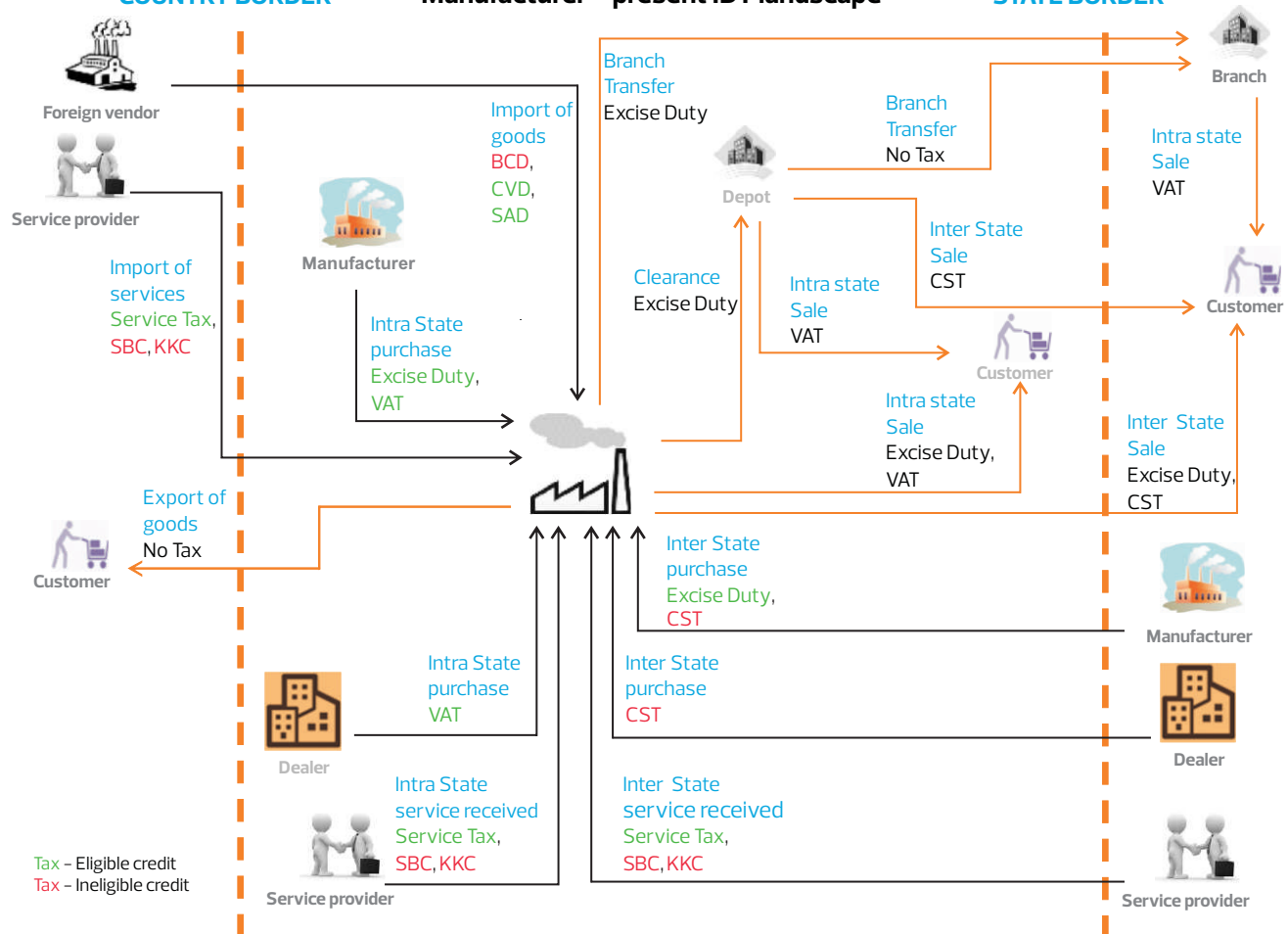
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COUNTRY BORDER

Manufacturer – present IDT landscape

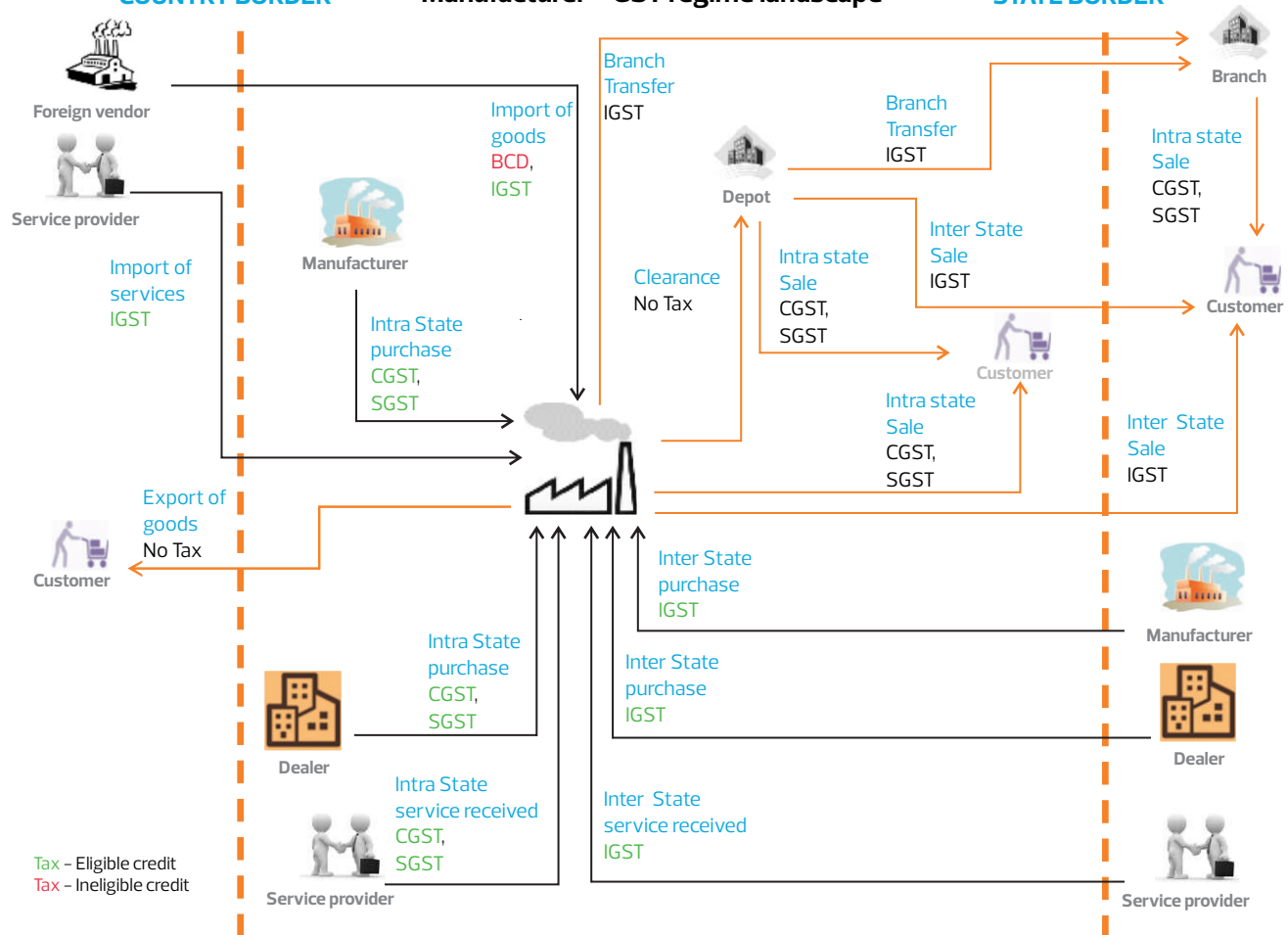
STATE BORDER



COUNTRY BORDER

Manufacturer – GST regime landscape

STATE BORDER

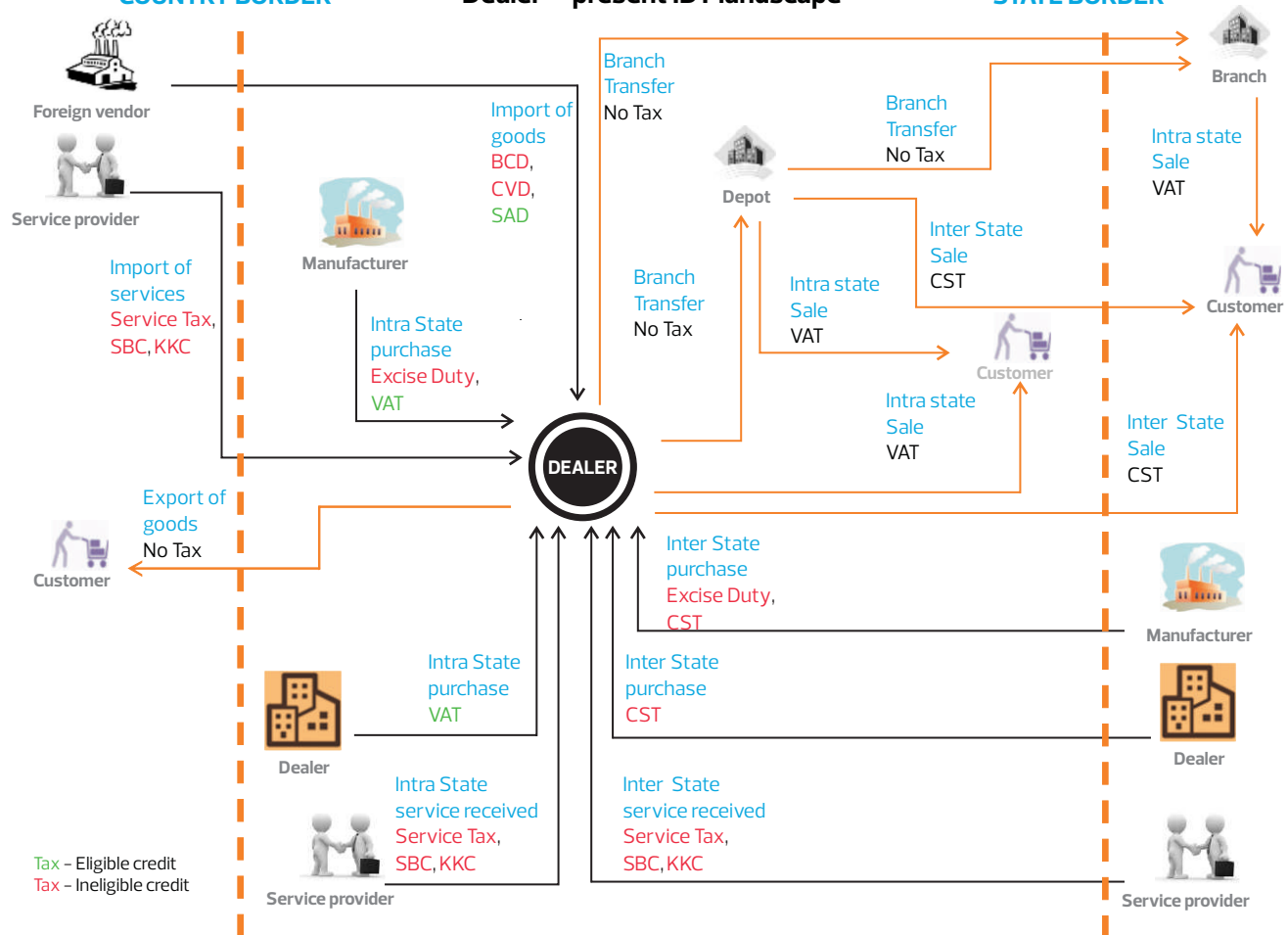


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COUNTRY BORDER

Dealer – present IDT landscape

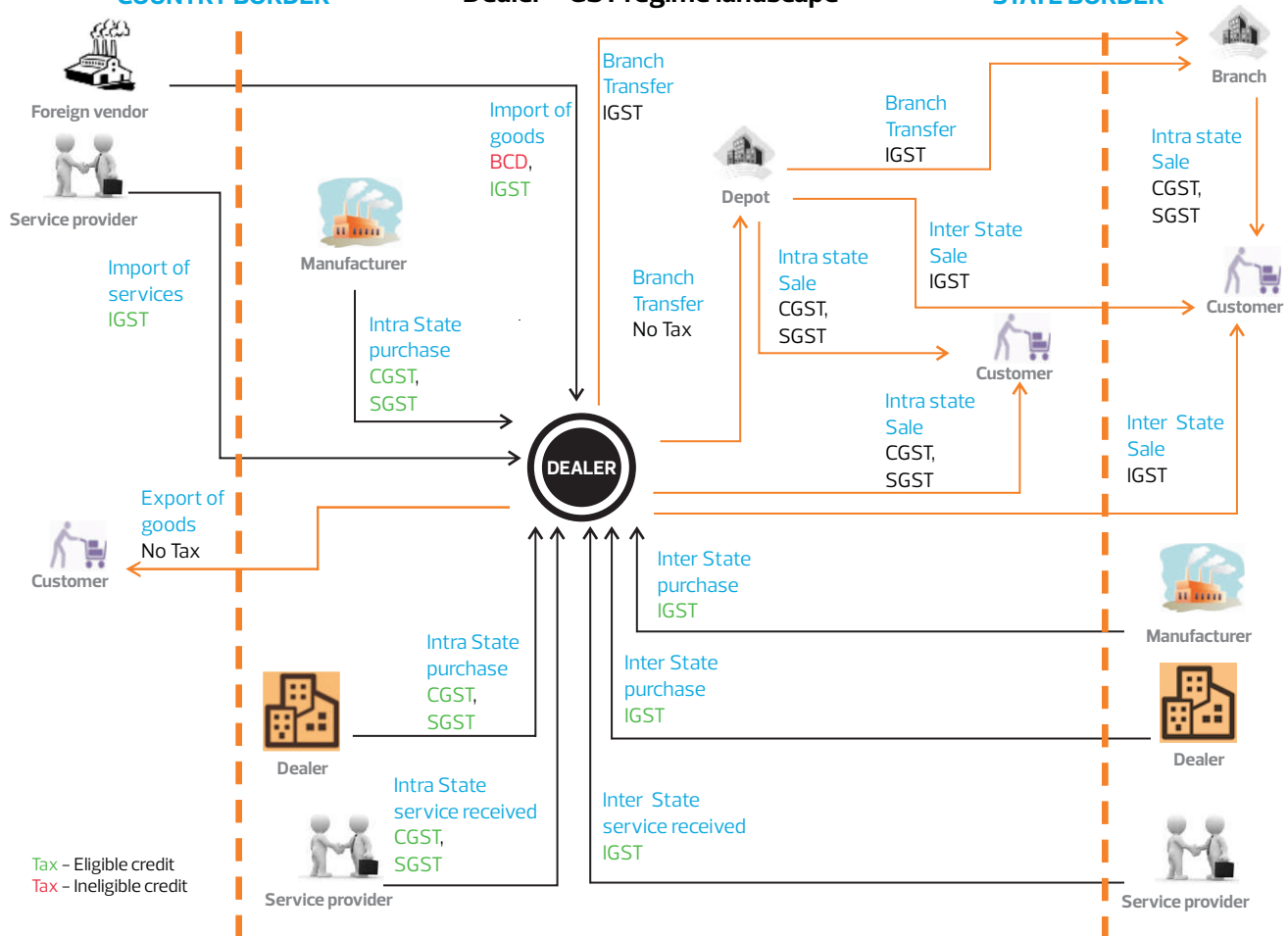
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COUNTRY BORDER

Dealer – GST regime landscape

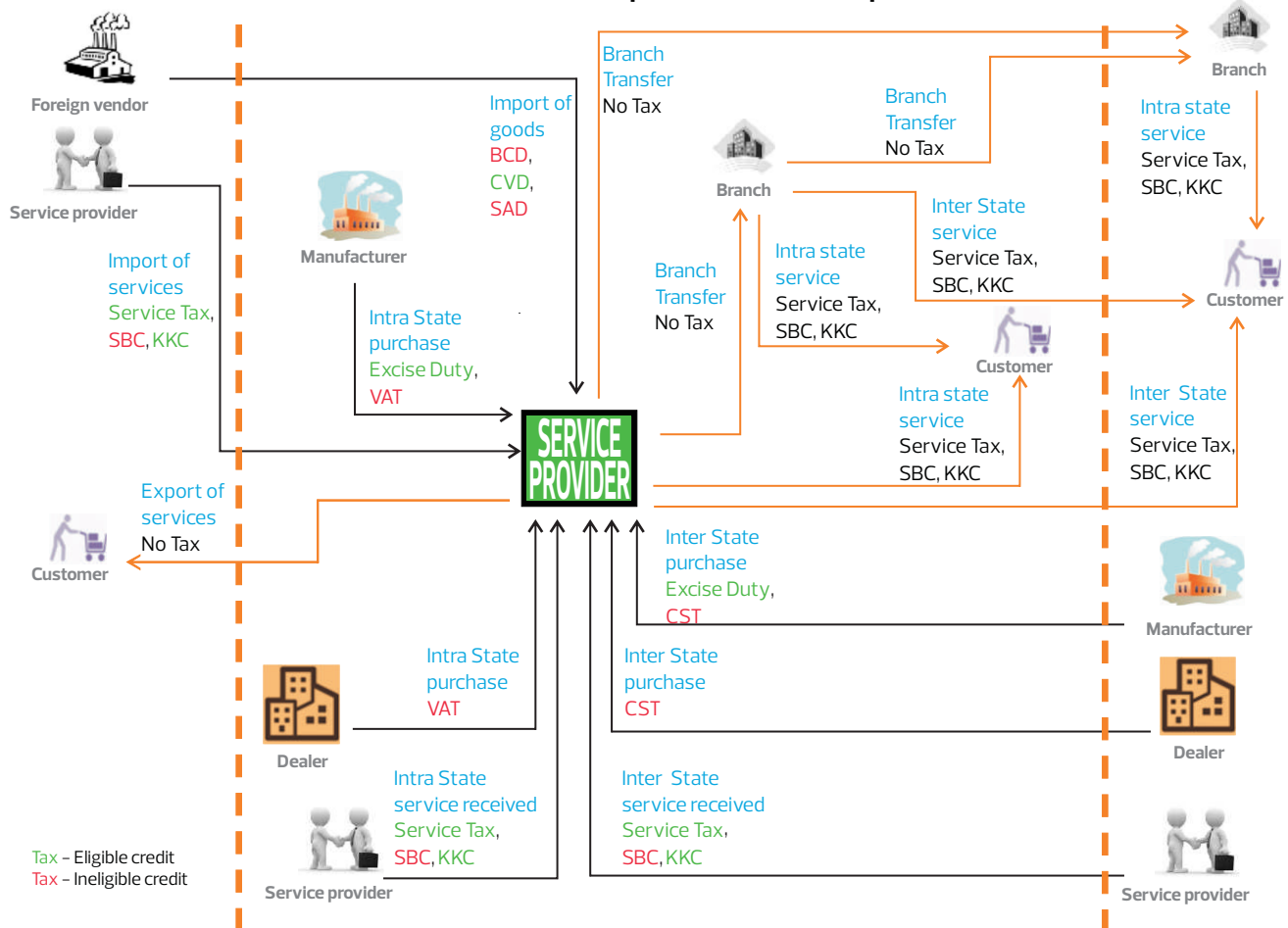
STATE BORDER



COUNTRY BORDER

Service Provider – present IDT landscape

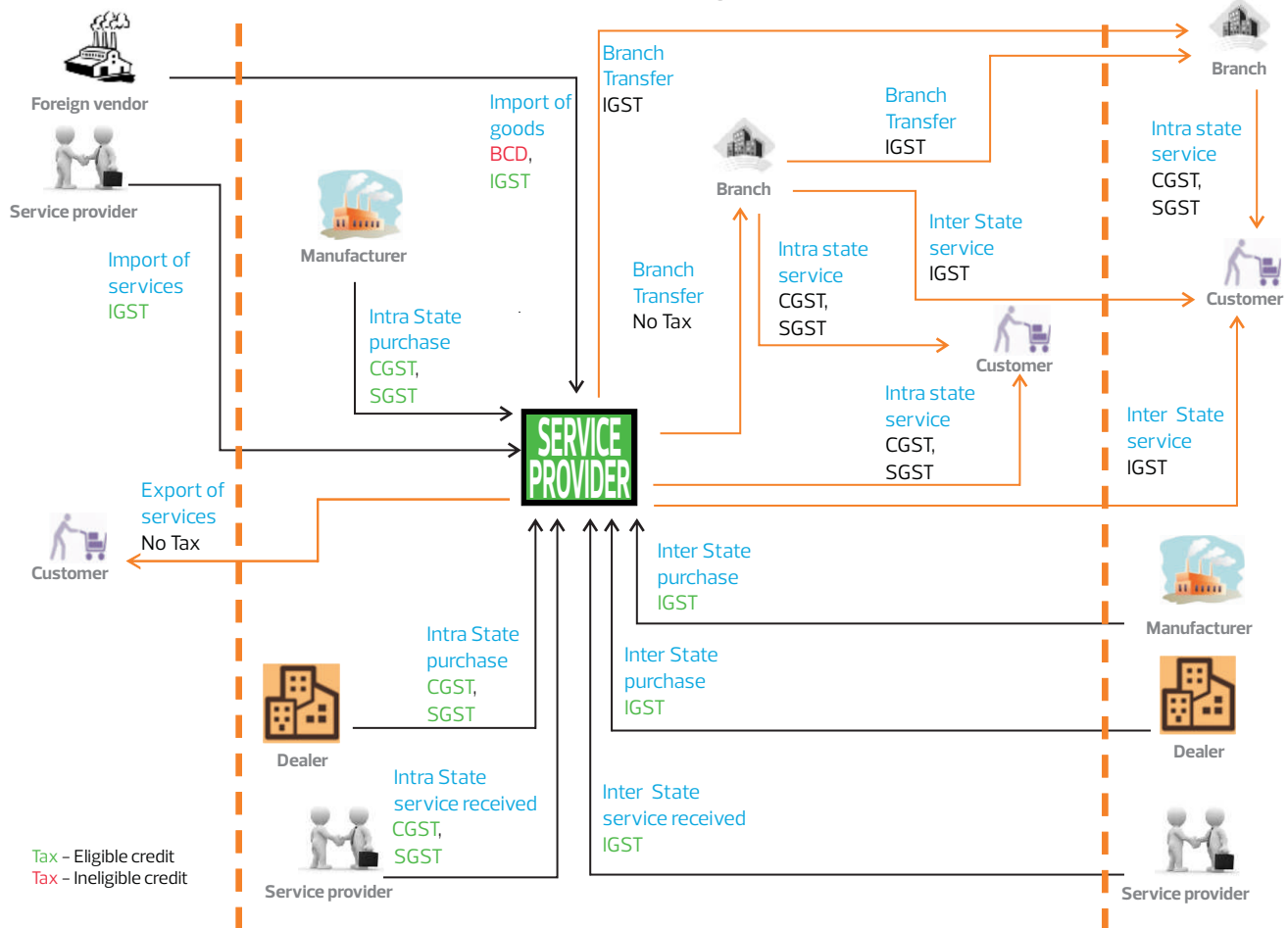
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COUNTRY BORDER

Service Provider – GST regime landscape

STATE BORDER



GST is an indirect tax to be levied on supply of goods and services. It is a nation-wide tax seeking to unify several fragmented indirect taxes. GST is based on the principle of 'One Nation One Tax.' With such a major tax reform in the history of India which is likely to take effect from 1 July 2017 and which shall change the outlook of present indirect tax regime, are you ready for adopting GST as a part of your business operations?

