



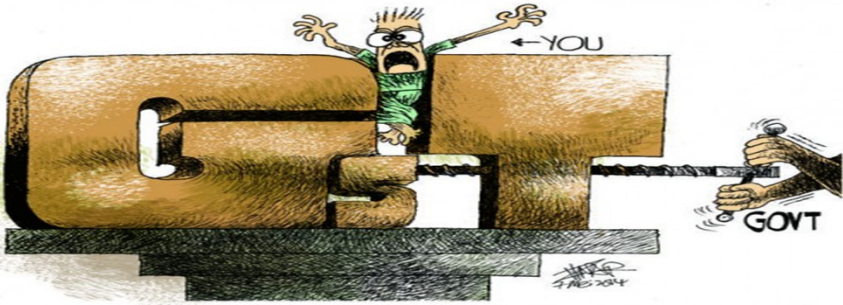
PLASTIVISION
INDIA
19 - 20 - 21 - 22 - 23 **JAN 2017**
MUMBAI



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THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION
Presents
Seminar on
GST : Way Forward & Challenges

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← YOU
GOVT

*"Gaining knowledge,
is the first step to wisdom.
Sharing it,
is the first step to humanity."*
- Unknown

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COVERAGE

- **CONCEPT OF SUPPLY**
- **VALUATION**
- **INPUT CREDIT**
- **TIME OF SUPPLY**
- **PLACE OF SUPPLY**
- **JOB WORK**
- **TRANSITIONAL PROVISIONS**



PRESENTED BY
CA RAJIV LUTHIA

CONCEPT OF GST

GST EVOLUTION

- 122nd amendment to Constitution of India
- Clause 12A inserted in Article 366.... "goods & service tax" means any tax on **supply** of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.
- The power to tax on supply of all goods and services would be vested in the hands of both, the State and the Centre. India being federal country, both centre & state have distinct responsibilities.

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GST- FEATURES

- DESTINATION BASED TAX ON CONSUMPTION OF GOODS & SERVICE
- PROPOSED TO BE LEVIED AT ALL STAGE – RIGHT FROM MANUFACTURE UPTO FINAL CONSUMPTION
- CREDIT OF TAXES PAID AT PREVIOUS STAGES AVAILABLE FOR SETOFF.....**SEAMLESS CREDIT**
- ONLY VALUE ADDITION WILL BE TAXED & BURDEN TO BE BORNE BY FINAL CONSUMER

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TAXES TO BE SUBSUMED - GST

CENTRAL TAXES TO SUBSUMED

- Central Excise Duty
- Additional duties of Excise
- Addl. Custom Duty (CVD & SAD)
- Service Tax
- Surcharges & cess

STATE TAXES TO SUBSUMED

- State VAT/Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax
- Luxury Tax
- Taxes on lottery, betting & gambling
- Entry Taxes
- Surcharges & Cess

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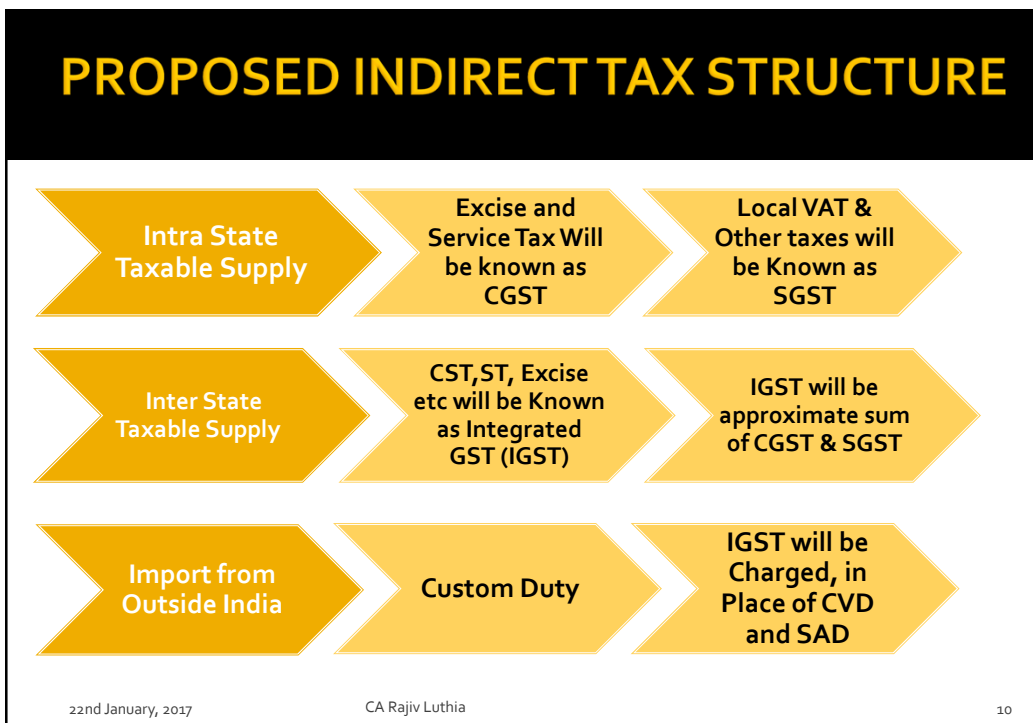
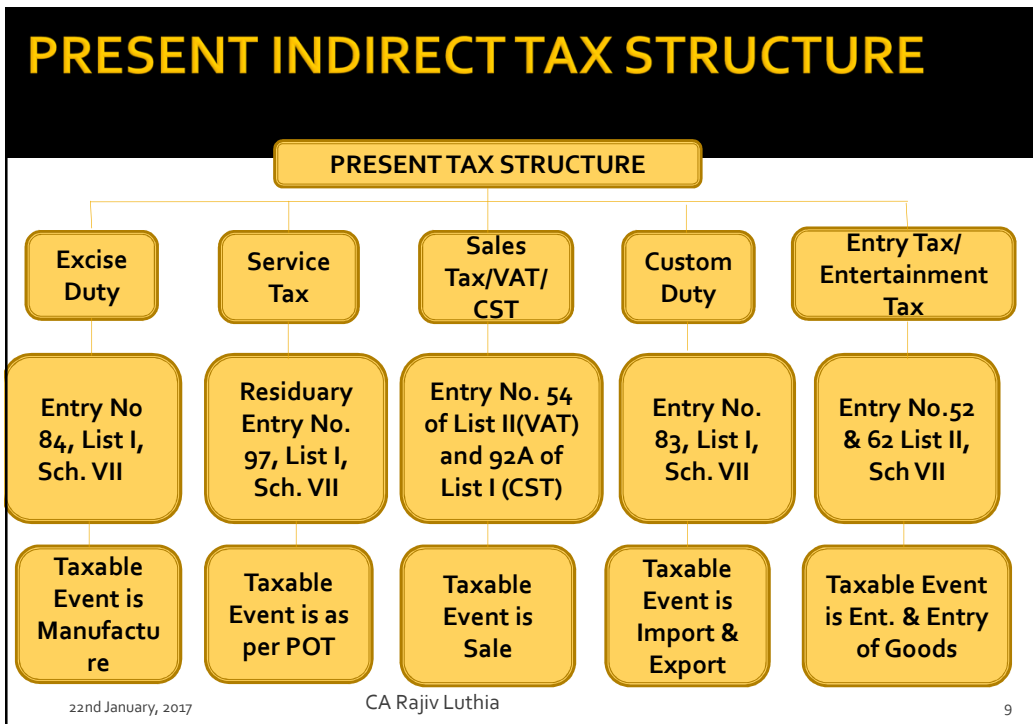
COMMODITIES OUT OF GST PURVIEW

