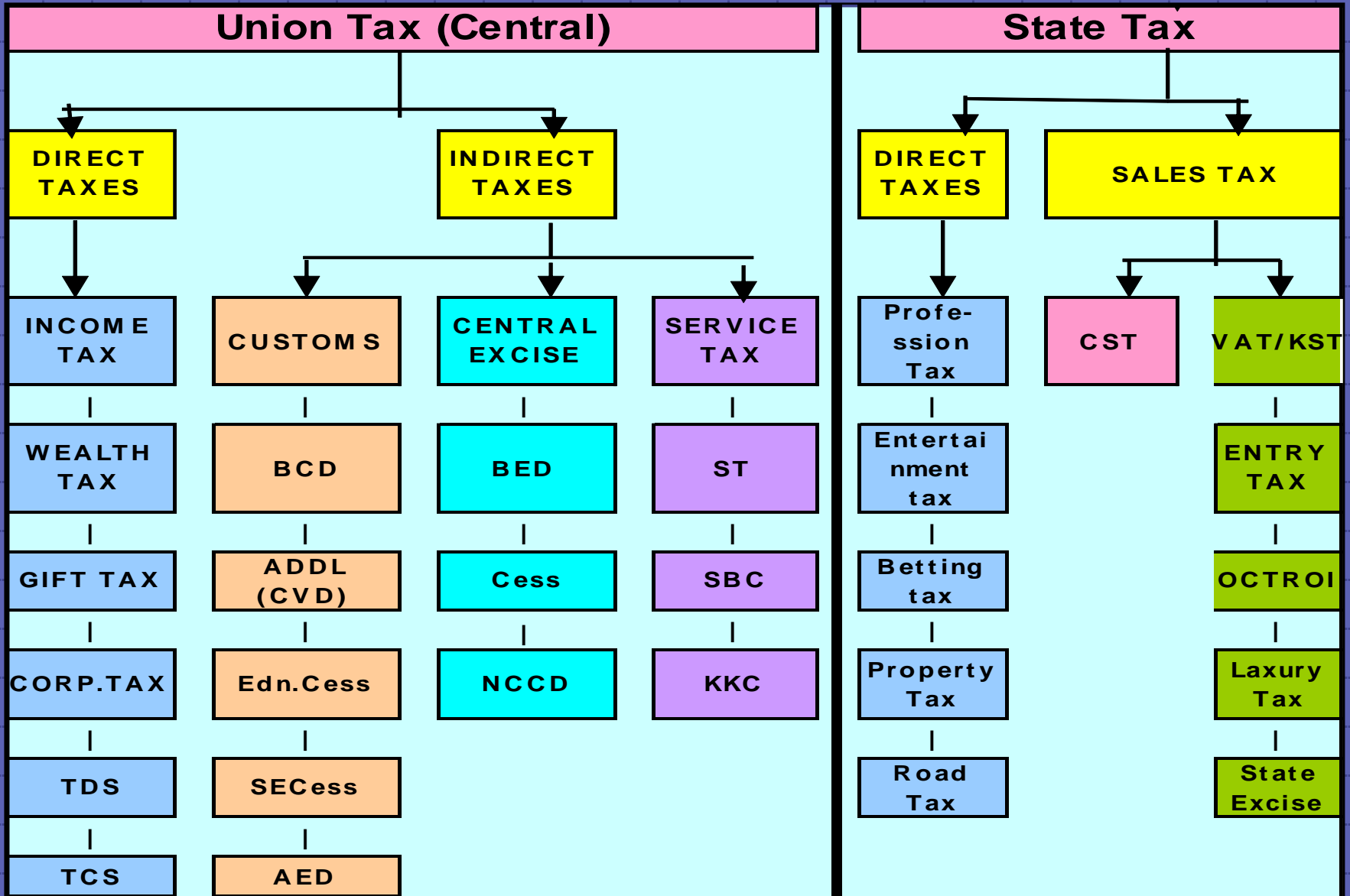


# *Goods & Services Tax (GST)*

B.C.Bhat



# Why Change ???

1. Due to Liberalization & Globalization
2. Other countries have already implemented
3. Strict Competition in the domestic as well as international market
4. Eliminate cascading – VAT/CST on ED
5. No Credit for CST, Entry Tax, Octroi
6. Avoid Double Taxation – VAT & Service Tax on IT Services, Works Contract, Restaurant, Hotel Room Rent
7. Customers satisfaction
8. Uniformity of tax structure throughout the country
9. Eliminate Forms and seamless movement of goods
10. Widening the tax base, System driven, Voluntary compliance

