

# **B.Com (H & G) under CBCS system**

**Study Material  
Year III: Semester 5**

**TAXATION : II  
Paper Code: CC 5.2 CH  
6 CREDIT HOURS**

**MODULE-II**

**INDIRECT TAXES:  
GOODS & SERVICE TAX (GST)**

## **Unit 3: Basic Concepts of Indirect Tax and Overview of GST**

### **M-5/L5**

- 1. Concept of Indirect Tax**
- 2. Difference between direct and indirect taxes**
- 3. Concept, Objectives, structure and types of GST**
- 4. Taxes subsumed into GST**
- 5. Application of SGST, CGST, UTGST and IGST**
- 6. Non Applicability of GST**
- 7. Rates of GST**
- 8. Compensation Cess**

#### ***DEFINITIONS:***

- 1. Aggregate Turnover***
- 2. Business***
- 3. Capital Goods***
- 4. Casual Taxable Person***
- 5. Goods***
- 6. Input , Input Tax, Input Tax credit***
- 7. Output Tax***
- 8. Person***
- 9. Place of business***

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10. Registered Persons

11. Services

12. Taxable Persons

13. Turnover in state and Union Territory

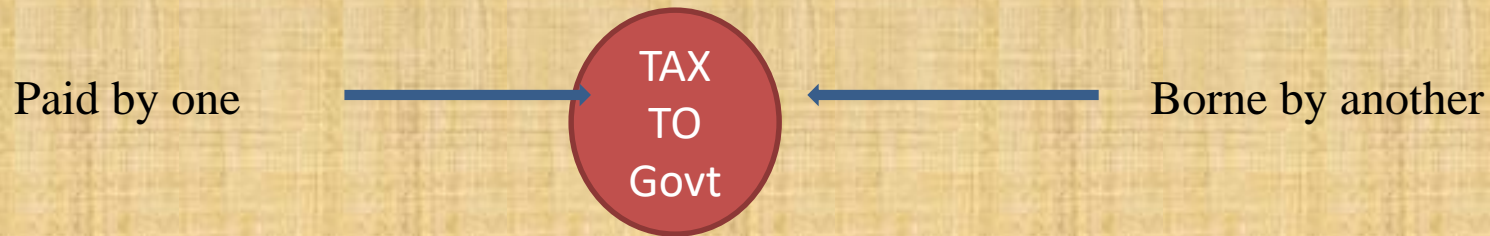
# CONCEPT OF INDIRECT TAX

## CONSUMPTION TAX

### MEANING

Indirect Tax is a tax of which incidence and impact fall on two different person:

1. Incidence falls on the person **who pays the tax to the Government** and
2. Impact falls on the person **who finally bears the burden of tax**



Levied on:

**Goods, Services, Expenditures, Consumption, Import, Export etc.**

### Examples:

**GST:** GST paid by Supplier (seller) but borne by the recipient (Buyer)

**Custom Duty:** Custom duty is paid by importer but borne by ultimate buyer of goods

## FEATURES OF INDIRECT TAXES

1. **Regressive in nature:** IDT (Indirect Taxes) is regressive in nature. Both richer and poor need to pay tax of the same amount
2. **Tax on goods and services:** IDT is generally levied on goods or services or both eg: GST and custom
3. **Shifting of burden:** Tax burden in case of IDT can be shifted. The person who pay tax who pays tax can recover the same from another person. And ultimately burden of GST falls on consumer.
4. **Inflationary:** IDT are inflationary in nature. It causes increase in price
5. **Wider tax base:** IDT has wider tax base then Direct taxes. Hence it generates more revenue.
6. **Major source of revenue:** IDT is major source of revenue.

## DIFFERENCE BETWEEN DIRECT TAX AND INDIRECT TAX



Particulars	Direct Tax	Indirect Tax
Meaning	Direct Tax is a tax of which incidence and impact fall on same person	Indirect tax is a tax of which incidence and impact falls on two different Persons
Nature of tax	Direct tax is Progressive in nature	Indirect tax is regressive in nature
Imposition	It is generally imposed on income of the person	It may cause increase in inflation
Tax evasion	It leads to more tax evasion because only one person is involved	It comparatively has less chances of tax evasion because two persons are involved
Administrative Cost	It cause high administrative cost to Government	It cause low administrative cost to Government
Example	Income tax, Corporate dividend tax, Municipal Tax	GST, Custom Duty, Securities transaction tax



## Concept of GST

- It is levied on supply of goods or services or both
- It is an indirect tax
- It is paid by supplier of goods or services or both but borne by the Recipient.
- It is applicable all over India including J & K
- Its main objective is to consolidate all indirect tax into single tax
- As per Article 366(12A) of Constitution of India, Goods and services Tax means a tax on supply of goods or services, or both, except taxes on supply of alcoholic liquor for human consumption
- It is a type of value added tax

