

## **GST MANUAL FOR CLIENTS**

**Dear our Valuable and esteemed client,**

As you know that GST will be applicable from 1<sup>st</sup> July-2017. As in Past, this time also your CA office team is with you and is regularly working for your and trying their best to solve your all queries related to GST.

For convenience of our clients, we have prepared a GST Manual for our clients in a very simplified language. You can read it and I am sure that your 80% issues will be self answered. In case if you have any query in relation to GST, You may discuss with us and we will try to solve your issues.

### **1- Type of Sales in GST Regime**

- (a) **Interstate Sale** : Sale From a state to another state
- (b) **Intrastate Sale** : Sale within a State

### **2- Type of GST**

- (a) CGST : Central Goods & Service Tax
- (b) SGST : State Goods & Service Tax
- (c) IGST : Integrated Goods & Service Tax

### **3- Type of GST to be charged on Sale Invoice**

- (a) **In case of Intrastate Sale** : Charge CGST + SGST (both). The Rate of Tax of CGST and SGST will be equal and same.

(b) **In case of Interstate Sale** : Charge only IGST. The Rate of Tax of IGST will normally be equal to the total of CGST and SGST rate.

4- **Rules for Calculation Tax Liability and Tax Credit**

- I. In case of Intra state Sale, CGST and SGST will be charged and no IGST will be charged.
- II. In case of Inter State sales, only IGST will be charged and CGST / SGST will not be charged.
- III. Output CGST will be adjusted only with Input CGST.
- IV. Output SGST will be adjusted only with Input SGST.
- V. Adjustment of CGST with CGST and SGST with SGST is allowed only for the same state and NOT with one state to another state.**
- VI. Cross adjustment of CGST with SGST and SGST with CGST is not allowed.
- VII. Output IGST will be adjusted with Input IGST after that with CGST and after that with SGST in this sequence only.
- VIII. Input IGST will be adjusted with Output IGST after that with Output CGST and after that with Output SGST in this sequence only.

**For detailed practical examples you can visit our website under the latest update – GST – Section.**

5- **Other Important and New Concepts in GST**

- GST is a consumption based tax. i.e. the state where the goods / supplies eventually consumed will be the state which will retain the GST.

- **GST is to be paid under Reverse Charge on all purchase / Receipt of Services from Unregistered Dealers by the Registered Dealers.**
- GST is to be paid on Advance Receipts.
- GST is to be paid on the Freight / any other charges Charged on the Invoices.
- HSN Code for Goods and Accounting Code for Services to be mentioned on Invoices.
- Audit by CA / CWA on the Turnover exceeding Rs.2 Crore.

## **Input Tax Credit (Availment and utilisation)**

- 1- The ITC is available on purchase of any input/ Capital Goods / input services subject to the following conditions—
  - The buyer is in possession of Tax Invoice / Debit Note/other tax paying documents
  - The goods has actually been received by the Buyer. **(i.e. No ITC on GST paid on advance till the goods actually received)**
  - Tax charged on Invoice of which ITC is to be claimed has actually been paid to the Govt.
  - The GST return has been furnished.
  - The Tax Invoice / Debit Note/other tax paying documents contains all the particulars as prescribed in Invoice Rules.
- 2- No ITC can be claimed / availed after the Annual Return filing of the relevant period.

- 3- The burden of proof of eligibility of claim of ITC lies on the person claiming ITC. (Sec-155)
- 4- The ITC (amount available in Electronic Credit Ledger of the assessee) can be used only for Payment of Output Tax and Not for payment of Interest/ Penalty/ Fees/ or any other amount payable under this act.

5- **ITC on Capital Goods**

- Allowed in One Go (earlier allowed in installments)
- Allowed for even AC and furniture (earlier not allowed for that)

6- **Date of Payment of GST = the date of credit in the Government account in bank.**

- 7- If the amount of invoice, on which the ITC has been availed, has not been paid by the buyer to the supplier within 180 days from the date of issue of invoice, then the ITC claimed (alongwith Interest) on such invoice shall be treated as output tax liability of the buyer.

The buyer shall be entitled to avail the credit as above on the payment of amount of invoice to the supplier.