- ALCOHOL FOR HUMAN CONSUMPTION
- PETROLEUM PRODUCTS
 - PETROLEUM CRUDE
 - PETROL
 - HIGH SPEED DIESEL
 - NATURAL GAS
 - AVIATION TURBINE
- ELECTRICITY

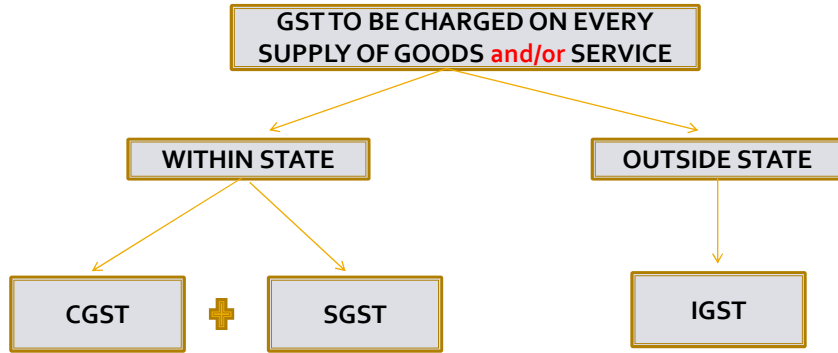
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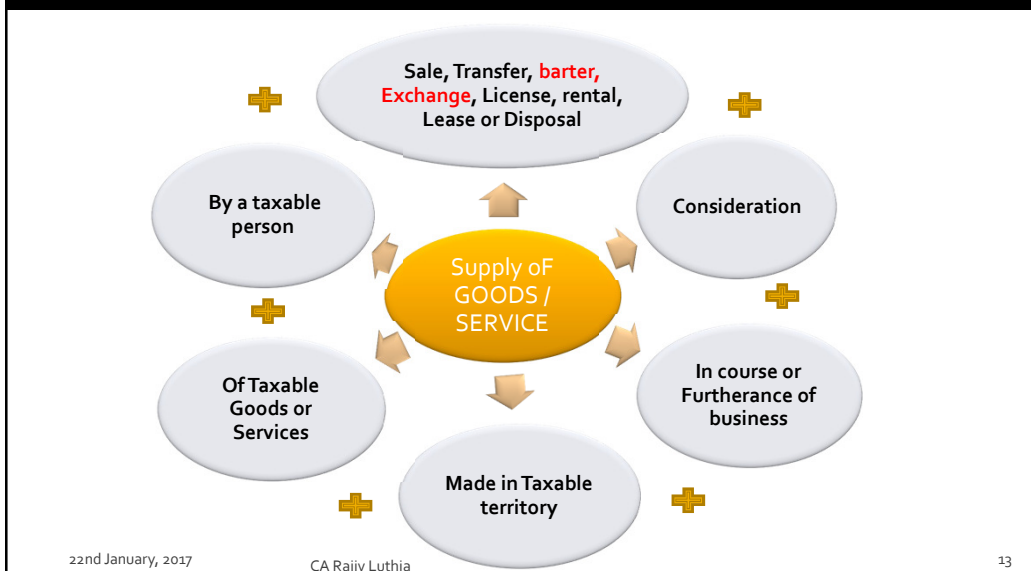
GST CONCEPT



- Rate recommended by GST council are 0%, 5%, 12%, 18% & 28%

CONCEPT OF SUPPLY

MEANING & SCOPE OF SUPPLY : Sec. 3(1)(a)



RELEVANT DEFINITION

- GOODS – Section 2(49)
 - Means every kind of **movable property** other than money & securities, but includes actionable claim, growing crop, grass & things attached to or forming part of the land which are agreed to be severed before supply or under the contract of supply
 - Lottery will become goods
- Service – section 2(92)
 - Means anything other than goods
 - Includes transaction in money, but does not include money & securities
 - Does not include transaction in money other than activity relating to use of money or its conversation from one currency to another for which separate consideration is charged.
 - **Immovable property???????**

MEANING & SCOPE OF SUPPLY :

- Importation of Service, for a consideration whether or not in course or furtherance of business - **DEEMED SUPPLY : Sec. 3(1)(b)**



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DEEMED SUPPLY : Sec. 3(1)(c)

- SUPPLY MADE WITHOUT CONSIDERATION- **SCHEDULE I**

Transactions	Examples
Permanent Transfer/disposal of business asset where input credit availed on such asset	Asset donated to trust
Supply of goods or service between related person/distinct person, when made in course or furtherance of business	Free services/goods supply to own branch
Supply of Goods <ul style="list-style-type: none"> • By principal to his agent where the agent undertakes to supply such goods on behalf of principal • By agent to his principal where the agent undertakes to receive such goods on behalf of the principal 	Consignment Agent Buying agent
Importation of service by taxable person from a related person or from any of his other established outside India, in the course or furtherance of business	Free Service from branch outside India/ Software service

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MEANING & SCOPE OF SUPPLY :

- **Schedule II** provides for what is, or to be treated as supply of Goods or supply of service

NATURE OF TRANSACTION	NATURE	EXAMPLE
TRANSFER OF TITLE IN GOODS	GOODS	SUPPLY OF GOODS
TRANSFER OF GOODS/RIGHT IN GOODS OR UNDIVIDED SHARE IN GOODS WITHOUT TRANSFER OF TITLE	SERVICE	COMPUTER HIRING
TRANSFER OF TITLE IN GOODS UNDER AGREEMENT ON A FUTURE DATE UPON PAYMENT OF CONSIDERATION	GOODS	HIRE PURCHASE
LEASE /TENANCY/EASMENT/LICENSE TO OCCUPY LAND	SERVICE	TENANCY

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SCHEDULE II- Goods v/s Service [Sec. 3(2)]

NATURE OF TRANSACTION	NATURE	EXAMPLE
LEASE/LETTING OUT OF BUILDING <u>FOR BUSINESS OR COMMERCE</u>	SERVICE	LEAVE LICENSE
JOB WORK ON OTHER GOODS	SERVICE	PROCESSING
TRANSFER OF BUSINESS ASSET	GOODS	SALE OF ASSET OTHER THAN STOCK IN TRADE
MAKING AVAILABLE OF BUSINESS GOODS FOR PRIVATE USE	SERVICE	CAR GIVEN TO STAFF FOR MARRIAGE FUNCTION
GOODS/ASSET ON CLOSURE OF BUSINESS <u>OTHER THAN</u> TRANSFER AS GOING CONCERN OR TRANSFER TO REPRESENTATIVE WHO IS TAXABLE PERSON	GOODS	WITHDRAWAL BY PARTNER
RENTING OF IMMOVABLE PROPERTY	SERVICE	RENTING
SALE OF UNDER CONSTRUCTION UNITS	SERVICE	BUILDER