### INPUT TAX CREDIT IS THE MAIN FEATURE OF GST

- A purchased goods for Rs 100 +5% GST
- A sold to B for Rs 140 + 5% GST
- At the time of purchase, A had to pay GST {Rs 5 (5% OF Rs 100)}  **INPUT TAX**
- At the time of sale A is liable to pay {Rs 7 (5% of Rs 140 )}  **Output Tax**
- Net Tax payable to Government
- **(OUTPUT TAX – INPUT TAX)**
- $(RS\ 7 - RS\ 5) = RS\ 2$

# **NON APPLICABILITY OF GST**

## **FOLLOWING COMMODITIES ARE OUT OF THE GST NET**

- 1. Alcohol for human consumption**
- 2. Electricity (it shall be liable to electricity tax)**
- 3. 5 petroleum products**
  - a. Crude petroleum**
  - b. Motor Spirit (petrol)**
  - c. Aviation turbine oil**
  - d. High speed diesel oil**
  - e. natural Gas**



## ULTIMATE BURDEN OF TAX FALLS ON CONSUMER--- EXPLANATION

In GST, burden of tax can be shifted to buyer at each stage and in this manner ultimate burden of tax fall on consumer.

*Stage:- 1 Manufacturer(A) sold goods to Wholesaler (B) for Rs 1000*

*Stage 2: Wholesaler (B) sold goods to Retailer © for Rs 1500*

*Stage 3: Retailer © sold goods to Consumer (D) for Rs 2200*

*GST RATE 10%*

GST COLLECTED	GST COLLECTED BY	GST BORNE BY	GST PAID TO GOVT	Remarsk
1000* 10%= 100	A Rs100 from B	B Rs100 (ITC can be claimed)	<b>By A Rs 100</b>	
1500*10% = Rs 150	B Rs150 from C	C Rs150 (ITC can be claimed)	<b>By B Rs 50 (150-100)</b>	B will retain Rs 100 as ITC and shall deposit Rs 50 with the Govt. In this way, B has shifted his burden of tax on C

<b>2200* 10% =220</b>	<b>C Rs 220 from D (Consumer)</b>	<b>D Rs 220 ( and since consumer cannot claim ITC he cannot shift the burden to any one else)</b>	<b>By C Rs 70 (220-150)</b>	<b>C will retain Rs 150 as ITC and shall deposit Rs 70 with the Government. In this way, C has shifted his Burden of Tax on D</b>
	Total	Entire tax burden of Rs 220/- borne by D	Rs 220/-	<b>ULTIMATE BURDEN OF TAX FALLS ON CONSUMER (D)</b>

# STRUCTURE AND TYPES OF GST

## DUAL MODEL OF TAX

**CGST (Central goods and service tax )**

**SGST (State Goods and service tax)**

SUPPLY OF GOODS

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graph TD; A[SUPPLY OF GOODS] --> B[INTRA STATE SUPPLY OF GOODS]; A --> C[INTER STATE SUPPLY OF GOODS];
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**INTRA STATE SUPPLY OF GOODS**

- Same state
- Same union territory

**INTER STATE SUPPLY OF GOODS**

- Two different state
- Two different UT
- A state and a Union Territory

## INTRA STATE SUPPLY OF GOODS

KOLKATA → KOLKATA (RS 1,00,000)

GST RATE: 12 %

(6% CGST)

(6% SGST)

CGST= 6% {6000}

SGST= 6%{6000}

## INTER STATE SUPPLY

**IGST (INTEGRATED GOODS AND SERVICE TAX) { collected first by Cent Govt }**

CGST

SGST

DELHI (S) → KOLKATA (B) (18%) (INTER STATE)  
IGST (18,000){  $1,00,000 \times 18\%$  }

CGST  
9%

SGST  
9%

## CGST AND UTGST

CGST

UTGST

## UTGST

1. Chandigarh
2. Lakshadweep
3. Daman and Diu
4. Dadra & Nagar Haveli
5. Andaman and Nicobar Islands

Andaman Nicobar Island



Andaman Nicobar Island

GST @ 28%

UTGST @14

CGST @14

## ILLUSTRATIONS

1. A of Mumbai sold goods to B of UP: **IGST**
2. C of Himachal Pradesh sold goods to D of Himachal Pradesh: intra (**CGST & SGST**)
3. E of Chandigarh sold goods to F of Chandigarh (**Intra Union Territory**) (**CGST & UTGST**)
4. G of Lakshadweep sold goods to H of Andaman Nicobar (**Inter : CGST & UTGST**)



## DESTINATION BASED TAX

- Where the goods are **delivered/consumed**
- The place of consumption** will decide the state that will collect tax.
- The producing / selling state gets nothing while the consumption states receive complete share of revenue.
- The tax shall accrue to the taxing authority which has **jurisdiction over the place of delivery/supply/consumption.**

Illustrations:

1. A registered supplier of Mumbai sold goods to a registered person of Pune Rs 50 lakh(excluding GST)

ANS: *since the supply is Intra State supply, it will be subject to CGST and'' Maharashtra – GST''. Taxes shall be retained half by the Central Governmnet and Half by the Maharashtra Government.*

2. A registered supplier of Kolkata sold goods to a registered person of Delhi Rs 40 Lakh (excluding GST)

ANS: *Since the supply is Inter state supply to IGST. Taxes shall be retained half by Central Government and half be Delhi Government (where the goods are delivered).*

