



Overview of GST Law on the basis of CGST Act 2017, UTGST Act 2017, IGST Act 2017 and Model SGST Law

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Current Indirect Tax Structure in India

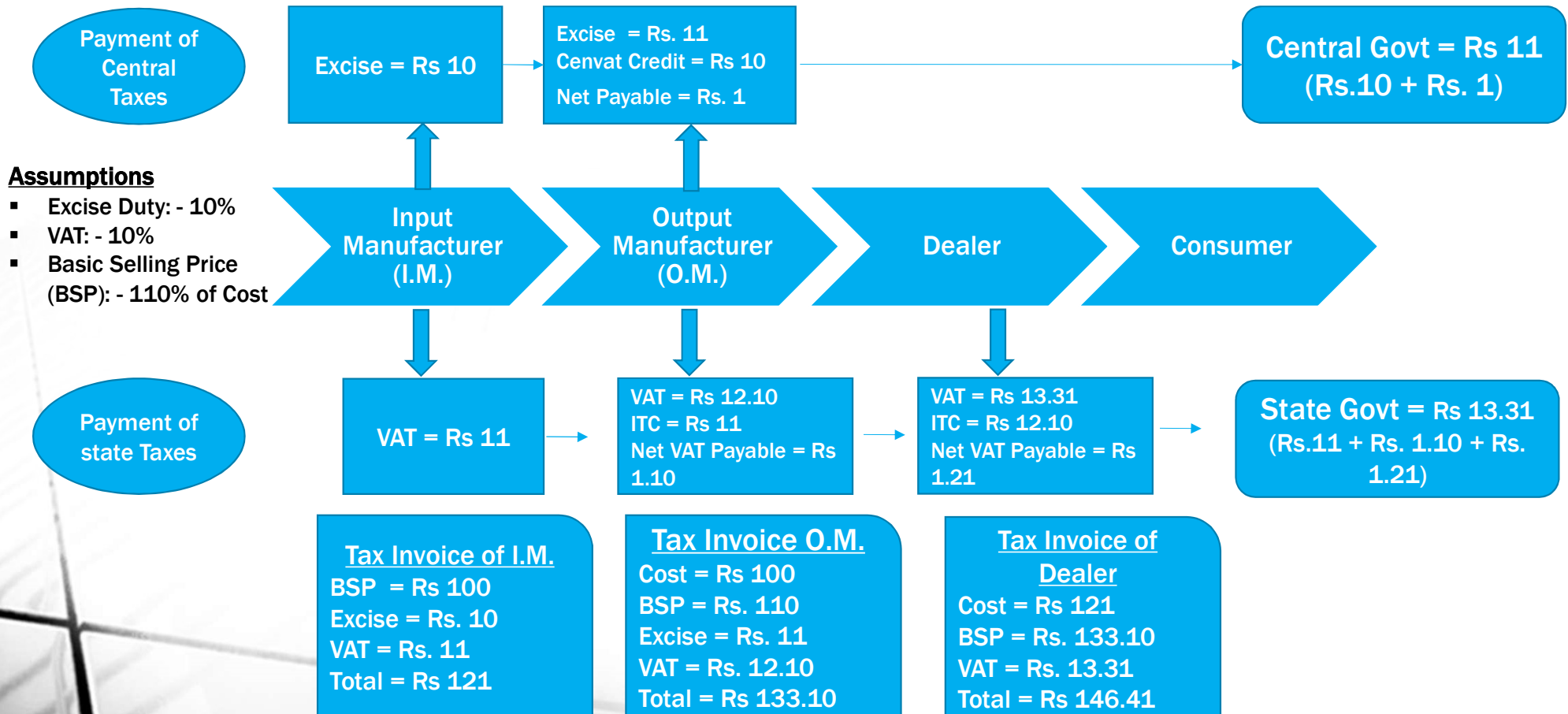
Transaction in Goods

- Excise Duty/BCD, CVD & SAD
- VAT/CST/Purchase Tax
- Entry Tax/Octroi
- Other Cesses and Surcharge

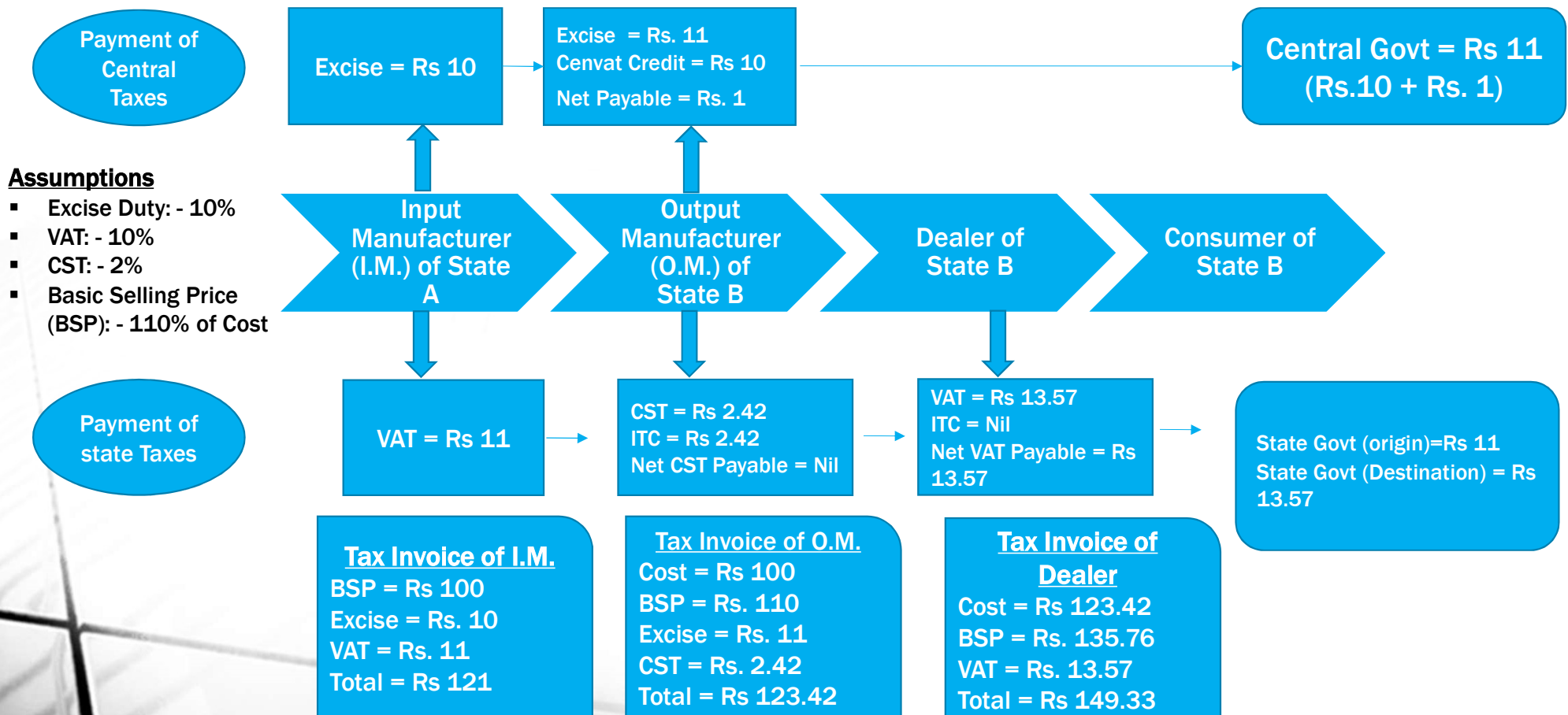
Transaction in other than Goods

- Service Tax
- Entertainment & Luxury Tax
- Taxes on Lottery, Betting & Gambling
- Other Cesses and Surcharge

