BEGINNERS GUIDE ON GOODS AND SERVICES TAX

THE INSTITUTE OF
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वित्त एवं कारपोरेट कार्य
राज्य मंत्री
भारत सरकार
नई दिल्ली–110001

MINISTER OF STATE FOR FINANCE
&
CORPORATE AFFAIRS
GOVERNMENT OF INDIA
NEW DELHI-110001

MESSAGE

In the wake of implementation of Goods & Services Tax regime in India, I am pleased to learn that the Institute of Company Secretaries of India (ICSI) is publishing a "Beginners Guide on Goods & Services Tax" to disseminate knowledge amongst its stakeholders as well as general public.

Goods & Services Tax is a destination based consumption tax with the aim of bringing about a unified indirect tax regime across the Nation. GST follows the adage of One Tax One Nation which would bring about a reformative state in the Indian economy. Slated as one of the biggest tax reform post independence, GST will uplift the country in terms of international standards and highlight the Nation on the global forum.

I am sure that this Handbook would provide to be a guiding light to the public at large in understanding the nuances of the Goods & Services Tax Law.

(ARJUN RAM MEGHWAL)

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Message from the President

Goods and Services Tax (GST), one of the most ambitious tax reforms, undertaken by the Government, has ushered India into an era of One Tax, One Market and One Nation. GST is a dream come true for the economy of the Nation.

GST is a game changer for the Indian economy as it facilitates creation of a common market with minimum exemptions and maximum compliances. GST has provided uniformity of tax structure and rates across the country and has also helped in avoiding cascading of taxes and reduction in cost of compliance. Widening tax base as a result of GST implementation would help in preventing revenue leakages and will achieve the objective of rationalisation of tax structure.

The Institute of Company Secretaries of India (ICSI) has taken various initiatives to facilitate proper compliance and success of this biggest reform in indirect tax structure and Indian economy. With a view to provide a basic understanding of GST to people at large, the Institute of Company Secretaries of India, has brought out this “Beginners Guide on Goods & Services Tax”

I am sure this Beginners guide will prove to be an important facilitator for public at large to understand the intricacies of GST.

CS (Dr.) Shyam Agrawal
President
The Institute of Company Secretaries of India

1. *Introduction*

Taxation is one of the vital component of development of any country. The revenue from taxation is used to finance public goods and services such as infrastructure, sanitation, transportation and all other amenities which are provided by the government. From the view of economists, a tax is a non-penal, yet compulsory transfer of resources from the private to the public sector levied on a basis of predetermined criteria and without reference to specific benefit received. Each rupee of tax contributed helps Government to provide better infrastructure, rural revival and social well-being. Taxation is also considered as a major tool available to Government for removing poverty and inequality from the society. On the other hand, tax reform is an essential component of any comprehensive strategy for structural adjustment & the resumption of growth. (Chibber & khalilzadeh Shirazi 1988)

Taxes in India are levied by the Central Government, the State Governments and some local authorities such as the Municipality, which levy minor taxes. There are two types of taxes which are levied in India and they are; Direct tax, which is levied directly to an individual's income in the form of Income Tax and Indirect tax, that is paid indirectly by the final consumer of goods and services while paying for purchase of goods or for enjoying services. Although the immediate liability to pay tax falls upon another person such as manufacturer, provider of services or seller of goods.

Constitution of India is the foundation and source of powers to legislate all laws in India. The authority to levy a tax is derived from the Constitution of India which allocates the power to levy various taxes between the Central and the State. Article 246 of the Indian Constitution, distributes legislative powers including taxation, between the Parliament of India and the State Legislatures. Previously, the Centre had the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption, opium, narcotics etc.) while the States had the powers to levy tax on the sale of goods. In the case of inter-State sales, the Centre had the power to levy a tax (the Central Sales Tax) but, the tax was collected and retained entirely by the States. As for services, it was the Centre alone that was empowered to levy service tax.

Broadly, the previous Indirect Tax regime can be looked at from the point of view of Central and State laws. For the Central Government, Central Excise, Customs and Service tax were the three main components of indirect taxes. While for State Government, Value Added Tax (VAT) and CST were major taxes along with Octroi, Entertainment Tax etc.

Introduction of the Value Added Tax was considered to be a major step and important breakthrough in the sphere of indirect tax reforms in India. Despite the success of VAT, there were still certain shortcomings in the existing structure of VAT. This primarily was due to the form of mosaic of taxes being levied on goods and services, such as luxury tax, entertainment tax, etc., not subsumed in the VAT thereby marginalizing the benefits of comprehensive tax credit mechanism.

The previous forms of CENVAT and State VAT have remained inefficient in fully removing the cascading effect of taxes. Besides, there were several other taxes, which both the Central Government and the State Government levied on production, manufacture and distributive trade, where no set-off was available in the form of input tax credit. These taxes added to the cost of goods and services through "tax on tax" which the final consumer had to bear.

Some of the challenges under the previous indirect tax structure could be attributed to Central Excise wherein there were variable rates under Excise Duty such as 2% without CENVAT 6%, 10%, 18%, 24%, 27%, coupled with multiple valuation system and various exemptions. Further, under VAT, different states were charging VAT at different rates, which was resulting in imbalance of trade between the states. At the same time under VAT there was lack of uniformity in terms of registration, due date of payment, return filing assessment procedures, refund mechanism, appellate process etc. thus, complicating the compliance mechanism. For example: A business establishment having offices in different states was required to follow the laws of the respective states.

Challenges of Previous Tax Structure

1. In respect of taxation of goods, CENVAT was confined to the manufacturing stage and did not extend to the distribution chain beyond the factory gate. As such, CENVAT paid on goods could not be adjusted against State VAT payable on subsequent sale of goods. This was true both for CENVAT collected on domestically produced goods as well as that collected as additional duty of customs on imported goods.

2. CENVAT was itself made up of several components in the nature of cesses and surcharges such as the National Calamity Contingency Duty (NCCD), education and secondary and higher education cess, additional duty of excise on tobacco and tobacco products etc. This multiplicity of duties complicated the tax structure and often obstructed the smooth flow of tax credit.

3. While input tax credit of CENVAT or additional duty of customs paid on goods was available to service providers paying Service Tax, they were unable to neutralize the State VAT or other State taxes paid on their purchase of goods.

4. State VAT was payable on the value of goods inclusive of CENVAT paid at the manufacturing stage and thus the VAT liability of a dealer used to get inflated by this component without compensatory set-off.

5. Inter-State sale of goods attracted the Central Sales Tax (CST) levied by the Centre and collected by the States. This was an origin-based tax and could not be set-off against VAT in many situations.

6. State VAT and CST did not directly apply to the import of goods on which Special Additional Duties (SAD) of customs were levied at a uniform rate of 4% by the Centre. Input tax credit of these duties was available only to those manufacturing excisable goods. Other importers had to claim refund of this duty as and when they pay VAT on subsequent sales.

7. VAT dealers were unable to set-off any Service Tax that they had paid on their procurement of taxable input services.

8. State Governments also levied and collected a variety of other indirect taxes such as luxury tax, entertainment tax, entry tax etc. for which no set-off was available.

If VAT was a major improvement over the pre-existing Sales tax at the State level, then the Goods and Services Tax (GST) is indeed a further significant improvement at National as well as State level towards a comprehensive indirect tax reforms in the country.

GST is one of the biggest taxation reform in India aiming to integrate state economics and boost over all growth by creating a single, unified Indian market to make the economy stronger.

2. GST International Scenario

Internationally, countries are moving towards simplification of tax structures. The adoption of Goods and Services Tax has been the most important development in several countries over the last half-century. Today, it is one of the widely accepted indirect taxation system prevalent in more than 140 countries across the globe. Globally, GST has been structured as a destination based comprehensive tax levied at a specified rate on sale and consumption of goods and services within a country. It facilitates creation of national tax standards with consumers paying uniform rates of GST, thereby enabling flow of seamless credit across the supply chain.

GST was first levied by France in 1954. Today, Malaysia is the most recent country to join the bandwagon.

In countries where GST has been adopted, manufacturers, wholesalers, retailers and service providers charge GST at the specified rate on price of the goods and services from consumers and claim input credits for GST paid by them on procurement of goods and services (raw material).

Globally, the broad principles of GST are as under:

- GST is a broad-based tax
- GST is a destination based tax
- GST is technically paid by suppliers but it is actually funded by consumers
- GST is collected through a staged process i.e. a tax on the value added to goods or services at every point in the supply chain
- GST is a tax on the consumption of products from business sources, and not on personal or hobby activities
- Under GST, input tax credit is provided throughout the value chain for creditable acquisition.

Models of GST

Although most countries have adopted similar principles of GST, there remain significant differences in the way it is implemented. These differences result not only from the continued existence of exemptions and special arrangements to meet specific policy objectives, but also from differences of approaches in the definition of the jurisdiction of consumption and therefore of taxation. In addition, there are a number of variations in the application of GST, and other consumption taxes, including different interpretation of the same or similar concepts; different approaches to time of supply and its interaction with place of supply; different definitions of services and intangibles and inconsistent treatment of mixed supplies.

Different countries follow different model of GST based upon their own legislative and administrative structure and their requirements. Some of these models are

- Australian Model wherein, tax is collected by the Centre and distributed to the States
- Canadian Model wherein there are three variants of taxes
- Kelkar-Shah Model based on Canada Model wherein taxes are collected by the Centre however, two different rates of tax are to be levied by the Centre and the States and
- Bagchi-Poddar Model which envisages a combination of Central Excise, Service Tax and VAT to make it a common base of GST to be levied both by the Centre and the States separately.

Most countries follow a unified GST regime. However, considering the Federal nature of Indian Constitution, dual model of GST is adopted, where the power to levy taxes is subjectively distributed between Centre and States thus, GST is levied by both, the Centre as well as the States and there are separate levies in the form of Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST) and Integrated Goods and Services Tax (IGST) enabling the tax credit across these three variants of taxes. Currently, Canada also follow dual GST model.

3. *GST in India*

GST is one of the biggest tax reforms in India aiming to integrate State economies and boost overall growth by creating a single, unified Indian market to make the economy stronger. GST is a comprehensive destination based indirect tax levy of goods as well as services at the national level. Its main objective is to consolidate multiple indirect tax levies into a single tax thus subsuming an array of tax levies, overcoming the limitations of existing indirect tax structure, and creating efficiencies in tax administration.

GST is a consumption or destination based tax levied on the basis of the "Destination principle." It is a comprehensive tax regime covering both goods and services, and be collected on value-added at each stage of the supply chain. Further, GST paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. Simply put, Goods and Services Tax is a tax levied on goods and services imposed at each point of supply. Such GST is on entire goods and services, except some exempted class of goods or services or a negative list of goods and services on which GST is not levied. GST is a national level tax based on value added principle just like State level VAT which was levied as tax on sale of intra-state goods.