## **TAXES SUBSUMED IN GST**

### **CENTRAL TAXES SUBSUMED IN GST**

1. Central Excise Tax
2. Additional excise duty
3. The excise tax levied under the Medicinal and Toiletries Preparation Act
4. Service Tax
5. Additional Custom duty, Commonly known as Countervailing Tax (CVD)
6. Special Additional Tax of Customs-4%
7. Surcharges
8. Cess as they relate to Goods or services

### **STATE TAXES SUBSUMED IN GST**

1. VAT/sales Tax
2. Entertainment Tax (excluding entertainment tax as levied by the local bodies)
3. Luxury Tax
4. Purchase Tax
5. Taxes on lottery, betting and gambling
6. State cess and Surcharges in so far as they relate to supply of goods and services
7. Entry tax / Octroi
8. Taxes on advertisement
9. State surcharge and cess so far as they relate to goods and services.
10. Central Sales Tax

## **Taxes not subsumed in GST**

**Many of the indirect taxes are not subsumed in GST,**

- 1. Custom duty**
- 2. Stamp duty**
- 3. Securities transaction tax**
- 4. Electricity tax**
- 5. State excise on alcohol**
- 6. Entertainment tax**
- 7. Central Excise on 5 petroleum products, Tobacco**
- 8. VAT on petroleum products and Alcohol**
- 9. Professional tax**
- 10. Property tax levied by local bodies.**

# CESS

Central Government has undertaken the obligation to compensate any loss of revenue (due to implementation of GST) to any state government for a period of 5 years

To raise such fund a law has been enacted, “ The Goods and Service Tax (Compensation to States) Act”

1. Compensation cess shall be levied on Goods such as Pan Masala. Tobacco, and manufactured tobacco substitutes, coal, aerated water, luxury car, etc.
2. It is levied to provide compensation to the states for loss of revenue arising on account of implementation of GST for a period of 5 years
3. General rate of compensation cess is 15%
4. It is levied on accessible value not on taxable value.

## Illustration:

*A registered supplier of Kolkata sold to another registered person of Jaipur for Rs 10 Lakh( Excluding GST @28%).*

*Such goods are further subject to Compensation Cess @ 15% . Find amount of GST and Compensation Cess.*

Particulars	Details	Amount
<b>Value of Supply</b>		<b>10,00,000</b>
<b>IGST</b>	<b>28% of Rs10,00,000</b>	<b>2,80,000</b>
<b>Compensation Cess</b>	<b>15% of Rs10,00,000</b>	<b>1,50,000</b>
<b>Total</b>		<b>14,30,000</b>

## Tax on Tobacco

On tobacco, GST, GST Compensation cess and Central Excise Tax are Applicable. Centre is allowed to levy excise tax on tobacco products apart from GST and GST shall be eligible for ITC. While valuation for levying GST, excise tax shall be added to assessable value.

Example:

*X sold Tobacco of Rs 10 Lakh to Y which is subject to 12% Excise and 28% GST. Find amount of GST*

Particulars	Details	Amount
Value of supply		10,00,000
Excise	12% of Rs 10,00,000	1,20,000
		11,20,000
Assessable value for GST	28% of 11,20,000	3,13,600
Total		14,33,600



# Import and Export

## Import

In case of Import of goods:

Apart from **Custom duty**, **IGST** shall be applicable

Import shall be treated as inter state supply, and liable to IGST. Hence on Import, Basic custom duty and IGST shall be applicable. **Input tax credit** shall be available of IGST so paid. No input tax credit for BCD.

## Export

Export is treated as inter as inter state supply.

It is Zero rated supply .

In case of export, exporter can:

1. Remove goods by signing a bond, without payment of GST
2. Pay IGST while removing the goods and later after export claim refund for it.
3. Hence practically **Export is not liable to GST.**

## GST COUNCIL

- GST council is Union Finance Minister
- Minister of State and State Finance/ Tax Minister
- Decision shall be taken by GST council with 3/4<sup>th</sup> majority.
- Central Government shall have 1/3<sup>rd</sup> vote in GST Council and all State government together shall 2/3<sup>rd</sup> vote.

### Function of GST Council

1. To make recommendation on preparation of GST law & procedure and suggest necessary amendments in the law.
2. To make recommendation on Exemption and threshold
3. To make recommendation of GST rates
4. To make recommendation on Taxes to be subsumed in GST
5. To settle dispute between CG and SG

## **GSTN (Goods and Service Tax Network)**

**GSTN is a non profit seeking company** being set up to provide a shared IT infrastructure and services to Central and State Government tax administration and assess for implementation of GST.

Function of STN

1. Facilitate **registration**
2. **Computation of IGST and Settlement**
3. File tax returns and submit to central and state authorities
4. Integrate banking network with tax payment details
5. Analyze tax payer's profile
6. Manage computation engine of input tax credit
7. Submit MIS reports to Government.

