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## GST – THE JOURNEY BEGINS

Updated 7 July 2017



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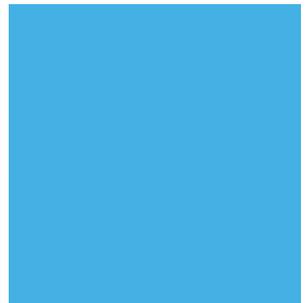
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# GST – THE JOURNEY BEGINS

Updated 7 July 2017



This publication comprises of analysis of significant GST regulations as on 7 July 2017.

# Preface

The Goods and Services Tax (GST) which has replaced 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 the 3rd part of the publication series 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

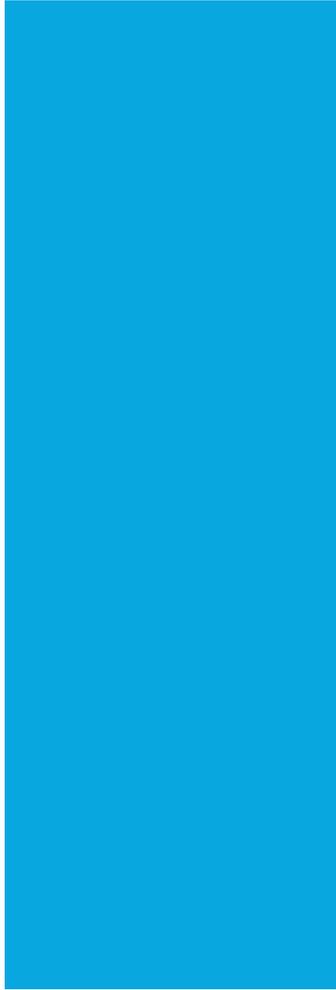
impact on cash flows and business processes. GST presents an opportunity for those who are willing to make suitable adjustments to cope with the same and could result in tremendous cost savings and improve competitiveness.

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 provisions issued till 7 July 2017.

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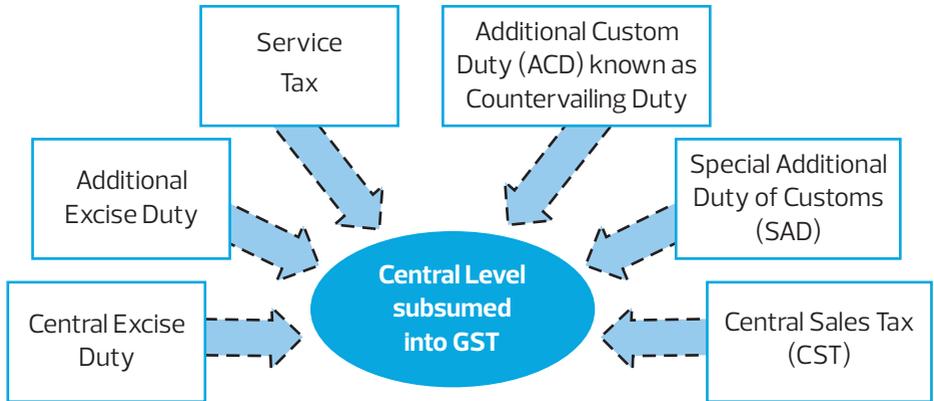
India's most awaited tax reform is now a reality as Goods and Services Tax (GST) is enacted w.e.f. 1 July 2017 all over India except the state of Jammu and Kashmir (J&K). However, J&K also enacted the same with effect from 8 July 2017. Presently, more than 160 countries throughout the globe have implemented GST in their respective countries.

GST in India is a destination based taxation system. This is because revenue will belong to the states where the goods are finally consumed and not to the State where the goods are produced. GST Council is established to look after various aspect of GST. The entire GST law comprises of –

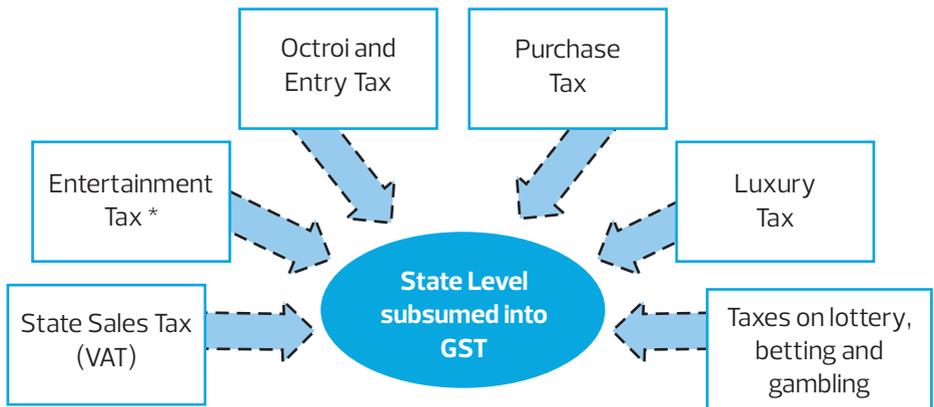
- Central GST Act, 2017
- State/ Union Territory GST Act, 2017 (Respective states/union territory)
- Integrated GST Act, 2017
- GST (Compensation to the states) Act, 2017
- GST Rules, Notifications, Circulars & Trade Notices

The Goods and Services Tax regime seeks to strengthen the taxation regime with respect to trade in goods and services which would reduce numerous internal processes and will improve ease of doing business in India. GST will have direct impact on topline of business houses which has substantial impact on bottom line figures. With the augmentation of the GST law, many significant changes have been emanated vis-à-vis the old law which mandates us to unlearn certain concepts and relearn the same in context of GST law.

The Central Level Taxes that are being subsumed in GST are as under :



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

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.

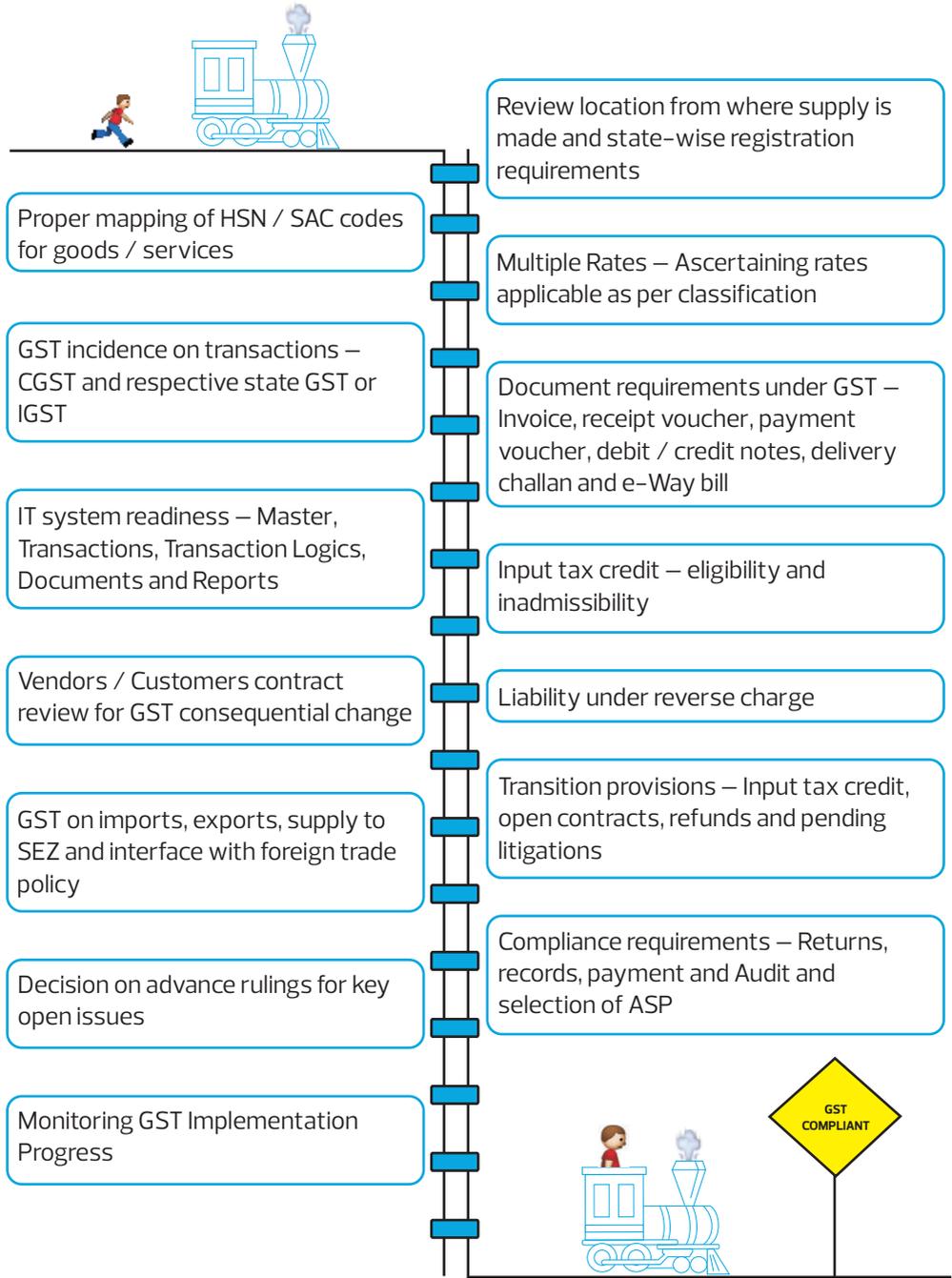
As someone has rightly said:

"It is very much vital for an organization, not only to recognize the change but to adapt the change"

Some of the significant changes in the GST regime vis-à-vis that of old indirect tax regime are as under:

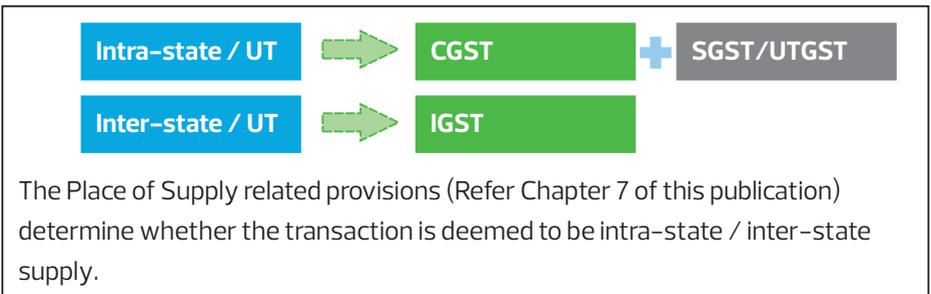
- The concept of 'sale' of goods and 'provision' of services has been replaced by 'supply' of goods and services.
- The classification of services (SAC codes) has been changed. For the first time, there are multiple rates with regards services viz. 0%, 5%, 12%, 18% and 28%.
- Location of supplier and place of supply determines whether the transaction is intra-state or inter-state. There shall be levied Central GST and State GST in case of intra-state supplies and Integrated GST leviable in case of inter-state supplies.
- Registration to be obtained in each state from where taxable supply to be made. Each registered unit and establishment in different states have been considered as a distinct persons under GST law.

- Supply between distinct persons (Branch with separate GST registration number) or related persons even if without consideration is a taxable supply. The valuation in this case will be as per valuation of supply rules.
- Supply from employer to employee is taxable under GST. However, gifts up to Rs. 50,000 shall not be treated as supply.
- Real time matching of invoices between supplier and receiver.
- Supply to EOU / EHTP / STP unit is a taxable supply under GST. Payment of IGST on import will be as per custom regulations.
- Export and supply to SEZ has been treated as zero rated supply.
- With GST applicable on goods and services, seamless set-off of credit available amongst goods and services.
- Audit is compulsory if the aggregate turnover exceeds Rs. 2 Crore per F.Y.
- Transitional provisions have been prescribed for carry forwards of credit under existing laws (Excise, Service Tax, VAT etc.), open contracts, refunds and litigations.



