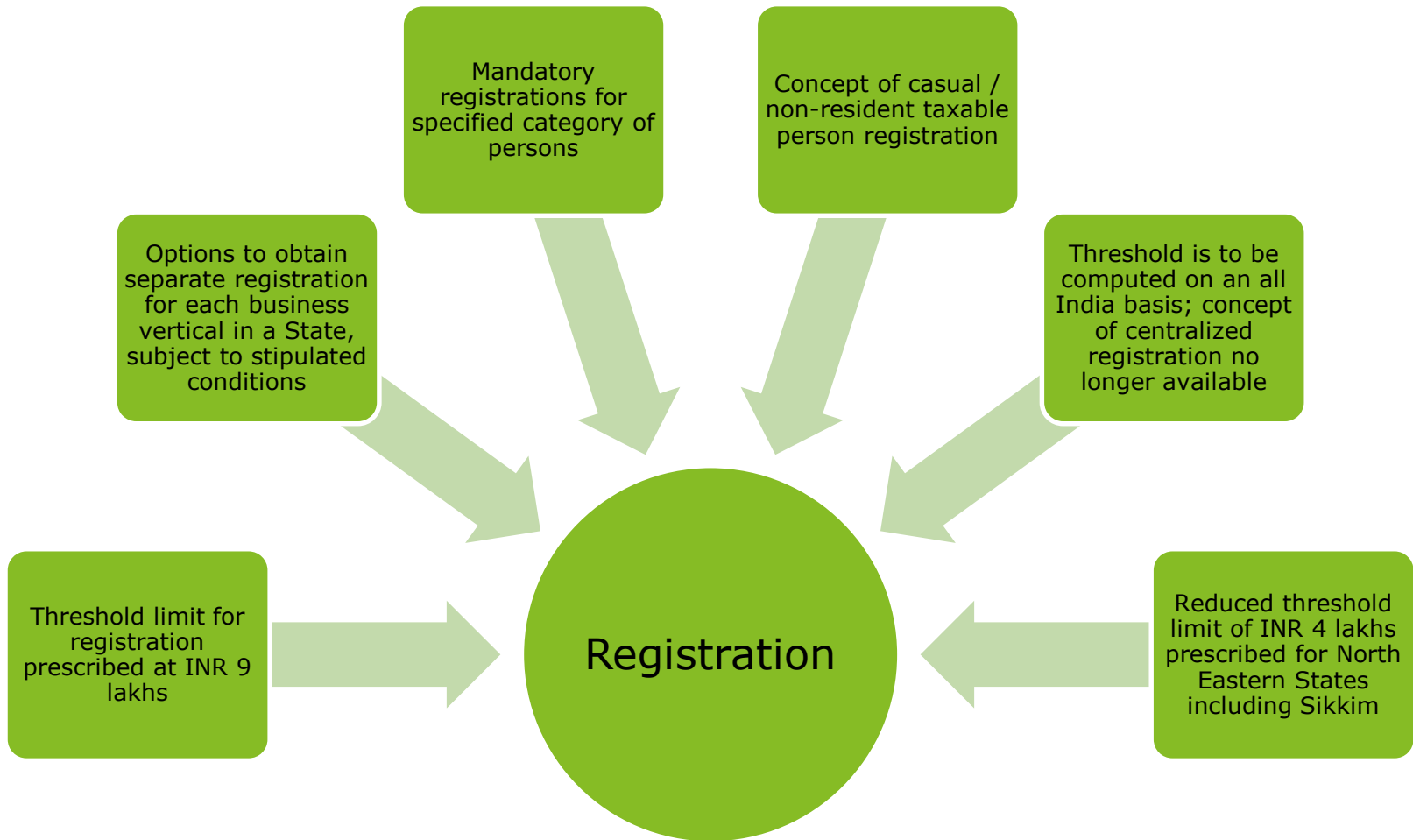


**Goods & Services Tax (GST)**  
Draft GST Model

– Krishnan Agarwal, July 3, 2016

# GST Registration

# Registration – General provisions



# Mandatory registration

## **Following category of persons shall be required to be mandatorily registered under this Act:**

- persons making any inter-State taxable supply
- casual taxable persons
- persons who are required to pay tax under reverse charge
- non-resident taxable persons
- persons who are required to deduct tax at the time of making payments
- persons who supply goods and/or services on behalf of other registered taxable persons whether as an agent or otherwise
- input service distributor
- persons who supply goods and/or services, other than branded services, through electronic commerce operator
- every electronic commerce operator
- an aggregator who supplies services under his brand name or his trade name
- such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council

# Structure of Registration Number

Each taxpayer will be allotted a State wise PAN-based 15-digit Goods and Services Taxpayer Identification Number ('**GSTIN**')

State Code		PAN						Entity Code		Blank	Check digit			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

In terms of Indian Census 2011-Each State to have a unique code, such as 09 for Uttar Pradesh

To be alpha-numeric (1-9 and then A-Z); to be assigned depending on number of registrations a legal entity has within one State\*

To be kept blank for future use

# Registration Procedures

Every person liable shall take registration in *every such State* in which he is so liable; i.e. in all those States, from which he shall undertake his supplies

Registration to be obtained, *online*, within 30 days from the date registration becomes due

Effective date of registration would be the date of application in all cases i.e. whether the application has been filed within prescribed time limit of 30 days or otherwise.

