

**CENTRAL COALFIELDS
LIMITED**

**MARKETING & SALES
DEPARTMENT**

RANCHI



**GOODS & SERVICES TAX
(GST)**

GST:

*The Single Biggest Tax
Reform Undertaken
Since Independence to
Ease Compliance*

NATION TAX MARKET

More
Employment

Boosting the
Economy

Increase in
Export





GOODS AND SERVICES TAX



to maximise **ECONOMIC GAIN**
& minimise **COMPLIANCE PAIN**

LESS TO MORE

- Increased economic activity and investment
- Fillip to 'Make in India' initiative and exports
- Generation of more employment
- Efficient neutralization of taxes to make our exports competitive



MORE TO LESS

- Single tax to replace multiple levies
- Single tax leviable on goods and services
- Automated process to reduce human interface
- Reduced cost of compliance for taxpayers
- Lesser logistics and inventory costs

Revised Draft Model GST Law and Draft IGST Law available in public domain.
The same can be accessed at www.cbec.gov.in, www.dor.gov.in or www.gst.gov.in

- ❖ **WHY GST : BENEFITS**
- ❖ **EXISTING INDIRECT TAX STRUCTURE**
- ❖ **MAIN FEATURES OF GST LAW**
- ❖ **WAY FORWARD**

WHY GST : BENEFITS

❖ To Trade

- ❑ Reduction in multiplicity of taxes
- ❑ Mitigation of cascading/ double taxation
- ❑ More efficient neutralization of taxes especially for exports
- ❑ Development of common national market
- ❑ Simpler tax regime
 - Fewer rates and exemptions
 - Distinction between Goods & Services no longer required

❖ To Consumers

- ❑ Simpler Tax system
- ❑ Reduction in prices of goods & services due to elimination of cascading
- ❑ Uniform prices throughout the country
- ❑ Transparency in taxation system
- ❑ Increase in employment opportunities

GOODS & SERVICES TAX (GST)

a plethora of benefits all around

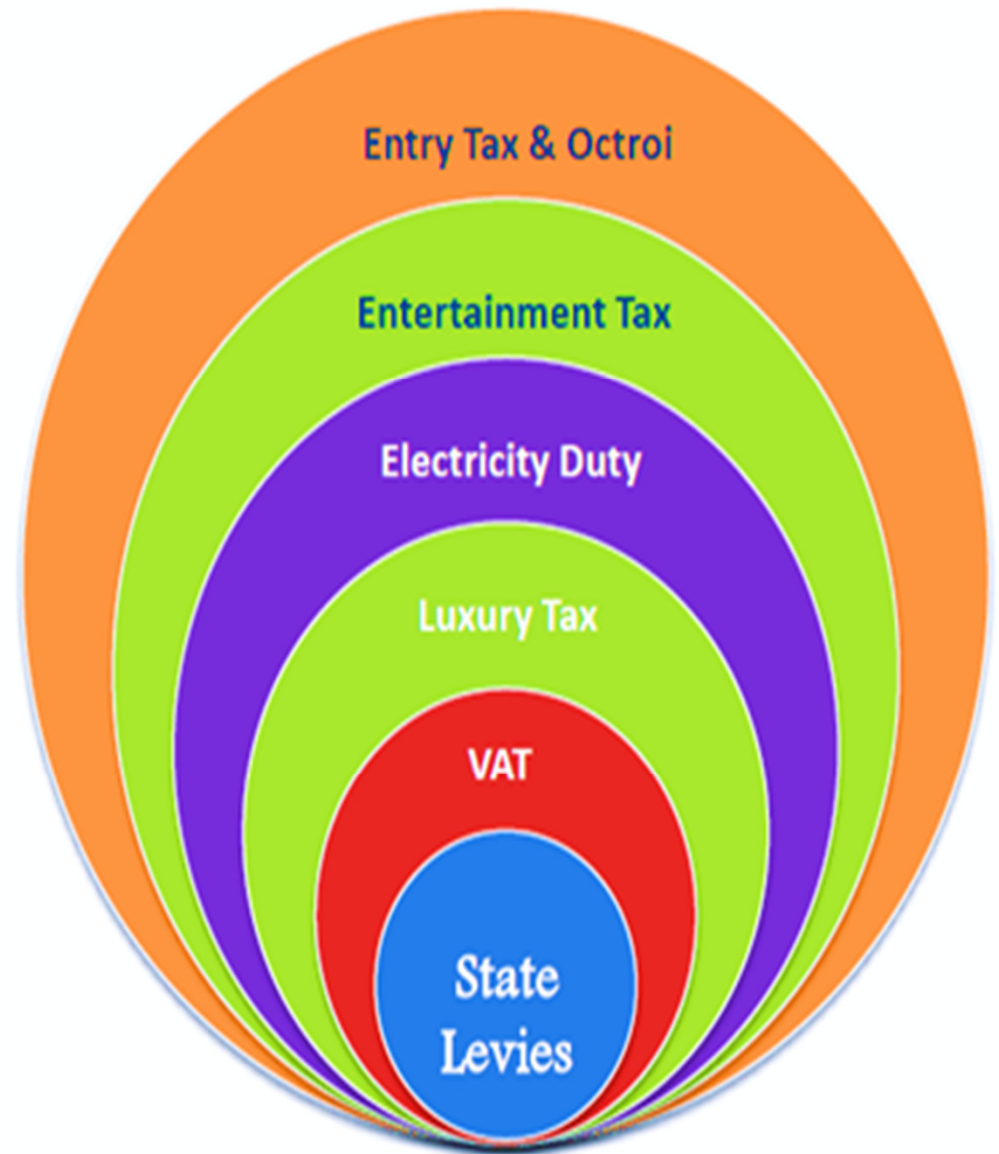


Tax compliance will be easier with the simplified tax regime.

