A PRESENTATION (01/11/16)*

CA NAVJIT SINGH

* Update upto (01/11/16)

ABOUT NAVJIT SINGH

- ❖ CA. CMA NAVJIT SINGH (B.Com (Hons), qualified Chartered Accountant and Cost Accountant with over 25 years .(since 1992) with CS (inter).
- ❖ He has also been the faculty member at NIRC of ICAI (CA)& ICAI(CMA)
- ❖ He has well versed with Taxation, Accounting, Auditing, Internal Control ,Law, Financial, Costing, Forensic, SOP ,IFC &IT (System Audit)
- ❖ He is Certified in Diploma in Information Technology from ICAI and vast experience in various nature of Banks internal/statutory Audit and CAG (PSU) audit and cooperative society audit)
- ❖ Presently, He leads a partnership firm named A S K M & Associates in Pitam pura (North Delhi), where he gives consultancy & advisory services . (1978 established)
- ❖ Member of North West Delhi CEP Study Circle [ICMAI]
- ❖ Member of Shalimar Bagh CPE Study Circle [ICAI]
- ❖ Member of Delhi Sales Tax Bar Association
- ❖ Certificate Courses from (ICAI)

  Service Tax, Concurrent Audit, Forensic Audit, Anti-Money Specialist.
- ❖ Peer Review Panel Committee (ICAI)

KNOW ABOUT VARIOUS LAWS/ACT TO UNDERSTAND GST LAW

- Constitution of India
- Central Excise Act,1944
- Finance Act
- Foreign Trade Policy
- Indian Contract Act,1872
  - SEZ Act,2005

- Central Sales Tax Act,1956
- Value Added Tax Laws
- Indian Evidence Act,1872
- Sale of Goods Act,1930 etc

BACKGROUND OF GST

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- The seed of GST was ploughed in year 2000, during regime of Vajpayee government.
- In year 2007, GST conceptualised by the finance minister Mr.P.Chidambaram.
- The Constitution Bill ,2011 was 1^{st} Bill which was introduced in parliament on 11 Mar.2011
- In 2014, during regime of Modi Govt. When GST Bill, officially known as constitution Bill 2014 introduced in Lok Sabha on 19 Dec 2014 by union finance minister, Mr. Arun Jaitley and passed on 6 May 2015.
- This Bill seeks amend the constitution by introducing Article 246A, 269A & Article 279A empowering the president to constitute the GST Council.
- It also provides mechanism for levy & collection of taxes and sharing of the revenues amongst the union & states.
- In rajya sabha pass with amendment on 3 august 2016 by majority 203 vote & to be rectify by lok sabha (lower house) on 8 august 2016.currently gsc council meeting on 4-5 nov and gstn 8 nov(reg) portal start..education mode. (7 slab tax rnr-exempt,0,4,6,12,18,26 and composition) final approved by gst council before last week of nov and bill submit for lok sabha in winter seassion (hope pass last week of nov along with 29 state gst act after assent by president/governor)so 4 months education mode period for gst and gstn portal and for sgst and cgst government bodies for upgradation (training) to implement gst from 1-4-17. !)
- 100% from 1-4-2017.(public domain-draft gst bill, gst rules with forms, # gst process model, 2 set faq (latest 9/16) and 3 gst council meeting agenda and discussion yet to come by 30/11/16……………. to ……………..31/3/17.

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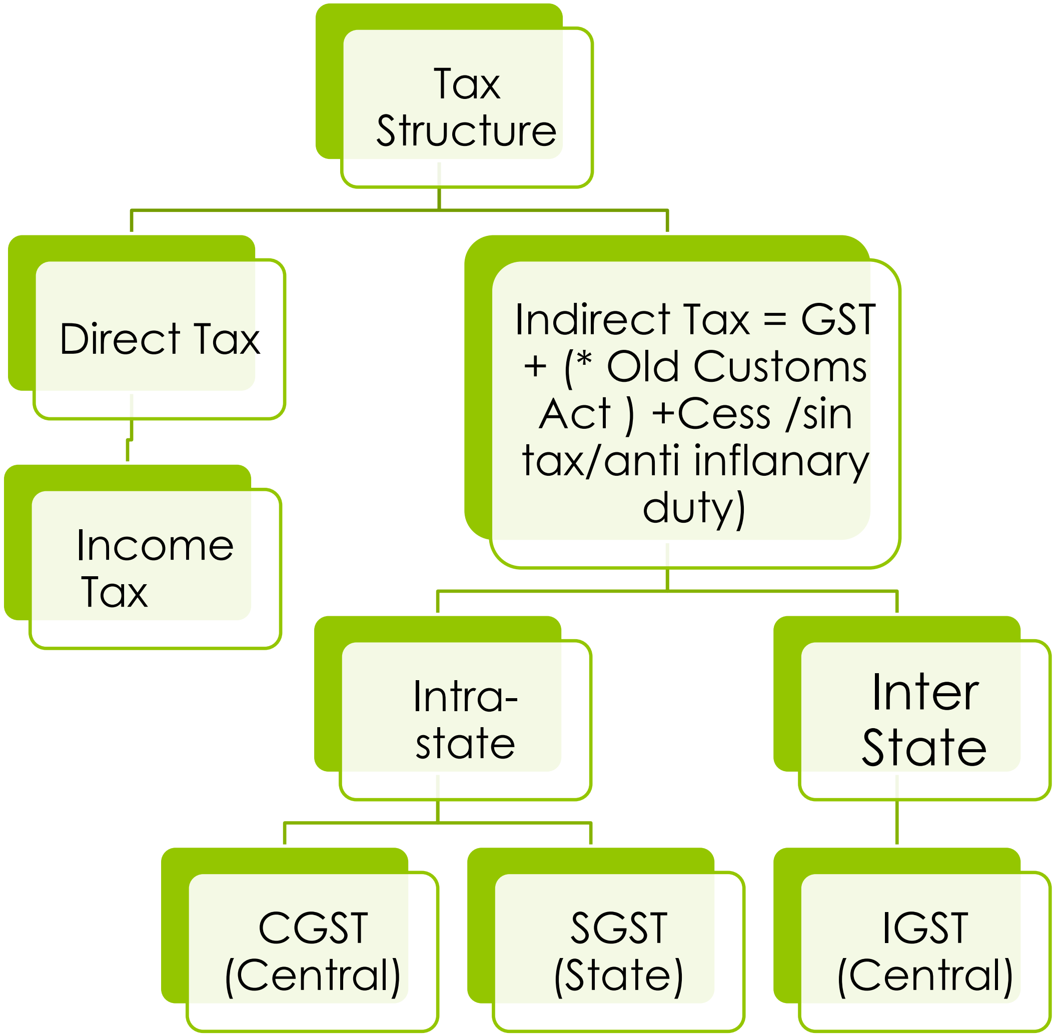
EXISTING TAX STRUCTURE IN INDIA

