

STUDENTS' ECONOMIC FORUM

A monthly publication from South Indian Bank

*To kindle interest in economic affairs...
To empower the student community...*



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Student's corner



ho2099@sib.co.in



August 2017

Theme 309

GOODS AND SERVICES TAX - PART II

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Theme No: 309: Goods and Services Tax – Part II

A well informed customer will make the policy makers as well as organizations which produce goods and render services more responsive to the customer needs. This will also result in healthy competition among organizations and improve the quality of its products.

The “SIB Students’ Economic forum” is designed to kindle interest in the minds of younger generation. We highlight one theme in every monthly meeting of the “Forum”. This month the topic for discussion is “Goods and Services Tax – Part II”.

1. What are the major features of the proposed registration procedures under GST?

The major features of the proposed registration procedures under GST are as follows:

- i. **Existing dealers:** Existing VAT/Central excise/Service Tax payers will not have to apply afresh for registration under GST.
- ii. **New dealers:** Single application to be filed online for registration under GST.
- iii. The registration number will be PAN based and will serve the purpose for Centre and State.
- iv. Unified application to both tax authorities.
- v. Each dealer to be given unique ID GSTIN.
- vi. Deemed approval within three days.
- vii. Post registration verification in risk based cases only.

2. Whether all assesseees/dealers who are already registered under existing central excise / service tax / vat laws will have to obtain fresh registration?

No. GSTN shall migrate all such assesseees/dealers to the GSTN network and shall issue GSTIN number and password. They will be asked to submit all requisite documents and information required for registration in a prescribed period of time. Failure to do so will result in cancellation of GSTIN number. The service tax assesseees having centralized registration will have to apply afresh in the respective states wherever they have their businesses.

3. What will be the implications in case of purchase of goods from unregistered dealers?

The receiver of goods will not be able to get ITC (Input Tax Credit). Further, the recipients who are registered under composition schemes would be liable to pay tax under reverse charge.

4. Can a person without GST registration claim ITC and collect tax?

No. A person without GST registration can neither collect GST from his customers nor claim any input tax credit of GST paid by him.

5. What is the time limit for taking ITC?

Input Tax Credit cannot be taken beyond the month of September of the following FY to which invoice pertains or date of filing of annual return, whichever is earlier. The underlying reasoning for this restriction is that no change in return is permitted after September of next FY. If annual return is filed before the month of September then no change can be made after filing of annual return.

6. Who all need to file Annual Return?

All taxpayers filing return in GSTR-1 to 3 other than casual taxpayers and taxpayers under composition scheme are required to file an annual return. Casual taxpayers, non-resident taxpayers, ISDs (Input Service Distributor) and persons authorized to deduct tax at source are not required to file annual return.

7. What is the scope of composition scheme under GST and whether it will be optional or compulsory?

Small taxpayers with an aggregate turnover in a financial year up to Rs. 50 lakhs shall be eligible for composition levy. Under the scheme, a taxpayer shall pay tax as a percentage of his turnover during the year without the benefit of ITC. The floor rate of tax for CGST and SGST shall not be less than 1%. A tax payer opting for composition levy shall not collect any tax from his customers. Tax payers making inter- state supplies or paying tax on reverse charge basis shall not be eligible for composition scheme.

8. Briefly explain the features of composition scheme?

- i. Composition scheme is applicable to all the business verticals/registrations which are separately held by the person with same PAN.
- ii. Composition scheme is not applicable if the taxable person effects inter-State supplies.
- iii. Taxable person under composition scheme is not eligible to claim input tax credit.
- iv. Customer who buys goods from taxable person who is under composition scheme is not eligible for composition input tax credit because a composition scheme supplier cannot issue a tax invoice.

9. How to compute 'aggregate turnover' to determine eligibility for composition scheme?

The 'aggregate turnover' means 'Value of all supplies (taxable and non-taxable supplies + Exempt supplies + Exports) and it excludes Taxes levied under CGST Act, SGST Act and IGST Act, Value of inward supplies + Value of supplies taxable under reverse charge of a person having the same PAN.

10. What is an ISD (Input Service Distributor)?

It is basically an office meant to receive tax invoices towards receipt of input services and further distribute the credit to supplier units proportionately.

11. Who is liable to pay GST under the proposed GST regime?

Under the GST regime, tax is payable by the taxable person on the supply of goods and services. Liability to pay tax arises when the taxable person crosses the threshold exemption, i.e. Rs.10 lakhs (Rs. 5 lakhs for NE States) except in certain specified cases where the taxable person is liable to pay GST even though he has not crossed the threshold limit. The CGST / SGST is payable on all intra-State supply of goods and services and IGST is payable on all inter- State supply of goods and services.

12. What are the major features of the returns filing procedures under GST?

The major features of the proposed returns filing procedures under GST are as follows:

- a. Common return would serve the purpose of both Centre and State Government.
- b. There are eight forms provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return.
- c. Small taxpayers: Small taxpayers who have opted composition scheme shall have to file return on quarterly basis.
- d. Filing of returns shall be completely online. All taxes can also be paid online.

13. What are the major features of the payment procedures under GST?

The major features of the proposed payments procedures under GST are as follows:

- i. Electronic payment process- no generation of paper at any stage
- ii. Single point interface for challan generation- GSTN
- iii. Ease of payment – payment can be made through online banking, Credit Card/ Debit Card, NEFT/RTGS and through cheque/cash at the bank
- iv. Common challan form with auto-population features
- v. Use of single challan and single payment instrument
- vi. Common set of authorized banks
- vii. Common Accounting Codes

14. Is there any time limit for sanctioning of refund?

Yes, it is 90 days in all cases, excepting in a case where the refund to the extent of 80% of the total amount claimed is refundable to certain categories of exporters. If refund is not sanctioned within the period of three months, interest will have to be paid by the department.

15. What are the facilities available to smaller dealers or dealers having no IT infrastructure?

In order to cater to the needs of taxpayers who are not IT savvy, following facilities shall be made available:-

TAX RETURN PREPARER (TRP): A taxable person may prepare his registration application /returns himself or can approach the TRP for assistance. TRP will prepare the said registration document / return in prescribed format on the basis of the information furnished to him by the taxable person. The legal responsibility of the correctness of information contained in the forms prepared by the TRP will rest with the taxable person only and the TRP shall not be liable for any errors or incorrect information.

FACILITATION CENTRE (FC): It's responsible for the digitization and uploading of the forms and documents including summary sheet duly signed by the Authorized Signatory and given to it by the taxable person. After uploading the data on common portal using the ID and Password of FC, a print-out of acknowledgement will be taken and signed by the FC and handed over to the taxable person for his records. The FC will scan and upload the summary sheet duly signed by the Authorized Signatory.

16. How will imports be taxed under GST?

Imports of Goods and Services will be treated as inter-state supplies and IGST will be levied on import of goods and services into the country. The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods and services are consumed. Full and complete set-off will be available on the GST paid on import on goods and services.

17. How will Exports be treated under GST?

Exports will be treated as zero rated supplies. No tax will be payable on exports of goods or services, however credit of input tax credit will be available and the same will be available as refund to the exporters.





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