The advantages to trade and industry are clearly evident.

All this will give a further fillip to the economy.

EXISTING INDIRECT TAX STRUCTURE



EXISTING INDIRECT TAX STRUCTURE



- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toilets Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

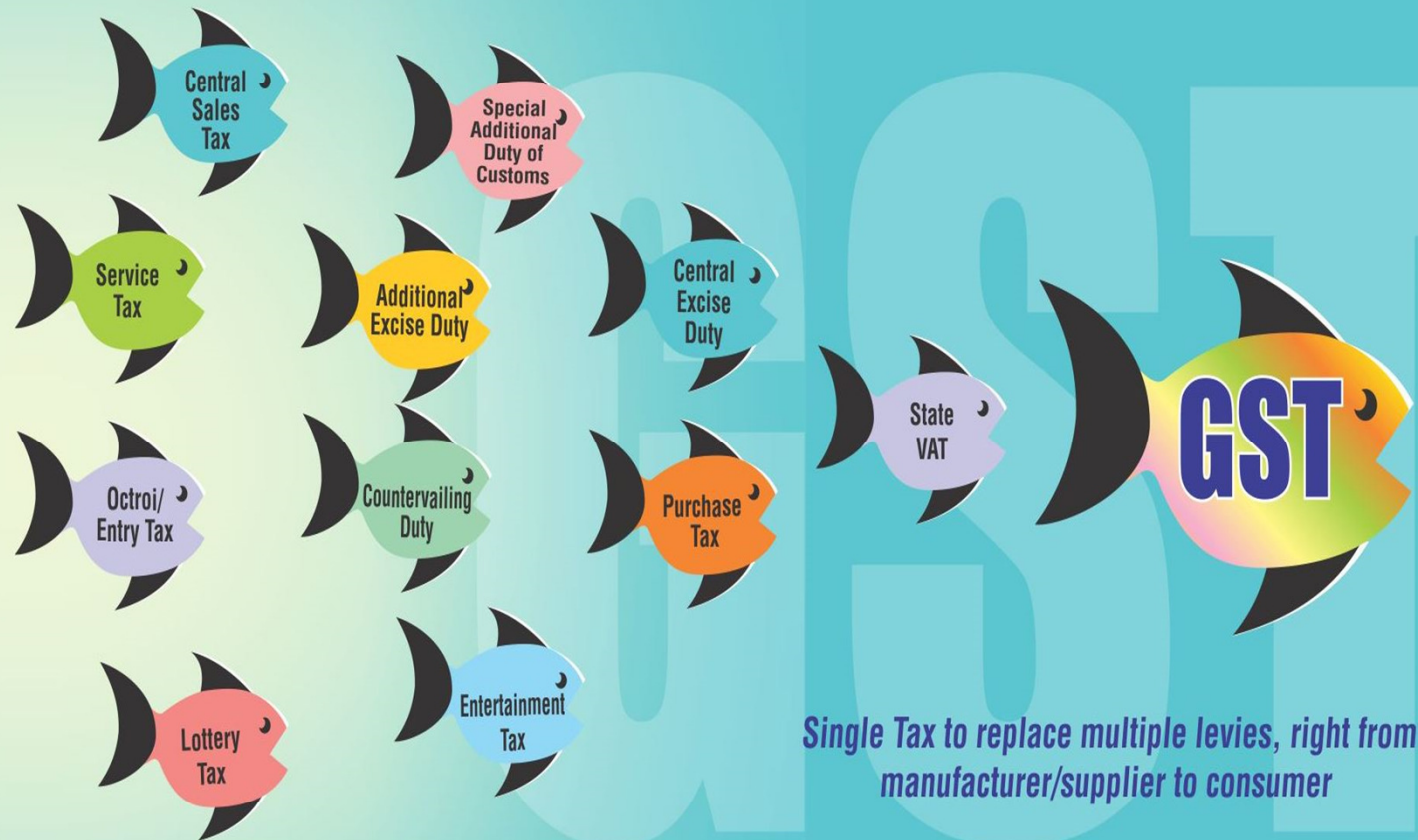
EXISTING INDIRECT TAX STRUCTURE



- State VAT/Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

Goods and Services Tax

Single Tax to promote Indian Trade and Industry



Single Tax to replace multiple levies, right from manufacturer/supplier to consumer

Spurring Economic Growth

- Fillip to making India a manufacturing hub
- To create a unified common national market
- To boost investments & exports
- To generate more employment by increased economic activity.

Promoting Trade & Industry

- Common procedures for registration, duty payment, return filing, refund of taxes
- More efficient neutralization of taxes to make our exports more competitive internationally
- Seamless flow of tax credit from manufactures/ supplier to user / retailer to eliminate cascading of taxes
- Benefit of exemption / compounding scheme for a large segment of small scale suppliers to make their products cheaper

MAIN FEATURES OF GST LAW

(AS NOTIFIED ON 12TH APRIL, 2017)

TAXABLE EVENT

- ❑ Tax on supply of goods or services rather than manufacture / production of goods, provision of services or sale of goods
- ❑ Powers to declare certain supplies as supply of goods or of services – Schedule II
- ❑ Powers to declare certain activities/transactions as neither supply of goods nor of services – Schedule III
- ❑ On Intra-State supplies of goods or services – CGST & SGST shall be levied by the Central and State Government respectively, at the rate to be prescribed
 - Maximum rate ring fenced in law
- ❑ On Inter -State supplies of goods or services – IGST shall be levied by the Central Government, at the rate to be prescribed
 - Maximum rate ring fenced in law

❖ Determination of nature of supply:

- ❑ Elaborate Rules provided for determining the place of supply
 - Intra-State supply of goods or services – where the location of the supplier and the place of supply are in the same State
 - Inter-State supply of goods or services – where the location of the supplier and the place of supply are in different State

❖ Liability to pay:

- ❑ Liability to pay tax arises only when the taxable person crosses the exemption threshold

❖ **Composition Scheme:**

- ❑ Provision for levy of tax on fixed rate on aggregate turnover upto a prescribed limit in a financial year (Composition scheme) without participation in ITC chain

❖ **Time & Value of supply:**

- ❑ Elaborate principles devised for determining the time of supply of goods or services with following being crucial determinants with certain exceptions:
 - Date on which supplier issues invoice
 - Date on which supplier receives the payment, whichever is earlier
- ❑ Tax is to be paid on Transaction value (TV) of supply generally i.e. the price actually paid or payable for the supply of goods or services

❖ Input Tax Credit (ITC):

- ❑ ITC is available in respect of taxes paid on any supply of goods or services used or intended to be used in the course or furtherance of business (i.e. for business purposes)
- ❑ **Negative list** approach for non-allowance of ITC
- ❑ ITC of tax paid on goods or services used for making taxable supplies by a taxable person allowed subject to four conditions:
 - possession of invoice;
 - receipt of goods or services;
 - tax actually paid by supplier to government;
 - furnishing of return

- ❑ Full ITC allowed on capital goods in one go
- ❑ Proportionate credits allowed in case inputs, inputs services and capital goods are partly used for business and partly for non-business purposes
- ❑ Proportionate credits allowed in case inputs, inputs services and capital goods are used for taxable including zero rated and exempt (including non-taxable) supplies

- ❑ ITC cannot be availed after filing of return for the month of September of next Financial Year or filing of Annual Return
- ❑ ITC available only on provisional basis for a period of two months until payment of tax and filing of valid return by the supplier
- ❑ Matching of supplier's and recipient's invoice details
 - ITC to be confirmed only after matching of such information
 - ITC to be reversed in case of mis-match
- ❑ Input Service Distributor mechanism for distribution of ITC of input services

❖ Registration:

❑ PAN based Registration

- required to be obtained for each State from where taxable supplies are being made

❑ A person having multiple business verticals in a State may obtain separate registration for each business vertical

❑ Liability to be registered:

- Every person who is registered or who holds a license under an earlier law;
- Every person whose turnover in a year exceeds the threshold

- ❑ A person, though not liable to be registered, may take voluntary registration
- ❑ Certain suppliers liable for registration without threshold
- ❑ Registration to be given by both Central and State Tax Authorities on a common e-application
- ❑ Deemed registration after three common working days from date of application unless objected to
- ❑ Self –serviced Amendments except for certain core fields
- ❑ Provision for surrender of registration and also for suo-moto cancellation by the tax authorities

- ❑ Normal taxpayers, compositions taxpayers, Casual taxpayers, non-resident taxpayers, TDS Deductors, Input service Distributors (ISDs) to file separate electronic returns with different cut-off dates
- ❑ Annual return to be filed by 31st December of the following Financial Year along with a reconciliation statement
- ❑ Short-filed returns not to be treated as a valid return for matching & allowing ITC and fund transfer between Centre and States
- ❑ GST practitioners scheme to assist taxpayers mainly in filing of returns

❖ Payment:

- ❑ System of electronic cash ledger and electronic ITC ledger
- ❑ Tax can be deposited by internet banking, NEFT / RTGS, debit/credit card and Over The Counter
- ❑ Date of credit to the Govt. account in the authorized bank is the date of payment for credit in electronic cash ledger
- ❑ Payment of Tax is made by way of the debit in the electronic cash or credit ledger

- ❑ Cross-utilization of ITC between CGST & IGST, between SGST/UTGST & IGST allowed
- ❑ Hierarchy for discharging payments of various tax liabilities
- ❑ Provision for TDS on certain entities
- ❑ E-Commerce Operators, facilitating supplies by other suppliers, to collect Tax at source (TCS), at the time of supply, out of payments to be made to such suppliers

❖ Refund:

- ❑ Time limit for refund of tax or interest is two years
- ❑ Refund of accumulated ITC allowed in case of exports or where the credit accumulation is on account of inverted duty structure
- ❑ Refund to be granted within 60 days from the date of receipt of complete application
- ❑ Interest is payable if refund is not sanctioned within 60 days

- ❑ Refund claim along with documentary evidence to be filed online without any physical interface with tax authorities
- ❑ Provisional sanction of 90% of refund claim on account of zero-rated supplies within 7 days
- ❑ Tax refund will be directly credited to the bank account of applicant

❖ **Assessment and Audit:**

- ❑ Self –assessment of tax
- ❑ Provisions for assessment of non-filers, unregistered persons & summary assessments in certain cases
- ❑ Provision for provisional assessment on request of taxable person – to be finalized in six months
- ❑ Audit to be conducted at the place of business of the taxable person or at the office of the tax authorities, after prior intimation to taxable person
- ❑ Audit to be completed within 3 months, extendable by a further period of 6 months

❖ Demand:

- ❑ Adjudication order to be issued within 3/5 years of filing of annual return in normal cases & fraud / suppression cases respectively
- ❑ SCNs to be issued at least 3 months and 6 months prior to last date of passing adjudication order in normal cases and in fraud cases respectively
- ❑ Taxable person can settle demand at any stage, right from audit/investigation to the stage of passing of adjudication order and even thereafter

❖ **Power of officers and taxpayers right to appeal:**

- ❑ Officers to have power of search & seizure with inbuilt safeguards
- ❑ Restricted power to arrest and for prosecution
- ❑ Elaborate provisions for appeals up to Supreme Court