# Present Rate of Taxes

1. Customs Duty :- BCD–7.5%, CVD–12.5%, SAD–4% (plus Cess)
2. Central Excise Duty :- 2%, 6%, 12.5%
3. Service tax :- 15%
4. VAT : 0%, 2%, 5.5%, 14.5%
5. CST : 0%, 2%, 5.5%, 14.5%
6. Entry Tax, Octroi : 2% - 6%
7. Entertainment tax, Luxury Tax : 5-12%

# Customer Perception of GST

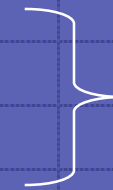
1. Customs Duty
2. Central Excise Duty
3. Service tax
4. VAT
5. CST
6. Entry Tax
7. Octroi
8. Entertainment tax
9. Luxury Tax



**GST**

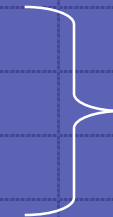
# GST Act

1. Central Excise Duty
2. Service tax



**C-GST**

1. VAT
2. Entertainment tax
3. Luxury Tax



**S-GST**

1. ED + CST  
(Interstate & Imported)



**I-GST**

1. Entry Tax / Octroi



**Abolished**

# CENVAT / VAT - Manufacturer

1. ED paid on RM/Comp/  
Consumables (Input)
2. ED paid on Capital goods
3. Service tax paid on  
Input services

ED payable  
on finished  
goods

1. VAT paid on RM/Comp/  
Consumables
2. VAT paid on Capital goods

VAT / CST  
payable on  
finished goods

Note : No credit for CST paid on Interstate purchases,  
Entry Tax, Octroi

# VAT - Trader

VAT paid on  
Purchases



VAT / CST  
payable on Sales

Note :

1. No credit for CST paid on interstate purchases
2. No Credit for Entry Tax, Octroi
3. No credit for Profession Tax, Luxury Tax, Entertainment Tax, Road Tax



# Applicable GST

**Supplier - Sells within the State  
(Manufacture, Trader, Service)**

```
graph LR; A["Supplier - Sells within the State  
(Manufacture, Trader, Service)"] --> B["CGST - 9%"]; A --> C["SGST - 9%"]
```

**CGST – 9%**

**SGST – 9%**

**Supplier - Sells Outside the State → IGST – 18%**

**No C-Form. Full tax has to pay. Entire Credit  
either the manufacturer or trader will get**

**No Entry Tax, Octroi**

**Cost of Production will come down**

# Value of Taxable Supply

**Sec.7. Supply includes—All forms of supply of goods or services for a consideration in the course of business**

**Sec.15 :- Value shall be “Transaction value” includes :-**

- (a) Inclusive of all excluding Taxes (GST)
  - (b) Any amount incurred before supply of goods
  - (c) Incidental expenses, Packing, Forwarding, Freight
  - (d) Does not include Discount given before or at the time of supply
2. Threshold exemption Rs. 20.00L turnover in a year for small manufacturers, traders & Service providers (URD) –GST-NIL
  3. Buyer has to pay GST under Reverse charge
  4. Optional compounding scheme up to Rs.75.00L for taxpayers (Manufacturer – 2%, Trader – 1%)
  5. GST has to pay even for Advance received (Supervision Charges)

# Tax Invoice

1. Tax Invoice – For Supply of goods (Division wise for Supervision charges)
2. Bill of Supply – For Exempted goods, For Tax payment under Reverse charge, Tax payment for purchase from un-registered dealer (URD)
3. Receipt Voucher – For Advance Received
4. Supplementary Invoice – For revision in rates
5. Credit Note & Debit Note
6. Delivery Challan – Movement of goods for Not for sale, Free Supply, Job work
7. Supply outside the state Regular Invoice with IGST
8. E-Waybill – For supply of goods more than Rs.50,000/-

