GST

- Time of supply
- Value of supply
- Input tax credit- eligibility or ineligibility
- Maintenance of accounts
- Tax invoice
- Returns
- Transitional provisions
- Issues

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SCHEDULE I

Activities treated as supply even of made without consideration,

Entry 2 of Schedule I:

Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:

Provided that *gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.*

- persons shall be deemed to be “related persons” if—

(*i*) such persons are officers or directors of one another’s businesses;

(*ii*) such persons are legally recognized partners in business;

(*iii*) such persons are employer and employee;

(*iv*) any person directly or indirectly owns, controls or holds twenty-five per cent. or more of the outstanding voting stock or shares of both of them;

(*v*) one of them directly or indirectly controls the other;

(*vi*) both of them are directly or indirectly controlled by a third person;

(*vii*) together they directly or indirectly control a third person; or

(*viii*) they are members of the same family;

(*b*) the term “person” also includes legal persons;

(*c*) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

SCHEDULE III

Supply does not include,

Entry 1 of Schedule III:

Services by an employee to the employer in the course of or in relation to his employment

TIME OF SUPPLY

ESSENTIALS OF TIMING

- A commercial transaction generally consists of *entering into an agreement, issuance of invoice, receipt of goods/ performance of services and payment of consideration*.

- In this case it is necessary for us to know the time of the transaction to determine our tax liability.

- Where the *time of supply is not accurately determined*, it leads to not only levy of interest and penalty but also **tax leakages.**

- Accordingly, it must be precisely determined as to when the supply can be said to have taken place for applicability of tax.

Continued…

- It has been understood that ‘Supply’ holds the key to the incidence of GST.
- But it is important to note that it is ‘time of supply’ (Point of Taxation) that dictates *the occasion of incidence.*
- As per provisions of the Act, the *liability to pay tax* arises upon the *occurrence of the taxable event* i.e. supply.
- The provisions uses the words *‘shall be’*, which requires is to closely examine the timing of the event.
- The timing of the supply is not to be inquired but rather to be admitted as it is the will of the legislature.

Continued…

- Where the timing of the supply is not defined, then it provides an opportunity/ alternative to the taxable person to assign as to what the time of supply could be.

- Therefore, the time of supply shall be what is stated in law and nothing else.

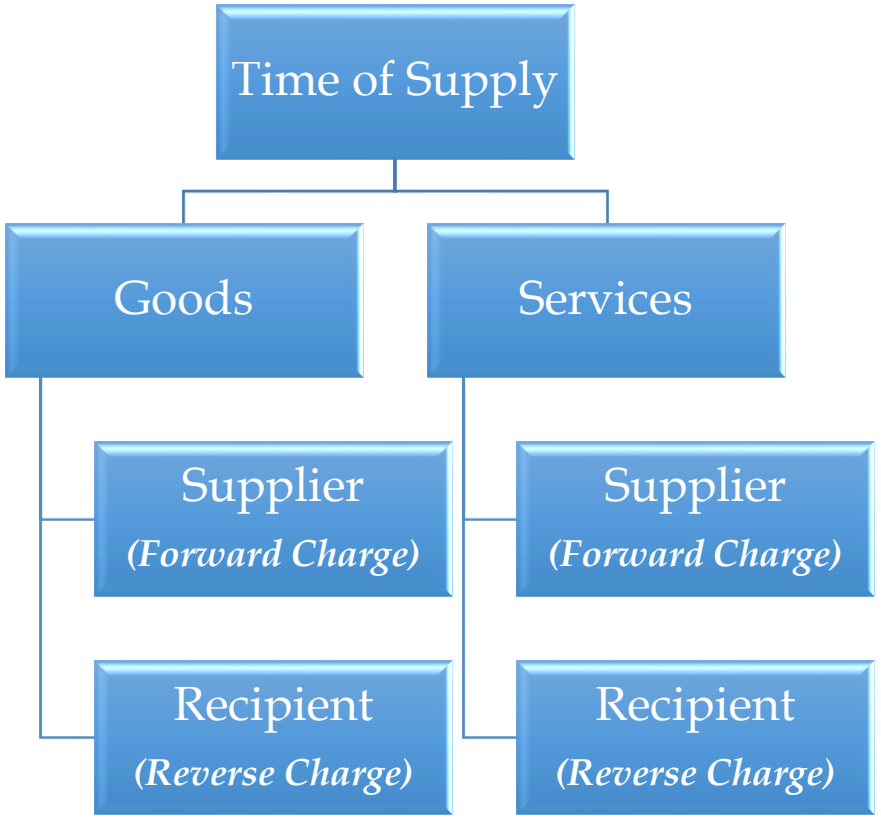
- Further, it is being noted that the concept of ‘time of supply’ is relevant for the purpose of *calculation of turnover for registration and period of exemption.*

Time of Supply [SECTION 12]

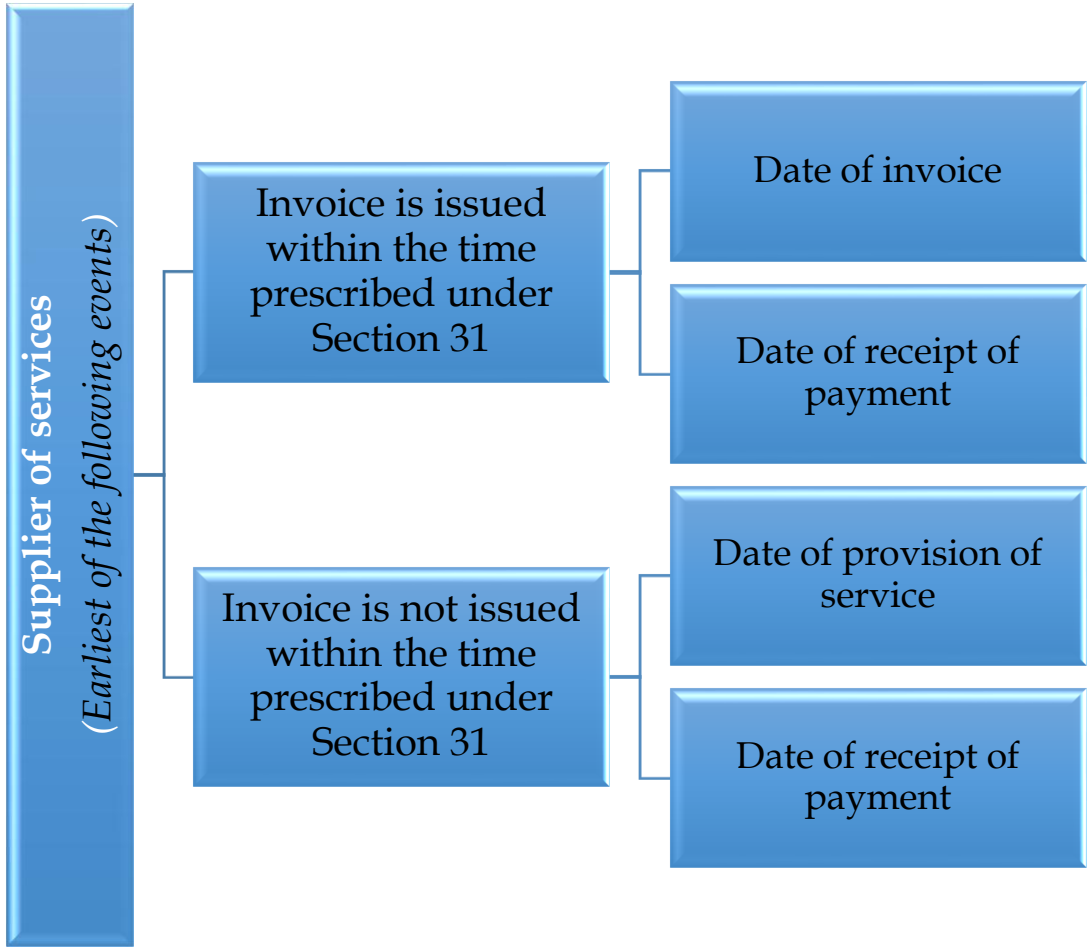
Present Regime

VAT	• Transfer of title (Invoice)
Excise	• Removal of goods
Service Tax	• Earlier of Invoice or payment