❖ **Miscellaneous:**

- ❑ Advance ruling mechanism
- ❑ Comprehensive transitional provisions for smooth transition to GST
- ❑ Provision for Job work provided
- ❑ System of GST Compliance rating provided
- ❑ Anti-profiteering provision made to dis-incentivize non-passing of price reduction benefits to consumers

WAY FORWARD

- ❖ Passage of SGST laws by all State legislatures
- ❖ Recommendation of remaining Model GST Rules by GST Council
- ❖ Notification of GST Rules
- ❖ Establishment and upgradation of IT framework

- ❖ Meeting implementation challenges
- ❖ Effective coordination between Centre & State tax administrations
- ❖ Reorganization of field formations
- ❖ Training of Officials
- ❖ Outreach programs for all stakeholders including Trade & Industry

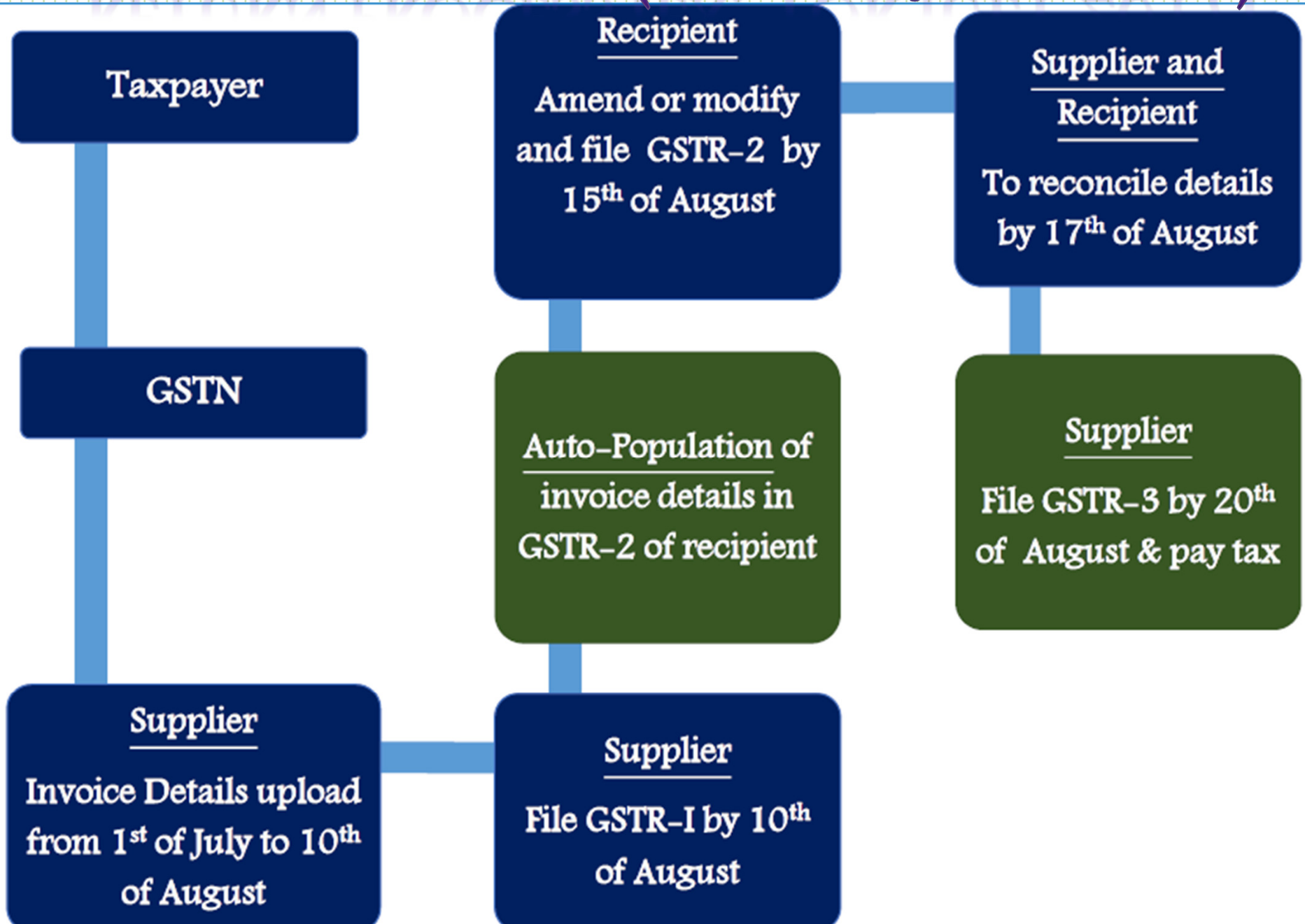


RETURNS

The basic features of the returns mechanism in GST include electronic filing of returns, uploading of invoice level information and auto-population of information relating to Input Tax Credit (ITC) from returns of supplier to that of recipient, invoice-level information matching and auto-reversal of Input Tax Credit in case of mismatch. The returns mechanism is designed to assist the taxpayer to file returns and avail ITC.

Under GST, a regular taxpayer needs to furnish monthly returns and one annual return. There are separate returns for a taxpayer registered under the composition scheme, non-resident taxpayer, taxpayer registered as an Input Service Distributor, a person liable to deduct or collect the tax (TDS/TCS) and a person granted Unique Identification Number. It is important to note that a taxpayer is NOT required to file all types of returns. In fact, taxpayers are required to file returns depending on the activities they undertake.

RETURN PROCESS (EX. FOR JULY 2017)



1. GSTR-1 (Statement of Outward Supplies):

- a. This return signifies the tax liability of the supplier for the supplies effected during the previous month.
- b. It needs to be filed by the 10th of every month in relation to supplies effected during the previous month. For example, a statement of all the outward supplies made during the month of July 2017 needs to be filed by 10th August, 2017.

