

GOODS AND SERVICES TAX ACT



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Overview of GST




- It is Goods and Services Tax which would be applicable on supply of goods and/or services, unlike the old regime of tax on manufacturing, Sales or Services.
- It would be destination based tax i.e. right on State GST will be there for the State where the goods or services would be finally consumed.

Topics Covered



- ❧ Composition Scheme
- ❧ Registration
- ❧ Supply
- ❧ Time of Supply
- ❧ Job Work
- ❧ ITC
- ❧ Return Process and Matching of ITC
- ❧ Refunds

Taxes proposed to be subsumed



- ❧ **Taxes levied by the Centre to be subsumed:-**
- ❧ *a. Central Excise duty*
- ❧ *b. Duties of Excise (Medicinal and Toilet Preparations)*
- ❧ *c. Additional Duties of Excise (Goods of Special Importance)*
- ❧ *d. Additional Duties of Excise (Textiles and Textile Products)*
- ❧ *e. Additional Duties of Customs (commonly known as CVD)*
- ❧ *f. Special Additional Duty of Customs (SAD)*
- ❧ *g. Service Tax*
- ❧ *h. Central Surcharges and Cesses so far as they relate to supply of goods and services*

Taxes proposed to be subsumed



- ❧ *State taxes that would be subsumed under the GST are:*
- ❧ *a. State VAT*
- ❧ *b. Central Sales Tax*
- ❧ *c. Luxury Tax*
- ❧ *d. Entry Tax (all forms)*
- ❧ *e. Entertainment and Amusement Tax (except when levied by the local bodies)*
- ❧ *f. Taxes on advertisements*
- ❧ *g. Purchase Tax*
- ❧ *h. Taxes on lotteries, betting and gambling*
- ❧ *i. State Surcharges and Cesses so far as they relate to supply of goods and services*

Commodities Kept outside GST

- ❧ Alcoholic Liquor for human consumption.
- ❧ *Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out*
- ❧ *Electricity.*
- ❧ *In case of Tabacco and tabacco products in addition to GST, Centre would have power to levy Excise Duty also.*

Dual GST



- ❧ GST proposed to be levied would be dual GST *with the Centre and States simultaneously levying it on a common tax base.*
- ❧ *CGST on Intra State supply by Centre*
- ❧ *SGST/UTGST by State/UT on Intra State Supply*
- ❧ *IGST to be levied and administered by Centre on inter state supply of Goods and Services.*

Overview of Basic Provisions

- ❧ Threshold limit of 20 Lakhs except in some cases like Inter State supply where no threshold limit.
- ❧ Composition scheme for turnover less than 50 Lakhs.
- ❧ HSN Codes shall be used for classifying the goods under GST.(No code for turnover less than 1.5 Cr).
- ❧ Imports to be treated as Inter State supply and IGST would be levied.
- ❧ Exports to be treated as Zero rated.

Composition Scheme



- ❧ Small taxpayer with aggregate turnover upto Rs.50 Lakhs in preceding financial year can avail composition scheme.
- ❧ Rates:
 - 0.5% of the turnover for traders
 - 1.0% for manufacturers
 - 2.5% for Restaurant ServicesCGST + SGST so effective rates would be 1%, 2% and 5%.
- ❧ ITC not available
- ❧ Cannot charge from customers.
- ❧ Single PAN to be seen for multiple registrations.

Composition Scheme



Broadly, five categories of registered person are not eligible to opt for the composition scheme as under:-

(i) Services other than restaurant services

(ii) supplier of goods which are not taxable under the CGST Act/SGST Act/UTGST Act.

(iii) an inter-State supplier of goods;

(iv) person supplying goods through an electronic commerce operator;

(v) manufacturer of certain notified goods.

Aggregate Turnover



- ❧ As per section 2(6) of the CGST/SGST Act “aggregate turnover” includes the aggregate value of:
- ❧ (i) all taxable supplies,
- ❧ (ii) all exempt supplies,
- ❧ (iii) exports of goods and/or service, and,
- ❧ (iv) all inter-state supplies of a person having the same PAN.

