INDIRECT TAXES

- Indirect taxes are those taxes which are paid by the tax payers indirectly, when purchasing some goods (or) commodity (or) when hiring some services, which are taxable.
- Under indirect taxes, the impact is on one person and the incidence is on another person. Indirect tax is a tax which is imposed on one person but is paid partly (or) wholly by another person.
- Indirect taxes are shifted and the incidence of these taxes falls on persons other than original payers. Indirect taxes include mainly excise duty, customs duty, sales tax (commodity tax), service tax, octroi.
- It also includes interest tax, expenditure tax, and foreign travel tax.

Features of Indirect Taxes

1. Indirect taxes are levied on –
   a. Manufacture of goods;
   b. Import of goods into India;
   c. Entry of goods into local territory;
   d. Purchase of goods;
   e. Hiring of services etc.;
2. These taxes are borne by the tax payers, but not paid directly to the government.
3. The tax is paid before the goods reached to the hands of the tax payers or services are enjoyed by him.
4. Indirect taxes are levied at the time of manufacture of goods (or) their transfer from one hand to another.
5. Indirect tax lacks the element of equity, as they do not follow the ability to pay on the part of tax payers.
6. Indirect taxes form major part of government's revenue.
7. The taxpayer does not perceive a direct pinch while paying indirect taxes.
8. Tax imposed on commodities directly affects the prices of commodities.

Merits of Indirect taxes

1. ***High revenue*** – *Indirect taxes constitute over 71% of the tax revenue. Indirect taxes are the only means for the government to augment its resources for auxiliarying economic development.*
2. ***Convenience*** – *Indirect taxes are more convenient to the tax payers. Since tax is included in the selling price of the commodities, the consumer pays the tax when he purchases them.*
3. ***Economy in collection*** – *Since most of the indirect taxes are collected by traders and manufacturers and passed on to the government in lump sum, government burden is reduced.*
4. ***Wide scope*** – *Every member of the community (both rich and poor) can be taxed through indirect taxes. The tax burden is not imposed on to the small section but it is widely spread. Thus, the indirect taxes have wider scope.*
5. ***Flexibility*** – *Indirect taxes are levied on a large number of commodities which provide the flexibility to alter the rates whenever the government wants to raise its revenue, or lower it, it can be achieved by increasing and decreasing the rates of taxes on the commodities whose demand is in elastic.*
6. ***Less tax evasion*** – *Since indirect taxes are included in the selling price of the commodity, evading of such tax becomes very difficult.*
7. ***Progressive*** – *Indirect taxes can be made progressive by imposing lower rates of taxes or giving exemption to the necessary articles and heavy taxes on luxurious articles.*
8. ***Effective allocation of resources*** – *Indirect taxes have great influence in the allocation of resources among different sectors of the economy. Resources allocation can be made effectively by imposing heavy excise duties on low priority goods and by granting relief to industries producing high priority goods.*
9. ***Discourages the consumption of articles injurious to health*** – *Indirect taxes imposed on intoxicants like wine, opium, tobacco, liquor, drugs, cigarettes etc., which are harmful to health, their consumption can be reduced.*

Demerits of Indirect taxes

1. ***Regressive in nature*** – *Indirect taxes are charged on commodities of general consumption. Since the indirect is uniform, the tax payable on commodity is same, whether it is purchased by a poor man or a rich person.*
2. ***Reduces demand of goods*** – *Tax on goods increases it selling prices, which reduces demand of goods. Lesser demand means lower growth of industrialization.*
3. ***Less productive*** – *As indirect taxes involve many stages, the cost of collection may be high in relation to the revenue yielded. i.e., it is to be collected from lakhs of peoples in small amounts and large number of staffs should be employed for collection.*
4. ***Discourages savings*** – *Since indirect taxes are included in the selling price of the commodities, people have to spent more with rise in the prices of the commodities which discourages savings.*
5. ***Discourage selective commodity*** – *High indirect taxes on certain selective commodity may discourage the production of the commodity.*
6. ***Uncertainty*** – *The revenue from indirect taxes cannot be estimated accurately, because tax is imposed on a commodity, its prices rise in the market, consequently its demand falls.*
7. ***No civic consciousness*** – *Indirect taxes being invisible and they are collected through middlemen like traders; they do not promote any civic sense.*
8. ***Smuggling and black marketing*** – *Normally, harmful substances are levied at high rates. This may lead to smuggling and black marketing in such goods, adversely affecting the morale of the people.*

Direct Taxes vs Indirect Taxes

Direct Taxes	Indirect Taxes
1. Direct taxes contributed 25% to 35% of total revenue.	Indirect taxes contributed 65% to 75% of total revenue.
2. They do not have any impact on costs and prices of goods.	Increase in rates of indirect taxes leads to increase in costs and prices of goods.
3. Direct taxes confirm to the principle of equity.	Indirect taxes do not discriminate between rich and poor. The levy is against the principle of equity.
4. Direct tax is levied on persons who possess property or earn income.	It is levied on persons who spend their income or incurred expenditure.
5. Incidence of tax is directly on the tax payer.	Incidence of tax is on traders (or) manufacturer, but shifted to buyers of goods or services later on.
6. Shifting is not easy and tax payer has to bear the tax.	The tax can be shifted to other individuals (i.e., consumers).
7. The rich and wealthy usually bear the burden.	Burden is proportionate but relatively heavy on the poor.
8. Scope for evasion is high through falsification of account and suppression of income.	Scope for evasion is low as the tax forms part of the price of goods and services.
9. It adversely affects the tax payer's ability to save and invest.	Savings and investments may be increased due to reduction in the usage of non-essential goods or services.
10. Tax payers become conscious of tax burden due to the direct impact of the tax.	Tax payers may not be aware of the tax and remain ignorant of their rights.
11. Income tax, wealth tax and estate duty are examples for the direct taxes.	Sales tax, excise duty, customs duty and service tax are examples for the indirect taxes.

Salient Features of GST

Goods and Services Tax (GST) is a comprehensive indirect tax levied on the supply of goods and services in India. Here are some of the salient features of GST:

a. **One Nation, One Tax:**

GST replaced multiple indirect taxes levied by the Central and State Governments, such as excise duty, service tax, value-added tax (VAT), and others. It brought uniformity in the tax structure across India, eliminating the cascading effect of taxes.

b. **Dual Structure:**

GST operates under a dual structure, comprising the Central GST (CGST) levied by the Central Government and the State GST (SGST) levied by the State Governments. In the case of Inter-state transactions, Integrated GST (IGST) is applicable, which is collected by the Central Government and apportioned to the respective State. Import of goods or services would be treated as inter-state supplies and would be subject to IGST in addition to the applicable customs duties.

c. **Destination-based Tax:**

GST is a destination-based tax, levied at each stage of the supply chain, from the manufacturer to the consumer. It is applied to the value addition at each stage, allowing for the seamless flow of credits and reducing the tax burden on the end consumer.

d. **Input Tax Credit (ITC):**

GST allows for the utilization of input tax credit, wherein businesses can claim credit for the tax paid on inputs used in the production or provision of goods and services. This helps avoid double taxation and reduces the overall tax liability.

e. GST would apply on all goods and services except Alcohol for human consumption. GST on five specified petroleum products (Crude, Petrol, Diesel, ATF & Natural Gas) would by applicable from a date to be recommended by the GSTC. Tobacco and tobacco products would be subject to GST. In addition, the Centre would have the power to levy

Central Excise duty on these products. Exports are zero-rated supplies. Thus, goods or services that are exported would not suffer input taxes or taxes on finished products.

