

TaxGrid Consultants LLP

Seminar for Manpower service industry

FOR GST TRAINING OR SEMINAR FOR YOUR STAFF/CLIENTS/VENDORS

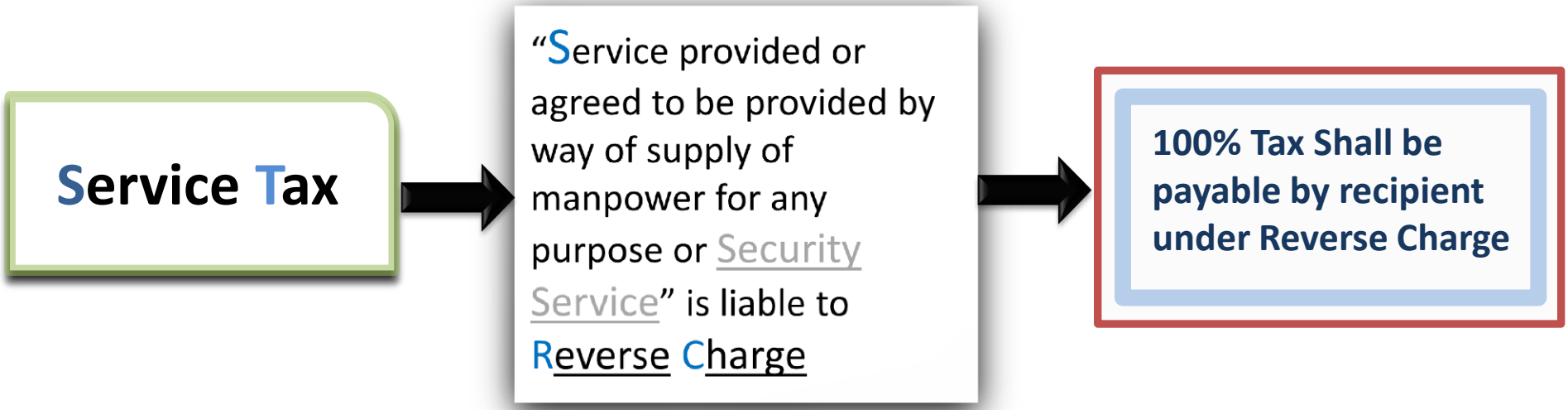
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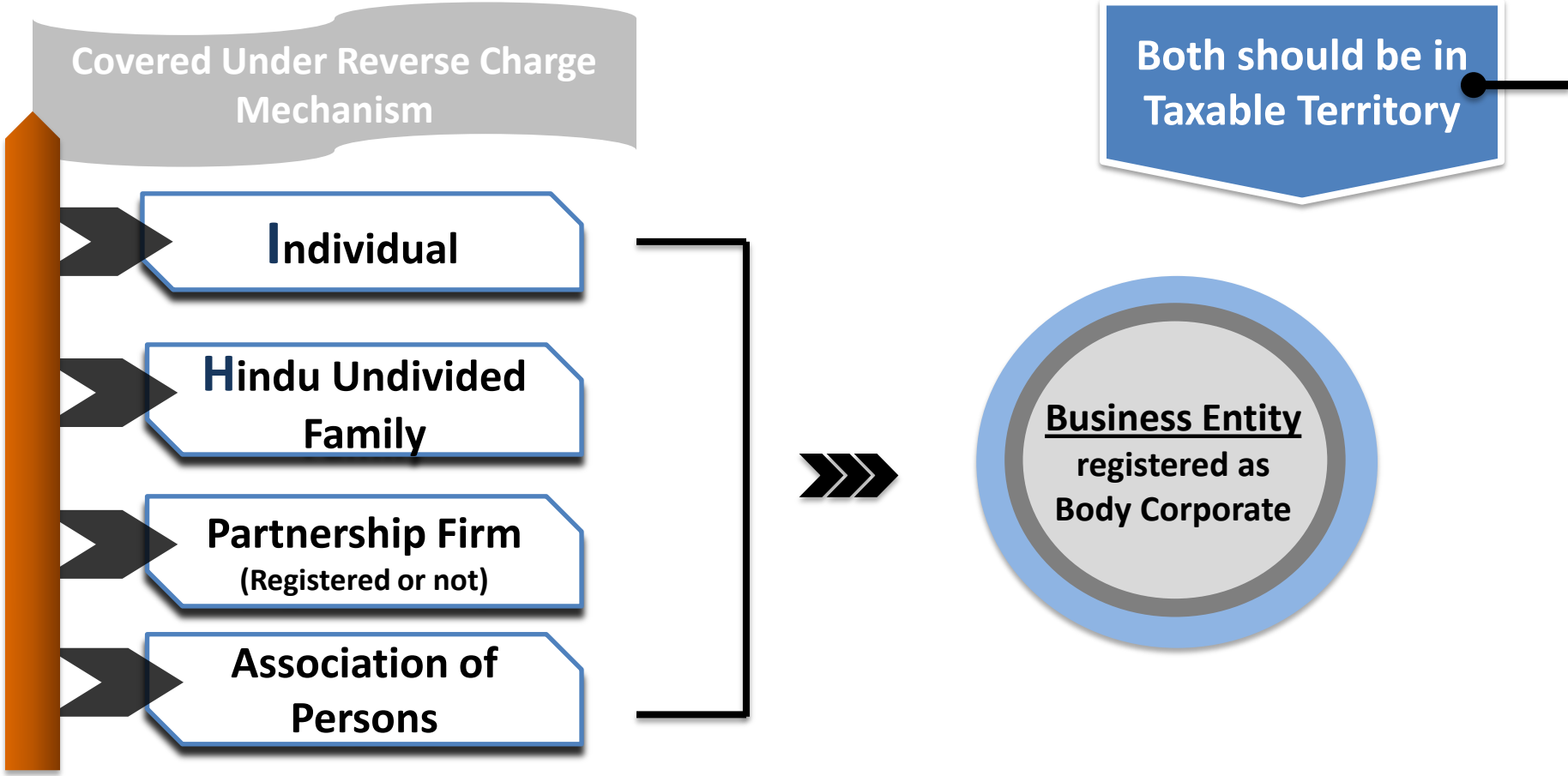
Current Regime

