



HELPING CLIENTS KEEP MORE OF WHAT THEY EARN

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# GOODS AND SERVICES TAX

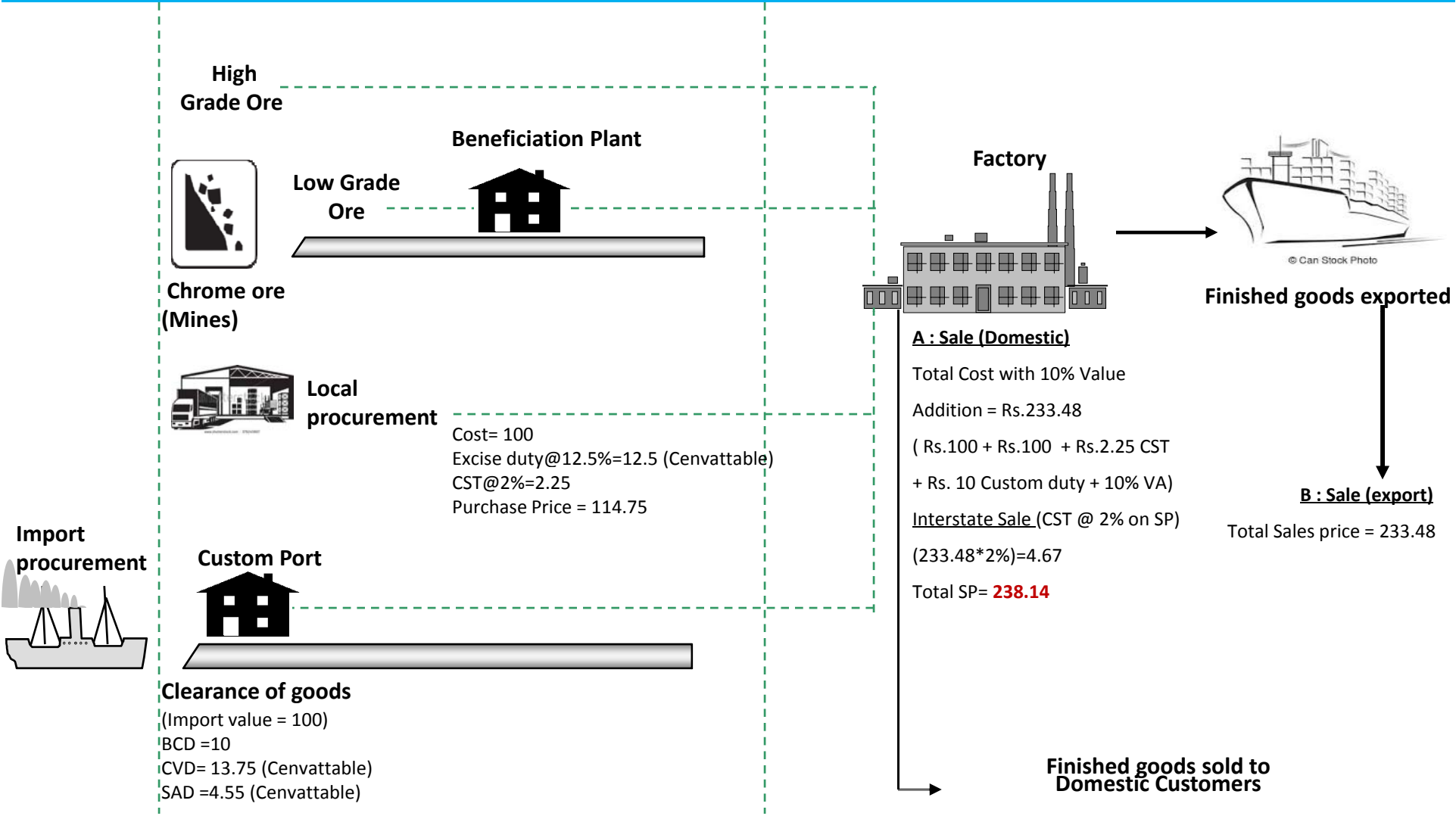
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## IMPACT ANALYSIS

