

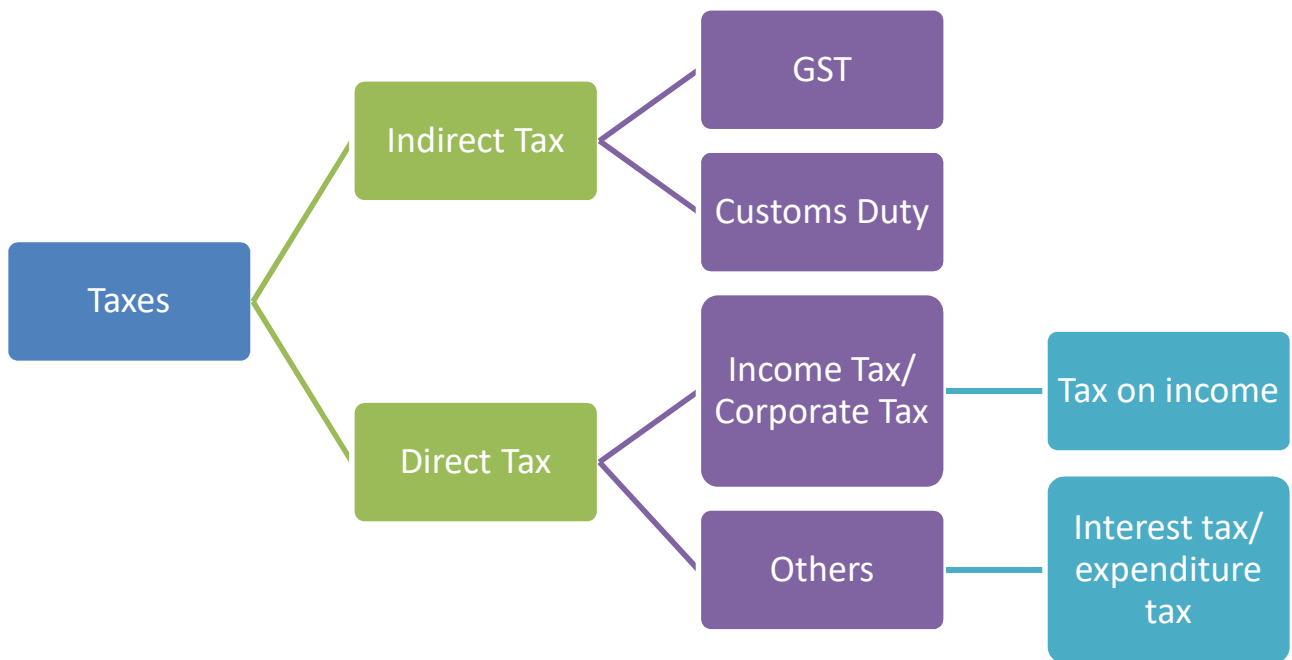
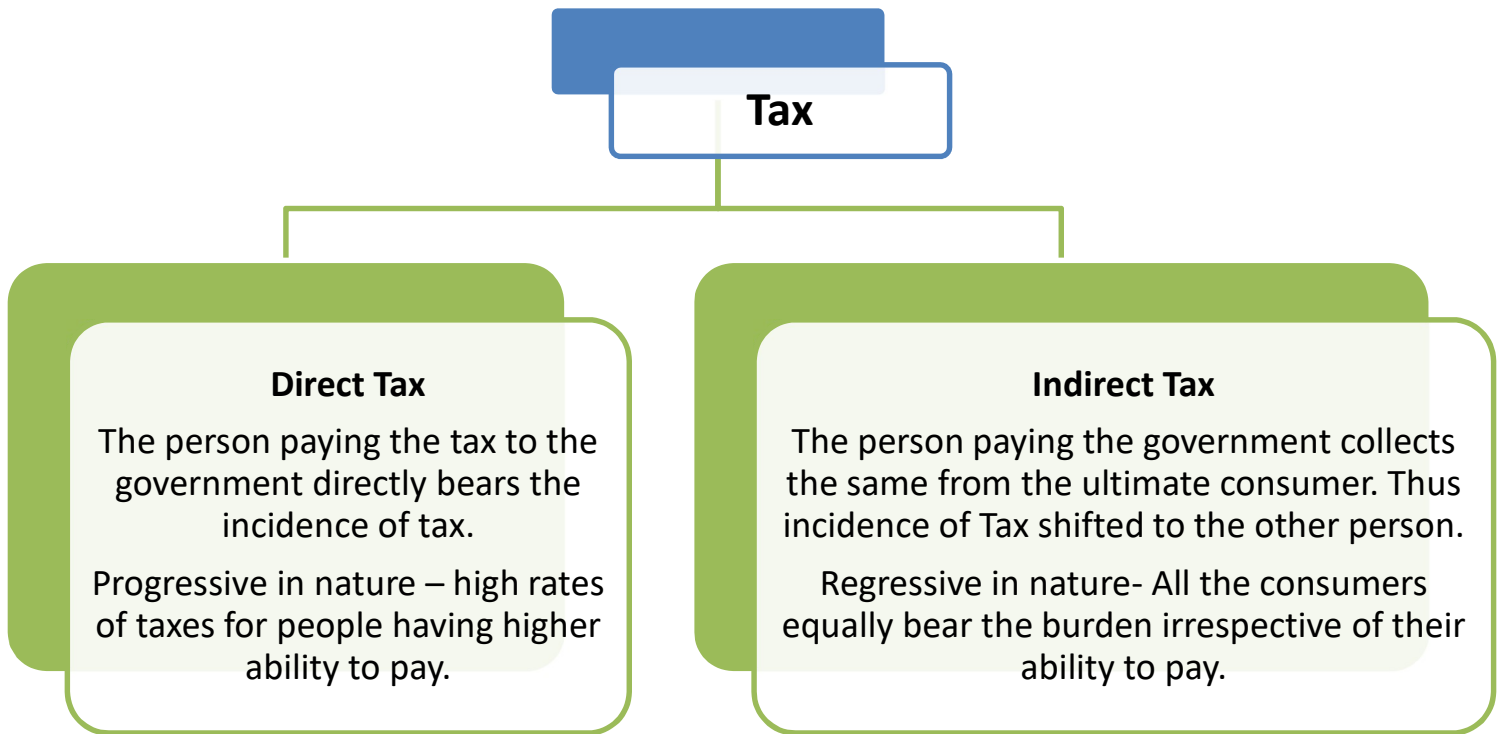