Period before 1st July, 2017

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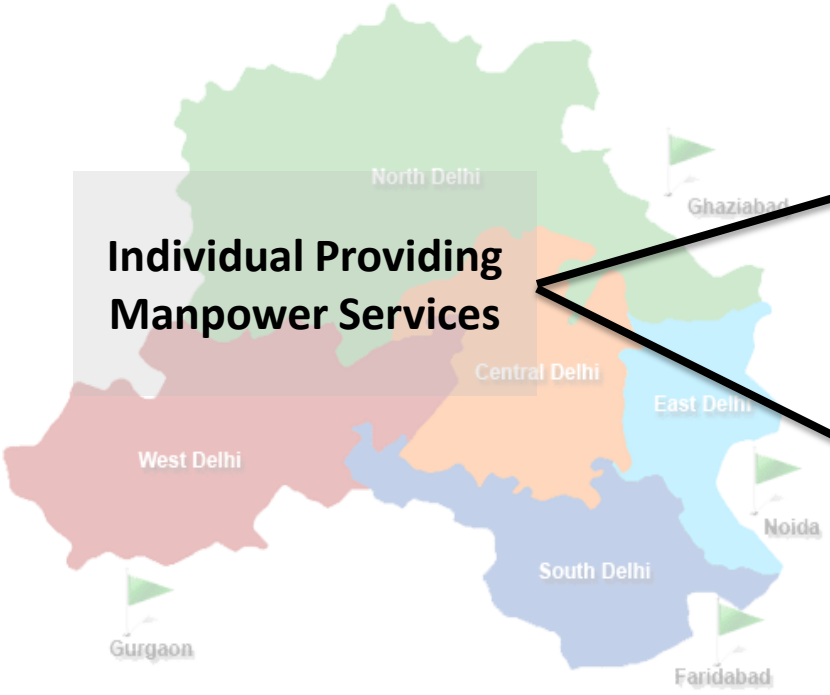
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Reverse Charge Mechanism not applicable when

- Service Receiver is not located in taxable territory
- Service Received by Charity organization
- Service Received by Non-profit organization
- Service Received by Individual
- Service Received by HUF
- Service Received by Body Corporates from Body corporates
- Service Received by Partnership Firm

