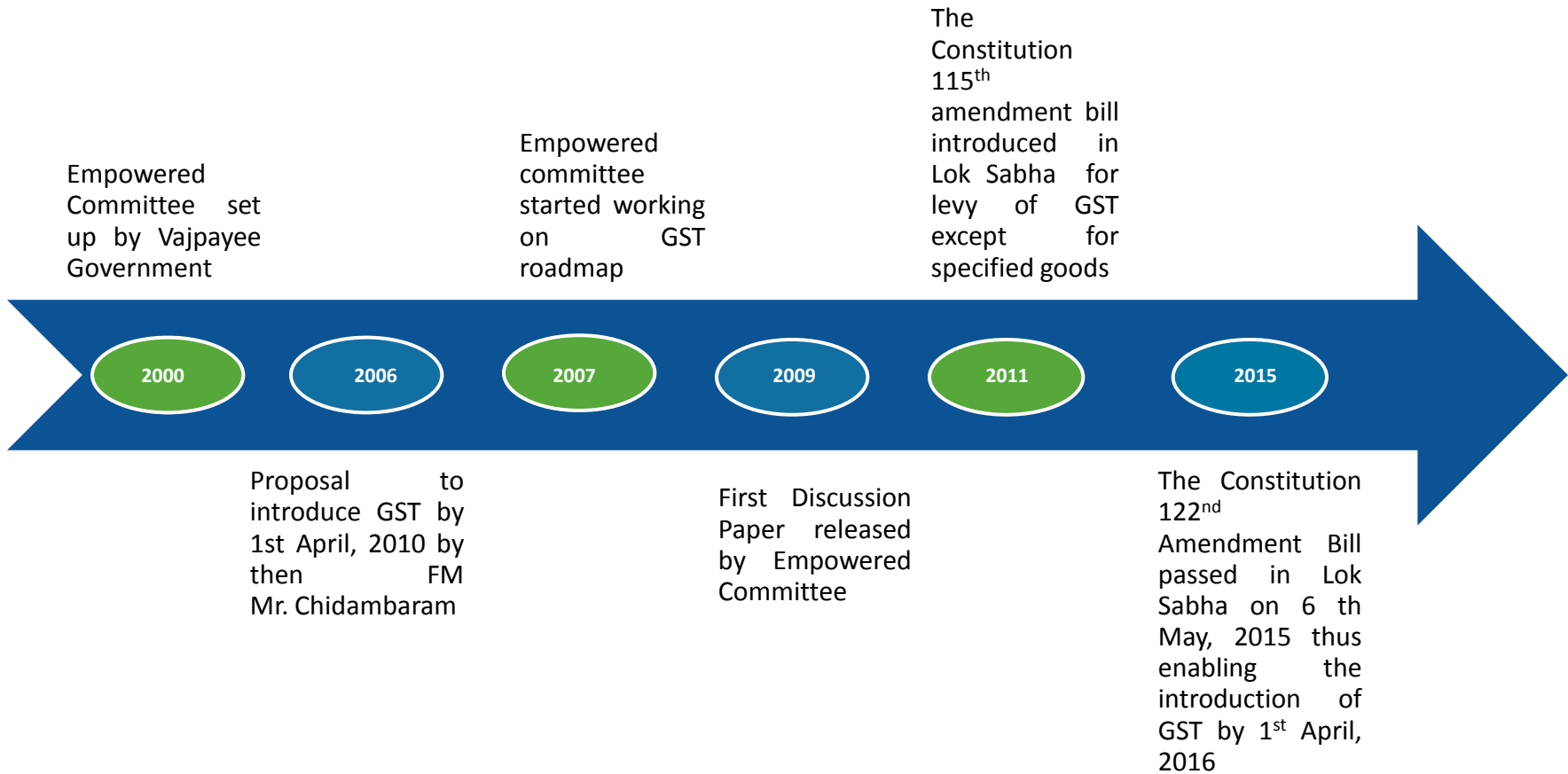

GOODS AND SERVICE TAX

Make in India by Making one India

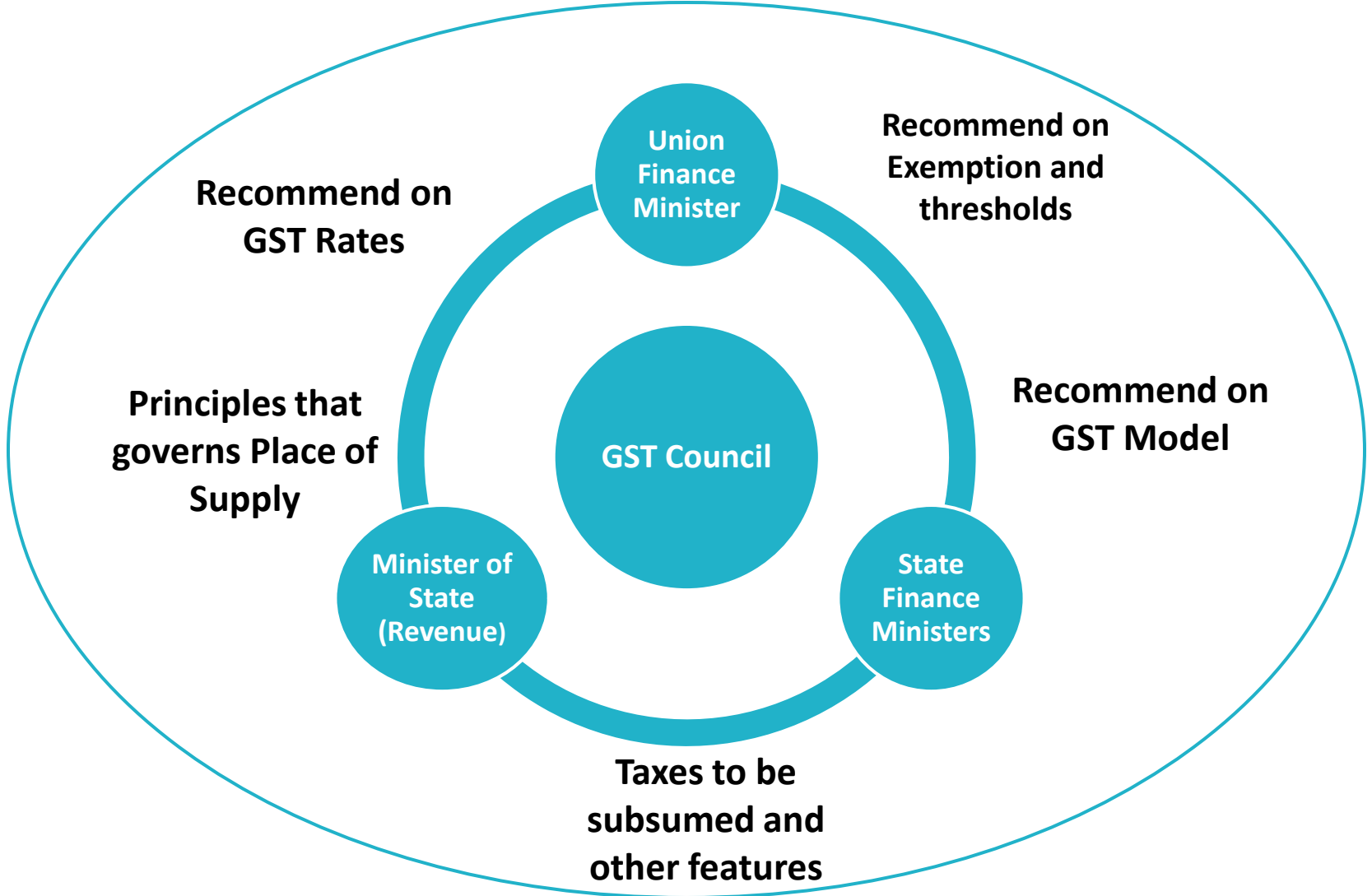


HELPING CLIENTS KEEP MORE OF WHAT THEY EARN

JOURNEY SO FAR



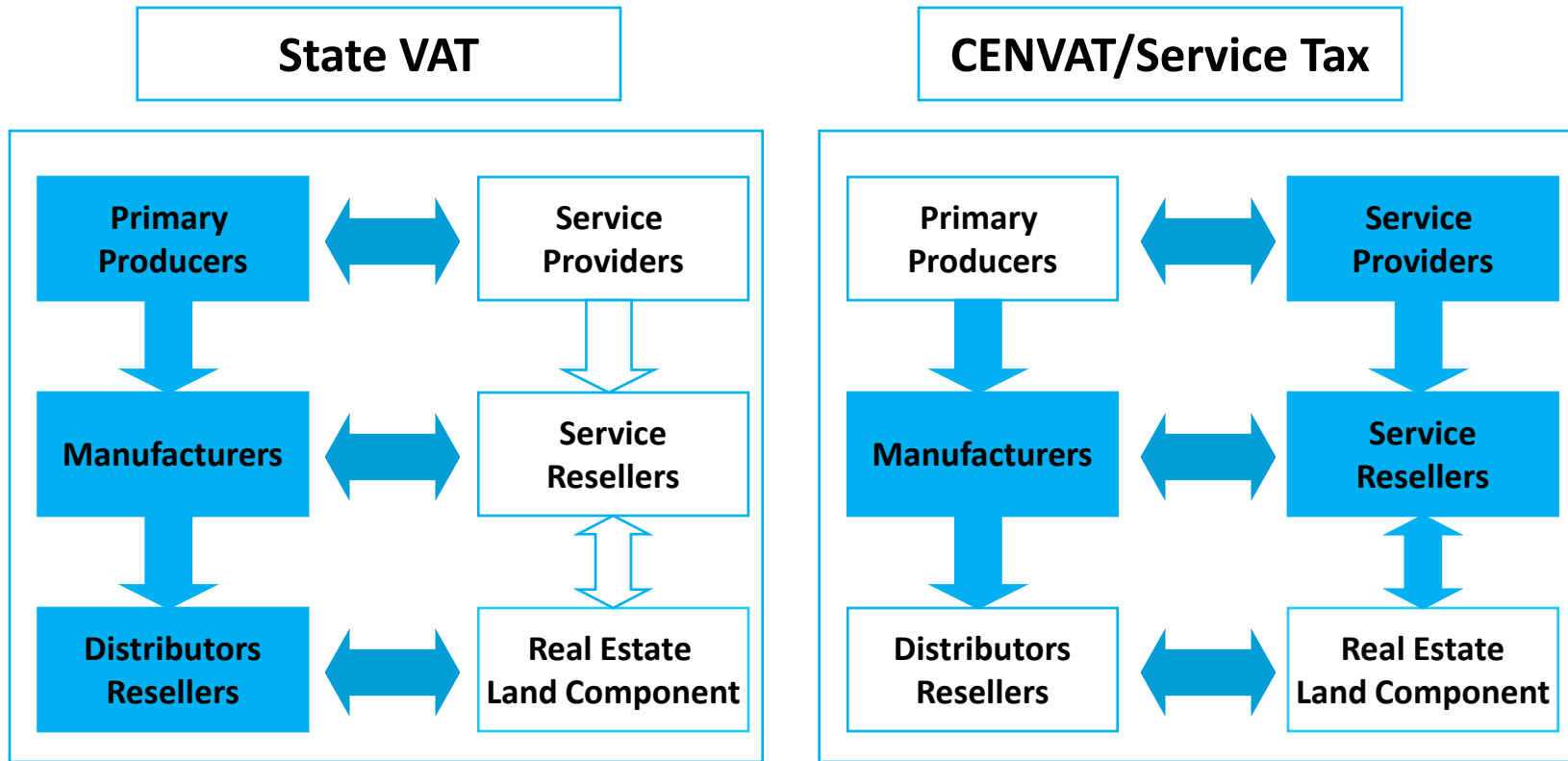
GST COUNCIL AND POWERS



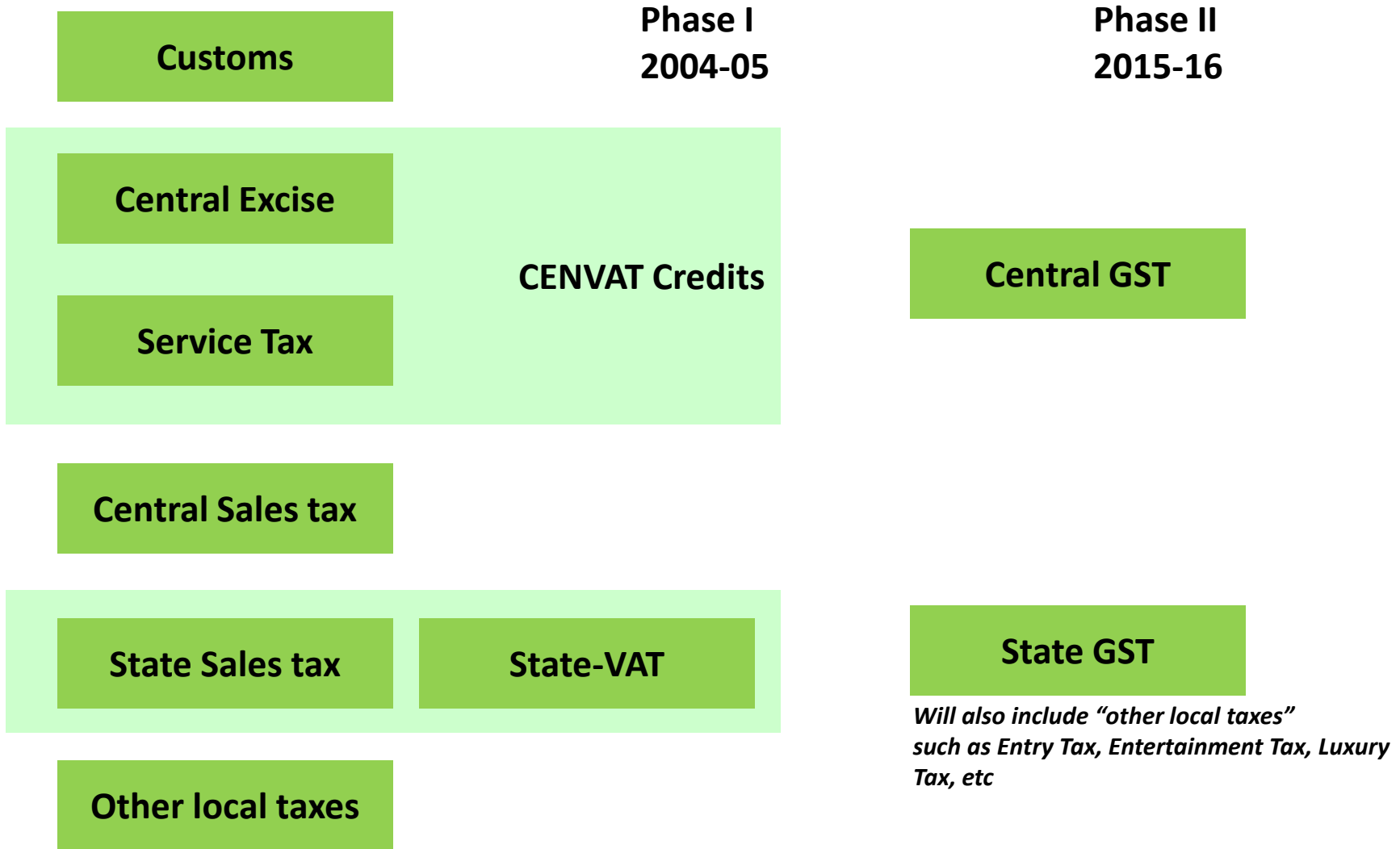
COMMITTEES FOR GST IMPLEMENTATION

Committees	Current Status
Problem of Dual Control, Threshold and Exemption in GST Regime	At finalization stage
Revenue Neutral Rates for CGST & SGST and Place of Supply Rules	Revenue Neutral Rate report has been published on 4 th December, 2015
IGST & GST on Imports	At finalization stage
Committee to draft model GST Law	At finalization stage
Business Processes under GST Regime	<ul style="list-style-type: none"> •GST Payment process •GST Registration process •GST Refund process •GST Return process

