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GST FOR जंता

An Overview of GST in an Easy Language

INITIATIVE BY

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TAXABILITY UNDER GST

- Under Goods and Service Tax Regime, the tax shall be applicable to a transaction(sale or purchase of goods or services) which qualifies to be a ***"Supply"***.
- The tax will be levied on the value determined as per valuation provisions in GST Act and rules.
- Goods and Service Tax shall be levied on goods and services at such rate which have been declared in GST rate schedule.
- Supply of alcoholic liquor for human consumption is not covered under the purview of GST.
- Five hydrocarbons (Petroleum crude, High speed diesel, Motor spirit [Commonly known as petrol], natural gas and aviation turbine fuel) have been temporarily exempted from levy of GST and will be taxed under GST at later date yet to be notified.
- Any person can opt for Composition Scheme in GST and pay tax on the turnover at the specified rate if his turnover in preceding financial year does not exceed 50 lakhs. However, if after availing composition scheme, his turnover exceeds 50 lakhs, he shall be liable comply with provisions of GST Act.
- If any person makes supplies within state, then he shall be liable to pay CGST (Central Goods and Service Tax Act) and SGST (State Goods and Service Tax Act).
- If any supply is made within Union Territory, then he shall be liable to pay CGST (Central Goods and Service Tax Act) and UT-GST (Union Territory Goods and Service Tax).
- If any supply is made which involves the movement of goods from one state or union territory (UT) to another state or UT, then IGST (Integrated Goods and Service Tax) shall be levied.

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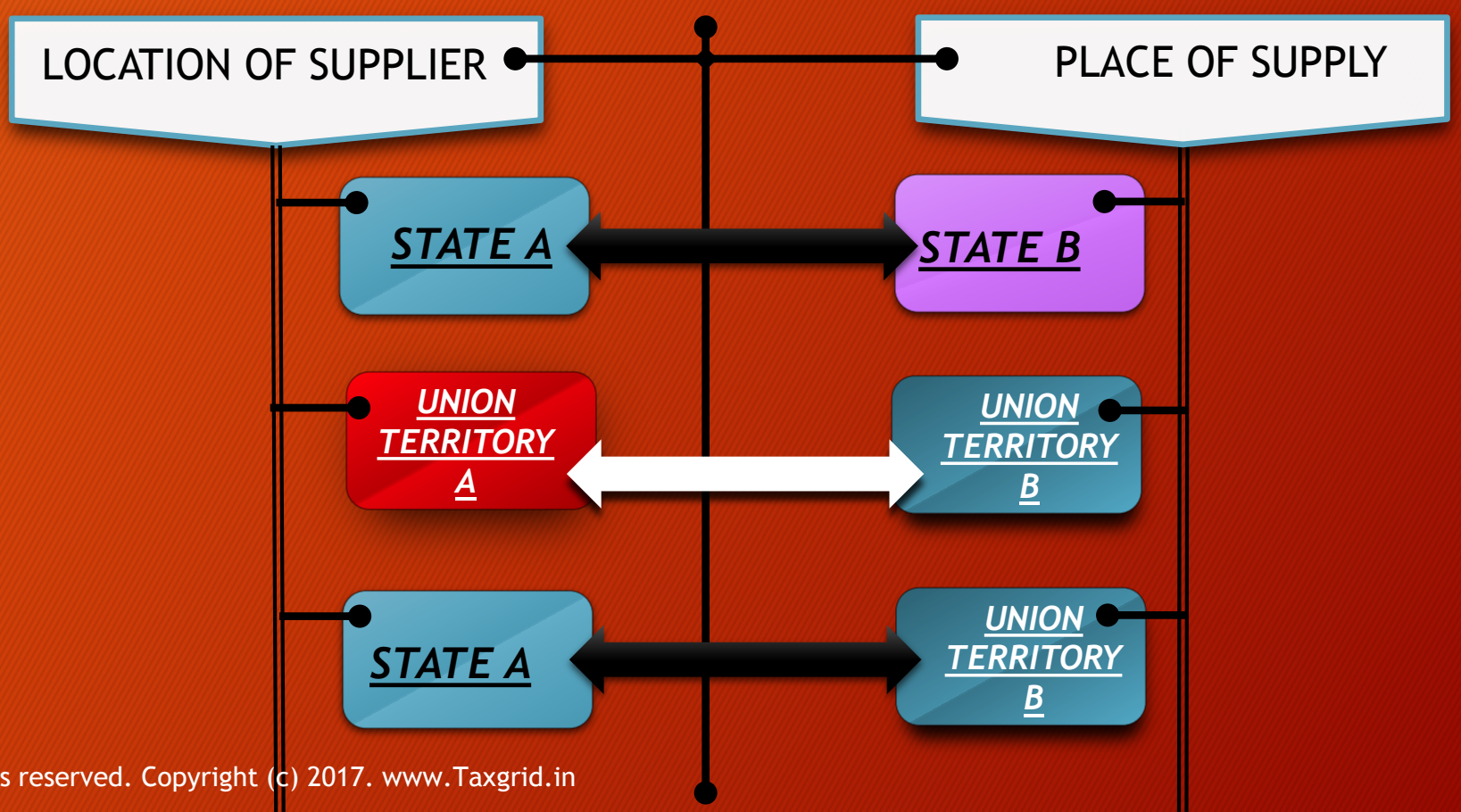
NATURE OF SUPPLY -

