

**KrayMan**

*Demystifying Complexities*

# Goods and Services Tax (GST)

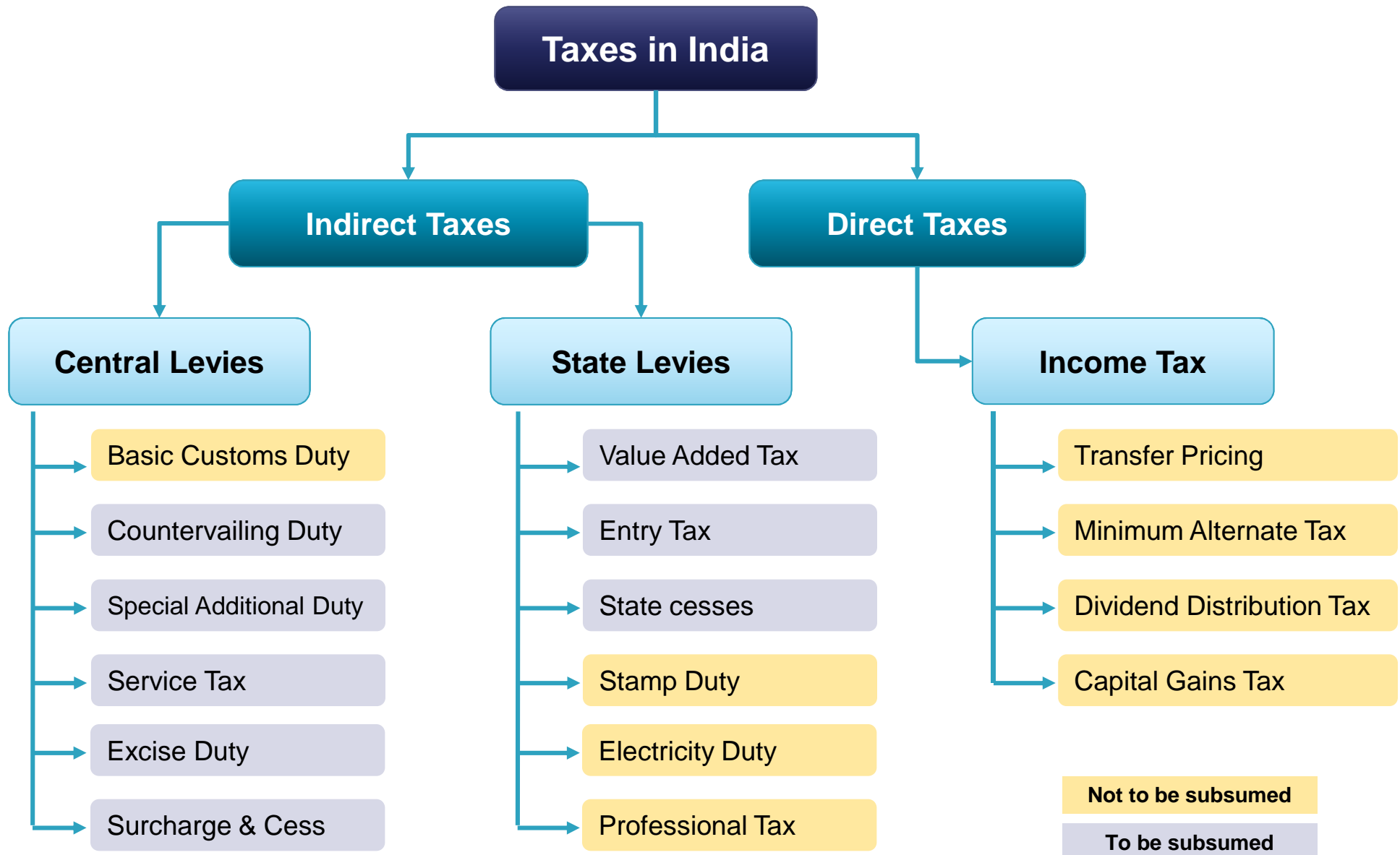
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# Present Modular Taxes in India