f. **Threshold Exemption:**

Small businesses with a turnover below a specified threshold (currently, the threshold is 20 lakhs for supplier of services/both goods & services and 40 lakhs for supplier of goods (Intra–Sate) in India) are exempt from GST. For some special category states, the threshold varies between 10-20 lakhs for suppliers of goods and/or services except for Jammu & Kashmir, Himachal Pradesh and Assam where the threshold is 20 lakhs for supplier of services/both goods & services and 40 lakhs for supplier of goods (Intra–Sate). This threshold helps in reducing the compliance burden on small-scale businesses.

g. **Composition Scheme:**

The composition scheme is available for small taxpayers with a turnover below a prescribed limit (currently 1.5 crores and 75 lakhs for special category state). Under this scheme, businesses are required to pay a fixed percentage of their turnover as GST and have simplified compliance requirements.

h. **Online Compliance:**

GST introduced an online portal, the Goods and Services Tax Network (GSTN), for registration, filing of returns, payment of taxes, and other compliance-related activities. It streamlined the process and made it easier for taxpayers to fulfill their obligations.

i. **Anti-Profiteering Measures:**

To ensure that the benefits of GST are passed on to the consumers, the government established the National Anti-Profiteering Authority (NAA). The NAA monitored and ensured that businesses do not engage in unfair pricing practices and profiteering due to the implementation of GST. All GST anti-profiteering complaints are now dealt by the Competition Commission of India (CCI) from December 1, 2022.

j. **Increased Compliance and Transparency:**

GST aims to enhance tax compliance by bringing more businesses into the formal economy. The transparent nature of the tax system, with the digitization of processes and electronic records, helps in curbing tax evasion and increasing transparency.

k. **Sector-specific Exemptions:**

Certain sectors, such as healthcare, education, and basic necessities like food grains, are given either exempted from GST or have reduced tax rates to ensure affordability and accessibility.

l. Accounts would be settled periodically between the Centre and the States to ensure that the credit of SGST used for payment of IGST is transferred by the Exporting State to the Centre. Similarly, IGST used for payment of SGST would be transferred by the Centre to the Importing State. Further, the SGST portion of IGST collected on B2C supplies would also be transferred by the Centre to the destination State. The transfer of funds would be carried out on the basis of information contained in the returns filed by the taxpayers.

List of Taxes Subsumed after GST Implementation

Good service tax was introduced as a comprehensive indirect tax structure. With this introduction, the government aimed to consolidate all indirect taxes levied under one umbrella. Thus, except for customs duty that is levied on the import of goods, Goods and Services Tax replaced multiple indirect taxes. This introduction helped overcome the limitations of its previous indirect tax structure regarding implementation and inefficiency in the collection process.

Following is the list of indirect taxes that were subsumed by Goods and Service Tax-

- Indirect Taxes Imposed by the Central Government
  - Central Sales Tax
  - Service Tax
  - Central Excise Duty
  - Excise Duty (Additional)

- Countervailing Duty or Additional Customs Duty
- Special Additional Customs Duties

- Indirect Taxes Imposed by the State Government
    - State VAT
    - Entry Tax and Octroi Duty
    - Luxury Tax
    - Amusement and Entertainment Tax
    - Taxes on Advertisements
    - Goods and services related to cess and surcharges
    - Purchase Tax
    - Tax on betting, lottery and gambling.

Types of GST and GST Rules

GST can be divided into four sections based on the kind of transaction it involves. Before a business can determine its GST liability, assessing the following table about the Components of GST is essential.

Components of Goods and Services Tax	What does it mean?
State Goods and Services Tax (SGST)	SGST refers to the tax payable on the sale of services and products within a state. It replaces previous taxes, including Value Added Tax, Entry Tax, State Sales Tax, Entertainment Tax, surcharges and cesses.
Central Goods and Services Tax (CGST)	The tax levied on the supply of intra-state products is CGST. The Central Government charges this tax. CGST replaced many taxes levied by the Centre, including Service Tax, Central Excise Duty, CST, SAD, Customs Duty, etc.
Union Territory Goods and Services Tax (UTGST)	Taxes applicable to the sale of products and services in Union Territories, such as Andaman and Nicobar, Daman and Diu, Chandigarh, Dadra, etc.
Integrated Goods and Services Tax (IGST)	The sale of inter-state products and services leads to taxation. This is IGST. Basically, when businesses transfer services and products from one state to another, they need to pay this form of GST.

Collection of tax is thus undertaken in the following way for intra-state and inter-state transactions.

GST Levy and Revenue Share	Intra-State Sale	Inter-State Sale
Goods and Services Tax	SGST+CGST	IGST
Share of Revenue	Revenue collected to be shared between state and central government equally.	Revenue collected by the central government. It will then be shared as per the goods' destination.

	Central GST - CGST	State GST - SGST	Integrated GST - IGST
Tax Levied By	Central Government	State Government	Combined levy, collected by Central Government
Taxes that it will replace	Service tax, excise duty, countervailing duty (CVD), special additional duty (SAD), Additional duties of excise(ADE), and any other indirect central levy	VAT, sales tax, luxury tax, entry tax , entertainment tax, purchase tax, Octroi, taxes on lottery	Central sales tax (CST)
Applicability	Supplies within a state	Supplies within a state	Interstate supplies and import
Input Tax Credit	Against CGST and IGST	Against SGST and IGST	Against CGST,SGST and IGST
Tax Revenue Sharing	Central government	State government	Shared between state and central governments
Exemption Limit	Rs. 20 Lakhs annual turnover	Rs. 20 Lakhs annual turnover	Exemption limit not defined
Composition Scheme	The dealer may use the benefit of turnover of Rs 50 Lakh	The dealer may use the benefit of turnover of Rs 50 Lakh	Composition Scheme is not available in this regard
Free Supplies	CGST is applicable on free supplies	SGST is applicable on free supplies	IGST is applicable on free supplies
Registration	Not applicable till the turnover exceeds Rs 20 Lakh	Not applicable till the turnover exceeds Rs 20 Lakh	Registration is necessarily mandatory if supply is made outside the states

REGISTRATION

The following is a list of individuals and businesses / organisations who are required to complete GST registration:

- People/Businesses liable to deduct TDS or collect TCS
- All taxpayers who make interstate supplies
- People making casual supply of taxable goods or services
- Agents making supplies on behalf of other registered taxpayers
- New owners in case the Proprietor dies or if transfer of business or merger/demerger has occurred
- People who pay tax under Reverse Charge Mechanism
- Input Service Distributors
- Suppliers of goods and services with annual aggregated turnover above the threshold limit
- Non-resident taxable suppliers of goods/services
- E-commerce portal operators and suppliers
- UN bodies and embassies
- Other notified bodies, including Government bodies

GST Taxation Limit

32nd GST Council Meeting increased the threshold limit for GST registration. These limits are applicable from 1st April, 2019.

Category of State	For Sale of Goods	For Providing Services
Normal Category States	Annual Turnover of Rs. 40 lakh or more	Annual Turnover of Rs. 20 lakh or more
Special Category States	Annual Turnover of Rs. 20 lakh or more	Annual Turnover of Rs. 10 lakh or more

Note: The special category states under GST include Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh, Uttarakhand, Jammu & Kashmir.