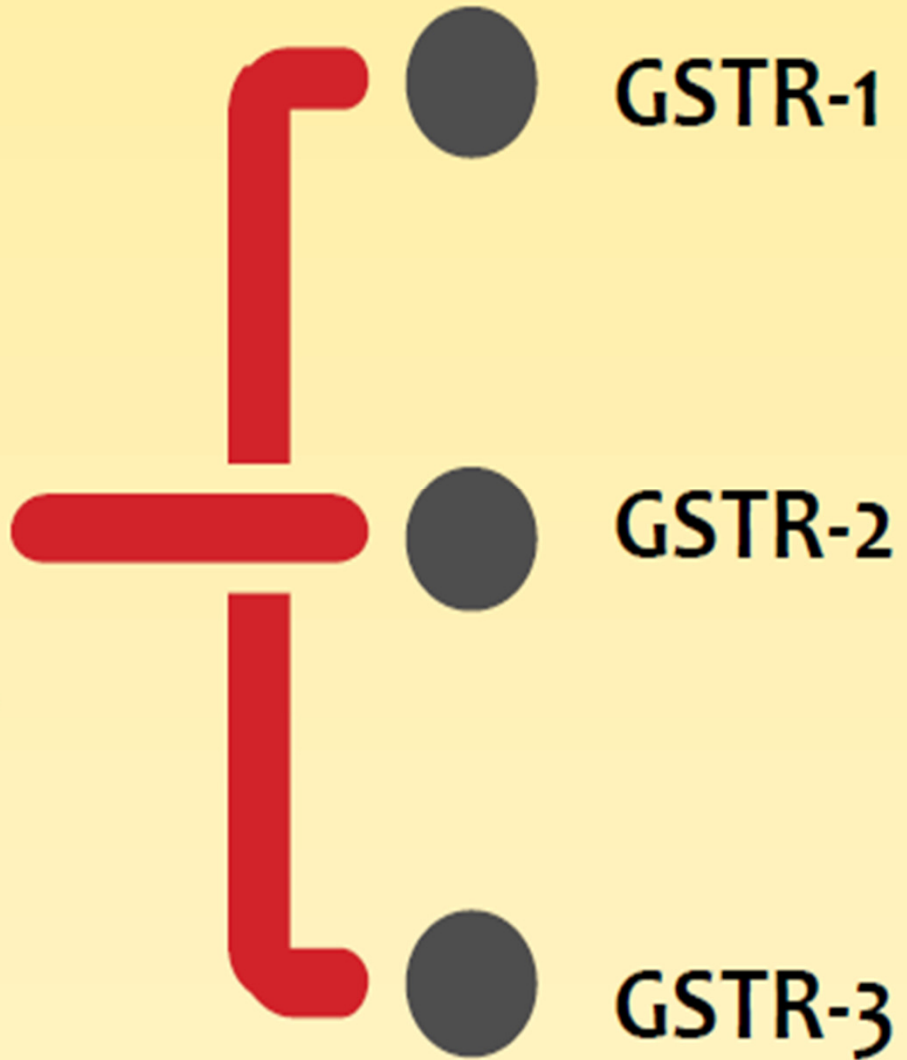
2. GSTR-2 (Statement of Inward Supplies):

- a. This return signifies accrual of ITC (Input Tax Credit) from the inputs received during the previous month.
- b. It is auto-populated from the GSTR-1s filed by the corresponding suppliers of the Taxpayer except for a few fields like imports, and purchases from unregistered suppliers.
- c. It needs to be filed by the 15th of every month in relation to supplies received during the previous month. For example, a statement of all the inward supplies received during the month of July 2017 needs to be filed by 15th August, 2017.

- 3. GSTR-3:** This is a consolidated return. It needs to be filed by the 20th of every month. It consolidates the following details
- a. Outward Supplies (Auto-Populated from GSTR-1)
 - b. Inward Supplies (Auto-Populated from GSTR-2)
 - c. ITC availed
 - d. Tax Payable
 - e. Tax Paid (Using both Cash and ITC)

NOTE: Payment should be made on or before 20th of every month.

FILING PROCESS





Supplier 1
GSTR-1



Supplier 2
GSTR-1



Supplier 3
GSTR-1



Supplier 4
GSTR-1



Taxpayer
GSTR₁
(Signifies Tax Liability)



Taxpayer
GSTR₂
(Signifies ITC Availability)



Taxpayer
GSTR₃
(Cash to be paid = Tax Liability - ITC Available)



- File via GSTN/Easy upload tools provided by GSTN/GSPs
- Periodical uploading allowed
- Filed by 10th
- Frozen after 10th






- Auto-populated from GSTR-1s filed by a Tax Payer's Suppliers
- Changes allowed between 10th and 15th
- Filed by 15th









- Occurs between 15th and 17th. Tax Payer can add additional invoices.
- Supplier has the option to accept/reject additional invoices. Supplier's GSTR-1 gets amended to that effect.



