

MODEL GST LAW

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Present Indirect Tax Structure of India

1] Central Excise Duty :- Entry No.84 of List I, Schedule VII

Taxable Event is Manufacture of goods.

2] Service Tax :- Residuary Entry No.97 of List I, Schedule VII

Taxable Event is Provision of Service.

3] Sales Tax/VAT/CST :- Entry No.54 of List II of Schedule VII(VAT)

& Entry No.92A of List I of Schedule VII (CST)

Taxable Event is Sale of goods .

4] Customs Duty :- Entry No.83 of List I of Schedule VII

Taxable Event is Import & Export of goods.

5] Entertainment Tax/ Entry Tax :- Entry No.52 & 62 of List II of Schedule VII.

Taxable Event is Entertainment & Entry of Goods.

Proposed Indirect Tax Structure under GST

1] Intra State Supply of Goods & Services :-

Excise & Service Tax will be known as Central GST (CGST) & Local VAT & Other Taxes will be known as State GST (SGST)

2] Inter State Supply of Goods & Services :-

CST Will be known as Integrated GST (IGST). It will be sum total of CGST & SGST.

3] Import From Outside India :-

Basic Customs Duty will be continued as Customs Duty. In place of CVD & SAD, IGST will be levied.

Shortcomings in the Present Structure and Need of GST

- a) Tax Cascading
- b) Levy of Excise Duty on manufacturing point
- c) Complexity in determining the nature of transaction –
Sale vs. Service
- d) Inability of States to levy tax on services
- e) Lack of Uniformity in Provisions and Rates
- f) Interpretational Issues
- g) Restricted scope of Cenvat provisions.
- h) Complexities in Administration

Advantages to Assessee

- 1] Reduction in multiplicity of taxes.
- 2] Reduction of cascading/ double taxation.
- 3] More efficient neutralization of taxes especially for exports.
- 4] Development of common national market.
- 5] Simpler tax regime -
 - a) Fewer rates and exemptions.

b) Conceptual clarity (Goods vs. Services).

Advantages to Govt.

- 1] Simpler Tax system.
- 2] Broadening of Tax base.
- 3] Improved compliance & revenue collections (tax booster).
- 4] Efficient use of resources.
- 5] Increase in Revenue.

Features of Proposed GST

- 1] Destination based Taxation.
- 2] Apply to all stages of the value chain
- 3] Apply to all taxable supplies of goods or services (as against manufacture, sale or provision of service) made for a consideration except –
 - a) Exempted goods or services – Common list for CGST & SGST
 - b) Goods or services outside the purview of GST
 - c) Transactions below threshold limits
- 4] Dual GST having two concurrent components –
 - a) Central GST levied and collected by the Centre
 - b) State GST levied and collected by the States

5] CGST and SGST on intra-State supplies of goods or services in India.

6] IGST (Integrated GST) on inter-State supplies of goods or services in India – levied and collected by the Centre.

7] IGST applicable to

a) Import of goods and services

b) Inter-state stock transfers of goods and services

8] Export of goods and services – Zero rated.

9] Additional Tax of 1% on Inter State Taxable supply of **Goods** by State of Origin and non Cenvatable.

10] All goods or services likely to be covered under GST except :

a) Alcohol for human consumption - State Excise plus VAT

b) Electricity - Electricity Duty

c) Real Estate - Stamp Duty plus Property Taxes

d) Petroleum Products (to be brought under GST from date to be notified on recommendation of GST Council)

11] Tobacco Products under GST with Central Excise duty.

12] Taxes which will be subsumed :-

A] Central Taxes to Subsumed:-

i) Central Excise duty

ii) Additional duties of excise

iii) Excise duty levied under Medicinal & Toiletries

Preparation Act

iv) Additional duties of customs (CVD & SAD)

v) Service Tax

vi) Surcharges & Cess

B] State Taxes to subsumed :-

i) State VAT / Sales Tax

ii) Central Sales Tax

iii) Purchase Tax

iv) Entertainment Tax (not levied by the local bodies)

v) Luxury Tax

vi) Entry Tax (All forms)

vii) Taxes on lottery, betting ,gambling

viii) Surcharges & Cess

13] GST Rates – To be based on RNR – Four rates

i) Merit rate for essential goods and services

ii) Standard rate for goods and services in general

iii) Special rate for precious metals

iv) NIL rate

14] Optional Threshold exemption in both components of GST.