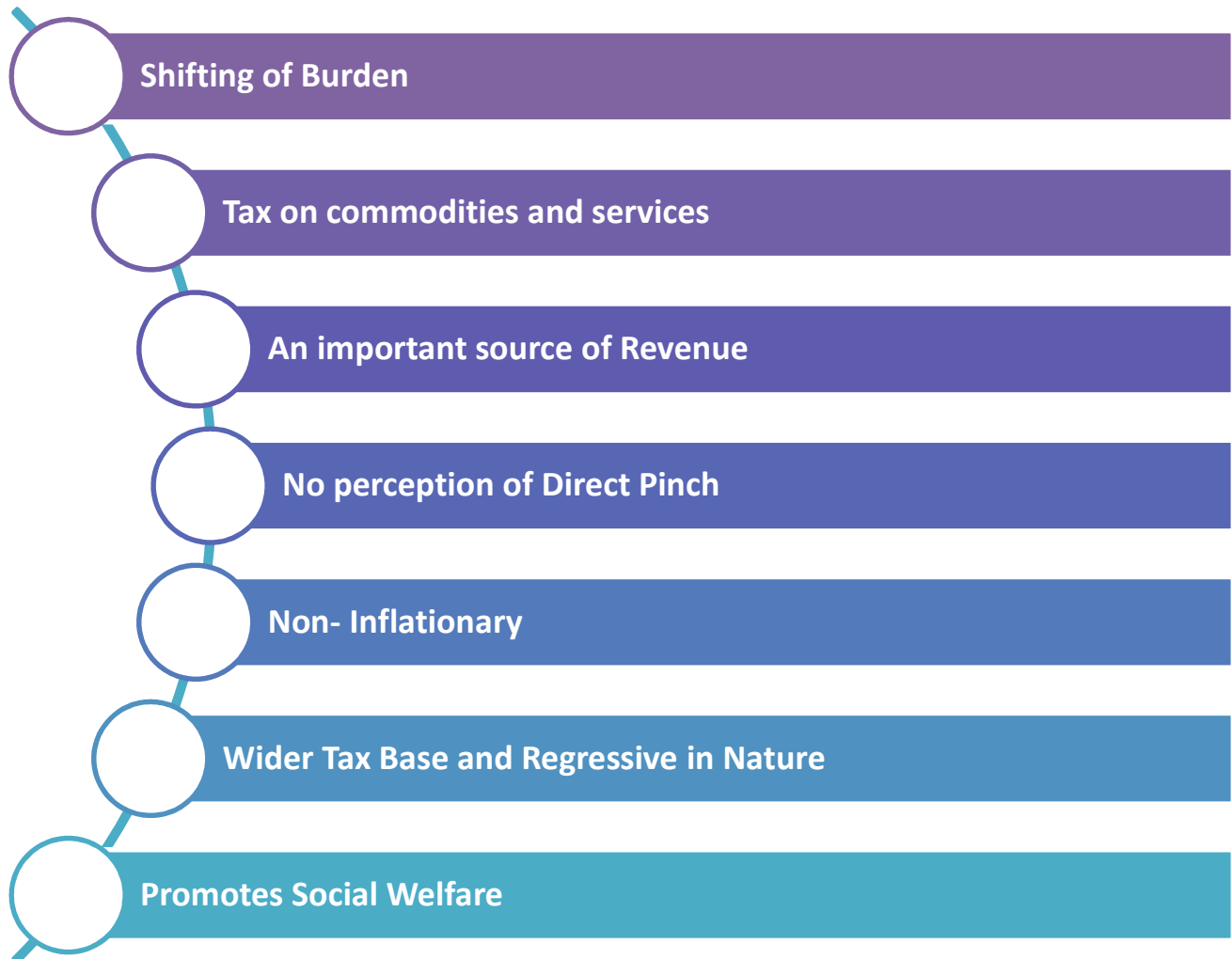
LEGAL·N·TAX
ADVISORY LLP

Goods and Services Tax

Introduction to the New Law

- Direct and Indirect Tax
- Features of Indirect Tax
- Understanding GST
 - Why is GST a big deal?
- Types of GST
 - Legislative Framework
- Classification of Goods and Services
 - Registration under GST
- Exemptions and Voluntary Registration
 - Time of Supply
- Input Tax Credit
 - GST Returns and Due Dates
- Relaxation due to COVID-19





GST vs Previous Indirect Tax Structure

To understand GST, it is important that we understand the previous indirect taxation system. **Direct taxes such as income tax are borne by the person liable to pay the tax; this means that the tax burden cannot be shifted to anyone else.** The liability of an indirect taxes on the other hand, can be shifted to another person. So, the person liable to pay the tax can collect the tax from someone else and then pay it to the government; thus shifting the tax burden. The GST tax falls in this category.

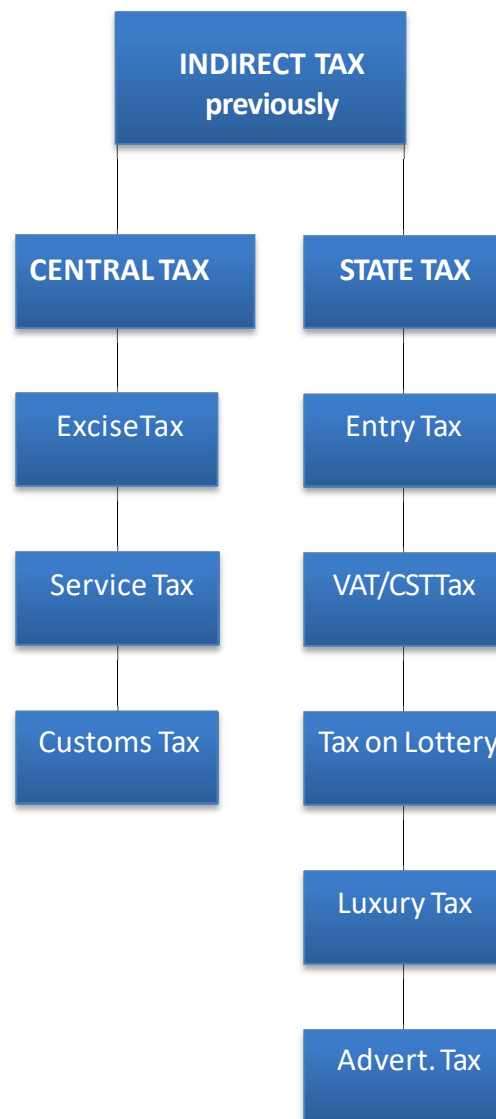
The previous indirect tax structure, which comprised of so many different taxes, can be classified as:

Central taxes: levied by the Central govt (includes Central Sales Tax, Excise Duty, Customs Duty, Service tax, etc.)