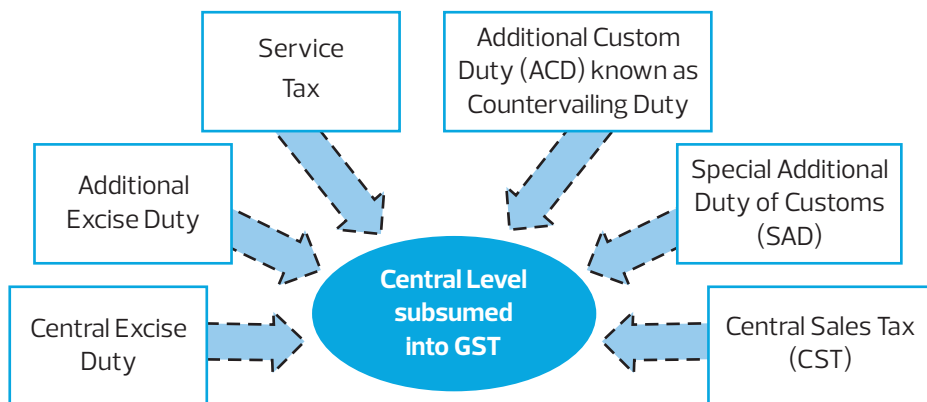
GST Readiness Checklist

- What is or are the rates of GST applicable to my products and services?
- Which of the current indirect taxes such as customs duty, excise duty, VAT, CST, service tax, etc. will cease to be applicable to me on introduction of GST?
- What tax credits would I be able to claim against my GST liability?
- What is CGST, IGST and SGST and is there a seamless credit available across these taxes?
- On which date will the GST replace the present indirect taxes?
- What is the last date for registration and migration of existing registration under the GST law? Is it already overdue?
- What will happen to my credit balances and refunds against the present indirect tax laws such as CENVAT credit, VAT refunds and set offs and tax holidays?
- Is there any reverse charge applicable for my input goods and services and import?
- Will the branch transfers continue to be exempt?
- Will there be any additional input cost due to vendors charging a higher GST rate? Will I be able to claim set off?
- Do I have to file a single tax return or there are multiple tax returns and state wise tax returns?
- Do I need to rework my prices and costs?
- Do I need to rework my customer and vendor contract to ensure recovery of GST and grant/receipt of input credit?
- Do I need to relook at my supply chain, warehousing and distribution system?
- Is there any additional working capital or blockage of funds?
- Are there any credits for which I need to claim refunds from the government and if so, what is the time line and certainty of refund?
- What is the GST treatment of my on-line sales and e-commerce business?
- Is my IT and ERP system ready to ensure GST compliances and tax credits?
- Can I improve my bottom line by optimizing GST taxes, set offs and operating costs?

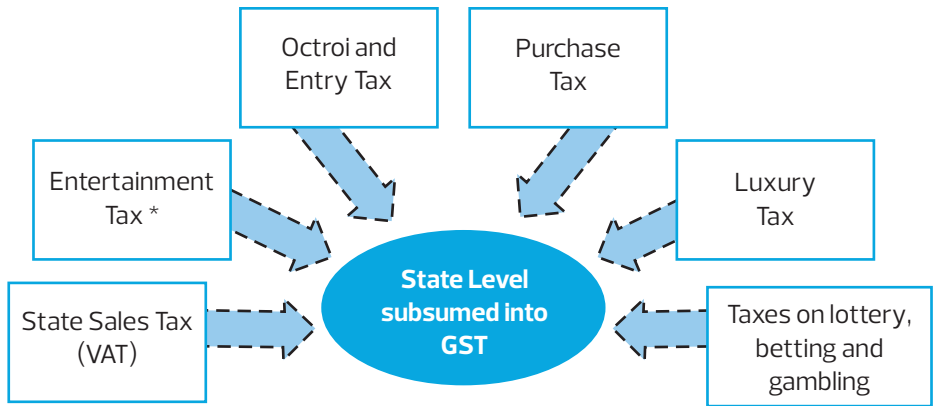


Chapter 2 Taxes To Be Subsumed

- 2.1** GST is an indirect tax for the whole nation, which proposes to make India one unified common market. GST is a tax on the supply of goods and services, across the entire industry value chain. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.
- 2.2** GST is the biggest ever tax reform of Independent India whereby multiple indirect taxes are subsumed in a single regime called GST. The GST regime shall subsume taxes like Central Excise Duty Act, 1944, Central Sales Tax Act, 1956, Chapter V of the Finance Act, 1994 (Service Tax) and a host of other state levied taxes including state-wise Value Added Tax (VAT).
- 2.3** The Central level taxes that are being subsumed in GST are as under:



2.4 The State level taxes that are being subsumed in GST are as under:



* Other than the entertainment tax to be levied by the local bodies

2.5 The following taxes shall not be subsumed in GST

- **Alcoholic Liquor for Human Consumption** – The same shall be exclusively taxed by States.
- **Tax on Petroleum Crude/High Speed Diesel/ Motor Spirit/Natural Gas/Aviation Turbine Fuel** – The states would continue as per current laws to impose Value Added Tax (VAT) on intra state sales while inter–state sales would continue to attract Central Sales Tax. Also, Excise duty will continue on petroleum products.

The said Petroleum products shall be subject to GST at a future date as per the recommendation of GST Council.

- **Stamp duties** – Typically imposed on legal agreements by the state. Stamp duty will continue to be levied by the States.
- **Taxes by Local Bodies** – Taxes levied by local bodies.
- **Basic Custom Duties (BCD)**
- **Export Duty** – Duty imposed at the time of export of certain goods which are not available in India in abundance.

- 3.1** The earlier provisions of Constitution did not provide for imposition of GST. Hence, Constitutional Amendment was required before introduction of GST. The Constitution (101st Amendment) Act, 2016 received assent of president on 8 September 2016 to make it an Act. The Constitution Amendments were notified and made effective from 16 September 2016. As per Section of 19 of the Constitution Amendment Act, indirect tax laws which are inconsistent with the provisions of the constitution amendment for levying GST shall continue to be in force until amended/repealed or until expiration of 1 year from the date of commencement of Constitution amendment, whichever is earlier.
- 3.2** The Constitution (101st amendment) Bill, 2014 was introduced in December 2014. The Constitution (101st Amendment) Bill, 2014 relating to GST was passed by Lok Sabha on 7 May 2015. It was passed by Rajya Sabha on 3 August 2016 with certain amendments. These amendments were later ratified by Lok Sabha. The assent of president was received on 8 September 2016 to make it an Act.
- 3.3** The Constitution Amendments were notified and made effective from 16 September 2016. As per Section of 19 of the Constitution Amendment Act, indirect tax laws which are inconsistent with the provisions of the constitution amendment for levying GST shall continue to be in force until amended/repealed or until expiration of 1 year from the date of commencement of Constitution amendment, whichever is earlier.
- 3.4** Hence, appointed date for GST cannot be delayed beyond 15 September 2017 as the Constitutional validity of existing regulations ends on 16 September 2017. However, Government is taking effective steps with a proposed target of making appointed date of GST as 1 July 2017.
- 3.5** The Goods and Services Tax Council ('GST Council') has been constituted vide Notification No.SO2957 (E) dated 15 September 2016. As per Article 279A of Constitution of India, the GST council shall make recommendations to the Union and the States on:
- The taxes, cesses and surcharges levied by the Union, the States and the

local bodies which may be subsumed in GST.

- The goods and services that may be subjected to or exempted from GST.
- Model GST laws, principles of levy, apportionment of GST levied on supplies in the course of Inter-State trade or commerce under Article 269A and the principles that govern the place of supply.
- The threshold limit of turnover below which the registration is not compulsory for supplier of Goods or Services.
- The rates including floor rates.
- Any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster.
- Special provision with respect to the Special category States.
- Any other matter relating to GST as the Council may decide.

3.6 The following Bills were introduced in the Lok Sabha, during the Budget session of the Parliament :

- The Central Goods and Services Tax Bill ,2017 (CGST)
- The Integrated Goods and Services Tax, Bill 2017 (IGST)
- The Union Territory Goods and Services Tax Bill, 2017
- The Goods and Services Tax (Compensation to States) Bill, 2017.

3.7 Discussions on the above Bills commenced in the Lok Sabha on 29 March 2017 and were passed on the same day after a long debate. The Rajya Sabha has also approved the 4 bills on 6 April 2017. **The Bills got presidential assent on 12 April 2017 to become an Act.**

- 3.8** Further, each state will introduce its own “The State Goods and Service Tax Bill, 2017” in the respective state assembly within due course.
- 3.9** Till 6 June 2017, 24 states had passed the respective State Goods and Service Tax Bill, 2017.
- 3.10** The GST Council had already approved classification and rates for goods and services apart from most of the rules and returns formats.
- 3.11** The Central and State Government will not only have to enact the GST related Acts but also to issue notifications for rates, exemptions and for rules. Further the notification will be issued appointing date for making GST applicable.

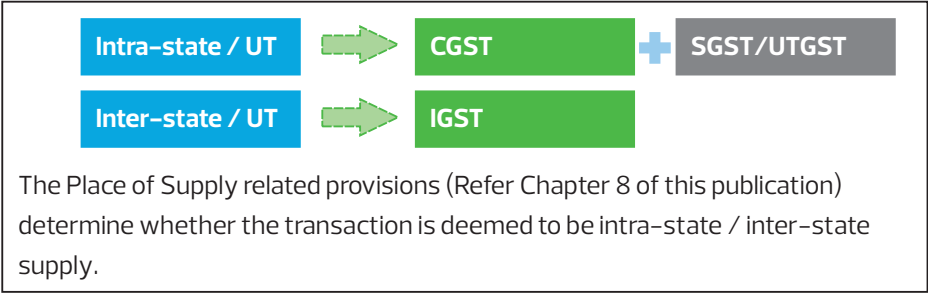
Chapter 4 GST Laws, Regulations And Chargeability

4.1 GST Laws, Regulations & chargeability

- Article 246A of the Constitution, which was introduced by the Constitution (101st Amendment) Act, 2016 confers concurrent powers to both, Parliament and State Legislatures to make laws with respect to GST. Further, the Parliament has been given exclusive power to legislate matters with respect to inter-state trade or commerce. The GST related provisions will extend to the whole of India except the State of Jammu and Kashmir.
- India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the Governments have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST is thus proposed keeping in mind the constitutional requirement of fiscal federalism.

4.2 Taxable event under GST is 'supply' of goods or services or both

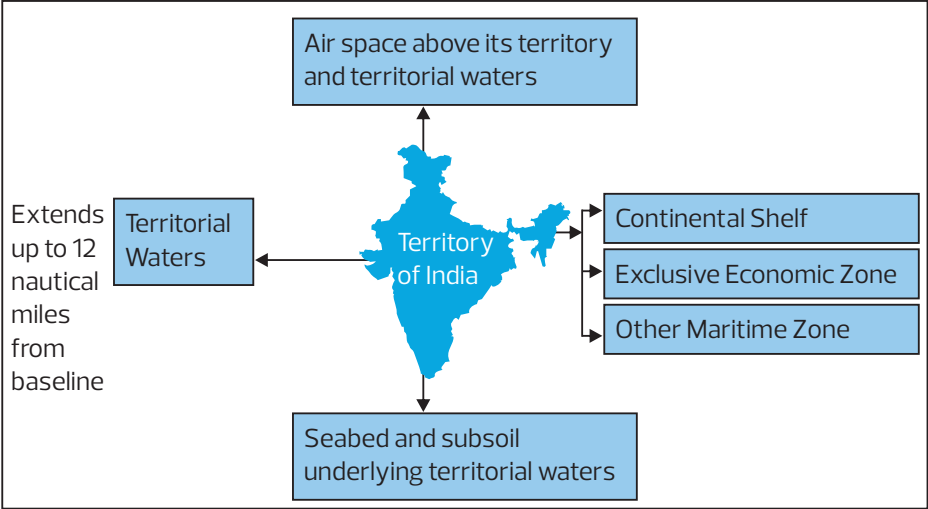
- The GST shall be levied by the Central Government on the intra-state supply of goods and / or services which would be called as the Central Goods and Services Tax (CGST). Further, States / Union Territories will also levy GST on intra-state / union territory supply of goods and / or services which would be called as the State Goods and Services Tax / Union Territory Goods and Services Tax (SGST) / (UTGST). For the inter-state supply of goods and / or services, Integrated GST (IGST) will be levied and administered by the Centre. The collection in IGST will be compensated to the consuming State as per the compensation mechanism framed.
- Tax Collection in case of Intra and Inter-state / union territory supplies of goods and /or services **is depicted as shown on next page**



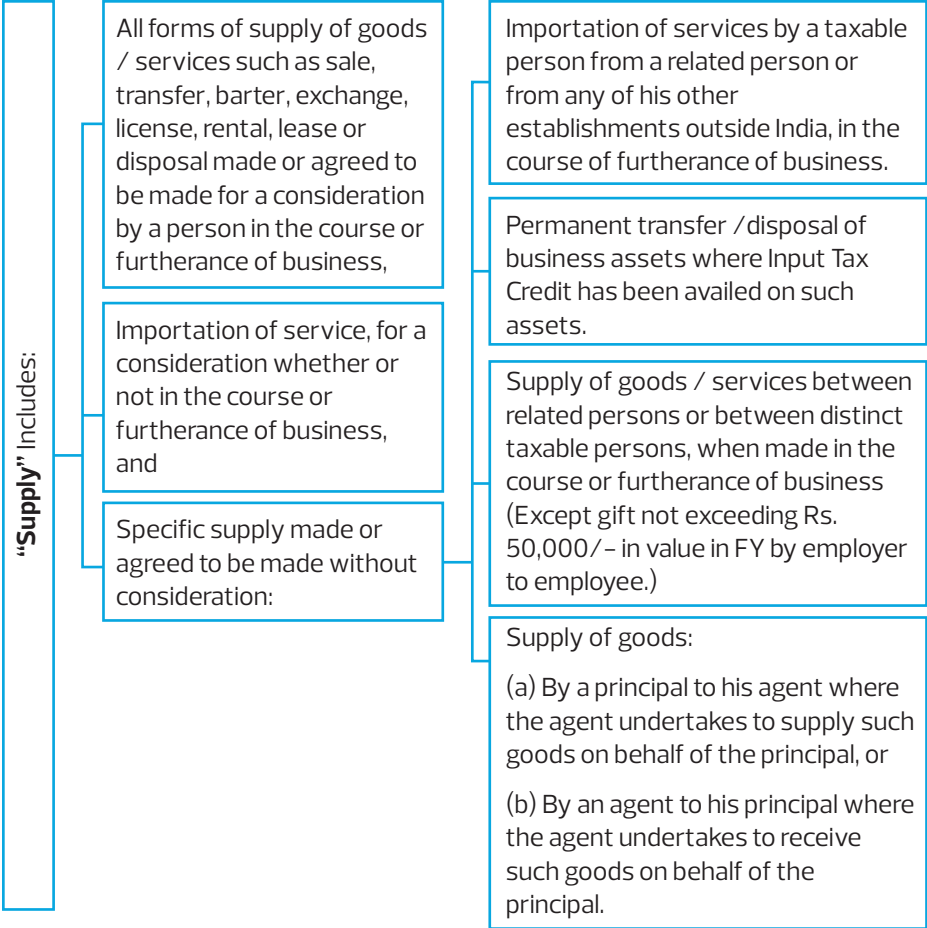
- The Union territories with legislature, i.e., Delhi and Puducherry are treated at par with States and will have their own State GST Acts. While other 5 union territories will adopt Union Territory GST Acts. The Union Territories without legislatures to adopt UTGST are as follows:

Sr. No.	Union Territories
1	The Andaman and Nicobar Islands
2	Lakshadweep
3	Dadra and Nagar Haveli
4	Daman and Diu
5	Chandigarh

4.3 'India' means



- 4.4** The liability to discharge GST will be on taxable person who makes supplies. However, for certain categories of supplies of goods / services, the liability to discharge GST will be on recipient of supplies under reverse charge mechanism. Further supplies from un-registered person to registered person will be liable to GST under reverse charge.
- 4.5** As taxable event under GST is that of supply of Goods / Services or both, understanding the meaning of 'Supply' under GST law is very critical for analyzing taxability of GST on a transaction. The definition of Supply under GST laws is an inclusive definition, which is depicted below:



4.6 Distinct Persons

A person, who has obtained or is required to obtain more than one registration whether in one State or Union Territory or more than one state or Union Territory shall in respect of each such registration, be treated as distinct persons.

4.7 Agent

Agent means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another.

4.8 Related Person

- a) Person shall deemed to be related if –
 - i. such persons are officers or directors of one another's businesses;
 - ii. such person are legally recognized partners in business;
 - iii. such persons are employer and employee;
 - iv. any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
 - v. one of them directly or indirectly controls the other;
 - vi. both of them are directly or indirectly controlled by a third person;
 - vii. together they directly or indirectly control a third person; or they are members of the same family
- b) the term "person" also includes legal person
- c) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

4.9 The transactions which are deemed as supply of goods / services or which are deemed to be neither a supply of goods / services are given below

Supply of Goods	Supply of Services	Neither supply of Goods nor Services
<ul style="list-style-type: none"> - Goods means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under the contract of supply. - Following shall be deemed to be treated as supply of goods: <ol style="list-style-type: none"> (1) Transfer of title in goods (2) An agreement in which transfer of title in property in goods will pass at a future date upon payment of full consideration (3) Where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or 	<ul style="list-style-type: none"> - Services means anything other than goods, money and securities but includes activities relating to use of money or conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which separate consideration is charged. - Following shall be deemed to be treated as supply of services: <ol style="list-style-type: none"> (1) Transfer of right in goods or of undivided share in goods without transfer of title thereof. (2) Lease, tenancy, easement, license to occupy land. (3) Lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly. (4) Treatment or process being applied to another person's goods. (5) Where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or 	<ul style="list-style-type: none"> - Services by an employee to the employer in the course of or in relation to his employment. - Services by any Court or Tribunal established under any law for the time being in force. <ol style="list-style-type: none"> (a) The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities; (b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or

Supply of Goods	Supply of Services	Neither supply of Goods nor Services
<p>not for a consideration, such transfer or disposal</p> <p>(4) Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—</p> <p>a) The business is transferred as a going concern to another person; or</p> <p>b) The business is carried on by a personal representative who is deemed to be a taxable person</p> <p>(5) Any unincorporated association or body of persons supplies goods to a member for cash, deferred payment or other valuable</p>	<p>made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods.</p> <p>(6) Renting of immovable property.</p> <p>(7) Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or before its first occupation, whichever is earlier.</p> <p>(8) Temporary transfer or permitting the use or enjoyment of any intellectual property right.</p> <p>(9) Development, design, programming, customization, adaptation, up gradation, enhancement, implementation of information technology software.</p> <p>(10) Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act.</p> <p>(11) Works contract (Works Contract means a contract for</p>	<p>(c) The duties performed by any person as a Chairperson or a Member or a Director in a body established by the CG / SG / local authority and who is not deemed as an employee before the commencement of this clause.</p> <ul style="list-style-type: none"> - Services of funeral, burial, crematorium or mortuary including transportation of the deceased. - Actionable claims, other than lottery, betting and gambling - Sale of land and building (Building subject to construction of complex, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where entire

Supply of Goods	Supply of Services	Neither supply of Goods nor Services
consideration	<p>building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in execution of such contract)</p> <p>(12) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.</p> <p>(13) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.</p>	<p>consideration is received after issuance of completion certificate by competent authority or after first occupation whichever is earlier)</p> <p>– Activities or transactions undertaken by Central Government, a State Government or any local authority in which they are engaged as public authorities as may be notified on recommendations of Council</p>

4.10 Composite or Mixed Supply

Particulars	Composite Supply	Mixed Supply
Definition	Means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any	Means two or more individual supplies of goods / services, or any combination thereof, made in conjunction with each other by a taxable person

Particulars	Composite Supply	Mixed Supply
	<p>combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is principal supply.</p> <p>“Principal supply” means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.</p>	<p>for a single price where such supply does not constitute a composite supply.</p>
Illustration	Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is the principal supply.	A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.
Tax liability	A composite supply comprising 2 or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply.	A mixed supply comprising 2 or more supplies shall be treated as supply of that particular supply which attracts the highest rate of tax.

4.11 Outward and Inward Supply

Outward Supply	Inward Supply
“Outward supply” in relation to a taxable person, means supply of goods or services or both, whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other mode, made or agreed to be made by such person in the course or furtherance of business.	“Inward supply” in relation to a person, shall mean receipt of goods or services or both whether by purchase, acquisition or any other means with or without consideration.



5.1 GST Rates for Goods

- The GST council approved classification and tax rate structure for commodities with 0%, 5%, 12%, 18% and 28% as the slabs subject to other rates for certain specific commodities. The classification of goods will be based upon HSN Code as followed under the present Central Excise Laws. The rates decided by the Council on certain goods are as under:

GST Rates	Commodities
Exempt	Foodgrains, Gur, Milk, Eggs, Curd, Lassi, Unpacked Paneer and Natural Honey, Fresh Vegetables, Atta, Besan, Maida, Vegetable Oil, Prasad, Common salt, Contraceptives, Jute
0.25%	Rough Diamonds
3%	All goods of Chapter 71 (except rough diamond) – Gold, Gems & Jewellery
5%	Sugar, Tea, Coffee, Edible oil, Coal, Skimmed Milk Powder, Milk Food for Babies, Condensed Milk, Packed Paneer, Newsprint, PDS Kerosene, LPG, Brooms, Apparel below Rs.1,000/–, Footwear below Rs.500/–, Yarn and Fabric cotton
12%	Butter, Ghee, Mobiles, Cashew, Almonds, Sausages, Fruit Juice, Packed Coconut Water, Agarbatti, Namkeens, Biogas, Readymade Garments
18%	Hair Oil, Soap, Toothbrush, Capital Goods, Industrial Intermediaries, Pasta, Corn flakes, Jams, Soups, Ice-cream, Toilet and Facial Tissues, Iron and Steel, Fountain Pen, Pastries and Cakes, Footwear above Rs.500/–, Biscuits
28%	Consumer Durables, Cars, Cement, Chewing Gum, Custard Powder, Pan Masala, Perfume, Shampoo, Make-Up, Fireworks, Lifts, Escalators, Aerated Water

- Apart from GST, Compensation Cess under the Goods and Service Tax (Compensation to States) Act, 2017 will also be levied on certain goods. The finalized Compensation Cess on certain goods are as follows:
 - Luxury Cars – 15%

- Small Petrol Cars – 1%
 - Diesel Cars – 3%
 - Pan Masala – 60%
 - Aerated Water and Lemonade – 12%
- Certain exemptions pertaining to CVD and SAD under existing regime to be continued under GST regime and will be exempted from IGST.

5.2 GST Rates for Services

- The GST council approved tax rate structure for all the description of services. Most of the exemptions (except few) as existing under present Service Tax laws to be continued under GST regime as well. The classification of goods will be based upon SAC Code which is newly drafted for GST regime. The rates decided by the Council on certain services are as under:

GST Rates	List of Services	Input Tax credit ('ITC') eligibility
5%	<ul style="list-style-type: none">• Transport of Goods by Rail / passengers (other than sleeper class) by rail;• Transport of goods in vessel;• Transport of passengers by air in economy class;• Transport of passengers with or without accompanied belongings by air embarking from or terminating in a regional connectivity scheme airport;• Leasing of aircrafts;	ITC eligible on input services
5%	<ul style="list-style-type: none">• Selling of space for advertisements in print media;• Job work in relation to printing of newspapers	Eligible

GST Rates	List of Services	Input Tax credit ('ITC') eligibility
5%	<ul style="list-style-type: none"> • Transportation of Goods by Road (GTA Services); • Renting of motor cab (if fuel cost borne by service provider); • Transport of passengers by air-conditioned contract/stage carriage other than motor cab or Transport of passengers by a radio taxi; • Supply of tour operators services. 	Not eligible
12%	<ul style="list-style-type: none"> • Transport of goods in container by rail by any person other than Indian Railways, • Transport of passengers by air other than economy class; • Restaurant not having facility of air conditioning or central heating during the year and not having license to serve liquor; • Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having tariff Rs.1,000/- and above but less than Rs.2,500/- per room per day; • Temporary transfer or use of Intellectual Property 	Eligible
12%	<ul style="list-style-type: none"> • Services provided by foreman of chit fund in relation to chit 	ITC eligible on input services
12%	<ul style="list-style-type: none"> • Construction of complex, building ,civil structure or part thereof intended for sale to buyer (value of land included in amount charged from service recipient) 	ITC eligible on input (no refund of overflow ITC)
28%	<ul style="list-style-type: none"> • Admission to entertainment events or access to amusement facilities; • Race club by way of totalisator or licensed bookmaker in such club; 	Eligible

GST Rates	List of Services	Input Tax credit ('ITC') eligibility
	<ul style="list-style-type: none">• Gambling;• Air conditioned restaurant in 5 star or above rated hotel;• Accommodation in hotel including 5 star and above, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purpose where room rent is Rs.5,000/- and above per night per room.	
18%	All other services not specified elsewhere	Eligible
Exempted	Most of the existing exemptions under the Service tax laws to be continued under GST regime.	Not eligible

5.3 Composition Levy Scheme

- The Composition Scheme for small businesses has been provided to help them with maintaining minimal compliance. The Composition Scheme will make compliance with tax laws hassle free for eligible businesses opting for the scheme.
- The Composition Scheme is available as an option subject to certain conditions in respect of registered taxable person whose aggregate turnover during preceding F.Y does not exceed Rs. 50 Lakhs.
 - Manufacturers – Not exceeding 2% of turnover in State / Union Territory
 - Restaurants – Not exceeding 5% of turnover in State / Union Territory
 - Other Supplies – Not exceeding 1% of turnover in State / Union Territory

- "Manufacture" means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly.
- The scheme is not applicable to taxable person who is engaged in the following supplies :
 - Engaged in the supply of services (other than supplies in relation to restaurant industry)
 - Makes any supply of goods which are not leviable to tax
 - Makes any inter-state outward supplies of goods
 - Makes any supply of goods through an electronic commerce operator who is required to collect tax at source
 - Manufacturer of such goods as may be notified on the recommendation of the council
- The Composition Scheme is subject to certain conditions.
 - Composition scheme once opted, the said scheme will be applicable to all registered person holding same PAN
 - The option availed by registered person in respect of Composition Scheme shall lapse with effect from the date his aggregate turnover during the financial year exceeds Rs. 50 lakhs
 - A taxable person who opts for the said scheme shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any ITC
 - The person exercising option should neither be a casual taxable person nor a non-resident taxable person

- Goods held in stock on appointed day have not been purchased in course of inter state trade or commerce or imported from a place outside India or received from branch situated outside the state or from agent or principal outside the State where option under Composition Scheme applied
 - Goods held in stock have not been purchased from unregistered supplier and where purchased, GST is paid under reverse charge
 - On every notice board or signboard displayed at prominent principal place of business and every additional place of business shall mention the words "Composition Taxable person"
 - The option exercised once shall continue and will be applicable for next year, unless opts out of scheme
- A registered person paying tax under the composition scheme shall issue a bill of supply with prescribed particulars including mentioning of "Composition Taxable Person, not eligible to collect tax on supplies" instead of a tax invoice.
 - The GST Act also provides for specific provisions in case of switch over from normal scheme to composition scheme and vice a versa.