The above shall be computed on all India basis and excludes taxes charged under the CGST Act, SGST Act, UTGST Act, and the IGST Act. Aggregate turnover shall include all supplies made by the Taxable person, whether on his own account or made on behalf of all his principals.

Aggregate turnover does not include value of supplies on which tax is levied on reverse charge basis, and value of inward supplies.

The value of goods after completion of job work is not includible in the turnover of the job-worker. It will be treated as supply of goods by the principal and will accordingly be includible in the turnover of the Principal.

Who is liable for registration ?



- ❧ *As per Section 22 of the CGST/SGST Act 2017, every supplier (including his agent) who makes a taxable supply i.e. supply of goods and / or services which are leviable to tax under GST law, and his aggregate turnover in a financial year exceeds the threshold limit of twenty lakh rupees shall be liable to register.*
- ❧ *Besides, Section 24 of the Act mentions certain categories of suppliers, who shall be liable to take registration even if their aggregate turnover is below the said threshold limit of 20 lakh rupees.*
- ❧ *On the other hand, as per Section 23 of the Act, an agriculturist in respect of supply of his agricultural produce; as also any person exclusively making supply of non-taxable or wholly exempted goods and/or services under GST law will not be liable for registration.*

Time limit for Registration



☞ *A person should take a Registration, within thirty days from the date on which he becomes liable to registration, in such manner and subject to such conditions as is prescribed under the Registration Rules. A Casual Taxable person and a non-resident taxable person should however apply for registration at least 5 days prior to commencement of business.*

Registration



Effective date of registration:-

- Where the application for registration has been submitted within thirty days from the date on which the person becomes liable to registration, the effective date of registration shall be the date on which he became liable for registration.
- Where an application for registration has been submitted by the applicant after thirty days from the date of his becoming liable to registration, the effective date of registration shall be the date of grant of registration.
- In case of voluntary registration effective date would be date of order of registration.

Important Points



- ❧ Separate registration for each state where business operations are there.
- ❧ Can have multiple business verticals in a state and may obtain separate registration for each vertical.
- ❧ Pan compulsory for registration except for non resident taxable persons.

Casual Taxable Person and NON Resident Taxable Person



- ❧ *Casual Taxable Person has been defined in Section 2 (20) of the CGST/SGST Act meaning a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business, whether as principal, or agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.*
- ❧ *In terms of Section 2(77) of the CGST/SGST Act, a nonresident taxable person means any person who occasionally undertakes transactions involving supply of goods and/or services whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.*

Casual Taxable Person and NON Resident Taxable Person



- ❧ Registration for Casual and Non resident taxable person valid for 90 days which may be extended for another 90 days.
- ❧ *A casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration is required, in terms of Section 27(2) read with proviso thereto, make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought.*

Compulsory Registration



As per Section 24 of the CGST/SGST Act, the following categories of persons shall be required to be registered compulsorily irrespective of the threshold limit:

- i) persons making any inter-State taxable supply;*
- ii) casual taxable persons;*
- iii) persons who are required to pay tax under reverse charge;*
- iv) electronic commerce operators required to pay tax under sub-section (5) of section 9;*
- v) non-resident taxable persons;*

Compulsory Registration



- ❧ vi) persons who are required to deduct tax under section 51;
- ❧ vii) persons who supply goods and/or services on behalf of other registered taxable persons whether as an agent or otherwise;
- ❧ viii) Input service distributor (whether or not separately registered under the Act)
- ❧ ix) persons who are required to collect tax under section 52;
- ❧ x) every electronic commerce operator
- ❧ xi) every person supplying online information and data base retrieval services from a place outside India to a person in India, other than a registered person; and,
- ❧ xii) such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council.