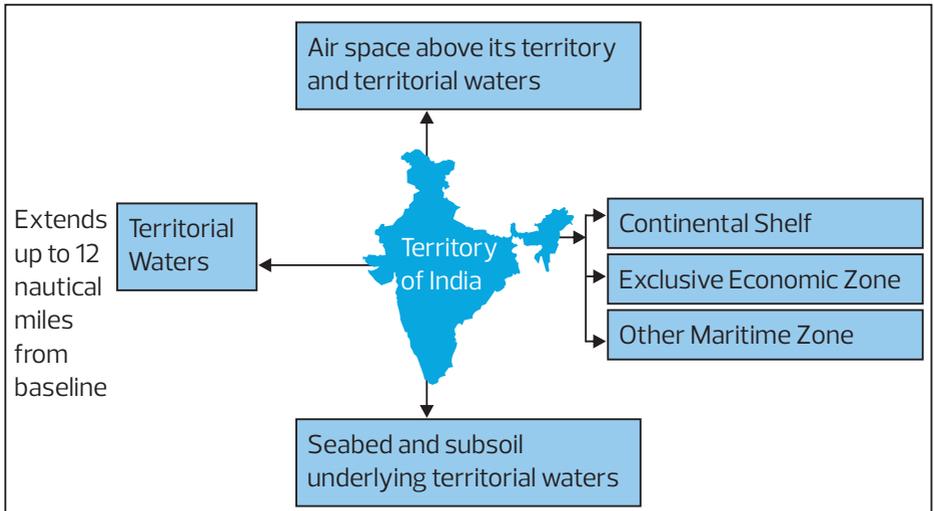
## 3.1 Taxable event under GST is 'supply' of goods or services or both

- The GST shall be levied by the Central Government on the intra-state supply of goods / 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 / 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 / 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 / services **is depicted as under:**



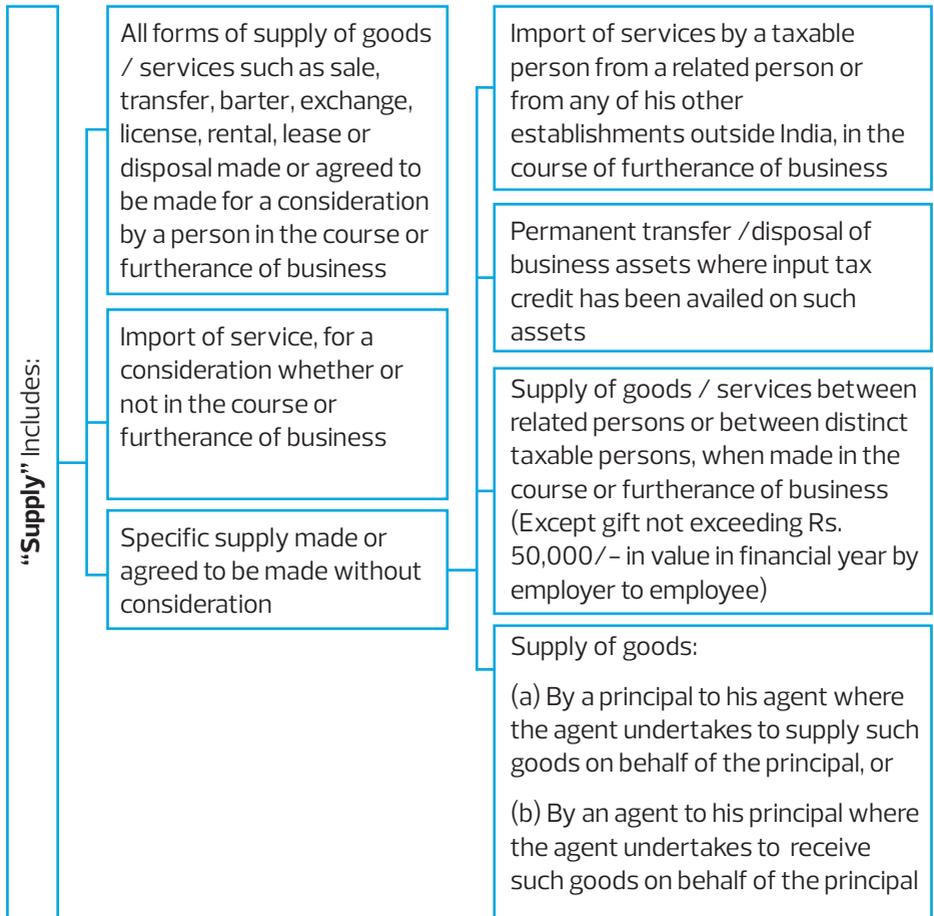
- The Union territories with legislature, i.e., Delhi and Puducherry are treated at par with States and will have their own State GST Acts. While other 5 union territories will adopt Union Territory GST Acts. The Union Territories without legislatures to adopt UTGST are as follows:
  - The Andaman & Nicobar Islands
  - Daman and Diu
  - Lakshadweep
  - Chandigarh
  - Dadra and Nagar Haveli

### 3.2 'India' means



**3.3** The liability to discharge GST will be on taxable person who makes taxable 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 unregistered person to registered person will be liable to GST under reverse charge.

**3.4** 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:



### 3.5 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.

### 3.6 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.

### 3.7 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.

**3.8 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"> <li>- <b>Goods</b> 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.</li> <li>- Following shall be deemed to be treated as supply of goods:               <ol style="list-style-type: none"> <li>(1) Transfer of title in goods</li> <li>(2) An agreement in which transfer of title in property in goods will pass at a future date upon payment of full consideration</li> <li>(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</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>- <b>Services</b> 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.</li> <li>- Following shall be deemed to be treated as supply of services:               <ol style="list-style-type: none"> <li>(1) Transfer of right in goods or of undivided share in goods without transfer of title thereof.</li> <li>(2) Lease, tenancy, easement, license to occupy land.</li> <li>(3) Lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly.</li> <li>(4) Treatment or process being applied to another person's goods.</li> <li>(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</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>- Services by an employee to the employer in the course of or in relation to his employment.</li> <li>- Services by any Court or Tribunal established under any law for the time being in force.               <ol style="list-style-type: none"> <li>(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;</li> <li>(b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or</li> </ol> </li> </ul>

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"> <li>- Services of funeral, burial, crematorium or mortuary including transportation of the deceased.</li> <li>- Actionable claims, other than lottery, betting and gambling</li> <li>- Sale of land and building (Except for supply referred in Sr No. (7) under supply of services column)</li> <li>- Services by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution</li> </ul>

Supply of Goods	Supply of Services	Neither supply of Goods nor Services
consideration	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 (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. (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.	

### 3.9 Composite or Mixed Supply

Particulars	Composite Supply	Mixed Supply
<b>Definition</b>	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>
<b>Illustration</b>	<p>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.</p>	<p>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.</p>
<b>Tax liability</b>	<p>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.</p>	<p>A mixed supply comprising 2 or more supplies shall be treated as supply of that particular supply which attracts the highest rate of tax.</p>

### 3.10 Outward and Inward Supply

Outward Supply		Inward Supply
<p>"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.</p>	<p>"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.</p>	



The classification of goods will be based upon Harmonized System Number (HSN) as followed under the present Central Excise Laws. The Classification of Services shall be based upon the Service Accounting Codes (SAC).

#### 4.1 GST Rates for Goods

- The Government has notified tax rate structure for commodities with 0% to 28% slabs along with compensation cess in few cases subject to other rates for certain specific commodities. Rates notified for certain goods are as under:

Commodities	GST Rates
Food grains, Gur, Milk, Eggs, Curd, Lassi, Unpacked Paneer and Natural Honey, Fresh Vegetables, Vegetable Oil, Prasad, Common salt, Contraceptives, Jute fibres, Passenger Baggage, Raw Silk, Silk Waste, Children's Picture, Drawing Book or Coloring Book	Exempt
Diamonds, Non Industrial unworked or simply sawn, Cleaved or Bruted; Precious Stones (other than diamonds) and semi precious stones, unworked or simply sawn or roughly shaped; Synthetic or reconstructed precious or semi-precious stones, unworked or simply sawn or roughly shaped	0.25%
All goods of Chapter 71 (except Diamond, precious stones and Synthetic covered by rate 0.25%, as mentioned above)	3%
Sugar, Tea, Coffee, Edible oil, Coal, Skimmed Milk Powder, Milk Food for Babies, Condensed Milk, Packed Paneer, Newsprint, Kerosene PDS, LPG, Apparel below Rs.1,000/-, Footwear below Rs.500/-, Yarn and Fabric cotton, Bio Gas, Readymade Garments below Rs.1,000/- per piece	5%
Butter, Ghee, Cheese, Mobiles, Sausages, Fruit Juice, Packed Coconut Water, Namkeens, Readymade Garments exceeding Rs.1,000/- per piece	12%
Hair Oil, Soap, Capital Goods, Industrial Intermediaries, Pasta, Corn flakes, soups, Ice-cream, Toilet and Facial Tissues, Pastries and Cakes, Footwear above Rs.500/-, Biscuits, Readymade garments exceeding above Rs. 1,000/- per piece	18%

Commodities	GST Rates
Consumer Durables, Cars, Cement, Chewing Gum, Custard Powder, Pan Masala, Perfume, Shampoo, Make-Up, Fireworks, Lifts, Escalators	28%

- The Compensation Cess on certain goods are as follows:
  - Luxury Cars – 15%
  - Pan Masala – 60%
  - Small Petrol Cars – 1%
  - Diesel Cars – 3%
  - Aerated Water and Lemonade – 12%
- Certain exemptions pertaining to CVD and SAD as applicable previously to be continued under GST regime and will be exempted from IGST.

## 4.2 GST Rates for Services

- The Government has notified tax rate structure for all 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 rates fixed on certain services are as under:

List of Services	Input Tax credit ('ITC') eligibility	GST Rates
<ul style="list-style-type: none"> <li>• Transportation of Goods by Road (GTA Services);</li> <li>• Renting of motor cab (if fuel cost borne by service provider);</li> <li>• Transport of passengers by air-conditioned contract/stage carriage other than motor cab or</li> <li>• Transport of passengers by a radio taxi;</li> <li>• Supply of tour operators services.</li> </ul>	Not eligible	5%
<ul style="list-style-type: none"> <li>• Transport of goods in container by rail by any person other than Indian Railways;</li> <li>• Transport of passengers by air other than</li> </ul>	Eligible	12%

List of Services	Input Tax credit ('ITC') eligibility	GST Rates
<p>economy class;</p> <ul style="list-style-type: none"> <li>• Restaurant not having facility of air conditioning or central heating during the year and not having license to serve liquor;</li> <li>• 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;</li> <li>• Temporary transfer or permanent transfer or permitting the use of Intellectual property right in respect of goods other than information technology software.</li> </ul>	Eligible	12%
<ul style="list-style-type: none"> <li>• Construction of complex, building, civil structure or part thereof intended for sale to buyer (value of land to be excluded and the value of land shall be deemed to be 1/3rd of the total amount charged for such supplies).</li> </ul>	Eligible (no refund of overflow ITC)	18%
<ul style="list-style-type: none"> <li>• Admission to entertainment events or access to amusement facilities;</li> <li>• 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 of Rs.7,500/- and above per day per room.</li> </ul>	Eligible	28%
<ul style="list-style-type: none"> <li>• Selling of space for advertisement in print media..</li> </ul>	Eligible	5%
<ul style="list-style-type: none"> <li>• Printing of newspapers;</li> <li>• Textile yarns (other than of man-made fibres) and textile fabrics;</li> <li>• Cut and polished diamonds; precious and</li> </ul>	Eligible	5%

List of Services	Input Tax credit ('ITC') eligibility	GST Rates
semi-precious stones; or plain and studded jewellery of gold and other precious metals, falling under Chapter of HSN; • Printing of books (including Braille books), journals and periodicals; • Processing of hides, skins and leather falling under Chapter 41 of HSN.	Eligible	5%
• Any transfer of right in goods or of undivided share in goods without the transfer of title thereof • 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.	Eligible	Same GST rate as on supply of like goods involving transfer of title in goods
• Admission to exhibition of cinematograph films where price of admission ticket is Rs.100 or less.	Eligible	18%
• All other services where specific rates have not in provided.	Eligible	18%

- Certain exemptions under Service tax are being continued under GST. The same has to be analyzed on case to case basis. In the said regard Notification No.12/2017-Central Tax (Rate) dated 28 June 2017 has been issued.

### 4.3 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. 75 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 e- commerce operator who is required to collect tax at source
  - Manufacturer of following goods:
    - Ice Cream and other edible ice, whether or not containing cocoa
    - Pan masala
    - All goods, i.e Tobacco and manufactured tobacco substitutes

- The Composition Scheme is subject to certain conditions.
  - Composition scheme once opted, will be applicable to all registered persons 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.75 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 interstate 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.

### 5.1 General Provisions and Threshold limit for registration

- 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 financial year 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 financial year 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 the following:



- Inward supplies on which tax is payable under Reverse Charge Mechanism ('RCM') or Tax & Cess payable under GST Law to be excluded from aggregate turnover.
- Any person though not liable for registration, has an option for obtaining voluntarily registration.
- A person with GST registration will have to charge GST, as applicable, irrespective of the turnover.

- 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.
- 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, e-signed or verified through Aadhaar based E-verification code (EVC) or Bank account based One Time Password (OTP).