6.1 General Provisions and Threshold limit

- Every supplier shall be liable to be registered under each State GST Act or UTGST Act for the state or union territory, other than special category states, from where he makes a taxable supply, if his aggregate turnover in a FY exceeds Rs. 20 lakhs.
- With respect to the special category states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand, the supplier shall be liable to be registered if his aggregate turnover in a FY exceeds Rs.10 lakhs.
- The grant for registration under SGST Act or UTGST Act shall be deemed to be grant of registration under CGST Act.
- Aggregate turnover means aggregate value of all taxable supplies (whether on his own account or behalf of principal), computed on all India basis having same PAN. The aggregate turnover includes/excludes the following:

Includes	Excludes
<ul style="list-style-type: none">- Exempt supplies- Exports of goods/services- Inter-state supplies- Supply of goods after completion of job work shall be treated as supply by principal and not of job work.	<ul style="list-style-type: none">- Inwards supplies on which tax is payable under Reverse Charge Mechanism (RCM)- Tax & Cess under GST Law

- Any person though not liable for registration, has an option for obtaining voluntarily registration.
- In case where a person liable to obtain registration, fails to obtain registration, the proper officer may proceed to register such person in a prescribed manner.

- Person having multiple business verticals in a State has an option for obtaining separate registration for each business vertical. 'Business vertical' means a distinguishable component of an enterprise that is engaged in supply of individual goods or service or a group of related goods or services and that is subject to risks and returns that are different from those of other business verticals.
- In case person is making supply from territorial waters of India (i.e. 12 nautical miles from the baseline of coastal line), he shall be required to obtain registration in the coastal States or Union territory where the nearest point of the appropriate base line is located.
- A person without GST registration can neither collect GST from recipient nor claim any ITC.
- A person with GST registration will have to charge GST, as applicable, irrespective of the turnover.
- PAN based registration having 15 digit alphanumeric structure will be allotted to every assessee. For non-resident taxable person, registration may be granted based on a prescribed document other than PAN.
- Registration certificate and GSTIN has to be displayed at the principal/every additional place of registered person.
- Physical Verification of business premises in certain cases shall be done after the grant of registration of the place of business. The proper officer is required to get such verification done and upload the verification report along with other documents including photographs on the next day of such verification.
- All applications including reply to the notices, returns, appeals, including outward and inward supplies returns or any other document required to be submitted electronically at the common portal shall be digitally signed or e-signed.

6.2 Registration of SEZ Units

Special Economic Zone unit (SEZ) or developer shall make a separate application for registration as a business vertical distinct from its other units located outside the SEZ.

6.3 Time Limit for Registration

- Every person who, on the day immediately preceding the appointed day, is registered or holds a license under an existing law, shall be liable to be registered under respective GST Acts with effect from the appointed day.
- Every supplier shall apply for registration in every such State or Union Territory in which he is so liable within 30 days from the date on which he becomes liable to registration.

6.4 Not Liable for Registration

The following persons shall not be liable to be registered:

- a. Any person engaged exclusively in the business of supplying goods / services that are not liable to tax or are wholly exempt from tax under this Act.
- b. An agriculturist, to the extent of supply of produce out of cultivation of land.

6.5 Registration for Casual Taxable Person ('CTP') or Non-Resident Taxable Person ('N RTP')

- "Casual taxable person" means a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.
- "Non-resident taxable person" means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.

- A CTP or a NRTP shall apply for registration at least 5 days prior to the commencement of business. CTP or NRTP can make taxable supplies only after issuance of registration certificate. Registration certificate to CTP or NRTP shall be valid for a period specified in application for registration or 90 days from effective date of registration, whichever is earlier.
- The period of 90 days can be extended by a further period not exceeding 90 days. CTP or NRTP along with registration application requires to make an advance deposit of tax in an amount equivalent to estimated tax liability. The said advance shall be credited to electronic cash ledger and can be utilized in a prescribed manner.

6.6 Mandatory Registration

The Central Government has notified following category of persons to obtain mandatory registration:

Persons making any inter-State taxable supply	Casual taxable persons making taxable supply	Persons liable under RCM	Categories of services the tax on which shall be paid by the e-commerce operator
Non-resident taxable persons making taxable supply	Persons who are required to deduct TDS	Persons who supply on behalf of other registered taxable persons whether as an agent or otherwise	Input service distributor
Persons who supply, through e-commerce operator who is required to collect TCS	Electronic commerce operator	OIDAR from a place outside India to unregistered person in India	Such other person or class of persons as may be notified

6.7 Cancellation of Registration

- The registration granted to a person is liable to be cancelled if the said person:
 - does not conduct any business from the declared place of business; or
 - issues invoices or bill without supply of goods or services in violation of the provisions of this Act / Rules
- The proper officer, either on own motion or on application filed, cancel the registration where:
 - the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or
 - there is any change in the constitution of the business; or
 - the taxable person is no longer liable to be registered under section 22 or section 24
- The officer may cancel the registration from any retrospective date after giving the person an opportunity of being heard in case registered person has:
 - contravened any provisions of the Act; or
 - liable under composition scheme has not furnished returns for 3 consecutive period; or
 - has not furnished returns for a continuous period of 6 months; or
 - obtained voluntary registration and has not commenced business within 6 months from the date of registration; or

- obtained registration by means of fraud, wilful misstatement or suppression of facts.
- Person whose registration is cancelled shall pay an amount equal to the ITC held in stock or inputs contained in semi-finished/finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or output tax payable on such goods, whichever is higher.

6.8 Revocation of Cancellation

A registered person can apply for revocation of registration within 30 days from date of service of cancellation order.













Chapter 7 Time of Supply

7.1 The liability to pay CGST / SGST / UTGST or IGST on the supply of goods / services shall arise at the time of supply of goods / services. Further the provisions as in force on the date of time of supply will be applicable to said transaction of supply. The time of supply to be determined is as given below:

Nature of supply	Time of Supply of Goods	Time of Supply of Services
General Rule	<p>Earliest of the following:</p> <div> <div>↑</div> <div>Date of issue of invoice</div> <div>The time limit within which invoice is required to be issued;</div> <div>Date of receipt of payment</div> </div> <p>The time limit for issuing invoice is before or at time of :-</p> <ul style="list-style-type: none"> (i) Removal of goods where supply involves movement of goods; or (ii) In other cases, at the time when goods are delivered. 	<div>If invoice is issued within time limit*</div> <p>Earliest of the following:</p> <ul style="list-style-type: none"> (i) Date of issue of invoice; or (ii) Date of receipt of payment <div>If Invoice is not issued within time limit*</div> <p>Earliest of the following:</p> <ul style="list-style-type: none"> (i) Date of provision of service or (ii) Date of Receipt of payment <p>* The time limit for raising invoice is within 30 days from the date of supply of service.</p>
	In case of amount received up to Rs.1,000/- in excess of amount indicated in the tax invoice, the time of supply at an option of supplier will be the date of issue of invoice.	
Supply by vouchers	<ul style="list-style-type: none"> (i) Date of issue of voucher, if supply is identifiable at that point; or (ii) The date of redemption of voucher, in all other cases <p>"Voucher" means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument.</p>	

Nature of supply	Time of Supply of Goods	Time of Supply of Services
Supplies liable under RCM	<p>Earliest of the following:</p> <ul style="list-style-type: none"> i. Date of receipt of goods; ii. Date of payment; iii. Date immediately following 30 days of issue of invoice or any other document. <p>If not determinable as per above, date of entry in the books of accounts of recipient of supply.</p>	<p>Earliest of the following:</p> <ul style="list-style-type: none"> i. Date of payment; ii. Date immediately following 60 days of issue of invoice or any other document. <p>If not determinable as above, date of entry in the books of accounts of recipient.</p> <p>In case of supply received from Associated Enterprise located outside India, earlier of:</p> <ul style="list-style-type: none"> i. Date of entry in books of accounts; or ii. The date of payment.
Not possible to determine time of supply	<ul style="list-style-type: none"> i. Date on which return is to be filed. ii. Date on which the tax is paid. 	
Addition in value of supply by way of interest, late fee or penalty	Date on which supplier receives such addition in value.	

7.2 Where there is change in effective rate of tax in respect of supply of goods / services, the time of supply shall be determined as follows:

Goods or Services have been supplied before the change of rate			Goods or Services have been supplied after the change of rate		
Particulars	Payment before change in rate	Payment After change in rate	Particulars	Payment before change in rate	Payment After change in rate
Issue of invoice before change in rate	Normal Rule		Issue of invoice before change in rate		
Issue of invoice after change in rate			Issue of invoice after change in rate		Normal Rule
 Date of invoice (old rate)  Date of receipt of payment (old rate)  Date of invoice or payment, whichever is earlier (new rate)			 Date of invoice (new rate)  Date of receipt of payment (new rate)  Date of invoice or payment, whichever is earlier (old rate)		

The date of receipt of payment shall be the date of credit in the bank account when such credit in the bank account is after 4 working days from the date of change in the rate of tax.

7.3 Time limit for issuance of invoice in certain cases:

- Continuous Supply of Goods / Services:

Continuous supply of Goods	Continuous supply of Services
Means a supply of goods which is provided, or agreed to be provided, continuously or on a recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other	Means a supply of services which is provided or agreed to be provided, continuously or on a recurrent basis, under a contract, for a period exceeding 3 months with periodic payment

Continuous supply of Goods	Continuous supply of Services
conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may by notification specify.	obligations and includes supply of such services as the Government may by notification specify.

The time for issuance of invoice is tabulated as under:

Particulars	Time limit for issuance of Invoice to be issued
Continuous Supply of Goods	
where successive statement of accounts or payment involved	before or each time each statement is issued or when each such payment is received
Continuous Supply of Services	
due date ascertainable from contract	on or before due date of payment
due date not ascertainable from contract	before or at time when supplier receives payment
payment linked to completion of event	on or before date of completion of that event

– Others

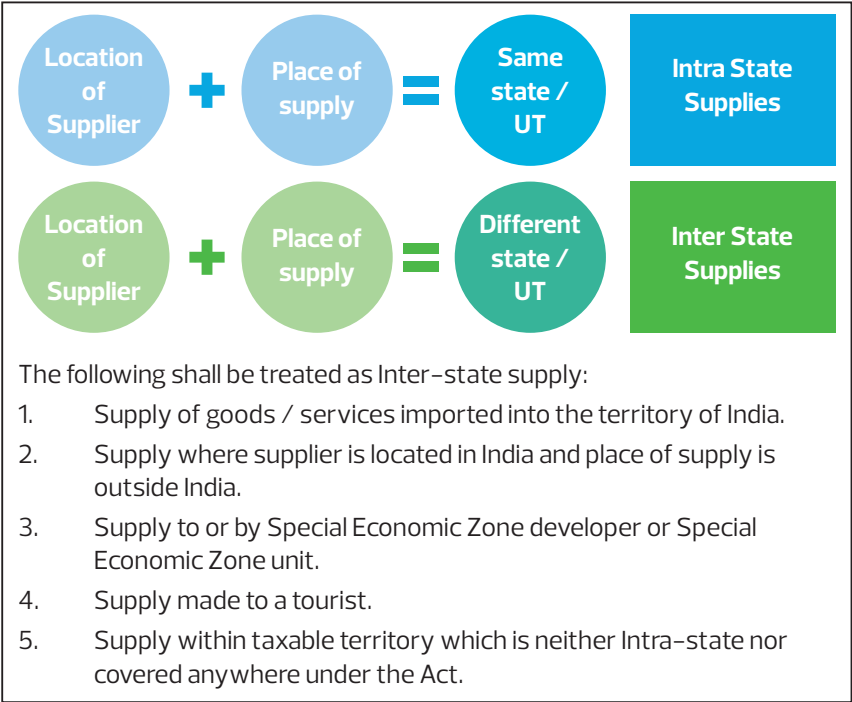
- In case supply of service ceases under contract before completion, invoice to be issued when supply ceases to the extent of supply made before such cessation.
- Goods sent or taken on approval for sale or return removed before supply takes place invoice to be issued before or at time of supply or 6 months from date of removal.
- The invoice to be issued within 45 days from the date of supply by the following supplier:
 - i) Insurer; or

- ii) A Banking Company or a Financial Institution; or
- iii) NBFC.
- A registered person may not issue a tax invoice or bill of supply if the value of goods / services is less than Rs. 200 subject to condition that recipient is not a registered person and such person does not require a tax invoice. However, consolidated tax invoice at the end of each day in respect of such supplies will be required to be issued.

8.1

Chargeability

- The Integrated Goods and Services Tax Act, 2017 (IGST Act) shall be applicable to the whole of India except Jammu and Kashmir for levying Integrated Goods and Services Tax (IGST) **on the inter-state supply of any goods / services** at the rate to be specified in the schedule to the IGST Act.
- **Intra State Vs. Inter State**



- For chargeability under IGST Act, the following shall be treated as establishment of distinct persons:
 - i. an establishment of a person in India and any of his other establishments outside India, or
 - ii. an establishment of a person in a State and any of his other establishments outside that State, or

- iii. an establishment in a state or union territory and any other establishment being business vertical registered within state or union territory.

8.2 Import & Export of goods / services

- Import of goods / services:

Import of Goods means	Import of Services means
Bringing goods into India from a place outside India.	The supply of any service, where (a) the supplier of service is located outside India, (b) the recipient of service is located in India, and (c) the place of supply of service is in India.

IGST on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975 (CTA) at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962, on a value as determined under the CTA.

- Export of goods / services:

Export of Goods means	Export of Services means
Taking goods out of India to a place outside India.	The supply of any service when (a) the supplier of service is located in India, (b) the recipient of service is located outside India, (c) the place of supply of service is outside India, (d) the payment for such service has been received by the supplier of service in convertible foreign exchange, and (e) the supplier of service and recipient of service are not merely establishments of a distinct person.

8.3 Location of Supplier & Receiver

Particulars	Supplier	Receiver
Definition	In relation to any goods / services, shall mean the person supplying the said goods / services and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.	<p>Recipient of supply of goods / services means–</p> <p>(a) where a consideration is payable for the supply of goods and/or services, the person who is liable to pay that consideration,</p> <p>(b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available, and</p> <p>(c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply.</p> <p>The expression “recipient” shall also include an agent acting as such on behalf of the recipient in relation to the goods / services supplied.</p>
Location of supplier / receiver in case of supply of services	<p>(a) where a supply is made from a place of business for which registration has been obtained, the location of such place of business;</p> <p>(b) where a supply is made from a</p>	<p>(a) where a supply is received at a place of business for which registration has been obtained, the location of such place of business;</p> <p>(b) where a supply is received at a</p>

Particulars	Supplier	Receiver
	<p>place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;</p> <p>(c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and</p> <p>(d) in absence of such places, the location of the usual place of residence of the supplier.</p>	<p>place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;</p> <p>(c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and</p> <p>(d) in absence of such places, the location of the usual place of residence of the recipient.</p>
Place of Business	<p>Place of business includes:</p> <p>a) A place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both; or</p> <p>b) A place where a taxable person maintains his books of account; or</p> <p>c) A place where a taxable person is engaged in business through an agent, by whatever name called.</p>	
Fixed Establishment	<p>A place other than the registered place of business which is characterized by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs.</p>	

8.4 Place of Supply of Goods

The Place of Supply of Goods to be determined as follows:

Nature of supply	Deemed place of supply
Supply involving movement of goods	Location of goods at the time at which the movement of goods terminates for delivery to recipient
Goods delivered by supplier to recipient on direction of third person whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise	The principal place of business of third person
Supply not involving movement of goods	Location of goods at time of delivery to recipient
Goods assembled or installed at site	Place of installation or assembly
Goods supplied on board a conveyance such as vessel, an aircraft, a train or motor vehicle	Location at which goods taken on board
Goods imported into India	Location of the Importer
Goods exported from India	Location outside India

8.5 Place of Supply of Services

- The rules for determining Place of Supply of Services have been divided in two parts-
 - (a) Where both the location of supplier and recipient is in India
 - (b) Where either the location of supplier or recipient is outside India
- **General Rule –**

Place of Supply where both the location of supplier and recipient of service is in India	Place of Supply where either the location of supplier or the location of recipient of service is outside India
(a) In case of supply made to registered person – location of such person	(a) Location of recipient available in the ordinary course of business –

Place of Supply where both the location of supplier and recipient of service is in India	Place of Supply where either the location of supplier or the location of recipient of service is outside India
(b) In case of supply made to person other than registered person: (i) Address of recipient exists on record – Location of recipient (ii) Other cases – Location of supplier	Location of recipient (b) Other cases – Location of supplier

- Exception rules to general rule to determine the Place of Supply of Services are as follows:

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
Related to immovable property or boat or vessel		
Place of Supply	(a) Immovable property or boat or vessel is located or intended to be located in India – Location where immovable property or boat or vessel is located or intended to be located (b) Other than above – Location of recipient	Place where immovable property is located or intended to be located.
Services covered	(a) Services directly relating to immovable property including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work (b) services by way of lodging accommodation by a hotel, inn, guest house, homestay, club or campsite and including house boat or any other vessel (c) services by way of accommodation in any immovable property for organizing any marriage or reception or matters related therewith, official, social, cultural, religious or business function including services provided in relation to such function at such property	Services supplied directly in relation to an immovable property, including services by experts and estate agents, supply of hotel accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including architects or interior decorators

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
	(d) service ancillary to above services	
Remarks	<p>(a) Where the immovable property or boat or vessel is located in more than state or union territory, value of service provided in each state to be ascertained separately, in proportion to value for services separately collected or determined as per terms of contract or agreement.as place of supply is in each such state.</p> <p>(b) In absence of contract/agreement on such other basis as may be prescribed in this behalf.</p>	<p>(a) Value of service provided in each state to be ascertained separately, in proportion to value for services separately collected or determined as per terms of contract or agreement as place of supply is in each such state.</p> <p>(b) In absence of contract/agreement on such other basis as may be prescribed in this behalf.</p> <p>(c) If services are supplied at more than one location, including a location in the taxable territory, place of supply shall be location in taxable territory.</p>
Performance based services		
Place of Supply	Places where services are actually performed	<p>(a) Places where services are actually performed</p> <p>(b) For services requiring physical availability of goods and provided from a remote location by way of electronic means – Location where goods are situated at the time of supply of service</p>
Services covered	Services provided by restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery	(a) Services in respect of goods that are required to be made physically available by the recipient of service to the supplier of service, or to a person acting on behalf of the supplier

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
		<p>of service in order to provide the service</p> <p>(b) Services supplied to an individual, represented either as the recipient of service or a person acting on behalf of the recipient, which require the physical presence of the receiver or the person acting on behalf of the recipient, with the supplier for the supply of the service</p> <p>(c) Nothing shall apply in respect of goods imported into India for repairs and re-exported.</p>
Remarks		<p>(a) Value of service provided in each state / union territory to be ascertained separately, in proportion to value for services separately collected or determined as per terms of contract or agreement as place of supply is in each such state.</p> <p>(b) In absence of contract/agreement on such other basis as may be prescribed in this behalf</p> <p>(c) If services are supplied at more than one location, including a location in the taxable territory, place of supply shall be location in taxable territory</p>
Training and Performance Appraisal		
Place of	(a) Supplied to a registered person – location of	No exception rule

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
Supply	recipient; (b) Other than above – location where services are actually performed.	
Admission to events or amusement parks		
Place of Supply	Location where the event is actually held or where the park or such other place is located	Location where the event is actually held
Services covered	a) Services provided by way of admission to a cultural ,artistic, sporting, scientific, educational, entertainment event or amusement park b) Services or any place ancillary to point	Services supplied by way of admission to, or organization of, a cultural, artistic, sporting, scientific, educational, or entertainment event, or a celebration, conference, fair, exhibition, or similar events, and of services ancillary to such admission
Remarks	In case of event held in more than one state, value of service provided in each state to be ascertained separately.as place of supply is in each such state.	(a) Value of service provided in each state to be ascertained separately, in proportion to value for services separately collected or determined as per terms of contract or agreement as place of supply is in each such state. (b) In absence of contract/agreement on such other basis as may be prescribed in this behalf
Organization of event or services ancillary to the event		
Place of Supply	(a) If provided to a registered person , then location of such person (b) Other than above,	Location where the event is actually held

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
	(i) If event is held in India – location where the event is actually held (ii) if the event is held outside India, location of the recipient.	
Services covered	(a) Service by organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of service in relation to a conference, fair, exhibition, celebration or similar event (b) Services ancillary to services in point (a) (c) Services of assigning sponsorship for an event	Services supplied by way of admission to, or organization of, a cultural, artistic, sporting, scientific, educational, or entertainment event, or a celebration, conference, fair, exhibition, or similar events, and of services ancillary to such admission
Remarks	(a) If service is provided in more than one state, value of service provided in each state to be ascertained separately, in proportion to value for services separately collected or determined as per terms of contract or agreement as place of supply is in each such state. (b) In absence of contract/agreement on such other basis as may be prescribed in this behalf	If services are supplied at more than one location, including a location in the taxable territory, place of supply shall be location in taxable territory.
Transportation of Goods		
Place of Supply	(a) Transportation of goods including by mail or courier – (i) If provided to a registered person –	(a) Transportation of goods other than by mail or courier – Destination of goods (b) Transportation of goods by mail or courier –

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
	Location of recipient (ii) Other than above – location where goods are handed over for transportation	No Exception Rule
	Passenger Transportation service	
Place of Supply	Passenger Transportation service (a) Right of passage to be exercised in future and point of embarkation not known – No Exception Rule (b) Other than above – (i) Provided to a registered person – Location of recipient (ii) Provided to an unregistered person – Location where the passenger embarks on the conveyance for a continuous journey	Location where the passenger embarks on the conveyance for a continuous journey
Remarks	Return journey shall be treated as a separate journey even if right of passage issued at the same time as right of passage for onward journey	
	Services provided on board a conveyance including a vessel, an aircraft, a train or a motor vehicle	
Place of Supply	Location of first scheduled point of departure of that conveyance for that journey	First scheduled point of departure of that conveyance for the journey.
	Banking and other Financial Services	
Place of Supply	(a) Banking and other financial services – (i) Location of recipient on records of supplier – Location of recipient	(a) Banking and other financial services (i) To account holders – Location of supplier of service

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
	(ii) Other than above – Location of supplier (b) Stock broking – Same as above	(ii) Other than above – No Exception Rule (b) Stock broking – No Exception Rule
Remarks		Non-banking financial company means (a) a financial institution which is a company; (b) a non-banking institution which is a company and which has as its principal business receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of such institutions, as the Reserve Bank of India may, with the previous approval of the Central Government and by notification in the Official Gazette specify
Intermediary services		
Place of Supply	No exception Rule	Location of the supplier of service
Remarks	Intermediary means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of a service (hereinafter called the 'main' service) or the supply of goods, between two or more persons, but does not include a person who supplies such goods or service or both or securities on his own account .	
Supply of insurance services		
Place of Supply	(a) Supplied to a registered person – Location of recipient;	No Exception Rule

