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**GOODS AND SERVICES TAX: A SIMPLIFIED**  

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**GUIDE ON THE REVISED MODEL GST LAW**

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## CHAPTER 1: INTRODUCTION

Goods and Service Tax means a tax on supply of goods and services, or both except taxes on the supply of alcoholic liquor for human consumption (Article 366 (12A) of Constitution of India). It can easily be depicted that the word 'sale' used in the VAT laws has been replaced with the 'supply'. So in the GST regime there would be two forms of business models i.e. "Taxable Supply and Taxable Service". Further it should well noted that the word 'supply' includes stock transfers, branch transfers also under the ambit of taxability in the GST structure.

As per **Section 2(92)** of Revised Model GST Law," Services means anything other than goods. So the definition perhaps been given the word service a wide scope which thereby includes the Intangible Properties and actionable claims but does not include money.

The very importantly noticeable aspect of GST is that it is a consumption based tax which depicts that tax will be payable in the State of final consumption of goods and services. The GST law is based on the VAT system which allows for the input tax credit on the payment of tax earlier made on the input against output liability.

### IMPACT OF GST ON THE BUSINESS GROUPS

Companies and various business groups have set up their respective units based on the various incentives offered by different states based on the investment promotion policies of the states i.e. usually in the form of lower rate of tax, refund policies, deferment of tax, exemption policies for new set up etc. However, with the introduction of Model GST law in the Indian regime, the state governments would not be free to use their power to make rule and regulations in order to give investors a better investment policies in their states in terms of rate of tax, refund policies, exemptions etc. except for the band of 0-2% in SGST as scheduled under the Model GST Law on standard rated goods and services in general.

- **Stock Transfer/Branch Transfer**

Further when it comes to the discussion of stock transfers and branch transfers it leads to blockage of cash flow which will result into increase in working capital requirement. In current taxation system, stock transfers and branch transfers is not subject to tax if happens against form 'F' under section 6A of Central Sales Tax Act, 1956 ready with Rule 12(7) of the CST Rules, 1957. In this regard companies may need to restructure their supply chain management strategies to minimize the impact of introduction of GST on cash flow system.

- **Free Supply of Goods**

Current law gives exemption to tax on the free supply of goods like Product samples, Gifts to Employees etc. whereas in the Model GST law free supply of taxable goods would also be taxed at normal rate of tax.

- **Post Supply Discounts**



The Model GST Law requires to exclude post supply discounts provided that such discounts must be known to the supplier at or before the time of supply of goods and services and the same had already been linked with the invoices. Post supply discount includes the incentives and volume based discounts. Therefore, companies need to analyse the quantum of discount in order to supply of material.

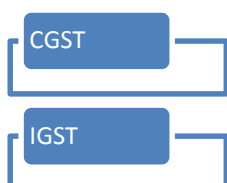
- **Cascading Effect**

The Model GST Law eradicates the cascading effect of the taxation system which is the core feature of the GST Act. Under the present taxation regime, manufacturer or a registered dealer is able to claim the input tax credit of taxes levied in the production processes but cannot avail the input tax credit on CST purchases but in order to curb the cascading effect the Model GST law allows the manufacturer or registered dealer to claim the input tax credit on the inter-state transactions related to goods as well services both that means the input accrued related to services in the production value chain is allowed to be set-off against taxes paid on supply of goods and vice-versa. The sequence of claiming the input is mentioned here under:

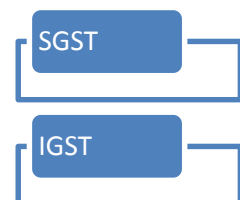
### IGST



### CGST



### SGST



### NOTE:

1. NO CROSS UTILIZATION OF INPUT BETWEEN CGST AND SGST IS ADMISSIBLE.
2. SEPERATE MANINTENANCE OF ACCOUNTS IS REQUIRED FOR INPUT TAX CREDIT OF CGST, SGST AND IGST.



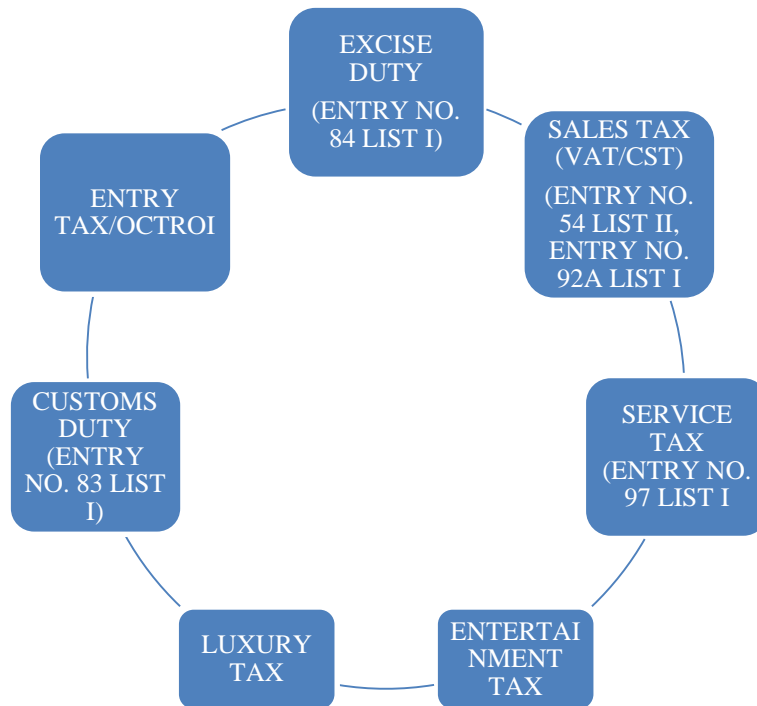
- **Input Tax Credit Under Model GST Law**

In reference to the claiming the input tax credit under the GST regime following important aspects shall be kept in mind while utilization the same:

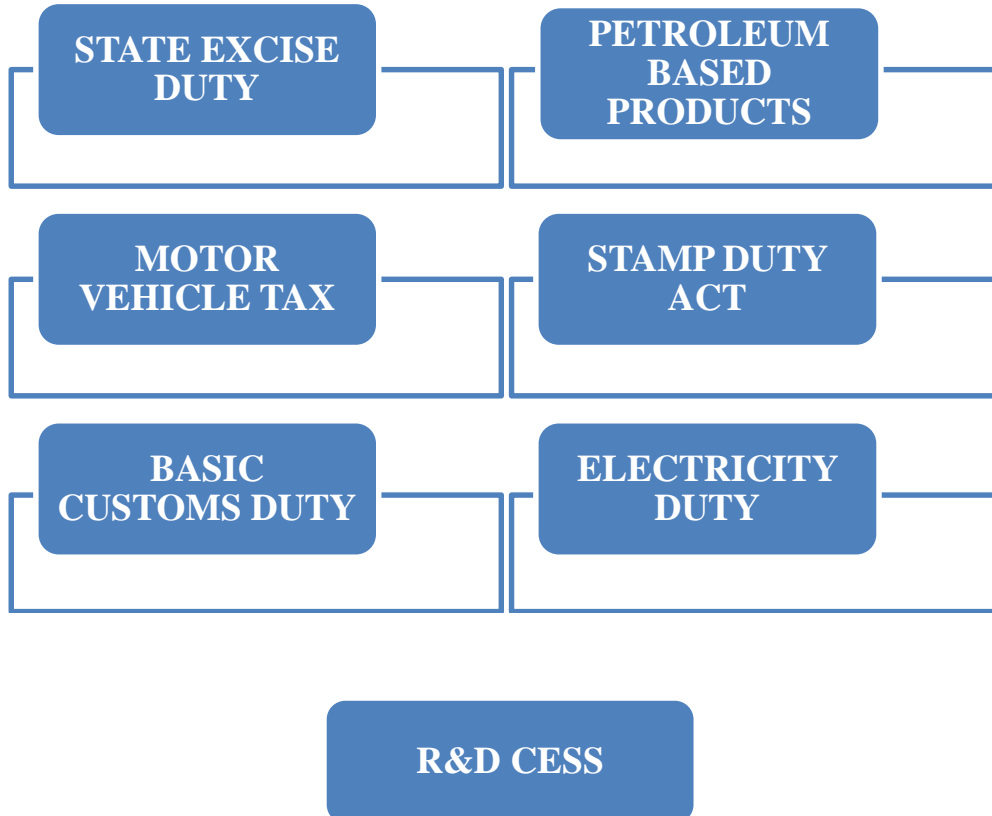
1. Every registered taxable person shall be entitled to avail input tax credit on the tax charged in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger.
2. Input tax credit in respect of pipelines or telecommunication tower fixed to earth by foundation or structural support including foundation or structural support shall be availed in following manner:
  - a) 1/3rd of total input tax in the first financial year in which such goods received.
  - b) 2/3rd of total tax including the input availed in the first year can be availed in the financial year immediately succeeding the first year in which the goods were received.
  - c) the balance can be availed in any subsequent year.
3. A registered taxable person shall be entitled to the credit of any input in respect of any supply of goods or services to him on the basis of certain conditions:
  - a) He is in possession of a tax invoice or debit note or any other tax paid document as may be prescribed, issued by a supplier registered under this Act.
  - b) He has received the Goods and Services
  - c) The tax charged by the supplier must have actually been paid in the account of the appropriate government either in cash or through utilization of input tax credit.
  - d) He has furnished return under section 34.
4. In case invoice for goods/services received either in lots or instalments then the credit shall be allowed upon the receipt of the last lot or instalment.
5. In case the recipient fails to pay the supplier an amount against the invoice along with tax payable thereon within the period of 3 months then the amount equal the input tax credit availed by the recipient shall be added to his out tax liability along with interest.
6. If the depreciation has been claimed on the tax component of capital goods under the Income Tax Act, 1961 then the input tax credit on such capital goods shall not be admissible for input.
7. A registered taxable person shall not be entitled to claim the input tax credit against any invoice/debit note after filing the return under section 34 for the month of September following the end of financial year for which such invoice/debit note pertains to.



