

GST - Retailer and SME Perspective



Presentation by: S. P Gupta & Associates : Chartered Accountants

1

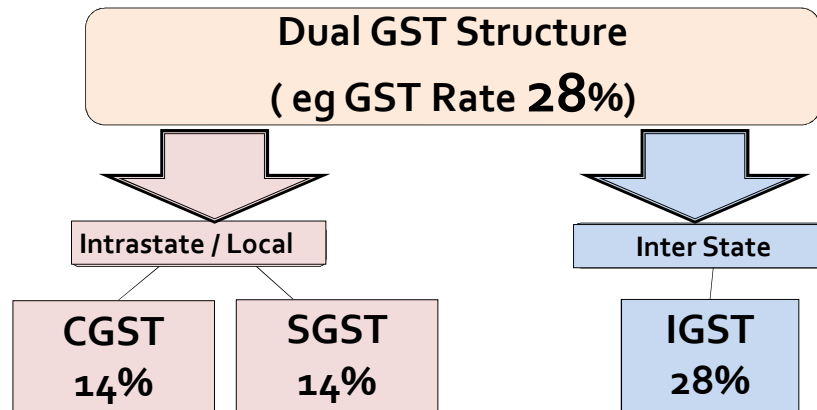


Let us get GST Ready.....

Presentation by: S. P Gupta & Associates : Chartered Accountants

2

Components of GST



3

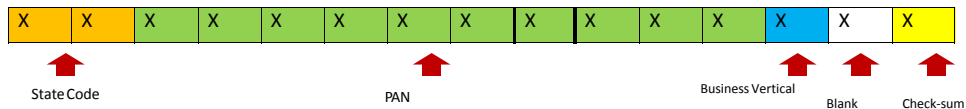
Registration of New Dealers

- Threshold Limit of Rs 20 Lakhs
- Auto generation of provisional registration for existing assessee based on enrolment
- Registrations required by every person
- Simultaneous registration under CGST, SGST & IGST.
- Separate registration required for each State

4

De-codification of Registration Number

- PAN based Registration: PAN will be mandatory (except for Non-Resident)



- Place of Registration - “from where” Supplier makes a taxable supply of goods and/ or services
- Registration within 30 Days
- Scanned documents to be attached (KYC & Place of Business)

Composition Scheme

- Eligible dealers to register under this scheme: Turnover up to **Rs 75 Lakhs** (few states 50 lakhs)
- Aggregate turnover will be computed on the basis of preceding years turnover on all India basis.
- Objective: Simplicity and reduce compliance cost for small business

No permission shall be granted to a taxable person under certain conditions:

- Supply of **services (except service of restaurant); or**
- Supply of goods which are **not leviable** to tax under this Act;
- **Inter-State** outward supplies of goods; or
- Supply of goods **through an e-commerce operator** who is required to collect tax at source
- who is a manufacturer of such goods as may be **notified** (Ice cream, Pan masala, Tobacco)
- A casual taxable person or **non-resident taxable person**

Rate structure

Four Tier GST Rate Structure

Exempt Supplies: Nil-rate, zero percent supplies

Zero-Rated Supplies: Exports and supplies to SEZ

Supplies taxable at 5% (Essential items)

Supplies taxable at 12%

Supplies taxable at 18%

Supplies taxable at 28% (Luxury Goods)



The GST council has proposed to cap IGST rate at 28% and CGST and SGST @ 14% each.
An additional cess shall also be charged on the demerit/ luxury goods.

GST Rates- Composition Scheme

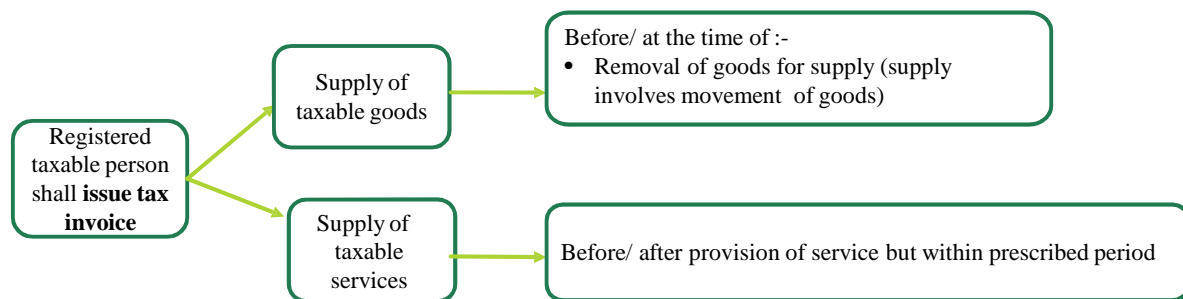
- Traders – 1%
- Manufacturers – 2%
- Restaurants – 5%

HSN/SAC Codes

HSN/ SAC codes shall be mentioned in **Tax Invoice** as well as furnished in Table 12 of FORM GSTR-1 Return.