GST



Time of supply of services: supplier [SECTION 13(2)]



Explanations to Section 13(2)

- Date of receipt of payment is earliest of accounting date or credit in bank.
- Supplies are deemed to be made to the extent it is covered by invoice/payment.
- If supplier receives an amount up to Rs.1,000/- in excess of the amount indicated in the tax invoice, the time of supply in respect of such excess amount shall be the date of issue of Invoice

SECTION 31 (2)

A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars

Government may specify categories of services in respect of which

- Other documents issued in relation to supply shall deemed to be a tax invoice

- Tax invoice is not required to be issued

SUPPLIER of Services: Examples

Particulars	Invoice Date	Invoice due date	Payment entry in Supplier's books	Credit in bank account	Time of Supply
Invoice raised before completion of service	10.10.17	20.10.17	26.10.17	30.10.17	**10.10.17**
Advance received	30.10.17	20.10.17	10.10.17	30.10.17	**10.10.17**

Supplier of Services: Examples

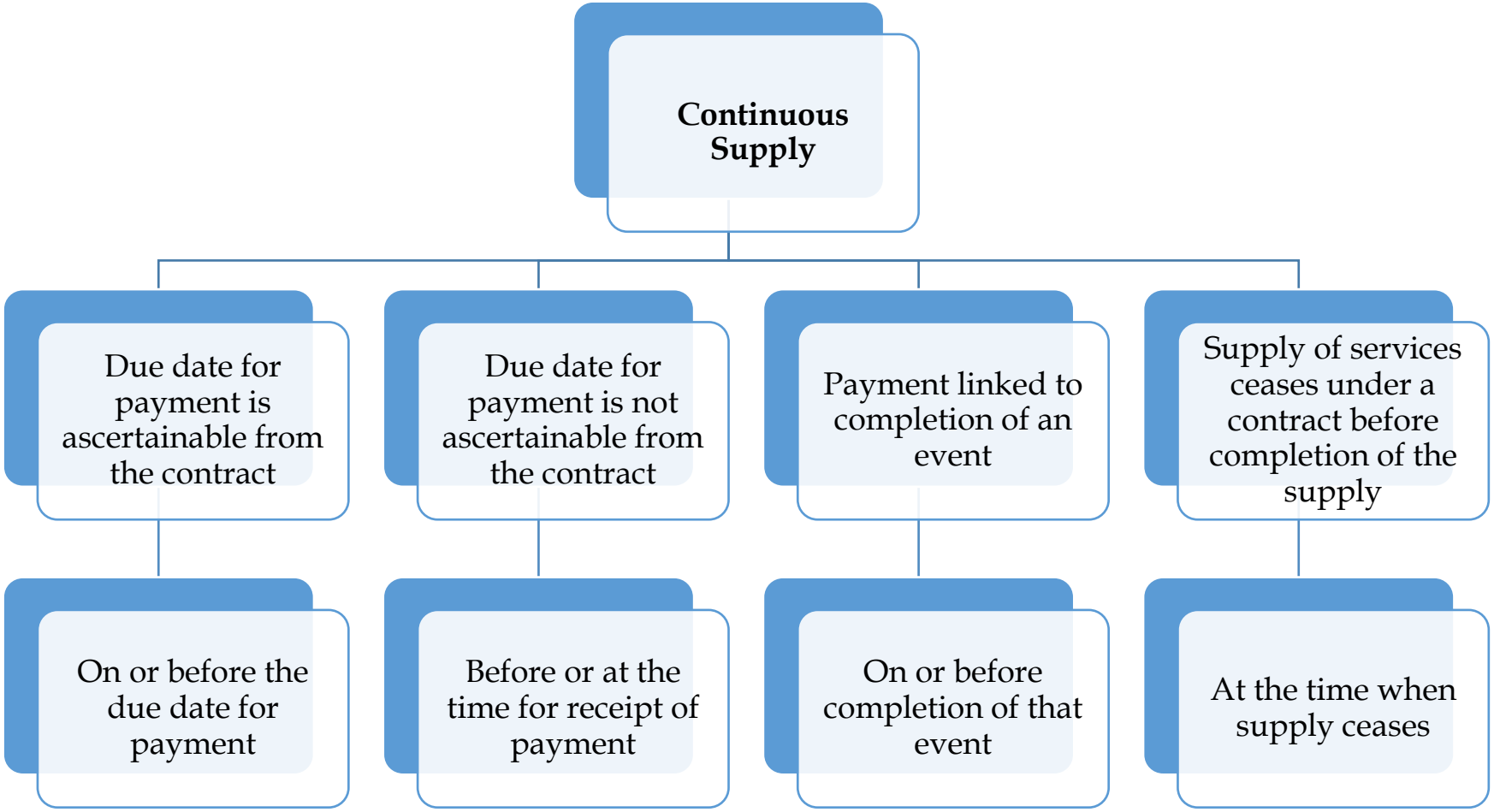
Particulars	Invoice Date	Commencement of service	Completion of service	Receipt of payment	Time of Supply
Delayed issue of invoice	26.12.17	20.10.17	16.11.17	28.01.18	16.11.17
Advance received and invoice issued on the same day for full value of supply	30.10.17	30.10.17	30.12.17	30.10.17	30.10.17
	30.10.17	30.10.17	30.12.17	04.12.17	30.10.17

Continuous supply

Continuous Supply of services

- Supply of services which is provided/ agreed to be provided on a continuous or recurrent basis
- Under a contract
- For a period exceeding three months
- With periodic payment obligations
- Also includes supply of such services as notified by the Govt.

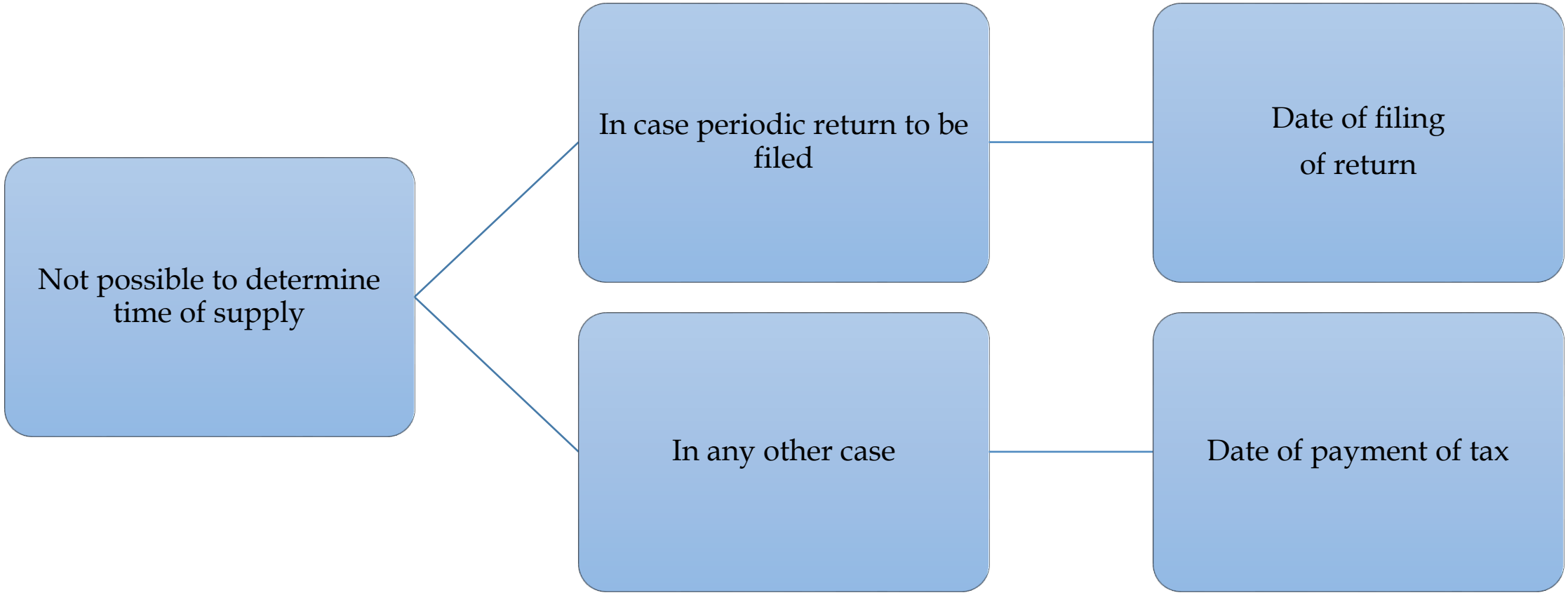
Time limit for issue of tax invoice – SUPPLIER OF services [Section 31(5)]