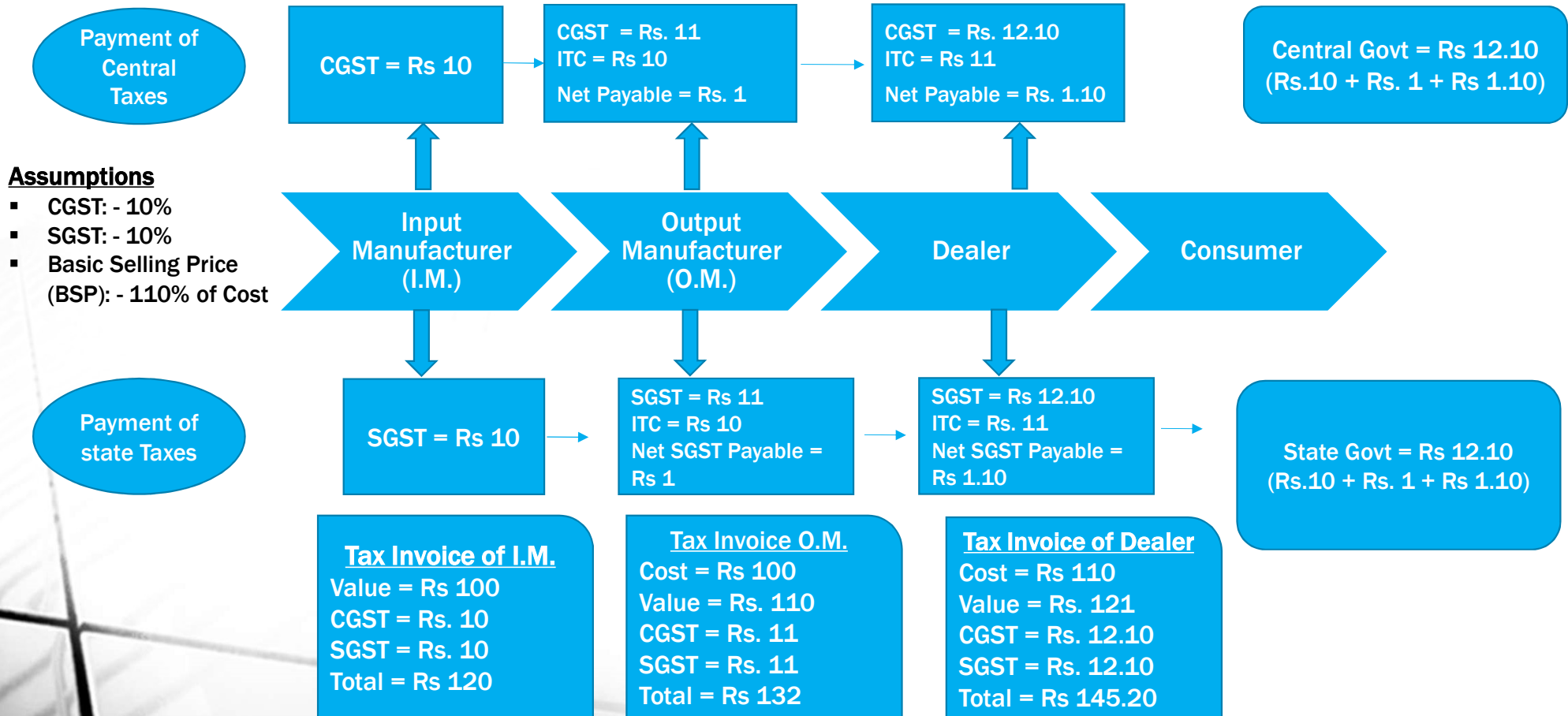
Present Indirect Tax Structure – Intrastate Sale Example



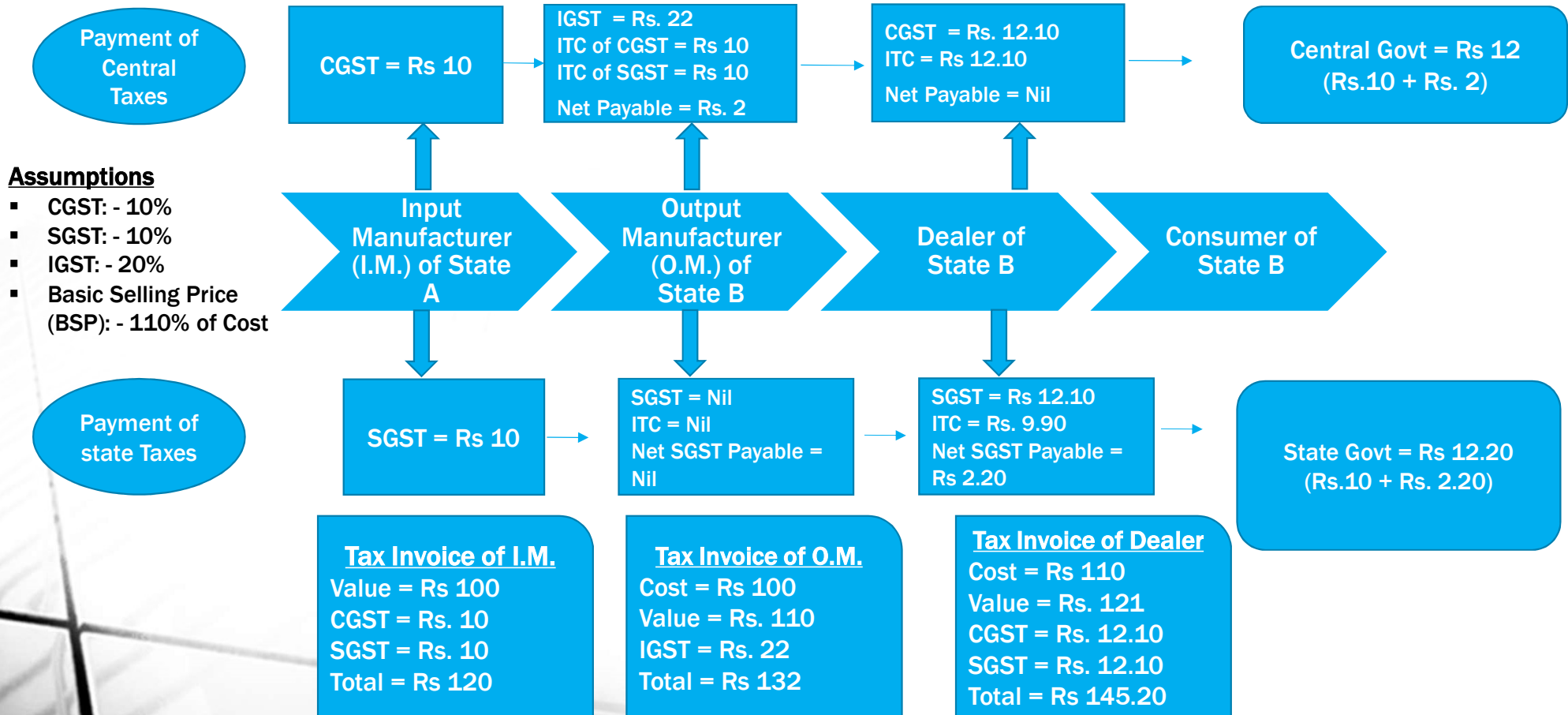
Present Indirect Tax Structure – Interstate Sale Example