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SCHEDULE II - Goods v/s Service

NATURE OF TRANSACTION	NATURE	EXAMPLE
TEMPORARY TRANSFER OF IPR	SERVICE	TRADE MARK, DESIGN
DEVELOPMENT ETC. OF IT SOFTWARE	SERVICE	SOFTWARE DEVELOPMENT
AGREEING TO OBLIGATION TO DO ACT OR REFRAIN AN ACT	SERVICE	NON COMPETE FEES
WORKS CONTRACT	SERVICE	CIVIL CONTRACT
TRANSFER OF RIGHT TO USE GOODS FOR ANY PURPOSE	SERVICE	RENT A CAB
SUPPLY OF FOOD AS A PART OF SERVICE	SERVICE	RESTAURANT
SUPPLY OF GOODS BY UNINCORPORATED ASSOCIATION TO ITS MEMBER	GOODS	

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MEANING & SCOPE OF SUPPLY :

- **Schedule III & Schedule IV** , provides for transaction that are neither Supply of Goods nor supply of service.
- **Sec. 3(4)** : CG/ SG may upon recommendation of the council, specify by notification transactions that are to be treated as:
 - Supply of Goods and not as a supply of Services; or
 - Supply of Services and not as a supply of Goods; or
 - Neither Supply of Goods nor a supply of Services

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MEANING & SCOPE OF SUPPLY

- **Section 3(5)**...Tax liability on composite or mixed supply shall be determined as follows
 - A composite supply comprising two or more supplies, one of which is principal supply, shall be treated as a supply of such principal supply



e.g. Air travel include breakfast will be treated as supply of travelling service

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MEANING & SCOPE OF SUPPLY

- A mixed supply comprising two or more supplies shall be treated as supply of that particular supply which attract the highest rate of tax....

e.g. Shaving Kit having multiple goods such as brush, razor, cream, scissor, body freshener, Kit bag etc. liable at different rate & cream liable for highest rate....entire kit will be liable for highest rate



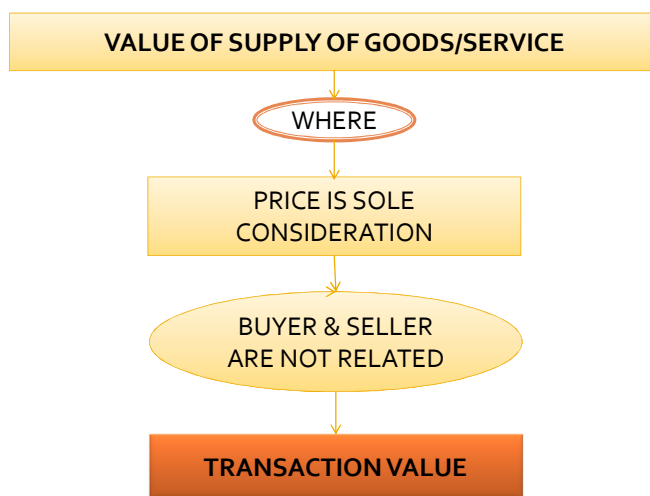
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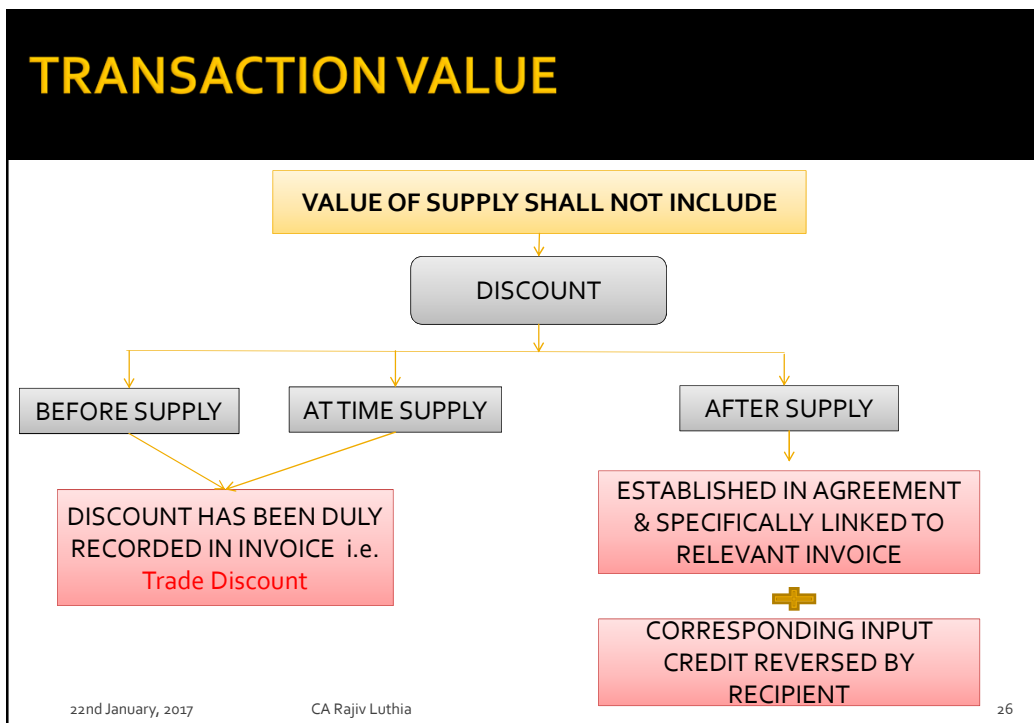
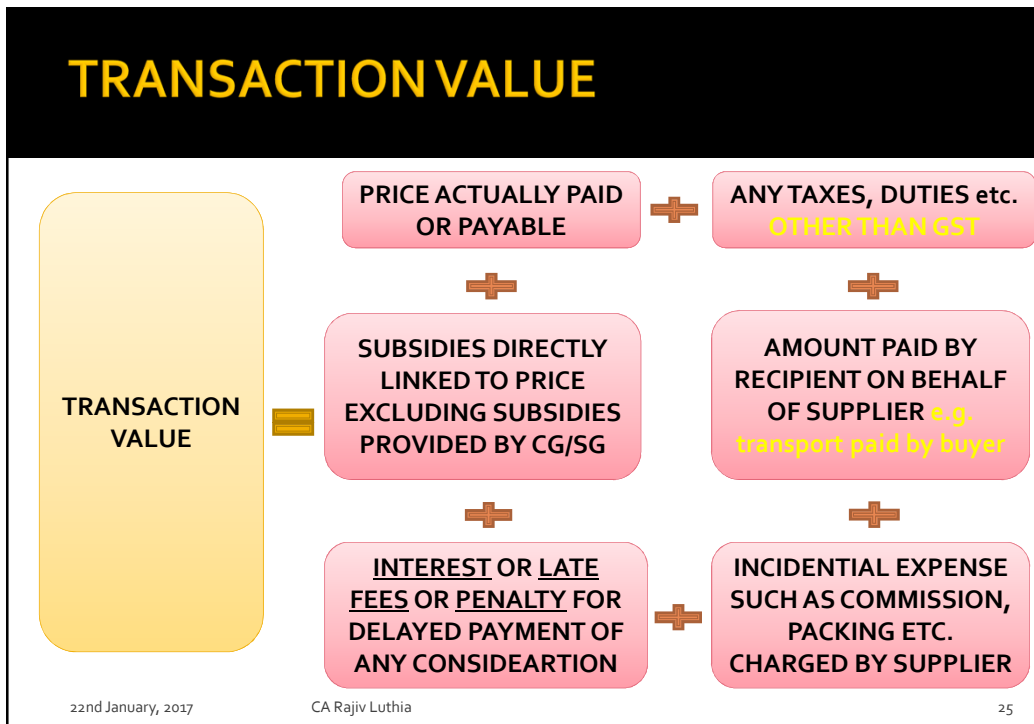
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VALUATION