- **SUBSUMED LAWS INTO GST**



- **Exclusion of Various Laws from GST**



## ✚ IMPORTANT COMPARABILITIES BETWEEN PRESENT LAWS AND MODEL GST LAW

In the present laws of Excise and Service Tax, one can opt for centralised registration whereas in the proposed GST Law, a supplier of goods and services has to take separate state-wise registrations.

In the present laws free supply of goods cannot be taxed whereas it has to be taxed in the proposed GST Law based on the market value of the product or service by applying the valuation rules.

In case of import of services for personal use no taxability arises under the present tax structure whereas it is covered as a taxable service under the proposed GST Law under **section 3(1)(b)**.

In the present law inter-state branch transfer cannot be taxed if initiated against form 'F' whereas in the proposed GST law inter-state branch transfer is taxable as IGST.

In the present laws, the CST/VAT cannot be set-off against Excise and Service Tax and vice-versa but in the proposed GST law, any kind of input whether goods or service, received with an intention to make an output supply of goods or services from those goods or services then the same can be set-off.

In the present laws, there is no time limit for manufacturer to take the credit of input but there would be time limit of one year in the proposed GST law.

In the present law there is different threshold limit specified by every different Act where as there would be uniform threshold limit of Rs. 20 lacs in order to increase tax payers base and for some special states as mentioned in schedule V of Model GST Law the threshold limit would be 10 lacs.

### ✚ Tax Rate Slab under Model GST Law

The tax rate slab under GST regime has been decided by the Council. The bifurcation is as under:

- 1) **The 0% tax rate includes the** commodities such as food grains, rice etc..
- 2) **The 5% tax rate includes** products of mass consumption are included such as spices, tea etc.
- 3) **Standard rate is 12%** which includes processed food items.
- 4) **Another standard rate is 18% tax,** which includes item of general merchandise such as soaps, oil, toothpaste, refrigerator, smart phones etc.
- 5) **The 28% tax rate includes the items of** white goods and cars. Currently, whatever products are included in the 27-31% would be included in this tax bracket. Further 28% plus cess would be applicable on the luxury cars, tobacco products, aerated drinks, pan masala etc.

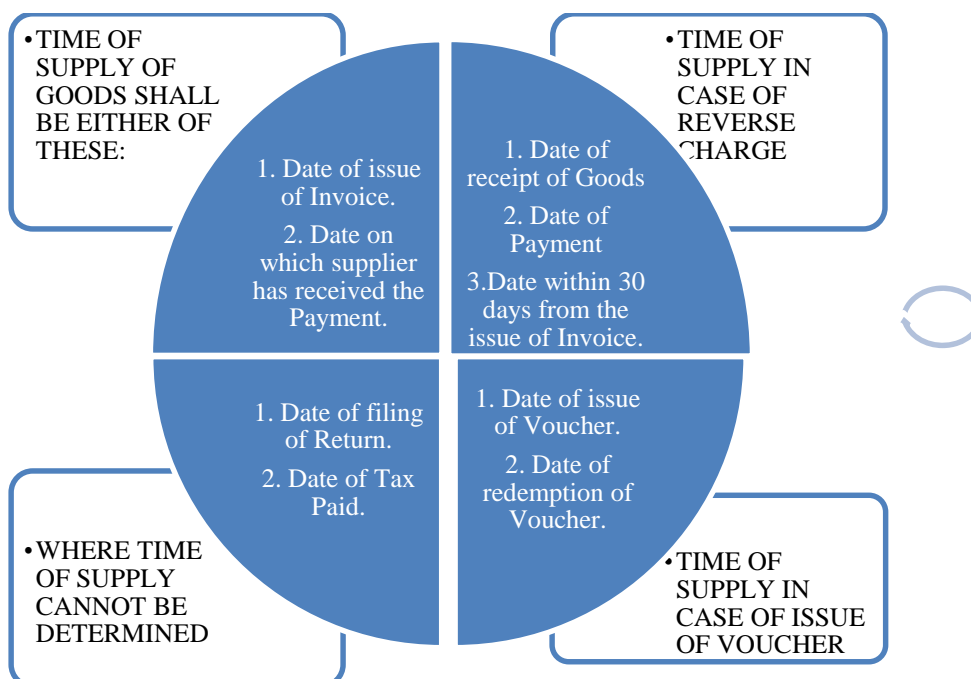


## CHAPTER 2: INCIDENCE OF TAXATION UNDER MODEL GST LAW

### TIME OF SUPPLY OF GOODS AND SERVICES

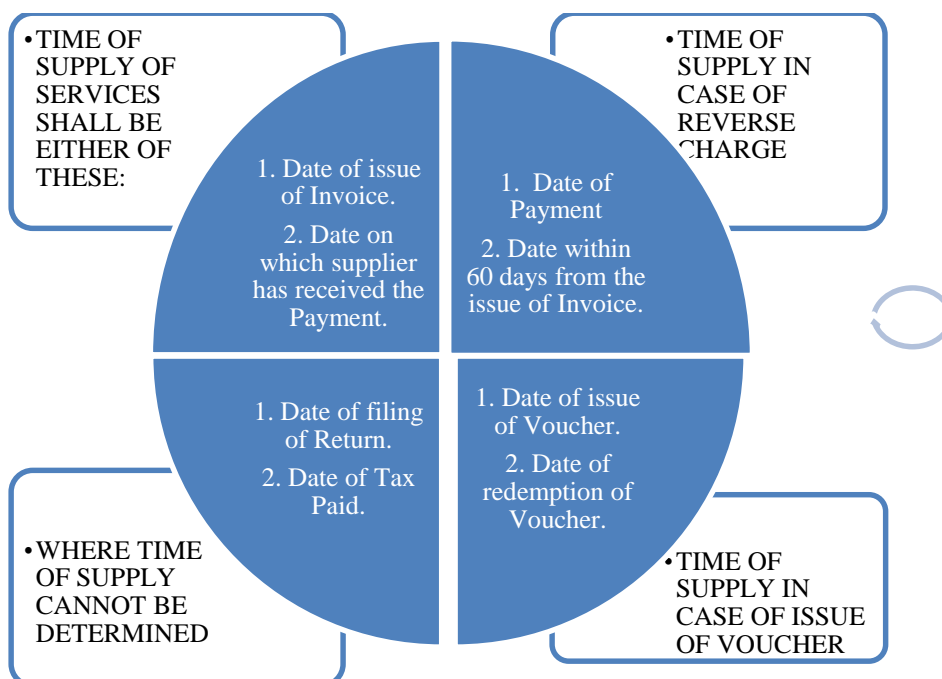
The time of taxable supply is an important aspect one needs to be considered in order to charge tax and be paid well in time with the government treasury.

#### SECTION 12: Time of Supply of Goods:



#### SECTION 13: Time of Supply of Goods:





### VALUATION OF TAXABLE SUPPLY UNDER MODEL GST LAW

The valuation of taxable supply is one of the important aspect one has to evaluate in order to charge the tax on the fair value of the supply. In case where only the price is the sole consideration of supply then the transaction value of the supply shall be considered as the value of goods or services.

#### SECTION 15: Value of Taxable Supply:

(1) The value of a supply of goods and/or services shall be the transaction value, that is the price actually paid or payable for the said supply of goods and/or services where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

(2) The value of supply shall include:

- a) any taxes, duties, cesses, fees and charges levied under any statute, other than the {SGST Act/the CGST Act} and the Goods and Services Tax (Compensation to the States for Loss of Revenue) Act, 2016, if charged separately by the supplier to the recipient;
- b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods and/or services;
- c) incidental expenses, such as, commission and packing, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods and/or services at the time of, or before delivery of the goods or, as the case may be, supply of the services;
- d) interest or late fee or penalty for delayed payment of any consideration for any supply; and

- e) subsidies directly linked to the price excluding subsidies provided by the Central and State governments;

*Explanation.-* The amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(3) The value of the supply shall not include any discount that is given:

- a) before or at the time of the supply provided such discount has been duly recorded in the invoice issued in respect of such supply; and
- b) after the supply has been effected, provided that:
- i. such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
  - ii. input tax credit has been reversed by the recipient of the supply as is attributable to the discount on the basis of document issued by the supplier.

(4) Where the value of the supply of goods or services cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.

(5) Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Central or a State Government in this behalf on the recommendation of the Council shall be determined in such manner as may be prescribed.

### **GST Valuation (Determination of the Value of Goods and Services) Rules**

**Rule 3: General Rule:** The Value of goods and service shall be the transaction value of the supply i.e. price charged for such supply.

**Rule 4: Value of Supply by Comparison:** The value of goods and services shall be the transaction value of the comparable goods and services of the same kind which have been supplied in the nearest past to another consumer.

**Rule 5: Computed Value Method:** In case of computed value method the value shall be sum total of:

- **SUPPLY OF GOODS:** Total cost of Production Value Chain i.e. Cost of Manufacturing, Production and Processing;
- **SUPPLY OF SERVICE:** Total cost of provision of service;
- Any ancillary charges like designing and branding, related to supply of goods and services;
- Amount of profit and general expenses held in any other goods of same category, class and quantity made by other supplier.