Proposed Indirect Tax Structure – Intrastate Sale Example



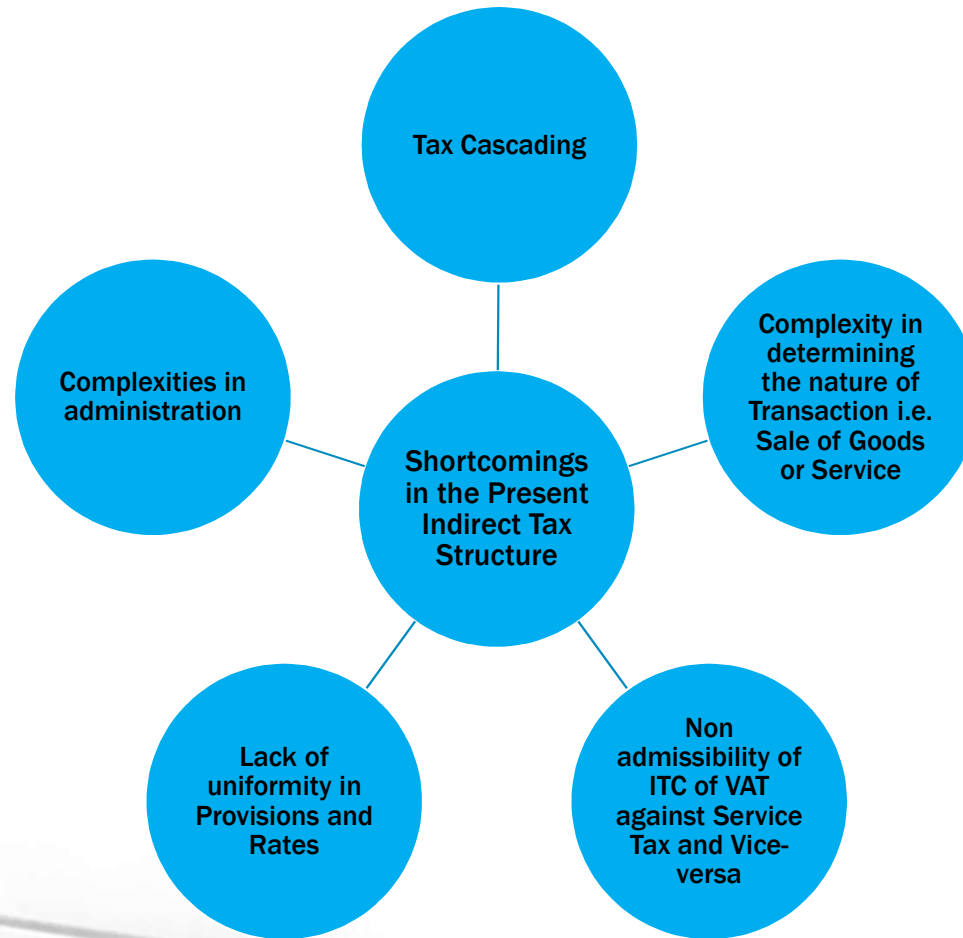
Proposed Indirect Tax Structure – Interstate Sale Example



A Comparison of Final Price to Customer as per above example

Type of Sale	Existing Indirect Tax Regime	GST Regime
Intrastate Sale	146.41	145.20
Interstate Sale	149.33	145.20

SHORT COMINGS OF EXISTING INDIRECT TAX STRUCTURE IN INDIA



Taxes to be subsumed & not to be subsumed in GST

Taxes to be subsumed

Central Taxes

- Excise Duty
- Service tax
- CST
- CVD & SAD
- Surcharges & Cesses (relating to supply of goods & services)

State taxes

- VAT
- Entry Tax/ Octroi/ LBT
- Luxury tax
- Tax on entertainment and amusement not levied and collected by Panchayat or a Municipality or a Regional Council or a District Council.
- Taxes on lottery, betting & gambling

Taxes NOT to be subsumed

Central Taxes

- Basic Customs Duty
- Export Duties
- Excise duty on Petroleum Crude, High Speed Diesel, Petrol, Natural Gas, Aviation Turbine Fuel, Tobacco and Tobacco Products
- CST on interstate sale of Petroleum Crude, High Speed Diesel, Petrol, Natural Gas, Aviation Turbine Fuel, Alcoholic Liquor for Human Consumption

State taxes

- State VAT on intrastate sale of Petroleum Crude, High Speed Diesel, Petrol, Natural Gas, Aviation Turbine Fuel, Alcoholic Liquor for Human Consumption
- State Excise duty on Alcoholic Liquor for Human Consumption
- Stamp Duties
- Toll tax
- Taxes on consumption or sale of electricity
- Property Tax

Salient Features of Proposed GST in India

- GST will be a comprehensive indirect Tax levy on SUPPLY of Goods and Services
- GST will subsume various Indirect Tax Levies in India (as discussed in previous slides)
- Considering the Federal Structure of India where Centre as well as State have fiscal autonomy, it is decided to implement the DUAL STRUCTURE OF GST in India (The same is discussed in ensuing slides)
- GST will increase the tax base by minimising the various exemptions which are currently being provided by Central and State Government
- GST will ensure free flow of Goods across the nation
- 'Alcoholic Liquor for Human Consumption' is outside the ambit of GST
- Although Petroleum crude, high speed diesel, motor spirit(commonly known as petrol), natural gas and aviation turbine fuel is included in GST, however the GST on the same will be applicable from such date as may be notified by the Government on the recommendations of the council.

Key advantages of GST in India

- Abolition of multiple layer of taxes
- Mitigation of Cascading effect of taxation due to eligibility of Input Tax Credit across Supply Chain and across Nation without restriction of Boundary
- Abolition of various forms like Form C, Form F, Form H etc
- Development of Common National Market
- Reduced litigation on account of abolition of various disputed concept like Manufacture, Right to Use Goods, deemed sale etc

Development in GST in India

- As per the latest information available in public domain, Government is expected to implement GST w.e.f. 1st July 2017
- Till date 13 meetings of GST Council have taken place. The next meeting is expected to take place on 18-19th May 2017
- The draft of following legislations have been approved by the Loksabha & Rajyasabha and president has also given assent to same on 12th April 2017
 - Central Goods & Service Tax Law
 - Integrated Goods & Service Tax Law
 - Union Territory Goods & Service Tax Law
 - The goods and services tax (compensation to states) Law
- Draft of SGST law has been approved by the GST Council and has been sent to respective state for approval. The same has to be passed by State assembly of each state
- The draft of following legislations have been approved by the GST Council
 - Draft Goods & Service Tax Registration Rules
 - Draft Goods & Service Tax Return Rules
 - Draft Goods & Service Tax Invoice Rules
 - Draft Goods & Service Tax Payment Rules
 - Draft Goods & Service Tax Composition Rules
 - Draft Goods & Service Tax Input Tax Credit Rules
 - Draft Goods & Service Tax Transition Rules
 - Draft Goods & Service Tax Valuation Rules
 - Draft Assessment & Audit Rules
 - Draft Electronic Way Bills

Proposed Tax Structure in GST as approved by GST Council

- **GST Council has finalised GST rates in its meeting dated 3rd November 2016**
 - **4-tier rate structure of 5%, 12%, 18% and 28%.**
 - **In addition to above, there would be category of Zero rated & exempt goods and services**
 - **The task of grouping of various Goods & Services into various tax slab is in process. The same is likely to be discussed in GST council meeting expected to be held on 18-19th May**
 - **'Demerit goods' such as aerated drinks, luxury cars, tobacco products & pan masala shall be subjected to Cess for compensating the States for 5 years. The maximum cess limit as approved by GST council in its meeting dated 16 March 2017 is as follows: -**

