



# NAGPUR BRANCH OF WIRC OF ICAI



**GOODS &  
SERVICE TAX  
(GST)**

**PROJECT  
FINANCE**

**AUDITS**

**E-Newsletter  
July 2017**



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## MESSAGES



### CA. SANDEEP JOTWANI CHAIRMAN

Dear Colleague,

The month of June was real hectic for the profession. Normally there are not many compliances or due date in this month but with the new opportunities coming into picture; the month was fully occupied to update ourselves and also help our clients to adopt the changing environment.

#### Regional GST Conclave

We have witnessed history where we have seen record number of participants in the Regional GST Conclave organized by Western India Regional Council and hosted by Nagpur Branch of ICAI. We had the privilege to welcome the WIRC team and also to felicitate them on their maiden visit after assuming the charge. Renowned experts on GST CA. Madhukar Hiregange, CA. J.K. Mittal, CA. Naresh Sheth, CA. P.Rajendra Kumar, CA. Rajat Talati and CA. Sunil Gabhawalla deliberated on various topics under GST. The program was well attended by more than 1000 delegates from various parts of Vidarbha.

#### New Course Curriculum

From 01<sup>st</sup> July i.e. Chartered Accountants Day, our institute is coming out with new course curriculum wherein the course is designed in lines with the International Education Standards issued by International Federation of Accountants (IFAC) after considering the inputs from various stakeholder. I am sure the new scheme will help to further add on the value to the profession considering the present scenario.

#### Awareness Program

Considering the social responsibility, Nagpur Branch has organized various awareness camps to explain common public, especially trade community, about GST. In this regard, programs were organized jointly with various trade bodies like Automobile Dealer Association, Watch Dealer Association, Optical Dealers Association, MIHAN India Limited and MADDC, HDFC Bank, Chandrapur Agro Dealer Association, CREDAI Chandrapur as well as Chandrapur Vyapari Mandal. Apart from this GST Seva Kendra is already providing its honorary service to the public. These all initiatives are not possible without the active support of our Members who are always ready to support for any such initiative of Branch.

#### Brand Building Exercise

By organizing such programs, we were able to add on to the image of the profession in the eyes of common public who definitely recognize the efforts of Chartered Accountants not only to understand the law but also to explain them to the general public. The response received is really very positive and will help the Business community in understanding as well as successfully adopting the new law. This initiative has clearly added to the Brand our profession carries as well as the respect it commands in the society.

At last I would like to conclude with these lines:-

पसीने की स्याही से जो लिखते हैं इरादों को  
उनके मुकद्दर के सफ़ेद पन्ने कोरे नहीं होते।  
“आओ चले एक साथ – Lets Illuminate”

With Kindest Regards,

CA. Sandeep Jotwani,  
CHAIRMAN  
NAGPUR BRANCH OF WIRC OF ICAI



## MESSAGES



### CA. DEEPAK JETHWANI JOINT EDITOR

Dear Professional Colleagues,

A new era of taxation has begun with GST for new India which has also brought a lot of new opportunities for our profession. GST the biggest tax reform since Independence was launched across the country in a special function at the parliament. To make the members more and more familiar with the new law Nagpur Branch is also not leaving any stone unturned by its Intensive Study Course on GST or seminars or joint events with the industry or department. This issue of the Branch Journal is also dedicated to the Goods and Service Tax. In this issue members have contributed various articles on different aspects of GST.

Now coming to the next issue of the Journal our focus would be on the enterprise funding including project finance. Members having knowledge in the field of bank and other source of finance may contribute and are welcome to contribute their articles for the issue.

Happy learning and keep sharing.

Awaiting your feedback and suggestions on the newsletter...

**CA. Deepak Jethwani**  
Joint Editor



### CA. ASHISH AGRAWAL JOINT EDITOR

Dear Professional Colleagues,

Welcome to the era of One Tax GST. Getting self updated to the new requirements of law is the part of professional's daily routine but learning a whole new law is something different, 2017 will be remembered for year of change. This year first RERA now GST brought big changes in our practice. In order to keep members updated we kept this edition focused on important aspects of GST. I thank all the members who contributed to make this edition valuable.

Happy Reading..

**CA. Ashish Agrawal**  
Joint Editor





## ARTICLE

CA. Prateek Gupta

## A COMPLETE GUIDE TO COMPOSITION SCHEME UNDER GST

### A COMPLETE GUIDE TO COMPOSITION SCHEME UNDER GST

#### WHAT IS COMPOSITION SCHEME

Composition Scheme is an option provided to taxpayers with limited turnover and who may not have requisite resources to comply with all the procedures mentioned under GST.

#### WHO CAN OPT FOR THE SCHEME

##### a) TURNOVER LIMIT:

- 1) Below Rs. 75 Lakhs in PRECEEDING F.Y.
- 2) Below Rs. 50 Lakhs in PRECEEDING F.Y. for taxpayers registered in the following states – Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh.

##### b) RATE OF TAX :

Sr. No.	Category of Person	CGST	SGST	Total
1	Manufacturer (except manufacturer of specified goods)	1%	1%	2%
2	Service Provider – Providing supply, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption);, by way of or as part of any service or in any other manner whatsoever. Eg : Restaurants, Caterers, Food Stalls etc	2.5%	2.5%	5%
3	Other Suppliers of Goods Eg : Traders	0.5%	0.5%	1%

#### WHO CANNOT OPT FOR THE SCHEME

- 1) Person engaged in making interstate supplies of taxable goods.
- 2) Person engaged in making supply of services except those mentioned at Sr. No. 2 of above Table.
- 3) Person supplying goods through an E-Commerce Operator.
- 4) Person being Casual Taxable Person
- 5) Person being Non-Resident Taxable Person
- 6) Person manufacturing the following Goods Notified under Notification No. 8/2017 – Central Tax

Sr. No.	Description	HSN / Chapter / Heading
1	Ice cream and other edible ice, whether or not containing cocoa	2105 00 00
2	Pan masala	2106 90 20
3	All goods, i.e. Tobacco and manufacture tobacco substitutes	24

- 7) Person supplying goods not leviable to tax under the Act Eg: Alcoholic Liquor, Petrol, Diesel etc

(Note : This is not to be interpreted as Exempt Goods. Person supplying Exempt Goods along with Taxable Goods Eg: A Kirana Store are very much eligible to opt for Composition Scheme)

- 8) Migrating dealers having goods in stock as on 1st July 2017; which have been
  - i) purchased in the course of inter-state trade or
  - ii) imported from outside India or
  - iii) received from his branch / agent / principal from outside the state.cannot opt for composition scheme for the F.Y. 2017-18.

# A COMPLETE GUIDE TO COMPOSITION SCHEME UNDER GST

## ARTICLE



### CONDITIONS AND RESTRICITIONS FOR PERSONS OPTING FOR COMPOSITION SCHEME

- 1) Person having multiple GST registration on single PAN cannot opt for composition scheme unless he opts for / is eligible to opt for composition scheme under all GST registration.
- 2) Person having multiple GST registration on single PAN cannot opt for composition scheme unless his aggregate turnover for all the GSTN's combined does not exceeds Rs. 75 lakhs / Rs. 50 lakhs as the case may be.
- 3) Cannot issue Tax Invoice and
- 4) Cannot collect Tax from customer.
- 5) Has to issue Bill of Supply mentioning clearly at the top "COMPOSITION TAXABLE PERSON, NOT ELIGIBLE TO COLLECT TAX ON SUPPLIES".
- 6) Cannot claim ITC on inputs / input services and capital goods.
- 7) Has to pay tax on reverse charge on specified goods and services. Eg : Goods Transport Services
- 8) Has to pay tax on reverse charge on purchases from Unregistered Persons.
- 9) He shall mention the words "COMPOSITION TAXABLE PERSON" at a prominent place at his place of business, every additional place of business and on every notice.
- 10) If he has Goods in Stock purchased from Unregistered Dealers on the day when he opts for Composition Scheme, he shall pay tax on the same by Reverse Charge Mechanism.
- 11) He shall file a Quarterly Return in FORM GSTR – 4 and 4A.

