

GOODS & SERVICES TAX

(An Overview)

**Department of Finance
Government of Rajasthan**

WHY GST?

BENEFITS

WHY GST : BENEFITS

❖ To Trade

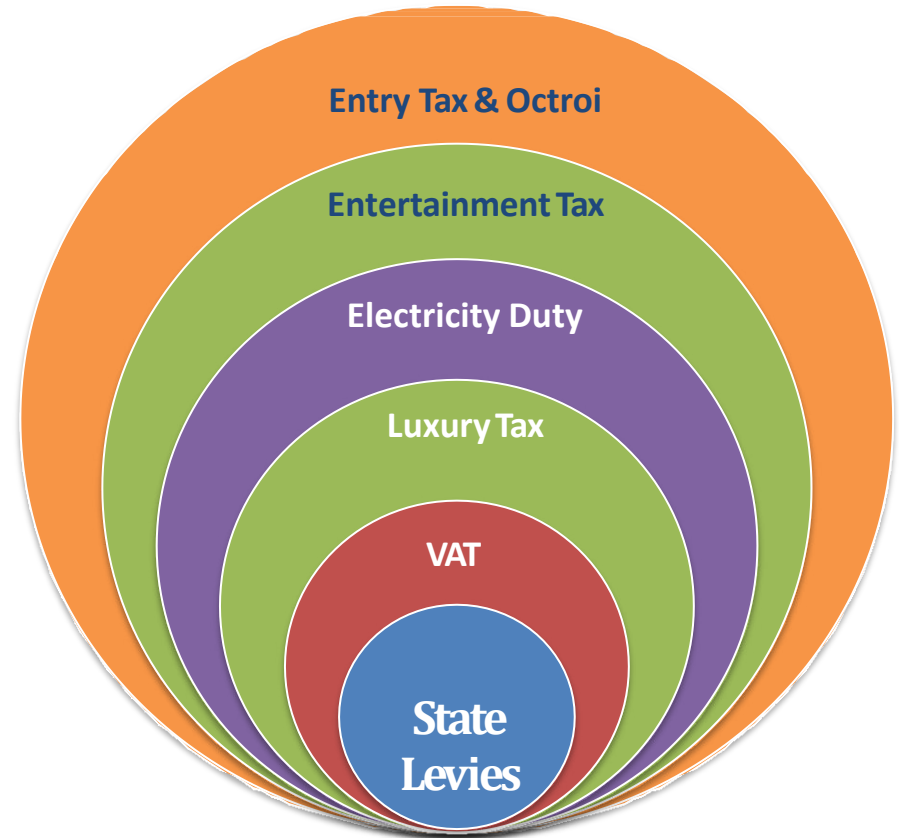
- ❑ Reduction in multiplicity of taxes
- ❑ Mitigation of cascading/ double taxation
- ❑ More efficient neutralization of taxes especially for exports
- ❑ Development of common national market
- ❑ Simpler tax regime
 - Fewer rates and exemptions
 - Distinction between Goods & Services no longer required

❖ To Consumers

- ❑ Simpler Tax system
- ❑ Reduction in prices of goods & services due to elimination of cascading
- ❑ Uniform prices throughout the country
- ❑ Transparency in taxation system
- ❑ Increase in employment opportunities

EXISTING INDIRECT TAX STRUCTURE

EXISTING INDIRECT TAX STRUCTURE



SALIENT FEATURES OF GST

Taxation powers distributed between Centre & States

- ❑ Centre levies duty on manufacture (except alcohol for human consumption)
- ❑ Centre levies services tax
- ❑ Centre levies CST (retained by originating States) on inter-State sales
- ❑ State levies VAT on intra-State sales
- ❑ State levies Entry tax/ Octroi/ Luxury tax, etc.

- ❖ CAB passed by Rajya Sabha on 03.08.2016 & Lok Sabha on 08.08.2016
- ❖ Notified as Constitution (101st Amendment) Act, 2016 on 08.09.2016
- ❖ Key Features:
 - ❑ Concurrent jurisdiction for levy & collection of GST by the Centre & the States – Article 246A
 - ❑ Centre to levy & collect IGST on supplies in the course of inter-State trade or commerce including imports – Article 269A

Key Features contd.