Interstate ***OR*** Intrastate

Determining whether the supply is an Interstate or Intrastate supply, plays very important role in Goods and Service Tax Regime. Supplies which will be in course of Interstate trade or commerce will be liable to *Integrated Goods and Services Tax (IGST)* whereas supplies taking place within the boundary of particular state or union territory will be liable to *State GST + Central GST.*

1 Interstate Supply

Supply of goods or service will be treated as interstate when the location of supplier and place of supply are in the manner elaborated below:



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In following scenarios, supply shall be treated as the supply of goods or services in course of Interstate trade or commerce.





- Supply of Goods
- Supply of Services

- Place of supply is outside India.
- Supply to Special Economic zone(SEZ) developer or SEZ unit.

2 Intrastate Supply

Where the location of supplier and place of supply both are in same state or union territory then such supply will be treated as Intrastate supply.

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INVOICE TO INVOICE MATCHING

6

Invoice to Invoice matching concept introduced in Indian Goods and Services Tax (GST) regime is a new concept for the whole world. This concept relies on matching the invoice details uploaded by the supplier in GSTR1 with invoice details furnished by the recipient in GSTR2.

GSTN (goods and Service Tax Network) is the organisation which is the IT (Information Technology) backbone of the GST and is building the system which is expected to process 3 Billion invoices per month. Handling such large number of invoices and executing an operation on such huge data will be an altogether new experiment and experience for IT sector.

Field among which matching will take place

Initially, Input Tax Credit will be allowed on the provisional basis which will be self-assessed by a taxpayer. However, after the GSTR 3 is filed matching process will take place and any mismatch will result in the generation of mismatch report. Data of inward supply furnished by the recipient will be matched with other details available with GSTN system.

The process of matching details can be visualized further.

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Detail of every Inward supply furnished by registered person for tax period.

GSTN SYSTEM

Matching Mechanism

Details to be Matched

- GSTIN OF SUPPLIER
- GSTIN OF RECIPIENT
- INVOICE/ DEBIT NOTE NUMBER
- INVOICE/ DEBIT NOTE DATE
- TAXABLE VALUE
- TAXABLE AMOUNT

- Corresponding Details of outward supply furnished by counterparty.
- Integrated Goods and Services Tax(IGST) paid under section 3 of Customs Tariff Act,1975 - for imported goods.
- Duplication of claims of Input Tax Credit.

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PROPOSED INVOICE FORMAT UNDER GST REGIME

Government of India/State
Department of ……

Form GST INV – 1
(See Rule --------)
Application for Electronic Reference Number of an Invoice

1. GSTIN
2. Name
3. Address
4. Serial No. of Invoice
5. Date of Invoice

Details of Receiver (Billed to)
Name
Address
State
State Code
GSTIN/Unique ID

Details of Consignee (Shipped to)
Name
Address
State
State Code
GSTIN/Unique ID

Sr. No.	Description of Goods	HSN	Qty.	Unit	Rate (per item)	Total	Discount	Taxable value	CGST		SGST		IGST	
									Rate	Amt.	Rate	Amt.	Rate	Amt.
	Freight Insurance Packing and Forwarding Charges													
		Total												
	Total Invoice Value (In figure) Total Invoice Value (In Words) Amount of Tax subject to Reverse Charges													

Declaration:

Signature

Name of the Signatory

Designation / Status

Electronic Reference Number

Date -

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UTILISATION OF INPUT TAX CREDIT

