

GST ORIENTATION COURSE



Organized by
WIRC of ICAI

PRESENTED BY



AN INVESTMENT IN KNOWLEDGE PAYS THE BEST RETURN

7th May, 2017

CA RAJIV LUTHIA

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COVERAGE

- TIME OF SUPPLY
- TAX INVOICE
- VALUE OF TAXABLE SUPPLY
- BRANCH TRANSFER
- CONSIGNMENT SALES
- SAMPLE DISTRIBUTION
- RELATED TRANSITIONAL PROVISIONS



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TIME OF SUPPLY

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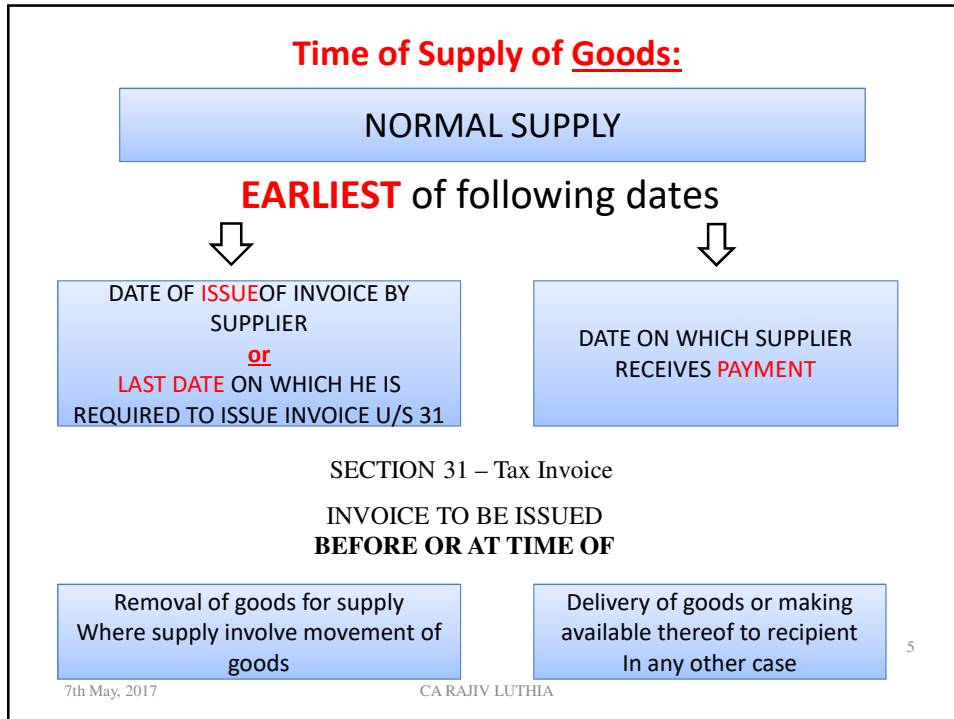
Time of Supply of Goods

- Required to determine when Supply happened
- Based on that, Date of payment of GST will be determined.
- Section 12....**Liability to pay tax on goods shall arise at the time of supply.**



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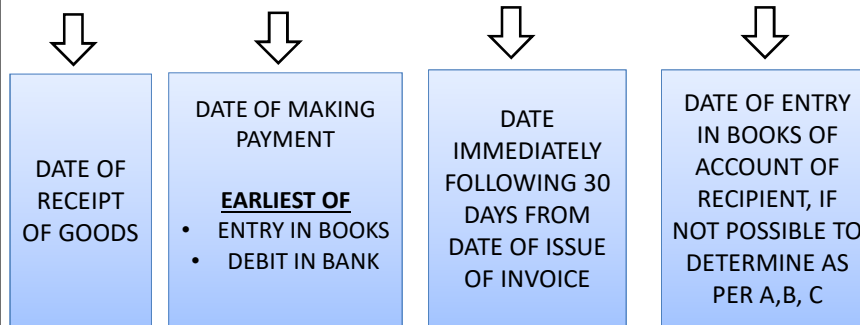
- Time of Supply of Goods**
- **Explanation – 1**
 - Supply shall be deemed to be made to the extent it is covered by invoice or the payment.....Advance received against supply will become taxable.....Deposit???
 - **Explanation 2**
 - Date on which supplier receives payment means
 - **Earlier of**
 - » Date on which payment is entered in books of account
 - » Date of credit in bank account
 - Where supplier of taxable goods receives an amount upto Rs. 1,000/- in excess of amount indicated in tax invoice, the time of supply to extent of such excess, at the option of supplier, be date of issue of invoice.⁶
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Time of Supply of Goods



IN CASE OF REVERSE CHARGE MECHANISM

EARLIEST of following dates



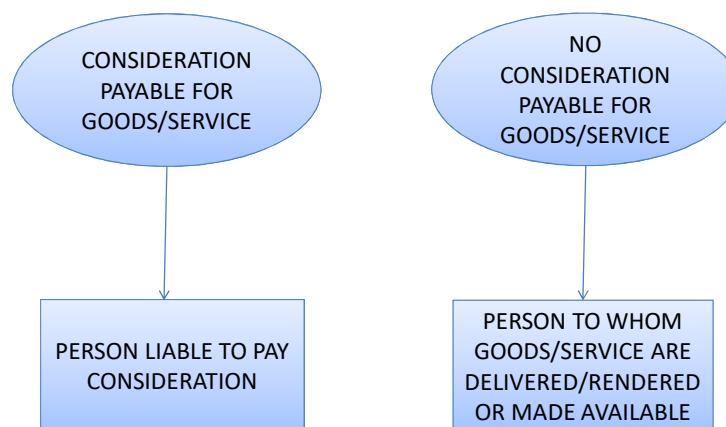
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Time of Supply...recipient

- Section 2(93)... **"RECIPIENT" MEANS**

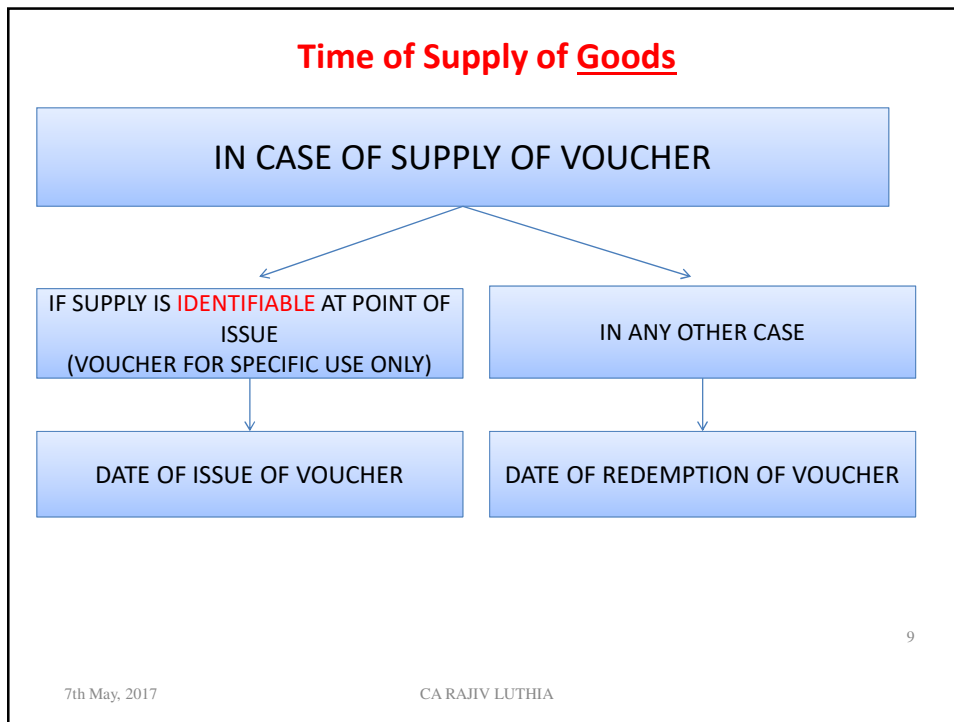


Explanation : The express "recipient" shall also include an agent acting as such on behalf of the recipient in relation to the goods and/or services supplied.