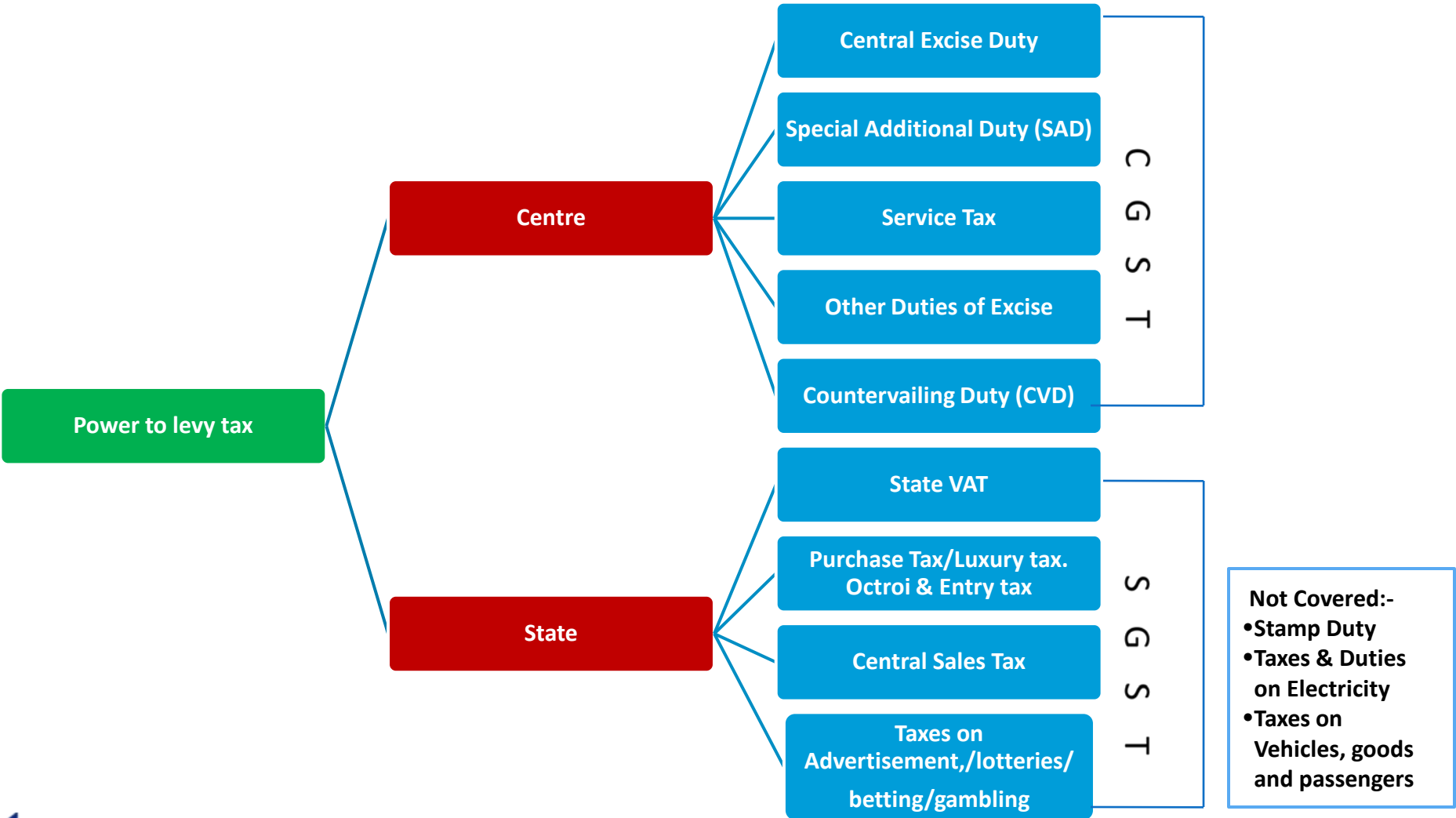
CURRENT PATCHWORK



GST-ROADMAP SO FAR....



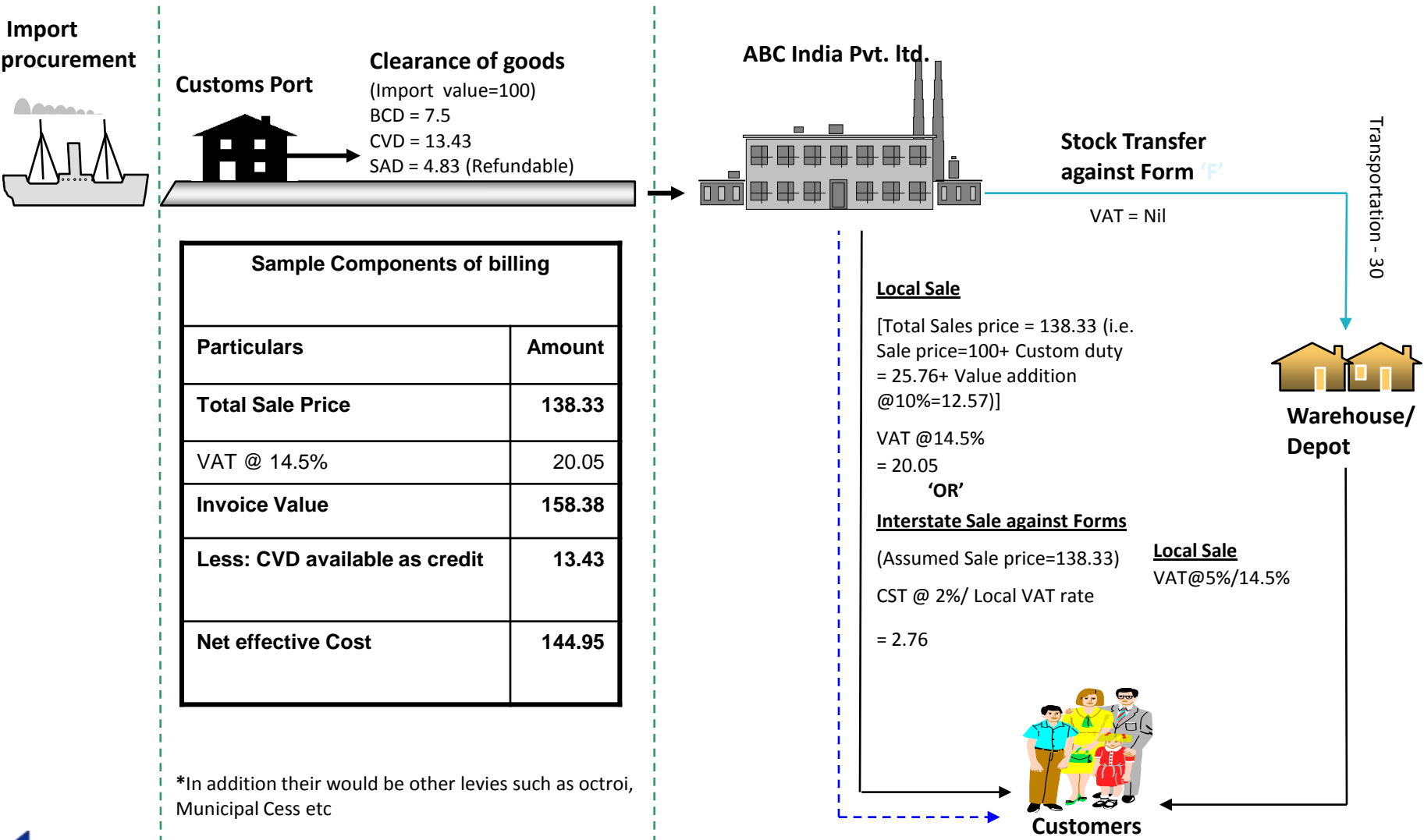
TAXES SUBSUMED



Not Covered:-

- Stamp Duty
- Taxes & Duties on Electricity
- Taxes on Vehicles, goods and passengers

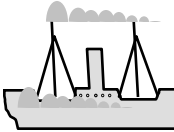
PROCESS MAP-CURRENT REGIME



Sample Components of billing	
Particulars	Amount
Total Sale Price	138.33
VAT @ 14.5%	20.05
Invoice Value	158.38
Less: CVD available as credit	13.43
Net effective Cost	144.95

PROCESS MAP-PROPOSED REGIME

Import procurement

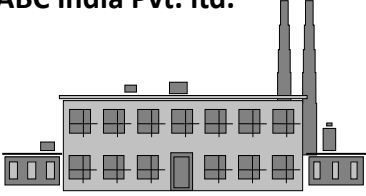


Customs Port



Clearance of goods
(Import value = 100)
BCD @ 7.5%=7.5
Central GST @8% = 8.6

ABC India Pvt. Ltd.