- ❑ GST on Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Natural Gas & Aviation Turbine Fuel to be levied from a later date on recommendations of GSTC
- ❑ Compensation for loss of revenue to States for five years on recommendation of the Council

GST COUNCIL

GST COUNCIL

- Consists of Union FM & Union MOS (Revenue)
- Consists of Ministers in charge of Finance/ Taxation of each State
- Chairperson – Union Finance Minister
- Vice Chairperson - to be chosen amongst the Ministers of State Government
- Quorum is 50% of total members
- Decisions by majority of 75% of weighted votes of members present & voting (Centre plus 20 States)

DECISION MAKING IN COUNCIL

- Weightage of votes:
 - Centre – $1/3^{\text{rd}}$ of total votes cast
 - States (all taken together) – $2/3^{\text{rd}}$ of total votes cast
- Council to make recommendations on
 - Taxes to be subsumed in GST
 - Exemptions & thresholds
 - GST rates
 - Model GST Law & procedures

GST COUNCIL....

- ❖ GST Council constituted w.e.f. 12.09.2016
- ❖ Twenty three meetings held so far.
- ❖ Important Decisions:
 - ❑ Threshold limit for exemption to be Rs. 20 lac (Rs. 10 lac for special category States)
 - ❑ Threshold limit for Composition Scheme to be Rs. 1 Crore— not available to inter-State suppliers, service providers (except restaurant service) & specified category of manufacturers
 - ❑ Government may convert existing Area based exemption schemes into reimbursement based scheme

GST COUNCIL

Important Decisions contd...

- ❑ CGST, UTGST, IGST, SGST & GST Compensation Law approved
- ❑ Formula for calculating compensation finalized
- ❑ Tax rates
 - Four tax rates namely 5%, 12%, 18% and 28%
 - Some goods and services would be exempt
 - Separate tax rate for precious metals
 - Cess over the peak rate of 28% on specified luxury and sin goods
- ❑ Rules on registration, payment, return, refund, invoice, composition levy, input tax credit, transitional provisions and valuation recommended

COMPENSATION TO THE STATES

- ❑ The base year for calculation of compensation is revenue of FY 2015-16 at a projected growth rate of 14%.
- ❑ Revenue compensated consists of all taxes levied by the States, which have been subsumed in GST.
- ❑ Compensation is being released bi-monthly against the figures given by the Central Accounting Authority tentatively. Final adjustment shall be done after getting audited accounts for the year.
- ❑ The Compensation Fund is sourced by a Cess levied on certain demerit goods.

MAIN FEATURES OF GST LAW

MAIN FEATURES OF LAW....

Registration:

- ❑ PAN based Registration for business entities required to be obtained for each State from where taxable supplies are being made
- ❑ TAN based Registration for DDOs
- ❑ A person having multiple business verticals in a State may obtain separate registration for each business vertical

MAIN FEATURES OF LAW....

- ❑ GST shall be applicable on **supply of goods and services**. Earlier Central Excise duty was levied on manufacture of goods, VAT was levied on sale and Service Tax was levied on provision of service
- ❑ On Intra-State supplies of goods or services - CGST & SGST shall be levied by the Central and State Government respectively, at the rate to be prescribed
- ❑ On Inter -State supplies of goods or services - IGST shall be levied by the Central Government, at the rate to be prescribed

....MAIN FEATURES OF LAW....

❖ **Composition Scheme:**

- ❑ Provision for levy of tax on fixed rate on aggregate turnover upto a prescribed limit in a financial year (Composition scheme) without participation in ITC chain

❖ **Time & Value of supply:**

- ❑ Elaborate principles devised for determining the time of supply of goods or services with following being crucial determinants with certain exceptions:
 - Date on which supplier issues invoice
 - Date on which supplier receives the payment, whichever is earlier
- ❑ Tax is to be paid on Transaction value (TV) of supply generally i.e. the price actually paid or payable for the supply of goods or services

....MAIN FEATURES OF LAW....

❖ **Input Tax Credit (ITC):**

- ❑ ITC is available in respect of taxes paid on any supply of goods or services used or intended to be used in the course or furtherance of business (i.e. for business purposes)
- ❑ ITC of tax paid on goods or services used for making taxable supplies by a taxable person allowed subject to four conditions:
 - possession of invoice;
 - receipt of goods or services;
 - tax actually paid by supplier to government;
 - furnishing of return

....MAIN FEATURES OF LAW....