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Delhi

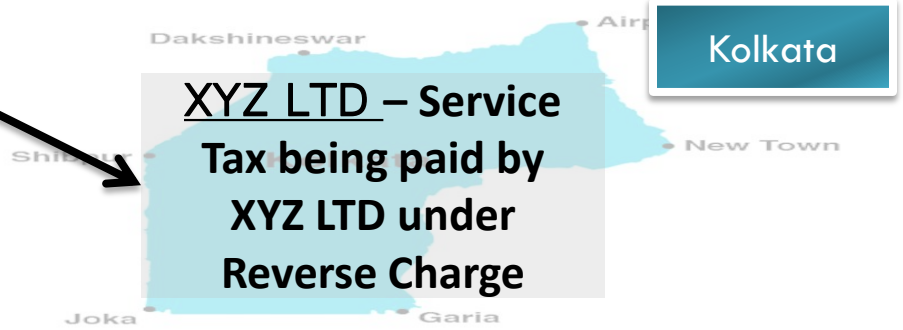


Individual Providing Manpower Services

Mumbai

<u>ABC LTD</u> – **Service Tax being paid by ABC LTD under Reverse Charge**

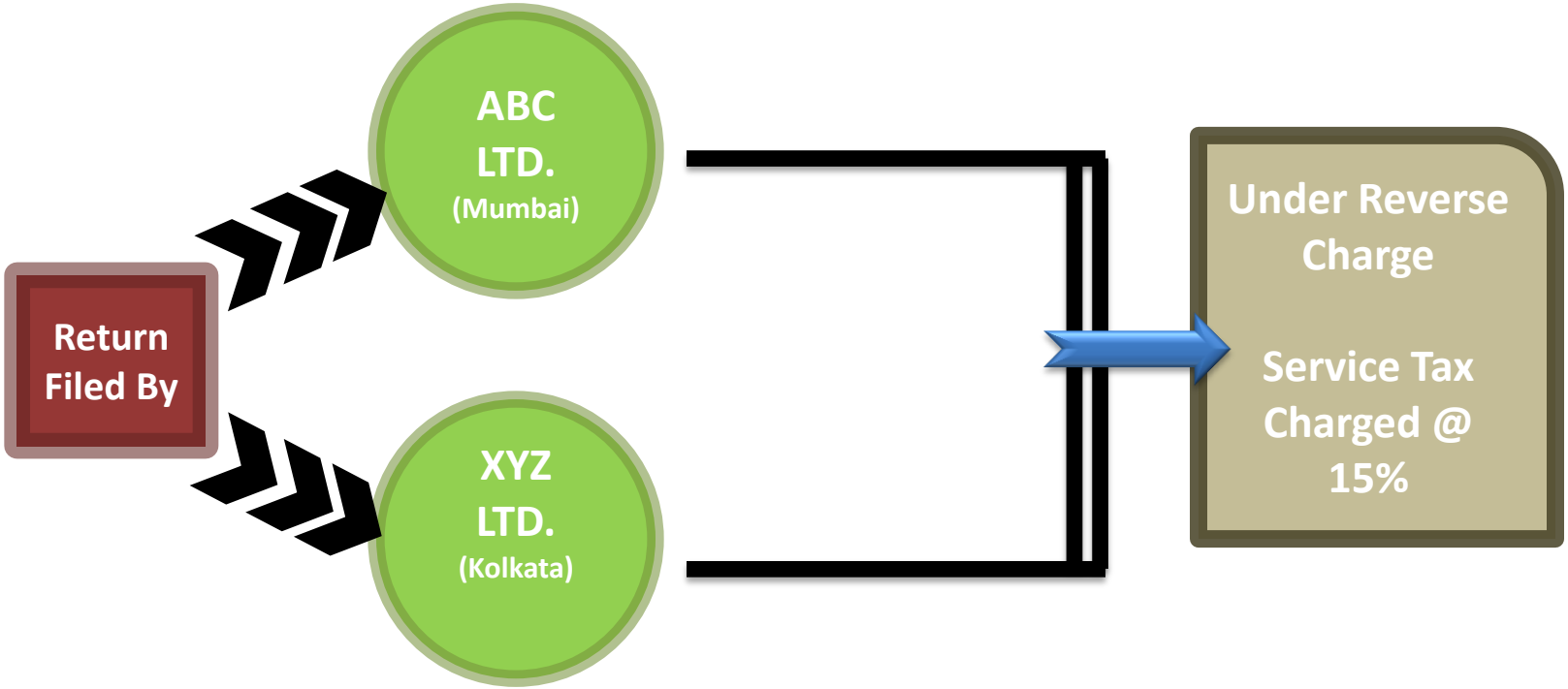
Kolkata



<u>XYZ LTD</u> – **Service Tax being paid by XYZ LTD under Reverse Charge**

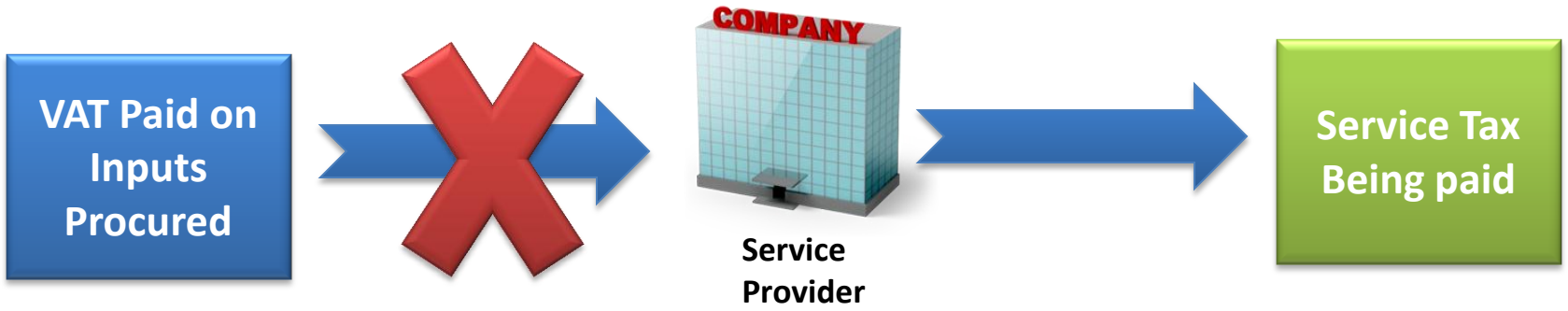
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Return Filing



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For Body Corporate



Vat Paid on inputs until now was blocked as Service Tax was payable on output and VAT cannot be adjusted against it.