The essence of GST is in removing the cascading effects of both Central and State taxes by allowing setting-off of taxes throughout the value chain, right from the original producer and service provider's point up to the retailer's level. GST is thus not simply VAT plus service tax, but a major improvement over existing system of VAT and disjointed Service Tax ushering in the possibility of a collective gain for industry, trade and common consumers as well as for the Central Government and the State Governments.

GST, as a well-designed value added tax on all goods and services, is the most elegant method to eliminate distortions and to tax consumption. Taxes proposed to be subsumed under GST are as follows:

Central taxes State taxes	State VAT
Central Excise Duty	Central Sales Tax
Duties of Excise (Medicinal and Toilet Preparations)	Purchase Tax
Additional Duties of Excise (Goods of Special Importance)	Luxury Tax
Additional Duties of Excise (Textiles and Textile Products)	Entry Tax (All forms
Additional Duties of Customs (commonly known as CVD)	Entertainment Tax (except those levied by the local bodies)
Special Additional Duty of Customs (SAD)	Taxes on advertisements
Service Tax	Taxes on lotteries, betting and gambling
Cesses and surcharges insofar as they relate to supply of goods or services	State cesses and surcharges insofar as they relate to supply of goods or services

4. *History of GST*

The origin of Goods and Services Tax could be traced back to July 17, 2000, when the Government of India set up the Empowered Committee of State Finance Ministers with the Hon'ble State Finance Ministers of West Bengal, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Uttar Pradesh, Gujarat, Delhi and Meghalaya as members with the following objectives:

- to monitor the implementation of uniform floor rates of sales tax by States and Union Territories;
- to monitor the phasing out of the sales-tax based incentive schemes;
- to decide milestones and methods of States to switch over to VAT; and
- to monitor reforms in the Central Sales Tax system existing in the country.

Subsequently, Hon'ble State Finance Ministers of Assam, Tamil Nadu, Jammu & Kashmir, Jharkhand and Rajasthan were also notified as the members of the Empowered Committee.

On August 12, 2004, the Government of India decided to reconstitute the Empowered Committee with all the Hon'ble State Finance/Taxation Ministers as its members. Later on, it was decided to register the body as a Society under the Societies Registration Act, 1860. GST has been in the pipeline for a long time, for its passage and implementation.

Here is a brief flash back mentioning the key milestones of the journey of GST in India :

2003: The Kelkar Task Force on Indirect Tax had suggested a comprehensive Goods and Services Tax (GST) based on VAT principle.

February, 2007: An announcement was made by the then Hon'ble Union Finance Minister in the Central Budget (2007- 08) to the effect that GST would be introduced with effect from April 01, 2010.

September, 2009: The Empowered Committee (EC) decided to constitute a Working Group consisting of Principal Secretaries / Secretaries (Finance / Taxation) and Commissioners of Trade Taxes of all States/UTs to give their recommendations on :

- the commodities and services that should be kept in the exempted list;
- the rules and principles of taxing the transactions of services including the transactions in inter-State services; and
- finalization of the model suggested for inter-state transaction/movement of goods including stock transfers in consultation with the State Bank of India and some other nationalized banks.

November, 2009: Based on inputs from Government(s) of Centre and States, Empowered Committee released its First Discussion Paper on GST.

March, 2011: The Constitution (One Hundred and Fifteenth Amendment) Bill, 2011 to give concurrent taxing powers to the Union and States was introduced in Lok Sabha. The Bill suggested the creation of Goods and Services Tax Council and a Goods and Services Tax Dispute Settlement Authority. The Bill was lapsed in 2014 and was replaced with the Constitution (122^{nd} Amendment) Bill, 2014.

November, 2012: A "Committee on GST Design", consisting of the officials of the Government of India, State Governments and Empowered Committee (EC) was constituted.

January, 2013: The Empowered Committee deliberated on the proposed design including the Constitution (115^{th}) Amendment Bill and submitted the report. Based on this Report, the EC recommended certain changes in the Constitution Amendment Bill and decided to constitute three below mentioned Committees of Officers to discuss and Report on various aspects of GST :

- Committee on Place of Supply Rules and Revenue Neutral Rates;
- Committee on dual control, threshold and exemptions;
- Committee on IGST and GST on imports.

March, 2013: A not for profit, non-Government, private limited company was incorporated in the name of Goods and Services Tax Network (GSTN) as special purpose vehicle setup by the Government primarily to provide IT infrastructure and services to the Central and State Government(s), tax payers and other stakeholders for implementation of the Goods and Services Tax (GST).

August, 2013: The Parliamentary Standing Committee submitted its Report to the Lok Sabha. The recommendations of the Empowered Committee (EC) and the recommendations of the Parliamentary Standing Committee were examined by the Ministry in consultation with the Legislative Department. Most of the recommendations made by the Empowered Committee and the Parliamentary Standing Committee were accepted and the Draft Amendment Bill was suitably revised.

September, 2013: The final draft Constitutional Amendment Bill incorporating the above stated changes was sent to the Empowered Committee for consideration.

November, 2013: The EC once again made certain recommendations on the Bill after its meeting in Shillong. Certain recommendations of which were incorporated in the draft Constitution (115^{th} Amendment) Bill and the revised draft was again sent to EC for its consideration.

June, 2014: The draft Constitution Amendment Bill in March, 2014 was sent to the Empowered Committee after approval of the new Government.

December, 2014: The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014 seeking to amend the Constitution to introduce the Goods and Services Tax (GST) and subsume state Value Added Tax, octroi and entry tax, luxury tax, etc. was introduced in the Lok Sabha on December 19, 2014 by the Hon'ble Minister of Finance, Mr. Arun Jaitley.

May, 2015: Constitution Amendment (122^{nd}) Bill was passed by Lok Sabha on May 06, 2015.

May, 2015: In Rajya Sabha, Bill was referred to a 21-member Select Committee of Rajya Sabha.

July, 2015: Select Committee submitted its report to Rajya Sabha on July 22, 2015.

June, 2016: On June 14, 2016, the Ministry of Finance released draft model law on GST in public domain for views and suggestion.

August, 2016: On August 03, 2016, the Constitution (122^{nd} Amendment) Bill, 2014 was passed by Rajya Sabha with certain amendments.

August, 2016: The changes made by Rajya Sabha were unanimously passed by Lok Sabha, on August 08, 2016.

September, 2016: The Bill was adopted by majority of State Legislatures wherein approval of at least 50% of the State Assemblies was required

September, 2016: Final assent of Hon'ble President of India was given on 8th September,2016

April, 2017: Parliament passed the following four bills

- Central Goods & Services tax (CGST) Bill
- Integrated Goods & Services Tax (IGST) Bill
- Union Territory Goods & Services tax (UTGST) Bill
- Goods & Services Tax (Compensation to States) Bill

April, 2017: President's assent was given to the above four key legislation on Goods & Services Tax

(All state have passed separate and dedicated legislation i.e. SGST Bill in their respective legislatures)

5. *GST Council*

GST Council is the main decision-making body that has been formed to finalize the design of GST. This governing body of GST comprises of Union Finance Minister – Arun Jaitley, who is the Chairman of the council, the Minister of State (Revenue) and the State Finance/ Taxation Ministers. The duty of the Council is to make recommendations to the Union and the States. It has been provided in the Constitution (one hundred and first amendment) Act, 2016 that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized national market for goods and services.

In the GST Council a decision is taken by a three-fourth majority with the Centre having a one-third vote and the states the remaining two-third.

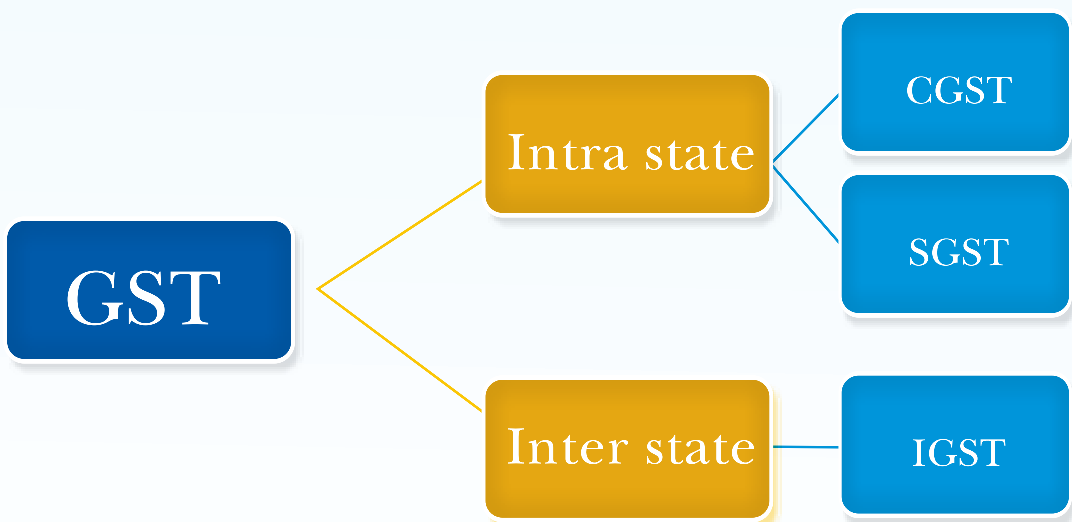
Functions of the GST Council seeked to include making recommendations on:

- taxes, cesses, and surcharges levied by the Centre, States and local bodies which may be subsumed in the GST;
- goods and services which may be subjected to or exempted from GST;
- Model GST laws, principles of levy, apportionment of IGST and principles that govern the place of supply;
- threshold limit of turnover below which goods and services may be exempted from GST;
- rates including floor rates with bands of GST;
- special rates to raise additional resources during any natural calamity;
- special provision with respect to Arunachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
- any other matters

6. *Levy under GST Regime*

GST is levied on supply of all goods or services or both except supply of 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 and GST Council shall decide the date from which they shall be included in GST. Electricity has also been kept out of GST.

