



# Practical Issues in GST including returns

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KSCAA

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# Agenda for the session

- Discussion on Practical issues in the following
  - Levy & Exemptions
  - Reverse Charge
  - Time of Supply
  - Valuation for Supply
  - Composition
  - Input Tax Credit
  - Registration related
  - Invoicing
  - Transitional Provision
  - Miscellaneous



# Levy and Exemptions

- Barter included in Supply Definition.
- Supply of Services between branches located in different states
- Gifts to Employees. Press Release. What is given as per CTC? It is as per CTC but not adding to salary. What is GST implication?
- On Ceasing to become taxable person, business assets are deemed to be supplied



# Levy and Exemptions

- Construction Service – Can we continue with L & T Judgment?
- Services by Employee to Employer Vs Services by Employer to Employee
- A/c in one part of restaurant and non A/c service in other part. What rate to pay tax?
- High sea sale transaction?

# Composite Supply Vs Mixed Supply Vs Works Contract



## **Some practical business scenarios**

- Packing material along with goods supplied
- Buy one get one offers
- Supply and installation of Electronic gadgets
- Sale of material along with transportation
- Airline ticket with food
- Accommodation with free breakfast
- A/c with installation



## Composite Supply [Sec.2(30)]

- Supply by a taxable person to a recipient
- two or more taxable supplies of goods or services or both, or any combination thereof
- naturally bundled or in conjunction
- one of which is a principal supply



## **Mixed Supply [Sec.2(74)]**

- two or more individual supplies of goods or services
- Combination or conjunction thereof
- For a single price
- Which is not composite supply



# Works Contract [Sec.2(119)]

and includes contract for

building

construction

fabrication

completion

erection

installation

fitting out

improvement

modification

repair

maintenance

renovation

alteration

commissioning

of any immovable property

wherein transfer of property in goods  
is involved in the execution of such contract



# Issues in Composite Supply

- 10 different goods, taxable at different rates supplied along with transportation charge.
  - Mixed Supply or Composite Supply?
  - How to tax Transportation charge?
  - Any alternate option?
- Supplier has not charged GST on transportation charges but only on goods.



# Reverse Charge

- Service is exempted. But from un-registered dealer. Should you pay RCM Tax?
- Inward Supplies from GTA. Is 5000 exemption available?
- Old Gold bought from customer. Should you pay URD tax?
- Should you pay RCM tax on employee reimbursements?
- Which month can you claim RCM credits?



# Reverse Charge

- GTA Vs GTO
- Should you consider exempted inward supplies like electricity and water 5000 exemption calculation?

# Time of supply



- RCM tax paid on advance to URD. credit eligibility??
- RCM for Goods invoiced but not received:
  - 30 days criteria
- RCM for Services:
  - 60 days criteria
- Advances received for goods/services. manufacturer earlier liable on removal, now on advance also.
- Advances paid:
  - To Registered dealer
  - To unregistered dealer

# Time of supply



- Advance is received. Not specific for any good/service. Which rate to pay?
- Advance is received. Not able to determine Interstate/Intrastate. Should pay IGST or C+S?
- Time of Supply for vouchers supplied by SUPPLIER –
  - Whether supply is identifiable or not at the time of receipt of voucher
- Interest, late fee etc towards supply of g/s - Liable to tax as on date of receipt of such amounts.

# Time of supply

- Advance Vs Deposit
- Mobilization Advance



# Value of supply



- Any tax other than GST along with invoice to be added for valuation Eg. Road Tax, State Excise etc.
- Amount liable to be paid by supplier but incurred by receiver –
  - Agreement for Construction of building. Cement supplied by receiver of service.
  - Agreement for labour supply for building construction. Cement supplied by receiver of service.
- Reimbursements are liable to tax?
- Price Subsidy
  - From Government
  - From private organizations
- Credit availability in relation to price subsidy –
  - From Government
  - From private organizations

# Value of supply



- Discounts without GST and discounts with GST
- If a supplier allows discount –
  - At the time of supply
  - At a later point
- For a recipient if discount received –
  - Against registered dealer procurements – ITC availment to what extent?
  - Where to disclose in case ITC availment and payment to party at discounted price falls in different tax periods?