SUPPLIER of Services: Examples

Particulars	Invoice Date	Date as per Contract	Receipt of payment	Entry of provision of service in books	Time of Supply
Continuous supply of services					
Contract provides for payments monthly on the 10th of succeeding month	02.11.17	10.11.17	15.11.17	31.10.17	02.11.17
	17.12.17	10.12.17	15.12.17	30.11.17	10.12.17
	10.01.18	10.01.18	06.01.18	31.12.17	06.01.18
Contract provides for payments on completion of event. Recipient to pay within 1 month from the date of completion	12.11.17	10.11.17	25.11.17	12.11.17	10.11.17
	24.04.18	24.04.18	20.04.18	24.04.18	20.04.18

Time of supply of services: Residuary [section 13(5)]



Time of supply of services: Recipient [Section 13(3)]

Recipient of services
(Earliest of the following events)

- Date of making payment
- 60 days from the date of issue of invoice by the supplier

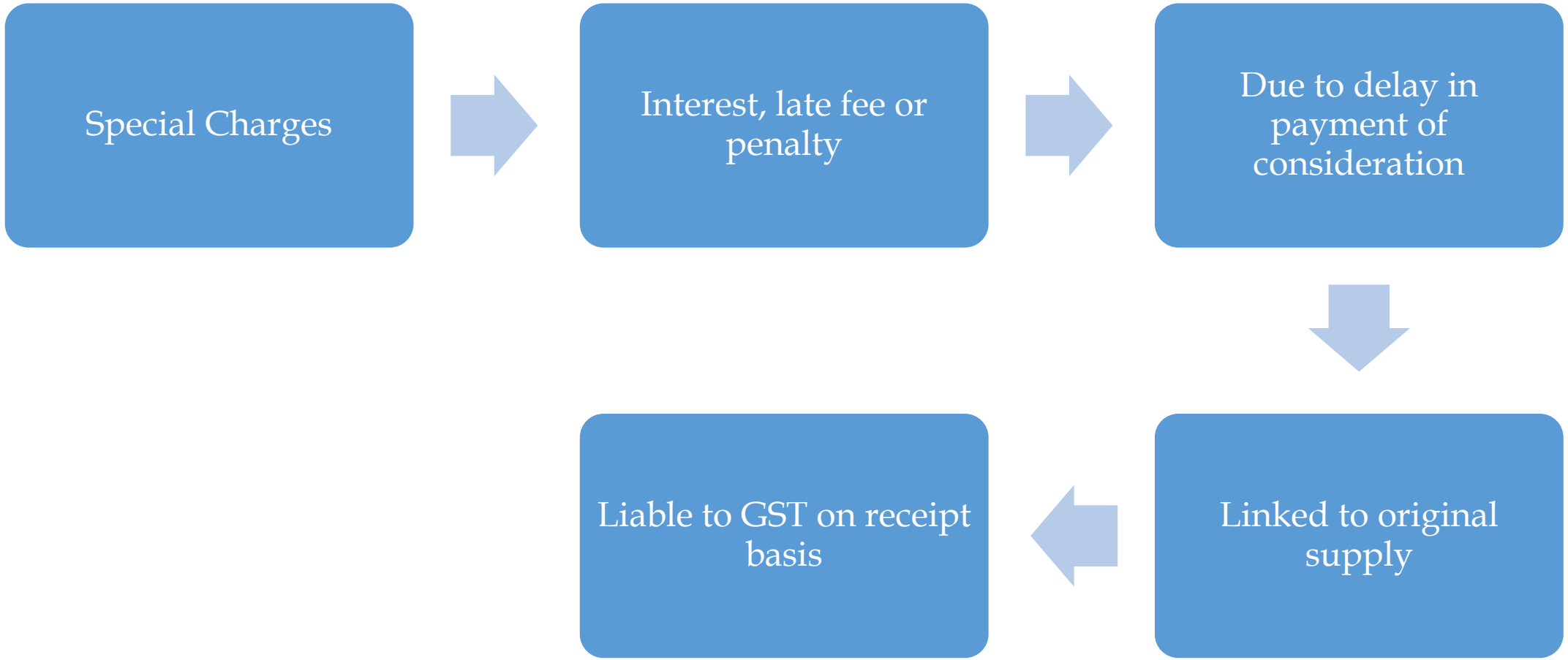
Notes:

- Date of payment shall be earliest of accounting date or debit in bank.
- If time of supply cannot be determined by applying above principles, then time of supply shall be **date of accounting of supply in the books of the recipient.**

Recipient of Services : Examples

Particulars	Date of invoice issued by Supplier	Date of completion of service	Payment by Recipient	Entry of receipt of services by Recipient	Time of Supply
General	31.10.17	31.10.17	20.11.17	30.11.17	20.11.17
Advance paid	30.11.17	05.12.17	05.11.17	30.11.17	05.11.17
Delay in payment (Max. 60 days from the date of invoice)	31.10.17	31.10.17	10.01.18	31.10.17	31.12.17
Services received from associated enterprise located outside India	31.10.17	30.11.17	05.04.18	31.03.18	31.03.18
Service by unregistered person and no payment made	-	30.11.17	-	05.12.17	05.12.17

Time of supply: special charges [Section 12(6) / 13(6)]



Change in rate of tax in respect of goods or services [Section 14]

The following 3 events to be considered:

- Date of issue of invoice
- Date of receipt of payment
- Completion of supply

If any 2 events occur before the change in rate of tax, old rate shall apply. Else, new rate shall apply **[2 by 3 rule]**.

Example for change in rate of tax

- **Rate of GST changed from 18% to 20%**

Date of issue of invoice	Date of receipt of payment	Completion of supply	GST Rate
Before change	After change	After change	20%
Before change	Before change	After change	18%
Before change	After change	Before change	18%
After change	Before change	After change	20%
After change	Before change	Before change	18%
After change	After change	Before change	20%

IMPACT OF TIMING IN BRANCH ENVIRONMENT

As per Schedule 1 of CGST Act, 2017 –

‘Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business.’

- Shall be treated as supply even if made without consideration.

From the above provision, branches (branches registered outside the state and branches registered within the state opted for separate registration) will be considered as distinct persons and the transactions (supplies) between such distinct persons are taxable.

Meaning of Distinct Persons

A person who has obtained or required to obtain separate reg'n

In one state or in more than one state

In respect of each reg'n he shall be treated as distinct persons for purposes of Act

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A person who has obtained or required to obtain reg'n for an establishment

And has establishment in other State or UT

Such establishments shall be treated as establishment of distinct persons for purpose of Act

Valuation

Value of supply of goods and/or services is the **‘Transaction Value’**

Section 15: Transaction Value

The value of a supply of goods or services or both shall be the transaction value,

- ***which is the price actually paid or payable*** for the said supply of services
- ***where the supplier and the recipient of the supply are not related and***
- ***the price is the sole consideration for the supply.***

Valuation

Inclusions and Exclusions

Includes

- Taxes,duties,cess.fees,charges other than GST
- Expenditure incurred by the recipient for the supply and not included in the price
- Interest or late fee or penalty for delayed payment of consideration

Excludes

- Discount before or at the time of supply duly declared on the invoice
- Post supply discount which are pre agreed and linked specifically to invoice on which ITC is reversed by recipient

Valuation

- If the transaction value cannot be determined, the value shall be determined in such manner as may be prescribed.