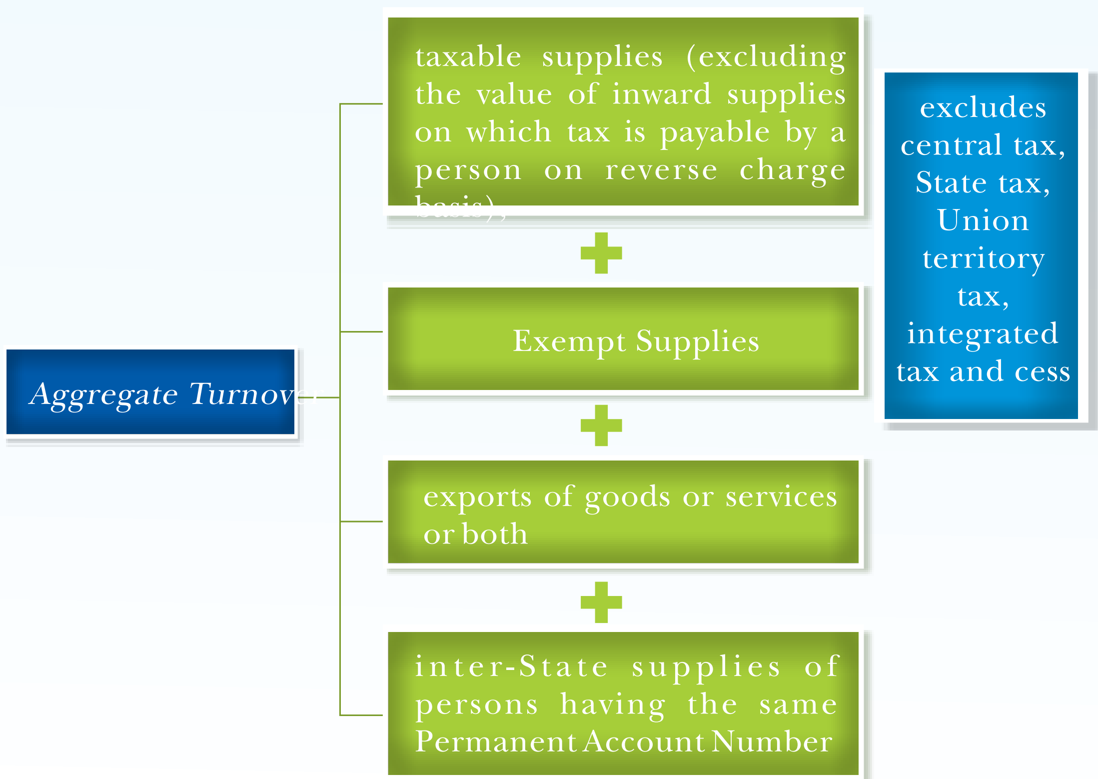
The structure provided under GST is dual in nature and under this , the Centre and the States will simultaneously levy tax on a common base. The GST levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that levied by the States / Union territory would be called the State GST (SGST)/ UTGST. Similarly, Integrated GST (IGST) will be levied and administered by Centre on every inter-state supply of goods and services.



7. Liability under GST

Under the GST regime, liability to pay tax arises when a person crosses the turnover threshold of ` 20 lakhs (` 10 lakhs for North Eastern & Special Category States) except in certain specified cases where the taxable person is liable to pay GST even though he has not crossed the threshold limit. The CGST / SGST is payable on all intra-State supply of goods and/or services and IGST is payable on all inter- State supply of goods and/or services.

A Composition Scheme, which is mainly devised for small taxpayers, provides concessional rate of tax and filing of quarterly returns instead of monthly return. To be eligible for registration under Composition scheme it is required that the aggregate turnover of a registered tax payer should not exceed Rs 75,00,000/- in the preceding financial year. (The limit is ₹ 50,00,000/- for North Eastern and Special Category States)



8. *Registration*

In any tax system, registration is the most fundamental requirement for identification of tax payers ensuring tax compliance in the economy. Registration of any business entity under the GST Law implies obtaining a unique number from the concerned tax authorities for the purpose of collecting tax on behalf of the government and to avail Input Tax Credit for the taxes on his inward supplies. Without registration, a person can neither collect tax from his customers nor claim any input Tax Credit of tax paid by him

Persons Liable to register

Section 22 of the CGST Act, 2017 specifies the list of persons liable for registration and section 24 of the CGST Act, 2017 lists categories of persons who are required specifically to take registration even if they are not covered under section 22 of the Act. Following is a summarised list:

- Supplier: Supplier of taxable goods or services or both exceeding the specified threshold limit of Rs. 10 lakhs (for special category States) and Rs. 20 lakhs for other states and Union territories
- Licensee: Every person who is a registered licensee or holds a license under an existing law, on the day immediately preceding the appointed day i.e 1st July 2017.
- Transferee: Where a business, which is carried by a taxable person is transferred as a going concern shall be liable to be registered with effect from the date of such transfer or succession
- Transferee under a scheme: Transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may be, demerger of two or more companies pursuant to an order of a High Court, Tribunal or otherwise, the transferee shall be liable to be registered, with effect from the date on which the Registrar of Companies issues a certificate of incorporation giving effect to such order of the High Court or Tribunal
- Interstate supplier: An interstate supplier is compulsorily required to get registered under GST
- Casual Taxable person: A person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business is termed as a casual taxable person.

Such persons if making taxable supply of goods or services or both comes under the ambit of taxable persons

- Payer of Reverse charge: Persons who are required to pay tax under reverse charge shall get registered under GST
- Person under Section 9(5) of CGST Act, 2017: As stated in section 9(5) of CGST Act, 2017, the Government may, on the recommendations of the Council, by notification, specify categories of services, the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services
- Non-resident: A non-resident taxable person making taxable supply
- Deductor of tax at source: Persons who are required to deduct tax under section 51, whether or not separately registered under this Act
- Supplier on behalf of another person: Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise
- Input Service Distributor: Whether or not separately registered under this Act
- Supplier through Electronic Commerce Operator: Persons who supply goods or services or both (other than supplies specified under sub-section (5) of section 9), through such electronic commerce operator who is required to collect tax at source under section 52
- Electronic Commerce Operator: Every Electronic Commerce Operator
- Supplier of online information: Every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person
- Any other person: Any other person or class of persons as notified by the Government on recommendations of the Council

Persons not liable for registration

The following persons have been specifically kept out of the purview of registration under GST:

- Person supplying exempted goods or services or goods or services which are not liable for tax under GST.
- An agriculturist, to the extent of supply of produce out of cultivation of land.

The government may, on the recommendations of the Council, by notification, specify the category of persons who may be execpted from obtaining registration under CGST Act

GSTIN

GST Registration Number is 15 digits- PAN based number- called GSTIN, as under-

State Code		PAN										Entity Code	Blank	Check Digit
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

- The first two digits of this number represent the state code
- The next ten digits is the PAN number of the taxpayer
- The thirteenth digit is assigned based on the number of registrations within a state
- The fourteenth digit is Z by default
- The last digit is for check code

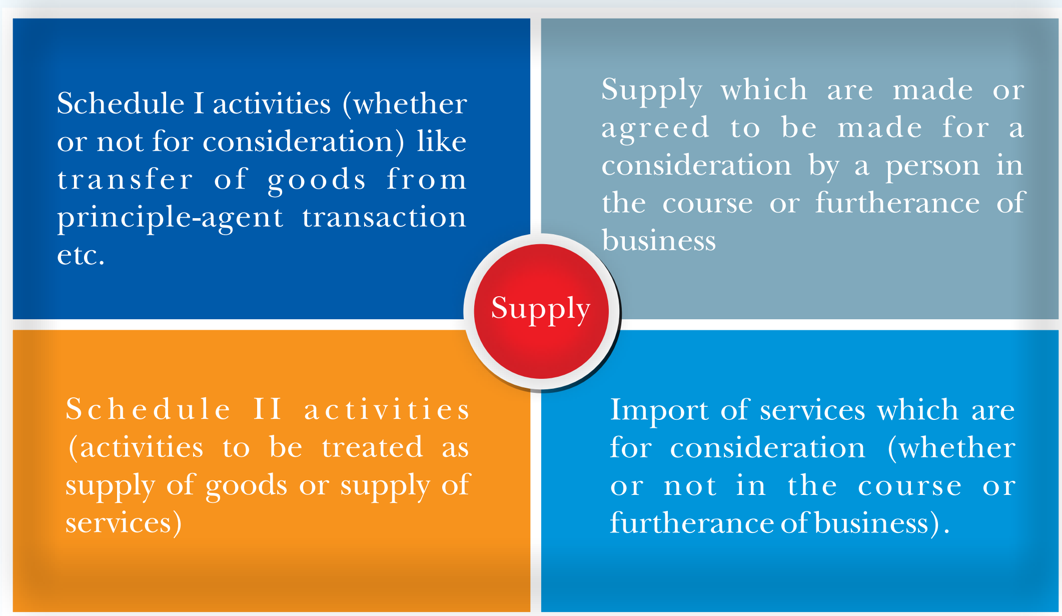
Registration under GST is not tax specific, which means that there is single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and cesses. A given PAN based legal entity would have one GSTIN per State, that means a business entity having its branches in multiple States will have to take separate State wise registration for the branches in different States. But within a State, an entity with different branches would have single registration wherein it can declare one place as principal place of business and other branches as additional place of business. However, a business entity having separate business verticals (as defined in section 2 (18) of the CGST Act, 2017) in a state may obtain separate registration for each of its business verticals.

An application has to be submitted online through the common portal (GSTN) within thirty days from the date when liability to register arise. The Casual and Non-Resident taxable persons need to apply at least five days prior to the commencement of the business. For transferee of a business as going concern, the liability to register arises on the date of transfer.

9. *Taxable event under GST*

Under the previous regime taxable event for various taxes were different. For example, for excise duty the taxable event was manufacture or production of goods in India. Similarly, for services the taxable event was when a service was provided or agreed to be provided. Under CST and VAT it was sale of goods. Thus, all this led to lot of confusion in determining taxes to be paid. To replace such multiple taxable events, GST has brought a single and uniform taxable event, which is, supply and tax will accrue to the taxing authority which has jurisdiction over the place of consumption and will be the place of supply in most cases.

Supply has been very subjectively and inclusively defined in the Act. The types of supply identified under the Act are:



There are few activities which are specifically not to be considered as SUPPLY and these are:

1. Schedule III activities which includes

- Services from an employee to employer
- Services by any court or Tribunal
- (a) functions performed by members of Parliament, member of State Legislature, member of Parchayats, member of Municipalities and members of other local authorities

  (b) the duties performed by any person who holds any post is pursuance of the provision of the Constitution is that capacity or

  (c) the duties performed by any person as a Chairperson or a Member or a director in a body established by Central Government or a State Government or local authority & who is not deened as an employee before the commencement of this clause
- Services of funeral, burial, crematorium or mortuary
- Sale of land subject to Schedule II (5) (b) , sale of building
- Actionable claims, other than lottery, betting and gambling

2. activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council.

10. *Time of Supply*

Point of taxation means the point in time when goods have been deemed to be supplied or services have been deemed to be provided. The point of taxation enables us to determine the rate of tax, value, and due dates for payment of taxes. Under GST the point of taxation , i.e., the liability to pay CGST / SGST, arises at the time of supply as determined for goods and services. CGST Act, 2017 states provisions to determine time of supply of goods under section 12 and time of supply of services under section 13 of the Act.

