

Master class on GST

Institute of Company Secretaries of India - WIRC

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Shah & Savla LLP

Chartered Accountants



Matters to be covered

- ❖ Job work
- ❖ E-Commerce
- ❖ Valuation of Goods and Services
- ❖ Accounts & Records
- ❖ Tax invoice, Debit & Credit Notes



GST

GOODS & SERVICES TAX



Job Worker

What is Job Work ?

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Paragraph 3 (a) of Schedule – II (Matters to be treated as Supply of Goods and Services) treats “any treatment or process which is being applied to another person’s goods is a **“supply of services”**”.

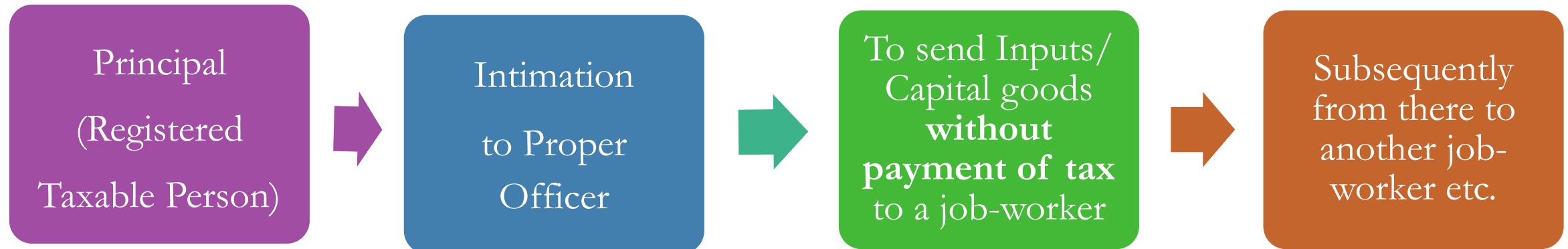
“Job work” means undertaking any treatment or process by a person on goods belonging to **another registered taxable person** and the expression “job worker” shall be construed accordingly. [Section 2(62) of MGL]

If the person is unregistered one then the job work relation could not be established under GST law.