Returns:

- ❑ Normal taxpayers, compositions taxpayers, Casual taxpayers, non-resident taxpayers, TDS Deductors, Input service Distributors (ISDs) to file separate electronic returns with different cut-off dates
- ❑ Annual return to be filed by 31st December of the following Financial Year along with a reconciliation statement
- ❑ Short-filed returns not to be treated as a valid return for matching & allowing ITC and fund transfer between Centre and States
- ❑ GST practitioners scheme to assist taxpayers mainly in filing of returns. E-Mitra Centres will also start functioning as GSP shortly

....MAIN FEATURES OF LAW....

Payment:

- ❑ System of electronic cash ledger and electronic ITC ledger
- ❑ Tax can be deposited by internet banking, NEFT / RTGS, debit/credit card and Over The Counter
- ❑ Date of credit to the Govt. account in the authorized bank is the date of payment for credit in electronic cash ledger
- ❑ Payment of Tax is made by way of the debit in the electronic cash or credit ledger

....MAIN FEATURES OF LAW....

❖ **Payment:**

- ❑ Cross-utilization of ITC between CGST & IGST, between SGST/UTGST & IGST allowed
- ❑ Hierarchy for discharging payments of various tax liabilities
- ❑ Provision for TDS on certain entities
- ❑ E-Commerce Operators, facilitating supplies by other suppliers, to collect Tax at source (TCS), at the time of supply, out of payments to be made to such suppliers

....MAIN FEATURES OF LAW....

Accounts and Records under GST:

- All payments made by the taxpayer shall be credited to his Electronic Cash Ledger on the GSTN portal.
- The amount available in the electronic cash ledger can be then used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of the Act.
- Similarly, the ITC available to the taxpayer shall be reflected in his Electronic Credit ledger on the GSTN portal on the basis of supplies received by him.

[Dashboard](#)[Payments](#)[MIS](#)[Services](#)[Help](#)[Grievances](#)[Dashboard](#) > [Ledger](#)[Eng](#)

Electronic Cash Ledger

GSTIN/UIN/TEMPID : 09XXXXX9999X9XX

Select Period

• indicates mandatory fields

From

To

01/1/2018



5/1/2018



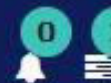
GO

Viewing Ledger details from 01/1/2018 to 5/1/2018 of GSTIN :

Serial No.	Date of deposit/Debit	Time of deposit	Reporting date (by bank)	Reference No.	Tax Period, if applicable	Description	Transaction Type	Amount d	
								Integrated Tax	Centra Tax
1	-	-	-	-	-	Opening Balance	-	-	-
2	01/01/2018	13:41:10	01/01/2018	20180101134110283415	-	Amount deposited	Credit	0.00	29,927.0
3	02/01/2018	-	-	DC0801180002190	Nov-17	Other than reverse charge	Debit	0.00	29,927.0
4	02/01/2018	11:40:09	02/01/2018	SBIN90007567	-	Amount deposited	Credit	0.00	325.00
5	02/01/2018	-	-	DC0801180002330	Dec-17	Other than reverse charge	Debit	0.00	325.00

< 1 2 >

[BACK](#)[SAVE AS PDF](#)[SAVE AS EXCEL](#)



Electronic Credit Ledger

GSTIN/UIN/TEMPID : 09XXXXX9999X9XX

Select Period

From 01/1/2018 To 5/1/2018 GO

Viewing Electronic Credit ledger details from 01/1/2018 to 5/1/2018 - for this GSTIN

Sr. No.	Date	Reference No.	Tax Period, if applicable	Description	Transaction Type	Credit / Debit (₹)					Inte
						Integrated Tax	Central Tax	State Tax	CESS	Total	
1	-	-	-	Opening Balance	-	-	-	-	-	-	
2	02/01/2018	DI0801180001561	Nov-17	Other than reverse charge	Debit	0.00	1,597.00	1,597.00	0.00	3,194.00	
3	-	-	-	Closing Balance	-	-	-	-	-	-	



BACK

SAVE AS PDF

SAVE AS EXCEL



Electronic Liability Register

GSTIN/UIN/TEMPID : 09XXXXX9999X9XX

Select Period

• indicates mandatory fields

Financial Year •

Month •

2017-18

December

GO

Viewing details of electronic liability register for the tax period - Dec-17 - for this GSTIN -