- Auto-populated from GSTR-1 and GSTR-2
- Filed by 20th
- Payment can be made anytime before or on 20th

Return	Description 	Who Files? 	Date for filing 
GSTR-1	Monthly Statement of Outward supplies of Goods or Services	Registered Person	10 th of the next month
GSTR-2	Monthly Statement of Inward supplies of Goods or Services	Registered Person	15 th of the next month
GSTR-3	Monthly Return for a normal taxpayer	Registered Person	20 th of the next month
GSTR-4	Quarterly Return	Taxable Person opting for Composition Levy	18 th of the month succeeding the quarter

Return	Description 	Who Files? 	Date for filing 
GSTR-5	Monthly Return for a non-resident taxpayer	Non-resident Taxpayer	20 th of the month succeeding the tax period & within 7 days after expiry of registration
GSTR-6	Monthly Return for an Input Service Distributor (ISD)	Input Service Distributor	13 th of the next month
GSTR-7	Monthly Return for authorities deducting tax at source	Tax Deductor	10 th of the next month
GSTR-8	Monthly Statement for E-Commerce Operator depicting supplies effecting through it	E-Commerce Operator	10 th of the next month

Return	Description 	Who Files? 	Date for filing 
GSTR-9	Annual Return	Registered Person other than an ISD, TDS/TCS Taxpayer, Casual Taxable Person and Non-resident Taxpayer	31 st December of next Financial Year
GSTR-10	Final Return	Taxable Person whose registration has been surrendered or cancelled	Within three months of the date of cancellation or date of order of cancellation, whichever is later.

All the returns are to be filed online. Returns can be filed using any of the following methods:

1. GSTN portal (www.gst.gov.in)
2. Offline utilities provided by GSTN
3. GST Suvidha Providers (GSPs)- If you are already using the services of ERP providers such as Tally, SAP, Oracle etc., there is a high likelihood that these ERP providers would provide inbuilt solutions in the existing ERP systems

INPUT TAX CREDIT MECHANISM

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

Credit of	To be utilised first for payment of	May be utilised further for payment of
CGST	CGST	IGST
SGST/UTGST	SGST/UTGST	IGST
IGST	IGST	CGST, then SGST/UTGST

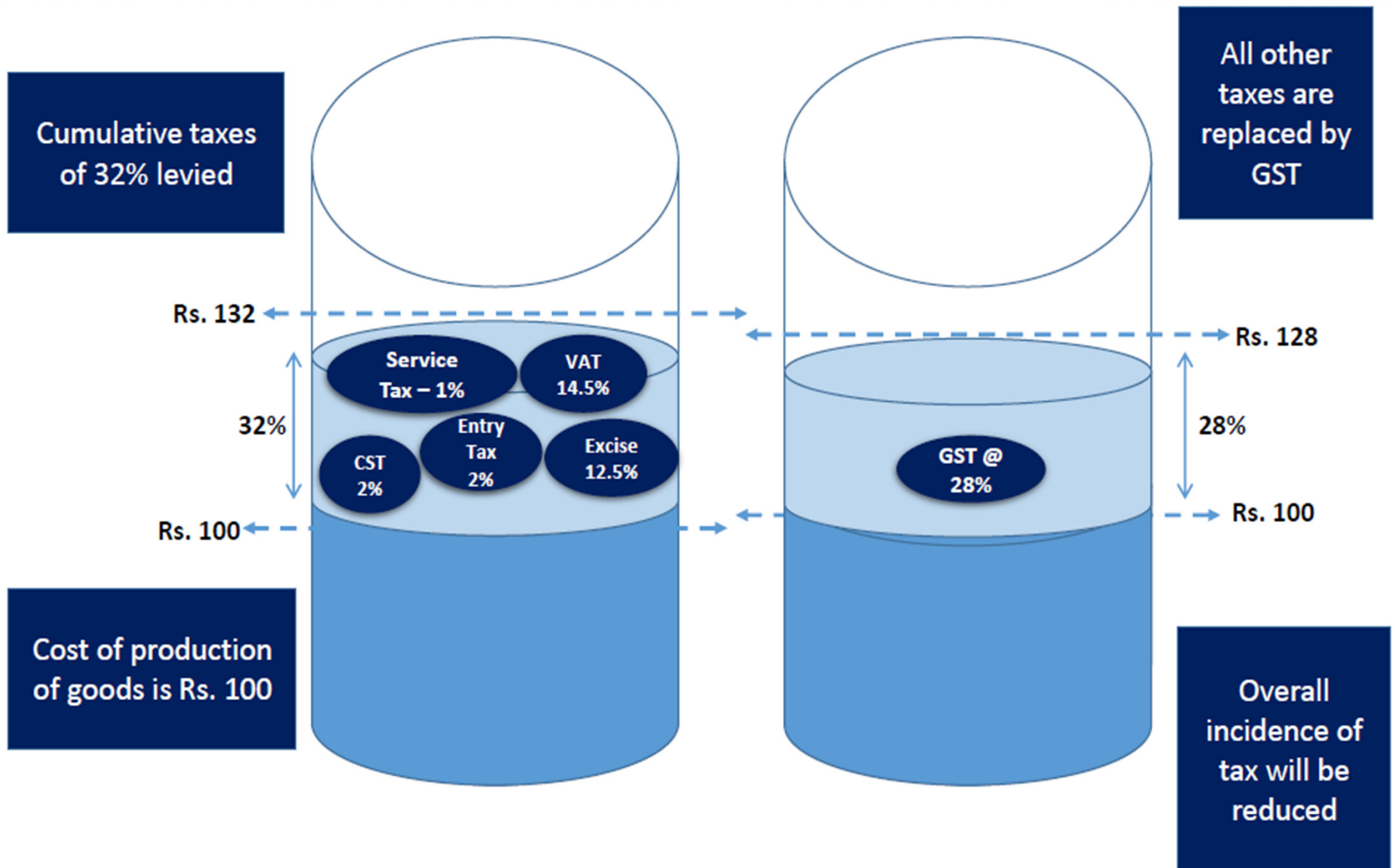
Credit of CGST cannot be used for payment of SGST/UTGST and credit of SGST/UTGST cannot be utilised for payment of CGST.