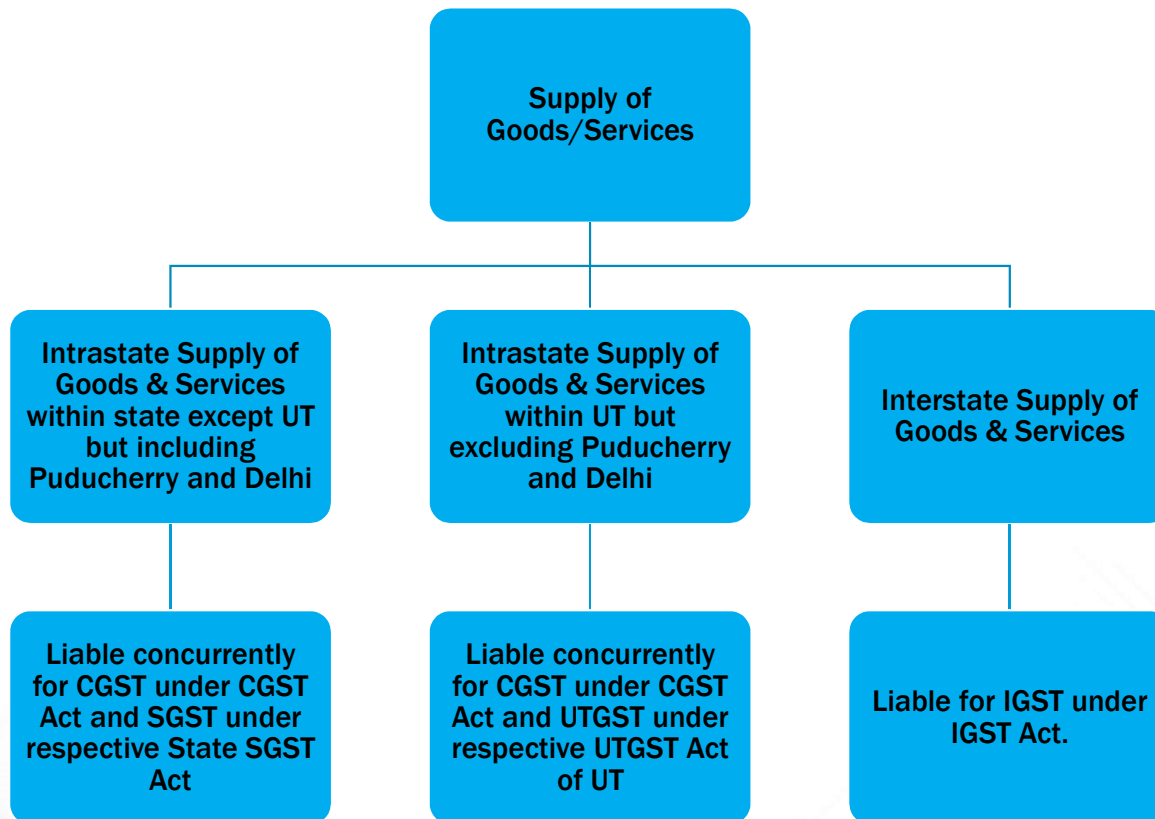
Ceiling for Compensation Cess

Type of Goods	Tariff Heading as per Custom Tariff Act	Ceiling for Cess
Aerated Waters	22021010	15% <i>ad valorem</i>
Pan Masala	21069020	135% <i>ad valorem</i>
Tobacco and Manufactured tobacco substitutes, including tobacco products	24	Rs.4,170 per 1000 sticks and/or 290% <i>ad valorem</i>
Coal	2701, 2702 or 2703	400 per tonne
Motor Cars and other motor vehicles principally designed for the transport of persons (other than motor vehicles for the transport of ten or more persons, including the driver), including station wagons and racing cars.	8703	15% <i>ad valorem</i>
Any other supplies		15% <i>ad valorem</i>

The image features a white background with a decorative element in the bottom-left corner consisting of a blurred document with lines of text and a dark vertical line. A solid blue rectangular box is positioned in the center of the page, containing the text "Important Concept of GST Law" in a bold, black, sans-serif font.

Important Concept of GST Law

Dual GST Structure in India



In addition to above, Compensation cess shall be levied on such supplies as may be notified by the Central Government.

No. of GST Laws

Particulars	No.
CGST Law	1
IGST Law	1
UTGST Law	1
Compensation Law	1
State Laws	30
Total GST Laws	34

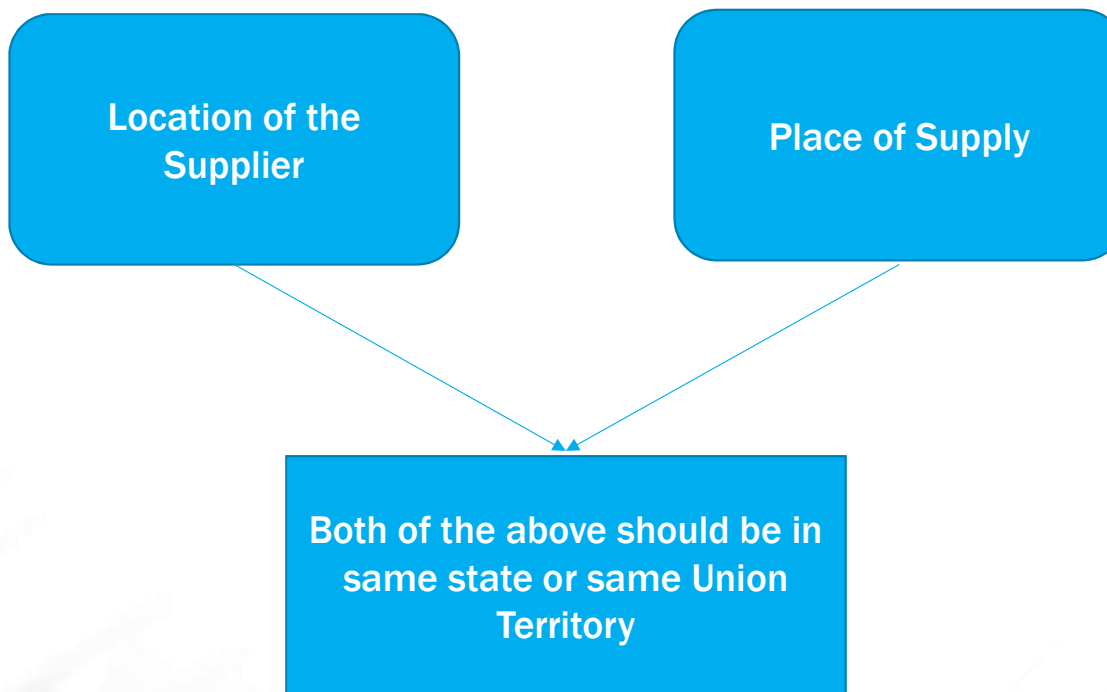
There is no clarity on GST laws in J&K. Hence the same is not included in above.

Dual GST Structure in India – Important Points

- There are 29 states and 7 Union Territories in India.
- THE CONSTITUTION (ONE HUNDRED AND FIRST AMENDMENT) ACT, 2016 and various GST laws issued by Central Government is not applicable to state of J&K due to special status available to J&K by article 370 of the constitution.
- There will be one single CGST Act, IGST Act, GST (Compensation to States) Act across India.
- There will be 30 SGST Act. The same will be passed by the 28 states and two union territories viz Delhi and Puducherry.
- For remaining 5 Union territories viz Andaman & Nicobar Islands, Lakshadweep, Dadra & Nagar Haweli, Daman & Diu, Chandigarh, Central Government has passed Union Territory GST Act.

Intrastate Supply of Goods & Services

Intrastate Supply of Goods & Services



Exception to this Rule

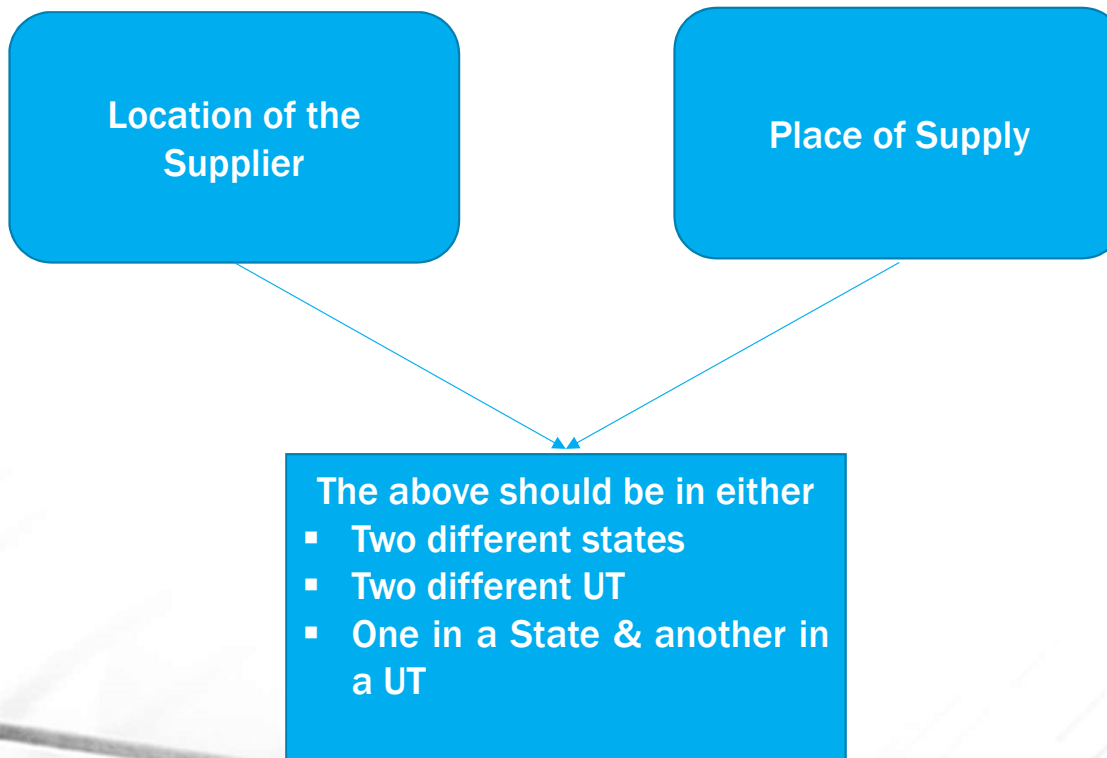
- Supply of Goods/Services to SEZ developer or SEZ unit
 - Supply of Goods/Services from SEZ developer or SEZ unit
 - Supply of goods imported into the territory of India till they cross the customs frontiers of India e.g. High Seas Sales
 - Supply of Goods to a tourist as referred to in Section 15 of IGST
- *tourist” means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes*