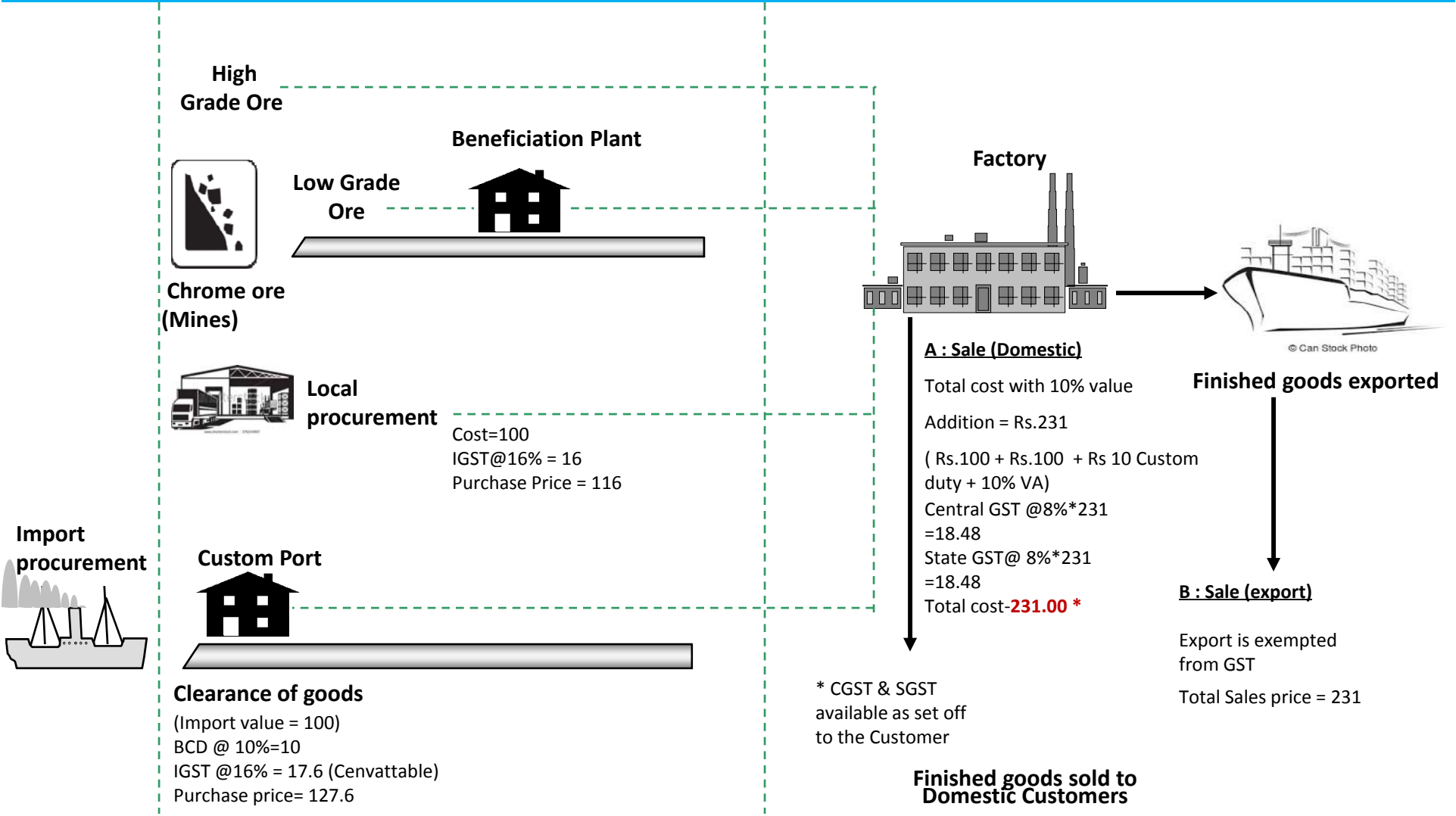
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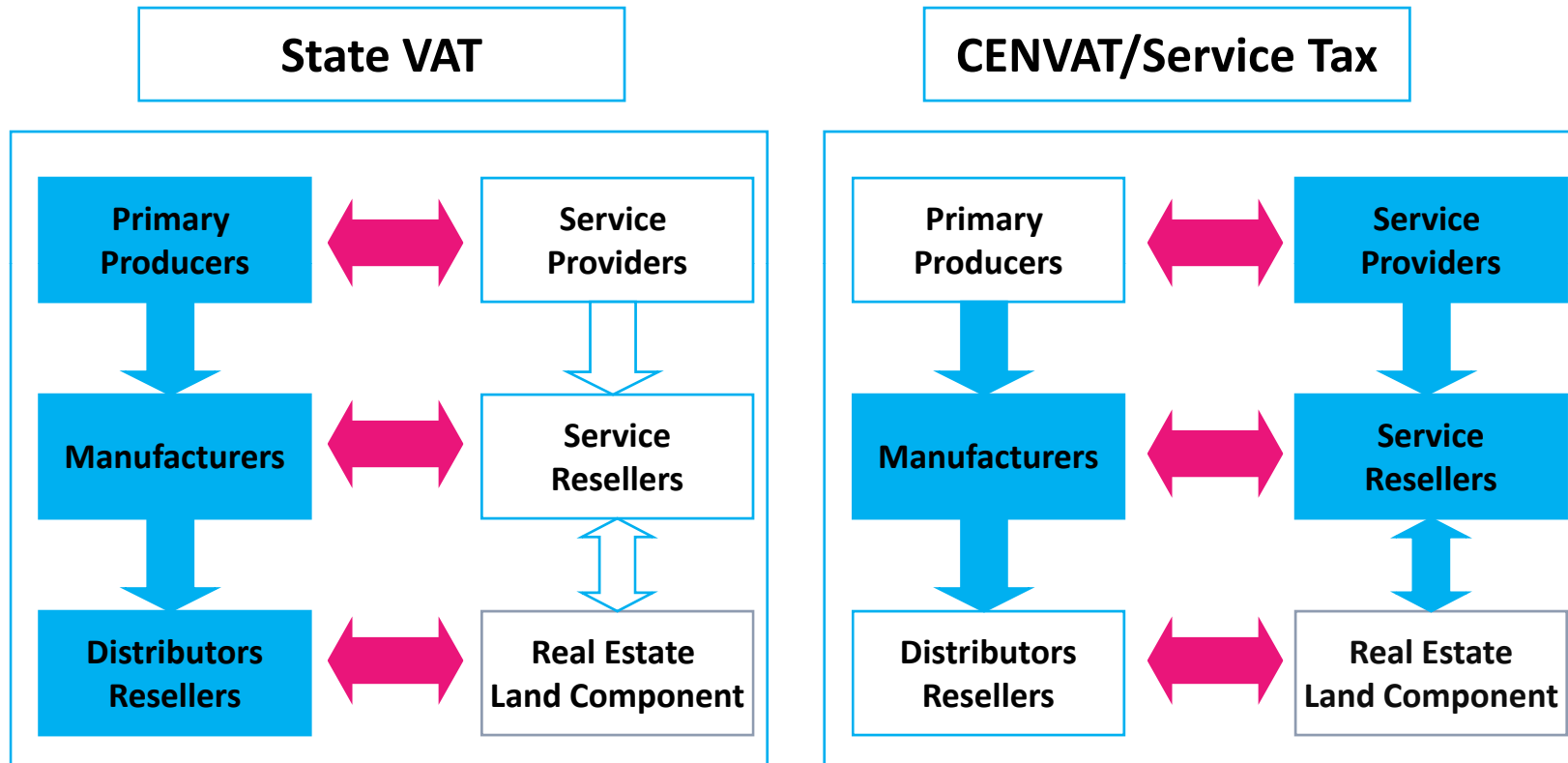
# PROCESS MAP-CURRENT REGIME



# PROCESS MAP-GST REGIME



# CURRENT PATCHWORK



# GST LEGISLATION SO FAR



The Constitution 115<sup>th</sup> Amendment Bill 2011 introduced in March, 2011.

The Constitution 122<sup>nd</sup> Amendment Bill 2014 introduced in December, 2014.

Discussion report by Joint committee on Business Processes of GST, 2015.

Model GST Law by the empowered Committee introduced in June, 2016.

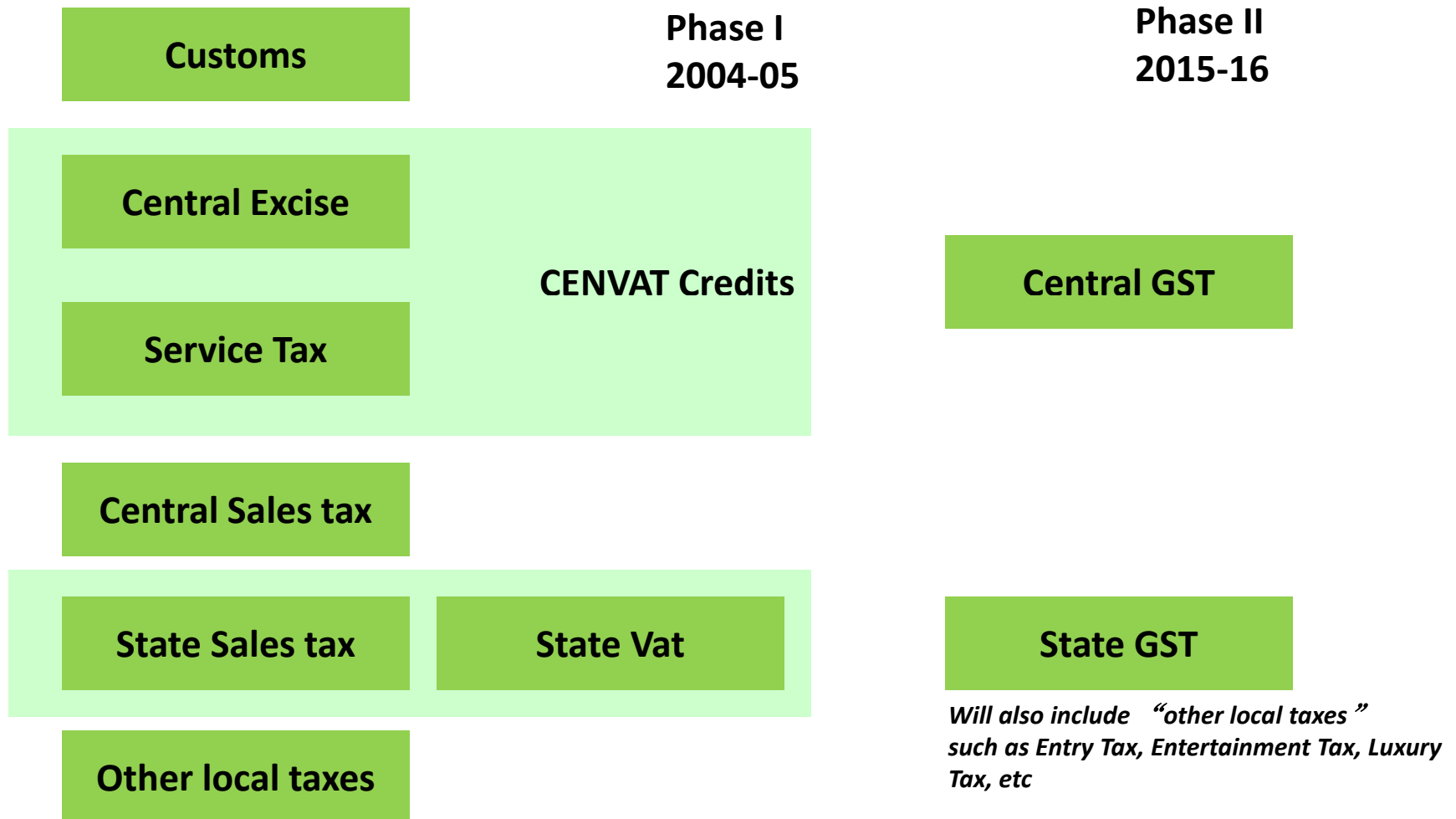
The Constitution 122<sup>nd</sup> Amendment Bill 2014 gets ascent of President of India and Notified in September, 2016