15] Optional Compounding scheme for taxpayers having taxable turnover up to a certain threshold above the exemption.

16] HSN Code likely to be used for classification of goods.

17] Present Accounting codes likely to be used for Services.

Revenue Neutral Rates (RNR)

1] Rate which will give at-least the same level of revenue, which the Centre and States are presently earning from Indirect taxes.

2] How to achieve this rate -- require analysis of GDP, Consumer Consumptions, exclusion and desired level of collection of Centre/state.

Exclusion Vs. Zero Rated

1] Exclusion while immune a product/Services from levy of taxes on the other hand disallow the benefit of CENVAT/Input Credit of taxes paid which in turn inflate the cost of production/services. Buyer of these products/services while paying this additional cost could not claim any benefit of taxes so paid and hidden in the cost.

2] Zero rated good on the other hand enable the producer/service provider to claim the refund of input taxes paid from department, hence will not form part of cost of production/services.

MODEL GST LAW

SEC.2 :- DEFINITIONS

1]”**Aggregate Turnover**” means the aggregate value of all taxable & non-taxable supplies, exempt supplies & exports of goods/services of a person having the same PAN to be computed on All India basis.

2] “**Business**” includes-

a) any trade, commerce, manufacture, profession, vocation or any other similar activity, whether or not it is for a pecuniary (economic) benefit.

b)any transaction in connection with or incidental or ancillary to (a) above.

c) supply or acquisition of goods including capital assets & services in connection with commencement or closure of business.

d) provision by a club,association, society or any such body (for a subscription or any other consideration) of the facilities or benefits to its members.

3] “**Consideration**” in relation to the supply of goods/services to any person includes-

a) any payment made or to be made, whether in money or otherwise, in respect of, in response to or for inducement of supply of goods/services, whether by the said person or any other person,

b) monetary value of any act or forbearance, whether or not voluntary in respect of, in response to or for inducement of supply of goods/services, whether by the said person or any other person,

provided that a deposit, whether refundable or not, given in respect of supply of goods/services shall not be considered as payment made for the supply unless the supplier applies the deposit as consideration for the supply.

SEC.3 :- MEANING & SCOPE OF SUPPLY

1] Supply includes-

a) all forms of supply of goods/services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of a business.

b) importation of service, whether or not for a consideration & whether or not in the course or furtherance of business.

c) a supply specified in Schedule I ,made or agreed to be made without a consideration

2] Schedule II , in respect of matters mentioned therein, shall apply for determining what is, or is to be treated as a supply of goods /services.

3] Where a person acting as an agent who, for an agreed commission or brokerage, either supplies or receives any goods/services on behalf of the principal, the transaction between such principal & an agent shall be deemed to be a supply.

SEC.7 :- LEVY & COLLECTION OF GST

1] There shall be levied a tax called Central/State Goods & Service Tax on all intra-state supplies of goods/services at the rate specified in the Schedule --- & collected in such a manner as prescribed.

2] CGST/SGST shall be paid by every taxable person in accordance with the provisions of the Act.

3] Central Govt./State Govt. may, by notification, specify categories of supply of goods/services the tax on which is payable on reverse charge basis & the tax thereon shall be paid by the person receiving such goods/services.

SEC.8 :- COMPOSITION LEVY

1] Govt.may permit a registered taxable person, whose aggregate turnover in a financial year does not exceed Rs.50 Lakhs , to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not less than one percent of the turnover during the year.

2] Such permission will not be granted to a person who effects inter-state supply.

3] Such person shall not collect any tax from the recipient of the supplies made by him nor shall he be entitled to any credit of input tax.

SEC.9 :- TAXABLE PERSON

1]Taxable person is a person who carries on any business at any place in India & who is registered .

2] Agriculturist shall not be considered as a taxable person.

