

Executine Summary of Goods and Service Tax (GST) As on June 15, 2017

01. Current Indirect Taxes Includes

(I) Service Tax (II) Sale Tax/VAT (III) Custom Duty-**BCD**+CVD+SAD (IV) Luxury Tax (V) Excise Duty-**BED** + Additional excise duty (VI) Octroi and Entry Tax (VII) Central Sale Tax (VIII) Tax on lottery, betting/gambling (IX) Central cess & Surcharge (X) State cess & Surcharge (XI) **Other** Customs duty like Anti-Dumping duty, Safeguard duty etc. (XII) Export Duty (XIII) Road and Passenger tax (XIV) Toll tax (XV) Property tax (XVI) Stamp duty (XVII) Electricity duty (XVIII) Tax on entertainment and amusement levied and collected by Panchayat/Municipality/Regional council/District council (XIX) Entertainment tax (unless it is levied by local bodies) (**XX**) Purchase Tax

02. Proposed GST Tax Includes

- (I) **CGST**-Central Goods and Service Tax
- (II) **SGST**-State Goods and Service Tax
- (III) **UGST**-Union Goods and Service Tax
- (IV) **IGST**-Inter sate Goods and Service Tax

03. Taxes to be Clubbed under GST

(I) Service Tax (II) Sale Tax/VAT (III) Custom Duty-**CVD**+**SAD** (IV) Entertainment tax and amusement levied (unless it is levied by local bodies) (V) Luxury Tax (VI) Excise Duty-**BED** + Additional excise duty (VII) Octroi and Entry Tax (VIII) Central Sale Tax (IX) Tax on lottery, betting/gambling (X) Central cess & Surcharge (XI) State cess & Surcharge (**XII**) Purchase Tax

04. Taxes 'not' to be clubbed under GST

CENTRAL TAXES : (I) Customs Duty - **BCD** (II) **Other** Customs duty like Anti-Dumping duty, Safeguard duty etc. (**III**) Export Duty

STATE TAXES : (I) Road and Passenger tax (II) Toll tax (III) Property tax (IV) Stamp duty (V) Electricity duty (**VI**) Tax on entertainment and amusement levied and collected by Panchayat/Municipality/ Regional council/District council

05. General Feature of GST

- (I) GST is **consumption** based tax i.e. tax is payable in the State where goods or services or both are finally **consumed/utilized**.

- (II) GST is based on VAT concept of allowing Input Tax Credit (**ITC**) on inputs of goods, input of services and capital goods against payment of output tax. This will avoid cascading effect of taxes (**Double Taxation**).
- (III) **Distinction** between goods and services will be mostly **eliminated**. This will eliminate problem of **dual** taxation presently faced by construction industry, works contract, food related services like restaurant and outdoor catering, leasing and hire services and software services **etc**.
- (IV) GST will be levied on **supply** of goods or services or both in India
- (V) (a) Central GST (**CGST**) will be payable to **Central** Government and (b) State GST (SGST) or UTGST (Union Territory GST) will be payable to State Government or Union Territory against **supplies** with in state or union territory as case may be.
- (VI) Integrated GST (**IGST**) will be payable to **Central** Government against supplied made **outside** state or Union territory as case may be
- (VII) GST **Compensation** Cess will be payable to states/union territories on pan masala, tobacco products, coal, aerated waters and motor cars.
- (VIII) **Supply** of goods or services or both are **taxable event** under GST as that event triggers liability to pay GST.
- (IX) GST is also payable where **no** consideration is involved on supply like
 - (a) Transfer to **branch**,
 - (b) Supply by taxable person to **related** person
 - (c) Free **gift** to related persons
 - (d) Supply by principal to **agent** (Including **CFA**)
- (X) GST will be payable under reverse charge method (**RCM**) against **specified** goods and services and **also** where GST **not** paid by supplier of goods or services or both
- (XI) GST under **RCM** will be payable on purchase of goods or services by registered dealer from **unregistered** dealer.
- (XII) GST will be payable by **E Commerce** operator also

06. Liability for Getting Registered

- (I) Person whose supplies of goods or services or **both** are more than Rs. **20** lakhs per annum is required to register under GST. In case of North Eastern

States, Jammu and Kashmir, Himachal Pradesh and Uttarakhand this limit is Rs. **10** lakhs.