Stock Transfer

IGST@17%

Transportation - 30



Warehouse/
Depot

A : Sale (local)

[Total Sales price = 127.71 (i.e. Sale price=100+ Custom duty = 16.10+ Value addition @10%=11.61)]

Central GST @8% =10.21
State GST@ 9% =11.49

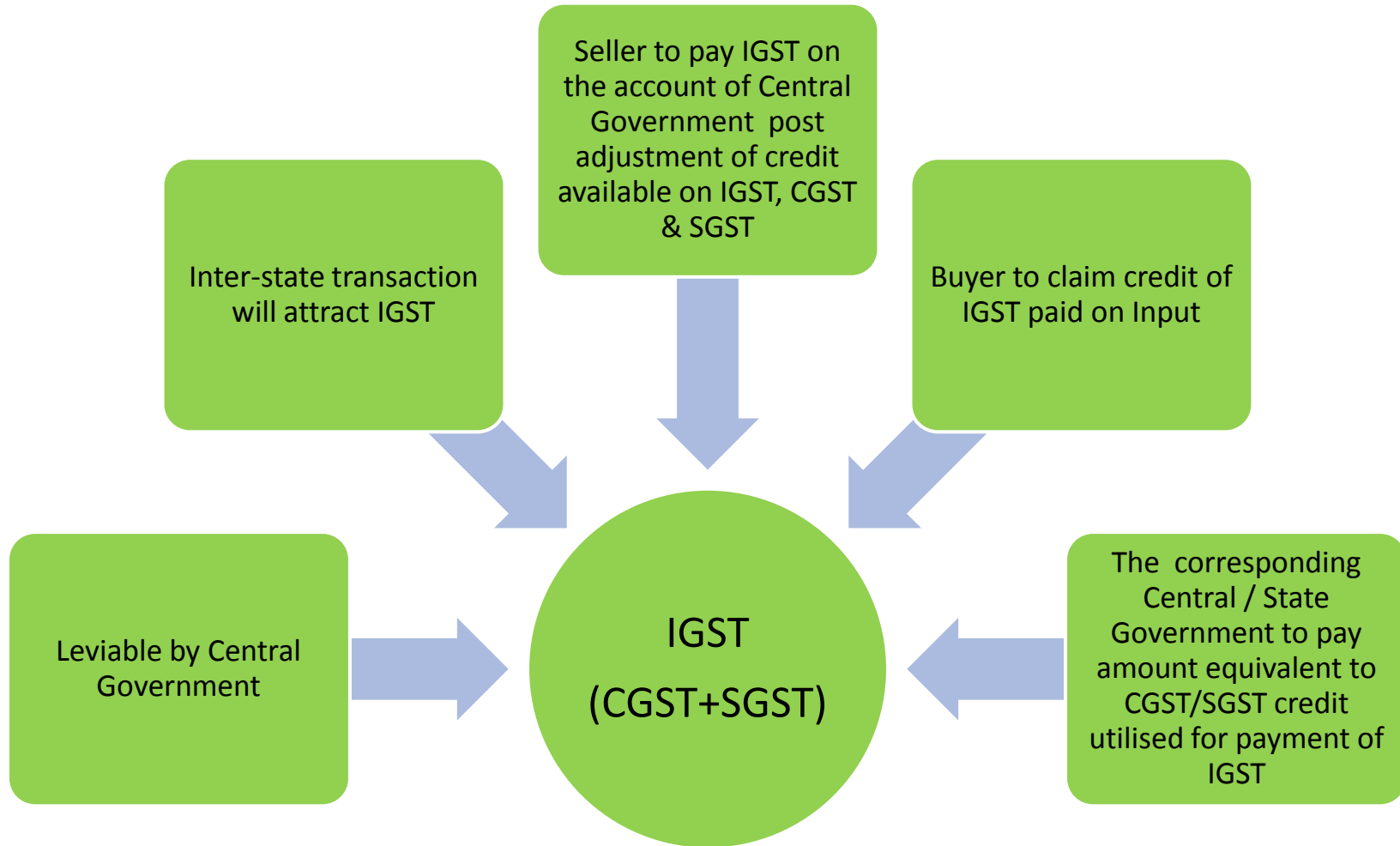
B : Sale (local)
Central GST@8%
State GST @9%



Customers

Sample Components of billing	
Particulars	Amount
Total Sale Price pre GST	127.71
Central GST @8%	10.21
State GST @9%	11.49
Invoice Value	149.41
Less : Input Credit	8.60
Net effective cost	140.81

IGST-MODEL



INPUT TAX CREDIT- MANNER OF SET OFF



GST-EXCLUSIONS

Central Levy (Entry 84, List 1, Union List)

- ▶ Petroleum
- ▶ Tobacco & tobacco products

State Levy (Entry 54, List 1, State List)

- ▶ Alcohol for human consumption
- ▶ Petroleum

Not within GST framework

- ▶ Land Component in Real State
- ▶ Power & Energy

PROPOSED REVENUE NEUTRAL RATE

Particulars	RNR (Revenue Neutral Rate)	Rate on precious metals	"Low" rate (goods)	"Standard" rate (goods and services)	"High/Demerit" rate or Non-GST excise (goods)
Preferred	15	6	12	16.9	40
		4		17.3	
		2		17.7	
Alternative	15.5	6	12	18.0	40
		4		18.4	
		2		18.9	