Sr. No.	Date	Reference No.	Ledger used for discharging liability	Description	Transaction Type	Amount debited / credited (₹)					Integr Ta
						Integrated Tax	Central Tax	State Tax	CESS	Total	
1	02/01/2018	AA0812170393267	-	Other than reverse charge	Debit	0.00	325.00	325.00	0.00	650.00	0.0
2	02/01/2018	AA0812170393267	-	Reverse charge	Debit	0.00	0.00	0.00	0.00	0.00	0.0
3	02/01/2018	DC0801180002330	Cash	Other than reverse charge	Credit	0.00	325.00	325.00	0.00	650.00	0.0
-	-	-	-	Closing Balance	-	-	-	-	-	-	0.0

Note : ♦ Interest liability posted in the Electronic liability register represents interest payable on tax liabilities on supplies attracting reverse charge as well as other than rev

....MAIN FEATURES OF LAW....

❖ Assessment and Audit:

- ❑ Self –assessment of tax
- ❑ Provisions for assessment of non-filers, unregistered persons & summary assessments in certain cases
- ❑ Provision for provisional assessment on request of taxable person – to be finalized in six months
- ❑ Audit to be conducted at the place of business of the taxable person or at the office of the tax authorities, after prior intimation to taxable person
- ❑ Audit to be completed within 3 months, extendable by a further period of 6 months

....MAIN FEATURES OF LAW

❖ Miscellaneous:

- ❑ Advance ruling mechanism
- ❑ Comprehensive transitional provisions for smooth transition to GST
- ❑ Provision for Job work provided
- ❑ System of GST Compliance rating provided
- ❑ Anti-profiteering provision made to dis-incentivize non-passing of price reduction benefits to consumers

GST NETWORK (GSTN)

...GSTN

- ❖ To function as a Common Pass-through portal for taxpayers-
 - ❑ submit registration application
 - ❑ file returns
 - ❑ make tax payments
- ❖ To develop back end modules for 25 States (MODEL–II). Rajasthan is a model II State.
- ❖ The development of software has been outsourced to Infosys

ACCOUNTING FRAMEWORK UNDER GST

Stakeholders in GST Payment and Accounting

GST Portal

- **Registration of Tax Payer**
- **Payment Gateway for collection of GST**
- **Taxpayer receipts and paid challan updation of cash/credit ledgers**
- **Refund claims**

Authorised Banks

- **Receipt of GST Payment, Generation of CIN and remittance of funds to Government Accounts in RBI**
- **Consolidation of all payments for reconciliation with Accounting Authorities**

RBI

- **CIN generation in respect of NEFT/RTGS**
- **Consolidate GST revenue received from all banks for transmission to Pr.CCA for accounting and to GST Portal for information**
- **Reconciliation and error correction**

Stakeholders in GST Payment and Accounting

**Central
Accounting
Authority**
(Pr. CCA (CBEC))

- **Accounting of CGST/IGST/ Compensation Cess and reconciliation with RBI/Tax Authority**
- **Settlement of taxes between Centre and States**
- **Bank authorisation and monitoring**