Not necessary to apply for fresh registration, if already registered under earlier law –exception – Input Service Distributor

The State/ Central Authorities shall grant Registration Certificate within 3 common working days, provided uploaded documents are found in order

Grant of registration under CGST to be deemed to be grant of registration under SGST and same applies for registration under CGST

If no discrepancy observed, then registration deemed to be granted after the period prescribed has expired

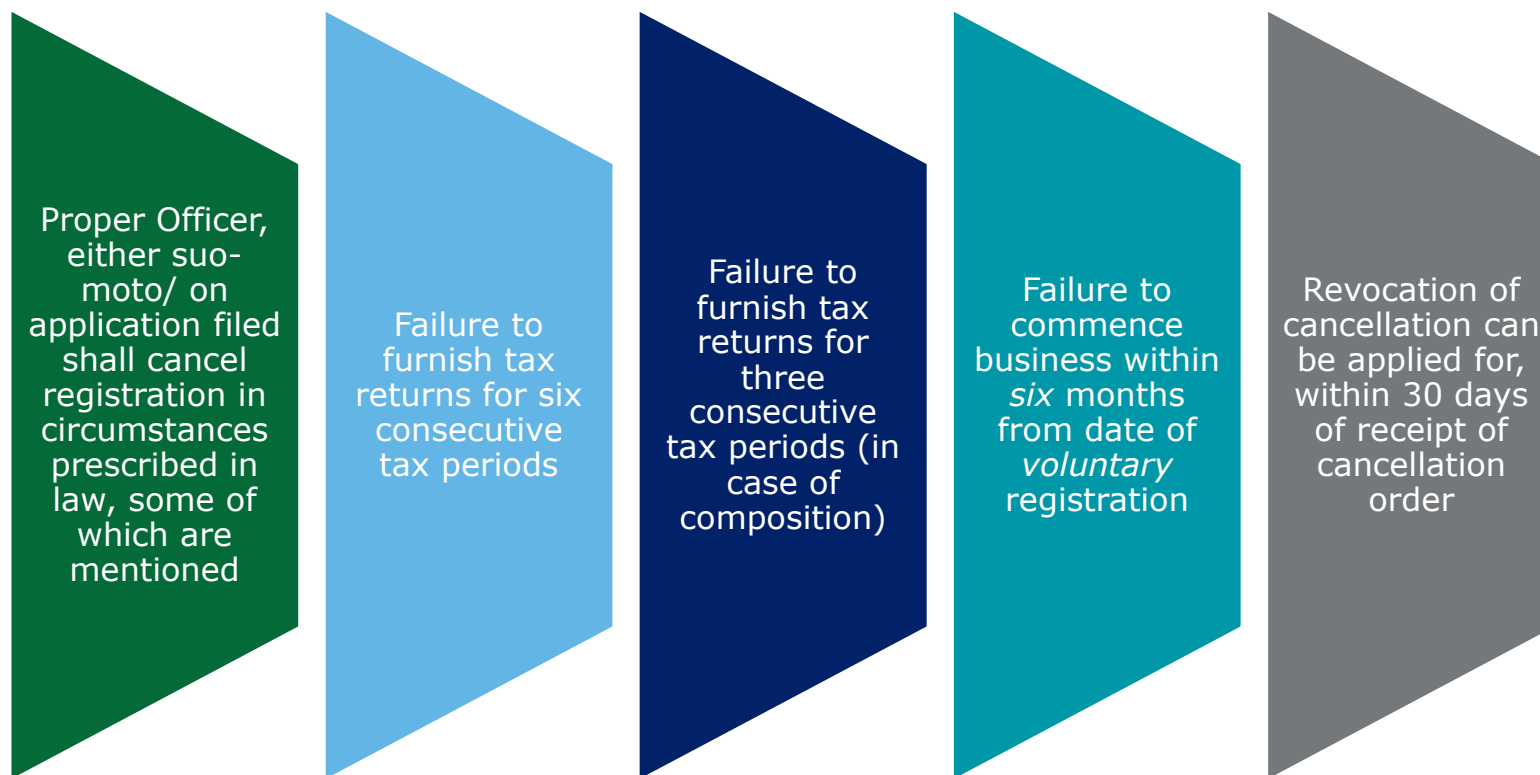
# Amendment of Registration

Proper Officer to be informed in case of change in any information furnished at the time of registration or furnished subsequently

Approval/ rejection of such amendment to be at the discretion of the Proper Officer, subject to granting of opportunity of being heard/ Notice

Approval/ rejection of amendment under CGST to be deemed to be Approval/ rejection of amendment under SGST and same applies for registration under CGST

# Cancellation/ Revocation of Registration





# Migration of existing registrants

Existing registrants are those who are either registered with States or with the Centre or with both

## For Taxpayers Registered under State VAT/Excise

- Taxpayers under Excise & VAT, source of data for issuing GSTIN to be VAT data
- State tax Authorities to communicate GSTIN/ password to taxpayers for filling up remaining information, post which Authorities shall undertake verification
- For generation of GSTIN, it is to be ensured that PAN is validated

## For Taxpayers Registered under Service Tax

- Taxpayers to themselves intimate the States where they would like to get themselves registered
- Service Tax portal will check from GST portal whether GSTIN has been generated for combination of State & PAN of the taxpayer. If not generated, request GST portal to generate the same
- GSTIN shall be generated & communicated to taxpayer for filling up remaining information
- Verification by Authorities, can be done post GSTIN is issued

# Casual / Non-Resident Taxable Person registration

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## Casual Taxable Person

- A supplier who is not registered on regular basis, desiring to conduct business in a particular State for limited period can opt for registration as a casual taxable person
- **Advance tax** on self assessment basis would be required to be paid

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## Non-Resident Taxable person

- A Non-resident Supplier is a person applying for registration in a State in which he is not a resident but registered in any other State
- All other provisions of casual taxable person to apply

The certificate of registration issued to a casual taxable person or a non-resident taxable person shall be **valid for a period of 90 days** from the effective date of registration

# Illustration of Registration in GST vis-à-vis existing structure

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ABC Ltd. having 4 manufacturing units and warehouses in 30 States

