

REGISTRATION UNDER GST



CMA Pradnya Chandorkar
FCMA

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Registration under GST



- ☞ Every person who is liable to be registered under Schedule III of this Act shall apply for registration in **every such State** in which he is so liable within **thirty days** from the date on which he becomes liable to registration
- ☞ Registration is required if his aggregate turnover in a financial year exceeds **Rupees Nine Lakhs**. This threshold limit will be **Rupees Four Lakhs** if a taxable person conducts his business in any of the North Eastern States including Sikkim.

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Registration under GST



- ∞ A Legal person without GST registration can neither collect GST from his customers nor claim any input tax credit of GST paid by him.
- ∞ The taxable person in the GST regime will be required to take State specific single registration for registration for CGST, IGST and SGST purposes

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Registration under GST



All existing registrants will be issued **provisional registration** certificate and the same will be valid for an initial period of **6 months**. After furnishing required information final registration will be granted. If the information is not furnished within the prescribed time limit, the registration will be cancelled.

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Registration under GST



- ❧ Existing tax payer, if liable to be registered under Schedule III of the Act - then **compulsorily** to be registered
- ❧ If not liable to be registered under Schedule III of the Act can apply for registration **voluntarily**
- ❧ In case of multiple **business verticals** in a State - Option to obtain separate registration for each business vertical
- ❧ Mandatory to have Permanent Account Number (**PAN**) (if Non - Resident taxable person then document as may be prescribed)

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GSTN Goods & Services Tax Network: Gateway to GST



- ❧ GST is a dual tax the state GST and the Central GST so his application would be sent to both, the Central Govt. & State Govt.
- ❧ They will approve the application and then GSTN would generate GSTIN(GST Identification Number) then he becomes registered tax payers.
- ❧ Deemed approval within 3 days

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Structure of GSTIN



State			PAN										Entity	Blank	Check
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	

- ❧ 15 Digit Alphanumeric structure
- ❧ State-wise
- ❧ Based on PAN
- ❧ 13th Digit for business Verticals of entities with same PAN in same state
- ❧ 14th Digit left blank for future
- ❧ 15th Digit - Checksum

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TRANSITION PROVISIONS UNDER GST



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Transition Provisions



- ☞ Input Tax Credit
- ☞ Cenvat credit on capital goods
- ☞ Inputs held in stock to be allowed in certain situations
- ☞ Exempted goods returned to the place of business
- ☞ Duty paid goods returned to the place of business
- ☞ Inputs removed for job work and returned
- ☞ Semi-finished goods removed for job work and returned on or after the appointed day.
- ☞ Finished goods removed for carrying out certain processes and returned
- ☞ Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of a contract

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Input tax credit



This transition provision enables carry forward of **unutilized input** credit under the CENVAT Credit Rules, 2004 and the State level VAT Acts into the GST regime. This provision deals with the methodology of carry forward as per the return filed under the earlier law.

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Input tax credit



It is important to note that such credit carried forward under the earlier law is also Admissible as INPUT CREDIT under GST law.

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Input tax credit

PARTICULAR	CGST	SGST
Credit to be carried forward	CENVAT credit	Input credit under the relevant State VAT law
Relevant law	CENVAT Credit Rules, 2004	Relevant State VAT law
Laws to be subsumed and the relevant credit	CENTRAL EXCISE SERVICE TAX	Relevant State VAT law

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Input tax credit



Conditions:

- ❧ Must qualify for input credit under both, the existing law and the GST law
- ❧ Must have been **reflected** as input credit carried forward in the return filed viz., last monthly return or quarterly return or the or half yearly return, as the case may be.

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Input tax credit



In case of incorrect claim under the old law:

Will be recovered as an **arrear of tax** under the GST Act. Applicable **interest** and **penalties** will apply under GST laws.

CENVAT Credit = CGST credit

VAT credit = SGST credit

Under no circumstances this credit can be **interchanged**.

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Assume that GST is applicable from 1st April, 2017 and the amount of credit as per the return for the period ending 31st March, 2017 is as follows :

Particulars of Input tax Credit	Credit amount as per return
Central Excise	200,000
Service Tax	100,000
Education Cess	10,000
Secondary and Higher Education Cess	5,000
Krishi Kalyan Cess	5,000
Additional Duty u/s 3(1) of CTA	40,000
Additional Duty u/s 3(5) of CTA	30,000
Input Tax Credit under VAT	50,000
Total	440,000

What will be the amount of opening CGST and SGST to be brought forward as per the GST Law as on 1st April, 2017?