## 5.2 Registration of SEZ Units

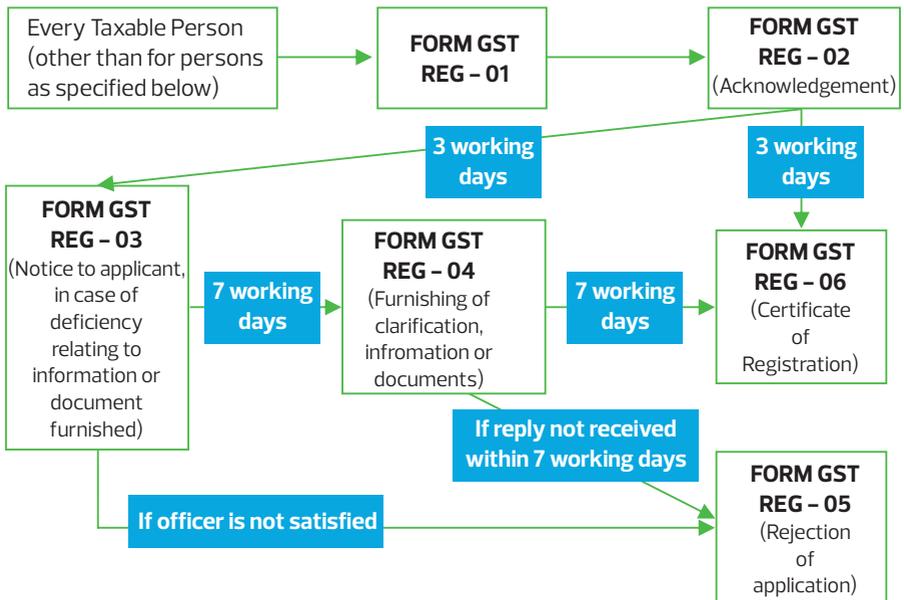
Special Economic Zone (SEZ) unit or developer shall make a separate application for registration as a business vertical distinct from its other units located outside

the SEZ.

### 5.3 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. If applied within the said time limit, the effective date of registration will be the date from when person becomes liable. If not applied within the time limit, the effective date of registration will be date of grant of registration.
- A person without GST registration can neither collect GST from recipient nor claim any ITC.

### 5.4 Registration process



### 5.5 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.
- c. Any supplier who is only engaged in making supplies of taxable goods / services on which tax is payable under reverse charge (other than on account of supply received from unregistered person).

### 5.6 Mandatory Registration

Following category of persons has to obtain mandatory registration:

Persons making any inter-state taxable supply	Persons liable under RCM	Input Service Distributor, whether or not separately registered
Casual Taxable persons making taxable supply	Non-Resident Taxable person making taxable supply	OIDAR from a place outside India to unregistered person in India
Persons who supply, through an e-commerce operator who is required to collect TCS	E-Commerce Operator	Categories of services the tax on which shall be paid by the e-commerce operator
Persons who are required to deduct TDS	Persons who supply on behalf of other registered taxable persons whether as on agent or otherwise	Such other person or class of persons as may be notified.

## 5.7 Registration for Casual Taxable Person ('CTP') or Non-Resident Taxable Person ('NRTP')

Definition	
<p>"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.</p>	<p>"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.</p>
Conditions applicable to CTP and NRTP	
<ul style="list-style-type: none"> <li>- A CTP or a NRTP shall apply for registration at least 5 days prior to the commencement of business.</li> <li>- CTP or NRTP can make taxable supplies only after issuance of registration certificate.</li> <li>- 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.</li> <li>- The period of 90 days can be extended by a further period not exceeding 90 days.</li> <li>- CTP or NRTP along with registration application requires to make an advance deposit of tax in an amount equivalent to estimated tax liability.</li> <li>- The said advance shall be credited to electronic cash ledger and can be utilized in a prescribed manner.</li> </ul>	

## 5.8 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;

- Violates provisions of Anti-profiteering measure.
- 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 general or mandatory registration provisions as given above.
- 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 GST law; 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.

**6.1** 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
<p>General Rule</p>	<p>Earliest of the following:</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Date of issue of invoice</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">The time limit within which invoice is required to be issued;</div> <div style="border: 1px solid black; padding: 5px;">Date of receipt of payment</div> <p>The time limit for issuing invoice is before or at time of :-</p> <ul style="list-style-type: none"> <li>(i) Removal of goods where supply involves movement of goods; or</li> <li>(ii) In other cases, at the time when goods are delivered.</li> </ul>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">If invoice is issued within time limit*</div> <p>Earliest of the following:</p> <ul style="list-style-type: none"> <li>(i) Date of issue of invoice; or</li> <li>(ii) Date of receipt of payment</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">If Invoice is not issued within time limit*</div> <p>Earliest of the following:</p> <ul style="list-style-type: none"> <li>(i) Date of provision of service or</li> <li>(ii) Date of Receipt of payment</li> </ul> <p>* The time limit for raising invoice is within 30 days from the date of supply of service.</p>
<p>Supply by vouchers</p>	<ul style="list-style-type: none"> <li>(i) Date of issue of voucher, if supply is identifiable at that point; or</li> <li>(ii) The date of redemption of voucher, in all other cases</li> </ul> <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>	
<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.</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"> <li>i. Date of receipt of goods;</li> <li>ii. Date of payment;</li> <li>iii. Date immediately following 30 days of issue of invoice or any other document.</li> </ul> <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"> <li>i. Date of payment;</li> <li>ii. Date immediately following 60 days of issue of invoice or any other document.</li> </ul> <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"> <li>i. Date of entry in books of accounts; or</li> <li>ii. The date of payment.</li> </ul>
Not possible to determine time of supply	<ul style="list-style-type: none"> <li>i. Date on which return is to be filed.</li> <li>ii. Date on which the tax is paid.</li> </ul>	
Addition in value of supply by way of interest, late fee or penalty	Date on which supplier receives such addition in value.	

**6.2** 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 invoice (new rate)
	Date of receipt of payment (old rate)		Date of receipt of payment (new rate)
	Date of invoice or payment, whichever is earlier (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.

**6.3 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
<b>Continuous Supply of Goods</b>	
where successive statement of accounts or payment involved	before or each time each statement is issued or when each such payment is received
<b>Continuous Supply of Services</b>	
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

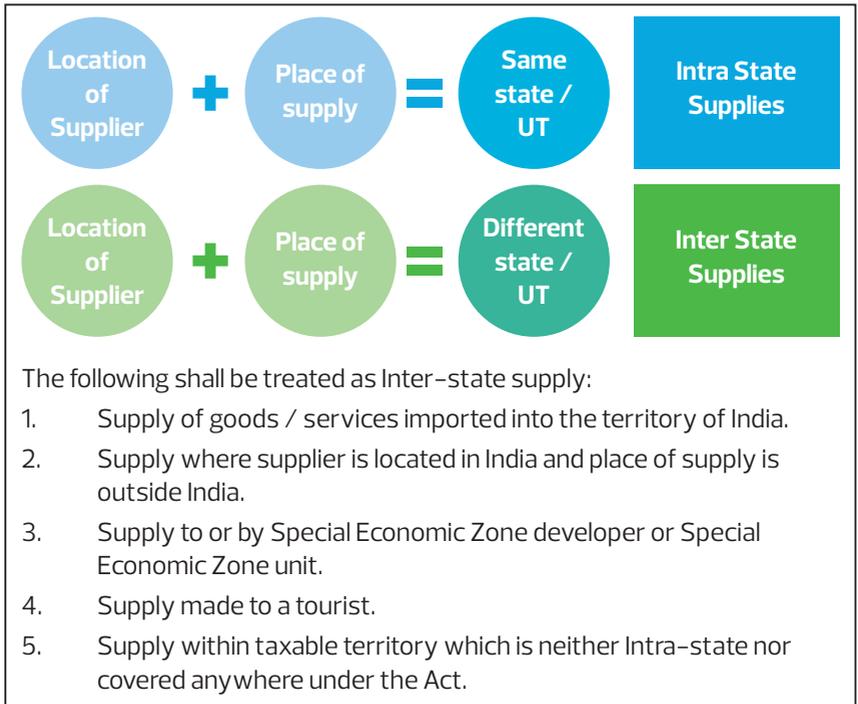
- In case supply of service ceases under contract before completion, invoice to be issued when supply ceases to the extent of supply made before such cessation.
- Goods sent or taken on approval for sale or return removed before supply takes place invoice to be issued before or at time of supply or 6 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.

## 7.1 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.

## 7.2 Location of Supplier & Receiver

Particulars	Supplier	Receiver
<b>Definition</b>	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> <ul style="list-style-type: none"> <li>(a) where a consideration is payable for the supply of goods and/or services, the person who is liable to pay that consideration,</li> <li>(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</li> <li>(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.</li> </ul> <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>
<b>Location of supplier /</b>	(a) where a supply is made from a place of business for which	(a) where a supply is received at a place of business for which

Particulars	Supplier	Receiver
<p><b>receiver in case of supply of services</b></p>	<p>registration has been obtained, the location of such place of business;</p> <p>(b) where a supply is made from a 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>registration has been obtained, the location of such place of business;</p> <p>(b) where a supply is received at a 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>
<p><b>Place of Business</b></p>	<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>	
<p><b>Fixed Establishment</b></p>	<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>	

### 7.3 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

### 7.4 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: <ul style="list-style-type: none"> <li>(i) Address of recipient exists on record – Location of recipient</li> <li>(ii) Other cases – Location of supplier</li> </ul>	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
	<b>Related to immovable property or boat or vessel</b>	
Place of Supply	<p>(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</p> <p>(b) Other than above - Location of recipient</p>	Place where immovable property is located or intended to be located.
Services covered	<p>(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</p> <p>(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</p> <p>(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</p>	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
Remarks	<p>(d) service ancillary to above services</p> <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 per terms 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 per terms 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>
<b>Performance based services</b>		
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>
<b>Training and Performance Appraisal</b>		
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.	
<b>Admission to events or amusement parks</b>		
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
<b>Organization of event or services ancillary to the event</b>		
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
	<p>(i) If event is held in India – location where the event is actually held</p> <p>(ii) If the event is held outside India, location of the recipient.</p>	
Services covered	<p>(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</p> <p>(b) Services ancillary to services in point (a)</p> <p>(c) Services of assigning sponsorship for an event</p>	<p>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</p>
Remarks	<p>(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.</p> <p>(b) In absence of contract/agreement on such other basis as may be prescribed in this behalf</p>	<p>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>
<b>Transportation of Goods</b>		
Place of Supply	<p>(a) Transportation of goods including by mail or courier –</p> <p>(i) If provided to a registered person –</p>	<p>(a) Transportation of goods other than by mail or courier – Destination of goods</p> <p>(b) Transportation of goods by mail or courier –</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
	Location of recipient (ii) Other than above – location where goods are handed over for transportation	No Exception Rule
<b>Passenger Transportation service</b>		
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	
<b>Services provided on board a conveyance including a vessel, an aircraft, a train or a motor vehicle</b>		
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.
<b>Banking and other Financial Services</b>		
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
Remarks	(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  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
<b>Intermediary services</b>		
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 .	
<b>Supply of insurance services</b>		
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	
<b>Advertisement services to Government, Statutory Body or a Local Authority</b>		
Place of Supply	(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.	No Exception Rule
	(ii) In absence of contract/ agreement on such other basis as may be prescribed in this behalf	
<b>Telecommunication services including data transfer, broadcasting, cable and direct to home television (D2H) services to any person</b>		
Place of Supply	(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	No Exception Rule
	(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	
	(c) In cases where mobile connection for telecommunication, internet service and D2H are provided on pre-payment through a	

Deemed place of Supply in case location of either of SP or SR is located outside India		
<p><b>Deemed place of Supply in case of location of SP &amp; SR is located in India</b></p>	<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>	
<p><b>Particulars</b></p>		<p>Remarks</p> <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>

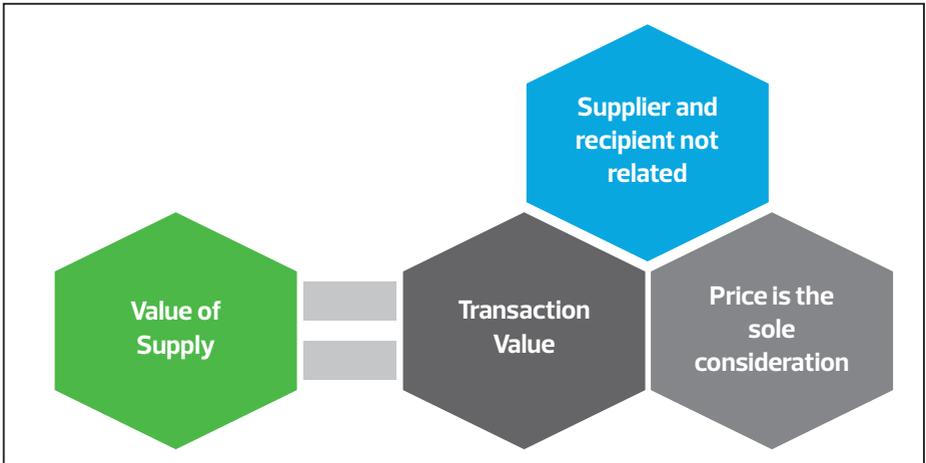
<b>Particulars</b>	<b>Deemed place of Supply in case of location of SP &amp; SR is located in India</b>	<b>Deemed place of Supply in case location of either of SP or SR is located outside India</b>
	(ii) In absence of contract/agreement on such other basis as may be prescribed in this behalf	
<b>Vehicle Hiring Service</b>		
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

<b>Particulars</b>	<b>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</b>	
	<b>Supply by a person located in non-taxable territory and received by a non-taxable online recipient</b>	<b>Other supply in respect to online information and database access or retrieval services</b>
Place of supply	Location of recipient of service	
Person liable / Recipient	(a) An Intermediary <b>except</b> where the following conditions are fulfilled: (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; (ii) the intermediary involved in the supply does not authorise the charge to the	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: (i) the location of address presented by the recipient of service via internet is in taxable territory; (ii) the credit card or debit card or store value card or charge card or smart card or any other

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	Other supply in respect to online information and database access or retrieval services
<p><b>Supply by a person located in non-taxable territory and received by a non-taxable online recipient</b></p> <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>	<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>
<p>Remarks</p>	<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
<p data-bbox="140 183 210 694"><b>Supply by a person located in non-taxable territory and received by a non-taxable online recipient</b></p> <p data-bbox="140 694 210 1244"><b>Other supply in respect to online information and database access or retrieval services</b></p> <p data-bbox="218 183 252 1244">(iv) A person appointed by the supplier in taxable territory for the purpose of paying GST</p> <p data-bbox="257 183 420 1244">- 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"> <li data-bbox="431 877 464 1244">(i) advertising on the internet</li> <li data-bbox="470 909 504 1244">(ii) providing cloud services</li> <li data-bbox="509 183 576 1244">(iii) provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet</li> <li data-bbox="582 183 649 1244">(iv) providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network</li> <li data-bbox="655 391 688 1244">(v) online supplies of digital content (movies, television shows, music, etc.)</li> <li data-bbox="694 917 728 1244">(vi) digital data storage and</li> <li data-bbox="733 1021 767 1244">(vii) online gaming</li> </ul> <p data-bbox="778 183 873 1244">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>	

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



## 8.2 The value of supply includes &amp; 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 exclude:**

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.