- Tax Structure
  - Direct Tax
    - Income Tax
    - Data Incorporate in ITR Return 10 lakhs income(Wealth Tax)
  - Indirect Tax
    - Central Tax
      - Excise
      - Service Tax
      - Custom
    - State Tax
      - VAT
      - Entry Tax, luxury tax, Lottery Tax, cess,etc.

PROPOSED TAX STRUCTURE IN INDIA



SALIENT FEATURES OF GST

- ❖The Draft Model GST law consists of 162 clauses.
- ❖ 25 Chapters along with 4 Schedules.
- ❖Valuation Rules 2016 under GST. (3models/form/FAQ)
- ❖ Draft IGST Act,2016 consists of 33 clauses divided into 11 Chapters.
- ❖Different dates may be appointed for different provisions of this Act.(GST Council, State approval, Lower House GST model bill approval and Ascent by President of India of GST bill.

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INDIAN ORIGIN OF DUAL GST

REGISTRATION

SERVICE TAX/VAT

VALUATION

CUSTOM LAW

ASSESSMENT,INSPECTION, PENALTY & SEARCH,SEIZURE, APPEAL

EXCISE LAW(LOCAL TAX)

3 MODULES OF GST ARE PLACED UNDER PUBLIC DOMAIN BY GOVERNMENT

- REGISTRATION
- Refund
- Return, Taxes & Form(Process)

GST BRINGS THE FOLLOWING ADVANTAGES:

- It change the federation system of governance in our Country.
- It will enable the government to stop pilferage and rationalize the overall taxation regime.
- It introduces a complete transparent chain of set offs and better tax compliance.
- It also help in removing economy distortion caused by present complex tax structure.
- It will help in development of common national market.

- It would further assist in striking a balance between fiscal autonomy of central & state.
- Due to better tax compliance resulting in lower tax burden on manufacturer would bring relief to industry, trade & agriculture.
- It abolish the existing multi-layered taxes levied by the central & state government at different stages of supply.
- Simplification of tax norms can help in improving tax compliance & increase tax revenues.
- Facilitates investment decisions.

OTHER BENEFITS

FOR BUSINESS AND INDUSTRY

Easy Compliance

- Uniformity of tax rates and structure/Single Window Indirect Tax

Removal of cascading(cess exception)

- Improved Competitiveness

FOR CENTRAL & STATE GOVERNMENT

- Simple and easy to administer
- Better Controls on leakage
- Higher Revenue efficiency

FOR THE CONSUMER

- Single and transparent tax proportionate to the value of goods & services
- Relief in overall tax burden

PROS & CONS OF GST

ON THE POSITIVE SIDE,

- The law has sought to specifically address the bane of an overlap in taxation. For example: Some supply were in the past deemed as sales as well as declared to be services.

- now, supply of intangibles, works contract supplies and restaurant supplies are classified as supplies of services. it prevailing the confusion on their tax treatment. public domain till date-1-1-2016 (draft gst bill/draft rules/3 draft model/ faq in sep 16 and back(2 series). gsc council 3 meeting feedback and various forms head wise like in mca 21)

ON FLIP SIDE,

❖The law retains some of the existing input tax credit restrictions and also seeks to introduce complex rules for valuing supplies of goods and services between related or associated enterprises.

❖ Exporters, particularly of services, may need to work with the government to ensure their interests are safeguarded they may want a viable upfront zero-rating scheme or at least a robust scheme.(first gst then refund)as per news).

❖ the law envisages a refund scheme involving sanction of 80% of the refund amount provisionally in a time –bound manner to a notified category of exporters. but there is apprehension over its implementation given the not so great experience on service tax refunds so far.(refund for exporter first have to pay gst) and existing state level exemption (first pay gst) then refund. (tcs on e-commerce. principal agent , branch to branch (inter-state), supply to job worker supply now under gst. pan india sale. liasioning office in india etc.

DEFINITION OF GST

Article 366 Clause (12A) Defines Goods and service tax as any tax on supply of goods, or services or both except *taxes on supply of the alcoholic liquor for human consumption, Petroleum Product, Land, Stamp Duty, Mineral Rights.*

CONCEPT OF GST

GST in India is a Destination Based Consumption Tax levied on (Dual state & central tax collection regime {List III}) goods & services consumed in Indian Economy. One indirect Tax regime in India except mainly custom act outside. Sharing Indirect Tax between center and State and final adjustment by central gov to state government to get RNR.12/18% most items where current tax aggregate all existing tax is (10-18 %) /and/ (19-24%) and commodities having (0-3%) tax now become 0% and (4-9%) become 6% and (above 24%) become 26% with cess* (Sin Tax)? items covers in consumer price index-exempt. (Composition between 1-4% 50 lakhs-on industry specify can be like work contract no limit.)not yet finalized but by 22-11-16.

SUBSUMING OF EXISTING TAXES

- Central Excise
- Additional duties of Custom (CVD/SAD/AED)
- Service Tax
- Surcharges .