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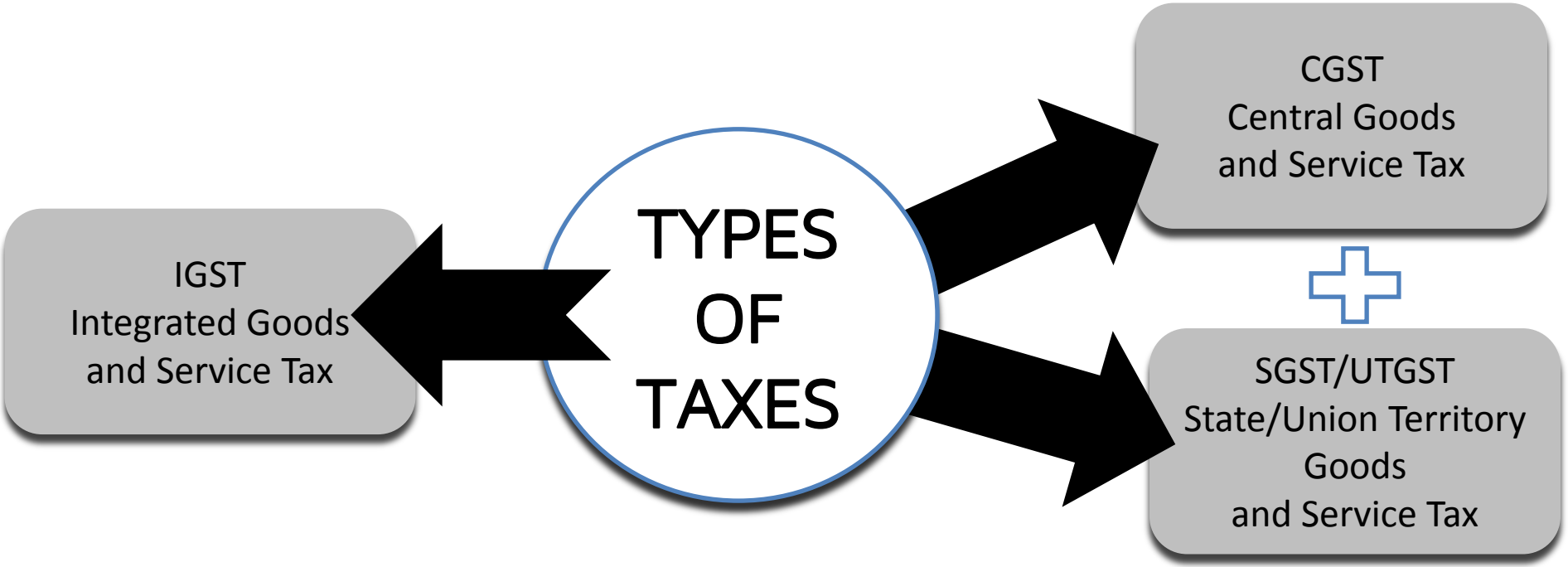
GST Regime

Period after 1st July, 2017

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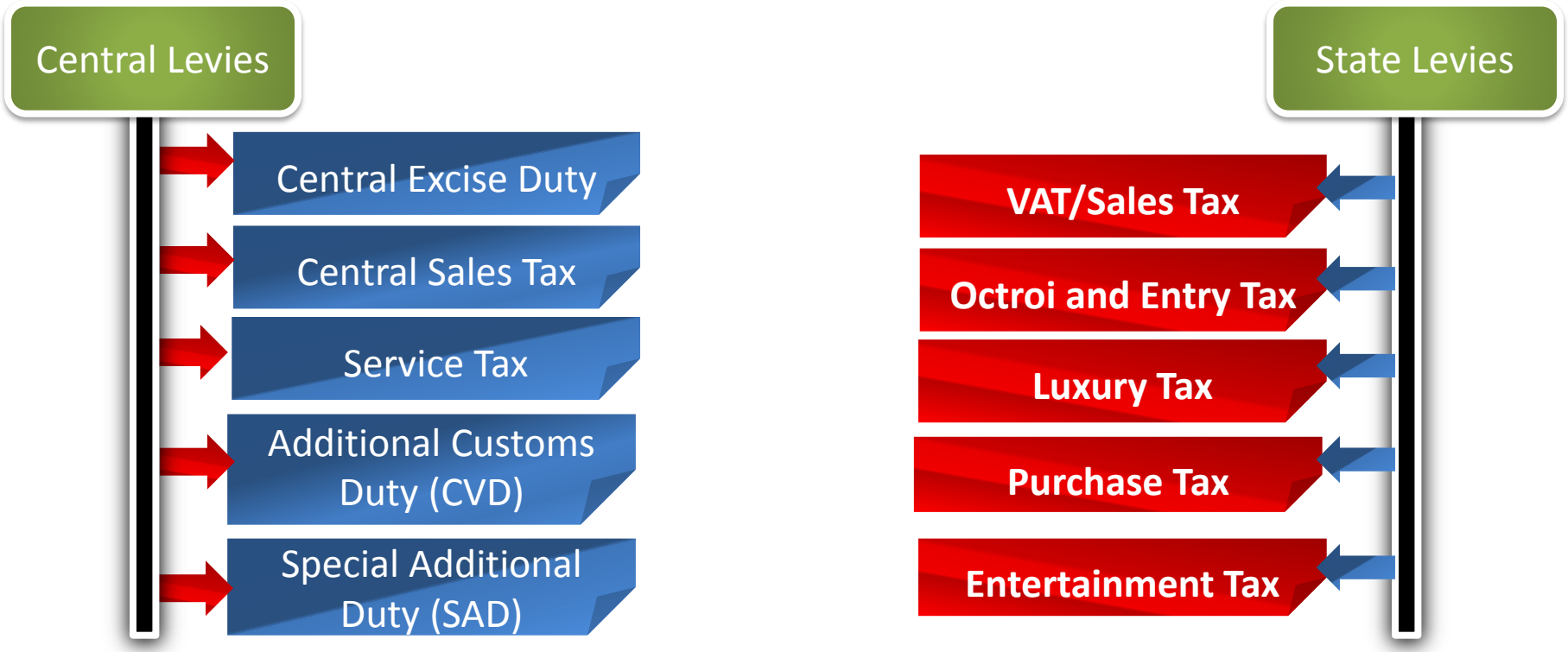
BASIC CONCEPT