State taxes: levied by the various state govts (VAT, Professional tax, Octroi)

The previous indirect tax has one major problem - **the cascading effect.** When you buy something, you pay a tax on tax itself.

So, to overcome deficiencies in value added system of taxation, GST has been introduced.



GST is a comprehensive, multi-stage, destination-based consumption tax levied at every stage of value addition in the life cycle of a product. To understand this better, let us look at each of the terms in detail:

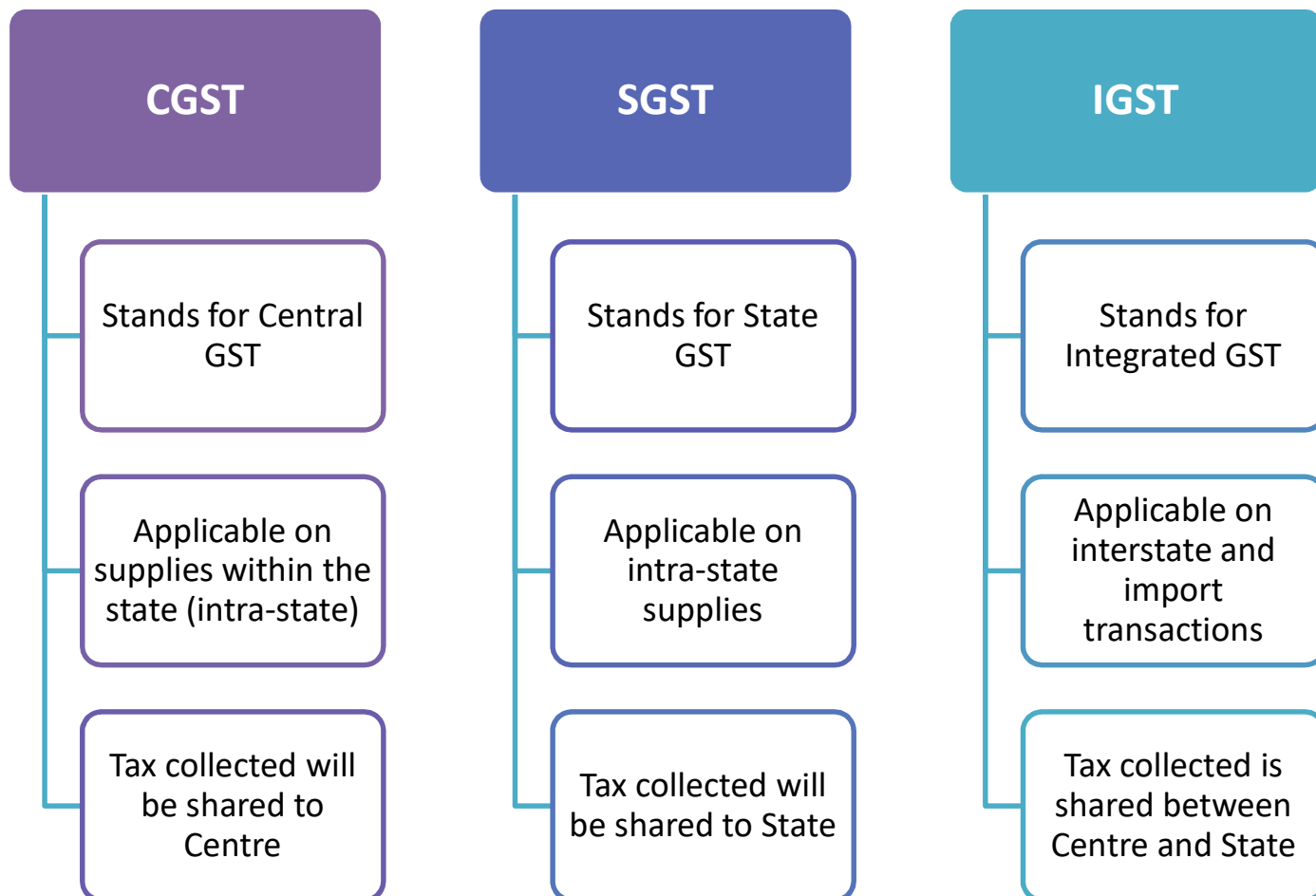
Comprehensive: GST subsumes all of the previous indirect taxes. Plus, by bringing in a unified taxation system, across the country, it will ensure that there is no more arbitrariness in tax rates.

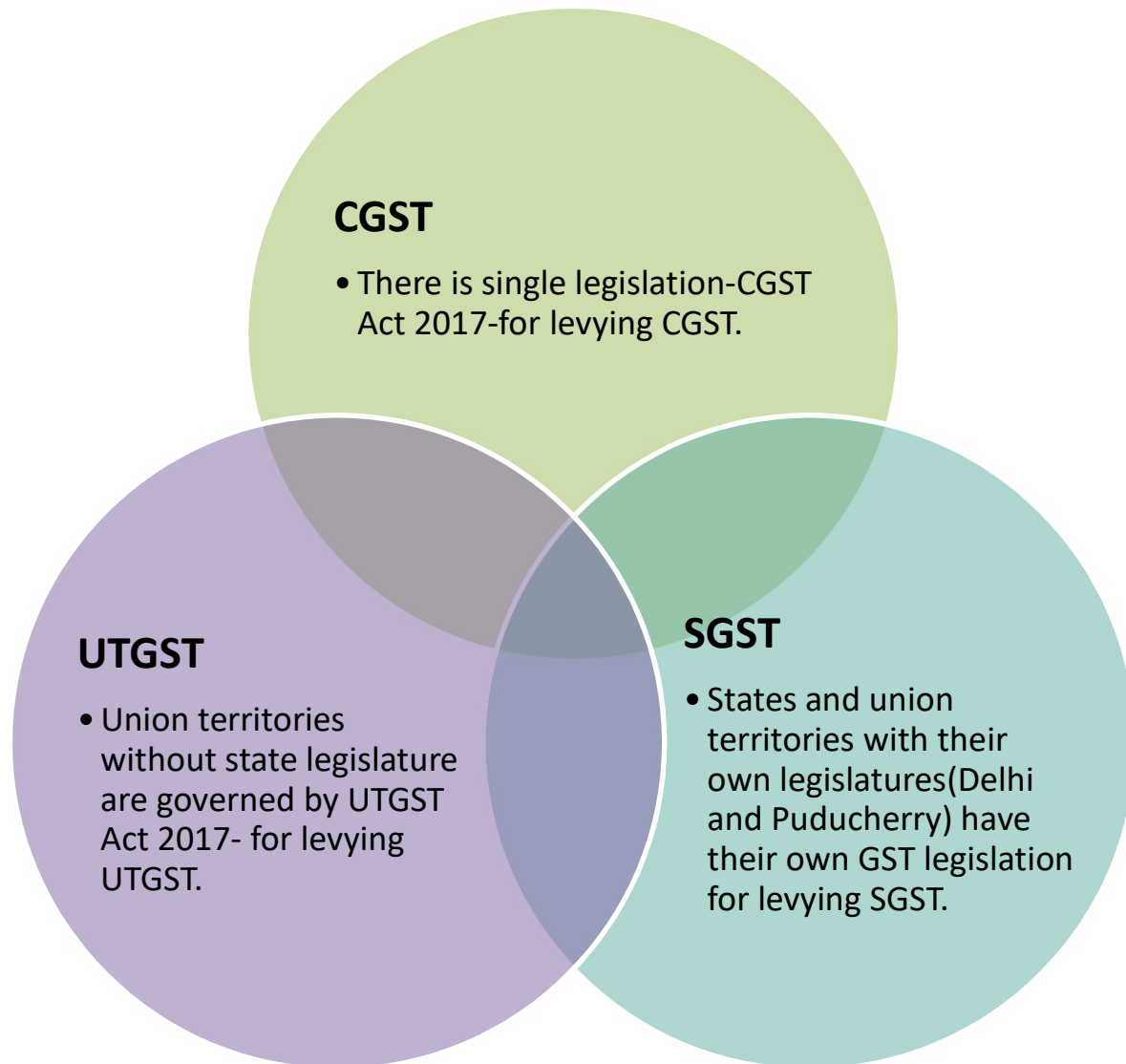
Multi-stage: GST is levied at each stage in the supply chain, where a transaction takes place.