9

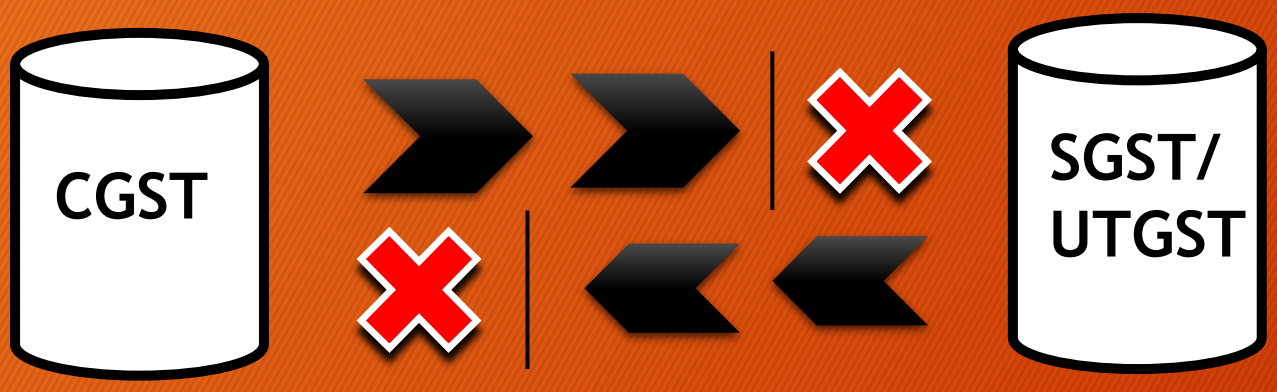
1. IGST
   - Shall be first utilised towards IGST
   - Then towards CGST
   - Remaining amount towards SGST/UTGST
2. CGST
   - Shall be first utilised towards CGST
   - Remaining amount towards IGST
3. SGST
   - Shall be first utilised towards SGST
   - Remaining amount towards IGST
4. UTGST
   - Shall be first utilised towards UTGST
   - Remaining amount towards IGST

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Cross utilization disallowed in certain cases

Credit of CGST in Electronic Credit Ledger cannot be used against outward liability of SGST/UTGST.



Acceptance of ITC claim *or* Mismatch Report

As discussed before Invoice matching process will take place after filing of GSTR3 on the basis of certain specified fields. If ITC claim made by the taxable person in GSTR2 is matched with the outward liability declared by corresponding suppliers in GSTR1, then such claim will be accepted and notification will be given electronically in FORM GST MIS -1 through the common portal. If any claim which was mismatched previously but now has been matched and accepted because of the rectifications made either by supplier or recipient will also be communicated through FORM GST MIS-1.

FAQ

Q - If invoice was uploaded by supplier in GSTR1 and was accepted by recipient in GSTR2, but supplier is not able to file GSTR3 and pay tax liability, then in such case will ITC be allowed?

A - ITC will be allowed on provisional basis, but will result in generation of Mismatch Report.

Q - Should amount of ITC claimed by recipient be equivalent to outward tax liability paid by supplier. If it is different, will it lead to generation of mismatch?

A- If outward tax liability declared by supplier is less than the ITC claimed by recipient then only Mismatch report will be generated. In case supplier declares the amount of outward liability more than the ITC claimed by recipient then no mismatch will be generated.

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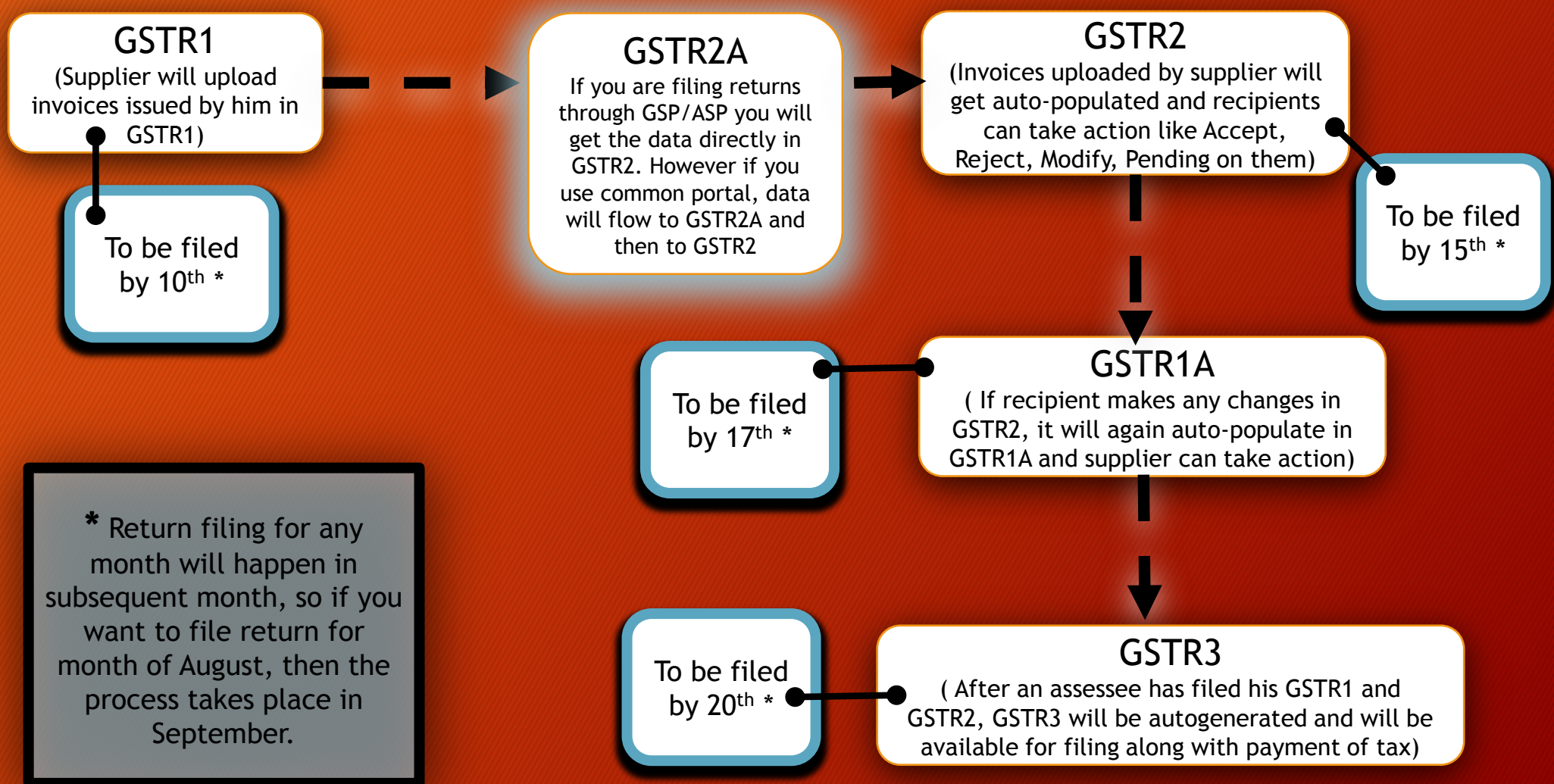
RETURN FILING IN GST REGIME