3] A person shall not be considered as a taxable person until his aggregate turnover in a financial year exceeds Rs.10 Lakhs [For the persons doing business in North Eastern States including Sikkim, this limit is Rs.5 Lakhs.

4]Any person who provides service as an employee shall not be considered as a taxable person.

5] Any person who is engaged in a business of exclusively supplying goods/services that are not liable to tax shall not be considered as a taxable person.

6] Any person who is liable to pay tax on a reverse charge basis shall not be considered as a taxable person if the value of services received by him exceeds Rs.---- in a financial year for personal use, other than for use in the course of or furtherance of business.

SEC. 12:- TIME OF SUPPLY OF GOODS

1] The liability to pay tax shall arise at the time of supply of goods as determined in terms of provisions of this Section.

2] The time of supply of goods shall be the earliest of the following dates-

a) The date on which the goods are removed by the supplier for supply to the recipient or the date on which the goods are made available to the recipient.

b) The date on which the supplier issues an Invoice,

c) The date on which supplier receives the payment for the supplies,

d) The date on which the recipient shows receipt of the goods in his books of account.

3] In cases of continuous supply of goods, where successive statement of accounts or successive payments are involved, the time of supply shall be the expiry of the period to which successive statements of accounts or successive payments relate. If there is no successive statement of accounts, the date of Issue of Invoice or the date of receipt of payment , whichever is earlier, shall be the time of supply.

4] In case of supplies in respect of which tax is payable on reverse charge basis, the time of supply shall be the earliest of the following-

- a) the date of receipt of goods ,
- b) the date on which the payment is made,
- c) the date of receipt of Invoice,
- d) the date of debit in the books of accounts.

5] In case it is not possible to determine the time of supply as above, then the time of supply shall in a case where a periodical return has to be filed, be the date on which such return is to be filed or in any other case be the date of on which GST is paid.

SEC.13 :- TIME OF SUPPLY OF SERVICES

Provisions are same as above.

SEC.14 :- CHANGE IN RATE OF TAX IN RESPECT OF SUPPLY OF SERVICES.

SEC.15 :- VALUE OF TAXABLE SUPPLY

1] The value of supply of goods/services shall be the transaction value, that is the price actually paid or payable for the said supply of goods/services where the supplier & the recipient are not related & the price is the sole consideration for the supply.

2] Transaction Value shall include-

a) any amount which supplier is liable to pay but which has been incurred by the recipient & not included in the price.

b) the value of goods/services supplied directly or indirectly by the recipient free of charge or at reduced cost,

c) royalties & license fees related to the supply being valued that the recipient must pay as a condition of supply,

d) any taxes, duties, fees, charges other than GST,

e) subsidies provided in any form linked to the supply,

f) any reimbursable expenditure or cost incurred by or on behalf of the supplier,

g) any discount or incentive that may be allowed after the supply has been effected but shall not include any discount allowed before or at the time of supply.

3] The value in the following cases which cannot be decided as above shall be decided according to the Valuation Rules-

a) the consideration is not in money, wholly or partly,

b) the supplier & the recipient are related,

c) there is a reason to doubt the truth or accuracy of the value,

d) business transactions undertaken by a pure agent, money changer, insurer, air travel agent & distributor or selling agent of lottery,

e) such other supplies as notified by the Govt.

SEC.16 :- MANNER OF TAKING INPUT TAX CREDIT

1] Every registered person shall be entitled to take input tax credit & the said amount shall be credited to the electronic credit ledger of such person.

2] A person shall be entitled to take credit on the opening stock of inputs & inputs contained in semi-finished & finished stock lying in his custody at the time when he becomes liable to pay tax.

3] A person who has opted for composition scheme, can take credit on opening stock on the date when he becomes liable to pay tax in a regular manner.

4] A person shall not take credit after the expiry of one year from the date of issue of tax invoice.

5]The credit should be restricted to the business of the person if the goods/services are used partly for his business & partly for other purposes.

6] The credit shall be restricted to so much of credit as is attributable to the taxable supplies including zero rated supplies where the goods /services are used partly for taxable supplies & partly for non-taxable supplies including exempted supplies.

7]The credit lying unutilised can be transferred to the account of new taxable person in case the business is old out or merged, amalgamated or transferred to the new person.