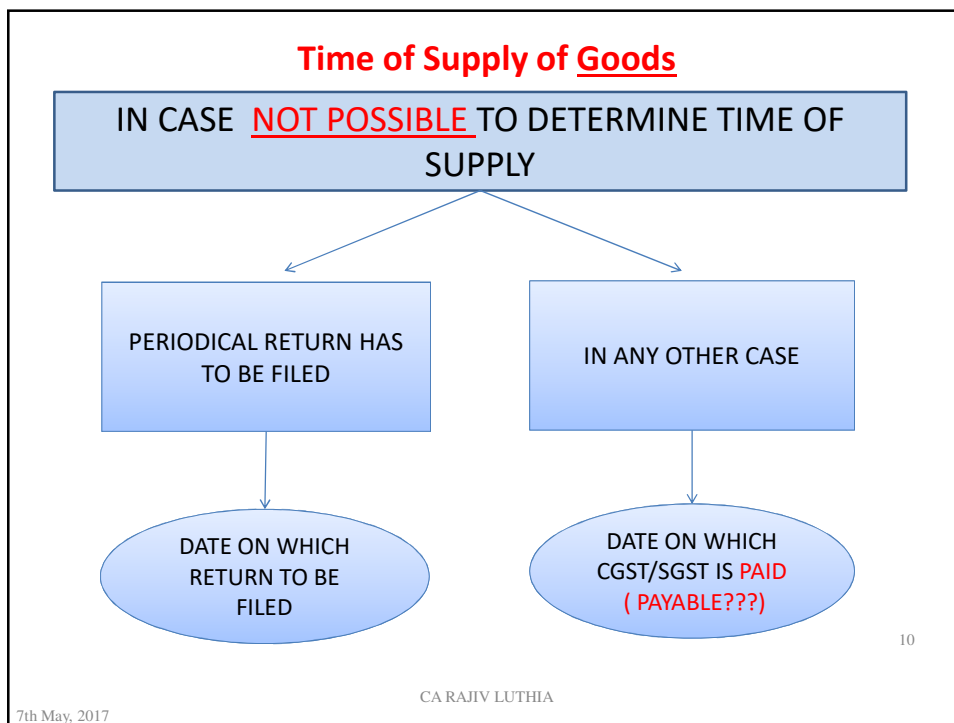
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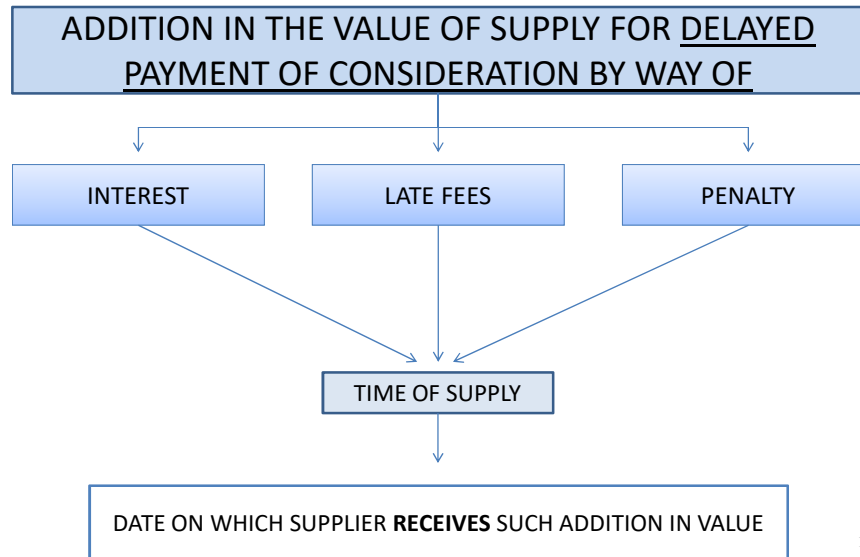
Time of Supply of Goods



Time of Supply of Goods



Time of Supply of Goods



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Time of Supply of Service

- Section 13....**Liability to pay tax on Service shall arise at the time of supply.**

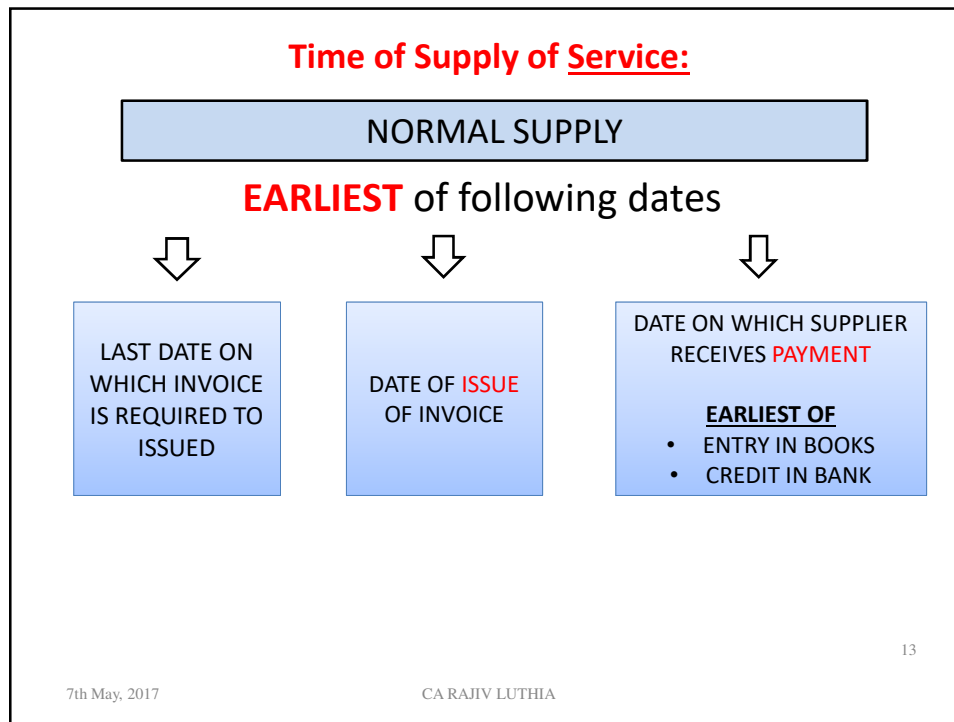


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Time of Supply of Service:



Time of Supply of Service

– Explanation – 1

- Supply shall be deemed to be made to the extent it is covered by invoice or the payment..... **Advance received against supply will become taxable.....Deposit???**

– Explanation 2

- Date on which supplier receives payment means
 - **Earlier of**
 - » Date on which payment is entered in books of account
 - » Date of credit in bank account
- Where supplier of taxable service receives an amount upto Rs. 1,000/- in excess of amount indicated in tax invoice, the time of supply to extent of such excess, at the option of supplier, be date of issue of invoice.¹⁴

Time of Supply of Service



IN CASE OF REVERSE CHARGE MECHANISM

EARLIEST of following dates



DATE ON WHICH
PAYMENT MADE

- **EARLIEST OF**
- ENTRY IN BOOKS
- DEBIT IN BANK



DATE IMMEDIATELY
FOLLOWING **60** DAYS
FROM DATE OF
ISSUE OF INVOICE



DATE OF ENTRY IN BOOKS
OF ACCOUNT OF
RECIPIENT, IF NOT
POSSIBLE TO DETERMINE
THROUGH A & B

In case of supply by Associated Enterprises, if supplier located outside India,
Time of supply shall be **earliest** of Following

- Date of Entry in books of Recipient
- or
- Date of payment

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Time of Supply of Service

IN CASE OF SUPPLY OF VOUCHER

IF SUPPLY IS **IDENTIFIABLE** AT POINT OF
ISSUE
(SPECIFIC VOUCHER)

IN ANY OTHER CASE

DATE OF ISSUE OF VOUCHER

DATE OF REDEMPTION OF VOUCHER

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Time of Supply of Service

IN CASE NOT POSSIBLE TO DETERMINE TIME OF SUPPLY

PERIODICAL RETURN HAS TO BE FILED

IN ANY OTHER CASE

DATE ON WHICH SUCH RETURN TO BE FILED

DATE ON WHICH CGST/SGST IS PAID
(PAYABLE???)