VALUATION – Section 15





TRANSACTION VALUE

- Where value of supply cannot be determined as per sub-section 1, same shall be determined in manner as may be prescribed..... Valuation rules
- In earlier Model GST law, Valuation rules were prescribe, however no such valuation rules prescribe in revised Model GST law
- Notwithstanding anything contained in sub-section 1 & 4, CG/SG may notify value of certain type of supply

INPUT TAX CREDIT


ELIGIBILITY & CONDITION FOR TAKING ITC...Sec 16

POSSESSION OF TAX INVOICE/ DEBIT NOTE

RECEIVED GOODS/ SERVICE

TAX CHARGED HAS BEEN PAID TO GOVT.

HE HAS FURNISHED RETURN U/S 34




Entitled to take credit of input tax charged on any supply of goods/service which are used or intended to used in course or furtherance of his business

Received goods/service – pre condition for input credit????

REGISTERED TAXABLE PERSON

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ELIGIBILITY & CONDITION FOR TAKING ITC



Supplier of service Recipient of Service

Within 3 months from date of issue of Invoice by supplier

- An amount equal to ITC availed by recipient shall be added to his output tax liability, **along with Interest thereon**

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ELIGIBILITY & CONDITION FOR TAKING ITC

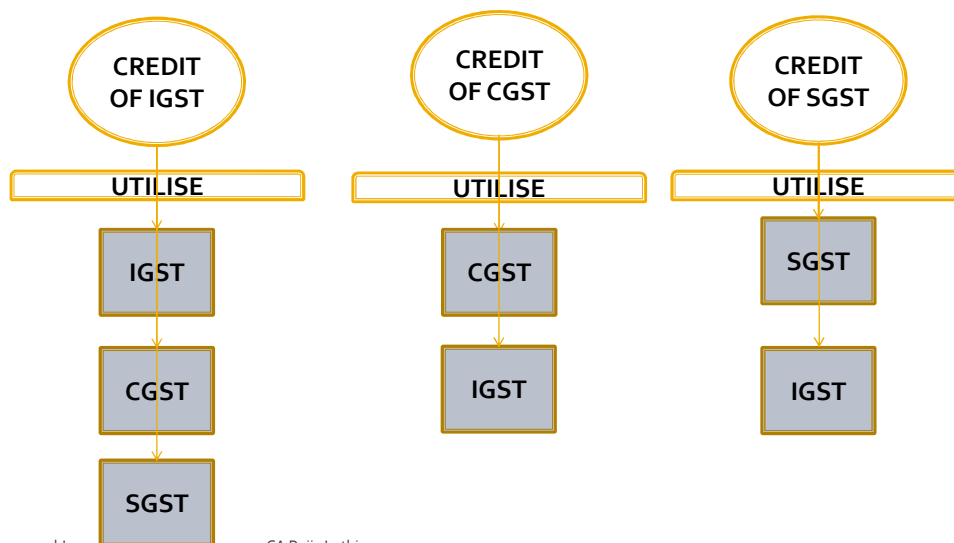


- Where goods are received in lots/Installments, the registered taxable person shall be entitled to take credit upon receipt of **last lot or installment**

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CREDIT OF GST

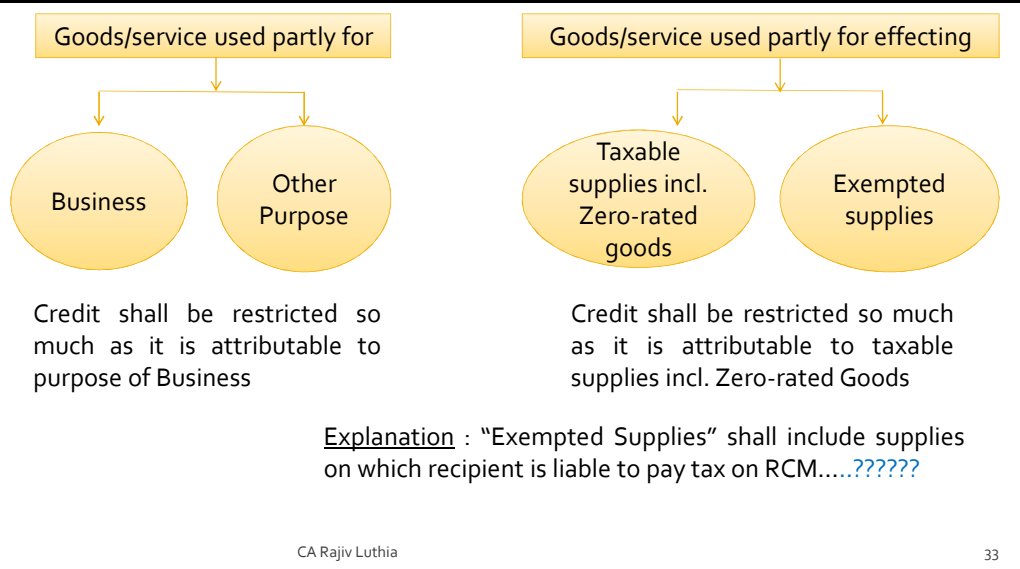


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APPORTIONMENT OF CREDIT & BLOCKED CREDITS



APPORTIONMENT OF CREDIT & BLOCKED CREDITS

- Input tax credit shall not be availed on



MOTOR VEHICLES & OTHER CONVEYANCE

- Except when used for making following taxable supplies
 - Further supply of such vehicles or conveyance
 - Transportation of passengers
 - Imparting training on driving, flying, navigating etc.
 - Transportation of goods

APPORTIONMENT OF CREDIT & BLOCKED CREDITS

- Input tax credit shall not be availed on
 - 

Food & Beverages
 - 

Outdoor Catering
 - 

Beauty Treatment
 - 


Health Service
 - 

Cosmetic & Plastic Surgery
- Except when such inward supply of goods/service of particular category is used by registered taxable person for making outward supply of same category


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Availability of credit in special circumstances

Required to get registered



Granted →



GST registration Certificate

Applies for registration within 30 days from date he become liable

Entitled to take credit of Input Tax held in Stock, semi-finished goods or finished goods from the date immediately preceding the date from which he become liable to pay tax

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Availability of credit in special circumstances



Voluntary registration

Granted??