**Rule 6: Residual Method:** The value of supply of goods and services is to be determined by applying reasonable means



**Rule 7:** The proper officer has the power to consider or not to consider the valuation so determined by any method and may determine the value by himself/herself as per either of the rules mentioned above.

### **CHAPTER 3: REGISTRATION/AMENDMENT/CANCELLATION/REVOCATION UNDER MODEL GST LAW**

#### **✚ Person Compulsorily Required to be registered (Schedule V Model GST Law)**

1. Person deals in the inter-state taxable supplies of Goods and Services irrespective of the threshold as mentioned in schedule V of Model GST Law.
2. Casual and Non-resident taxable person.
3. Person liable under reverse charge.
4. Person required to pay tax under sub-section (4) of section 8 irrespective of the threshold as mentioned in schedule V of Model GST Law.
5. Person required to deduct tax at source (TDS).
6. Person required to collect tax at source (TCS).
7. Person supply Goods & Services on behalf of any other person.
8. Any Input Service Distributor (IDS)
9. E-commerce Operator.
10. Any other person as notified by Central Government.

#### **✚ Person not Required to be Registered (Schedule V Model GST Law)**

1. any person engaged exclusively in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax under this Act.



2. an agriculturist, for the purpose of agriculture.

### **SECTION 23: REGISTRATION:**

(1) Every person who is liable to be registered under Schedule V 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, in such manner and subject to such conditions as may be prescribed:

Provided that if the person, other than an Input Service Distributor, is registered under an earlier law, it shall not be necessary for him to apply for fresh registration under this section and he shall follow the procedure as may be prescribed in this behalf.

(2) Notwithstanding anything contained in sub-section (1), a person having multiple business verticals in a State may obtain a separate registration for each business vertical, subject to such conditions as may be prescribed.

(3) A person, though not liable to be registered under Schedule V, may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.

(4) Every person shall have a Permanent Account Number issued under the Income Tax Act, 1961 (43 of 1961) in order to be eligible for grant of registration under subsection (1), (2) or (3).

PROVIDED that a person required to deduct tax under section 46 shall have, in lieu of a Permanent Account Number, a Tax Deduction and Collection Account Number (TAN) issued under the said Act in order to be eligible for grant of registration.

(5) Notwithstanding anything contained in sub-section (4), a non-resident taxable person may be granted registration under sub-section (1) on the basis of any other document as may be prescribed.

(6) Where a person who is liable to be registered under this Act fails to obtain registration, the proper officer may, without prejudice to any action that is, or may be taken under this Act, or under any other law for the time being in force, proceed to register such person in the manner as may be prescribed.

(7) Notwithstanding anything contained in sub-section (1):

- a) any specialized agency of the United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries shall be granted a Unique Identity Number; and
- b) any other person or class of persons, as may be notified by the Commissioner, shall obtain a Unique Identity Number, in the manner prescribed, for the purpose(s) notified, including refund of taxes on the notified supplies of goods and/or services received by them.



(8) The registration or the Unique Identity Number, shall be granted or, as the case may be, rejected after due verification in the manner and within such period as may be prescribed.

(9) A certificate of registration shall be issued in the prescribed form, with effective date as may be prescribed.

(10) A registration or an Unique Identity Number shall be deemed to have been granted after the period prescribed under sub-section (8), if no deficiency has been communicated to the applicant by the proper officer within that period.

(11) Notwithstanding anything contained in sub-section (8), any rejection of application for registration or the Unique Identity Number under the CGST Act / SGST Act shall be deemed to be a rejection of application for registration under the SGST Act / CGST Act.

(12) The grant of registration or the Unique Identity Number under the CGST Act / SGST Act shall be deemed to be a grant of registration or the Unique Identity Number under the SGST/CGST Act provided that the application for registration or the Unique Identity Number has not been rejected under SGST/CGST Act within the time specified in subsection(7).

(13) The Central or a State Government may, on the recommendation of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

#### **GST ENROLLMENT AND PROVISIONAL REGISTRATION PLAN**

The Central Government has launched the enrollment procedure for the registered dealers. The state wise enrollment plan is mentioned here under for your ready reference. Further in order to get you enrolled with the GST, the state VAT/ Excise/Service Tax Authorities will provide you with the Provisional ID and Password on your registered E-mail. So, kindly get yourself ready with all the details as prescribed.

**The schedule of the enrolment activation drive for states is given below. We encourage you to complete the enrolment during the specified dates. However, the window will be open till 31/01/2017 for those who miss the chance.**

<b>NAME OF STATES</b>	<b>PERIOD OF ENROLLMENT</b>
<b>Puducherry, Sikkim</b>	<b>08/11/2016 TO 23/11/2016</b>
<b>Gujrat, Maharashtra, Goa, Daman and Diu, Dadra Nagar Haveli, Chhattisgarh</b>	<b>14/11/2016 TO 29/11/2016</b>
<b>Odisha, Jharkhand, Bihar, West Bengal, Madhya Pradesh, Assam, Tripura, Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Mizoram</b>	<b>30/11/2016 TO 15/12/2016</b>
<b>Uttar Pradesh, Jammu and</b>	<b>16/12/2016 TO 31/12/2016</b>



<b>Kashmir, Delhi, Chandigarh, Haryana, Punjab, Uttarakhand, Himachal Pradesh, Rajasthan</b>	
<b>Kerala, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh</b>	<b>01/01/2017 TO 15/01/2017</b>
<b>Service Tax Registrants</b>	<b>01/01/2017 TO 31/01/2017</b>
<b>Delta All Registrants (All Groups)</b>	<b>01/02/2017 TO 20/03/2017</b>

**Rule 14 of GST Registration Rules: Migration of persons registered under Earlier Law:**

(1) Every person registered under an earlier law and having a Permanent Account Number issued under the Income Tax Act, 1961 (Act 43 of 1961) shall be granted registration on a provisional basis and a certificate of registration in **FORM GST REG- 21**, incorporating the Goods and Services Tax Identification Number (GSTIN) therein, shall be made available on the Common Portal.

(2) (a) Every person who has been granted a provisional registration under sub-rule (1) shall submit an application electronically in **FORM GST REG-20**, duly signed, along with the information and documents specified in the said application, on the Common Portal either directly or through a Facilitation Centre, notified by the Board or Commissioner.  
 (b) The information asked for in clause (a) shall be furnished within the period specified in section 142 or within such further period as may be extended by the Board or Commissioner in this behalf.  
 (c) If the information and the particulars furnished in the application are found, by the proper officer, to be correct and complete, a certificate of registration in **FORM GST REG-06** shall be made available to the registered taxable person electronically on the Common Portal.

(3) Where the particulars and/or information specified in sub-rule (2) have either not been furnished or not found to be correct or complete, the proper officer shall cancel the provisional registration granted under sub-rule (1) and issue an order in **FORM GST REG22**:

Provided that no provisional registration shall be cancelled as aforesaid without serving a notice to show cause in **FORM GST REG-23** and without affording the person concerned a reasonable opportunity of being heard.

(4) Every person registered under any of the earlier laws, who is not liable to be registered under the Act may, at his option, file electronically an application in **FORM GST REG-24** at the Common Portal for cancellation of the registration granted provisionally to him and the proper officer shall, after conducting such enquiry as deemed fit, cancel the said provisional registration.



**SECTION 24. SPECIAL PROVISIONS RELATING TO CASUAL TAXABLE PERSON AND NON-RESIDENT TAXABLE PERSON:**

(1) The certificate of registration issued to a casual taxable person or a non-resident taxable person shall be valid for a period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier and such person shall make taxable supplies only after the issuance of the certificate of registration:

PROVIDED that the proper officer may, at the request of the said taxable person, extend the aforesaid period of ninety days by a further period not exceeding ninety days.

(2) Notwithstanding anything to the contrary contained in this Act, a casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration under sub-section (1) of section 23, make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought:

PROVIDED that where any extension of time is sought under sub-section (1), such taxable person shall deposit an additional amount of tax equivalent to the estimated tax liability of such person for the period for which the extension is sought.

(3) The amount deposited under sub-section (2) shall be credited to the electronic cash ledger of such person and shall be utilized in the manner provided under section 44 .

**SECTION 25: AMENDMENT**

(1) Every registered taxable person and a person to whom a unique identity number has been assigned shall inform the proper officer of any changes in the information furnished at the time of registration, or that furnished subsequently, in the manner and within such period as may be prescribed.

(2) The proper officer may, on the basis of information furnished under sub-section (1) or as ascertained by him, approve or reject amendments in the registration particulars in the manner and within such period as may be prescribed:

Provided that approval of the proper officer shall not be required in respect of amendment of such particulars as may be prescribed.

(3) The proper officer shall not reject the request for amendment in the registration particulars without giving a notice to show cause and without giving the person a reasonable opportunity of being heard.

(4) Any rejection or, as the case may be, approval of amendments under the CGST Act/SGST Act shall be deemed to be a rejection or approval of amendments under the SGST Act/CGST Act.

**SECTION 26: CANCELLATION OF REGISTRATION**

(1) The proper officer may, either on his own motion or on an application filed, in the prescribed manner, by the registered taxable person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where, -



- a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or
- b) there is any change in the constitution of the business; or
- c) the taxable person, other than the person registered under sub-section (3) of section 23, is no longer liable to be registered under Schedule V .

(2) The proper officer may, in the manner as may be prescribed, cancel the registration of taxable person from such date, including any anterior date, as he may deem fit, where, -

- a) the registered taxable person has contravened such provisions of the Act or the rules made there under as may be prescribed; or
- b) a person paying tax under section 9 has not furnished returns for three consecutive tax periods; or
- c) any taxable person, other than a person specified in clause (b), has not furnished returns for a continuous period of six months; or
- d) any person who has taken voluntary registration under sub-section (3) of section 23 has not commenced business within six months from the date of registration.