COMPENSATION MECHANISM FOR STATES

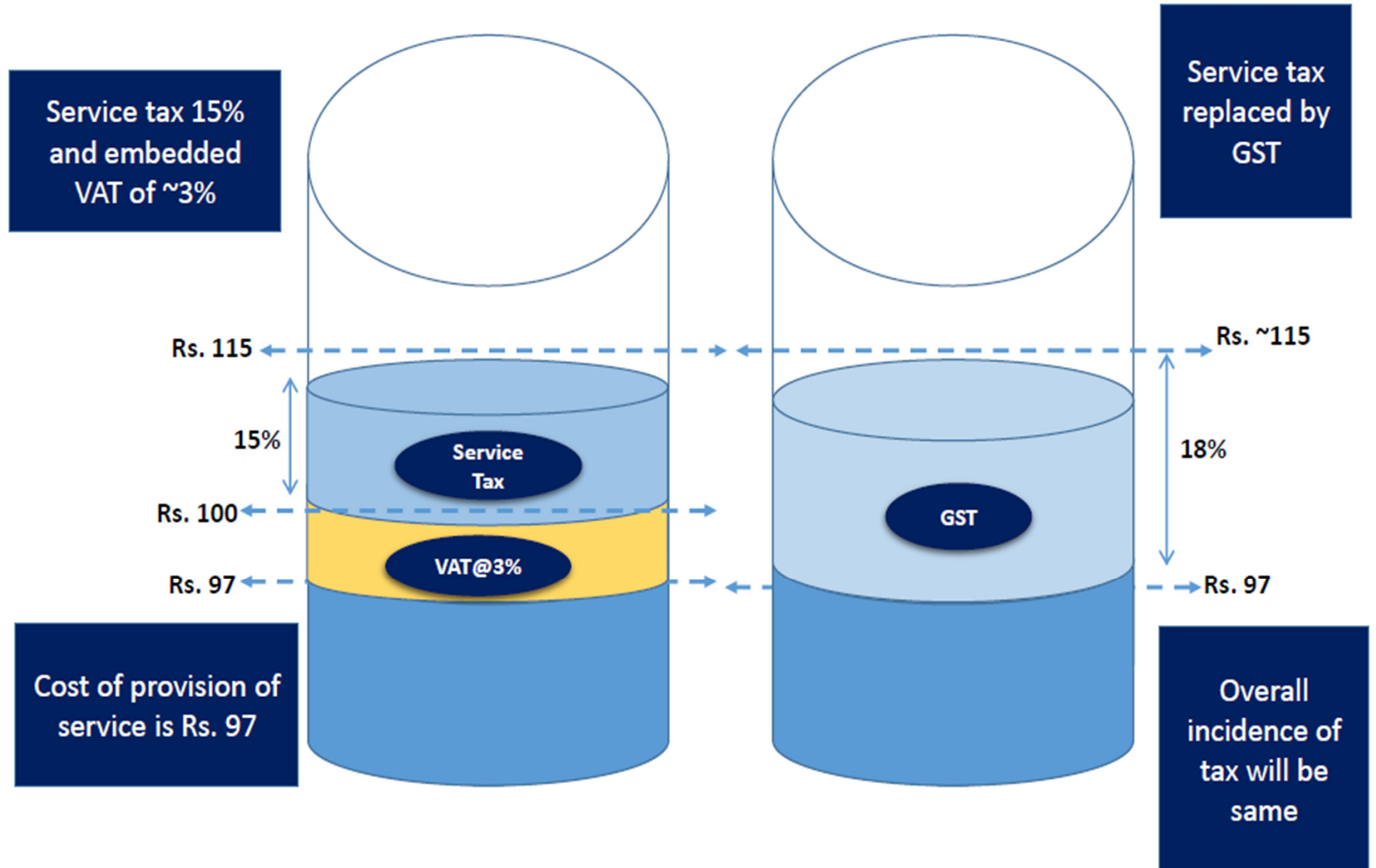
Compensation = (State's Revenue for FY 2015-16)*
14%^x - State's Revenue (for x year)

- Revenue of all taxes subsumed in GST by the State for 2015 – 16 as the base
- Assumption of 14% Annual Growth Rate
- Compensation to be provided through Cess
- Cess only on few specified luxury and sin goods

REDUCTION IN PRICE OF GOODS UNDER GST



REDUCTION IN PRICE OF SERVICES UNDER GST



IMPACT ON
COAL PRICE
UNDER GST

REGULATED & NON REGULATED SECTOR			
Particulars	WITHIN STATE (VAT-5%)	OUTSIDE STATE (CST-2%)*	UNDER GST
GRADE	G5	G5	G5
BASIC	2,750.00	2,750.00	2,750.00
ROYALTY-14%	385.00	385.00	385.00
MMDR-CF-2%	7.70	7.70	7.70
MMDR-SF-30%	115.50	115.50	115.50
SED	10.00	10.00	10.00
SIZING	79.00	79.00	79.00
	3,347.20	3,347.20	3,347.20
EXCISE DUTY 6%	200.83	200.83	-
	3,548.03	3,548.03	3,347.20
CE CESS	400.00	400.00	-
	3,948.03	3,948.03	3,347.20
VAT/CST/ GST	197.40	78.96	167.36
	4,145.43	4,026.99	3,514.56
GST COMP.CESS	-	-	400.00
Total / Te.	4,145.43	4,026.99	3,914.56
<u>Analysis</u>			
DIFF ON GST PRICE	(230.87)	(112.43)	
DIFF %	(5.57)	(2.79)	
Govt. SHARE	1,316.43	1,197.99	1,085.56
CCL SHARE	2,829.00	2,829.00	2,829.00