**State /UT
Accounting
Authorities**

- **The accounting and reconciliation of SGST and reconciliation of IGST**

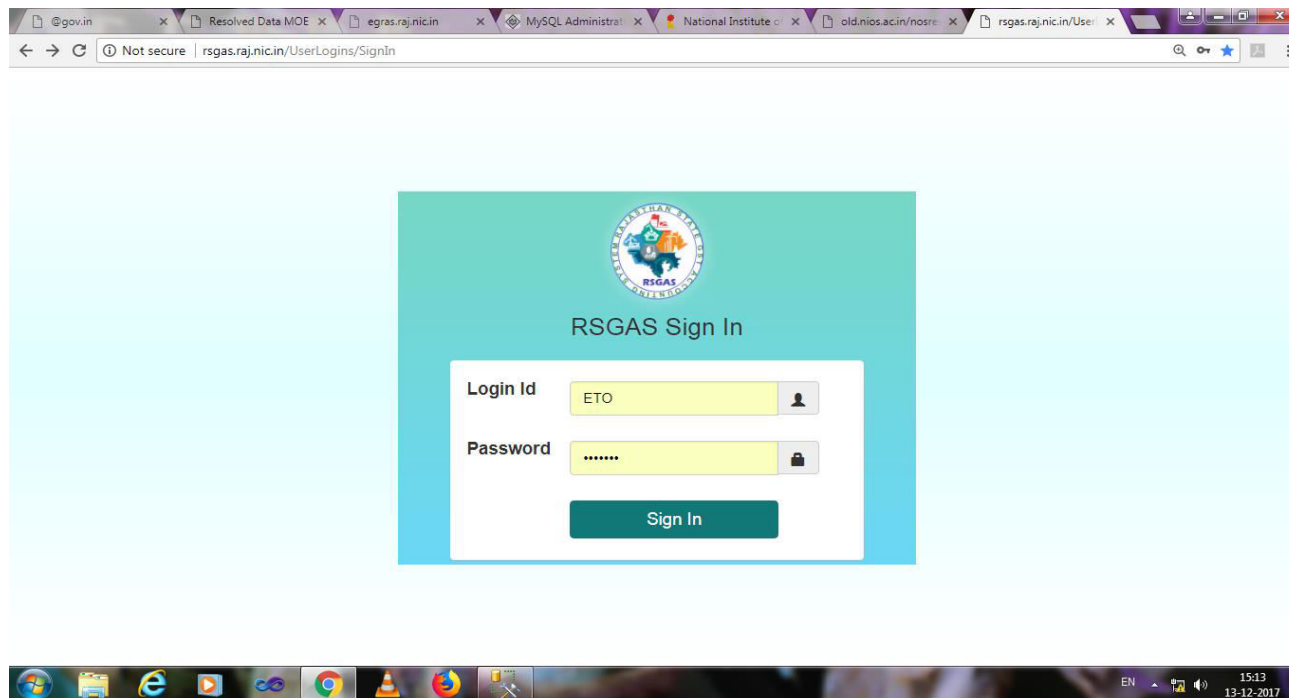
SGST Accounting System

❑ Finance Department, Government of Rajasthan has developed complete backend processes in the system with the help of NIC and executed integration with GSTN and e-Kuber RBI.

❑ Commercial Taxes Department and Directorate of Treasury and Accounts will be Nodal Departments for providing domain assistance to NIC and for handling issues related to change management of new GST Accounting Framework.

State Accounting Portal

Finance Department, Government of Rajasthan has developed a portal named as RSGAS (Rajasthan State GST Accounting System).