Migration of VAT Number



- ❧ *GSTN shall migrate all such assesseees/dealers to the GSTN network and shall issue a provisional registration certificate with GSTIN number on the appointed day, which after due verification by the departmental officers within **six months, will be converted into final registration certificate.***
- ❧ *For converting the provisional registration to final registration the registrants will be asked to submit all requisite documents and information required for registration in a prescribed period of time. Failure to do so will result in cancellation of the provisional GSTIN number.*
- ❧ *The service tax assesses having centralized registration will have to apply afresh in the respective states wherever they have their businesses*

Migration of VAT Number



- ❧ A taxable person who has been granted multiple registrations under the existing law on the basis of a single PAN shall be granted only one provisional registration under the Act.
- ❧ Forms :-
 - ❧ GST REG-6 Final Registration Certificate
 - ❧ GST REG-24 Application for final registration
 - ❧ GST REG-25 Provisional Registration Certificate
 - ❧ GST REG-26 Order for Cancellation of provisional registration Certificate
 - ❧ GST REG-27 Show Cause Notice before cancellation of provisional registration
 - ❧ GST REG-19 Order for Vacation of Show Cause Notice
 - ❧ GST REG-28 Application for Suo Moto Cancellation

Time limit for decision on registration by Proper Officer



- ❧ *If the information and the uploaded documents are found in order, the State and the Central authorities shall have to respond to the application within three common working days.*
- ❧ *If they communicate any deficiency or discrepancy in the application within such time, then the applicant will have to remove the discrepancy / deficiency within 7 days of such communication.*
- ❧ *Thereafter, for either approving the application or rejecting it, the State and the Central authorities will have 7 days from the date when the taxable person communicates removal of deficiencies.*
- ❧ *In case no response is given by the departmental authorities within the said time line, the portal shall automatically generate the registration.*

Supply



- ❧ The taxable event under GST shall be the supply of goods or services or both made for consideration in the course or furtherance of business.
- ❧ The taxable events under the existing indirect tax laws such as manufacture, sale, or provision of services shall stand subsumed in the taxable event known as 'supply'.

Supply



- ☞ In order to constitute a 'supply', the following elements are required to be satisfied, i.e.-
- (i) The activity involves supply of goods or services or both;
 - (ii) the supply is for a consideration unless otherwise specifically provided for;
 - (iii) the supply is made in the course or furtherance of business;
 - (iv) the supply is made in the taxable territory;
 - (v) the supply is a taxable supply; and
 - (vi) the supply is made by a taxable person.

Scope of Supply



- ❧ The term 'supply' is wide in its import and covers all forms of supply of goods or services or both that includes
- ❧ sale, transfer, barter, exchange, license, rental, lease or
- ❧ disposal made or agreed to be made for a consideration by
- ❧ a person in the course or furtherance of business.
- ❧ It also includes import of service.
- ❧ The model GST law also provides for including certain transactions made without consideration within the scope of supply. (Schedule-I)

Important Points relating to supply

- ❧ *Under certain circumstances such as import of services for a consideration whether or not in the course or furtherance of business (Section 7(1)(b)) or supplies made without consideration, specified under Schedule-I of CGST /SGST Act, where one or more ingredients are not satisfied, it shall still be treated as supply for levy of GST.*
- ❧ *Inter-state self-supplies such as stock transfers, branch transfers or consignment sales shall be taxable under IGST even though such transactions may not involve payment of consideration.*

Activities to be treated as supply even if made without consideration



1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business: Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
3. Supply of goods – (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
4. Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Composite and Mixed Supply

- ❧ *Composite supply is a supply consisting of two or more taxable supplies of goods or services or both or any combination thereof, which are bundled in natural course and are supplied in conjunction with each other in the ordinary course of business and where one of which is a principal supply.*
- ❧ *Mixed supply is combination of more than one individual supplies of goods or services or any combination thereof made in conjunction with each other for a single price, which can ordinarily be supplied separately.*

Composite and Mixed Supply



- ❧ Composite supply shall be treated as supply of the principal supply.
- ❧ Mixed supply would be treated as supply of that particular goods or services which attracts the highest rate of tax.