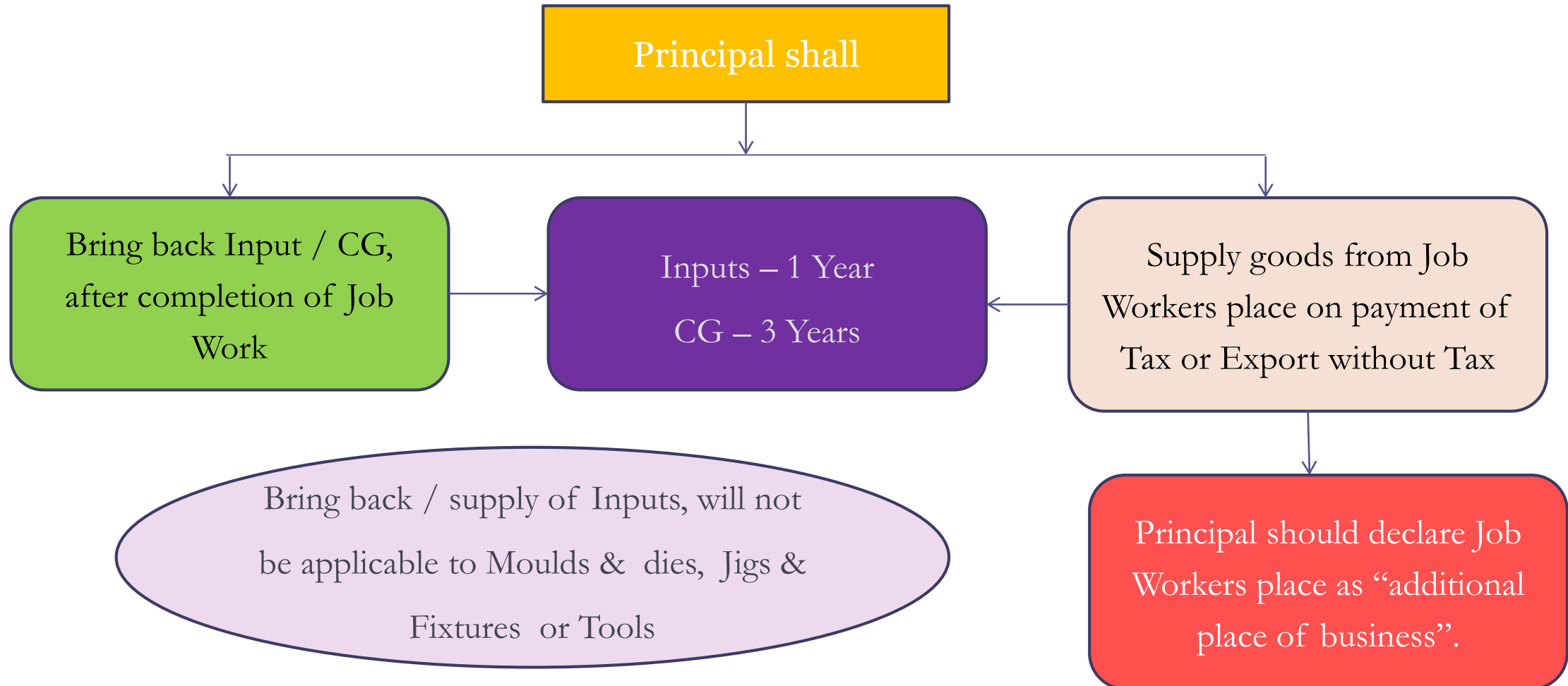


Job Work

Special procedure for removal of goods – S. 55



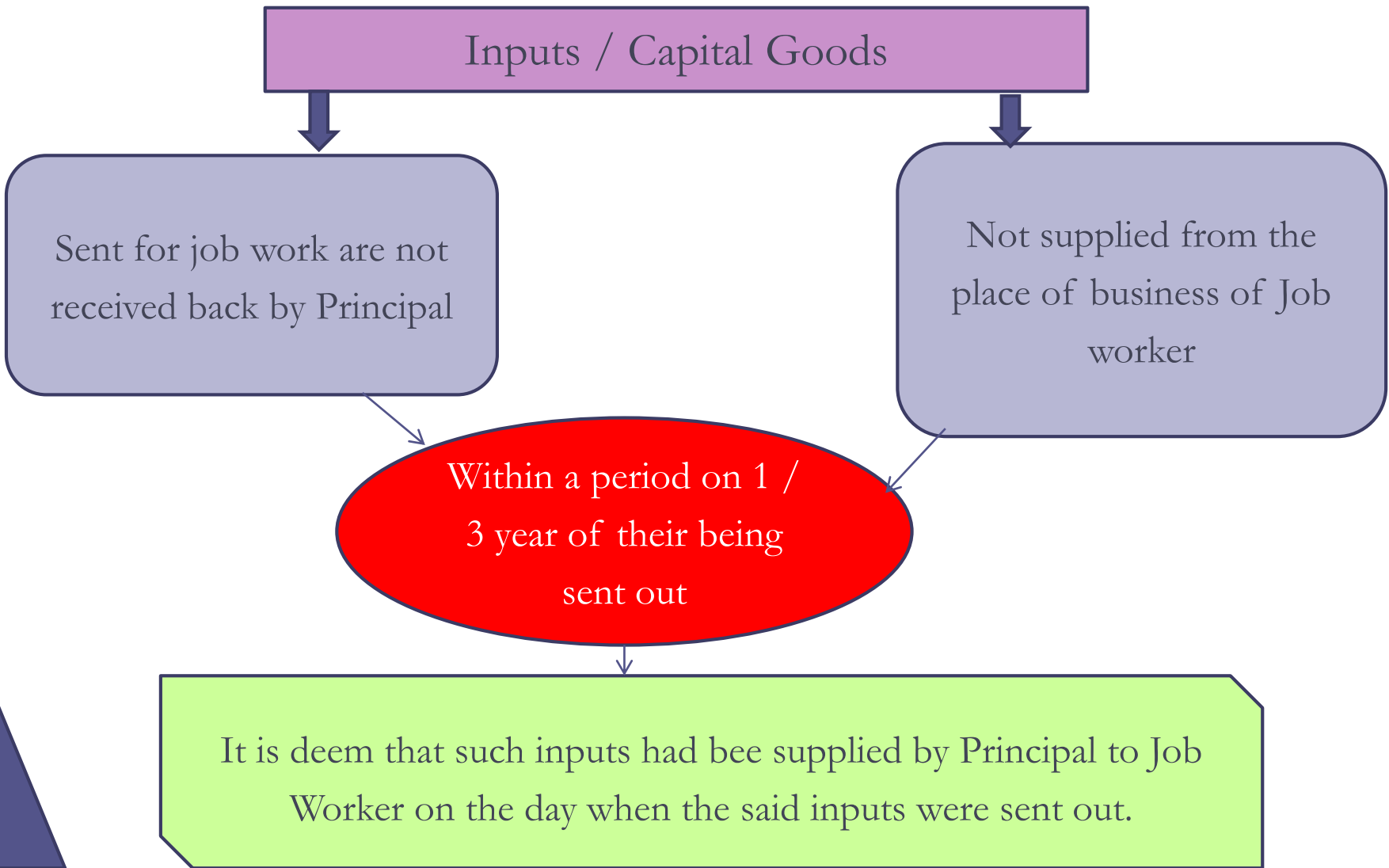
Special procedure for removal of goods – S. 55