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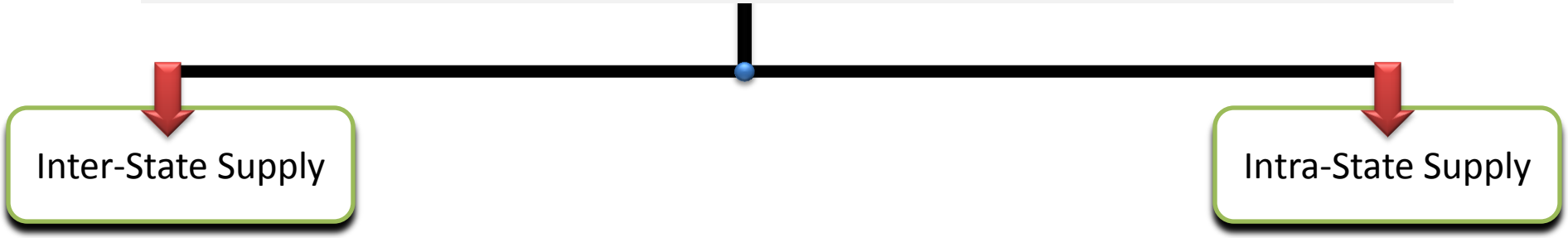
Taxes Subsumed



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How Tax will be charged

In GST Regime, first there is requirement to determine that whether the Supply is Interstate or Intrastate.



Chargeable to IGST

Chargeable to CGST + SGST

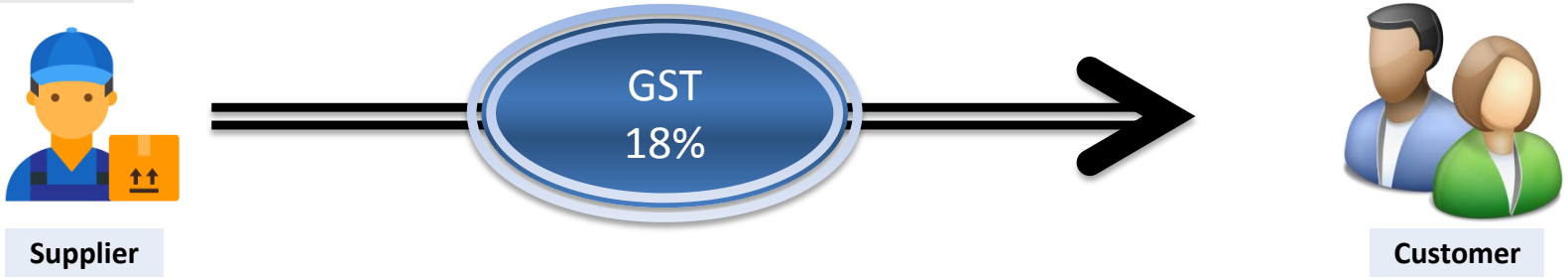
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How Tax will be charged on Services

Pre – GST Regime

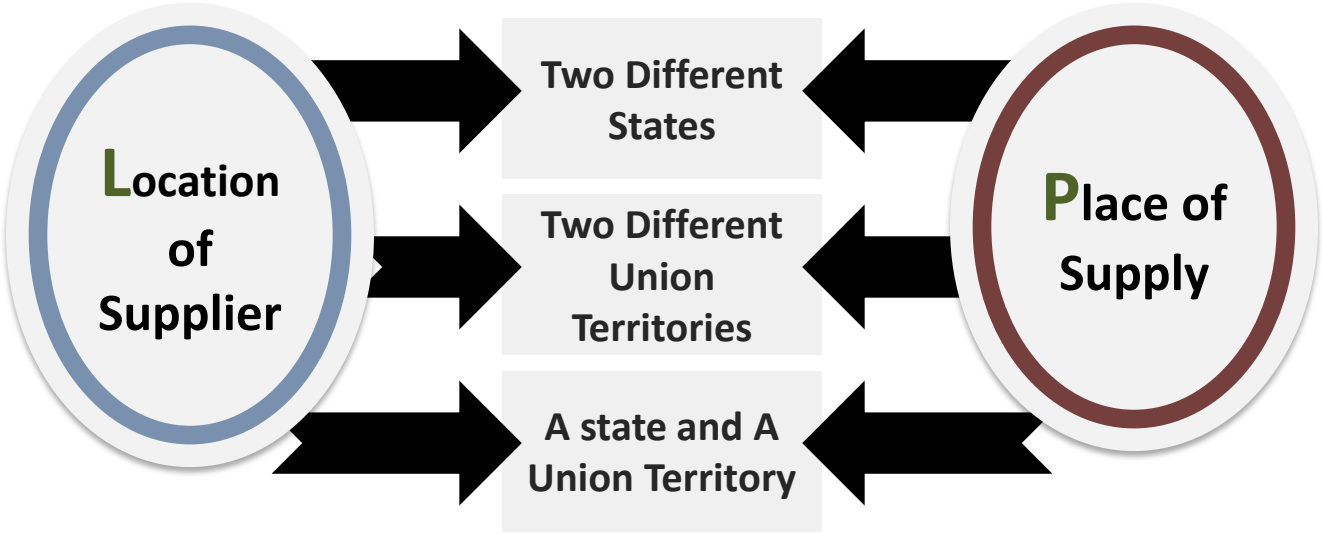


Post – GST Regime



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How to Determine if supply is Inter-State



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Location of Supplier

IGST Section 2(15)

1. Location of Place of Business for which registration has been obtained , where a supply is made from such Place of Business
2. Location of Fixed Establishment i.e. the place other than place of business for which registration has been obtained
3. Location of establishment most directly concerned with provision of supply where supply is made from more than one establishment
4. Usual Place of Residence of supplier, where such above places are absent