Intra State vs Inter State Supply



- ❧ *Inter-state and intra-state supplies have specifically been defined in the IGST Act.*
- ❧ *Broadly, where the location of the supplier and the place of supply are in same state it will be intrastate and where it is in different states it will be inter-state supplies.*

Goods vs Services

Schedule-II



❧ *Transfer of right to use goods*

❧ *Works contracts and catering services*

❧ *Supply of Software*

❧ *Supply of goods on hire purchase*

Time of Supply



☞ *The time of supply fixes the point when the liability to charge GST arises. It also indicates when a supply is deemed to have been made. The CGST/SGST Act provides separate time of supply for goods and services.*

Time of Supply of Goods

Section 12 of the CGST/SGST Act provides for time of supply of goods. The time of supply of goods shall be the earlier of the following namely,

- (i) the date of issue of invoice by the supplier or the last date on which he is required under Section 31, to issue the invoice with respect to the supply; or*
- (ii) the date on which the supplier receives the payment with respect to the supply.*

Time of Supply of Services



As per Section 13 ,the time of supply of services shall be the earliest of the following dates, namely:—

- (a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under section 31(2) or the date of receipt of payment, whichever is earlier; or
- (b) the date of provision of service, if the invoice is not issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or
- (c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply:

Time of Supply



- ❧ *Date of receipt of payment:-It is the earliest of the date on which the payment is entered in the books of accounts of the supplier or the date on which the payment is credited to his bank account.*
- ❧ *In case of advance payment, the supply shall be deemed to have been made to the extent it is covered by the invoice or the part payment.*

Time period for issue of Invoice for Goods



As per Section 31(1) of CGST/SGST Act a registered taxable person shall issue a tax invoice showing description, quantity and value of goods, tax charged thereon and other prescribed particulars, before or at the time of

- (a) removal of goods for supply to the recipient, where supply involves movement of goods or
- (b) delivery of goods or making available thereof to the recipient in other cases.

Time period for issue of Invoice for Services



☞ As per Section 31(2), a registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed.

Time of Supply in case of change in Rate of Tax

- ❧ Time of supply in case supply is completed prior to change in rate of tax:-
 - ❧ (i) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier;or
 - ❧ (ii) where the invoice has been issued prior to change in rate of tax but the payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice; or
 - ❧ (iii) where the payment is received before the change in rate of tax, but the invoice for the same has been issued after the change in rate of tax, the time of supply shall be the date of receipt of payment;

Time of Supply in case of change in Rate of Tax

☞ Time of supply in case supply is completed after change in rate of tax:-

(i) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment; or

(ii) where the invoice has been issued and the payment is received before the change in rate of tax, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or

(iii) where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice.

Job Work



- ❧ *Job work means undertaking any treatment or process by a person on goods belonging to another registered taxable person. The person who is treating or processing the goods belonging to other person is called 'job worker' and the person to whom the goods belongs is called 'principal'.*
- ❧ *This definition is much wider than the one given in Notification No. 214/86 – CE dated 23rd March, 1986. In the said notification, job work has been defined in such a manner so as to ensure that the activity of job work must amount to manufacture. Thus the definition of job work itself reflects the change in basic scheme of taxation relating to job work in the proposed GST regime.*

Job Work is a Supply



- ❧ *It will be treated as a supply as supply includes all forms of supply such as sale, transfer, etc.*
- ❧ *However, the registered taxable person (the principal), under intimation and subject to such conditions as may be prescribed send any inputs and/or capital goods, without payment of tax, to a job worker for job work and from there subsequently to another job worker(s) and*
- ❧ *shall either bring back such inputs/capital goods after completion of job work or otherwise within 1 year/3years of their being sent out or*
- ❧ *supply such inputs/capital goods after completion of job work or otherwise within 1 year / 3 years of their being sent out, from the place of business of a job worker on*
- ❧ *payment of tax within India or with or without payment of tax for export*

Job Work



- ❧ *Job work is a service, the job worker would be required to obtain registration if his aggregate turnover exceeds the prescribed threshold.*
- ❧ Goods of principal directly supplied from the job worker's premises will be included in the aggregate turnover of the Principal and not Job worker.
- ❧ Principal can send inputs and capital goods directly to the premises of job worker without bringing it to his premises

Job Work



Principal can supply the goods directly from the premises of the job worker without bringing it back to his own premises. But the principal should have declared the premises of an unregistered job worker as his additional place of business. If the job worker is a registered person then goods can be supplied directly from the premises of the jobworker.