Responsibility for accountability of Inputs / CG is with Principal

Special procedure for removal of goods – S. 55

Any waste / scrap may be supplied by Job Worker / Principal on payment of tax.



Input Tax Credit to Principal - S. 20

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Inputs/ Capital Goods **sent** for job work

Principal

Job Worker

Received back or **directly supplied** from job-worker's premises within 1 year (inputs) or 3 years (capital goods) of being sent out.

ITC available if the conditions and restrictions under job work are satisfied

If not received/directly supplied in time: Principal to pay ITC availed + **Interest**.
He can reclaim this ITC on receiving back such inputs/ capital goods.

Inputs removed for job work – S. 175

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- ❖ Where any inputs received in a factory had been –
 - (i) removed as such; or
 - (ii) removed after being partially processed to a job worker for **further processing, testing, repair, reconditioning**; or
 - (iii) any other purpose;
in accordance with the provisions of earlier law, **after the appointment day**

- ❖ **No Tax is payable**, if such inputs, after completion of the job work are **returned to the factory within 6 months from the appointed day**.

- ❖ Principal and Job worker have to **declare the details of inputs held in stock** on the appointed dated in **such manner and within such time as may be prescribed**.

Inputs removed for job work – S. 175

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- ❖ This period of 6 months **may be extended**, on sufficient cause, **for a further period of 2 months** by **competent authority**.
- ❖ **Input Tax Credit (ITC)** may have to be **reversed** / **Tax have to be payable**, if such inputs are **not returned within 6 months** or the **extended period of 2 months**, from the appointed day.

Semi-Finished Goods removed for job work – S. 176

- ❖ Where any **Semi-finished goods** had been –
 - (i) removed from factory **to any other premises** for carrying out certain manufacturing process in accordance with earlier law **prior to appointed day** and such goods are **returned to the said factory on or after appointed date**,
- ❖ **No Tax is payable**, if such goods, after undergoing manufacturing process are **returned to the factory within 6 months from the appointed day**.
- ❖ Principal and Job worker have to **declare the details of inputs held in stock** on the appointed dated in **such manner and within such time as may be prescribed**.

Semi-Finished Goods removed for job work – S. 176

- ❖ This period of 6 months **may be extended**, on sufficient cause, **for a further period of 2 months** by **competent authority**.
- ❖ **Input Tax Credit (ITC)** may have to be **reversed** / **Tax have to be payable**, if such inputs are **not returned within 6 months** or the **extended period of 2 months**, from the appointed day.
- ❖ Manufacturer may, in accordance with provisions of earlier law, **transfers the said goods to the premises of any registered taxable person** for the purpose of supplying therefrom **on payment of tax in India** or **without payment of tax for exports**, within a **period of 6 months or extended period**.

Finished Goods removed for certain process – S. 177

- ❖ Where any **Excisable Goods** had been –
 - (i) removed from factory **without payment of duty to carry out tests or any process** not amounting to manufacture, to any other premises, whether registered or not, in **accordance with earlier law prior to appointed day** and such goods are **returned to the said factory on or after appointed date,**
- ❖ **No Tax is payable,** if such goods, after undergoing tests or any other process, are **returned to the factory within 6 months from the appointed day.**

Finished Goods removed certain process – S. 177

- ❖ This period of 6 months **may be extended**, on sufficient cause, **for a further period of 2 months** by **competent authority**.
- ❖ **Input Tax Credit (ITC)** may have to be **reversed** / **Tax have to be payable**, if such inputs are **not returned within 6 months** or the **extended period of 2 months**, from the appointed day.
- ❖ Manufacturer may, in accordance with provisions of earlier law, **transfers the said goods from the said other premises on payment of tax in India** or **without payment of tax for exports**, within a period of 6 months or extended period.