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Time of Supply of Service

ADDITION IN THE VALUE OF SUPPLY FOR DELAYED PAYMENT OF CONSIDERATION BY WAY OF

INTEREST

LATE FEES

PENALTY

TIME OF SUPPLY

DATE ON WHICH SUPPLIER **RECEIVES** SUCH ADDITION IN VALUE

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Time of Supply when Change in Rate of Tax

- Determination of time of supply when there is a **change in rate of tax** in respect of **goods/service**

Supply of Goods/service	Issuance of Invoice	Receipt of payment	Time of supply
Before	After	After	Earliest of invoice or date of receipt
Before	Before	After	Date of invoice
Before	After	Before	Date of receipt of payment
After	Before	After	Date of receipt of payment
After	Before	Before	Earliest of invoice or receipt
After	After	Before	Date of invoice

22nd April, 2017

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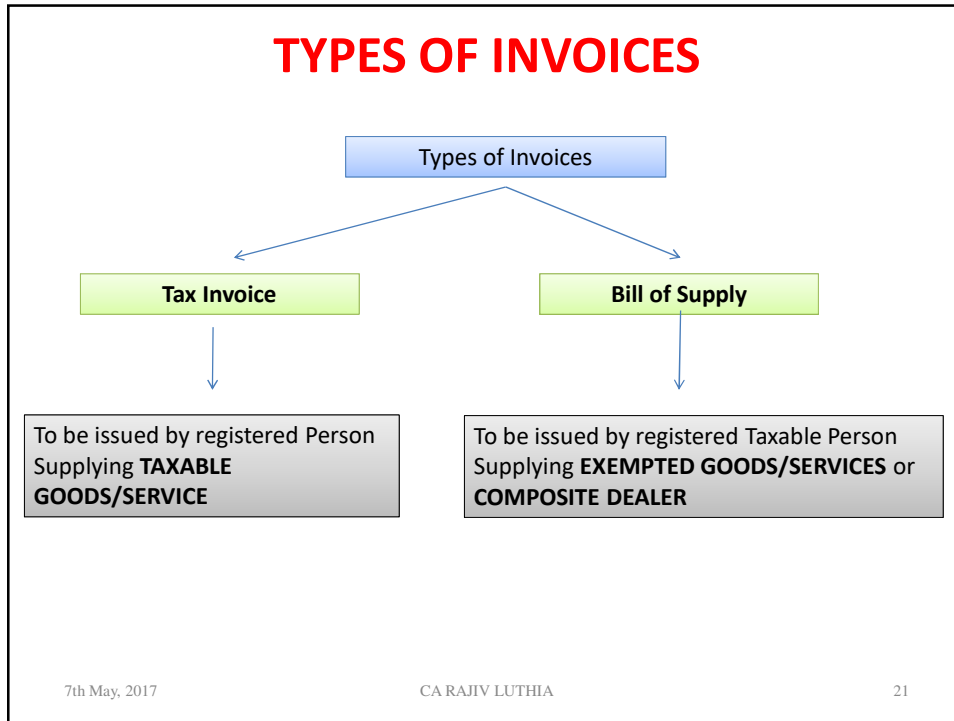
TAX INVOICE

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TYPES OF INVOICES



Sample of a tax invoice under GST

Tax Invoice												
GSTIN												
Name												
Address												
State												
Serial No. of Invoice												
Date of Invoice												
Details of Receiver (Billed to)						Details of Consignee (Shipped to)						<p>The serial number should be a consecutive number, containing only alphabets and/or numerals, and must be unique for a financial year.</p> <p>If the recipient is unregistered and taxable value of supply is Rs. 50,000 or more, the State name and code are required.</p> <p>In case of interstate supply, the State name is required.</p> <p>Unique ID is issued to UN bodies, embassies or any other notified persons.</p> <p>Taxable Value is the value after deducting discount or abatement, if any.</p> <p>HSN code (in case of goods) or Accounting code (in case of services) has to be mentioned for supplies by notified persons.</p>
Details of the person to whom the invoice is billed.						Address of delivery, to be specified if different from billing address.						
Name						Name						
Address						Address						
State						State						
State Code						State Code						
GSTIN/Unique ID						GSTIN/Unique ID						
S.No.	Description	HSN/Accounting code	Qty.	Unit	Rate	Total	Discount	Taxable value	CGST	SGST	IGST	
									Rate Amt.	Rate Amt.	Rate Amt.	
Total												
Total Invoice Value (In figure)												
Total Invoice Value (In Words)												
Amount of Tax subject to Reverse Charges												
												Signature

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*This is an indicative format created based on invoicing rules

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Sample of Bill of Supply

GSTIN
Name
Address
Serial No. of Invoice
Date of Invoice

Details of Receiver (Billed to)
Details of the person to whom the invoice is billed

Name
Address
GSTIN/Unique ID

S.No.	Description	HSN / Accounting code	Qty.	Unit	Rate	Total	Discount	Value
	Total							

Signature

*This is an indicative format created based on invoicing rules

The serial number should be a consecutive number, containing only alphabets and/or numerals, and must be unique for a financial year.

Details of receiver to be given if the receiver is registered.

Unique ID is issued to UN bodies, embassies or any other notified persons.

Value after deducting discount / abatement, if any.

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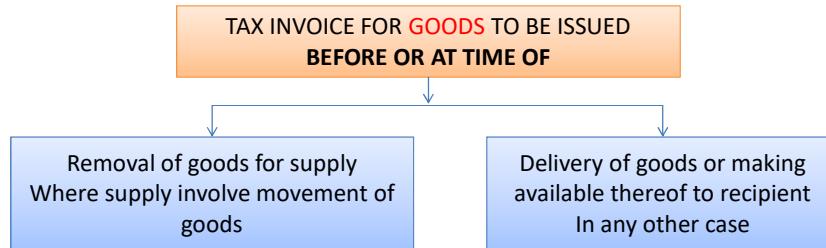
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RECEIPT VOUCHER – Sec 31(3)(d)

- Registered Person on receipt of advance for goods/service issue a receipt voucher or other prescribed documents evidencing the receipt thereof
- If no supply is made & no Tax Invoice is issued against advance, the registered person to issue refund voucher.
- Contents of Receipt voucher is prescribed in Rule 5

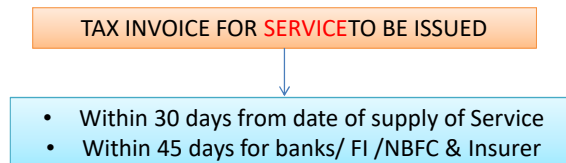
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INVOICE FOR SUPPLY OF TAXABLE GOODS – Sec. 31



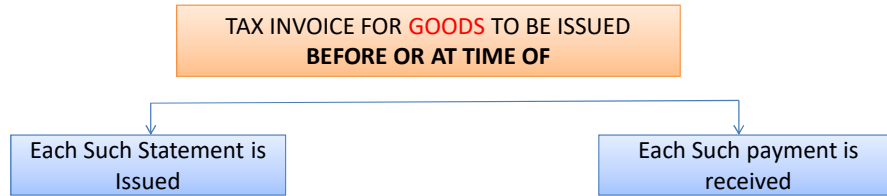
- Government on recommendation of council may specify category of goods /supplies for which Tax invoice to be issued in such time/manner as prescribed

INVOICE FOR SUPPLY OF TAXABLE SERVICE – Sec. 31



- Government on recommendation of council may specify category of Service /supplies for which
 - Any other document for supply of service shall be deemed Tax invoice
 - Tax invoice may not be issued
- Registered Person on receipt of advance for goods/service issue a receipt voucher or other prescribed documents as evidence for receipt
- If Insurer/Bank/FI/NBFC/Telecom operator or notified class of service provider making taxable supply of service between “**distinct person**” may issue invoice before or at time ,supplier record in his books or before expiry of quarter in which supply made.

CONTINUOUS SUPPLY OF GOODS – Sec 31



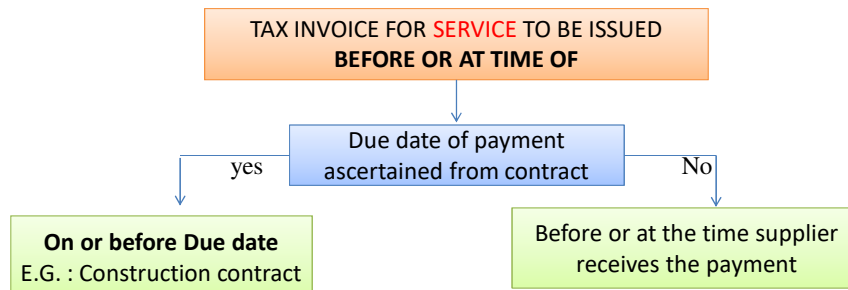
- E.G : Supply of Gas

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CONTINUOUS SUPPLY OF SERVICE– Sec 31