Out of 29 States, 19 States ratify The Constitution 122<sup>nd</sup> Amendment Bill 2014

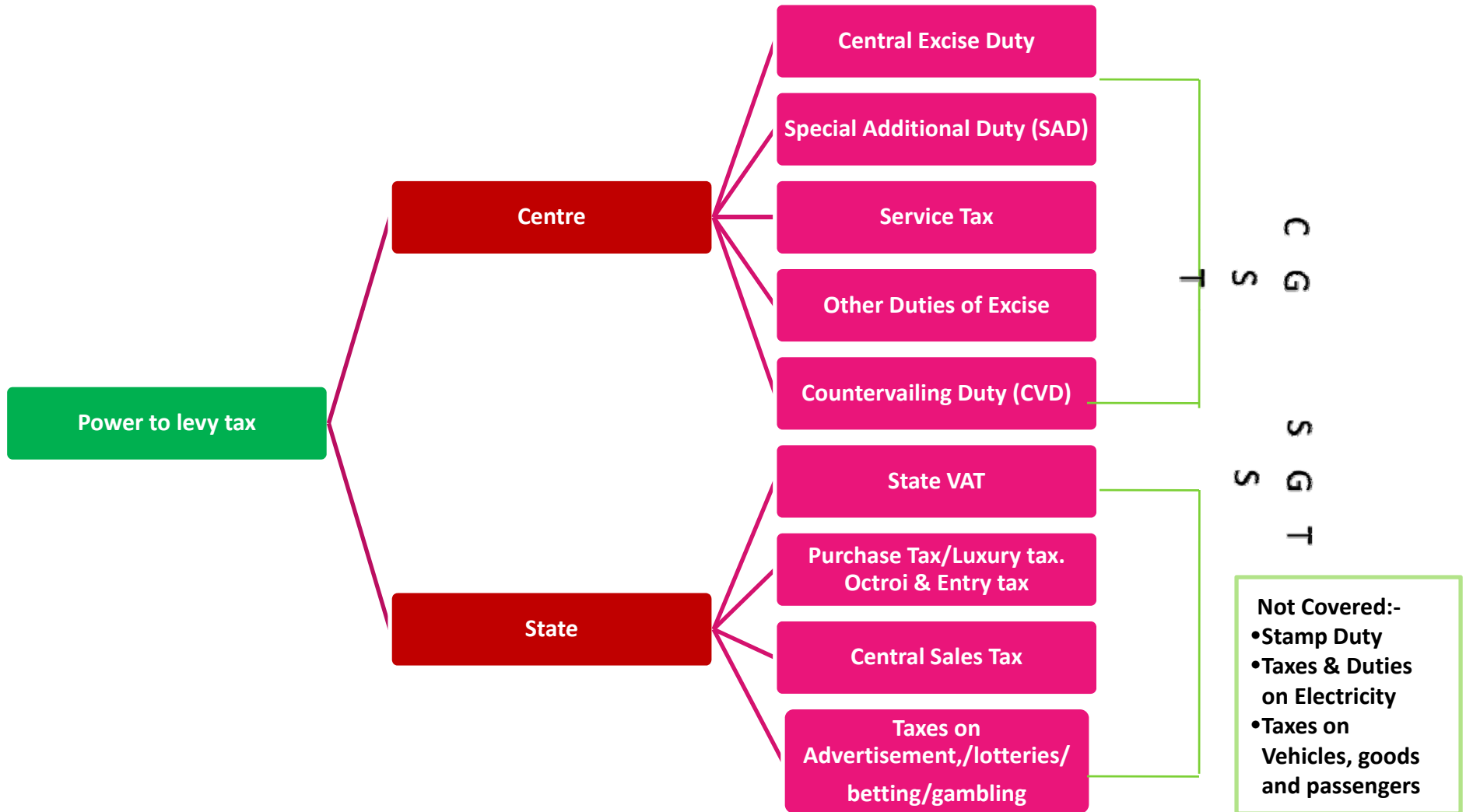
Formation of GST Council responsible for introduction of GST in India in September, 2016

GST Council Conducts 2 meetings in September, 2016

# CURRENT PATCHWORK



# TAXES SUBSUMED



# GST - EXCLUSION

## Central Levy (Entry 84, List 1, Union List)

- ▶ Petroleum
- ▶ Tobacco & tobacco products

## State Levy (Entry 54, List 1, State List)

- ▶ Alcohol for human consumption
- ▶ Petroleum

## Not within GST framework

- ▶ Land Component in Real State
- ▶ Power & Energy



# PROPOSED REVENUE NEUTRAL RATE

Particulars	RNR (Revenue Neutral Rate)	Rate on precious metals	"Low" rate (goods)	"Standard" rate (goods and services)	"High/Demerit" rate or Non-GST excise (goods)
Preferred	15	6	12	16.9	40
		4		17.3	
		2		17.7	
Alternative	15.5	6	12	18.0	40
		4		18.4	
		2		18.9	