A.If the tax payer is a Manufacturer

CGST Components	CGST Value
Central Excise	200,000
Service Tax	100,000
Education Cess	10,000
Secondary and Higher Education Cess	5,000
Additional Duty u/s 3(1) of CTA	40,000
Additional Duty u/s 3(5) of CTA	30,000
Total CGST	385,000

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A.If the tax payer is a Manufacturer

Note: KKC will not be allowed

SGST Components	SGST Value
Input Tax Credit under VAT	50,000
Total SGST	50,000

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B. If the tax payer is a Service Provider

CGST Components	CGST Value
Central Excise	200,000
Service Tax	100,000
Education Cess	10,000
Secondary and Higher Education Cess	5,000
Krishi Kalyan Cess	5,000
Additional Duty u/s 3(1) of CTA	40,000
Additional Duty u/s 3(5) of CTA	30,000
Total CGST	390,000

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Input tax credit

Will the credit be available if the Invoice is made on or before 31st March, 2017 but is received by the supplier on or after 1st April 2017

- For **service providers**, **Krishi Kalyan Cess** is allowable as CENVAT Credit under the CENVAT Credit Rules, 2004 while **Swachh Bharat Cess** is not. So, Swachh Bharat Cess will not be carried forward while Krishi Kalyan Cess will be carried forward as CGST. However for Manufacturer even KKC will not be allowed.
- The amount of duty, tax or cess carried forward **as per the accounts** will be **immaterial**. The input tax credit carried forward as per the last return under the earlier law for the period ending with the day preceding the day when the GST becomes applicable will only be taken into account.

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CENVAT Credit on capital goods



The unavailed portion of CENVAT credit relating to capital goods under the earlier laws not carried forward through a return can be availed, provided such credit are admissible under the GST laws.

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CENVAT Credit on capital goods

Particulars	CGST	SGST
Details of credit to be carried forward	- Central Excise paid on 'capital goods', - Countervailing duty paid on 'capital goods', - Special Additional Duty paid on 'capital goods',	- VAT paid on 'capital goods'

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CENVAT Credit on capital goods



Conditions:

- ☞ Should qualify for eligible input credit under both, the existing law and the GST law
- ☞ Would be in respect of input credit which is not carried forward in the return filed for the last period under the existing law

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CENVAT Credit on capital goods



In case of incorrect claim under the old law

- It will be recovered as an arrear of tax under the GST Act. Applicable interests and penalties will apply under GST laws

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CENVAT Credit on capital goods



Balance CENVAT Credit on capital goods which has not been availed in the **first year** will be available in any financial year subsequent to the financial year in which it was purchased. Also, the CENVAT Credit Rules does **not prescribe any time limit** for availment of CENVAT Credit on Capital Goods. Even, the GST law does not contain any time limit for availment of Input Tax Credit on Capital Goods. Therefore, the Input Tax Credit on Capital Goods which has not been availed till 1st April, 2017 will be allowed without **any time limit**.

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Inputs held in stock to be allowed in certain situations



Situation 1:

An unregistered manufacturer in Mumbai having a turnover of Rs. 70 lakhs in the current financial year was availing SSI exemption. He will now be liable to tax under GST as his turnover is greater than the threshold of Rs. 10 lakhs which has been prescribed under GST.

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Inputs held in stock to be allowed in certain situations



Situation 2:

A trader supplying goods on e-commerce having an aggregate turnover of Rs. 1 lakhs was not required to be registered as per the State VAT law earlier. Now, as per the definition of the taxable person as per Section 9 read with Schedule III, there is no threshold for such category of persons. Therefore, he will be liable to pay tax under GST though he was below the taxable turnover earlier

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Inputs held in stock to be allowed in certain situations



Conditions

- ❧ The taxable person has not been registered under the earlier law. The person must be a registered taxable person under the GST laws;
- ❧ The person must not have been liable for registration under the earlier laws;
- ❧ He must have been engaged in the manufacture of exempted goods under the earlier Laws but those goods must be liable to tax under GST laws

This provision is applicable **only for inputs** (not capital goods)

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Inputs held in stock to be allowed in certain situations



Conditions:

- Inputs may be in any of the following forms -
 - (i) inputs as such
(may be raw materials, consumables, packing materials, traded goods etc.),
 - (ii) may be contained in WIP or semi-finished goods
or
 - (iii) may be contained in the finished goods

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Inputs held in stock to be allowed in certain situations



Conditions:

- The taxable person should be in possession of the invoice and such other documents (as may be prescribed)
 - (a) The invoice / other document should evidence the payment of duty / tax on such goods
 - (b) The invoice should not be more than 12 months prior to the date of introduction of GST
- Under no circumstances can the credit so availed be interchanged.

