

**NOTHING IS CERTAIN EXCEPT
DEATH AND TAXES...**

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AN OVERVIEW - S. JAIKUMAR

GST IN INDIA



TILL DATE...

- ▶ **1986 : MODVAT on Inputs**
- ▶ **1994 : MODVAT on Capital Goods**
- ▶ **2002 & 2003 : Service Tax credit**
- ▶ **2004 : Cross - sectoral credit**
- ▶ **2005 : VAT**
- ▶ **201? : - GST**



TAXES TODAY...

DUTY / TAX	TAXABLE EVENT
CUSTOMS	IMPORT / EXPORT
CENTRAL EXCISE	MANUFACTURE
SERVICE TAX	PROVISION OF SERVICE
VAT	INTRA- STATE SALE
CST	INTER - STATE SALE
ENTRY TAX	ENTRY OF GOODS



GST

- ▶ **Destination based consumption tax**
- ▶ **Dual GST - To be levied by the Centre & States simultaneously**
- ▶ **Concurrent / Dual jurisdiction ???**
- ▶ **Tax on "supply" of goods and services**
- ▶ **Separate statutes for State & Centre**
- ▶ **Across the the value chain**
- ▶ **Common Exceptions (liquor & few petro products)**
- ▶ **Tobacco to suffer special treatment**



GST...

CENTRE	STATE
EXCISE	VAT
AED	CST
CVD	ENTERTAINMENT TA
SAD	LOTTERY / BETTING / GAMBLING
SERVICE TAX	ENTRY
CESS	PURCHASE
SURCHARGE	CESS & SURCHARGE



- ▶ **The present incidence of effective rates of duty on goods will be maintained**
- ▶ **Multiple Rates**
- ▶ **GST slab rates - 0, 5,12,18 and 28**
- ▶ **List of goods and services yet to be notified**
- ▶ **Mass consumer goods - 5%**
- ▶ **Other goods which are commonly used by middle class - 18%**
- ▶ **Essential services - 12%**
- ▶ **All other Services may attract 18%**
- ▶ **Additional levy of cess for certain goods in peak rate for five years - for compensation to States**



CGST

- ▶ **To be levied by the Centre "supply" of goods and services**
- ▶ **Separate statute**
- ▶ **Shall subsume most indirect taxes**



SGST

- ▶ **To be levied by the States on “supply” of goods and services**
- ▶ **Separate statute for each State**
- ▶ **Uniformity in basic features**



IGST

- ▶ **For Inter - State supply, SEZ & Imports**
- ▶ **To be levied and collected by the Centre**
- ▶ **Sum total of CGST & SGST**
- ▶ **Separate statute**



ZERO – RATED SUPPLY . . .

- ▶ **Export of goods & services**
- ▶ **Supply of goods & services to SEZ / Developer**
- ▶ **Can be exported under bond or on payment of GST**
- ▶ **ITC allowed**
- ▶ **Refund of un-utilised ITC / Refund of IGST paid by supplier**
- ▶ **Refund of IGST by SEZ / Developer**



THRESHOLD EXEMPTIONS...

- ▶ **Tax payers with an aggregate turnover in a financial year up to [Rs.20 lakhs] would be exempt from tax.**
- ▶ **For NE States and Sikkim, the threshold exemption shall be [Rs. 10 lakhs].**
- ▶ **Tax payers making Inter-State supplies shall not be eligible for threshold exemption.**
- ▶ **Reverse charge payments is out of exemption**



COMPOSITION SCHEME...

- ▶ **Small taxpayers with an aggregate turnover in previous financial year up to [Rs. 50 lakhs] shall be eligible for composition levy.**
- ▶ **Under the scheme, a taxpayer shall pay tax as a percentage of his turnover during the year without the benefit of input tax credit (ITC).**
- ▶ **Floor rate shall be less than 2.5% for manufacturers & 1% for others**
- ▶ **Tax can neither be collected nor passed on**
- ▶ **Reverse charge payments**



COMPOSITION SCHEME...

- ▶ **Composition scheme only from the beginning of the Financial Year.**
- ▶ **The application to be filed on or before 31st March.**
- ▶ **Does not require fresh application every year.**
- ▶ **Validity till turnover crosses the threshold.**
- ▶ **Can opt out of the Scheme & will be treated as Regular taxpayer.**



COMPOSITION SCHEME...