Sr. No.	Business 1	Business 2	Eligibility for Composition Scheme
1	Kirana Shop at Maharashtra	Beauty Parlor	Not Eligible for both businesses as Beauty Parlor services are not an eligible service for composition scheme.
2	Kirana Shop at Maharashtra	Rents out his Shop at Rajasthan	Not Eligible for both businesses as Renting services are not an eligible service for composition scheme
3	Kirana Shop at Maharashtra	Runs Restaurant at Rajasthan	Eligible for Composition Scheme. If he opts for the Scheme for both businesses.
4	Runs Restaurant at Rajasthan with turnover 25 lakhs.	Runs Restaurant at Maharashtra with turnover Rs. 50 lakhs.	Eligible for Composition Scheme. If he opts for the Scheme for both businesses. As Turnover does not exceed 75 lakhs.
5	Runs Restaurant at Rajasthan with turnover 25 lakhs.	Runs Restaurant at Assam with turnover Rs. 30 lakhs.	Not Eligible for Composition Scheme for both businesses as Turnover exceeds 50 lakhs.

### HOW TO OPT FOR COMPOSITION SCHEME

#### PROCEDURE :

##### A) MIGRATING DEALERS :

- i) Shall file an intimation in FORM GST CMP – 01 within 30 days of the appointed date i.e. by 30th July 2017.
- ii) Shall not be eligible for Input Credits brought forward from the earlier Act. He shall have to accordingly reverse the ITC on inputs held in stock as on 1st July as per Transitional Provisions.
- iii) Shall furnish a statement containing details of stock, inward supply of goods from unregistered persons in FORM GST CMP – 03 within 60 days.

##### B) NEW DEALERS :

At the Time of Registration : Shall have the option to opt for composition scheme at the time of registration in FORM GST REG -01.

At a later date Post Registration :

- i) Shall file an intimation in FORM GST CMP – 02 prior to the commencement of the F.Y. for which he wishes to opt for Composition.

## A COMPLETE GUIDE TO COMPOSITION SCHEME UNDER GST

### ARTICLE



ii) Shall furnish a statement in FORM GST ITC – 03 within 60 days of the relevant F.Y.

#### EFFECTIVE DATE OF COMPOSITION SCHEME

- i) The effective date for Migrating Dealers opting for Composition Scheme at the time of migration shall be 1st of July 2017.
- ii) The effective date for New Dealers opting for Composition Scheme at the time of registration shall be
  - a) If applied for within 30 days of the date on which he becomes liable to register : The date on which the person become liable to register.
  - b) If not applied for within 30 days of the date on which he becomes liable to register : The date of grant of registration.
- iii) The effective date for Dealers opting for Composition Scheme at a later date shall be the 1st of April of the F.Y. for which composition scheme is opted for.

**NOTE :** Composition scheme can be opted for only at the time of registration or from the beginning of a Financial Year. It cannot be opted for from the middle of a F.Y. except in case of new dealer.

#### LAPSE OF OR OPTING OUT OF COMPOSITION SCHEME :

- 1) The Composition Scheme shall lapse on the day where the aggregate turnover of the Composition Dealer exceeds Rs. 75 lakhs / Rs. 50 lakhs as the case may be.
- 2) The dealer shall be liable to pay tax at normal rates u/s. 9(1) effective from the date when the Composition Scheme lapses.
- 3) Such dealer shall file an intimation of withdrawal in FORM GST CMP – 04 within 7 days of the lapse of the scheme.
- 4) As per Section 18(1)(c) such dealer may claim ITC on inputs held in stock/ semi finished / finished goods as on the date of lapse of Composition Scheme; in form GST ITC – 01.
- 5) As per Section 18(1)(c) such dealer may claim ITC on capital goods after reducing the tax paid on such capital goods by 5% point for each quarter of a year or part thereof from the date of invoice; in form GST ITC – 01.
- 6) Similar procedure is to be followed by a person voluntarily opting out of composition.

#### MERITS AND DEMERITS OF COMPOSITION SCHEME :

To sum up, there are numerous benefits of Composition Scheme such as LIMITED COMPLIANCE, LIMITED TAX LIABILITY and HIGH LIQUIDITY. At the same time it has its demerits such as LIMITED TERRITORY OF BUSINESS, LOSS OF INPUT TAX CREDIT and NO ITC TO PURCHASING DEALER.

# Congratulations

## on being elected in the body of Vidarbha Industrial Association



**OS Bagadia**  
Vice President



**Suresh Rathi**  
Vice President



**Naresh Jakhota**  
Joint Secretary



**Girish Deodhar**  
Treasurer





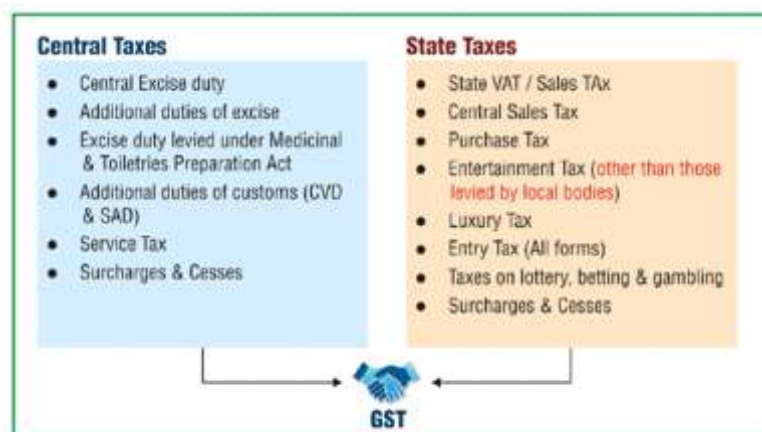
## CA. Avanti Jain

### GST - INPUT TAX CREDIT MECHANISM

### GST - INPUT TAX CREDIT MECHANISM

**Uninterrupted and seamless chain of input tax credit** (hereinafter referred to as, “ITC”) is one of the **key features of Goods and Services Tax**. ITC is a **mechanism to avoid cascading of taxes**. Cascading of taxes, in simple language, is 'tax on tax'. Under the present system of taxation, credit of taxes being levied by Central Government is not available as set-off for payment of taxes levied by State Governments, and vice versa. One of the most important features of the GST system is that the entire supply chain would be subject to GST to be levied by Central and State Government concurrently. As the tax charged by the Central or the State Governments would be part of the same tax regime, the credit of tax paid at every stage would be available as set-off for payment of tax at every subsequent stage.

Goods and Services Tax (GST) would mitigate cascading of taxes. Under this new system, most of the indirect taxes levied by Central and the State Governments on supply of goods or services or both, would be combined together under a single levy. The major taxes/levies are going to be clubbed together or subsumed in the GST regime.