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Place of Supply

IGST Section 12

Provision Applicable when location of both service provider and service recipient is in India

General Provision for determining Place of Supply

Service of Manpower supply falls into this category

Services supplied to a Registered Person

Location of such person

Services supplied to a Unregistered Person

- Location of recipient, if address exists on record
- Location of supplier in other cases

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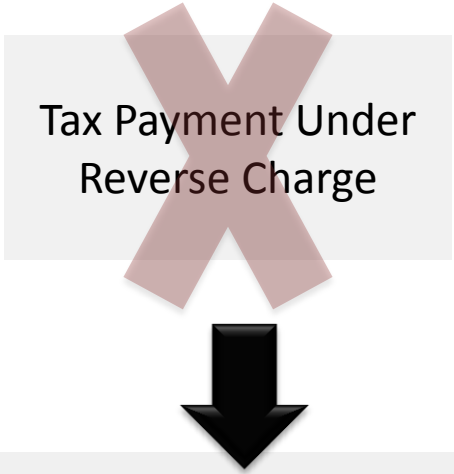
Implication ON

Service of

Manpower Supply

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No Reverse Charge



- **Every person required to pay tax under forward charge**

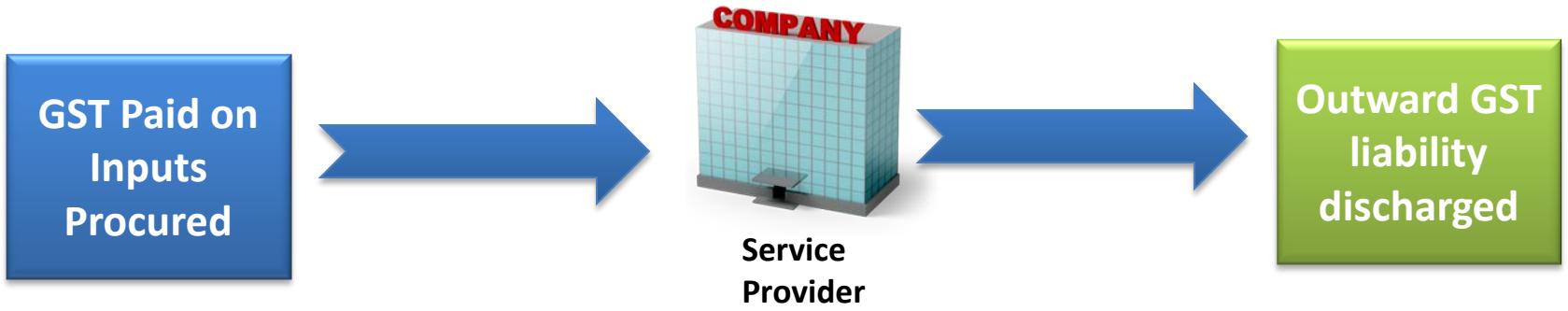
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Implications

- Every person required to pay tax under forward charge
- Extra Working Capital Requirement
- Returns Filing and other compliance burden

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Every person required to pay tax under forward charge



In GST Regime, GST paid on inputs can be adjusted against outward GST liability.

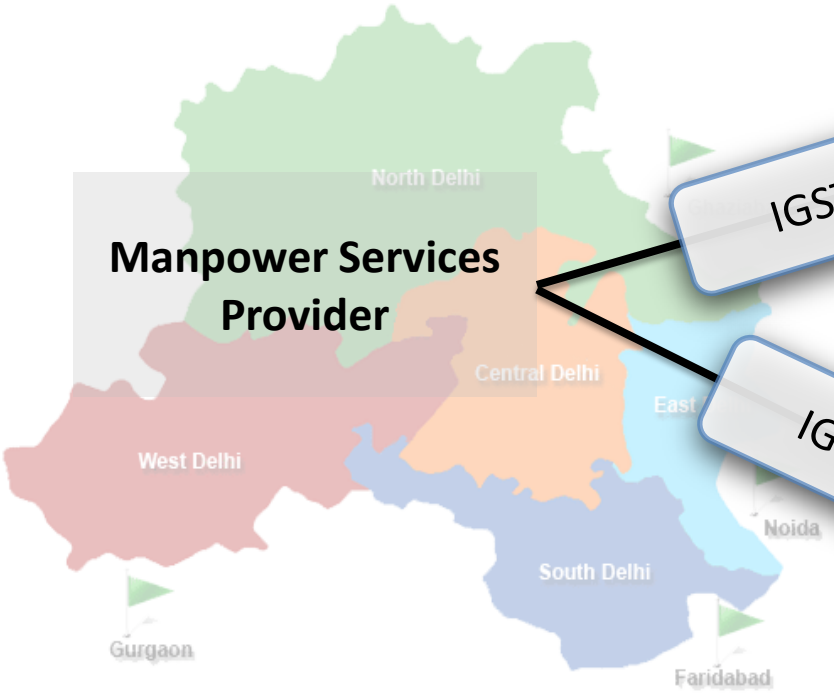
Beneficial for Body Corporates as now VAT paid on input will not be blocked

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- When all Services are provided from one state
- No office in other state

Delhi

Mumbai



Manpower Services Provider

IGST

ABC LTD – IGST will be charged from ABC Ltd.

IGST

XYZ LTD – IGST will be charged from XYZ Ltd.