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## **Existing Structure:**

Registration under Excise: 4

Registration under Service Tax: 1 (Centralized)

Registration under VAT: 30

## **Under GST:**

*30 separate registrations*

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Total:

**35**

**30**

# GST Returns

# Returns under GST

## Requirement & Periodicity – Summary

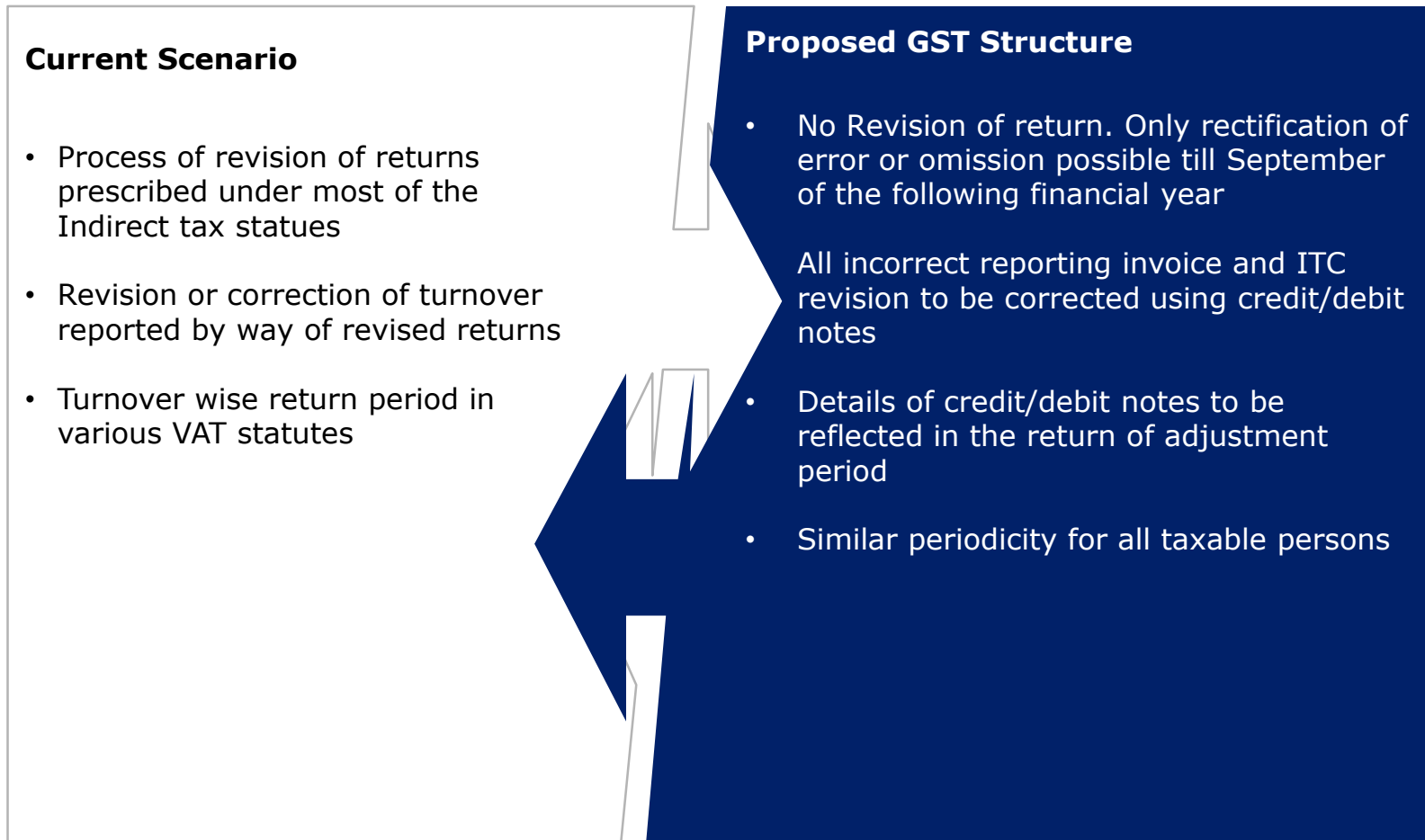
<b>Requirement of Return</b>	<b>Periodicity</b>		
	<b>Return form</b>	<b>Particulars</b>	<b>Due date</b>
<ul style="list-style-type: none"> <li>• Every registered taxable person to furnish returns</li> <li>• Submission of return would only be through online mode</li> <li>• Return to be filed even if there is no business activity during the return period</li> <li>• Error or omission may be rectified. No specific provision for revision prescribed</li> </ul>	GSTR1	Outward supplies	10th of the next month
	GSTR2	Inward supplies	15th of the next month
	GSTR3	Monthly return (periodic)	20th of the next month
	GSTR4	Return by compounding taxpayers	18th of the month next to the quarter
	GSTR5	Return by non-resident taxpayers (foreigners)	within 7 days of the last day of registration
	GSTR6	Return by input service distributors	13th of the next month
	GSTR7	TDS return	10th of the next month
	GSTR8	Annual return	31st December of next FY

### **Highlights of Business Process:**

- UN agencies having unique GST ID to file purchase statement and not to file regular return
- No registration or return requirements for Government entities, PSUs etc. not dealing in GST supplies

# Returns under GST

## Current vis-à-vis Proposed Structure – Return



# Returns under GST

## First Return, Annual Return & Final Return

### First Return

1. Every registered dealer to furnish 1<sup>st</sup> return containing:
  - Details of outward supplies
  - Inward supplies