Value-addition: This is the process of addition to the value of a product/service at each stage of its production, exclusive of initial costs. Under GST, the tax is levied only on the value added. Thus, there is no tax on tax.

Destination-based consumption: Unlike the previous indirect taxes, GST is collected on every supply of goods/services at the point of consumption. Tax revenue (SGST) will be levied and collected by the consuming state, and this helps the consuming state to protect their tax base.

Offers **comprehensive and continuous chain of tax credits** from the producer's point/ service provider's point upto the retailer's level/ consumer's level.





Goods

- HSN(Harmonised System of Nomenclature) code is used for classifying of goods under the Goods and Service Tax.

Services

- Classified between sections, headings and groups. Each group consists of various service codes(Tariff).



Now, let us look at how a taxpayer can register for GST.

If you meet any of the conditions listed below, you should obtain your GST registration:

- **Your aggregate turnover in a financial year exceeds INR 20 lakhs (INR 10 lakhs for Special category states)**
- **If you are engaged exclusively in supply of goods, then threshold limit of turnover is INR 40 lakhs.**
- **If your turnover includes supply of only those goods/services which are exempt under GST, this clause does not apply.**

To calculate this threshold, your turnover should include the aggregate value of all taxable supplies, exempt supplies, export of goods and/or services and inter-state supplies of a person having the same PAN.

Other Notable Points Regarding Registration

- A person with multiple business verticals in a state will need to obtain a separate registration for each business vertical.
- PAN is mandatory to apply for GST registration (except for non-resident person who can get GST registration on the basis of other documents).

- A registration which has been rejected under CGST Act/SGST Act shall also stand rejected for the purpose of SGST/CGST Act.

Important Points to Remember

When:

- Every person who is registered under an earlier law will take registration under GST too.
- Where a business which is registered has been transferred to someone, **the transferee shall take registration with effect from the date of transfer.**
- **Registration is mandatory for anyone who makes inter-state supply of goods and/or services.**

Registration is mandatory for:

- Casual Taxable Person
- Non-Resident Taxable Person
- Agents of a supplier
- Taxpayers paying tax under reverse charge mechanism
- Input Service Distributors
- E-commerce operator or aggregator and their suppliers
- Person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered taxable person

Know your GSTIN

Permanent Account Number (PAN)



Exemption from GST Registration

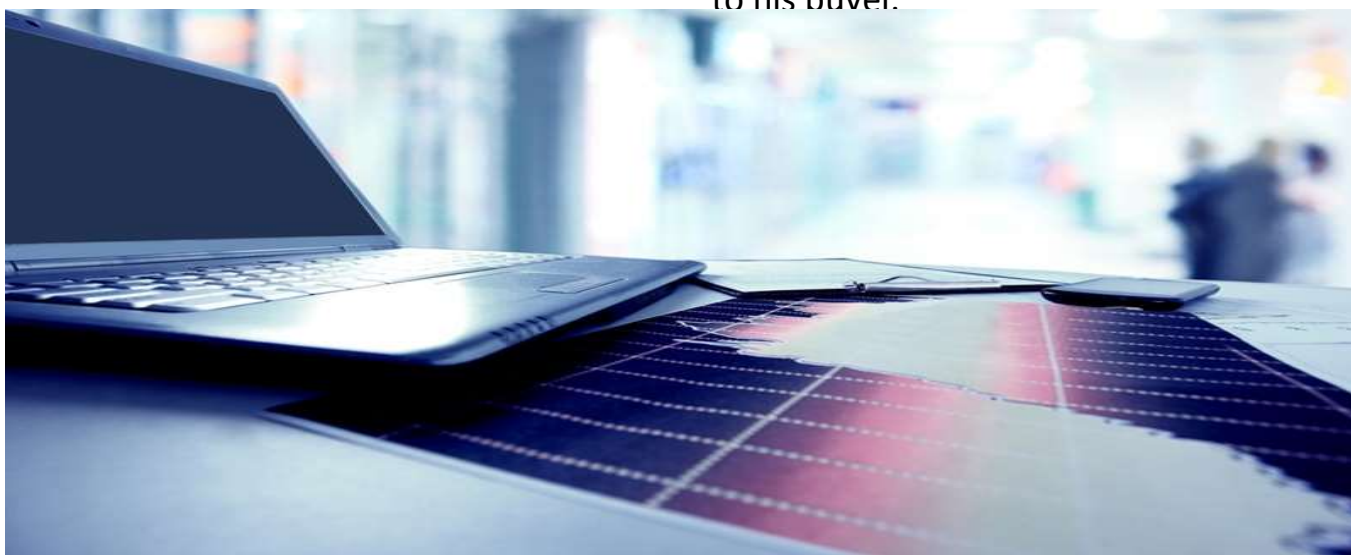
The following shall not be required to obtain registration and will be allotted a UIN (Unique Identification Number) instead. They can receive refund of taxes on notified supplies of goods/services received by them:

- Any specialised agency of UNO (United Nations Organisation) or any multilateral financial institution and organisation notified under the United Nations Act, 1947
- Consulate or Embassy of foreign countries
- Any other person notified by the Board/Commissioner
- The central government or state government may be based on the recommendation of the GST council, notify exemption from registration to specific persons.