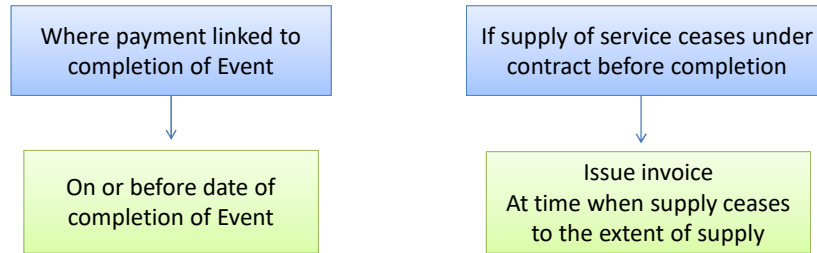


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CONTINUOUS SUPPLY OF SERVICE– Sec 31

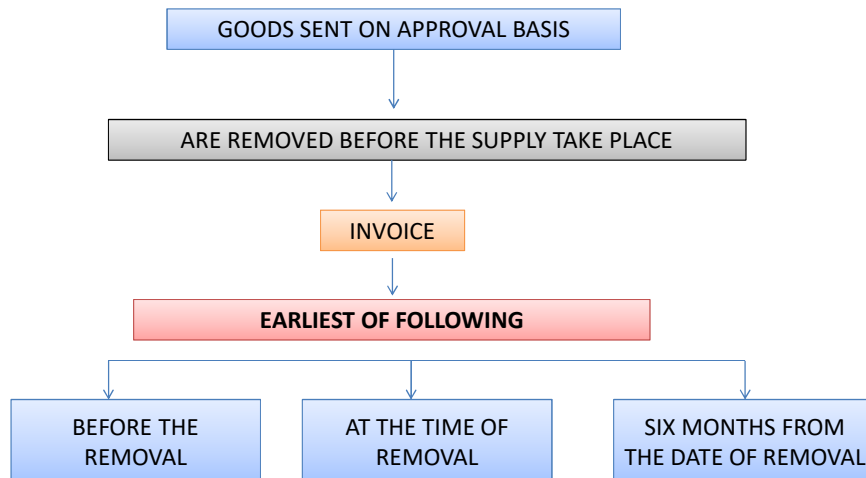


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GOODS SENT ON APPROVAL.. Section 31



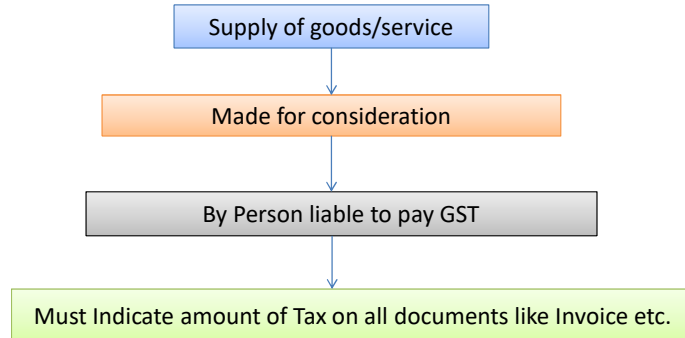
If Invoice not raised till end of 6 months, goods are deemed to have been supplied

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Tax to be indicated in invoice – Section 33

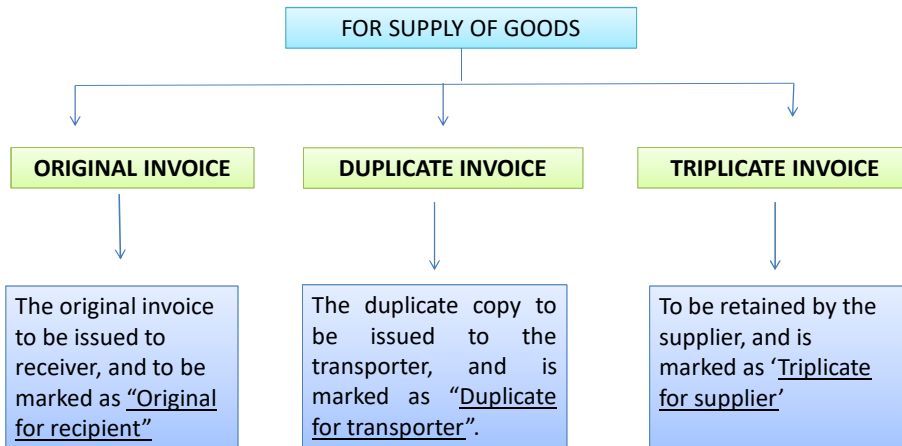


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Copies of Tax Invoices -Goods

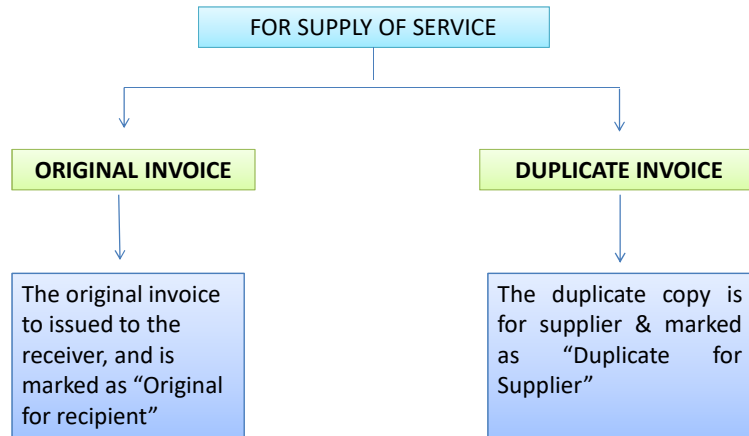


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Copies of Tax Invoices - Service



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Copies of tax invoice for supply of goods

Original for recipient



Duplicate for transporter



Triplicate for supplier



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Copies of tax invoice for supply of services

Original for recipient



Duplicate for supplier



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Invoice for Export of Goods

- An export invoice must, in addition to the details required in a tax invoice, contain the following details:

Export invoice

Must have the words “Supply meant for export on payment of IGST” or “Supply meant for export under bond without payment of IGST”

Name and address of the recipient

Delivery address

Number and date of ARE-1 (application for removal of goods for export)

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General Provision relating to Invoice

- The **bill of supply/Tax Invoice** need not be issued when the value of goods or services supplied is less than Rs. 200, subject to condition
 - Recipient is not registered person
 - Recipient does not require invoice
- However, a consolidated bill of supply/Tax invoice should be prepared at the end of every day for all such supplies for which the bill of supply is not issued.
- A registered person may, within 1 month from the date of issuance of RC, issue a revised invoice as prescribed against the invoice already issued during the period from effective date of RC till the date of such RC

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General Provision relating to Invoice

- Registered Person may issue consolidated revised Tax invoice in respect of all taxable supply made to recipient who is not registered under Act during such period
- In case of Inter State supply, Registered Person may issue consolidated revised Tax invoice upto supply of Rs 2.5 lacs in respect of all taxable supply made to recipient not registered under the Act during such period
- In case a person paying tax on reverse charge [9(3) & 9(4)] receives goods or services from an unregistered supplier, **the receiver must issue an invoice on the date of receipt of goods or services**

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General Provision relating to Invoice

- Registered person liable to pay tax u/s 9(3)/9(4) i.e reverse charge to issue **payment voucher** at the time of making payment to supplier .
- Invoice/Debit note issued for tax under section 74/129/130 to mention prominently on invoice **“INPUT TAX CREDIT NOT ADMISSABLE”**

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Debit Note/Credit Note

- Issued to revise the taxable value or GST charged in an invoice, **a debit note or supplementary invoice or credit note** must be issued by the supplier.
- **Debit note/supplementary invoice**- These are to be issued by a supplier to record increase in taxable value &/or GST charged in the original invoice.
- **Credit note**- These are to be issued by a supplier to record decrease in taxable value &/or GST charged in the original invoice.