Electricity, Petroleum, Alcohol & real estate excluded while computing RNR

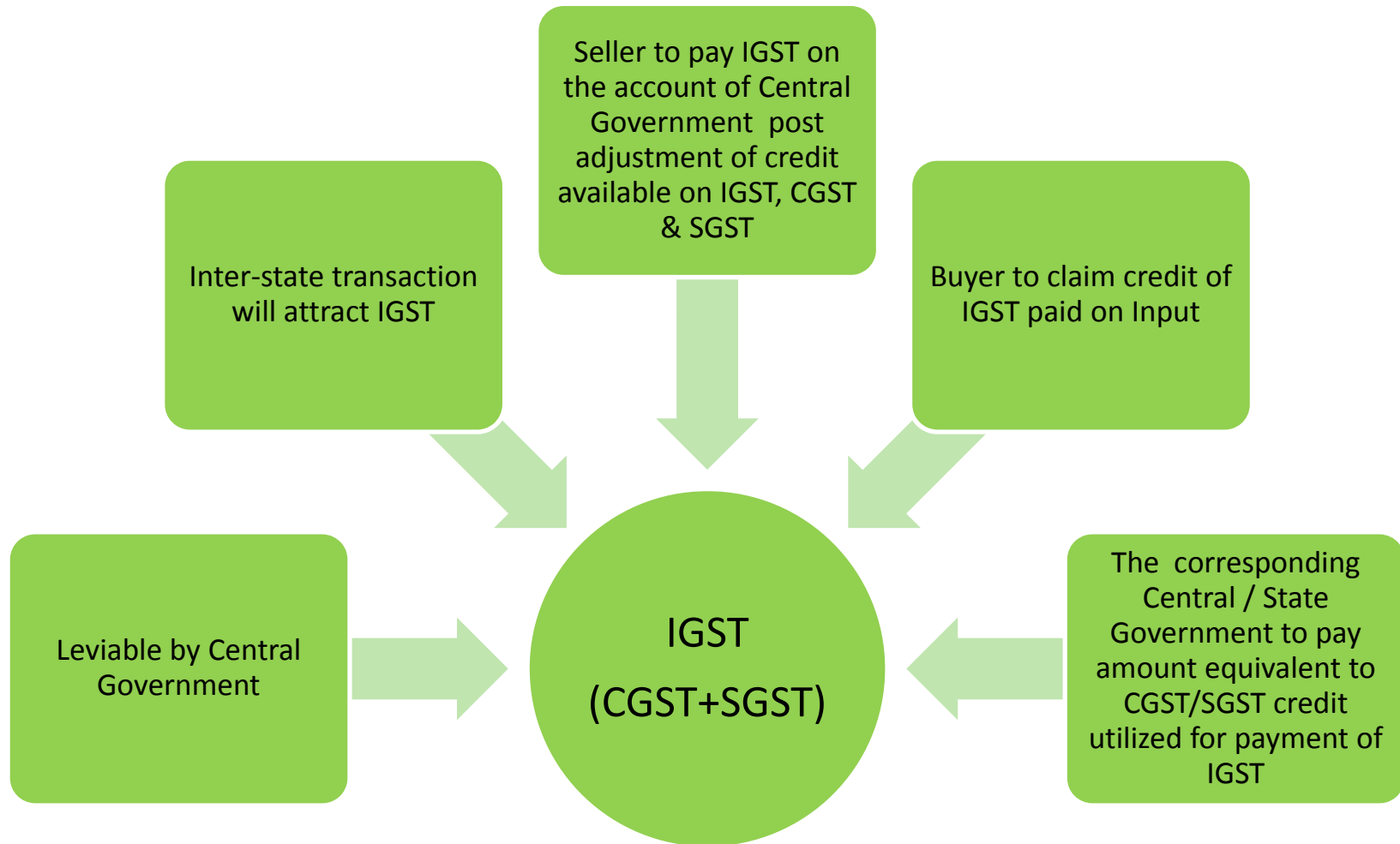
# THRESHOLDS LIMIT

Particulars	Current				
	Goods	Services	Compounding	Goods plus Services	Compounding
Centre	Turnover to the extent of Rs.150 lakhs	Service value to the extent of Rs.10 lakhs	NA	* Rs. 9/4lakh for goods and services combined	Turnover to the extent of Rs.50 lakhs
State	5-10 lakh	NA	permissible in Some of the States for some items and at varying rates	*Rs.9/4 lakh for goods and services combined	Turnover to the extent of Rs.50 lakhs

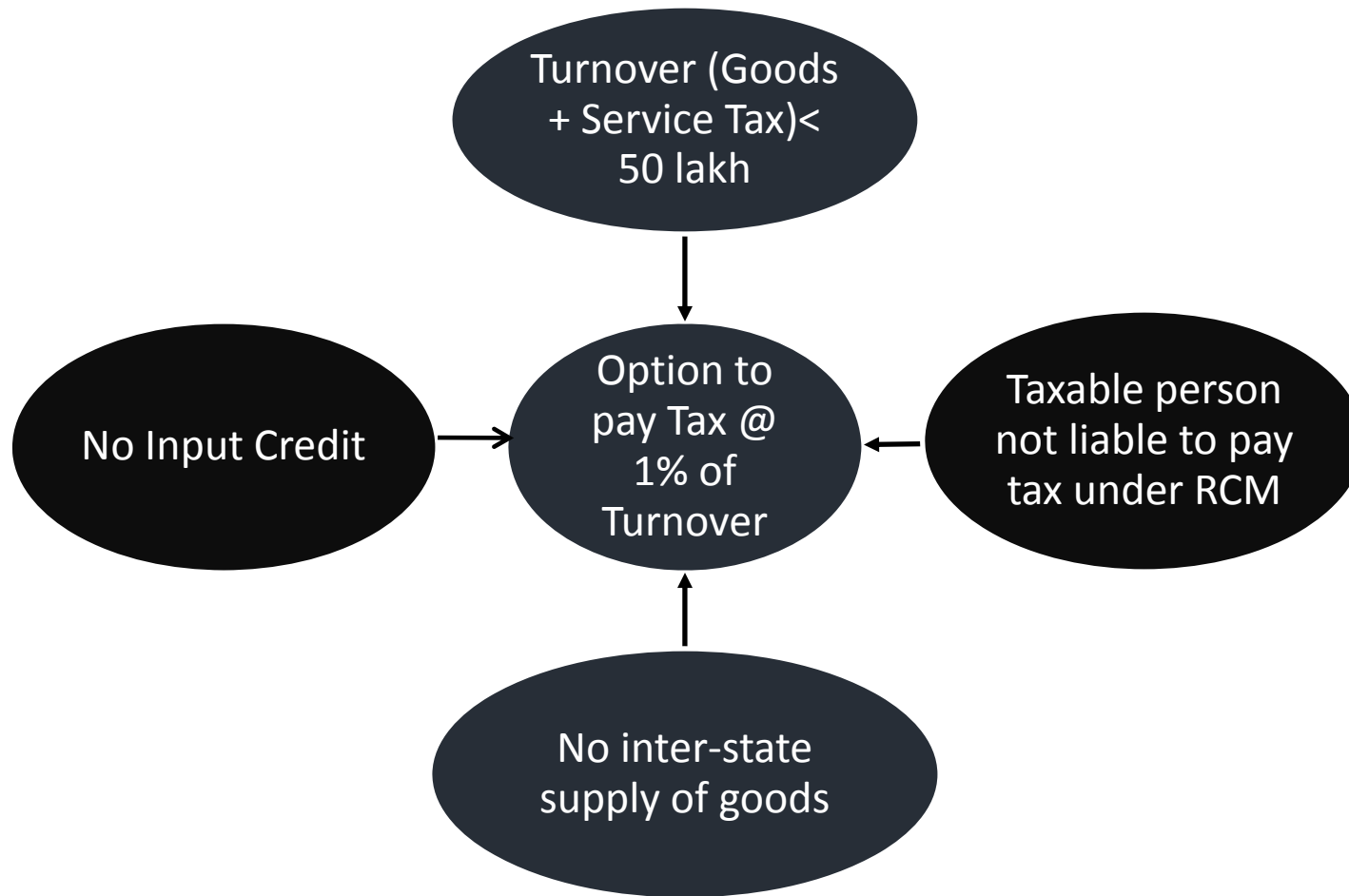
\*Turnover for north East state is Rs. 4 Lakhs

\* Export & Exempted goods is included in threshold limit.

# IGST-MODEL



# COMPOUNDING LEVY



## TAXABLE EVENT IN GST REGIME

- Taxable event in GST is **supply** of Goods & Services.
- Hence, the present taxable events of manufacture, for central excise, and for sale of goods for State VAT, will have no relevance.
- CGST/SGST would be chargeable only when the supplier and the recipient are both located within the State.
- Inter state Supply of goods and services will attract IGST.

# GST- SUPPLY-MEANING & SCOPE

- All forms of supply of goods and/or service that includes the following which are made or agreed to be made for a consideration in the course or furtherance of business.
  - Sale
  - Transfer
  - Barter
  - Exchange
  - Licence
  - Rental
  - Lease
  - Disposal
  
- Importation of service, whether or not for a consideration and whether or not in the course or furtherance of business.
  
- Any supply specified in Schedule I, made or agreed to be made **without a consideration**.

# DEEMED SUPPLY

- In the GST regime following transaction **without consideration** shall also be considered as supply i.e. **deemed supply**:
  - Permanent transfer/disposal of business assets.
  - Temporary use of business assets for private or non- business use.
  - Services utilised for private or non-business use.
  - Assets retained after deregistration.
  - Goods/ services supplied to taxable or non-taxable person in the course of business.
- Goods supplied to **job work** is **exception** to deemed supply.
- Accordingly goods supplied on **sample** basis will be covered under GST as deemed supply.

# SUPPLY – Vs – SERVICE

## TRANSFER

- Transfer of title in goods is a supply of goods
- Transfer of goods, right in goods without transfer of title is a supply of services
- Transfer of title in goods at a future date upon payment of full consideration (i.e. finance transaction) is a supply of goods.