Should You Opt for Voluntary Registration?

A person may opt for voluntary registration under GST even if he is not liable to be registered. All the provisions of GST applicable to a registered taxable person will similarly apply to such a voluntarily registered person also, i.e. he will be treated as a normal taxable person.

For example, assume there is a small hardware computer dealer with a limited turnover of Rs. 12-15 lakh. Such a dealer may not be required to register under GST. However, he may be supplying inputs to a nearby internet café which has a turnover exceeding Rs. 20 lakh, is registered as a normal taxpayer, and is thus eligible for input credit. In such a scenario, a small dealer may register voluntarily to pass on the benefit of input credit to his buyer.



A taxpayer whose turnover is **below Rs 1.5 crore*** can opt for Composition Scheme. In case of North-Eastern states and Himachal Pradesh, the limit is **now Rs 75* lakh**.

As per the CGST (Amendment) Act, 2018, a composition dealer can also supply services to an extent of ten percent of turnover, or Rs.5 lakhs, whichever is higher. This amendment will be applicable from the 1st of Feb, 2019.

Further, Service Providers can opt into the Composition Tax Scheme having threshold turnover of upto Rs. 50 lakhs.

Who can opt for Composition Scheme?

The following people cannot opt for the scheme-

- Manufacturer of ice cream, pan masala, or tobacco
- A person making inter-state supplies
- A casual taxable person or a non-resident taxable person
- Businesses which supply goods through an e-commerce operator



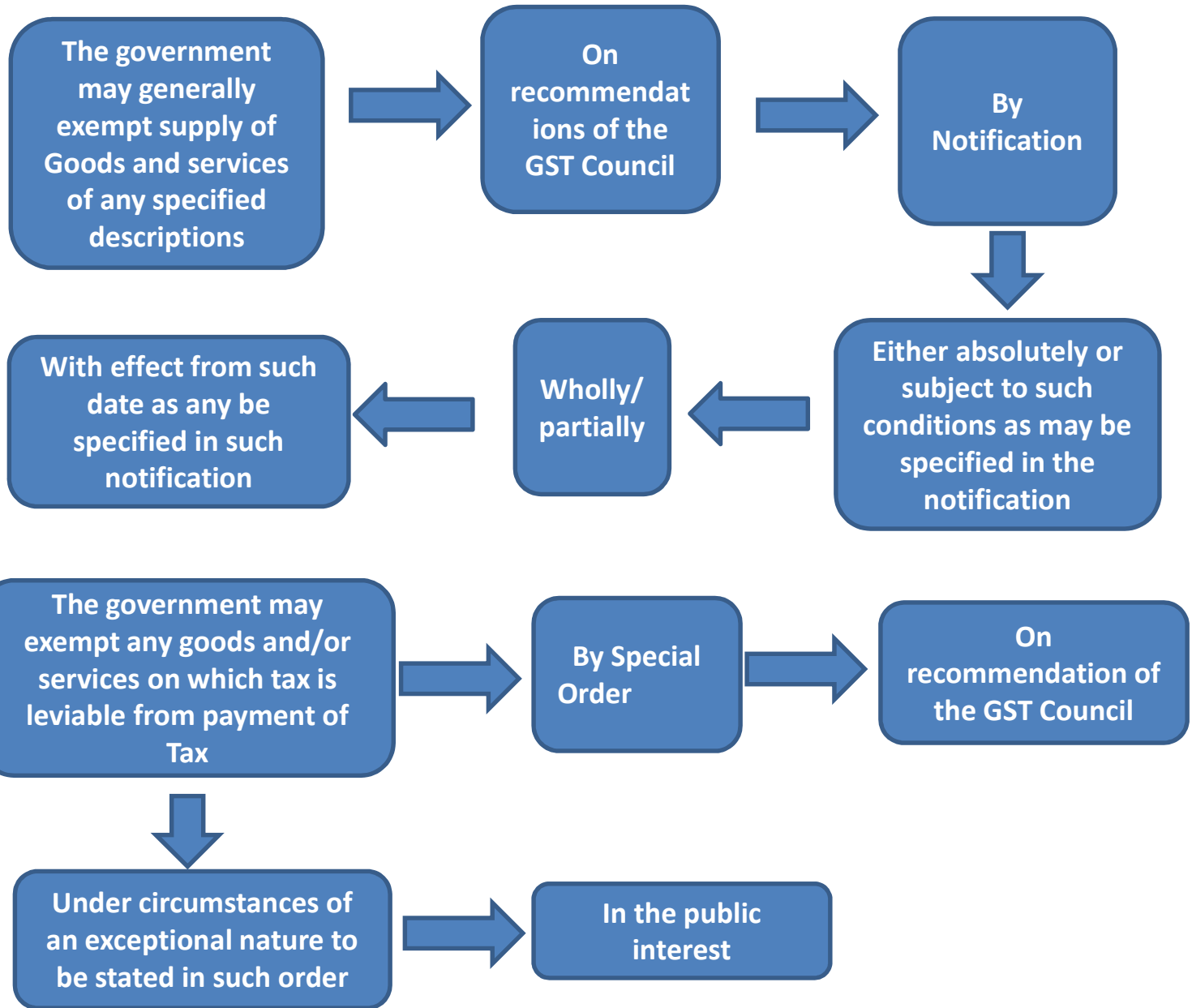
Supply should be of Goods and Services only. Supply of anything other than goods or services like money, securities etc. does not attract GST.