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Debit/Credit Note Details - Mandatory

- Debit notes, supplementary invoices and credit notes must include the following details:

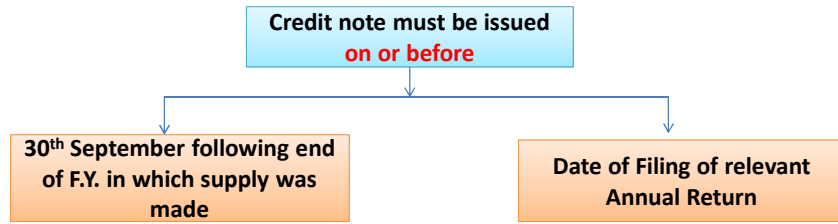
Debit note/Supplementary Invoice/Credit Note
Nature of the document must be indicated prominently, such as 'revised invoice' or 'supplementary invoice'
Name, address, and GSTIN of the supplier
A consecutive serial number containing only alphabets and/or numerals, unique for a financial year
Date of issue of the document
If recipient is registered- Name, address and GSTIN/Unique ID number of the recipient
If recipient is unregistered- Name, address of recipient and address of delivery, with state name and code
Serial number and date of the original tax invoice or bill of supply
Taxable value of the goods or services, rate of tax and the amount of tax credited or debited to the recipient
Signature or digital signature of the supplier or his authorized representative

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Time Limit for issuance of Credit Note



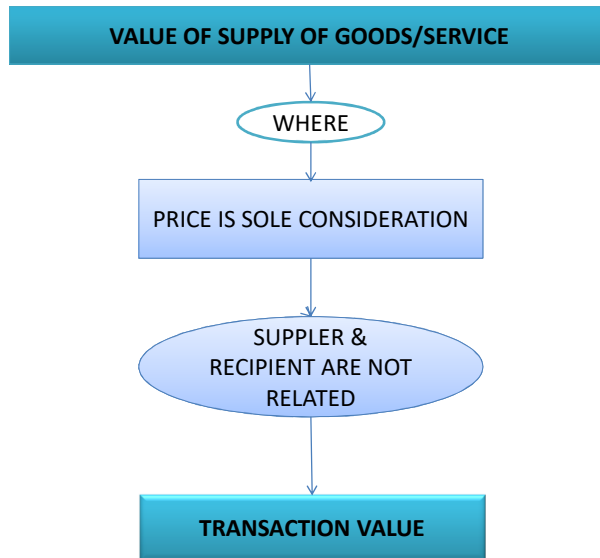
Example

- Scenario 1- Annual return of the Financial Year 17-18 filed on 1st December '18
- Scenario 2- Annual return of the Financial Year 17-18 filed on 31st May '18.

Scenario	Date of original supply	Annual return filing date	Condition for determining last date to issue credit note	Last date for issuing credit note
Scenario 1	1 st November 2017	1 st December '18	30 th September following the end of the financial year in which the supply was made or the date of filing annual return, whichever is earlier	30 th September '18
Scenario 2		31 st May '18		31 st May '18

VALUATION

VALUATION – Section 15 (1)

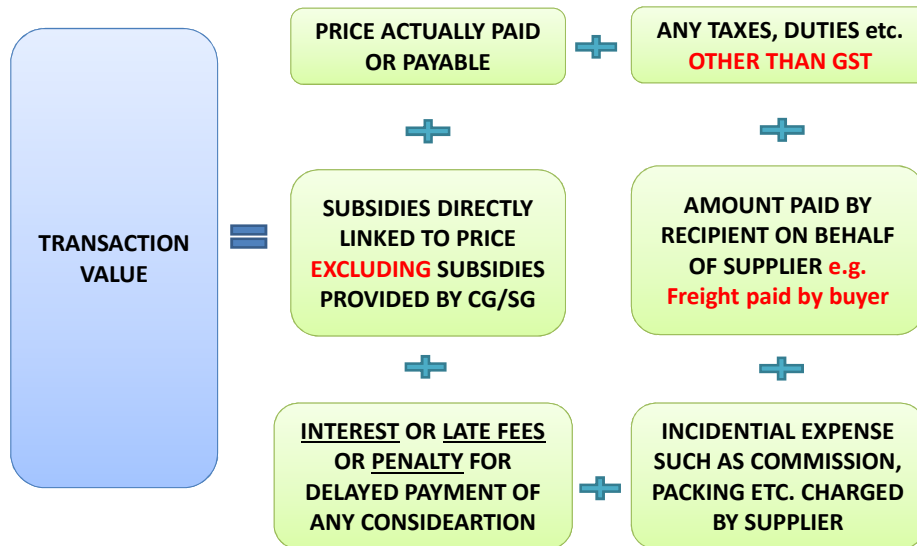


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TRANSACTION VALUE – Section 15(2)



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Issue

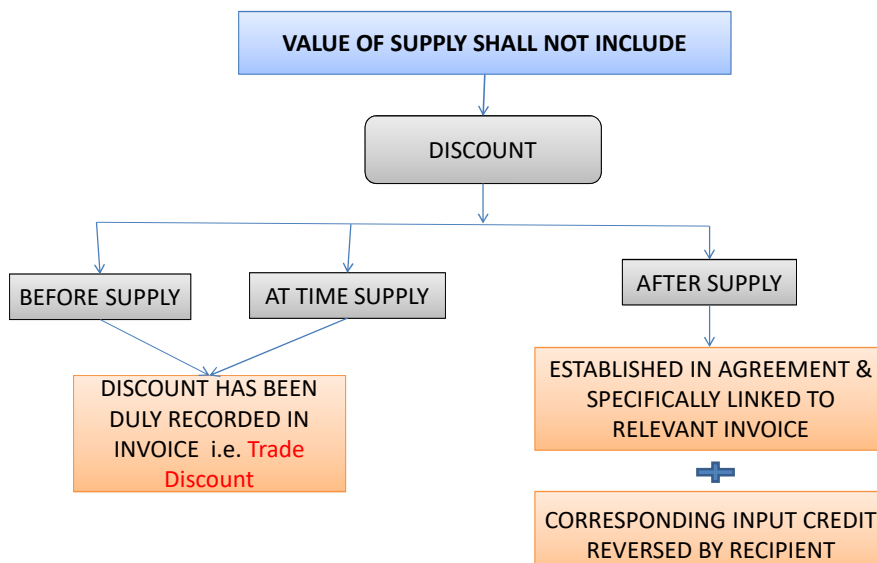
- Whether “CUSTOM DUTY” is required to be added in value of goods for purpose of payment of IGST by importer?
 - No.....Since not charged by supplier

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TRANSACTION VALUE – Section 15(3)



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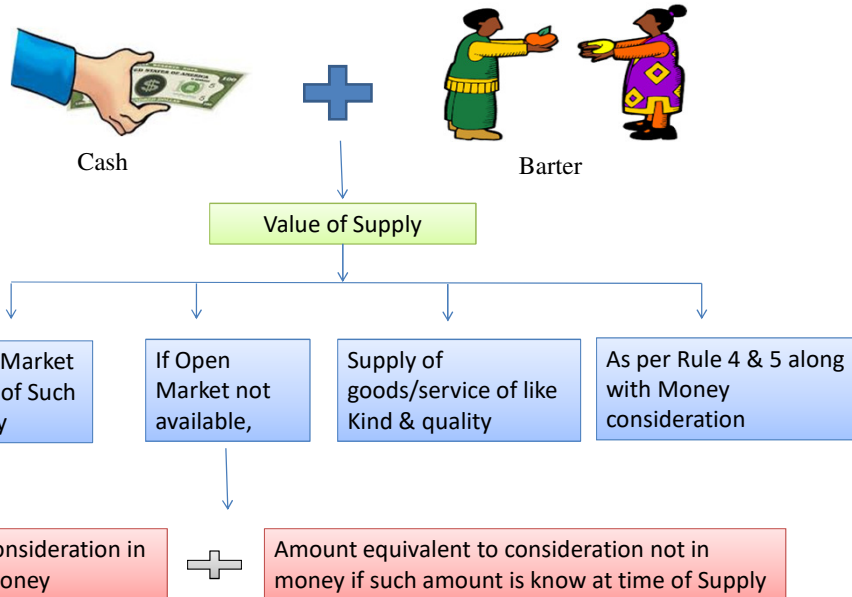
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TRANSACTION VALUE

- Where value of supply cannot be determined as per 15(1), same shall be determined in manner as may be prescribed..... **Valuation rules**
- Notwithstanding anything contained in sub-section 1 & 4, CG/SG may notify value of certain type of supply

VALUATION RULES

When Consideration is not wholly in money



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Open market value – Rule 1(a)

“**Open market value**” of a supply of goods or services or both means the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction, where the supplier and the recipient of the supply are **not related** and **price is the sole consideration**, to obtain such supply at the same time when the supply being valued is made.