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Inputs held in stock to be allowed to a taxable person switching over from composition scheme



What will happen if the inputs, which are intended for use for making taxable supplies are ultimately used for exempt supplies?

Ans. If the inputs in stock in respect of which credit was allowed, is ultimately used for exempt supplies instead of taxable supplies, then so much of the credit on inputs as is used for **exempt supplies will be disallowed** in the electronic credit ledger. If there is no credit remaining as per the electronic credit ledger, then the same will have to be paid in cash by the taxable person.

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Exempted goods returned to the place of business



- ☞ This transition provision, provides for non-payment of GST on return of exempted goods - viz., where the **removal/ sale**, as the case may be was under the earlier law, and the return is under the GST law.
- ☞ This provision extends exemption in respect of purchase returns, viz., where the **purchase** was under the earlier law and the corresponding purchase return is under the GST law.

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Exempted goods returned to the place of business



Condition:

Time period: The Section provides for timelines for both, purchase and purchase returns

- (a) **Purchase:** Should have taken **place not earlier than 6 months** from the date of introduction of GST
- (b) **Purchase return:** Should be **within 6 months** from the date of introduction of GST

Note: This implies that the difference between the date of purchase and the return thereto cannot exceed 1 year.

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Exempted goods returned to the place of business



☞ Eg 1:

A manufacturer had removed exempted goods for sale worth Rs. 5,00,000 on 1st November, 2016. These goods become taxable under GST. GST is assumed to be applicable from 1st April, 2017. On 10th June, 2017, goods worth Rs. 1,00,000 is returned by the buyer. Since, the goods are returned within 6 months from the date of applicability of GST, no tax will be payable.

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Exempted goods returned to the place of business



☞ Eg 2: In Eg 1 above, if the goods had been returned on 10th October, 2017, then the tax will have to be paid by the buyer who returned the goods on the value of Rs.1,00,000 because 6 months elapses from the date of applicability of GST.

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Exempted goods returned to the place of business

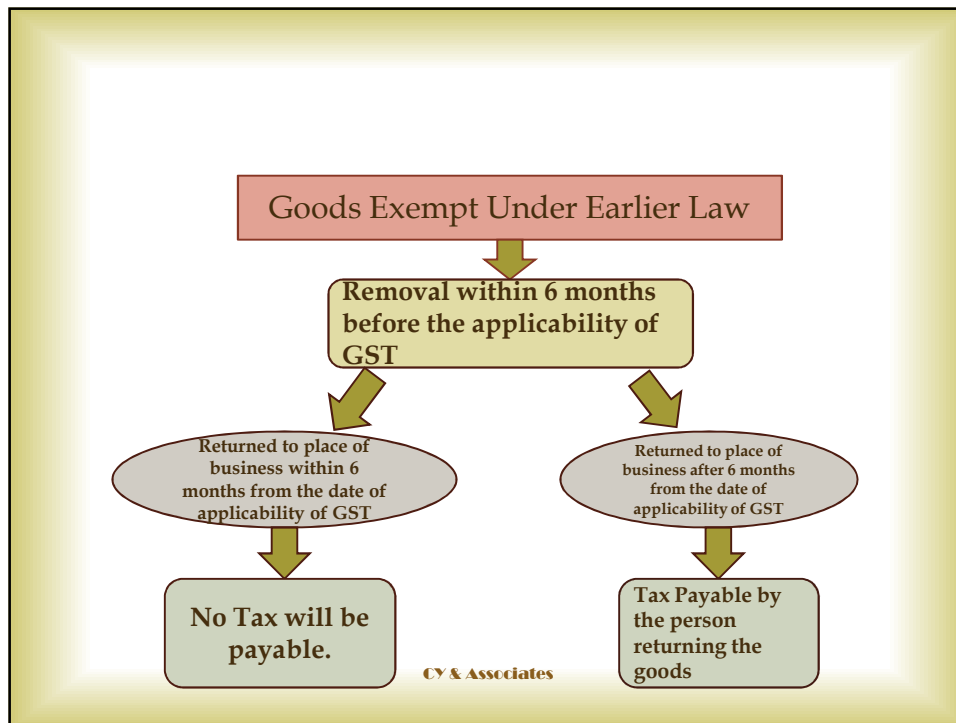


When will purchase returns become taxable?