Electricity, Petroleum, Alcohol & real estate excluded while computing RNR

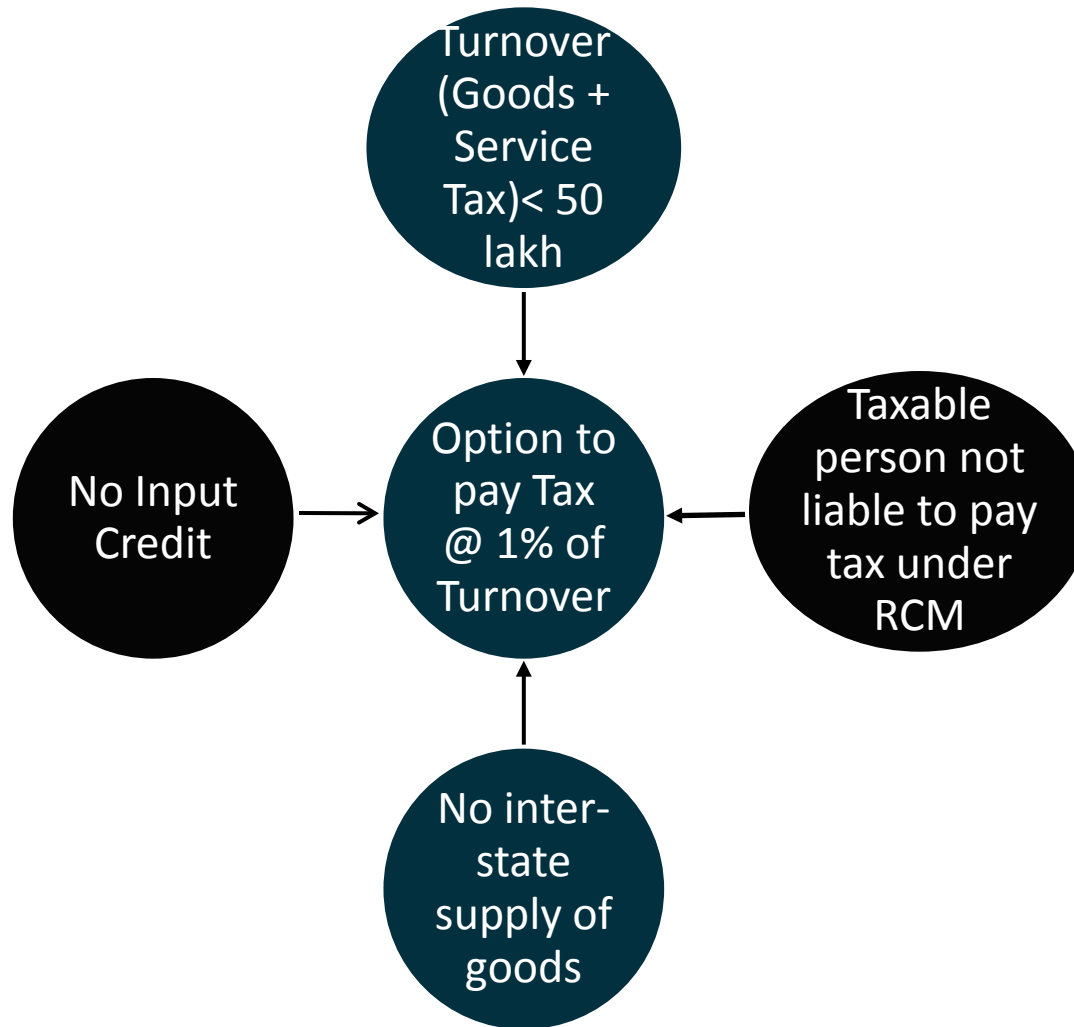
THRESHOLDS LIMIT

Particulars	Current				
	Goods	Services	Compounding	Goods plus Services	Compounding
Centre	Turnover to the extent of Rs.150 lakhs*	Service value to the extent of Rs.10 lakhs	NA	**25 lakh for goods and services combined	Between Rs. 25 lakh up to Rs. 1 crores
State	5-10 lakh	NA	permissible in Some of the States for some items and at varying rates	**25 lakh for goods and services combined	Between Rs.25 lakh up to Rs.1 crores

** It may be 40Lakhs as recommended by RNR Committee

* Export & Exempted goods excluded from threshold

COMPOUNDING LEVY



REGISTRATION UNDER GST REGIME



Person liable to register	Registration Process	Amendment of Registration
<ul style="list-style-type: none"> ➤ Registered under existing taxes will be subsumed under GST ➤ Crossing the “All India Gross Turnover” threshold limit. ➤ Making interstate supplies ➤ Casual and non-resident suppliers ➤ Unique Id for Govt Authorities and PSUs for making inter-state purchases. 	<ul style="list-style-type: none"> ➤ Online application through GST Common Portal. No application fee. ➤ To be filed within 30 days from the date of the dealer’s liability for obtaining such registration ➤ State wise registration for entities having presence in more than one state ➤ Deemed approval within 3 days ➤ Online grant of registration, & Downloadable Registration Certificate. 	<ul style="list-style-type: none"> ➤ Details to be amended on self service basis ➤ Mobile no.& Email address through online verification ➤ Details like name, principal place of business to be amended after approval from tax authorities

REGISTRATION UNDER GST REGIME

Link all GST related transactions of every person

Enable proper accounting of taxes paid on input goods and services

Enable passing of tax credit on supply of goods and services

Deemed approval after 3 days

15 digit Alphanumeric structure

State-wise registration for entities having presence in more than one State.
Need not apply separately for each State

Downloadable Registration Certificate to be provided by GSTN

GST RETURNS & PERIODICITY OF FILING

Periodicity	Nature of Assessee	Type of Return	Purpose	Date of filing
Monthly	Normal/ regular	GSTR 1	For uploading supply invoice details	10 th day of succeeding month
		GSTR 2	Auto-population & uploading purchase details	15 th day of succeeding
			For finalization of supply & purchase details	17 th day of succeeding month
		GSTR 3	Last date for filing return	20 th day of succeeding month
	Foreign Non Resident taxpayers	GSTR 5	Monthly Transaction	By 20 th of the month & Within 7 days after expiry of registration
	ISD	GSTR 6	Monthly Transaction	15 th day of the succeeding month
	Tax Deductor	GSTR 7	Monthly TDS	10 th of succeeding month

GST RETURNS & PERIODICITY OF FILING

Periodicity	Nature of Assessee	Type of return	Purpose	Date of filing
Quarterly	Compounding Taxpayer	GSTR 4	Taxpayers Quarterly Return	18 th day of succeeding month
Annually	All Regular and Compounding Tax Payer	GSTR 8	Aggregate of all monthly returns and its reconciliation with the Audited Books of Accounts	By 31 st December following the end of Financial Year

GST RETURNS

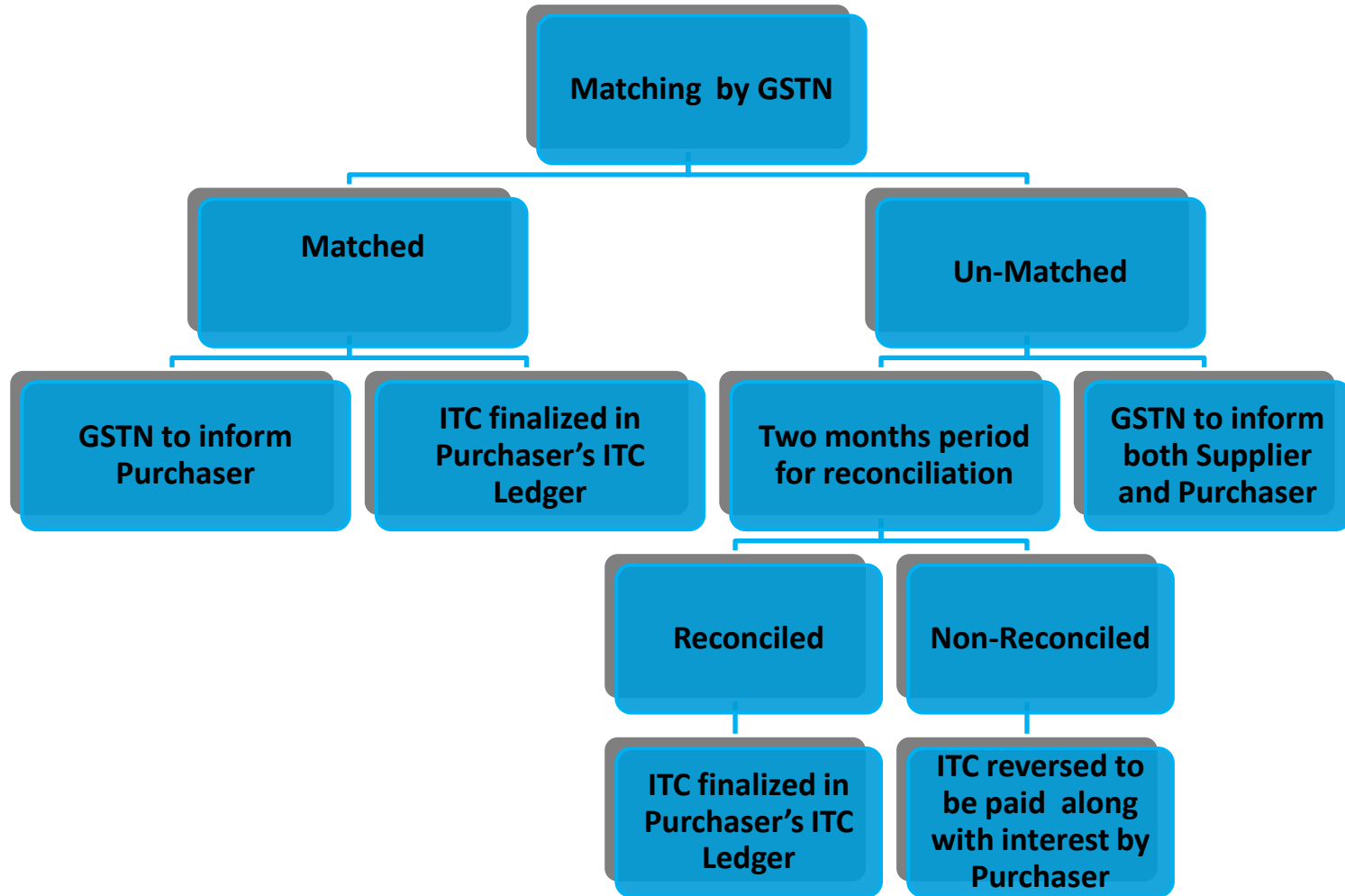
Common e-Return for CGST, SGST, IGST & Additional Tax