Intrastate Supply of Goods & Services - Examples

Location of the Supplier	Place of Supply	Whether Intrastate Supply of Goods & Services
Maharashtra	Maharashtra	Yes
Maharashtra	Gujarat	No
Delhi	Delhi	Yes
Daman & Diu	Daman & Diu	Yes
Delhi	Daman & Diu	No
Delhi	Puducherry	No
Maharashtra – Non SEZ Unit	Maharashtra - SEZ Unit	No
Maharashtra - SEZ Unit	Maharashtra – Non SEZ Unit	No
Maharashtra – High Seas Supplier	Maharashtra – High Seas Buyer	No
Maharashtra – Supplier of Goods	Tourist in Maharashtra as referred to in section 15 of IGST	No

Interstate Supply of Goods & Services

Interstate Supply of Goods & Services



Exception to this Rule

- Supply of Goods/Services to SEZ developer or SEZ unit
 - Supply of Goods/Services from SEZ developer or SEZ unit
 - Supply of goods imported into the territory of India till they cross the customs frontiers of India e.g. High Seas Sales
 - Supply of Goods to a tourist as referred to in Section 15 of IGST
- *tourist” means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes*

Interstate Supply of Goods & Services - Examples

Location of the Supplier	Place of Supply	Whether Interstate Supply of Goods & Services
Maharashtra	Maharashtra	No
Maharashtra	Gujarat	Yes
Delhi	Delhi	No
Daman & Diu	Daman & Diu	No
Delhi	Daman & Diu	Yes
Delhi	Puducherry	Yes
Maharashtra – Non SEZ Unit	Maharashtra - SEZ Unit	Yes
Maharashtra - SEZ Unit	Maharashtra – Non SEZ Unit	Yes
Maharashtra – High Seas Supplier	Maharashtra – High Seas Buyer	Yes
Maharashtra – Supplier of Goods	Tourist in Maharashtra as referred to in section 15 of IGST	Yes

Tables showing applicability of various variants of GST

Location of the Supplier	Place of Supply	GST Applicable
Maharashtra	Maharashtra	CGST + SGST of Maharashtra
Maharashtra	Gujarat	IGST
Delhi	Delhi	CGST + SGST of Delhi
Daman & Diu	Daman & Diu	CGST + UTGST
Delhi	Daman & Diu	IGST
Daman & Diu	Maharashtra	IGST
Maharashtra - Non SEZ Unit	Maharashtra - SEZ Unit	IGST
Maharashtra - SEZ Unit	Maharashtra - Non SEZ Unit	IGST
Maharashtra - High Seas Supplier	Maharashtra - High Seas Buyer	IGST
Maharashtra - Supplier of Goods	Tourist in Maharashtra as referred to in section 15 of IGST	IGST

In addition to above, Compensation cess shall be levied on such supplies as may be notified by the Central Government under The goods and services tax (compensation to states) Act, 2017

Location of the Supplier

Location of the Supplier

- The term location of the supplier in respect of Goods has not been defined.
- The term 'Location of the Supplier of Service' has been defined in the following manner: -
 - a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;
 - b) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;
 - 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
 - d) in absence of such places, the location of the usual place of residence of the supplier;
- Where the location of the supplier is in the territorial waters, the location of such supplier shall be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located

Place of Supply of Goods

- The principles for determining 'Place of Supply of Goods' are contained in section 10 & 11 of IGST Act 2017.

Situation	Place of Supply
Transactions involving movement of Goods	Location at the time movement of goods terminates for delivery to recipient.
Movement of goods not involved	Location of goods at the time of delivery to recipient.
When goods are assembled or installed at site	Place of such installation or Assembly
Where the goods are delivered by the supplier to a recipient or any other person, on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods (Bill to ship to Model)	Principal place of business on whom the bill is raised (i.e. third person)
Goods supplied on board a conveyance including a vessel, an aircraft, a train or a motor vehicle.	Location at which goods are taken on board.
Import of Goods	Location of the importer

Where the 'Place of Supply' is in the territorial waters, then 'Place of Supply' shall be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located

Place of Supply of Services

- The principles for determining 'Place of Supply of Services' are contained in section 12 & 13 of IGST Act 2017.
- Section 12 determines the 'Place of supply of Services' where the location of the supplier of services and location of the recipient of services is in India.
- Section 13 determines the 'Place of supply of Services' where either the location of the supplier of services or location of the recipient of services is outside India.
- Where the 'Place of Supply' is in the territorial waters, then 'Place of Supply' shall be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located