List of Documents Required for GST Registration

Some of the key documents required for GST Registration include:

- Valid PAN
- Proof of constitution of business/certificate of incorporation
- Proof of primary place of business
- Proof of appointment of authorized signatory
- Photograph of stakeholder/authorized signatory (promoter/partner)

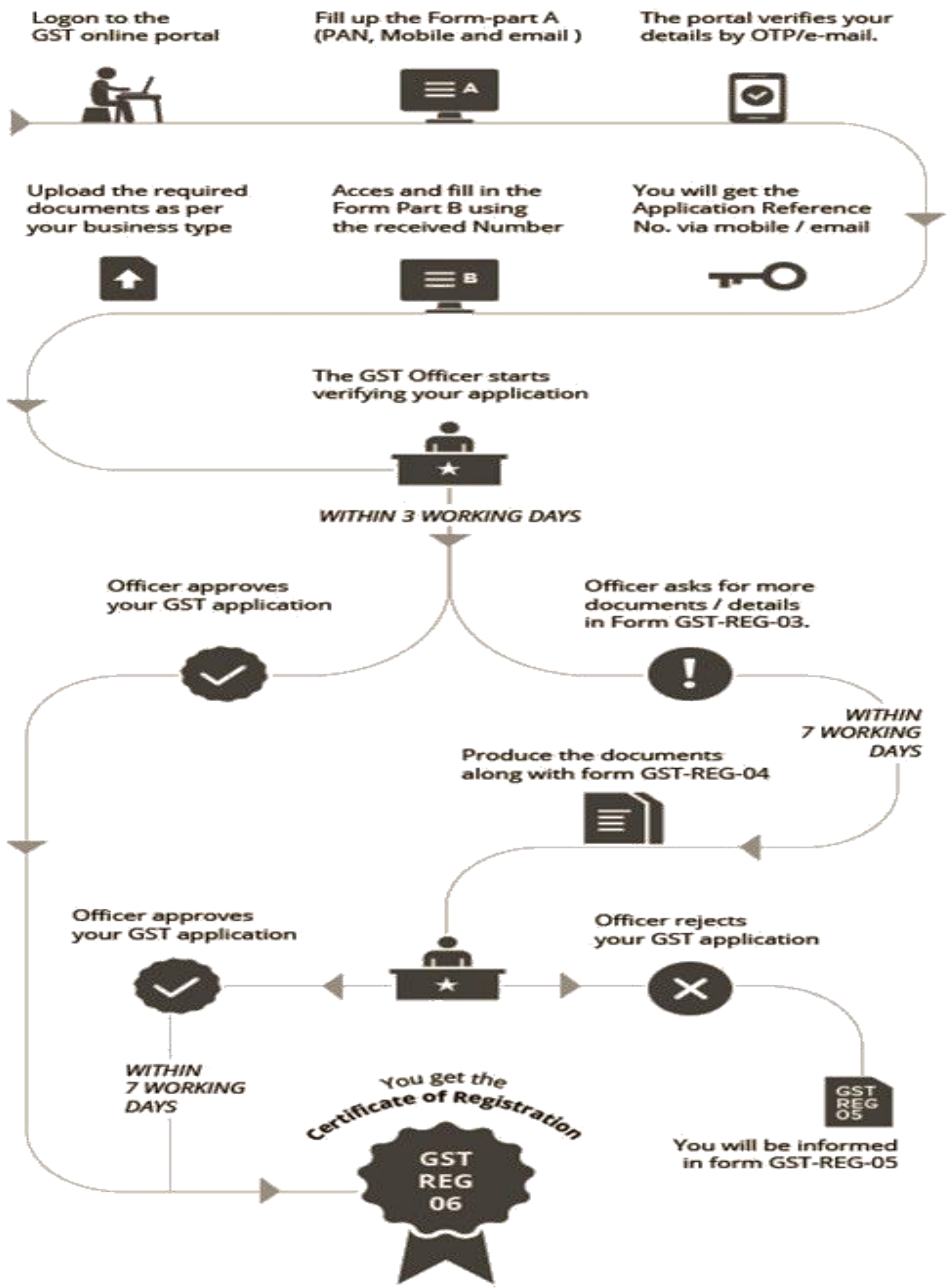
In addition to the above documents, different entities are required to submit some specific documents.

Features of GST Registration

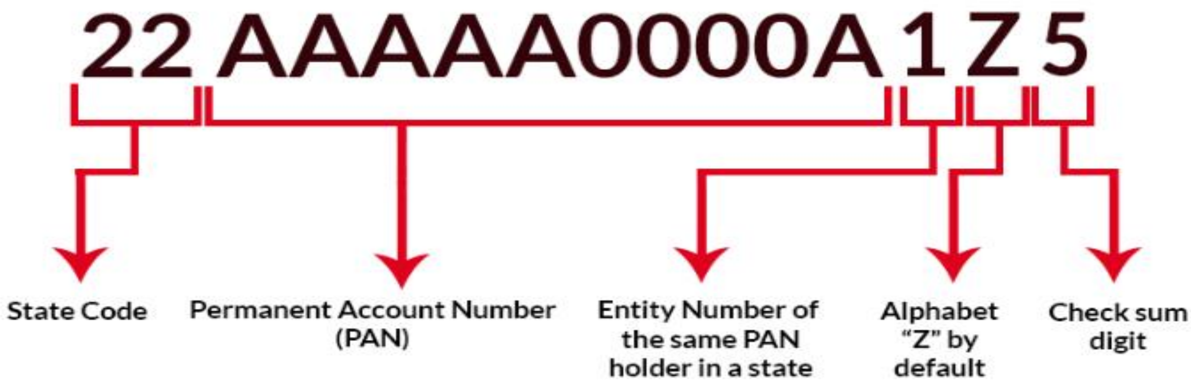
Some of the features of GST registration are as follows:

- GST registration is PAN-based and state-specific.
- An individual who is registered in one state is termed an 'unregistered person' in another state.
- Suppliers must register in every state or union territory from which they supply services.
- In case a person owns a unit in a SEZ or is a SEZ developer and also owns a unit in a domestic tariff area within the same state, they must register the SEZ unit separately.
- All registered people are expected to display their registration certificates and GSTIN at their primary place of business and also at every additional business location.
- A particular PAN-based legal organisation will have one GSTIN per State, which implies that a business company with branches in many states would have to register separately in each state. However, a person with several business locations in a State or Union territory may be given a separate registration for each location.
- GST registration is not tax-specific, which implies that there is just one registration for all taxes, including IGST, CGST, SGST/UTGST, and cesses.

HOW TO REGISTER FOR GST



Format of GSTIN



State Code	State Name	State Cod	State Name
01	Jammu & Kashmir	20	Jharkhand
02	Himachal Pradesh	21	Odisha
03	Punjab	22	Chhattisgarh
04	Chandigarh	23	Madhya Pradesh
05	Uttarakhand	24	Gujarat
06	Haryana	25	Daman & Diu
07	Delhi	26	Dadra & Nagar Haveli
08	Rajasthan	27	Maharashtra
09	Uttar Pradesh	29	Karnataka
10	Bihar	30	Goa
11	Sikkim	31	Lakshdweep
12	Arunachal Pradesh	32	Kerala
13	Nagaland	33	Tamil Nadu
14	Manipur	34	Pondicherry
15	Mizoram	35	Andaman & Nicobar Islands
16	Tripura	36	Telengana
17	Meghalaya	37	Andhra Pradesh
18	Assam	98	Other Territory
19	West Bengal		

COMPOSITION SCHEME UNDER GST

A taxpayer whose turnover is below Rs 1.5 crore can opt for Composition Scheme. In case of North-Eastern states and Himachal Pradesh, the limit is now Rs 75 lakh. As per the CGST (Amendment) Act, 2018, a composition dealer can also supply services to an extent of ten percent of turnover, or Rs.5 lakhs, whichever is higher. This amendment will be applicable from the 1st of Feb, 2019. Further, GST Council in its 32nd meeting proposed an increase to this limit for service providers on 10th Jan 2019. Turnover of all businesses registered with the same PAN should be taken into consideration to calculate turnover.

The rates applicable under the composition scheme include the following.