8] Credit shall not be allowed in following cases-

- a) Motor Vehicles except in certain cases,
- b) Goods/services used/consumed for the employees,
- c)Goods/services used in the construction of immovable property except plant & machinery,
- d) Goods/services on which tax has been paid under composition scheme,
- e)Goods/services which are consumed for private/personal consumption,

9] If depreciation is claimed on capital goods under Income Tax Act,1961, credit shall not be allowed on the said tax component,

10] Tax credit shall not be allowed to the registered person unless-

- a) he is in possession of a tax invoices, debit note, supplementary invoice,
- b)he has received the goods/services,
- c) the tax charged in respect of such supply has been actually paid,

d) he has furnished the return as prescribed.

11] If the goods are received in lots or instalments, the tax credit can be claimed only after the receipt of the last lot or instalment.

12] When a registered person switches to the composition scheme or when the goods/services become exempt, the person should debit the tax on his stock of inputs, semi-finished goods & finished goods lying with him on that date.

13] In case of supply of capital goods on which Input Tax credit is taken, an amount equal to input tax credit reduced by prescribed percentage or the tax on transaction value whichever is higher should be paid.

SEC.16A :- TAKING OF TAX CREDIT IN RESPECT OF INPUTS SENT FOR JOB WORK

1] The principal shall be entitled to take credit on the inputs sent to job worker provided the inputs are received back within 180 days.

2] Inputs can be directly sent to the job worker without first bringing them into his place of business & the period of 180 days shall be counted from the date of receipt of inputs by the job worker.

3] Capital goods also can be sent to job worker provided such capital goods are received back within a period of 2 years. Such capital goods can also be sent directly to the job worker.

4] If the inputs or capital goods are not received back within the stipulated period, an amount equal to tax credit along with interest should be paid. Such credit can be taken again after the receipt of the inputs or capital goods .

SEC.17 :- MANNER OF DISTRIBUTION OF CREDIT BY INPUT SERVICE DISTRIBUTOR.

SEC.19 :- REGISTRATION

1] Every person who is liable to be registered shall apply for registration in every such state in which he is so liable within 30 days from the date on which he becomes liable for registration.

2] A person having multiple business locations, should obtain separate registration for each such location.

3] Every person shall have PAN.

4] The registration or Unique Identity Number shall be granted after due verification within such a period as may be prescribed.

5] A certificate of Registration shall be issued in a prescribed form.

6] A registration or the Unique Identity Number shall be deemed to have been granted after the expiry of prescribed period if no communication of any deficiency has been made.

7] Govt. may specify certain category of persons who may be exempted from obtaining registration.

SEC.23 :- TAX INVOICE

1] A registered taxable person supplying the goods shall issue ,at the time of supply, a tax invoice showing description, quantity & value of goods tax charged & any other information as may be prescribed.

2] A registered person supplying service shall issue, a tax invoice ,within the prescribed time showing the description, the tax charged & any other information as may be prescribed.

3] A person supplying non-taxable goods/services or a person opting for composition scheme shall issue a Bill containing such particulars as prescribed.

SEC.24 :- CREDIT & DEBIT NOTES

SEC.25:- FURNISHING DETAILS OF OUTWARD SUPPLIES

1] Every registered person, other than an Input Service Distributor & a person obtaining composition scheme, shall furnish , electronically, in such form as may be prescribed, the details of outward supplies of goods/services during a tax period on or before 10th day of the month succeeding such tax period & such details shall be communicated to the recipient of the supply within such a time as may be prescribed.

2] Such details , if found incorrect, can be rectified in such a manner as may be prescribed.

SEC 26 :- FURNISHING DETAILS OF INWARD SUPPLIES

Provisions are same as above for the outward supplies.

SEC 27 :- RETURNS

1] Every registered person shall for every calendar month furnish a return in the prescribed form, electronically, within 20days after the end of the month.

2] Every person who has opted for composition scheme, shall furnish the return for each quarter.

3] Every registered person shall pay the tax not later than the last date on which he is required to furnish the return.

4] Such return should be submitted even if there are no supplies of goods/services.