- If value of such supplies as notified by government on the recommendations of the council shall be determined only in such manner as may be prescribed.

Valuation Rules

Rule 1

Valuation Rules provides that, where the supply of services is for a **consideration not wholly in money**, the value of supply shall be:

- Open market value of such supply
- If open market value is not available, then sum total of consideration in money and equivalent thereof
- Value of like kind and quantity
- Cost plus tem per cent
- by reasonable means

Valuation Rules

Rule 2

Valuation rules provides that, where the supply of services is **between distinct or related persons** but not through an agent, the value of supply shall be

- Open market value of such supply; or
- Value of like kind and quantity; or
- If value not determinable, follow rule 4 or rule 5

Valuation Rules

Rule 4

Rule 4 is applicable only when value of supply is ***not determinable*** by any of the preceding rules, the value shall be

One hundred and ten percent (110%) of the cost of provision of such services.

Valuation Rules

Rule 5 (Residual Method)

Valuation rules is applicable when value of supply ***cannot be determined under rules 1 to 4,***

Value shall be determined using ***reasonable means consistent*** with the principles and provisions of section 15 and rules.

Proviso: in case of supply of services the supplier at his discretion may opt for rule 4 or 5.

Valuation Rules

Rule 6(6)

The value of taxable services provided by such class of service providers as may be notified by the Government on the recommendations of the Council as referred to in Entry 2 of Schedule I between distinct persons as referred to in section 25, other than those where input tax credit is not available under section 17(5), shall be deemed to be NIL.

Valuation Rules

Rule 7

Valuation rules regarding valuation of supply of services in case of pure agent

If expenditure or costs incurred by the supplier as a pure agent of the recipient of supply of services it shall be excluded from the value of supply

Valuation Rules

Rule 7- Conditions for being pure agent

I. the supplier acts as a pure agent of the recipient of the supply, when he makes payment to the third party on authorization by such recipient.

II. The payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued as a pure agent to the recipient of service.

III. The supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

Issues

I. Purchases of goods and consumption of services from unregistered persons- hotel stay outside the state for execution of audits, no tax invoice, unregistered persons- which tax to pay- IGST or CGST/SGST

II. Updating customer and vendor masters with GSTIN and place of supply

III. Reimbursement of expenses

IV. Cross charge of services to branch input tax credit

V. Credit opportunities available

INVOICE, DEBIT NOTE AND CREDIT NOTE

Time Limit for issuing Invoice

For Services – before or after the provision of service but within 30 days from the date of supply of service.

Contents of a Tax invoice

1. Name, address and GSTIN of the supplier.
2. A consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolized as “-” and “/” respectively, and any combination thereof, unique for a financial **year;**
3. Date of its issue.
4. Name, address and GSTIN or UIN of the recipient if he is registered.
5. Name and address of the recipient and the address of delivery, along with the name of State and its code if he is un-registered. Only in cases where the value of taxable supply is fifty thousand rupees or more.
6. Accounting Code of services.
7. Description of services.

Contents of a Tax invoice

8. Total value of supply of services.

9. Taxable value of supply of services after taking into account discount or abatement.

10. Rate of tax.

11.Amount of tax charged.

12. Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce.

13. Whether the tax is payable on reverse charge basis.

14. Signature or digital signature of the supplier or his authorized representative

Manner of issuing an invoice

In case of services

- The invoice shall be prepared in duplicate:
- (a) the original copy being marked as ORIGINAL FOR RECIPIENT.
- (b) the duplicate copy being marked as DUPLICATE FOR SUPPLIER.

The serial number of invoices issued during a tax period shall be furnished electronically through the Common Portal in FORM GSTR-1.

Key Points

The commissioner, through a **notification** shall specify
a) **No**. of **digits** of **HSN/ SAC code** the registered persons are required to specify.
b) **Class** of registered **persons not required** to **mention** the above **codes**.``

Regd. Person may issue **revised invoices** for **supplies** made **between date** of **registration** and **date** of **issuance** of **registration certificate**.

Regd. **Person liable** to **pay tax** u/s 9 (3) or (4) shall **issue** an **invoice** in respect of services received from an un registered person. Also, he shall **issue payment voucher** while making **payment** to supplier.

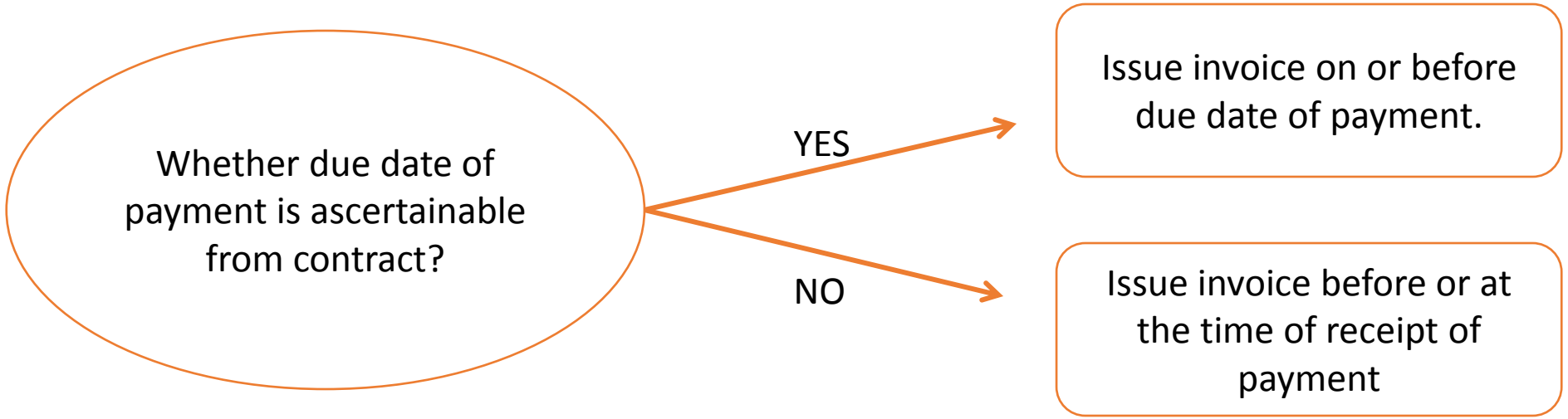
Key Points

Regd. Person shall issue a **Receipt voucher** on **receipt** of **advance** payment w.r.t a supply. Sec. 31 (3) (d)

After issue of receipt voucher, if **no supply** is made subsequently a **refund voucher may be issued** against such payment.

Key Points

Subject to 31 (3) (d), in case of continuous supply of services



If payment is linked to completion of an event, invoice to be issued on or before date of completion of event.

Key Points

If **supply** of services **ceases** under a **contract before** the **completion** of the supply, the **invoice** shall be **issued** at the time **when** the **supply ceases**
Such invoice shall be issued to the **extent** of the **supply made before** such **cessation**

Credit Notes and Debit Notes

Situations where supplier may issue credit note

Taxable value or tax charged in invoice > taxable value or tax payable w.r.t such supply

Goods and or services supplied are deficient

Details of such credit note are to be included in the return for the month in which such credit note is issued.

No reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

Credit Notes and Debit Notes:

<u>Debit Note –</u>

If the **taxable value** or **tax charged** in the **invoice** has exceed the **taxable value** or **tax payable** w.r.t the supply then, supplier may issue debit note to the recipient.

- Details of such debit note are to be included in the return for the month in which such credit note is issued.

Contents of Revised Tax invoice, Credit and Debit Notes

- The word “Revised Invoice”, wherever applicable, indicated prominently.
- Name, address and GSTIN of the supplier.
- Nature of the document.
- A consecutive serial number containing only alphabets and/or numerals, unique for a financial year
- Date of issue of the document.
- Name, address and GSTIN or UIN, if registered, of the recipient.

