

# **Goods & Services Tax (GST)**

- Concept

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# **GST – The Story so Far**

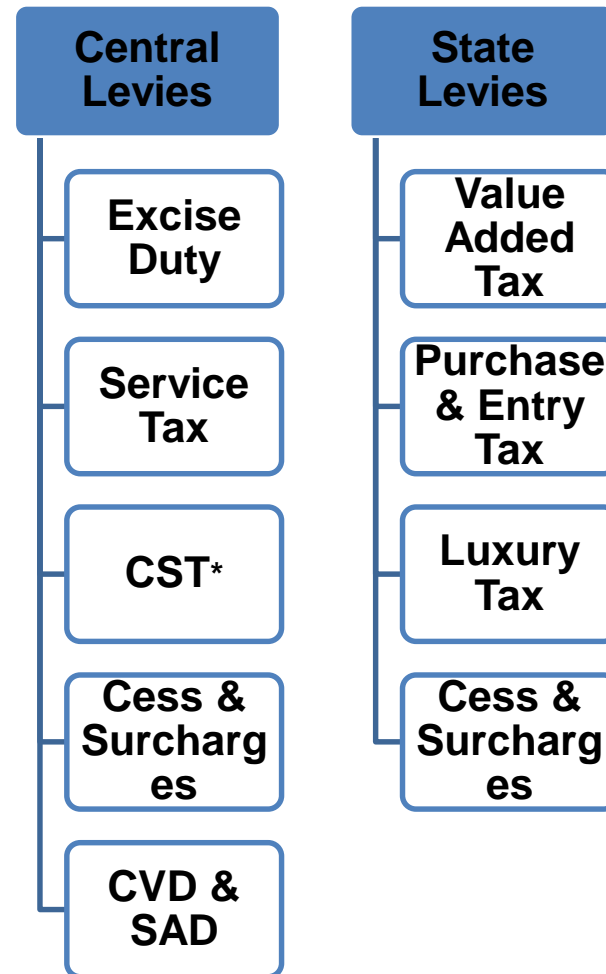
# **GST-The Story So Far**

- ▶ **Constitution Amendment Bill passed by Rajya Sabha on August 03, 2016 & by Lok Sabha on August 08, 2016.**
- ▶ **Central Goods & Service Tax Act, Integrated Goods & Services Tax Act & Union Goods & Services Tax Act have been passed by the Parliament.**
- ▶ **States have also passed the State Goods & Services Tax Act.**
- ▶ **Rate of GST on Goods & Services along with the cesses have been finalized by the GST Council.**
- ▶ **GST Law to be implemented from July 01, 2017.**