(3) Where any registration has been obtained by means of fraud, wilful misstatement or suppression of facts, the proper officer may cancel the registration with retrospective effect, subject to the provisions of section 37.

(4) The proper officer shall not cancel the registration without giving a notice to show cause and without giving the person a reasonable opportunity of being heard:

PROVIDED that such notice may not be issued where an application is filed by the registered taxable person or his legal heirs, in the case of death of such person, for cancellation of registration.

(5) The cancellation of registration under this section shall not affect the liability of the taxable person to pay tax and other dues under the Act or to discharge any obligation under the Act or the rules made there under for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.

(6) The cancellation of registration under the CGST Act/SGST Act shall be deemed to be a cancellation of registration under the SGST Act/CGST Act.

(7) Every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit or cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher, calculated in such manner as may be prescribed:





PROVIDED that in case of capital goods, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods reduced by the percentage points as may be prescribed in this behalf or the tax on the transaction value of such capital goods under sub-section (1) of section 15, whichever is higher.

(8) The amount payable under sub-section (7) shall be calculated in such manner as may be prescribed.

## **SECTION 27: REVOCATION OF CANCELLATION**

(1) Subject to such conditions and in such circumstances as may be prescribed, any registered taxable person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in the prescribed manner within thirty days from the date of service of the cancellation order.

## **CHAPTER 4: RETURNS UNDER MODEL GST LAW**

The provisions related to filling of returns in Model GST Law are given under Section 32 to Section 43 and Section 46 read with rules prescribed there under. Further following are the key aspects to be kept in mind while filling the returns under GST Law:

1. The forms of return are designed on the parlance of system based matching of ITC, Imports, Exports and other valuable details.
2. There will be concept of Electronic Tax Liability Register consist of E-Cash Ledger and E-Credit Ledger, and matching of Input Tax Credit and Auto Reversal is the Key feature of returns under GST.
3. The Claim of ITC must be matched through Tax Invoices and Debit/Credit Notes.
4. There will be Invoice based return containing HSN Code Versus Line Item that means every different product whether finished or semi-finished having separate HSN Code must be shown in separate line and must be maintained with separate stock registered in order to perform hassle free supply.
5. There will be no concept for revision of return. Only rectification shall be made in case of any mismatch found in the return due to any error or omission there in. Rectify such error or omission through changes into original details which is to be filled in the separate form with in the tax period during which such error or omission noticed; provided that no rectification is allowed after the month of September following the end of relevant financial year.

 Below are the due dates of filing of Returns along with relevant forms there to:

<b>S.NO.</b>	<b>PARTICULARS OF RETURN</b>	<b>FREQUENCY OF RETURNS</b>	<b>DUE DATE OF FILING</b>	<b>FORMS OF RETURN</b>	<b>OF</b>
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		<b>TO FILLED</b>	<b>BE</b>	
1.	Outward Supplies	Monthly	10th of the Following Month	GSTR 1
2.	Inward Supplies	Monthly	15th of the Following Month	GSTR 2
3.	Monthly Return	Monthly	20th of the Following Month	GSTR 3
4.	Assesses Under Composition Levy	Quarterly	18th of the Following Quarter	GSTR 4
5.	Input Service Distributor	Monthly	13th of the Following Month	GSTR 6
6.	Person Liable to deduct TDS (Applicable Under Contractor & Contractee Relationship)	Monthly	10th of the Following Month	GSTR 7
7.	Annual Return	Annually	31st December Following the End of Financial Year.	GSTR 9
8.	Final Return	Once	To be Filled With in 3 Months of Cancellation of Registration.	GSTR 10

#### **Some Practical Issues in Returns may be Faced**

1. Total number of returns would increase because every business vertical has to be separately registered and then needs to file separate returns for every business vertical.
2. Reconciliation between outward and inward supplies.
3. Outward and Inward details must be matched with the recipient in order to claim ITC.
4. ITC not admissible if monthly return have not been filed.
5. Separate records shall be maintained for branches.



## **CHAPTER 5: INVOICING PROVISIONS AND RULES UNDER MODEL GST LAW**

An another important aspect to be captured in mind is the procedure, rules and regulations to be followed while raising the invoice to the customers. Following are the provisions related to Invoicing Rules under GST regime:

### **SECTION 28: TAX INVOICE**

- (1) A registered taxable person supplying taxable goods shall, before or at the time of,
- a) removal of goods for supply to the recipient, where the supply involves movement of goods, or.
  - b) delivery of goods or making available thereof to the recipient, in any other case, issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed.

PROVIDED that the Central/State Government may, on the recommendation of the Council, by notification, specify the categories of goods and/or supplies in respect of which the tax invoice shall be issued within such time as may be prescribed.

- (2) A registered taxable person supplying taxable services shall, before or after the provision of service but within a period prescribed in this behalf, issue a tax invoice, showing the description, value, the tax payable thereon and such other particulars as may be prescribed.

PROVIDED that the Central/State Government may, on the recommendation of the Council, by notification, specify the categories of services in respect of which any other document issued in relation to the supply shall be deemed to be a tax invoice, subject to such conditions and limitations as may be prescribed.

- (3) Notwithstanding anything contained in sub-sections (1) and (2):



- a) a registered taxable person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period starting from the effective date of registration till the date of issuance of certificate of registration to him;
- b) a registered taxable person supplying exempted goods and/or services or paying tax under the provisions of section 9 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed:

PROVIDED that the registered taxable person may not issue a bill of supply if the value of the goods or services supplied is less than one hundred rupees except where the recipient of the goods or services requires such bill.

- c) a registered taxable person shall, on receipt of advance payment with respect to any supply of goods or services by him, issue a receipt voucher or any other document, including therein such particulars as may be prescribed, evidencing receipt of such payment;
- d) a registered taxable person who is liable to pay tax under sub-section (3) of section 8 shall issue an invoice in respect of goods or services received by him on the date of receipt of goods or services from a person who is not registered under the Act.

(4) In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

(5) In case of continuous supply of services,

- a) where the due date of payment is ascertainable from the contract, the invoice shall be issued before or after the payment is liable to be made by the recipient but within a period prescribed in this behalf whether or not any payment has been received by the supplier of the service;
- b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or after each such time when the supplier of service receives the payment but within a period prescribed in this behalf;
- c) where the payment is linked to the completion of an event, the invoice shall be issued before or after the time of completion of that event but within a period prescribed in this behalf.

(6) In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply effected before such cessation.

(7) For the purposes of sub section (4) and (5), the Central or a State Government may on the recommendation of the Council, specify, by notification, the supply of goods or services that shall be treated as continuous supply of goods or services.



(8) Notwithstanding anything contained in sub-section (1), where the goods (being sent or taken on approval or sale or return or similar terms) are removed before it is known whether a supply will take place, the invoice shall be issued before or at the time when it becomes known that the supply has taken place or six months from the date of removal, whichever is earlier.

*Explanation.-* The expression “tax invoice” shall be deemed to include a document issued by an Input Service Distributor under section 21, and shall also include any revised invoice issued by the supplier in respect of a supply made earlier.

**Following key aspects to be kept in mind while raising an Invoice:**


- 1) That the invoice shall be prepared in triplicate form (**Rule 2 Goods and Service Tax Invoice Rules 2016**) while supplying goods i.e.:
  - a. Original Copy mentioned as 'Original for Recipient'
  - b. Duplicate Copy mentioned as 'Duplicate for Transporter'
  - c. Triplicate Copy mentioned as 'Triplicate for Supplier'
- 2) That the invoice shall be prepared in two copies while supplying services i.e.:
  - a. Original Copy mentioned as 'Original for Recipient'
  - b. Duplicate Copy mentioned as 'Duplicate for Supplier'
- 3) A reference number needs for every invoice which will be generated by uploading the tax invoice issued by the registered taxable person in form GST INV-1 subject to the verification of proper officer and valid for 30 days from the date of issue of invoice.
- 4) The time for the issuance of invoice shall generally be at the time of supply if goods and in case of service within 30 days from the supply of service. Below are the illustrative situations on which invoice shall be issued at a particular time :
  - a. In case of one time supply :- The date/time of supply of goods/ service
  - b. In case of Continuous/ Long term Supply: Time of payment by the recipient on each event as mentioned in the contract for supply of goods/service.
  - c. In case of Advance Received for Supply of Goods/Service: Invoice shall be issued at the time of receipt of advance. But no explanation in the rules have been made in case the invoice shall be required at the time of physical movement of goods.
- 5) There are certain details which are mandatorily be mentioned in the Tax invoice as per **Rule 1 of Goods and Service Tax Invoice Rules 2016:**
  - a. Name and Address of the Supplier.
  - b. GSTIN of the Supplier.
  - c. Name and Address of the Recipient.



- d. GSTIN of the Recipient if registered.
- e. Serial Number of Invoice.
- f. Date of Issuance of Invoice.
- g. Place of Supply which shall contain the name of the state and code.
- h. HSN Code of Goods.
- i. Accounting Code of Services.
- j. Proper Description of Goods/services.
- k. Quantity of Goods.
- l. Taxable Value of Goods/Services.
- m. Rate of Tax must be properly mentioned in the invoice.
- n. Amount of tax calculated and charged.
- o. Gross Value of Goods and Services.
- p. In case of Reverse Charge Indication must be made on the Invoice.
- q. Signature of the Supplier.
- r. In case of Revised/ Supplementary Invoice the same word must be reflected in the invoice.