Inputs not received back in time

- ❧ *If the inputs or capital goods are not received back by the principal or are not supplied from the place of business of job worker within the prescribed time limit,*
- ❧ *it would be deemed that such inputs or capital goods had been supplied by the principal to the job worker on the day when the said inputs or capital goods were sent out by the principal (or on the date of receipt by the job worker where the inputs or capital goods were sent directly to the place of business of job worker).*
- ❧ *Thus the principal would be liable to pay tax accordingly.*

Input Tax Credit



- ☞ Input tax means the Central Tax (CGST), State Tax (SGST), Integrated Tax (IGST) or Union Territory Tax (UTGST) charged on supply of goods or services or both made to a registered person.*
- ☞ It also includes tax paid on reverse charge basis and Integrated Goods and Services Tax charged on import of goods.*
- ☞ It does not include tax paid under composition levy.*

ITC



- ❧ ITC includes taxes paid on input goods, input services and capital goods.
- ❧ Credit of tax paid on capital goods is permitted to be availed in one installment.
- ❧ A registered person is entitled to take credit of input tax charged on supply of goods or services or both to him which are used or intended to be used in the course or furtherance of business

Conditions for obtaining ITC

- ☞ Following four conditions are to be satisfied by the registered taxable person for obtaining ITC:
- (a) he is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
 - (b) he has received the goods or services or both;
 - (c) the supplier has actually paid the tax charged in respect of the supply to the government; and
 - (d) he has furnished the return under section 39.

ITC



- ❧ In case goods against an invoice are received in lots or installments, *the registered person shall be entitled to the credit only upon receipt of the last lot or installment.*
- ❧ A person can take input tax credit without payment of consideration for the supply along with tax to the supplier, *but he is required to pay the consideration along with tax within 180 days from the date of issue of invoice. This condition is not applicable where tax is payable on reverse charge basis.*

Bill to – Ship to Scenario



☞ In case of 'bill to'- 'ship to' scenarios , It would be deemed that the registered person has received the goods when the goods have been delivered to a third party on the direction of such taxable person. So ITC will be available to the person on whose order the goods are delivered to third person.

Time limit for availing ITC



- ❧ *A registered person cannot take ITC in respect of any invoice or debit note for supply of goods or services after the due date for furnishing the return under section 39 for the month of September following the end of financial year to which such invoice/invoice relating to debit note pertains or furnishing of the relevant annual return, whichever is earlier. So, the upper time limit for taking ITC is 20th October of the next FY or the date of filing of annual return whichever is earlier.*
- ❧ *The underlying reasoning for this restriction is that no change in return is permitted after September of next FY. If annual return is filed before the month of September, then no change can be made after filing of annual return.*

ITC



- ❧ *The input tax credit shall not be allowed on the tax component in respect of which depreciation has been claimed.*
- ❧ *ITC on motor vehicles can be availed only if the taxable person is in the business of transport of passengers or goods or is providing the services of imparting training on motor vehicles.*
- ❧ *ITC on goods or services by a person for construction of immovable property, other than plant and machinery, is not allowed. Plant and machinery cover only apparatus, equipment, and machinery fixed to earth by foundation or structural support, and excludes land and building, among other things.*

ITC to newly registered person

- ❧ *A person applying for registration can take input tax credit of inputs held in stock and inputs contained in semi finished or finished goods held in stock.*
- ❧ **A person becomes liable to pay tax on 1st August, 2017 and has obtained registration on 15th August, 2017. Such person is eligible for input tax credit on inputs held in stock as on:**
 - ❧ (a) 1st August, 2017
 - ❧ (b) 31st July, 2017
 - ❧ (c) 15th August, 2017
 - ❧ (d) He cannot take credit for the past period