- **Less than Rs. 1.5 crores** – HSN/SAC code is **not mandatory** (Hence, composition dealers may not be required to specify HSN at 2-digit level also).
- **Rs. 1.5 crores to Rs. 5 crores** – HSN code at minimum **2 digit** chapter level is mandatory.
- **Above Rs. 5 crores** – HSN code at minimum **4 digit** chapter level is mandatory.
- For **export** turnover, **8-digit** HSN code is mandatory irrespective of any of the above 3 categories.

Tax Invoice



- a) Amount of tax to be prominently indicated in all documents relating to assessment, tax invoice and other like documents.
- b) For receipts of **advances** on supply of goods/ services: **Receipt voucher/ other prescribed document.**
- c) In case of **RCM, if goods/ services** are received from an unregistered person, the registered taxable person shall **issue an invoice**

Contents of Tax Invoice

- 1) Name, Address & GSTIN of Supplier
- 2) Invoice No (Serially numbered & unique for the financial year)
- 3) Date of Issue of Invoice
- 4) Name , Address, GSTIN of Recipient
- 5) Address of Delivery along with Name of State and its Code (Value of Supply > Rs 50000)
- 6) HSN of goods supplied
- 7) Description of goods
- 8) Quantity & Total value of goods/ Services
- 9) Taxable value after adjustment of discount
- 10) Rate of tax (CGST,SGST, IGST)
- 11) Amount of Tax charged
- 12) Place of supply along with name of the state- Inter- State Supply
- 13) Place of delivery(if different from place of supply)
- 14) Whether Tax payable on RCM
- 15) Signature or Digital Signature of the supplier or authorized rep

Presentation by: S. P Gupta & Associates : Chartered Accountants

11

Composition - Invoice

- Tax cannot be collected separately
- He shall mention on invoice "composition taxable person, not eligible to collect tax on supplies"
- No need to mention HSN code

Presentation by: S. P Gupta & Associates : Chartered Accountants

12

WHAT WILL BE CONSIDERED AS TRANSACTION VALUE ??



Presentation by: S. P Gupta & Associates : Chartered Accountants

13

Transaction value: Inclusions

Value of supply of goods on which GST is to be discharged shall be the '**Transaction Value**', where

Transaction Value Includes:

- **Taxes, duties, cesses, fees and charges levied** under any statute, other than taxes paid under GST regime;
- **Amount incurred by Recipient** which is liable to be paid by the Supplier; (Freight charges paid by buyer where the contract is of Door Delivery)
- **Amount charged by Supplier :**
 - **Incidental expenses** (e.g.: packing, commission)
 - **Charges for anything done by the Supplier** at the time or before the supply, in respect thereof
 - **Interest/ late fee/ penalty** for delayed payment of consideration

Presentation by: S. P Gupta & Associates : Chartered Accountants

14

Transaction Value: Exclusions

Transaction Value Excludes :

Discount

- **Before or at the time of the supply :**
 - **Such discount is duly recorded in the invoice**

- **After the supply if:**
 - **Agreement** establishing discount entered into **before/ at the time** of supply
 - Discount specifically **linked to relevant invoices**
 - **ITC reversed** by the recipient to the extent of discount
 - Eg: Volume Discount

Impact on Promotional Schemes



Promotional Schemes

Nature of Supply	GST Treatment
Composite Supply	<ul style="list-style-type: none"> Bundled in natural Course. One is principal supply and others are ancillary supply. Composite supply shall be treated as supply of the principal supply and rate of Tax of Principal supply shall be applicable. Eg (Mattress and its Warranty/ Guarantee, Packaging , TV & Remote)
Mixed Supply	<ul style="list-style-type: none"> Goods which can be ordinary be supplied separately. Mixed supply would be treated as supply of that particular goods which attracts the highest rate of tax. Eg : Mattress and Pillow , Tooth brush and Tooth paste
Gift Vouchers and loyalty points	<ul style="list-style-type: none"> If supply identifiable – Date and rate at time of issuance of voucher If supply not identifiable – Date and rate at the time of redemption of voucher. Typically, gift vouchers / loyalty points can be used by customers to buy any product available in stores. Retailers need to revisit the tax treatment for gift vouchers and loyalty points as there is varying treatment under GST.