Business Type	Rate of CGST	Rate of SGST	Total GST Rate
Goods traders and manufacturers	0.5%	0.5%	1%
Restaurants that do not serve alcohol	2.5%	2.5%	5%

Conditions for Availing Composition Scheme

- No Input Tax Credit can be claimed by a dealer opting for composition scheme
- The dealer cannot supply goods not taxable under GST such as alcohol.
- The taxpayer has to pay tax at normal rates for transactions under the Reverse Charge Mechanism
- If a taxable person has different segments of businesses (such as textile, electronic accessories, groceries, etc.) under the same PAN, they must register all such businesses under the scheme collectively or opt out of the scheme.
- The taxpayer has to mention the words ‘composition taxable person’ on every notice or signboard displayed prominently at their place of business.
- The taxpayer has to mention the words ‘composition taxable person’ on every bill of supply issued by him.

- As per the CGST (Amendment) Act, 2018, a manufacturer or trader can now also supply services to an extent of ten percent of turnover, or Rs.5 lakhs, whichever is higher. This amendment will be applicable from the 1st of Feb, 2019.

INPUT TAX CREDIT (ITC) UNDER GST IN INDIA

An Input Tax credit means that when a business person or a trader is paying tax on output, he/she can reduce the tax already paid on input (purchase).

For example:

In the case of a manufacturer selling the final product, the output tax stands at Rs.450. However, he already paid Rs.300 as input tax while purchasing the product. He can thus receive an ITC of Rs.300 on the final product and needs to pay only the difference of Rs.150, i.e., Rs.450 – Rs.300 to the government as Goods and Service Tax.

ITC can be claimed only by businesses registered under the Goods and Services Tax Act. Also, all respective suppliers must be registered under the act for you to be eligible to avail of ITC.

Manner of utilization and cross-utilisation of ITC

The input tax credit available in the electronic credit ledger shall be utilized in the following manner:

Input tax on	**Utilisation (in the order shown)**
IGST	IGST, CGST, SGST/UTGST
CGST	CGST, IGST
SGST/UTGST	SGST/UTGST, IGST

From the above table, it is evident that central tax shall not be utilized towards payment of state tax or union territory tax; and state tax or union territory tax shall not be utilized towards payment of central tax.

Items on which ITC is not allowed

The input tax credit is not available for claims in the following cases-

- **Motor vehicles**, with a seating capacity of less than or equal to 13 persons (including the driver), **goods transport agencies, vessels and aircraft**, except for a few cases. So as an exception, ITC is allowed in the below cases:
  - Such motor vehicles and conveyances are further supplied i.e. sold.
  - Transport of passengers and goods.
  - Conveyance is used for imparting training on driving, flying, and navigating such vehicles or conveyances.
- **Services of general insurance, servicing, repair and maintenance** relating to motor vehicles, vessels or aircraft in Sl. no.1.
- **Food and beverages**, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery.
  But if the goods and/or services are taken to deliver the same category of services or as a part of a composite supply, the input tax credit will be available
  Example: Mr Dev purchases cosmetic creams to supply it to a customer, then ITC on purchases will be allowed.
- **Membership in a club**, health, and fitness centre.
- **Rent-a-cab, health insurance and life insurance** except in the following cases where it is allowed:
  - Government makes it obligatory for employers to provide it to their employees by law. **For example**, the mandatory cab services for female staff in night shifts.
  - Goods and/or services are taken to deliver the same category of services or as a part of a composite supply, input tax credit will be available.
    For example, if Mr Dev takes the service of rent-a-cab to supply to Mr Manoj, a customer, then the ITC on purchases will be allowed.
  - Leasing, renting or hiring motor vehicles, vessels or aircraft, except cases in Sl.no. 1.
- **Travel benefits** are extended to employees on vacation such as leave or home travel concessions.

- **Works contract** service for construction of an immovable property (except plant & machinery or for providing a further supply of works contract service).
- Goods and/or services for the **construction of an immovable property** whether to be used for personal or business use.
- Goods and/or services where tax has been paid under the **composition scheme**.
- Goods and/or services used for **personal use**.
- Goods or services or both are received by a **non-resident taxable person** except for any of the goods imported by him.
- **Goods lost, stolen, destroyed, written off or disposed of** by way of gift or free samples.
- ITC will not be available in the case of any tax paid due to non-payment or short tax payment, excessive refund or ITC utilised or availed by the reason of **fraud or willful misstatements or suppression of facts** or confiscation and seizure of goods.
- **Special cases:** Standalone restaurants will charge only 5% GST but cannot enjoy any ITC on the inputs.
- The expenditure spent on **Corporate Social Responsibility (CSR) initiatives** by corporates.

PAYMENT OF GST

Electronic ledgers

In the GST portal, a taxable person can track his tax liabilities across three ledgers, each maintained in real-time:

1. **Electronic liability ledger** (also known as electronic tax liability register): Accounts for a taxpayer's gross tax liability — form GST PMT-01 on the GST portal
2. **Electronic credit ledger** (also known as electronic input tax credit ledger): Records the tax payments already made during the supply chain e. every claim of ITC is recorded here — form GST PMT-02
3. **Electronic cash ledger:** All amounts paid by the taxpayer are reflected here — form GST PMT-05

Electronic liability ledger

This ledger records all liabilities of a taxable person including:

- The tax, interest, late fees, or any other amount payable per the return furnished by the taxpayer or per any proceedings
- The tax and interest payable arising out of any mismatch of ITC or output tax liability
- Any interest that may accrue from time to time
- The reversal of ITC or interest

Taxpayers should settle their liabilities in the following order:

1. Self-assessed tax and other dues, such as interest, penalty, fees, or any other amount relating to **previous tax period returns**
2. Self-assessed tax and other dues relating to the **current tax period return**
3. Any other amount payable under the act/rules (liability arising out of demand notice, proceedings, etc.)

Electronic credit ledger

Every claim of ITC self-assessed by the taxpayer shall be credited to this ledger. The amount available in this ledger may be used for payment towards output tax only. Under no circumstance can an entry be made directly in the electronic credit ledger.

This ledger may include the following:

- ITC on inward supplies from registered taxpayers
- ITC available based on distribution from input services distributor (ISD)
- ITC on input of stock held/semi-finished goods or finished goods held in stock on the day immediately preceding the date on which the taxpayer became liable to pay tax, provided he applies for registration within 30 days of becoming liable
- Permissible ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day of conversion from composition scheme to regular tax scheme
- ITC eligible on a payment made on a reverse charge basis

Electronic Cash ledger

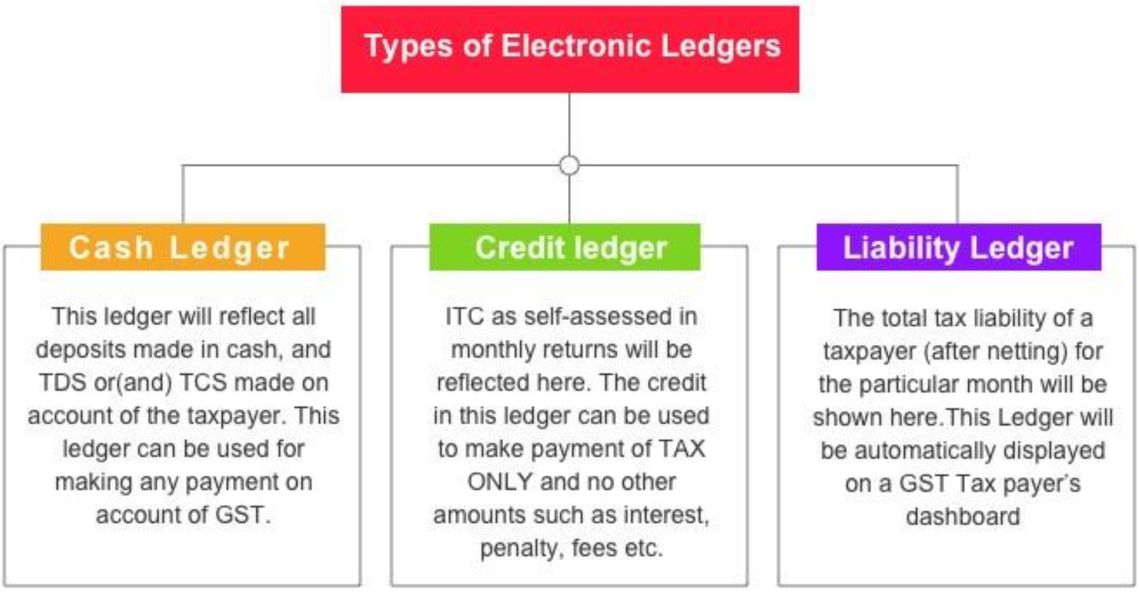
Any amount paid by the taxpayer will be reflected in the electronic cash ledger. The amount available in this ledger may be used for making any payment towards tax, interest, penalty, fees, or any other amount due under the act/rules in the time and manner prescribed. (It is reiterated that any credit in the electronic credit ledger can be utilized only for payment of output tax.)