Zero Rated Supplies



❧ *Zero-rated supplies have been covered within taxable supplies for the purpose of allowing input tax credit. The scope of zero-rated supply is provided in the Integrated Goods and Services Tax Act.*

ITC for crossover from Composition Scheme

- ☞ Mr. A, a registered person was paying tax under composition scheme up to 30th July, 2017. However, w.e.f 31st July, 2017, Mr. A becomes liable to pay tax under regular scheme. Is he eligible for ITC?
- ☞ *Mr. A is eligible for input tax credit on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods (reduced by such percentage points as may be prescribed) as on 30th July, 2017.*

ITC on stock for voluntary registration

- ☞ Mr. B applies for voluntary registration on 5th June, 2017 and obtained registration on 22nd June, 2017. Mr. B is eligible for input tax credit on inputs in stock as on.....
- ☞ *Mr. B is eligible for input tax credit on inputs held in stock and inputs contained in semi-finished or finished goods held in stock as on 21st June, 2017. Mr. B cannot take input tax credit in respect of capital goods.*

CGST/SGST/IGST



- ❧ Credit for CGST would be available in following sequence:- 1.CGST 2.IGST
- ❧ Credit for SGST would be available in following sequence:- 1.SGST 2.IGST
- ❧ Credit for IGST would be available in following sequence:- 1.IGST 2.CGST 3.SGST
- ❧ CGST and SGST would not be available against each other


Mismatch of Inward and Outward Supply

- ❧ *In case of mismatch, the communication would be made to the both parties. If the mismatch is not rectified, then the amount will be added to the output liability of recipient in the return for the month succeeding the month in which discrepancy is communicated.*
- ❧ *Input tax credit is allowed provisionally for two months. The supply details are matched by the system and discrepancies are communicated to concerned supplier and recipient. In case mismatch continues, the ITC taken would be reversed automatically.*

Tax Impact on sale of Capital Goods

- ❧ *In case of supply of capital goods or plant and machinery on which input tax credit has been taken,*
- ❧ *the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery*
- ❧ *reduced by the percentage points as may be specified in this behalf or*
- ❧ *the tax on the transaction value of such capital goods,*
- ❧ *whichever is higher.*

Return Process and Matching of ITC



- ❧ *Every person registered under GST will have to file returns in some form or other.*
- ❧ *A registered person will have to file returns either monthly (normal supplier) or*
- ❧ *quarterly basis (Supplier opting for composition scheme).*
- ❧ *An ISD will have to file monthly returns showing details of credit distributed during the particular month.*
- ❧ *A person required to deduct tax (TDS) and persons required to collect tax (TCS) will also have to file monthly return showing the amount deducted/collected and other details as may be prescribed.*
- ❧ *A non-resident taxable person will also have to file returns for the period of activity undertaken.*

Outward supply details to be filed in Return



- ❧ *A normal registered taxpayer has to file the outward supply details in GSTR-1 in relation to various types of supplies made in a month, namely:-*
- ❧ *outward supplies to registered persons,*
- ❧ *outward supplies to unregistered persons (consumers),*
- ❧ *details of Credit/Debit Notes,*
- ❧ *Zero rated, exempted and non-GST supplies, exports, and*
- ❧ *advances received in relation to future supply.*

Invoices to be uploaded



- ❧ *For B2B supplies, all invoices, whether Inter state or Interstate supplies, will have to be uploaded because ITC will be taken by the recipients, invoice matching is required to be done.*
- ❧ *In B2C supplies, uploading in general may not be required as the buyer will not be taking ITC. However still in order to implement the destination based principle, invoices of value more than Rs.2.5 lacs in inter-state B2C supplies will have to be uploaded. For inter-state invoices below Rs. 2.5 lacs and all intra-state invoices, state wise summary will be sufficient.*

GSTR-2



- ❧ *The special feature of GSTR-2 is that the details of supplies received by a recipient can be auto populated on the basis of the details furnished by the counterparty supplier in his GSTR-1.*
- ❧ *While a large part of GSTR-2 will be auto-populated, there are some details that only recipient can fill like details of imports, details of purchases from non-registered or composition suppliers and exempt/non-GST/nil GST supplies etc.*