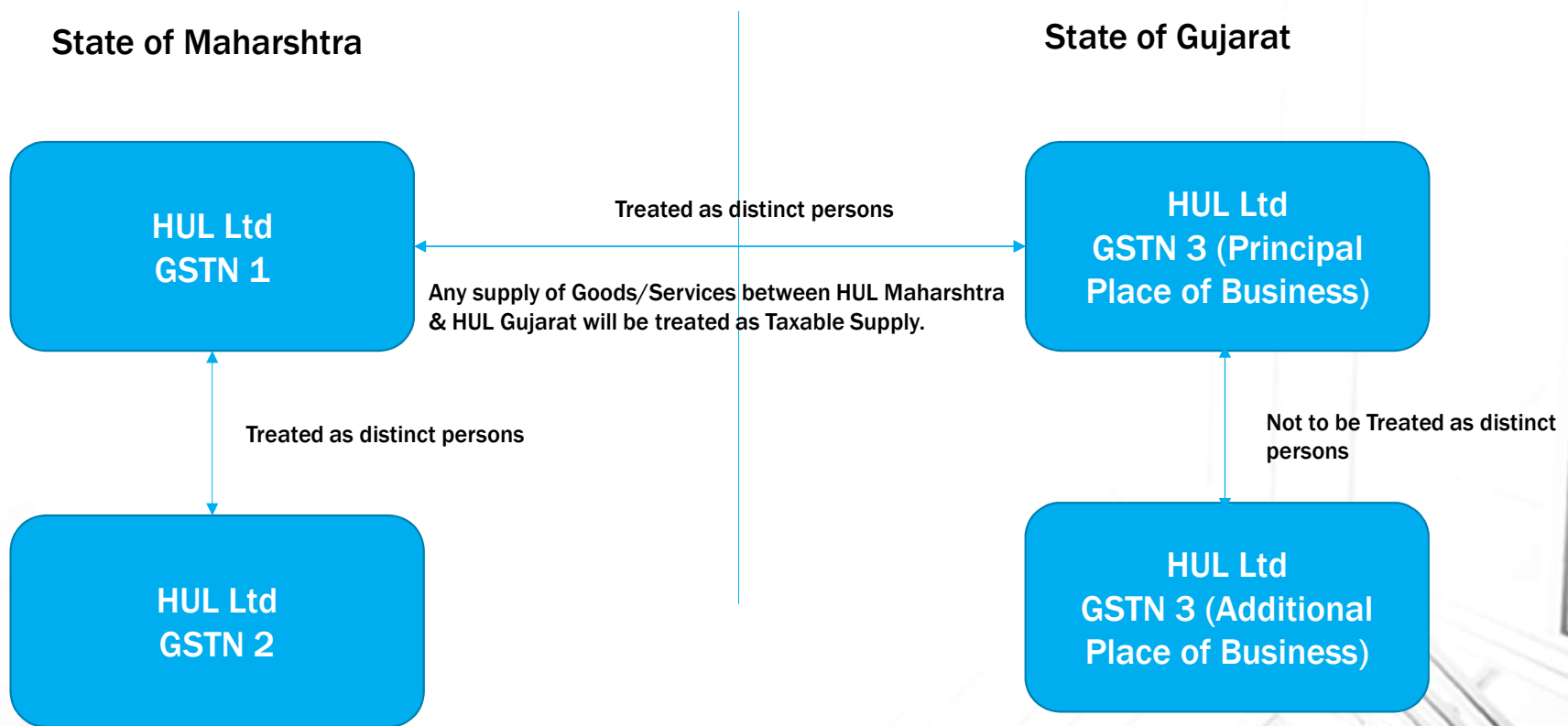
Concept of Supply

Concept of Supply – Sec. 7 GST CGST Act 2017

Section 7 - Meaning and scope of supply

Section 7(1)(a)	Section 7(1)(b)	Section 7(1)(c)	Section 7(1)(d)
<p>All forms of supply of goods and/ or services,</p> <ul style="list-style-type: none"> - for a consideration - in the course or furtherance of business <p>such as:</p> <ul style="list-style-type: none"> - sale, - transfer, - barter, - exchange, - license, - rental, - lease or - disposal 	<p>Importation of service,</p> <ul style="list-style-type: none"> - for a consideration - whether or not in the course or furtherance of business 	<p>Supplies specified*</p> <ul style="list-style-type: none"> - To be treated as supplies <i>made without a consideration</i> <p><u>*Schedule I:</u></p> <ol style="list-style-type: none"> 1. Permanent transfer/ disposal of business assets for which ITC availed 2. Supplies between related persons/ distinct persons in the course or furtherance of business. However gift upto value of Rs.50,000 in a FY by an employer to employee shall not be treated as supply of Goods or services or both 3. Supply of goods by principal (or agent) to agent (or principal) 4. Importation of service by taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business. 	<ul style="list-style-type: none"> • Activities of supply of goods or supply of services as referred to in schedule II

Concept of Distinct Persons



Activities or Transactions not to be treated as Supply of Goods or Supply of Services

- Services by an employee to the employer in the course of or in relation to his employment.
- Services by any court or Tribunal established under any law for the time being in force.
- Functions performed by the MP, MLA, Members of Panchayats, Members of Municipalities and Members of other local authorities
- the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity
- the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this Act
- Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
- Actionable claims, other than lottery, betting and gambling
- Such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

Transactions to be treated as Supply of Goods

- Transfer of Title in Goods
- Hire Purchase Transactions
- Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.
- Transfer or disposal of business assets by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration
- 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—
 - the business is transferred as a going concern to another person; or
 - the business is carried on by a personal representative who is deemed to be a taxable person.

Transactions to be treated as Supply of Services

- Transfer of right in goods or of undivided share in goods without the transfer of title thereof
- Any lease, tenancy, easement, licence to occupy land
- any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly
- Any treatment or process which is applied to another person's goods
- Goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration
- Renting of Immovable Property

Transactions to be treated as Supply of Services

- 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 after its first occupation, whichever is earlier.
- temporary transfer or permitting the use or enjoyment of any intellectual property right
- development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software
- agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act
- 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
- Works contract as defined in clause (119) of section 2 of CGST Act
- Supply of Food or any other article for human consumption or any drink (other than alcohol liquor for human consumption) by way of service or as an part of activity

Concept of Composite & Mixed Supply

Concept of Composite Supply

- Section 2(30) of CGST Act 2017 defines the composite Supply in following manner: -
- “composite supply” 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 combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

- “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
- The following has been treated as Composite Supply: -
 - Works contract as defined in clause (119) of section 2 of CGST Act
 - Supply of Food or any other article for human consumption or any drink (other than alcohol liquor for human consumption) by way of service or as an part of activity

Concept of Mixed Supply

- Section 2(74) of CGST Act 2017 defines the Mixed Supply in following manner: -
- “mixed supply” means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply

Illustration: A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks 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.

Taxability of Composite & Mixed Supply

- The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:—
 - a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and
 - b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

Reverse Charge under GST Law

Reverse Charge Provision in GST

- There are two types of reverse charge provisions in GST Law
 - Supply of Taxable Goods or Services or both by a **UNREGISTERED SUPPLIER** to a registered person. The tax on the same would be paid by registered person. The reverse charge is applicable irrespective of nature of taxable supply of goods or services.
 - Notified categories of Supply of Goods or Services. In this case, reverse charge would be applicable even when the same is supplied by registered person. The same can be compared with existing reverse charge provisions applicable in Service Tax.
- All the provisions of the GST law would be applicable to recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Composition Scheme

Composition Scheme

Eligibility for opting Composition Scheme

- Aggregate turnover in the preceding FY must not exceed 50 Lakhs
- Where one registered persons are having the same Permanent Account Number (issued under the Income-tax Act, 1961), then all registered persons must opt for composition scheme
- Registered person is not engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II
- Registered person is not engaged in making any supply of goods which are not leviable to tax under this Act
- Registered person is not engaged in making any inter-State outward supplies of goods
- Registered person is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52
- Registered person is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council

Composition Scheme - Rates

Type of Registered Person	Composition Rate - Ceiling Limit for CGST*
Manufacturer	1% of the turnover in state or UT
Person engaged in making supplies referred to in Schedule II - Paragraph - 6 - Clause (b)	2.5% of the turnover in state or UT
Other Suppliers	0.5% of the turnover in state or UT

The above rate is only for payment of CGST. The identical rate should be for payment of SGST and UTGST.

“turnover in State” or “turnover in Union territory” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and exempt supplies made within a State or Union territory by a taxable person, exports of goods or services or both and inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person but excludes central tax, State tax, Union territory tax, integrated tax and cess;

Composition Scheme – Miscellaneous Points

- The option of Composition scheme shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the 50 Lakhs
- A registered taxable person who has opted for Composition scheme, shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.
- If the proper officer has reasons to believe that a registered taxable, who has opted for composition scheme, has wrongly opted for composition scheme then such person shall be liable to penalty in accordance with section 73 and section 74 of CGST Act.

Time of Supply

Time of Supply of Goods determines the point of time when the GST liability in respect of the same arises

Time of Supply pertaining to Supply of Goods/Services where Supplier is liable to Pay GST

As per Section 12(2) of CGST Act, time of supply of goods shall be earlier of invoice/payment, i.e., –

Actual date of issue of invoice by the supplier

Due date for issue of invoice by the supplier

Date on which payment is entered in the books of supplier

Date on which payment is credited to the supplier's bank a/c

- *Where the supplier of taxable goods/services receives an amount upto one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.*
- *Where time of supply of SERVICES cannot be determined in the above manner then the date on which the recipient shows the receipt of services in his books of account*

Due Date for Issue of Invoice pertaining to Supply of Goods

Situation	Due
Supply involves movement of Goods	Before or at the time of removal of Goods for supply to recipient
Supply does not involve movement of goods or in any other case	Before or at the time of delivery of goods or making available thereof to the recipient
Continuous Supply of Goods*	<ul style="list-style-type: none"> i. If successive statement of accounts involved - Before or at the time each statement is issued ii. If successive payments are involved – Before or at the time each payment is received
Removal of Goods before it is known whether a supply will take place (being sent or taken on approval or sale or return or similar terms)	<p>Earlier of the following two: -</p> <ul style="list-style-type: none"> i. Before or at the time when it becomes known that the supply has taken place ii. Six months from the date of removal

*“**continuous supply of goods**” means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis;