To initiate a payment, taxpayers generate a challan online using **form GST PMT-06**, which will be valid for a period of 15 days. Payment can then be remitted through any of the following modes:

- Internet banking (authorized banks only)
- Credit or debit card (authorized banks only)
- National Electronic Fund Transfer (NEFT) or real-time gross settlement (RTGS) (any bank, authorized or unauthorized)
- Over-the-counter (OTC) payment (authorized banks only) **for deposits up to ten thousand rupees** per challan and per tax period

The taxpayer is responsible for any commission due on the payment. The payment date shall be recorded as the date the payment is credited to the appropriate government account. The date, the payment is debited from the taxpayer's account is not relevant.

Unregistered taxpayers needing to make a tax payment will still use the online GST portal but with a temporary identification number generated through the portal.



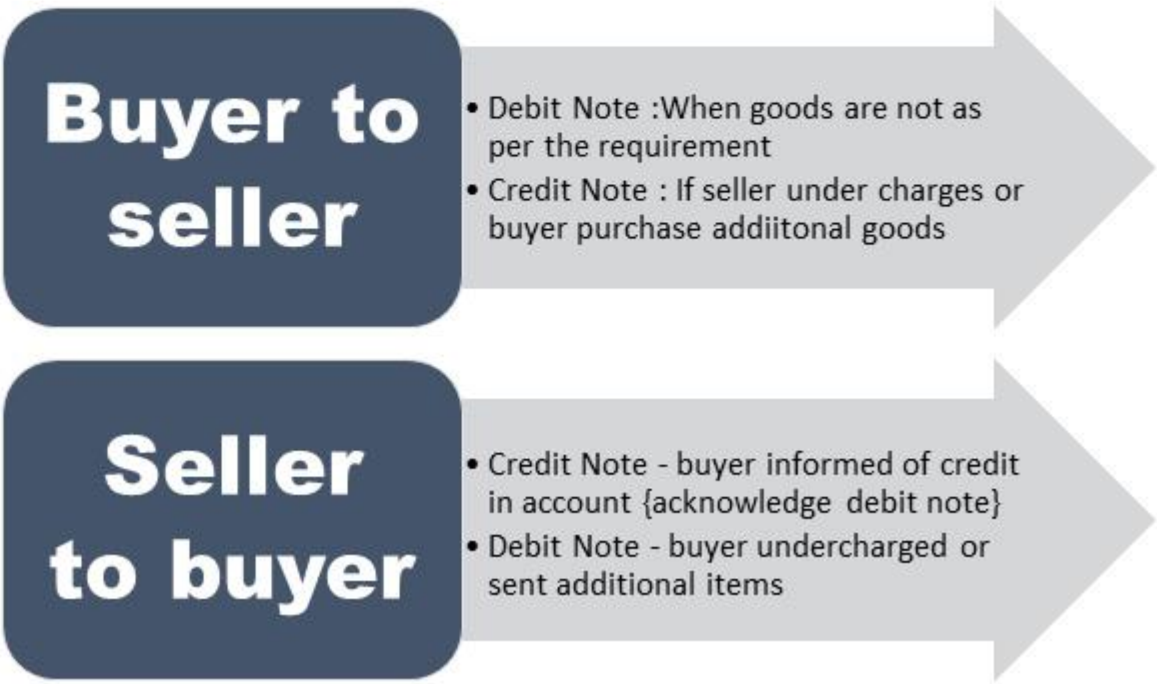
GST payment forms

Form no.	Short description	Purpose
GST PMT-01	Electronic tax liability register	Any tax, interest, penalty, late fee, or any other amount will be debited to this register
GST PMT-02	Electronic credit ledger	Every claim of ITC shall be credited to this ledger
GST PMT-03	Refund to be recredited	Refund if rejected the amount debited from the electronic credit ledger or electronic cash ledger, as the case may be, will be recredited by order of a proper officer
GST PMT-04	Discrepancy in electronic credit ledger	Discrepancy in electronic credit ledger, communicated to an officer through this form
GST PMT-05	Electronic cash ledger	Any tax, interest, penalty, late fee, or any other amount to be deposited in cash are credited to this ledger
GST PMT-06	Challan for deposit of tax	Generate and pay a challan
GST PMT-07	Application for intimating discrepancy relating to payment	The application is meant for the tax payer where the amount intended to be paid is debited from his account but CIN has not been conveyed by bank to Common Portal or CIN has been generated but not reported by concerned bank (within 24 hours of debit)”

INVOICE UNDER GST

INVOICE UNDER GST (10 points to be noted)	
1	No specific performa,only Particulars has been prescribed
2	Invoice must for Supply to Registered persons (B2B)
3	Daily Consolidated Invoice:< Rs 200 to unregd dealer(B2C)
4	3 copies of Invoice for Supply of Goods : 2 for Services
5	Bill of Supply to be issued for supply of exempted goods
6	No HSN code :Turnover 1.5 cr,2 digit:1.5-5cr,4 digit:>5 cr
7	Time :Service :30/45days-Goods before movement/delivery
8	Self invoice for supply covered under Reverse charge(RCM)
9	Monthly bill :Supply by Unregd dealer to Redg dealer:RCM
10	Invoice no:16 digit Maxi,Multiple series allowed

DEBIT NOTE AND CREDIT NOTE



E- WAY BILL

E-Way Bill is an Electronic Way bill for movement of goods to be generated on the e-Way Bill Portal. A GST registered person cannot transport goods in a vehicle whose value exceeds Rs. 50,000 (Single Invoice/bill/delivery challan) without an e-way bill that is generated on ewaybillgst.gov.in.

Alternatively, Eway bill can also be generated or cancelled through SMS, Android App and by site-to-site integration through API entering the correct GSTIN of parties. Validate the GSTIN with the help of the GST search tool before using it.

When an eway bill is generated, a unique Eway Bill Number (EBN) is allocated and is available to the supplier, recipient, and the transporter..

Persons responsible for Generate E-Way bill

- **Registered Person** – Eway bill must be generated when there is a movement of goods of more than Rs 50,000 in value to or from a registered person. A Registered person or the transporter may choose to generate and carry eway bill even if the value of goods is less than Rs 50,000.
- **Unregistered Persons** – Unregistered persons are also required to generate e-Way Bill. However, where a supply is made by an unregistered person to a registered person, the receiver will have to ensure all the compliances are met as if they were the supplier.
- **Transporter** – Transporters carrying goods by road, air, rail, etc. also need to generate e-Way Bill if the supplier has not generated an e-Way Bill.