## LAND AND BUILDING

- Lease, tenancy, easement, licence to occupy land is a supply of services.
- Any treatment or process which is being applied to another person's goods is a supply of services



# Point of Taxation under the current vis-à-vis GST regime

## Central Excise

Point of Taxation for a manufacturer under Central Excise Act:

➤ Removal of goods from factory.

The removal may be for:

- Sale
- Transfer to depot
- Captive consumption
- Transfer to another unit
- Free distribution

This indicates that levy of Central Excise duty will trigger at the point when goods are removed from factory of the manufacturer.

## GST

Point of Taxation for a supplier under GST will trigger at earlier of the following event:

➤ Date of issue of Invoice

➤ Date of removal of goods from factory

➤ Date on which goods are made available to the recipient

➤ Date of Receipt of payment

➤ Date on which recipient shows receipt of goods in his books of account

# Point of Taxation under the current vis-à-vis GST regime



## Service Tax

Point of Taxation for a Service provider under Service Tax is earlier of the following:

- Date of issue of Invoice issued for service provided or to be provided
- Date of completion of service, if invoice is not issued within prescribed time period
- Date of receipt of payment, if received before issue of invoice or completion of service

## GST

Point of Taxation for a supplier under GST will earlier of the following event:

- Date of issuance of Invoice
- Date of receipt of payment,
- Date of completion of service (If invoice is not issued within prescribed time period)
- Date on which recipient reflects the receipt of services in his books of accounts.

# Point of Taxation under the current vis-à-vis GST regime

## Service Tax (Reverse Charge Mechanism)

Point of Taxation for a Service receiver under purview of Service Tax in case of reverse charge (RCM):

- In case advance payment is made, date of advance payment
  
- In case payment is made, within 6 months of invoice date, date of payment
  
- In case payment is made, after 6 months of invoice date:
  - Date of Invoice , if such is issued within 30 days from completion of provision of service
  - Date of completion of provision of service , if invoice is not issued within 30 days from completion of provision of service.

## GST

Point of Taxation for reverse charge under GST Act has been made & will be earlier of the following event:

- Date of receipt of services
  
- Date on which the payment is made
  
- Date of receipt of invoice
  
- Date of debit in the books of accounts.

# Point of Taxation under the current vis-à-vis GST regime

## Central Sales Tax

Central sales tax (CST) is levied on inter-state a sales of goods.

The rate of CST is 2% or VAT rate, which ever is lower if Form C is duly submitted.

## GST

IGST shall be charged on all Goods and Services under a single banner. IGST is a compound of CGST and SGST.

The rate of IGST, in case of a assessee, will preferably stands at the rate of 16%.

The rate of tax in case of GST will be higher than CST, although credit of tax will be available to the assessee. This will adversely impact working capital of the Company as rate of tax will be high.

# Point of Taxation under the current vis-à-vis GST regime

## State VAT

VAT is intended to tax every stage of sale where some value is added to raw materials.

Thus Point of taxation in case of state VAT will trigger at every stage of sale where some value is added to raw materials

## GST

Point of Taxation for a supplier under GST will trigger at earlier of the following event:

- Date of issue of Invoice
- Date of removal of goods from factory
- Date on which goods are made available to the recipient
- Date of Receipt of payment
- Date on which recipient shows receipt of goods in his books of account

## Point of Taxation under the current vis-à-vis GST regime

Under the provision of GST, the computation of customs duty will have two components, i.e. Basic customs duty and IGST

- Basic Customs duty will not be subsumed under GST system.
- Countervailing duties (CVD) and Special Additional Duty (SAD) will be subsumed in IGST
- The import of services will be subject to Central GST and State GST on a reverse charge mechanism

Exports will be zero rated, exporters of goods and services need not pay GST on their exports

# VALUE OF TAXABLE SUPPLY

- Value of a supply of goods and/or service shall be the transaction value i.e., price actually paid or payable where:-
  - Supplier and recipient are unrelated and
  - Price is the sole consideration
  
- Inclusions in Transaction Value **if not already included:**
  - Amount **incurred by the recipient** on behalf of the **supplier**
  - Free of Charge Supplies **provided by the recipient** directly or indirectly
  - **Royalties** and **License fee** payable by the recipient as a **condition of such supply**
  - Any **taxes, duties, fee** and **charges** other than those under SCGST Act, CGST Act or IGST Act
  - **Incidental expenses** or **any other amount** charged by the supplier for anything done on or before delivery of the supply
  - **Subsidies** linked to the supply
  - **Any discount** or **incentive** that may be allowed **after supply** has been affected.

# VALUE OF TAXABLE SUPPLY

- Exclusions in Transaction Value:
  - Any **discount** allowed **on or before the time of supply** if allowed in normal trade practice and duly recorded in the invoice
  - Value of Supply of goods involving B2C transaction shall be made at RSP less GST taxes.
- Following situation where Transaction value will not apply, valuation shall be done as per rules:
  - The consideration is partly in money.
  - Supplier and recipient are related.
  - Transaction value is reason to doubt.
  - Transaction done by pure agent, money changer, insurer, air travel agent and distributor or selling agent of lottery.
  - Such other supply as may be notified by the Central or State Government.



## JOB WORK IN GST REGIME

- Goods can be sent to a job worker for job work subject to the approval of the **Commissioner** by way of special order and subject to conditions as may be specified.
  
- The goods sent for job-work may be sent to another job worker and after completion of job-work, the Commissioner may allow to
  - Bring back such goods to any place of business of the principal without payment of tax for supply there from within India or with/without payment of taxes for export
  
  - Supply such goods from place of business of a job worker on payment of tax within India or with/without payment of taxes for export
  
- It has also been provided that in order to supply goods from the premises of job worker, the principal has to declare the place of business of job worker as his additional place of business unless the job worker is himself registered in terms of Section 19 or the principal is engaged in supply of goods as may be notified.

# GST- INPUT TAX CREDIT- MANNER OF SET OFF



# INPUT TAX CREDIT

- Input tax credit of inputs, capital goods and input services attributable to his taxable business supplies will be allowed.
- No input tax credit will be allowed after the expiry of one year from the date of issue of tax invoice.
- No input tax credit will be allowed after the filing of following return, whichever is earlier :
  - Return for the month of September, following the end of financial year to which such invoice pertains, or
  - Relevant annual return.
- No input tax credit will be allowed for the goods / services used for private use or personal use.
- No input tax credit will be allowed for the non-taxable supplies including exempt supplies.

# INPUT TAX CREDIT

- **Input tax credit will be allowed for zero-rated supplies.**
- **No input tax credit will be allowed on capital goods if depreciation is claimed on the tax component of the cost of capital goods.**
- In case of supply of capital goods on which credit has been taken, the registered taxable person will be required to pay an amount equal to the higher of the following :
  - Input tax credit taken on the said capital goods reduced by the percentage points as may be specified; or
  - Tax on the transaction value of such capital goods.

# INPUT TAX CREDIT

- **No input tax credit is allowed in respect of the following goods and/or services :**
  - Motor vehicles, except when supplied in usual course of business or used for providing taxable services of transportation of passengers or goods or for imparting training on motor driving skills.
  - primarily for personal use or consumption of any employee.
  - Acquired by the principal in the execution of works contract of immovable property, other than plant and machinery.
  - Acquired by the principal which are used in the construction of immovable property, other than plant and machinery.
  - On which tax has been paid under Composition levy scheme.
  - Used for private or personal consumption, to the extent they are so consumed.