Contents of Revised Tax invoice, Credit and Debit Notes

- Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered.
- Serial number and date of the corresponding tax invoice.
- Value of taxable supply of services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
- Signature or digital signature of the supplier or his authorized representative
- Any invoice / debit note issued in pursuance of any tax payable in as per provisions of Sec. 74 or Sec.129 or Sec. 130 shall prominently contain the words “INPUT TAX CREDIT NOT ADMISSIBLE”.

Contents of Receipt Voucher

- Name, address and GSTIN of the supplier.
- A consecutive serial number containing only alphabets and/or numerals, unique for a financial year.
- Date of its issue.
- Name, address and GSTIN or UIN of the recipient if he is registered.
- Amount of Advance Taken.
- Description of goods or services.

Contents of Receipt Voucher

- Rate of tax and amount of tax charged.
- Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce
- Whether the tax is payable on reverse charge basis.
- Signature or digital signature of the supplier or his authorized representative

Provided that where at the time of receipt of advance,

(i) the rate of tax is not determinable, the tax shall be paid at the rate of eighteen per cent.;

(ii) (ii) the nature of supply is not determinable, the same shall be treated as inter-State supply

Contents of Refund Voucher

- Name, address and GSTIN of the supplier;
- A consecutive serial number containing only alphabets and/or numerals, unique for a financial year
- Date of its issue;
- Name, address and GSTIN or UIN, if registered, of the recipient;
- Number and date of receipt voucher issued in accordance with provisions of sub- rule 5;

Contents of Refund Voucher

- Description of services in respect of which refund is made;
- Amount of refund made;
- Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- Amount of tax paid in respect of services (central tax, State tax, integrated tax, Union territory tax or cess);
- Whether the tax is payable on reverse charge basis; and
- Signature or digital signature of the supplier or his authorized representative.

Contents of Payment Voucher

- Name, address and GSTIN of the supplier if registered;
- A consecutive serial number containing only alphabets and/or numerals, unique for a financial year
- Date of its issue;
- Name, address and GSTIN of the recipient;
- Description of goods or services;

Contents of Payment Voucher

- Amount paid;
- Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- Amount of tax payable in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- Place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce; and
- Signature or digital signature of the supplier or his authorized representative.

Input Tax Credit
TAXES
CGST - SGST - IGST

Relevant Definitions

- **CAPITAL GOODS** : means **goods**, the value of which is **capitalized** in the books of accounts of the person claiming the credit and which are **used or intended** to be used in the **course or furtherance** of business;

- **INPUT** : means any **goods other than capital goods** used or intended to be used by a supplier in the **course or furtherance** of business

Continued…

- **INPUT TAX** : in relation to a taxable person, means the IGST, including that on import of goods, CGST and SGST

  - charged on any supply of goods or services to him and includes the tax payable u/s 8(3), but does not
  - include the tax paid u/s 9

- **INPUT TAX CREDIT** : means credit of 'INPUT TAX' as defined in sub section (55)

Input Tax Credit

“ITC = IGST + CGST+ SGST/UTGST + tax payable under RCM – Composition Levy”

Charged on any supply of services to a **Registered taxable person** (RTP)

Input Tax Credit Mechanism

- Input tax = IGST, CGST and SGST/UTGST
- Charged on any supply of services to registered taxable person (RTP)
- **Includes** the tax payable under RCM
- System for a seamless flow of credit
- Extends to inter-State supplies

Who can claim ITC?

Persons eligible for ITC

- Registered Taxable person
- RTP making ‘zero rated supplies’

Persons Ineligible for ITC

Persons not eligible to take ITC

- Non-registered taxable persons
- Person having aggregate turnover below threshold limit [exception: persons opting for voluntary registration]
- Supplier under Composition Scheme
- Supplier exclusively engaged in making exempt or non-taxable supplies
- Agriculturist
- Government or any local authority making supplies specified in Schedule IV to MGL

How to avail ITC?

Manner of availing ITC

Every **Registered taxable person**;

Entitled to take ITC **admissible** to him

Said amount to be credited to the **electronic credit ledger** of such person

Goods or services which are **used or intended to be used in the course or furtherance of business**

Conditions for availing

- Registered person shall **not** be entitled to take credit of any input tax in respect of any supply of goods and/or services to him **unless:**

He is **possession** of:

- Tax invoice
- Debit note
- Other prescribed document

Receipt of services

Payment of tax by the **Supplier**

Return furnished by Supplier

- Where goods against an invoice are received in installments / lots – ITC will be available only after receipt of last lot / installment

Conditions for availing ITC

- **In case of failure of payment to the supplier of services and / or Goods:**

  Where recipient fails to pay the **supplier of services or goods or both, except tax paid on RCM, within 180 days** from the date of issuance of invoice by the supplier, following consequences follows :

  - Amount of ITC credit taken on such services shall be added to recipient's output tax liability ; and
  - Interest thereon will have to be discharged

  in the manner as may be prescribed

Documentary requirements for availing ITC

List of Documents:

a) Invoice, or

b) Debit note , or

c) Bill of entry, or

d) Invoice issued for receipt of goods or services from URD person, or

e) Document issued by ISD

Particulars mentioned in Invoice rules to be present on such document.

Is there an expiry date for claiming ITC?

Time Limit for ITC

- A taxable person shall **not be entitled** to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after:
  - Filing of the return for the **month of September** following the end of financial year; or
  - Furnishing of the **Annual Return**

Whichever is earlier

Proportionate ITC

Apportionment of ITC

- Business and other purposes

Services

For **Business Purposes**

Input tax attributable to business purpose allowable

For **Other Purposes**

Not Defined

Input tax attributable to other purpose **NOT** allowable

Note: Central or State Govt. may by notification prescribe the manner for attributing the above credit

Apportionment of ITC

- ITC – Exempt Supplies

Goods / Services

For
-**Taxable** supplies
- **Zero Rated** Supplies

Input tax attributable to: taxable supplies including Zero rated supplies allowable

For **Exempt supplies**
- includes supplies on which recipient is liable to pay tax under Reverse charge, transactions in securities, sale of land, sale of building

ITC is **NOT** allowed in respect of input tax attributable to exempt supply

Note: Central or State Govt. may by notification prescribe the manner for attributing the above credit

Eligibility to claim refund:

Registered taxable person exporting services

Shall be eligible to claim refund

export services **under bond** without payment of IGST and claim refund of unutilised input tax credit

OR

export services with **payment of IGST and claim refund**

Continued…

A registered person making zero rated supply shall be eligible to claim refund under either of the following options

he may supply goods or services or both **under bond** or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, **without payment of integrated tax** and claim refund of unutilized input tax credit

he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on **payment of integrated tax** and claim refund of such tax paid on goods or services or both supplied

ITC availability - Summary

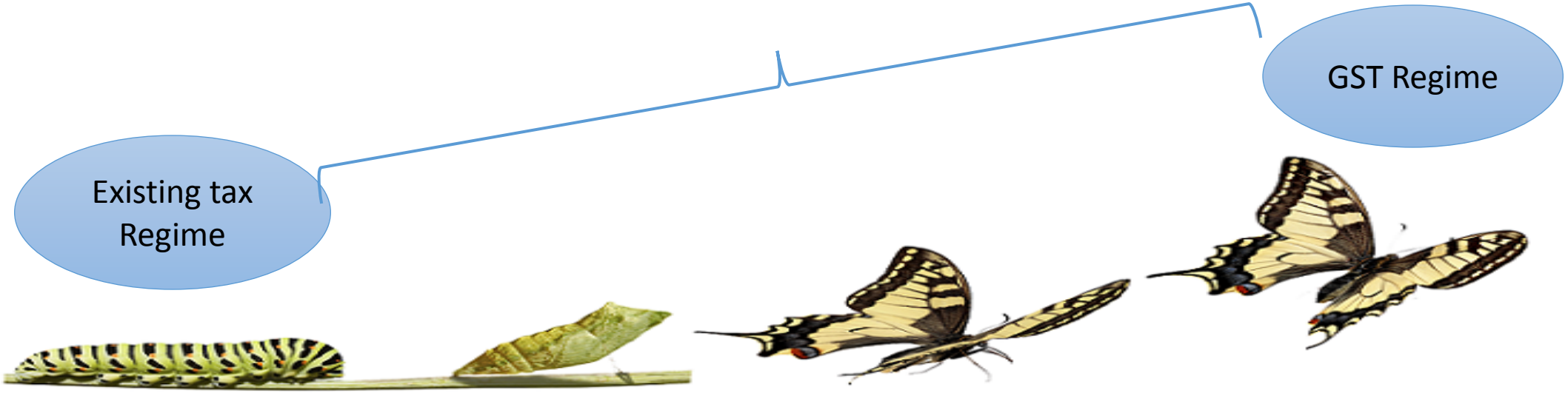
Nature of Supply made by taxable person	Credit Admissible
Wholly taxable supplies	✓
Wholly zero-rated supplies	✓
Both taxable and zero-rated supplies	✓
Wholly non-taxable or exempt supply	✖
Wholly for non-business purpose	✖
Both business and non-business purpose	Proportionate credit
Both taxable and non-taxable supply	Proportionate credit