Ans. The exempted goods returned to the place of business **after 6 months** of the appointed date shall become taxable as per the provisions of Section 148.

If the above conditions on timelines are not satisfied, the return of goods by the purchaser to any place of business of the taxable person (original supplier), the said exemption would not be available. It would mean that the return of the goods would then qualify as 'supply' in the hands of the person returning the goods and would accordingly be liable to GST.

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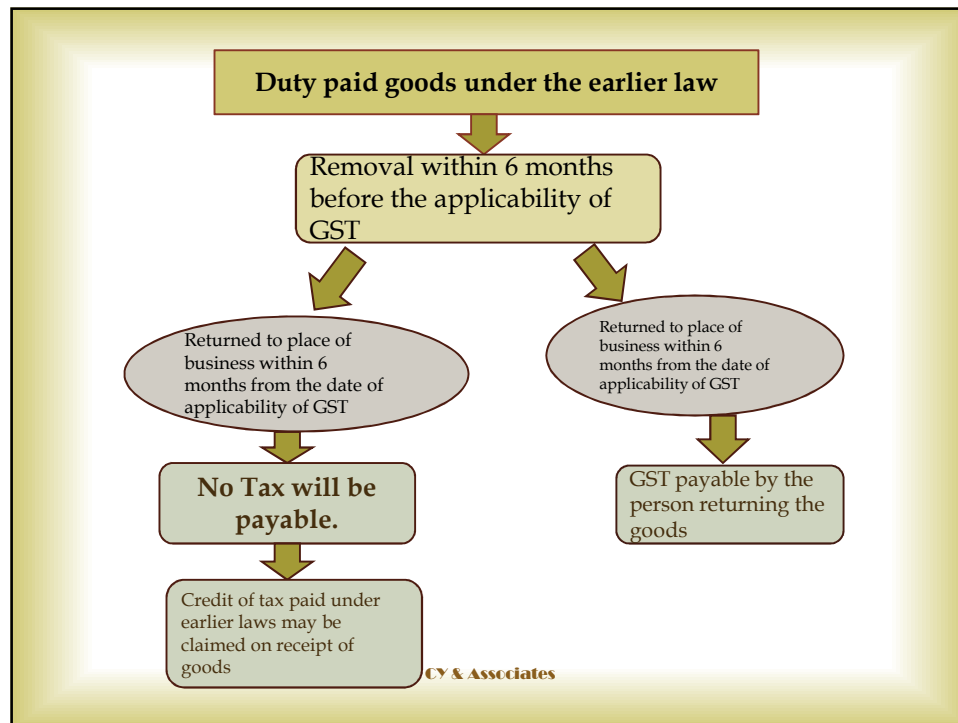


Duty paid goods returned to the place of business



- ☞ **Eg 1:** A manufacturer had removed goods for sale worth Rs. 5,00,000 on 1st November, 2016 after paying the necessary duty under Central Excise law. These goods are also taxable under GST. GST is assumed to be applicable from 1st April, 2017. On 10th June, 2017, goods worth Rs. 1,00,000 is returned by the buyer. Since, the goods are returned within 6 months from the date of applicability of GST, no tax will be payable.
- ☞ **Eg 2:** In Eg 1 above, if the goods had been returned on 10th October, 2017, then the tax will have to be paid by the buyer who returned the goods on the value of Rs. 1,00,000 because 6 months elapses from the date of applicability of GST.

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Inputs removed for job work and returned



- ☞ This transition provision is with respect to inputs removed as such or after partial processing from a factory or dispatched from a place of business for the purposes of carrying out any **processing, repair, reconditioning** or for any other purposes under the existing laws but are returned / returnable after the date of implementation of GST.
- ☞ Competent authority to grant extension of time upto 2 months yet to be prescribed.