# INPUT TAX CREDIT

- Input tax credit is allowed to registered taxable person on the fulfillment of the following conditions :
- He is in possession of a tax invoice, debit note, or supplementary invoice.
- He has received the goods and/or services.
- **The tax has been actually paid to the credit of the appropriate Government, either in cash or through utilization of input tax credit.**
- He has furnished the return.
- In case goods are received in installments against a single invoice, the credit will be taken upon receipt of the last installments.
- In case of merger, amalgamation, etc the amalgamated company can carry forward the unutilized input tax credit of the amalgamating company.

# INPUT TAX CREDIT

- In GST law except with respect to negative list such as construction, employee etc. most credit in respect of business shall be allowed. Further the criteria for allowance of credit shall be refined in the rules which are not yet being published.
- On publication of above rules credit allowed under both CGST/SGST needs to be analyzed.
- Interstate purchase will attract IGST & approximate rate of IGST is expected to be around 16%-18% in comparison to present CST rate of 2%. This will entail an increase in working capital requirement thus will increase the cost of financing in the GST regime.

## TRANSITIONAL PROVISIONS-TRANSFER OF CENVAT/ITC OF VAT

- Cenvat credit as per Central Excise and Service Tax Return for the period immediately preceding the appointed date shall be transferred to their electronic input tax credit ledger.
- **Cenvat Credit shall be admissible only if it is eligible as input tax credit under GST law,** Section 16(11) is a Notwithstanding clause specifies rules for allowing credit. Please refer Page 31
- Credit recovered as a result of any proceeding instituted under earlier law shall be recovered as an arrear of tax under GST law.
- Similar provision will apply to VAT as per SGST law.



## TRANSITION PROVISION-UNAVAILED CREDIT ON CAPITAL GOODS



- Unavailed cenvat credit of capital goods not carried forward under the earlier law shall be allowed as input tax credit under GST law.
- Unavailed cenvat credit means the amount that remains after subtracting the amount of cenvat credit already availed in respect of capital goods by the taxable person under the earlier law from the aggregate amount of cenvat credit to which the said person was entitled in respect of the said capital goods under the earlier law.
- The amount of credit shall be admissible only if it is eligible as input tax credit under GST law.
- Amount of credit recovered as a result of any proceeding instituted under earlier law shall be recovered as an arrear of tax under GST law.
- This provision is also applicable to unavailed input tax credit on capital goods under VAT law as per SGST law.

## TRANSITIONAL PROVISIONS

- If a contract have been entered prior to enactment of GST Law.
- And their is upward or downward price revision of goods cleared or service rendered on or after the day of enactment of GST Law, the taxable person needs to issue a supplementary invoice/debit note and invoice /credit note respectively within 30 days of the price revision.
- The credit note/debit note/invoice issued as mentioned above will be deemed to be issued under the GST Act.
- In case of downward revision, reduction of tax liability is subject to reduction of input tax credit by the recipient.

## TRANSITIONAL PROVISIONS

ISD credit can be distributed even after appointed day for the invoices dated prior to appointed day but received after appointed day.

When goods are removed on approval basis and such goods are returned within the period of six months from the appointed date or extended period then no tax is payable. The same applies in case of return of goods.

No TDS is required to be deducted when invoice is raised prior to the appointed day and payment is received subsequent to appointed day.

# TRANSITIONAL PROVISIONS - QUESTIONS

- Continuation of Incentive by State Government ?
- Continuation of Area Based Exemption ?
- Carry forward of Current Cesses ?
- Provisional Registration on Transition for LTU ?
- Distribution of credits of Centralised Registration ?
- Credit of Service tax paid under Reverse Charge under old law but after appointed date ?
- Re-availment of Credit on goods supplied to Job work prior to appointed date ?
- Pending refund Application to be disposed off under Old law, what about time limit of 1 year ?

# ISSUES FOR FERRO CHROME MANUFACTURERS

- Treatment of Royalty paid to the State Government – Is it subsumed within GST ?
- Can Ferro Chrome be brought under Lower GST Rates considering it is an essential Industrial Commodity ?
- Supplies to SEZ is exempt under Central Act, however, States have different treatment. Under GST there is no clarity as to whether same can be considered as Export ?
- Supplies to Deemed Export, whether only CGST or even SGST
- Cash flow impact on transfer from Mines, Distribution network, branch transfer
- Refunds for goods exported

# STOCK TRANSFER IN GST REGIME

- The charging section of the IGST Act provides for the levy of IGST on the supply of goods made in the course of inter-state trade or commerce. Further, as per the Model GST Law, the term ‘supply’ includes transactions between a principal and an agent. Schedule 1 of the Model GST Law deems any supply between two persons without consideration as a ‘supply’
- It is expected that there would be State-wise registrations for CGST, SGST and IGST. It seems that each registration in a State would be treated as different persons, **though presently there is no enabling provision in the Model law for the same** .
- Based on the above provisions, stock transfers outside the State will be subject to GST.
- Additionally, with respect to valuation of stock transfers, the GST Valuation Rules provides that the value of goods shall be the transaction value. Transaction value in case of inter-state stock transfer shall be determined in terms of Valuation Rules.

# STOCK TRANSFER IN GST REGIME

- However, the GST Valuation Rules provides that if the transaction value is not available, then the transaction value of goods of like kind and quality should be considered. Further, if goods of like kind and quality are not available, then the computed value i.e. the cost of production, general expenses and profit should be adopted.
- Hence, for stock transfers, where a supply for consideration of goods of like kind and quality is available, such transaction value is to be adopted; and if there is no such supply, then the cost of sales would have to be adopted.

## PERSONS REQUIRED TO BE REGISTERED

Following categories of persons shall be required to be registered compulsorily irrespective of threshold limits.

- Persons making any inter-state taxable supply of goods/services
- Casual taxable persons
- Non-resident taxable persons
- Input service distributor
- Supply operating with Electronic commerce operator
- Person required to pay tax under Reverse Charge
- Tax deducted at source/Tax collected at source
- Branded Aggregator providing service
- Specified category notified by the Government.



## PERSONS REQUIRED TO BE REGISTERED

- All UN Bodies Consulate or Embassy of foreign countries and any other class of persons so notified would be required to obtain a Unique Identification Number(UIN) from the GST Portal instead of obtaining a registration.
- Separate registration certificate is required for every declared additional place of business.

## OTHER PROVISIONS FOR REGISTRATION

- Every person who is liable to be registered shall apply for registration within thirty days from the date on which he becomes liable for registration.
- Persons who are registered under earlier law automatically gets provisional registration except Input Service Distributor. Thereafter, against submission of relevant information within six months, final registration shall be granted.
- A person having multiple business verticals in a state may obtain a separate registration for each business vertical.
- Additional place of business within a state can be declared at the time of registration.
- Registration Certificate to be displayed at registered premises including additional business premises.
- **GSTIN Number to be displayed on name board at entry of registered premises including additional business premises.**
- Authorities have been empowered to take decision for Physical Verification before granting registration. However, verification report & photograph to be uploaded in the electronic system

## CASUAL & NON RESIDENT TAXABLE PERSON

- A person who occasionally undertakes transactions for supply of goods/services in any capacity.
- The registration certificate issued to a casual taxable person/Non resident taxable person is valid for a period of ninety days from the date of registration.
- Extension can be granted not beyond ninety days.
- Advance deposit of tax in an amount equivalent to the estimated tax liability for the period of registration shall be made.
- In case of extension, person shall deposit an additional amount of tax equal to the estimated tax liability.