Payment of due tax is must for filing valid return

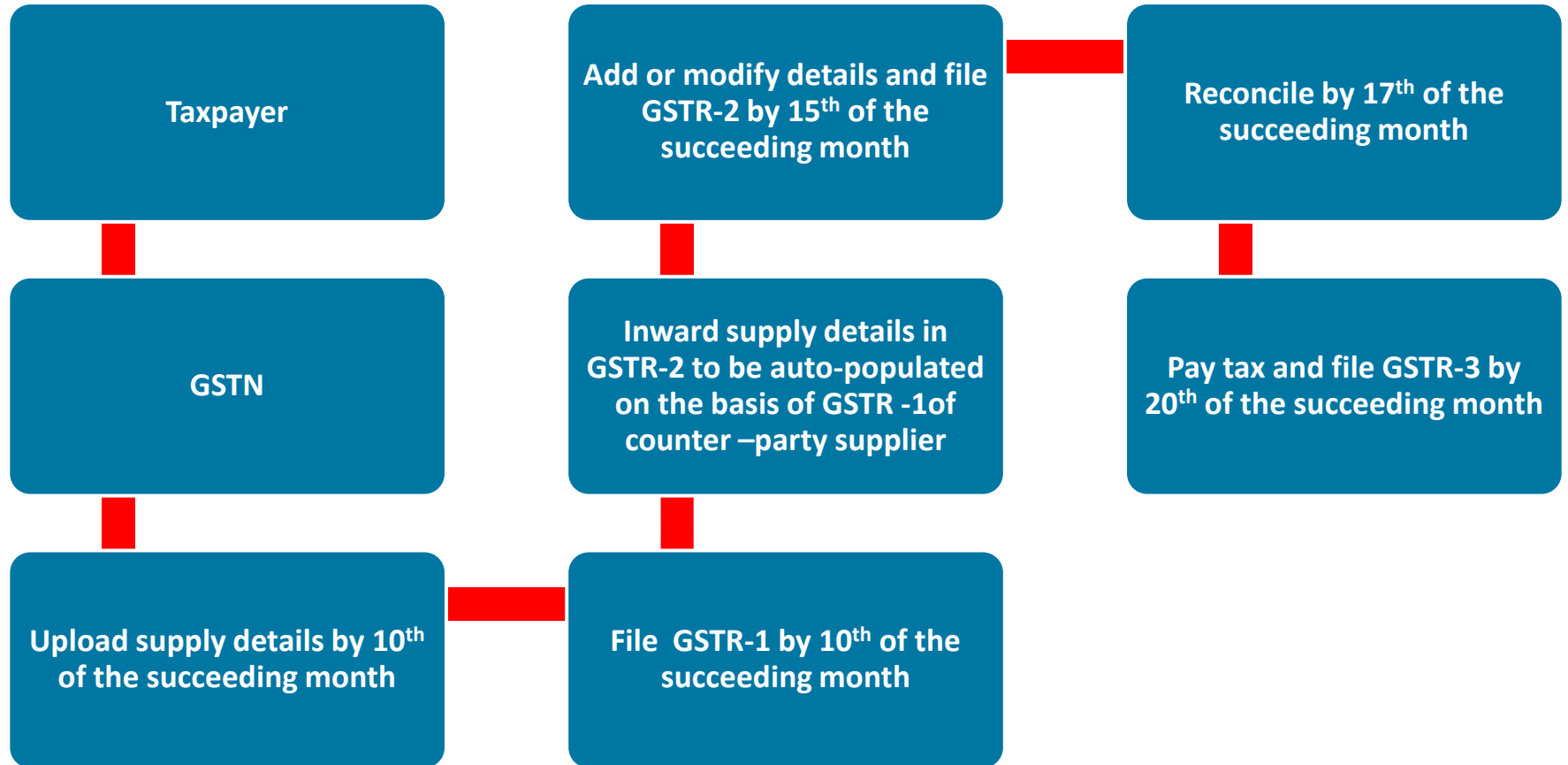
Provision for filing revised information

Maintenance of electronic Cash Ledger, electronic ITC Ledger, electronic Tax liability Ledger