**Bill of Supply:** The bill of supply shall be issued in the following circumstances:

- 1) Where the non-taxable supply of goods/services takes place.
- 2) Any registered taxable person paying tax under composition scheme.

 Following details needs to be mentioned as per **Rule 3 of Goods and Service Tax Invoice Rules 2016** while raising a bill of supply:

- a. name, address and GSTIN of the supplier;
- b. a consecutive serial number containing only alphabets and/or numerals, unique
  - i. for a financial year;
- c. date of its issue;
- d. name, address and GSTIN/ Unique ID Number, if registered, of the recipient;
- e. HSN Code of goods or Accounting Code for services;



- f. description of goods or services;
- g. value of goods or services taking into account discount or abatement, if any;
- h. signature or digital signature of the supplier or his authorized representative.

### **SECTION 29: TAX NOT TO BE COLLECTED BY UNREGISTERED TAXABLE PERSON:**

A person who is not a registered taxable person shall not collect in respect of any supply of goods and/or services any amount by way of tax under the CGST/SGST Act and no registered taxable person shall make any such collection except in accordance with the provisions of this Act and the rules made there under.

### **SECTION 31: CREDIT AND DEBIT NOTES**

(1) Where a tax invoice has been issued for supply of any goods and/or services and the taxable value and/or tax charged in that tax invoice is found to exceed the taxable value and/or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where services supplied are found to be deficient, the registered taxable person, who has supplied such goods and/or services, may issue to the recipient a credit note containing such particulars as may be prescribed.


(2) Any registered taxable person who issues a credit note in relation to a supply of goods and/or services shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the year in which such supply was made, or the date of filing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in the manner specified in this Act:

**PROVIDED** that no reduction in output tax liability of the supplier shall be permitted if the incidence of tax and interest on such supply has been passed on to any other person.

(3) Where a tax invoice has been issued for supply of any goods and/or services and the taxable value and/or tax charged in that tax invoice is found to be less than the taxable value and/or tax payable in respect of such supply, the taxable person, who has supplied such goods and/or services, shall issue to the recipient a debit note containing such particulars as may be prescribed.

*Explanation:* - 'Debit Note' shall include a supplementary invoice.

(4) Any registered taxable person who issues a debit note in relation to a supply of goods and/or services shall declare the details of such debit note, in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in the manner specified in this Act.

 Following details needs to be mentioned as per **Rule 4 of Goods and Service Tax Invoice Rules 2016** while raising Supplementary Invoice, Debit Note or Credit Note:

- a. name, address and GSTIN of the supplier;
- b. nature of the document;



- c. a consecutive serial number containing only alphabets and/or numerals, unique
- d. for a financial year;
- e. date of issue of the document;
- f. name, address and GSTIN/ Unique ID Number, if registered, of the recipient;
- g. name and address of the recipient and the address of delivery, along with the
- h. name of State and its code, if such recipient is unregistered;
- i. serial number and date of the corresponding tax invoice or, as the case may be,
- j. bill of supply;
- k. taxable value of goods or services, rate of tax and the amount of the tax credited
- l. or, as the case may be, debited to the recipient; and
- m. signature or digital signature of the supplier or his authorized representative.

#### **Tax Invoice in Special Case as per Rule 5 of Goods and Service Tax Invoice Rules 2016**

(1) A tax invoice issued by an Input Service Distributor shall contain the following details:-

- a) name, address and GSTIN of the Input Service Distributor;
- b) a consecutive serial number containing only alphabets and/or numerals, unique for a financial year;
- c) date of its issue;
- d) name, address and GSTIN of the supplier of services, the credit in respect of which is being distributed and the serial number and date of invoice issued by such supplier;
- e) name, address and GSTIN of the recipient to whom the credit is distributed;
- f) amount of the credit distributed; and
- g) signature or digital signature of the supplier or his authorized representative:

Provided that where the **Input Service Distributor** is an office of a banking company or a financial institution including a non-banking financial company, a tax invoice shall include any document in lieu thereof, by whatever name called, whether or not serially numbered but containing the information as prescribed above.





**(2) Banking Company:** Where the supplier of taxable service is a banking company or a financial institution including a non-banking financial company, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, whether or not serially numbered, and whether or not containing the address of the recipient of taxable service but containing other information as prescribed under rule 1.

**(3) Goods Transport Agency:** Where the supplier of taxable service is a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, containing the gross weight of the consignment, name of the consignor and the consignee, registration number of goods carriage in which the goods are transported, details of goods transported, details of place of origin and destination, GSTIN of the person liable for paying tax whether as consignor, consignee or goods transport agency, and also contains other information as prescribed under rule 1.

**(4) Passenger Transport Agency:** Where the supplier of taxable service is supplying passenger transportation service, a tax invoice shall include ticket in any form, by whatever name called, and whether or not containing the address of the recipient of service but containing other information as prescribed under rule 1.



## **CHAPTER 6: TRANSITIONAL PROVISIONS UNDER MODEL GST LAW**

The transitional provision of Model GST Law provides the procedure to be followed from shifting of existing tax system to GST regime. Section 165 to Section 197 of Model GST Law are the transitional provisions. All the existing tax payers will be given provisional registration under GST. For getting provisionally registered the dealer has to file the provisional application for registration according to the scheduled mentioned under Chapter 3 of this GUIDE.

The existing registered persons can avail unavailed CENVAT credit and VAT Input as carry forward. The excise duty and VAT paid on stock will be allowed to be carried forward on the supply of goods which were earlier being exempt but have become taxable under GST.

### **Section 165: General Provisions:**

The general provisions of GST states that all the existing officials working under Central Excise, VAT, Service Tax and other Government departments related to taxes on goods and services for discharging various functions under the Central/State laws which are going to be subsumed into GST Law, shall be deemed to have been appointed as GST officers/Competent Authorities under the respective provisions of the Act.

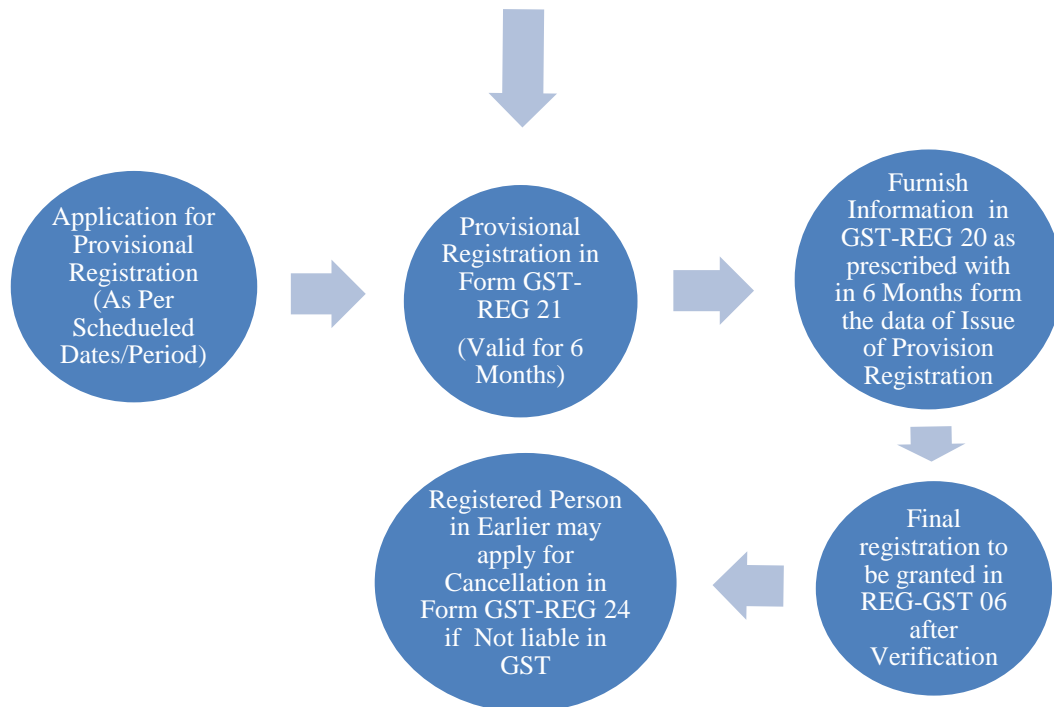
Further the Central Government/State Government may issue orders or make rules as and when needed for smooth transition to GST including the need to take care of matters not specifically covered here in.

### **Section 166: Migration of Existing Tax Payers into GST:**

In reference to **Rule 14** of GST Registration Rules 2016, below are the steps to be followed by an existing tax payer of Excise, Service Tax, VAT, Luxury Tax and any other indirect taxes which are going to be migrated into GST Law:



**APPLICANT MUST BE HAVING A VALID PAN CARD ON THE DATE OF APPLICATION FOR PROVISIONAL REGISTRATION**



**Section 167: Amount of CENVAT Credit Carried Forward in a Return To Be Allowed as Input Tax Credit:**

Registered taxable person other than the person opting for composition scheme shall be entitled to take credit in their electronic credit ledger against the amount of credit carried forward in the return furnished under earlier law. CENVAT of Excise, Service Tax shall be adjusted with CGST and Input Tax of VAT shall be adjusted with SGST.

Provided that any amount of credit attributable to any claim related to section 3, section 5(3), section 6 and section 6A of CST Act 1956 that is not substantiated in the manner as prescribed in Rule 12 of the CST (Registration and Turnover) Rules, 1957.

Provided that taxable person shall be only be allowed to take credit if the said amount shall be admissible as CENVAT credit or Input tax credit in the earlier laws as well as in GST regime.

**IMPORTANT NOTE:** Amount must have been shown as carry forward in the previous return immediately preceding the appointed day of the ACT.