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Inputs removed for job work and returned

The exemption is subject to the following conditions

Particulars	CGST	SGST
Inputs should have been removed from a factory	'Factory' as defined under Central Excise law	Registered 'Place of business' under the VAT law
Return of the inputs should be to	Same factory from which it was removed	Same place of business from which it was dispatched
Time period within which the inputs should be returned	Within six months from the date of removal or such extended period (upto 2 months)	Within six months from the date of dispatch or such extended period (upto 2 months)

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Inputs removed for job work and returned



☞ Eg 1:

A manufacturer had removed inputs worth Rs. 5,00,000 on 1st November, 2016 for job work. GST is assumed to be applicable from 1st April, 2017. On 10th June, 2017, the inputs is returned by the job worker. Since, the inputs are returned within 6 months from the date of applicability of GST, **no tax will be payable**

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Inputs removed for job work and returned



☞ Eg 2: In Eg 1 above, if the goods had been returned on 10th October, 2017, then the tax will have to be paid by the **job worker who returned** the goods because 6 months elapses from the date of applicability of GST.

☞ Eg 3: In Eg 1 above, if the goods are not returned by the job worker within the period of 6 months from the applicability of GST i.e. till 30th September, 2017, then the tax will have to be paid by the **manufacturer**.

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Inputs removed for job work and returned



- Is this provision applicable only for removal of inputs for job work?

✎ **Ans.** Yes, this section is in relation to removal of inputs only for the purpose of job work, which means inputs should have been removed as such or after partially carrying out process, to the job worker's premises for further processing, testing, repair reconditioning etc.

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Inputs removed for job work and returned



- Who is liable to pay tax when the processed inputs are not returned within the time limit specified?

Ans. When the processed inputs **are not returned within specified time limit**, at the time of removal of processed inputs, the **job worker is liable** to pay tax under the proposed GST Act and the '**principal manufacturer**' or 'person dispatching the inputs' is liable to pay tax **on the expiry of specified time limit** (i.e. 6 months)

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Semi-finished goods removed for job work



- ☞ This transition provision is with respect to semi-finished goods which were removed from a factory or dispatched from a place of business for job work (for the purpose of **carrying out any manufacturing processes**) under the existing laws but are returned / returnable after the date of implementation of GST.

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Semi-finished goods removed for job work and returned on or after the appointed day.



- ☞ **Eg 1:** A manufacturer had removed semi-finished goods worth Rs. 5,00,000 on 1st November, 2016 for further processing. GST is assumed to be applicable from 1st April, 2017. On 10th June, 2017, these goods are returned by the job worker. Since the goods are returned within 6 months from the date of applicability of GST, no tax will be payable.

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Semi-finished goods removed for job work and returned on or after the appointed day.

- ☞ **Eg 2 :** In Eg 1 above, if the goods had been returned on 10th October, 2017, then the tax will have to be paid by the job worker who returned the goods because 6 months elapses from the date of applicability of GST.
- ☞ **Eg 3:** In Eg 1 above, if the goods are not returned by the job worker within the period of 6 months from the applicability of GST i.e. till 30th September, 2017, then the tax will have to be paid by the manufacturer.

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Finished goods removed for carrying out certain processes and returned

- ☞ This transition provision is with respect to excisable goods manufactured which were removed from a factory without payment of duty or dispatched from a place of business for the purposes of carrying out any tests or any other process and which are returned / returnable after the date of implementation of GST.

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Finished goods removed for carrying out certain processes and returned

- ☞ **Eg 1:** A manufacturer had removed semi-finished goods worth Rs. 5,00,000 on 1st November, 2016 for further processing. GST is assumed to be applicable from 1st April, 2017. On 10th June, 2017, these goods are returned by the job worker. Since the goods are returned within 6 months from the date of applicability of GST, no tax will be payable.

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Finished goods removed for carrying out certain processes and returned

- ☞ **Eg 2:** In Eg 1 above, if the goods had been returned on 10th October, 2017, then the tax will have to be paid by the job worker who returned the goods because 6 months elapses from the date of applicability of GST.
- ☞ **Eg 3:** In Eg 1 above, if the goods are not returned by the job worker within the period of 6 months from the applicability of GST i.e. till 30th September, 2017, then the tax will have to be paid by the manufacturer.

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Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of a contract

- ☞ This is a transition provision with respect to **goods and / or services** in respect of which there is either an upward or a downward revision of price under a contract which was entered into prior to the date of introduction of GST.

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Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of a contract

- ☞ (i) **For upward revisions:** The taxable person shall issue a supplementary invoice or a debit note within 30 days from the date of such revision. The amount of tax involved therein would be deemed to be the tax payable on such supplies under the GST Act (SGST or CGST, as applicable)
- ☞ It would be deemed to be a supply in the month in which the supplementary invoice / debit note is issued and the provisions relating to disclosure in the return and payment of tax would apply accordingly.
- ☞ The supplementary invoice / debit note would have to comply with the requirements as prescribed under the GST Act.