5] Input Service Distributor shall furnish the return within 13 days after the end of the month.

6] Revised return can be submitted before filing of the return for the month of September or second quarter ,as the case may be, following the end of the financial year.

SEC.29 :- MATCHING, REVERSAL & RECLAIM OF INPUT TAX CREDIT

- 1] The details of every inward supply furnished by a taxable person shall be matched within a prescribed period with the corresponding details of outward supply furnished by the supplier.
- 2] The claim of input tax credit relating to inward supply should match with the corresponding outward supply & such credit should be finally accepted & such acceptance should be communicated to the recipient in the manner as may be prescribed.
- 3] Any discrepancy should be communicated to both the persons.
- 4] If any discrepancy resulting into excess of tax declared by the supplier is not rectified in his valid return for the month in which such discrepancy is communicated, output tax liability shall be added to the recipient.
- 5] The supplier shall be eligible to reduce, from his output tax liability, the amount added as above if the recipient declares the details of the credit notes in his valid return within prescribed time limit.

SEC.30 :- ANNUAL RETURN

- 1] Every registered taxable person, other than an Input Service Distributor, shall furnish an annual return for every financial year electronically in such form & in such manner as may be prescribed on or before 31st day of December following the end of such financial year.

SEC.33 :- LEVY OF LATE FEE

- 1] Any person who fails to furnish the details of outward or inward details or monthly return shall be liable to a late fee of Rs.100 for every day of delay subject to a maximum of Rs.5,000/-.

2] Any person who fails to submit an annual return shall be liable to pay a late fee of Rs.100/- for every day of delay subject to a maximum of an amount calculated at a quarter percent of his aggregate turnover.

SEC.35 :- PAYMENT OF TAX, INTEREST, PENALTY & OTHER AMOUNTS

1] Every deposit made towards tax, interest, penalty, fee or any other amount by a taxable person shall be credited to the electronic cash ledger of such person to be maintained in the manner as may be prescribed.

2] The input tax credit shall be credited to his electronic credit ledger to be maintained in the manner as may be prescribed.

3] The amount available in electronic cash ledger may be used for making any payment towards tax, interest, penalty fees or any other amount payable under this Act.

4] The amount available in the electronic credit ledger may be used for making any payment towards tax payable under this Act.

5] The amount of input tax credit on account of IGST available in the electronic credit ledger shall be first utilised towards payment of IGST & the amount remaining, if any, may be utilised towards payment of CGST & SGST , in that order.

6] The amount of input tax credit on account of CGST available in the electronic credit ledger shall be first utilised towards payment of CGST & the amount remaining, if any, may be utilised towards payment of IGST.

7] The input tax credit on account of CGST shall not be utilised towards payment of SGST.

8] The amount of input tax credit on account of SGST available in the electronic credit ledger shall be first utilised towards payment of SGST

& the amount remaining, if any, may be utilised towards payment of IGST.

9] The input tax credit on account of SGST shall not be utilised towards payment of CGST.

10] The balance in cash or credit ledger after payment of tax, interest, penalty fee or any other payment may be refunded in accordance with the provisions of Section 38 & the amount collected as CGST/SGST shall stand reduced to that extent.

11] All liabilities of a taxable person shall be recorded & maintained in an electronic register as may be prescribed.

12] Every taxable person shall discharge his tax liability & other dues in the following order-

a) self-assessed tax & other dues related to the returns of previous tax periods,

b)) self-assessed tax & other dues related to the return of current period,

c) any other amount payable under this Act or the Rules including the demand determined under Section 51.

SEC.36:-INTEREST ON DELAYED PAYMENT OF TAX

SEC.37:- TAX DEDUCTION AT SOURCE

1]Central or State Govt.may mandate :-

a) a department or establishment of the Central/State Govt.,

b) Local authority,

c) Govt.agencies,

d) such persons as may be notified

to deduct tax at the rate of 1% from the payment made or credited to the supplier of taxable goods/services, notified by the Govt., where the total value of such supply , under a contract,exceeds Rs.10 Lakhs.

2] The amount of tax deducted shall be paid to the credit of Govt.within 10 days after the end of the month in which such deduction is made.