- (II) **E-commerce** operators will be required to pay GST@ **1%** as Tax Collection at Source (**TCS**) and also to get register under GST.
- (III) **Compulsory** Registration by
- (i) Persons who are making any inter-State **taxable** supply
 - (ii) Persons as making Casual **taxable** supply
 - (iii) Persons who are required to pay tax under **RCM**
 - (iv) Persons who are required to pay tax under sub-section (5) of section 9
 - (v) Persons as **Non-resident** making **taxable** supply
 - (vi) Persons who are required to **deduct tax** under section 51, whether or **not** separately registered under this Act
 - (vii) Persons as making **taxable** supply of goods or services or both on behalf of **other** taxable persons **whether** as an agent or otherwise
 - (viii) Persons as Input Service Distributor, (**ISD**) whether or not separately registered under this Act
 - (ix) Persons as supplying goods or services or both, other than supplies specified under sub-section (5) of section 9, through such **E-commerce** operator who is required to collect TCS under section 52
 - (x) Every **E commerce** operator
 - (xi) Such other person or class of persons as may be **notified** by the Government

07. Payment of GST

- (I) GST is payable on **monthly** basis upto **20th** of following month. Monthly return is also required to be filed on **same** day.
- (II) GST is payable on **advance** received from buyer of goods or services where supply is to be made later. However, GST is **not** payable on '**adjustable deposit**'. Sec 2(32)

08. Valuation of taxable supplies

- (I) **Transaction** value is a sole consideration where supplier and buyer are **not** related persons.
- (II) IGST, CGST, UTGST and SGST charged on supply will **not** be includible in value, However **other** taxes, if any will be includible.
- (III) Incidental expenses incurred **before** supply like packing, testing, weighment includible in **value**.
- (IV) Interest, Late fee or **penalty** for delayed payment is includible in **value**.
- (V) Amount paid by recipient on **behalf** of supplier includible in **value**.

- (VI) **Subsidies** directly linked to supply includible but **not** subsidies received from **Government**.
- (VII) Discount is **deductible** from **value** where known **before** or at the time of supply
- (VIII) Price charged to **related** person or distinct persons with **same** PAN will be accepted where Open Market Value (**OMV**) or price of like kind of goods or services are **same**.
- (IX) where value is **not** ascertainable by aforesaid methods, then value be 110% of cost of production or manufacture or cost of acquisition of such goods.

09. Place of Supply of services or goods Provisions

- (I) Where location of **supplier** of service and place of **supply** are in **same** State or Union Territory then **CGST** and **SGST/UTGST** are payable.
- (II) Where location of supplier of service and place of supply are in **different** States or Union Territories than **IGST** is payable.
- (III) **Specific** provisions have been made for place of **supply** in case of services **directly** relating to immovable **property**, restaurant, training and appraisal, admission to events, transportation of goods and passengers, services on board a conveyance, telecom services, banking and FI services, insurance services and advertisement services to Government.
- (IV) Supply of services as imported into the territory of India shall be **deemed** to be supply of services in the course of **Inter-State** trade or commerce than, **IGST** will be payable under **RCM**.
- (V) Where goods are **imported** **IGST** and **GST compensation** cess will be payable.
- (VI) Where tax **wrongly** deposited then **correct** tax have to be deposited again and **refund** against **wrong** deposited will be claimed. However **no** interest will be charged in case of **wrong** deposit.

10. Export of Services Provisions

- (I) Certain **concessions/incentives** are available for exports: (1) **Exemption** from GST against exports (2) **Refund** against GST paid on inputs of goods and Services **Consumed** for Exports.

11. Set off against IGST/CGST/SGST/UGST Output Tax Liability

- (I) Set off against **IGST**
 - (a) IGST against **IGST**
 - (b) IGST against **CGST**
 - (c) IGST against **SGST/UTGST**
- (II) Set off against **CGST**
 - (a) CGST against **CGST**

(b) CGST against **IGST**

(III) Set off against **SGST**

(a) SGST against **SGST**

(b) SGST against **IGST**

(IV) Set off against **UTGST**

(a) UTGST against **UTGST**

(b) IGST against **IGST**

12. Concession Scheme for Small Registered Person

(I) **Composition** scheme is available where turnover is upto **75** lacs.

