

# FEATURES OF GST



**PRESENTED BY**

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# SCOPE & COVERAGE OF GST

- GST is levied on every transaction of supply of goods & services except the exempted goods & services, Goods which are outside the purview of GST and transactions below the prescribed threshold limits.
- Alcoholic Liquor for human consumption & Electricity is outside the purview of GST.
- GST is not levied on Petroleum crude, high speed diesel, motor spirit (Petrol), Natural Gas & Aviation Turbine Fuel presently.
- The GST Council will recommend the date on which the GST would be levied on these goods.

# FEATURES OF GST

The features of GST can be summarized as under:

- *Subsuming of 17 taxes at Central/States level.*
- *Consumption Based Tax.*
- *One Tax rate across the country.*
- *Taxable event – “Supply of Goods or Services”*
- *No differentiation in Goods or Services*
- *Comprehensive tax on Goods & Services*
- *No tax on tax.*
- *Free flow of credit.*
- *Value Addition Tax at each stage.*

DUAL GST:

India has adopted dual GST. There would be two components of GST viz. Central GST (CGST) and State GST (SGST). Centre will collect CGST and States/Union Territories would collect SGST/UTGST on all transactions of supply of goods or services or both. Owing to 101st constitutional amendment, Central as well as States/Union Territories could simultaneously levy tax on supply of goods & services.

Integrated GST is leviable on inter-state transactions. It is levied & collected by the Central Government. It is equal to CGST + SGST.



# **SUBSUMING OF TAXES**

- **The Goods and Services Tax (GST) was introduced in India to remove the multiplicity of taxes levied, thereby reducing the complexity and tax cascading.**
- **The GST subsumed all previous taxes that were levied on the sale of goods or provision of services by either Central or State Government.**
- **Subsumation of large number of taxes and other levies will now allow free flow of larger pool of tax credits at both Central and State level.**

# TAXES SUBSUMED IN GST

## CENTRAL TAXES:

*Central Excise Duty*

*Additional Excise Duty*

*Service Tax*

*Additional Customs Duty (CVD)*

*Special Additional Duty of Customs (SAD)*

*Excise Duty on Medicinal & Toilet Preparations.*

## STATE TAXES:

*Sales Tax/Value Added Tax (VAT)*

*Entertainment Tax (other than collected by local bodies)*

*Central Sales Tax (CST)*

*Octroi & Entry Tax*

*Purchase Tax*

*Luxury Tax*

*Taxes on Lottery, Betting & Gambling*

# FEATURES OF GST

## 1. TAXABLE EVENT: SUPPLY OF GOODS & SERVICES OR BOTH

- *Supply of goods or services (supply of anything other than goods or services does not attract GST);*
- *Supply should be made for a consideration;*
- *Supply should be made in the course or furtherance of business;*
- *Supply should be made by a taxable person;*
- *Supply should be a taxable supply;*
- *Supply should be made within the taxable territory.*



# FEATURES OF GST

## 2. PLACE OF SUPPLY:

is an important concept under GST Law.

- to determine whether the supply is intra-state supply or inter-state supply.
- to determine whether the supply is import or export of goods or services.

### INTRA-STATE SUPPLY:

Where the location of the supplier and the place of supply (not location of the recipient of goods or services) are in the same state, such supply is termed as Intra-state supply. CGST & SGST is payable on intra-state transactions.

### INTER-STATE SUPPLY:

Where the location of the supplier and the place of supply (not location of the recipient of goods or services) are in different states, such supply is termed as inter-state supply. IGST is payable on inter-state transactions.

Supplies of goods & services outside India and supplies of goods & services to or by Special Economic Zones (SEZ) are termed as Inter-state supplies.

# FEATURES OF GST

## COMPOSITE SUPPLY:

Composite Supply means a supply made by a taxable person to a recipient comprising of two or more suppliers of goods or services or combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a “principal supply”.

## MIXED SUPPLY:

Mixed Supply means two or more individual suppliers of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

GST is payable at the rate on that particular supply which attracts the highest rate of tax.



# FEATURES OF GST

**Default Rule for time of supply of goods:**

**Earliest of the following:**

- *Date of issue of invoice by the supplier. If invoice not issued then the last day on which supplier is legally bound to issue the invoice*
- *Date on which the supplier receives the payment.*

**Date of receipt of payment means earlier of the following:**

- *The date on which payment is entered in his books of account or*
- *The date on which payment is credited to his books of account.*

# FEATURES OF GST

## 3. TRANSITIONAL PROVISIONS:

**GST Law has consolidated multiple Central/State Taxes into one. GST Law has made elaborate provisions to ensure smooth and hassle-free transition to GST so that no Input Tax Credit (ITC) earned under the existing laws is not lost.**

**A registered person can carry forward the ITC (Cenvat Credit, VAT) earned under the then existing laws subject to fulfilment of certain conditions.**

**A person opting for Composition Scheme is not eligible to carry forward the ITC earned under the existing law.**

# FEATURES OF GST

## 4. REGISTRATION:

- is required in the State or Union Territory from where the supplier makes a taxable supply of goods or services or both if his aggregate turnover in a financial year exceeds Rs.20 Lakh.