**Section 168: Unavailed CENVAT Credit on Capital Goods, Not Carried Forward in Return, To be Allowed in Certain Situations:**

Registered taxable person other than those opted for composition scheme under section 9 of the GST Act, shall be entitled to take credit of unavailed CENVAT Credit or Input tax credit in respect of capital goods, not carried forward in a return furnished under earlier law. CENVAT in respect of capital goods of Excise, Service Tax shall be adjusted with CGST and Input Tax in respect of capital goods of VAT shall be adjusted with SGST.

Provided that the credit on such capital good must be admissible under earlier law as well as admissible to take credit under GST.

**IMPORTANT NOTE:** The amount of credit shall be recovered as an arrear of tax under GST Act as a result of any proceeding instituted, whether before or after the appointed day against such person under the earlier law.

**Section 169: Credit of Eligible Duties and Taxes in Respect of Inputs Held in Stock, To be Allowed in Certain Situations:**

Registered taxable person who was not liable to be registered under the previous law or was dealing in the manufacturing; or trading of exempted goods; or who was providing works contract service and was availing of the benefit of notification No. 26/2012-Service Tax, dated 20.06.2012; or a first stage dealer or a second stage dealer or a registered importer, but which are now being liable to be registered under this Act, shall be entitle to take credit in their electronic credit ledger for the input held in stock and inputs contained in semi-finished or finished goods held in stock on the day of appointment of this Act.

**Following are the conditions to be fulfilled in order to claim credit of input held in stock:**

1. Input/Goods in stock must be intended to be used for making taxable supplies.
2. the said taxable person passes on the benefit of such credit by way of reduced prices to the recipient.
3. Credit on such goods/services related to the input held in stock must be admissible in the earlier law but was not liable to be registered or the goods remained exempt under the earlier law as well as the credit must be allowable in GST regime.
4. The person claiming the credit must be in possession of the invoice or any other document evidencing payment of taxes or duties.
5. Such invoice or document evidencing the payment of taxes/duties must not be issued earlier than 12 months preceding the appointed day of this Act.

**IMPORTANT NOTE:** The amount of credit shall be recovered as an arrear of tax under GST Act as a result of any proceeding instituted, whether before or after the appointed day against such person under the earlier law.

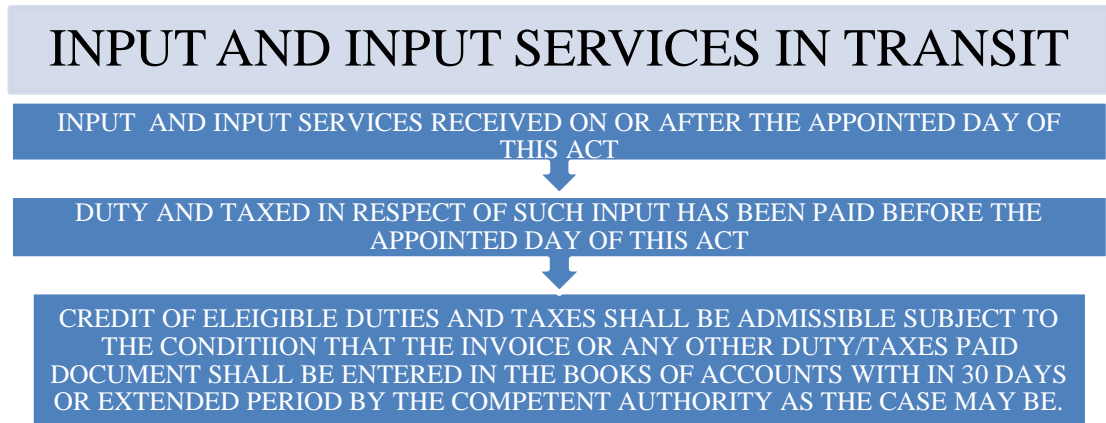
**Section 170: Credit of Eligible Duties and Taxes in Respect of Inputs Held in Stock To be Allowed in Certain Situations:**

Every registered taxable person engaged in the manufacturing of non-exempted or exempted under the Central Excise Act, 1944 (1 of 1944) or provision of non-exempted or exempted services under chapter V of Finance Act shall be entitles to take in his electronic credit ledger:



1. The amount of CENVAT credit of duties in respect of input held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day of this Act, relating to exempted goods or services.
2. The amount of CENVAT credit carried forward in the return furnished under the earlier law.

**Section 171: Credit of Eligible Duties and Taxes in Respect of Inputs or Input Services During Transit:**



**IMPORTANT NOTE:** A statement needs to be furnished in the prescribed manner with respect of credit taken for the input and input services held in stock.

**Section 172: Credit of Eligible Duties and Taxes On Input Held in Stock To be Allowed to a Taxable Person Switching Over From Composition Scheme:**

Registered taxable person who was paying tax under the composition scheme either at a fixed rate or was paying a fixed amount in lieu of tax payable under earlier law shall be entitled to take credit in their electronic credit ledger for the input held in stock and inputs contained in semi-finished or finished goods held in stock on the day of appointment of this Act.

Credit related to Central Government taxes/duties shall be adjusted with CGST and the credit related to State Government taxes shall be adjusted with SGST.

**Following are the conditions to be fulfilled in order to claim credit of input held in stock:**

1. Input/Goods in stock must be intended to be used for making taxable supplies.
2. The said person must not be paying tax under section 9 i.e. composition scheme.
3. The said taxable person must be eligible for ITC under earlier Law as well as under GST Regime.
4. The person claiming the credit must be in possession of the invoice or any other document evidencing payment of taxes or duties.
5. Such invoice or document evidencing the payment of taxes/duties must not be issued earlier than 12 months preceding the appointed day of this Act.



**IMPORTANT NOTE:** The amount of credit shall be recovered as an arrear of tax under GST Act as a result of any proceeding instituted, whether before or after the appointed day against such person under the earlier law.

**Section 173: Exempted Goods Returned to the Place of Business on or after the Appointed Day:**

Any goods on which the duty or taxes had been exempted under the earlier law at the time of removal/sale of such goods and the same shall not being removed or sold earlier than six months from the appointed day of this Act and are returned back to the place of business after the appointed day of Act, No tax shall be payable thereon if such goods will be returned within a period of six months from the appointed day if such goods are identifiable to the satisfaction of proper officer.

Provided that the tax shall be payable by the taxable person returning the goods if the said goods are liable to tax under this Act and the same are returned back after the period of six months from the appointed day of this Act. There shall be no tax payable if the goods are returned by a person who is not registered under the Act.

**IMPORTANT NOTE:** Goods must be returned back to the place of business within the period of six months and not after that then only tax exemption can be availed in respect of **RETURNED** exempted goods under previous law which becomes taxable under GST regime.

**Section 174: Duty Paid Goods Returned To The Place of Business on or After The Appointed Day:**

Any goods on which the duty or taxes had been paid under the earlier law at the time of removal/sale of such goods and the same shall not being removed or sold earlier than six months from the appointed day of this Act and are returned back to the place of business after the appointed day of Act, No tax shall be payable thereon if such goods will be returned within a period of six months from the appointed day if such goods are identifiable to the satisfaction of proper officer.

Provided that if any taxable person returning the goods after six months from the appointed day of this Act, then the return of such goods shall be deemed to be a supply and hence liable to be taxed under this Act.

**IMPORTANT NOTE:** Taxable Person who receives such goods with in a period of six months shall be entitled to take credit of the duty paid earlier at the time of removal/sale that means in simpler sense the tax/duty will be credited in the account of the actual seller if the goods will be returned back within six months from the appointed day of the act and not being sold earlier than six months from the day of appointment of this Act.

**Section 175: Inputs Removed For Job Work and Returned on or After the Appointed Day:**

Where any input received in a factory had been removed as such or removed after being partially processed to a job worker for further processing, testing, repair, reconditioning or



any other purpose in accordance with the provision of earlier law and returned back to the Principal manufacturer on or after the appointed day of this Act then no tax shall be payable if the good will be returned back within the period of 6 months and the same period may extend by the competent authority to the further period not exceeding 2 months on the basis of sufficient cause.

Provided that after the expiry of the period of six months or the extended period by the competent authority the input tax credit would be recovered as per the provision of Section 184 of the GST Act.

**IMPORTANT NOTE:** This provision will only apply if the Principal manufacturer or job worker declare the details of input held in stock by the job worker on behalf of the manufacturer.

**Section 176: Semi-finished Goods Removed for Job Work and Returned on or After The Appointed Day:**

Where any semi-finished goods had been removed from the factory to any other premises for carrying out in accordance with the provision of earlier law and returned back to the Principal manufacturer on or after the appointed day of this Act then no tax shall be payable if the good will be returned back within the period of 6 months and the same period may extend by the competent authority to the further period not exceeding 2 months on the basis of sufficient cause.

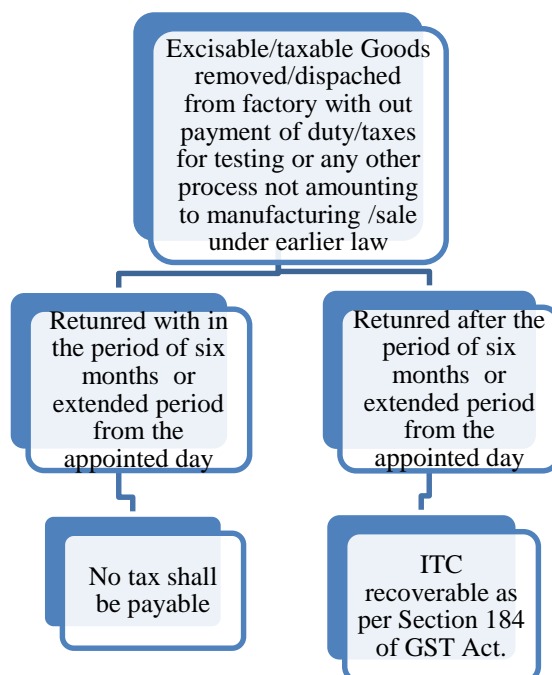
Provided that after the expiry of the period of six months or the extended period by the competent authority the input tax credit would be recovered as per the provision of Section 184 of the GST Act.