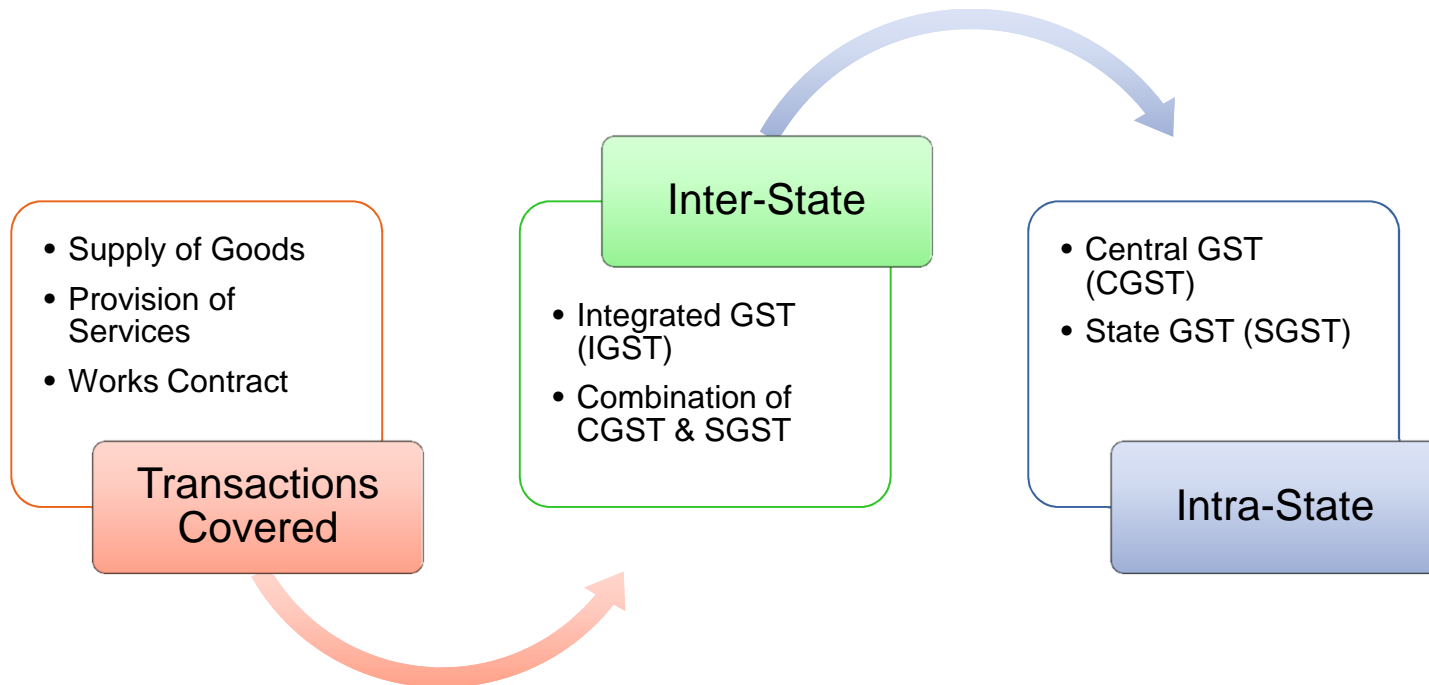


# What is GST

Comprehensive multi stage destination based consumption tax on all Goods and Services

Single tax for efficient and extensive tax collection & administration of indirect taxes

Center and States to levy GST on common base



# GST Roadmap

Passage of **Constitution Amendment Bill** in both houses of the Parliament

**1**

Adoption / Ratification of SGST by **50% States**

**2**

**Presidential Assent** of Constitution Amendment and Notification in Official Gazette

**3**

**Cabinet Approval** for Formation of GST Council

**4**

**GSTN - IT infrastructure**

**Training of Tax Authorities**

**Discussion with Trade & Industry**

Recommendation of **Model GST laws** by GST Council

**5**

**Cabinet Approval** for CGST and IGST laws by Centre and for SGST laws by ALL states

**6**

**Passage** of CGST and IGST laws in the Centre and passage of SGST laws in ALL states

**7**

**Target Roll Out by 1<sup>st</sup> April 2017**

**8**

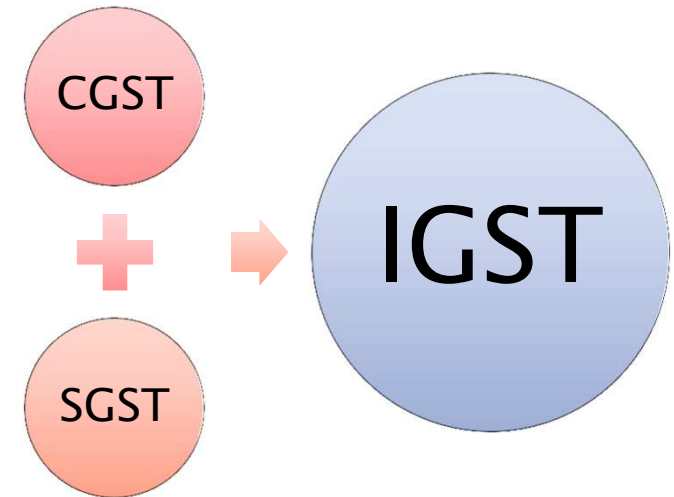
# GST Rates and Credit Mechanism

## GST Rates:

Particulars	GST Rates
Exempted goods and services	NIL
Merit goods	12%
Standard rate	17% - 19%
Demerit goods	40%