GST registration Certificate

Entitled to take credit of Input Tax held in Stock, semi-finished goods or finished goods from **day immediately preceding the date of grant of registration**

TIME OF SUPPLY

Time of Supply of Goods

- Section 12....**Liability to pay** CGST/SGST on **goods shall arise at the time of supply.**
- Section 2(104)... **“time of supply of goods”** shall have the meaning as assigned to it in section 12.



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Time of Supply of Goods: Section 12

NORMAL SUPPLY

EARLIEST of following dates



DATE OF **ISSUE** OF INVOICE BY SUPPLIER
or
LAST DATE ON WHICH HE IS REQUIRED TO
ISSUE INVOICE U/S 28



DATE ON WHICH SUPPLIER
RECEIVES **PAYMENT**

SECTION 28 – Tax Invoice
INVOICE TO BE ISSUED
BEFORE OR AT TIME OF

Removal of goods for supply
Where supply involve movement of
goods

Delivery of goods or making
available thereof to recipient
In any other case

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Time of Supply of Goods

- Explanation – 1
 - Supply shall be deemed to be made to the extent it is covered by invoice or the payment.....Advance received against supply will become taxable...Deposit??
- Explanation 2
 - Date on which supplier receives payment means
 - **Earlier of**
 - Date on which payment is entered in books of account
 - Date of credit in bank account
 - Where supplier of taxable goods receives an amount upto Rs. 1,000/- in excess of amount indicated in invoice, the time of supply to extent of such excess, at the option of supplier, be date of issue of invoice.⁴¹

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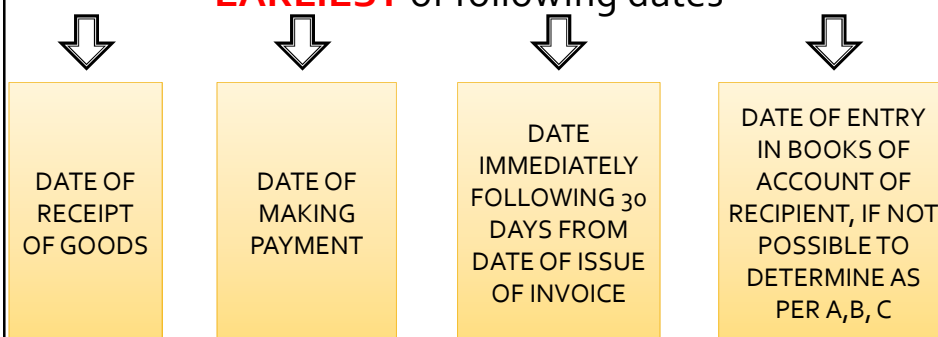
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Time of Supply of Goods



IN CASE OF REVERSE CHARGE MECHANISM

EARLIEST of following dates



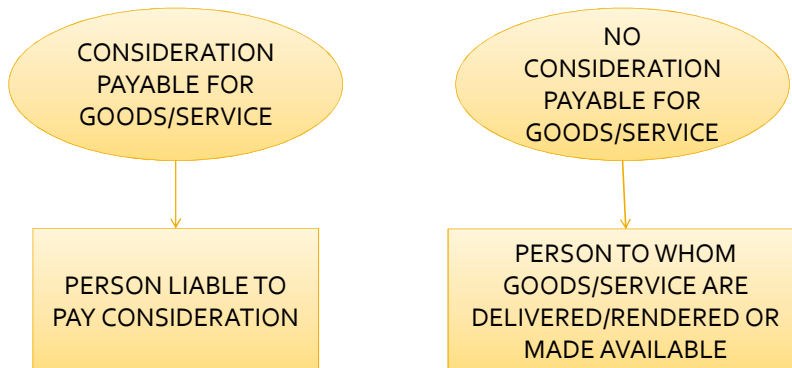
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Time of Supply...recipient

- Section 2(81)... "RECIPIENT" MEANS



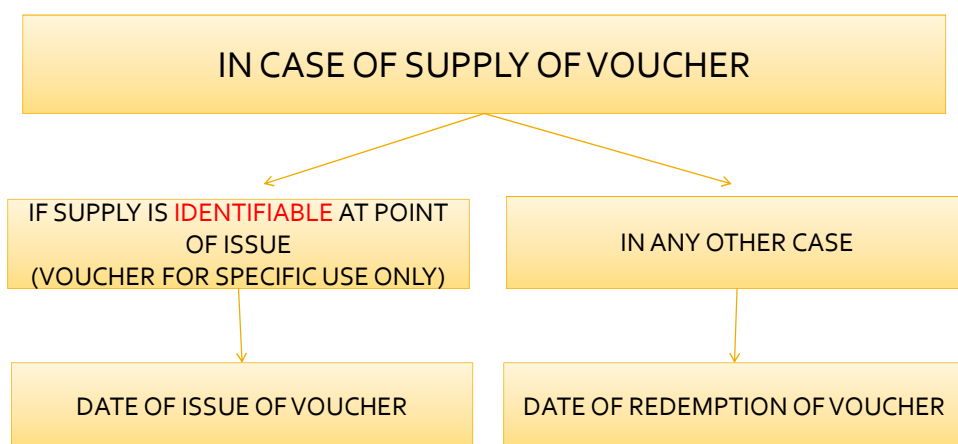
Explanation : The express "recipient" shall also include an agent acting as such on behalf of the recipient in relation to the goods and/or services supplied.

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Time of Supply of Goods



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Time of Supply of Goods

IN CASE **NOT POSSIBLE** TO DETERMINE TIME OF SUPPLY

PERIODICAL RETURN HAS TO BE FILED

DATE ON WHICH RETURN TO BE FILED

IN ANY OTHER CASE

DATE ON WHICH CGST/SGST IS PAID (PAYABLE???)