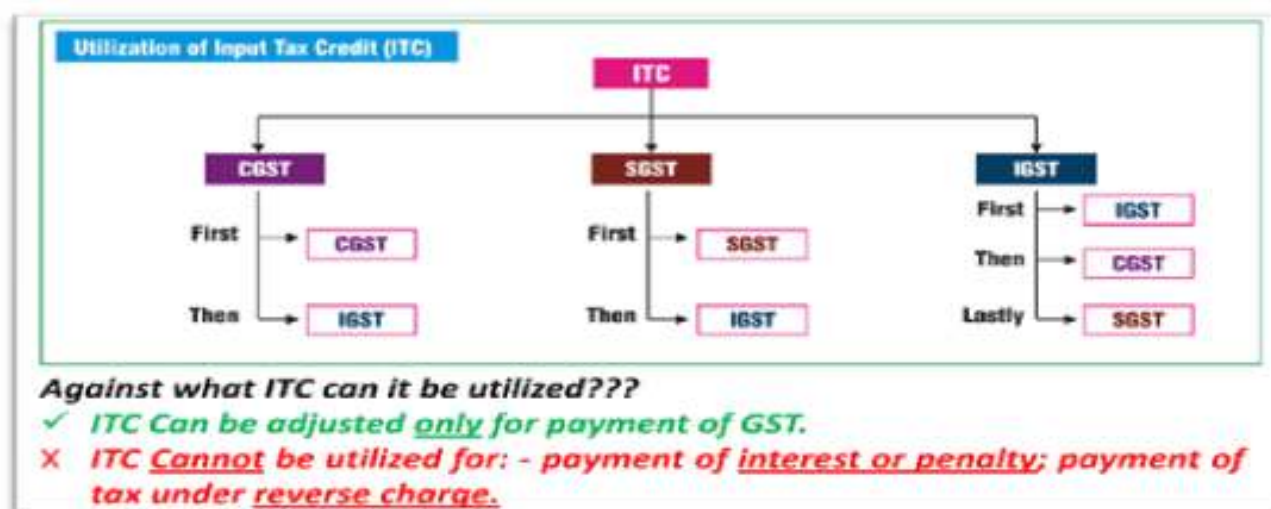
GST comprises of the following levies:

- Central Goods and Services Tax (**CGST**) [also known as Central Tax] on infra-state or infra-union territory without legislature supply of goods or services or both.
- State Goods and Services Tax (**SGST**) [also known as State Tax] on infra-state supply of goods or services or both.
- Union Territory Goods and Services Tax (**UTGST**) [also known as Union territory Tax] on infra-union territory supply of goods or services or both.
- Integrated Goods and Services Tax (**IGST**) [also known as Integrated Tax] on inter-state supply of goods or services or both. In case of import of goods also, the present levy of Countervailing Duty (CVD) and Special Additional Duty (SAD) would be replaced by integrated tax.

**The protocol to avail and utilise the credit of these taxes is as follows:**

Tax payers shall be allowed to take credit of taxes paid on inputs, capital goods and input services (to be referred as ITC) and utilize the same for payment of output tax.

- ✓ However, no input tax credit on account of CGST shall be utilized towards payment of SGST and vice-versa.
- ✓ The credit of IGST would be permitted to be utilized for payment of IGST, CGST and SGST/UTGST **in that order**.
- ✓ CGST is permitted to be utilized for payment of CGST and IGST **in that order**.
- ✓ SGST/UTGST is permitted to be utilized for payment of SGST/UTGST and IGST **in that order**.

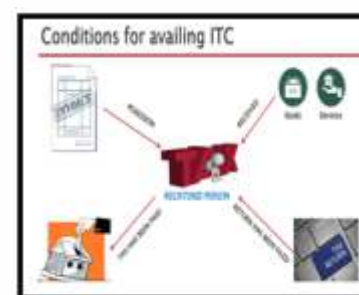


Some of the **technical aspects** of the scheme of Input Tax Credit are as under:

A. Any **registered person** can **avail credit of tax paid on the inward supply** of goods or services or both, **which is used or intended to be used in the course or furtherance of business**.

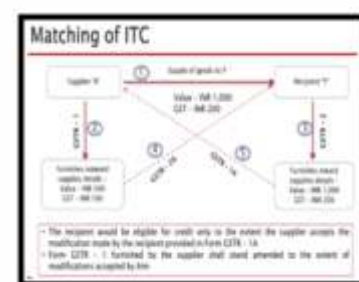
B. The **pre-requisites for availing credit** by registered person are:

- He is in **possession of tax invoice** or any other specified tax paying document.
- He has **received the goods or services**. "Bill to ship" scenarios also included.
- Tax is **actually paid** by the supplier.
- He has **furnished the return**.
- If the **inputs are received in lots**, he will be **eligible to avail the credit only when the last lot of the inputs is received**.
- He should **pay the supplier**, the **value of the goods or services along with the tax within 180 days** from the date of issue of invoice, **failing which the amount of credit availed by the recipient would be added to his output tax liability, with interest** [rule 2(1) & (2) of ITC Rules]. However, once the amount is paid, the recipient will be entitled to avail the credit again. In case part payment has been made, proportionate credit would be allowed.



C. **Documents** on the basis of which credit can be availed are:

- Invoice issued by a supplier** of goods or services or both (**FCM**)
- Invoice issued by recipient** along with proof of payment of tax (**RCM**)
- A **debit note** issued by supplier
- Bill of entry** or similar document prescribed under Customs Act
- Revised invoice**
- Document issued by Input Service Distributor**



D. **No ITC beyond September** of the following FY to which invoice pertains or date of **filing of annual return**, whichever is **earlier**

E. The **Input Service Distributor (ISD)** may **distribute the credit** available for distribution in the same month in which, it is availed. The credit of CGST, SGST, UTGST and IGST shall be distributed as per the provisions of Rule 4(1)(d) of ITC Rules. ISD shall issue invoice in accordance with the provisions made under Rule 9(1) of Invoice Rules.

F. **ITC is not available** in some cases as mentioned in section 17(5) of CGST Act, 2017. Some of them are as follows:

- motor vehicles** and other conveyances except under specified circumstances.
- goods and/or services provided in relation to:
  - Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, except under specified circumstances;



## ARTICLE

- b. Membership of a club, health and fitness center;
- c. Rent-a-cab, life insurance, health insurance except where it is obligatory for an employer under any law;
- d. Travel benefits extended to employees on vacation such as leave or home travel concession;
- (c) **Works contract services** when **supplied for construction of immovable property**, other than plant & machinery, **except where it is an input service for further supply of works contract**;
- (d) Goods or services received by a taxable person for construction of immovable property on his own account, other than plant & machinery, even when used in course or furtherance of business;
- (e) Goods and/or services on which tax has been paid **under composition scheme**;
- (f) Goods and/or services used for **private or personal consumption**, to the extent they are so consumed;
- (g) Goods **lost, stolen, destroyed, written off, gifted, or free samples**;
- (h) Any tax paid due to short payment on account of **fraud, suppression, mis-declaration, seizure, detention**.

## G. Special circumstances under which ITC is available:

- (a) A person who has **applied for registration** within 30 days of becoming liable for registration is **entitled to ITC of input tax in respect of goods held in stock** (inputs as such and inputs contained in semi-finished or finished goods) **on the day immediately preceding the date from which he becomes liable to pay tax**.
- (b) A person who has taken **voluntary registration** under section 23(3) of the CGST Act, 2017 is **entitled to ITC of input tax in respect of goods held in stock** (inputs as such and inputs contained in semi-finished or finished goods) **on the day, immediately preceding the date of registration**.
- (c) A person **switching over to normal scheme** from composition scheme under section 10 is **entitled to ITC in respect of goods held in stock** (inputs as such and inputs contained in semi-finished or finished goods) **and capital goods** on the day immediately preceding the date from which he becomes liable to pay tax as normal taxpayer.
- (d) Where an **exempt supply** of goods or services or both **become taxable**, the person making such supplies shall be **entitled to take ITC in respect of goods held in stock** (inputs as such and inputs contained in semi-finished or finished goods) **relatable to exempt supplies**. He shall **also be entitled to take credit on capital goods** used exclusively for such exempt supply, **subject to reductions** for the earlier usage as prescribed in the rules.

**ITC, in all the above cases, is to be availed within 1 year from the date of issue of invoice by the supplier.**

- (e) In case of **change of constitution** of a registered person on account of sale, merger, demerger etc, the **unutilised ITC shall be allowed to be transferred** to the transferee.
- (f) A person **switching over to composition scheme** under section 10 from normal scheme **or where a taxable supply becomes exempt**, the **ITC availed** in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) as well as capital goods will **have to be paid**.
- (g) In case of **supply of capital goods or plant and machinery**, on which ITC is taken, an amount equivalent to **ITC availed minus the reduction** as prescribed in rules (5% for every quarter or part thereof) shall **have to be paid**. In case the tax on transaction value of the supply is more, the same would have to be paid.