8- **Restriction on availment and utilisation of ITC**

- If ITC is **partly used** for business purpose and partly for Non Business purpose, then ITC is allowed corresponding to the business purpose only.
- If supplier of goods / services is supplying **partly taxable** (including Zero rated supply) and partly exempt goods / services, then ITC corresponding to the taxable supply is only available.
- For Banking industry as well as NBFC- option to avail and utilize 50% of the total ITC.
- **No ITC is allowed on the following supplies (barring in some exceptional circumstances) (Sec-17(5))**

- ✓ Motor Vehicles, other conveyance,

- ✓ Food and beverages, outdoor catering, beauty treatment, healthcare services,
- ✓ Rent a cab, LIC, Health insurance
- ✓ Club, Health and Fitness centre membership (Not allowed at all)
- ✓ Works contract services
- ✓ Goods and / or services for construction of self immovable property (whether for business or otherwise)
- ✓ ITC on Composition supplies
- ✓ ITC on supplies for personal consumption
- ✓ ITC on goods lost, stolen, destroyed, written off, given as gift, free samples

Any tax paid on goods seized etc.

### **WORKS CONTRACT**

- 1- W.C. is to be treated as Supply of services and not of goods
- 2- W.C. is only in relation to immovable property. While in Service Tax and VAT Law W.C. was in relation movable as well as immovable property.

### **Place of Supply of Goods or Services within India**

- 1- GST is a consumption based tax hence The place of supply shall be broadly decided in the following way—
  - **In case of Goods = based on the destination of goods**
  - **In case of Services = based on the Location of the Recipient of the Services.**
- 2- The Place of supply of goods as well as services has been defined separately for Supply in India and Supply in case of Import / Export.

- 3- While deciding the Place of supply of the Goods / Services- The Location of the Supplier and the Place of Supply is to be considered.
- 4- Import of Goods – is treated as interstate supply and Custom Duty and IGST is to be paid on import of goods.-
- 5- Import of Services- is treated as interstate supply. IGST is payable – But under Reverse Charge Mechanism as the Custom act is not authorize to tax on import of services.
- 6- Residuary Provision- If any supply which is not Intra state supply shall be treated as Inter State Supply.

7- Rules for Place of Supply of Goods

- **Case-I** Place of supply is at the Place where the movement of the goods terminates.
- **Case-II** - Place of supply is at the Place where the Principal place of business of the buyer of the goods and not in the state where the movement of the goods terminates. (E-I) Sale
- **Case-III**- Place of supply is at the Place where the goods were handed over to the recipient of goods in case of no movement of the goods.
- **Case-IV** Place of supply is at the Place where the goods were installed or assembled in case goods are installed / assembled at site.
- **Case-V** Place of supply is at the Place where the goods are taken on board in case goods supplied on board a conveyance.
- **Residuary Provisions-** if not covered in the above situation then to be decided as per the prescribed rules.

8- Rules for Place of Supply of Services

- **Special Provisions has been made in respect of Services –** Immovable Property Services, Restaurant, Transportation of Goods and Passengers, Training and appraisal, Admission to event, telecom services, services on board a conveyance, banking/ financial/ insurance services, advertisement services to Government within India.
- **In case of services other than above-**

**If to Registered Recipient-** the location of the service recipient

**If to Non-Registered Recipient –**

- ✓ The location of the service recipient- if the address of the recipient is available on record of the Supplier of services.
- ✓ In other case- the location of the service providers.

## **Provisions relating to Payment of Taxes**

- 1- To Pay / Deposit any amount in GST- Online Generation of **GST Challan – PMT-06-** Challan will be valid for 15 Days.
- 2- The amount entered in challan must be specific towards- Tax/ Interest / Penalty/ Fees / any other amount. Any mistake may create trouble due to the Performance of the Electronic Ledger.
- 3- Any unregistered person can pay / deposit the amount on the basis of a Temporary Identification Number generated through common portal.
- 4- Only Electronic Payment allowed- However Cash Payment upto Rs.10000/- per tax period is also allowed.
- 5- While Paying GST, be specific which GST (CGST / SGST/ OR IGST) is to be paid. If wrong paid then adjustment will not be allowed and the supplier will have to pay the GST again.
- 6- Due Date for Payment of Tax- the date on which the GST Returns is to be furnished.
- 7- **Sequence of discharge of Tax and other dues**

- First Pay tax and other dues of all Previous Tax Period Returns
- Then Pay tax and other dues of all Current Tax Period Returns
- Then Pay tax and other dues determined by the Proper Officer

**Unless all earlier tax and other dues are not clear, the Return filed will not considered better.**

8- Three Types of Electronic Ledger will be maintained at GST Portal for Every Supplier

- Electronic Cash Ledger
- Electronic Credit Ledger
- Electronic Tax Liability Register

9- A unique identification number system for every credit and debit in the above mentioned Ledgers.