Presentation by: S. P Gupta & Associates : Chartered Accountants

17

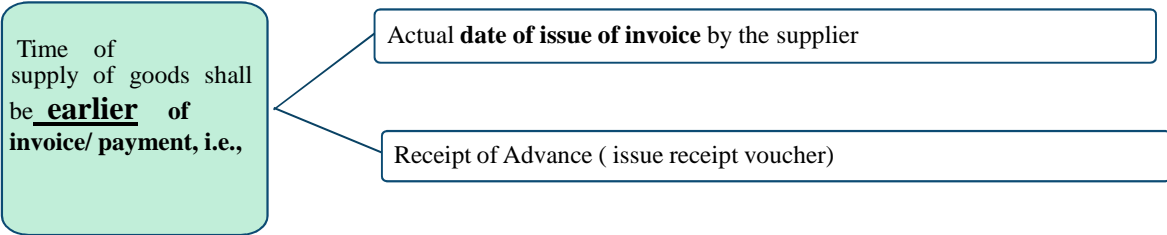
Goods Return

- Issue Credit note
- Identifiable goods
- Linked to invoice
- Reversal of ITC by Purchaser
- By 30th September of next Financial Year

Presentation by: S. P Gupta & Associates : Chartered Accountants

18

Time of Supply of Goods



Insights into Input Tax Credit under GST



Principles on Input Tax Credit (ITC)

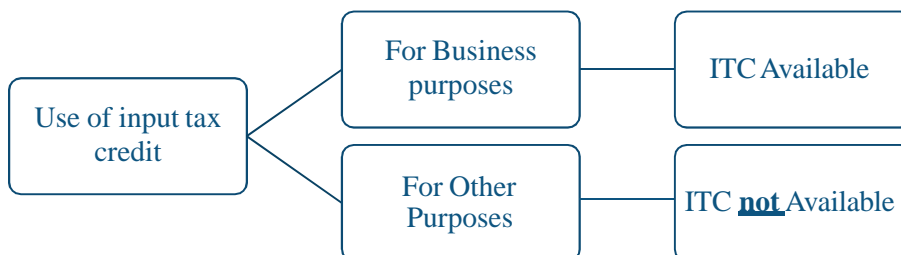
- **Input tax means IGST, CGST and SGST charged on any supply of goods or services to him.**
- Includes tax paid on reverse charge basis.
- System for a seamless flow of credit.
- Extends to inter-State supplies.
- **Credits of all taxes under GST (IGST/CGST/SCGST) will be available**

Presentation by: S. P Gupta & Associates: Chartered Accountants

21

ITC on the Basis of use of Inputs

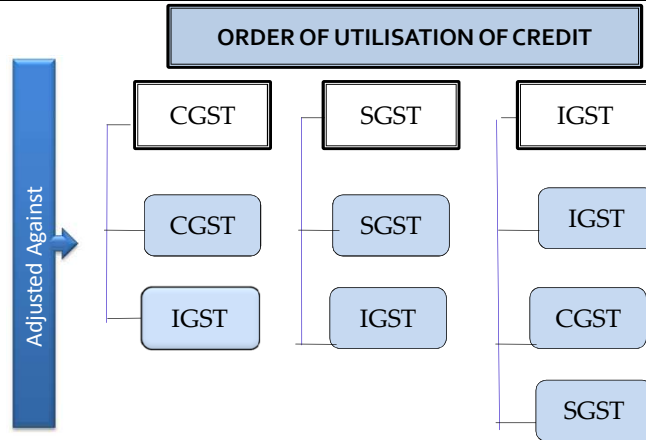
- ITC of all **goods & services** used for business purpose will be available (eg GST on Commission expenses , Professional Fees etc)