GSTR-2



- ❧ The recipient can himself feed the invoices not uploaded by his supplier.
- ❧ The credit on such invoices will also be given provisionally but will be subject to matching.
- ❧ On matching, if the invoice is not uploaded by the supplier in his GSTR-1, both of them will be intimated. If the mismatch is rectified, provisional credit will be confirmed.
- ❧ But if the mismatch continues, the amount will be added to the output tax liability of the recipient in the returns for the month subsequent to the month in which such discrepancy was communicated.

GSTR-3



- ☞ Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under section 10 or section 51 or, as the case may be, under section 52 shall furnish a return specified under sub-section (1) of section 39 in FORM GSTR-3.

Rectification by Supplier

Later on



- ❧ *At any stage, but before September of the next financial year, supplier can upload the invoice and pay duty and interest on such missing invoices in his GSTR-3 of the month in which he had earlier failed to upload the invoice.*
- ❧ *The recipient shall be eligible to reduce his output tax liability to the extent of the amount in respect of which the supplier has rectified the mis-match.*
- ❧ *The interest paid by the recipient at the time of reversal will also be **refunded** to the recipient by crediting the amount in corresponding head of his electronic cash ledger.*

Reclaim of mismatch



- ❧ *Once the mismatch is rectified by the supplier by declaring the details of the invoices or debit notes, as the case may be, in his valid return for the month/quarter in which the error had been detected,*
- ❧ *the said amount can be reclaimed by way of reducing the output tax liability during the subsequent tax period. [section 42(7)].*
- ❧ *Similar provisions have also been made in Section 43 of the Act in respect of the credit notes issued by the supplier.*

GSTR-4 for Composition Scheme

- ❧ *Composition tax payers do not need to file any statement of outward or inward supplies.*
- ❧ *They have to file a quarterly return in Form GSTR-4 by the 18th of the month after the end of the quarter.*
- ❧ *In their return, they have to declare summary details of their outward supplies along with the details of tax payment.*
- ❧ *They also have to give details of their purchases in their quarterly return itself, most of which will be auto populated.*

Annual Return



- ☞ All taxpayers filing return in GSTR-1 to GSTR-3, other than ISD's, casual/non-resident taxpayers, taxpayers under composition scheme, TDS/TCS deductors, are required to file an annual return.*
- ☞ Casual taxpayers, nonresident taxpayers, ISDs and persons authorized to deduct/collect tax at source are not required to file annual return.*

Filing of returns



- ❧ *Taxpayers will have various modes to file the statements and returns. Firstly, they can file their statement and returns directly on the Common Portal online.*
- ❧ *However, this may be tedious and time consuming for taxpayers with large number of invoices. For such taxpayers, an offline utility will be provided that can be used for preparing the statements offline after downloading the auto populated details and uploading them on the Common Portal.*
- ❧ *GSTN has also developed an ecosystem of GST Suvidha Providers (GSP) that will integrate with the Common Portal.*

Refunds



- ❧ *“Refund” includes*
- ❧ *(a) any balance amount in the electronic cash ledger so claimed in the returns,*
- ❧ *(b) any unutilized input tax credit in respect of (i) zero rated supplies made without payment of tax or, (ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies),*
- ❧ *(c) Tax paid by agency of UN.*

Unutilized ITC as Refund ?



Unutilized input tax credit can be allowed as refund in accordance with the provisions of sub-section (3) of section 54 in the following situations: -

- (i) Zero rated supplies made without payment of tax;*
- (ii) Where credit has accumulated on account of rate of tax on inputs being higher than the rate of taxes on output supplies (other than nil rated or fully exempt supplier.*

However, no refund of unutilized input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty, and also in the case where the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.

Documents to be submitted for Refund



The application shall be accompanied by –

(a) such documentary evidence as may be prescribed to establish that a refund is due to the applicant; and

(b) such documentary or other evidence (including the documents referred to in section 33) as the applicant may furnish to establish that the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person:

Provided that where the amount claimed as refund is less than two lakh rupees, it shall not be necessary for the applicant to furnish any documentary and other evidences but he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.