SGST

- VAT/sales tax
- Entertainment Tax
- Luxury Tax
- Lottery Tax
- Entry Tax. octori
- Purchase Tax
- Goods and passenger Tax
- Tax on vehicle
- Electricity, banking, Real state

CGST

- CST(No statutory form)C-F-H etc.

IGST

IMPORTANT DEFINITIONS (SEC.2)

CGST [Sec.2(22)]: The Tax levied under the Central goods and services Tax Act,2016

SGST [Sec.2(89)]: The Tax levied under the state goods and service tax Act.

IGST: means the tax levied under the integrated goods & services Tax Act,2016

"AGGREGATE TURNOVER" means the aggregate value of all taxable and non-taxable supplies, exempt supplies and exports of goods and/or services of a person having the same PAN, to be computed on all India basis and excludes taxes, if any, charged under the CGST Act, SGST Act and the IGST Act, as the case may be

EXPLANATION: Aggregate Turnover does not include the value of supplies on which tax is levied on reverse charge basis and the value of inward supplies.(20 LAKHS (except *eastern state (10 Lakhs) 0 for inter state limit for registration

"DEEMED EXPORT" as notified by the central government/state government on the recommendation of the council, refer to those transactions in which the goods supplied do not leave India, and payment for such supplies is received either in Indian Rupees or in convertible foreign exchange.(export)

MEANING OF “SUPPLY” [SEC-3]

The Term supply includes all forms of supply as following:

- All forms of supply of goods and /or services such as sale, transfer, barter, exchange, license, rental lease or disposal made or agreed to be made for a consideration in the course or furtherance of business.
- Importation of service, whether or not for a consideration and whether or not in the course or furtherance of business.
- Transaction between principal and agents are deemed to be supplies.
- Specified transactions (**specified in schedule I**) made without a consideration such as permanent transfer of business assets, temporary application of business
- However, supply of goods to a job worker would not be treated as supply.

PLACE OF "SUPPLY" FOR GOODS AND SERVICES

TRANSACTION OF SUPPLY OF "GOODS"	PLACE OF SUPPLY
❑ It involves movement of goods.	❑ Location of the goods at which the movement of goods terminates for delivery to the recipient.
❑ Supply by way of transfer of title document of the goods to a person.	❑ The principle place of business of such receiver.

TRANSACTION OF SUPPLY OF "GOODS"B2B.B2C(INTER/INTRA STATE)

- If supply does not involves movement of goods.
- Assembly or installation of goods at site.
- Where goods are supplied on 'board a conveyance, such as a vessel, an aircraft, a train, motor vehicle.

PLACE OF SUPPLY

- The location of such goods at the time of delivery to the receiver.
- Place of such installation or assembly.
- Location at which such goods are taken on board.

PLACE OF "SUPPLY" FOR GOODS AND SERVICES OF "SUPPLY" [SEC-3]

TRANSACTION OF SUPPLY OF "SERVICES"B2B AND B2C(INTER/INTRA STATE)	PLACE OF SUPPLY
❑Supply of all services unless specified otherwise) to registered person.	❑ Location of the recipient.
❑Supply of all services (unless specified otherwise) To nay other person.	❑ Location of the recipient if available on the record, or else location of the service provider.

NEGATIVE LIST OF GOODS AND SERVICES NOT ELIGIBLE FOR ITC

- The goods/services received and used primarily for the personal consumption of employees.
- The goods/services received and used for private or personal consumption.
- The goods/services acquired by the principal for execution of works contract for construction of immovable property.
- The goods/services on which tax is paid under composition scheme.
- Motor vehicles except when they are supplied in usual course of business.

KEY HIGHLIGHTS OF GST LAW

Threshold Limit of Registration (Sec 19)

Supplier Make Taxable supply of goods or services with annual Turnover above Rs. 20 lakh

Exception:
Northeastern states, Limit set at Rs. 10 lakh.

No Threshold exemption for persons making Inter-State Supply and required to pay GST under reverse charge mechanism.

Levy of Tax

Person Registered is liable to pay tax if his aggregate turnover in a F.Y. exceeds Rs. 20 Lakh.
Northeastern state: Turnover Exceeds Rs. 10 lakh.

Point of Taxation

Earliest of the following dates:

a. Date of Invoice.
b. Date of Payment.
c. Goods removed for supply to recipient.
d. Goods made available to recipient.

Valuation Rules (Sec-15)

1. Transaction Value
2. Transaction Value of goods/services of like kind.
3. Computed Value Method
4. Residual Method

Payment

Payment of any Tax, interest, Penalty, fee etc paid via internet banking/Credit card/ Debit Card/NEFT/RTGS

TAXABLE EVENT(OLD/GST)

EXISTING PRACTICE

- Excise Duty-Manufacturing
- Sales Tax/VAT- Sale of Goods
- Service Tax-Realization/Advance/Accrual of Service/Payment/bill

GST

- Taxable event is " Supply " of Goods & service
- The location of the supplier and the recipient within the country is immaterial for the purpose of CGST.
- SGST would be chargeable only when the supplier and the recipient are both located within the State.
- Inter state Supply of goods and services will attract IGST.

REGISTRATION (SEC-19)

STRUCTURE

- A Supplier is required to get registered under GST if his aggregate Turnover in F.Y. exceeds Rs. 20lakh (other than eastern state) no limit if inter state) includes pan india supply(taxable/non-taxable)
- Each taxpayer would be allotted a PAN linked taxpayer identification number with a total of 15 digits.
- This would bring the GST PAN-linked system in line with the prevailing PAN-based system for Income tax facilitating data exchange and taxpayer compliance.
- The exact design would be worked out in consultation with the Income-Tax Department.

1	2	3	4	5	6	7	8	9	10	11	12

State code	**1-2**
PAN	**3-12**
Entity Code	**13**
BLANK	**14**
Check Digit	**15**

PROCEDURE

- For obtaining registration, all the taxable persons shall interact with tax authorities through a common portal called GST Common portal that would be set up by Goods & Services Tax Network **(GSTN).Electronic ledger of cash, input credit, adjustment, refund etc.**

Existing Dealers

Existing VAT/Central Excise/Central Excise/Service Tax payers will not have to apply a fresh for registration under GST.GSTN REGISTRATION E-MAIL FOR DATA FEEDING LIKE DP-1 (8-11-16)

New Dealers

Single application to be filed online for registration under GST.