Presentation by: S. P Gupta & Associates: Chartered Accountants

22

Credit utilisation



No ITC on account of CGST can be utilised towards payment of SGST & Vice versa

Conditions for Availment of ITC



Restriction on ITC

- Motor vehicle (Available only if they are used for transportation of goods, making further supply of vehicle or transportation of passenger).
- Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery (available only if it is used for making outward supply of same category).
- Membership of club, health and fitness centre.
- Services of rent-a-cab, life insurance and health insurance (available only if it is used for making outward supply of same category).
- Travel benefits extended to employees on vacation such as leave or home travel concession;
- Works contract services for construction of an immovable property (available only if it is used for making outward supply of same category).
- Tax paid under composition scheme.
- Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.
- Reversal of ITC if payment is not made within 180 days (ITC available later when payment is made)

Presentation by: S. P Gupta & Associates : Chartered Accountants

25

ITC – Composition Dealer

- NO ITC can be claimed by a Composition Dealer
- Person purchasing from composition dealer cannot claim any ITC

Presentation by: S. P Gupta & Associates : Chartered Accountants

26

Reverse Charge Mechanism



Reverse Charge Mechanism

- Receipt of Goods or services from Unregistered dealer
- Liability to pay tax on recipient
- Import of Goods
- Other notified categories of services : eg Goods Transport Agency , Legal Service
- Input tax credit available
- Applicable to Composition dealers (However no credit of tax paid under RCM available under composition scheme)

Returns & Payments under GST

RETURN FORM	PARTICULARS	DUE DATE
GSTR1	Outward Supplies	10 th of the next month
GSTR2	Inward Supplies	15 th of the next month
GSTR3	Monthly return	20 th of the next month
GSTR8	Annual return along with Reconciliation Statement	31 st December next FY
Payment	Monthly	20 th of the next month
Composition Dealers		
GSTR4	Quarterly return	18 th of the month succeeding the quarter
Payment	Quarterly	18 th of the month succeeding the quarter

Presentation by: S. P Gupta & Associates : Chartered Accountants

29

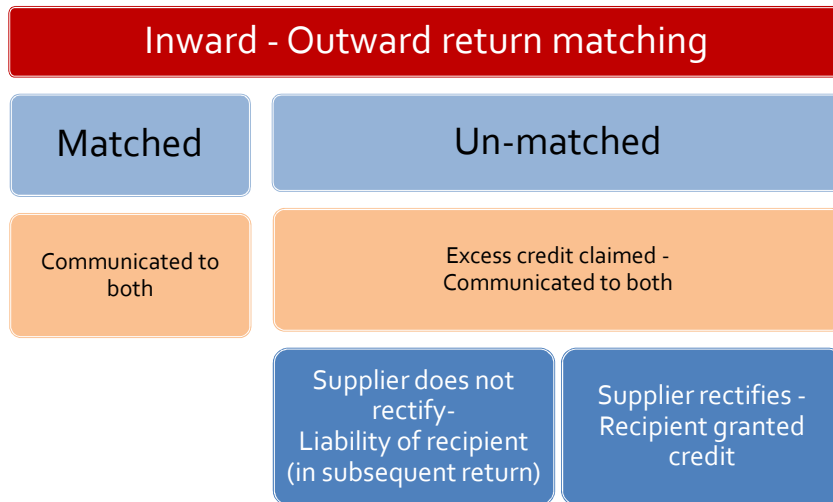
Outward & Inward Supplies

OUTWARD SUPPLIES (Sales)				INWARD SUPPLIES (Purchase)			
Zero Rated Supplies & exports	Inter-state/Intra-state supplies & goods return	Debit notes, credit notes and supplementary invoice	Details to be furnished by 10 th day succeeding the tax period	Credit notes, debit notes	Inward supplies of goods &/or services subject to RCM	Inward supplies of goods &/or services subject to IGST	Details to be furnished by 15 th day succeeding the tax period

Presentation by: S. P Gupta & Associates : Chartered Accountants

30

Matching, Reversal and Reclaim



Presentation by: S.P Gupta & Associates: Chartered Accountants

31

Essentials of Return

- Common E-Return for CGST, SGST & IGST
- Person cannot file the return for the period in case he has not filed the return of previous period
- Due date of payment of Tax will be the due date of filing the return
- Return filed without payment of tax – Invalid Return- ITC will not be allowed in respect of supplies made by such person.
- Even Nil return needs to be filed
- Error or omission may be rectified
- B2B transactions proposed on invoice level & HSN wise
- **B2C invoice transactions invoice wise details not required**
- **Composition dealers invoice wise details not required.**