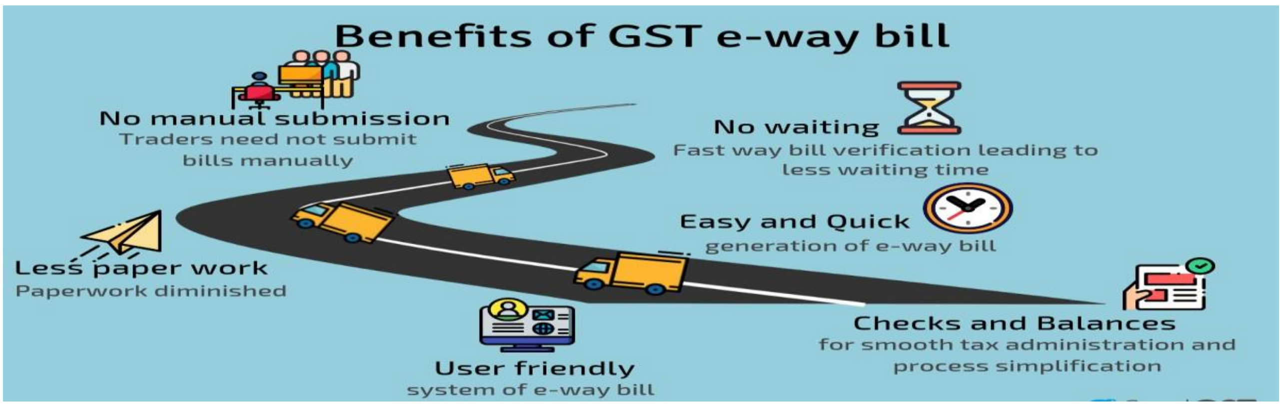
E-Way bill not Required

In the following cases it is not necessary to generate e-Way Bil:

- The mode of transport is non-motor vehicle
- Goods transported from Customs port, airport, air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs.

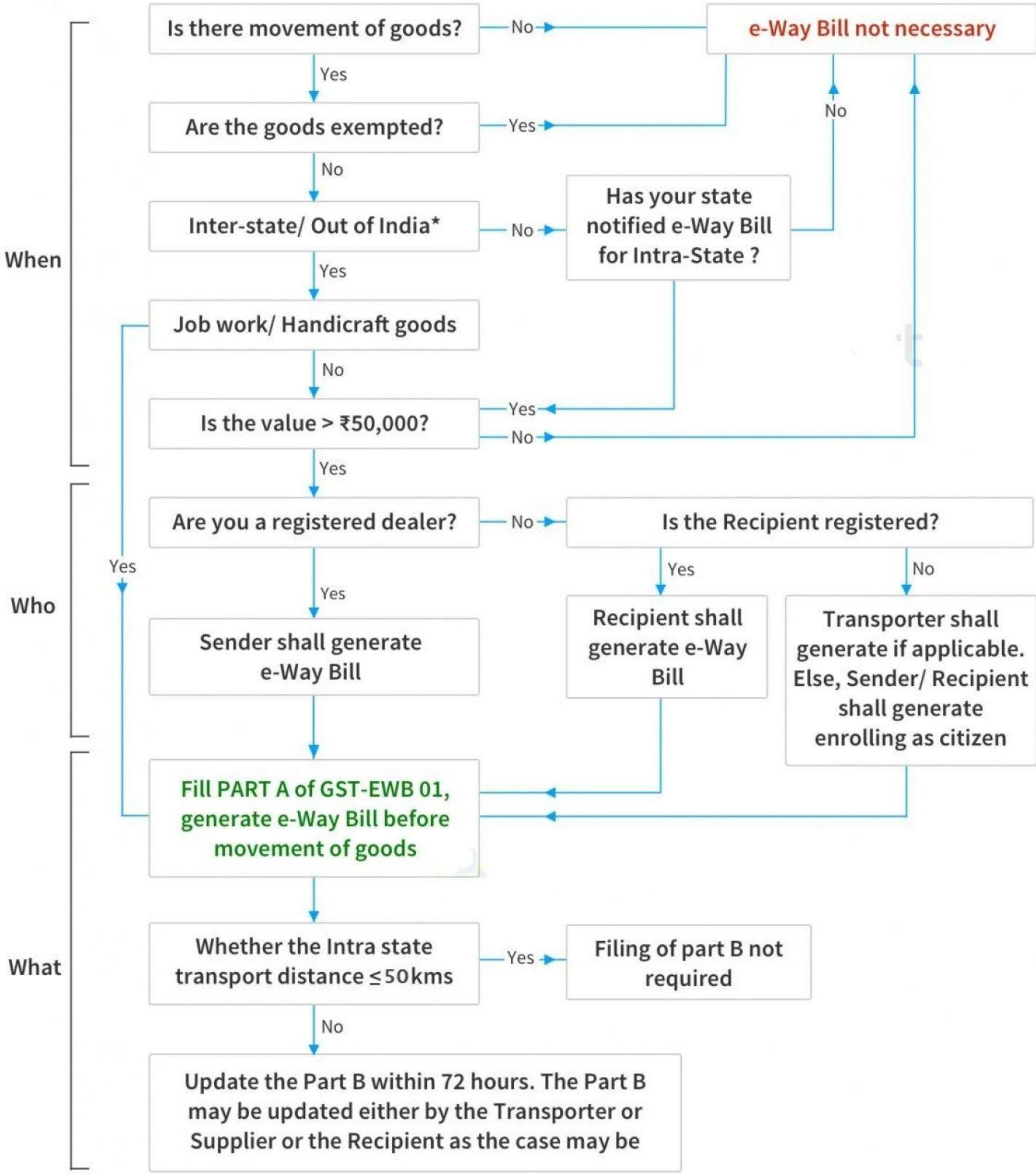
- Goods transported under Customs supervision or under customs seal
- Goods transported under Customs Bond from ICD to Customs port or from one custom station to another.
- Transit cargo transported to or from Nepal or Bhutan
- Movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
- Empty Cargo containers are being transported
- Consignor transporting goods to or from between place of business and a weighbridge for weighment at a distance of 20 kms, accompanied by a Delivery challan.
- Goods being transported by rail where the Consignor of goods is the Central Government, State Governments or a local authority.
- Goods specifed as exempt from E-Way bill requirements in the respective State/Union territory GST Rules.
- Transport of certain specified goods- Includes the list of exempt supply of goods, Annexure to Rule 138(14), goods treated as no supply as per Schedule III, Certain schedule to Central tax Rate notifications. (PDF of List of Goods).

Note: Part B of e-Way Bill is not required to be filled where the distance between the consigner or consignee and the transporter is less than 50 Kms and transport is within the same state.