1. The registration number will be PAN based and will serve the purpose for Centre & state (only centralised within state)
2. Unified application to both tax authorities.
3. Each dealer to be given unique ID GSTIN.
4. Deemed approval within three days Post registration verificationin risk based cases only.

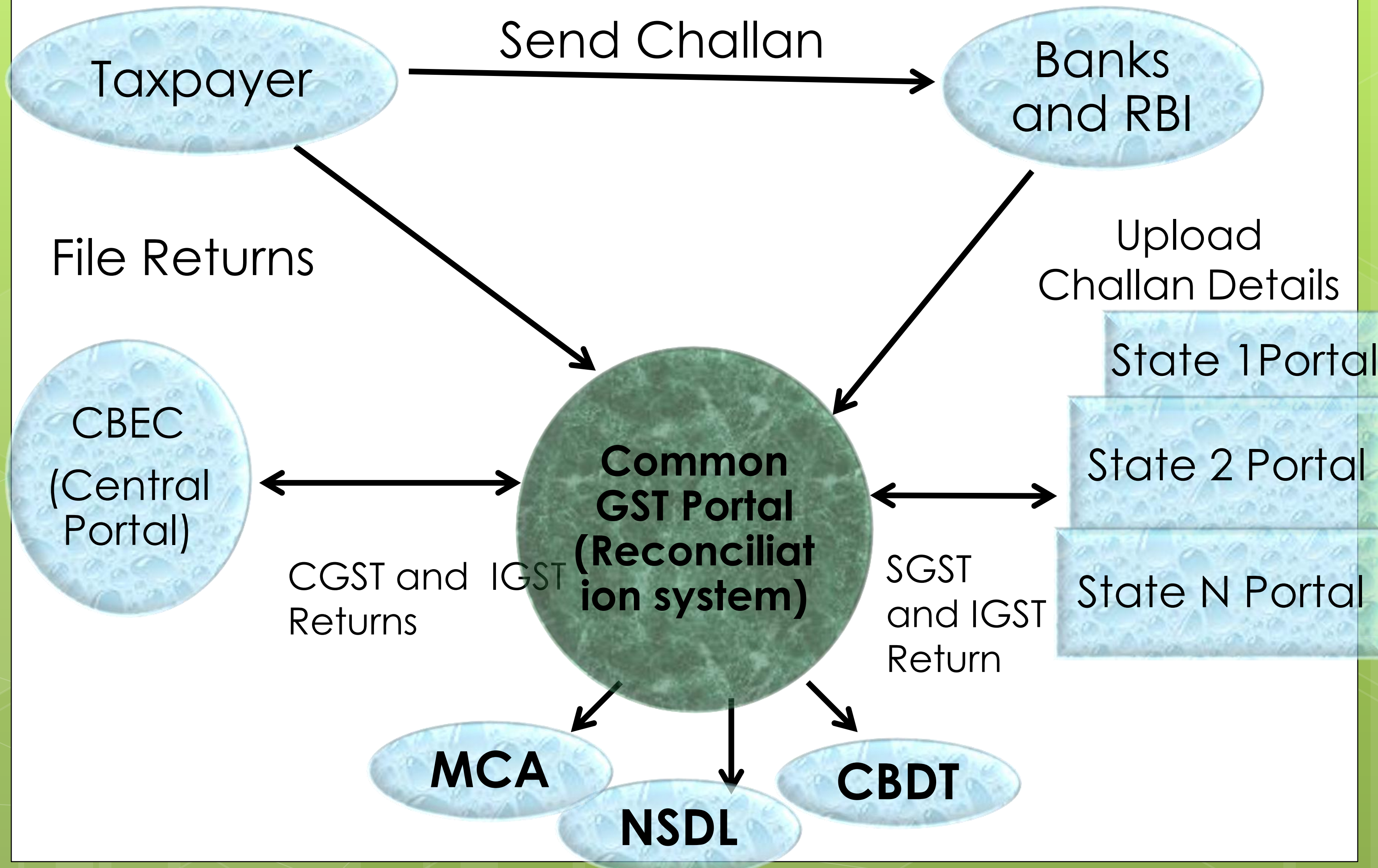
TYPES OF REGISTRATION

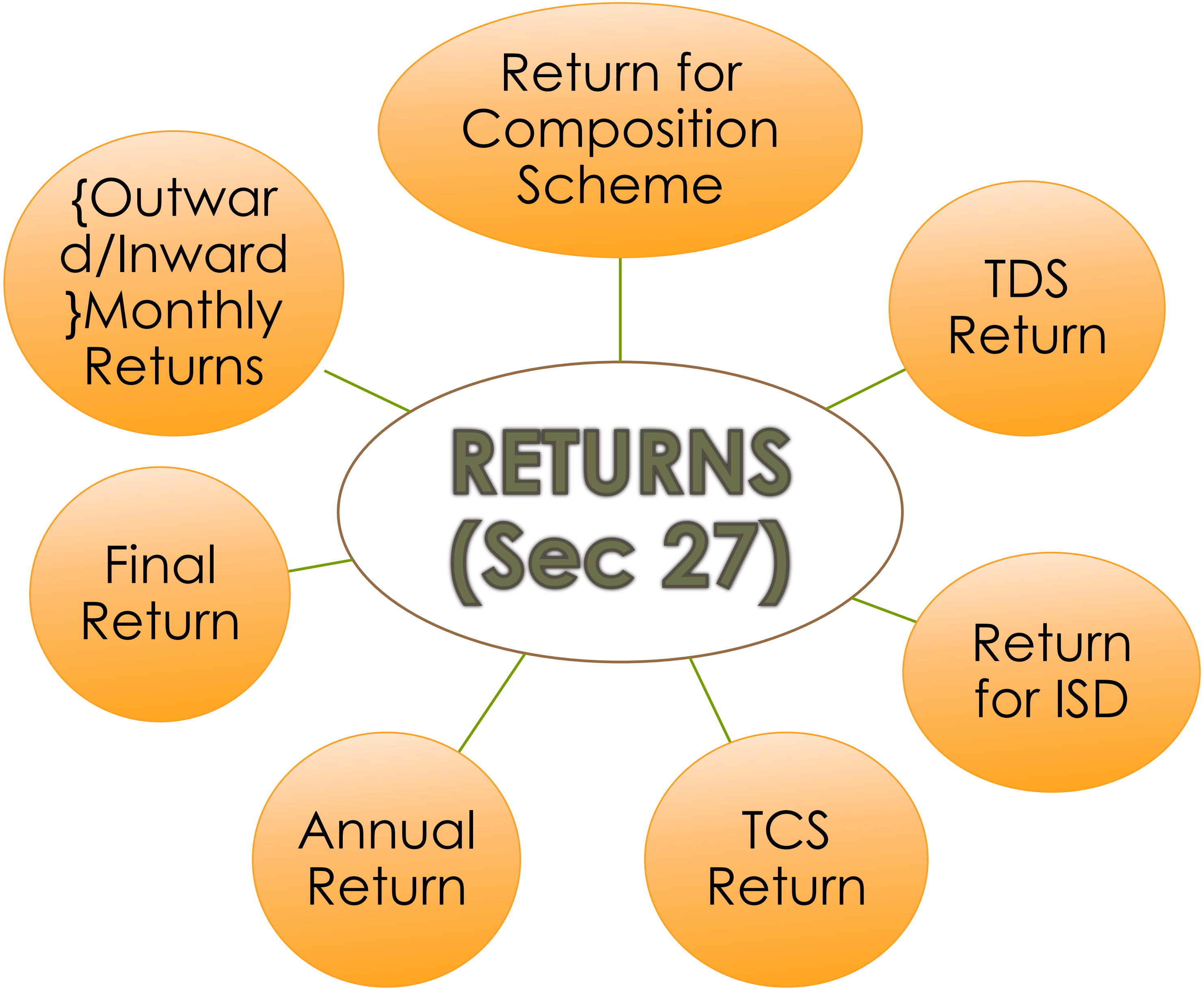
1. Single Premises Registration	**{within state/ intra supply}**
2. Centralized Registration	**{within state/ intra supply}**
3. Composition Scheme	**{optional}**
4. IGST Registration	**{Along With S.no 1}**
5. Casual Dealer Registration	**{no Limit for 15 days}**
6. TDS Dealer Registration	**{W.C}**
7. TCS Dealer Registration	**{E-commence portal}**
8. Reverse Charge Dealer	**{Supply of service/ goods}**
9. NRI Registration	
10. ISD	**{No Limit Input Service Distributor}**

UTILIZATION OF CREDIT

ITC on IGST	**1st Preference** : Payment of IGST **2nd Preference** : Payment of CGST & SGST
ITC on SGST	**1st Preference** : Payment of SGST **2nd Preference** : Payment of IGST * no other state SGST adjust with other state SGST/CGST (input with output of other state)place of supply (electronic bill vs movement)
ITC on CGST	**1st Preference** : Payment of CGST **2nd Preference** : Payment of IGST * No other state CGST adjust with other state CGST/SSGST(input with output of other State)place of supply(electronic bill vs movement)

INFORMATION FLOW AND ASSOCIATED ENTITIES




RETURNS (Sec 27)
Return for Composition Scheme
TDS Return
Return for ISD
TCS Return
Annual Return
Final Return
{Outward/Inward}Monthly Returns

ACCOUNTS (SEC-42)

- Every Registered Person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration,
- Every registered taxable person whose turnover during a F.Y. exceeds the prescribed limit shall get his accounts audited by a Chartered Accountant or Cost Accountant.