# REGISTRATION FORMS

SL NO	FORM NUMBER	PARTICULARS	TIMELINE
1	GST REG-01	Application for registration	Within 30 days from the date on which assessee becomes liable
2	GST REG-02	Acknowledgement	On receipt of application
3	GST REG-03	Application for filing additional information	Within three working days from the date of submission of application
4	GST REG-04	Rejection order for the application of registration	Within seven working days from the date of receipt of intimation
5	GST REG-05	Issue of Registration Certificate	Within seven working days of receipt of information/clarification/documents
6	GST REG-06	Application for registration as Tax Deductor or Tax Collector	Within three working days from the date of submission of application
7	GST REG-07	Cancellation order w.r.t registration as tax deductor or tax collector	
8	GST REG-08	Application for Allotment of unique ID to UN Bodies/Embassies	
9	GST REG-09	Application for registration of Non Resident Taxable Person	

# REGISTRATION FORMS

SL NO	FORM NUMBER	PARTICULARS	TIMELINE
10	GST REG-10	Application for registration of Non Resident Taxable Person	Within five days prior to the commencement of business
11	GST REG-11	Application for amendment in particulars after registration	Within fifteen days from the date of such change
12	GST REG-12	Order of amendment regarding existing registration	Within fifteen working days from the date of receipt of application
13	GST REG-13	Suo moto Registration	When proper officer finds that when person liable for registration fails to apply
14	GST REG-14	Application for cancellation of registration	
15	GST REG-15	Issue of SCN for cancellation of Registration	Within seven days from the date when Proper officer gets reason for the cancellation of registration
16	GST REG-16	Order for cancellation of Registration	Within thirty days from the date of application
17	GST REG-17	Application for revocation of Cancelled Registration	Within thirty days from the date of service of the order of cancellation of registration

# REGISTRATION FORMS

SL NO	FORM NUMBER	PARTICULARS	TIMELINE
18	GST REG-18	Approval order regarding the application for revocation of cancelled registration	Within thirty days from the date of receipt of application
19	GST REG-19	Notice issued to get the documents relating to the application for revocation of cancelled registration	Within thirty days from the date of receipt of application
20	GST REG-20	Application for enrolment of existing tax payer	Within time limit as specified in Section 142 or as extended
21	GST REG-21	Provisional Registration Certificate to existing tax payer	
22	GST REG-22	Order for the cancellation of Provisional Certificate	
23	GST REG-23	Intimation regarding the discrepancies in application for enrolment of tax payer	
24	GST REG-24	Application for cancellation of registration of registration for the migrated taxpayers not liable for registration	
25	GST REG-25	Application for extension of registration period by casual/non-resident taxable person	Before the end of validity of registration granted
26	GST REG-26	Form to be filled after getting satisfaction w.r.t the physical verification of the premises.	Date immediately following the date of verification

# RETURN FORMS

SL NO	FORM NUMBER	PARTICULARS	TIMELINE
1	GSTR-1	Details of outward supplies of taxable goods and/or services	Filed by Supplier within 10 <sup>th</sup> of Succeeding Month
2	GSTR-1A	Details of outward supplies as added, corrected or deleted by the recipient	GSTR-1 as modified by the Recipient made available to Supplier for acceptance or rejection
3	GSTR-2	Details of inward supplies of taxable goods and/or services corrected/modified by Recipient	Filed by Recipient within 15 <sup>th</sup> of Succeeding Month
4	GSTR-2A	Details of inward supplies made available to the recipient based on GSTR-1	Filed by Recipient correcting/modifying/deleting supplies made after 10 <sup>th</sup> of Succeeding month
5	GSTR-3	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax	Filed by Supplier within 20 <sup>th</sup> of Succeeding Month
6	GSTR-3A	Notice to a non filers of returns	
7	GSTR-4	Quarterly Return for Compounding Taxable Person	Within 18 <sup>th</sup> of the month Succeeding Quarter

# RETURNS UNDER GST REGIME

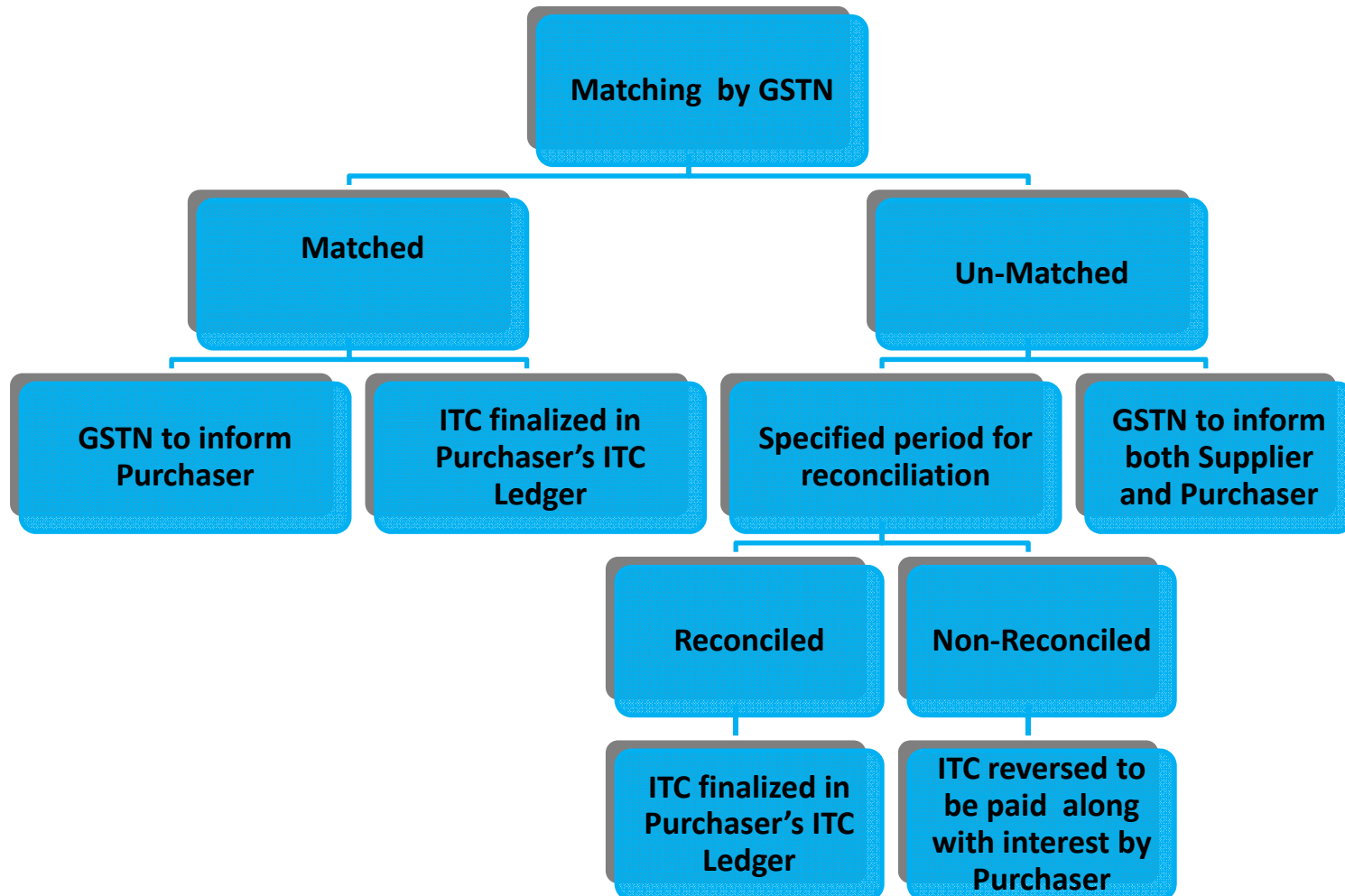
SL NO	FORM NUMBER	PARTICULARS	TIMELINE
8	GSTR-4A	Details of inward supplies made available to the recipient registered under composition scheme which can be modified/amended	To be finalized before submission of GSTR-4
9	GSTR-5	Non Resident foreign Taxable Person	Within 20 <sup>th</sup> of Succeeding Month
10	GSTR-6	Input Service Distributor	Within 13 <sup>th</sup> of Succeeding Month
11	GSTR-6A	Details of inward supplies made available to the ISD recipient on the basis of FORM GSTR-1 furnished by the supplier	After filing of form GSTR-1
12	GSTR-7	Tax Deducted at Source by deductor	Within 10 <sup>th</sup> of Succeeding Month
13	GSTR-7A	TDS Certificate	
14	GSTR-8	Tax Collected at Source by E-Commerce	Within 10 <sup>th</sup> of Succeeding Month
15	GSTR-9	Annual Return	31 <sup>st</sup> December Succeeding FY