## REQUIRED

Particulars	No. of Posts
1) Articles/Audit Assistants	- 5
Stipend will be paid:- for 1 <sup>st</sup> Year - 4000 for 2 <sup>nd</sup> Year - 5000 for 3 <sup>rd</sup> Year - 6000	
2) CPT Passed/Appeared Students for experience	- 3
3) CA Final/ CA Inter (PE2) Articleship completed	- 2
<p style="text-align: center;"><b>“APPLY FOR GOOD WORK EXPERIENCE”</b></p> <p style="text-align: center;"><b>“SALARY COMMENSURATE WITH KNOWLEDGE &amp; EXPERIENCE”</b></p>	

## CONTACT :-

**A.V. SAOJI & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Ph: 0712-2248245, 8806012388,  
9922444496, 9822365203  
Mail id: caamitsaoji@gmail.com

## ADDRESS :-

Plot No-53, Flat No. 501, 502, Ashirwad Towers,  
5<sup>th</sup> Floor, Beside Vodafone  
Gallery, Central Bazar Road,  
Bajaj Nagar, Nagpur-440010.



## CA. Batul Ali ACCOUNTS & RECORDS UNDER GST

### ACCOUNTS & RECORDS UNDER GST

Maintaining accounts & records was the need in the pre GST regime and it remains far or less the same in the GST regime too.

SECTION 35 of the GST act and the draft rules released by the central government on april 2017 explains the record keeping requirements

#### Section 35 States:

##### 1. every registered person

is required to maintain a true and correct account of the following

- production & manufacture of goods
- inward & outward supply of goods or services or both
- stock of goods.
- input tax credit availed
- output tax credit payable & paid
- any other necessary particulars

The above records are to be maintained and kept at each registered place of business. the accounts and records which are maintained manually are to be serially numbered

*In addition, to above the draft rules provides for maintainence of the following by a registered person*

- Goods or services imported or exported
- supplies attracting payment on reverse charge basis
- invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers, and electronically generated bills, also separate record of each activity ie manufacturing, trading, and provision of services shall be maintained.

*Also a registered person is required to maintain,*

- names and complete address of suppliers from whom he has recieved goods or services chargeable to tax
- names and complete address of persons to whom he has supplied goods or services chargeable to tax
- the complete address of the premises where goods are stored by him including goods stored in transit along with particulars of stock stored therein. *also,*
- a separate account of advances recieved, paid and adjustments made thereto is to be maintained by a registered person.

##### 2. Registered person other than those opting for composition levy u/s 10

Accounts of stocks are to be maintained for each commodity recieved & supplied, with the following information

- opening balance
- receipt of goods
- supply of goods
- goods lost stolen destroyed written off disposed off by way of gift or free samples
- balance of stock including raw material, finished goods, scrap and waste.





also the following details are to be maintained,

- details of tax payable, tax collected and paid
- input tax credit availed
- register of tax invoice, credit note, debit note delivery challan issued and received.

*In addition, to above a registered person manufacturing goods shall maintain,*

- quantitative details of raw materials or services used
- quantitative details of goods so manufactured
- waste and by products thereof

*In addition to above a registered person supplying services shall maintain*

- quantitative details of goods used in the provision of services
- input service utilized
- services supplied

### 3. Transporters, warehouse and godown owners & operators

The draft GST rules require such persons as mentioned whether or not they are registered person to maintain a record of

- the details of goods remaining in the warehouse, including details relating to dispatch, movement, receipt & disposal of such goods.
- the goods shall be so stored that they can be identified with respect to item and with respect to its owner and physical verification and inspection can be made easy on demand.
- a transporter is required to record all branches of goods transported, delivered and stored in transit. the transporters, warehouse & godown owners/ operators if not already registered under GST shall provide the details in form GST ENR-01 electronically.

### 4. Agents u/s 2(5)

as per the draft record rules the agents are required to maintain the following

- an authorization letter from their principal to receive or supply goods or services on their behalf
- a description of goods or services received on behalf of their principal
- a description of goods or services supplied on behalf of their principal
- tax paid on such activity

### 5. Registered works contractor shall maintain

- the names and addresses of the person on whose behalf works contract is executed
- description, value and quantity of goods or services received for execution of works contract
- description, value and quantity of goods or services utilized in the execution of works contract
- details of payment received in respect of each works contract
- the names and addresses of suppliers from whom he received goods or services.

\*Electronic record keeping requirements

The taxpayers must be able to produce on demand an account of the audit trail and inter linkages, the source documents, financial accounts, record layout, data dictionary, explainable codes are to be used, total number of records in each field with sample copies of documents.

The records must be backed up from time to time and should be authenticated by a digital signature.



## CA. Ritesh Mehta GST AND CA PROFESSION

### GST AND CA PROFESSION

The famous American author and novelist Mark Twain once remarked “**I was seldom able to see an opportunity until it had ceased to be one.**” These words are often encountered by professionals when a new opportunity surfaces but one is not able to entirely capitalize on it. However, here's an opportunity for the Chartered Accountants to foresee an opportunity, get acclimatized and be well equipped at the right time. This opportunity manifests in the form of Goods and Service Tax (GST), which has been touted as the 'single most important tax reform after 1947' by the Hon'ble Finance Minister, Mr. Arun Jaitley.

The introduction of GST will have a magnanimous impact as each and every business will be affected. The entire framework of indirect taxation will change ranging from the nature of levy, rate of taxes and administration of the taxes. Introduction of GST should rationalize the tax content in product price, enhance the ability of business entities to compete globally, and possibly trickle down to benefit the ultimate consumer. GST will have a crippling effect on the prices of all the goods and services in India. Amid this huge impact, lies an enormous opportunity for the tax professionals.

#### Mapping existing scenario and GST impact assessment

The first and foremost step in climbing the GST ladder would be mapping the 'as is' scenario of the Company. Modern business structures entail decentralized functions such as separate teams for procurement, distribution, marketing, accounting, taxation and so on. Therefore, it is essential to map the entire supply chain pattern of the Company and various taxes paid at each leg thereof.

Review of the existing scenario will pave the way for identifying the impact of GST on the business. The introduction of GST will result in widening of tax bases, differing rates for taxing goods and services and an extended set off mechanism, which has the potential to change the price of goods and services in India.

We, Chartered accountants, with the knowledge on manufacturing, costing and pricing will be best suited to assist the industry in determining the correct cost of manufacturing goods / rendering services, post introduction of GST. The same will be vital as final prices of goods / services and the profit margins thereto would need to be re-determined. The GST impact assessment should also highlight key impact points of GST on various functions of the Company such as procurement, distribution, marketing, accounting and taxation functions.

#### Advocacy

The mapping of 'as is' scenario and GST impact assessment will bring to light critical areas which could be of a concern to the Company in the new regime vis-à-vis the old regime. The illustrative examples in this connection are outlined below:

- Rate under GST regime vis-à-vis concessional rate / exemption enjoyed in the erstwhile regime
- Continuation of tax incentives (Excise, VAT) under the proposed new regime
- Inverted duty structure
- Transitional issues to ensure complete availability of balance credit for offset in the proposed new regime

Tax professional's services would be vital to help the Company to identify such issues, devise strategies to mitigate exposures and, if required, represent the concerns before the appropriate authority.

#### Re-modelling Business Structures

With the introduction of GST, the present indirect tax rate structure would be overhauled. The GST rates are slotted between 5% to 28%. The same would also impact the import duty rate structure. Further, the credit mechanism is also proposed to be revamped.



GST is proposed to be levied on supply vis-à-vis sale / manufacture. Given this, Companies would have to necessarily evaluate their supply pattern (and frequency thereof) such as supply to warehouse, job work premises, return of goods etc. as the same may come under the purview of GST. Supply chains will therefore see a radical change. Once the GST contours are finalized, the existing supply chains need to be re-looked and re-structured.