**8.3** The CGST Rules, 2017 provides for valuation in the following nature of transactions:

Sr. No.	Particulars	Value of Supply
1.	Where consideration is not wholly in money	a) Open Market value 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> c) If not determinable as per above, <i>the value of supply of 'like kind and quality'</i> 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>
2.	Where supplies are made between distinct or related persons, other than through an agent	a) Open Market value 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> c) If value is not determinable as per above, <i>as determined under Sr. No. 4 or 5, in that order</i> 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.

Sr. No.	Particulars	Value of Supply
		<p>Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.</p>
3.	Where Supply of goods between the principal and his agent	<p>a) The open market value of the goods supplied or <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, <i>as determined under Sr. No. 4 or 5, in that order</i></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	<p>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.</p>

- **‘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.

#### 8.4 Purchase or sale of foreign currency including money changing

Sr. No.	Particulars	Valuation
1	Currency exchanged from, or to, Indian Rupees (INR)	<p>RBI reference rate for currency available                      (Buying Rate or Selling Rate – RBI reference Rate) X Total Unit of currency</p> <p>RBI reference rate for currency not available                      1% of the gross amount of Indian Rupees provided or received by the person exchanging the money</p>
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.1Lakh	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	

## 8.5 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.

## 8.6 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.

## 8.7 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 5% points for every quarter or part thereof, between the date of purchase and date of disposal by the person making such repossession.

### 8.8 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.

### 8.9 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.

### 8.10 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.

### 8.11 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,

$$\text{Tax Amount} = \frac{\text{Value Inclusive of taxes} * \text{tax rate (in \%)} \text{ of IGST/CGST/SGST or UTGST}}{(100 + \text{sum of tax rates, as applicable, in \%})}$$

## 9.1 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.
- Input tax in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes
  - a) The integrated goods and services tax charged on import of goods
  - b) The tax payable under the RCM

but does not include the tax paid under the composition levy.
- 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.

## 9.2 Non admissible Credits

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

<p>Motor vehicles and other conveyances except when they are used</p> <ul style="list-style-type: none"> <li>(a) For making the following taxable supplies:                             <ul style="list-style-type: none"> <li>(i) Further supply of such vehicles or conveyances; or</li> <li>(ii) Transportation of passengers; or</li> </ul> </li> </ul>
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- (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.

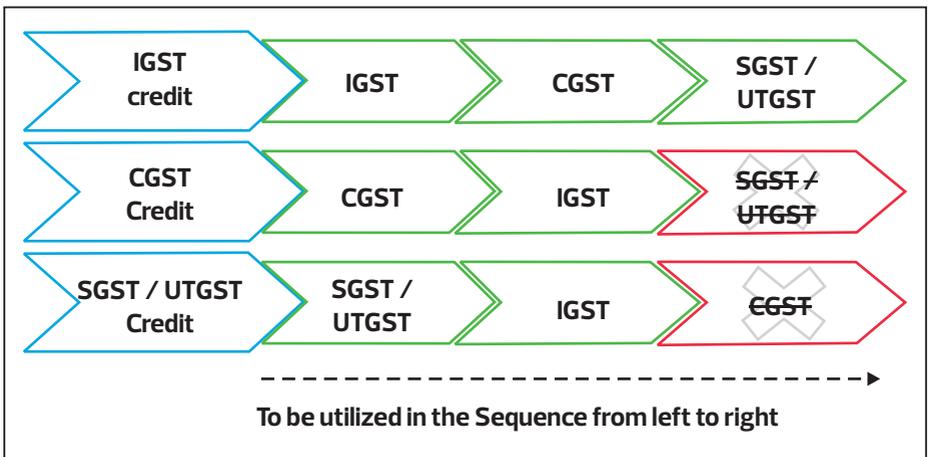
### 9.3 Conditions for availing ITC

- 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.

### 9.4 Utilization of ITC for making payment towards output tax



### 9.5 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

### 9.6 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.

### 9.7 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.

### 9.8 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-availment of any credit that has been reversed earlier.

## 9.9 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 <sub>1</sub>	ITC on I & IS intended to be used exclusively for purposes other than business	XXX
T <sub>2</sub>	ITC on I & IS intended to be used exclusively for exempt supplies	XXX
T <sub>3</sub>	ITC on I & IS which are non-admissible	XXX
C <sub>1</sub>	$T - (T_1 + T_2 + T_3)$ <b>(ITC credited to electronic credit ledger)</b>	XXX

Denoted as	Particulars	Amount
$T_4$	ITC on I & IS used exclusively for taxable supplies including zero – rated	XXX
$C_2$	<b><math>C_1 - T_4</math> (Common Credits)</b>	<b>XXX</b>
E	Aggregate value of exempt supplies	XXX
F	Total Turnover	XXX
$D_1$	<b><math>(E / F) * C_2</math> (reversal on account common ITC used for exempt supplies)</b>	<b>XXX</b>
$D_2$	<b><math>5\% * C_2</math> (reversal on account common ITC used for non-business purposes)</b>	<b>XXX</b>
$C_3$	$C_2 - (D_1 + D_2)$	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 financial year
  - **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 financial year 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 financial year

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.

## 9.10 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 financial year.

## 9.11 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"> <li>- 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.</li> </ul>
Voluntary Registration	As on date of grant of registration	Not admissible	<ul style="list-style-type: none"> <li>- Electronic Declaration to be filed within 30 days from the date of his becoming eligible.</li> </ul>
Ceases out of composition scheme	As on date on which person liable to pay tax at normal rate	As on date on which person liable to pay tax at normal rate. 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	<ul style="list-style-type: none"> <li>- Certificate from practicing CA/CWA if credit claims exceeds Rs.2 lakhs.</li> </ul>
Exempt supply becomes taxable supply	ITC on inputs relating to exempt supplies Day immediately preceding the date from which supply becomes taxable	ITC on capital goods exclusively used for exempt supplies Day immediately preceding the date from which supply becomes taxable After reducing 5% per	

Scenario	Inputs in Stock	Capital Goods	Conditions
		quarter of a year or part thereof from the date of invoice till the date supply becomes taxable	

### 9.12 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.

### 9.13 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 5/6

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

#### 9.14 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.

#### 9.15 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 financial year 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 financial year till the date of payment.

Government by notification have specified categories of supply of goods / services on which tax shall be paid on reverse charge basis by recipient.

### 10.1 Imports 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.

- There would be no impact on levy of Basic Customs Duty (BCD), Education Cess, Anti-Dumping Duty, Safeguard Duty and like. However, Additional duties of Customs, which are in common parlance referred to as Countervailing Duty (CVD) and Special Additional Duty of Customs (SAD) would be replaced with the levy of IGST barring a few exceptions.
- The IGST and compensation cess will be levied on import as may be applicable. Barring few commodities such as pan masala, certain petroleum products which attract levy of CVD, majority of imports would attract levy of IGST. Further, few products such as aerated waters, tobacco products, motor vehicles etc would also attract compensation cess, over and above IGST.

## 10.2 Reverse Charge on Goods

Government has notified following categories of goods, on which tax shall be paid under reverse charge:

Sr No	HSN Code	Description of Service	Supplier of Goods	Recipient of Supply
1	0801	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
2	1404 9010	Bidi wrapper Leaves (tendu)		
3	2401	Tobacco leaves		
4	5004 to 5006	Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	
5	Supply of lottery	Cashew nuts, not shelled or peeled	State Government, Union Territory or any local authority	

## 10.3 Reverse Charge on Services

Government has notified following categories of services, on which tax shall be paid under reverse charge:

Sr No	Nature of Services	Service Provider	Service Recipient
1	Import of service other than OIDAR services provided to non taxable online recipient	Person located in non taxable territory	Any person located in the taxable territory other than non-taxable online recipient

Sr No	Nature of Services	Service Provider	Service Recipient
2	Goods Transport Agency (GTA) in respect of transportation of goods by road	GTA	<ul style="list-style-type: none"> <li>- Factory</li> <li>- Registered society</li> <li>- Co-operative society under any law</li> <li>- Registered person under CGST/SGST/UTGST Act</li> <li>- Body Corporate</li> <li>- Partnership firm</li> <li>- Casual taxable person</li> </ul>
3	Legal services	An individual advocate including a senior advocate or firm of advocates	Any business entity.
4	Arbitral Tribunal	An Arbitral Tribunal	Any 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"> <li>- Renting of immovable property</li> <li>- Postal service provided to a person other than government</li> <li>- Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport</li> <li>- Transport of goods or passengers</li> </ul>	Government or local authority	Any business entity.

Sr No	Nature of Services	Service Provider	Service Recipient
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 or the like, located in the taxable territory

#### 10.4 Inward supply from unregistered person

- The tax on supply of taxable goods / services, by an unregistered person to a registered person, shall be paid by recipient on reverse charge basis.
- Exemption has been granted in case of inward supply of goods/services or both from unregistered person provided that the aggregate value of such goods/service or both from one or more supplier does not exceed Rs.5,000/- in a day.
- Supply of goods/services by unregistered person to a registered person where recipient 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.

- In case of supply from unregistered person to registered person such person may issue consolidated invoice at the end of the month for supplies received where the aggregate value of supplies exceeds Rs.5,000/- in a day from any or all the suppliers.
- Every registered person who is liable to pay tax under reverse charge shall issue a payment voucher at the time of making payment.



## 11.1 Import under Export Promotion Schemes and duty payment through EXIM scrips:

- Imports made under export promotion schemes namely EPCG, DEEC (Advance License) and DFIA to be exempted from the payment of Custom duties but IGST and Compensation Cess will have to be paid at the time of import.
- The EXIM scrips under the export incentives schemes of Chapter 3 of FTP (for e.g. MEIS and SEIS) can be utilised only for the payment of Customs duties or additional Customs duties on items not covered by GST (petroleum products and liquor) at the time of import. However, as per the present GST law, these scrips cannot be utilised for the payment of IGST and Compensation Cess as well as CGST, SGST or IGST for domestic procurements.

## 11.2 EOUs/EHTPs/STPs:

- EOUs/EHTPs/STPs will be allowed to import goods without the payment of Basic Customs duty (BCD) as well as additional duties leviable under Section 3(1) and (5) of the Custom Tariff Act. GST would be leviable on import of goods or services or both used in manufacture by EOUs which can be taken as input tax credit. The said ITC can be utilized for payment of GST taxes payable on the goods cleared in DTA or refund of unutilized ITC can be claimed. In the GST regime clearance of goods in DTA will attract GST besides payment of amount equal to BCD exemption availed on inputs used in such finished goods. DTA clearances of goods, which are not under GST, would attract Central Excise Duties as before.

## 11.3 Imports/ Procurement by SEZs:

- Authorised operations in connection with SEZ shall be exempted from payment of IGST. Thus, there is no change in operation of SEZ scheme.

12.1 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.

- "Zero Rated supply" means any of the following supplies of goods/services or both, namely:–
  - a) Export of goods/services; or
  - b) Supply of goods/services to a SEZ developer/unit.
  
- A registered person making Zero rated supply in relation to IGST liability on such supply 2 options have been specified:
  - Supply under bond / letter of undertaking (LUT), subject to such conditions, as may be prescribed, without payment of IGST and claim refund of unutilized input tax credit; or
  - Supply subject to such conditions as may be prescribed, on payment of IGST and claim refund of tax paid on such supply.
  