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Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of a contract

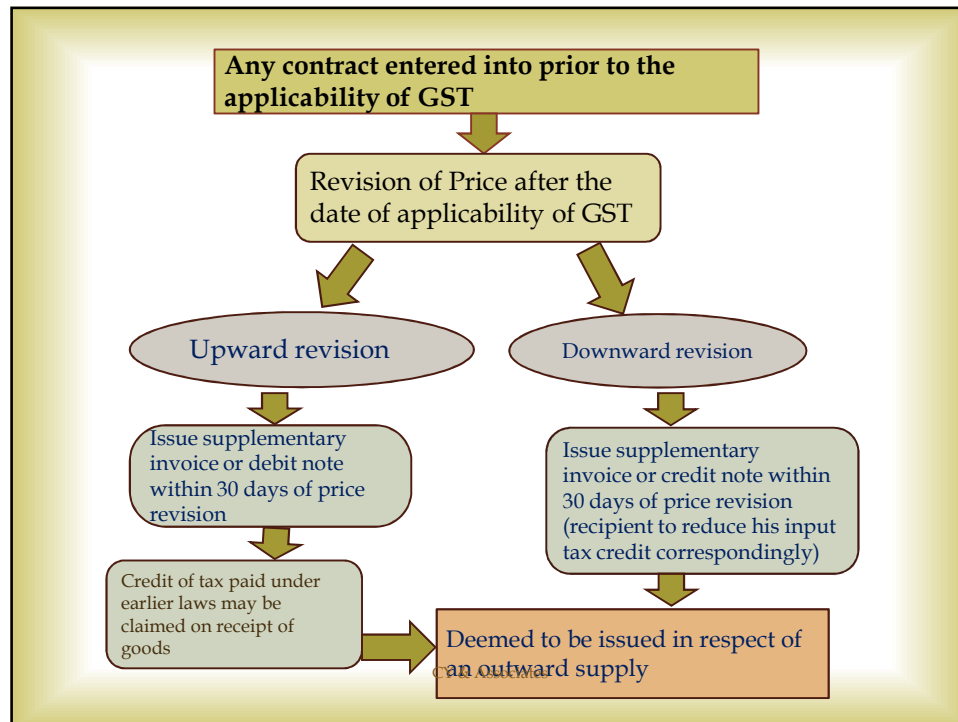
- ☞ Eg 1: A contract for supply of manpower was entered on 10th March, 2017 for Rs. 5,00,000. Due to certain renegotiations, this price was escalated to Rs. 550,000 on 15th April, 2017. Assuming applicability of GST from 1st April, 2017, the supplier should issue a supplementary invoice/debit note for Rs. 50,000 within 30 days of 15th April, 2017 i.e. 15th May, 2017. This supplementary invoice/debit note will be assumed to be for outward supply of Rs. 50,000

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Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of a contract

- ☞ **For downward revisions:** The taxable person shall issue a supplementary invoice or a credit note within 30 days from the date of such revision.
- ☞ In terms of the supplementary invoice / credit note, the supplier of goods would be allowed to reduce the tax liability as if the adjustment is under the GST Act (SGST or CGST, as applicable)

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Pending refund claims to be disposed of under earlier law

- ☞ This transition provision is with respect to refund claims / applications under the earlier law. It provides that the claim for such refund should be processed as prescribed under the relevant earlier law.

Analysis

- ☞ The Section provides that where any person has made an application for refund under the earlier law, viz., Central Excise or Service tax or VAT / CST or such other laws, the same would have to be processed in terms of the provisions contained in the respective earlier laws.

Pending refund claims to be disposed of under earlier law

The provisions of GST laws would have no bearing on the same. It also provides the following:

- (i) The refund if allowed would accrue in cash under the earlier law, viz., and would not be credited to the electronic credit ledger or electronic cash ledger
- (ii) The refund if rejected, fully or partially would lapse.

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Pending refund claims to be disposed of under earlier law

Eg 1: An export manufacturer files a claim for refund of Rs. 5,00,000 on 15th March, 2017. Assume applicability of GST from 1st April, 2017. **The refund claim** will be processed under the provision of the earlier law i.e. Central Excise law itself. If the refund is considered as admissible by the Department, then the same will be paid **in cash** subject to the Doctrine of Unjust Enrichment.

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To know more about GST Updates



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