- In case of special category of states, the supplier needs to get registered if his aggregate turnover in a financial year exceeds Rs.10 Lakh.

Eleven (11) Special category states are Arunachal Pradesh, Assam, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh & Uttarakhand.

- is required in each state from where taxable supply is made. There is no concept of Centralized Registration in GST Law.

- GST Law has prescribed single registration in a State. Thus, a supplier having multiple locations in a state need not obtain separate registration for each location. He can show one place as his Principal Place of Business and the other places are additional places of business. He has, however, an option to obtain separate registration for each of his location.

- Registration under GST Law is PAN based and State specific. It is not tax specific. In other words, registration is common for all the taxes i.e. CGST, SGST, UTGST, IGST, Cess.

- In GST Registration, supplier is allotted GST Identification Number called 'GSTIN'. It is a 15 digits number. The first two digits of the GSTIN is the State Code, the next 10 digits is the PAN of the entity, the next two digits are meant for entity code and the last digit is the check sum number.

- Unique Identification Number (UIN) is issued to notified agencies of United Nations' Organization, Multi-national Financial Institutions etc.



# FEATURES OF GST

**\*VOLUNTARY REGISTRATION:**  
Suppliers, within the threshold limit, can voluntarily opt to register.

**\*COMPULSORY REGISTRATION:** In respect of 12 categories of supply, the registration is compulsory even though the value of goods supplied are within the threshold exemption. To quote a few – Inter-state Supply, GST payable under RCM, Input Service Distributor, Casual Taxable Person, Non-resident Taxable Person etc.

# FEATURES OF GST

## 5. VALUATION:

- GST is payable on ad-valorem basis, i.e. percentage of value of the supply of goods or services.
- Taxable value under GST Law is the Transaction Value, i.e. price actually paid or payable, provided the supplier and the recipient are not related and price is the sole consideration.

# **FEATURES OF GST**

## **6. COMPOSITION SCHEME:**

**A registered person whose aggregate turnover in the preceding financial year did not exceed Rs.75 Lakh may opt to pay tax under Composition Scheme.**



# **FEATURES OF GST**

## **7. INPUT TAX CREDIT:**

**This is a very important feature of GST Law. Under GST Law entire supply chain would be subject to GST to be levied by Central and State Governments concurrently.**

**GST Law allows credit of CGST, SGST/UTGST & IGST.**

**ITC can be availed within one year from the date of invoice. ITC is not allowed beyond September following the financial year to which the invoice pertains or date of filing annual return, whichever is earlier.**

**Cross utilization of CGST & SGST is not allowed. In other words, CGST cannot be utilized for payment of SGST and vice-e-versa.**

# FEATURES OF GST

## 8. INVOICING:

- It is mandatory for a registered person to issue a tax invoice or a bill of supply for every supply of goods or services.
- It is also mandatory for a registered person to issue tax invoice where goods or services are procured from an unregistered person.
- A registered person engaged only in supply of exempted goods or services or availing Composition Scheme has to issue Bill of Supply instead of Tax Invoice.
- GST Law has not prescribed any specific format of the invoice. It has, however, prescribed 16 mandatory details which are required to be incorporated in the tax invoice.
- A tax invoice or bill of supply is not required to be issued where the value of supply is less than Rs.200/-
- Tax invoice evidences supply. It is must for availing Input Tax Credit. Invoice is an important indicator of time of supply.

# FEATURES OF GST

## 9. EXPORT:

- Export of Goods/Service out of India as well as supplies to SEZ Unit/Developer is treated as Inter-state supply and hence IGST would be payable where it is on payment of tax.
- Input Tax Credit is available for making zero-rated supplies. It is available even when such supply is an exempt supply.



# FEATURES OF GST

## 10. IMPORT:

- Import of goods or services are treated as deemed inter-state supplies and are subjected to Integrated GST. Integrated tax is leviable in addition to the Customs Duties.
- IGST on import of services is levied under IGST Act, 2017. IGST on import of goods is levied under Customs Act, 1962 read with Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of Customs are levied on the said goods under CA, 1962.
- Compensation Cess may also be levied wherever applicable.

# **FEATURES OF GST**

## **11. REVERSE CHARGE MECHANISM:**

**Certain supplies of goods and services are specifically brought under Reverse Charge Mechanism. In such cases, the recipient of goods & services has to pay GST on the supplies made by the supplier.**

**Similarly, supplies of goods & services received by a registered person from an unregistered person have been brought under Reverse Charge Mechanism. Exemption up to Rs.5000/- per day (value of goods or services) from any or all unregistered suppliers is available to the registered person.**

**THANK YOU**