## Credit Mechanism:

Type of GST	Order of input credit against output		
	CGST	SGST	IGST
CGST	First	X	Second
SGST	X	First	Second
IGST	Second	Third	First



# GST Model Law

## Charge

### Charge On:

- ❖ Supply of goods and services for a consideration by a taxable person

### Supply includes:

- ❖ Sale, transfer, barter, exchange, license rental, lease or disposal for a consideration in course of business
- ❖ Importation of service (whether or not for consideration and whether or not in the course of business)
- ❖ Self supplies, Sale/ disposal of assets
- ❖ Supply from one 'taxable person' to another 'taxable' or 'non-taxable' person

## Registration

### Registration:

- ❖ Mandatory if aggregate turnover > INR 9 lakh in a financial year
- ❖ Registration required in each state from where taxable supply of goods/ services made
- ❖ Every person registered under any earlier law shall be issued provisional registration certificate valid for 6 months
- ❖ Registration deemed to be granted in case no deficiency communicated to the applicant by proper officer within prescribed period

# GST Model Law

## Valuation

### Transaction Value:

- ❖ Amount paid by recipient instead of supplier
- ❖ Value of goods / services supplied by the recipient free of charge or at reduced cost
  - ❖ Post supply discount as per agreement not to be included
- ❖ Taxes and duties other than GST
- ❖ Incidental costs such as royalty, commission, etc.
- ❖ Subsidies
- ❖ Reimbursement from supplier
- ❖ Discount / incentive after supply
- ❖ Transactions between related parties need to be on arm's length

## Transitional Provisions

- ❖ Carry forward of CENVAT credit; eligible as input tax credit under earlier law as well as the new law
- ❖ Inventory held at depot / by dealer on transition date would suffer full rate of GST as against present VAT / CST rate.
  - ❖ Credit of excise duty paid at the time of manufacture would not be available
- ❖ No tax payable on return of goods sold provided goods were originally removed within 6 months before date of transition *OR* returned within 6 months of transition date
- ❖ Credit of taxes paid at the time of original removal would be available as credit, if goods are returned within 6 months



# GST Compliances

Description	Due date	Return
Monthly statement of outward supply	10th of the next month	GSTR 1
Monthly statement of inward supply	15th of the next month	GSTR 2
Monthly return	20th of the next month	GSTR 3
Return for Input Service Distributor (ISD)	15th of the next month	GSTR 6
TDS return	10 <sup>th</sup> of next month	GSTR 7
Annual Return	By 31st December of next financial year	GSTR 8

# Impact on Manufacturing Business



## Supplier



## Customer

Local Procurement		
Taxes	Goods	Services
Earlier Taxes	Excise duty, VAT	Service tax
GST	CGST, SGST	CGST, SGST

Customer		
Taxes	Same State	Different State
Earlier Taxes	Excise duty, VAT	Excise duty, CST
GST	CGST, SGST	IGST

Inter - State Procurement		
Taxes	Goods	Services
Earlier Taxes	Excise duty, CST	Service tax
GST	IGST	IGST

Creditable taxes  
 Non Creditable taxes

Import		
Taxes	Goods	Services
Earlier Taxes	BCD, CVD, SAD	Service tax (Reverse Charge)
GST	BCD, IGST	IGST (Reverse Charge)

# Impact on Trading Business



## Supplier



## Customer

Local Procurement		
Taxes	Goods	Services
Earlier Taxes	Excise duty, VAT	Service tax
GST	CGST, SGST	CGST, SGST

Customer		
Taxes	Same State	Different State
Earlier Taxes	VAT	CST
GST	CGST, SGST	IGST

Inter - State Procurement		
Taxes	Goods	Services
Earlier Taxes	Excise duty, CST	Service tax
GST	IGST	IGST

Import		
Taxes	Goods	Services
Earlier Taxes	BCD, CVD, SAD	Service tax (Reverse Charge)
GST	BCD, IGST	IGST