Particulars	Amount
New Phone Supplied	Rs. 20,000/- + Exchange of old Phone
Price of New Phone Without exchange	Rs. 24,000/-
Open market Value	Rs 24,000/-

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Open market value not available – Rule 1(b)

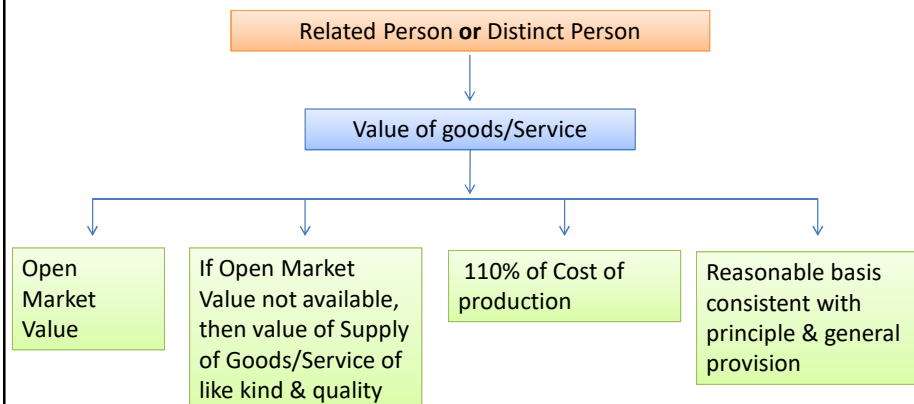
Particulars	Amount
Laptop Supplied along with barter of printer	Rs 40,000/- + barter of printer manufacture by recipient
Value of printer at time of Supply	Rs 4,000/-
Open market value of laptop not known	NIL
Value of laptop	Rs 44,000/-

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Valuation – Related or Distinct Person (other than through an Agent)



- Where recipient is eligible for full ITC, the value declared in invoice shall be open market value of Goods/service

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Value of Like kind & quality – Rule 1(c)

“Supply of goods or services or both of like kind and quality” means any other supply of goods or services or both made under similar circumstances that, in respect of the characteristics, quality, quantity, functional components, materials, and reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both.

- Value under Rule 1(c) to be adopted only when it is not possible to value as per rule 1(a) & 1(b)
- If value cannot be determined by 1(a), 1(b) & 1(c) then value equal to

110% of Cost of
production – Rule 4

OR

Reasonable basis consistent with
principle & general provision – Rule 5

- However in case of Supply of service, supplier may opt for rule 5 disregarding rule 4.

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MEANING OF RELATED PERSON – Section 15(5)

Persons shall be deemed to be “Related persons” if—

- such persons are officers or directors of one another’s businesses;
- such persons are legally recognized partners in business;
- such persons are employer and employee;
- any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them;
- one of them directly or indirectly controls the other;
- both of them are directly or indirectly controlled by a third person;
- together they directly or indirectly control a third person; or they are members of the same family

- “Person” also Include “legal person”
- Person associated in business as
 - Sole Agent
 - Sole Distributor
 - Sole concessionaire

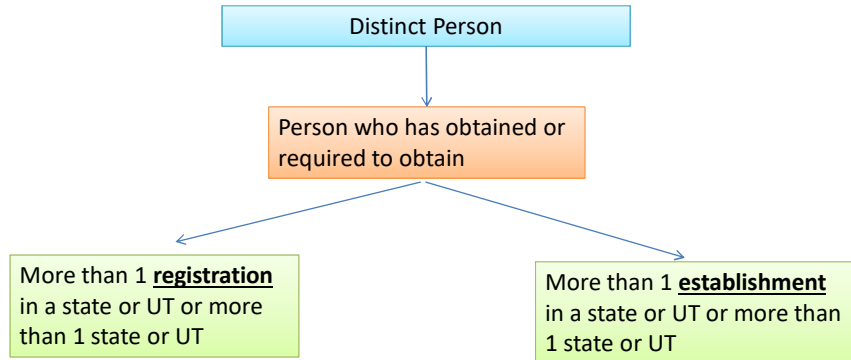
Sole???
Viz a Viz State or
Country

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Distinct Person – Section 25 (4) & 25(5)

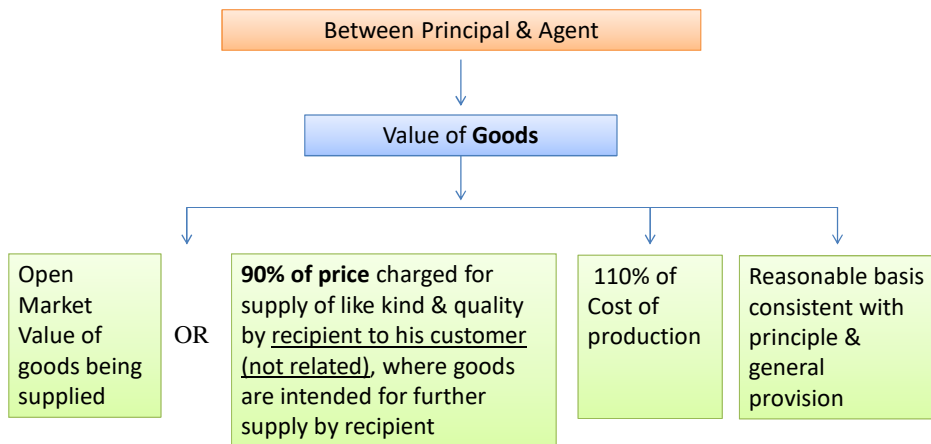


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Valuation of Goods – Through an Agent

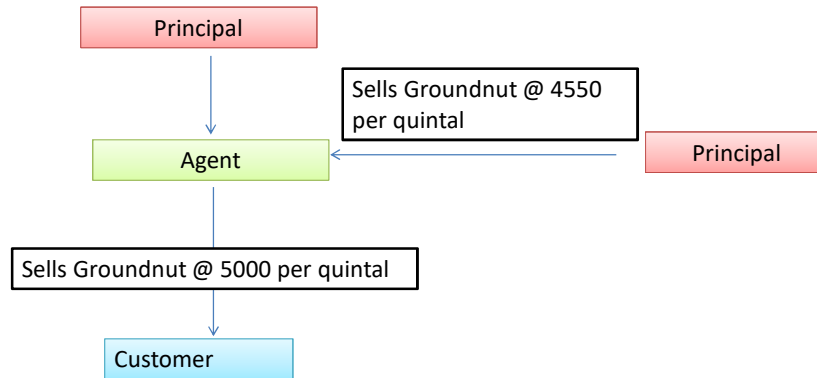


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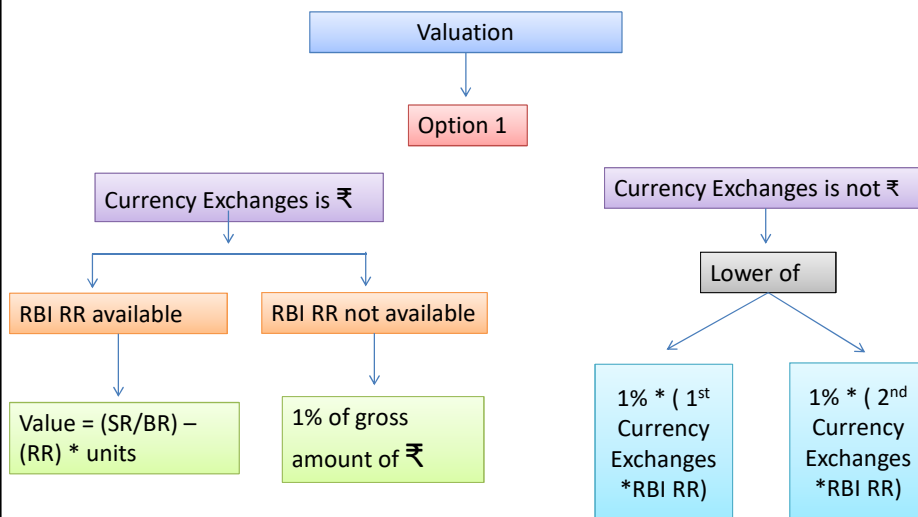
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Example

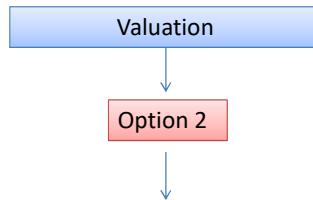


Value = Rs. 4,550/- or Rs. 4500/- (i.e 90% of 5,000/-) at option of supplier (Principal)