# Value of supply



- What value to be considered in case supplies made to related persons?
  - Open Market Value
  - Similar G/S Value
  - Cost + 10%
  - In the same order
- Credit is completely allowed to receiving entity being related person. What is the value for supply?
- Goods meant for resale by receiving entity. At the option be 90 % of sale price by receiver to unrelated party.
- Whether duty drawback received is liable to GST?

# Registration related



- Aggregate Turnover should be less than 20 lacs.
- Can you register and not pay till you reach 20 lacs?
- Lawyer fees 15 lacs + FD Interest 10 lacs. Is registration required?
- Lawyer fees 15 lacs + Commercial Property rent 10 lacs. Is registration required?
- Trading of Goods 18 lacs. FD interest 3 lacs. Is registration required?
- Supplies made from difference states. CTP applicability? Eg Audit Service, Installation service, Works contrat etc.

# Registration related



- Can unregistered person supply to an SEZ unit?
- Can a Casual taxable person(CTP) make an inter-state supply?
- Goods are supplied directly from J/w premises to customer of principal. Whose turnover is the value of goods to be added?
- How to send goods directly from J/w premises to customer –
  - J/w is registered
  - J/w is not registered

# Registration related



- Branches, godowns etc. to be added as Additional places of business.
- Providing only services of renting to residential house property. Total turnover 50 lacs. Is he required to register?
  - What if he takes services of a GTA?
  - What if he takes services of advocate?



# Composition Scheme

- Exempted Service + Trading of goods. Can he opt for composition?
- Manufacturer + Trader. At what rate should he pay tax?
- Can a bakery opt for composition?
- Opting for Composition scheme after 01/10/2017. What about first 3 months? Return filing issues?
  - Requirement to reverse credits. Reverse ITC under GST.
- Can a Composition dealer supply to SEZ



# Input Tax credit

- “In relation to Output Service” Vs. “In the course or furtherance of business”
- Registration vis-à-vis credits
- Paid advance. GST paid by supplier. Can credit be claimed?
- If the other party doesn't file return or pay tax, is credit eligible?
- Goods received in lots. Invoice received with first lot. When can credit be taken?



# Input Tax credit

- Payment not made to supplier within 180 days.
  - Supplier is registered
  - Supplier is un-registered
- Can you claim credit by paying only tax amount?
- If Part payment is made after reversing?
- Depreciation + Input Tax both can be claimed?



# Input Tax credit

- Time limit to claim credit –
  - September of next year or
  - Filing of annual returnWhichever is earlier
- Goods/Services common for Taxable as well as exempted activity.
  - What about zero rates supplies?
  - Bank Interest earned
  - Land + Construction. Is land exempted?
  - Commercial property rent + Advocacy Income





# Input Tax credit

- Credits on the following –
  - Motor Vehicles
  - Motor Vehicles used for delivering goods to customers/consignee
  - Credit on Motor vehicle repairs
  - Food + Beverage credits? When food expenses incurred are claimed as reimbursement from client and GST is charged on such reimbursement?
  - Is water a beverage?



# Input Tax credit

- Credits on the following –
  - Membership of club. Club means “*an association dedicated to a particular interest or activity*”
  - Membership of clubs used for furtherance of business?
  - Rent-a-cab services where reimbursement is claimed and taxes are charged on reimbursement
  - Air tickets credit



# Input Tax credit

- Credits on the following –
  - Works contract for construction of immovable property
  - Works contract for plant and machinery
  - Building construction sub contracted. Can credits be claimed by main contractor for invoice from sub contractor?
  - Works contract for renovation/repairs –
    - Accounted as expense.
    - Capitalized
  - Lodging service from other state.



# Input Tax credit

- Credits on the following –
  - Material purchased for construction for his own account. Model villa related credits?
  - Free samples, gifts, destroyed goods
  - Opting from composition scheme to regular scheme.
    - Stock older than 1 year
    - Stock within one year
  - Shifted from regular to composition?

# Transitional Provisions



- Goods procured Pre-GST and ITC claimed under earlier laws. Post-GST purchase returns.
  - Procurement from RD V/s URD
- Pre-GST - ST paid on receipt basis. How to deal with receipts in GST regime for invoices raised before GST ?