Creditable taxes  
 Non Creditable taxes

# Impact on Annual Maintenance Contracts



## Supplier



## Customer

Local Procurement		
Taxes	Goods	Services
Earlier Taxes	Excise duty, <b>VAT</b>	Service tax
GST	CGST, SGST	CGST, SGST

Customer		
Taxes	Same State	Different State
Earlier Taxes	Service tax, VAT	Service tax, <b>CST</b>
GST	CGST, SGST	IGST

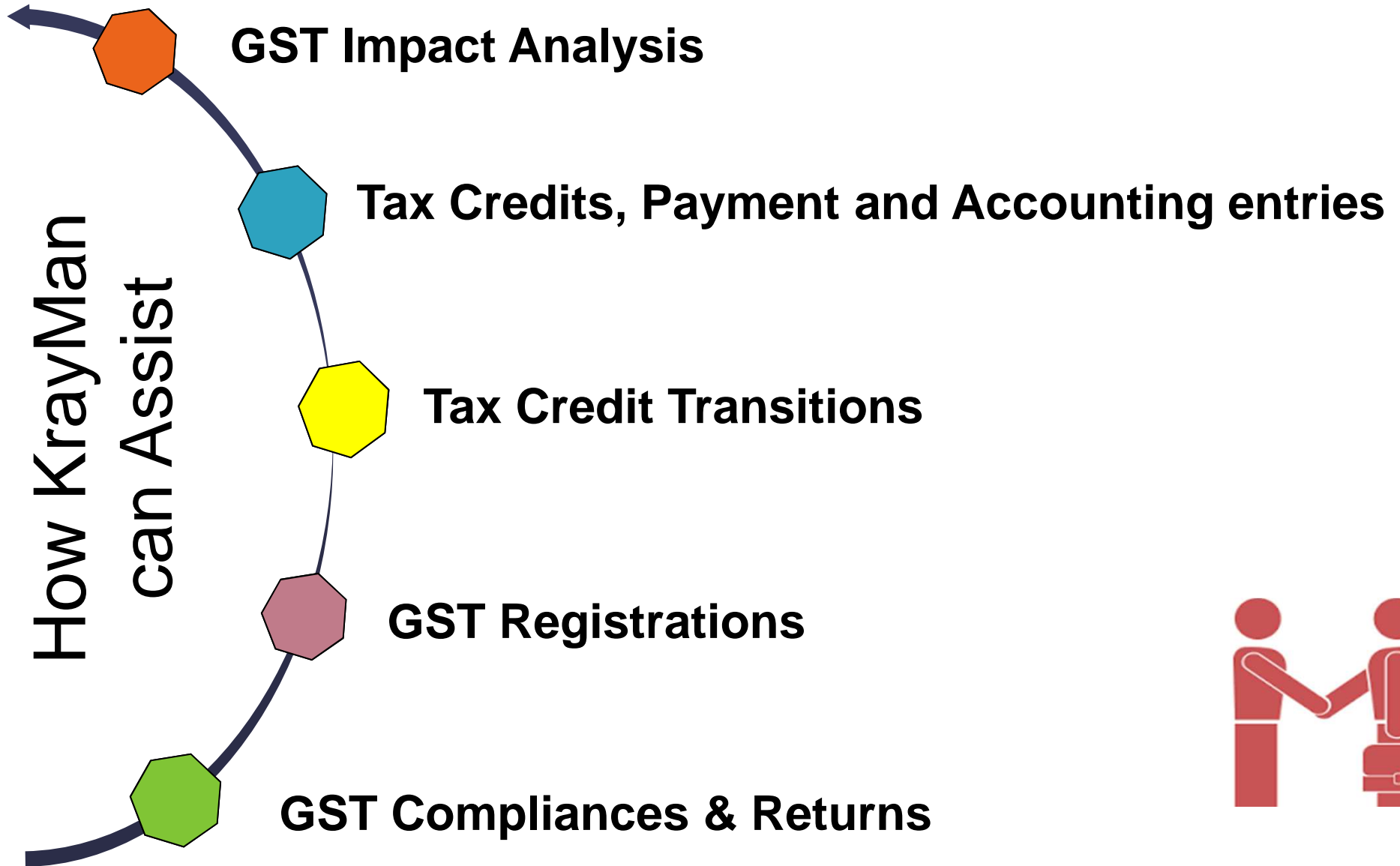
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Taxes	Goods	Services
Earlier Taxes	<b>BCD, CVD, SAD</b>	Service tax (Reverse Charge)
GST	<b>BCD, IGST</b>	IGST

Creditable taxes  
 Non Creditable taxes

# How KrayMan can Assist

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