- Every registered person shall retain them until the expiry of sixty months from the last date of filling of annual return for the year pertaining to such accounts and records.
- Tax Invoice, Bill of Supply needs to be maintained.
- Records to be maintained upto 5 years.(but transport movement form remain if goods worth more than 50000/-) and electronic bill for advance-service/goods)like ds2 in delhi/gr/form30/31 etc in various state inwards/outwards/e-1/e-11(with no gst exemption) only to indicate invoice movement vs actual supply/export/sez/exempt supply(existing state tax etc)

ASSESSMENT [SEC. 44-48]

- Self Assessment (Sec.44)
- Provisional Assessment [Sec.44A]
- Scrutiny of returns [Sec.45]
- upto1.5 crores by sgst and above including all services by cgst
- Assessment power-state vs union(center)yet to be finalised but by 22-11-16
- Assessment of non-fillers of returns [Sec.46]
- Assessment of unregistered persons [Sec.47]
- Summary Assessment in certain special cases [Sec.48]

OTHER PROVISIONS

- Audit by Tax Authorities[Sec 49] of any taxable person conducting business transaction.
- Special Audit [Sec.50]: Conducted by Chartered Accountant or Cost Accountant
- Demand & Recovery [Sec 51-52]
- Tax wrongfully collected and deposited with the central or a state government [Sec.53]
- Recovery of Tax [Sec. 54]
- Payment of tax and other amount in installments [Sec. 55]
- Transfer of property to be void in certain cases. [Sec.56]

- Tax to be first charge on property. [Sec.57]

- Provisional attachment to protect revenue in certain cases [Sec.58]
- Continuation of certain recovery proceedings. [Sec. 59]

- Inspection, search, Seizure and Arrest [Sec. 60-65]

- Appeals to various Authorities.[Sec.79-88]

- Offences and Penalties

  Any Registered Person Shall be liable to penalty of Rs.10000 or an amount equivalent to tax evaded or tax not deducted or short deducted or deducted but not paid to government or ITC availed of or passed on or distributed irregularly, or refund claimed fraudulently, as the case may be, whichever is higher.