Due Date for Issue of Invoice pertaining to Supply of Services

Situation	Due Date for Issue of Invoice
Not a Continuous Supply of Service	<ul style="list-style-type: none"> i. Before the provision of taxable service ii. After the Provision of Taxable Service but within a period of 30 days from the date of supply of Service
Continuous Supply of Service#	
<ul style="list-style-type: none"> i. Due date of payment is ascertainable from the contract 	<ul style="list-style-type: none"> i. Before the due date of payment ii. After the due date of payment but within a period of 30 days from the due date of payment
<ul style="list-style-type: none"> ii. Due date of payment is NOT ascertainable from the contract 	<ul style="list-style-type: none"> i. Before the receipt of payment ii. After the receipt of payment but within a period of 30 days from the receipt of payment
<ul style="list-style-type: none"> iii. Payment is linked to the completion of an event 	<ul style="list-style-type: none"> i. Before the completion of an event ii. After the completion of an event but within a period of 30 days from the completion of event
Supply of Service ceases under a contract before the completion of supply	At time of supply ceases Quantum – Invoice shall be issued to the extent of supply effected before such cessation

Where the supplier of services is an insurer or a banking company or a financial institution, including a NBFC then period of 30 days will be replaced by 45 days

#“continuous supply of services” means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations and includes supply of such services as the Government may, subject to such conditions, as it may, by notification, specify.

Time of Supply pertaining to Supply of Goods where GST is liable to be paid under reverse charge

As per Section 12(2) of CGST Act, time of supply of goods shall be earlier of –

Date of the receipt of Goods

Date immediately following 30 days (Goods)/60 days (services) from the date of issue of invoice or any other document

Date on which payment is entered in the books of recipient

Date on which payment is debited to the recipient's bank a/c

- *In case of supply of services by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.*
- *If time of supply cannot be determined in above manner the time of supply shall be date of entry in the books of account of the recipient of supply.*

Time of Supply pertaining to Voucher

Voucher

➤ Time of Supply shall be –

- the date of issue of voucher, if the supply is identifiable at that point; or
- the date of redemption of voucher, in all other cases.

➤ The term ‘voucher’ has been defined vide section 2(118) of CGST Act in following manner: -

“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;

Time of Supply pertaining to Supply of Goods/Services – Miscellaneous Points

- **Where the time of supply cannot be determined in the above mentioned manner then time of supply will be determined in the following manner: -**
 - **in a case where a periodical return has to be filed, be the date on which such return is to be filed; or**
 - **in any other case, be the date on which the tax is paid.**
- **The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.**

Time of Supply when there is change in the rate of tax in respect of Goods or Services or both

Sr. No.	Combination of Events occurred <u>before</u> change in rate of Tax	Time of Supply	Sr. No.	Combination of Events occurred <u>after</u> change in rate of Tax	Time of Supply
1	Date of Supply of Goods or Service and Date of Issue of Invoice	Date of Invoice	4	Date of Supply of Goods or Service and Date of Issue of Invoice	Date of Invoice
2	Date of issue of invoice and date of receipt of payment against that invoice.	Date of Invoice or Payment whichever is earlier	5	Date of issue of invoice and date of receipt of payment against that invoice.	Date of Invoice or Payment whichever is earlier
3	Date of Supply of Goods or Service and Date of receipt of Payment	Date of receipt of Payment	6	Date of Supply of Goods or Service and Date of receipt of Payment	Date of receipt of Payment

The date of receipt of payment” shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.

**Type of documents required to be issued by a
Registered Taxable Person for supply/receipts
of Taxable Goods/Services**

Type of documents required to be issued by a Registered Taxable Person for supply/receipts of taxable Goods/Services

Situation	Type of Document
Supply of Taxable goods/Services (which are not exempted)	Tax Invoice
Supply of Taxable goods/services (which are not exempted) during the period starting from the effective date of registration till the date of issuance of certificate of registration	Revised Tax Invoice within one month from the date of issuance of certificate of registration and in such manner as may be prescribed**
Supply of exempted Goods/services	Bill of Supply*
Person who has opted for composition scheme	Bill of Supply*
Receipt of advance payment with respect to supply of goods/services	Receipt Voucher or any other document evidencing receipt of payment
Neither supply is made nor tax invoice is issued in respect of advance payment against goods/services	Refund voucher
Receipt of goods/services where GST is required to be paid under reverse charge	Invoice

- *Bill of Supply is not required to be issued if the value of the goods is less than Rs200. However, if the recipient of goods requires such bill then Bill of Supply is required to be issued even if value of goods is less than Rs200.*

Type of documents required to be issued by a Registered Taxable Person for supply/receipts of taxable Goods/Services

Situation	Type of Document
Supply of Taxable goods/Services (which are not exempted)	Tax Invoice
Supply of Taxable goods/services (which are not exempted) during the period starting from the effective date of registration till the date of issuance of certificate of registration	Revised Tax Invoice within one month from the date of issuance of certificate of registration and in such manner as may be prescribed* *
Supply of exempted Goods/services	Bill of Supply*
Person who has opted for composition scheme	Bill of Supply*
Receipt of advance payment with respect to supply of goods/services	Receipt Voucher or any other document evidencing receipt of payment
Neither supply is made nor tax invoice is issued in respect of advance payment against goods/services	Refund voucher
Receipt of goods/services where GST is required to be paid under reverse charge	Invoice
Transportation of Goods without issue of Invoice	Delivery Challan

- *Bill of Supply is not required to be issued if the value of the goods is less than Rs200. However, if the recipient of goods requires such bill then Bill of Supply is required to be issued even if value of goods is less than Rs200.*

Transportation of Goods without issue of Invoice

In following cases, transportation of goods without an invoice will be permitted. The consignor will issue delivery challan in following cases: -

- Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known
- transportation of goods for job work,
- transportation of goods for reasons other than by way of supply, or
- such other supplies as may be notified by the Board

Contents of Tax Invoice

- Name, Address & GSTIN/UIN of Supplier
- Serial number, in one or multiple series, unique for a Financial Year*
- Date of issue of document
- Name, Address of recipient
- GSTIN/UIN of recipient, if registered. If unregistered then address of delivery along with State Code is also required to be mentioned in case value of taxable supply is 50,000 or more
- HSN Code of goods/Accounting code for services
- Description of goods/Accounting code for services
- Unit or Unique Quantity Code
- Quantity of Goods
- Total Value of Goods/Services
- Taxable Value of Goods/Services after taking into account discount or abatement
- Rate of Tax (CGST, SGST/UTGST, IGST or Cess)
- Amount of Tax charged in respect of taxable goods/Services
- Place of Supply only in case of interstate supply of goods/services
- Address of delivery where the same is different from the place of Supply
- Whether tax is payable on reverse charge basis
- The word 'revised invoice' or 'Supplementary Invoice' along with the date and invoice number of original invoice
- Signature of digital signature of the supplier or his authorised representative

**Serial number would be alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof*

Contents of Bill of Supply

- Name & Address of Supplier
- GSTIN/UIN of the supplier, if registered
- Serial number, in one or multiple series, unique for a Financial Year
- Date of issue of document
- Name of Recipient, Address of recipient, GSTIN/UIN of the recipient if recipient is registered
- HSN Code of Goods/Accounting Code for Services
- Description of Goods/Services
- Value of Goods taking into account discount or abatement
- Signature of digital signature of the supplier or his authorised representative

**Serial number would be alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof*

Contents of Receipt Voucher

- Name & Address of the supplier
- GSTIN of the supplier
- Serial number, in one or multiple series, unique for a Financial Year
- Date of its issue
- Name & Address of recipient
- GSTIN/ UIN of the recipient, if registered
- Description of goods/services
- Amount of advance taken
- Rate of tax
- Amount of tax charged in respect of taxable goods/services
- Place of Supply only in case of interstate supply of goods or services
- Whether the tax is payable on reverse charge basis
- Signature or digital signature of the supplier or his authorized representative