### **Accounting and IT infrastructure**

Today's businesses involve rampant use of software (ERP, SAP, Tally) both by the industry and service providing tax professionals. With the advent of GST, drastic revamping of existing IT infrastructure would be required. Further, the entire current accounting codes / treatment may undergo a change under the new legislation. With the knowledge of GST, tax professionals would be best suited to aid technicians in designing the software modules.

### **Tax planning**

With a new law, comes a new set of tax / procedural issues and hence the professionals also need to evolve and devise new tax planning strategies. A great professional would be the one who foresees the problems before the industry faces them and accordingly carve out strategies to avoid the bottlenecks. Any planning which mitigates tax cost would be most appreciated by clients.

### **Advisory services**

The businesses would require regular services in areas such as determining place of supply, determining what is 'goods' and what is 'services', availability of credits and maintenance of records. Advisory services will also be required in dealing with unique issues such as inter-state supply of services (such a concept will be in play for the first time for service providers), inter-state supply of intangibles and valuation of branch transfers.

### **Registration and procedural compliances**

The industry will immediately require assistance in terms of registration under the new law, details and mechanics of records to be maintained. Needless to say regular services such as payment of taxes, filing of returns and audit-related services would continue. Though these services are generic in nature, clear understanding of the law / procedures would aid the professionals in providing effective and timely services to the clients.

### **Training**

Introduction of GST will lead to rise in training requirements– (a) for the industry (b) for tax professionals. A three-fold training structure can be adopted i.e. training to (1) top management of firms / business owners, (2) process owners and (3) taxation / accounting team. Training would be required in first educating the business owners and higher management on the likely impact of GST on their business and thereafter updating the company personnel with nuances of GST along with regular update sessions.

### **Litigation support**

As the new regime kicks in, litigation support would increasingly be required by the industry. Be it appearance before the Departmental officers, drafting (Replies, Appeals, and Petitions) or appearance before higher forums, there is tremendous scope for Chartered Accountants in the litigation space.

### **Services to be offered by Chartered Accountant are as follows:**

#### **Pre Transition:**

1. GST Impact Assessment:
2. Tax impact on business functions:
3. ERP Support- Implementation and/or modification:
4. Standard Operating procedures (SOPs)- Design and Review:

**During Transition:**

1. Review under existing law- limited review:
2. Area specific review:
3. Suggestions for transition as to process, procedures and other aspects:
4. Agreement vetting/modification:
5. Tax optimisation/credit optimisation:
6. Assessment of disputed and refund cases:

**Post Transition**

1. Hand hold support
2. Consulting retainership
3. Review (periodical) retainership
4. Compliance support/outsourcing
5. Industry/client specific representation
6. Pre-audit under GST
7. Audit under GST
8. Refund/rebate claim

**SWOT ANALYSIS OF CA FOR GST**

<b>STRENGTHS</b> Sound Knowledge of Accounts & Audit Good Knowledge of Taxation System Strong Analytical Skills Aware of Business Practices Awareness towards allied laws Continuous Professional Education (CPE) ICAI Support System	<b>WEAKNESS</b> No Sound Knowledge of Constitution Lesser Drafting & Representation Skills No Sound Knowledge of CPC, Evidence Act etc Lack of Updating on Judicial Pronouncements Not Keen for Indirect Tax Practice
<b>OPPORTUNITIES</b> CA Best Suited for Tax Practice CA Sound in Information Technology Shift from Assessment to Audit Can Provide 360 Degree Services on Accounts & Finance Can help in avoiding unnecessary Litigations	<b>THREAT</b> GST being I.T based – may lose compliance work Stiff Competition from other professionals/non professionals Less remunerative as compared to other areas of practise Lot of clerical work rather than high end intellectual work

**Conclusion**

With a new law, comes a new set of issues and in comes newer opportunities. However, it is rightly said that opportunity dances with those who are ready on the dance floor. So the key to seizing the GST opportunity would largely depend on being well prepared before the advent of GST. This can be best understood from the words of Abraham Lincoln – “Give me six hours to chop down a tree and I will spend the first four sharpening the axe”.





## CA. Shuchi Gupta REVERSE CHARGE MECHANISM

### REVERSE CHARGE MECHANISM

#### What is Reverse Charge Mechanism (RCM) in GST?

As per section 2(98) of CGST Act,

- the liability to pay tax by the recipient of supply of goods or services or both
- instead of the supplier of such goods or services
- The receiver has to take registration under GST, issue invoice, liable to pay tax and file returns.

#### SITUATIONS WHERE REVERSE CHARGE WILL APPLY

1. Central Government in terms of Notification No. 4/2017- Central Tax (Rates) and Notification No. 4/2017- Integrated Tax (Rates) has notified certain GOODS, taxes on which shall be paid by recipient subject to some conditions.

Sr. No.	Description of Goods under Reverse Charge	Supplier of Goods	Recipient of supply (Person liable to pay GST under Reverse Charge)
1.	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
2.	Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
3.	Tobacco leaves	Agriculturist	Any registered person
4.	Silk Yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	Any registered person
5.	Supply of Lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent

2. Central Government in terms of Notification No. 13/2017- Central Tax (Rates) and Notification No. 10/2017- Integrated Tax (Rates) has notified certain **SERVICES** on which **GST paid by the recipient on 100% reverse charge basis**:



Sr.No.	SERVICE PROVIDER	SERVICE RECEIVER
1.	Goods Transport Agency	Casual Taxable person, body corporate, partnership firm, any society, factory, any person <b>registered</b> under CGST, SGST, UTGST Act.
2.	Recovery Agent	Banking Company, NBFC or any financial institution
3.	A director of a company or a body corporate	A company or a body corporate
4.	An individual advocate or firm of advocates	Any business entity (whose turnover exceeds Rs.20 lacs)
5.	An arbitral tribunal	Any business entity (whose turnover exceeds Rs.20 lacs)
6.	Taxi driver or Rent a cab operator ( if service provided by e-commerce operator)	Any person – E-commerce Operator
7.	An insurance agent	Any person carrying on insurance business
8.	Any person providing sponsorship services	Anybody corporate or partnership firm.
9.	Author or music composer, photographer, artist, etc ( Transfer or permitting the use or enjoyment of a copyright)	Publisher, Music company, Producer
10.	Services supplied by the Central Government, State Government, Union territory or local authority excluding, - (1) renting of immovable property, and (2) services specified below- (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers.	Any business entity.
11.	Any Service provided from non-taxable territory to a person in taxable territory	Importer

### 3. Unregistered dealer selling to a registered dealer.

In such cases, the registered dealer is required to pay GST on RCM basis for such supply. However, Central Government via Notification No. 8/2017- Central Tax (Rates) exempts ONLY intra-State supplies of goods or services or both received by a registered person from any unregistered supplier, from the whole of the central tax leviable there on provided that the aggregate value of all such supplies in a day does not exceed Rs. 5,000.

However, if the recipient receives supply whereby its aggregate value exceeds Rs.5,000/day (Suppose it is Rs.5,100/- per day) then the tax shall be payable on the whole value of Rs.5,100/- .

Central Government needs to further clarify whether the “aggregate value” for the purpose of calculating limit of Rs.5,000/- day includes value of both taxable and exempted supplies or only value of taxable supply.



### Applicability of Reverse Charge mechanism in various cases:

#### CASE I :-

Supply of any taxable goods or services



In this case, the liability to pay tax will be on the Service receiver. (Situation 3)

#### CASE II :-

Supply of taxable goods or services



In this case,

**Step 1:** Check whether the goods or services supplied are covered in specific goods or services as mentioned in Situation 1 or 2 above.

**Step 2:** If the Goods or services supplied are specifically covered under RCM, then service receiver is liable to pay tax.

**Step 3:** If the Goods or services supplied are NOT covered under RCM, then service provider is liable to pay tax. (Normal case)

#### CASE III :-

Supply of taxable goods or services

- In case of goods, normal charge will apply and service provider will be liable to pay tax
- In case of services specifically covered RCM (except GTA service), Service recipient will be liable to pay tax under RCM and has to take registration.