# FRAMEWORK OF GST IN INDIA

## Registration

1. Every supplier of goods or services or both is to apply for registration if his turnover exceed threshold ceiling.
2. There would be three threshold limits for exemption from registration for the supplier  
Rs 40 Lakh, Rs 20 Lakh, Ra 10 Lakh

Summary of threshold limit

### FOR SUPPLIER ENGAGED EXCLUSIVELY IN SUPPLY OF GOODS

STATE	AGREEGATE TURNOVER
Manipur, mizoram, nagaland tripura	Rs 10 L
Uttarakhand, Assam, Meghalaya, Sikkim, Arunachachal Pradesh	Rs 20L
Himachal Pradesh	Rs 40 Lakh
Jammu and Kashmir	Rs 40 Lakh
Pondicherry , Telengana	Rs 20 Lakh
Rest States Of India	Rs 40L

## FOR SUPPLIER ENGAGED IN SUPPLY OF SERVICES OR BOTH GOODS AND SERVICES

Manipur, Mizoram, Nagaland, Tripura	Rs 10 Lakh
Uttarakhand, Assam, Meghalaya, Sikkim, Arunachal Pradesh, Himachal Pradesh	Rs 20Lakh
Rest state of India	Rs 20Lakh

1. Only registered person shall be eligible for ITC
2. PAN is essential for the grant of the registration number
3. Registration number shall be granted which shall be unique identity number based on PAN known as GSTIN
4. Goods and service tax identification number (GSTIN) it is the registration number under GST law. It is a PAN based 15 digit code.
5. If a person is simply engaged in supply of exempted goods and services then he does not need registration irrespective of turnover.
6. Every supplier of goods/ or services will be liable to get himself registered in the state from which he makes a taxable supply.
7. Every person who is liable to register must apply within 30 days from the date on which he becomes liable to register

## Exempted Ceiling

There is no exempted ceiling in GST but a business entity with an annual turnover of up to Rs 40 Lakh or Rs 20 Lakh ( in few states Rs 10 Lakh) would not be required to take registration in the GST regime. (Unless it voluntarily chooses to do so to be a part of the ITC) and hence he is not liable to pay GST. As in GST law only registered person is liable to pay GST. A registered person shall have to pay GST on his total taxable turnover



## Composite Scheme

1. **Turnover = Rs 150 Lakh** can avail the benefit of a composition scheme under which it has to pay tax @ 1% (generally) and has to fulfill very minimal compliance requirements.
2. Composite scheme is **not applicable if a person is engaged in inter state supply**.
3. Out of pocket tax that is recipient has to pay tax
4. A person **who has opted composition scheme is not eligible to tax credit**
5. **Turnover of all businesses with same PAN has to be added up to calculate turnover for the purpose of composition scheme.**
6. Only Manufacturers of goods, Dealers, and Restaurants (not serving alcohol) can opt for composition scheme.
7. **A Composition Dealer has to issue bill of supply.** They cannot issue a tax invoice. This is because the **tax has to be paid by the dealer out of pocket. A Composition Dealer is not allowed to recover the GST from the customers.**

### Composition Scheme Applicable GST Rate

TYPE OF BUSINESS	CGST	SGST	TOTAL
Manufacturer and trader (goods)	0.5%	0.5%	1%
Restaurants Not serving alcohol	2.5%	2.5%	5%

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8. The taxable person is required to pay tax in a **challan-cum-statement from FY 2019-20**, i.e **CMP-08** instead of furnishing return, i.e. GSTR-4 on a quarterly basis. The frequency of filing GSTR-4 return has been made annual with effect from FY 2019-20. The annual return in GSTR-9A continues to apply with exemptions for FY 2017-18 and FY 2018-19.

9. When a dealer opts out of composition scheme all the normal rules are applicable from the day of opting out.

For example, a composition dealer opts out of composition scheme on 15th October 2019. This means that the dealer will have to file two CMP-08 for the quarters of July – September, and October (15 days). The dealer will also have to file GSTR-1 and GSTR-3B for the period of October 2019 (sales from 15th October until end of the month).

**In India, there are 4 types of GST rates:**

### **GST Slab of 5%**

Under this slab, the *goods of basic amenities* are covered such as sugar, oil, spices, coffee, coal, fertilizers, tea, ayurvedic medicines, agarbatti, sliced dry mango, cashew nuts, sweets, handmade carpets, lifeboats, fish fillet, unbranded namkeen, and life-saving drugs are covered.

The services under this slab include railways, airways, takeaway food, AC and Non-AC restaurants, hotel rooms with a tariff less than Rs. 7,500, and special flights for pilgrims.

### **GST Slab of 12%**

*Under this slab, products like cell phones, sewing machine, umbrella, jewelry box, along with processed foods like frozen meat, fruit juices, butter, cheese, ghee are covered.*

The services under this slab include business class flight tickets and movie tickets below Rs. 100.

## **GST Slab of 18%**

Under this slab products like hair oil, safety glass, pasta, pastries, ice-cream, mineral water, hair shampoo, oil powder, water heaters, washing machine, detergent, scent sprays, leather clothing, cookers, oil powder, cutlery, binoculars, artificial flowers, wristwatches, suitcase, briefcase, shaving, after-shave, furniture, stationery items, mattress monitors, television screen, lithium-ion batteries, video games are covered.