(II) **All** purchases should be from **registered** persons. If they purchase from **unregistered** persons, they will be liable to pay GST under **RCM**.

(III) **Rates** for GST (a) **2%** for manufacturers (b) **1%** for traders (c) **5%** for restaurants.

(IV) Composition Scheme **not** applicable to work **contractors**

(V) Taxable person under Composition Scheme should issue **Bill of Supply** instead of **tax Invoice** with details specified in rule 4.

13. Transition Provisions

(I) **Registered** Persons are required to migrate to GST. They will get **temporary** PAN based registration number. **Final** registration will be granted **after** submitting necessary informations and papers- section 139 of CGST Act.

(II) **Manufacturer** is permitted to get **credit** against Cenvat Credit balance in his return on **30-6-2017**. He can also take **unavailed** Cenvat credit of excise duty paid on capital goods- section 140(1) and 140(2) of CGST Act. He has to submit application in in Form GST **TRAN 1** within **90** days. (upto Sep.30)

(III) **Dealer** is permitted to get credit against **ITC** under State VAT or Entry Tax in his return on 30-6-2017. He can also take **unavailed** credit of State VAT paid on capital goods-section 140(1) and 140(2) of SGST Act. He has to submit application in Form GST **TRAN 1** within **90** days.

(IV) **Registered** person is permitted to get credit against **ITC** on excise duty paid on the stocks where **invoice** or other documents **evidencing** payment of excise duty are available He has to submit **stock** statement- section 140(3) of CGST Act.

(V) **Registered** person does **not** have excise duty paying documents evidencing payment of excise duty, can take **ITC @ 40%** of CGST payable by him. He takes credit when he sales this stock **after** 1-7-2017 by charging CGST. He can sale **old** stock upto **six** months. He has to submit stock statement and submit statement in Form GST **TRAN 1** provision to section 140(3) of CGST Act.

- (VI) **Registered** person can take **ITC** of State **VAT** if he has tax invoices or other documents evidencing payment of State **VAT**. He has to submit stock statement and submit statement in Form **GST TRAN 1** - proviso to section 140(3) of CGST Act.
- (VII) **Registered** person under GST does **not** have documents evidencing payment of State **VAT**, can take ITC @ **40%** of SGST payable by him. he takes credit when he sales this stock **after** 1-7-2017 by charging SGST. He can sale **old** stock upto **six** months. He has to submit stock statement and submit statement in Form **GST TRAN 1**-provision to section 140(3) of SGST Act.
- (VIII) **Registered** person has cleared goods **prior** to 1-7-2017 by paying excise duty and State **VAT** but goods were received **after** 1-7-2017, **ITC** of such excise duty or State **VAT** is available if such **invoice** was recorded in books of account within **30** days i.e. **upto** 30-7-2017. He has to furnish **specified** details- section 140(5) of CGST Act and SGST Act.

14. ITC Provisions

- (I) GST is **destination** based consumption tax i.e. GST is **ultimately** payable in the State or Union Territory in which goods and services are **consumed**.
- (II) ITC is **core** aspect of GST, which will ensure this basic goal of GST of avoiding cascading (**Double Taxation**) effect of taxes.
- (III) **Supplier** of goods and services can avail **ITC** of IGST, CGST, SGST and UTGST paid by suppliers on their **input** goods, services and capital goods.
- (IV) **All** input goods, services and capital goods used or intended to be used in course or **furtherance of business** are eligible for availment of ITC, **except** few.
- (V) **ITC** against **Motor vehicles** and other conveyances are **eligible** only where **used** for further supply, transportation of passenger or goods and imparting training for driving or flying **otherwise** ITC **not** available.
- (VI) **ITC** is available only when **supplier** of goods and services has paid tax in **full**.
- (VII) If payment is **not** made by recipient to **supplier** of goods or services or both within **180** days, the ITC is required to be **reversed**. Interest will be payable from date of taking ITC [as per rule 2 of ITC Rules]
- (VIII) If taxable person supplies both **taxable** goods or services both and exempt/**non-taxable** goods or services or both, he can take only **proportionate** ITC attributable to taxable goods or services or both, as per rules.
- (IX) In case of capital goods which are common for **taxable** and **exempt** supplies, the eligible ITC will be as per **formula** specified in rule 8 of ITC Rules. It will be spread over **five** financial years.