# Returns

1. GSTR1 – Outward Supply (Sales & Service) – Before 10<sup>th</sup>
2. GSTR2 – Inward Supply (Purchases) – Before 15<sup>th</sup>
3. GSTR3 – Monthly Return – Before 20<sup>th</sup>
4. GSTR9 – Annual Return – Before 31<sup>st</sup> Dec
5. No Revised Return
6. Late Fee – Rs.100/- per day maximum Rs.5000/-
7. Credit & Cash Ledger – CGST, SGST, IGST
8. In the case of Reverse charge – Date of payment to the vendor
9. In case if the payment is not made then, GST has to pay within 60 days of date of Invoice
10. Last month Bill (Supervision Charges, Scrap Sales, Reverse charge) – If you pay GST in the next month – Interest has to pay for delayed payment
11. Monthly payment of Tax and monthly filing of Return
12. Single Return for all the Goods & Services from all the Divisions

# Details Required for filing the Return

## **Sales :- Scrap Sales & Supervision Charges :-**

1. Statement showing Sales Details – Invoice No., Date, Party's Name, Address, HSN Code, GSTIN No., Value, % of Tax, CGST, SGST, IGST
2. Separate statement for Local Sales & Interstate Sales

## **Purchase :-**

3. Purchase Details
4. URD Purchase (Even small purchases will attract GST)
5. Service Details – GST paid under reverse charge
6. Purchase Return
6. TDS Deduction and TDS Details

# Demand & Recovery

## **1. Recovery of Short payment or non payment**

- SCN – within 3 years from date of Annual Return

## **2. Recovery of Short payment due to fraud or suppression of facts**

- SCN – within 5 years from the Annual Return

## **3. Appeals to First Appellate Authority – Commissioner Appeals**

## **4. Appeals to the Appellate Tribunal**

## **5. Audit, Inspection, Preventive, Vigilance – Continues**

## **6. Penal Action for defaulters**

## **7. Rating will be done for prompt tax payers**

## **8. No C-Form, Road Permit, e-Sugam**

# Rate of Tax – Sales & Service

Details	HSN CODE	Description	GST
Service	NA	Distribution of Electricity	NIL
	00440249	Supervision Charges	18%
Sales	72044900	Iron & Steel Scrap	18%
	70010010	Glass Scrap	18%
	44012200	Wood Scrap	5%
	27101950	Waste Oil	18%
	27101980	Lubricant Oil	18%
	27101960	Transformer Oil	18%
	94031010	Steel Furniture	28%
	94036000	Wooden Furniture	28%
	94037000	Plastic Furniture	28%
	85042100	Transformer	18%
	90283010	Electricity Meters	18%
	85441110	Electric Wires & Cables	28%

# Rate of Tax – Sales & Service

Details	HSN CODE	Description	GST
Reverse Charge		Service Received from State or Central Govt. Dept	18%
		Legal Fee	18%
		Goods Transport Agency (GTA)	5%

Note : In respect of Manpower, Security, Works Contract – Reverse charge is not applicable. The provider himself has to pay Tax

If he is un-registered, then CESC has to pay under Reverse charge



# Action Plan

1. Bill Booking under Reverse charge – Prepare Monthly statement as soon as the Bills are received. See that GST paid under Reverse charge within 2 months from the Invoice date. For the delayed payment Interest has to pay
2. For the old Bills, If the payment is made to the party after 01<sup>st</sup> July, then GST has to pay at 18%. If the payment is made before 1<sup>st</sup> July, then Service Tax at 15%. Accordingly CESC has to pay the Tax
3. URD Purchase (Less than Rs.20L purchase of Goods or Service) – CESC is liable for payment of GST
4. Credit can be total amount of CGST, SGST, IGST against Challan. But utilisation should be under respective head while filing the monthly Return
5. Mention the Tax particulars in the Works Order – Inclusive, Exclusive of GST
6. You cannot pay his portion of Tax under GST. He has to Register under GST and pay Tax
7. Under Works Contract – GST is 18% on total Invoice value.

# Action Plan

1. Get the full details from Supplier / Customer for sale of Scrap, Supervision Charges
2. CESC has to prepare proper GST Bill for Sales & Service
3. In the case of Supervision charges, the Contractor may take GST credit hence, full details has to be mentioned in the Invoice
4. Online upload – No manual entry.
5. Even for Sales Return, Purchase Return, entry to be passed in GSTR2
6. For Transformer Repair – Material given free of cost – Issue Delivery Note with E-Waybill for the supply of goods. But repair charges attracts GST
7. Keep Division-wise account, incorporate all Sales & Purchase, Pay TAX and file Monthly Return
8. Educate the vendor (Manpower, Security, Car rental, Works contract services)