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
	(b) Other than above – Location of recipient of service on records of supplier of service	
Advertisement services to Government, Statutory Body or a Local Authority		
Place of Supply	<p>(a) Value of service provided in each state to be ascertained separately, as per terms of contract or agreement as place of supply is in each such state.</p> <p>(ii) In absence of contract/agreement on such other basis as may be prescribed in this behalf</p>	No Exception Rule
Telecommunication services including data transfer, broadcasting, cable and direct to home television (D2H) services to any person		
Place of Supply	<p>(a) Services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna – Location where telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services</p> <p>(b) In case of mobile connection for telecommunication and internet services provided on post-paid basis – Location of billing address of the recipient of services on record of the supplier of services</p> <p>(c) In cases where mobile connection for telecommunication, internet service and D2H are provided on pre-payment through a</p>	No Exception Rule

Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
	<p>voucher or any other means</p> <p>(i) Sold through agent – Location of selling agent/ re-seller/ distributor of sim card/ recharge voucher as per record of supplier at the time of supply.</p> <p>(ii) Sold to final subscriber – Location where such pre-payment is received or such vouchers are sold</p> <p>(d) Pre-paid service availed or the recharge made through internet banking or other electronic mode of payment – Location of recipient of services on record of the supplier of services</p> <p>(e) In cases other than (a) to (d) –</p> <p>(i) Address of the recipient as per the records of the supplier of service is available – address of such recipient</p> <p>(ii) In other cases – Location of supplier of services</p>	
Remarks	<p>If leased circuit is installed in more than one state–</p> <p>(i) Value of service provided in each state to be ascertained separately, as per terms of contract or agreement.as place of supply is in each such state.</p>	

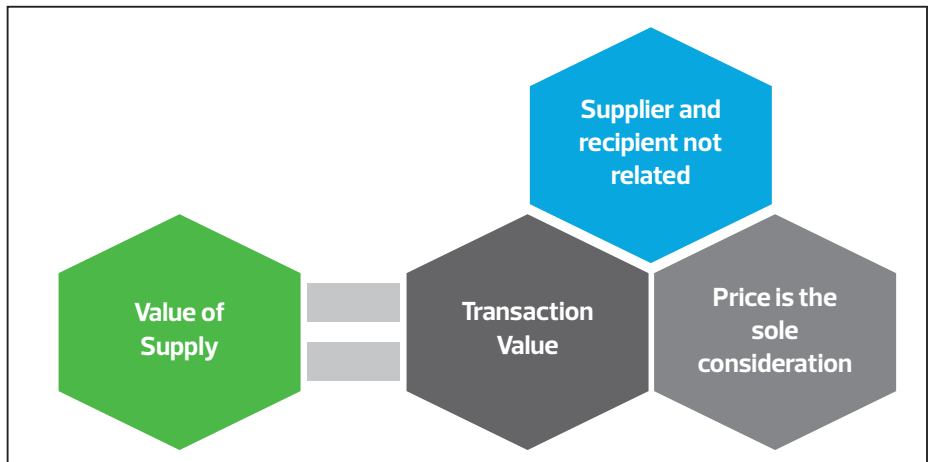
Particulars	Deemed place of Supply in case of location of SP & SR is located in India	Deemed place of Supply in case location of either of SP or SR is located outside India
	(ii) In absence of contract/agreement on such other basis as may be prescribed in this behalf	
Vehicle Hiring Service		
Place of Supply	No exception Rule	Location of Supplier of service
Remarks		Services consisting of hiring of means of transport up to a period of 1 month other than aircrafts and vessels, but including yachts

Particulars	Online information and database access or retrieval services – Deemed place of Supply in case location of either of SP or SR is located outside India	
	Supply by a person located in non-taxable territory and received by a non-taxable online recipient	Other supply in respect to online information and database access or retrieval services
Place of supply	Location of recipient of service	
Person liable / Recipient	<p>(a) An Intermediary except where the following conditions are fulfilled:</p> <p>(i) the invoice or customer's bill or receipt issued or made available by such intermediary taking part in the supply clearly identifies the service in question and its supplier in non-taxable territory;</p> <p>(ii) the intermediary involved in the supply does not authorise the charge to the</p>	<p>Person receiving such services shall be deemed to be located in the taxable territory if any two of the following non-contradictory conditions are satisfied:</p> <p>(i) the location of address presented by the recipient of service via internet is in taxable territory;</p> <p>(ii) the credit card or debit card or store value card or charge card or smart card or any other</p>

Particulars	Online information and database access or retrieval services – Deemed place of Supply in case location of either of SP or SR is located outside India	
	Supply by a person located in non-taxable territory and received by a non-taxable online recipient	Other supply in respect to online information and database access or retrieval services
	<p>customer or take part in its charge which is that the intermediary neither collects or processes payment in any manner nor is responsible for the payment between the non-taxable online recipient and the supplier of such services;</p> <p>(iii) the intermediary involved in the supply does not authorise delivery; and</p> <p>(iv) the general terms and conditions of the supply are not set by the intermediary involved in the supply but by the supplier of services.</p> <p>(b) In all other cases – Supplier of service located in non-taxable territory</p>	<p>card by which the recipient of service settles payment has been issued in the taxable territory;</p> <p>(iii) the billing address of recipient of service is in the taxable territory;</p> <p>(iv) the internet protocol address of the device used by the recipient of service is in the taxable territory;</p> <p>(v) the bank of recipient of service in which the account used for payment is maintained is in the taxable territory;</p> <p>(vi) the country code of the subscriber identity module (SIM) card used by the recipient of service is of taxable territory;</p> <p>(vii) the location of the fixed land line through which the service is received by the recipient is in taxable territory</p>
Remarks	<p>– The following shall get registered under the Simplified Registration Scheme to be notified by the Government and discharge IGST under OIDAR service:</p> <p>(i) The supplier of online information and database access or retrieval services</p> <p>(ii) Intermediary (as discussed above)</p> <p>(iii) Any person located in the taxable territory and representing such supplier for any purpose in the taxable territory</p>	

Particulars	Online information and database access or retrieval services – Deemed place of Supply in case location of either of SP or SR is located outside India	
	Supply by a person located in non-taxable territory and received by a non-taxable online recipient	Other supply in respect to online information and database access or retrieval services
	<p>(iv) A person appointed by the supplier in taxable territory for the purpose of paying IGST</p> <p>– Online information and database access or retrieval services ('OIDAR service') means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and impossible to ensure in the absence of information technology and includes electronic services such as–</p> <ul style="list-style-type: none"> (i) advertising on the internet (ii) providing cloud services (iii) provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet (iv) providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network (v) online supplies of digital content (movies, television shows, music, etc.) (vi) digital data storage and (vii) online gaming <p>In order to prevent double taxation or non-taxation of supply of a service or for uniform application of rules, the Government shall have the power to notify any description of service or circumstances in which the place of supply shall be the place of effective use and enjoyment of service.</p>	

9.1 GST is required to be calculated on the value of taxable supply



9.2 The value of supply includes & excludes the following:

The value of supply shall include:

1. Any taxes, duties, cess, fees and charges levied under any statute other than taxes under GST
2. Any amount that supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the supply
3. Incidental expenses, including commission and packing, charged by the supplier to the recipient and any amount charged for anything done by the supplier in respect of the supply at the time of, or before delivery of supply
4. Interest or late fee or penalty for delayed payment of any consideration for any supply
5. Subsidies directly linked to the price excluding subsidies provided by the Central / State Government. The subsidy received by supplier only to be included

The value of supply shall not include:

Any discount given, if such discount is recorded in invoice. However where such

discount is given after the supply is effected, such deduction of discount should be considered from the value only if

- a. It is established in terms of agreement entered; and
- b. Input Tax Credit attributable to the discount has been reversed by recipient of the supply.

9.3 The Draft Valuation Rules provides for valuation in the following nature of transactions:

Sr. No.	Particulars	Value of Supply
1.	Where consideration is not wholly in money	<p>a) Open Market value</p> <p>b) If open market value is not available: <i>Sum total of Consideration in money and any such further amount in money as equivalent to the consideration not in money if such amount is known at the time of supply</i></p> <p>c) If not determinable as per above, <i>the value of supply of 'like kind and quality'</i></p> <p>d) If not determinable as per above, <i>be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined under Sr. No. 4 or 5, in that order.</i></p>
2.	Where supplies are made between distinct or related persons, other than through an agent	<p>a) Open Market value</p> <p>b) If open market value is not available, <i>the value of supply of goods or service or both of 'like kind and quality'</i></p> <p>c) If value is not determinable as per above, <i>as determined under Sr. No. 4 or 5, in that order</i></p> <p>Provided where goods are intended for further supply as such by recipient, value shall, at the option of supplier be 90% of price charged for supply of goods of like kind and quality by the recipient to his customer not being a related person.</p>

Sr. No.	Particulars	Value of Supply
3.	Where Supply of goods between the principal and his agent	<p>a) The open market value of the goods supplied or</p> <p><i>At the option of the supplier (not less than 90% of the price charged for the supply of goods of kind and quality to his customer and customer not being a related person where the goods intended for further supply)</i></p> <p>b) If value is not determinable as per above, as determined under Sr. No. 4 or 5, in that order</p>
4.	Value of Supply based on cost	<p>Where value is not determinable as per above, then value shall be:</p> <p>110% of { Cost of Production or Manufacture; or Cost of acquisition of such goods; or Cost of provision of such services</p> <p>The supplier of service has an option to disregard this rule and apply residual method</p>
5.	Residual Method	Where value is not determinable as per above, then value shall be determined using reasonable means consistent with the principles and general provisions of valuation provisions.

- **‘Open Market Value’** of supply means the full value in money, excluding taxes under GST, where the supplier and the recipient are not related and price is the sole consideration, to obtain such supply at the same time when the supply being valued is made.
- **‘Supply of like kind and quality’** means any other supply made under similar circumstances that, in respect of the characteristics, quality, quantity, functional components, materials, and reputation first mentioned, is the same as, or closely or substantially resembles, that supply.

9.4 Foreign Currency Exchange

- The Draft Valuation Rules provides for valuation provisions in following nature of transaction:

Sr. No.	Particulars	Valuation
1	Currency exchanged from, or to, Indian Rupees (INR)	<u>RBI reference rate for currency available</u> (Buying Rate or Selling Rate – RBI reference Rate) X Total Unit of currency <u>RBI reference rate for currency not available</u> 1% of the gross amount of Indian Rupees provided or received by the person exchanging the money
2.	In case where neither of the currencies exchanged is Indian Rupees	The value shall be equal to 1% of the lower of the two amounts the person changing the money would have received by converting any of the two currencies into Indian Rupee on that day at reference rate provided by RBI.

- Such Service provider also has an option to consider the deemed value in case of foreign currency supply, including money changing as follows:

Sr. No.	Particulars	Valuation
1	For amount of currency exchanged up to Rs.1 Lakh	1% of gross amount of currency exchanged or Rs.250 whichever is higher
2.	For amount of currency exchanged exceeding Rs. 1 Lakh and up to 10 Lakhs	Rs.1,000 + 0.5% of gross amount of currency exchanged
3.	For amount of currency exchanged exceeding Rs. 10 Lakhs	Rs. 5,500 + 0.1% of gross amount of currency exchanged subject to maximum of Rs. 60,000/-
	The person supplying the service shall exercise such option for a financial year and such option shall not be withdrawn during the remaining part of that financial year	

9.5 Air Travel Agents

Value of Supply of services in relation to booking of air tickets by an air travel agent, shall be determined as under:

- Domestic Bookings – 5% of the Basic Fare
- International Bookings – 10% of the Basic Fare

'Basic Fare' means that part of air fare on which commission is normally paid to the air travel agent by the airline.

9.6 Insurer Carrying on Life Insurance Business

The Value of services in case of services provided by the insurer carrying on life insurance business shall be determined as under:

- The Gross premium charged from a policy holder, reduced by the amount allocated for investment, or saving on behalf of the policy holder, if such amount is intimated to the policy holder at the time of supply of service; or
- In case of single premium annuity policies other than above, 10% of single premium charged from the policy holder; or
- In all other cases, 25% of the premium charged from the policy holder in the 1st first year and 12.5% of premium charged from policy holder in subsequent years.

Provided that such option shall not be available in cases where the entire premium paid by the policy holder is only towards the risk cover in life insurance.

9.7 Person dealing in taxable supply of second hand goods

A person dealing in buying and selling of taxable second hand goods i.e. used goods as such or after such minor processing which does not change the nature of the goods and where no ITC has availed on purchase of such goods:

- The value of supply shall be difference between the selling price and purchase price.
- The value of supply shall be ignored where difference between the selling price and purchase price is negative.
- In case of goods repossessed by defaulting borrower who is not registered for the purpose of recovery of loan or debt, value shall be the purchase value of goods repossessed reduced by five percentage points for every quarter or part thereof, between the date of purchase and date of disposal by the person making such repossession.

9.8 Valuations in case of Token, Voucher or Coupon

The value of a token, or a voucher, or a coupon or a stamp (other than postage stamp) which is redeemable against a supply shall be equal to the money value of the supply redeemable against such token, voucher, coupon, or stamp.

9.9 Value of supply of services in case of pure agent

The expenditure or cost incurred by the supplier as a pure agent of the recipient of supply of service shall be excluded from the value of supply if all the following conditions are satisfied:

Sr. No.	Conditions to be satisfied
1.	The Supplier acts as a pure agent of the recipient of the supply, when he makes payment to the third party on authorization by such recipient.
2.	The payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service;
3.	The services procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the supply he provides on his own account.

Pure Agent means: a person who–

- a) Enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- b) Neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;
- c) Does not use for his own interest such goods or services so procured; and
- d) Receives only the actual amount incurred to procure such goods or services

9.10 Consideration of Rate of exchange of currency for determination of value

The rate of exchange for determination of value of supply shall be the applicable reference rate for that currency as determined by the RBI at the time of supply.

9.11 Value of supply inclusive of integrated tax, central tax, state tax, union territory tax

Where the value of supply is inclusive of IGST tax or as the case may be, CGST, SGST, UTGST, the tax amount shall be determined in the following manner,

Tax Amount = Value Inclusive of taxes * tax rate (in %) of IGST/CGST/SGST or UTGST

(100 + sum of tax rates, as applicable, in %)

10.1 Availability of Input Tax Credit ('ITC')

- Every registered person shall be entitled to take credit of input tax admissible on any supplies which are used or intended to be used in the course or furtherance of his business and said amount shall be credited to the electronic credit ledger of such person.
- The inward supplies shall be classified either as Input, Capital Goods or Input Service which are defined as under:

Input	Capital Goods	Input Service
Means any goods other than capital goods used or intended to be used by supplier in course or furtherance of business.	Means goods, the value of which is capitalized in the books of accounts of the person claiming the ITC and which are used or intended to be used in the course or furtherance of business.	Means any service used or intended to be used by a supplier in the course or furtherance of business.

10.2 Non admissible Credits

The ITC shall not be available in respect of the following inward supplies:

- Motor vehicles and other conveyances except when they are used
- (a) For making the following taxable supplies:
 - (i) Further supply of such vehicles or conveyances; or
 - (ii) Transportation of passengers; or
 - (iii) Imparting training on driving, flying, navigating such vehicles or conveyances
 - (b) For transportation of goods

Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where such inward supply of a particular category is used by a registered person for making an outward taxable supply of the same category or as an element of taxable composite or mixed supply

Membership of a club, health and fitness Centre

Rent-a-cab, life insurance, health insurance except where

- a) the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; or
- b) such inward supply of a particular category is used by a registered person for making an outward taxable supply of the same category or as an element of taxable composite or mixed supply

Travel benefits extended to employees on vacation such as leave or home travel concession

- (A) Works contract services when supplied for construction of immovable property, other than plant and machinery, except where it is an input service for further supply of works contract service
- (B) Supply received by a taxable person for construction of an immovable property, other than plant and machinery, on his own account including when used in course or furtherance of business

The word “construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property.

‘Plant and Machinery’ means apparatus, equipment, machinery fixed to earth by foundation or structural support that are used for making outward supply and includes such foundation and structural supports but excludes

- land, building or any other civil structures;
- telecommunication towers; &
- pipelines laid outside the factory premises

Supply on which tax has been paid under composition scheme

Supply received by non-resident taxable person except on goods imported by him

Supply used for personal consumption

Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

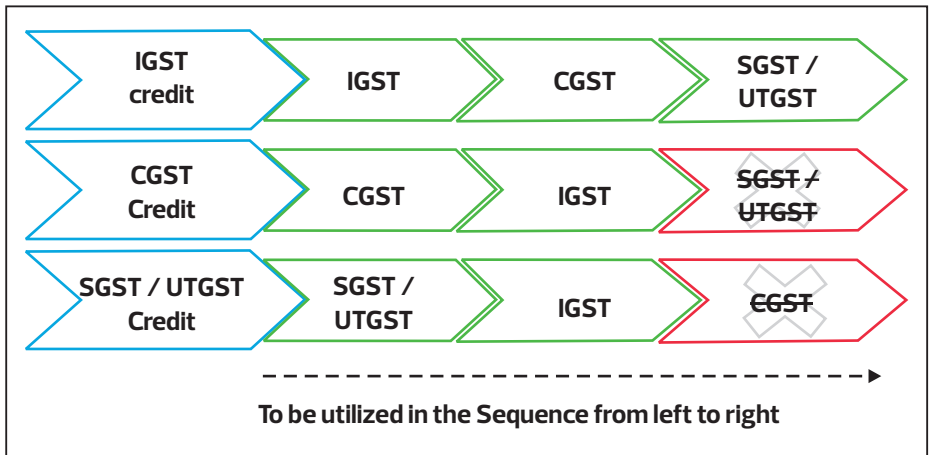
Any tax paid in accordance with

- Determination of tax not paid / short paid / erroneous refunded / ITC wrongly availed or utilized by reason of fraud / any willful misstatements / suppression of facts.
- Detention, seizure & release of goods & conveyances in transit
- Confiscation of goods or conveyances and levy of penalty

10.3 Conditions for availing ITC

- ITC in respect of inward supply shall be eligible only if:
 - He is in possession of tax invoice, debit note or such other tax paying document;
 - The goods / services are received; (in respect of goods received in lots or installments, he is entitled to ITC upon receipt of last lot or installment.)
 - The tax charged in respect of such supply been paid to the credit of appropriate government either by cash or utilization of ITC; (except in case of ITC availed on provisional basis)
 - He has filed the return

10.4 Utilization of ITC for making payment towards output tax



10.5 Tax paying document for claiming ITC

- ITC can be availed on following documents:
 - A Tax invoice issued by the supplier, containing all the details as are required in tax invoice
 - A Debit Note issued by the supplier, containing all the details as are required in debit note
 - A Bill of Entry
 - An invoice raised by recipient where supplies are received from unregistered person, subject to payment of tax
 - Document issued by Input Service Distributor

10.6 Conditions for making payment to inward supplier

- Where a recipient fails to pay to the supplier within a period of 180 days from the date of issue of invoice towards value of supply along with tax payable thereon, other than the supplies on which tax is payable on RCM, an amount

equal to the ITC availed by the recipient shall be added to his output tax liability, along with interest for the period starting from date of availing ITC till the date when the amount is added to the output tax liability. The said condition is not applicable for cases where supplies are made without consideration.

- The credit on such inward supplies shall be eligible on making payment to inward supplier along with tax payable thereon.

10.7 Depreciation and ITC cannot be availed together

- No ITC shall be allowed of tax component on the cost of capital goods and plant & machinery of which registered person has claimed depreciation under the Income-tax Act, 1961.

10.8 Time limit for availing ITC

- No ITC in respect of any invoice / debit note for supply after following period:
 - Filing return for the month of September following the end of F.Y. to which such invoice or invoice relating to such debit note pertains
 - OR
 - filing of annual return.

} Whichever is earlier

The said time limit is not applicable for re-avilment of any credit that has been reversed earlier.

10.9 Reversals of ITC

- The reversal of Input, Input Service & Capital Goods is required to be made in case of:
 - **Partial use of inputs for non-business**

The goods / services used by registered person partly for business and partly for other purposes the credit amount shall be restricted to input tax

attributable to purposes of business.

- **Proportionate Reversal**

Goods / services used by registered person partly for effecting taxable supplies including zero-rated supplies and partly for:

- effecting exempted supplies; or
- Outward supplies where recipient is liable to pay tax;
- transactions in securities, sale of land & sale of building except under construction sale of flat;

the credit shall be restricted to such amount of ITC as attributable to taxable supplies including zero-rated supplies.

The reversal of ITC on Inputs & Input Services ("I & IS") shall in following manner for each tax period:

Denoted as	Particulars	Amount
T	Total ITC in a tax period	XXX
T ₁	ITC on I & IS intended to be used exclusively for purposes other than business	XXX
T ₂	ITC on I & IS intended to be used exclusively for exempt supplies	XXX
T ₃	ITC on I & IS which are non-admissible	XXX
C ₁	$T - (T_1 + T_2 + T_3)$ (ITC credited to electronic credit ledger)	XXX
T ₄	ITC on I & IS used exclusively for taxable supplies including zero – rated	XXX
C₂	C₁ – T₄ (Common Credits)	XXX
E	Aggregate value of exempt supplies	XXX
F	Total Turnover	XXX
D₁	$(E / F) * C_2$ (reversal on account common ITC used for exempt supplies)	XXX

Denoted as		
D_2	5% * C_2 (reversal on account common ITC used for non-business purposes)	XXX
C_3	$C_2 - (D_1 + D_2)$	XXX

- a. The amount 'C3' shall be computed separately for input tax credit of Central Tax, State Tax, Union territory Tax and Integrated Tax
- b. The computation to be made finally for the financial year before the due date for filing the return for the month of September following the end of FY
 - **Short Reversal** – If as per the final computation, the reversal i.e. $(D_1 + D_2)$ exceeds the aggregate reversal already made, the difference shall be paid along with interest starting from 1st April of succeeding F.Y. till the date of payment.
 - **Excess Reversal** – If as per the final computation, the reversal i.e. $(D_1 + D_2)$ is lesser than the aggregate reversal already made, the difference shall be claimed as credit in return not later than for the month of September following the end of FY.

The reversal of ITC on Capital Goods ('CG') shall in following manner:

- c. ITC in respect of CG used or intended to be used exclusively for exempted supplies or non-business purpose shall be indicated in the return and not to be credited in electronic credit ledger.
- d. ITC in respect of CG used exclusively for taxable supplies including zero rated shall be indicated in the return and be credited in electronic credit ledger.
- e. ITC in respect of CG which are used commonly for taxable supplies, exempted supplies & non business purpose shall be reversed on applying tax period turnover ratio of taxable and exempted supplies.

The amount of ITC shall be computed per month for the purpose of reversal based on taking 5 years as useful life of CG from the date of invoice of such goods.

- **‘Exempt supply’** means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt and includes non-taxable supply.
- **“The value of exempt supply”** shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and sale of building (other than that regarded as supply).

The value of land and building shall be taken as the same as adopted for the purpose of paying stamp duty and the value of security shall be taken as one per cent of the sale value of such security.

10.10 Banking Cos. & NBFC

- a. A banking Cos. or a financial institution including a NBFC, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions of proportionate reversal, or avail of, every month, an amount equal to 50% of the eligible ITC in that month.
- b. Restriction of 50% shall not apply to the tax paid on supplies made by one registered person to another registered person having same PAN.
- c. Option once exercised shall not be withdrawn during the remaining part of the FY.