Time of Supply of Goods

Type	Goods (Sec 12)
General provision (sub section 2)	(Earliest of the three) • date of issue of invoice • last date when invoice is required to be issued (sec 31(1) • receipt of payment
Excess amount amount received is up to Rs. 1000 in excess to the amount indicated in tax invoice	(at the option of supplier) date of issue of invoice (with respect to such excess amount)
Here "supply" shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment and "the date of receipt of payment" shall be the earliest of the following: date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account	
Reverse Charge Basis (sub section 3)	(Earliest of the three) • the date of the receipt of goods • the date of payment as entered in the books of account or payment is debited in his bank account whichever is earlies • the date immediately following thirty days from the date of issue of invoice or any other document

where it is not possible to determine the time of supply the date of entry in the books of account of the recipient of supply	
Vouchers (sub section 4)	• the date of issue of voucher, if the supply is identifiable at that point or • the date of redemption of voucher, in all other cases
Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall— in a case where a periodical return has to be filed, be the date on which such return is to be filed; or in any other case, be the date on which the tax is paid.	
The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.	

Time of Supply of Service

Type	Services (Sec 13)
General provision (sub section 2)	(Earliest of) • date of issue of invoice if issued within time prescribed under (sec 31(2)) or date of receipt of payment whichever is earlier or • date of provision of service if invoice not issued within time prescribed under section 31(2) or the date of receipt of payment, whichever is earlier or • date of receipt as entered in the books of account, in other cases
Excess amount amount received is up to Rs. 1000 in excess to the amount indicated in tax invoice	(at the option of supplier) date of issue of invoice (with respect to such excess amount)

Here "supply" shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment and "the date of receipt of payment" shall be the earliest of the following: • date on which the payment is entered in the books of account of the supplier or • the date on which the payment is credited to his bank account	
Reverse Charge Basis (sub section 3)	(Earliest of the following) • the date of payment as entered in the books of account or payment is debited in his bank account, whichever earlier • the date immediately following sixty days from the date of issue of invoice or any other document
Services by associated enterprises: Where the supplier of service is located outside India, (earlier of the two) • the date of entry in the books of account of the recipient • the date of payment	
Vouchers (sub section 4)	• the date of issue of voucher, if the supply is identifiable at that point or • the date of redemption of voucher, in all other cases
Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall— • in a case where a periodical return has to be filed, be the date on which such return is to be filed; or • in any other case, be the date on which the tax is paid.	
The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.	

11. *Nature of Supply*

GST is a destination based tax i.e consumption tax, which means tax will be levied where goods and services are consumed and will accrue to that state thus, it is of immense importance that the place of supply of any transaction is determined correctly. To determine the correct place of supply, it is important that the nature of supply be understood first. Following table list provisions as contained in IGST Act, 2017, to know whether a supply will be treated as Inter State or Intra State supply.

The following services shall be treated as inter state supply:

Inter State Supply (Sec 7)		
Supply of	Goods	Services
Location of the supplier and the place of supply are in	two different States; two different Union territories; or a State and a Union territory	two different States; two different Union territories; or a State and a Union territory,
Import	till they cross the customs frontiers of India	No specific requirement (all services imported will be treated as inter state supply)
supplier located in India and the place of supply is outside India		
to or by a Special Economic Zone developer or a Special Economic Zone unit		
in the taxable territory, not being an intra-State supply and not covered elsewhere in this section		

The following supplies shall be treated as intra state supply:

Intra State Supply		
Supply of	Goods	Services
Location of the supplier and the place of supply are in	same State or same Union territory	same State or same Union territory
Following will not be considered as Intra State Supply		
	• supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit • goods imported into the territory of India till they cross the customs frontiers of India • supplies of goods made to a tourist as referred to in Section 15	

Following will be treated as establishments of distinct persons:

- an establishment in India and any other establishment outside India;
- an establishment in a State or Union territory and any other establishment outside that State or Union territory; or
- an establishment in a State or Union territory and any other establishment being a business vertical registered within that State or Union territory

A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.

12. *Place of Supply*

Place of supply is important to determine the nature of sale (inter-state, intra-state, import or export) and the State where State component of GST will accrue.

Place of Supply of Goods

Section 10 of the IGST Act, 2017, specifies place of supply of goods, other than supply of goods imported into, or exported from India.

Supply involving movement of goods (whether by the supplier or the recipient or by any other person)	location of the goods at the time at which the movement of goods terminates for delivery to the recipient
Delivery of goods (by the supplier to a recipient or any other person on the direction of a third person) either by way of transfer of documents of title to the goods or otherwise	principal place of business of such person
Supply not involving movement of goods (whether by the supplier or the recipient)	location of such goods at the time of the delivery to the recipient
Installation/Assembelli ng of goods	place of such installation or assembly
Goods supplied on board a conveyance	location at which such goods are taken on board

Place of Supply of Services

Section 12 of the Integrated GST Act, 2017 lists place of supply of services, where location of supplier and recipient is in India.

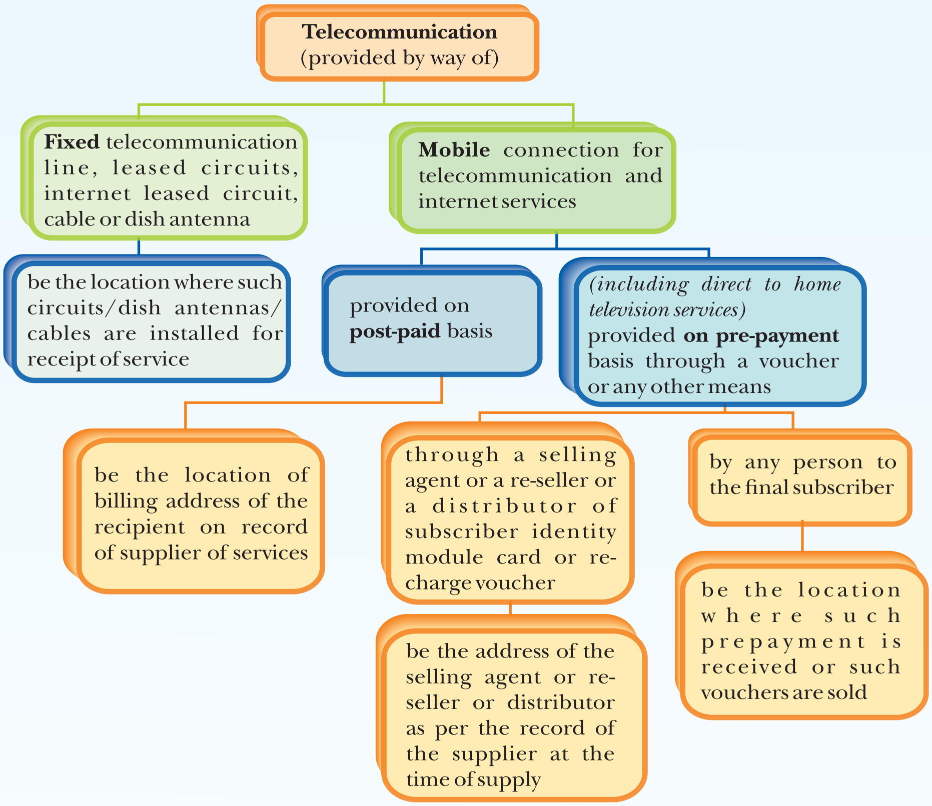
(Sub Section) Applicability	Type	Place of Supply of Service
(2) General Provision	Made to a registered person	location of such person
	Made to unregistered person	- location of recipient where address on records exist - location of the supplier of services in other cases
(3) Immovable property, boat or vessel	services provided by architects, interior decorators or any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work	location at which immovable property or boat or vessel is located or intended to be located
	By way of lodging accommodation, including a houseboat or vessel	
	Accommodation for organising marriage or matters related thereto, official, social, cultural, religious or business function including services provided in relation to such function at such property; etc	
	Any ancillary services to the above services	
	if immovable property or boat or vessel is located or intended to be located outside India	the place of supply shall be the location of the recipient

Immovable Property/boat /vessel	located in more than one State	proportionate allocation amongst states as per the value of service received or as per the contract or as may be prescribed
(4) Specific services	Services like beauty parlour, fitness, restaurant and catering services etc.	location where the services are actually performed
(5) Training and performance appraisal	Made to a registered person	location of such person
	Made to unregistered person	location where the services are actually performed
(6) Services by way of	admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place and services ancillary there to	where the event is actually held or where the park or such other place is located.
(7) Organisation of a cultural, artistic, sporting event etc., and services ancillary to organisation of any of the events or assigning of sponsorship of such events	Made to a registered person	location of such person
	Made to unregistered person	the place where the event is actually held
	event held outside India	location of the recipient
	Held in more than one State	proportionate allocation amongst states as per the value of service received or as per the contract or as may be prescribed
(8) Transportation of goods, including by mail or courier	registered person	location of such person
	unregistered person	location at which such goods are handed over for their transportation

(9) Passenger transportation service	registered person	location of such person
	unregistered person	place where the passenger embarks on the conveyance for a continuous journey
Right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage	Made to a registered person	Location of such person
	Made to unregistered person	Made to unregistered person- location of recipient where address on records exist - location of the supplier of services in other cases
*The return journey shall be treated as a separate journey, even if the right to passage for onward and return journey is issued at the same time		
(10) On board a conveyance	including a vessel, an aircraft, a train or a motor vehicle	location of the first scheduled point of departure of that conveyance for the journey
(12) Banking and other financial services	including stock broking services to any person	- location of the recipient of service on records of supplier or - if location of recipient is not available, location of the supplier of services
(13) Insurance services	Made to a registered person	location of such person
	Made to unregistered person	location of the recipient of Services on the records of the supplier of services.

Place of supply of Telecommunication services

Section 12(11) of the Integrated GST Act, 2017 states the provisions for determining the place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person

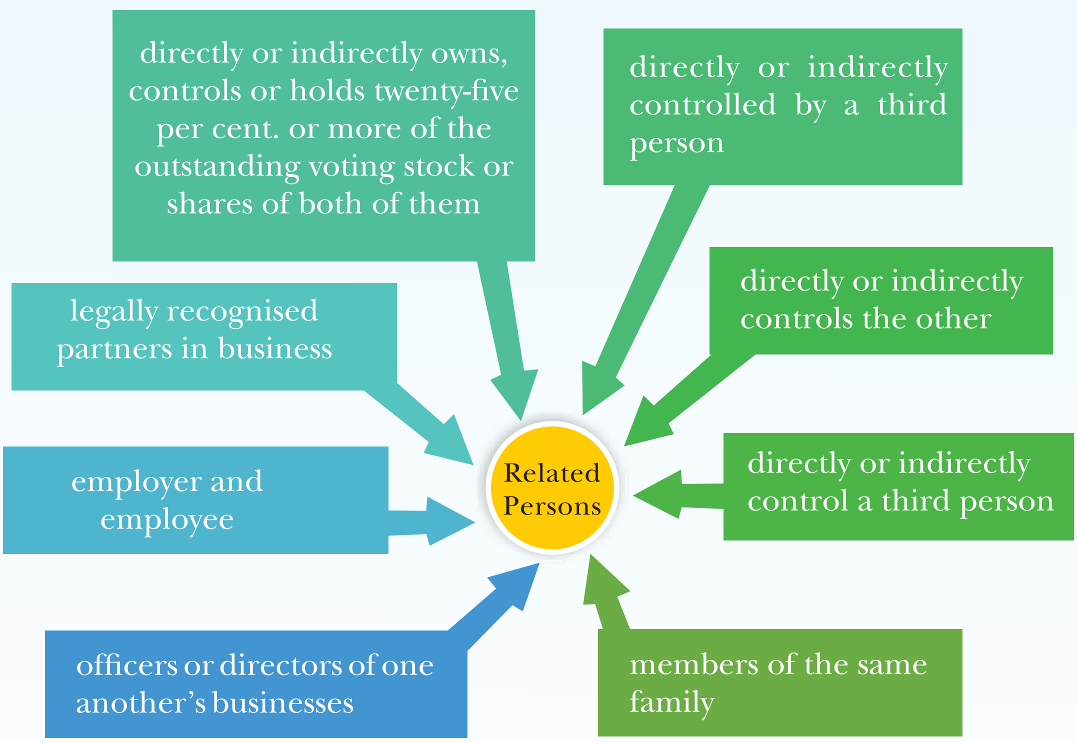


- In any other cases, be the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services
- If pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services on the record of the supplier of services shall be the place of supply of such services.