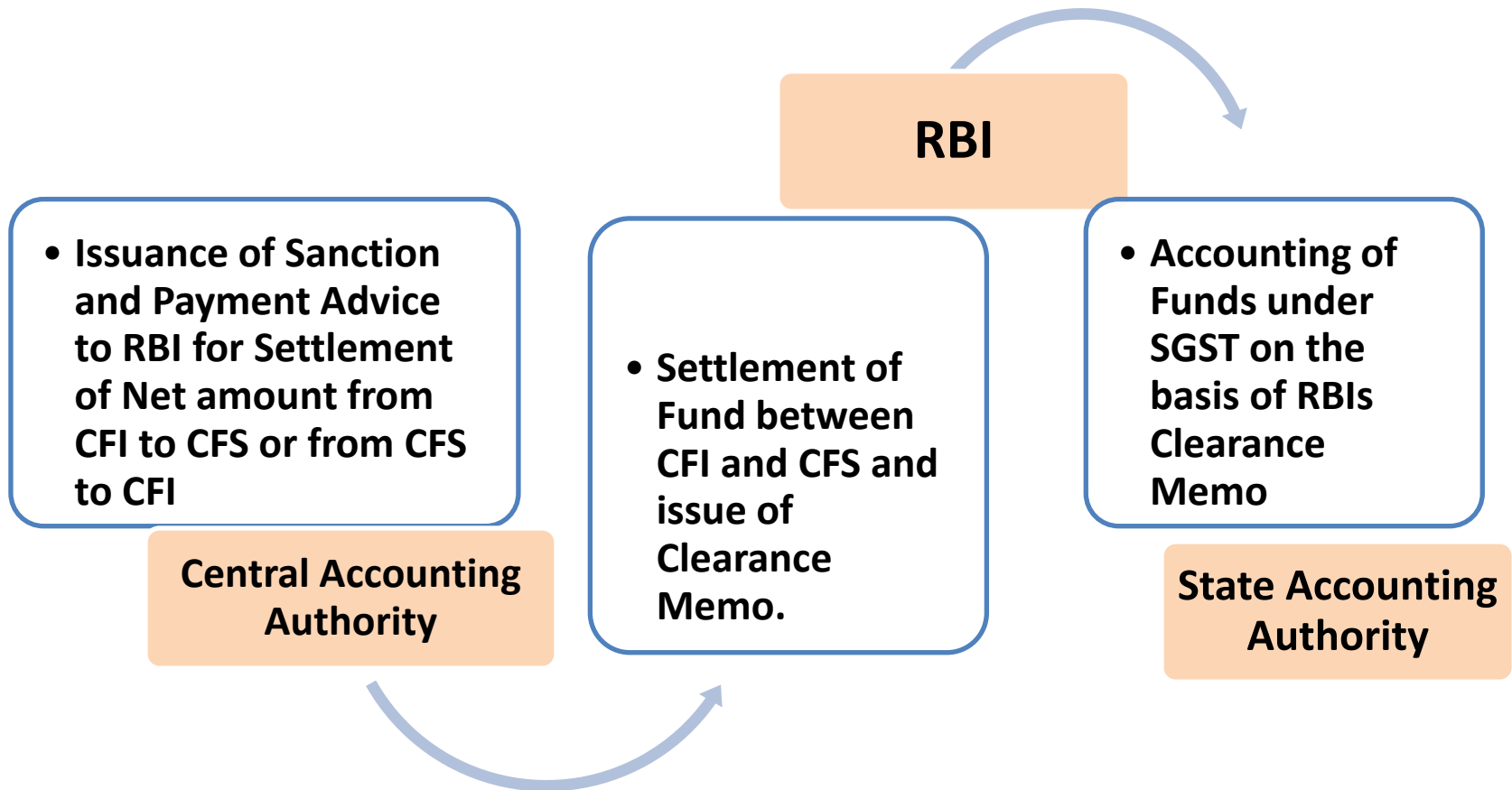


APPORTIONMENT AND SETTLEMENT PROCESSES UNDER IGST LAW

Apportionment of IGST-Calculation Mechanism

- ❑ Apportionment of IGST to States/UTs is proposed on net basis
- ❑ Net amount to be calculated on the basis of cross utilization of SGST/UTGST and IGST Input Tax Credit
- ❑ The amount to be paid to or by concerned State/UT is required to be netted against the amount apportioned under IGST. The net amount will be calculated by GST Portal and informed to accounting authorities of Centre and States/UTs as prescribed.

Apportionment of IGST- Mechanism of Fund settlement



© 2015 Pearson Education, Inc. or its affiliate(s). All rights reserved. Pearson Education, Inc., publishing as Pearson Benjamin Cummings, 101 Philip Drive, Assinippi Park, New York, NY 10986-1997



Provisions regarding Tax Deduction at Source

Section 51 Tax Deduction at source

To be made by:

[A] A department or establishment of Central Government or State Government

[B] Local authority

[C] Governmental Agencies

[D] Persons notified by Government on the recommendation of the Council:

(a) an authority or a board or any other body, -

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function;

(b) society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);

(c) public sector undertakings

❑ As on date DDOs are only required to register themselves on GSTN.

❑ Actual deduction of tax is not to be made presently. As decided by the GST Council the TDS provisions have been deferred till 31st March, 2018 .

❑ The date for actual deduction shall be notified subsequently, on the recommendations of the Council.

Liability to Deduct Tax under GST

❑ Applicable in case of procurement of both goods and/ or services

❑ Where total value of such supply under a **contract exceeds Rs. 2,50,000**

❑ Rate of deduction of TDS:

In case of intrastate supply 1% (Section 51, RGST/ CGST Act)

In case interstate supply 2% (Section 20, IGST Act)

*****Under earlier law (VAT) deduction of tax was to be made only in case of Works Tax where value was in excess of Rs. 10 lakhs**

Provisions of registration

- ❑ Compulsory registration for TDS deductor (u/s 24 and Registration rule 5) i.e no exemption threshold
- ❑ Online Registration application by TDS deductor in GST REG-07 at www.gst.gov.in
- ❑ Registration shall be granted on the basis of Tax Deduction and Collection Account Number (**TAN**).
- ❑ Registration certificate issued in 3 working days in REG-06.
- ❑ Total 2140 registrations have been approved till date in the category of tax deductor under GST.

Return

❑ Deductor required to furnish return, electronically, for the month in which such deductions have been made within ten days after the end of such month (**GSTR-07**)

❑ Details of such deduction will be automatically reflected in GSTR 2A of supplier i.e. there shall be matching of returns.