### Annual Return

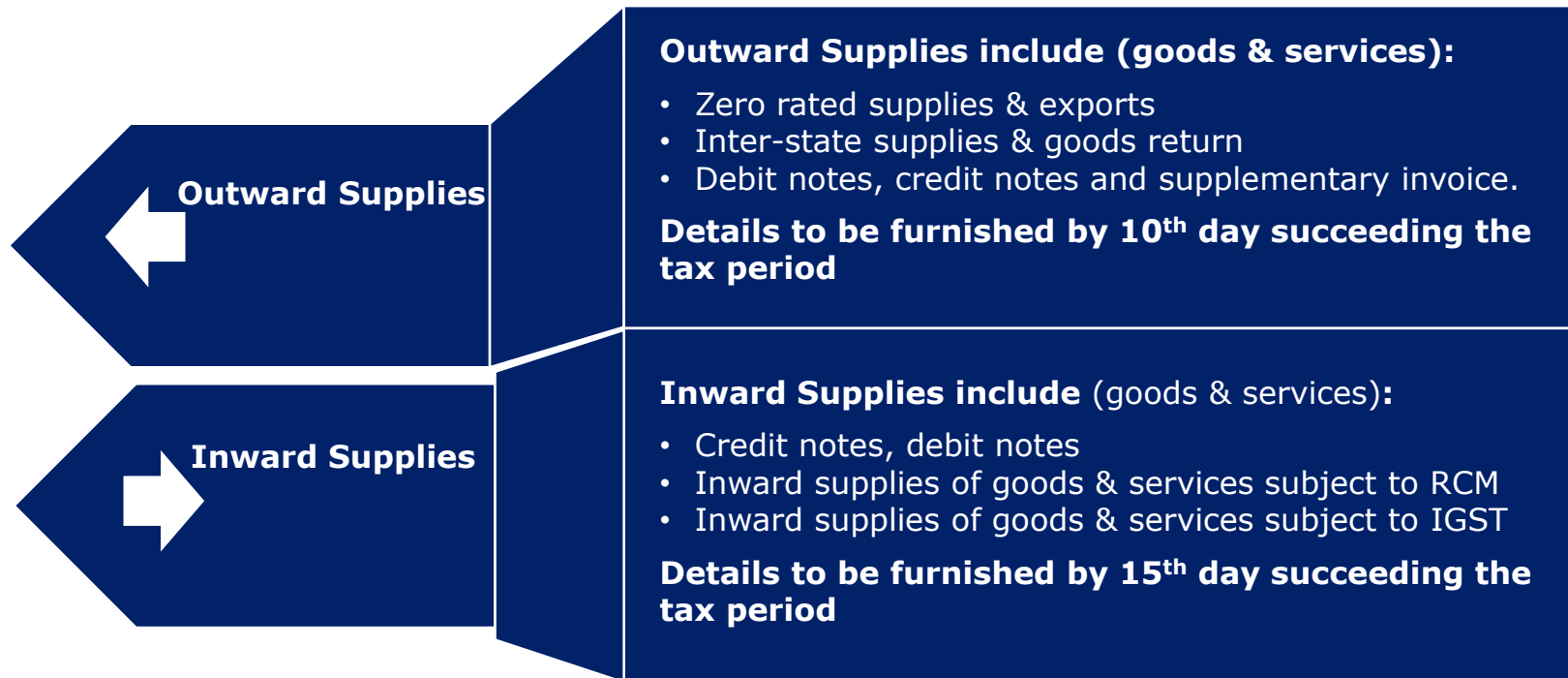
1. Every registered dealer to furnish annual return except:
  - ISD
  - casual taxable person
  - Person deducting tax
  - Non-resident taxable person
2. To be furnished by December 31<sup>st</sup>
3. Reconciliation statement to be furnished along with the statutory audited report and annual return

### Final Return

1. Every registered dealer opting for cancellation to furnish a final return
2. To be furnished within 3 months from date of cancellation or date of cancellation order, whichever is later