- Any Person shall be liable to a penalty which may extends to Rs. 25,000.

- Advance Ruling {Sec. 94-105}
- Presumption as to Documents {Sec. 106-107}
- Liability to pay in certain Cases { Sec.108 to 115}
- Miscellaneous Provisions { Sec.116 to 139}
- Repeal and Saving {Sec. 140}
- Transitional Provisions {Sec. 141 to 162E }

PROSECUTION AND COMPOUNDING OF OFFENCES

Prosecution: In case of evasion of Tax:

1. >250 lakh	Imprisonment upto 5 years
2. >50<250 lakh	Imprisonment upto 3 years
3. >25<50 lakh	Imprisonment upto 1 year

SCHEDULES UNDER GST

I. Matters to be treated as supply without consideration.

II. Matters to be treated as supply of goods or services.

III. Liability to be registered.

IV. Activities or transactions in respect of which the central government, a state government or any local authority shall not be regarded as a taxable person.

THE INTEGRATED GOODS & SERVICES TAX ACT, 2016

- Chapter I : Preliminary (Sec. 1-2)
- Chapter II : Principal for Determining Supply of Goods and/or Services in the course of Inter-State Trade or Commerce. {Sec. 3,3A}
- Chapter III : Levy and Collection of Tax {Sec.4}
- Chapter IV: Place of Supply of Goods and/or Services {Sec. 5 to 7}
- Chapter VI : Input Tax Credit {Sec. 8 to 9}

- Chapter VII : Apportionment of Tax and Settlement of funds {Sec. 10}
- Chapter VIII : Settlement of Cases {Sec. 11 to 26}
- Chapter IX : Miscellaneous {Sec. 27 to 30}
- Chapter X : Transitional Provisions { Sec. 31}
- Chapter XI : Administration {Sec. 32-33}

E-COMMERCE

In unique provision, In case of supplies made by using e-commerce platform, it is proposed that the company operating the e-commerce platform would collect tax at source from the payment made to the actual supplier.

This provision is not applicable when the e-commerce operator is making supplies himself, and not just facilitating the supply by another person.

The operator would need to make payment of such tax collected at source to government and file periodical returns for the same. **(TCS mandatory registration for both seller and portal holder) funds problem raise dealer.**

IMPACT OF GST ON E-COMMERCE

The implementation of GST is also expected to resolve many supply chain issues faced by the E-commerce companies enabling faster shipment and returns and a reduced paper work.

This will also help the companies to make better supply chain strategies with increased focus on improving warehousing and network decisions would be purely cost and service driven.

The dual structure of GST will also bring in transparency and simplification of tax system make it easier and prompt for those selling across states thus lowering the burden of consumers.

GST IMPACTS ON VARIOUS SECTORS(CESS EXTRA)

Current Service Tax18%

After GST – 18%

IMPACT - Negative

CUSTOMER STAPLES

Current Tax Rate – 22%

After GST -18%

POSITIVE For –Asian Paints, Dabur, HUL Emami,

NEGATIVE – For ITC & United Beveries

CONSUMER DISCRETIONARY

Current – 15%

After GST – 18%

NEGATIVE for Jubilant food works, Coffee Day & Restaurant Businesses.

Current Tax-15% Service Tax & 7% Entertainment Tax by State.

After GST 18%

POSITIVE: for DISH TV,VIDEOCON, D2H, BIG TV

Current Tax-15%

After GST 18%

Marginal Dip in consumption as Tax Rise from 15% to 18%

Current Tax-27%

After GST -18%

POSITIVE –for M&M, MARUTI, BAJAJ, AUTO, EICHER MOTORS, ASHOK LEYLAND

Current Tax-27%

After GST -18%

POSITIVE for Ultratech Cement, Shree Cement ,Ambuja Cement

Current Tax-1%

GST-4%

MAJOR IMPACT(WHITE METAL)

Current Tax-15%

GST will be 18%

NEGATIVE for Pharma Companies

15% to 16% (stamp duty extra)

No Major Impact on Real Estate Companies.

Majorly Benefit to logistics Sectors.

No Impact of GST(TRANSPORT)

POSITIVE for –Container Corporation, GATI Etc.

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GST BRINGS WIDE SCOPE FOR PROFESSIONALS

POWERS OF PROFESSIONALS GIVEN BY LAW

Annual Return [Sec30]	Every taxable person required to get his accounts audited by chartered accountant & cost accountant.
Accounts & other records [Sec.42(4)]	Every taxable person who shall get his audited accounts reconciled by the cost accountant with the forms of return (tax audit).

AN OVERVIEW HOW PROFESSIONALS CAN PLAY AN IMPORTANT ROLE IN GST REGIME

- Strategic Consultancy
- Functional Support
- IT & ERP System
- Audit Assurance
- Tax Planning
- Legal Compliances
- Partners in Transaction

ROLE OF PROFESSIONALS IN GST SCENERIO

❖ Strategic Consultancy

- ✓ Impact study of GST on business
- ✓ Crafting business plans in the changed environment.
- ✓ Contract Review for Cost Reduction/Price Revisions
- ✓ Transaction Structuring by mapping existing business model
- ✓ Opinion and other advisory
- ✓ Comparative pricing & valuation under existing Law & GST

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FUNCTIONAL SUPPORT

- ✓ Being Destination based Tax, deciding the Principles of levy considering Point of Taxation ,Time & Place of Supply of Goods & Services.
- ✓ Price & Cost Analysis for each transaction
- ✓ Outsourcing for various operational matters ,statutory compliances & documentation
- ✓ Developing SOPs for your business in the changed tax regime
- ✓ Suggesting best possible alternative for Working Capital Management.
- ✓ Continuous training & updating with changes in law.
- ✓ Capital input reconstruct as gst on branch transfer/principal/agent and tcs on e-commerce transaction and decentraised production model need of gst and own portal need of gst and minimum level stock need of gst) and additional cess/sin tax increase cost of supply. and all services raise from 15% to 18% in gst. (excise limit 1.5 crores now to 20 lakhs for all and on pan india sales (exempt/taxable basis).increase in number of dealer and additional registration in other state (as now only within state centralised registration allowed not if office in different state) and advance payment of supply of goods gst on such transaction (bill format change for it) and it technology infrastucture change-capital input requirement with training to professional and employee) outsource cost.