# Current Indirect Tax Landscape

# Current India Indirect Tax Landscape

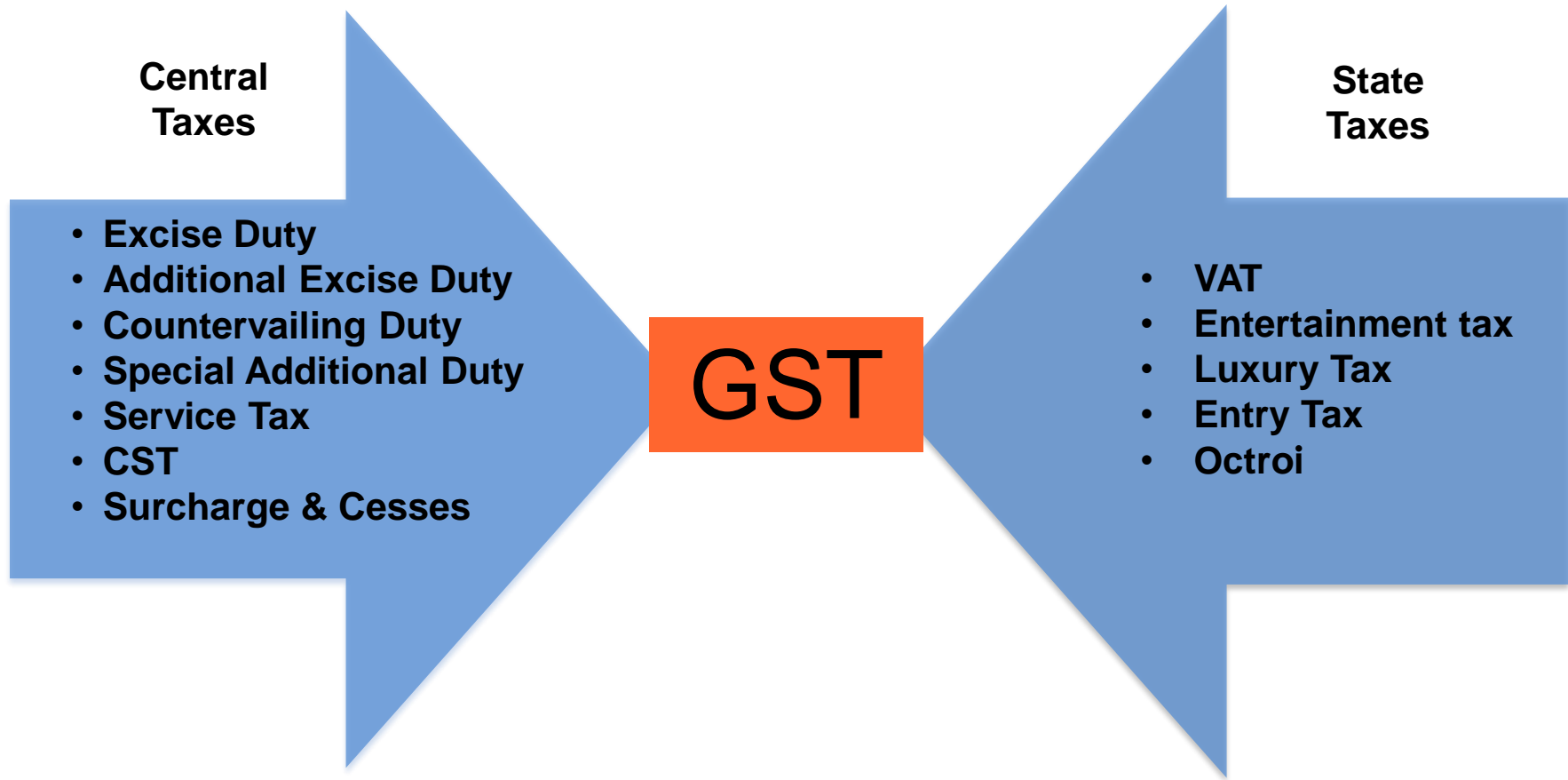


*\*Tax collected being shared between the Central & State Governments*



# **GST Structure**

# Taxes Subsumed into GST





# Taxes Outside GST

- ▶ **Basic Customs Duties on Import of Goods**
- ▶ **Safeguard duties of Customs**
- ▶ **Stamp Duty and Property Taxes**
- ▶ **Duties on Vehicles**
- ▶ **Tax levy on Petroleum Products (to be brought under GST from a date to be notified on recommendation of GST Council)**
- ▶ **Electricity Duties / Taxes**



# Concept of Supply

# Concept of Supply

- ▶ The taxable event for levy of GST is “Supply” of goods or services or both.
- ▶ Supply includes all forms of Supply of goods or services or both and specifically includes:
  - ▶ Sale;
  - ▶ Transfer;
  - ▶ Barter;
  - ▶ Exchange;
  - ▶ License;
  - ▶ Rental;
  - ▶ Lease; or
  - ▶ Disposal.
- ▶ Supply defined should be made for a consideration in the course or furtherance of business.

# Concept of Supply

- ▶ **GST applicable on following supplies made without consideration in the course or furtherance of business.**
  - ▶ Permanent transfer or disposal of business assets on which Input Tax Credit was availed;
  - ▶ Supply between related / distinct persons;
  - ▶ Supplies between Principal and an agent;
  - ▶ Gifts by an employer in excess of Rs.50,000/- to an employee;
  - ▶ Import of services from a related person.

# Deemed Services

- ▶ **Activities deemed to be “Supply of Services” :**
  - ▶ **Transfer of property in goods without transfer of title;**
  - ▶ **Process applied to another person's goods;**
  - ▶ **Lease, tenancy or license to occupy any building for business or commerce;**
  - ▶ **Use of business assets for private use or any non-business purpose;**
  - ▶ **Construction of a complex, building or a civil structure where entire consideration is received before issuance of completion certificate.**
  - ▶ **Temporary transfer / permitting use of IPR's;**

# Deemed Services

- ▶ **Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of IT Software;**
- ▶ **Refraining or tolerating an act or situation;**
- ▶ **Works Contract;**
- ▶ **Supplies made by restaurant.**