# Returns under GST

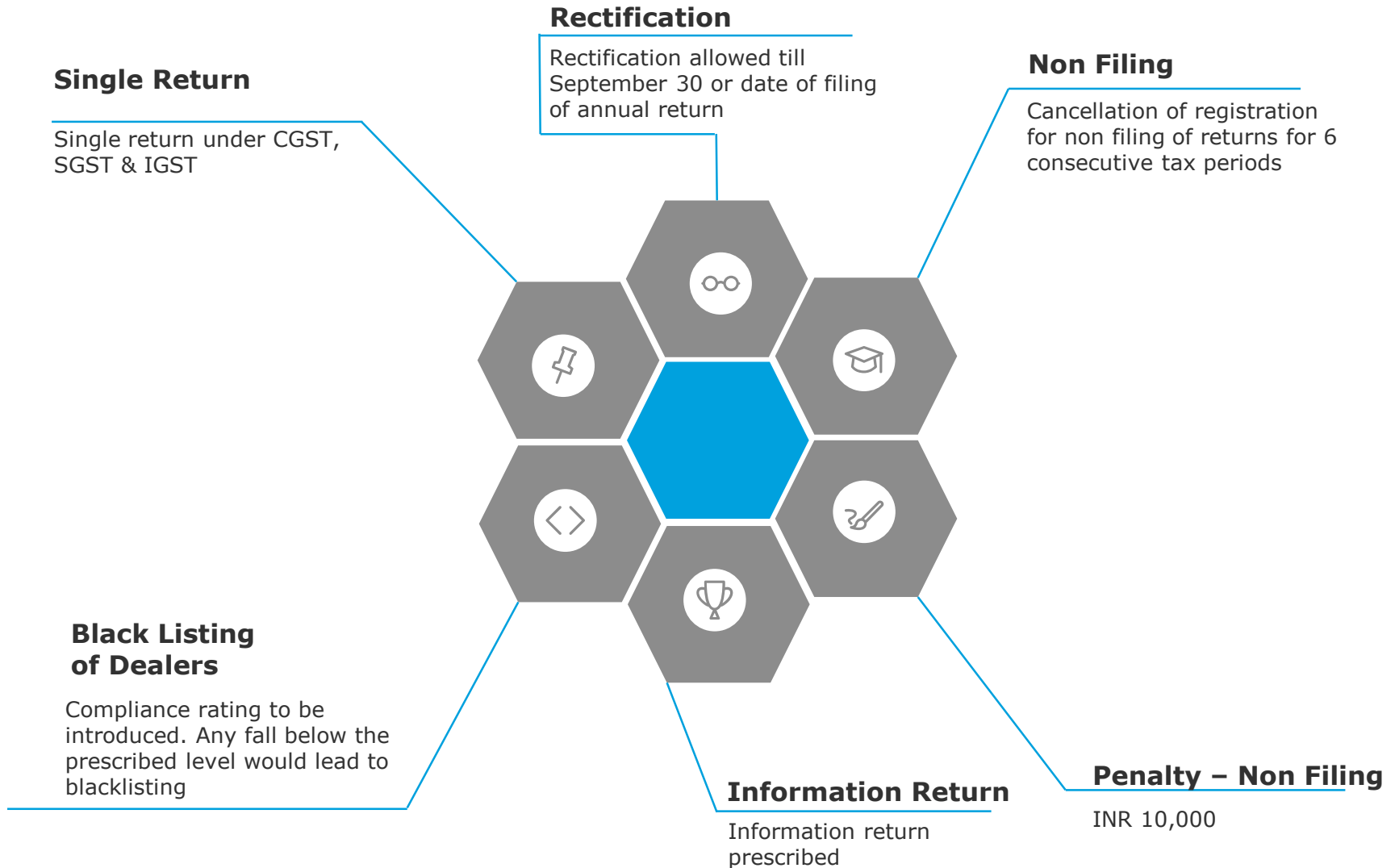
## Output & Input Supplies- Details





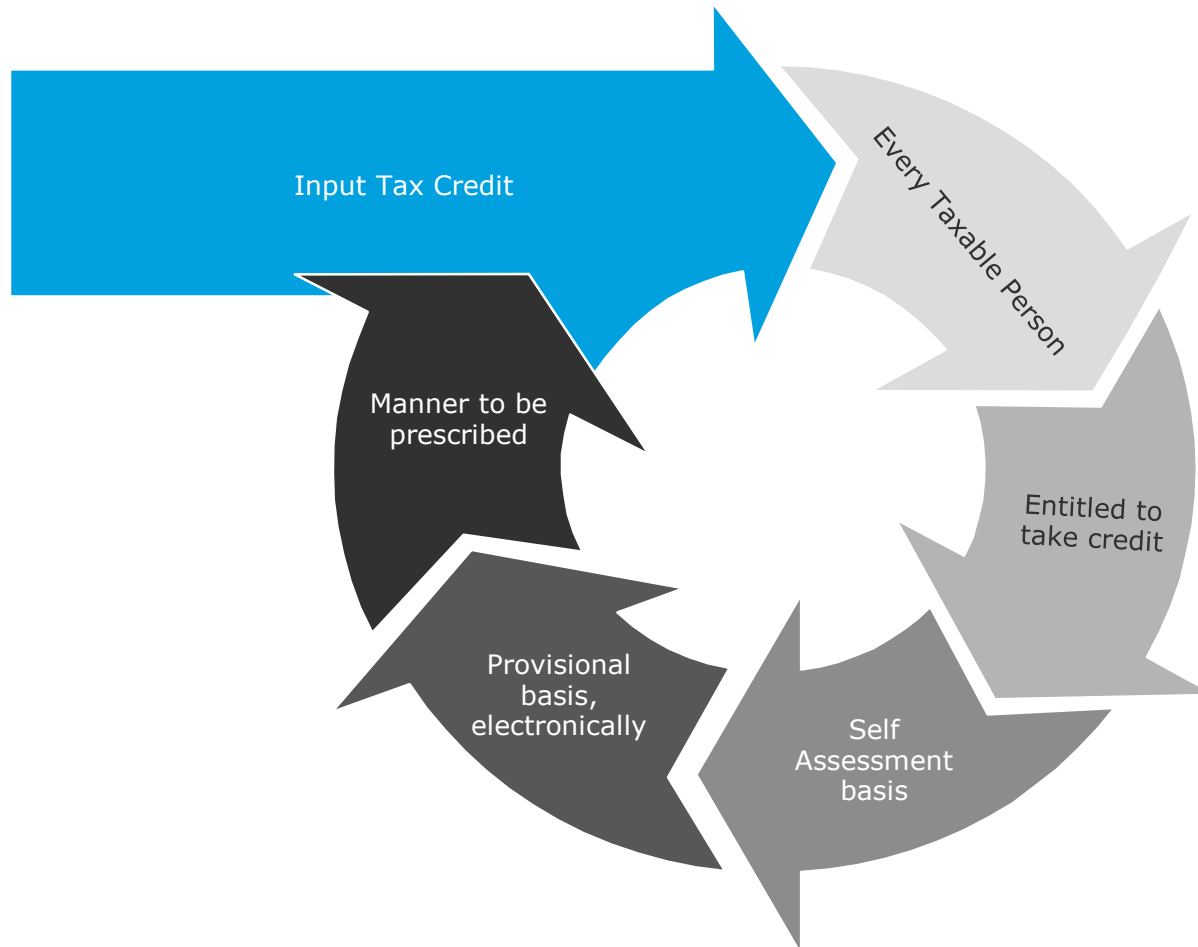
# Returns under GST

## Miscellaneous Provisions



# Returns under GST

## Claim of Input Tax Credit



**Valid return must for availing credit**

# Returns under GST

## Matching, reversal & reclaim of input tax credit

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### Matching

1. Details of inward supply furnished by a receiver to be matched with details of output supplies furnished by corresponding supplier
2. Credit details of **matching supplies** only to be accepted - manner to be prescribed