**Serial number would be alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof*

Contents of Delivery Challan

- Date and number
- Name of the consignor
- Address of the consignor
- GSTIN of the consignor, if registered
- Name of the consignee
- Address of the consignee
- GSTIN/UIN of the consignee, if registered
- Reference of invoice in case goods being transported in SKD/CKD condition
- HSN Code of goods
- Description of goods
- Quantity (provisional, where the exact quantity being supplied is not known)
- Taxable value
- Tax rate and tax amount where the transportation is for supply to the consignee
- Place of supply, in case of inter-State movement
- Signature

**Serial number would be alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof*

Valuation Provisions under GST

Value of Taxable Supply – Section 15 of CGST Act 2017

- Value of supply of goods and/or services on which GST is to be discharged shall be the **'Transaction Value'**, which is the price actually paid or payable for the said supply of Goods or Services or both, where
 - Supplier and recipient of supply are unrelated
 - Price is actually paid/ payable – AND price is the sole consideration for the supply

- The Value of Supply shall include the following: -
 - Any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than GST if charged separately by the supplier
 - Amount incurred by Recipient which is liable to be paid by the Supplier;
 - Incidental expenses (e.g.: packing, commission)
 - Charges for anything done by the Supplier at the time of or before delivery of goods or supply of services
 - Interest/ late fee/ penalty for delayed payment of consideration
 - Subsidies directly linked to price – for supplier receiving the subsidy (excluding Central and State Govt subsidies; i.e., Government subsidies will not be included in transaction value)

Value of Taxable Supply – Section 15 of CGST Act 2017

- The Value of Supply shall not include any discount which is given: -

Situation	Conditions to be satisfied
Discount given before the supply has been effected	Such discount has been duly recorded in the invoice issued in respect of such supply
Discount given after the supply has been effected	<ul style="list-style-type: none">➤ Agreement establishing discount entered into before/ at the time of supply➤ Discount specifically linked to relevant invoices➤ ITC reversed by the recipient to the extent of discount

Value of Taxable Supply – Definition of Related Person

- **Persons shall be deemed to be “related persons” if–**
 - **Such persons are officers or directors of one another’s businesses;**
 - **Such persons are legally recognised partners in business;**
 - **Such persons are employer and employee;**
 - **Any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them;**
 - **One of them directly or indirectly controls the other;**
 - **Both of them are directly or indirectly controlled by a third person;**
 - **Together they directly or indirectly control a third person; or they are members of the same family;**

- **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.**

Value of Taxable Supply – Where the consideration is not wholly in Money

- Value of taxable supply where the consideration is not wholly in money, the value of supply shall
 - a) be the open market value of such supply
 - b) if open market value is not available, be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money if such amount is known at the time of supply;
 - c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality;
 - d) if value is not determinable under clause (a) or clause (b) or clause (c), be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined by application of rule 4 or rule 5 in that order.

Illustration:

- (1) Where a new phone is supplied for Rs.20000 along with the exchange of an old phone and if the price of the new phone without exchange is Rs.24000, the open market value of the new phone is Rs 24000.*
- (2) Where a laptop is supplied for Rs.40000 along with a barter of printer that is manufactured by the recipient and the value of the printer known at the time of supply is Rs.4000 but the open market value of the laptop is not known, the value of the supply of laptop is Rs.44000.*

Value of Taxable Supply – Where the consideration is not wholly in Money

- “open market value” of a supply of goods or services or both means the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction, where the supplier and the recipient of the supply 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 goods or services or both of like kind and quality” means any other supply of goods or services or both made under similar circumstances that, in respect of the characteristics, quality, quantity, functional components, materials, and reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both.

Value of Taxable Supply between distinct or related persons, other than through an agent

- The Value of Taxable Supply shall be
 - a) be the open market value of such supply
 - b) if open market value is not available, be the value of supply of goods or services of like kind and quality;
 - c) if value is not determinable under clause (a) or clause (b), be the value as determined by application of rule 4 or rule 5, in that order:

- Notwithstanding to anything mentioned above, 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 goods or services.

Value of Supply of goods made or received through an agent

The value of supply of goods between the principal and his agent shall,-

- (a) be the open market value of the goods being supplied, or at the option of the supplier, be ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient

Illustration: Where a principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of Rs.5000 per quintal on the day of supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of Rs.4550 per quintal. The value of the supply made by the principal shall be Rs.4550 per quintal or where he exercises the option the value shall be 90% of the Rs.5000 i.e. is Rs.4500 per quintal.

- (a) Where the value of a supply is not determinable under clause (a), the same shall be determined by application of rule 4 or rule 5 in that order.

Value of Supply of goods or Services - Rule 4 & Rule 5 of Valuation Rules

Rule 4: - Value of supply of goods or services or both based on cost

Where the value of a supply of goods or services or both is not determinable by any of the preceding rules, the value shall be one hundred and ten percent of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services.

Rule 5: - Residual method for determination of value of supply of goods or services or both

Where the value of supply of goods or services or both cannot be determined under rules 1 to 4, the same shall be determined using reasonable means consistent with the principles and general provisions of section 15 and these rules:

Provided that in case of supply of services, the supplier may opt for this rule, disregarding rule 4.

Tax Deduction at Source

Tax Deduction at Source – Section 51

- TDS is required to be deducted at 1% from the payment made or credited to the supplier of taxable Goods or Services or both, where the total value of such supply, under **A CONTRACT**, exceeds 2,50,000.
- The TDS is required to be deducted by the following persons as Government mandate: -
 - A department or establishment of the Central Government or State Government or
 - Local Authority or
 - Governmental Agencies or
 - Such persons or category of persons as may be notified by the Government on the recommendation of the council

Tax Deducted at Source – Section 51

Compliances for e-commerce operators

- TDS to be paid to credit of appropriate government;
- To furnish a statement of tax deducted at source electronically
- Both payment and statement (GSTR-7) to be made/ filed within 10 days from the end of the month in which the tax is deducted
- The deductor shall furnish to the deductee a certificate (within 5 days of crediting the amount so deducted to the Government) mentioning therein the contract value, rate of deduction, amount deducted, amount paid to the Government and such other particulars as may be prescribed.
- If deductor fails to pay the Government the amount deducted as TDS then shall be liable to interest also for delayed period under section 50(1) of CGST Act

Tax credit for the concerned deductee

- Deductee eligible to claim credit of the same in the electronic cash ledger.



Tax collection at Source

Tax Collection at Source – Section 52

- **“Electronic Commerce”** means supply of goods and/ or services including digital products over digital or electronic network
- **“Electronic commerce operator”** means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce
- **Section 9(5) of CGST Act, 7(5) of UTGST Act, 5(5) of IGST Act** provides that categories of services may be notified where tax shall wholly be paid by e-commerce operators. All provisions of the GST law shall apply to such e-commerce operators as if such persons is liable to pay tax
- **Every e-commerce operator, not being an agent, has to collect 1% of net value of taxable supplies where consideration is to be collected by the operator**
 - **Net value = aggregate value of goods/ services [other than those notified u/s 9(5) of CGST] made during the month less returns during the month**

Tax Collection at Source – Section 52

Compliances for e-commerce operators

- TCS to be paid to credit of appropriate government;
- To furnish a statement of such outward supplies of goods and / or services, electronically
- Both payment and statement to be made/ filed within 10 days from the end of the month in which the collection is made
- Statement (GSTR-8) to contain details of outward supplies of goods and/or services effected through it, including the supplies of goods or services returned through it and amounts collected during the calendar month:

Tax credit for the concerned supplier

- Amount remitted by e-commerce operator treated as tax paid by the supplier
- Supplier eligible to claim credit of the same in the electronic cash ledger.

Tax Collection at Source – Section 52

Verification of the statement filed by the e-commerce operator

- details of the supplies furnished by the e-commerce operator to be compared with corresponding outward supplies;
- Discrepancies, if any, to be communicated to both
- Discrepancy, if not rectified by supplier, to be added to output liability of supplier for the month succeeding the one in which the same was communicated.

Additional powers to the tax office

- Any officer not below Deputy Commissioner may call for details like supplies of goods and / or services, stock of goods etc. from supplier through notice
- Details to be furnished within 15 working days from the date of notice.
- For non-compliance, penalty of upto Rs. 25,000

Thank You for Patience Hearing

Presented by

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