IT & ERP SYSTEMS

- ✓ Harmonizing current ERP data as per changed GST Law.
- ✓ Reconciliation between systems.
- ✓ Record Maintenance & Returns.
- ✓ Amendment in systems as and when required.
- ✓ Processing of required information for Management .

AUDIT ASSURANCE & LEGAL COMPLIANCES

- ✓ Review of record & procedural aspects.
- ✓Changes in registrations.
- ✓Verification of Returns.
- ✓Reconciliation between submissions to various authorities.
- ✓Analysis of benefits & incentives.
- ✓Statutory compliances & audit.
- ✓Internal Audit & Systems improvement.

❖ACCOUNTING & TAXATION

- ✓ Accurate computation of liability & credits.
- ✓Refund & Rebate.
- ✓Appeals & Adjudications.
- ✓Integration of Material Accounting with financial accounting.
- ✓Location wise, party wise maintenance of ITC records.

PARTNERS IN TRANSITION

- ✓ Review of existing cenvat credit and set-off balances to be carried forward.
- ✓ Analysis of inventory lying at different locations on the implementation day.
- ✓ Cenvat Refund/VAT Refund/Rebates/Drawbacks already filed or to be filed.
- ✓ Projects in hand/WIP–normal business model and works contract model.
- ✓ Audit under Old Regime &New Regime.
- ✓ De-Registration &Compliances under existing Laws.
- ✓ Pending adjudications & litigations.

OPPORTUNITY FOR PROFESSIONALS IN GST REGIME

- Advisory/Review Services
  - **Transaction Structuring**
  - **Organization Structuring**
  - **Tax Planning in Government/ Commercial Spheres.**
  - **Opinion/ Clarification**
- Compliances Review
- Conduct Special Audit [Sec 50]
- Litigation Support
- Consultancy Services to clients
- Cost Accountants appointed by Government for conducting financial Audit, Reconciliation Purpose.

- ❖By Introducing GST, Complete System of taxation has been changed which brings professional wide scope of work.
- ❖GST brings the new business Model, in which businessmen needs the advise of professionals.
- ❖Valuation of resources is much required in the GST regime where Cost accounting Standards [CAS] is applicable. This is the big opportunity for the Cost Accountants. **{As per GST Valuation rules 2016}**
- ❖Budget Forecasting
- ❖Analysts are required to plan how better resource will be allocated.
- ❖Tax Planning
  - . Litigation Avoidance
  - . Tax Avoidance

CONSTITUTIONAL {122ND AMENDMENT}BILL, 2014 GST BILL

1. Parliament must provide compensation to states for loss of revenue on account of implementation of GST upto 5 years, but may allow decide a shorter time period.

2. Scrapping of 1% Additional Tax on inter state supply of goods.

3. At Least 15 state out of 29 states needs to approve the GST Bill.

4. Lump sum turnover limit Rs. 50 lacs. Registration limit within state 20 lakhs

5. Input Tax Credit available only if electronic data matches

6. 15 digit PAN based GST Number.

7. Be Ready for **36 to 49** Returns per year.

8. Tax Credit only available if **sellers tax** shows online.

9. Liquors, Petroleum products out of GST net till a date notified on the recommendation of GST Council.

10. Penalty for return per day Rs.100 and maximum Rs. 5000

11. Threshold Turnover limit is 20 lacks and for North east state Rs. 10 lacks.

12. Jammu & Kashmir is also included in GST regime.

13. TDS limit

14. Existing TIN will be migrated and issue provisional GST is valid for 6 months. If document submitted within 6 months, then, final GST will be allotted.

15. Tax Audit figure and GST data has to be **reconciled** in annual return.

16. If any mismatch in data than data will be transferred to IT Department.

17. **Return** filling limit **10,13,15,20** days after due date for type of return.

18. Output, Input and summary based returns submission.

9 STAGES FOR GST ROLL OUT

The 122nd Constitutional Amendment Bill for the introduction of goods and services (GST) in the indian Constitution has been passed by the rajya Sabha. The Bill has already passed by the lower house (Lok Sabha) on 6th May 2015.
Further the empowered committee of the state finance minister has released model GST law in june 2016. In order to have GST as the indirect taxation structure in force following steps needs to be followed:

STEPS TO CONVERT GST A REALITY

- Constitutional amendment bill: initial approval process of parliament completed on 3rd August 2016

- **RECTIFICATION BY STATES:** 122nd constitutional amendment bill to be ratified by at least 50% (15-states) of the state legislatures under article 368 of constitution. (Form GST Council).

- **PRESIDENT'S ASSENT:** Assent by the president of india to the 122nd constitutional amendment bill will require. DONE IN Oct-2016

- **GST COUNCIL :** after constitutional amendment GST council (GSTC) to be constituted within 60 days under section 279a of the amended constitution.- Expected by END OF NOV-2016

- **INDUSTRY FEEDBACK:** feedback from the industry players would help GST Council in finalizing the model GST Law

- **STATES SPECIFIC GST:** GSTC to recommend GST law and procedure. Each states legislature would pass their respective bill in accordance with model GST law. IGST and CGST bill for the parliament /centre and the model GST bill for state legislature –Expected by END OF NOV-2016

- **ENACTMENT BY PARLIAMENT:** CGST and IGST laws to be introduced in parliament and will require be passed by simple majority. SGST laws to be passed by concerned state legislature. –Expected by END OF NOV 2016.

- **LAUNCH OF GSTN:** Once approval from parliament and states, GST and (GST Network a section 8 company will launch the IT Platform for implementation of GST),GST network need to be launched well in advance to enable tax payers understand processes.