10.11 Availing ITC on Inputs / Capital Goods held in stock

- The tax paid on Inputs held in stock or contained in semi-finished or finished goods ('Inputs in Stock') or on Capital Goods are eligible as ITC in the following circumstances:

Scenario	Inputs in Stock	Capital Goods	Conditions
New registration obtained within 30 days from the date when person becomes liable to register	As on date on which he becomes liable to register	Not admissible	<ul style="list-style-type: none"> A taxable person shall not be entitled to take ITC in respect of any supply after expiry of 1 year from date of issue of tax invoice relating to such supply
Voluntary Registration	As on date of grant of registration	Not admissible	<ul style="list-style-type: none"> Electronic Declaration to be filed within 30 days from the date of his becoming eligible Certificate from practicing CA/CWA if credit claims exceeds Rs.2 lakhs
Ceases out of composition scheme	As on date on which person liable to pay tax at normal rate	<p>As on date on which person liable to pay tax at normal rate.</p> <p>After reducing 5% per quarter of a year or part thereof from the date of invoice till the date person ceases out of composition scheme</p>	
Exempt supply becomes taxable supply	<p>ITC on inputs relating to exempt supplies</p> <p>Day immediately preceding the date from which supply becomes taxable</p>	<p>ITC on capital goods exclusively used for exempt supplies</p> <p>Day immediately preceding the date from which supply becomes taxable</p> <p>After reducing 5% per quarter of a year or part thereof from the date of invoice till the date supply becomes taxable</p>	

10.12 Transfer of ITC in case of change in constitution

- In case of change in constitution of registered person on account of sale, merger, demerger, amalgamation, lease or transfer of business with specific provision for transfer of liabilities, registered person shall be allowed to transfer ITC remaining unutilized in its books of accounts to such sold, merged, demerged, amalgamated, leased or transferred business as per following:
 - a. In case of demerger, the ITC shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger.
 - b. Certificate from practicing CA/CWA certifying that the transfer of business been done with the specific provision for transfer of liabilities.
 - c. The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of account.

10.13 Lapse of ITC in case of opting for Composition Scheme or supply becomes exempted

- Registered person who has availed ITC switches over as a taxable person for paying tax under composition scheme or where supplies by him become absolutely exempt, he shall pay an amount by debit in electronic credit or cash ledger, equivalent to ITC in respect of Inputs in Stock and on capital goods, on day immediately preceding the date of such switch over, or the date of exemption reduced as per following:
 - a. For ITC on Inputs in Stock, reversal on proportionate basis of corresponding invoices on which credit had been availed. If invoices are not available, estimated prevailing market price of inputs to be applied.
 - b. For ITC on capital goods lying in stock, the remaining useful life in

months shall be computed on pro-rata basis, taking the useful life as 5 years.

Illustration: Capital goods have been in use for 4 years, 6 month and 15 days.

The useful remaining life in months = 5 months ignoring a part of the month

Input tax credit taken on such capital goods = C

Input tax credit attributable to remaining useful life = C multiplied by $\frac{5}{6}$

- c. After payment, the balance of ITC, if any, shall lapse.

10.14 Reversal of ITC on account of removal of capital goods or plant & machinery

- In case of supply of capital goods or plant and machinery, on which ITC is taken, the registered person shall pay an amount equal to ITC taken on the said capital goods or plant and machinery as reduced by 5% for every quarter or part thereof from the date of issue of invoice for such goods or tax on transaction value of such capital goods or plant & machinery, whichever is higher. However, refractory, bricks, moulds and dies, jigs and fixtures are supplied as scrap, the registered person may pay tax on the transaction value of such goods.

10.15 Input Service Distributor

- **'Input Service Distributor'** means an office of the supplier which receives tax invoices issued towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of Central tax, State tax, Integrated tax or Union territory tax paid on the said services to a supplier having the same PAN as that of the said office.

- Conditions for distribution of ITC by ISD:
 - ITC can be distributed to recipients against a document
 - ITC distributed shall not exceed the amount of credit available for distribution
 - The credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient
 - ITC attributable to more than 1 recipient shall be distributed amongst such recipients to whom the input service is attributable on pro-rata basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the relevant period
 - ITC attributable to all recipients shall be distributed amongst such recipients to whom the input service is attributable on pro-rata basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the relevant period

The “relevant period” shall be—

- i. If the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or
- ii. If some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available,

previous to the month during which credit is to be distributed

- ISD shall separately distribute amount of ITC as eligible and ineligible.
- ITC on account of central tax and state tax shall be distributed as follows:
 - a. Recipient located in same state in which ISD is located, ITC shall be distributed as Central Tax and State Tax respectively
 - b. Recipient is located in different state other than that of ISD, ITC shall be distributed as Integrated Tax
- Any ITC required to be reduced on issuance of credit note shall be apportioned to each recipient in the same ratio in which ITC was distributed and the amount so distributed shall be reduced from the amount to be distributed in the month in which credit note is included in the return and shall be added to the output tax liability, if the amount of credit available is negative.
- Where the amount of credit to be reversed is short reversed, then such short amount shall be added to the output tax liability for a month not later than the month of September following the end of the FY to which it belongs and the person shall be liable to pay interest for the period starting from 1st day of April of the succeeding FY till the date of payment.

11.1 General provisions

The Government may, on the recommendations of the council, by notification, specify categories of supply of goods or services or both, tax on which shall be paid on reverse charge basis by the recipient of goods/services. Following are the list of services, where service recipient will be liable to pay 100% GST under reverse charge as a service recipient:

Sr. No.	Nature of Services	Service Provider	Service Recipient
1	Import of service other than OIDAR services provided to non assessee online recipient	Person located in non taxable territory	Business entity located in taxable territory
2	Goods Transport Agency (GTA) in respect of transportation of goods by road	GTA	<ul style="list-style-type: none"> - Factory - Registered society - Co-operative society under any law - Registered person under CGST/SGST/UTGST Act - Body Corporate - Partnership firm - Casual taxable person
3	Legal services	An individual advocate or firm of advocates	Business entity
4	Arbitral Tribunal	An Arbitral Tribunal	Business entity
5	Sponsorship Services	Any Person	Body corporate or partnership firm
6	Services by Government or local authority excluding: <ul style="list-style-type: none"> - Renting of immovable property 	Government or local authority	Business entity

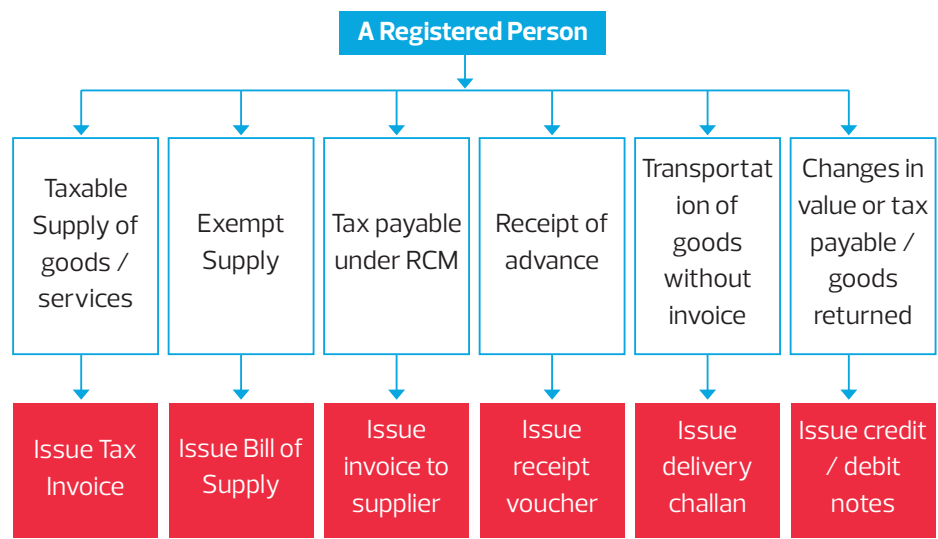
Sr. No.	Nature of Services	Service Provider	Service Recipient
	<ul style="list-style-type: none"> – Postal service provided to a person other than government – Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport – Transport of goods or passengers 		
7	Service provided by a director of a company or a body corporate to the said company or body corporate	A director of a Company or a body corporate	A company or a body corporate
8	Service provided by an insurance agent	An insurance agent	Any person carrying on insurance business
9	Service provided by an recovery agent	A recovery agent	A banking / financial institution / nonbanking financial company.
10	Transportation of goods by vessel from outside India up to customs station of clearance in India	A person located in non-taxable territory to a person located in non-taxable territory	Importer of goods
11	Transfer or permitting the use or enjoyment of a copyright relating to original literary, dramatic, musical or artistic works	Author or music composer, photographer, artist, etc.	Publisher, Music Company, Producer
12	Radio taxi or Passenger Transport Services provided through electronic commerce operator	Taxi driver or Rent a cab operator	Recipient can be any person but tax payable by electronic commerce operator

11.2 Inward supply from unregistered person

- The tax in respect of the supply of taxable goods / services, by a unregistered person to an registered person, shall be paid by recipient on reverse charge basis.
- In case of supply of goods/services by unregistered person to an registered person where recipient is liable to pay tax under reverse charge, the said recipient shall issue a self tax invoice. The Self tax Invoice shall not be raised by recipient in case supply of goods / services is received from registered person and supply is covered under reverse charge.
- Every registered person who is liable to pay tax under reverse charge shall issue a Payment Voucher at the time of making payment.



12.1 Types of documents under GST



12.2 Invoices

- The transaction where the Tax Invoice, Bill of Supply or Invoice/Payment voucher under reverse charge required to be issued are as follows:

Tax Invoice	Bill of Supply	Invoice and Payment voucher under RCM
<p>1. In case of supply of goods:</p> <p>A registered person supplying taxable goods shall issue a tax invoice in following cases :</p> <p>a) removal of goods for supply to the recipient, where the supply involves movement of goods; or</p>	<p>A registered person supplying</p> <p>1. Exempted goods or services or both; or</p> <p>2. Paying tax under Composition Scheme.</p> <p>shall issue, instead of a tax invoice, a bill of</p>	<p>a) A registered person shall issue a invoice in respect of goods or services received by him from supplier who is not registered on the date of receipt of goods or services.</p> <p>b) A registered person shall also issue a</p>

Tax Invoice	Bill of Supply	Invoice and Payment voucher under RCM
<p>b) delivery of goods or making available thereof to the recipient, in any other case, showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:</p> <p>2. In case of supply of services</p> <p>A registered person supplying taxable services shall before or after the provision of service but within the prescribed period shall issue Tax invoice showing the description, value , tax charged thereon and such other particulars as may be prescribed:</p>	<p>supply containing such particulars and in such manner as may be prescribed.</p>	<p>payment voucher in all the cases where tax is paid under reverse charge mechanism.</p>

- Following are the contents of Tax Invoice and Payment Voucher

Tax Invoice	Payment Voucher
<ul style="list-style-type: none">- Name, address and GSTIN of the supplier- Consecutive Serial Number not exceeding 16 Characters.- Date- Name, address and GSTIN or UIN, if registered, of the recipient	<ul style="list-style-type: none">- Name, address and GSTIN of the supplier- Consecutive Serial Number not exceeding 16 Characters.- Date- Name, address and GSTIN or UIN, if registered, of the recipient

Tax Invoice	Payment Voucher
<ul style="list-style-type: none"> - HSN Code - Description of goods or service - Quantity - Total Value - Taxable Value - Rate of tax - Amount of tax charged - Place of supply and State code - Address of delivery - Whether tax payable on reverse charge - Signature of Supplier 	<ul style="list-style-type: none"> - Description of goods or service - Amount paid - Rate - Place of supply and State code - Signature of Supplier

- Manner of Issuance of Invoice

In case of goods	In case of services
<p>Invoice shall be prepared in Triplicate, in the following manner:</p> <ul style="list-style-type: none"> a) The original for recipient b) Duplicate for transporter c) Triplicate for supplier 	<p>Invoice shall be prepared in duplicate, in the following manner:</p> <ul style="list-style-type: none"> a) Original for recipient b) Duplicate for supplier

12.3 Issuance of Receipt and Refund Voucher

- At the time of receipt of advance, where the nature of supply is not determinable, it shall be treated as inter state supply and rate of tax to be applied should be 18%.

Particulars	Receipt Voucher	Refund Voucher
When to Issue	On receipt of advance payment, a registered person shall issue a receipt voucher containing such particulars as prescribed evidencing receipt of such payment.	Where on receipt of advance payment, a receipt voucher is issued but subsequently no supply is made and no tax invoice is issued, the registered person may issue to the person

Particulars	Receipt Voucher	Refund Voucher
		who has made the payment, a refund voucher against such payment.
Contents of the Voucher	<ul style="list-style-type: none"> - Name, address and GSTIN of the supplier - Consecutive Serial Number not exceeding 16 Characters - Date - Name, address and GSTIN or UIN, if registered, of the recipient - Description of goods or service - Advance amount - Rate - Place of supply and State code - Whether tax is payable on reverse charge basis - Signature of Supplier. 	<ul style="list-style-type: none"> - Name and address of the Supplier - Consecutive Serial Number not exceeding 16 Characters - Date of issue - Name, address and GSTIN or UIN, if registered, of the recipient - Number and date of receipt voucher - Description of goods - Amount of refund made - Rate - Whether tax is payable under RCM - Signature of Supplier

12.4 Issuance of Debit Notes and Credit Notes

- **Credit Note** – Where a tax invoice has been issued for supply of any goods / services and:
 - Taxable Value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply; or
 - Where good supplied are returned by the recipient; or
 - Where goods or services or both supplied are found to be deficient; then the registered person who has supplied such goods / services,

may issue to the recipient a credit note.

- **Debit Note** – Where a tax invoice has been issued for supply of any goods / services and:
 - Taxable Value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply,then the registered person who has supplied such goods / services, may issue to the recipient a debit note.
- Contents of Debit Note and Credit Note are as follows:
 - Name ,address and GSTIN of the supplier
 - Nature of the document (whether Debit / Credit Note)
 - A Consecutive Serial Number
 - Date of Issue
 - Name ,address and GSTIN or UIN ,if registered of the recipient
 - Name and address of the recipient
 - Address of Delivery
 - State Code, if such recipient is unregistered
 - Serial Number and date of the corresponding tax invoice or the bill of supply as the case may be
 - Value of Taxable Supply
 - Rate of Tax
 - Amount of Tax credited or as the case may be, debited to the recipient.

12.5 Issuance of Delivery Challan

- Where goods are transported for the purposes of:
 - a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known;
 - b) transportation of goods for job work;
 - c) transportation of goods for reasons other than by way of supply (Eg. Inter unit Transfer); or
 - d) such other supplies as may be notified by the Board;

The consigner may issue a delivery challan, in lieu of the Invoice at the time of removal of goods from transportation, containing the following details:

- Date and number of the delivery challan,
 - Name, address and GSTIN of the consigner, if registered,
 - Name, address and GSTIN or UIN of the consignee, if registered,
 - HSN code and description of goods,
 - Quantity
 - Taxable value
 - Tax rate and Tax amount
 - Place of supply, in case of inter-State movement, and
 - Signature.
- Delivery Challan shall be prepared in Triplicate ,in the following manner
 - i) Original for consignee

- ii) Duplicate for transporter
- iii) Triplicate for consignor.

Where goods are transported on a delivery challan, the same shall be declared in E-way bill.

12.6 Applicability / Issuance of E-way Bill

- Every registered person who causes movement of goods of consignment value more than Rs. 50,000:
 - In relation to a Supply; or
 - For reasons other than supply; or
 - Due to inward supply from an unregistered person.

Shall provide such information prior to commencement of movement of goods and generate electronic way bill (E-way bill).

The registered person or the transporter may at his option generate and carry the e-way bill even if the value of the consignment is less than Rs. 50,000/-

12.7 Generation of E-way bill

In case of registered person	In case of unregistered person
<ul style="list-style-type: none">- Wherein goods are transported by a registered person as a consignor or the recipient of supply as the consignee, in his own conveyance or a hired one, the registered person shall furnish information relating to the movement of goods in Part A of FORM GST INS - 01 electronically- The registered person or the recipient may generate the e-way	<ul style="list-style-type: none">- Where movement of goods is caused by an unregistered person either in his own conveyance or a hired one, or through a transporter, then he or the transporter shall generate the e-way bill in FORM GST INS-01 on the common portal.- Where in goods are supplied by an unregistered supplier to a recipient who is registered, the movement

In case of registered person	In case of unregistered person
<p>bill in FORM GST INS-01 electronically on common portal after furnishing information relating to transporter in Part B of FORM GST-01.</p> <p>- In case where e-way bill is not generated through above process by registered person and goods are handed over to a transporter, the registered person shall furnish the information relating to the transporter in Part B of FORM GST INS - 01 on the common portal and the e - way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part A of FORM GST INS - 01.</p>	<p>shall be said to be caused by such recipient, if the recipient is known at the time of commencement.</p>

12.8 E-way bill – In case of transporter – Multiple conveyance or multiple consignments:

i) Multiple conveyance for single consignment

Where in case of any transporter transferring goods from one conveyance to another in the course of transit shall generate a new e-way bill on the common portal in FORM GST INS-01 specifying therein the mode of transport. However a new e-way bill should be issued before such transfer and further movement of goods.

ii) Multiple consignments in one conveyance

- Where multiple consignment are intended to be transported in one

conveyance, the transporter shall indicate the serial number of e-way bills generated in respect of each such consignment electronically in FORM GST INS-02 and same shall be generated by him prior to the movement of goods.

- Where the consignor has not generated FORM GST INS – 01 and the value of goods carried in the conveyance is more than Rs. 50,000, the transporter shall generate FORM GST INS – 01 on the basis of invoice or bill of supply or delivery challan, as the case may be, and also generate a consolidated e-way bill in FORM GST INS – 02 on the common portal prior to the movement of goods.

12.9 Validity of E-way bill

The E-way bill shall be valid from the time at which it has been generated. An e-way bill or consolidated e-way bill shall be valid as under

Sr. No.	Distance	Validity Period
1.	Less than 100 km	1 Day
2.	100 km or more but less than 300 km	3 Days
3.	300 km or more but less than 500 km	5 Days
4.	500 km or more but less than 1000 km	10 Days
5.	1000 km or more	15 Days

It has been provided that the validity of the e-way bill may be extended by the Commissioner for certain categories of goods as may be specified therein.

12.10 Documents and devices to be carried by a person in charge of a conveyance

- Person in charge of a conveyance shall carry –
 - a) Invoice or bill of supply or delivery challan; and
 - b) Copy of e-way bill or e-way bill number, either physically or through a Radio Frequency Identification Device (RFID) embedded on to conveyance.

- In lieu of invoice, person in charge of a conveyance can furnish an Invoice reference number to the proper officer conducting the verification of the goods. Invoice reference number can be obtained by registered person from the common portal by uploading a tax invoice issued by him which shall be valid for 30 days from the date of uploading.
- Every class of transporters who are notified by the Commissioner to obtain a unique RFID, shall get such RFID embedded to the conveyance and map the e-way bill to the RFID prior to the movement of goods.
- The Commissioner may, where the circumstances so warrant, require the person –in–charge of conveyance to carry the following instead of e–way bill:
 - a) Tax invoice or bill of supply or bill of entry , or
 - b) A delivery challan, where the goods are transported other than by way of supply.

12.11 Verification of documents and conveyances

- The Commissioner or an officer empowered by him may authorize the proper officer to intercept any conveyance to verify the e–way bill or the e–way bill number in physical form for all intra and inter–state movement of goods.
- Verification of movement of goods and vehicles shall be done through RFID readers where the e–way bill has been mapped with RFID.
- Physical verification of conveyances can also be carried out by proper officer.

12.12 Other Key aspects

- A unique e–way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal.

- The information of furnished in Part A of FORM GST INS-01 shall be made available to the registered supplier on the GST portal and same shall be utilized for furnishing details in FORM GSTR-1 (Outward supply return).
- An e-way bill can be cancelled within 24 hours of its generation, in case where good are either not being transported or are not being transported as per the details furnished in the e-way bill. However once e-way bill has been verified in transit, it cannot be cancelled.
- E-way bill generated shall be made available to the recipient and he shall communicate his acceptance or rejection of the consignment covered by the e-way bill. The recipient has option to reject e-way bill within 72 hours of the details being made available on him on the common portal, otherwise it shall be deemed that he has accepted. The facility of generation and cancellation of e-way bill may also be made available through SMS.

13.1 Periodical Returns under GST Law

- Under GST regime, the Government lays ample amount of thrust on making technology driven communications between tax department and assessee. Filing of periodical returns whether under present IDT regime or GST regime has always been a key communication between department and assessee. Given that, it will be mandatory under GST regime to file periodical returns electronically.
- The framework of compliances under GST regime is designed in such a manner that the seamless credit chain, which is a major highlight, would get break if an assessee does not comply with requirement of periodical returns. The Input Tax Credit on inward supplies will be eligible to assessee only if he files his periodical returns. Further, the GST charged to his customers on outward supplies made by him will be eligible to his customers, only if an assessee files his periodical returns.
- Also as per the returns format, as finalized by GST Council, it is expected to provide line- wise detailing of outward and inward supplies. The details will be mapped and reconciled by the government website and any difference in that will be communicated to both supplier & recipient.
- Nil Return needs to be filed even if there are no outward or inward supplies.
- Subsequent returns shall not be allowed in case previous period returns had not been filed.
- The detailed list of forms & returns which are likely to be notified under GST law is given in Appendix.
- For the purposes of the Act, **“tax period”** means the period for which the return is required to be furnished.
- Following details relating to the claim of ITC on inward supplies including imports, provisionally allowed ITC, shall be matched after the due date for furnishing the

return in FORM GSTR-3

- (a) GSTIN of the supplier;
 - (b) GSTIN of the recipient;
 - (c) invoice or debit note number;
 - (d) invoice or debit note date; and
 - (e) tax amount:
- The following details relating to the claim of reduction in output tax liability shall be matched after the due date for furnishing the return in FORM GSTR-3:-
 - a) GSTIN of the supplier;
 - b) GSTIN of the recipient;
 - c) credit note number;
 - d) credit note date; and
 - e) tax amount
 - The following details relating to the supplies made through an e-Commerce operator, as declared in form GSTR-8, shall be matched with the corresponding details declared by the supplier in form GSTR-1-
 - a) State of place of supply; and
 - b) Taxable value

13.2 The list of certain relevant returns under GST law as per the return rules approved by the GST Council are outlined herein below:

Due Date of filing	Form No	Periodicity	Who is liable to file?	Nature of Return
10th of month succeeding tax period (Cannot be filed between 11th to 15th of month succeeding the tax period)	GSTR-1	Monthly	Every registered person, other than <ul style="list-style-type: none"> - ISD; - Non-resident taxable person; - Person paying tax under composition scheme; - Person deducting tax as TDS; - Person collecting tax as TCS 	Details of Outward Supplies The details of outward supplies shall include : <ul style="list-style-type: none"> (a) Invoice wise details of all – <ul style="list-style-type: none"> i) Inter and intra state supplies made to registered persons ii) Inter-state supplies made to unregistered persons amounting to more than Rs.2.5 lakhs. (b) Consolidated details of – <ul style="list-style-type: none"> i) Intra-state supplies made to unregistered person for each rate of tax and ii) State wise inter-state supplies with invoice value upto Rs.2.5 lakhs made to unregistered persons for each rate of tax. (c) Debit and credit note if any issued during the month for invoices issued previously.
Before due date of GSTR – 2	GSTR-2A	Monthly	Auto generated	Details of Inward Supplies received by the recipient. The details of inward supplies shall include–

Due Date of filing	Form No	Periodicity	Who is liable to file?	Nature of Return
				(a) Invoice wise inter-state and intra-state supplies from registered and unregistered persons. (b) Import of supply. (c) Credit and debit notes if any.
15th of month succeeding tax period	GSTR-2	Monthly	Every registered person, other than <ul style="list-style-type: none"> - ISD; - Non-resident taxable person; - Person paying tax under composition scheme; - Person deducting tax as TDS; - Person collecting tax as TCS 	Details of Inward Supplies.
17th of month succeeding tax period	GSTR-1A	Monthly	Auto generated	Details of outward supplies which are not reconciled with GSTR-2 of customers filed by them
20th of month succeeding tax period	GSTR-3	Monthly	Every registered person, other than <ul style="list-style-type: none"> - ISD; - Non-resident taxable person; - Person paying tax under composition scheme; - Person deducting tax as 	Monthly return to be filed. Return cannot be filed without making payment of GST liability

Due Date of filing	Form No	Periodicity	Who is liable to file?	Nature of Return
			TDS; – Person collecting tax as TCS	
18th of month succeeding tax period	GSTR-4	Quarterly	Person registered under Composition Scheme	Quarterly return covering details of inward & outward supplies. Return cannot be filed without making payment of GST liability The details to be included are as follows: (a) invoice wise inter-State and intra-State inward supplies received from registered and un-registered persons; and (b) consolidated details of outward supplies made
20th of month succeeding tax period / within 7 days from the last day of validity of registration,, Whichever is earlier	GSTR-5	Monthly	Non-Resident Taxable Person	Details of Outward & inward supplies
On or before 20th of month succeeding the calendar month or part thereof	GSTR-5A	Monthly	Persons providing online information and database access or retrieval services from a place outside India to unregistered person in India	Details of Outward supplies & Inward supplies

Due Date of filing	Form No	Periodicity	Who is liable to file?	Nature of Return
13th of month succeeding tax period	GSTR-6	Monthly	Input Service Distributor	Details of ITC availed, utilized & distributed
10th of month succeeding tax period	GSTR-7	Monthly	Person liable to deduct TDS	Details of TDS liable to be deducted & paid
10th of month succeeding tax period	GSTR-8	Monthly	Every person registered as e-commerce operator	Details of TDS liable to be collected & paid
31st December of following year	GSTR-9	Yearly	Every registered person, other than <ul style="list-style-type: none"> - ISD; - Casual Taxable person - Non-resident taxable person - Person deducting tax as TDS 	Annual Return
31st December of following year	GSTR-9A	Yearly	Registered person paying tax under composition scheme	Annual Return
31st December of following year	GSTR-9B	Yearly	Every electronic commerce operator required to collect tax at source	Annual Return
31st December of following year	GSTR-9C	Yearly	Every Registered Taxable person whose aggregate turnover during financial year exceeds Rs 2 Crore	Furnishing of audited annual accounts and a reconciliation statement

13.3 Under GST regime, the procedure to pay tax is quite different from payment of tax under existing law. In GST there is a common portal system for debiting and crediting of tax liability. Taxes can be paid through credit ledger of the registered person. However, interest, penalty and fees cannot be paid by debiting the credit ledger.