Where the leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such circuit, the place of supply of service shall be proportionately allocated amongst states/Union Territories as per the value of service received or as per the contract or as may be prescribed

13. *Value of Supply*

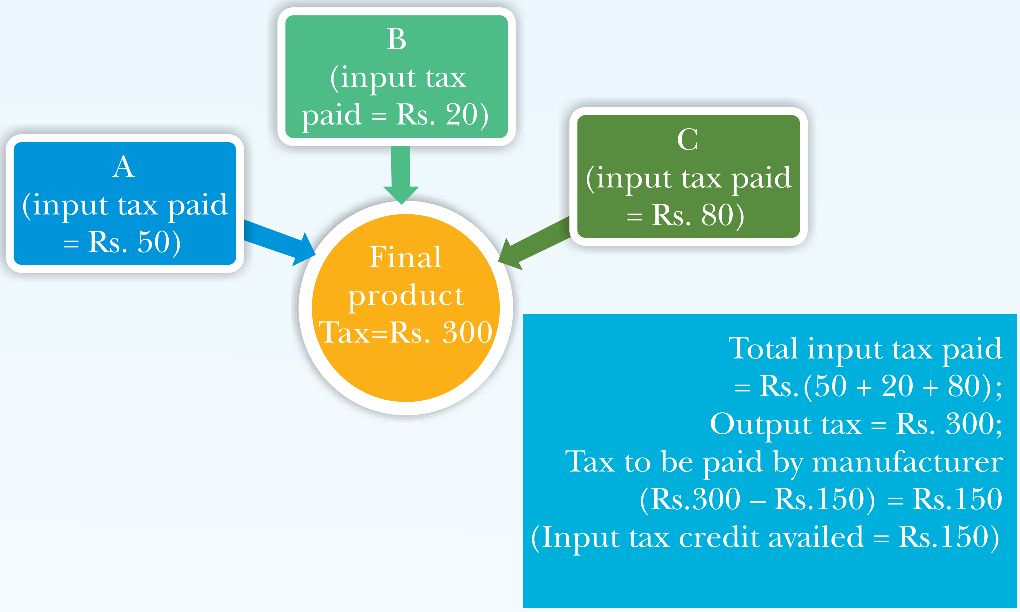
Value of taxable supply under GST is the transaction value. Transaction value means the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.



<table>
<tr><th colspan="3">Value of Supply</th></tr>
<tr><th>Includes</th><th colspan="2">Excludes Discount</th></tr>
<tr><td>any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than GST Act</td><td rowspan="5">Before or at the time of supply:
if discount has been duly recorded in invoice</td><td rowspan="5">After the supply:
established in terms of an agreement and specifically linked to relevant invoices input tax credit, attributable to discount have been reversed by recepient</td></tr>
<tr><td>any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;</td></tr>
<tr><td>incidental expenses</td></tr>
<tr><td>interest or late fee or penalty for delayed payment of any consideration for any supply</td></tr>
<tr><td>subsidies directly linked to the price excluding subsidies provided by the</td></tr>
</table>

14. *Input Tax Credit*

Input tax credit is a provision of reducing the tax already paid on inputs. This can be understood with the help of the following diagram:



Input Tax Credit (ITC) is considered as a cornerstone of GST. In the previous tax regime, there was a non-availability of credit at various points of supply chain, which led to a cascading effect of tax and increased the cost of goods and services. This flaw has been removed under GST and a seamless flow of credit throughout the value chain will be provided which will help in reducing the cascading effect of tax.

Under GST, 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 and includes taxes paid on input goods, input services or both. To avail the benefit of ITC it is required that the person availing such benefit is registered under GST. An unregistered person is not eligible to take the benefit of ITC.

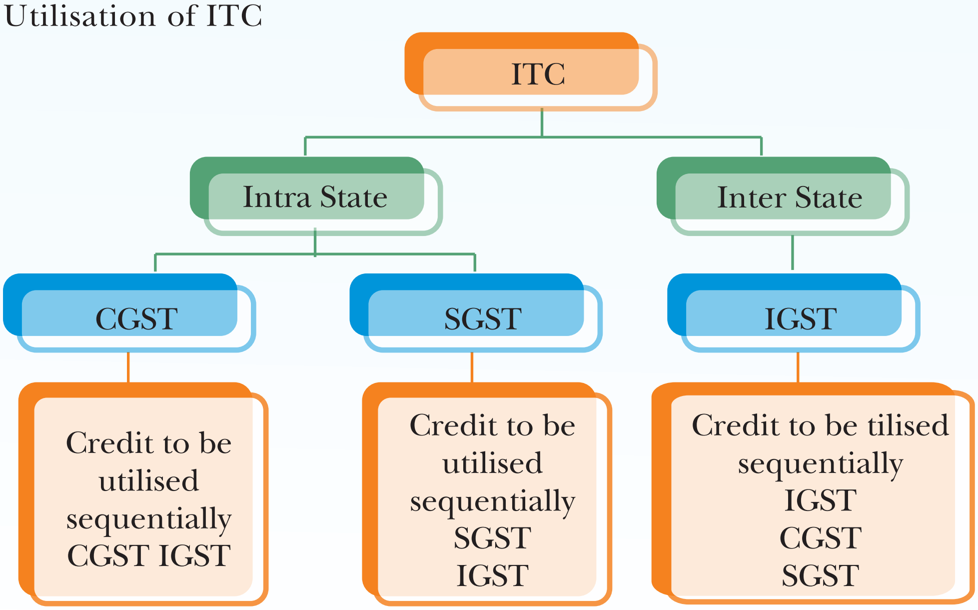
Section 16 of the CGST Act ,2017, states the condition and eligibility to obtain ITC . Following four conditions are required to be fulfilled by a registered taxable person:

- he should be in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
- he should have received the goods or services or both;
- the supplier should have actually paid the tax charged in respect of the supply to the government; and
- he should have furnished the return under section 39.

(where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment)

Availability of ITC to recipient has been made dependent on payment of tax by supplier. Thus, even if the receiver has paid the amount of tax to the supplier and the goods and/or services so procured are eligible for ITC, no credit would be available, till the time tax so collected by the supplier is deposited to the Government. Also if a recipient fails to pay the amount of supply along with tax payable thereon within 3 months from the date of issue of invoice, the recipient will be liable to pay along with the output tax liability an amount equal to the input tax credit availed by the recipient along with interest thereon

Utilisation of ITC



Cross utilisation of CGST and SGST is not available

15. *Tax invoice, Credit and Debit notes*

Whenever a transaction takes place, different kinds of documents are issued under different circumstances, like invoice, credit note, debit note and bill of supply.

Invoice

An invoice indicates what must be paid by the buyer to the seller. On every sale/purchase an invoice is issued by the supplier i.e person making the sale. An invoice provides a detailed account of the products or service along with details of supplier, purchaser, tax charged and other particulars such as discounts, terms of sale etc.

Invoice for goods is required to be raised before or at the time of –

- removal of goods for supply to the recipient, where the supply involves movement of goods; or
- delivery of goods or making available thereof to the recipient, in any other case

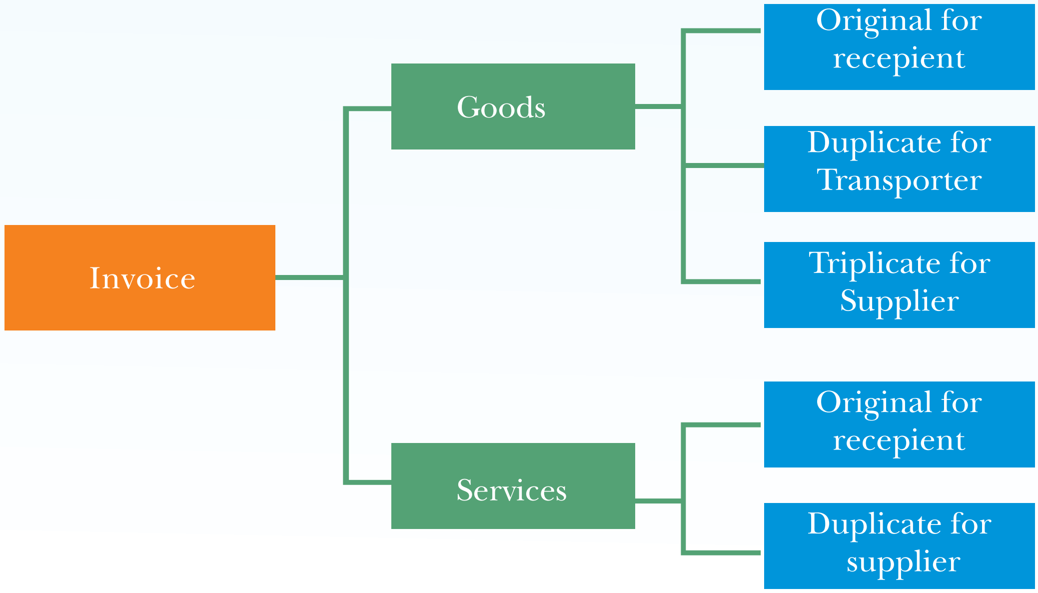
A registered taxable supplier of services, is required to raise invoice at the following timeline:

General provision	In case of taxable supply of services, invoice shall be issued within a period of thirty days from the date of supply of service (In case the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the invoice shall be issued within 45 days of supply of service)
Continuous Supply of service	before or at the time each such statement is issued or, as the case may be, each such payment is received

Continuous supply having ascertainable due date	on or before the due date of payment
Continuous supply having unascertainable due date	before or at the time when the supplier of service receives the payment
Continuous supply where the payment is linked to the completion of an event	on or before the date of completion of that event
When contract ceases before completion of supply	at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation

Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier. Here, “tax invoice” shall include any revised invoice issued by the supplier in respect of a supply made earlier. The Government may, on the recommendations of the Council, by notification, specify the categories of goods or services in respect of which a tax invoice shall be issued or any other document issued in relation to the supply shall be deemed to be a tax invoice.