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### Reversal

1. Details not matching resulting in excess to be communicated to both supplier & receiver
2. Details communicated but not rectified by supplier to be added to the output tax liability of recipient
3. Duplication resulting in excess also to be added to output tax liability of recipient

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### Reclaim

1. Recipient entitled to reduce output tax liability if supplier rectifies the return within prescribed timelines

# Returns under GST

## Notice and Late Fee

### Notice

On failure of furnishing the return, a notice would be issued



### Late Fee

INR 100 per day subject to a maximum of INR 5,000

### Late Fee - Annual Return

100 Rupee per day subject to a maximum of 0.25 % of the aggregate turnover of the defaulter

# GST Refunds

# Refunds

## Application

Application of refund claim shall be filed with proper officer.

## Time limit for filing application

Application shall be filed within 2 years from the relevant date.

## Cases when refund is allowed

Un-utilised CENVAT credit due to

- Export activity
- Higher rate of tax on input than tax rate on output

## Refund order

Order shall be issued within 90 days from the date of receipt of application.

## Interest on refund

- If tax amount is not refunded within 3 months
- Interest shall be calculated immediately after the expiry of due date of sanction till the date of refund of such tax

## Duty paid under protest

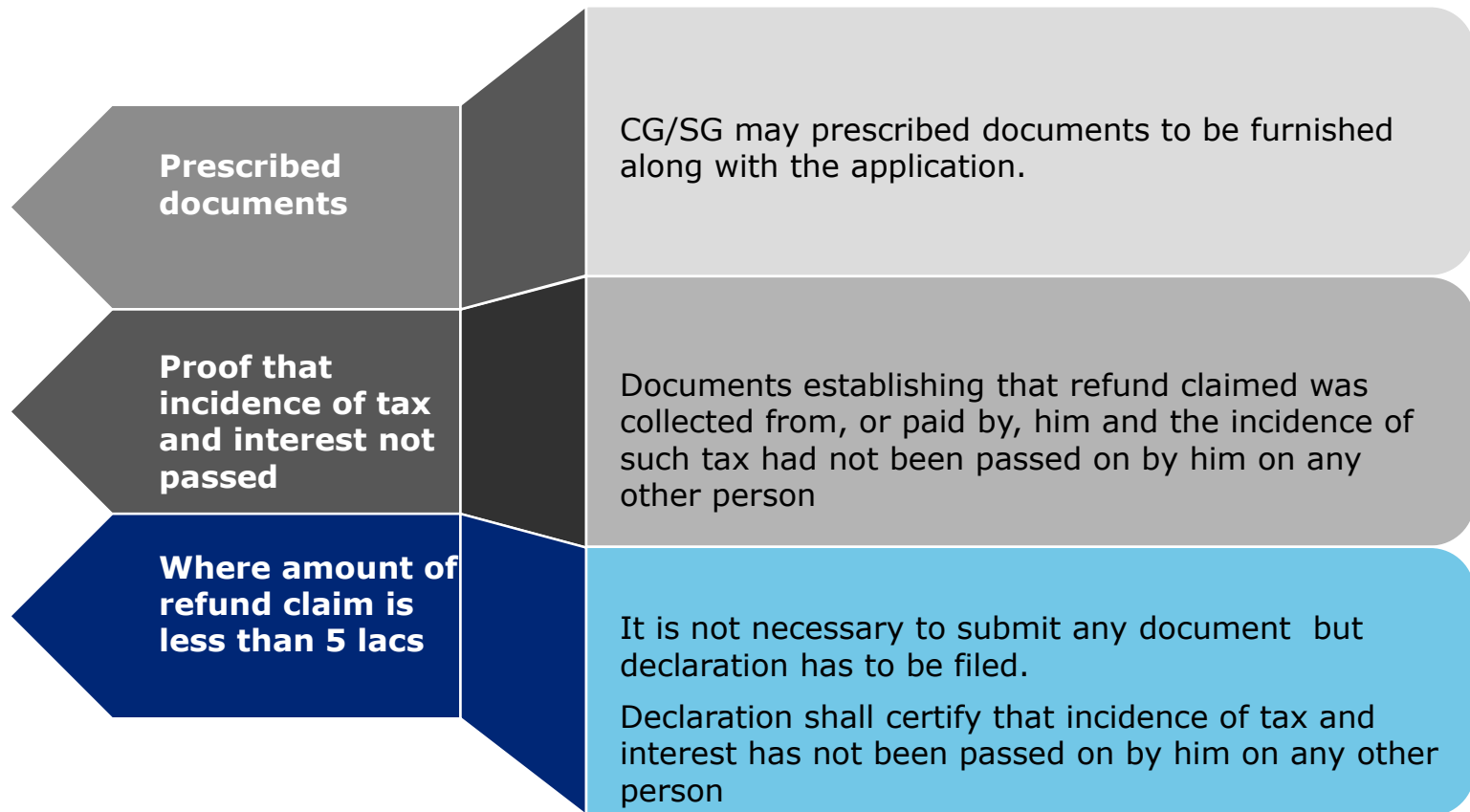
Limitation of 2 year shall not be apply in case duty is paid under protest.