S. No.	Particulars	Description
1.	Electronic Liability Register	<p>The electronic liability register shall be maintained in FORM GST PMT – 01 on the common portal.</p> <p>All the amounts payable by the taxable person shall be debited to this register which includes tax liability, interest, late fees, penalty or any other amount payable.</p> <p>Communication regarding any discrepancy in Electronic Liability Ledger shall be made in FORM GST PMT – 04 to proper officer</p>
2.	Electronic Credit Ledger	<ul style="list-style-type: none"> – Every claim of input tax credit shall be maintained in electronic credit ledger in FORM GST PMT – 02 on the common portal by every taxable person. – Any payment of liability or refund of unutilized amount shall be routed through this ledger. Refund claim of such unutilized amount, if rejected, then the amount should be re-credited to the ledger by the officer by an order made in FORM GST PMT – 03 <p>Communication regarding any discrepancy in Electronic Credit Ledger shall be made in FORM GST PMT – 04 to proper officer.</p>
3.	Electronic Cash Ledger	<ul style="list-style-type: none"> – A taxable person shall maintain electronic cash ledger in FORM GST PMT – 05 on the common portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount. – A challan in FORM GST PMT – 06 shall be

S. No.	Particulars	Description
		<p>generated and details of the amount to be deposited shall be entered.</p> <ul style="list-style-type: none">- GST payment can be done through following modes:<ul style="list-style-type: none">• Internet banking• Credit Card or Debit Card• NEFT or RTGS• Over the Counter payment (OTC)- FORM GST PMT – 06 shall be valid for a period of 15 days.- Unregistered person can make payment on the basis of a temporary identification number generated. <p>If no CIN is generated or generated but not communicated to common portal, same can be communicated to the bank or electronic gateway by FORM GST PMT – 07.</p>
4.	Identification number for each transaction	<ul style="list-style-type: none">- A unique identification number shall be generated at the common portal for each debit / credit to the electronic cash or credit ledger. <p>The unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic liability register</p>

13.4 Tax wrongfully collected and paid to Central Government or State Government

- In case of a registered person who has paid IGST on supply considered by him as inter-State supply and subsequently if it is held to be an intra-State supply, then CGST and SGST/ UTGST shall be payable (along with interest) and the IGST so paid shall be refunded subject to such condition as may be prescribed.
- In case of a registered person who has paid CGST and SGST / UTGST on

supply considered by him as intra-State supply and subsequently if it is held to be an inter-state supply, then the same can be adjusted against IGST and no interest shall be leviable on the same. However documentary evidence required to be produced for claiming such adjustment of tax.

13.5 Tax deducted at source and Tax collected at Source

Tax Deducted at source	Tax Collected at source
<ul style="list-style-type: none"> - The following category of persons may deduct tax at rate of 1% from payment made or credited to supplier of taxable goods / services where total value of such supply under a contract exceeds Rs. 2.5 lakh. <ul style="list-style-type: none"> • Department or establishment of Central or State government; or • local authority; or • government agencies; or • such persons as may be notified - No deduction shall be made if location of supplier and place of supply is different. - Amount deducted needs to be deposited by deductor within 10 days after end of month in which deduction is made - Deductor shall furnish certificate to the deductee mentioning contract value, rate of deduction, amount deducted. - Deductor shall be liable to pay sum of Rs.100 per day after expiry of 5 days of crediting the amount so deducted subject to maximum of 5,000/- if deductor fails to furnish certificate within 5 days to the deductee. - Deductee shall claim credit, in his electronic cash ledger, of the tax so deducted and reflected in the returns filed by deductor. 	<ul style="list-style-type: none"> - Every E-Commerce Operator (referred as operator), not being an agent, shall collect an amount at rate of 1% of the net value of taxable supplies made through it by other suppliers where consideration with respect to such supplies is to be collected by the operator. - The amount so collected shall be paid to the Government by the operator within 10 day after the end of month in which deduction is made. - Operator shall furnish a statement within 10 days after the end of such month. - Operator shall also furnish an annual statement before 31st day of December following the end of such financial year. - The Supplier who has supplied the goods or services through the operator shall claim credit, in his electronic cash ledger, of the tax so collected and reflected in the statement filed by the operator.

Tax Deducted at source	Tax Collected at source
<ul style="list-style-type: none">Interest not exceeding 18% shall be charged if deductor fails to pay to credit of appropriate government the amount deducted as tax	

13.6 Refunds

- Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, needs to make an application before the expiry of 2 years from the relevant date.
- Refund of unutilized ITC**

Refund on unutilized ITC shall be allowed to –
 - Zero rated supply without payment of tax (under bond or letter of undertaking) except in case where export duty is payable;
 - Where credit has been accumulated on account of rate of tax on inputs being higher than the rate of taxes on outputs.
- Refund in case of zero rated supply**
 - “zero rated supply” means any of the following supplies:
 - a) export of goods or services or both; or
 - b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
 - The calculation of refund of ITC in respect of zero rated supply without payment of tax under bond or letter undertaking as are follows:

Refund Amount = (Turnover of zero rated supplies * Net ITC)

Adjusted Total Turnover

Net ITC = ITC availed on inputs and input services during the relevant period;

Turnover of supplies = means the value of zero rated supply during the period without payment of tax under bond or letter of undertaking.

Adjusted Total Turnover = means turnover in a State or Union territory excluding the value of exempt supplies other than zero rated supplies.

- In case of zero rated supply, refund shall be made on provisional basis i.e. refund of 90% of the total amount claimed excluding amount of ITC accepted on provisional basis, subject to following conditions:
 - Person claiming the refund has not been prosecuted for evasion of tax exceeding Rs.2.5 lakhs for any offence for the period of 5 years immediately preceding the tax period.
 - A person making zero rated supply also has an option of payment of IGST and thereafter claiming refund of IGST paid.
 - In case of export of goods, refund application shall be filed only after the export manifest or export report is provided by the Customs Authorities.
 - Refund of ITC is not allowed in case supplier avails drawback.
- **Refund in case of Inverted Duty Structure**
 - Inverted duty structure means situation where the tax on input is more than tax on output.
 - The calculation of refund of ITC in respect of Inverted Duty Structure shall be as per the manner specified below:

Maximum Refund Amount= {(Turnover of inverted rated supply of goods) x Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods

- Refund to Casual Taxable Person / Non Resident Taxable person

Casual Taxable Person or Non Resident Indian shall claim refund in the last return for the amount deposited in advance at the time of registration after adjustment of tax liability.

13.7 Relevant date for refund

Relevant date for calculating time limit for filing refund claim is as follows:

Situation	Relevant Date
Goods are exported by sea or air	Date on which the ship/aircraft in which such goods are loaded, leaves India
Goods are exported by land	Date on which such goods pass the frontier
Goods are exported by post	Date of dispatch of goods by the Post Office
Goods regarded as deemed export	Date on which the return relating to such deemed export is filed
Services exported and supply of services had been completed prior to the receipt of payment	Date of receipt of payment in convertible foreign exchange
Services exported and payment received in advance prior to date of issue of invoice	Date of issue of invoice
Tax refundable as a consequence of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court	Date of communication of such judgement, decree, order or direction
Unutilized input tax credit	End of FY in which such claim for refund arises
Tax paid on provisional basis	Date of adjustment of tax after the final assessment

Situation	Relevant Date
For person, other than supplier	The date of receipt of goods/ services by such person
In other cases	Date of payment of tax

13.8 Other key provisions relating to refund

- No refund shall be granted for the amount less than Rs. 1,000/-
- If the amount of refund claim is less than Rs. 2 Lakhs, there is no need of furnishing documentary evidence instead a self-declaration based on the documentary and other evidence by the applicant certifying that he has not passed on the incidence of such tax and interest is sufficient to claim refund.
- Refund order shall be sanctioned within 60 days from the date of receipt of complete application. In case amount is not refunded within 60 days then interest shall be payable after the expiry of 60 days till the date of refund.
- If any person has defaulted in furnishing return or payment of tax, interest or penalty, the officer may withhold the payment of refund or may deduct such tax, interest or penalty which remains unpaid from the refund claim.

14.1 General Provisions

- Every registered person shall keep and maintain at his principal place of business the following true and correct account:
 - Production/manufacture of goods
 - Inward and outward supplies
 - Stock of goods
 - ITC availed
 - Details of output tax and
 - Such other particulars as may be prescribed
- In case of additional place of business, accounts relating to such additional places shall be kept at the respective places.
- The books of accounts or other records shall be retained for a period of 72 months from the last day of filing of annual return.
- The Commissioner may notify a class of taxable persons to maintain additional accounts or documents.
- Every transporter and owner/operator (registered or not) of warehouse/godown or any other place used for storage of goods shall maintain records of consigner, consignee and other details of goods.
- Registered person who fails to record supplies other than goods lost/stolen/destroyed/written off /disposed of by way of gift/free sample, then in such cases the officers shall calculate tax payable on such supplies.
- Records pertaining to appeals, revision, proceedings or investigation shall be kept for a period of 1 year after final disposal.

14.2 Audit by Chartered Accountant / Cost Accountant

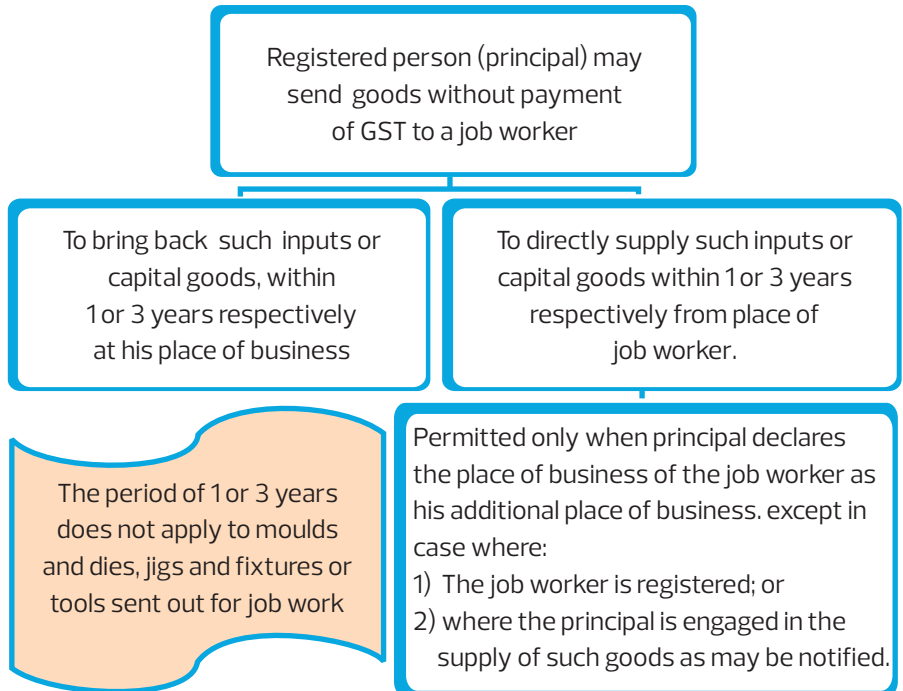
Every registered person whose turnover during a FY exceeds Rs. 2 Crore shall get his accounts audited by a CA or a Cost Accountant on or before 31 December of following the end of the FY and submit a copy of audited financial accounts, the reconciliation statement and other documents.

14.3 Audit by Tax Authorities

- The Commissioner or any officer authorized, by way of a general/specific order may undertake audit of any registered person. The registered person shall be informed not less than 15 working days prior to conduct of audit.
- The audit shall be completed within 3 months from the date of commencement of audit and shall be extended by further 6 months.
- The audit findings shall be communicated to the registered person within 30 days.
- Assistant commissioner with prior approval of Commissioner, may / can direct any registered person by notice in writing to gets his accounts audited by a CA/CWA.

15.1 ‘**Job Work**’ means undertaking any treatment or process by a person on goods belonging to another registered person.

15.2 The Inputs / Capital Goods can be sent to the place of the job worker with following conditions:



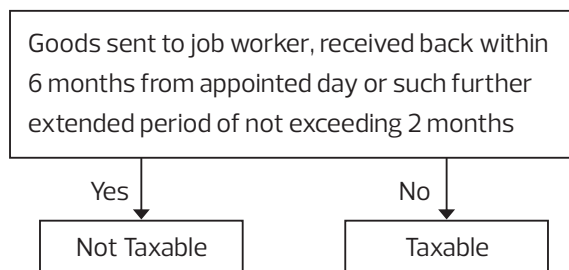
- Even if goods are sent directly to job worker premise, principal can take ITC on goods. Time limit in case of goods sent directly to job worker premise will be counted from the date of receipt of goods by job worker.
- Intermediate goods arising from any treatment or process carried out on inputs shall also be treated as to be inputs. The responsibility for proper accounts for inputs / capital goods shall lie with the principal.
- Waste and scrap generated during job work can be supplied from the place of job worker after making payment of GST by job worker if he is so

registered, else by the principal.

- The movement of goods between principal and job worker has to be under the cover of the challans which also needs to be incorporated in the monthly GST returns.
- If the inputs / capital goods are not brought back or supplied from the place of job worker within the stipulated time limit, it will be deemed that the inputs / capital goods sent to job worker were supplied by principal to job worker on the day when they were sent out. The challan itself will be deemed to be a tax invoice.

15.3 The transitional provisions in relation to job worker related transactions are as follows:

- In case of removal of goods for job work before appointed day and which are not returned or after the appointed day:



- Goods include the following:
 - a. Inputs removed as such or removed after being partially processed to a job worker for further processing, testing, repair, reconditioning or any other purpose
 - b. Semi-finished goods had been removed for carrying out certain manufacturing processes

- c. Excisable goods removed without payment of duty for carrying out tests or any other process not amounting to manufacture
- Disclosure to be made by the manufacturer and the job worker regarding details of inputs or goods held in stock by the job worker on behalf of the manufacturer on the appointed day in the prescribed manner and form within 60 days of the appointed day.

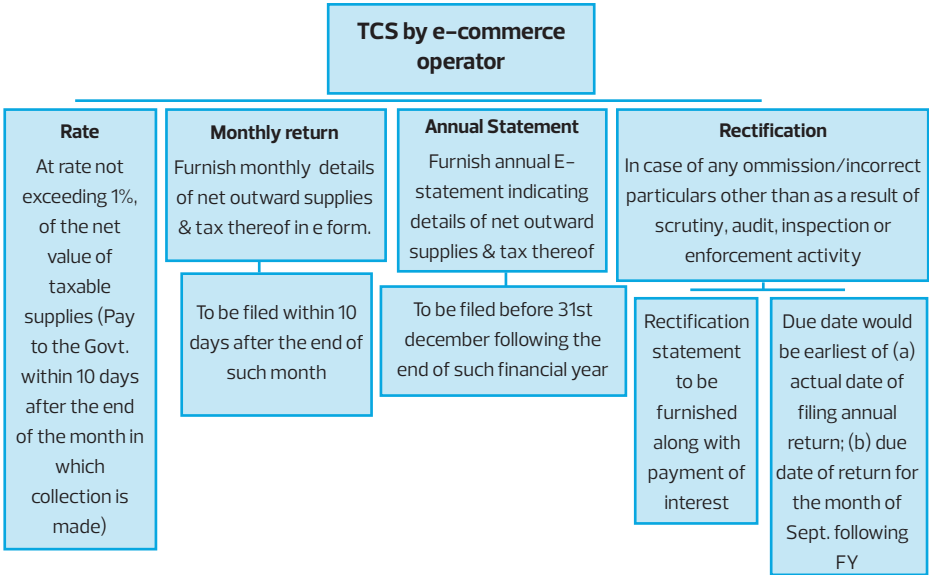
16.1 Supplies through e-commerce companies are undertaken on a large scale in India and the same is continuously growing at a fast pace. In e-commerce, generally, suppliers supply goods / services based on order placed by the customer on portal. The said supply of goods / services is done by third party. The payment of such goods / services is made to the e-commerce operator, who then passes the consideration to the supplier.

The Act defines both electronic commerce and electronic commerce operator. The definitions are given in the table below:

Electronic Commerce	Electronic Commerce Operator
Means the supply of goods or services or both, including digital products over digital or electronic network	Means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce

16.2 Tax Collected at Source ('TCS') by e-commerce operator

E-commerce operator shall, at time of credit of any amount to supplier or at time of payment whichever is earlier, collect an amount, out of the consideration paid or payable to actual supplier of goods or service in respect to supply made by him.



Other relevant provisions in relation to TCS

- “Net value of taxable supplies” shall mean aggregate value of taxable supplies of goods or services or both, other than notified services, 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.
- Supplier who has done supply through e-commerce operator, can claim credit in his electronic credit ledger
- Details furnished by operator will be matched with outward supply detail furnished by supplier and discrepancy, if any will be communicated to both persons.
- If amount of discrepancy is not rectified, then the same shall be added to the outward supply of the supplier in succeeding month (If outward supply by operator is more than outward supply by supplier)
- Supplier needs to pay tax along with interest on difference from date of addition in liability to date of payment.
- A proper authority may serve a notice, requiring details from operator of:
 - Supplies made during the period
 - Stock with supplier, managed by operator at place declared as additional place of business
- Operator is required to furnish details within 15 working days of date of serve of notice. In case of failure to furnish details, he shall be liable to penalty, which may extend to Rs.25,000

16.3 Certain specific conditions in relation to e-commerce operators

Particulars	Provision
Compulsory Registration requirement	<ul style="list-style-type: none"> – For every E-Commerce operator (no threshold exemption) – Person engaged in supply, except notified services, through such electronic commerce operator who is required to collect tax at source (such person shall also be ineligible for composition levy scheme)
Tax on notified Services	<p>E-Commerce operator would be liable to pay tax on services as notified by government, if such services are supplied through him. All the other provisions of the Act would apply to him as if he is supplier of such goods/ services.</p> <ul style="list-style-type: none"> – If the operator is not having physical presence in India, then representative shall be liable to pay tax. – In case of no representative, the operator shall appoint a person in taxable territory for the purpose of paying tax.

17.1 Background

One of the biggest challenges in implementing GST Act would be the technicalities that will affect the business during the phase of shifting from 'existing law' (to be defined in respective GST Act) to GST regime. To mitigate such issues, transitional provisions have been incorporated in the GST Act for effective transition to CGST, SGST, UTGST and IGST.

17.2 Migration of existing taxpayers to GST

- Every registered person under existing laws other than a person deducting tax at source (under VAT regime) or an Input Service Distributor shall be issued a provisional registration certificate. On receipt of such provisional registration certificate, person is required to fill details in specified form to obtain certificate of registration.
- The information required to be furnished for obtaining certificate of registration after receipt of provisional registration certificate needs to be submitted within 3 months from the appointed day.
- Person registered under existing laws, who is not liable to be registered under GST law, requires to first obtain the certificate of registration, thereafter submit an application for cancellation of registration in specified form within 30 days from the appointed day.

17.3 Balance of CENVAT Credit as on appointed day

- The balance of CENVAT Credit as on appointed day can be availed as under:

S. No.	Particulars	Applicable to	Remarks
1.	Balance of Credit on the appointed day	Registered person except for person opting to pay tax under Composition Scheme.	- Balance of admissible (unutilized) CENVAT Credit, Credit of VAT and Entry Tax carried forward in return furnished under existing law, is allowed to be carried forward by incorporating it in electronic credit ledger.

S. No.	Particulars	Applicable to	Remarks
			<ul style="list-style-type: none"> - VAT and Entry Tax credit shall be availed within 90 days after the appointed day. - In case any of the following condition is fulfilled, the CENVAT credit shall not be allowed to carry forward: <ul style="list-style-type: none"> • Said amount of credit is not admissible as ITC under GST. • If all returns under existing law are not furnished for the period of 6 months immediately preceding the appointed day. • If the amount of credit relates to goods which are exempt under existing law. - Credit attributable to the following which is not substantiated as per CST Rules shall not be credited to the electronic credit ledger as per CST provisions: <ul style="list-style-type: none"> • Interstate sale / purchase including the liability to tax • Penultimate sale for export • Interstate transfer of goods (excluding sale related transfer) • Exemption from payment of tax on receipt of a declaration in prescribed form and manner by the registered buyer - The amount equivalent to such credit shall be refunded when the same is substantiated as per the CST Rules.