Blocked Credits

Restrictions on ITC

- Used for **personal consumption**;
- Goods **lost, stolen, destroyed, written off** or disposed of by way of **gift or free samples**; and

Transitional Provisions



For Service Provider

Section	ITC Available	To be filed to claim ITC on	To be filed by	Time limit	GST forms	Part
140(1)	▪ CENVAT paid on Inputs/Input Services ▪ CENVAT paid on Capital Goods	only those taxes which are shown as carried forward in the last return filed by the dealer. This Part is to be filed in respect of only those taxes for which the dealer is **registered** under existing laws. (e.g. VAT/Excise/Service Tax etc.)	all Persons registered under GST (EXCEPT Composition dealers under GST laws.)	Within **90** days from Appointed date	GST **TRAN-1**	Table 5(a)

Even registered person **not eligible** to claim credit in following circumstances;

- Said credit not admissible under GST
- Not furnished all returns under existing law for the period of **6** month immediately preceding the Appointed date
- Said credit relates to goods manufactured and cleared under such exemption notification as notified by govt.

Section	ITC Available	To be filed to claim ITC on	To be filed by	Time limit	GST forms	Part
140(2)	Un availed ITC (VAT, Excise duty and Service tax) on Capital Goods	**To be filed in respect of un availed tax credit of Capital Goods which is not shown in last return filed.** This Part is to be filed in respect of only those taxes for which the dealer is registered under existing laws. (e.g. VAT/Excise/Service Tax etc.)	all Persons registered under GST (EXCEPT Composition dealers under GST laws.)	Within **90** days from the Appointed date	GST **TRAN-1**	Table 6(a)

Registered person shall not be allowed to take credit

unless the said credit was admissible as CENVAT credit under the existing law and is also admissible as input tax credit under this Act.

Section	ITC Available	To be filed to claim ITC on	To be filed by	Time limit	GST forms	Part
140(5)	credit of eligible duties and taxes in respect of inputs or input services	Duty/taxes paid under existing law	This Part is to be filed by all Persons registered under GST laws, where: Goods or Services **received on or afte**r the appointed date but the duty or tax in respect of which has been paid by the supplier under the existing law.	Recorded in the books of account of such person within a period of 30 days from the appointed date	GST **TRAN-1**	

Input tax credit received by Input Service Distributor on or after the appointed day.

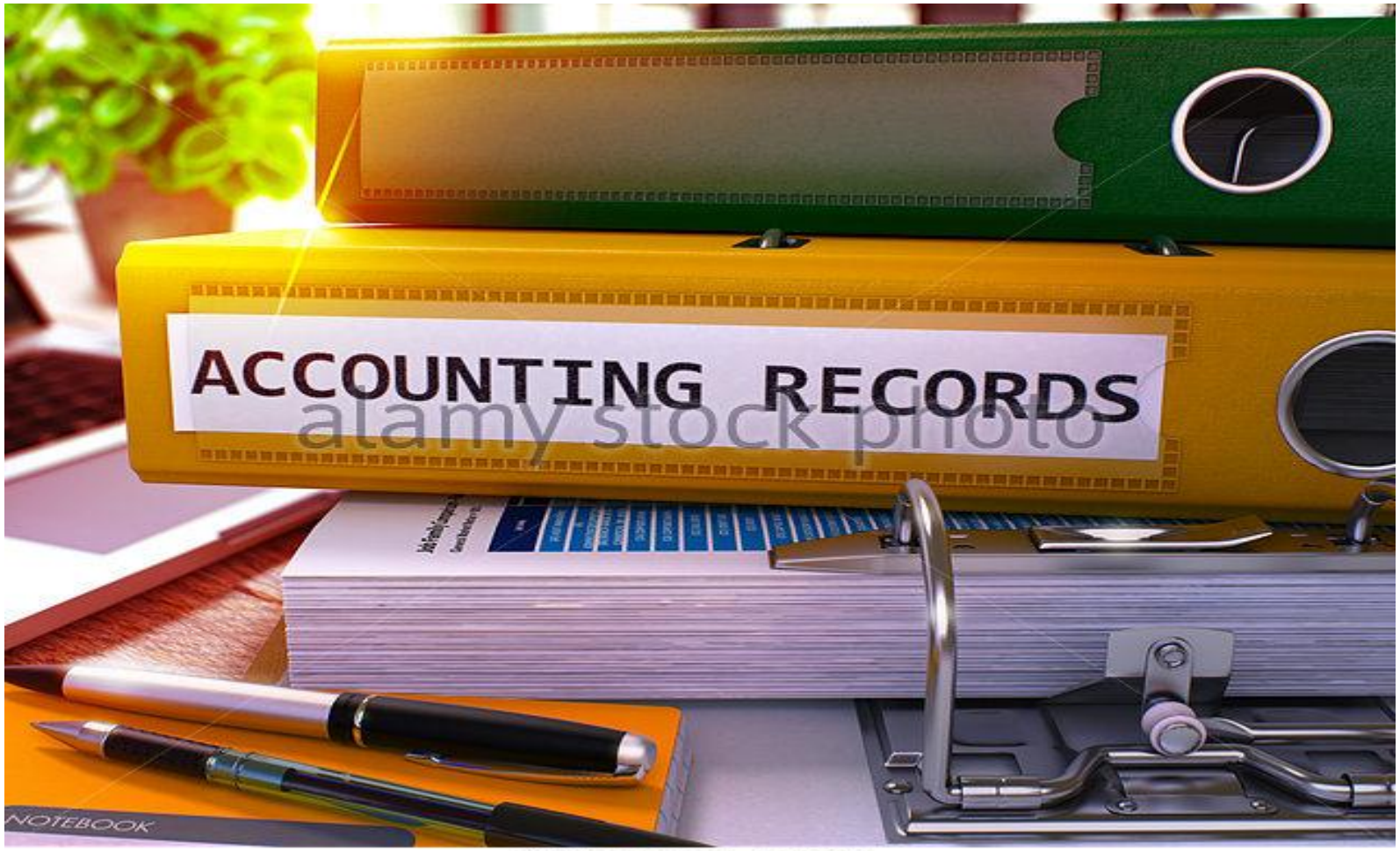
140(7) Notwithstanding anything to the contrary contained in this Act, the input tax credit on account of any services received prior to the appointed day by an Input Service Distributor shall be eligible for distribution as credit under this Act even if the invoices relating to such services are received on or after the appointed day.

Section	ITC Available	To be filed by	Time limit	GST forms
140(8)	CENVAT credits on inputs, input services and capital goods related to service activities	The service provider who has obtained centralized registration under Service Tax Law. He can distribute such credits to any other registered persons having same PAN for whom centralized registration has been sought under the Service Tax Law. Condition: He is allowed to take the credit only if such credit is admissible as input tax credit under GST Law.	Within **90** days from the Appointed date	***FORM GST TRAN-1***

Section	ITC Available	To be filed by
140(9)	Reversed CENVAT Credit	Whose CEVNAT credit was reversed due to non payment of consideration to supplier within 3 months and such recipients wishes to avail such credit by making payment to the supplier within 3 months of the appointed day.