The services under this slab include restaurants within hotels whose tariffs are above Rs. 7,500, actual hotel bill below Rs. 7,500, movie tickets above Rs. 100.

## **GST Slab of 28%**

*Under this slab, over 200 products are covered like cars, cigarettes, durable consumer products, high-end motorcycles, pan masala, weighing machine, cement are covered.*

The services under this slab include racing, betting in casinos, the actual bill of hotel stay above Rs. 7,500.

A special rate of 0.25% is levied on semi-polished and cut stones.

## GST Tax Slab Rates List for Goods

5% GST	12% GST	18% GST	28% GST
Spices	Cakes	Washing Machine	Personal Aircraft
Frozen vegetables	Drip Irrigation System	Vacuum Cleaner	Sunscreen
Rusk	Photographs	Pasta	Tobacco
Fish fillet	Pack water bottle of 20 litre	Tyres	Hair clippers
Pizza bread	Butter	Biscuits	Bidis
Sabudana	Mechanical sprayers	Vanity case	Weighing machine
Tea	Ghee	Pastries	Waffles plus wafers which are coated with chocolate
Baby milk food	Almonds	Soups	Wallpaper
Plain Chapati & Khakhra	Pouches, purses and Handbags	Preserved Vegetables	ATM Vending Machine
Floor covering	Fruits	Camera	Yachts
Fertilizers	Art ware of iron	Curry paste	Motorcycles
Footwear under Rs. 1,000	Boiled sugar confectionery	Instant food mixes	Ceramic tiles
Apparels under Rs.	Packaged coconut	Shampoo	Dishwasher

There are certain goods and services which are not covered under GST , these are:

**Goods:** *Rakhis without precious metals, bread, salt, sanitary napkins, raw material, eggs, besan, flour, natural honey, curd, sindoor, bangles, handloom, newspapers, deities made of stone, kajal, oat, rye, picture books, color books, manuscripts.*

**Services:** *The hotels and lodges with tariff below Rs. 1,000, plus IMM course books, bank charges on the savings account.*