S. No.	Particulars	Applicable to	Remarks
2.	Un-availed CENVAT credit/ ITC on capital goods under existing law	<ul style="list-style-type: none"> Registered person other than person opting to pay tax under Composition Scheme 	<ul style="list-style-type: none"> Entitled to avail credit of un-availed admissible CENVAT / ITC on Capital Goods subject to the condition that the said credit was eligible as CENVAT / ITC under existing provisions and are eligible as ITC under GST Further, the amount of credit already availed and yet to be availed are required to be disclosed.
3.	Credit in respect of inputs held in stock on appointed day	<ul style="list-style-type: none"> A registered person under GST Law, who was not liable to seek registration under existing law; manufacturer of exempted goods; provider of exempted services; seller of exempted goods / tax free goods / goods suffered tax at first point of their sale; who was providing works contract service by availing the benefit of abatement, 1st Stage dealer; 2nd Stage dealer; A registered importer; A depot of a manufacturer; 	<ul style="list-style-type: none"> Entitled to take eligible duties (Refer Note 1)/ credit of VAT / Entry Tax in respect of inputs <ul style="list-style-type: none"> held in stock; contained in semi-finished; or contained in finished goods held in stock on the appointed day. The following conditions are required to be fulfilled: <ul style="list-style-type: none"> Such inputs/goods shall be used for making taxable supplies Eligible for ITC under GST Possession of invoice or any such document evidencing payment of duty/tax Invoice issued not earlier than 12 months preceding appointed day. Disclosure of stock as on appointed day Not eligible for any abatement under CGST provisions

S. No.	Particulars	Applicable to	Remarks
		<ul style="list-style-type: none"> - A person entitled to ITC at time of manufacture or sale of goods 	
4.	Credit in respect of inputs held in stock on appointed day	<ul style="list-style-type: none"> - Assesses specified in serial no 3 above who are not in possession of invoice 	<p>A registered person (other than a manufacturer or a supplier of service who is not in possession of invoice or any document evidencing payment of Excise Duty/ Tax) would be eligible for duties (Refer Note 1) subject to following conditions:</p> <ul style="list-style-type: none"> - Pass on the benefit of such credit by way of reduced prices to the recipient. - Credit shall be allowed at 60% of CGST on goods which attract CGST at the rate of 9% or more and 40% of CGST for other goods applicable on supply of such goods after appointed day. - In cases where IGST is paid on such goods, ITC shall be allowed at 30% and 20% respectively of the said tax. - Credit shall be allowed after payment of tax on such supply - This scheme shall be available for 6 tax periods. - Such goods were not wholly exempt or Nil rated under excise laws - Document of procurement for such goods is available with registered person - Details of stock to be furnished in

S. No.	Particulars	Applicable to	Remarks
			<p>form GST TRAN 2 at the end of each of 6 tax periods indicating supply of such goods</p> <ul style="list-style-type: none"> – Stock of such goods should be stored and easily identifiable.
5.	Credit in respect of inputs held in stock on appointed day	<p>A Registered person under GST provisions:</p> <ul style="list-style-type: none"> – who provides non exempted as well as exempted services under existing law; or – who was engaged in manufacture of exempted as well as non-exempted goods under existing law; or – who is engaged in sale of taxable as well as exempted or tax free goods under existing law. 	<ul style="list-style-type: none"> – The amount of CENVAT credit carried forward in the return furnished under the existing law shall be allowed to be incorporated in electronic credit ledger subject to fulfillment of conditions given in serial no. 1. – The amount of CENVAT credit of eligible duties (Refer Note 1) relating to exempted goods or services shall be allowed subject to fulfillment of conditions given in serial no. 3.
6.	Credit in respect of inputs or input services / VAT/ Entry Tax received after appointed day on which tax paid been under existing law	Every Registered person	<p>Entitled to avail eligible duties or taxes (Refer Note 1 & 2)/ VAT/Entry Tax in respect of inputs or input services received on or after the appointed day subject to the condition that:</p> <ul style="list-style-type: none"> – The invoice or any other duty / tax paying document of the same is recorded in the books of accounts of such person within 30 days from appointed day – Time limit can be further extended for 30 days if sufficient cause is provided to the Commissioner

S. No.	Particulars	Applicable to	Remarks
			<ul style="list-style-type: none"> - A statement comprising following details to be submitted: <ul style="list-style-type: none"> • Name of supplier, Sr. No. and date of issue of invoice or any other document • Description, quantity and value of such goods/services • Amount of eligible taxes and duties charged by the supplier • Date of entry in books of accounts of receipt of such goods/services
7.	Credit on inputs/VAT held in stock	Registered person either paying tax at a fixed rate or paying a fixed amount of tax under existing law	<ul style="list-style-type: none"> - Registered person shall be entitled to avail eligible duties or taxes (Refer Note 1) in respect of: <ul style="list-style-type: none"> • inputs held in stock and • inputs contained in semi-finished goods • inputs contained in finished goods held in stock on the appointed day. - The following conditions are required to be fulfilled: <ul style="list-style-type: none"> • Such inputs/goods shall be used for making taxable supplies. • Eligible for ITC under GST • Possession of invoice or any such document evidencing payment of duty/tax. • Invoice issued not earlier than 12 months preceding the appointed day. • Not paying tax under Composition scheme under GST

S. No.	Particulars	Applicable to	Remarks
			<ul style="list-style-type: none"> Disclosure of stock as on appointed day
8.	Credit to be distributed by ISD on account of services received prior to appointment date	Input Service Distributor under existing law	Shall be eligible for distribution as credit under GST even if the invoices relating to such services are received on or after the appointed day.
9.	Carry forward of CENVAT credit	Every registered person who is having centralized registration under the existing law	<p>Eligible to take ITC of CENVAT carried forward immediately preceding appointed day, subject to following conditions:</p> <ul style="list-style-type: none"> - Has filed his return for the period ending with day immediately preceding the appointed day within 3 months from the appointed day provided the return is either original or revised return where the credit has been reduced from that claimed earlier. - Eligible as ITC under GST - Has disclosed the stock as on appointed date - Such credit can be transferred to any of the registered person with same PAN for which centralized registration was obtained under existing law.
10.	Credit on Input Services reversed	Every registered person	Credit can be reclaimed provided the payment of consideration towards value of Input Service & tax thereon has been made within

S. No.	Particulars	Applicable to	Remarks
	under existing law on account of non-payment of consideration		3 months from the appointed day and disclosure of stock has been made as on appointed date.

- Disclosure is to be made separately in an application which is to be filed electronically on the common portal which shall be duly signed and in such prescribed form within 90 days from the appointed day, regarding the amount of tax or duty, credit of which is eligible under above mentioned points. However a Commissioner may on recommendations of council, extend the period of 90 days by a further period not exceeding 90 days.
- In case of inputs received from Export Oriented Units and Electronic Hardware Technology Parks, credit shall be allowed as per the provisions of CENVAT Credit Rules under the existing law.

17.4 Other Key Transitional provisions

S. No.	Particulars	Remarks		
1.	Removal /Sale of goods before appointed day on which duty or tax has been paid under existing law and returned after appointed day	– Unregistered person returning the goods		
		Time of removal	Time of return of goods	Refund
		6 months before appointed date	Within 6 months after appointed day	Eligible
			After 6 months from the appointed day	Ineligible
		– In case the said goods are returned by a registered person , such return of goods shall be deemed as supply of goods.		

S. No.	Particulars	Remarks						
2.	Price revision of goods or services in pursuance of an ongoing contract	<ul style="list-style-type: none">- Supplementary invoice, debit note, credit note, etc. to be issued by such a registered supplier within 30 days of such revision of price.- Such supplementary invoice, debit note, credit note, etc. shall be deemed to have been issued in respect of outward supply made under GST.- In case of downward revision in price, GST tax liability shall be reduced only if the recipient has reduced the ITC accordingly.						
3.	Taxability is case of goods / services / both supplied on or after the appointed day in pursuance of a contract entered prior to appointed day.	<ul style="list-style-type: none">- Shall be liable to tax under GST.						
4.	Taxability in case of supply of goods / services where VAT / Service Tax was leviable under existing law.	<ul style="list-style-type: none">- Shall not be liable to tax under GST.						
5.	Taxability in case tax was paid on supply of both goods and services under existing laws	<ul style="list-style-type: none">- Shall be liable to tax under GST.- Shall be eligible to take ITC of the VAT / Service Tax paid under existing laws to the extent of supplies made after the appointed day.- Declaration shall be submitted within 90 days of the appointed date.						
6.	Taxability of goods sent on approval basis returned on or after the appointed day	<table><tr><td colspan="2"><ul style="list-style-type: none">- Goods (taxable under GST) sent on approval basis and are:</td></tr><tr><th>Time period of return</th><th>Taxability</th></tr><tr><td>Rejected/ not approved and returned</td><td>Not Taxable</td></tr></table>	<ul style="list-style-type: none">- Goods (taxable under GST) sent on approval basis and are:		Time period of return	Taxability	Rejected/ not approved and returned	Not Taxable
<ul style="list-style-type: none">- Goods (taxable under GST) sent on approval basis and are:								
Time period of return	Taxability							
Rejected/ not approved and returned	Not Taxable							

S. No.	Particulars	Remarks	
		Time period of return	Taxability
		within 6 months from the appointed day	
		Approved after 6 months from the appointed day	Tax shall be payable by the supplier
		Rejected/ not approved and returned after 6 months from the appointed day	Tax shall be payable by the supplier and the recipient
		<ul style="list-style-type: none"> – Period of six months can be extended for a further period of 2 months. – Details of goods sent on approval basis shall be furnished in a prescribed form within 60 days of the appointed day. 	
7.	<ul style="list-style-type: none"> – Refund claim filed before, on or after the appointed day for refund of any amount of CENVAT credit, ITC, duty, tax or interest paid under existing law. – Refund filed after appointed day in case of export of goods or services 	<ul style="list-style-type: none"> – Shall be disposed of as per the provisions of existing law. – Refund shall be paid in cash. – Rejected claim shall lapse. – No refund of credit which is carried forwarded as on appointed day. 	
8.	Refund claim filed after the appointed day in respect of services not provided	<ul style="list-style-type: none"> – Shall be disposed of as per the provision of existing law – Refund shall be paid in cash 	
9.	<ul style="list-style-type: none"> – Pending Litigation (Appeal, Reference, Review, Revision) – Treatment of the 	<ul style="list-style-type: none"> – Pending litigation shall be disposed of as per the provisions of existing law. – Any amount found admissible, shall be refunded in cash under existing law. 	

S. No.	Particulars	Remarks
	amount recoverable or refundable in pursuance of assessment or adjudication proceedings – Revision of returns	– Any refund claim which is rejected shall not be admissible as ITC under GST regime. – In case any amount becomes recoverable, shall be recovered as arrear of tax under GST regime. – Such recovered amount shall not be admissible as ITC under GST. – No refund shall be allowed in case of CENVAT Credit carried forward to GST Regime.
9.	– Pending Litigation (Appeal, Reference, Review, Revision) – Treatment of the amount recoverable or refundable in pursuance of assessment or adjudication proceedings – Revision of returns	– Pending litigation shall be disposed of as per the provisions of existing law. – Any amount found admissible, shall be refunded in cash under existing law. – Any refund claim which is rejected shall not be admissible as ITC under GST regime. – In case any amount becomes recoverable, shall be recovered as arrear of tax under GST regime. – Such recovered amount shall not be admissible as ITC under GST. – No refund shall be allowed in case of CENVAT Credit carried forward to GST Regime.
10.	Applicability of deduction of tax at source under earlier law and invoice is issued prior the appointed day	No deduction under GST regime where payment to the supplier is made on after the appointed day.

Note 1 (Applicable only for CGST)

The following are “eligible duties”:

- Additional Excise Duties of Goods of Special Importance Act 1957
- Countervailing Duty
- Special Additional Duty
- Additional Excise duties of Textile and Textile Articles Act 1978

- Basic Excise Duty
- Additional Excise Duty and
- National Calamity Contingent Duty

In respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day

Note 2: (Applicable only for CGST)

'Eligible tax' refers to the service tax leviable under section 66B of the Finance Act, 1994 in respect of inputs and input services received on or after the appointed day.

18.1 Anti-Profiteering Measure under GST

- The GST regime proposes to bring in a price control mechanism to ensure that ITC availed by any registered person or the reduction in price on account of any reduction in the tax rate under GST, have actually resulted in a commensurate reduction in the price of the goods/services.
- Countries like Malaysia, New Zealand and Canada, have witnessed a significant increase in inflation for a very short period post implementation of GST. GST being a multi-stage, consumption-based value added tax which proposes to abolish the cascading effect in the present tax structure. Such change provides room to improve profit margin at every stage of supply chain. Therefore the said clause is proposed to ensure that the benefits of an efficient tax system are passed on to the consumers.
- Government, on recommendations of the council, may propose to constitute an authority or entrust an existing authority to exercise powers and functions and impose penalty where it finds that the price has not been reduced on account of additional ITC or reduced tax rate under GST regime.
- If Anti-profiteering measure is not prescribed then GST implementation may result in increase in prices of the goods and services and the benefits of GST will be absorbed by the dealers only .



19.1 Introduction

So far, we have seen the impact that GST has on various aspects of business such as procurement, vendor and customer relationship management and the supply chain. In today's age, information technology has become vital for businesses. GST not only entails changes in the tax and regulatory infrastructure but also requires changes to be made in IT and ERP infrastructure of the enterprise. It is thus imperative for businesses to assess their IT readiness and keep track of changes required in the ERP systems.

19.2 Is your IT team ready to make your system GST ready?

- Is your IT team aware of the new version of your ERP that may be required to make your system GST ready?
- Has your IT team identified all types of configuration changes to accommodate the new taxation requirement?
- Has your IT team identified and understood how the appropriate forms and reports related to GST needs to be developed in the system?
- Has your IT team identified master data amendments that need to be updated as per the new taxation requirement?
- Is there a technical specification document prepared for all forms and reports related to GST which needs to be developed in the system?
- Is the IT requirement identified based on the mapping of all applicable business scenarios as per the new taxation regime?
- Is there a techno commercial team who can liaison between your business and IT team during implementation?
- Is there a time frame for transitioning to new GST regime determined by your IT team?

If the answer to any of the questions above is No, it is strongly suggested that businesses should take up changes to IT and ERP very seriously and start follow

up with their ERP vendors. In the next segment, we capture some of the key things that need to be considered for businesses to prepare the IT and ERP systems for the onslaught of GST.

19.3 Key considerations for system preparedness

Under GST laws, there is a requirement of transaction level reporting. Implementation of GST wherever ERP's are implemented is like re-implementation of ERP or upgradation from a lower version to higher version. To implement these changes in the ERP, the following milestones shall be considered, to name a few:

- **Tax Registration numbers:** GST registration numbers shall replace the existing registration numbers. The first and most important change in the system shall be updation of these GST registration numbers. There shall be multiple GST registration numbers for a single entity operating from different states which shall be PAN based. The ERP system should be modified to operate as per the new GST registration systems.
- **Vendor and Customer database:** With the advent of GST, details of vendors, customers and other business partners shall be required to be updated. Further a single vendor/ customer may operate with multiple GST registration numbers depending on its location. Accordingly, Vendor / customer details like name, address, GST registration number, category of products etc. shall be required to be captured in a master data file.
- **Products / Services:** Classification of Goods / Services in HSN / SAC codes respectively shall be as per the various GST schedules. The said schedules shall form the basis for classification of Goods / Services supplied by the entity at the state level, along with the GST tax rates. Accordingly, new tax codes shall be required to be created in the new ERP which shall be compliant with GST. Further, capturing of appropriate taxes e.g. CGST, SGST, IGST, UTGST shall be imperative. This may require creation of rules to be built in the ERP depending upon the nature of the transaction.
- **Applicability / Computation of Tax:** GST is a destination based tax. Applicability of tax shall depend on place of supply. ERP shall be required to

support the said rule. Further, ERP should also compute GST on the supplies such as CGST, SGST, IGST or UTGST. The computation shall depend on classification and nature of supply. ERP should be capable to correctly calculate the GST on supplies.

- **Input Tax Credit:** GST requires capturing credits at state level. Accordingly, state wise credit pools shall be created. Further such credits shall be classified under CGST, SGST, IGST and UTGST respectively. The said entries shall be transaction level entries. Further, the input tax credit can be taken only on the payment of taxes by the supplier and receipt of goods or services and possession of the tax invoice. The input tax credit has to be processed based on the data given in the GSTIN. A new process/session /form has to be provided by the ERP vendor to avail the input tax credit. There should also be a provision in the system to reverse the input tax credit availed on inward supplies of services if the payment to the supplier is not made within the time limit prescribed under GST Law.
- **GST Accounts:** New accounts shall be required to be created to capture the inwards, outwards, recoveries, liabilities, credits etc. ERP is further required to maintain an electronic credit ledger, electronic cash ledger, electronic cash liability ledger, as per GST guidelines. The said accounts shall work in tandem with the new tax codes generated above and GST regulations for correct and efficient recording of transactions. Further, multiple accounts shall be required to be maintained in ERP for correct disclosure. These accounts shall be responsible for effective record keeping and making correct disclosures. These accounts should further be able to auto populate the report which are essential for filing returns and other disclosures with the department.
- **Tax invoice and other documents:** GST changes shall be incorporated from Purchase Order (PO) level itself. PO should be able to identify the GST based on the vendor details, place of supply etc. Such recording shall be at a transactional level. Further, GST requires generation of tax invoice based on time of supply. Further, such invoice shall contain all the particulars as

mandated by GST provisions, for it to be treated as a valid tax invoice. Further, GST does not have a provision for cancellation of invoice. In addition to tax invoices, a company may be required to issue invoice for exports, bill of supply, receipt voucher, refund voucher, supplementary tax invoice, debit notes, credit notes etc. These documents shall adhere with the GST provisions and ERP systems should be able to generate such multiple documents correctly. Further, ERP should also be capable of providing reference numbers of advances against the invoices.

- **Document numbering:** The documents required to be issued under GST shall be sequentially numbered. There shall be a separate numbering for each type of documents. Document numbering shall also correspond with the transaction reference number generated by ERP for efficient correlation.
- **Filing of returns:** Further, the returns under GST have to be filed through a GST Suvidha Provider (GSP) and there will be some nominal charges also. Before rollout of GST, engage with GSP and ensure that all the data required for the return filing is available in the system. To file the returns, ensure that two primary reports, one for inward supplies and another for outward supplies are generated in the system. The file format of the reports can be in .xls or any other format which is user-friendly. The data file generated in the respective format has to be mapped one time with the format given by the GSP. The GSP then processes the data and submits it to the GST servers for validation of the returns. This mapping is a one-time activity, but the filing of return is on monthly basis, so ensure that all periods are closed in the ERP as per process and then only data is generated.
- **Recording and business processes:** Updating existing accounting standard operating procedures shall be required for recording of transactions resulting in effective and easy reporting. The said recording shall be required to be developed at state level. Further, the business process also has to be re-engineered to adapt to the changes to the GST regulations. The core team has to evaluate all the existing business process and then see the impact of each business process under GST and make an assessment.

if there are any changes to the business process, the same has to be discussed with the senior management and take their concurrence for the changes. Once this activity is completed, the same has to be updated in the standard operating procedures and explained to the users. The changes required are to be evaluated in the ERP and seen if the same is supported or not, if not then the same has to be discussed with the ERP vendors to provide the same.

- **End user training:** Even though GST requires a lot of automation in ERP, the accuracy of data still depends on correct data entry by the user. Further, generation of correct reports are also necessary for a successful GST ERP interface. Accordingly, exhaustive training shall be imparted to the users to make operation of ERP under GST, a success, since they are the process owners and would run the system on a day to day basis. Additionally, training shall also be imparted to vendors and customers who are in the medium and small segment as they do not have the required infrastructure and resources. The reason is that the input tax credit chain will be established only once the returns filed by buyer and seller are matched.
- **Transitional data:** Successful implementation of ERP also requires smooth transition support to GST. Carry forward of existing credits, recording of open transactions under GST, recording of stock in hand on appointed date etc. are certain areas of concentration, since ERP should be capable of recording such open transaction automatically. Thus, a migration strategy shall be required to be devised by the stakeholders.
- **Post implementation support:** Once the users are trained and GST is rolled out, there will be some unforeseen issues arising due to last minute changes in the rules or understanding or for any other reason, in such cases there should be a core team in place to evaluate the same and suggest the next course of action, this ensures smooth running of the business.

The above aspects are described on a broader perspective for generic business process and the same may change from organization to organization based on the nature of the industry.

19.4 The readiness of technology providers to meet GST requirements

Following are key areas to prepare for GST:

- Readiness of ERP systems to meet GST requirements
- Integration of ERP with application service provider (ASP) or GST Suvidha provider (GSP) for filing returns to GST Network (GSTN)
- Getting aware of the GST law. Understanding the implications to your business and planning the business changes that need to be made.
- Start making use of using currently available functionality in the existing release of standard ERPs such as Tally ERP 9.0 and SAP ERP 6.0
- Once the GST Enabled edition is available, you setup the new GST Enabled Edition and go live quickly.

The role of ERP providers

- Key ERP providers such as SAP and Tally are upgrading their existing version. The new version should come with features to meet the GST requirements. The system pre-requisite for SAP and Tally to implement the GST module is as follows:
 - Tally ERP 9 – 5.4.3 is the latest version which integrates the GST bill amendment.
 - SAP support pack details are below

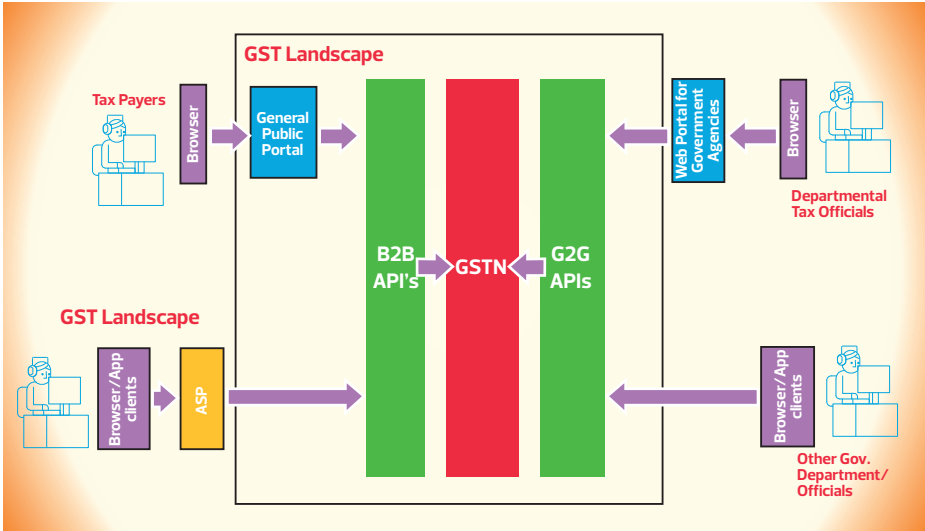
SAP_APPL Release	Support Pack
SAP ERP 6.0 (600)	SP 26
EHP2 FOR SAP ERP 6.0 (602)	SP 16
EHP3 FOR SAP ERP 6.0 (603)	SP 15
EHP4 FOR SAP ERP 6.0 (604)	SP 16
EHP5 FOR SAP ERP 6.0 (605)	SP 13
EHP6 FOR SAP ERP 6.0 (606)	SP 14
EHP6 FOR SAP ERP 6.0 for HANA (616– SAP HANA)	SP 08

SAP_APPL Release	Support Pack
EHP7 FOR SAP ERP 6.0(617)	SP 07
EHP8 FOR SAP ERP 6.0(618)	SP 02
SAP S/4 HANA ON-PREMISE 1511	SP02

Key Aspects to update / modify ERP: For a smooth GST transition following activities need to be carried out on ERP system:

- **Configure the system:** Configuring new version of your ERP with appropriate support pack would be required to make your system GST ready
- **Additional Customization for non-standard scenario:** To consider incremental and non-standard scenarios additional customization may be required
- **Import/Input Data for Masters:** New set of master data as per GST law required to be updated in the system
- **Activate Controls:** Design and implement controls to ensure compliance to GST law
- **Validation Testing and User Acceptance:** Integration testing and user acceptance testing in the development server to validate readiness

Digital Landscape of GST:



Below are some important stakeholders making GST ECO_SYSTEMS

STAKEHOLDER	ROLE
GSTN	Not for Profit Organization setup by Indian government for complete governance of GST
GST Suvidha Providers (GSPs)	Third Party Agencies nominated by GST for large tax payer to simplify large invoice upload and large data return filing
Application Service Providers (ASPs)	Application Service Providers (ASPs) will take care of complete taxation activities of large/medium/small tax payers which involve consolidation, cleansing, reconciliation of invoice data, filing return and prepare different kind of reports
GST Council	Decision making body, Define GST policies

20.1 Introduction

One of the biggest areas of impact of GST is on the area of operations and supply chain management. This is an underappreciated aspect of GST and represents that part of the GST ecosystem where businesses are the master of their own destiny. Rate, classification and the law as such are aspects the businesses have limited influence over. However, they can exert influence over the supply chain. Although the degree of influence depends upon several factors such as the industry itself, bargaining power of customers and buyers, investments in capital assets, we have, in this segment, given some general guidelines that businesses can follow to optimize their supply chain, without compromising on quality, cost, speed of operations and performance.

20.2 Re-negotiation with suppliers

- The biggest advantage of GST law is that there is no cascading effect of taxes. We have discussed in an earlier section, the taxes subsumed under the GST regime. Under the old regime, CST paid on inter-state purchases was not an eligible input tax credit against output excise and VAT liability. The benefit of excise duty paid on production and manufacture of excisable goods could not be passed on to the third stage dealer and subsequent dealers. Various other state levies such as Entry Tax, Luxury tax, Entertainment tax (in case of media and entertainment industry) were also ineligible for set-off against other taxes. These indirect taxes, the set-off of which could not be availed, were considered as part of the product costs. The laws governing each of these taxes were also different and each of the taxes had different taxable events. Under the GST regime, the taxable event is the supply of goods and services. All the manufacturers, traders and service providers who were not eligible to input tax credit on inter-state purchases, will now be eligible to claim input tax credit of IGST paid.
- For example, consider a company XYZ located in Maharashtra and selling 100% of its products exclusively in the state of Maharashtra. They have the option of procuring inputs from Gujarat as well as Maharashtra. Under the

older IDT regime, XYZ would have to pay 2% CST as well as entry tax on purchases from Gujarat, which were not eligible for set-off against sales made in Maharashtra, which attracted Maharashtra State VAT. This would result in XYZ preferring to procure from Maharashtra instead of Gujarat even if quality of products in Gujarat may have been better. Under GST law, IGST paid on purchases from Gujarat would be freely available for set-off against CGST and SGST paid on Maharashtra sales. Thus, XYZ would be indifferent from which location he procures the goods. Thus, the ability to source from anywhere in India is a major lever of negotiations for businesses and they can now source inter-state as well as within state without having to worry about tax incidence. It also helps them in obtaining high quality inputs for their businesses.