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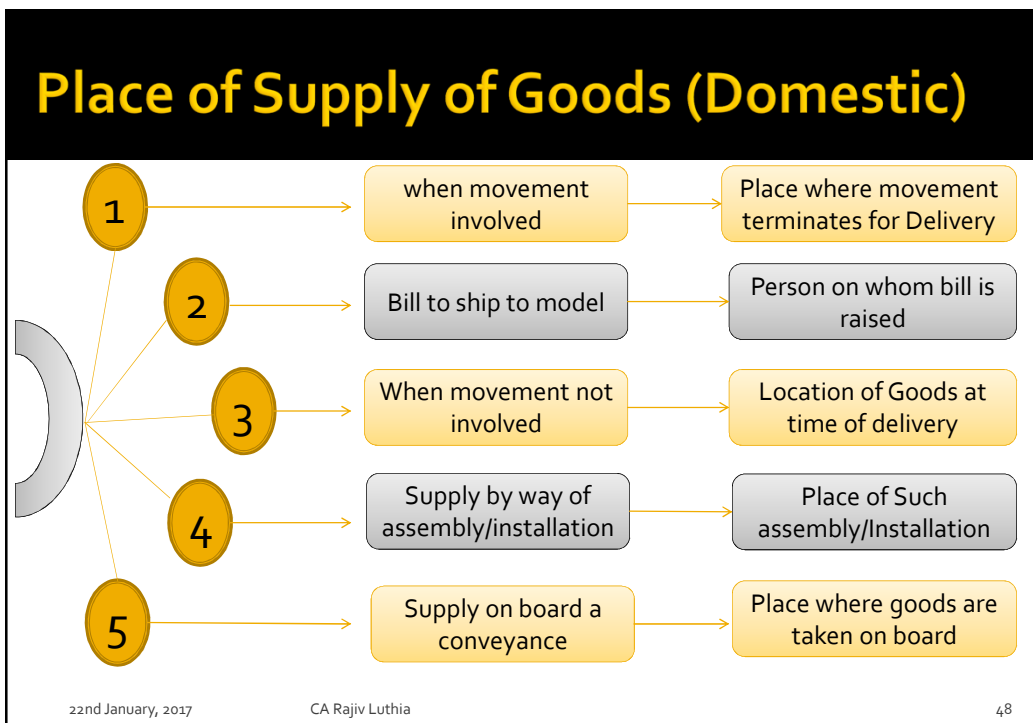
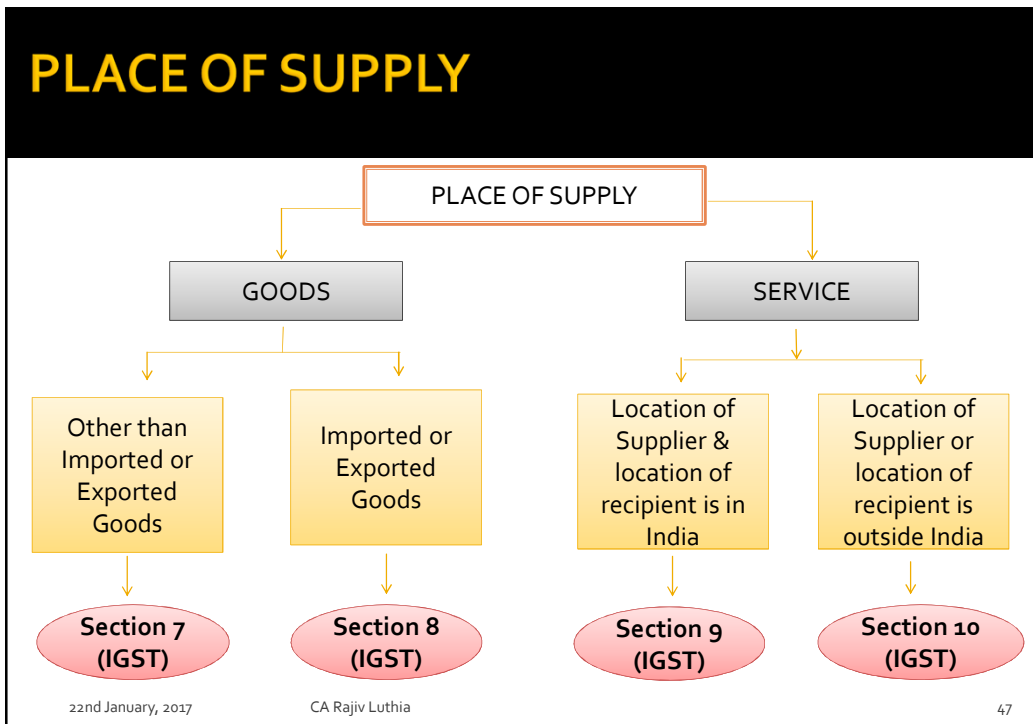
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PLACE OF SUPPLY

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Issue


ELECTRONICS



"Don't worry...the built in obsolescence will kick in before your child has a chance to break it."
Showroom Mumbai

← Customer goes to visit Mumbai & purchases Mobile from show room in Mumbai

Mr. X - Gujarat



- Mumbai Show room will charge CGST & SGST, if Mr. X does not states it registered address (Gujarat) to Show room in Mumbai
- Customer X would not be able to take ITC credit.

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Place of supply of Imported or Exported Goods

- Goods imported into India – POS shall be location of Importer
- Goods Exported from India – POS shall be location outside India

JOB WORK

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JOB WORK – section 2(61)

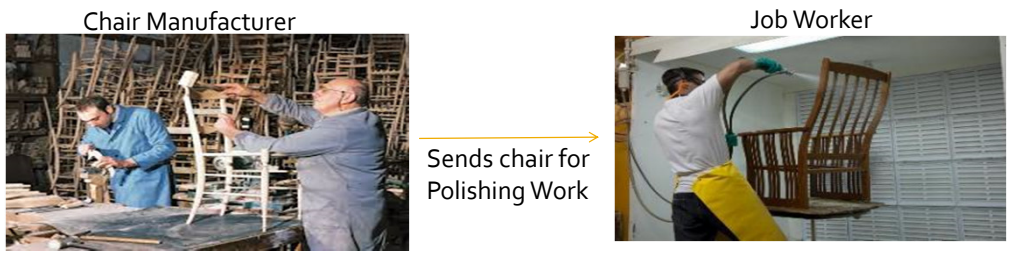
- Job work means
 - Undertaking any treatment or process by a person
 - on goods belonging to another registered taxable person
- Term “job worker” shall be construed accordingly

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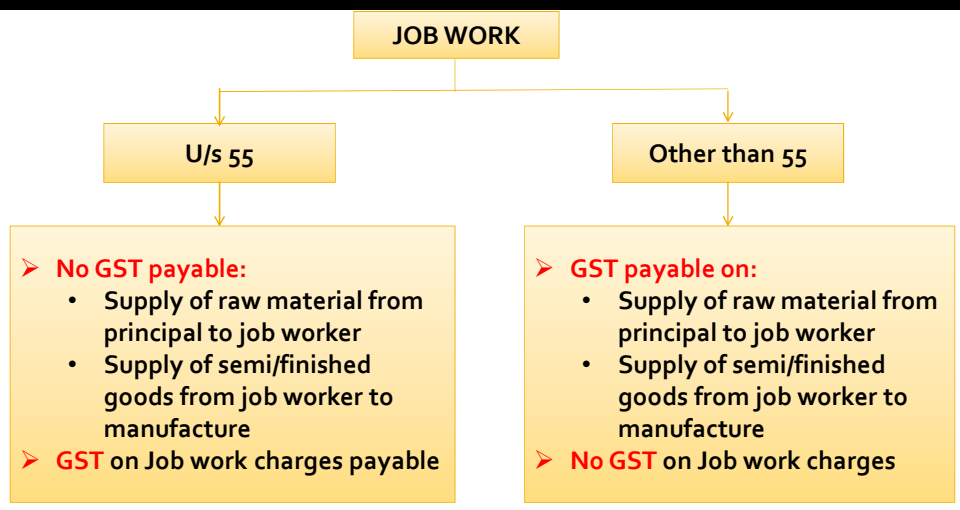
JOB WORK - ISSUE



- Turnover of Chair Manufacturer : Rs 18 Lacs
- Turnover of Job Worker : Rs 10 lacs
- Therefore, Both are not liable to register under GST

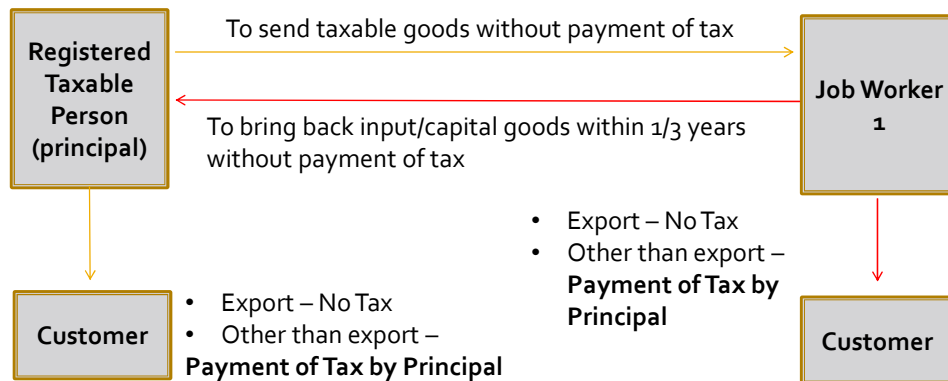
Chair send by manufacturer to Job worker will be treated as transaction for job work or normal supply ?