Valuation for Money Changing

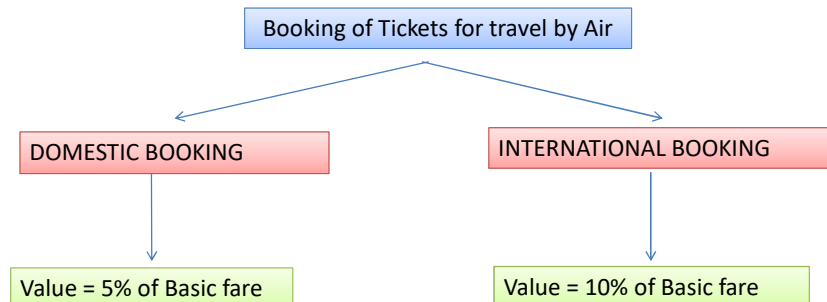


Valuation for Money Changing



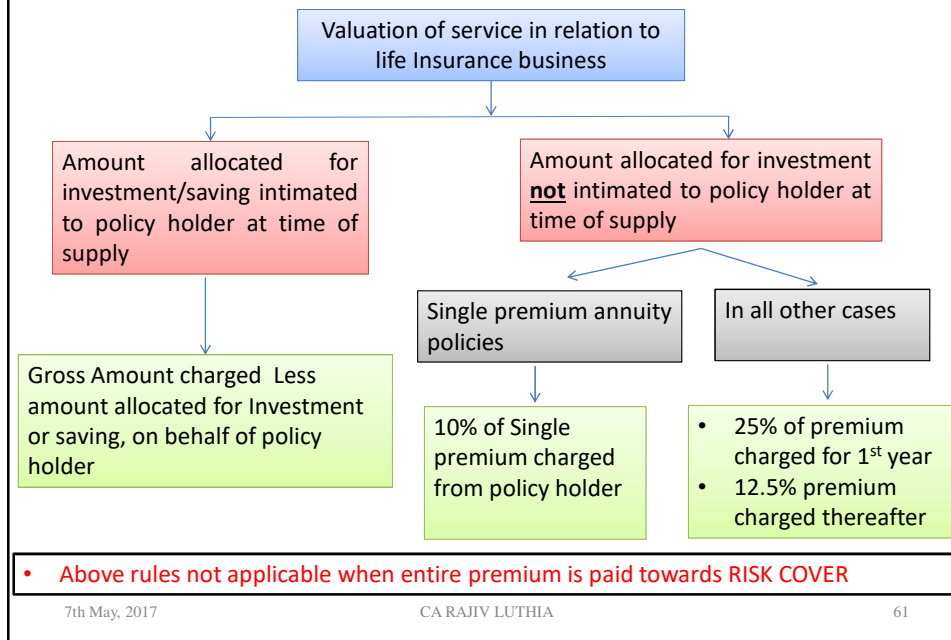
For an amount	Rate
Upto Rs. 1,00,000/-	1% of gross amount of currency exchanged or Rs. 250 which ever is higher
Exceeding Rs. 1,00,000/- & upto Rs. 10,00,000/-	Rs. 1,000 + 0.5% of gross amount of currency exchanged
Exceeding Rs. 10,00,000/-	Rs. 5,000/- + 0.1% of gross amount of currency Exchanged upto maximum of Rs 60,000/-

Valuation for Air Ticket booking

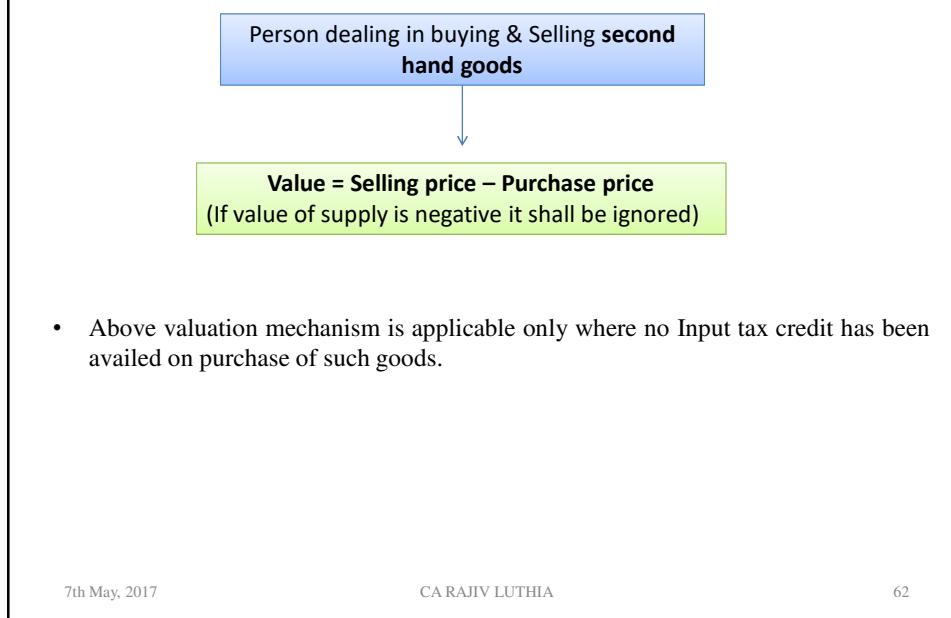


- “Basic Fare” means that part of the air fare on which commission is normally paid to the air travel agent by the airlines

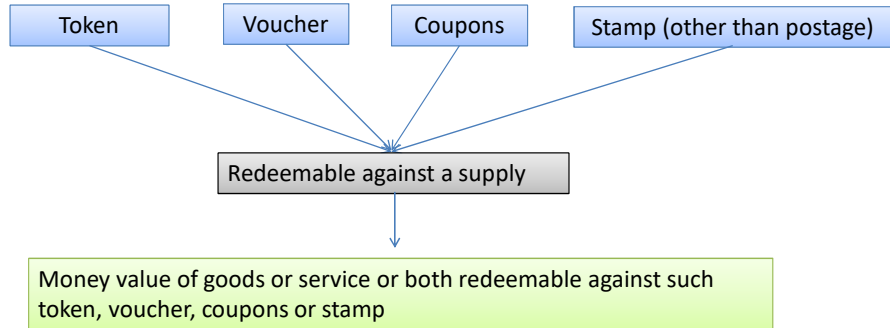
Valuation for Life Insurance business



Valuation for Person dealing in 2nd hand Goods



Value of token, voucher etc.



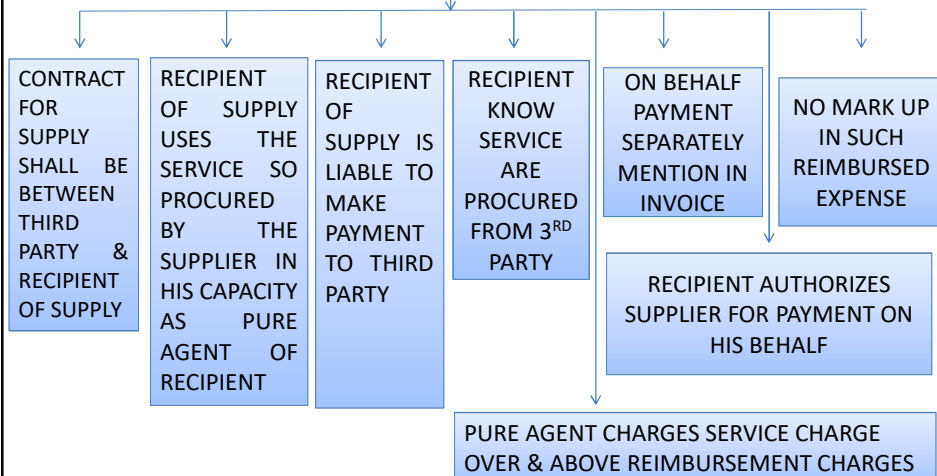
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Value of Supply of Service in case of Pure Agent – Rule 7

Expenditure Incurred by supplier as Pure Agent of recipient of supply of service shall be **excluded** from value of Supply subject to following condition



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Value of Supply of Service in case of Pure Agent

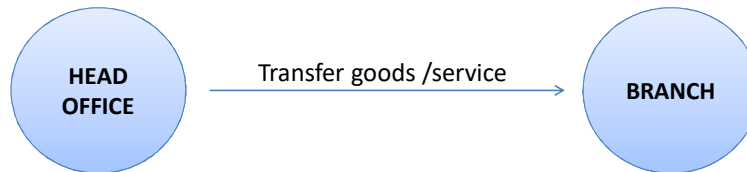
- **Meaning of PURE AGENT**

– Person who

- Enters into contractual agreement with the recipient of service to act as his pure agent to incur expenditure or costs in course of providing taxable service/goods
- Neither intends to hold nor holds any title to the goods/service so produced or provided as pure agent of the recipient of service
- Does not use such goods and/or service so procure
- Receives only actual amount incurred to procure such goods or service.