- Any registered person availing the option to supply for export without payment of IGST shall furnish, prior to export, a bond /LUT to the jurisdictional AC/DC binding himself to pay tax due along with interest within a period of :

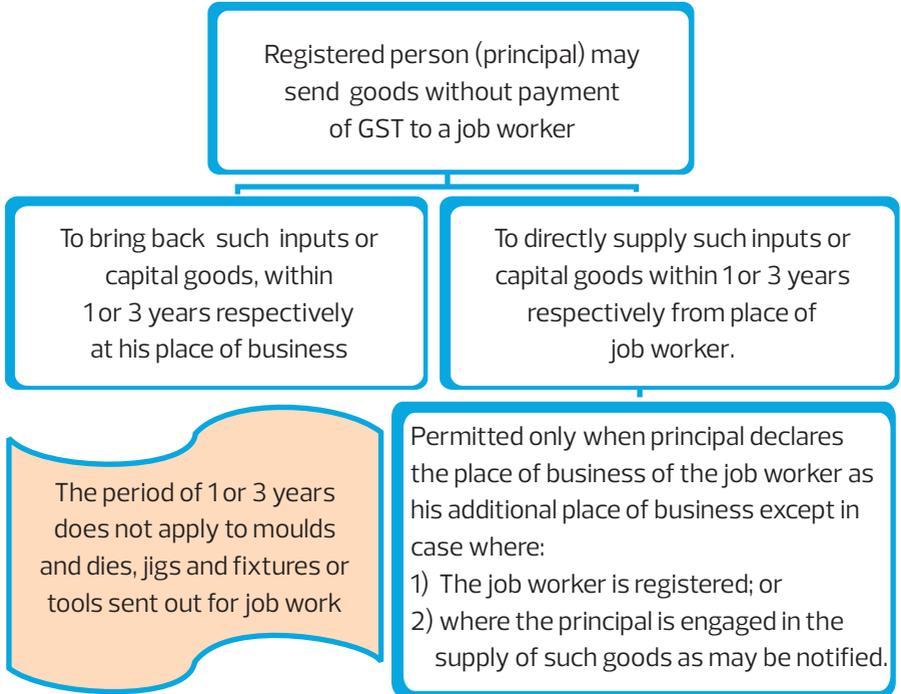
- 15 days after expiry of 3 months from the date of issue of the invoice for export , if the goods are not exported; or
- 15 days after expiry of 1 year or such further period as may be allowed by Commissioner from the date of issue of invoice for export, if payment of such services is not received in convertible foreign exchange.

## 12.2 SEZ under GST

- In case of entity having unit in DTA as well as SEZ in same state, then both the units needs to obtain separate registration.
- Supply made by SEZ unit /developer shall be treated as inter-state supply.
- Supply from SEZ unit/developer to DTA shall be considered as Import and Custom Duties including IGST shall be levied.
- Supply from SEZ unit/developer to outside India shall be treated as Export subject to fulfillment of conditions regarded as Zero Rated supply.
- Supply made from DTA unit to SEZ unit/developer shall be considered as a 'zero rated supply'. Import of Services by SEZ Unit/Developer for authorized operations is exempt. Similarly goods imported by SEZ unit/Developer shall also be exempted from payment of IGST.

**13.1** 'Job Work' means undertaking any treatment or process by a person on goods belonging to another registered person.

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



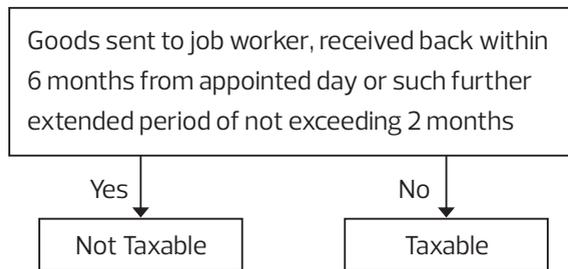
- Even if goods are sent directly to job worker premise, principal can take ITC on goods. Time limit in case of goods sent directly to job worker premise will be counted from the date of receipt of goods by job worker.
- Intermediate goods arising from any treatment or process carried out on inputs shall 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, including where such goods are sent directly to 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.

**13.3** 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 Form GST Tran-1 within 90 days of the appointed day.

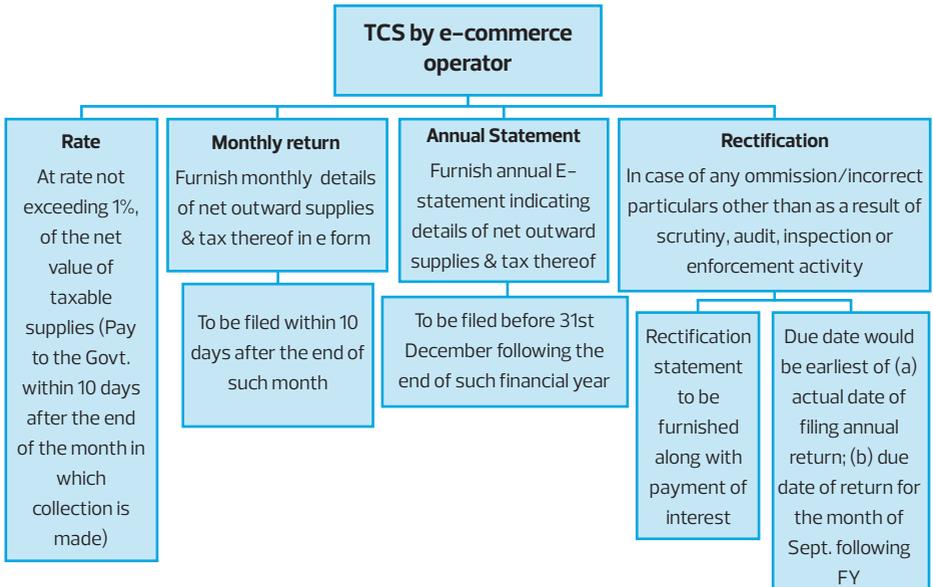
**14.1** Supplies through e-commerce companies are undertaken on a large scale in India and the same is continuously growing at a fast pace. In e-commerce, generally, suppliers supply goods / services based on order placed by the customer on portal. The said supply of goods / services is done by third 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

**14.2 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

Note: The provisions pertaining to TCS have been deferred and shall be applicable from the date as notified by the government.

### 14.3 Certain specific conditions in relation to e-commerce operators

Particulars	Provision
Compulsory Registration requirement	<ul style="list-style-type: none"> <li>- For every E-Commerce operator (no threshold exemption)</li> <li>- 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)</li> </ul>
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:</p> <ul style="list-style-type: none"> <li>(i) services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle</li> <li>(ii) services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under the general provision as specified (refer point 5.1 of Chapter No 5).</li> </ul> <p>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"> <li>- If the operator is not having physical presence in India, then representative shall be liable to pay tax</li> <li>- In case of no representative, the operator shall appoint a person in taxable territory for the purpose of paying tax.</li> </ul>

## 15.1 Documents and Contents:

Following are the different types of documents along with contents which a registered person requires to raise based upon the nature of transaction:

<b>Document Type:</b>	<b>Tax Invoice</b>	
<b>To be Issued by:</b>	Registered person making taxable supply of goods/services or both	
<b>Contents</b>		
<ul style="list-style-type: none"> <li>- Name, address and GSTIN of the supplier</li> <li>- Consecutive Serial Number not exceeding 16 Characters</li> <li>- Date</li> <li>- Name, address and GSTIN or UIN of the recipient, if registered</li> <li>- If recipient is unregistered and value of taxable supply is Rs. 50,000 or more, then name, address, address of delivery, state and state code of the recipient</li> <li>- If recipient is unregistered and value of taxable supply is less than Rs. 50,000, then name, address, address of delivery, state and state code of the recipient, if recipient request that such details be recorded in the tax invoice</li> </ul>	<ul style="list-style-type: none"> <li>- HSN Code</li> <li>- Description of goods/services</li> <li>- Quantity and unit or Unique Quantity code</li> <li>- Total Value</li> <li>- Taxable Value taking into account discount or abatement</li> <li>- Rate of tax</li> <li>- Amount of tax charged</li> <li>- Place of supply and State code, if inter state supply</li> <li>- Address of delivery, if different from place of supply</li> <li>- Amount of tax payable on reverse charge basis, if any</li> <li>- Signature (manually or digitally) of Supplier</li> </ul>	
<b>Document Type:</b>	<b>Bill of Supply</b>	
<b>To be Issued by:</b>	Registered person supplying exempted goods/services or both or paying tax under composition scheme	
<b>Contents</b>		
<ul style="list-style-type: none"> <li>- Name, address and GSTIN of the supplier</li> <li>- Consecutive Serial Number not exceeding 16 Characters.</li> <li>- Date</li> </ul>	<ul style="list-style-type: none"> <li>- HSN Code</li> <li>- Description of goods/services</li> <li>- Value of supply taking into account discount and abatement</li> </ul>	

<ul style="list-style-type: none"> <li>- Name, address and GSTIN or UIN of the recipient, if registered</li> </ul>	<ul style="list-style-type: none"> <li>- Signature (manually or digitally) of Supplier</li> </ul>
<b>Document Type: Payment voucher</b>	
<b>To be Issued by:</b>	A registered person shall issue payment voucher in all the cases where tax is paid under reverse charge mechanism at the time of making payment to the supplier.
<b>Contents</b>	
<ul style="list-style-type: none"> <li>- Name, address and GSTIN of the supplier</li> <li>- Consecutive Serial Number not exceeding 16 Characters</li> <li>- Date</li> <li>- Name, address and GSTIN or UIN of the recipient, if registered</li> </ul>	<ul style="list-style-type: none"> <li>- Description of goods/services</li> <li>- Amount paid</li> <li>- Rate</li> <li>- Place of supply and State code</li> <li>- Signature (manually or digitally) of Supplier</li> </ul>
<b>Document Type: Receipt Voucher</b>	
<b>To be Issued by:</b>	A registered person receiving advance payment shall issue receipt voucher
<b>Contents</b>	
<ul style="list-style-type: none"> <li>- Name, address and GSTIN of the supplier</li> <li>- Consecutive Serial Number not exceeding 16 Characters</li> <li>- Date</li> <li>- Name, address and GSTIN or UIN of the recipient, if registered</li> </ul>	<ul style="list-style-type: none"> <li>- Description of goods/services</li> <li>- Advance amount</li> <li>- Rate</li> <li>- Place of supply and State code</li> <li>- Whether tax is payable on reverse charge basis</li> <li>- Signature (manually or digitally) of Supplier</li> </ul>
<b>Document Type: Refund Voucher</b>	
<b>Issued By:</b>	A registered person received advance payment but no supply is made or no tax invoice is issued in respect of such advance payment, shall issue a refund voucher
<b>Contents</b>	
<ul style="list-style-type: none"> <li>- Name and address of the Supplier</li> </ul>	<ul style="list-style-type: none"> <li>- Number and date of receipt voucher</li> <li>- Description of goods</li> </ul>

<ul style="list-style-type: none"> <li>- Consecutive Serial Number not exceeding 16 Characters</li> <li>- Date of issue</li> <li>- Name, address and GSTIN or UIN of the recipient, if registered</li> </ul>	<ul style="list-style-type: none"> <li>- Amount of refund made</li> <li>- Rate</li> <li>- Whether tax is payable under RCM</li> <li>- Signature (manually or digitally) of Supplier</li> </ul>
<b>Document Type: Revised Tax invoice and debit or credit note</b>	
<b>To be Issued by:</b>	<ul style="list-style-type: none"> <li>- A registered person shall issue a revised invoice in respect of invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration</li> <li>- A registered person shall issue credit note, where invoice has been issued and                             <ul style="list-style-type: none"> <li>• 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</li> <li>• Where good supplied are returned by the recipient; or</li> <li>• Where goods/services or both supplied are found to be deficient</li> </ul> </li> <li>- A registered person shall issue debit note, where invoice has been issued 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,</li> </ul>
<b>Contents</b>	
<ul style="list-style-type: none"> <li>- The word "Revised Invoice" wherever applicable, indicated prominently</li> <li>- Name ,address and GSTIN of the supplier</li> <li>- Nature of the document</li> <li>- Consecutive Serial Number not exceeding 16 Characters</li> <li>- Date of Issue</li> <li>- Name, address and GSTIN or UIN of the recipient, if registered</li> </ul>	<ul style="list-style-type: none"> <li>- Name and address of delivery, state and state code, if unregistered, of the recipient</li> <li>- Serial Number and date of the corresponding tax invoice or the bill of supply as the case may be</li> <li>- Value of Taxable Supply, rate of tax and the amount of tax credited or as the case may be, debited to the recipient</li> <li>- Signature (manually or digitally) of supplier</li> </ul>

<b>Document Type:</b>	<b>Delivery Challan</b>	
<b>To be Issued by:</b>	Where goods are transported for the purposes of: <ul style="list-style-type: none"> <li>a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known;</li> <li>b) transportation of goods for job work;</li> <li>c) transportation of goods for reasons other than by way of supply (Eg. Inter unit transfer); or</li> <li>d) such other supplies as may be notified by the Board</li> </ul>	
<b>Contents</b>		
<ul style="list-style-type: none"> <li>- Date and number of the delivery challan</li> <li>- Name, address and GSTIN of the consigner, if registered</li> <li>- Name, address and GSTIN or UIN of the consignee, if registered</li> <li>- HSN code and description of goods</li> </ul>	<ul style="list-style-type: none"> <li>- Quantity</li> <li>- Taxable value</li> <li>- Tax rate and Tax amount</li> <li>- Place of supply, in case of inter-State movement, and</li> <li>- Signature (manually or digitally).</li> </ul>	
<b>Document Type:</b>	<b>Input Service Distributor (ISD) Invoice</b>	
<b>To be Issued by:</b>	ISD shall issue ISD invoice or credit note in order to distribute credit	
<b>Contents</b>		
<ul style="list-style-type: none"> <li>- Name, address and GSTIN of the Input Service Distributor</li> <li>- Consecutive Serial Number not exceeding 16 Characters</li> <li>- Date</li> </ul>	<ul style="list-style-type: none"> <li>- Name, address and GSTIN of the recipient to whom the credit is distributed</li> <li>- Amount of the credit distributed</li> <li>- Signature (manually or digitally)</li> </ul>	

- The content lists mentioned for each nature of document are requirements as per the GST Rules and person can include additional details as well in any suitable format.