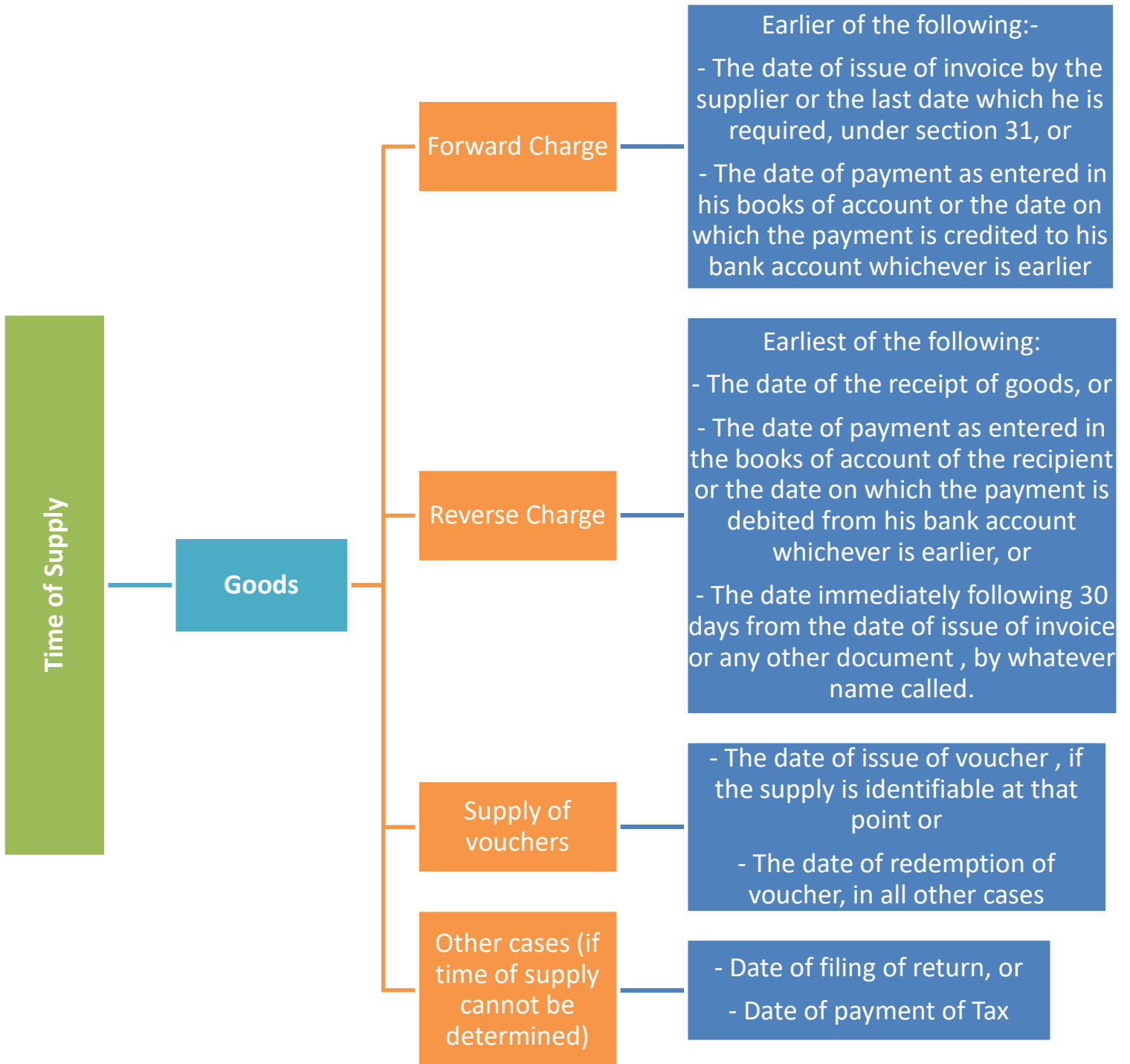
Supply should be made for a consideration.

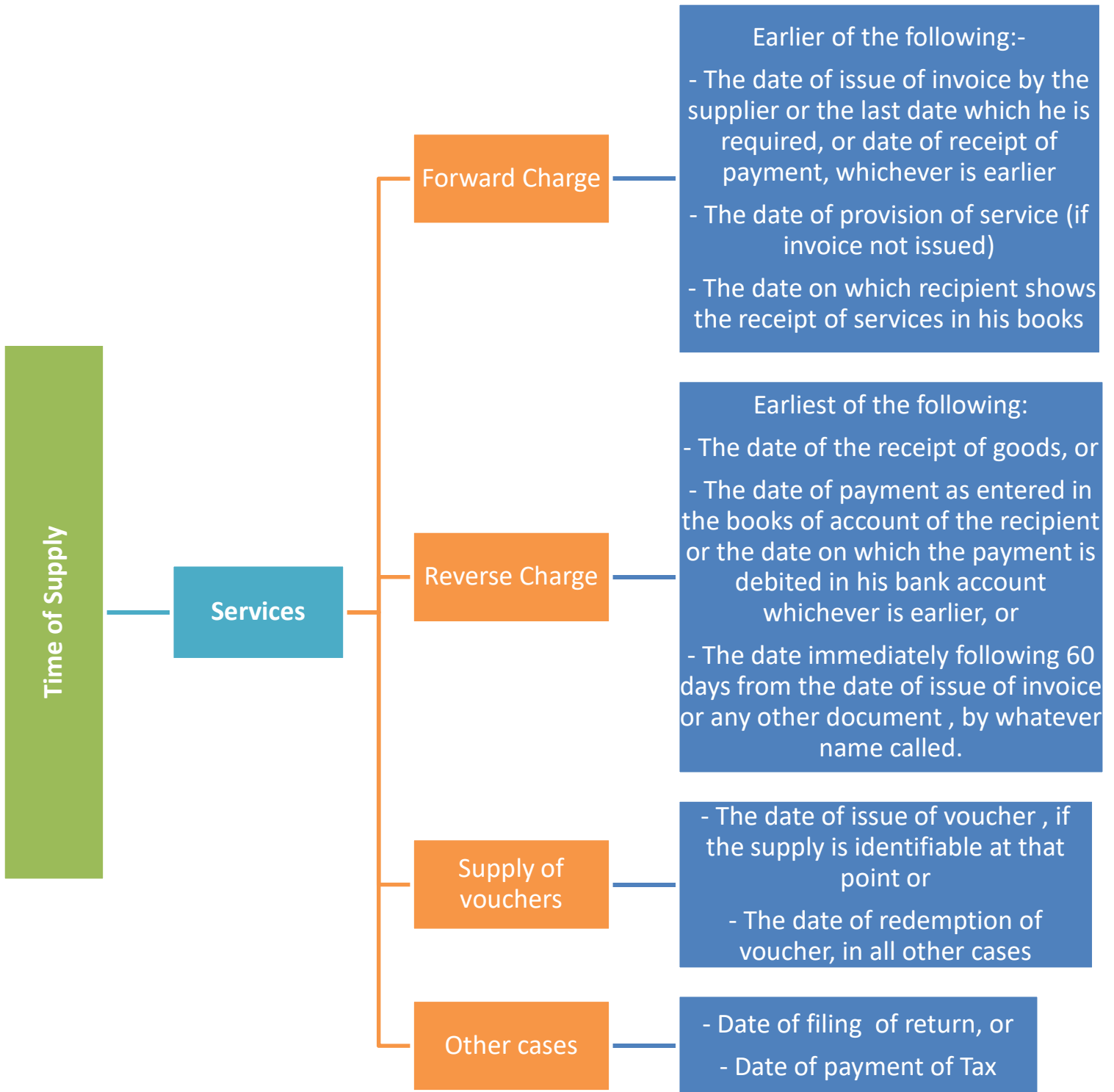
Supply should be made in the course of furtherance of business.