Taxation of Job work- section 55



JOB WORK U/S 55-PROCEDURE FOR REMOVAL OF GOODS

- Register Taxable person under Intimation may send input/capital Goods without payment of Tax to job worker



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JOB WORK U/S 55- SPECIAL PROCEDURE FOR REMOVAL OF GOODS

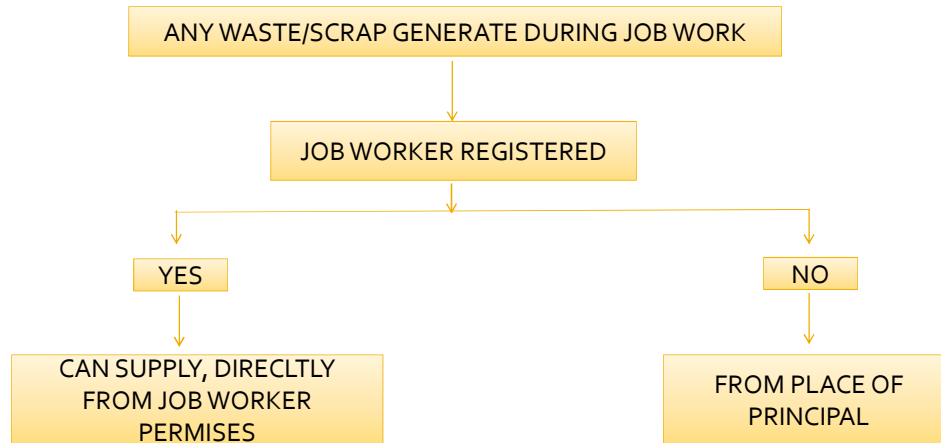
- If **Inputs** sent for job-work are not received back by principal **within 1 year** from date of sending, it shall be deemed that such inputs were supplied by principal to job-worker on the day when such inputs were sent out
- If **Capital goods (Except Dies/mould etc.)** sent for job-work are not received back by principal **within 3 years** from date of sending, it shall be deemed that such Capital were supplied by principal to job-worker on the day when such capital goods were sent out

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JOB WORK U/S 55- SPECIAL PROCEDURE FOR REMOVAL OF GOODS



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JOB WORK U/S 55

- Supply of goods by a principal to a job-worker u/s 55 not to be treated as supply of goods
- Supply of goods (after completion of job work) by registered job-worker **[Schedule V]**
 - Shall be treated as the supply of goods by the "principal" (referred in section 55); and
 - Value of such goods shall not be included in the aggregate turnover of the registered job worker

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JOB WORK U/S 55

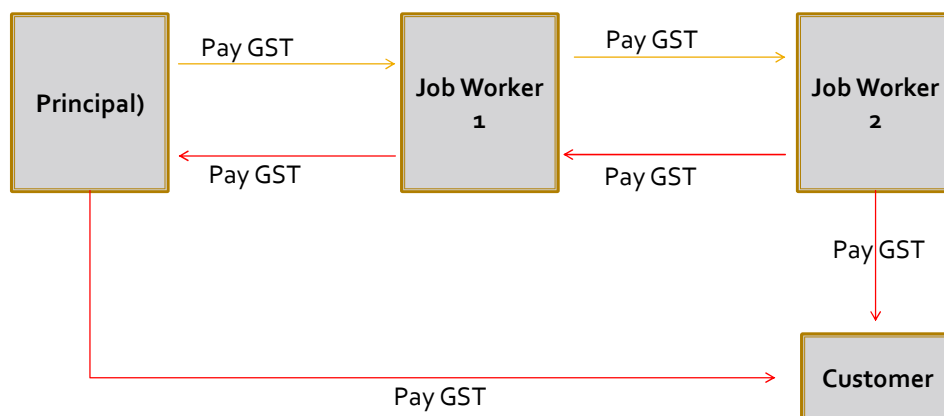
- Principal is **responsible** for accountability of Input/capital goods [Section 55(2)]
- Goods are permitted to be supplied from place of business of job worker provided:[Proviso section 55(1)(b)]
 - Principal declares the place of business of job worker as his 'additional place of business' **except**
 - **job worker is registered u/s. 23**
 - **Principal is engaged in supply of such goods as may be notified by commissioner in this behalf.**

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JOB WORK OTHER THAN U/S 55



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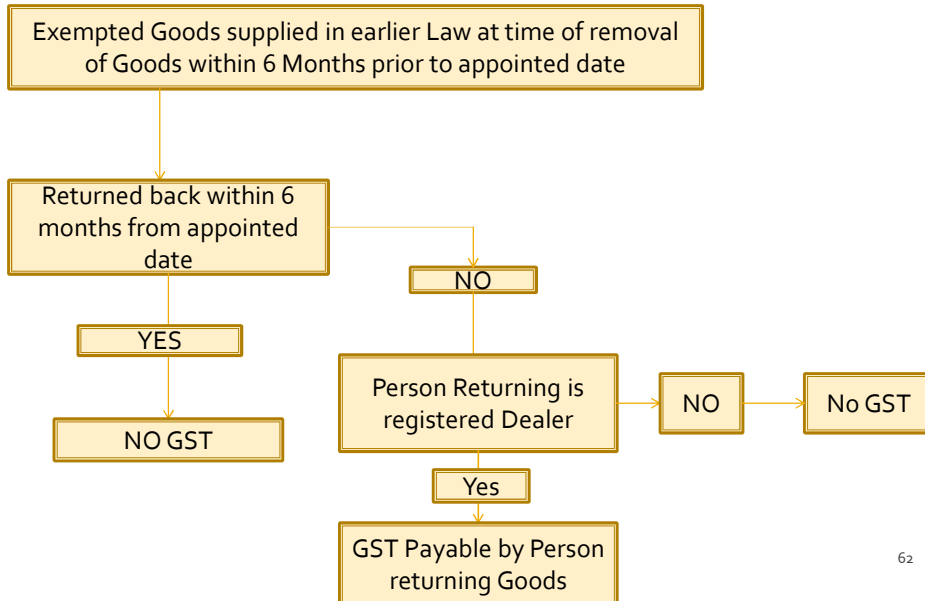
TRANSITIONAL PROVISIONS