TDS Deductor's liabilities - I

- ❑ Compulsory registration liability
- ❑ Deposit of amount deducted as tax (TDS) to the Government within ten days after the end of the month.
- ❑ In case of failure to deposit in time, interest as per law has to be paid

TDS Deductor's liabilities - II

- ❑ Deductor to issue TDS certificate, **electronically**, in **GSTR-7A** Within 5 days of depositing TDS.
- ❑ TDS Certificate shall contain details of the contract value, rate of deduction, amount deducted and amount paid to the Government.
- ❑ Late fee of Rs 100 per day (maximum 5000) in case of delay of more than 5 days in issuing TDS certificate.

TDS Deductor's liabilities - III

If

- ☐ the deductor fails to deduct TDS, or
- ☐ deducts less than the amount required to be deducted, or
- ☐ fails to deposit TDS deducted in Government exchequer within prescribed time

Penalty of Rs. 10000 or equivalent to amount not deducted or amount less deducted or amount which he fails to deposit in government exchequer, whichever is higher.

Payment

- ❑ The process for payment of tax under this provision is yet to be finalised by Government of India so as to adopt a uniform process on an all-India level.
- ❑ The same shall be communicated to all DDOs subsequently.

Treatment of Works Contract Under GST v/s VAT

Tax Structure in VAT

Regular Tax Scheme

- Tax on taxable goods as per scheduled rate of tax
- No tax on exempted goods (grit, sandstone etc.)
- Standard Deduction of Labour up to 30%
- ITC allowed

Exemption Scheme (Option-A)

- Tax as per notified rate of EC u/s 8(3) of RVAT Act, 2003
- Purchases from Registered dealers of the state only
- If purchased from other state or from registered person, additional tax payable
- No ITC allowed
- EC Fees (0.75% to 2%)

Exemption Scheme (Option-B)

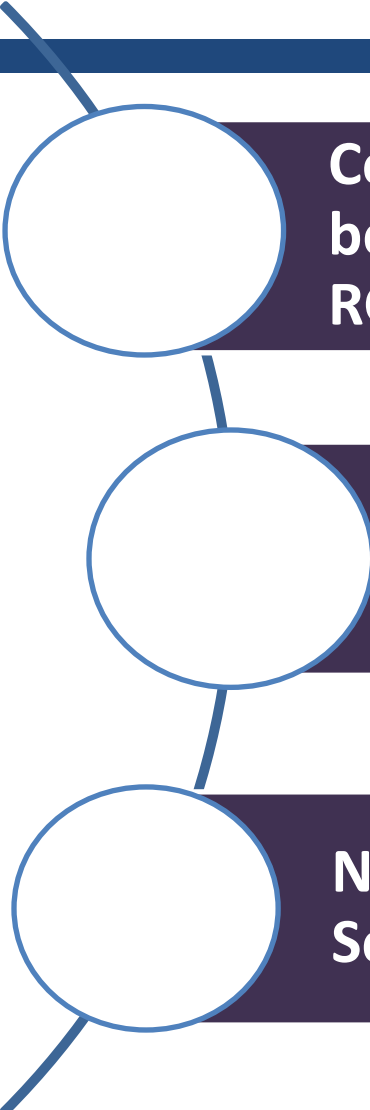
- Tax as per notified rate of EC u/s 8(3) of RVAT Act, 2003
- No Condition for purchases
- No ITC allowed
- EC Fee Rate (4% to 6%)

TAX STRUCTURE UNDER GST

Composite supply of works contract as defined in clause (119) of section 2 of the GST Act, supplied to the Government by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of works pertaining Government projects.	12%
Composite supply of works contract involving predominantly earth work (that is, constituting more than 75per cent. of the value of the works contract) provided to the Government.	5%
Composite supply of works contract as defined in Clause 119 of Section 2 of GST Act for construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly AND other Construction services	18%

GST Tax Structure

54



Composite Supply of Works Contracts are deemed to be as Supply of Service As per Schedule of II of CGST/ RGST Act, 2017

Input Tax Credit of Inputs, Capital Goods and Input Services Available subject to negative list u/s 17 of CGST/ RGST Act 2017

No Option of Exemption Certificate or Composition Scheme Available

Tax Deduction under Earlier Regime

55

For Registered Dealers – 3%

For Unregistered Dealers – 7%

In case of EC Contracts – Rate of EC shall be applicable

Tax Deduction under GST Regime

Tax Deduction at Source where value of the contract exceeds Rs. 2,50,000/- @ 2% (1%+1%)