# Concept of Supply

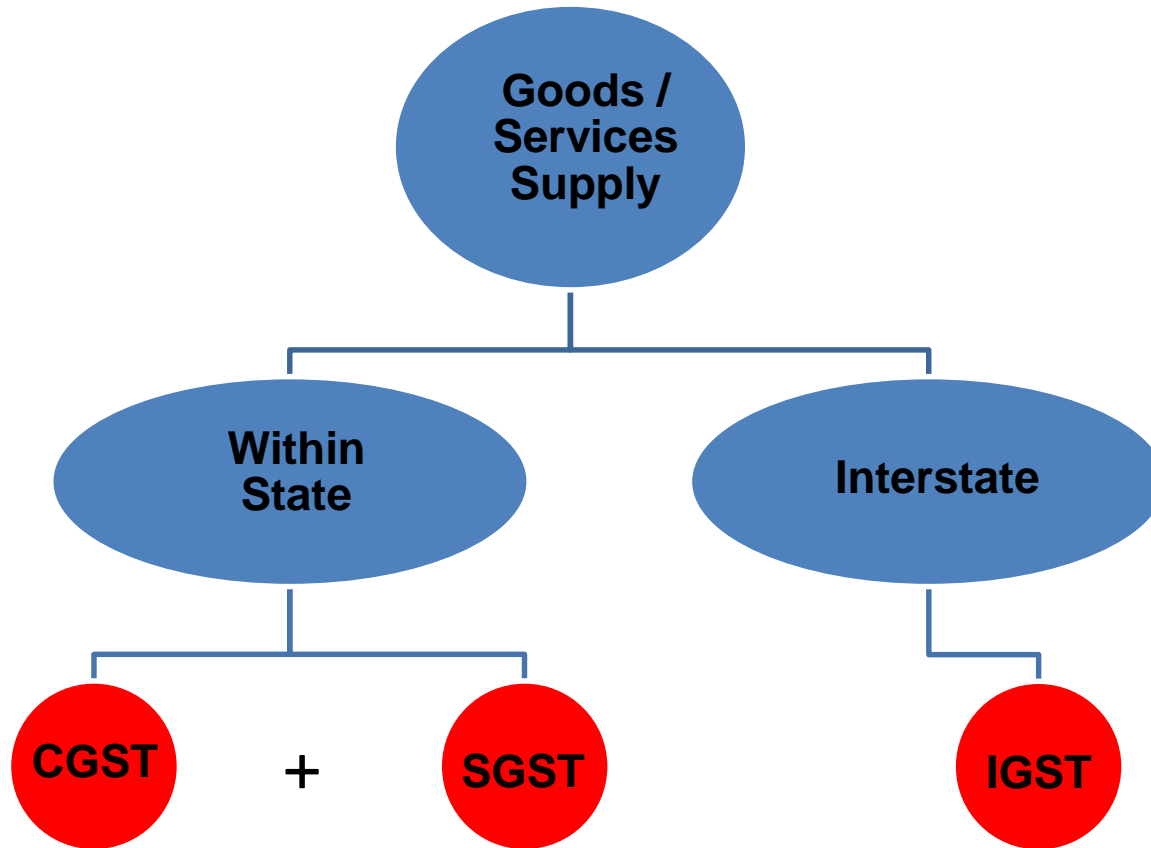
- ▶ **Activities that shall not be treated as supply under the GST Laws:**
  - ▶ **Services by employee to employer in course of employment;**
  - ▶ **Services by any Court or Tribunal;**
  - ▶ **Services of funeral, burial, crematorium or mortuary including transportation of deceased;**
  - ▶ **Sale of Land;**
  - ▶ **Actionable claims other than lottery, betting or gambling.**



# Taxes under GST



# Taxes under GST



# Taxes under GST

- ▶ **The taxes to be levied under the GST:**
  - ▶ **Central Goods and Services Tax (“CGST”);**
  - ▶ **State Goods and Services Tax (“SGST”);**
  - ▶ **Union Territory Goods and Services Tax (“UGST”); and**
  - ▶ **Integrated Goods and Service Tax (“IGST”).**
- ▶ **CGST and SGST would be applicable in case of intra-state supply of goods or services.**
- ▶ **IGST would be applicable in cases of inter-state supply of goods or services.**
- ▶ **The maximum rate of GST has been ring fenced in the GST law.**