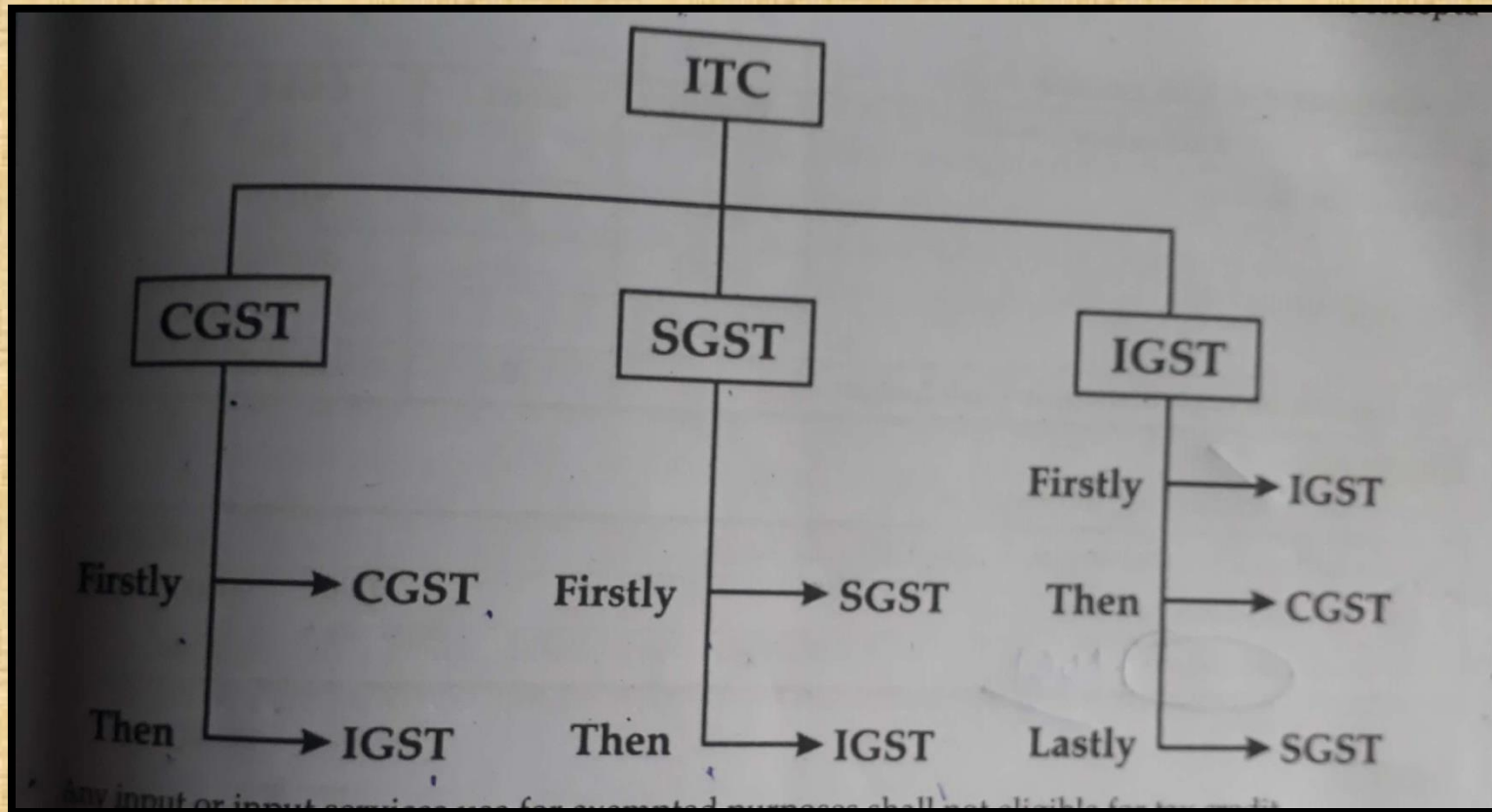
## INPUT TAX CREDIT

1. In order to prevent cascading of taxes, ITC would be admissible on all goods and services used in the course or furtherance of business, except on few items
2. ITC can be utilized as under:
  - a. IGST can be adjusted with
  - b. Firstly IGST
  - c. Secondly with CGST or SGST or UTGST (as per choice of registered Person)
  - d. CGST can be adjusted with CGST and IGST (in this priority only)
  - e. SGST can be adjusted with SGST and IGST (in this priority only)
  - f. CGST cannot be adjusted with SGST and UTGST (in this priority only)***
  - g. UTGST can be adjusted with UTGST and IGST (in this priority basis)
  - h. If goods or services partly used for taxable supplies and partly used for non taxable supplies/ Exempted Supplies (excluding zero rated supply), **then the credit shall be available only for input tax as attributed to taxable supplies and zero rated supplies.**
  - i. If any input or input services used partly for the business purposes and partly for other purposes then **credit shall be available for input tax attributable for business purposes.**

Contd/...

- j. Any input or input services use for exempted purposes shall not eligible for tax credit.
- k. *Capital Goods shall be eligible for 100% Input tax credit at a time.*
- l. *Where credit has been taken wrongly, the same shall be recovered from the registered taxable person, with interest u/s 50.*
- m. *GST paid on IP / IPS/CG used for Export or Clearance to SEZ shall be eligible for ITC.*

## INPUT TAX CREDIT



**Tax cascading can be analyzed from point of view of manufacturer, trader, service provider separately**

Assessee	Tax Liability on Output	Credit Admissibility	Effect
Manufacturer	On manufacture: Pay Excise tax to Central Government	Cenvat credit of excise tax on goods was available Cenvat Credit of ST on services was available No Credit of CST paid on inter state purchases. Credit of VAT paid on intra state purchases allowed.	No Tax Cascading except due to CST
	On Sale: Pay VAT to State Government	VAT on purchase of input was available for ITC	
Trader	On Sale: Pay VAT to State Government	ITC available for VAT on purchase of input. No Credit of Excise duty on goods purchased with VAT	Tax Cascading due to Excise, service tax and CST



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Prayas Taxation II		Basic Concepts	
		payable on goods. No credit of Service Tax on services hired with VAT payable. No Credit of CST paid on inter state purchases of goods.	
Service Provider	Provision of Service: Service tax to Central Government.	Cenvat Credit available for Excise on goods Service tax on services eligible for ITC No Input Tax credit of VAT on goods	Tax Cascading due to VAT/CST paid on inputs.

1. Several taxes which were not eligible for ITC causing tax cascading
2. Taxes having no mutual adjustment

## TYPES OF GSTR RETURNS

### 1. GSTR-1

**GSTR-1**: is the return to be furnished for *reporting details of all outward supplies of goods and services made, or in other words, sales transactions made during a tax period, and also for reporting debit and credit notes issued*. Any amendments to sales invoices made, even pertaining to previous tax periods, should be reported in the GSTR-1 return.

GSTR-1 is to be **filed by all normal taxpayers who are registered under GST. It is to be filed monthly**, except in the case of small taxpayers with turnover up to Rs.1.5 crore in the previous financial year, who can file the same on a quarterly basis.

### 2. GSTR-2A

**GSTR-2A**: is the return containing details *of all inward supplies of goods and services i.e. purchases made from registered suppliers during a tax period*. The data is auto-populated based on data filed by the suppliers in their GSTR-1 return. GSTR-2A is a read-only return and no action can be taken.

### 3. GSTR-2

**GSTR-2**: *is the return for reporting the inward supplies of goods and services i.e. the purchases made during a tax period. The details in the GSTR-2 return are auto-populated from the GSTR-2A. Unlike GSTR-2A, the GSTR-2 return can be edited.*

GSTR-2 is to be filed by all normal taxpayers registered under GST, however, the filing of the same has been suspended ever since the inception of GST.



#### 4. GSTR-3

**GSTR-3** is a *monthly summary return for furnishing summarized details of all outward supplies made, inward supplies received and input tax credit claimed, along with details of the tax liability and taxes paid.* This return is auto-generated on the basis of the GSTR-1 and GSTR-2 returns filed.