Presentation by: S.P Gupta & Associates: Chartered Accountants

32

GST Return – Important Points

RECTIFICATION

Rectification allowed till September 30 or date of filing of annual return

NON FILING

Cancellation of registration for non filing of returns for 3 consecutive tax periods

BLACK LISTING OF DEALERS

Compliance rating to be introduced. Fall below the prescribed level would lead to blacklisting

PENALTY- NON FILING OF RETURN

Late Fees: INR 100 per day subject to a maximum of INR 5,000
Late Fee - Annual Return INR 100 per day subject to a maximum of 0.25 % of the aggregate turnover of the defaulter

Transition to GST



The question that arises before the industry is, what will happen to their unutilized Input VAT credit, pending refunds, stock kept in the warehouse, goods return, goods sent out to the job worker and the like?



Transitional Provisions Carry forward of VAT Credit

Registered taxable person

Allowed carry forward of Input VAT credit – through a return

Such credit must be eligible under earlier law and GST law

Credit must be claimed in respective Return under earlier Law

Credit can be taken in the electronic credit ledger

Excess credit taken will be recovered as arrears of tax under GST law

Presentation by: S. P Gupta & Associates : Chartered Accountants

35

Transitional Provisions – Goods held in Stock

- Excise Duty paying document available-
 - Avail credit of Excise on basis of document.
- Excise Duty paying document not available
 - Credit at the rate of 40 % of CGST payable for goods below rate of 18%
 - & 60% of CGST payable for goods @ the rate of 18% or above
 - Goods must be identifiable
 - Document for procurement of goods must be available
 - Goods should not be older than 12 months
 - Scheme available for 6 tax periods (6 months)
 - Credit available only when GST is paid
 - Details of stock to be given in a Declaration
 - Credit benefit to be passed on to the consumer