Sr. No.	Goods/Services	Service Provider (SP)	Service receiver (SR)	
1.	Cashew Nuts	Registered SP	Registered SR	Covered under RCM i.e. SR will be liable to pay tax (CASE II)
2.	Cashew Nuts	Registered SP	Unregistered SR	Not covered under RCM i.e. Sp will be liable to pay tax (CASE III)
3.	Cashew Nuts	Unregistered SP	Registered SR	Covered under RCM i.e. SR will be liable to pay tax (CASE I)
4.	Renting of Immovable property for commercial purpose	Unregistered SP	Registered SR	Covered under RCM i.e. SR will be liable to pay tax. (CASE I)
5.	Renting of Immovable property for commercial purpose	Registered SP	Registered SR	Not covered under RCM i.e. SP will be liable to pay tax (CASE II)
6.	GTA service	Registered SP	Registered SR	Covered under RCM i.e. SR will be liable to pay tax (CASE II)
7.	Music Composer providing service to an unregistered music company	Registered SP	Unregistered SR	Covered under RCM i.e. SR will be liable to pay tax and company has to take registration. (CASE III)
8.	GTA service	Registered SP	Unregistered SR	This is an exception to case III. GTA will be liable to pay tax under normal charge and will not be covered under RCM.

### Who all are required to take GST Registration under RCM

All persons who are required to pay tax under reverse charge have to register for GST irrespective of the threshold limit i.e. **Compulsory registration.**

### TIME OF SUPPLY OF GOODS & SERVICES UNDER RCM

The time of supply of GOODS under RCM shall be the **earliest** of the following dates -:

- the date of receipt of goods OR
- the date of payment OR
- the date immediately after 30 days from the date of issue of invoice by the supplier (60 days for services)

If it is not possible to determine the time of supply under (a), (b) or (c), the time of supply shall be the **date of entry** in the books of account of the recipient

For clause (b)- the date of payment shall be **earlier** of-

- The date on which the recipient entered the payment in his books  
OR
- The date on which the payment is debited from his bank account





Let us understand this with an example:

Date of Receipt of Goods (1)	Date of Invoice (2)	Date of Payment (3)	Date of Entry in the books of Receiver	Time of Supply of Goods	
15 <sup>th</sup> May, 2018	15 <sup>th</sup> July, 2018	1 <sup>st</sup> June, 2018	18 <sup>th</sup> May, 2018	15 <sup>th</sup> May, 2018	If for some reason time of supply could not be determined supply under (1), (2) or (3) then it would be <b>18th May 2018</b> i.e., date of entry

### INVOICING RULES UNDER RCM

- A registered person who is liable to pay tax under reverse charge i.e., the buyer has to **mandatorily** issue invoice.
- It should be clearly mentioned on the invoice that tax is paid on reverse charge basis.
- The invoice has to be issued on the date of receipt of goods or services or both.
- In case of supplies from unregistered dealer/service provider to a registered recipient of goods or services, a registered person may issue a **consolidated invoice** at the end of a month, the aggregate value of such supplies exceeds rupees five thousand in a day from any or all the suppliers:

### PAYMENT OF GST UNDER RCM

- The service recipient can avail Input Tax credit on the Tax amount that is paid under reverse charge on goods and services.
- The only condition is that the goods and services are used or will be used for business or furtherance of business.
- Unfortunately, ITC cannot be used to pay output tax, which means that payment mode is only through cash under reverse charge.
- Recipient has to issue a payment voucher to the supplier in case of payment of reverse charge supplies.

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## CA. Amit Agrawal GST - DO YOU KNOW?

### GST – DO YOU KNOW ???

#### LIABILITY FOR GST REGISTRATION & GST PAYMENTS :

1. As per **Sec 22** of the CGST Act 2017 (“the Act”), every supplier (including his agent) who makes a taxable supply i.e. supply of goods and / or services which are leviable to tax under GST law, and his **Aggregate turnover** in a financial year exceeds the threshold limit of 20 lac/10 lac rupees shall be liable to register himself in the State or the Union territory from where he makes the taxable supply.

2. As per **sec 2(6)** of the Act “aggregate turnover” includes the aggregate value of:

all taxable supplies,

all exempt supplies,

Exports of goods and/or service, and,

All **Inter-state** supplies **between Distinct persons** having same PAN

#### Note :

i) Under existing laws for Computation of Turnover limit for the purpose of SSI exemption of Rs 10 lakhs vide Notification No.33/2012-ST dated 20.06.2012, exempted or export turnover has to be excluded but same is not the case in GST as there is no exclusion for Exempted or export turnover for calculation of Threshold limit of 20/10 lac **for Registration**

ii) Intra state supplies between distinct persons( i.e More than one Registration within the state for different business verticals) not to be included in aggregate turnover.

iii) The definition uses the term exports of Goods or services and **not Zero rated** supplies thus the supplies to SEZ developer or unit which are not chargeable to GST has to be excluded for the purpose of Computation of aggregate Turnover

iv) The above shall be computed on all India basis and excludes taxes charged under the CGST Act, SGST Act, UTGST Act, and the IGST Act. Aggregate turnover shall include all supplies made by the Taxable person, whether on his own account or made on behalf of all his principals.

v) Aggregate turnover does not include value of inward supplies on which tax is levied on reverse charge basis, so value of reverse charge has to be excluded.

vi) Unlike existing laws there is no Centralised Registration in GST laws & the separate registration has to be obtained in each of the states where the taxable supplies are made. More than one registration can also be (optional) obtained in 1 state if there are different business verticals.

3. Further as per Sec 22(2) the persons who are **already registered under Existing laws as defined in Central & State GST Acts**, say Service Tax, Central Excise, Customs or VAT Acts shall be compulsorily liable to be registered/ Migrate under GST whatever their turnover may be. The question arises whether a person by chance have only EXIM Number under existing laws and is not having any other Registration under existing laws whether he is liable to Migrate & compulsorily pay GST. For the time being let us keep this question open.

4. There is a threshold turnover exemption limit of 20/10 lac under GST for persons migrated from existing registration. Voluntarily they can pay GST from the very first supply wef 01.07.2017 after they have /migrated to GST and has obtained GSTIN No or they may cancel their registration if they are not liable to registration under the GST Act. This cancellation has to be made within 30 days from the appointed day and shall be submitted electronically in FORM GST REG-29 at Common Portal .

5. **Section 24** of the Act mentions certain categories of suppliers, who shall be liable to take **compulsory registration** even if their aggregate turnover is below the said threshold limit of 20 lakh rupees. They are :

=>Persons making any **Inter-State supplies ( this includes Inter State Supplies to Distinct Persons)**



- =>**Casual taxable person** as defined in Sec 2(20) making taxable supply
- =>Person required to pay tax under **Reverse charge as per Sec 9(3)** of CGST Act.
- =>**Non Resident** taxable person making taxable supply
- =>Person liable to **deduct tax u/s 51**
- =>Person who makes taxable supplies for other taxable person as an **Agent**
- =>**Input service distributor**
- =>Persons supplying goods through Electronic commerce operator **liable to TCS**
- =>**Electronic Commerce operator**
- =>Online info & **Database service from abroad** to unregistered person in India
- =>**Other persons** as may be notified by the government

6. Briefly the reverse charge tax as per **Sec 9(3) of CGST Act** is payable in following cases where the compulsory registration is required by receiver of goods/services. Refer **Not No. 13/2017 & 04/2017- CGST(rate)** for Services & Goods respectively

- \* **GTA Services** to person mentioned in S.No 1 to Not 12/2017-CGST (rate)
- \* Services of an **Advocate** to Business entity having turnover above 20 lac/10 lac in the preceeding financial year
- \* Services by **Arbitral Tribunal** to Business Entity
- \* **Sponsorship** Services to Body Corporate or partnership firm
- \* Various services by **govt/local authority** to Business entity excluding services specified at S.No.5 to Not 12/2017-CGST (rate)
- \* Registered person purchasing **Cashew nuts not shelled or peeled, Bidi wrapper leaves (tendu), tobacco leaves** from an **agriculturist**,
- \* Registered person purchasing **Silk yarn** from any person who mfg silk yarns from raw silk or silk worn cocoos.
- \* **Lottery distributor** or Selling Agent purchasing lottery from State govt, UT or Local authority

7. One needs to be **very careful** while transacting business wef 01.07.2017 as once you are liable to register by virtue of forward charge or reverse charge transactions covered under sec 22 or 24 you have to compulsorily pay the GST as there is no threshold limit of Rs 20 / 10 lac for payment . Threshold limit is available only for registration so if any person is liable for registration under sec 22 or 24 they would be liable to be charge & pay GST on **Supplies subsequent to registration** irrespective of the value of supply made by them excluding NIL Rated, Exempted & Zero rated supplies.