GSTR-3 is to be filed by all normal taxpayers registered under GST, however, the filing of the same has been suspended ever since the inception of GST.

#### 5. GSTR-3B

**GSTR-3B** is a *monthly self-declaration to be filed, for* furnishing summarized details of all outward supplies made, input tax credit claimed, tax liability ascertained and taxes paid.

GSTR-3B is to be filed by all normal taxpayers registered under GST.

#### 6. GSTR-4 / CMP-08

**GSTR-4** is the return that was to be filed by taxpayers who have opted for the Composition Scheme under GST. **CMP-08** is the return which has replaced the now erstwhile GSTR-4. The Composition Scheme is a scheme in which taxpayers with turnover up to Rs.1.5 crores can opt into and pay taxes at a fixed rate on the turnover declared.

The CMP-08 return is to be filed on a quarterly basis.

#### 7. GSTR-5

**GSTR-5** is the return to be **filed by non-resident foreign taxpayers**, who are registered under GST and carry out business transactions in India. The return contains details of all outward supplies made, inward supplies received, credit/debit notes, tax liability and taxes paid.

The GSTR-5 return is to be filed monthly for each month that the taxpayer is registered under

## 8. GSTR-6

**GSTR-6:** is a monthly return to be filed by an **Input Service Distributor (ISD)**. It will contain details of input tax credit received and distributed by the ISD. It will further contain details of all documents issued for the distribution of input credit and the manner of distribution.

## 9. GSTR-7

**GSTR-7:** is a monthly return to *be filed by persons required to deduct TDS* (Tax deducted at source) under GST. GSTR 7 will contain details of TDS deducted, the TDS liability payable and paid and TDS refund claimed, if any.

## 10. GSTR-8

**GSTR-8** is a *monthly return to be filed by e-commerce operators registered under the GST who are required to collect tax at source (TCS)*. GSTR-8 will contain details of all supplies made through the E-commerce platform, and the TCS collected on the same.  
The GSTR-8 return is to be filed on a monthly basis.

## 11. GSTR-9

**GSTR-9** is the annual return to be filed by taxpayers registered under GST. *It will contain details of all outward supplies made, inward supplies received during the relevant previous year under different tax heads i.e. CGST, SGST & IGST and HSN codes, along with details of taxes payable and paid.* It is a consolidation of all the monthly or quarterly returns (GSTR-1, GSTR-2A, GSTR-3B) filed during that year.

*GSTR-9 is required to be filed by all taxpayers registered under GST\**, except taxpayers who have opted for the Composition Scheme, Casual Taxable Persons, Input Service Distributors, Non-resident Taxable Persons and persons paying TDS under section 51 of CGST Act.

\*

## 12. GSTR-9A

GSTR-9A: is the *annual return to be filed by taxpayers who have registered under the Composition Scheme in a financial year\**. It is a consolidation of all the quarterly returns filed during that financial year.

\*GSTR-9A filing for Composition taxpayers has been waived off for FY 2017-18 and FY 2018-19 as per the decision taken in the 27th GST Council meeting.

## 13. GSTR-9C

**GSTR 9C:** is the reconciliation statement to be filed by all taxpayers registered under GST *whose turnover exceeds Rs.2 crore in a financial year*. The registered person has to get their books of accounts audited by a Chartered/Cost Accountant. The statement of reconciliation is between these audited financial statements of the taxpayer and the annual return GSTR-9 that has been filed.

## 14. GSTR-10

**GSTR-10:** is to be filed by a *taxable person whose registered has been cancelled or surrendered*. This return is also called a final return and has to be filed within 3 months from the date of cancellation or cancellation order, whichever is earlier.

## 15. GSTR-11

GSTR-11: is the return to be filed by persons who have been issued a *Unique Identity Number(UIN) in order to get a refund under GST for the goods and services purchased by them in India*. UIN is a classification made for foreign diplomatic missions and embassies not liable to tax in India, for the purpose of getting a refund of taxes. GSTR-11 will contain details of inward supplies received and refund claimed.

## Aggregate Turnover Sec 2(6)

Aggregate Turnover means;

1. Aggregate value of all taxable supplies
2. It does not include value of inward supplies
3. It includes exempted supplies
4. It includes exports of goods or services or both and
5. It includes inter state supplies of persons having the same Permanent Account Number.
6. It is computed on all India Basis.

But excludes: Central tax, State Tax, Union territory tax, Integrated tax and Cess.

## **Business Sec 2(17)**

1. Any trade, commerce, manufacture, profession, vocation, adventure, betting transactions or any other similar activity, whether or not for pecuniary benefit.
2. Sale of scarp, sale of old machinery, sale of hypothecated goods by bank, sale of repossessed goods by insurance company, sale of asset seized from creditors shall be treated as business activity because these are incidental or ancillary to business.
3. Venture shall also be treated as business.
4. Occasional transactions are also treated as business and subject to GST.
5. Purchase of asset before commencement of business and sale of asset after closure of business shall also be considered as business activity.
6. Club,/ association/ society which operates on mutuality concept shall also deem to carry business. Hence supply made by them is also subject to GST.
7. Activities where entrance to premises allowed only to a person carrying ticket shall be treated as business.
8. A CA in practice working under retainer ship in a company shall be treated as business activity.
9. Operation of Race Club is a business.
10. Government Activities are treated as business, However, sovereign power performed by the Government is Exempted.