BRANCH TRANSFER

BRANCH TRANSFER



- Can Transfer of goods/service between HO & branch be considered as transaction between two taxable person & liable to GST?

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BRANCH TRANSFER

- Clause 2 of schedule 1 provide that:
 - Supply of goods/service between related person or between distinct person as specified in section 25, when made in course or furtherance of business shall be treated as supply, even without consideration
- Section 25(4) states that a person who has obtained or is required to obtain more than one registration, whether in one state or more than one state/UT, shall, in respect of each such registration, be treated as distinct person.
- Thus, Inter-state branch transfer will be taxable
- Intra-State branch transfer will be taxable, provided separate registration is obtained by each branch.

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CONSIGNMENT SALE

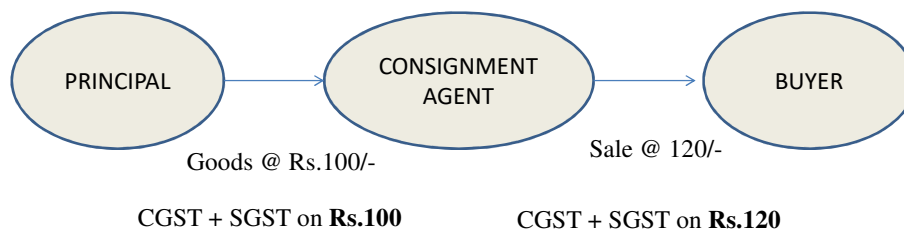
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Consignment Agent

- Schedule 1 provides that Supply of goods-
 - by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal, or
 - by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal
 - Shall deemed to be supply*
- Thus principal & agent are two different taxable person



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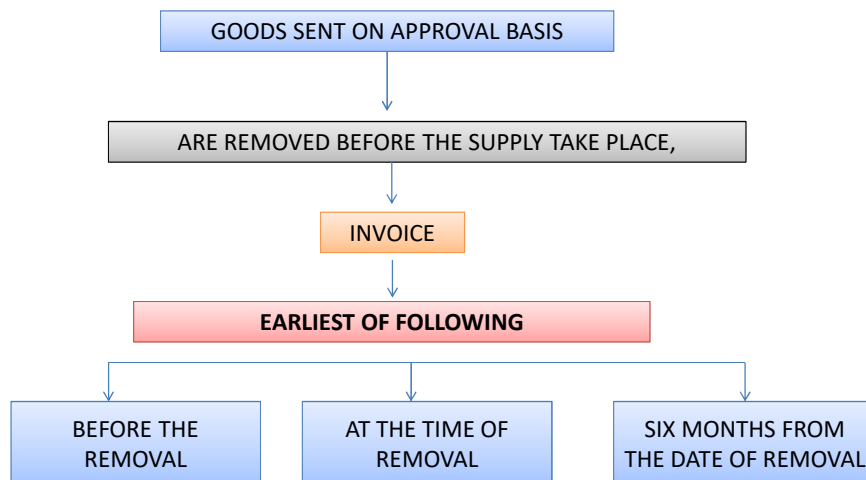
GOODS SENT ON APPROVAL

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GOODS SENT ON APPROVAL.. Section 31(7)



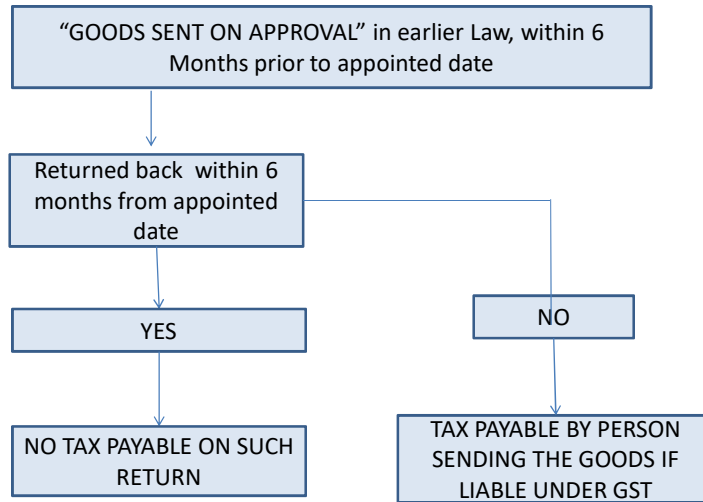
If Invoice not raised till end of 6 months, goods are deemed to have been supplied

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Goods sent on Approval...Section 142(12)



Period of 6 months, can be further extended by the commissioner for further period not exceeding 2 months

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Distribution of Samples

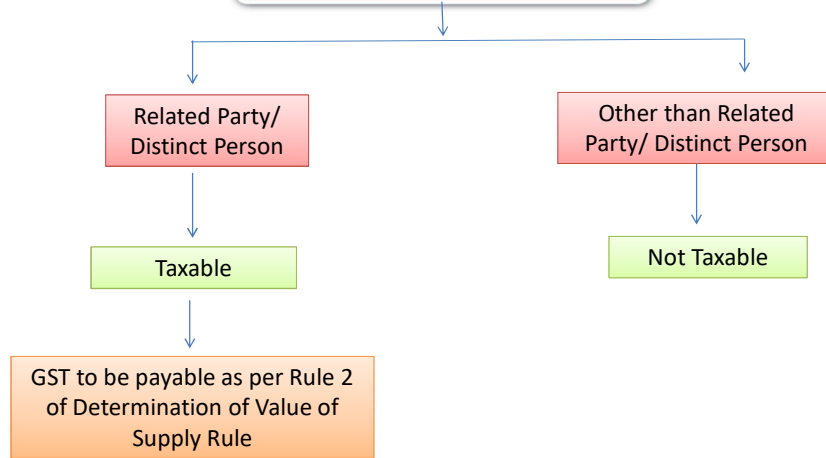
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Distribution of Samples

FREE SAMPLES



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TRANSITION PROVISION

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Transitional provisions... Section 141

When Inputs, semi-finished goods, finished goods send on JOB Work in existing law

Returned back within 6 months or further extend period up to 2 months from appointed date

YES

NO GST

NO

INPUT TAX credit shall be recovered in terms of section 142 (8)(a)

- **Similar Provision for**
 - **Semi-Finished Goods Sent on Job work & returned**
 - **Finished Goods Send for carrying certain process like testing**
- **Manufacture can transfer said goods to any registered person for supply on payment of Tax in India or export without payment of Tax**

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Transitional provisions... Section 142(1)

Duty paid on Goods in earlier Law, within 6 Months prior to appointed date

Returned back within 6 months from appointed date

By Registered taxable Person

Deemed Supply by person returning

By Unregistered taxable Person

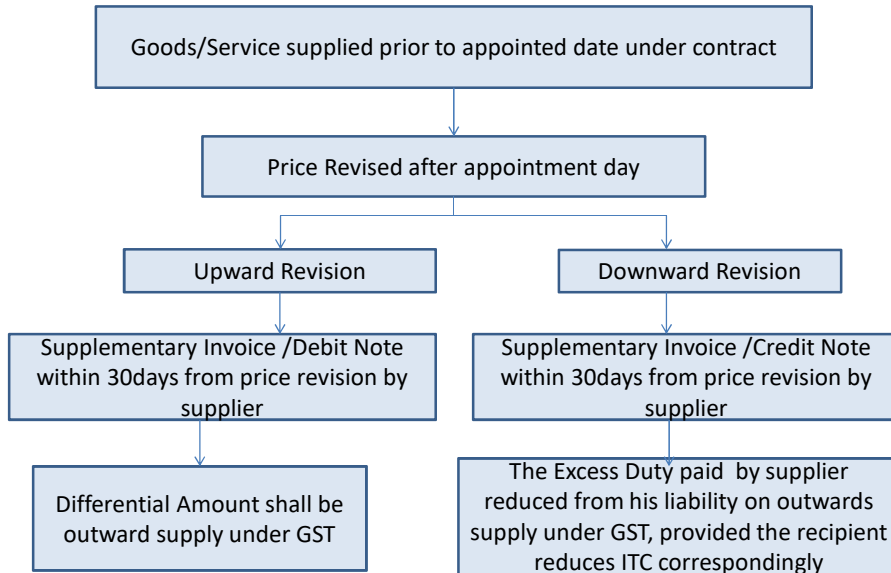
Refund of duty to supplier

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Transitional provisions... Section 142(2)



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WITH KNOWLEDGE..... WE KNOW THE WORDS,
BUT WITH EXPERIENCE..... WE KNOW THE MEANING

Thank You!

CA. Rajiv Luthia

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