11

Return filing in Goods and Service Tax regime will be a new experience for assessee in India to experience as well as for the world to look at. The reason being that Indian GST makers have come up with the concept of Invoice to Invoice matching, wherein credit will only be available when the invoice uploaded by supplier matches with the invoice uploaded by the recipient. Any mismatch will result in blockage of Input Tax Credit and will attract interest penalty for the assessee.

Experts in Industry says that GST will result in increased compliance burden, which can surely be true if proper invoice management system is not implemented by the assessee who has a large number of invoices to handle.

Let's have a look at the Returns flow in Goods and Service Tax Regime to construe a better understanding of actions required on behalf of the assessee to be GST compliant.



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After having a look at Return flow, one might get struck with certain questions. The diagram on the last page is the smoothest flow possible but what will happen when:



1. Supplier does not file his GSTR1 by 10th but Recipient files his GSTR2 on time?
2. Supplier files his GSTR1 timely but Recipient files his GSTR2 after 15th?
3. If GSTR1A is not filed then GSTR3 will be generated or not?
4. Supplier and recipient both files GSTR1 and GSTR2 respectively after the prescribed due date?

Find the solution to these and more such brainstorming questions with a complete analysis in the Book.

Role of Tax Grid

Compliance in GST requires you to maintain a complete track of invoices and then a system which carefully performs the operation of generating and filing returns for you. If any error or omission occurs in the return filing process then it can cost you with interest penalty as well as it will also result in fall in compliance rating to be given by GSTN.

The requirement is of either a dedicated internal mechanism which is connected to the ERP system which can be the case when the assessee has a large number of invoices, but in case the number of invoices and data to be handled is not in large quantity then it can be managed manually. However, in any case, you need to have a professional hired to look after the operations so that the mistakes and further consequences can be avoided.

Return filing with Tax Grid will help you in managing your data in a timely and professional manner so that further legal liabilities of noncompliance can be avoided.

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List of important returns to be filed in GST

All the due dates shall arise in the month subsequent to the month for which return is being filed.

RETURN	PURPOSE	DUE DATE OF FILING
GSTR1	Details of outward supplies of taxable goods and/or services has to be furnished	Till 10th
GSTR1A	After recipient has filed GSTR2, GSTR1A will be generated and supplier can take action on additions, deletions or corrections made by recipient in GSTR2	Between 15th and 17th
GSTR2	Details of inward supplies of taxable goods and/or services has to be furnished to claim ITC.	Between 11th and 15th
GSTR3	This is the monthly return which is prepared from finalized GSTR1 and GSTR2. Tax payer is liable to pay the amount of tax as finalized in this return.	Till 20th
GSTR4	GSTR4 has to be filed on **quarterly basis** by those persons who have opted for composition scheme.	Within 18 days after the end of quarter
GSTR5	Return for Non-Resident taxable person	
GSTR6	ISD return	Till 13th
GSTR7	Return to be filed by persons those who are deducting tax at source for the month in which such deductions have been made.	Till 10th
GSTR8	Supplies effected through e-commerce operator	Till 10th
GSTR9	Annual Return	By 31st December following the end of relevant financial year

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