# GST Structure – Rates

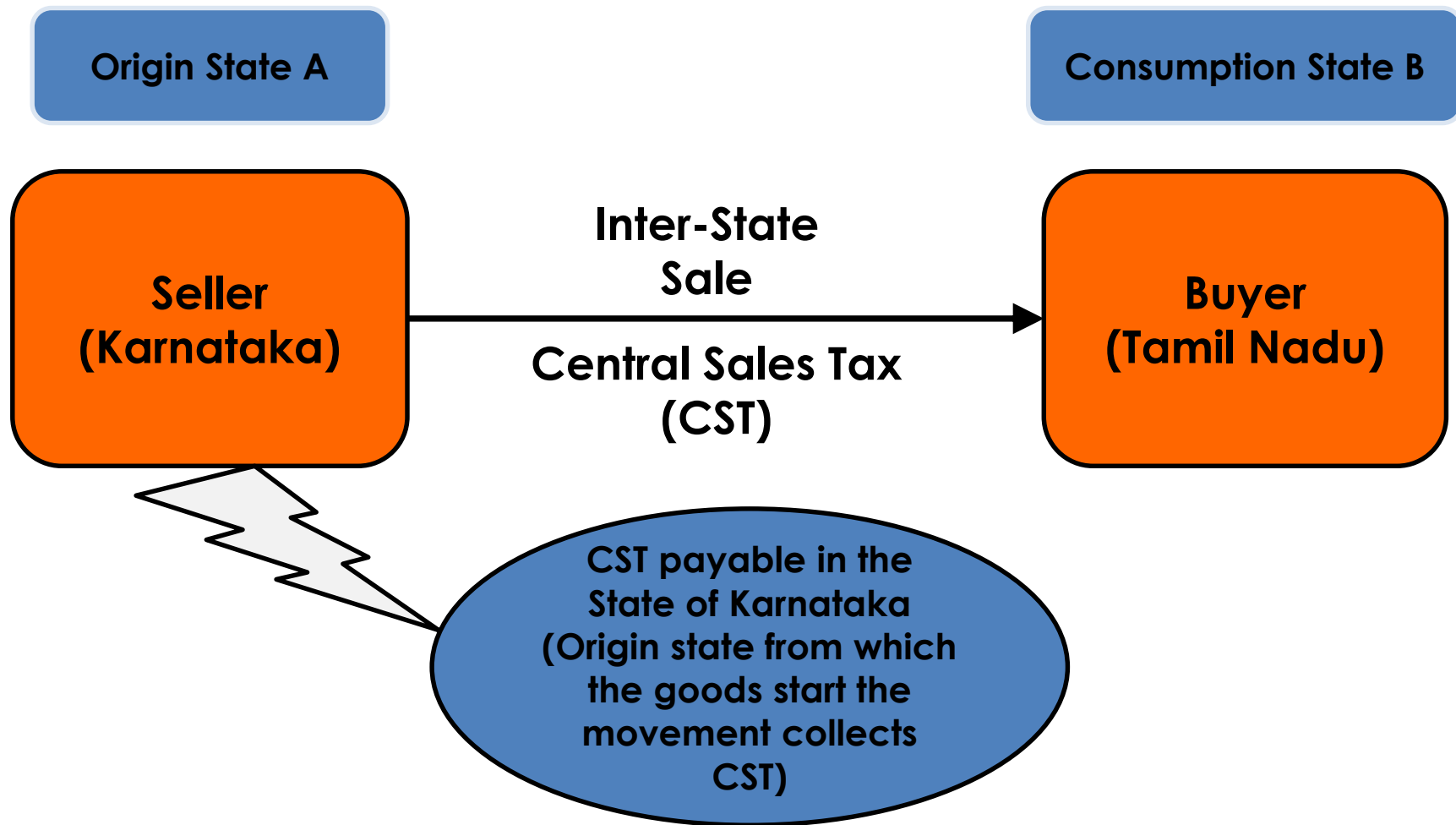
## Goods

**Zero Rate – 0%**  
**Special rate – 3%**  
**Low Rate – 5%**  
**Standard Rate – 12%**  
**Standard Rate – 18%**  
**Higher Rate – 28%**  
**Luxury Goods- 28%+Cess**