Provided further that the manufacturer can transfer the said goods to the premises of any taxable person in accordance with the provision of earlier law subject to the payment of tax in India or without payment of tax for exports within six months or extended period from the appointed day of the Act.

**IMPORTANT NOTE:** This provision will only apply if the Principal manufacturer or job worker declare the details of input held in stock by the job worker on behalf of the manufacturer.

**Section 177: Finished Goods Removed for Carrying Out Certain Processes and Returned on or After The Appointed Day:**





**IMPORTANT NOTE:** The manufacturer/person dispatching the goods may in accordance with the provision of earlier law transfer the said goods from the said other premises on payment of tax in India and without payment of tax for exports within the period of six months or the extended period by the competent authority from the appointed day.

**Section 178: Issue of Supplementary Invoice, Debit Or Credit Notes Where Price is Revised in Pursuance of a Contract:**

**In case of Upward Revision:-** Where parties entered into any contract prior to the appointed day of this Act and the price of such goods/services for which parties entered into the said contract gets revised '**upward**' on or after the appointed day, the taxable person who had removed/sold such goods/services may issue either a supplementary invoice or a debit note to the recipient within thirty days containing such particulars as per invoicing rules.

**In case of Downward Revision:** Where parties entered into any contract prior to the appointed day of this Act and the price of such goods/services for which parties entered into the said contract gets revised '**downward**' on or after the appointed day, the taxable person who had removed/sold such goods/services may issue either a supplementary invoice or a credit note to the recipient within thirty days containing such particulars as per invoicing rules.

**IMPORTANT NOTE:** Provided that in case of downward revision in price the taxable person shall be allowed to reduce its tax liability in pursuance of the credit note or supplementary invoice only after when the recipient has reduced his input tax credit corresponding to such reduction of tax liability.

**Section 179: Pending Refunds Claims To Be Disposed of Under Earlier Law:**





Every claim of refund of any duty/ tax and interest paid on such duty/tax or any other amount filed by any person in accordance with the provision of the earlier law before the appointed day shall be disposed of in accordance with the provision of earlier law and any amount if accrued shall be paid in cash. In case any claim of refund partially or fully rejected then the amount so rejected will be lapsed.

**IMPORTANT NOTE:** No refund claim shall be allowed for any amount of CENVAT Credit/ITC where the balance of the said amount has been carried forward under this Act.

**Section 180: Refund Claims Filed After the Appointed Day for Goods Cleared or Services Provided Before the Appointed Day and Exported Before or After the Appointed Day To be Disposed of Under Earlier Law:**

Claim of refund against the duty or taxes paid under earlier law but filed after the appointed day of this Act in respect of goods/services exported before or after the appointed day of this Act:

Shall be disposed in accordance with the provision of earlier law.

In case any claim fully or partially rejected then the same shall be lapsed under this Act.

**IMPORTANT NOTE:** No refund claim shall be allowed for any amount of CENVAT Credit/ITC where the balance of the said amount has been carried forward under this Act.

**Section 181: Refund Claims Filed After the Appointed Day for Payments Received and Tax Deposited Before the Appointed Day in Respect of Services Not Provided:**

Every claim for refund of tax deposited under the earlier law in respect of services not provided, filed after the appointed day, shall be disposed of in accordance with the provisions of earlier law and any amount eventually accruing to him shall be paid in cash.

**Section 182: Claim of CENVAT To be Disposed Of Under Earlier Law:**

Every proceeding of Appeal, Revision, Review or reference relating to a claim for CENVAT credit/input tax credit initiated before the appointed day under the earlier law shall be disposed of in accordance with the provision of earlier law and if any amount of credit found admissible then the same shall be refunded in cash and the amount so refunded shall not be admissible as Input tax credit under GST.

Every proceeding of Appeal, Revision, Review or reference relating to a recovery of CENVAT credit/input tax credit initiated before the appointed day under the earlier law shall be disposed of in accordance with the provision of earlier law and if any amount of credit becomes recoverable as a result of appeal, revision, review or reference then the same shall be recovered as an arrear of tax under this Act and shall not be admissible as Input tax credit under GST.

**IMPORTANT NOTE:** No refund claim shall be allowed for any amount of CENVAT Credit/ITC where the balance of the said amount has been carried forward under this Act.

**Section 183: Finalization of Proceedings Relating to Output Duty Liability:**



Every proceeding of Appeal, Revision, Review or reference relating to any output duty/tax liability initiated before the appointed day of this Act under the earlier law shall be disposed of in accordance with the provision of earlier law and if any amount becomes recoverable as a result of appeal, revision, review or reference then the same shall be recovered as an arrear of tax under this Act and shall not be admissible as Input tax credit under GST.

Every proceeding of Appeal, Revision, Review or reference relating to any output duty/tax liability initiated before the appointed day of this Act under the earlier law shall be disposed of in accordance with the provision of earlier law and if any amount found to be admissible to the claimant as a result of appeal, revision, review or reference then the same shall be refunded in cash and shall not be admissible as Input tax credit under GST.

**Section 184: Treatment of the Amount Recovered or Refunded in Pursuance of Assessment or Adjudication Proceedings:**

Where in reference to an assessment or adjudication, any amount of duty/tax, interest, fine or penalty becomes recoverable from the taxable person as per the provision of earlier law, the same shall be recovered as an arrear of tax under this Act and shall not be admissible as input tax credit under the GST.

Where in reference to an assessment or adjudication, any amount of duty/tax, interest, fine or penalty becomes refundable to the taxable person as per the provision of earlier law, the same shall be refunded in cash to him under the provision of earlier law.

**Section 185: Treatment of the Amount Recovered or Refunded Pursuant to Revision of Returns:**

In reference to the return furnished under earlier law and is revised on or after the appointed day of this Act and due to such revision any amount is found to be recoverable or any amount of CENVAT/Input tax credit found to be inadmissible then the same shall be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as Input tax credit under GST.

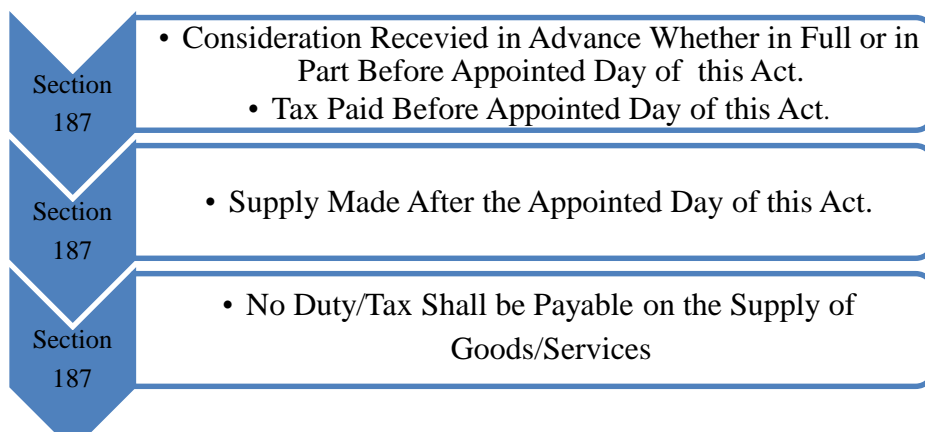
In reference to the return furnished under earlier law and is revised on or after the appointed day of this Act and due to such revision any amount is found to be refundable then the same shall be refunded to the taxable person in cash under earlier law.

**Section 186: Treatment of Long Term Construction/Work Contract:**

The Goods and Services supplied on or after the appointed of this Act in pursuance of the contract so entered prior to the appointed day, the same shall be liable to be tax under the provision of GST.

**Section 187: Progressive or Periodic Supply of Goods and Services:**





### **Section 188: Taxability of Supply of Services in Certain Cases:**

In case to the extent of point of taxation in reference to the supply of services arose before the appointed day of this Act then the tax shall be payable as per the provision of earlier law.

**Explanation:** Where the portion of supply of service is not covered by this section then the left over portion shall be taxed under the GST regime.