3] The deductor shall furnish a certificate to the deductee ,mentioning therein the contract value,rate of deduction, amount deducted, amount paid etc.

4] The deductee shall claim credit, in his electronic cash ledger, of the tax deducted & reflected in the return of the deductor.

SEC.38 :- REFUNDS

1] Any person claiming refund of any tax may make an application before the expiry of 2 years from the relevant date in such form & in such manner as may be prescribed.

2] A taxable person may claim refund of any unutilised tax credit at the end of any tax period, provided that no refund shall be allowed in a cases other than exports or in cases where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on outputs.

3] The application shall be accompanied by such documentary evidence as may be prescribed.Provided that no such documents need to be submitted if the refund amount is less than Rs.5 Lakhs.

4] In case of a refund on account of exports, an amount equal to 80% of the refund amount shall be refunded on a provisional basis & the remaining 20% shall be refunded after due verification.

5] Proper officer shall issue an order within 90 days from the date of application.

SEC.42 :- ACCOUNTS & OTHER RECORDS

1] Every registered person shall keep & maintain at his principal place of business a true & correct account of production or manufacture of goods, of inward or outward supply of goods/services, of stock of goods, of input tax credit availed, of output tax payable & paid & such other particulars as may be prescribed.

2]The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be prescribed.

3] Every registered person whose turnover during a financial year exceeds the prescribed limit, shall get his accounts audited by a Chartered Accountant or a Cost Accountant & shall submit to the proper officer a copy of audited statement of accounts, the reconciliation statement.

SEC.43 :- PERIOD OF RETENTION OF ACCOUNTS

1]Every registered person shall keep & maintain the books account shall retain them until the expiry of 60 months from the last date of filing of Annual Return for the year pertaining to such accounts & records.

SEC.43 B & 43C :- ELECTRONIC COMMERECE

SEC.44 TO 48 :- ASSESSMENT, PROVISIONAL ASSESSMENT ETC.

SEC.49 & 50 :- AUDIT & SPECIAL AUDIT

1] The Commissioner or any officer authorised may undertake audit of the business transactions of any taxable person for such period & at such frequency & in such a manner as may be prescribed.

2] Audit may be conducted at the place of business of a taxable person or in the office of the tax authorities.

- 3] A notice of 15 days shall be given of the audit.
- 4] Audit shall be conducted in a transparent manner & should be completed within a period of three months.
- 5] On conclusion of audit, the proper officer shall without delay inform the taxable person of the findings.
- 6] If Deputy Commissioner/Assistant Commissioner is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits, he may with the prior approval of the Commissioner, direct such taxable person by notice in writing to get his records including books of accounts examined & audited by a Chartered Accountant or a Cost Accountant as may be nominated by the Commissioner.
- 7] The Chartered Accountant or a Cost Accountant shall within a period of 90 days submit a report of such audit.
- 8] The expenses of & incidental to the examination & audit of records , including the remuneration of such a Chartered Accountant or Cost Accountant, shall be determined & paid by the Commissioner & such determination shall be final.

**SEC.51 :- DETERMINATION OF TAX NOT PAID OR SHORT PAID
OR ERRONEOUSLY REFUNDED**

1] Where there is no fraud or any wilful misstatement or suppression of facts :-

a) Where any tax has not been paid or short paid or erroneously refunded, or where any tax credit has been wrongly availed or utilised, other than the reason of fraud, or wilful mis-statement or suppression of facts to evade the tax, the proper officer shall serve notice

b) The person chargeable with tax , may before service of notice , pay an amount tax alongwith interest on the basis of his own

ascertainment or the tax as ascertained by the proper officer & inform the officer in writing of such payment. In such case, the proper officer shall not service any notice in respect of tax so paid or any penalty leviable under the provisions of the Act or Rules.

c) Where the proper officer is of the opinion that the amount of tax paid as above falls short of the amount actually payable, he shall service a notice on the taxable person.

d) If the taxable person pay such differential tax alongwith interest, within 30 days of such notice, then no penalty shall be payable & all the proceedings in respect of the said tax paid shall be deemed to be concluded.

d) In other cases, a penalty equal to 10 % of tax or Rs.10,000/- whichever is higher shall be levied.