Presentation by: S. P Gupta & Associates : Chartered Accountants

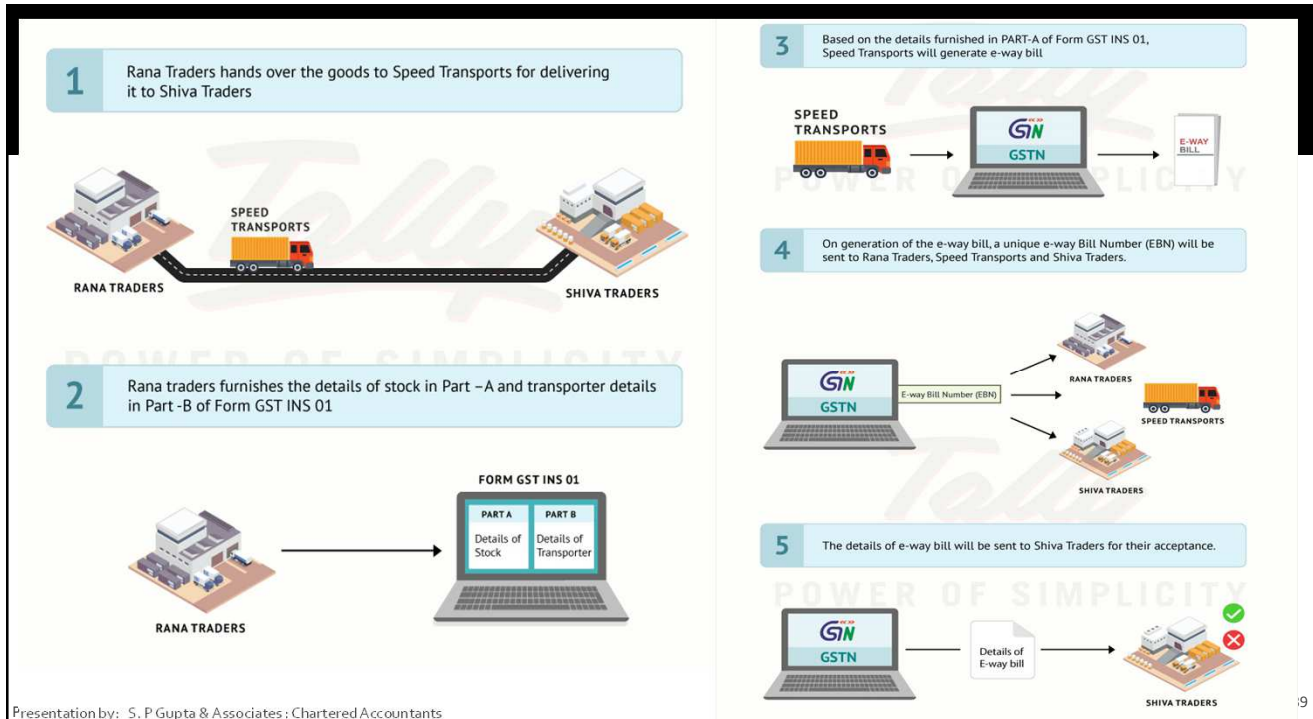
36

Transition Provisions- Composition Scheme

- Intimate to opt for composition scheme
- Declare stock of goods as on 30/06
- Pay tax on input tax credit on inputs lying in stock
- Pay tax on inputs purchased from unregistered dealer lying in stock.

Understanding E-Way Bills

- Applicable to all consignment exceeding **Rs 50000.**
- To be generated before commencement of movement of goods.
- When goods are transported through transporter- Transporter generates E-way bill. (Supplier furnishes details online).
- When goods transported without transporter (through own vehicle etc) - E-way bill generated by Supplier or receiver.
- E-way bill to be accepted or rejected by receiver within 72 hours.
- SMS facility for generation and cancellation of e-Way bills
- Validity of bill vary based upon distance.
- **Form GST INS-1** is an e-way bill form.
- **Part-A**, where the details of the goods are furnished
- **Part-B** contains details of the transporter.



Annual Audit

- Every registered taxable person whose turnover during a financial year crosses the threshold limit **of Rs 2 crore** shall get his accounts audited by
 - Chartered Accountant or
 - Cost Accountant
- Other particulars and reconciliation
- Time Limit – 30th December

Offences & Penalties

Nature of Offences

- Supplies any goods without invoice
- Issues invoice without supply of goods
- Collects tax amount but does not pay
- Collects tax in contravention of the Act
- Takes input tax credit without receipt of goods
- Manipulates financial records
- Fails to get registered
- Gives false information
- Transports taxable goods without documents
- Fails to maintain books of accounts.
- Fails to provide information and required documents.
- Suppresses turnover.
- Repeatedly making short payment of tax in any 3 returns during any 6 consecutive tax periods would be deemed to be an offence committed 'repeatedly'.

Penalty will be Higher of following:

- 1. Rs. 10,000/-; or**
- 2. An amount equivalent to the amount of tax evaded/not deducted/collected or input tax credit availed or distributed or refund claimed in the matter**

Impact Analysis of GST on Small & Medium Enterprises

- SME Primary growth drivers of Indian Economy
- GST has Widen the Tax Payer Base
- All compliances online : Registration , Payments, refunds , returns
- Less or no interaction with department officers

Negatives

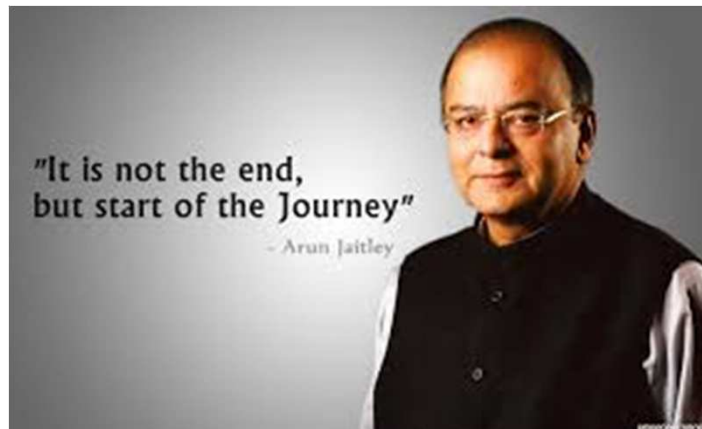
- Technical Expertise
- Compliance Cost
- Monthly payments: Liquidity crunch

Positives

- Easier to start new business
- Timely receipt of registration certificate
- Minimal bureaucracy interference
- Transparency
- Faster logistics and delivery
- Seamless flow of credit
- Level playing Field in long run



THANK YOU



For further queries , kindly contact us at:



**S. P Gupta & Associates
Chartered Accountants**

casp Gupta25@gmail.com ; www.casp Gupta.in

Preeti : 9820923304

8/10 , Govind Nagar , Dixit Road , Vile Parle (East) , Mumbai 57

Tel : 26120042/26116374