e-Way Bill

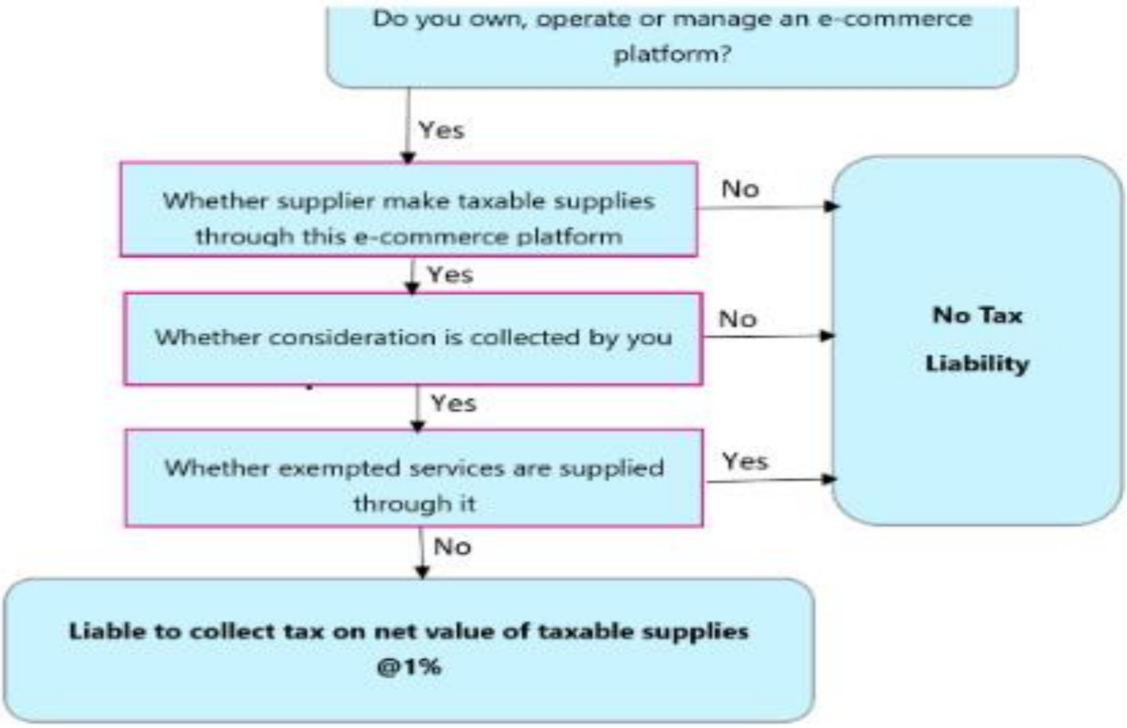
When, What, Who…



TDS AND TCS UNDER GST

Deductor	Govt. Department / Board / Society / Special Establishment; Local Authority, PSU
Value	Contract of Supply of Goods or Services or Both > Rs 2.5 Lakhs Excluding GST
Time of Deduction	Date of Payment or Credit, which ever is Earlier
TDS Rate	Intra-State : 1% CGST + 1% SGST
	Inter-State : 2%

Return to be filed in GSTR-7 on or before the 10th of the following month	Deductor has to issue the TDS certificate to the deductee in FORM GSTR-7A within 5 days of crediting the amount to the government	Effective Date of TDS Applicability 1st Oct'2018
Fails to Pay TDS attracts interest @ 18%	Late fee of INR 200/- per day (CGST+SGST/UGST) from the day after the expiry of five days period until the failure is rectified, subject to a maximum amount of INR 5,000/.	Registration for TDS through REG-07



CUSTOMS DUTY

Customs duty refers to the tax imposed on goods when they are transported across international borders. In simple terms, it is the tax that is levied on import and export of goods. The government uses this duty to raise its revenues, safeguard domestic industries, and regulate movement of goods.

Objectives of custom duty

The customs duty is levied, primarily, for the following purpose:

1. To raise revenue.
2. To regulate imports of foreign goods into India.
3. To conserve foreign exchange, regulate supply of goods into domestic market.
4. To provide protection to the domestic industry from foreign competition by restricting import of selected goods and services, import licensing, import quotas, and outright import ban.

MODE OF LEVY OF CUSTOMS DUTY

They are three modes of imposing Customs Duty. They are as follows:

i) Specific Duties

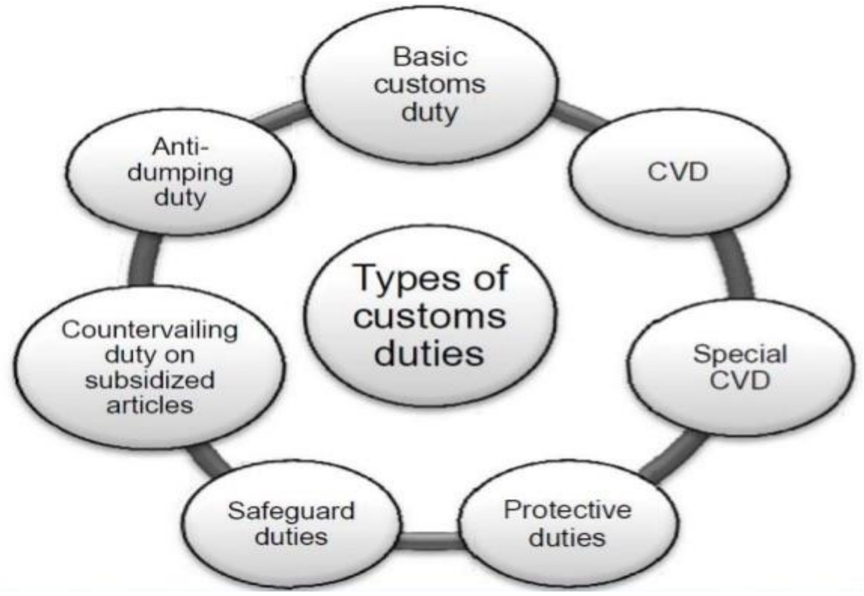
A Specific Custom Duty is a kind of duty imposed on every unit of a commodity imported or exported. For example, INR 10 on each metre of cloth imported or INR 1,000/- on each TV set imported. In these cases, the value of the commodity is not taken into consideration.

ii) Ad Valorem Duties

Ad Valorem is the Latin for ‘According’ to the ‘Value’ or ‘Worth’. Ad Valorem custom duty is a duty imposed on the total value of a commodity imported or exported. For example, 10 per cent of the F.O.B value of cloth imported or 20 per cent of the C.I.F value of TV sets imported. In the case of Ad Valorem custom duty, the physical units of commodity are not taken into consideration. Therefore it is the method of charging duty, tax, or fee according to the value of the goods and services, instead of by a fixed rate, or by the weight or the quantity.

iii) Compound Duties

Compound custom duty is a combination of specific and Ad Valorem custom duties. In this case, the quantity, as well as the value of the commodity, is taken into consideration while computing tariff.



Exemptions from Customs Duty

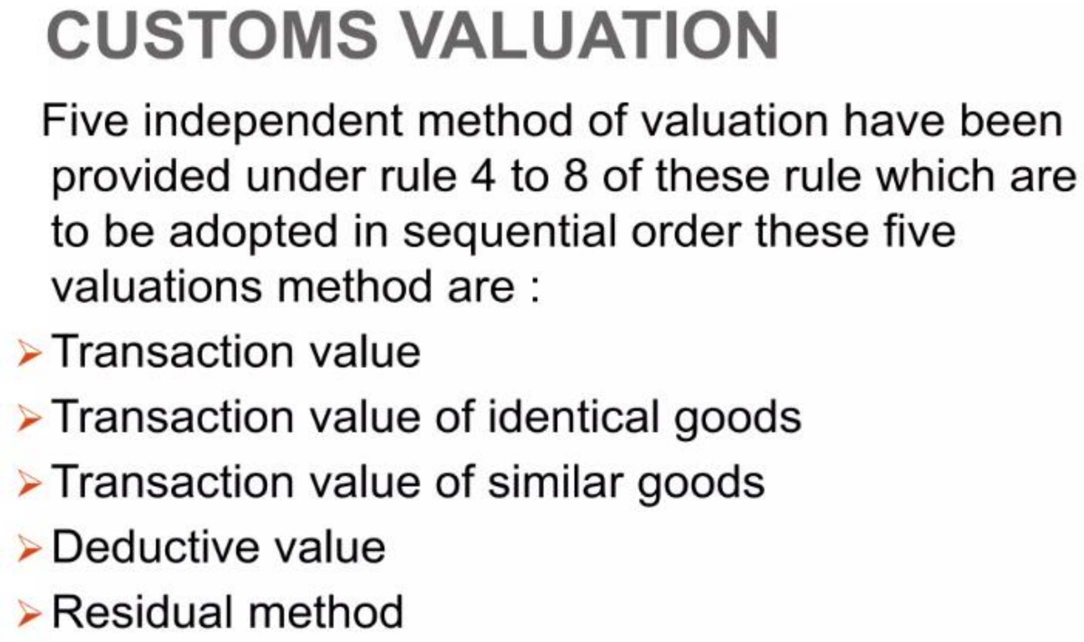
There are a few exemptions from Customs duty, and they are as follows.