#### **10- ELECTRONIC CASH LEDGER**

- First of all the amount towards Tax, Interest, Penalty, Fees or any other amount will be paid through electronic mode or any other prescribed mode and after that payment, this amount will be credited in his **"ELECTRONIC CASH LEDGER"** of Supplier maintained with the GST Department.
- TDS deducted / TCS collected of the supplier shall be credited to the ELECTRONIC CASH LEDGER.
- Liability under Reverse Charge shall be paid through ELECTRONIC CASH LEDGER compulsorily.
- Amount available in ELECTRONIC CASH LEDGER may be utilized for any type liability under GST
- **Prescribed Performa- GST PMT-05**

#### **11- ELECTRONIC CREDIT LEDGER**



- The amount of Input Tax Credit self assessed by the taxable person in its Return will be credited to his **“ELECTRONIC CREDIT LEDGER”**
- Amount available in ELECTRONIC CREDIT LEDGER may be utilized only for output Tax Liability under GST
- Interest, Penalty, Fees and the Tax Payable under Reverse Charge CAN NOT be paid through ELECTRONIC CREDIT LEDGER.
- The adjustment of Credit shall be done only in the Prescribed Sequence.
- **Prescribed Performa- GST PMT-02**
- If any discrepancy is noticed in this ledger then an electronic application in Form PMT-04 to be given to the Jurisdictional officer.

## **12- ELECTRONIC TAX LIABILITY REGISTER**

- **Prescribed Performa- GST PMT-01**
- All amount payable (whether by way of self assessment / by way of assessed by Proper officer / by way mismatch etc) by a taxable person shall be debited to this Register
- This ledger will be credited out of the amount debited in the Electronic Cash Ledger and Electronic Credit Ledger.

If any discrepancy is noticed in this ledger then an electronic application in Form PMT-04 to be given to the Jurisdictional officer.

## **Provisions relating to Invoices, Credit / Debit Notes**

- 1- **Tax Invoice for Goods**- in Triplicate marked as Original for Recipient, Duplicate for Transporter, Triplicate for Supplier) - Having Unique Numbers- to be issued on or before the removal of goods for recipient of goods. – In special circumstances it can be issued after the removal of goods.
- 2- **Tax Invoice for Services** – in Duplicate marked as Original for Recipient, Duplicate for Supplier - Having Unique Numbers - to be issued within 30 days – 45 days in case of Bank, FI, NBFC
  - **Not required to issue Tax Invoice if the value of supply is less than Rs.200/-**
  - **Not required to issue Tax Invoice if the Recipient is not a Registered Person and the Recipient does not require such Invoice, then issue a consolidated tax invoice at the end of each day for all the supplies during the day.**
  - **name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is fifty thousand rupees or more;**
- 3- **Bill of Supply**- For Composition Dealers, and in case of Exempted Goods / Services Supply
- 4- **Receipt Voucher**- In case of Advance Receipt-
- 5- **Delivery Challan**- in Triplicate- for goods sent on Job work / transportation of goods for other than supply- If goods transported on the basis of delivery challan then details of such movement to be given in Waybill
- 6- **Invoicing for goods sent on Approval Basis**- to be issued before or at the time of supply or within 6 months from the date of removal which ever is earlier.
- 7- **Invoicing for goods transportation in knocked down condition-**
- 8- **Invoice Issued by Goods Transport Agency-**
- 9- **Ticket issued by Passenger Transport is Tax Invoice**

**10- Invoice for Export-** Shall contain either " Supply meant for Export on Payment of IGST"  
OR "Supply meant for Export under Bond or Letter of undertaking without payment of  
IGST"

**11- Consolidated Tax Invoice at the end of the Day-** For goods sold to various unregistered  
dealers during the day.

**12- Invoice to be issued against goods / Services received from the Unregistered Suppliers  
by the Registered Suppliers.**

**13- The Serial Numbers of the Invoice issued during a tax period shall be furnished  
electronically in Form GSTR-1**

## **Provisions relating to GST RETURNS**

### **GST Return Event Chart**

| <b>STEPS</b> | <b>Event Date</b>                          | <b>Form Number</b> | <b>Remarks</b>   | <b>Remarks</b>  |
|--------------|--|--------------------|--|---|
| IST STEP     | Upto 10 <sup>th</sup> of the<br>Next Month | GSTR-1             | <b>Detail</b> of Outward<br>Supplies to be<br>furnished by the<br>Supplier.<br><b>Except :</b><br>ISD , TDS / TCS Payer,<br>E-Com Operator,<br>Casual Taxable<br>Person, Non Resident<br>Taxable Person,<br>Composition Dealer | 1- Cant file GSTR-<br>1 between 11 <sup>th</sup> to<br>15 <sup>th</sup> .<br><br>2- Detail of<br>Invoices can be<br>filed on Daily /<br>Weekly basis. |