KOLKATA

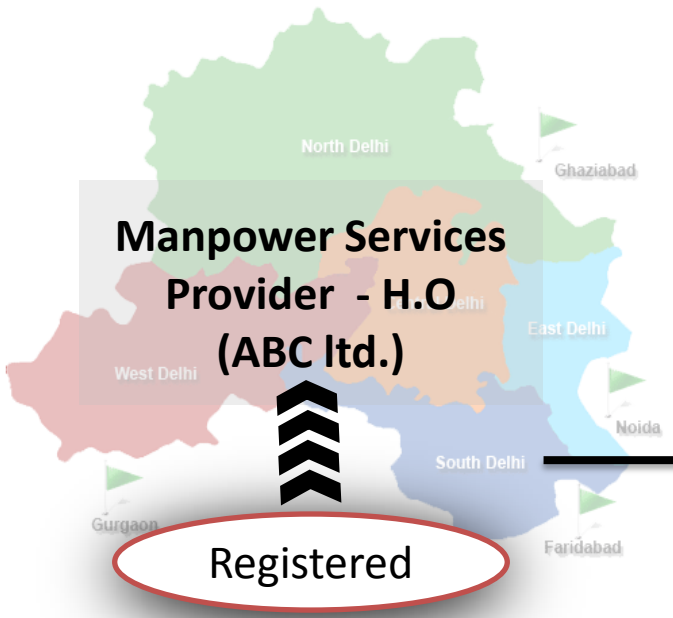


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When there is office in other state but operations are controlled from Head office in other state

Delhi

Mumbai



Manpower Services Provider - H.O (ABC ltd.)

Registered

CGST + SGST

ABC LTD – Services provided to ABC Ltd with involvement of branch

Manpower Services Provider - Branch (ABC ltd.)

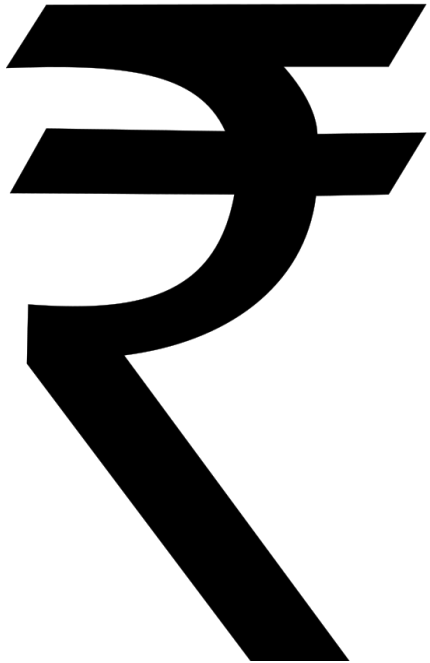
Fixed Establishment

Un Registered

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Extra Working Capital Requirement

For those who were not liable to pay tax in forward charge until now, there will be increase in working capital requirement as now Reverse Charge Mechanism does not apply to provision of Manpower Services.
There exists some time gap between raising of invoice and collection of payment and during this period the burden lies on Service Provider.



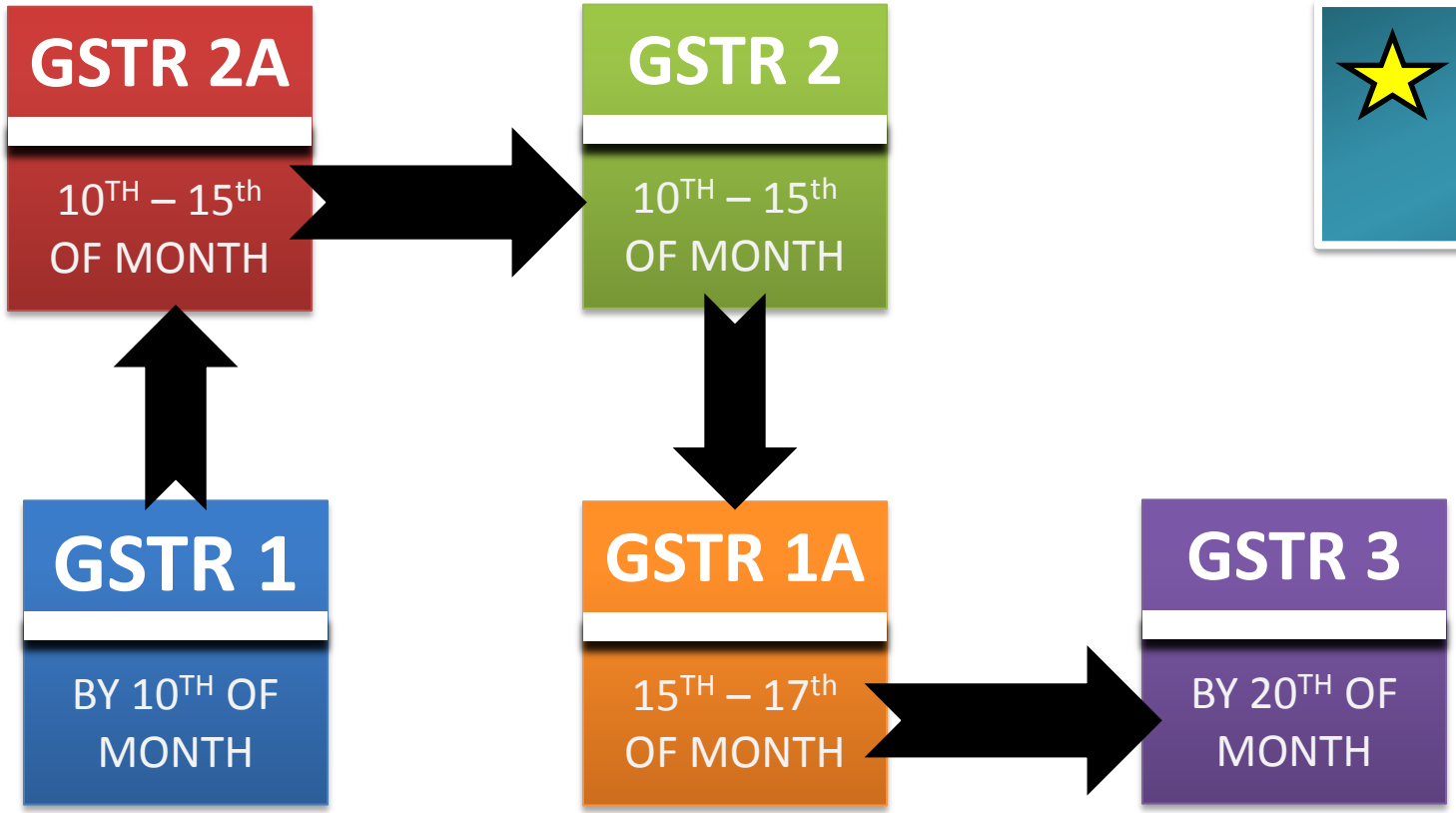
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Return Filing