## 15.2 Other Key Aspects:

### Tax Invoice

- A registered person procuring goods/services from unregistered person shall issue self invoice on the date of receipt of goods/services or both. Further, registered person may issue a consolidated invoice for aggregated value at the end of a month for supplies exceed Rs.5,000 in a day from any or all the suppliers
- In respect of Tax Invoice and Bill of Supply, the following points may be considered:
  - The number of HSN code for goods/services that a class of registered person shall be required to mention are as follows:

Sr. No.	Annual Turnover in the preceding F.Y.	Number of Digits of HSN
1	Upto Rs. 1.50 crore	Nil
2	more than Rs. 1.50 crore and upto Rs. 5 crore	2
3	more than Rs. 5 crore	4

- In case of export of goods/services, the invoice shall carry an endorsement "Supply meant for export on payment of Integrated Tax" or "Supply meant for export under Bond or letter of undertaking without payment of Integrated Tax" and shall also contain the name of country of destination.
- Manner of issuance of invoice:

In case of goods	In case of services
Invoice shall be prepared in Triplicate, in the following manner: a) The original for recipient b) Duplicate for transporter c) Triplicate for supplier	Invoice shall be prepared in duplicate, in the following manner: a) Original for recipient b) Duplicate for supplier

### Receipt Voucher

- In case of advance receipt,
  - If the rate of tax is not determinable then the applicable tax rate shall be taken at 18%
  - If the nature of supply is not determinable then the supply shall be treated as inter state supply.

### Revised Invoice

- A registered person may issue a consolidated revised invoice for all taxable supplies made to unregistered recipient during the period beginning with the effective date of registration till the date of issuance of certificate.
- In the case of inter state supplies where the value of a supply does not exceed 2.5 lakhs rupees, a consolidated revised invoice may be issued separately, in respect of all recipients located in a state and who are not registered.
- Any invoice or debit note issued

### Delivery Challan

- Delivery challan shall be issued in triplicate:
  - a) The original for consignee
  - b) Duplicate for transporter
  - c) Triplicate for consignor
- Where goods are being transported on delivery challan in lieu of invoice, the same shall be declared in e-way bill.
- Where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods, the supplier shall issue tax invoice after delivery of goods
- Where the goods are being transported in a semi knocked down or

completely knocked down condition –

- (a) the supplier shall issue the complete invoice before dispatch of the first consignment;
- (b) the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- (c) each consignment shall be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
- (d) the original copy of the invoice shall be sent along with the last consignment.

### 15.3 E – Way Bill

Till E-way bill system is developed and approved by the Council, existing State E-way bill rules shall be continued.

## 16.1 Periodical Returns under GST Law

The list of certain relevant returns under GST regulations for different category of persons are outlined herein below:

- **Registered Person (other than ISD, Non – resident taxable person, person paying tax under composition scheme, person deducting tax as TDS and person collecting tax as TCS)**

Form No	Due Date of filing	Nature of Return
GSTR-1	Monthly – 10th of month succeeding tax period (Cannot be filed between 11th to 15th of month succeeding the tax period)	<p><b>Details of Outward Supplies:</b> It shall include:</p> <p>(a) Invoice wise details of all –</p> <ul style="list-style-type: none"> <li>i) Inter and intra state supplies made to registered persons</li> <li>ii) Inter–state supplies made to unregistered persons amounting to more than Rs.2.5 lakhs</li> </ul> <p>(b) Consolidated details of –</p> <ul style="list-style-type: none"> <li>i) Intra–state supplies made to unregistered person for each rate of tax and</li> <li>ii) State wise inter–state supplies with invoice value up to Rs.2.5 lakhs made to unregistered persons for each rate of tax</li> </ul> <p>(c) Debit and credit note if any issued during the month for invoices issued</p>
GSTR-2	Monthly – 15th of month succeeding tax period	<p><b>Details of Inward Supplies:</b> It shall include:</p> <p>(a) Invoice wise inter–state and intra– state supplies from registered and unregistered persons including on which tax to be paid under reverse charge</p> <p>(b) Import of supply</p> <p>(c) Credit and debit notes, if any</p> <p>(d) Quantum of ineligible ITC</p> <p>It shall be auto generated in form GSTR – 2A which needs to validated and reconciled.</p>

Form No	Due Date of filing	Nature of Return
GSTR-3	Monthly - 20th of month succeeding tax period	<ul style="list-style-type: none"> <li>- <b>Monthly return</b> to be filed</li> <li>- Return cannot be filed without making payment of GST liability</li> </ul> <p>Details of outward supplies which are not reconciled with GSTR-2 filed by other persons, will be auto generated in GSTR – 1A before filing of GSTR-3.</p>
GSTR-3B	As notified by commissioner	Furnishing of return in lieu of Form GSTR-3 on extension of time limit of filling Form GSTR-1 & GSTR-2
GSTR-9	Yearly - 31st December of following year	Annual Return

Extension for filing monthly returns for the tax period July and August 2017 has been provided: (as per the GST Council meeting press release)

Month	GSTR -3B	GSTR-1	GSTR -2
July	20th of August	1st – 5th of September	6th–10th of September
August	20th of September	16th -20th of September	21st -25th of September

- **Person paying tax under composition scheme**

Form No	Due Date of filing	Nature of Return
GSTR – 4	Quarterly - 18th of month succeeding tax period	<p>Quarterly return covering details of inward &amp; outward supplies.</p> <p>Return cannot be filed without making payment of GST liability</p> <p>The details to be included are as follows:</p> <ul style="list-style-type: none"> <li>(a) invoice wise inter-State and intra- State inward supplies received from registered and un-registered persons; and</li> <li>(b) consolidated details of outward supplies made.</li> </ul>

Form No	Due Date of filing	Nature of Return
GSTR-9A	Yearly – 31st December of following year	Annual Return

– **Non – Resident Taxable Person & Person providing online information and database access or retrieval services**

Form No	Due Date of filing	Nature of Return
GSTR – 5	Monthly – 20th of month succeeding tax period / within 7 days from the last day of validity of registration, whichever is earlier	Details of Outward & inward supplies of Non – Resident Taxable person.
GSTR – 5A	Monthly – On or before 20th of month succeeding the calendar month or part thereof	Details of Outward supplies & Inward supplies of persons providing online information and database access or retrieval services from a place outside India to unregistered person in India

– **Input Service Distributor**

Form No	Due Date of filing	Nature of Return
GSTR – 6	Monthly – 13th of month succeeding tax period	Details of ITC availed, utilized & distributed

– **Person deducting tax as TDS**

Form No	Due Date of filing	Nature of Return
GSTR – 7	Monthly – 10th of month succeeding tax period	Details of TDS liable to be deducted & paid

- **Person registered as E-commerce operator**

Form No	Due Date of filing	Nature of Return
GSTR – 8	Monthly – 10th of month succeeding tax period	Details of TDS liable to be deducted & paid
GSTR – 9B	Yearly – 31st December of following year	Annual Return

- Every registered taxable person whose **aggregate turnover during F.Y. exceeds Rs. 2 Crore shall furnish audited annual accounts** and a reconciliation statement in GSTR – 9C on or before 31st December of the following year.
- The term "tax period" means the period for which the return is required to be furnished.
- 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.

## 16.2 Payment of GST

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.

Nature of register	Electronic Liability Register
<b>Description:</b>	
<ul style="list-style-type: none"> <li>- The electronic liability register shall be maintained in form GST PMT – 01 on the common portal</li> <li>- 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</li> <li>- Communication regarding any discrepancy in Electronic Liability Ledger shall be made in form GST PMT – 04 to proper officer</li> </ul>	

<b>Nature of register</b>	<b>Electronic Credit Register</b>
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**Description:**

- 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
- Communication regarding any discrepancy in Electronic Credit Ledger shall be made in form GST PMT – 04 to proper officer.

<b>Nature of register</b>	<b>Electronic Cash Register</b>
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**Description:**

- 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 generated and details of the amount to be deposited shall be entered.
- GST payment can be done through following modes:
  - 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.

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.

- A unique identification number (UIN) shall be generated at the common portal for each debit / credit to the electronic cash / credit ledger. The UIN relating to discharge of any liability shall be indicated in the corresponding entry in the electronic liability register.
- 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.

### 16.3 Tax Deducted at Source and Tax collected at Source

Tax Deducted at source	Tax Collected at source
<ul style="list-style-type: none"> <li>- 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"> <li>- Department or establishment of Central or State government; or</li> <li>- local authority; or</li> <li>- government agencies; or</li> <li>- such persons as may be notified</li> </ul> </li> <li>- No deduction shall be made if location of supplier and place of supply is different.</li> <li>- Amount deducted needs to be deposited by deductor within 10 days after end of month in which deduction is made</li> <li>- Deductor shall furnish certificate to the deductee mentioning contract value, rate of deduction, amount deducted.</li> <li>- 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 Rs. 5,000/- if deductor fails to furnish certificate within 5 days to</li> </ul>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- The amount so collected shall be paid to the Government by the operator within 10 days after the end of month in which deduction is made.</li> <li>- Operator shall furnish a statement within 10 days after the end of such month.</li> <li>- Operator shall also furnish an annual statement before 31st day of December following the end of such financial year.</li> <li>- 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</li> </ul>

Tax Deducted at source	Tax Collected at source
<p>the deductee.</p> <ul style="list-style-type: none"> <li>- Deductee shall claim credit, in his electronic cash ledger, of the tax so deducted and reflected in the returns filed by deductor.</li> <li>- Interest not exceeding 18% shall be charged if deductor fails to pay to credit of appropriate government the amount deducted as tax</li> </ul>	<p>reflected in the statement filed by the operator.</p>

## 16.4 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 of 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**

- The calculation of refund of ITC in respect of zero rated supply without payment of tax under bond or letter undertaking is as follows:

$$\text{Refund Amount} = \frac{(\text{Turnover of zero rated supplies} * \text{Net ITC})}{\text{Adjusted Total Turnover}}$$

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

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

Adjusted Total Turnover = 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 granted 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 =  $\{(\text{Turnover of inverted rated supply of goods}) \times \text{Net ITC} \div \text{Adjusted Total Turnover}\} - \text{tax payable on such inverted rated supply of goods}$

#### - **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

## 16.5 Relevant date for Refunds

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

## 16.6 Other key provisions relating to Refunds

- 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.
- No refund, other than export, shall be allowed in case of Unjust Enrichment.
- 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.

