

# Goods and Service Tax Act, 2017

# Deficiencies in the Value Addition Taxation System & Other Indirect Taxes

1. Double taxation of a transaction as both goods and service
2. Non-inclusion of several local levies in State VAT such as luxury tax, entertainment tax, etc
3. No Cenvat after manufacturing stage
4. Cascading effect. i.e Tax on Tax.
5. Non Integration of VAT and Service Tax

## Good & Service Tax Act, 2017



Manufacturing



Sale of Goods / Trading



Service Provider



One Tax Across National Level –  
"ONE NATION ONE TAX"

# TAXES SUBSUMED IN GST

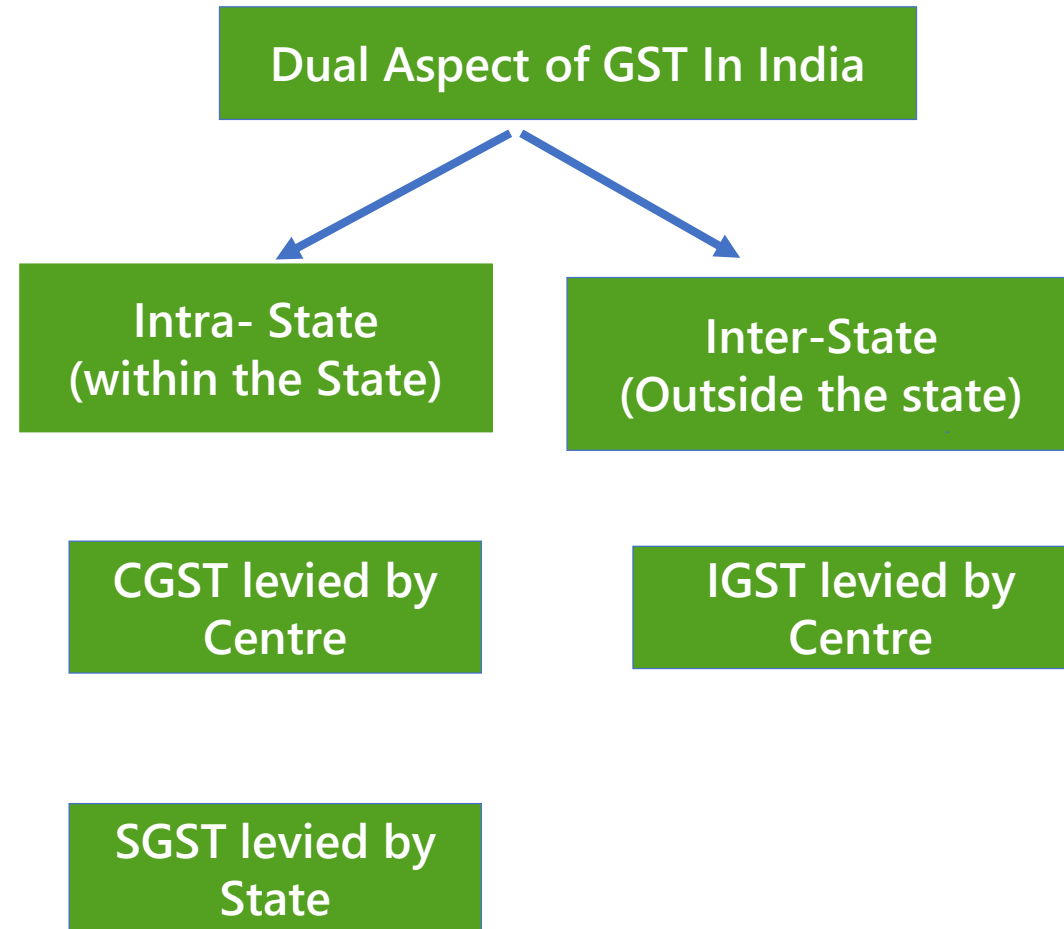
## Taxes Subsumed in GST

1. Central Excise Duty & Additional Excise Duties
2. Services Tax
3. Excise Duty under Medicinal & Toilet Preparation Act
4. CVD & Special CVD
5. Central Sales Tax
6. Central/State Surcharges & Cesses in so far as they relate to supply of Goods & Services
7. Entertainment tax (except those levied by local bodies)
8. Tax on Lottery, betting, Gambling & Entry tax (all forms) & Purchase tax
9. Value added tax / Sales Tax
10. Luxury tax & Tax on advertisement

## Taxes Not Subsumed in GST

PRODUCTS	EXCISE	VAT	GST
Alcoholic liquor for Human Consumption ( state)	Applicable	Applicable	N.A
Petroleum crude, diesel, petrol, ATF & Natural Gas (center)	Applicable	Applicable	N.A
Tobacco ( center)	Applicable	--	Applicable
Opium, Indian hemp & other narcotic drug (state)	Applicable	--	Applicable

# DUAL ASPECT OF GST



# TAXABLE SUPPLIES

## Taxable Supplies

### Nil Rated Supplies/Exempted

Supply of goods which attract 0% GST by default is known as nil rated supplies.  
Grains, Salt, Jaggery, etc.