A revised invoice can be issued by a registered person, within one month from the date of issuance of certificate of registration.



Although all GST taxpayers are free to design their own invoice format., it is required that certain fields as mentioned in the invoice rule be incorporated in all invoices. A draft template of invoice (GST INV-1) under GST is given below:

GovernmentofIndia/State
Departmentof....................

FormGSTINV – 1
(SeeRule --------)
Applicationfor ElectronicReferenceNumberofanInvoice

1. GSTIN
2. Name
3. Address
4. SerialNo.ofInvoice
5. DateofInvoice

DetailsofReceiver(Billedto)
Name
Address
State
StateCode
GSTIN/UniqueID

DetailsofConsignee(Shippedto)
Name
Address
State
StateCode
GSTIN/UniqueID

Sr. No.	DescriptionofGoods	HSN	Qty.	Unit	Rate (per item)	Total	Discount	Taxable value	CGST		SGST		IGST	
									Rate	Amt.	Rate	Amt.	Rate	Amt.
	Freight Insurance PackingandForwardingCharges													
		Total												
	TotalInvoiceValue(Infigure) TotalInvoiceValue(InWords) AmountofTaxsubjecttoReverseCharges													

Bill of Supply

Where a supplier is not required to charge any tax, he shall to raise a bill of supply instead of invoice. Bill of supply will be raised by

- a registered person supplying exempted goods or services or both or
- a registered person paying tax under the provisions of Section 10

Receipt voucher

When an advance payment is received with respect to any supply of goods or services or both, a receipt voucher is required to be issued by the registered person. Further, if no supply is made and no tax invoice is issued after the issue of receipt voucher, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.

Credit note and debit note

A registered person is required to issue credit note or debit note under certain circumstances. Following table summarizes such situations:

Debit note

- where taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply

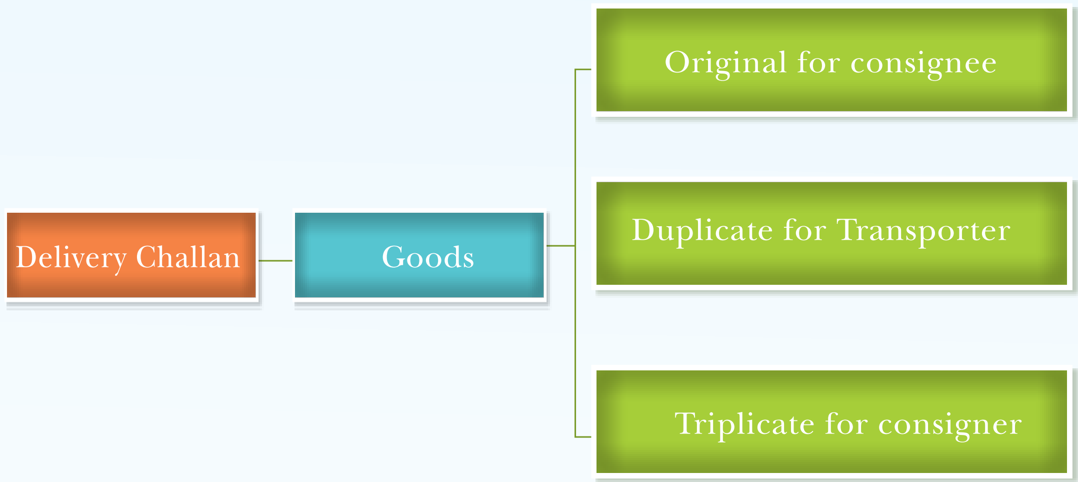
Credit note

- when taxable value or tax charged in a tax invoice is found to exceed the taxable value or tax payable in respect of supply
- where the goods supplied are returned by the recipient
- where goods or services or both supplied are found to be deficient

Delivery Challan

Invoice Rules list few situations where a delivery challan, serially numbered, will be issued instead of invoice. Such situations are as follows:

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



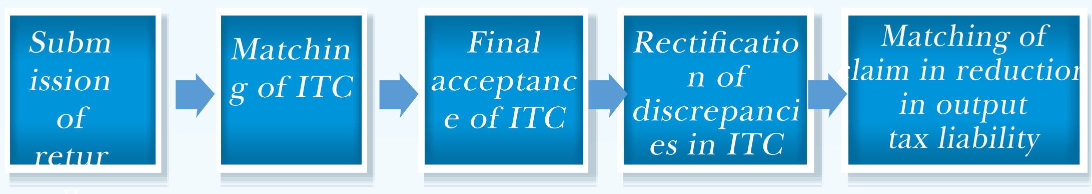
The supplier is required to issue a tax invoice after delivery of goods where tax invoice could not be issued at the time of removal of goods for the purpose of supply.

Where the goods are being transported in a semi knocked down or completely knocked down condition:

- the supplier shall issue the complete invoice before dispatch of the first consignment;
- the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- each consignment shall be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
- the original copy of the invoice shall be sent along with the last consignment.

16. *Returns*

As per law, a taxpayer is required to file a document with the administrative authority which is commonly known as a “return”. There are various types of returns under GST like the Monthly return, Return for Composition Scheme, TDS return, Return for Input Service Distributor Annual return and final return. Under GST , everything is online and is updated regularly. The entire procedure of filling returns can be divided into 5 parts as follows.



The concept of revised returns is not provided in the GST rules and accordingly, the businesses would have to avail and re-avail, the mismatched credit by way of credit notes, debit notes, and supplementary invoices. The CGST rules. 2017 have prescribed different forms to be filled by a registered person. A summarised list has been given below:

Forms	Applicability	Type	Timeline
GSTR-1	Every registered person (other than an ISD, a non-resident taxable person and a person paying tax under the provisions of section 10/51/52)	Outward Supplies	On or before 10th of next month
GSTR-2		Inward Supplies	after the 10th day but on or before the 15th day of the month succeeding the tax period

GSTR-3		Monthly return	On or before 20th of next month
GSTR-4	Registered Composition Supplier	Quarterly Return	within 18 days after the end of each quarter
GSTR-5	Every Registered non-resident Taxable Person	Inward and Outward Supplies	(whichever is earlier) within 20 days after the end of a calendar month or within 7 days after the last day of the period of registration (section 27(1))
GSTR-6	Every Input Service Distributor (ISD)	Details of Tax invoices	Before 13th of next month
GSTR-7	Every Registered Person deducting tax at source (section 51)	Details of TDS	within 10 days after the end of the month in which deductions is made
GSTR-8	Every E-commerce operator required to collect tax (section 52)	Details of TCS	within ten days after the end of the month in which collection is made
GSTR-9	Every Registered Person (except ISD, Non resident taxable, Section 10,51,52 and Casual Taxable Person	Annual Return	31st Dec of next financial year
GSTR-10	Taxable Person whose registration has been cancelled or surrendered	Final Return	Within three months of the date of cancellation or date of order of cancellation, whichever is later,

Goods under GST regime, is classified under, Harmonised System of Nomenclature (HSN) code whereas services is classified as per the Services Accounting code (SAC). HSN is an internationally standardized system of names and numbers to classify traded products. At present, HSN code is used to classify goods under Value added tax. The CGST rules, 2017 prescribe that the Harmonized System of Nomenclature code pertaining to every invoice would not be required to be submitted. The disclosure of the HSN code would depend on the annual turnover of the taxpayer.

Requirement of HSN code	
Annual Turnover	Requirement
Up to Rs. 1.5 crores	Description of goods
Rs. 1.5 crores to 5 crores	Disclosure of 2 digit level of HSN code
More than 5 crores	Disclosure of 4 digit level of HSN code

17. *Payment*

As India is moving towards digitisation, GST have provided an easy and simple way of payment of taxes. Under GST regime, all the taxpayers will get three electronic ledgers namely E-cash Ledger, E-credit Ledger & E-liability Ledger through their GST profile.

E-cash ledger: The electronic cash ledger under sub-section (1) of section 49 shall be maintained in FORM GST PMT-05 for each person, liable to pay tax, interest, penalty, late fee or any other amount, on the Common Portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount. Thus, Payment can be made in cash by debiting the e-cash leger maintained on the common portal. Money can be deposited in the Cash Ledger by different modes, namely, E-Payment (Internet Banking, Credit Card, Debit Card); Real Time Gross Settlement (RTGS)/ National Electronic Fund Transfer (NEFT); Over the Counter Payment in branches of Banks Authorized (for deposits upto ten thousand rupees per challan per tax period, by cash, cheque or demand draft) to accept deposit of GST. A challan in FORM GST PMT-06 is required to be generated and the details of the amount to be deposited towards tax, interest, penalty, fees or any other amount will be entered in the challan. Challan in FORM GST PMT-06 generated at the Common Portal shall be valid for a period of fifteen days

E- debit or credit ledger: Every registered taxable person is required to record and maintain an electronic liability ledger in Form GST PMT- 01 and all amounts payable will be debited in the said register. The electronic credit ledger shall be maintained in Form GST PMT-02 for each registered person eligible for input tax credit under the Act on the common portal & every claim of input tax credit under the Act shall be credited to the said ledger..

Payment of every liability by a registered taxable person can be made by debiting the e liability ledger or e- cash ledger

Any amount of demand debited or amount of penalty imposed or liable to be imposed in the electronic tax liability register shall stand reduced to the extent of relief given by the appellate authority or Appellate Tribunal or court or if the taxable person makes the payment of tax, interest and penalty specified in the show cause notice or demand order, the electronic tax liability register shall be credited accordingly.

Any payment required to be made by a person who is not registered under the Act, shall be made on the basis of a temporary identification number generated through the Common Portal.

The payment processes under GST Act(s) have the following features:

- Electronically generated challan from GSTN Common Portal in all modes of payment and no use of manually prepared challan
- Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax
- Convenience of making payment online
- Logical tax collection data in electronic format
- Faster remittance of tax revenue to the Government Account
- Paperless transactions
- Speedy Accounting and reporting
- Electronic reconciliation of all receipts
- Simplified procedure for banks

18. *Accounts and Records*

A registered person is required to maintain proper accounts and records and keep it at his registered principal place of business. If there is more than one place of business specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business. To facilitate digitisation, there is a facility to maintain accounts and other records in electronic form under GST. List of account to be maintained is as follows:

- production or manufacture of goods;
- inward and outward supply of goods or services or both;
- stock of goods;
- input tax credit availed;
- output tax payable and paid; and
- such other particulars as may be prescribed

Owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods in such manner as may be prescribed.