8. It may so happen that a person deals in only Intra state supplies & have annual turnover below 20 lakhs but he may also be required to take registrations in special circumstances of sec 24 including reverse charge notifications issued under Sec 9(3). In such case he becomes liable to pay GST subsequent to obtaining registration irrespective of his intra state supply turnover.

9. In GST Era the Input Tax Credit is seamlessly available to the receiver of Supply thus he or she would prefer to transact business with the registered dealer so as to avoid reverse charge GST under sec 9(4), thus to be in competition & to avoid loosing of business the GST registration is advisable

#### 10. Who is not liable to Registrations under GST :

- =>Sec 23 Specifies any person who is **exclusively** in the business of supplying goods or services which are not liable to tax or wholly exempted from tax under CGST or IGST Act is not liable to Registration. Further the **Agriculturist** supplying produce out of cultivation of land is also not liable to registration.

**11. Procedure for Registrations:**

The detailed procedure is provided in sec 25, 26, 27 of CGST Act along with special provisions for Casual taxable person & Non Resident Taxable Person

**12. Who is liable to pay GST?**

In general, the supplier of goods or services is liable to pay GST. However, in specified cases like imports and other notified supplies under Sec 9(3), the liability may be cast on the recipient under the reverse charge mechanism. Further, in some notified cases of intra-state supply of services, the liability to pay GST may be cast on e-commerce operators through which such services are supplied. Also, Government Departments making payments to vendors above a specified limit [2.5 lakh under one contract as per Sec 51(1)(d)] are required to deduct tax (TDS) and E-commerce operators are required to collect tax (TCS) on the net value [i.e. aggregate value of taxable supplies of goods and/or services but excluding such value of services on which the operator is made liable to pay GST under Section 9(5) of the CGST Act, 2017] of supplies made through them and deposit it with the Government.

**13. Exports / Supply to SEZ Unit**

Exports / Supply to SEZ Unit will be treated as zero rated supplies. No tax will be payable on exports of goods or services

**14. Distinct persons**

As per section 25(4) of the Act, a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

**15. Case Studies:****In the following examples Whether :**

1) Registration of GST is required & how GST has to be paid ?

**CASE 1 :**

Particulars	Amount (in Rs)
Taxable Intra-State supply in State 1	4 lakhs
Taxable Intra-State supply in State 2	4 lakhs
Taxable Inter-State supply	4 lakhs
Exempted supply	2 lakhs
Supply to Distinct person (Inter state MS to MP)	2 lakhs
Exports	2 lakhs
<b>Total Turnover</b>	<b>18 lakhs</b>

**Comments :** All of the above supplies has to be included for the purpose of calculation of aggregate turnover. Total turnover is below Rs. 20 lakhs thus no registration is required as per sec 22 but compulsorily they have to register u/s 24 as there is an Inter State Supply. The Tax liability of GST would arise from the first transaction when he became liable to registration under sec 24. The application for registration can be applied within 30 days. Please Note that providing Intra state supplies in more than one state does not make the person liable to registration if the total turnover is within 20 lakhs and no activities are done to be covered under compulsory registration u/s 24.

**CASE 2 :**

Particulars	Amount (in Rs)
Taxable Intra-State supply	8 lakhs
Taxable Inter-State supply	0 lakhs
Exempted supply	4 lakhs
Supply to Distinct person (Inter State)	2 lakhs
Exports under Bond/LUT & Payment of Tax	5 lakhs
Supplies to SEZ Unit	2 Lakhs
<b>Total Turnover</b>	<b>21 lakhs</b>





**Comments:** Total turnover is above Rs. 20 lakhs, but as supplies to SEZ though Zero rated supply is not includible to compute aggregate turnover registration is not required under sec 22. But as there is a Inter state supply to Distinct person covered under compulsory registration u/s 24 the GST registration has to be obtained. The Tax liability of GST would arise from the first transaction when he became liable to registration under sec 24. The application for registration can be applied within 30 days.

**CASE 3:**

Particulars	Amount (in Rs)
Taxable Intra-State supply	8 lakhs
Taxable Inter-State supply	0 lakhs
Exempted supply	4 lakhs
Supply to Distinct person(Intra State).	2 lakhs
Exports under Bond/LUT & Payment of Tax	5 lakhs
Supplies to SEZ Unit	2 Lakhs
Legal Opinion Services availed from an Advocate	Rs 25000 Fees paid
<b>Total Turnover</b>	<b>21 lakhs</b>

**Comments:** Total turnover is above Rs. 20 lakhs, but still registration is not required under sec 22 as supplies to SEZ though Zero rated supply & Intra state supplies to Distinct person is not includible to compute aggregate turnover. Thus excluding Supplies to SEZ & to distinct person the total aggregate turnover is 17 lac exempting registration in current year. Representational Services from Advocates to Business entity having turnover above 20 lakhs are covered under Reverse charge GST but Legal opinion from Advocate are not covered under Reverse charge. So No registration required u/s 24 also. If in the said example Representational services would have been availed from advocate instead of Legal Opinion Service depending on the Aggregate Turnover of preceding financial year whether above 20 lac registration has to be obtained for payment of GST on Reverse charge.

**CASE 4:**

Particulars	Amount (in Rs)
Taxable Intra-State supply	8 lakhs
Taxable Inter-State supply	0 lakhs
Exempted supply	4 lakhs
Supply to Distinct person(Intra State)	2 lakhs
Exports under Bond/LUT & Payment of Tax	5 lakhs
Supplies to SEZ Unit	2 Lakhs
Purchases from Unregistered dealer for Taxable supply	Rs 25000 paid to unregistered dealer
<b>Total Turnover</b>	<b>21 lakhs</b>

**Comments:** Total turnover is above Rs. 20 lakhs, but still registration is not required under sec 22 as supplies to SEZ though Zero rated supply & Intra state supplies to Distinct person is not includible to compute aggregate turnover. Thus excluding Supplies to SEZ & to distinct person the total aggregate turnover is 17 lac exempting registration in current year. There is a payment to unregistered dealer above Rs 5000 thus GST has to be paid by receiver of Goods only if he is registered. In this case as No GST registration bcz Aggregate turnover below 20 lac thus no Reverse charge payment for value of Goods of Rs 25000/- purchased from unregistered dealer as transaction not covered u/s Sec 9(4). Further the Reverse charge tax payable for purchases from unregistered dealer does not mandate registration under GST for unregistered person unless he is covered by Sec 22 & 24.



## ARTICLE

## CASE 5:

Particulars	Amount (in Rs)
Intra state supply of Agriculture Produce by Agriculturist	15 lakhs
Inter state supply of Agriculture Produce by Agriculturist	10 lakhs
Supply of Agricultural produce as Casual Taxable person	1 lakh
Freight paid for GTA for Transport of agriculture produce	50,000
<b>Total turnover</b>	<b>26 lakhs</b>

**Comments:** The total turnover is above 20 lakhs thus covered u/s 22 but taking the shield of section 23, registration not required as dealing is exclusively in exempted goods. And also, GTA service provided for agriculture produce is exempt u/s 11 (S.No 21 of Not 12/2017- CGST (Rate)), so no RCM on GTA & he is not liable to take registration u/s 24 also. Further though as a Casual Taxable person compulsory registration is to be obtained u/s 24 but as Agriculturist is specifically exempted from registration u/s 23, he would be exempted from registration as casual taxable person also.