*Few Exceptions have been carved where a transaction is deemed to be a supply even without consideration.









- Input Tax Credit means reducing the taxes paid on inputs from taxes to be paid on output. When any supply of services or goods is supplied to a taxable person, the GST charged is known as Input Tax.
- When you buy a product/service from a registered dealer you pay taxes on purchase, while making sales, tax is collected and periodically the same is adjusted with the tax you already paid at time of purchase and balance liability of tax (tax on sales (minus) tax on purchase) is to be paid to the government. This mechanism is called utilisation of input tax credit (tax on purchase adjustment against tax liability on output, i.e. sales).

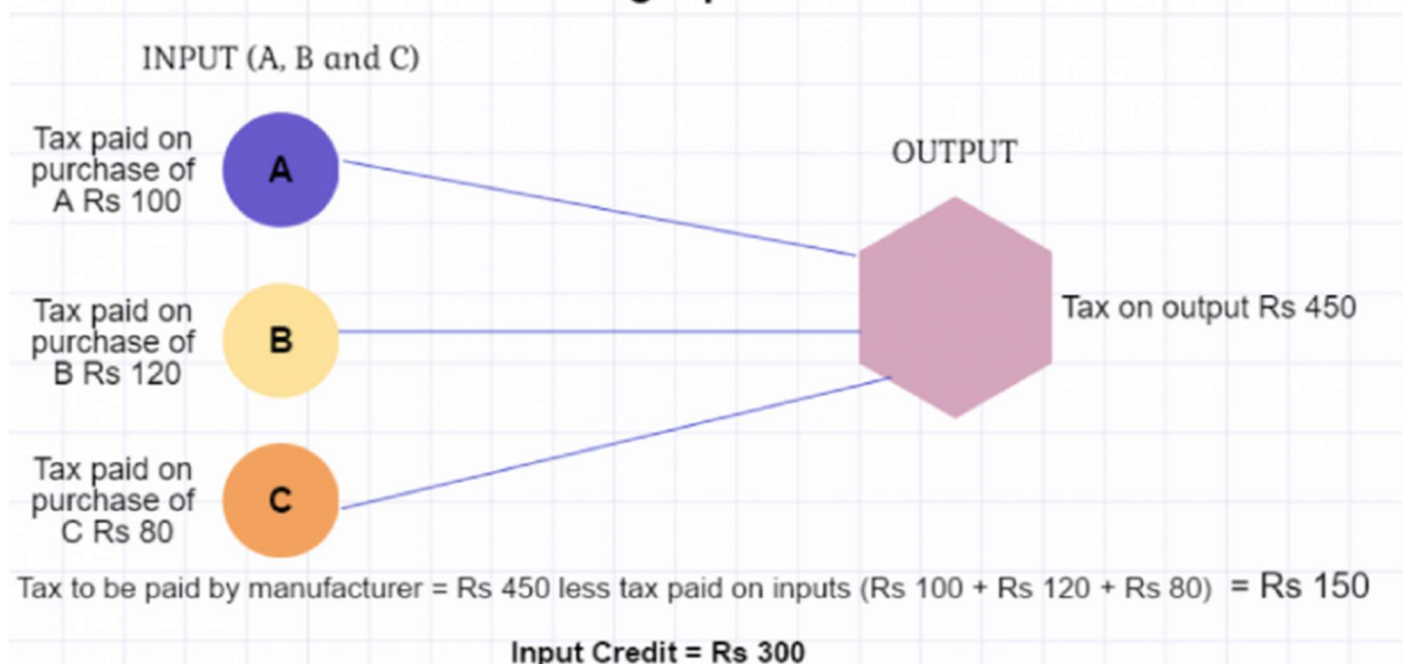
The concept is not entirely new as it already existed under the pre-GST indirect taxes regime (service tax, VAT and excise duty). Now its scope has been widened under GST.

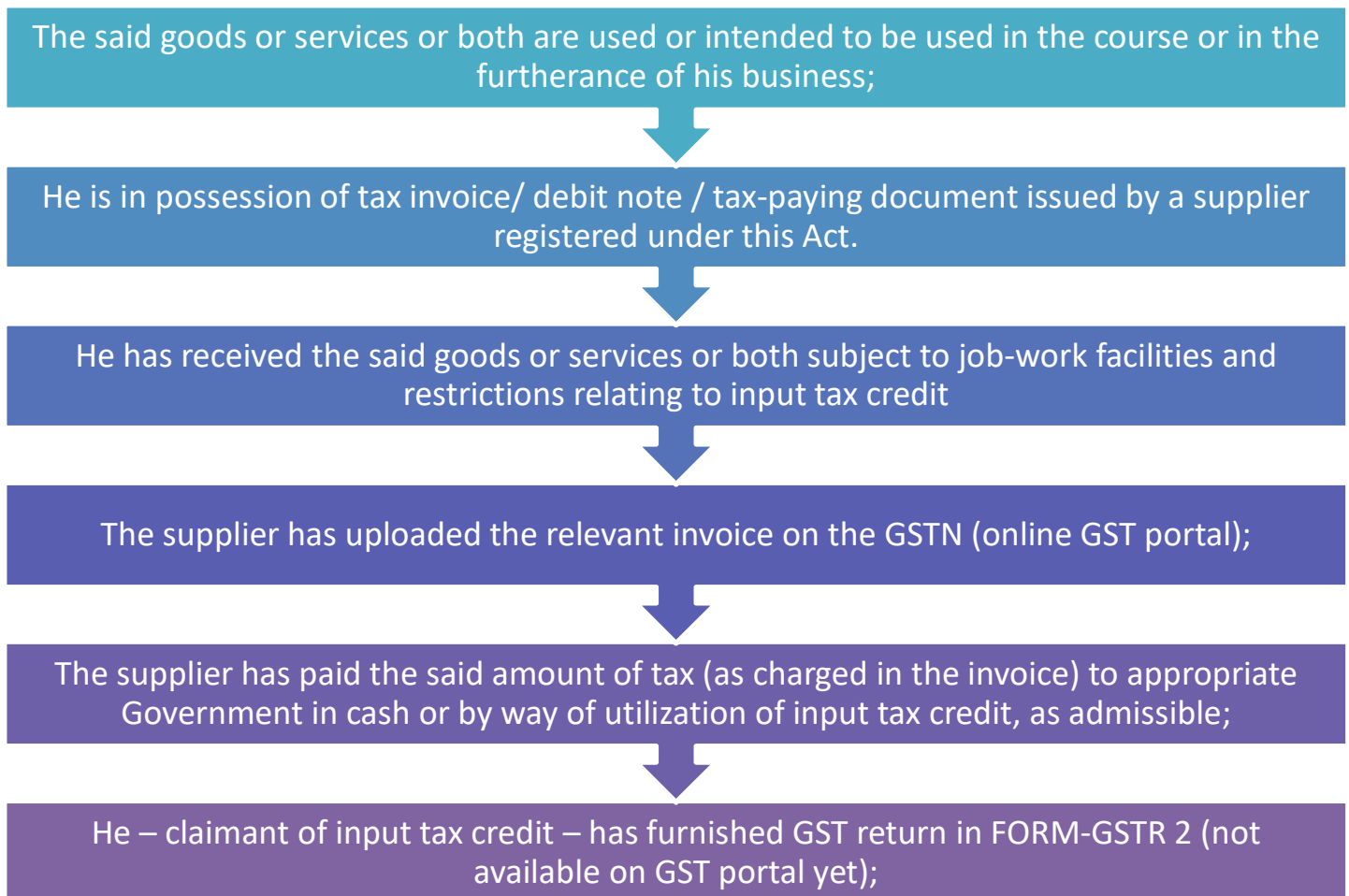
Who is Eligible to Take Input Tax Credit?