# Refunds- Relevant date

Topic	Situation	Relevant date
Relevant date	1. Export of goods	<ul style="list-style-type: none"> <li>• Export by sea or air craft – Date on which ship or aircraft leaves India</li> <li>• Export by land- Date on which goods pass the frontiers</li> <li>• Export by post- Date of dispatch</li> </ul>
	2. Deemed export of goods	Date of filing return
	3. Export of services	<ul style="list-style-type: none"> <li>• In case of advance payment- Invoice date</li> <li>• In other case- Payment date</li> </ul>
	4. Un-utilized input tax credit due to higher rate of tax	End of financial year in which such claim for refund arises
	5. Provisional assessment of tax	Date of adjustment of tax after final assessment
	Judgement, decree, order or direction of appellate authority, appellate tribunal or any court	Date of communication
	Goods returned	Date of entry into place of business

# Refunds- Documents





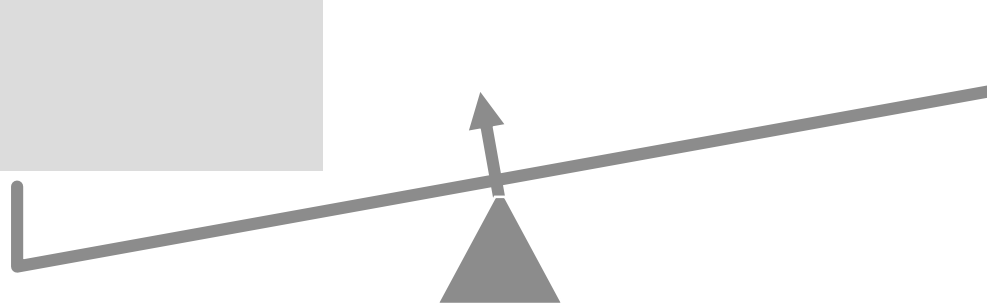
# Refunds-Orders

## Export of goods and/or Service

- Proper officer shall immediately refund 80% of refund claimed.
- Such 80% refund allowed shall be subject to condition, limitation and safeguards.
- Remaining 20% may be refunded after due verification of documents furnished by applicant.

## Other cases

- Proper officer shall credit amount of refund claimed to the credit when he is satisfied that whole or part of amount claimed.
- Order shall be issued with within ninety days from the date of receipt of application.



# Refunds-Adjustment and withholding of refunds

## Default

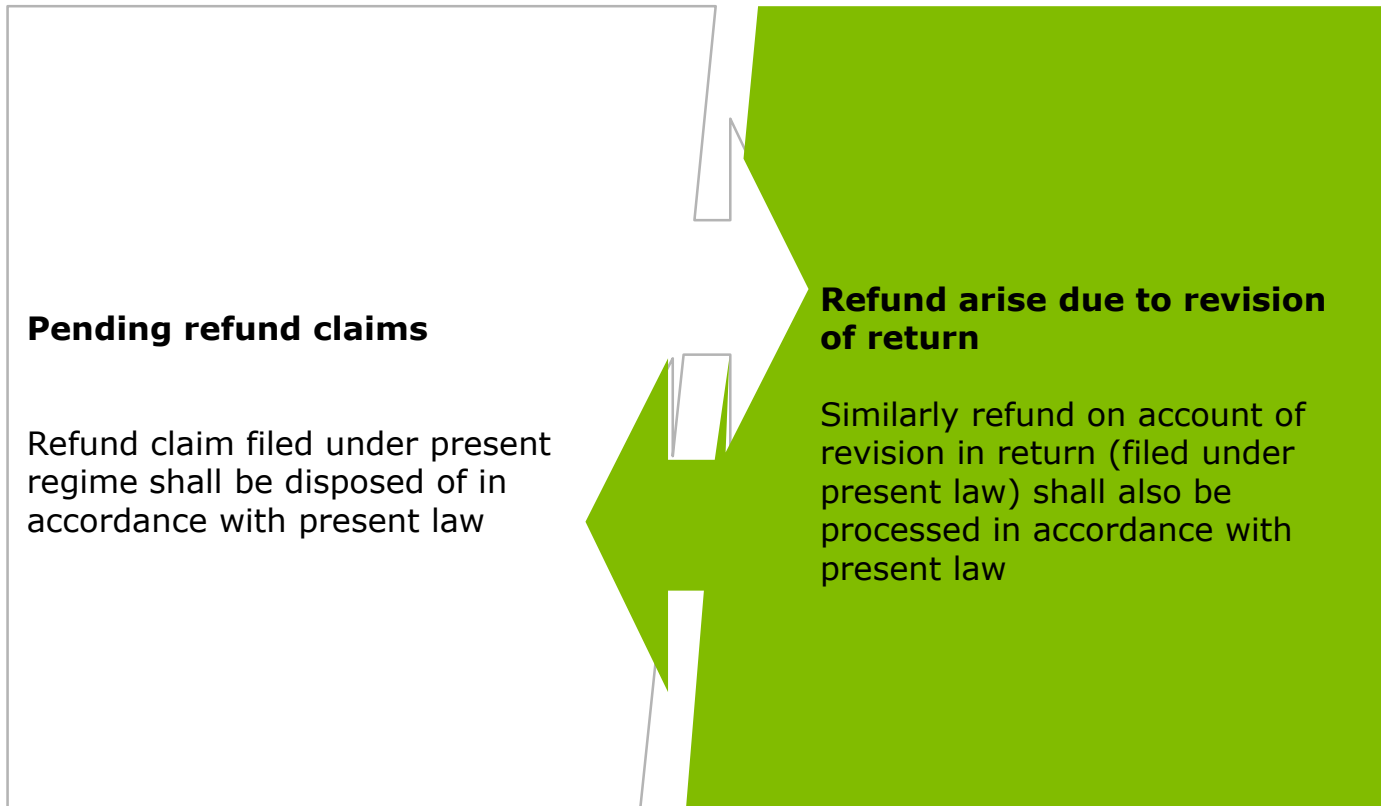
- Where registered taxable person has
- default in furnishing return or
  - who is required to pay tax, interest or penalty
- Proper officer may adjust refund claim

## Adjustment

## Actions

- Proper officer may
- Withhold the refund until return is filled or paid the tax, interest or penalty in case of non payment
  - Adjust the refund claim with any tax, interest or penalty which remained unpaid