- **IMPLEMENTATION OF GST:** All steps completed, Govt would notify a date from which GST would come in force. The same could be done by April 2017.

SALE VS SERVICES

Sale	Services
1. By virtue of **Article 366(29A)** of constitution of India specify The concept of 'deemed sale' has led to a confusion which occurs in cases where it is difficult to decide whether a transaction is liable to sales tax or service tax or both.	By virtue of **Article 248 with entry 97** define declared service under **Sec. 66E**
2. It specify the **6** categories of deemed sale as defined in Article 366(29A)	It specify the **10** categories in declared services.

"Service" means Any activity for consideration carried out by the person for another and includes a **declared** service.

But EXCLUDES:

I	:**I**mmovable Property
M	:**M**oney
A	:**A**ctionable Claim
G	:**G**oods Sold [including Deemed Sale]
E	:**E**mployee to the Employer

b) Fees payable to a court or a tribunal.

"Declared Services" [Sec 66E] : Includes –

a) , enhancement, implementation of renting of immovable Property.
b) Construction of a complex, building, civil structure or part thereof
c) Temporary transfer or permitting the use of enjoyment of any intellectual property right
d) Development, design, programming, customization, adaption, up gradation IT Software. (Now Deleted in constitution) but not cess & deemed goods enforcement power in constitution.

"Goods" : means all kinds of movable property other than newspapers, actionable claims, stocks and shares and securities and includes all materials, commodities and articles including the goods [as goods or in some other form].

ISSUE:

1. In does not clarify the relationship of Employer to Employee.
2. Notice Pay
3. If Employer provides services to employee at discounted value.

CA NAVJIT SINGH
(FCA/FCMA/DISA)

POINT FOR DISCUSSION

❑ Reference to New Regime(TAX)

- ✓Sale –Taxable under GST
- ✓Service- Taxable under GST
- ✓ Non Taxable under GST

❑ Nature of Transaction

- ✓ Reimbursement of Expense
- ✓ Payment on pre-mature termination of Employment(Notice Pay)
- ✓ ALL SUPPLY (B2B/B2C/G2B/G2C/B2G)(INTER/INTRA)SUPPLY OF GOODS VS SERVICE AND ELECTRONIC BILL VS ACTUAL MOVEMENT)
- ✓ License to use Software
- ✓ IPR (Temporary Right transfer)
- ✓ Inter-state/ Intra-state/ Branch Transfer/ Consignment Sale/ Sale on Approval Basis/ FSD/SSD/One Branch to Other Branch TT to NTT.

- Goods or service having the same PAN including self service and captive use (business)
- Un-incorporate Association
- Assignment of right to use spectrum.
- Transaction involved in right to use (hire purchase/lease/license/ operating lease/ financial lease/bailment/ sample sale/ loss of goods in fire/ defective. Items/debit note/ credit note/ job work
- Grant, gift, Credit period , free charity, Barter, exchange, free coupon, free air hours, Non- monetary consideration transaction.
- Contractual Privilege Employer Employee relationship

- Refraining or Forbearing to do an act, tolerating an act, Non competing an agreement, Trade pooling & Non competing agreement.
- Money actionable claim activity.
- Current declared service under entry 97 under section 66E as per article 246 VS Deemed sale under entry No. 54 list II & Entry no. 60 list I
- Dominant Rule and *Doctrine Pit & substance* rule.
- Export & Import Transaction, SEZ Transaction, DTA Transaction
- SEZ- DTA/ SEZ-DTA / SEZ- OUTSIDE INDIA /EOU/ Star house transaction/ star house export/ deemed export transaction / benefits in GST Regime/ Sale exemption & other backward area/ concession in tax under GST Regime- Treatment
- Entitlement to unit under EOU/EHTP/STP/BTP/SOMAT Items/ Export promotion

- Treatment of various FTP Scheme
  - a. Export promotion scheme.
    - Duty remission Scheme
      - Duty Drawback Scheme
      - Duty Remission Scheme
  - b. Reward Scheme
    - MEIS
    - SEIS
  - c. EPEG
  - d. Sale through export house
- Non taxable territory under GST regime.
- Various concession scheme under different act going to be submersed in GST regime
- RNR Rate under GST regime, IGST Rate, SGST Rate, Slab Rate , Zero Rate , exempt rate item under gst regime how to compensate rate by union to state mechanism.

- Treatment under GST regime under negative regime
- Non profit sector , public body, land & real property, financial service, international trade effect in GST Regime.
- Architecture of GST of GST Regime
- Rate of Tax, Single or multiple rate, consumption method , shome index method (GTP), Revenue Method, RNR
- GST Model in Other countries (Australia, Canada, Euro Country, Singapore, U.K.)
- Harmonisation of Items Goods and services.(SOP.SAP)
- New tax Dispute under new GST Regime from 1ST April 2017
- Cost utility aspects in GST REGIME (Cost technique/ tools/ other Cost reduction method. And CAS with GAAP. Ind (AS) . CARO.
- Input Tax Credit scheme – capital goods treatment, IGSD, Reverse charge mechanism exempt item.(agricultural)
- Caution --certain facts and interpretation as per best of my ability and sources basis and certainly (mostly things under gov pipeline may finalised by 22-11-16).so please revised where new news comes.
- ++(Surely I update it in first of Dec-16,Jan-17, Feb-17, March-17 and 31-3-17.for all benefits). And further if feel necessary.
- (Hope above help.) any error/commission/clarify/differ of opinion please e-mail at navjit92ca@gmail.com or just call at Delhi (India) 09311162970.
  **** with lot of thanks******

May the Swings of Knowledge fill your heart with Love, Happiness & Refreshment Fortune

BY CA. NAVJIT SINGH

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THANK YOU

(Change over credit etc. from existing system to GST I will send shortly(* brief:-6 months allowed/30 days credit intimation and stock credit not more than 1 year)
Revision due on next month

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