# Invoicing related aspects



- Daily URD exps – runs in 100's. Should 100 self invoices has to be raised?
- How about self invoices for 9(3) procurements?
- How about payment vouchers in case of situations covered under Sec 9(3) & 9(4)?



# E-way rules

- E-sugam would be valid up to 24<sup>th</sup> September, 2017.
- Specifies total consignment value exceeding Rs.50,000 have to generate e-way bill.
- Consignment value – value before / after taxes?
- What is transporter ID?

# Judicial Updates



## Order No. 02/2017-GST(18.09.2017)



- Previously – no option to revise Form Tran-1 once filed.
- Now- One time revision allowed
- CGST rules amended by adding Rule 120A for said revision
- Due date = 31<sup>st</sup> October, 2017.

## Order No. 03/2017-GST(21.09.2017)



- In earlier order – extension was only for revised Tran-1 and not original Tran-1.
- Order has been passed to extend due date for filing Original Tran-1
- Covers cases falling under Rule 117 of CGST Rules, 2017 only.
- Due date = 31<sup>st</sup> October, 2017.

# Order No. 03/2017-GST(21.09.2017)



- What would be the due date for filing Form Tran-1 to the situations specified under:
  - Rule 118 : Taxes paid Pre-GST & Supplies made Post-GST [sec 142(11)(c)]
  - Rule 120 : Goods sent on approval basis Pre-GST are rejected Post-GST

# Press Releases

# Press Release on branded Food Products & actionable claims(22.09.2017)



- Following the 21<sup>st</sup> GST council meeting, following decisions have been taken:
  - Brand registered as on 15/05/2017
    - Under Trademarks Act, 1999
    - Under Copyright Act, 1957
    - If brand name claim forgone
    - Any law for time being in force in any country **GST rate @ 5%**

# Press Release on Working Capital Blockage for exporters(22.09.2017)



- Pre-GST :
  - 66% of exporters – Duty Drawback route
  - 34% of exporters – Actual refund route for ITC under Excise law and VAT laws separately.
  - Normal blockage of funds earlier: 5-6 months

# Press Release on Working Capital Blockage for exporters(22.09.2017)



- Post-GST :
  - Duty draw back scheme allowed up to 30<sup>th</sup> September, 2017.
  - However, Exporters going for Drawback cant go for refund of ITC. Both are “Mutually exclusive”
- Under GST, refund application – monthly basis possible.
- Speculation of the people – cant go for refund until GSTR 3 is filed. Thereby causing blockage of Working capital.
- Govt is working to incorporate refund in 3B.

# Notifications



# Notification No.28 /2017 – Central Tax



- Earlier for late filing of GSTR-3B, penalty will be levied.
- But for the month of July 2017 **only**, penalty has been waived off.

# Notification No. 30/2017 – Central Tax



- Seeks to extend the time limit for filing of GSTR-1, GSTR-2 and GSTR-3.

Sl. No.	Details /return	Class of taxable/registered persons	Time period for furnishing of details/return
1	GSTR-1	Turnover > Rs. 100 crore rupees	Upto <b>3rd October, 2017</b>
		Turnover <= Rs. 100 crore rupees	Upto <b>10th October, 2017</b>
2	GSTR-2	All persons	Upto <b>31st October, 2017</b>
3	GSTR-3	All persons	Upto <b>10th November, 2017</b>

# Notification No. 31/2017 – Central Tax



- Seeks to extend the time limit for filing of GSTR-6.
- For a input service distributor time limit for filing GSTR-6 has been extended up to **13<sup>th</sup> October 2017.**

## Notification.24/2017 C.T(Rate)

- Services to govt by way of construction, commission, erection etc., **-6% Rate.**



## Notification 25/2017 C.T(Rate)

- Seeks to amend notification No. 12/2017-CT(R) to **exempt right to admission to the events** organised under FIFA U-17 World Cup 2017-Nil rate.



## **Notification 29/2017 C.T(Rate)**

- Under notification no.5/2017-central tax(rate) dated 28/06/2017 some products have been listed for which refund of input tax credit is not available.
- Under this notification, seeks to amend the list of restricted goods against which refund cant be claimed.
- Now Corduroy fabrics (5801) has been added to this list.

# THANK YOU



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