Meaning of Electronic Commerce

- ❖ Electronic commerce, commonly written as e-commerce or eCommerce, is the trading or facilitation of trading in products or services using computer networks, such as the Internet or online social networks.
- ❖ ‘electronic commerce’ means supply of goods and/or services including digital products over digital or electronic network. [S. 2(41)]
- ❖ ‘electronic commerce operator’ means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce; [S. 2(42)]

Levy of GST

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- ❖ Schedule 5, sub clause (xi) provides that **every electronic commerce operator - ECO**, irrespective of threshold required to be registered under GSTN.
- ❖ GST Council may by notification, **specify the categories of services**, the **tax on which shall be paid by the ECO**, if such services are supplied through it.
- ❖ All the provisions of this Act shall apply to such ECO **as if he is the person liable for paying the tax** in relation to the supply of such services.

Levy of GST - RCM

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- ❖ If ECO does not have a physical presence in the taxable territory, any person representing such ECO, in the taxable territory shall be liable to pay tax.
- ❖ If ECO does not have a physical presence in the taxable territory as well as does not have any person representing such ECO in the said territory, ECO shall appoint a person in the taxable territory for the purpose of paying tax and such person is liable for payment of tax.



Collection of Tax at Source – S. 56

- ❖ Every ECO shall collect tax @ 1% of the net value of taxable supplies made through it where the consideration with respect to such supplies is to be collected by ECO.
- ❖ Net value of taxable supplies would be

	Particulars	Amount
	Aggregate value of taxable supplies of goods or services (Other than tax payable under RCM by ECO)during any month.	155,00,000
Less :	Aggregate value of taxable supplies returned to the suppliers during the said month.	500,000
	Net Value of taxable supplies	150,00,000

Procedures to be followed by ECO

- ❖ Amount collected (TCS) have to be deposit with the appropriate Government within 10 days after the end of the month in which collection is made from supplier of goods and services.



- ❖ ECO have to furnish a statement which would contain – (i) details of outward supplies of goods or services effected through it, (ii) supplies returned through it, (iii) amount collected during the month, in Form GSTR - 8 , within 10 days after the end of such month.

Procedures to be followed by ECO

- ❖ Supplier would be **eligible to claim the Tax Credit** in his ECL of the TCS on the bases of return filed by ECO.
- ❖ Suppliers return would be **matched with the Statement of Outward Supplies filed by ECO** for each month. If there is any **mis-match**, discrepancy shall be communicated to **both the parties**.
- ❖ If discrepancy is not rectified, such amount would be **added to the output tax liability of supplier** if the value of outward supply filed by the ECO is **more than** the value of outward supply filed by supplier, **in the succeeding month in which discrepancy is communicated**.

Procedures to be followed by ECO

- ❖ Supplier would be liable to **pay tax on the amount so added along with interest**. Interest would be calculated from the date such tax was due till the date of its payment.
- ❖ Any authority not **below the rank of Joint Commissioner** may, by notice, either before or during the course of any proceeding under this Act, require ECO to furnish details to –
 - ✓ **Supplies effected** through such ECO during any period;
 - ✓ **Stock of goods** held by the suppliers who supplies through ECO, in the **godowns or warehouses managed by such ECO** and declared as additional place of business by supplier.


within **15 working days of service of notice**.