### **Section 189: Taxability of Supply of Goods in Certain Cases:**

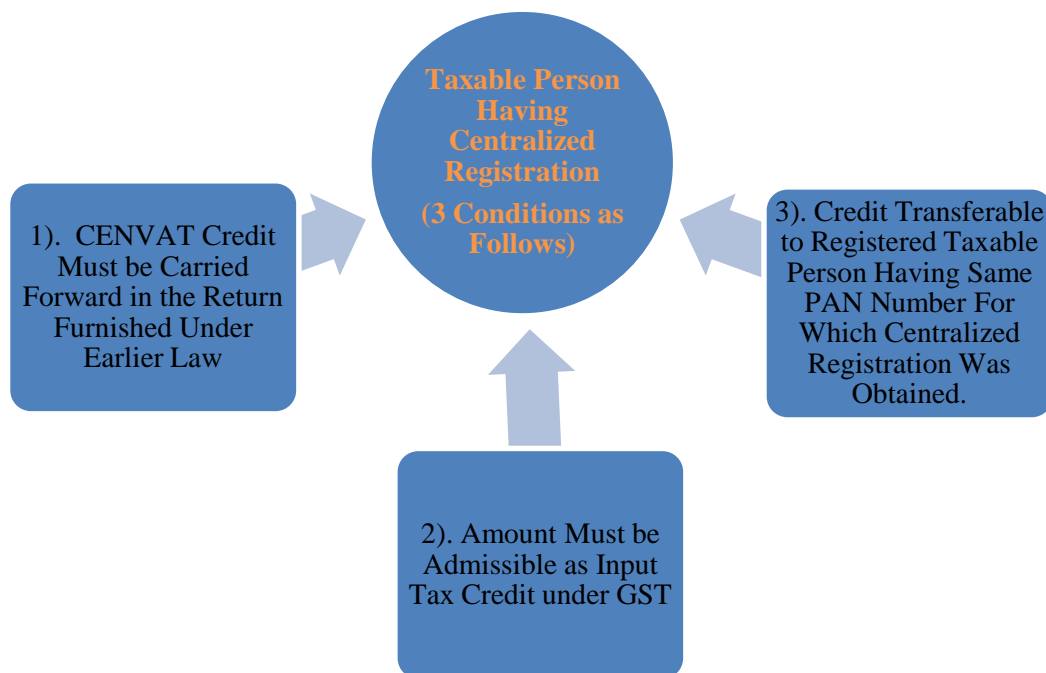
In case to the extent of point of taxation in reference to the supply of goods arose before the appointed day of this Act then the tax shall be payable as per the provision of earlier law.

**Explanation:** Where the portion of supply of goods is not covered by this section then the left over portion shall be taxed under the GST regime.

### **Section 190: Credit Distribution of Service Tax by Input Service Distributor (ISD):**

Where the Input tax credit on account of services received by an ISD prior to the appointed day of GST is available then the ISD can distribute the same as credit under the provision of GST, even if the invoice relating to such services is received on or after the appointed day of this Act.

### **Section 191: Provision for Transfer of Unutilized CENVAT Credit by Taxable Person having Centralized Registration Under the Earlier Law:**



**IMPORTANT NOTE:** If the taxable person files the return within 3 months of the appointed day of the Act, pertaining to the period ending with the day immediately preceding the appointed day of this Act then the credit shall be allowed subject to the following conditions:

1. The return is either an Original Return or Revised Return
2. The amount of credit claimed must have been reduced then claimed earlier.

#### **Section 192: Tax Paid on Goods Lying With Agents To be Allowed as Credit:**

Any goods belonging to the principal are lying at the premises of the agent on the appointed day of the Act, then the agent shall be entitled to avail the ITC on such goods against the tax paid subject to the fulfilment of following conditions as under:

1. The agent must be a registered taxable person under this Act.
2. Both principal and agent must need to declare the details of stock lying with the agent on the date immediately preceding the appointed day of this Act.
3. The invoice pertaining to such goods must not been issued earlier than 12 months from the appointed day of this Act.
4. The Principal either has not availed input tax credit or has reversed the ITC availed on such goods.

**IMPORTANT NOTE:** This section is only applicable in SGST transactions.

#### **Section 193: Tax Paid on Capital Goods Lying With Agents To be Allowed as Credit:**



Any capital goods belonging to the principal are lying at the premises of the agent on the appointed day of the Act, then the agent shall be entitled to avail the ITC on such capital goods against the tax paid subject to the fulfilment of following conditions as under:

1. The agent must be a registered taxable person under this Act.
2. Both principal and agent must need to declare the details of stock of capital goods lying with the agent on the date immediately preceding the appointed day of this Act.
3. The invoice pertaining to such capital goods must not been issued earlier than 12 months from the appointed day of this Act.
4. The Principal either has not availed input tax credit or has reversed the ITC availed on such goods.

**IMPORTANT NOTE:** This section is only applicable in SGST transactions.

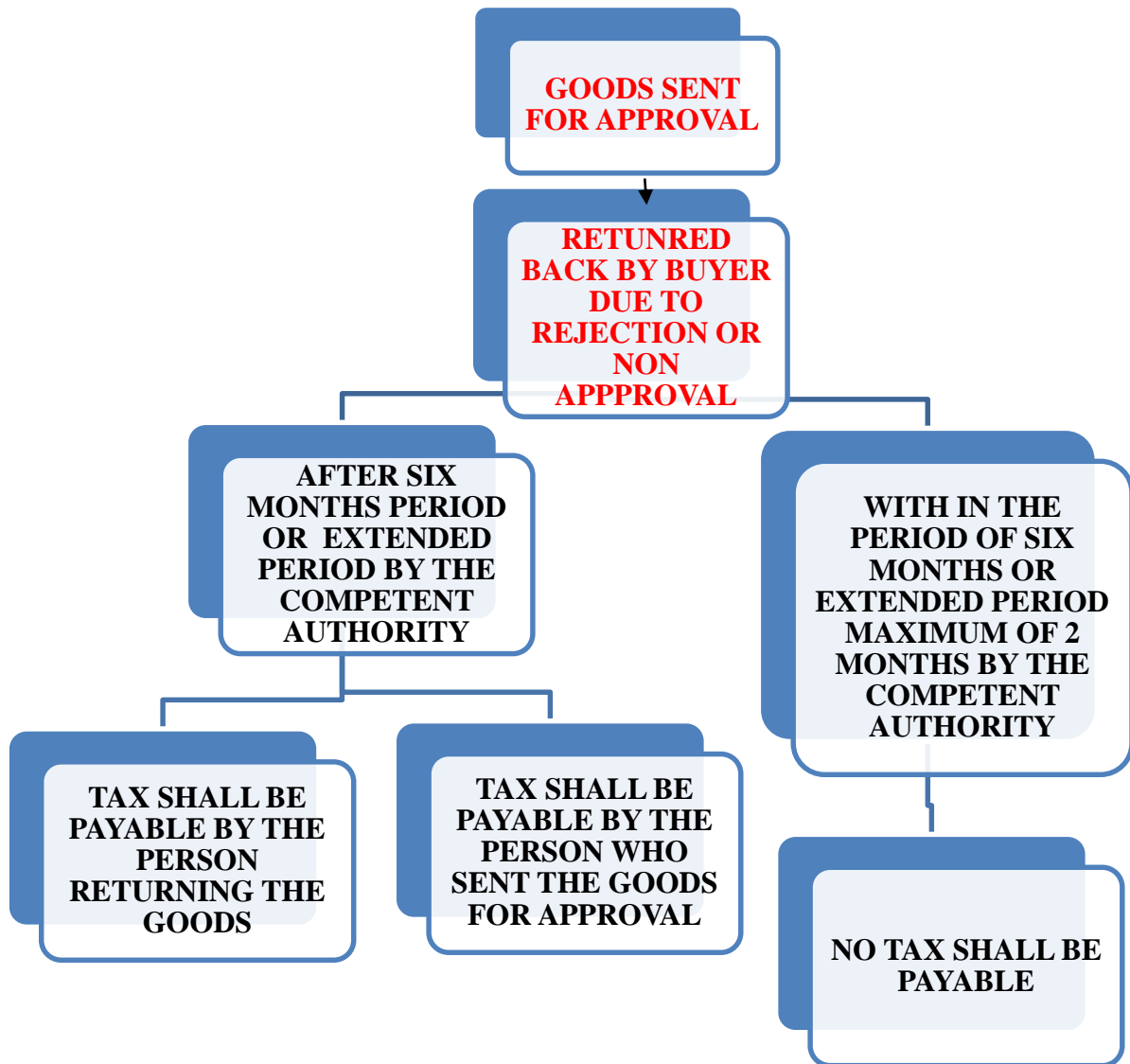
**Section 194: Treatment of Branch Transfer:**

Any amount of credit reversed pertaining to any transaction of branch transfer shall not be allowed to ITC under the GST Law.

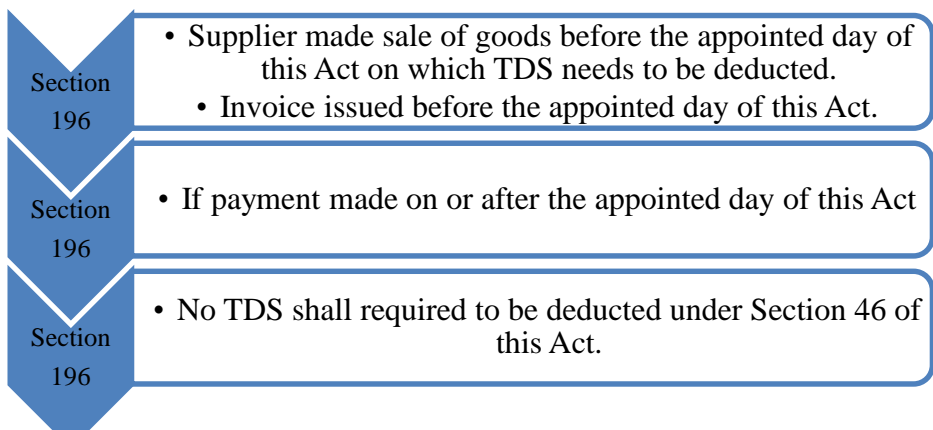
**Section 195: Goods Sent on Approval Basis Returned on or After the Appointed Day:**

**(Chart on the Next Page)**





### Section 196: Deduction of Tax Source (TDS):



**Section 197: Transitional Provisions for Availing CENVAT Credit in Certain Cases:**

Any CENVAT credit availed for the input services but reversed due to non-payment of the consideration within a period of three months, such credit can be reclaimed subject to the condition that the taxable person has made the payment of the consideration for that supply of services within the period of 3 months from the appointed day of this Act.