2] Where there is fraud or any wilful misstatement or suppression of facts :-

All provisions are same as above except following-

a) If the person , before service of notice, pays the amount of tax along with interest & a penalty equal to 15% of such tax , proper officer shall not issue any notice regarding tax & penalty.

b) If the proper office is of the opinion that the amount of tax paid as above falls short of the tax payable, he shall service notice & if the person pays the tax along with interest & 25% of such tax within 30 days from the date of receipt of show cause notice, all proceedings shall be deemed to be concluded.

c) the proper officer shall issue an order within 5 years from the due date.

d) If the person pays the tax along with interest & a penalty equal to 50% of the tax within 30 days from the date of communication of order, all the proceedings shall be deemed to be concluded.

SEC.60 TO 65 :- INSPECTION, SEARCH, SEIZURE & ARREST.

SECTION 66 TO 72 :- OFFENCES & PENALTIES

SECTION 73 TO 78 :- PROSECUTION & COMPUNDING OF OFFENCES.

SECTION 79 TO 93 :- APPEALS & REVISIONS

SECTION 94 TO 105 :- ADVANCE RULING

SECTION 141 TO 162 E : TRANSITIONAL PROVISIONS

Section 142 :- Migration of existing taxpayers to GST :-

- a) On the appointed day, every person registered under any of the earlier laws shall be issued a certificate of registration on a provisional basis.
- b) The certificate shall be valid for a period of 6 months from the date of issue.
- c) Every person to whom the provisional certificate has been issued must furnish the information as prescribed within a specified period.
- d) On furnishing of the information, registration shall be granted on a final basis.

Section 143 :- Amount of Cenvat credit/VAT carried forward to be allowed as input tax credit.

Section 144 :- Unavailed cenvat credit on Capital Goods, not carried forward in a return, to be allowed in certain situations.

Section 145 :- Credit of eligible duties & taxes in respect of inputs held in stock to be allowed in certain situations :-

A registered taxable person, who was not liable to be registered under the earlier law or who was engaged in the manufacture of exempted goods under the earlier law, shall be entitled to take, in his electronic credit ledger, credit of eligible duties & taxes, in respect of inputs, semi-finished goods & finished goods held in stock on the appointed day subject to certain conditions.

Such credit shall be allowed for VAT also.

Section 146 :- Credit of eligible duties & taxes on inputs held in stock to be allowed to a taxable person switching over from composition scheme.

Section 147 :- Amount payable in the event of a taxable person switching over to composition scheme.

Section 148 :- Exempted goods returned to the place of business on or after the appointed day.

Section 149 :- Duty paid goods returned to the place of business on or after the appointed day.

Section 150 :- Inputs removed for job work & returned on or after the appointed day.

Section 151 :- Semi-finished goods removed for job work & returned on or after the appointed day.

Section 152 :- Finished goods removed for carrying out certain processes & returned on or after the appointed day.

Section 153 :- Issue of supplementary Invoices, debit notes or credit notes where price is revised in pursuance of a contract.

SCHEDULE I

MATTERS TO BE TREATED AS SUPPLY WITHOUT CONSIDERATION

- 1] Permanent transfer/disposal of business assets.
- 2] Temporary application of business assets to a private or non-business use.
- 3] Services put to a private or non-business use.
- 4] Assets retained after deregistration.
- 5] Supply of goods/services by a taxable person to another taxable or non-taxable person in the course of furtherance of business.

Supply of goods by a registered taxable person to a job worker shall not be treated as supply of goods.

SCHEDULE II

MATTERS TO BE TREATED AS A SUPPLY OF GOODS & SERVICES.

- 1] Transfer of title in goods. Any transfer of goods or of right in goods without transfer of title.
- 2] Any lease, tenancy, license to occupy land.
- 3] Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce.
- 4] Any treatment or process which is being applied to another person's goods.
- 5] Transfer of goods forming part of assets of a business.
- 6] Supply of goods by any incorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.
- 7] Renting of immovable property.

8] Construction of a complex, building, civil structure, except where the entire consideration has been received after issuance of completion certificate by the competent authority or before its first occupation whichever is earlier.