Transitional Provisions

Sec. 140 (1)

- Credit of Taxes Carried forward in Returns relating to the period ending on the day preceding the appointed day, Available in GST regime

Sec. 140(6)

- Credit of Eligible duties and taxes in respect of inputs held in stock, inputs contained in semi finished and finished goods held in stock on the appointed day subject to conditions u/s 140(6) to dealers availing option of EC

Sec. 142
(11)

- Subject to provision of section 12 and 13, no tax shall be payable on goods or services under GST, to the extent the tax was leviable under the RVAT Act, 2003 or the Finance Act 1994.
- However, if tax was already paid under RVAT and Finance Act 1994, and the tax is leviable under the GST law, then credit of tax already paid shall be available.

Manual Refund Process Under GST

Online Refund Procedure

- ❑ The detailed procedures for GST accounting were laid down by the Circular No.F.12(5)FD/tax/2017-59 dated 30-06-2017 issued by Department of Finance.
- ❑ This Circular speaks of online processing of refund claims.
- ❑ The system for online grant of refund on GSTN common portal, is not yet ready.
- ❑ Manual filing and sanctioning of refunds has been commenced by the GST Council to expedite refund sanctions with a view to ease the capital blockage in export sector.

Manual Refund Procedure

- ❑ New Rule 97A inserted in the RGST Rules, 2017 to give effect to manual filing and processing of refunds under the Rajasthan Goods and Services Tax, 2017.
- ❑ Detailed procedures for manual refunds outlined vide notification dated-15-11-2017, GST Circular No.04/2017 dated 12-12-2017 and corrigendum dated 26-12-2017.
- ❑ The details of the refund along with GSTIN and taxpayer bank account details (As registered on the GSTN common portal) shall be manually entered/ submitted in the IFMS system (Paymanager) by the DDO of Jurisdictional office (State tax/commercial tax department).

Manual Refund Procedure

In the entire State of Rajasthan (except Jaipur) the procedure to issue refund will be as follows-

- ❑SGST Manual refund bill will be generated through online system of IFMS (Paymanager) where scanning of sanction (GST Manual Refund) will be made mandatory.
- ❑Signed Hard copy of the same bill and sanction will also be provided to Treasury and Sub Treasury by **DDO of jurisdictional office(State Tax/Commercial Tax Department).**

Manual Refund Procedure

For the city of Jaipur the procedure to issue refund will be as follows-

- ❑SGST Manual refund bill will be generated through online system of IFMS (Paymanager) where scanning of sanction (GST Manual Refund) will be made mandatory.

- ❑Signed Hard copy of the same bill and sanction will also be provided to Treasury and Sub Treasury by **Joint Commissioner (IT), State Tax.**

Manual Refund Procedure

❑ A signed and scanned copy of the sanction order along with the duly signed bill- SGST Manual refund bill shall be sent to Treasury office for release of payment.

❑ All respective Treasuries and Sub Treasuries, presently authorized with DDO of jurisdictional office (State Tax/Commercial Tax Department) or Joint Commissioner(IT), State tax will be authorized for releasing e-payments of SGST refunds.

Manual Refund Procedure

❑ DDO/ Joint Commissioner (IT) shall be completely responsible for ensuring correctness and accuracy in entering the related data (especially GSTIN, taxpayer bank account details as registered at GSTN common Portal etc.) in IFMS.

❑ DDO of jurisdictional office or Joint Commissioner (IT) of State Tax, shall also ensure GST manual refund process as per the procedures laid down under rule 256(II) of GFAR are followed.

❑ Challan number for confirmation will not be available in this process.

Manual Refund Procedure

- ❑ Respective Treasury and Sub Treasury will check only the correctness of data provided in hard copy of bill, sanction, signatures, heads of accounts etc and online data forwarded by DDO/ Joint Commissioner (IT).
- ❑ All minor, sub and detailed heads of SGST head- 0006 will be allowed for e-payments under manual refund of SGST through Treasuries/ Sub Treasuries and the same will be reflected in the accounting entries of Lists of Accounts to be rendered to AG Office.
- ❑ DDO/ Joint Commissioner (IT) shall be responsible for keeping all the relevant records of manual refund as prescribed under RGST Rules, 2017. He shall also ensure to reconcile and link the same when automated processes of GST refund will be started on the GSTN portal.

Thank You