*such credit may be transferred to any of the registered persons having the same PAN for which the centralized registration was obtained under the existing law.

Accounts and Records



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Books of Accounts to be maintained

- Accounts are to be maintained in respect of:

  (a) inward and outward supply services.

  (b) input tax credit availed

  (c) output tax payable and paid

  (d) advances received, paid and adjustments made.

  (e) services imported/ exported

  (f)Supplies on which tax is payable on RCM

Books of Accounts to be maintained

- Such accounts are to be accompanied by relevant documents including –

1. Invoices
2. Bill of supply
3. Delivery challan
4. Debit/ credit notes
5. Receipt/ payment voucher

Such accounts and records are to be maintained separately for each activity - Manufacturing, trading, provisions of services

Books of Accounts to be maintained

Books of Accounts relating to Provision of Services:

Every supplier of services shall maintain accounts showing quantitative details of :

a) Goods and input services used in provision of service.
b) Services provided.

Books of Accounts to be maintained

Books of Accounts relating to ITC and Output Tax:

Every Registered Person, shall maintain accounts containing details of :

a) Tax payable
b) Tax collected and paid
c) Input tax
d) Input Tax Credit

Along with documents such as →

a) Register of tax invoice
b) Credit/ debit note

Key Points

Every Registered Person shall keep particulars of:

a) Name and complete address of his recipients.
b) Name and complete address of his suppliers

- Accounts shall be kept and maintained at the **principal place** of **business** as mentioned in the registration certificate.

- If **more than one place of business** is specified in the RC, accounts relating to each place of business shall be kept at such place of business.

Key Points:

Each volume of books of accounts maintained by RP shall be serially numbered

- Any entry in registers/ accounts and documents shall not be erased, effaced or overwritten
- All incorrect entries shall be scored out under attestation and correct entry shall be recorded
- If registers are maintained electronically a log of every entry edited or deleted shall be maintained.

Key Points:

Every RP shall produce, on demand, books of accounts which he is required to maintain under any law in force

Documents/ registers/ books of accounts belonging to regd. person found at any other premises other than those mentioned in RC shall be presumed to be maintained by the RP unless proved otherwise.

Every **registered person** whose **turnover** during a financial year **exceeds** the **prescribed limit** shall get his **accounts audited** by a **CA** or a **cost accountant** and shall submit a copy of the audited annual accounts, the reconciliation statement.

Penalties:

- Subject to provisions on Sec. 17 (5) (h), if a registered persons **fails** to **account** for any services, the proper officer shall **determine** the **tax** payable on services as if they are supplied by the regd. person.

- **Provisions** of **Sec**. **73** or **74**, as the case may be, shall **apply** for **determination** of amount **of tax**.

Period of Retention of Accounts:

- Every person required to maintain books of accounts as per Sec. 35 (1) shall retain the books of accounts until expiry of **72 months** from the due date of filing annual return for the year to which such accounts relate.

- Provided that if the regd. person is a party to an appeal/ revision/ any other proceedings before any appellate authority/ revisional authority/ appellate court or is under investigation for an offence under Chapter XIX shall maintain books of accounts and records relating to the subject matter until:

  a) 1 year after final disposal of such appeal/ revision/ investigation
  b) Period mentioned in point '1' above.

  whichever is earlier.

Generation and maintenance of electronic records

- Proper electronic back up to maintained and preserved to ensure that,
- In case of destruction of records, information can be restored within reasonable period of time.

- RP maintaining electronic records shall produce, on demand, relevant records, duly authenticated by him, in hard copy or in any electronically readable format

- The registered person shall also provide, on demand, an account of the audit trail and inter-linkages including the source document, whether paper or electronic,
- The financial accounts, record layout, data dictionary and explanation for codes used and total number of records in each field along with sample copies of documents.

Returns

Furnishing Details of Outward Supplies:

Every Regd. Person

except

1. ISD
2. Non resident taxable person
3. Composition tax payer
4. Person required for TDS/ TCS

Shall furnish details of outward supplies during a calendar month within 10th day of the next month in FORM GSTR - 01

Furnishing Details of Outward Supplies:

Details of outward supplies to be furnished,

Invoice wise

↓for

a) Intra and inter state supplies to regd. Persons
b) Inter state supplies to un regd. Persons, invoice value more than Rs. 2.5 lakh

Consolidated

↓for

a) Intra state supplies to un regd. Persons for each rate of tax
b) State wise Inter state supplies to un regd. Persons, invoice value less than Rs. 2.5 lakh

Key Points

The Registered person shall not be allowed to furnish the details of outward supplies between eleventh day to the fifteenth day of the next month

Such details of outward supplies will be made available to recipients through **Part A** of **FORM GSTR 2A/ FORM GSTR 4A/ FORM GSTR 6A.**

- The details of inward supplies **added, corrected or deleted** by the recipient shall be made available to the supplier in **FORM GSTR-1A.**
- Supplier may either **accept or reject** the **modifications** made by the recipient.
- **FORM GSTR-1** furnished earlier by the supplier shall **stand amended** to the extent of modifications accepted by him.

Key Points

- If the details of outward supplies furnished have remained unmatched, the RP may rectify errors or omission, if any .

- If there is short payment of tax on account of such errors or omission, the RP shall pay the amount of tax coupled with interest.

- Rectification shall not allowed –
  a) After furnishing returns for month of September of the following year or
  b) After furnishing relevant annual return

  Whichever is earlier.

Furnishing Details of Inward Supplies:

Every Regd. Person

except

1. ISD
2. Non resident taxable person
3. Composition tax payer
4. Person required for TDS/ TCS

❖Shall furnish details of inward supplies

- Of taxable goods and services
- On which tax is payable under RCM
- Taxable under IGST Act
- On which IGST is payable under Customs Act

❖Details of inward supplies are to furnished invoice wise.

❖Include details of imports, credit and debit notes received in respect of such supply

❖Such details are to be furnished in FORM GSTR - 2, after 10th but within 15th of the following month.

Key Points

Details of invoices furnished by ISD in FORM GSTR -6

Shall be made available to recipient of credit

In Part B of FORM GSTR -2A He may include the same in FORM GSTR -2

Details of Tax deducted at Source furnished by Deductor in FORM GSTR - 7

Shall be made available to deductee

In Part C of FORM GSTR -2A He may include the same in FORM GSTR -2

Details of Tax collected at Source furnished by collector in FORM GSTR - 7

Shall be made available to concerned person

In Part D of FORM GSTR -2A He may include the same in FORM GSTR -2

Key Points

The details of supplies modified, deleted or included by the recipient and furnished under sub-section (2) shall be communicated to the supplier

In eligible Credit

Registered person shall

In cases where he can determine eligibility of ITC at invoice level

specify inward supplies on which he is not eligible [either fully or partially] for ITC in FORM GSTR-2

In cases where he cannot determine eligibility of ITC at invoice level

declare the quantum of ineligible ITC on inward supplies in FORM GSTR - 2

Key Points

- If the details of inward supplies furnished have remained unmatched, the RP may rectify errors or omission, if any - in FORM GSTR -2

- If there is short payment of tax on account of such errors or omission, the RP shall pay the amount of tax coupled with interest.

- Rectification shall not allowed –
  a) After furnishing returns for month of September of the following year or
  b) After furnishing relevant annual return

  Whichever is earlier.