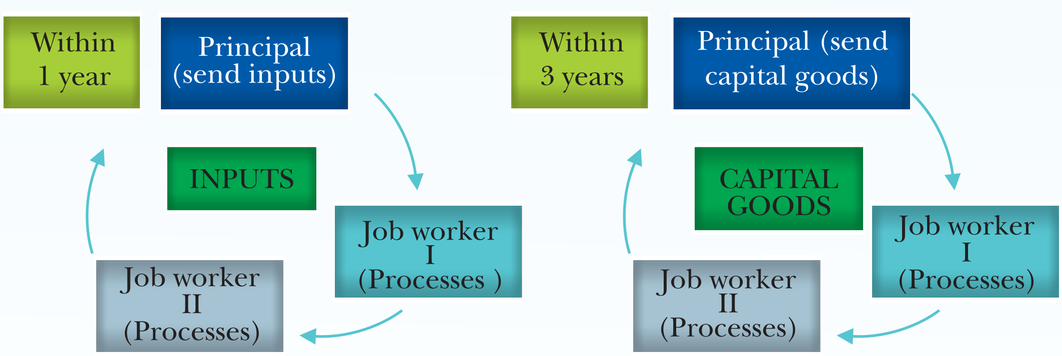
The time duration for retention of accounts and records under GST is seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records. A registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later.

19. *Job work*

A large number of industries depend upon outside support for completing manufacturing activity. 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'.

Under section 143(1) of CGST Act, 2017 a Principal under intimation and subject to such conditions as may be prescribed can send inputs or capital goods to a job worker without payment of tax for further processing or treatment 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.

Capital Goods excludes moulds and dies, jigs and fixtures, or tools.



Send inputs without payment of tax

Under GST regime, when goods are sent from a taxable person to a Job worker, it shall be treated as supply and will be liable to GST if the goods so sent are not received back within 1 year or 3 years in case of inputs or capital goods, as the case may be.

Further, a principal can supply goods from the place of business of job worker if the principal declares the place of business of the job worker as his additional place of business, except in following two conditions:

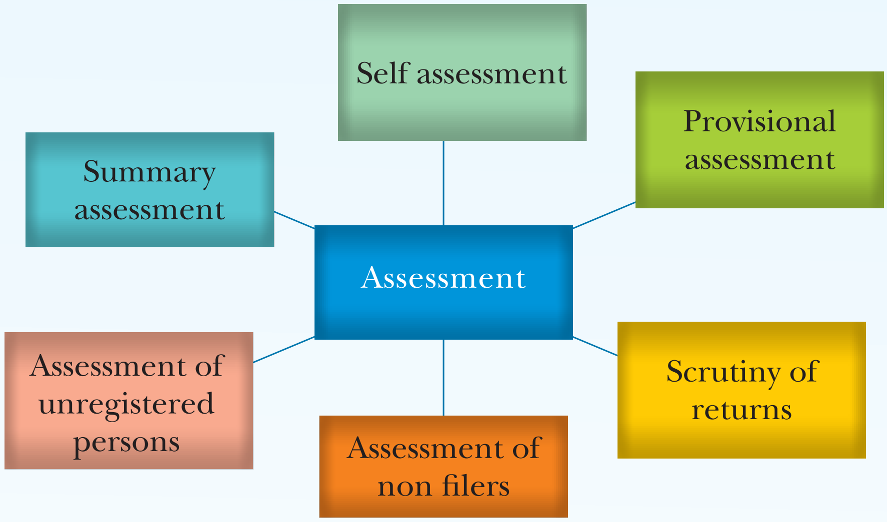
- where the job worker is registered under section 25; or
- where the principal is engaged in the supply of such goods as may be notified by the Commissioner.

Input Credit in case of Job Work

A principal is eligible to take input tax credit for the inputs sent to a job worker. Although section 16 of the CGST Act, 2017 specifically states that ITC will be provided only when goods are actually received, but under Job work this condition is exempted and ITC can be availed even if inputs or capital goods are directly sent to the Job Worker without being first brought to the place of business of Principal.

20. *Assessment*

Assessment means determining tax liability under this CGST Act, 2017 & includes the following types of assessment:



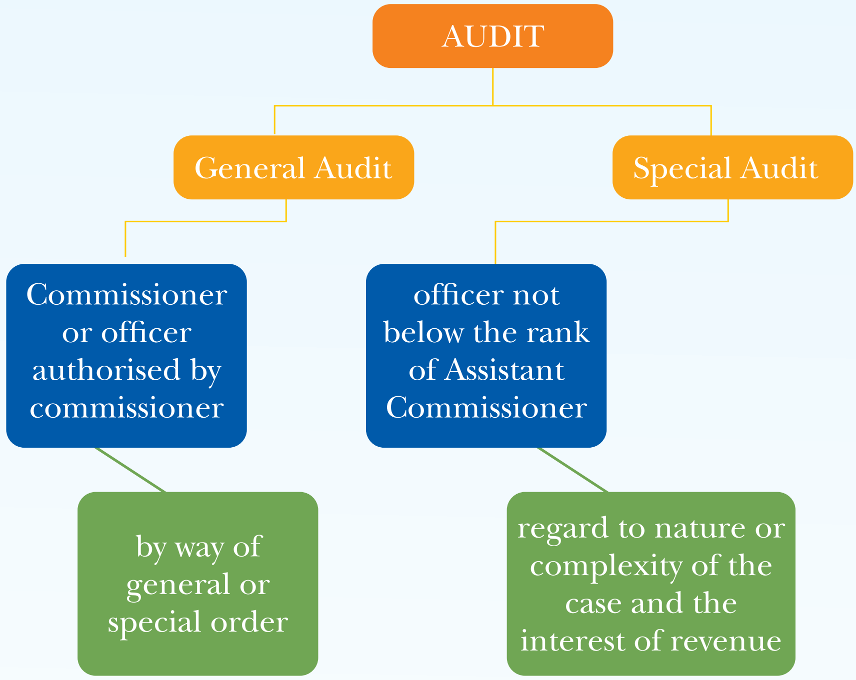
Every registered person is required to self-assess the taxes payable under this Act and furnish a return for each tax period.

A provisional assessment is done when the taxable person is unable to determine the value of goods or services or both or determine the rate of tax applicable thereto, and request the proper officer in writing giving reasons for payment of tax on a provisional basis and the proper officer shall pass an order, within a period not later than 90 days from the date of receipt of such request, allowing payment of tax on provisional basis at such rate or on such value as may be specified by him.

Summary Assessment is done if an officer believes that any delay in assessment can adversely affect the interest of the revenue.

21. *Audit*

Audit under GST can be of following two types:



General Audit: A prior notice of not less than fifteen working days will be sent to the registered person before the audit is conducted. The audit need to be completed within a period of three months from the date of commencement of the audit, but a further extension for a period of six months may be provided by the Commissioner for the reasons recorded in writing. On conclusion of audit, the proper officer shall, within thirty days, inform the registered person, whose records are audited, about the findings, his rights and obligations and the reasons for such findings.

Special Audit: If at any stage of scrutiny, inquiry, investigation or any other proceeding before him, any officer not below the rank of Assistant Commissioner, having regard to the nature and complexity of the case and the interest of revenue, is of the opinion that the value has not been correctly declared or the credit avalied is not within the normal limits he may, with the prior approval of the Commissioner, direct such registered person by a communication in writing to get his records including books of accounts examined & audited. A report of audit signed and certified by the appointed Chartered Accountant or Cost Accountant is required to be submitted within 90 days although this period can be further extended to 90 days. The registered person shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit under sub-section (1) which is proposed to be used in any proceedings against him under this Act or the rules made thereunder. Where the special audit conducted results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the proper officer may initiate required action.

22. Benefits of GST

GST will bring numerous benefits to all stakeholders viz industries, government and citizens. Some of these benefits are listed below:

Seamless Flow of Credit: GST will facilitate seamless credit across the entire supply chain and across all States under a common tax base.

Elimination of Cascading effect: Goods & Service Tax would eliminate the cascading effects of taxes on production and distribution cost of goods and services. The exclusion of cascading effects i.e. tax on tax will significantly improve the competitiveness of original goods and services in market will lead to beneficial impact to the GDP growth of the country. It is felt that GST would serve a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects in supply chain till the level of final consumers.

Revenue Gain: Revenue will increase under GST regime because of widening of the dealer base by capturing value addition in the distributive trade and increased compliance.

Enhanced Transparency: GST regime shall enhance transparency in the indirect tax framework and is expected to bring down the rate of inflation.

Zero rated Exports: Under the GST regime, exports will be zero rated in entirety unlike the present system where refund of some taxes is not allowed due to fragmented nature of indirect taxes between the Centre and the States. All taxes paid on the goods or services exported or on the inputs or input services used in the supply of such export goods or services shall be refunded.

GST will boost Indian exports, thereby improving the balance of payments position. Exporters will be facilitated by grant of provisional refund of 90% of their claims within seven days of issue of acknowledgement of their application, thereby resulting in the easing of position with respect to cash flows.

Increased Uniformity: Uniform GST rates will reduce the incentive for evasion by eliminating rate arbitrage between neighbouring States and that between intra and inter-State sales. Harmonization of laws, procedures and rates of tax will make compliance easier and simple.

There would be common definitions, common forms/formats, common interface through GST portal, resulting in efficiencies and synergies across the board. This will also remove multiple taxation of same transactions and inter-State disputes like the ones on entry tax and e-commerce taxation existing today.

Increased Certainty: Common procedures for registration of taxpayers, refund of taxes, uniform formats of tax return, common tax base, common system of classification of goods or services along with timelines for every activity will lend greater certainty to taxation system.

Increased Digitalisation: GST is largely technology driven. The interface of the taxpayer with the tax authorities will be through the common portal (GSTN). There will be simplified and automated procedures for various processes such as registration, returns, refunds, tax payments, etc. All processes, be it applying for registration, filing of returns, payment of taxes, filing of refund claims etc., would be done online through GSTN. The input tax credit will be verified online. Electronic matching of input tax credit across India will make the process more transparent and accountable. This will encourage a culture of compliance. This will also greatly reduce the human interface between the taxpayer and the tax administration, leading to speedy decisions.