|           |   |         |   |   |
|-----------|---|---------|---|---|
| IST STEP  | Upto 13 <sup>th</sup> of the Next Month                     | GSTR-6  | Return by ISD   |   |
| IST STEP  | Upto 10 <sup>th</sup> of the Next Month                     | GSTR-7  | Return by TDS Deducter  |   |
| IST STEP  | Upto 10 <sup>th</sup> of the Next Month                     | GSTR-8  | Return by E-com Operator for TCS collection   |   |
| IIND STEP | From 11 <sup>th</sup> to 15 <sup>th</sup> of the Next Month | GSTR-2A | Details of Inward supply made available to the recipient as filed by the supplier in GSTR-1 / 6 / 7 / 8   | Recipient has option to accept or reject or modify the details furnished by the supplier. |
| IIND STEP | From 11 <sup>th</sup> to 15 <sup>th</sup> of the Next Month | GSTR-2  | <b>Detail</b> to be furnished by the Recipient of Inward Supplies of<br>1-taxable goods / services / both<br><br>2-supplies taxable on Reverse Charge<br><br>3-inward supply under IGST<br><br>4-IGST paid on Imports<br><br>1- Credit / Debit Notes<br><br><b>Except :</b> |   |

|               |  |                     |  |  |
|---------------|--|---------------------|--|--|
|               |  |                     | ISD , TDS / TCS Payer,<br>E-Com Operator,<br>Casual Taxable<br>Person, Non Resident<br>Taxable Person,<br>Composition Dealer   |  |
| IIIRD<br>STEP | Between 16 <sup>th</sup> & 17 <sup>th</sup><br>of the Next Month | GSTR-1A             | Details of correction<br>made by the recipient<br>in GSTR-1  | Supplier has<br>option to accept<br>or reject or<br>modify the<br>correction.  |
| IVth<br>STEP  | Upto 20 <sup>th</sup> of the<br>Next Month                       | GSTR-3              | <b>Monthly Return</b> to be<br>furnished by Every<br>Registered Taxable<br>Person  | Detail of all<br>Inward and<br>outward supplies<br>to be furnished.<br><b>(Just like DVAT-<br/>16, DVAT-17, ST-<br/>3)</b> |
| IVth<br>STEP  | Upto 18 <sup>th</sup> of the<br>Month following the<br>Quarter   | GSTR-4              | <b>Quarterly Return</b> to<br>be furnished by Every<br>Composition Dealer  | Detail of all<br>Inward and<br>outward supplies<br>to be furnished.  |
| IVth<br>STEP  | Upto 20 <sup>th</sup> of the<br>Next Month                       | GSTR-5              | <b>Monthly Return</b> to be<br>furnished by NRTP   | Detail of all<br>Inward and<br>outward supplies<br>to be furnished.  |
| Vth<br>STEP   | Upto 31 <sup>st</sup> December<br>of the Next<br>Financial Year  | GSTR-9 /<br>9A / 9B | Annual Return to be<br>Filed by Every Person<br><b>Except :</b><br>ISD , TDS / TCS Payer,<br>E-Com Operator,<br>Casual Taxable<br>Person, Non Resident<br>Taxable Person |  |

|  |  |         |  |   |
|--|--|---------|--|---|
|  |  |         |  |   |
|  |  | GSTR-9C | Audit Report and Reconciliation Statement  | For Supplier having TO more than 2 Crore. |
|  |  | GSTR-10 | Final Return after cancellation of GST Registration.<br><br><b>Except :</b><br>ISD , TDS / TCS Payer, E-Com Operator, Casual Taxable Person, Non Resident Taxable Person | Within 3 months from cancellation.        |
|  |  |         |  |   |

- 1- A Return is not valid unless all the tax dues as shown in the Return has been paid in Full.
- 2- Return for any tax period can be filed only all the previous returns have been filed.
- 3- **NIL Return** is mandatory even if no transaction. **Not Mandatory** for ISD, NRTP, TDS Deductor, TCS collector, E-com Operator.
- 4- **Rectification in Return information-** can be rectified any time. But not later than the Annual Return filing of that FY OR the 20<sup>th</sup> October of the next FY whichever is earlier.
- 5- **Late Filing Fees for Late GST Return** – Rs.100/- per day subject to maximum 5000/-

**For Annual Return-** Rs.100/- per day subject to maximum 0.25% of the Turnover.

**6- Points Related to GSTR-1**

- (1) **If Invoice issued to Registered Person-** detail of each invoice to be entered
- (2) **If Invoice issued to UNRegistered Person- Inter State-** detail of each invoice of more than Rs.250000/- to be entered

Consolidated detail of invoices of less than Rs.250000/-

- (3) **If Invoice issued to UNRegistered Person- Intra State-**  
Consolidated detail of invoices to be entered without any value.