Furnishing of Monthly Returns

Every Regd. Person

except

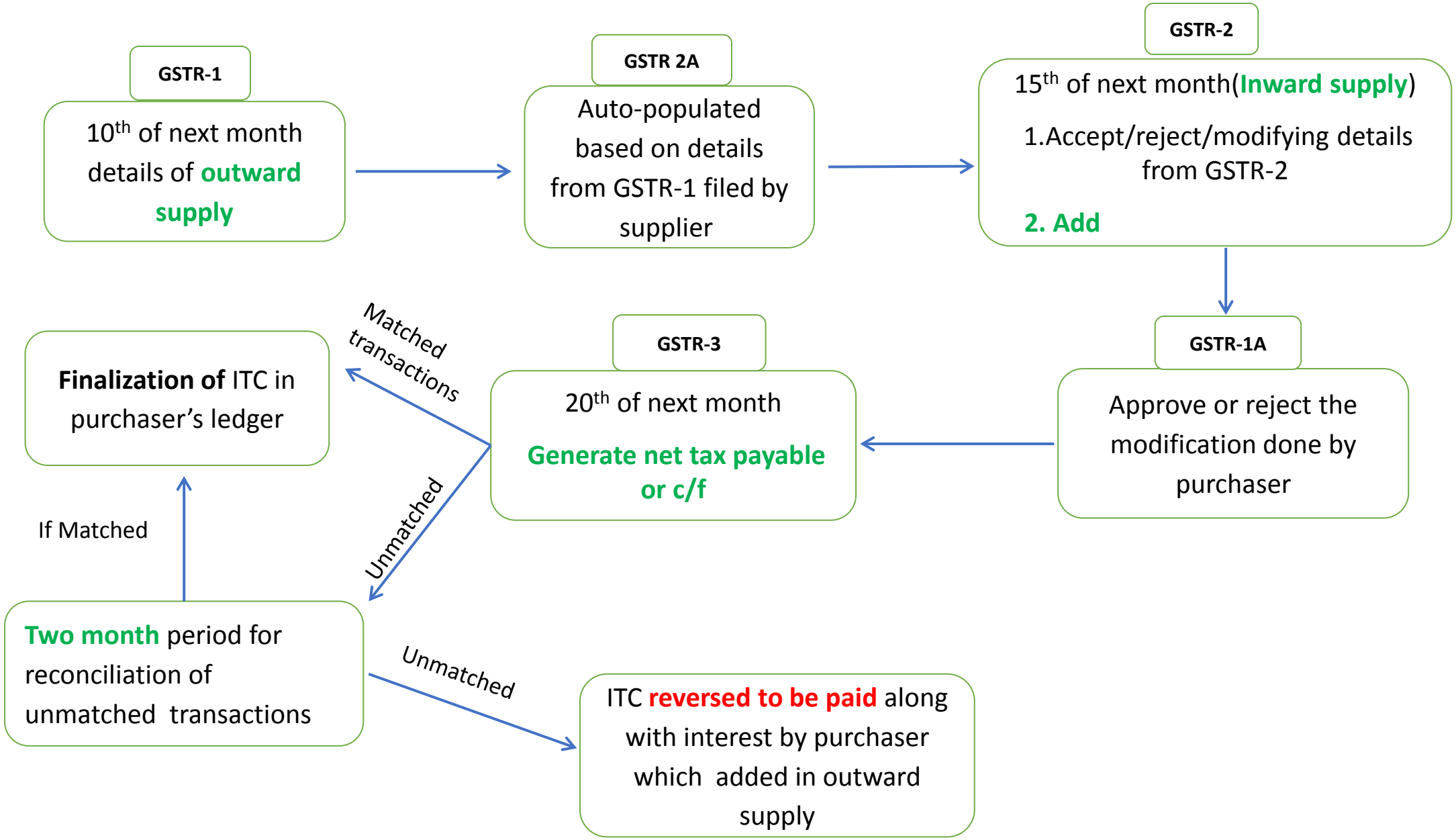
1. ISD
2. Non resident taxable person
3. Composition tax payer
4. Person required for TDS/ TCS

❖Shall furnish a return for every calendar month or a part thereof in FORM GSTR -3 within 20th of the following month.

❖Such return shall contain details of:

a) Inward and Outward supplies of goods and/ or services
b) ITC availed
c) Tax payable and paid

Monthly Return under GST regime



Matching of claim of reduction on output tax liability

- The details of every credit note furnished by the supplier, for a tax period shall be matched with the corresponding reduction in claim of input tax credit by the recipient for same tax period or any subsequent tax period.

- The following details shall be matched, after the due date for filing FORM GSTR -3:

a) GSTIN of the supplier
b) GSTIN of the recipient
c) Credit note number
d) Credit note date
e) Taxable value and
f) Tax amount

Annual Return

- Every RP whose aggregate turnover during a financial year exceeds one crore rupees shall get his accounts audited, and
- He shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in FORM GSTR-9B.

Important points to be considered

- Furtherance of business
- Used for business and non business
- Input tax credit on reverse charge
- Apportionment of Input Tax credit
- Distribution of credit
- Purchase of any capital goods- credit
- Input services by employees/staff used
- Revision of price with the client- discounting of price/Impact on credit

Important points to be considered

- Advance received in Pre GST period, services provided post GST period
- Services provided during Pre GST period but payment received Post GST (Assessee Turnover is less than 50 lakhs)
- In many instances for including taxes- negotiations
- Bad debt/ non payment of ST to service vendors-

If the tax is not paid within 180 days, reverse the credit taken.

- Issue of credit Note/Debit Note
- Returns as a service provider and service receiver

Important points to be considered

- Impact of input tax credit for professionals who are under 50 lakhs credit
- Non payment of service tax to Service vendors
- Issue of receipt voucher/Refund voucher/payment voucher
- SAC Code
- Accounting/Auditing/Book Keeping- 99822/99823- 18%
- Input tax credit on services taken from professionals/experts

Important points to be considered

- Reversal of credit for free supply of services
- Sharing of knowledge between the branches of profession located across the India
- Migration of Professional Registration
- Matching of credit
- Availment of credit
- Electronic Form

Important points to be considered

- Audited- Reconciliation statement
- Period of retention of Accounts
- Retention contracts- Impact
- One time opinion
- Transitional forms
- Enrolment of goods and service tax Practioners
- Impact of outsourcing- the task to local firms and impact of credit

Important points to be considered

- Bifurcating the trading and profit and loss Account expenses and verifying the eligibility of credit
- Accounting entries
- Transaction with client- RD and URD (Invoice wise/customer wise)
- GST Suvidha Providers
- Training to different places and adjustment of credit for taxes paid in different states

Important points to be considered

- Whether outsourced local vendors to bear the tax
- Techno savy
- Filing the returns for earlier period- eligibility of credit in GST law
- Taking casual registration in different state- Impact of transfer of credit
- Changes in master data
- CGST/SGST/IGST to be defined separately

Important points to be considered

- Type of service receivers- non composition, Government entities, composition etc
- Business place- GSTIN
- Document Numbering
- Document for transitional credit

Views

Reversal of credit in case of free supply of services-

Section 17 (5)(h)- goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.

Sharing of knowledge between the branches of profession located across India

Falls under Schedule I entry 2- will be considered as distinct person and taxed accordingly.

Views

Gifting to employees-

Schedule I entry 2, taxable only where the value of gifts exceeds Rs. 50,000/-.

Gifting to employees- Input tax credit

It will be cost to the employer.

Training to different places and adjustment of credit for taxes paid in different states.

Set-off rules (i.e. CGST and SGST excess credit cannot be set-off with each other)

Views

Revision of prices- whether debit or credit note to be raised?

No specific clause mentioned in the credit/ debit note provisions.

Discount provided -

where the discount identified at the time of agreement or at the time of invoice then discount is allowed to be reduced from the taxable value

where the discount is not identified at the time of agreement or the time of invoice then it will not be allowed as deduction and the same cannot be reversed.

GST Suvidha providers

Views

When to raise invoice when the service of ‘providing of opinion’ is given?

At the time of draft opinion or final opinion?

provision made cannot be considered as receipt of service.

Can credit be used for payment for payment of GST on reverse charge?

No.

Where receipt method of payment of tax was being followed under existing law?

Section 142(11) (b)- no tax shall be payable on services under this Act to the extent the tax was ***leviable*** on the said services under Chapter V of the Finance Act, 1994;

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