Principle of Unjust Enrichment



The principle of unjust enrichment would be applicable in all cases of refund except in the following cases: -

i. Refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies

ii. Unutilized input tax credit in respect of (i) zero rated supplies made without payment of tax or, (ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies

iii. refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued;

Principle of Unjust Enrichment

iv. refund of tax in pursuance of Section 77 of CGST/SGST Act
i.e. tax wrongfully collected and paid to Central Government
or State Government

v. if the incidence of tax or interest paid has not been passed
on to any other person;

vi. such other class of persons who has borne the incidence
of tax as the Government may notify.

Principle of Unjust Enrichment

- ❧ *Where the claim of refund is less than Rs.2 Lakh, a self declaration by the applicant based on the documentary or other evidences available with him, certifying that the incidence of tax has not been passed on to any other person would make him eligible to get refund.*
- ❧ *However, if the claim of refund is more than Rs.2 Lakh, the applicant is required to submit a certificate from a Chartered Accountant or a Cost Accountant to the effect that the incidence of tax has not been passed on to any other person.*

Refunds



- ❧ In case the tax has been passed on to the consumer, the amount so refunded shall be credited to the Consumer Welfare Fund
- ❧ The taxable person cannot adjust CGST/SGST or IGST with the wrongly paid IGST or CGST/SGST but he is entitled to refund of the tax so paid wrongly - Sec.77 of the CGST/SGST Act.
- ❧ A person claiming refund is required to file an application before the expiry of two years from the "relevant date" as given in the Explanation to section 54 of the CGST/SGST Act.
- ❧ The refund arising out of existing law will be paid as per the provisions of the existing law and will be made in cash and will not be available as ITC.

Time Limit for Sanction of Refund

- ❧ Refund has to be sanctioned within 60 days from the date of receipt of application complete in all respects.
- ❧ If refund is not sanctioned within the said period of 60 days, interest at the rate notified will have to be paid in accordance with section 56 of the CGST/SGST Act.
- ❧ However, in case where provisional refund to the extent of 90% of the amount claimed is refundable in respect of zero-rated supplies made by certain categories of registered persons in terms of sub-section (6) of section 54 of the CGST/SGST Act, the provisional refund has to be given within 7 days from the date of acknowledgement of the claim of refund.

Refund can be Withheld



Refund can be withheld in the following circumstances:

i. If the person has failed to furnish any return till he files such return;

ii. If the registered taxable person is required to pay any tax, interest or penalty which has not been stayed by the appellate authority/Tribunal/court, till he pays such tax interest or penalty;

iii. The Commissioner can withhold any refund, if, the order of refund is under appeal and he is of the opinion that grant of such refund will adversely affect revenue in the said appeal on account of malfeasance or fraud committed

Formats for Refund



- ❧ *Every claim of refund has to be filed in Form GST RFD 1. However, claim of refund of balance in electronic cash ledger can be claimed through furnishing of monthly/quarterly returns in Form GSTR 3, GSTR 4 or GSTR 7, as the case may be, of the relevant period.*
- ❧ *The claim of refund will be sanctioned by the proper officer in Form GST RFD-06 if the claim is found to be in order and payment advice will be issued in Form GST RFD-05. The refund amount will then be electronically credited to the applicants given bank account.*

Formats for Refund



- ❧ *Deficiencies, if any, in the refund claim has to be pointed out within 15 days. A form GST RFD-03 will be issued by the proper officer to the applicant pointing out the deficiencies through the common portal electronically requiring him to file a refund application after rectification of such deficiencies.*
- ❧ *When the proper officer is satisfied that the claim is not admissible he shall issue a notice in Form GST RFD-08 to the applicant requiring him to furnish a reply in GST RFD -09 within fifteen days and after consideration of the applicant's reply, he can accept or reject the refund claim and pass an order in Form GST RFD-06 only.*



THANK YOU