	REGULATED SECTOR			NON REGULATED SECTOR		
Particulars	WITHIN STATE (VAT-5%)	OUTSIDE STATE (CST-2%)*	UNDER GST	WITHIN STATE (VAT-5%)	OUTSIDE STATE (CST-2%)*	UNDER GST
GRADE	G10	G10	G10	G10	G10	G10
BASIC	980.00	980.00	980.00	1,180.00	1,180.00	1,180.00
ROYALTY-14%	137.20	137.20	137.20	165.20	165.20	165.20
MMDR-CF-2%	2.74	2.74	2.74	3.30	3.30	3.30
MMDR-SF-30%	41.16	41.16	41.16	49.56	49.56	49.56
SED	10.00	10.00	10.00	10.00	10.00	10.00
SIZING	79.00	79.00	79.00	79.00	79.00	79.00
	1,250.10	1,250.10	1,250.10	1,487.06	1,487.06	1,487.06
EXCISE DUTY 6%	75.01	75.01	-	89.22	89.22	-
	1,325.11	1,325.11	1,250.10	1,576.29	1,576.29	1,487.06
CE CESS	400.00	400.00	-	400.00	400.00	-
	1,725.11	1,725.11	1,250.10	1,976.29	1,976.29	1,487.06
VAT/CST/ GST	86.26	34.50	62.51	98.81	39.53	74.35
	1,811.37	1,759.61	1,312.61	2,075.10	2,015.81	1,561.42
GST COMP.CESS	-	-	400.00	-	-	400.00
Total / Te.	1,811.37	1,759.61	1,712.61	2,075.10	2,015.81	1,961.42
Analysis						
DIFF ON GST PRICE	(98.76)	(47.00)		(113.69)	(54.40)	
DIFF %	(5.45)	(2.67)		(5.48)	(2.70)	
Govt. SHARE	752.37	700.61	653.61	816.10	756.81	702.42
CCL SHARE	1,059.00	1,059.00	1,059.00	1,259.00	1,259.00	1,259.00

Particulars	REGULATED SECTOR			NON REGULATED SECTOR		
	WITHIN STATE (VAT-5%)	OUTSIDE STATE (CST-2%)*	UNDER GST	WITHIN STATE (VAT-5%)	OUTSIDE STATE (CST-2%)*	UNDER GST
GRADE	G12	G12	G12	G12	G12	G12
BASIC	760.00	760.00	760.00	910.00	910.00	910.00
ROYALTY-14%	106.40	106.40	106.40	127.40	127.40	127.40
MMDR-CF-2%	2.13	2.13	2.13	2.55	2.55	2.55
MMDR-SF-30%	31.92	31.92	31.92	38.22	38.22	38.22
SED	10.00	10.00	10.00	10.00	10.00	10.00
SIZING	79.00	79.00	79.00	79.00	79.00	79.00
	989.45	989.45	989.45	1,167.17	1,167.17	1,167.17
EXCISE DUTY 6%	59.37	59.37	-	70.03	70.03	-
	1,048.81	1,048.81	989.45	1,237.20	1,237.20	1,167.17
CE CESS	400.00	400.00	-	400.00	400.00	-
	1,448.81	1,448.81	989.45	1,637.20	1,637.20	1,167.17
VAT/CST/ GST	72.44	28.98	49.47	81.86	32.74	58.36
	1,521.26	1,477.79	1,038.92	1,719.06	1,669.94	1,225.53
GST COMP.CESS	-	-	400.00	-	-	400.00
Total / Te.	1,521.26	1,477.79	1,438.92	1,719.06	1,669.94	1,625.53
Analysis						
DIFF ON GST PRICE	(82.34)	(38.87)		(93.53)	(44.42)	
DIFF %	(5.41)	(2.63)		(5.44)	(2.66)	
Govt. SHARE	682.26	638.79	599.92	730.06	680.94	636.53
CCL SHARE	839.00	839.00	839.00	989.00	989.00	989.00

	REGULATED SECTOR			NON REGULATED SECTOR		
Particulars	WITHIN STATE (VAT-5%)	OUTSIDE STATE (CST-2%)*	UNDER GST	WITHIN STATE (VAT-5%)	OUTSIDE STATE (CST-2%)*	UNDER GST
GRADE	WIV	WIV	WIV	WIV	WIV	WIV
BASIC	2,070.00	2,070.00	2,070.00	2,300.00	2,300.00	2,300.00
ROYALTY-14%	289.80	289.80	289.80	322.00	322.00	322.00
MMDR-CF-2%	5.80	5.80	5.80	6.44	6.44	6.44
MMDR-SF-30%	86.94	86.94	86.94	96.60	96.60	96.60
SED	10.00	10.00	10.00	10.00	10.00	10.00
SIZING	79.00	79.00	79.00	79.00	79.00	79.00
	2,541.54	2,541.54	2,541.54	2,814.04	2,814.04	2,814.04
EXCISE DUTY 6%	152.49	152.49	-	168.84	168.84	-
	2,694.03	2,694.03	2,541.54	2,982.88	2,982.88	2,814.04
CE CESS	400.00	400.00	-	400.00	400.00	-
	3,094.03	3,094.03	2,541.54	3,382.88	3,382.88	2,814.04
VAT/CST/ GST	154.70	61.88	127.08	169.14	67.66	140.70
	3,248.73	3,155.91	2,668.61	3,552.03	3,450.54	2,954.74
GST COMP.CESS	-	-	400.00	-	-	400.00
Total / Te.	3,248.73	3,155.91	3,068.61	3,552.03	3,450.54	3,354.74
Analysis						
DIFF ON GST PRICE	(180.12)	(87.30)		(197.28)	(95.80)	
DIFF %	(5.54)	(2.77)		(5.55)	(2.78)	
Govt. SHARE	1,099.73	1,006.91	919.61	1,173.03	1,071.54	975.74
CCL SHARE	2,149.00	2,149.00	2,149.00	2,379.00	2,379.00	2,379.00

SOURCE : CBEC WEB SITE

Thank You