- ▶ **Ineligibility for Suppliers of :**
- ▶ **Services**
- ▶ **Goods for Inter - State commerce**
- ▶ **Through ECOMM**
- ▶ **Non - GST goods**



E COMM...

- ▶ **E - Comm operator engaged in supply of goods or services on their own behalf - liable to pay CGST / SGST or IGST as supplier of goods or services**
- ▶ **E - Comm operator engaged in facilitating the supply of goods or services by others- Market place - liable to collect Tax at Source (TCS)**
- ▶ **Aggregators supplying branded service - liable to pay CGST / SGST or IGST as supplier of services**



E COMM...

- ▶ **Market place operators to pay 1% on the net value of taxable supplies as TCS**
- ▶ **To be paid 10th of the succeeding month**
- ▶ **Supplier to claim credit of TCS in his cash ledger**
- ▶ **No threshold exemption nor composition scheme**



REGISTRATION...

- ▶ **Liability to be registered:**
- ▶ **Every person who is registered or who holds a license under an earlier law - Migration allowed except ISD**
- ▶ **Every person whose turnover in a year exceeds Rs. [19 lakhs]**
- ▶ **Persons liable to be registered irrespective of threshold :**
- ▶ **Inter-State taxable supply**
- ▶ **Reverse charge**
- ▶ **Casual & non-resident taxable persons**
- ▶ **E-Comm operators & supplier of goods through E-Comm operators**
- ▶ **Aggregator who supplies services under his brand name (OLA etc)**
- ▶ **Persons who supply goods and/or services on behalf of a registered taxable person.**
- ▶ **Input Service Distributor (ISD)**
- ▶ **Persons required to deduct tax at source**



REGISTRATION...

- ▶ **Voluntary Registration**
- ▶ **State-wise Registration**
- ▶ **Registration approval by both Centre & State**
- ▶ **Cancellation of CGST registration is cancellation of SGST registration & vice - versa**
- ▶ **Unique Identification Number (UIN) for UN Agencies, Embassies**
- ▶ **Separate Registration for separate business verticals within State**



- ▶ ***“business vertical”*** means a distinguishable component of an enterprise that is engaged in supplying an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business verticals;
- ▶ **Explanation :** Factors that should be considered in determining whether products or services are related include:
 - ▶ (a) the nature of the products or services;
 - ▶ (b) the nature of the production processes;
 - ▶ c) type or class of customers for the products or services;
 - ▶ d) the methods used to distribute the products or provide the services; and
 - ▶ (e) if applicable, the nature of the regulatory environment, for example, banking, insurance, or public utilities.



REGISTRATION...

- ▶ **Online Registration - 1st Jan 2017 to 15th Jan 2017 for TN - ([enrol](#))**
- ▶ **Provisional Registration to be made final within 6 months**
- ▶ **Deemed Registration if no discrepancy**
- ▶ **Register within 30 days since liable**
- ▶ **Casual / Non-resident taxable persons to register 5 days ahead of business - effective for 90 days unless extended - advance tax deposit**
- ▶ **PAN / TAN requirement**

Puducherry, Sikkim	08/11/2016	23/11/2016
Maharashtra, Goa, Daman and Diu, Dadra and Nagar Haveli, Chhattisgarh	14/11/2016	30/11/2016
Gujarat	15/11/2016	30/11/2016
Odisha, Jharkhand, Bihar, West Bengal, Madhya Pradesh, Assam, Tripura, Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Mizoram	30/11/2016	15/12/2016
Uttar Pradesh, Jammu and Kashmir, Delhi, Chandigarh, Haryana, Punjab, Uttarakhand, Himachal Pradesh, Rajasthan	16/12/2016	31/12/2016
Kerala, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh	01/01/2017	15/01/2017
Enrolment of Taxpayers who are registered under Central Excise Act/Service Tax Act but not registered under State VAT	01/01/2017	31/01/2017
Delta All Registrants (All Groups)	01/02/2017	20/03/2017



REGISTRATION...

- ▶ VAT dealers the first to migrate
- ▶ VAT department will send provisional user name and password
- ▶ Login in to GST website (gst@gov.in) with same and furnish required details as email id, phone number etc
- ▶ One time password will be sent to mobile and email for confirmation
- ▶ Mail id and phone number of assessee mandatory (practise of giving id and phone number of consultant discouraged)
- ▶ The enrolment application shall be signed with digital signature which is mandatory for companies and LLP and for others electronic signature which is based on Aadhar number.

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