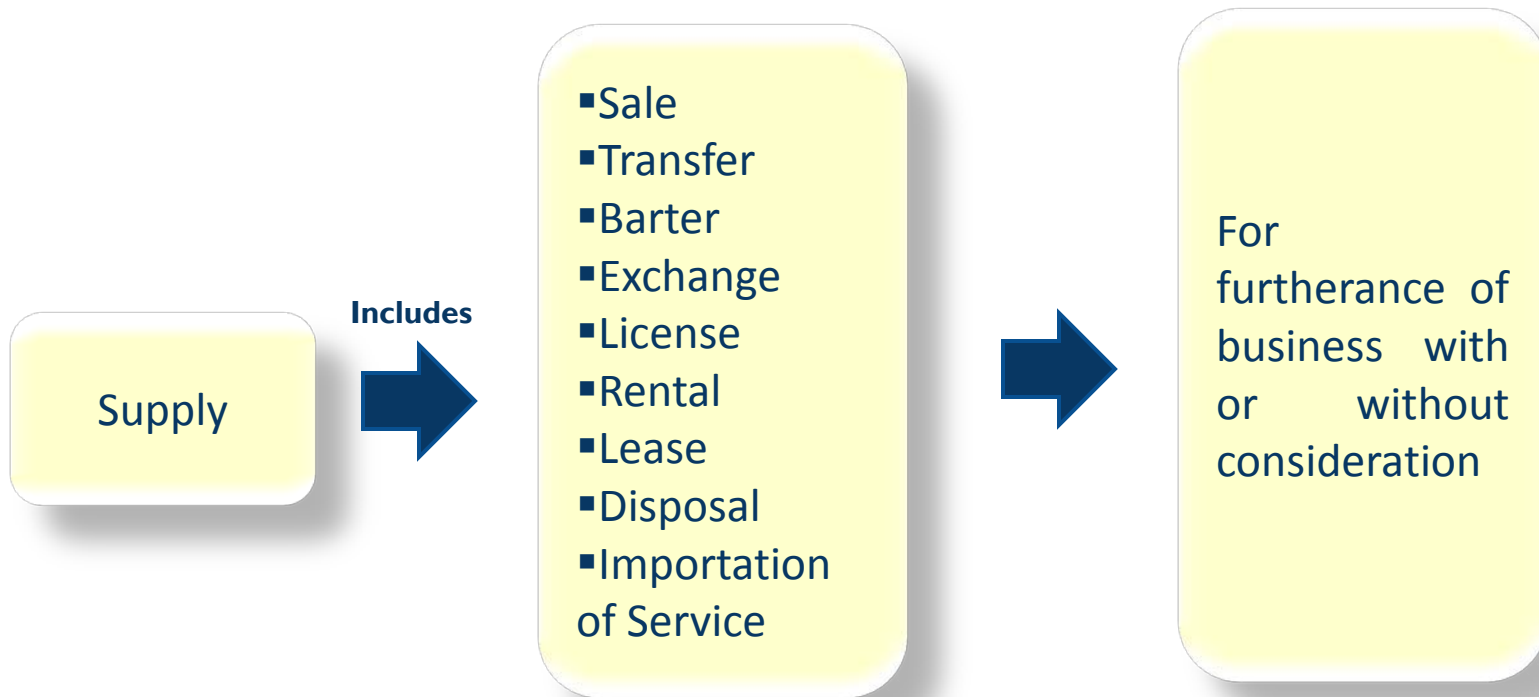
GST RETURNS-PROCESS FLOW



GST RETURNS-PROCESS FLOW



SUPPLY-MEANING & SCOPE



SUPPLY –vs- SERVICE

TRANSFER

- Transfer of title in goods is a supply of goods
- Transfer of goods, right in goods without transfer of title is a supply of services
- Transfer of title in goods at a future date upon payment of full consideration (i.e finance transaction) is a supply of goods.

LAND AND BUILDING

- Lease, tenancy, easement, licence to occupy land is a supply of services.

JOB WORK

- Any treatment or process which is being applied to another person's goods is a supply of services

PLACE OF SUPPLY OF GOODS

Interstate Supply of goods

- Movement of goods from one state to another (similar to CST laws)

Place of Supply of goods

- Supplies involves movement of goods, location of receiver where goods are delivered
- Supplies does not involve movement of goods, location of such goods at the time of delivery to receiver
- Goods installed and assembled at site, place of installation
- Separate rules to be framed by GST Council for situation uncovered above

TIME OF SUPPLY OF GOODS

Liability to pay tax shall arise at the earliest of the following events :

- a) Date of removal, where delivery to be made to buyer / Date when goods made available to buyer (assembly/installation at site, stock transfer etc..)
- b) Date of issue of invoice
- c) Date of receipt of payment
- d) Date of record for receipt of goods in the buyer books of account

For Continuous Supply:

-In case of successive statement of accounts or successive payments are involved

Date of expiry of period to which successive statement of accounts or successive payment relates

-Absence of successive statement of accounts :

Earlier of

- a) Date of issue of invoice, or
- b) Date of receipt of payment

PLACE OF SUPPLY OF SERVICE

Interstate Supply of service

- Location of service provider and service recipient in different states

Place of Supply of service

- General rule – location of service recipient, if registered person
location of service provider, if recipient not registered
- Services in relation to Immovable Property – Location of such immovable property
(Architects, interior decorators, surveyors etc..., renting, rights, hotel, guest house etc., accommodation for marriage, reception, social, cultural functions etc.)
- Performance based Services – Location where services actually performed
(Restaurant and catering, training, performance appraisal, fitness, beauty treatment, health service etc)
- Conveyance such as vessel, aircraft, train or motor vehicle – Location of first schedule point of departure
- Banking & Insurance service – Location of the service recipient on record of service provider

TIME OF SUPPLY OF SERVICE

Earliest of the following :

- a) Date of issue of invoice or date of receipt of payment, if invoice issued within prescribed time
- b) Date completion of the provision of service or the date of receipt of payment, if invoice not issued within prescribed time

In absence of a & b above, the date on which the recipient shows the receipt of services in his books of account

Continuous supply of services:

- a) Due date of payment specified in the contract – such due date when receiver is liable to pay
- b) Due date of payment not specified in the contract :
 - Issuance of invoice or receipt of payment, which ever is earlier
- c) Payment is linked to completion of an event – time of completion of event

Under Reverse charge Mechanism.

Earliest of the following :

- (a) Date of receipt of services, or (b) date of payment ,or
- (c) date of receipt of invoice, or (d) the date of debit in the books of accounts.

VALUE OF TAXABLE SUPPLY

Value of a supply of goods and/or service shall be the transaction value i.e., price actually paid or payable where:-

Supplier and recipient are unrelated and
•Price is the sole consideration

Inclusions in Transaction Value **if not already included:**

Amount **incurred by the recipient** on behalf of the **supplier**

Free of Charge Supplies **provided by the recipient** directly or indirectly

Royalties and **License fee** payable by the recipient as a **condition of such supply**

Any **taxes, duties, fee** and **charges** other than those under SCGST Act, CGST Act or IGST Act

Incidental expenses or **any other amount** charged by the supplier for anything done on or before delivery of the supply

Subsidies linked to the supply

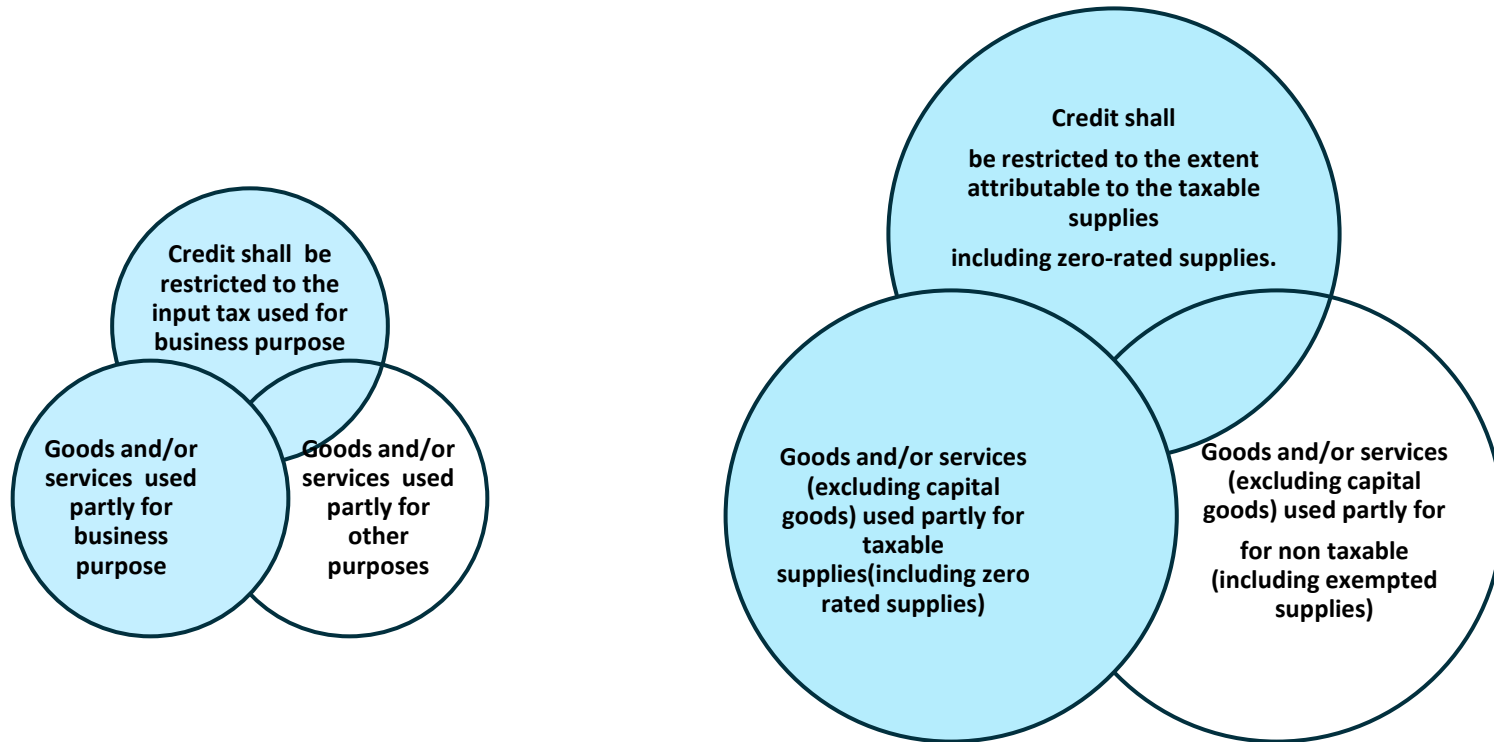
Any discount or **incentive** that may be allowed **after supply** has been affected