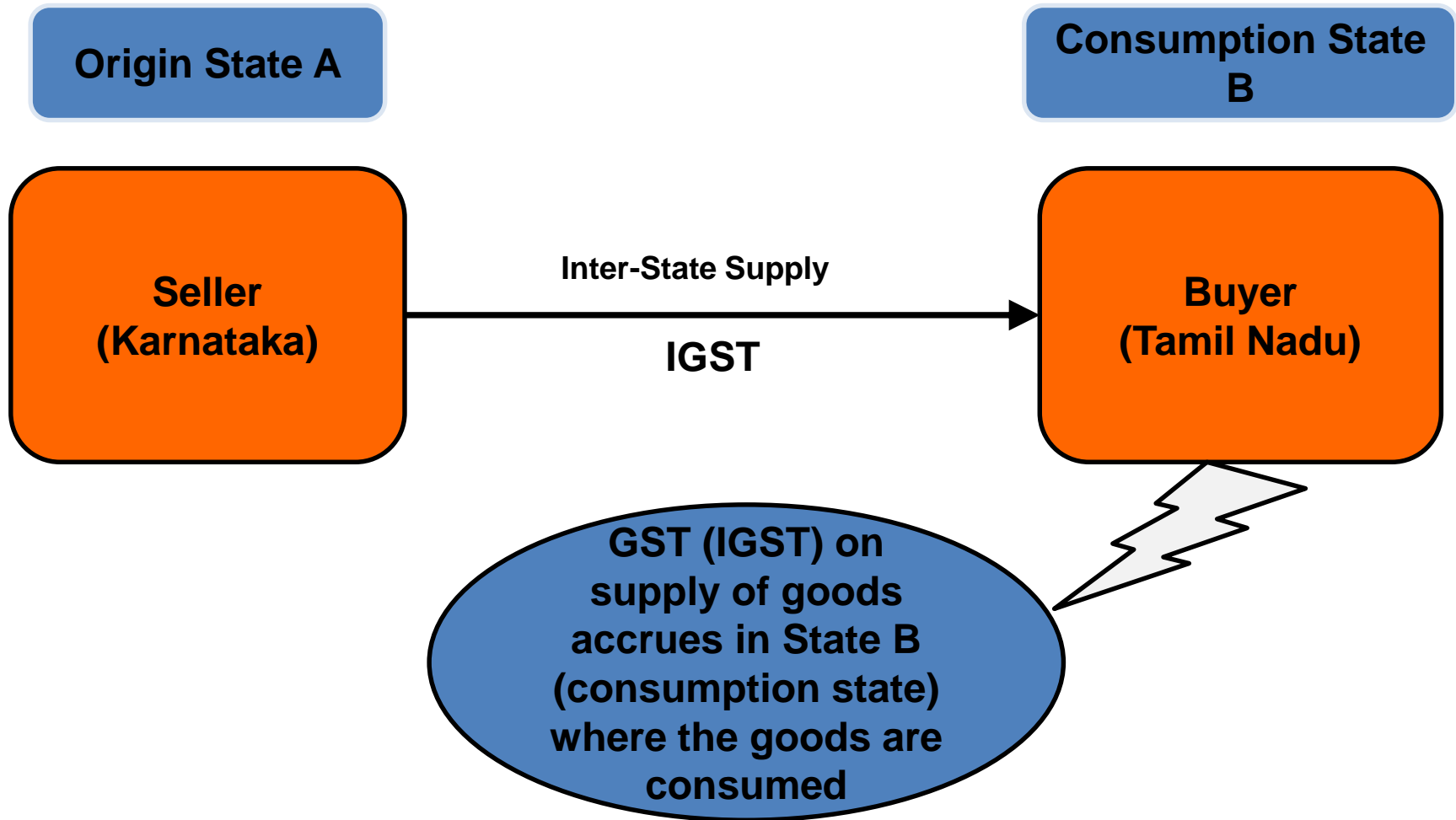
## Services

**Zero Rate – 0%**  
**Low Rate-5%**  
**Basic Rate – 12%**  
**Standard Rate – 18%**  
**Higher Rate – 28%**

# IDT- Origin Based Levy



# IDT - Consumption Based





# Registration under GST

# Registration under GST

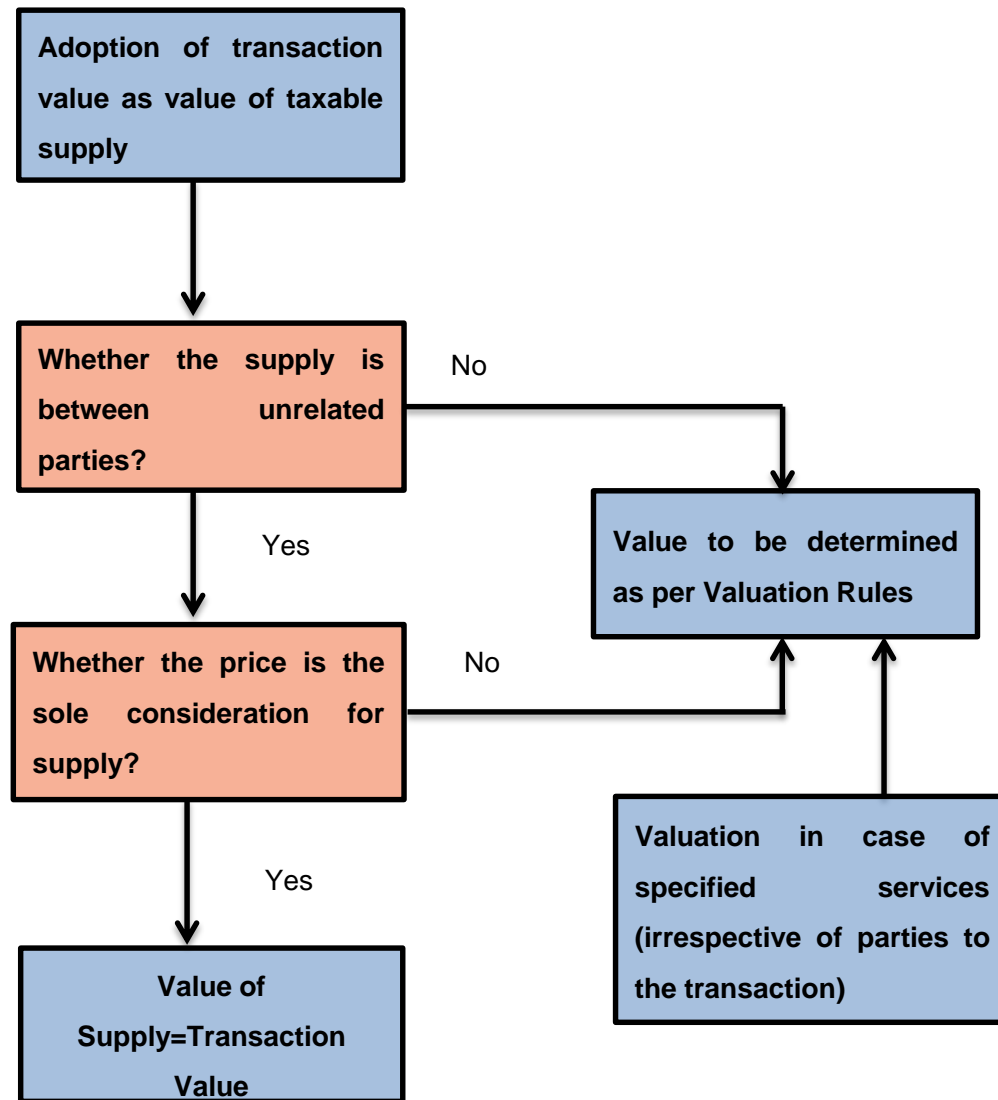
- ▶ **Threshold for obtaining registration is Rs. 20 Lakh**
- ▶ **Separate registration in each state of business operations.**
- ▶ **Person having multiple business vertical in a state can seek separate registration for each vertical.**
- ▶ **Person making interstate supplies would be required to obtain a registration irrespective of his turnover.**
- ▶ **Units located in the Special Economic Zone would be required to obtain separate registration from its other located outside the SEZ.**
- ▶ **A single registration would be sufficient in respect of all the units located within the same SEZ.**



# Value of Supply



# Value of Supply





# Composition Scheme

# Composition Scheme

- ▶ A person having aggregate turnover less than Rs. 75 Lakhs in the previous financial year could opt for Composition Scheme.
- ▶ Ineligible for Composition Scheme if:
  - ▶ Person engaged in making any interstate supply;
  - ▶ Supplier of services other than an hotelier;
  - ▶ Person effecting sales through e-commerce operator; and
  - ▶ Other person notified by the Government.
- ▶ Option of composition shall lapse immediately once the turnover exceeds the threshold for Composition Levy.

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# Composition Scheme

- ▶ A person opting for composition levy shall not collect GST from the recipient of supply.
- ▶ Rates for Composition Levy

Type of supplier	Rate Applicable
Manufacturer	2%
Hotelier	5%
Other suppliers	1%



# Other Important Points

## Other Important Points

- ▶ **GST applicable on branch transfers**
- ▶ **GST on purchase of goods or services from unregistered persons**
- ▶ **GST also applicable on certain supplies under reverse charge mechanism**
- ▶ **Supply of goods/services between group entities with or without consideration**
- ▶ **Export of goods / services are zero rated**
- ▶ **Supplies made to SEZs are zero rated**

Thank you!!

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