SCHEDULE III

LIABILITY TO BE REGISTERED

1] Every supplier shall be liable to be registered in the State from where he makes a taxable supply of goods/services if his aggregate turnover in a financial year exceeds Rs.9 Lakhs[For the persons conducting business in North Eastern States & Sikkim , this limit is Rs.4 Lakhs.]

2]Supplier shall not be liable to registration if his aggregate turnover consists of only goods/services which are not liable to tax .

3]Taxable threshold shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.

4]Every person who, on the day immediately preceding to the appointed day, is registered or holds a license under an earlier law, shall be liable to be registered under this Act.

5] Persons making an inter-state taxable supply, irrespective of the threshold limits specified in (1) above.

6]Casual Taxable persons & the persons who are required to pay tax under reverse charge, irrespective of the threshold limits specified in (1) above.

7] Persons who are required to deduct tax.

8] Persons who supply goods/services on behalf of other registered person whether an agent or otherwise, irrespective of the threshold limits specified in (1) above.

9] Input Service Distributor.

10] Persons who supply goods/services , other than branded services, through electronic commerce operator, irrespective of the threshold limits specified in (1) above.

11] Every electronic commerce operator, irrespective of the threshold limits specified in (1) above.

SCHEDULE IV

ACTIVITIES IN RESPECT OF WHICH CENTRAL GOVT./STATE GOVT./LOCAL AUTHORITY SHALL NOT BE REGARDED AS A TAXABLE PERSON.

GST VALUATION(DETERMINATION OF THE VALUE OF SUPPLY OF GOODS & SERVICES) RULES,2016

A] Methods of Valuation :-

- 1] Transaction Value.
- 2] Determination of value of supply by Comparison.
- 3] Computed Value method.
- 4] Residual method

B] Rejection of declared value

C] Valuation in certain cases :-

- 1] Pure Agent
- 2] Money Changer

INTEGRATED GOODS & SERVICES TAX ACT,2016

Sec.2 :- Definitions :-

1] Integrated Goods & Services Tax :-

ISGT means tax levied under this Act on the supply of any goods/services in the course of inter-state trade or commerce.

A supply of goods/services in the course of import into the territory of India shall be deemed to be a supply of goods /services in the course of inter state trade or commerce.

Section 3 :- Supplies of goods/services in the course of inter-state trade or commerce :-

Supplies of goods/services in the course of inter-state trade or commerce means any supply where the location of the supplier & the place of supply are in different states.

Section 4 :- Levy & collection of Integrated Goods & Services Tax :-

1] There shall be levied a tax called Integrated Goods & Service Tax on all supplies of goods/services made in the course of inter-state trade or commerce at the rate specified in the Schedule to this Act in such a manner as may be prescribed.

2] IGST shall be paid by every taxable person in accordance with the provisions of this Act.

3] Central Govt.may specify categories of supply of goods/services the tax on which is payable on reverse charge basis.

4] No tax shall be payable by any taxable person in respect of such supplies of goods/services as are specified in Schedule --- to the Act.

Section 5 :- Place of supply of goods :-

1] Where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of

goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

2] Where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, either by transfer of documents of title of goods or otherwise, it shall be deemed that the said third person has received the goods & the place of supply of such goods shall be the principal place of business of such person.

3] Where the supply of goods does not involve movement of goods, the place of supply shall be the location of such goods at the time of delivery to the recipient.

4] Where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly.

5] Where the goods are supplies on board a conveyance, the place of supply shall be the location at which such goods are taken on board.

Section 6 :- Place of supply of services :-

The place of supply except in services specified in sub-section 4 to 15 shall be the location of such person.

In sub-sections 4 to 15, provisions are made for deciding the place of various specified services.

Section 7 :- Payment of tax, interest, penalty & other amounts :-

Section 8 :- Calim of input tax credit, provisional acceptance, matching , reversal & reclaim thereof.

Section 9 :- Transfer of input tax credit.

Provisions of Section 7,8 & 9 are same as those of CGST/SGST Act.

Section 27 :- Application of certain provisions of CGST Act,2016