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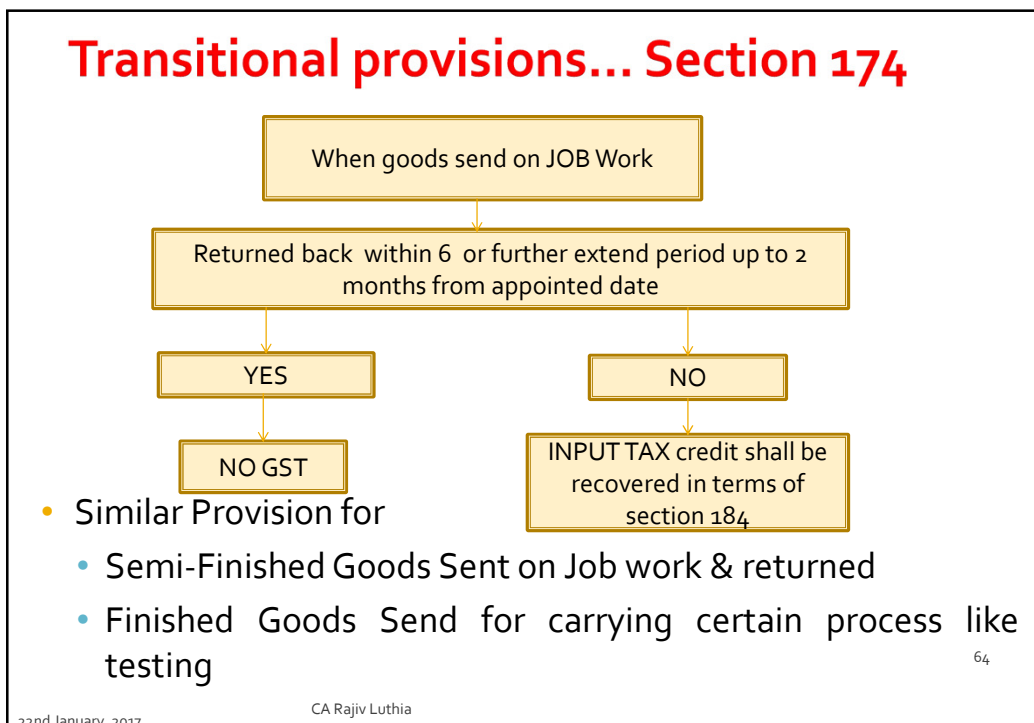
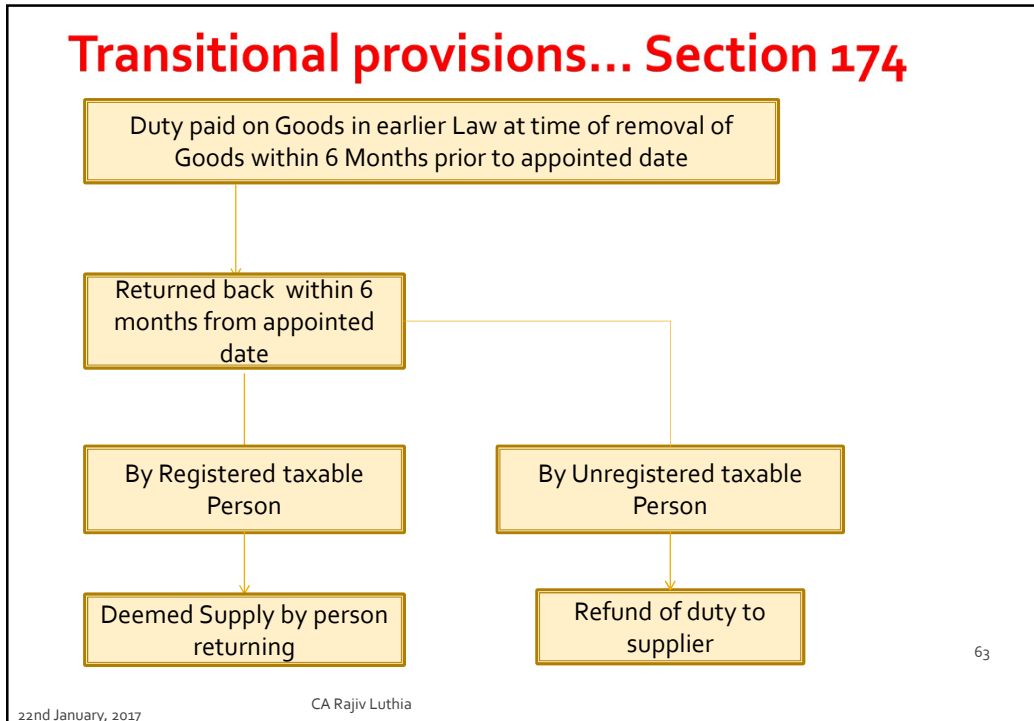
Transitional provisions... Section 173



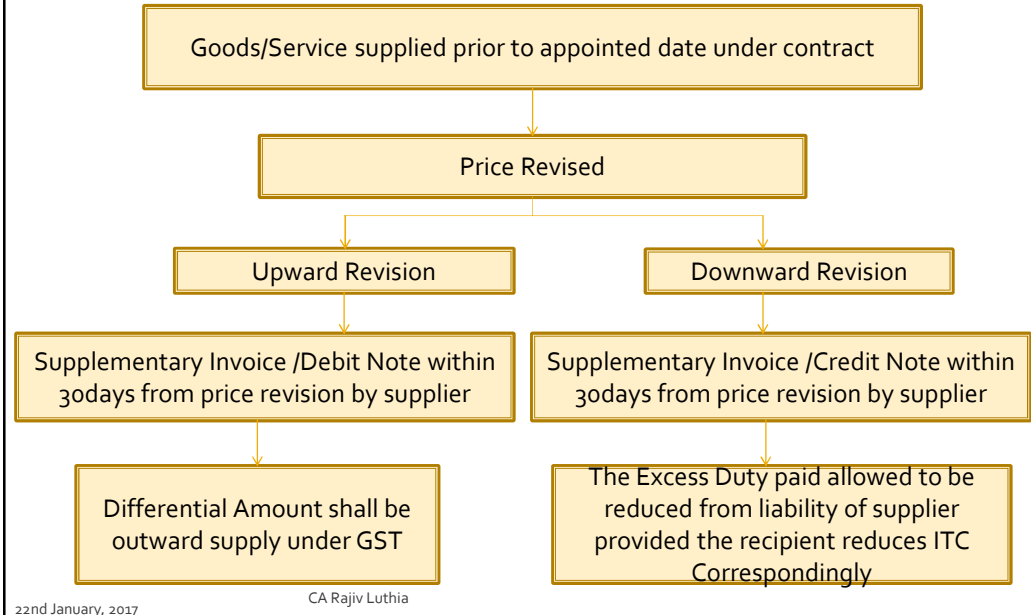
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Transitional provisions... Section 178



WITH KNOWLEDGE..... WE KNOW THE WORDS,
BUT WITH EXPERIENCE..... WE KNOW THE MEANING



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