# Refunds- Transitional Provisions



# GST Scenarios

# Scenario 1-Illustrative

## Intra-state procurement of goods by manufacturer

Particulars	Present (INR)	Under GST (INR)
Base price	100.00	100.00
Excise Duty (@ 12.5%)	12.50	Nil
Value Added Tax @ 12.5%	14.06	Nil
CGST @ 9% (assumed)	Nil	9.00
SGST @9% (assumed)	Nil	9.00
Invoice Value	126.56	118.00
Total indirect taxes	26.56	18.00
Eligible credit	26.56	18.00
Net indirect tax cost on procurement by of goods by manufacturer	0.00	0.00

# Scenarios 2-Illustrative

## Inter-state procurement of goods by manufacturer

Particulars	Present (INR)	Under GST (INR)
Base price	100.00	100.00
Excise Duty @ 12.5%	12.50	Nil
Central Sales Tax @ 2%	2.25	Nil
IGST @18% (assumed)	Nil	18.00
Invoice Value	114.75	118.00
Total indirect taxes	14.75	18.00
Eligible credit	12.50	18.00
Net indirect tax cost on procurement by of goods by manufacturer	2.25	0.00

# Scenarios 3-Illustrative

## Import of goods by manufacturer

Particulars	Present (INR)	Under GST (INR)
CIF Value	100.00	100.00
BCD @ 10%	10.00	10.00
Custom cess (3% on BCD)	Nil	0.30
Value for levy of CVD	110.00	110.30
CVD @ 12.5%	13.75	Nil
Custom Cess on (BCD & CVD)	0.71	Nil
Value for levy of ADC	124.46	110.30
Additional custom duty @ 4%	4.98	Nil
IGST @ 18% (assumed)	Nil	19.85
Total cost of raw material imported	129.44	130.15
Total indirect taxes	29.44	30.15
Eligible credit	18.73	19.85
Net indirect tax cost on procurement by of goods by manufacturer	10.71	10.30

\* Assumed cess would be applicable on BCD under GST regime

# Scenarios 4-Illustrative

## Trading of goods-Intra state procurement by the dealer/supplier for executing intra state sale

Particulars	Present (INR)	Under GST (INR)
Basic price	100.00	100.00
Add: Excise Duty (@12.5%)	12.50	-
CGST @9% (assumed)	-	9.00
SGST @9% (assumed)	-	9.00
VAT @ 12.5%	14.06	-
Invoice price to dealer/supplier	126.56	118.00
Eligible credit	14.06	18.00
Effective cost to dealer/supplier	112.50	100.00
Dealer margin	10.00	10.00
Basic selling price to customer	122.50	110.00
Value for sales tax to be charged by dealer @ 12.5%	16.08	-
CGST 9% (assumed )	-	9.90
SGST 9% (assumed )	-	9.90
Total indirect taxes	28.58	19.80
Eligible credit	-	-
Net Indirect tax impact	28.58	19.80



# Scenarios 5-Illustrative

## Trading of goods-Inter state procurement by the dealer/supplier for executing intra state sale

Particulars	Present (INR)	Under GST (INR)
Basic price	100.00	100.00
Excise Duty (@12.5%)	12.50	Nil
IGST @18% (assumed)	Nil	18.00
CST @ 2%	2.25	Nil
Invoice price to dealer/supplier	114.75	118.00
Eligible credit	-	18.00
Effective cost to dealer/supplier	114.75	100.00
Dealer margin	10.00	10.00
Basic selling price to customer	124.75	110.00
VAT (@12.5%)	15.59	Nil
CGST 9% (assumed)	Nil	9.90
SGST 9% (assumed)	Nil	9.90
Total indirect taxes	30.34	19.80
Eligible credit	Nil	Nil
Net indirect tax impact	30.34	19.80

\* 1% additional tax has not been considered basis chief economic advisors report

# Scenarios 6-Illustrative

## Trading of goods-Inter state procurement by the dealer/supplier for executing inter state sale

Particulars	Present (INR)	Under GST (INR)
Basic price	100.00	100.00
Add: Excise Duty (@12.5%)	12.50	Nil
IGST @18% (assumed)	Nil	18.00
CST @ 2%	2.25	Nil
Invoice price to dealer/supplier	114.75	118.00
Eligible credit	Nil	18.00
Effective cost to dealer/supplier	114.75	100.00
Dealer margin	10.00	10.00
Basic selling price to customer	124.75	110.00
CST @ 2%	2.46	Nil
CGST @ 9% (assumed)	Nil	9.90
SGST 9% (assumed)	Nil	9.90
Total indirect taxes	17.21	19.80

*\* 1% additional tax has not been considered basis chief economic advisor report*

# Scenarios 7-Illustrative

## Service provider-procurement of input services and goods for providing output services

Particulars	Present (INR)	Under GST (INR)
Cost of input services	25.00	25.00
Service Tax (@ 15% )	3.75	Nil
CGST @ 9% (assumed)	Nil	2.25
SGST @ 9% (assumed)	Nil	2.25
Eligible credit for services	3.63	4.50
Cost of goods procured	25.00	25.00
VAT @12.5%	3.13	Nil
CGST @ 9% (assumed)	Nil	2.25
SGST @ 9% (assumed)	Nil	2.25
Eligible credit for goods	0	4.50
Total eligible credit	3.63	9
Value of output services	100.00	100.00
Service Tax (@ 15% )	15.00	Nil
CGST @ 9% (assumed)	Nil	9.00
SGST @ 9% (assumed)	Nil	9.00
Indirect tax on output services	15.00	18.00
Total eligible credit	3.63	9
Net indirect tax impact	11.37	9.00

**Deloitte.**

Thank you