## CASE 6:

Particulars	Amount (in Rs)
Intrastate supply of Meat of Bovine Animal	15 lakhs
Interstate supply of Meat of Bovine Animal	10 Lakhs
Freight paid for GTA for transport of Meat	50,000
<b>Total turnover</b>	<b>25 lakhs</b>

**Comments:** The total turnover is above 20 lakhs thus covered under u/s 22 but taking the shield of section 23, registration not required as dealing is exclusively in exempted goods. And also RCM for GTA service availed not applicable as not received by a Registered dealer thus he is not liable to take registration u/s 24 also. **(See S.No 1, Column 4, point (d) to Notification 13/2017- CGST (Rate))**

## CASE 7:

Particulars	Amount (in Rs)
Intrastate Taxable supply in Nagpur Branch	15 Lakhs
Intrastate Taxable supply in Ahmedabad Branch	10 Lakhs
<b>Total turnover</b>	<b>25 Lakhs</b>

**Comments :** The assess will be liable for registration u/s 22 as total turnover is above Rs. 20 lacs and thereby has to take a two separate registration for each branch i.e. for Nagpur at Maharashtra and for Ahmedabad in Gujarat. There is no concept of Centralised registration under GST.

## CASE 8:

Particulars	Amount (in Rs)
M/s. ABC dealing in readymade garments (UNIT A) in Maharashtra	15 Lakhs
M/s. ABC is a service provider (Fashion designer) (UNIT B) in Maharashtra	10 Lakhs
<b>Total Turnover</b>	<b>25 lakhs</b>

**Comments :** The assess will be liable for registration u/s 22 as total turnover is above Rs. 25 lacs and they have an option to register both the units as separate business verticals within one state of Maharashtra or else they can include both the units in single registrations in Maharashtra as additional place of business.

## CASE 9:

Particulars	Amount (in Rs)
Aarohi band, a music band of Nagpur performs at Mumbai	10 lakhs
Performs in Delhi where they do not have any fixed place of business.	1 lakh
<b>Total turnover</b>	<b>11 Lakhs</b>



**Comments:** As the Band do not have the fixed place of business in Delhi they have to take registration in Delhi as a casual taxable person u/s 24 and pay tax on 1 lakhs. This do not affect the position of Maharashtra where the receipts are below 10 lakhs and no registration and GST payments are required. Alternatively the band would have taken registration at Maharashtra and Billed IGST to Delhi Client, in such case the subsequent supplies in Maharashtra would also become taxable

#### CASE 10:

Mr. Alex, an engineer from USA, comes to India and provides engineering services to Infosys and charge Rs.5 lacs. Since, Alex is a non-resident and is providing a taxable service in India, he has to compulsorily take registration u/s 24.



## EVENT CLICKS

### INTENSIVE STUDY COURSE ON GST FOR BEGINNERS : तृतीय



CA Julfesh Shah



CA Shailendra Jain



CA Hemant Rajandekar



CA Ritesh Mehta



CA Milind Patel



CA Satish Sarda



CA Pritam Batra



CA Varun Vijaywargi





## EVENT CLICKS

### GST SEVA KENDRA



### CERTIFICATE COURSE ON CONCURRENT AUDIT OF BANKS







## EVENT CLICKS

### STUDY CIRCLE MEET

**SESSION ON FATCA  
BY  
CA. RANJIT DANI**



**DOCUMENTATION UNDER  
PROJECT FINANCE  
BY  
CA. DINESH RATHI**



**CONNECTING WITH SELF  
TO ACHIEVE "YOGA"  
BY  
MRS. ANUSHKA KARIRA & TEAM**





## EVENT CLICKS

### VARTALAAP ON GST



**AWARENESS PROGRAMME  
ON GST  
JOINTLY WITH  
OPTICAL DEALER ASSOCIATION,  
NAGPUR**

**AWARENESS PROGRAMME  
ON GST  
JOINTLY WITH  
AUTOMOBILE DEALER ASSOCIATION,  
NAGPUR**



**AWARENESS PROGRAMME  
ON GST  
JOINTLY WITH  
WATCH DEALER ASSOCIATION,  
NAGPUR**



**AWARENESS PROGRAMME  
ON GST  
JOINTLY WITH  
MIHAN INDIA LTD**







## EVENT CLICKS

### REGIONAL GST CONCLAVE



**CA. VISHNU KUMAR AGRAWAL**  
Hon'ble Chairman, WIRC



**CA. SARVESH JOSHI**  
Hon'ble Vice Chairman, WIRC



**CA. BALKISHAN AGARWAL**  
Hon'ble Chairman, WICASA



**CA. Sushrut Chitle**  
Hon'ble Regional Council Member



**CA. ANIKET TALATI**  
Hon'ble Secretary, WIRC



**CA. ABHIJIT KELKAR**  
Ex-Officio, Regional Council Member



## EVENT CLICKS

### REGIONAL GST CONCLAVE



CA. Rajat Talati,  
Mumbai



CA. Madhukar Hiregange,  
CCM, Bangalore



CA. Sunil Gabhawalla,  
Mumbai



CA. J.K. Mittal,  
New Delhi



CA. P. Rajendra Kumar,  
Chennai



CA. Naresh Sheth,  
Mumbai





## EVENT CLICKS

### SWIMMING CONTEST



**CHIEF GUEST : SHRI SATISH JAISWAL**  
**SECRETARY, EASTERN SPORTS CLUB**

### AWARENESS PROGRAMME ON GST







## EVENT CLICKS

### WICASA EVENTS



**INTERACTIVE MEET WITH  
WIRC OFFICE BEARERS**

**ADDHYAYAN:  
THE STUDY CIRCLE MEET**



**INDOOR SPORTS MEET:  
SANGRAM**



# NAGPUR BRANCH OF WIRC OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA



## MINIMUM RECOMMENDED FEES

### Audit

➤ Tax Audit	-	Turnover below 2 Crore	– Rs.10,000/-
		Turnover 2 Crore & above	– Rs.20,000/-
➤ GST Audit	-		– Rs.20,000/-
➤ Company Audit	-	Active Company	– Rs.20,000/-
		Defunct Company	– Rs.10,000/-
➤ Transfer Pricing	-		– Rs.20,000/-

### Filing of Income Tax Returns

➤ Individual with Income from Salary & Other Sources	– Rs.1,500/-
➤ Non Corporate Assessee Covered under Tax Audit	– Rs.5,000/-
➤ Other Non Corporate Assessee	– Rs.3,000/-
➤ Active Company	– Rs.7,500/-
➤ Defunct Company	– Rs.5,000/-

### GST Compliance

➤ GST Registration	– Rs.7,500/-
➤ GST Returns – Composite Dealer	– Rs.3,000/- per Return
Turnover upto 2 Crore	– Rs.2,000/- per Return
Turnover 2 Crore & above	– Rs.3,500/- per Return

### TDS Returns

➤ Upto 10 entries	– Rs.1,500/- Per Return
➤ More than 10 entries	– Rs.2,500/-Per Return

### PTRC Returns

➤ Monthly	– Rs.1,500/- Per Return
➤ Annually	– Rs.5,000/- per Return

### Consultancy Charges

– Rs.1,500/- for 30 mins

### Certification work

– Rs.7,500/- per Certificate

- 1) The aforesaid table states recommendatory minimum scale of fees. However members are free to charge varying rates depending upon the nature and complexity of assignment and time involved in completing the same, **subject to above rates.**
- 2) Office time spent in travelling & out-of-pocket expenses may be charged separately.
- 3) GST should be collected separately wherever applicable.