Penalty may levied
to extent of Rs.
25,000





How is the Value of Goods & Services determined under **GST**



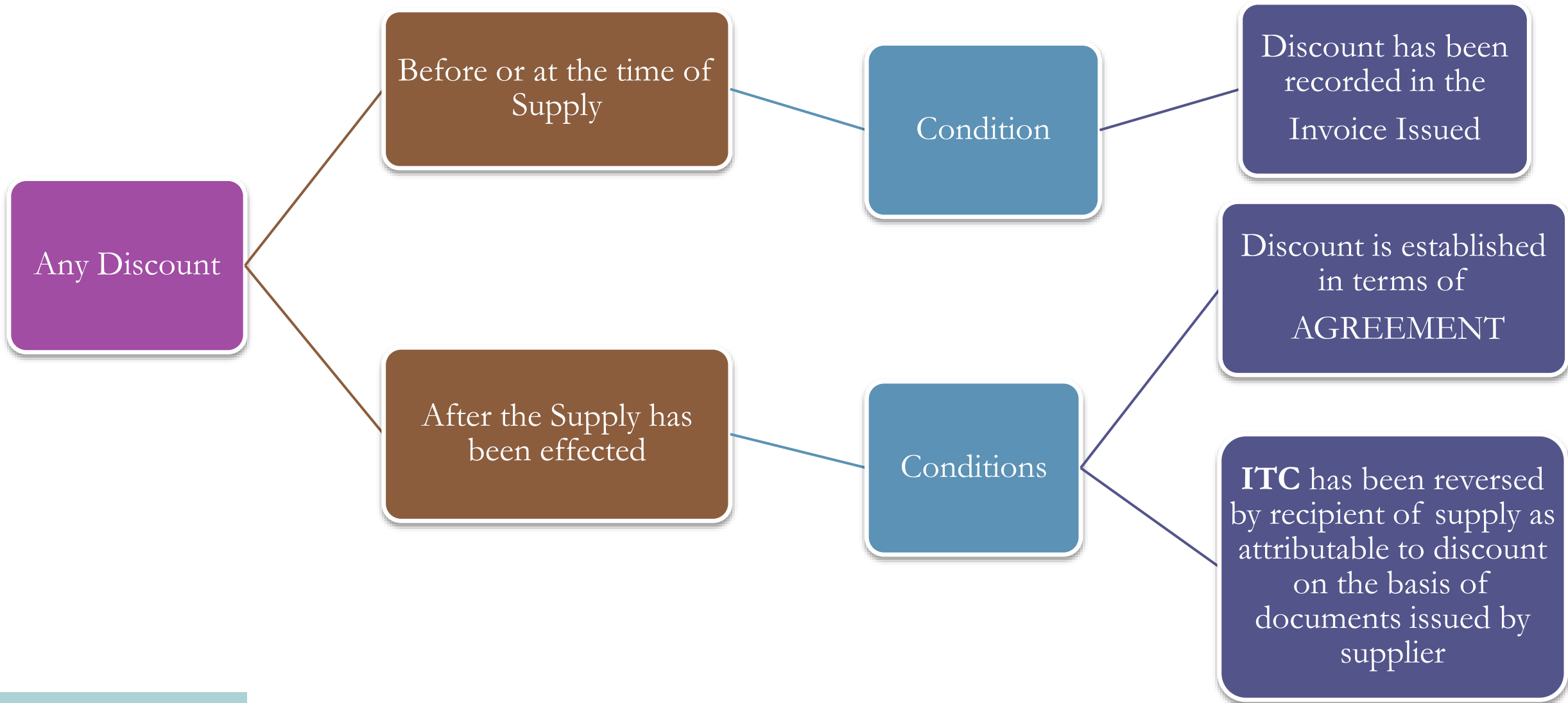
Value of Taxable Supply – S. 15

- ❖ The value of supply of goods and / or services shall be the **transaction value**.
- ❖ **Transaction value** is the **price actually paid or payable** for the said supply of goods and / or services where the **supplier and the recipient of the supply are not related** and the **price is the sole consideration for the supply**. 
- ❖ When the **transaction is with related person or price is not the sole consideration for the supply**, value have to be determined in such manner as may be prescribed. [15(4)]

Certain items to be included in Transaction Value – 15 (2)

- a. any **taxes, duties, cesses, fees and charges levied under any statute**, other than the {SGST Act/the CGST Act} and the Goods and Services Tax (Compensation to the States for Loss of Revenue) Act, 2016, if charged separately by the supplier to the recipient; 
- b. any **amount that the supplier is liable to pay in relation to such supply** but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods and/or services; 
- c. **incidental expenses, such as, commission and packing**, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods and/or services at the time of, or before delivery of the goods or, as the case may be, supply of the services; 
- d. **interest or late fee or penalty for delayed payment of any consideration** for any supply; and
- e. **subsidies directly linked to the price** excluding subsidies provided by the Central and State governments; 

Value of supply should not include – 15 (3)



Deemed Value – 15 (5)

- ❖ In respect of **certain transactions**, value of supply would be determined in accordance with manner prescribed by Central Government or State Government in this behalf on the recommendation of the GST Council.

Tax Invoice, Debit & Credit Note


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TAX INVOICE
UNDER
GST - REGIME

Tax Invoice – S. 28

Goods


- ❖ RTP shall issue tax invoice, **before or at the time of –**
 - ✓ **Removal of goods**  for supply to the recipient, where **supply involves movement of goods**; or
 - ✓ **Delivery of goods** or **making available** thereof to the recipient, **in any other case.**
- ❖ **Tax invoice should contain** (i) description of goods; (ii) quantity and value of goods; (iii) tax charged thereon, (iv) other particulars as provided in Draft Invoice Rules.