Under

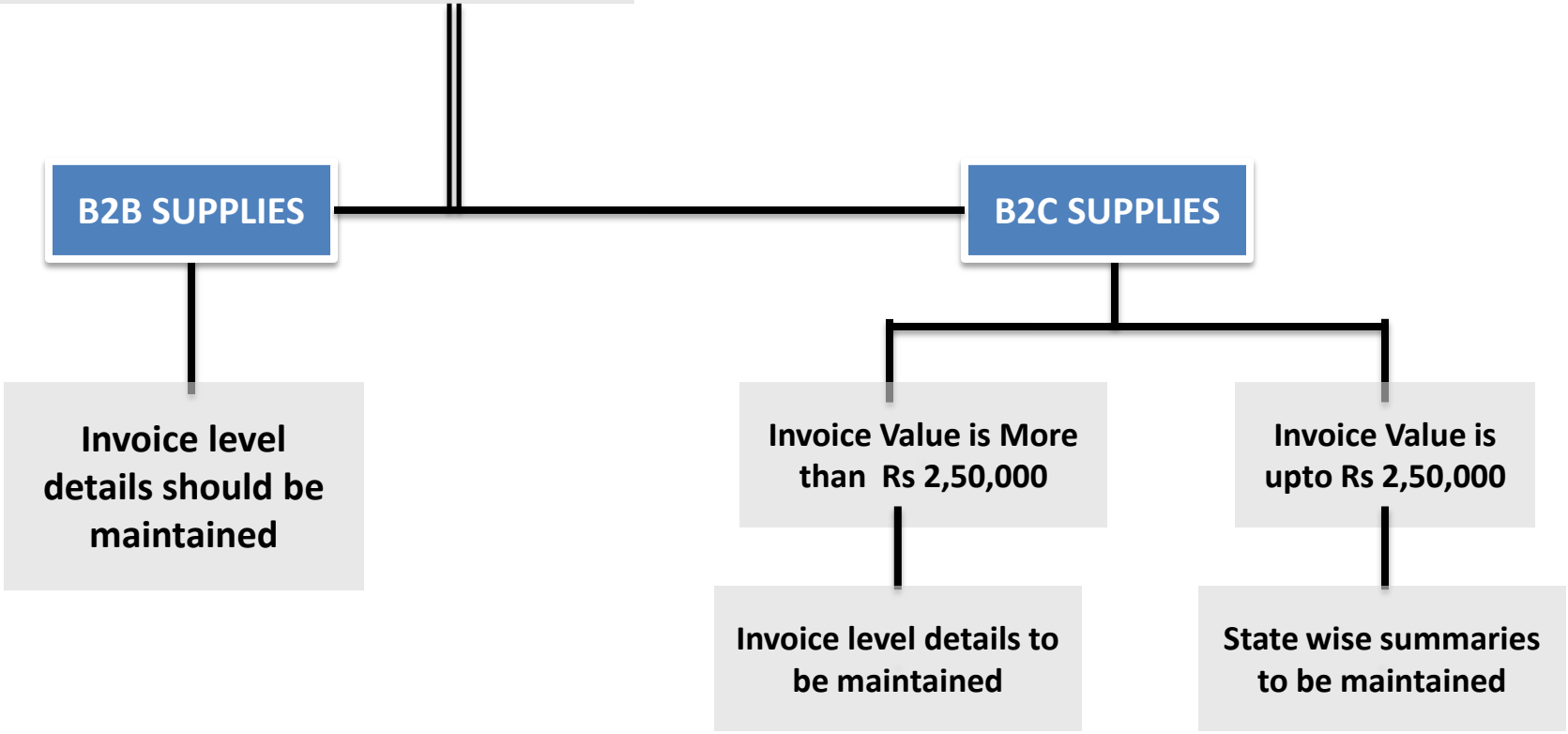
Goods And Service Tax

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Invoice Maintenance under GST



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