Every registered person shall be entitled to take credit of input tax charged on any supply of goods or services to him which are used or intended to be used in the course or furtherance of his business on the basis of any one:

- Tax Invoice issued
- Debit note
- Bill of entry
- Invoice prepared in respect of reverse charge basis
- Document issued by Input Service Distributor for distribution of credit.

Understanding Input Credit





Time limit to avail the input tax credit

Input Tax Credit has to be availed before:

- *September of the subsequent financial year, or*
 - *Furnishing of Annual return,*
- whichever is earlier.*

A return is a document that a taxpayer is required to file as per the law with the tax administrative authorities. GST return is a format where a taxpayer registered under the Goods and Services Tax (GST) law has to file for each registration separately. Also, the number of GST returns to be filed will be based on the type of taxpayer, such as regular taxpayer, composition dealer, e-commerce operator, TDS deductor, non-resident taxpayer, Input Service Distributor (ISD) etc. Usually, a regular taxpayer has to file two returns per month (GSTR-1, GSTR-3B) and an annual return (GSTR-9/9C) for each GST registration separately. In the table below, we have provided details of all the returns which are required to be filed under the GST Law.



Return Form	What to file?	Frequency	Due Date
GSTR-1	Details of outward supplies of taxable goods and/or services effected	Monthly	11th of the next month with effect from October 2018 (Previously, it was 10th)
GSTR-2 Suspended	Details of inward supplies of taxable goods and/or services effected claiming input tax credit	Monthly	15th of the next month
GSTR-3 Suspended	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax.	Monthly	20th of the next month
GSTR-3B	Simple Return in which summary of outward supplies along with Input Tax Credit is declared and payment of tax is affected by taxpayer	Monthly	20th of the next month
CMP-08**	Return for a taxpayer registered under the composition levy	Quarterly	18th of the month succeeding quarter
GSTR-5	Return for Non-Resident foreign taxable person	Monthly	20th of the next month
GSTR-6	Return for Input Service Distributor	Monthly	13th of next month
GSTR-7	Return for authorities deducting tax at source	Monthly	10th of the next month

** Statement of self-assessed tax by composition dealers – same as the erstwhile form GSTR-4, which is now made an annual return with effect from FY 2019-2020 onwards.

Return Form	What to file?	Frequency	Due Date
GSTR-8	Details of supplies effected through e-commerce operator and the amount of tax collected	Monthly	10th of the next month
GSTR-9	Annual Return for a Normal Taxpayer	Annually	31st December of next financial year*
GSTR-9A	Annual Return a taxpayer registered under the composition levy anytime during the year	Annually	31st December of next financial year*
GSTR-10	Final Return	Once, when GST Registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR-9C	Reconciliation statement to be submitted by taxpayers covered under GST audit	Annually	31st December of next financial year*
GSTR-11	Details of inward supplies to be furnished by a person having UIN and claiming a refund	Monthly	28th of the month following the month for which statement is filed

* Subject to changes by Notifications/ Orders

All these returns are required to be filed digitally online through a common portal to be provided by GSTN, non-government, private limited company promoted by the central and state governments with the specific mandate to build the IT infrastructure and the services required for implementing Goods and Services Tax(GST).

IMPORTANT GST RETURN DUE DATES

GSTR 1 UP to INR 1.5 Crore		GST Return 1 More Than INR 1.5 Crore	
Period (Quarterly) January-March 2020	Due Date 30th June 2020	Period (Monthly) March- May 2020	Due Date 30th June 2020
GSTR 3B (AT Below INR 1.5 Crore FY 2018-19)		GSTR 3B (At INR 5 Crore & Above FY 2018-19)	
Period (Monthly) February 2020	Due Date 30th June 2020	Period (Monthly) February-April 2020	Due Date 24th June 2020
GSTR 3B (AT of more than INR 1.5Cr & upto INR 5cr in FY 2018-19)		GST Return 4 (CMP-08)	
Period (Monthly) February-March 2020	Due Date 29th June 2020	Period (Quarterly) January-March 2020	Due Date 7th July 2020
GST Return 5 Non-Resident Foreign Taxpayers		GST Return 5A NRI OIDAR Service Provider	
Period (Monthly) February-May 2020	Due Date 30th June 2020	Period (Monthly) February-May 2020	Due Date 30th June 2020
GSTR 6 for Input Service Distributor		GSTR 7 For TDS Deductor	
Return (Monthly) March-May 2020	Due Date 30th June 2020	Return (Monthly) March-May 2020	Due Date 30th June 2020
GSTR 8 for TCS Collector		GSTR 9 FY 2018-19 (more than 2 Crore)	
Return (Monthly) March-May 2020	Due Date 30th June 2020	Return (Annually) GSTR 9A (Annual Return)	Due Date 30th September 2020
GSTR 9A FY 2018-19 (more than 2 Crore)		GSTR 9C FY 2018-19 (more than 5 Crore)	
Return (Annually) GSTR 9A (Composition Annual Return)	Due Date 30th June 2020	Return (Annually) GSTR 9C (GST Audit Form)	Due Date 30th September 2020



About us

Legal-N-Tax is a reputed advisory firm serving in the field of corporate compliance and registrations, accounts outsourcing, tax litigation and IP.

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