Exclusions in Transaction Value:

Any **discount** allowed **on or before the time of supply** if allowed in normal trade practice and duly recorded in the invoice

Value of Supply of goods involving B2C transaction shall be made at RSP less GST taxes

CENVAT CREDIT-MANNER OF UTILISATION



CENVAT CREDIT-EXCLUSION

Input Tax Credit shall not be available on the following:

- on Motor Vehicle
- HSD, Motor Spirit, aviation turbine fuel, petroleum crude oil and aviation gasoline
- Outdoor catering, beauty treatment, health services, cosmetic & plastic surgery, membership of club, health fitness centre, life insurance, health, insurance & travel benefit extended to employees on vacation such as leave or home travel concession, when such goods/or services are used primary for personal use or consumption of any employee
- goods and/or services acquired by the principal in the execution of works contract when such contract results in construction of immovable property, other than plant and machinery;
- goods acquired by a principal, the property in which is not transferred (whether as goods or in some other form) to any other person, which are used in the construction of immovable property, other than plant and machinery;
- goods and/or services on which tax has been paid under section 8 of the Act;
- goods and/or services used for private or personal consumption, to the extent they are so consumed.

MISCELLANEOUS

A TDS of 1% will be deducted for supplies exceeding Rs.10 lakh under a contract to the Department of Central or State Government or Local Authority or Governmental agencies .

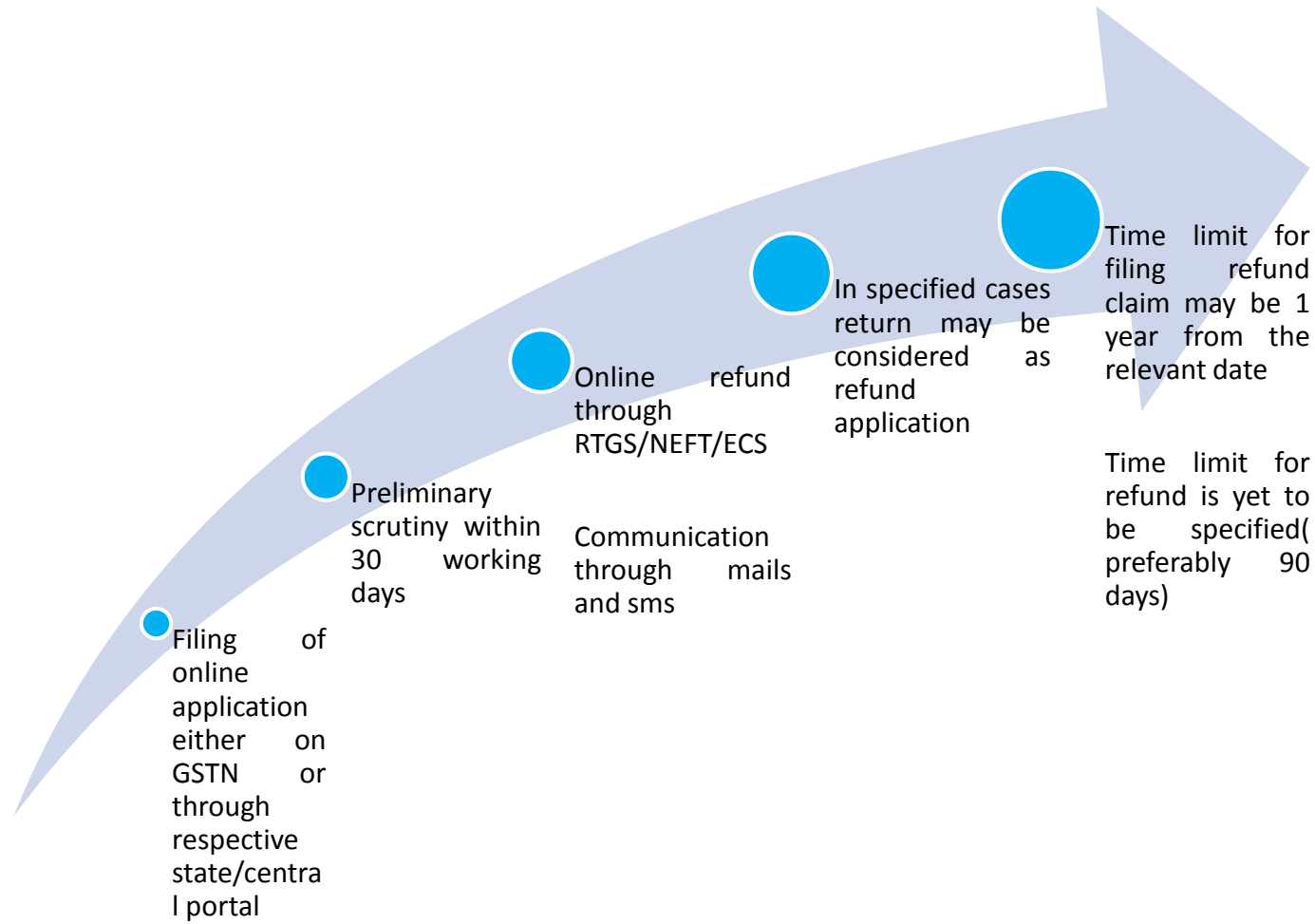
COMPLIANCE RATING

- GST compliance rating score based on the record of compliance.
- The GST compliance rating score shall be determined on the basis of parameters to be prescribed.
- The GST compliance rating score shall be updated and intimated at periodic intervals and also placed in the public domain in the manner prescribed.

REFUND-SITUATIONS

Excess payment due to mistake and inadvertence	Export(including deemed export)	Finalization of provisional assessment
Refund of Pre-deposit	International Tourists	year end or volume based incentives
Carry Forward Input Tax Credit	Manufacturing / Generation/ Production/ Creation of Tax- free supplies or Non-GST Supplies,	Tax payment on transactions by UN bodies, CSD Canteens, Para-military forces canteens, etc.

REFUND



ASSESSMENT OF IMPACT - APPROACH

Data Gathering

- Collating information relating to procurement, stock transfer and sale transactions of the company over a sample period
- Transaction mapping to include purchases and track of eventual sale of finished goods/ services through the distribution chain across India

Estimating Impact

- Computation of indirect tax costs under the existing regime and under the proposed regime
- Estimating GST impact by performing comparative study of indirect tax costs computed above
- Estimated impact to highlight the effect of introduction of GST on existing operations of the company on an 'as is' basis i.e. based on existing manner of conduct of business

Analysis of Impact

- Analysis of estimated GST Impact
- This would include carrying out numerical analysis of the impact

Assessment of Impact

- Carrying out high level assessment of GST impact on pricing/ margins

KEY AREAS OF BUSINESS IMPACT

Supply Chain Network - Restructure

- ▶ Stock transfers (*credit and possible abolition of CST & Entry tax*)
- ▶ Distribution networks (*reduce inventories; improve services*)
- ▶ Product allocation decision (*Revised total delivered cost analysis*)

Pricing Profitability

- ▶ Savings on account of the GST structure could be translated into product re-pricing
- ▶ Profitability would also need to be re-examined

Transition

- ▶ Appropriate measures need to be taken to ensure smooth transition to the GST regime. Measures would include
 - ▶ Compliances under GST
 - ▶ Training of employees - Customer education
 - ▶ Tracking of inventory credit

System Changes

- ▶ Changes need to be made to in the accounting and IT systems to record transactions as per the GST requirements

Sourcing

- ▶ Interstate procurement could prove viable than today as credit may be available
- ▶ This may open opportunities to consolidate supplies of key raw materials and plant & machinery

Q & A SESSION





GST iDEA
**THANK
YOU**