# RETURNS UNDER GST REGIME

SL NO	FORM NUMBER	PARTICULARS	TIMELINE
16	GSTR-9A	Simplified Annual return by Compounding Taxable Person	31 <sup>st</sup> December Succeeding FY
17	GSTR-9B	Reconciliation Statement for a registered person having aggregate turnover of 1 Crore and above	To be submitted with the Annual Return reconciling numbers in 12 monthly returns with Audited Accounts.
18	GSTR-10	Final Return	Within 3 months of Cancellation Application or Order
19	GSTR-11	Details of inward supplies for Special categories of Person.	Filed by Recipient within 15 <sup>th</sup> of Succeeding Month

# GST RETURNS-PROCESS FLOW (MATCHING CONCEPT)



# TYPES OF REFUND

- GST paid on export of goods/services.
- GST paid in case of deemed export/SEZ Supplies.
- Refund of unutilized Input tax credit in the following cases-
  - Exports of goods on which export duty is not payable.
  - Export of Services
  - Where credit has accumulated on account of rate of tax on inputs being higher than rate of taxes on outputs.
- Unutilized credit lying at the end of the Financial Year.
- Refund of excess GST paid pursuant to favourable order from Appellate Authority including Court.
- Refund of excess GST paid.
- Refund to certain class of person to be notified by GST Council.

## ENCOURAGING STEPS IN REFUND PROCESS

- Time limit for filing is 2 years compared to 1 Year in the present regime.
- Refund to be made electronically, hence there would be transparency.
- Standardisation of all the process in electronic form. Ten different forms for refund process.
- 3 months time limit for disposal of all kinds of funds.
- Return of pre-deposit, interest, penalty & GST Refund under single process/mechanism.

## DISCOURAGING STEPS

- Refund due to be withhold for non filing of return or for the non-payment of tax, interest, penalty, if not stayed even related to the other proceedings.
- Deduct unpaid tax , interest & penalty from the amount of refund.
- Excessive power to Commissioner/ Board to withhold refund to protect revenue interest.

## PROVISIONAL REFUND (80% - 20%)

- Refund of GST paid on export of goods or services – 80% to be refunded within 7 days of acknowledgement. Balance 20% to be paid after verification of documents.
- 80% refund shall not include input tax credit provisionally accepted.
- In case of deficiency, officer have right to issue deficiency memo and acknowledgement accordingly may not be issued.
- Provisional refund shall not be issued when:
  - (a) Person who has been prosecuted in last 5years with tax involvement of 2.5 Crore and above.
  - (b) Compliance rate is less than 5
  - (c) Basis of issue of refund is sub judice

# REFUND UNDER GST REGIME

SI No.	Form No	Particulars	Time limit
1	RFD 1	Refund Application	Within 2 years from relevant date.
2	RFD 2	Acknowledgement	Within 15 days from date of application. Immediate in case of refund from electronic ledger.
3	RFD 3	Notice of deficiency on Application for Refund	Within 15 days from the date of application.
4	RFD 4	Provisional Refund Sanction Order	Within seven days from the date of acknowledgement
5	RFD 5	Refund Sanction or part sanctioned	90 days from the date of refund application.
6	RFD 6	Order for Complete Adjustment of claimed refund against past demand	90 days from the date of refund application.
7	RFD 7	SCN rejecting refund application	
8	RFD 8	Payment Advice	Immediately after RFD 4.
9	RFD 9	Order for interest on delayed Payments	After the expiry of three months from the date of receipt of application
10	RFD 10	Refund Application form Specified category	Quarterly

# ELECTRONIC TAX LIABILITY REGISTER

- All of the following amount payable to be debited in the above register.
  - GST/Interest/Fees etc as per return.
  - GST/Interest/Fees etc as determined by authority
  - GST/Interest/Fees on account of mismatch
- At the time of actual payment this amount would be credited by Electronic Cash Ledger or Electronic Credit Ledger.
- Amount of relief given by Appellate Authority shall be credited to Electronic Cash Ledger or Electronic Credit Ledger.



# ELECTRONIC CASH LEDGER

- Liability towards TDS/Collection of Tax at Source/Reverse Charge/Compounded levy to be paid through Electronic Cash Register only.
- Interest/Penalty/Fees to be paid through Electronic Cash Register only.
- This ledger can be used to make payment of GST.
- This ledger to be debited equivalent to Refund amount claimed towards unutilised balance.
- On generation of CIN by bank, equivalent amount shall be credited to Electronic Cash Ledger.
- For payment to be made in cash a Challan needs to be generated and once a payment is made to bank a CIN number is generated.

# ELECTRONIC CREDIT LEDGER

- All the eligible credit shall be credited in this ledger.
- This ledger can be used to make payment of GST.
- This ledger to be debited equivalent to refund amount claimed towards unutilised balance.
- Amount of refund rejected shall be recredited to this ledger, if an undertaking is filed for not contesting it to Appellate Forum.

# MANNER OF DISCHARGING TAX LIABILITY

Every taxable person shall discharge their tax liability in the following manner-

- Self-assessed tax and other dues related to the return of previous tax period
- Self-assessed tax and other dues related to the return of current tax period
- Any other amount payable under the act.

# PAYMENT UNDER GST REGIME

SI No	Form No	Ledgers	Purpose
1	PMT-1	Electronic Tax Liability Register of Taxpayer	All tax, interest, penalties, fees to be routed through this ledger.
2	PMT-2	Electronic Credit Ledger	All input tax credit availed are reflected in the Electronic ledger
3	PMT-2A	Order for re-credit of the amount to cash or credit ledger	Refund amount to the extent rejected shall be re-credited
4	PMT-3	Electronic Cash Ledger	All payments made in cash are reflected in this Electronic Ledger
5	PMT-4	Challan for deposit of Goods and Service Tax	Payment of amount indicated in challan
6	PMT-5	Payment Register of Temporary IDs/Unregistered Taxpayer	Payment made by unregistered party
7	PMT-6	Application for credit of missing payment	Intimation to bank when no CIN is generated

# ACCOUNTS & RECORDS

- Every Registered person is required to maintain the accounts of:
  - Production or manufacture of goods,
  - Inward or outward supply of goods and/or services,
  - Stock of goods,
  - Input tax credit availed,
  - Output tax payable and paid, and
  - Such other particulars as may be prescribed.

## ACCOUNTS & RECORDS

- The accounts are to be kept at principal place of business, as mentioned in the registration certificate.
- In case more than one place of business is specified in the registration certificate, the accounts relating to each place of business shall be kept at such places of business concerned.
- Option to maintain accounts in electronic form is also available.
- Audit of accounts is mandatory to be carried by a Chartered Accountant or a Cost Accountant when total turnover crosses the prescribed limit.

# ACCOUNTS & RECORDS

- Such accounts and records are to be maintained till the expiry of 60 months from the last date of filing Annual Return for the year pertaining to such accounts and records.
  
- In case, the taxable person is a party to an appeal or revision or any other proceeding, then such accounts and records are to be maintained for the later of the following period :
  - One year after the final disposal of such appeal or revision or proceeding, or
  - Sixty months from the last date of filing of Annual Return for the year pertaining to such accounts and records.

# GST- COMPLIANCE RATING

- GST compliance rating score based on the record of compliance.
- The GST compliance rating score shall be determined on the basis of parameters to be prescribed.
- The GST compliance rating score shall be updated and intimated at periodic intervals and also placed in the public domain in the manner prescribed.





 THANK  
YOU