- The Central Government can grant exemptions by issuing a notification. Capital goods and spares can be imported under "project imports" at concessional/ Nil rate of customs duty.
- Section 25 of the Customs Act authorises the Central Government to issue notification granting exemption from customs duty partially or wholly on any goods.
- The exemptions may be in respect of primary duty or auxiliary duty.
- General or specific exemptions may be granted. While general exemptions are in respect to the user of goods, specific exemptions are in respect of various products.
- The exemptions are also granted subject to fulfilment of certain conditions.

Types of Exemptions

The following are the types of exemptions from Customs Duty.

1. By notification
2. By particular order on the Adhoc basis
3. General exemptions
4. Exemptions to Oil and Natural Gas Corporations Limited (ONGC)/ Oil India Limited (OIL)
5. Other exemptions



QUESTION BANK

1. **What is GST?**

Ans. The Goods and Services Tax (GST) is an indirect tax levied on the supply of goods and services. In other words, Goods and Service Tax (GST) is a broad, multi-stage, tax applied on every stage where value is added. GST is the only indirect domestic tax for the entire country. The Goods and Service Tax Act was approved and passed in Parliament on 29th March 2017 and it came into effect on 1st July 2017.

2. **When was GST introduced in India?**

Ans. The Goods and Services Tax Act (GST) was introduced in India on 1 July 2017 through the implementation of the 101st Constitution Amendment Act by the Indian government.

3. **What is the difference between CGST, SGST and IGST?**

Ans. The differences are :

- IGST(Integrated Goods and Services Tax) is the central government charges for inter-state (within different states) supply of goods and services.
- CGST(Central Goods and Services Tax) is the central government charges for intra-state (within a single state) supply of goods and services.
- SGST(State Goods and Services Tax) is the state government charges for intra-state (Within a single state) supply of goods and services.

4. **How to calculate GST payable?**

Ans. Simple GST calculation formula:

GST Value = (Original Cost*GST Rate Percentage) / 100.

Net Price = Original Cost + GST Value.

5. **How many taxes are included in GST?**

Ans. 4 GST types:

- Integrated Goods and Services Tax known as IGST
- Union-territory Goods and Services Tax known as UTGST
- State Goods and Services Tax known as SGST
- Central Goods and Services Tax known as CGST

6. **When is GST payable?**

Ans. Every registered regular taxpayer is required to submit monthly GST returns and pay the required tax by the 20th of each month, which is the GST payment due date.

7. **What are the taxes subsumed under GST?**

Ans. The Central Taxes included in the CGST are Additional Customs Duty, Service Tax, and Central Excise Duty (including Additional Excise Duties), all cesses and other fees.

The State Taxes covered by the CGST include Sales Tax, including Central Sales Tax and Value Added Tax, Purchase tax, Entertainment tax (not imposed by municipal authorities), Additional Taxes on the luxury, lottery and others.

8. **How is GST charged? How does GST credit work?**

Ans. A GST assessment identifies the amount of tax due. The Government always has the authority to reassess or conduct its own evaluation to see if there has been a short payment of GST.

9. **What do you understand by the Remission of Tax/Duty?**

Ans. It means that the taxpayer is free from the obligation to pay tax on goods in case they are lost or destroyed because of natural causes. Some conditions also apply as per the law and rules under remission.

10. **What is Reverse Charge Mechanism (RCM)? Does it Apply only to Services?**

Ans. The reverse Charge Mechanism is a mechanism under GST, wherein the usual cycle of tax payment is reversed.

No, the reverse charge mechanism is applied to both, the supply of services and goods.

11. **What Does a Taxable Event under GST Mean?**

Ans. A taxable event is an event that takes place for the tax to be levied – CGST & SGST will be levied on intra-state supplies; IGST will be levied on inter-state supplies.

12. **What is Payable GST?**

Ans. The difference between the Output GST and Input GST is the GST payable.

13. **How Does One File a GST Return Online?**

Ans. GST returns can be filed online on the GST Portal. You need to be registered under GST and have the 15-digit GST identification number which is based on your state code and PAN.

14. What Is the Contribution of Technology in Bringing GST Into Effect?

Ans. Goods and Services Tax Network GST Practitioner Course has created an Indirect Taxation platform for GST to help taxpayers in India to make ready, file returns, pay indirect tax liabilities and complete other compliances online. It supplies IT infrastructure and services to the Central and State Governments, taxpayers and other stakeholders for the implementation of GST in India. The main aim of the GSTN Goods and service tax network is to have a uniform and transparent medium easily reachable to all the taxpayers, members, stakeholders and government.

15. Is GST a Common System of Taxation in Other Parts of the World?

Ans. Most countries across the world have a GST system. More than 160 countries have implemented the GST in their economies with France being the first country to do so.

16. What Are the Effects of Purchasing Goods from Unregistered Dealers?

Ans. The person who receives goods or services will get ITC(Input Tax Credit). In fact, the receivers of goods or services who are registered under any composition schemes are liable to pay tax under reverse charge.

17. What Is the Minimum Amount for GST?

Ans. With GST in action, all businesses with a turnover of over Rs. 40 lakhs* (Rs 10 lakhs for the NE and hill states) are needed to register as a normal taxable person. This process of registering is called GST registration. For many businesses, this registration is compulsory.

18. What Is GST Under the Composition Scheme?

Ans. The Composition Scheme is a plain and easy scheme under GST for taxpayers. The advantage for small taxpayers is that they can be free from tedious GST formalities and make their GST payment at a fixed rate of turnover. Any taxpayer whose turnover is less than Rs. 1.5 crore* can choose this scheme.

19. Who Is Qualified for the Composition Scheme?

Ans. The Composition scheme requirements are :

- The supplier of goods or service should have a turnover of less than Rs. 50 lakh in the previous financial year.
- The supplier must not supply non-taxable goods.
- The supplier must not be involved in inter-state supplies

20. Which Are the Products on Which GST Does Not Apply?

Ans. Items that are free from the GST are live fish, fresh fish, bird's eggs in the shell, fresh milk, fresh ginger, garlic, grapes, melon, unroasted coffee beans, unprocessed green tea leaves, etc. Corn, rice, wheat, maize, soybean, hulled cereal grains, etc.

21. What Are the Various Invoices Under GST?

Ans. The various invoices under GST are –

1. Normally a tax invoice is to be issued for all types of Taxable Sales (Local or Central),

2. Local and central sales begin with the same serial number of invoice

3. The same series is to be used for any sale made to registered and to unregistered person

4. A tax invoice is to be issued for all types of taxable sales (Local or Central), generally

5. Sale of exempted goods

6. Sale by composition dealer

22. What Are the Disadvantages of GST?

Ans. Some of the disadvantages of GST are –

1. There are too many returns to be filed

2. Returns have become complicated

3. Difficulty in computation

4. IGST and not CGST on Interstate Sales

5. Last Period Tax to be paid first

6. Last Period Tax to be paid first

23. Define the GST's Slabs?

Ans. There are currently 5 rate components for the GST: 3%, 5%, 12%, 18%, and 28%. This is distinct from the manner that some products are absolved and zero-evaluated.

24. Who is the head of GST?

Ans. Finance Minister (Nirmala Sitarman)

25. What is the GST number?

Ans. Organizations should enroll for the Goods and Services Tax (GST) and get an exceptional 15-digit Goods and Services Tax Identification Number (GSTIN). The Tax Identification Number (TIN) that businesses received from state tax authorities in order to register with the VAT system has been replaced by this.

26. Which Indian state implemented the GST first?

Ans. Assam

27. How is a GST number assigned?

Ans. A 15-digit identification number makes up the GST Registration number. In view of the candidate's PAN and express, the citizen was doled out a number. The State Code is addressed by the initial two digits of a GST enrollment number. The candidate's PAN is addressed by the following 10 numbers.