Milk



Egg



Fish



Chicken



Fruits, vegetables &amp; Bread



Salt

### Regular Taxable Supplies

Supply of an item or service which attracts a GST rate greater than 0% within India



Mobile 18 %



Car 18 or 28 %



Gold &amp; Gold ornaments – 3%

### Zero Rated Supplies

In case of exports, supplies to a SEZ unit or deemed exports, the GST associated with the items or services involved becomes 0 even though the same would attract a GST rate greater than 0% when sold within India. These are deemed as zero rated supplies.

# NON-TAXABLE SUPPLIES

Non- Taxable  
Supplies

Non GST Supplies

This refers to supply of items which are outside the purview of the GST law  
Electricity, Diesel, Petrol and Alcohol for human consumption.



# GOODS AND SERVICE DEFINITION

## GOODS



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Every kind of Movable Property



Actionable Claims-  
Lottery, betting & gambling



Tangible property



Intangible property  
like Patents, Trademarks,  
Designs

## SERVICE



Anything other than goods



**Except Money  
& Securities**



use of money or its conversion –  
Only on additional  
Service charges not on value of conversion



# SUPPLY

## Supply

### Includes

- Sec.7(1) (a) All forms of Supply of Good & Services
- Sec.7(1) (b) Import of Services
- Sec.7(1) (c) Supply without Consideration Schedule I
- Sec. 7(1A) Activities to be treated as supply of goods or supply of services Schedule II



**GST APPLICABLE**

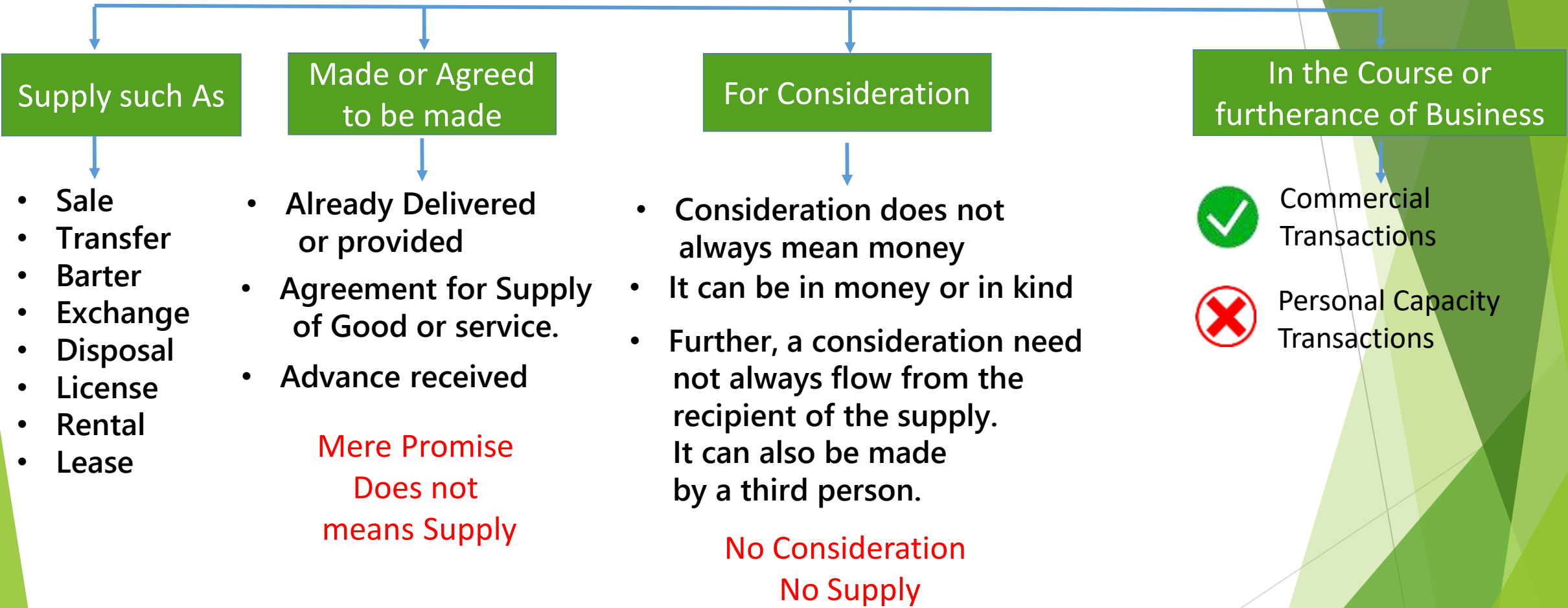
### Excludes

Sec.7(2) (a) Negative List Schedule III

**✗ GST NOT APPLICABLE**



**Sec.7(1) (a) All forms of Supply of Good & Services**



## 1. Permanent Transfer/Disposal of Business Assets

Following conditions need to be satisfied:

- There must be a disposal or transfer of business assets.
- Transfer/disposal must be permanent.
- ITC must have been availed on such business,

Even without consideration – will not be Deemed Supply :

- Business assets on which ITC is blocked/not available under GST
- Business assets though eligible for ITC, ITC has not been availed by the registered person.

Assets Transfer/Disposal ITC Availed –  
Deemed Supply

Assets Transfer/Disposal **ITC not Availed** –  
will be not be Deemed Supply

## 2. Supply between related person or distinct persons – Branch Transfer

### 3. Principal – Agent



Mr. Vipul (the Principal)  
located in Maharashtra

Mr. Chetan (Agent)  
located in Delhi

### Schedule I

Agrees to purchase  
certain goods from  
New Delhi on behalf  
of Jayesh



Mr. Rohit works agent  
(Maharashtra)



Supply

every month  
and supply



Mr. Jayesh Manufacturer  
(Maharashtra)

### 4. Import of Service without consideration



- From a related person outside India or
- From any of his other establishments outside India, whether or not in the course or furtherance of business



Office space  
for rent



Job Work



Construction



Works Contract



Food Served at  
Restaurant



Software

✓ Services

### Schedule III



No GST on Employment



Services by any Court or Tribunal



Services by funeral, burial or mortuary



Functions performed by the MPs, MLA's



Sales of Land

Sales of Building



GST APPLICABLE



Under construction  
OC NOT received



GST NOT APPLICABLE



1<sup>st</sup> Occupancy certificate (OC) received

## Who can Claim ITC?

A person who is registered for GST can only claim the input tax credit if he meets all of the requirements:

- The dealer must have a tax invoice on hand.
- The goods/services in question have been delivered.
- The tax returns have been submitted.
- The tax levied has been paid by the provider to the government.
- If depreciation on the tax portion of a capital product has been claimed, no ITC will be awarded.

## BLOCKED CREDIT

1. Motor Vehicle for transportation of persons with seating capacity not more than 13 persons (including driver), except when the supply used for:- a) Further supply of such motor vehicles b) Further engaged in business of Transportation of Passengers c) Training on driving of such motor vehicles.
2. Purchase of Vessels and Aircraft except when they are used for:- a) Further supply of such vessel and aircraft b) Further engaged in business of Transportation of Passengers or Goods c) Training on navigation of such vessel or flying such aircraft
3. Credit of following services not allowed w.r.t. motor vehicles, vessel and aircrafts as mentioned above a) Service of General insurance b) Servicing, repair and maintenance,
4. Food and Beverages, Outdoor Catering, Beauty Treatment, Health Services, Cosmetic & Plastic Surgery, Cosmetic & Plastic Surgery, Life Insurance, Health Insurance.
5. Membership of Club, health & Fitness Centre, Travel benefit extended to employees, Works contract service, Personal consumption, goods lost stolen

# Composite supply

## Composite Supply

Supply of Two or more goods/services

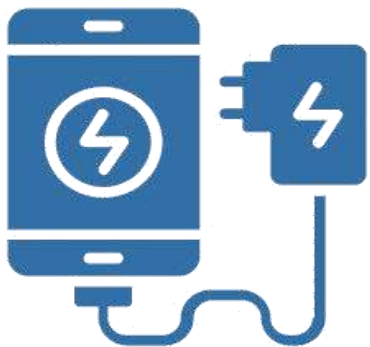
Naturally Bundled

In the ordinary course of business

one of which is a principal supply

items are generally sold as a combination

Tax Rate of Principal Supply



## Mixed Supply

Supply of Two or more goods/services together for a single price can be supplied separately and is not dependent on any other.

the tax rate of the item which has the highest rate of tax.





# Value of Supply

How to determine invoice value on which GST is charged?

- ✓ Actual Value of goods/services provided.
- ✓ Any incidental expenses charged by supplier before delivery
- ✓ Any interest, late fee or penalty.

Minus

- ✓ Any agreed discount given before or after supply (linked to price allowed)