Services

- ❖ RTP shall issue tax invoice, **before or after –**
 - ✓ **provisions of service but within a period of 30 days (Draft Invoice Rules).**
- ❖ **Tax invoice should contain** (i) description of services; (ii) value of services; (iii) tax charged thereon, (iv) other particulars as provided in Draft Invoice Rules.
- ❖ Council may notify **categories of goods and / or supplies** in respect of which tax invoice shall be **issued within such time as may be prescribed;**

Tax Invoice – S. 28

Goods

- ❖ Council may notify **categories of goods and / or supplies** in respect of which tax invoice shall be **issued within such time as may be prescribed**;
- ❖ In case of **continuous supply of good** 

Successive Statements of account involved	Successive payments involved
Before or at the time each such statement is issued .	Before or at the time each such payment is received .

Services

- ❖ In case of **continuous supply of Service: continuous supply of services”** means a supply of services which is provided, or agreed to be provided, **continuously or on recurrent basis**, under a contract, **for a period exceeding three months** with periodic payment obligations and includes supply of such service as the Central or a State Government may, whether or not subject to any condition, by notification, specify – S. 2(31)

Tax Invoice – S. 28

Goods

❖ Goods are sent or taken on approval or sale or return or similar terms –

Invoice to be issued at earliest of the following two event :

- (i) Before or at the time when it becomes known that the supply has taken place; or
- (ii) 6 months from the date of removal.

Services

(i) Due date of payment is ascertainable from the contract:

Before or after the payment is liable to be made by the recipient; or

Within 30 days of provision of service.

Whether or not any payment has been received by the supplier of service.

(ii) Due date of payment is not ascertainable from the contract:

Before or after each such time when the supplier of service receives the payment;

or

Within 30 days of provision of service.

Tax Invoice – S. 28

Goods



Banking Company, Financial Institution including non-banking financial company have to issue invoice within 45 days from the date of supply of service.

Services

(iii) Payment is linked to the completion of an event:

- Before or after the time of completion of that event; or
 - Within 30 days of provision of service.
- ❖ Supply of Service ceases under a contract before completion of service:
- at the time when the supply ceases; and;
 - invoice shall be issued to the extent of supply effected before such cessation.

Tax Invoice under special situations

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Invoice already issue	Exempted Supply	On Advance Payment	Supplies from un-registered person
<p>Between effective date of registration till the date of issuance of certificate of registration.</p>	<p>Supply exempted goods / services or paying tax under composition levy.</p>	<p>RTP receives advance payment towards supply of goods and /or services</p>	<p>RTP liable to pay tax under RCM</p>
<p>Issue revised invoice against invoice already issued.</p>	<p>Issue Bill of Supply instead of Tax Invoice</p>	<p>Issues a receipt voucher or any other document</p>	<p>RTP shall issue an invoice in respect of goods or services received by him.</p>
<p>Within one month from date of issue of invoice</p>	<p>No Bill of Supply for supplies less than Rs. 100</p>		<p>Date of receipt of supplies from a person who is not registered under Act.</p>

Content of Invoice – Rule 1

i.	Name, address and GSTIN of supplier
ii.	Consecutive S. No. containing only alphabets and / or numerals, unique for a FY;
iii.	Date of issue of invoice
iv.	Name, address and GSTIN / UIDN, if registered, of the recipient;
v.	Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is unregistered and where the taxable value of supply is Rs. 50,000 or more;
vi.	<p>HSN code of Goods or Accounting code for Services</p> <ul style="list-style-type: none"> <input type="checkbox"/> Not mandatory, if aggregate turnover is less than Rs. 1.5 Crores <input type="checkbox"/> If gross TO in previous FY exceeds Rs. 5 Crores, 4 Digit HSN mentioned <input type="checkbox"/> If gross TO in previous FY is between Rs. 1.5 to Rs. 5.0 Crores, 2 Digit HSN mandatory from 2 years of implementation of GST <input type="checkbox"/> Exporters have to mention 8 Digit HSN
vii.	Description of goods or services
viii.	Quantity in case of goods and unit or Unique Quantity code thereof