A list of goods, where the incidence of tax under GST is lower than the present tax incidence, as released by CBEC is as under:

S. No.	Description of goods
	Food & Beverage
1.	Milk powder
2.	Curd, Lassi, Butter milk put up in unit container
3.	Unbranded Natural Honey
4.	Ultra High Temperature (UHT) Milk
5.	Dairy spreads
6.	Cheese

7.	Cashew nut
8.	Raisin
9.	Spices
10.	Tea
11.	Wheat
12.	Rice
13.	Flour
14.	Soyabean oil
15.	Groundnut oil
16.	Palm oil
17.	Sunflower oil
18.	Coconut oil
19.	Mustard Oil
20.	Sunflower oil
21.	Other vegetable edible oils
22.	Sugar
23.	Palmyra jaggery
24.	Sugar confectionery
25.	Pasta, spaghetti, macaroni, noodles
26.	Fruit and vegetable items and other food products
27.	Pickle, Murabba, Chutney
28.	Sweetmeats
29.	Ketchup & Sauces
30.	Mustard Sauce
31.	Toppings, spreads and sauces

32.	Instant Food Mixes
33.	Other pulses bari (mungodi)
34.	Mineral water
35.	Ice and snow
	Infrastructure / fuel
36.	Cement
37.	Coal
38.	Kerosene PDS
39.	LPG Domestic
40.	Fly ash bricks and fly ash blocks
	Medical and health
41.	Insulin
42.	X ray films for medical use
43.	Diagnostic kits and reagents
44.	Glasses for corrective spectacles and flint buttons
45.	Spectacles Lenses
46.	Intraocular lens
47.	Spectacles, corrective
48.	Medical furniture
	Household goods of daily use
49.	Agarbatti
50.	Tooth powder
51.	Hair oil
52.	Toothpaste
53.	Kajal [other than kajal pencil sticks]

54.	Soap
55.	LPG Stove
56.	Aluminium foils
57.	Spoons, forks, ladles, skimmers, cake servers, fish knives, tongs
58.	Sewing Machine
59.	Kerosene pressure lantern
60.	LED
61.	Sports goods other than articles and equipments for general physical exercise
62.	Phul-jahroo
63.	Bamboo furniture
	Educational
64.	School Bag
65.	Exercise books and note books
66.	Childrens' picture, drawing or colouring books
67.	Staplers
68.	Printers [other than multifunction printers]
	Clothing and Footwear
69.	Silk fabrics
70.	Woollen fabrics
71.	Cotton fabrics not containing any other textile material
72.	Other Vegetable yarn fabrics
73.	Manmade filament/fibre fabrics

74.	Readymade garments and made up articles of textiles of sale value not exceeding Rs.1000 per piece
75.	Readymade garments and made up articles of textiles of sale value exceeding Rs.1000 per piece
76.	Footwear of RSP upto Rs.500 per pair
77.	Other footwear
	Safety / security gadgets
78.	Helmet
79.	Headgear and parts thereof
80.	Recorder
81.	CCTV
	Agricultural equipment
82.	Fixed Speed Diesel Engines of power not exceeding 15HP
83.	Tractor rear tyres and tractor rear tyre tubes
84.	Weighing Machinery [other than electric and electronic]
	Assistive devices for the differently abled
85.	Car for Physically handicapped person
86.	Braille Watches
	Miscellaneous
87.	Kites
88.	Plastic Tarpaulin
89.	Baby carriages

Source: http://www.cbec.gov.in/resources//htdocs-cbes/pressrelease/press-release-regarding-tax-incidence-16-06-2017.pdf

23. *Role of Company Secretary*

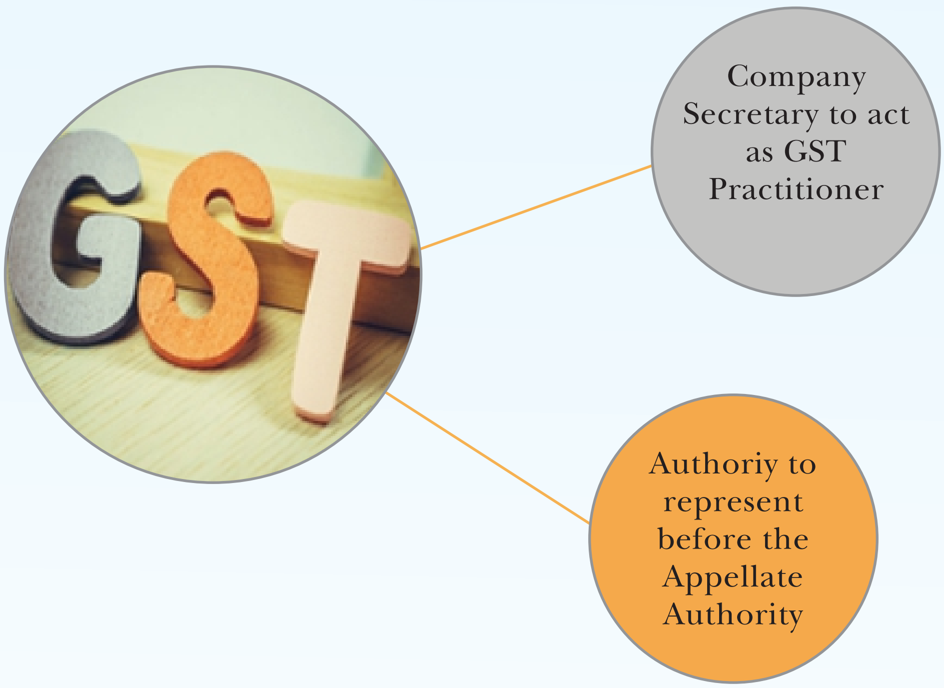
Company Secretaries are independent professionals governed by the Code of Conduct provided in the Company Secretaries Act, 1980. Company Secretaries come in existence after extensive exposure provided by the Institute through compulsory coaching, examinations, rigorous training and continuing education programmes. The curriculum of Company Secretaryship Course includes, inter-alia detailed study of Direct Taxes, Indirect Taxes, Accountancy, Corporate Laws, Financial Treasury and Forex Management, etc.

The Company Secretaries are rendering value added services to the trade and industry and acting as extended arms of the regulatory mechanism. In a country like India where the tax regime is complicated and multi-faceted, there is no dearth of opportunities for professionals like Company Secretaries to work towards the massive tax network's compliance, regulations etc. since they are capable of understanding the dynamic nuances of law and taxation system.

A Company Secretary is well versed in laws subject. There is not even an iota of doubt on their academic knowledge and practical training. Company Secretaries particularly master their understanding in the law subjects. Whether it is in indirect tax laws or the GST law, it will be a smooth ride for a Company Secretary owing to their understanding and expertise in the subject of various laws. The Company Secretaries were already recognized under the previous tax laws and in VAT profiles by various State Governments.

Company Secretaries are recognized as one of the Key Managerial Personnel (KMP) of a company under the Companies Act, 2013. The functions of the Company Secretary as a KMP include reporting and advising the Board about compliance with the provisions of the Companies Act, the rules made there under and other laws applicable to the company which inter-alia include the laws relating to Goods and Services Tax (GST).

Recognition under Goods and Service Tax (GST)



Company Secretary to act as GST Practitioner

- Pursuant to Section 48 of CGST Act, 2017 read with Rule 83 and 84 of the CGST Rules, 2017 a Company Secretary is eligible for enrolment as a Goods and Service Tax Practitioner.

Authority to represent before the Appellate Authority

- Under Section 116 of Central GST Act, 2017 a Company Secretary is entitled or required to appear before an officer appointed under this Act, or the Appellate Authority or the Appellate Tribunal in connection with any proceedings under this Act.

The spectrum of GST is wide and most of the industrial and corporate entities are exposed to GST as a service provider, service / goods receiver, importer, exporter of service / goods or otherwise. Since these assessees come from a heterogeneous background (rural, urban, literate, illiterate, corporates, individuals, etc.), importing legal opinions on ticklish issues of tax, interpretation of judicial pronouncements and suggesting the course of action are some of the advisory and consulting services that professional like Company Secretaries could offer for better compliance.

Company Secretaries can play an important role in being an advisor and facilitator for due compliances of laws relating to GST and be an asset to the general business community and corporate world. The Company Secretary can perform the following types of services to clients:-

i) Advisory services or strategic advisor

A Company Secretary can comprehensively interpret the law and provide complete guidance and advisory to the business entities. Company Secretaries are more suited for their services because of their knowledge of laws and good communication skills.

ii) Tax Planning

Company Secretaries are competent to understand the impact of laws and its various alternatives and can be helpful in proper tax planning of GST.

iii) Procedural Compliances

Procedural Compliance includes registration, filing of returns, payments of taxes, assessment etc. Since a Company Secretary is already playing the role of a Compliance Officer under various other laws, he can assist in the same under GST also.

iv) Book/Record Keeping

Like any other tax laws, GST would also require proper record keeping and maintaining systematic records of credit of input/input service and its proper utilisation etc. Company Secretaries have competent skills to perform these tasks.

v) Appeals and Representation

A Company Secretary can provide the service of representation with confidence because of practical exposure of appearing before various competent authorities. Because of their legal bent of mind, a Company Secretary can provide better services in the field of appellate work.

vi) Vetting

Vetting of legal documents and drafting agreements, etc. also requires professional skills. Company Secretary possess acumen in this area and could assist in drafting legal documents like replies to show cause notice, representations at appellate forums, representations before adjudicating authority, opinions and clarifications.

For better administration of new tax regime in the country, it is pertinent to have more and more competent and equipped professionals to facilitate regulators to ensure compliance of various statutes and thus help in achieving this ambitious task. The Company Secretaries, who practice in almost all the branches of law and have a strong accounting background, are competent professionals to handle the regulatory compliance under the GST laws. They are skilled professionals who understand legal, financial and compliance dimensions of business entity comprehensively and will assist in making GST as "Good and Simplified Tax" regime further fuelling the growth of India Inc.

ICSI Initiatives

Goods & Services Tax Newsletter

The Institute of Company Secretaries of India (ICSI), as part of its capacity building initiative under the new indirect tax regime and upholding the "One Tax One Nation" motto of the Government of India, has brought out a monthly newsletter dedicated to the Goods & Services Tax (GST). The GST Newsletter broadly aims to cover recent updates and news under GST, a glimpse of events organised by ICSI on GST and a list of upcoming events along with articles, FAQs and other related material.

Educational Series

The Institute of Company Secretaries of India (ICSI), has also launched a daily Educational Series on Goods & Services Tax (GST) for the members and students to enhance knowledge of GST laws.

Empanelment as Resource Persons in GST

With a view to support the smooth implementation of GST in India, ICSI is in the process of empanelling resource persons in GST who would further contribute in creating awareness and understanding about the facts, opportunities, challenges and way forward in the upcoming GST regime and promote capacity building initiatives in the varied areas of the new taxonomy.

Launch of GST Course

The Institute is in the process of launching a Certificate course on GST very soon. The details regarding the course will be uploaded on the Institute's website shortly.

GST Point

GST POINT a platform to reply to the queries, difficulties and challenges faced by consumers, manufacturers, traders, MSMEs, public at large, professionals, etc. in understanding and implementation of the Goods and Services Tax Laws.

The queries will be received and replied over the phone on the issues and challenges faced by stakeholders in day to day working while implementing the GST. The help line would be open for two hours, twice a week and the queries would be addressed by subject experts. The queries may be raised at 011-45341095. Simultaneously, the Institute is also in the process of setting up Physical GST POINT Counters for solving queries of the stakeholders at the respective offices of its Regional Councils and Chapters across the country on every Wednesday and Friday at the same time when the call-in session will be held at Head Office.