- While we have examined the ability to source anywhere within India, one must also look at sourcing of supplies from outside India. It would be a good exercise for businesses to compare the landed cost of imports against the cost of procuring locally. Earlier, under the previous indirect tax laws, upon importation of goods, Basic Customs Duty, Countervailing duty (CVD) and Special Additional Duty (SAD) became leviable. Businesses could claim refund of SAD, but this required extensive follow up with the government and resulted in blocking of working capital until the refund would be received. In respect of CVD, there were certain onerous conditions prescribed which made it difficult for businesses to pass on the credit. Under the GST regime, CVD and SAD, (but not BCD) will be subsumed and IGST shall be payable upon importation of goods. IGST, upon payment can be used as input tax credit and thus, does not form part of the landed cost or CIF value of imports. In addition to reduction in import costs, there will also be reduction in cost of compliances and monitoring. Thus, the reduction in the landed cost of imports may create an opportunity for international and cross-border sourcing, especially from countries like Bangladesh, where BCD is not leviable in case of certain imports.
- Input tax credit is also available on input services and capital goods subject to certain restrictions. Anti-profiteering clause provides that the vendor

should not retain the benefit of GST and should pass it on to the customer by way of reduction in prices. This throws open a very big opportunity for business to renegotiate the contracts by claiming share of input tax credit which was hitherto not available to vendors. Anti-profiteering provision of the GST law may impact on cash flows, working capital, pricing and vendor as well as customer relationship management.

20.3 Review of Supply Chain and Distribution / Warehousing Arrangements

- Business used to, under the earlier IDT regime, open branches, depots, warehouses and retail outlets, depending upon the state in which the major customers made their sales so that they could issue a local invoice to enable customers to claim input tax credit in that state. The location was thus dependent on customer criticality and concentration and not business expediency factors like proximity to sources of raw materials, availability of infrastructure and labour force productivity. Under this scenario, the business also bore the cost of operating the branch office and transport charges as well as relocation of labour and related expenses thereto. Under state based VAT laws, there was a possibility of disallowances of form F issued by dispatching state if the movement of goods was against a pre-existing order. If the assessing officer finds out that the goods were dispatched to the branch and from there the goods were directly forwarded to the customer under the same lorry receipt to fulfill the existing order, the sales tax departments used to disallow the branch transfer and corresponding Form F and would levy full tax even though the form is produced. The claim of the department was that branch transfer was a sham transaction and really it was an interstate transaction with the customer against order placed with branch or HO. Then after lapse of time, in view of customer having taken full set off under the local VAT law, obtaining Form C from customer would also be a big challenge. In this scenario, the business had to go in litigation and end up paying tax, interest and penalty.
- Now with GST coming in and full credit available in terms of IGST, there is no necessity to locate branch / depot / warehouse in each state where there is

demand. It will be cost effective to locate the warehouses at a centralized place and then further distribute goods in various states all over India. That is why such central locations are preferred by businesses.

20.4 Capital asset purchases and decisions on capital work in progress

Under the earlier indirect tax regime, input tax credit in relation to capital goods was allowed on pro rata basis, with 50% being allowed in the year of installation and the subsequent 50% in the year after that. Allowing input tax credit over a two-year period instead of allowing 100% credit in the first year itself would result in blocking of working capital and the business would bear interest and opportunity cost due to temporary blockage of working capital. Also, CST and Entry tax paid on capital assets were not eligible for set-off against major indirect tax levies, resulting in a rise in the cost of capital assets as well as capital work in progress. Now, under the GST regime, the entire input tax credit of CGST/SGST or IGST shall be available in the year of installation or purchase itself. This releases working capital and thus, we believe that it would be, in certain cases, prudent for businesses to defer capital investments and ongoing purchases for capital work in progress to the GST regime. The possible cost savings due to release of working capital, to the extent of 50% of eligible input tax credit, would warrant consideration in businesses' capital budgeting decisions.

20.5 Avoid Pitfalls

- The emphasis of GST is on 'supply' of goods / services. The meaning of supply under the Act has wider amplitude and also covers situations like import of services from AE without consideration, use of business asset for personal use etc. Tax needs to be paid on supply of goods on the value to be computed as per prescribed guidelines.
- The Business has to understand how to identify intra state or interstate transactions and pay the GST as SGST and CGST or IGST. If the transaction is classified as interstate transaction and IGST is paid and if it is subsequently challenged by the respective state, the SGST and CGST would

be payable with interest and refund has to be claimed under IGST. This would block funds for some period of time.

- Another possibility is time of supply. Now under GST, tax would be payable even on advances received against supply of goods and balance tax would be payable on final invoice in which the advance is adjusted. This should be captured in the software.
- In case of inter-state branch supplies, tax invoice will have to be issued and ITC should be claimed by the branch.
- The business should identify the places from where the business is conducted including the place of business and if they are required to take registration as a casual taxable person. ITC will be available in respective state subject to such registration.
- Invoicing, accounting and filing returns and payments will be through IT Infrastructure without any manual intervention. Hence, robust system should be developed in line with GST Law. Automation of GST compliances is a must for all assesseees.
- The businesses will have to estimate impact on working capital due to tax required to be paid in advance of recovery.

20.6 Ensuring set-off / Input Tax credit

- The Business has to follow up with vendors that tax paid to them in the input tax invoices has been paid against their own correct GSTIN so that the tax credit is auto populated in the Inward Register by 15th of the next month. If such credit is not found in the register, follow up with the vendors has to be done so that they upload their return and pay proper tax. In case set off is claimed and vendor has not paid tax or return is not filed, the ITC claimed would be automatically reversed and tax and interest would be payable.

- GST paid under reverse charge mechanism will be allowed as ITC and it should be claimed immediately. Purchase from unregistered dealer will mandate payment of GST under reverse charge and issue of invoice by the recipient to claim ITC. Department may come out with some clarifications with regards quantum on which such reverse charge would be applicable and other regulations.
- Under Indirect tax laws, expenses debited to profit and loss account were not allowed as set off. Under GST the same would be allowed subject to certain conditions.
- In hotel industry, the revenue or capital expenditure on ambience was not allowed as ITC. Under GST, the same would be allowed subject to certain conditions.

21.1 Introduction

With introduction of GST, it shall be imperative for businesses to re-visit their vendor / customer contracts to incorporate GST related clauses for ensuring effective compliance, defining responsibilities and avoiding any disputes later on.

21.2 GST clauses in contracts for supply of goods / services

- The contracts shall contain GST clause covering the following:
 - a) The applicability of GST, applicability of rate on transaction value at the time of supply and condition of exclusion or inclusion of such tax in the contract consideration
 - b) Issue of valid tax invoice / bill of supply as per GST regulations
 - c) Condition of receipt of invoice within say 7 days from the date of issue of invoice
 - d) Condition of providing contract / purchase order no. in case of receipt of advance
 - e) Clarification that the advance, if any, received shall be considered as inclusive of GST and only the balance shall be treated as a consideration received towards such provision of goods/service.
- The contract may contain a clause whereby each party in a contract may agree for doing things that are necessary to enable or assist the other party/ies to claim or verify any input tax credit, set off, rebate or refund in relation to any GST payable.
- The contract may also contain a clause on representations and warranties whereby each party may agree to comply with the provisions of the GST Act and indemnify the other party from loss, penalty or expense incurred due to non-compliance.

- In case of existing contracts, the parties may enter into an addendum to contract to amend the terms in respect of payment of GST on consideration for supply of goods or services.

21.3 Other considerations

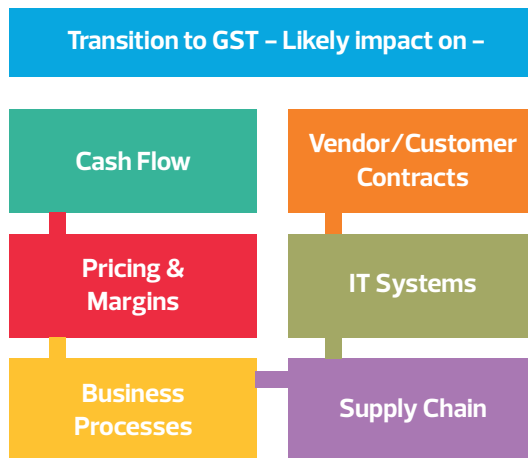
The following are the major areas where a contract play an important role in deciding GST related aspects:

- a) **Discount mechanism** – Discount can be excluded from the transaction value (for the computation of GST) only if the same is established in terms of contract
- b) The contract may specify the manner of determination of value of service in each state for the purpose of GST in cases of:
 - **Contract for service in relation to immovable property, boat or vessel** – Where immovable property, boats or vessels are located in more than one state
 - **Contracts relating to events** – Where the event is held in more than one state
 - **Contracts relating to telecommunication services** – Where the leased circuit is installed in more than one state
- c) **Advertisement services to Central Government, State Government, Statutory Body or local authority** – The contract shall provide means for identification of place of supply of such services and manner of determination of value of supply
- d) **Pure Agent** – The contract shall expressly provide for action of supplier as a pure agent for incurrence of cost in the course of supply
- e) **Continuous supply of goods / services** – The contract may specify the payment cycle for such continuous supply

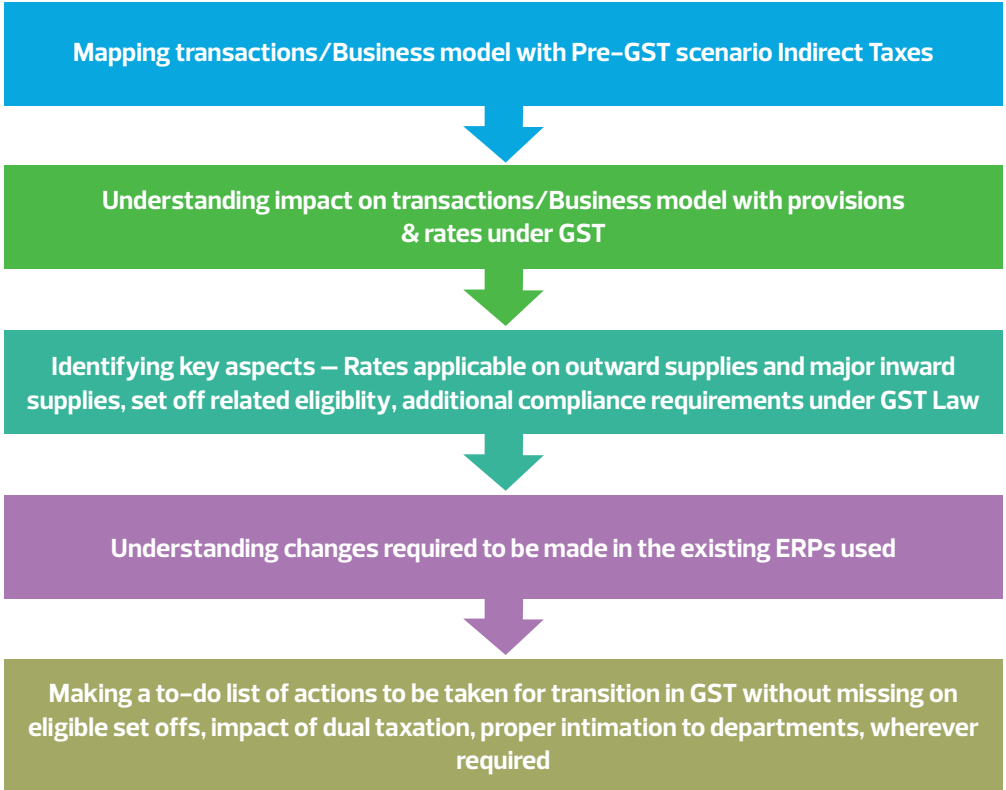
Way Forward

With the enactment of the Central Goods and Services Tax Act, 2017 and achievement of other milestones by Government, it is now amply clear that the long wait for major Indirect Tax reform is coming to near end. The Government has kept proposed target date of 1 July 2017 for implementing GST which leaves industry with only few more months to understand the nitty-gritty of the GST law and understand as to how it will impact their business models or business operations.

The Indirect taxes are generally tax on topline which has substantial impact on bottom line figures. This reason itself makes it imperative to take cognizance of challenges which GST law can throw on businesses. The challenge will not be just a one-time migration from IDT regime to GST regime but can be on continual basis on which thorough thought needs to be given and get the business models or business operations geared up to cope with transformation.



For a smooth and thoughtful adoption of new IDT regime, businesses needs to understand the GST related provisions which will have an impact on them and thereafter plan out detailed transition steps and action points which can be in following manner:



Appendix

List of various forms required under GST Law

Sr. No.	Form No	Description of Form
Payment of Tax Rules		
1	GST PMT-01	Electronic Liability Register
2	GST PMT-02	Electronic Credit Ledger
3	GST PMT-03	Order made by the proper officer for re-crediting the rejected amount of refund to the electronic credit ledger
4	GST PMT-04	Communication of any discrepancy noticed in the electronic credit / cash /Liability ledger
5	GST PMT-05	Electronic Cash Ledger
6	GST PMT-06	Challan for payment of tax, interest, penalty, fees or any other amount
7	GST PMT-07	Communication of Challan Identification Number (CIN) on non-generation or non-communication to the Common Portal on generation where the bank account of the person making payment of tax is debited.
Refund Rules		
1	GST RFD-01	Application for Refund
2	GST RFD-02	Acknowledgement of application of refund
3	GST RFD-03	Communication of any deficiencies noticed in the Refund Application i.e. Form GST RFD-01
4	GST RFD-04	Order Sanctioning Provisional Refund
5	GST RFD-05	Issuance of payment advice of Refund sanctioned
6	GST RFD-06	Order Sanctioning Final Refund
7	GST RFD-07	Part A-Order of refund adjusted against outstanding demand Part B-Order withholding refund
8	GST RFD-08	Notice for non-admissible and non-payable refund
9	GST RFD-09	Reply to notice as per FORM GST RFD – 08
10	GST RFD-10	Application for Refund for tax paid on inward supplies
11	GST RFD-11	Statement of inward supplies of goods or services
Registration Rules		
1	GST REG-01	Application for Registration
2	GST REG-02	Acknowledgment of Application for Registration

Sr. No.	Form No	Description of Form
Registration Rules		
3	GST REG-03	Notice for communicating deficiency in the application
4	GST REG-04	Reply to notice issued under FORM GST REG – 03
5	GST REG-05	Rejection of application for registration
6	GST REG-06	Issuance of Registration Certificate
7	GST REG-07	Application by person required to deduct tax at source or collect tax at source
8	GST REG-08	Cancellation of registration certificate applied in FORM GST REG – 07
9	GST REG-09	Application by a non-resident taxable person
10	GST REG-10	Application by a person supplying online information and data base access or retrieval services from a place outside India to a non-taxable online recipient
11	GST REG-11	Application for extension of period of registration for casual taxable person or non-resident taxable person
12	GST REG-12	Suo Moto registration on temporary basis by way of order
13	GST REG-13	Application by a person who is required to obtain unique identity number
14	GST REG-14	Application for amendment of registration
15	GST REG-15	Order of amendment of registration
16	GST REG-16	Application for Cancellation of registration
17	GST REG-17	Notice requiring applicant to show cause as to why his registration should not be cancelled.
18	GST REG-18	Reply to notice issued under FORM GST REG – 17
19	GST REG-19	Cancellation of Registration
20	GST REG-20	Order dropping proceedings pertaining notice issued in Form GST REG-17
21	GST REG-21	Application for revocation of cancellation of registration
22	GST REG-22	Order revoking the cancellation of registration
23	GST REG-23	Notice requiring the applicant to show cause for non-revocation of registration
24	GST REG-24	Reply to notice issued in FORM GST REG-23

Sr. No.	Form No	Description of Form
Registration Rules		
25	GST REG-26	Application for registration who has been granted provisional registration
26	GST REG-25	Certificate of Registration on Provisional basis
27	GST REG-28	Cancellation of provisional certificate
28	GST REG-27	Notice seeking causes as to why provisional registration should not be cancelled
29	GST REG-29	Application for cancellation of existing registration by a person registered under existing law but not liable to register under GST Act
30	GST REG-30	Uploading of Verification report of physical verification of place of business
Composition Rules		
1	GST CMP-01	Intimation for composition levy within 30 days prior to appointed date
2	GST CMP-02	Intimation for composition levy before commencement of F.Y
3	GST CMP-03	Furnishing of the details of stock & inward supply of goods received from unregistered persons held on the day preceding the date from which he opts under this scheme
4	GST CMP-04	Intimation for withdrawal from the composition scheme
5	GST CMP-05	Notice to show cause for non-denial of this scheme
6	GST CMP-06	Reply to notice issued under FORM GST CMP – 05
7	GST CMP-07	Order for acceptance or denial of scheme
Transitional Provisions Rules		
1	GST TRAN-1	<ul style="list-style-type: none"> - Declaration in respect of tax or duty credit carried forward under any existing law or on goods held in stock on the appointed day - Declaration of stock held by a principal and agent as on appointed date - Details of goods sent on approval basis
2	GST TRAN-2	Statement by a registered person not registered under

Sr. No.	Form No	Description of Form
Transitional Provisions Rules		
		existing law in respect of stock of goods on which input tax credit is to be availed under GST
Input Tax Credit Rules		
1	GST ITC-01	Declaration for availing ITC once it is eligible under GST
2	GST ITC-02	Transfer of ITC on sale, merger, amalgamation, lease or transfer of a business
3	GST ITC-03	Furnishing of details of ITC in relation to input and capital goods lying in stock in respect of : <ul style="list-style-type: none"> - Person opts for for composition scheme - Taxable supply becomes wholly Exempt
Return Rules		
1	GSTR-1	Details of outward supplies of goods or services
2	GSTR-1A	Details of inward supplies added, corrected or deleted by the recipient in GSTR-2 to be made available to supplier
3	GSTR-2	Details of inward supplies of goods and /or services
4	GSTR-2A	<ul style="list-style-type: none"> - Details of outward supplies by supplier to be made available to recipient - Details of invoices furnished by an Input Service Distributor in his return Form GSTR-6 to be made available to recipient - Details of tax deducted at source to be made available to deductee - Details of tax collected at source by e-commerce operator
5	GSTR-3	Monthly return for every registered person other than <ul style="list-style-type: none"> - Input service distributor - Composition scheme; - Deducting tax at source. - Collecting tax at source
6	GSTR-4	Submission of Quarterly return by composition supplier
7	GSTR-4A	Communication of details of outward supplies to recipient

Sr. No.	Form No	Description of Form
Return Rules		
8	GSTR-5	Submission of return by every registered non- resident taxable person
9	GSTR-5A	Submission of return by persons providing online information and database access or retrieval services
10	GSTR-6	Submission of return by every Input Service Distributor
11	GSTR-6A	Details of outward supplies by Input Service Distributor to recipients
12	GSTR-7	Submission of return by every registered taxable person required to deduct tax at source
13	GSTR-7A	Certificate of tax deducted at source to be made available to deductee
14	GSTR-8	Submission of return by every E-commerce operator required to collect tax at source
15	GSTR-3A	Notice for non-filing of return
16	GSTR-3B	Furnishing of return in lieu of Form GSTR-3 on extension of time limit of filling Form GSTR-1 & GSTR-2
17	GSTR-9	Annual return by person other than <ul style="list-style-type: none"> - input service distributor - composition scheme; - deducting tax at source. - collecting tax at source - Non-resident taxable person - Casual taxable person
18	GSTR-9A	Annual return for composition scheme dealer
19	GSTR-9B	Annual statement by every electronic commerce operator
20	GSTR-9C	Furnishing of audited annual accounts and a reconciliation statement
21	GSTR-10	Furnishing of Final Return by registered person where registration has been cancelled
22	GSTR-11	Details of inward supplies of persons having Unique Identity Number

Sr. No.	Form No	Description of Form
Return Rules		
23	GST PCT-1	Application for enrolment as GST practitioner
24	GST PCT-2	Certificate of registration as GST practitioner
25	GST PCT-3	Order of disqualification as GST practitioner
26	GST PCT-4	Notice to show cause after giving an opportunity for being heard for disqualification as GST practitioner
27	GST PCT-5	Authorization to tax practitioner by a registered person
28	GST PCT-5	Withdrawal of authorization given to tax practitioner by a registered person
29	GST MIS-1	Final Acceptance of mismatched ITC
30	GST MIS-2	Communication and rectification of discrepancy in claim of ITC and reversal of claim of ITC
31	GST MIS-3	Final acceptance of reduction in output tax liability and communication thereof
32	GST MIS-4	Communication and rectification of discrepancy in reduction in output tax liability and reversal of claim of reduction
33	GST MIS-5	Discrepancy in the details furnished by the operator and declared by the supplier shall be made available to the supplier
34	GST MIS-6	Communication and rectification of discrepancy in details furnished by the e-commerce operator and the supplier
E-way bill		
1	GST INS-01	<u>To be furnished by every registered person</u> Part A – Information of goods (before commencement of movement) Part B – Information of Transporter (to generate e-way bill)
2	GST INS - 02	<u>To be furnished by transporter</u> Multiple consignments (indicating serial number of e-way bills generated in respect of each consignment)
3	GST INS – 03	<u>Report by department</u> Part A – Summary report of every inspection of goods in

Sr. No.	Form No	Description of Form
E-way bill		
		transit shall be recorded online (within 24 hours of inspection) Part B – Final report (within 3 days of the inspection)
4	GST INS – 04	To be furnished by transporter Where a vehicle has been intercepted and detained for more than 30 minutes
5.	GST INV – 01	Details of tax invoice in case of movement of goods
Accounts and Records Rules		
1	GST ENR – 01	Records to be maintained by owner or operator of godown or warehouse and transporters
Assessment and Audit Rules		
1	GST ASMT-01	Application for provisional assessment
2	GST ASMT-02	Notice for appearing before proper officer or requiring additional information in support application in Form GST ASMT-01
3	GST ASMT-03	Reply to notice in Form GST ASMT-02
4	GST ASMT-04	Order accepting / rejecting application in Form GST ASMT-01
5	GST ASMT-05	Execution of bond by person applying for provisional assessment
6	GST ASMT-06	Notice for information and records for finalization of assessment
7	GST ASMT-07	Issuance of final assessment order
8	GST ASMT-08	Application by applicant for release of security
9	GST ASMT-09	Order releasing security
10	GST ASMT-10	Notice communicating discrepancy found on scrutiny of returns
11	GST ASMT-11	Reply to notice in Form GST ASMT-10
12	GST ASMT-12	Communication to registered person if reply to notice in Form GST ASMT-10 is acceptable

Sr. No.	Form No	Description of Form
Assessment and Audit Rules		
13	GST ASMT-13	Best judgment assessment order in case of non-return filers
14	GST ASMT-14	Notice mentioning grounds for best judgment assessment to unregistered persons
15	GST ASMT-15	Best judgment assessment order in case of unregistered persons
16	GST ASMT-16	Summary assessment order
17	GST ASMT-17	Application for withdrawal of the summary assessment order
18	GST ASMT-18	Order withdrawing or rejecting application of summary assessment
19	GST ADT-01	Notice for undertaking audit under section 65
20	GST ADT-02	Communication of findings of audit to registered person
21	GST ADT-03	Direction to registered person to get accounts audited (Special Audit)
22	GST ADT-04	Communication of findings of special audit to registered person
Appeals and Revision Rules		
1	GST APL -01	Appeal to Appellate Authority
2	GST APL -02	Acknowledgment of Appeal
3	GST APL -03	Application to Appellate Authority by officer subordinate to Commissioner
4	GST APL -04	<ul style="list-style-type: none"> - The Appellate Authority to issue a summary of the order clearly indicating the final amount of demand confirmed. - The jurisdictional officer to issue a statement clearly indicating the final amount of demand confirmed by the Appellate Tribunal
5	GST APL -05	Appeal to Appellate Tribunal
6	GST APL -06	Memorandum of cross objection to the Appellate Tribunal
7	GST APL -07	Application to Appellate Tribunal by officer subordinate to Commissioner

Sr. No.	Form No	Description of Form
Appeals and Revision Rules		
8	GST APL -08	Appeal to High Court
Advance Rulings Rules		
1	GST ARA – 1	Application for obtaining advance ruling
2	GST ARA – 2	Appeal against advance ruling

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[illegible]



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Kolkata – 700 071

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13th Main, HAL II Stage
Bengaluru – 560 038

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Gujarat Hira Bourse
Ichhapore-2
Surat – 394 510

T-720, Belgium Tower
Opp. Linear Bus Stop
Ring Road, Surat – 395 002

B/604-605, Tirupati Plaza
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GST is a complex legislation and does have far reaching impacts on businesses, some of which are extremely challenging and disruptive. It is with this intention that we have come out with this publication so that we can serve as a roadmap for businesses to navigate through this complex mist and haze surrounding GST. The publication presents a one-stop roadmap for consideration of the impact of GST from a business perspective. These include pricing and renegotiation of agreements, changes in Enterprise Resource Planner (ERP) and supporting IT infrastructure, supply chain optimisation, compliances and consideration of impact on cash flows and business processes. While all reasonable care has been taken in preparation of this publication, we accept no responsibility for any liability arising from any statements or errors contained in this publication.