### 17.1 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.

## 17.2 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.

## 17.3 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 get his accounts audited by a CA/CWA.

### 18.1 Background

As GST seeks to consolidate multiple taxes into one, it is very essential to have transitional provisions to ensure that the transition to the GST regime is smooth and hassle-free and no ITC/ benefits earned in the old regime are lost. The transition provisions can be categorized under the three heads:

- A. Input Tax Credit (Para 18.2)
- B. Open contracts (Para 18.3)
- C. Claims pertaining to the existing law (Para 18.4)

### 18.2 Input Tax Credit (ITC)

The balance of ITC as on 1 July 2017 can be availed as under:

S. No.	Particulars	Applicable to
1.	Carry forward of balance of credit as on the 1 July 2017 (CENVAT credit, VAT credit and credit for entry tax)	Registered person except for person opting to pay tax under composition scheme under GST.
<p><b>Remarks:</b></p> <ul style="list-style-type: none"> <li>- In case any of the following condition is fulfilled, the ITC shall not be allowed to be carry forward: <ul style="list-style-type: none"> <li>• Said amount of credit is not admissible as ITC under GST.</li> <li>• If all returns under existing law are not furnished for the period of 6 months immediately preceding the 1 July 2017.</li> <li>• If the amount of credit relates to goods which are exempt under existing law.</li> </ul> </li> <li>- The tax payable on turnover owing to pendency of Form C, F, H &amp; I shall be reduced from the VAT / entry tax credit and only the balance shall be eligible for carry forward. The amount equivalent to such credit shall be refunded when such forms are received.</li> </ul>		

S. No.	Particulars	Applicable to
	<ul style="list-style-type: none"> <li>- CENVAT Credit shall be available as CGST credit and VAT/ Entry Tax as SGST credit.</li> </ul>	
2.	Un-availed CENVAT credit/ ITC on capital goods under existing law  <b>Remarks:</b> <ul style="list-style-type: none"> <li>- 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</li> <li>- Further, the amount of credit already availed and yet to be availed is required to be disclosed.</li> </ul>	Registered person other than person opting to pay tax under composition scheme under GST
3.	Credit in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock as on 1 July 2017 [Credit of eligible duties (Refer Note 1), VAT and entry tax]	<u>CENVAT credit under CGST law</u> <ul style="list-style-type: none"> <li>- A registered person under GST Law, who was not liable to seek registration under existing law</li> <li>- Manufacturer of exempted goods</li> <li>- Provider of exempted services</li> <li>- Who was providing works contract service by availing the benefit of abatement under 26/2012 dt. 20 June 2012</li> <li>- 1st Stage dealer</li> <li>- 2nd Stage dealer</li> <li>- A registered importer</li> <li>- A depot of a manufacturer</li> </ul> <u>VAT and entry tax credit under SGST law</u> <ul style="list-style-type: none"> <li>- A registered person under GST Law, who was not liable to seek registration under existing law</li> <li>- Seller of exempted goods / tax free goods / goods suffered tax at first point of their sale</li> </ul>

S. No.	Particulars	Applicable to
		<ul style="list-style-type: none"> <li>- A person entitled to ITC at time of sale of goods</li> </ul>
	<p><b>Remarks:</b></p> <p>The following conditions are required to be fulfilled:</p> <ul style="list-style-type: none"> <li>- Such inputs/goods shall be used for making taxable supplies</li> <li>- Eligible for ITC under GST</li> <li>- Possession of invoice or any such document evidencing payment of duty/tax</li> <li>- Invoice issued not earlier than 12 months preceding 1 July 2017</li> <li>- Disclosure of stock as on 1 July 2017</li> <li>- Not eligible for any abatement under CGST law</li> </ul>	
4	<p>Credit in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock as on 1 July 2017</p> <p>[Credit of eligible duties (Refer Note 1), VAT and entry tax]</p>	<p>Registered person as specified in serial no 3 above, <b>who is not in possession of invoice or other document evidencing payment of duty or VAT / entry tax</b></p>
	<p><b>Remarks:</b></p> <p>Conditions for credit availability are as under (CGST law):</p> <ul style="list-style-type: none"> <li>- Not a manufacturer or supplier or services</li> <li>- Pass on the benefit of such credit by way of reduced prices to the recipient.</li> <li>- 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 1 July 2017.</li> <li>- In cases where IGST is paid on such goods, ITC shall be allowed at 30% and 20% respectively of the said tax.</li> <li>- Credit shall be allowed after payment of tax on such supply</li> <li>- This scheme shall be available for 6 tax periods.</li> </ul>	

S. No.	Particulars	Applicable to
	<ul style="list-style-type: none"> <li>- Such goods were not wholly exempt or Nil rated under excise laws</li> <li>- Document of procurement for such goods is available with registered person</li> <li>- Details of stock to be furnished in form GST TRAN 2 at the end of each of 6 tax periods indicating supply of such goods</li> <li>- Stock of such goods should be stored and easily identifiable</li> </ul> <p>Note: For conditions as per SGST law, the rules of the respective states shall have to be referred.</p>	
5	CENVAT credit and credit for VAT / entry tax	<p>A Registered person under GST provisions:</p> <ul style="list-style-type: none"> <li>- who provides non exempted as well as exempted services under existing law; or</li> <li>- who was engaged in manufacture of exempted as well as non-exempted goods under existing law; or</li> <li>- who is engaged in sale of taxable as well as exempted or tax free goods under existing law.</li> </ul>
<p><b>Remarks:</b></p> <ul style="list-style-type: none"> <li>- The amount of CENVAT credit / VAT credit / Credit for entry tax 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.</li> <li>- The amount of CENVAT credit of eligible duties (Refer Note 1) and VAT / entry tax relating to exempted goods or services shall be allowed subject to fulfillment of conditions given in serial no. 3.</li> </ul>		
6	Credit in respect of inputs or input services received after 1 July 2017 on which tax paid been under existing law	Every Registered person
<p><b>Remarks:</b></p> <p>The credit is available subject to the following conditions:</p> <ul style="list-style-type: none"> <li>- The invoice or any other duty / tax paying document of the same is</li> </ul>		

S. No.	Particulars	Applicable to
	<p>recorded in the books of accounts of such person within 30 days from 1 July 2017</p> <ul style="list-style-type: none"> <li>- Time limit can be further extended for 30 days if sufficient cause is provided to the Commissioner</li> <li>- A statement comprising following details to be submitted:               <ul style="list-style-type: none"> <li>• Name of supplier, Sr. No. and date of issue of invoice or any other document</li> <li>• Description, quantity and value of such goods/services</li> <li>• Amount of eligible taxes and duties charged by the supplier</li> <li>• Date of entry in books of accounts of receipt of such goods/services</li> </ul> </li> </ul>	
7.	<p>Credit in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock as on 1 July 2017 [Credit of eligible duties (Refer Note 1) and VAT]</p>	Registered person either paying tax at a fixed rate or paying a fixed amount of tax under existing law
	<p><b>Remarks:</b></p> <ul style="list-style-type: none"> <li>- The following conditions are required to be fulfilled:           <ul style="list-style-type: none"> <li>- Such inputs/goods shall be used for making taxable supplies.</li> <li>- Eligible for ITC under GST</li> <li>- Possession of invoice or any such document evidencing payment of duty/tax.</li> <li>- Invoice issued not earlier than 12 months preceding the 1 July 2017.</li> <li>- Not paying tax under Composition scheme under GST</li> <li>- Disclosure of stock as on 1 July 2017</li> </ul> </li> </ul>	
8.	Credit to be distributed by ISD on account of services received prior to 1 July 2017	Input Service Distributor under existing law

S. No.	Particulars	Applicable to
	<b>Remarks:</b> Shall be eligible for distribution as credit under GST even if the invoices relating to such services are received on or after the 1 July 2017	
9	Carry forward of CENVAT credit	Every registered person who is having centralized registration under the existing law
	<b>Remarks:</b> Eligible to take ITC of CENVAT carried forward immediately preceding 1 July 2017, subject to following conditions: <ul style="list-style-type: none"> <li>- Has filed his return for the period ending with day immediately preceding the 1 July 2017 within 3 months from the 1 July 2017 provided the return is either original or revised return where the credit has been reduced from that claimed earlier.</li> <li>- Eligible as ITC under GST</li> </ul> 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 under existing law on account of non-payment of consideration	Every registered person
	<b>Remarks:</b> Credit can be re-claimed provided the payment of consideration towards value of Input Service & tax thereon has been made within 3 months from the 1 July 2017	

- In case of inputs received from EOU and Electronic Hardware Technology Parks, credit shall be allowed as per the provisions of CENVAT Credit Rules under the existing law.
- The amount of credit availed under above mentioned points shall be verified and recovery proceedings may be initiated for credit wrongly availed, either wholly or partly.

**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 1 July 2017

**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 1 July 2017.

**18.3 Open Contracts**

- The taxability in case of open contracts will be as under:

Sr. No.	Supply	Invoice	Payment	Supply of Goods	Supply of Services
1	Before	Before	After	VAT	ST
2	Before	After	Before	VAT	ST
3	Before	After	After	VAT	GST *
4	After	After	Before	GST	ST
5	After	Before	After	VAT	ST
6	After	Before	Before	VAT	ST

\* If invoice not raised within time limit (i.e.30 days of completion of service) then Service Tax

VAT levy is considered on the basis of transfer of property i.e. the time when sale took place.

Service Tax levy is considered on the basis of invoice or payment, whichever is earlier

- **Taxability in following cases:**

S. No.	Particulars	Remarks									
1.	Removal /Sale of goods before 1 July 2017 on which duty or tax has been paid under existing law and returned after 1 July 2017	<ul style="list-style-type: none"> <li>- <b>Unregistered person</b> returning the goods                             <table border="1" data-bbox="527 403 1047 644"> <thead> <tr> <th>Time of removal</th> <th>Time of return of goods</th> <th>Refund</th> </tr> </thead> <tbody> <tr> <td>6 months before 1 July 2017</td> <td>Within 6 months after 1 July 2017</td> <td>Eligible</td> </tr> <tr> <td></td> <td>After 6 months from 1 July 2017</td> <td>Ineligible</td> </tr> </tbody> </table> </li> <li>- In case the said goods are returned by a <b>registered person</b>, such return of goods shall be deemed as supply of goods.</li> </ul>	Time of removal	Time of return of goods	Refund	6 months before 1 July 2017	Within 6 months after 1 July 2017	Eligible		After 6 months from 1 July 2017	Ineligible
Time of removal	Time of return of goods	Refund									
6 months before 1 July 2017	Within 6 months after 1 July 2017	Eligible									
	After 6 months from 1 July 2017	Ineligible									
2.	Price revision of goods or services in pursuance of an ongoing contract	<ul style="list-style-type: none"> <li>- Supplementary invoice, debit note, credit note, etc. to be issued by such a registered supplier within 30 days of such revision of price.</li> <li>- Such supplementary invoice, debit note, credit note, etc. shall be deemed to have been issued in respect of outward supply made under GST.</li> <li>- In case of downward revision in price, GST tax liability shall be reduced only if the recipient has reduced the ITC accordingly.</li> </ul>									
3.	Taxability in case tax was paid on supply of both goods and services under existing laws	<ul style="list-style-type: none"> <li>- Shall be liable to tax under GST.</li> <li>- Shall be eligible to take ITC of the VAT / Service Tax paid under existing laws to the extent of supplies made after the 1 July 2017.</li> <li>- Declaration shall be submitted within 90 days from 1 July 2017 furnishing proportion</li> </ul>									

S. No.	Particulars	Remarks								
		of supply on which VAT / Service tax has been paid before 1 July 2017 but supply is made after that date, furnishing ITC admissible thereon								
4.	Taxability of goods sent on approval basis returned on or after the 1 July 2017	<ul style="list-style-type: none"> <li>Goods (taxable under GST) sent on approval basis and are: <table border="1"> <thead> <tr> <th>Time period of return</th> <th>Taxability</th> </tr> </thead> <tbody> <tr> <td>Rejected/ not approved and returned within 6 months from the 1 July 2017</td> <td>Not Taxable</td> </tr> <tr> <td>Approved after 6 months from the 1 July 2017</td> <td>Tax shall be payable by the supplier</td> </tr> <tr> <td>Rejected / not approved and returned after 6 months from the 1 July 2017</td> <td>Tax shall be payable by the supplier and the recipient</td> </tr> </tbody> </table> </li> <li>Period of 6 months can be extended for a further period of 2 months.</li> </ul>	Time period of return	Taxability	Rejected/ not approved and returned within 6 months from the 1 July 2017	Not Taxable	Approved after 6 months from the 1 July 2017	Tax shall be payable by the supplier	Rejected / not approved and returned after 6 months from the 1 July 2017	Tax shall be payable by the supplier and the recipient
Time period of return	Taxability									
Rejected/ not approved and returned within 6 months from the 1 July 2017	Not Taxable									
Approved after 6 months from the 1 July 2017	Tax shall be payable by the supplier									
Rejected / not approved and returned after 6 months from the 1 July 2017	Tax shall be payable by the supplier and the recipient									

#### 18.4 Claims pertaining to the existing law

S. No.	Particulars	Remarks
1.	<ul style="list-style-type: none"> <li>Refund claim filed before, on or after the 1 July 2017 for refund of any amount of CENVAT credit, ITC, duty, tax or interest paid under existing law.</li> <li>Refund filed after 1 July 2017 in case of export of goods or services</li> </ul>	<ul style="list-style-type: none"> <li>Shall be disposed of as per the provisions of existing law.</li> <li>Refund shall be paid in cash.</li> <li>Rejected claim shall lapse.</li> <li>No refund of credit which is carried forward as on 1 July 2017.</li> </ul>

S. No.	Particulars	Remarks
	<ul style="list-style-type: none"> <li>- Refund claim filed after the 1 July 2017 in respect of services not provided</li> </ul>	
2.	Refund claim filed after the 1 July 2017 in respect of services not provided	<ul style="list-style-type: none"> <li>- Shall be disposed of as per the provision of existing law</li> <li>- Refund shall be paid in cash</li> </ul>
3.	<ul style="list-style-type: none"> <li>- Pending Litigation (Appeal, Reference, Review, Revision)</li> <li>- Treatment of the amount recoverable or refundable in pursuance of assessment or adjudication proceedings</li> <li>- Revision of returns</li> </ul>	<ul style="list-style-type: none"> <li>- Pending litigation shall be disposed of as per the provisions of existing law.</li> <li>- Any amount found admissible, shall be refunded in cash under existing law.</li> <li>- Any refund claim which is rejected shall not be admissible as ITC under GST regime.</li> <li>- In case any amount becomes recoverable, shall be recovered as arrear of tax under GST regime.</li> <li>- Such recovered amount shall not be admissible as ITC under GST.</li> <li>- No refund shall be allowed in case of CENVAT Credit carried forward to GST Regime.</li> </ul>
4.	Applicability of deduction of tax at source under earlier law and invoice is issued prior the 1 July 2017	No deduction under GST regime where payment to the supplier is made on after the 1 July 2017.