## **Capital Goods 2 (19)**

Capital Goods means

1. The value of which is capitalized in the books of accounts of the person claiming the input tax credit.
2. Which are used or intended to be used in the course or furtherance of business.

## **Casual Taxable Person 2 (20)**

Casual Taxable person means:

1. Who occasionally undertakes transactions involving supply of goods or services or both
2. In the course or furtherance of business
3. Whether as principal, agent or in any other capacity
4. In a state or a Union Territory where he has no fixed place of business.



## **Input Tax in relation to a registered person**

1. Means the CGST,SGST,IGST, UTGST charged on any supply of goods or services or both made to him,
2. Includes:
  - a. IGST charged on import of goods
  - b. The tax payable under Reverse charge mechanism for inward supplies

## **Output Tax 2 (82)**

Output tax in relation to a taxable person:

1. Means the tax chargeable under this Act on taxable supply made by him or his agent
2. But excludes tax payable by him on reverse charge mechanism

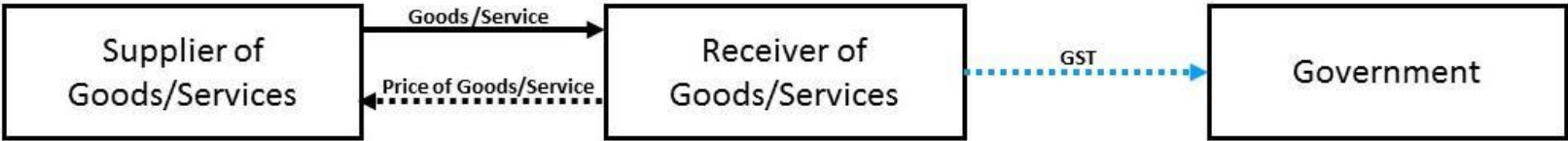
# What is Reverse Charge?

Normally, the supplier of goods or services pays the tax on supply. In the case of Reverse Charge, the receiver becomes liable to pay the tax, i.e., the chargeability gets reversed.

## NORMAL GST PAYMENT PROCESS



## GST PAYMENT IN CASE OF REVERSE CHARGE



## What is Reverse Charge Mechanism

If a vendor who is not registered under GST, supplies goods to a person who is [registered under GST](#), then Reverse Charge would apply. This means that the GST will have to be paid directly by the receiver to the Government instead of the supplier. The registered dealer who has to pay GST under reverse charge has to do self-invoicing for the purchases made.

For Inter-state purchases the buyer has to pay IGST. For Intra-state purchased CGST and SGST has to be paid under RCM by the purchaser.

## Place Of Business 2(85)

Place of Business includes:-

1. A place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both;
2. A place where a taxable person maintains his books of accounts or;
3. A place where a taxable person is engaged in business through agent, by whatever name called.

**POB= Ordinary place of business+ warehouse+ place where accounts kept+ agent's Place**

## Registered Person 2(94)

Registered Person:

1. Means a person who is registered u/s 25
2. But does not include a person having unique identity number

## Goods 2(52)

Goods means:

1. Every kind of movable property
2. Other than money and securities
3. But includes:
  - Actionable claim
  - Growing crops
  - Grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

1. Goods means movable property but the term movable property is not defined in GST legislation
2. Immovable property shall include:
  - Land benefits to arise to arise out of land
  - Things attached to earth or permanently fastened to anything attached to the earth
3. Electricity is movable property but not liable to GST.
4. Money or securities are neither goods nor services hence its supply shall not be liable to GST.
5. Supply of ACTIONABLE CLAIM
  - Actionable claim included in supply of goods
  - Actionable claim other than lottery betting or gambling shall neither constitute supply of goods nor supply of services
  - Conclusively supply of actionable claim in general will not attract GST. However, supply of actionable claim being lottery betting or gambling will attract GST



## **SERVICES 2(102)**

Services means anything other than

1. Goods
2. Money and
3. Securities

But includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination to another from, currency or denomination for which a separate consideration is charged.

4. Services here include intangible property but do not include money. However it includes activities relating to the conversion of money.
5. Transfer of securities shall be liable to STT and not liable to GST
6. Money Changer service shall be liable to GST

## **Turnover in State or Turnover in Union Territory 2(112)**

### **Turnover in State or Turnover in Union Territory**

1. The aggregate value of all taxable and exempt supplies made within a state or union territory by a taxable person, excluding the value of inward supplies on which tax is payable by a person on RCM.
2. Export of goods or services or both made from the state or union territory by the said taxable person
3. Inter state supplies made from the state or union territory by the said taxable person
4. But excludes CGST, SGST, IGST, UTGST and Cess.

**Thank You**