Content of Invoice – Rule 1

ix.	Total value of goods or services
x.	Taxable Value after taking in to consideration discount or abatement, if any
xi.	Rate of Tax i.e. CGST, SGST and IGST
xii.	Amount of tax charged
xiii.	Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
xiv.	Place of delivery where the same is different from the place of supply;
xv.	Whether the tax is payable on reverse charge;
xvi.	Word “Revised Invoice” or “Supplementary Invoice”, as the case may be, indicated prominently, where applicable along with the date and invoice number of the original invoice; and
xvii.	Signature or digital signature of the supplier or his authorized representative.
xviii.	in case of exports, the invoice shall carry an endorsement “SUPPLY MEANT FOR EXPORT ON PAYMENT OF IGST” or “SUPPLY MEANT FOR EXPORT UNDER BOND WITHOUT PAYMENT OF IGST”

Manner of Issuance of Tax Invoice – Rule 2 of Draft GSTS Invoice Rules

❖ In case of Supply of goods –

Tax Invoices have to be prepared in **triplicate as under -**

- ✓ Original copy being marked as **ORIGINAL FOR RECIPIENT**;
- ✓ Duplicate copy being marked as **DUPLICATE FOR TRANSPORTER**;
- ✓ Triplicate copy being marked as **TRIPLICATE FOR SUPPLIER**

❖ In case of Supply of Services -

Tax Invoice have to be prepared in duplicate as under –

- ✓ Original copy being marked as **ORIGINAL FOR RECIPIENT**;
- ✓ Duplicate copy being marked as **DUPLICATE FOR SUPPLIER**.



Do's and Don't

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Do's

When supply is made **for a consideration**, RTP shall **prominently indicate**, in all the documents relating to assessment, tax invoice and other like documents, **the amount of tax which will form part of the price**.

Serial number of invoice issued during tax period shall be furnished electronically through common portal in Form GSTR – 1;

RTP have to obtain **Invoice Reference Number** from GSTN on the **bases of invoice issued by him** and produce for verification to Proper Officer.

Don't

Person who is **not registered under GST** shall **not collect any tax** in respect of any supply of goods and / or services by way of tax under CGST / SGST Act.



Invoice Reference number would be **valid for a period of 30 days from the date of uploading**.

Bill of Supply

- ❖ When registered taxable person –
 - (i) supplying **non-taxable goods and / or services**; or
 - (ii) paying tax under **composition scheme [S. 9]**
- Tax payer shall be issued a **bill of supply** instead of **Tax Invoice**. [Rule 3 – Invoice Rules]
- ❖ Bill of supply may not be issued if goods or services supplied is less than Rs. 100 and recipient of goods or services do not require such invoice.
 - ❖ **Consolidated invoices** needs to be prepared at the **end of the day in respect of such supplies**.

Content of Bill of Supply – Rule 3

i.	Name, address and GSTIN of supplier
ii.	Consecutive S. No. containing only alphabets and / or numerals, unique for a FY;
iii.	Date of issue of invoice
iv.	Name, address and GSTIN / UIDN, if registered of the recipient;
v.	<p>HSN code of Goods or Accounting code for Services</p> <ul style="list-style-type: none"> <input type="checkbox"/> Not mandatory, if aggregate turnover is less than Rs. 1.5 Crores <input type="checkbox"/> If gross TO in previous FY exceeds Rs. 5 Crores, 4 Digit HSN mentioned <input type="checkbox"/> If gross TO in previous FY is between Rs. 1.5 to Rs. 5.0 Crores, 2 Digit HSN mandatory from 2 years of implementation of GST <input type="checkbox"/> Exporters have to mention 8 Digit HSN
vi.	Description of goods or services
vii.	Taxable Value after taking in to consideration discount or abatement, if any
viii.	Signature or Digital Signature of the Supplier or his authorized representative.

Tax Invoice in special cases - ISD

- ❖ **Input Service Distributor ISD** has to issue tax invoice containing following details –

i.	Name, address and GSTIN of the Input Service Distributor;
ii.	a consecutive serial number containing only alphabets and/or numerals, unique for a financial year;
iii.	Date of its issue;
iv.	Name, address and GSTIN of the supplier of services, the credit in respect of which is being distributed and the serial number and date of invoice issued by such supplier;
v.	Name, address and GSTIN of the recipient to whom the credit is distributed;
vi.	amount of the credit distributed; and
vii.	signature or digital signature of the supplier or his authorized representative:

Tax Invoice in special cases

- ❖ Supplier of taxable service is a **banking company or financial institution including non-banking financial company**, supplier shall **issue tax invoice or any other document lieu thereof within 45 days.**
- ❖ Further relaxation provided in respect of –
 - (i) serially numbered invoices; and
 - (ii) address of the recipient of services
- ❖ All other details have to be provided as containing in Rule 1



Tax Invoice in special cases

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- ❖ Supplier of taxable service is a **goods transport agency GTA** supplying services in relation to transportation of goods by road in a goods carriage, supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called.
- ❖ Such document **must contain following details / information:**
 - (a) Gross weight of the consignment;
 - (b) Name of the consignor and the consignee;
 - (c) Registration number of goods carriage in which the goods are transported;
 - (d) Details of goods transported;
 - (e) Details of place of origin and destination;
 - (f) GSTIN of the person liable for paying tax whether as consignor, consignee or goods transport agency.

Tax Invoice in special cases

- ❖ Supplier of taxable service is **supplying passenger transportation service**, a tax invoice shall include ticket in any form, by whatever name called.
- ❖ **Relaxation provided in respect of –**
 - (i) address of the recipient of services
- ❖ All other details have to be provided as containing in Rule 1



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Debit Note & Credit Note

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Debit Note

When tax invoice has been issued for supplies and either taxable value / tax charged in tax invoice is found to be less than the supply made to recipient.



Credit Note

Under following situations credit note can be issued –

- (i) When tax invoice has been issued for supplies and either taxable value / tax charged in tax invoice is found to be exceeds the supply made to recipient; or
- (ii) Goods supplied are returned by the recipient; or
- (iii) services supplied are found to be deficient.

No credit note to be issued if incidence of tax has been passed to other person.

Debit note & Credit Note

- ❖ Taxable person issues or receives credit note or debit note in relation to supplies, **he shall have to declare details of such credit note or debit note in the return –**
 - (i) for the **month during which such credit / debit note has been issued or received**; or
 - (ii) **any subsequent month** but before 30th September following the end of FY in which such supply was made; or
 - (iii) date of filing of the relevant annual return – 31st December**which ever is earlier** and tax liability would be adjusted.

Accounts and Records – S. 53

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Accounts and Records – S. 53

- ❖ Every RTP shall **keep and maintain**, at **his principal place of business**, as mentioned in the certificate of registration, **a true and correct account of** –
 - ✓ Production or manufacture of goods;
 - ✓ Inward or outward supply of goods and/or services;
 - ✓ Stock of goods;
 - ✓ Input tax credit availed,
 - ✓ Output tax payable and paid,
 - ✓ Such other particulars as may be prescribed in this behalf:

- ❖ In case of **more than one place of business** mention in COR, accounts relating to each place of business **shall be kept at such places of business concerned.**

Accounts can be kept in electronic form in the manner as may be prescribed.

Accounts and Records – S. 53

- ❖ Commissioner/ Chief Commissioner may **notify a class of taxable persons** to maintain **additional accounts or documents** for such purpose as may be specified.
- ❖ Commissioner / Chief Commissioner considers that any **class of taxable persons is not in a position to keep and maintain accounts** in accordance with the provisions of this section, he may, for **reasons to be recorded in writing, permit** such class of taxable persons to **maintain accounts in such manner as may be prescribed.**

Accounts and Records – S. 53

- ❖ Every RTP whose **turnover during a financial year exceeds Rs. 1.00 Crores shall get his accounts audited** by a **chartered accountant or a cost accountant** and shall submit to the Proper Officer -
 - ✓ a copy of the audited annual accounts;
 - ✓ the reconciliation statement; and
 - ✓ such other documents in the form and manner as may be prescribed in this behalf.

- ❖ Every owner or operator of warehouse or godown or any other place used for storage of goods irrespective of whether he is a registered taxable person or not **shall maintain records of consigner, consignee and other relevant details of the goods as may be prescribed.**

Period of retention of accounts – S. 54

- ❖ Every RTP is required to keep and maintain books of account or other records and shall retain them until the **expiry of sixty months (5 Years) from the due date of filing of Annual Return for the year pertaining to such accounts and records.**
- ❖ RTP who is a **party to an appeal or revision any other proceeding** before any Appellate Authority or Revisional Authority or Tribunal or Court, whether filed by him or by the department, shall **retain the books of account and other records pertaining to the subject matter for a period of one year after final disposal of such appeal or revision** or proceeding or investigation, or for the period specified above, whichever **is later.**



Thank you for your attention

Any questions?

Happy GST Learning

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**Are you
ready
for
GST?**