Note: **“existing law”** means any law, notification, order, rule or regulation relating to levy and collection of duty or tax on goods or services or both passed or made before the commencement of this Act by Parliament or any Authority or person having the power to make such law, notification, order, rule or regulation.

## 18.5 Forms to be filed within 90 days from 1 July 2017 for transitional provisions

S. No.	Particulars to be filled	Reference
<b>GST TRAN – 1</b>		
1	Amount of CENVAT credit carried forward	Para 18.2 – Point No. 1
2	Details of Form C, F, H & I for which credit is being carried forward	
3	Details of tax credit carried forward in respect of VAT and entry tax as reduced by tax on turnover for pending forms	
4	Details of un-availed credit with regards capital goods	Para 18.2 – Point No. 2
5	Details of credit on inputs held in stock	Para 18.2 – Point No. 3, 4, 5 & 7
6	Details of credit with regards input or input services received after the 1 July 2017 (taxes paid under the existing law)	Para 18.2 – Point No. 6
7	Details of transfer of CENVAT credit in case of centralized registration	Para 18.2 – Point No. 9
8	Details of stock by principal and job worker in case of job work	–
9	Details of stock by principal and agent	–
10	Details of credit in case both VAT and service tax paid	Para 18.3 – Point No. 3
11	Details of goods sent on approval basis	Para 18.3 – Point No. 4
<b>GST TRAN – 2</b>		
1	Tax period	–
2	Details of input held in stock (opening stock, supply made and closing stock)	Para 18.2 – Point No. 4

**19.1 Anti-Profitteering 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-profitteering 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 .
- The authority shall have the duty to order:
  - reduction in prices;
  - return to recipient, an amount equivalent to amount not passed by way of commensurate reduction in prices along with interest @18% from the date of collection of higher amount till the date of return of such amount; orrecovery of amount not returned in case the eligible person does not claim return of the amount or is not identifiable, and depositing the same in the consumer welfare fund;

- imposition of penalty;
  - cancellation of registration
- The Authority shall cease to exist after expiry of 2 years from the date on which the Chairman of the Authority enters upon his office unless the Council recommends otherwise.
- As per press release dated 15 June 2017, the builders/construction companies are expected to pass the benefit of lower tax burden under GST to buyers of property by way of reduced prices/installments. In under construction flats they should not ask customers to pay higher tax on installments to be received after imposition of GST.



## 20.1 Object of Advance Ruling

The advance ruling plays significant role in reducing future litigations by seeking decision from Authority of Advance Ruling (AAR) in advance at the time of doing transaction itself.

## 20.2 Question eligible for advance ruling

The questions for which the advance ruling can be sought from AAR are in respect of:

- (a) Classification of any goods / services;
- (b) Applicability of a notification;
- (c) Determination of time and value of supply of goods / services;
- (d) Admissibility of input tax credit of tax paid or deemed to have been paid;
- (e) Determination of the liability to pay tax on any goods / services;
- (f) Whether applicant is required to be registered;
- (g) Whether any particular thing done by the applicant with respect to any goods / services amounts to or results in a supply of goods / services, within the meaning of that term.

## 20.3 Eligible person

Any person registered or desirous of obtaining registrations under GST law can apply for advance ruling.

## 20.4 Procedure for advance ruling

- An application in form GST ARA-1 along with the fee of Rs. 5,000/- for obtaining advance ruling shall be made on common portal.
- The authority on receipt of application shall forward such application to

concerned officer and may call to furnish relevant records.

- The authority after examining the application and after hearing the applicant or his authorized representative either admits or rejects the application. However, no application shall be rejected unless an opportunity of hearing to the applicant has been given to applicant.
- Where an application is admitted, the authority after examining records made available and providing an opportunity of hearing to applicant shall pronounce its advance ruling.
- Where the members of AAR differ on any views in respect of any question on which advance ruling is sought, the matter to be referred to Appellate AAR.
- The AAR shall pronounce its advance ruling in writing within 90 days from the date of receipt of application.
- Where the department or applicant aggrieved by the order of AAR, the appeal can be filed before appellate AAR within 30 days from the date of communication of order in form GST ARA-2 along with Rs. 10,000/-.
- Where the members of the Appellate AAR also differ on any views in respect of any point, it shall be deemed that no advance ruling can be issued in respect of such question.
- The Appellate AAR shall pronounce its advance ruling in writing within 90 days from the date of filing of appeal.
- The AAR or Appellate AAR may amend any order passed by it, either if error is noticed by him or is brought to the notice by applicant or any member of authority.

## 20.5 Binding

The advance ruling pronounced by the AAR or Appellate AAR shall be binding only on the person who had sought the advance ruling.

## 21.1 Introduction

So far, we have seen the impact that GST has on various aspects of business such as procurement, vendor & 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.

## 21.2 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.

### 21.3 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 stake holders.
- **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.

## 21.4 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

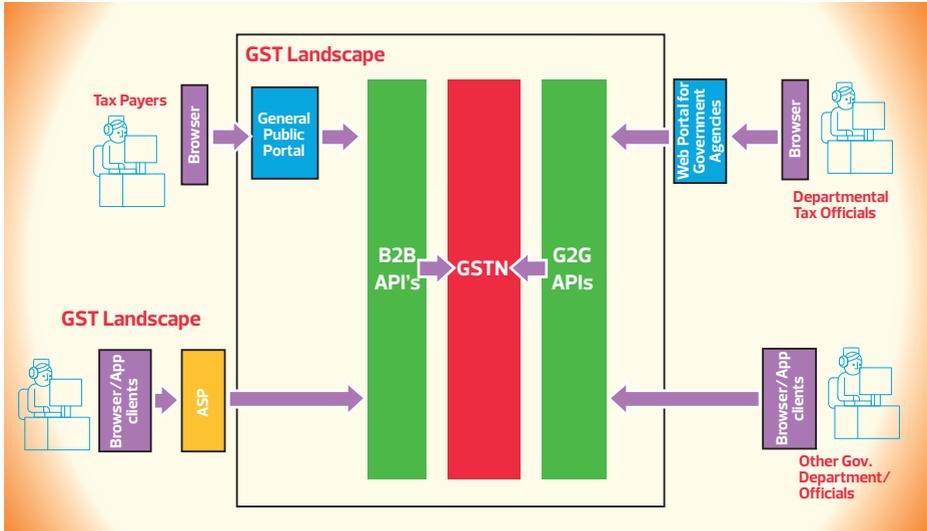
SAP_APPL Release	Support Pack
SAP ERP 6.0 (600)	SP 26
EHP2 FOR SAP ERP 6.0 (602)	SP 16
EHP3 FOR SAP ERP 6.0 (603)	SP 15
EHP4 FOR SAP ERP 6.0 (604)	SP 16
EHP5 FOR SAP ERP 6.0 (605)	SP 13
EHP6 FOR SAP ERP 6.0 (606)	SP 14
EHP6 FOR SAP ERP 6.0 for HANA (616- SAP HANA)	SP 08

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
<b>GSTN</b>	Not for Profit Organization setup by Indian government for complete governance of GST
<b>GST Suvidha Providers (GSPs)</b>	Third Party Agencies nominated by GST for large tax payer to simplify large invoice upload and large data return filing
<b>Application Service Providers (ASPs)</b>	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
<b>GST Council</b>	Decision making body, Define GST policies

## Way Forward

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The long wait for major Indirect tax reform has come to end on midnight of 30 June 2017 by rolling out GST. The rules and regulations for most of the operational provisions have already been notified. The businesses are required to not only re-analyze the business models and strategic decisions but also the operational and procedural aspects of the flow of transactions and documentation requirements under GST.

As an expected outcome with every major change of such high magnitude, the initial transition challenges and disruption are expected to be faced by each and every industry. At the same time it gives one of a kind opportunity to re-jig the tax positions, processes and leverage upon the transition related provisions. Additionally, apart from just getting one-time migration from IDT regime to GST regime, it is necessary to keep track of development of GST law as well as economic environment changes which are likely to happen due to GST.



# Appendix

## List of various forms required under GST Law

Sr. No.	Form No	Description of Form
<b>Payment of Tax</b>		
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.
<b>Refund</b>		
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
<b>Registration</b>		
1	GST REG-01	Application for Registration
2	GST REG-02	Acknowledgment of Application for Registration

Sr. No.	Form No	Description of Form
<b>Registration</b>		
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 database 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
<b>Registration</b>		
25	GST REG-25	Certificate of Registration on Provisional basis
26	GST REG-26	Application for registration who has been granted provisional registration
27	GST REG-27	Notice seeking causes as to why provisional registration should not be cancelled
28	GST REG-28	Cancellation of provisional certificate
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
<b>Composition</b>		
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
<b>Transitional Provisions</b>		
1	GST TRAN-1	<ul style="list-style-type: none"> <li>- Declaration in respect of tax or duty credit carried forward under any existing law or on goods held in stock on the appointed day</li> <li>- Declaration of stock held by a principal and agent as on appointed date</li> <li>- Details of goods sent on approval basis</li> <li>- Declaration by person to whom section 142(11)(c) of CGST Act, 2017 applies</li> </ul>

Sr. No.	Form No	Description of Form
<b>Transitional Provisions</b>		
2	GST TRAN-2	Statement by a registered person not registered under existing law in respect of stock of goods on which input tax credit is to be availed under GST
<b>Input Tax Credit</b>		
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"> <li>- Person opts for composition scheme</li> <li>- Taxable supply becomes wholly Exempt</li> </ul>
4	GST ITC-04	Details of challans of goods dispatched to: <ul style="list-style-type: none"> <li>- a job worker or</li> <li>- received from a job worker or</li> <li>- sent from one job worker to another during a quarter</li> </ul>
<b>Returns</b>		
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"> <li>- Details of outward supplies by supplier to be made available to recipient</li> <li>- Details of invoices furnished by an Input Service Distributor in his return Form GSTR-6 to be made available to recipient</li> <li>- Details of tax deducted at source to be made available to deductee</li> <li>- Details of tax collected at source by e-commerce operator</li> </ul>
5	GSTR-3	Monthly return for every registered person other than <ul style="list-style-type: none"> <li>- Input service distributor</li> </ul>

Sr. No.	Form No	Description of Form
<b>Returns</b>		
		<ul style="list-style-type: none"> <li>- Composition scheme;</li> <li>- Deducting tax at source.</li> <li>- Collecting tax at source</li> </ul>
6	GSTR-3A	Notice for non-filing of return
7	GSTR-3B	Furnishing of return in lieu of Form GSTR-3 on extension of time limit of filling Form GSTR-1 & GSTR-2
8	GSTR-4	Submission of Quarterly return by composition supplier
9	GSTR-4A	Communication of details of outward supplies to recipient paying tax under composite scheme
10	GSTR-5	Submission of return by every registered non-resident taxable person
11	GSTR-5A	Submission of return by persons providing online information and database access or retrieval services
12	GSTR-6	Submission of return by every Input Service Distributor
13	GSTR-6A	Details of outward supplies by Input Service Distributor to recipients
14	GSTR-7	Submission of return by every registered taxable person required to deduct tax at source
15	GSTR-7A	Certificate of tax deducted at source to be made available to deductee
16	GSTR-8	Submission of return by every E-commerce operator required to collect tax at source
17	GSTR-9	Annual return by person other than <ul style="list-style-type: none"> <li>- input service distributor</li> <li>- composition scheme;</li> <li>- deducting tax at source.</li> <li>- collecting tax at source</li> <li>- Non-resident taxable person</li> <li>- Casual taxable person</li> </ul>
18	GSTR-9A	Annual return for composition scheme dealer
19	GSTR-9B	Annual statement by every electronic commerce operator

Sr. No.	Form No	Description of Form
<b>Returns</b>		
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
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
<b>Accounts and Records</b>		
1	GST ENR – 01	Details of business to be furnished electronically by owner or operator of godown or warehouse and transporters, if not already registered under GST

Sr. No.	Form No	Description of Form
<b>Assessment and Audit</b>		
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 or information furnished is acceptable
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

Sr. No.	Form No	Description of Form
<b>Assessment and Audit</b>		
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
<b>Appeals and Revision</b>		
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"> <li>- The Appellate Authority to issue a summary of the order clearly indicating the final amount of demand confirmed.</li> <li>- The jurisdictional officer to issue a statement clearly indicating the final amount of demand confirmed by the Appellate Tribunal</li> </ul>
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
8	GST APL -08	Appeal to High Court
<b>Advance Rulings</b>		
1	GST ARA - 01	Application for obtaining advance ruling
2	GST ARA - 02	Appeal against advance ruling by applicant
3	GST ARA - 03	Appeal against advance ruling by concerned officer









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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. 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.