

1. What is GST?

Ans. Simply put GST stands for Goods and Services Tax, which is levied on supply of goods or services or both. Sale of goods, for example is a type of supply. Various economic activities are all different types of supply.

2. On what type of transactions is GST levied?

Ans. In general, GST is levied on all supplies of goods or services or both which are made for consideration. In most cases consideration is the payment for sale of manufactured or traded goods.

3. Will GST be levied on all goods or services or both?

Ans. No. GST will not be levied on alcohol for human consumption. It will also not be levied for the time being on 5 petroleum products (Crude, Motor Spirit (Petrol), HSD, Aviation fuel & Natural gas), on electricity and on sale and purchase of real estate.

4. How GST will be levied on different kinds of supply of Goods or Services or both?

1. Ans. GST is a dual levy. On every supply within a state (intra-State), GST paid will have two components -Central Tax and State Tax. On every supply across states (inter-State), Integrated Tax will be levied. However, sum total of Central and State tax will be equal to Integrated Tax. Thus, whether a supply is made in same State or to another State, total tax required to be paid shall be the same.

5. Whether a person will have to approach two authorities-Centre as well as State for various permissions, audit etc?

Ans. No, a person will have to approach only one tax authority. The officers of Centre will be cross empowered to do the work of State officers and vice versa. Each tax payer would be assigned one authority, either Centre or State.

6. What is destination based consumption tax?

Ans. GST will accrue to the State where the supply is consumed. For example, if a car is manufactured in Chennai but purchased by a consumer in Mumbai, the state component of tax would accrue to Maharashtra although tax would be paid by the supplier in Tamil Nadu.

7. Who will pay GST?

Ans. GST, in general, will be paid by the supplier. He will collect the same from the recipient of supply (buyer). However, in few cases, the recipient, would be liable to pay GST to the Government on reverse charge basis.

8. How will GST be collected?

Ans. GST follows multi-stage collection mechanism. GST shall be collected at every stage in the supply chain. However, any tax paid at previous stage is available as set-off. In a nutshell, only value addition will be taxed at every stage. For instance, B purchases goods from A for Rs.

100/-. Let's say tax rate is 10%. A will pay tax of 10% and will collect Rs. 110/- from B. Suppose B further sells the goods for Rs. 105/-. He will have to pay Rs. 10.50 as tax. He will the tax by using the credit of Rs. 10/- already paid by him to A. So in effect, he will be paying Rs. 0.50 only on the value add of Rs. 5/- made by him.

9. What in Input Tax Credit?

Ans. A person doing business will be purchasing goods/availing services for making further supplies in the course or furtherance of business. When such purchases are made by him, tax would have been charged by his supplier and collected from him. Since tax is collected from him, he can avail credit of the tax paid by him to his supplier. This is known as input tax credit for the recipient.

10. What tax will be levied on inter-State supplies?

Ans. Inter-state supplies shall be subject to integrated tax leviable under the IGST Act. However, total rate of tax shall be same whether a supply is made within the State or outside the State.

11. Is GST going to increase compliance burden on the trade?

Ans. No. On the contrary it will result in streamlining and reduction of compliance burden under indirect tax regime. Acts and Rules are uniform across the country. There will be minimal interface of taxpayer with the tax authority. Simplified and automated procedures for various processes such as registration, returns, refunds, tax payments, etc. have been prescribed. Since multiple record keeping for a variety of taxes is not required, there will be lesser investment of resources and manpower in maintaining records. The tax payer will no longer have to go to multiple authorities to report compliances. In the long run, due to automated procedures, compliance burden is going to reduce under GST. It will give a great boost to improving ease of doing business.

FAQs on Job Work

1.What does ‘job work’ mean?

Ans: ‘Job work’ means undertaking any treatment or process by a person on goods belonging to another registered person and the expression ‘job worker’ shall be construed accordingly, as defined in Section 2(68) of CGST Act 2017.

2. For the purposes of job work, what does the term ‘input’ include?

Ans: For the purposes of job work, the term ‘input’ includes intermediate goods arising from any treatment or process carried out on the inputs by the Principal or the job worker.

3.What kind of goods can be sent at another place for job work?

Ans: Goods on which Input Tax Credit (ITC) is taken can be sent at another place for job work as per provisions of Section 143 of CGST Act 2017.

4.Is there a requirement to intimate the concerned tax authorities about sending goods for job work?

Ans: Intimation is required to be given for sending goods for job work.This can be done by filling details in the monthly returns.

5.What kind of goods can be sent for job work purpose?

Ans: Inputs and semi-finished goods can be sent for job work.

6.What is the time limit within which inputs should return to the Principal?

Ans: Inputs sent for job work must return to the Principal within one year.

7. What is the time limit within which Capital goods have to be returned to the Principal?

Ans: Capital goods must return to Principal within three years. This time limit is not applicable for sending moulds, dies, jigs, fixtures and tools to the place of job worker.

8.Can a job worker dispatch goods directly from his place of business?

Ans: Any waste and scrap generated during the job work may be supplied by the job worker directly from his place of business on payment of tax if such job worker is registered, or by the principal, if the job worker is not registered, as per Section 143(5) of CGST Act 2017.

9.What documentation are required when materials are being sent for job work?

Ans: When material is sent for job work, Delivery Challan should be prepared in triplicate containing details specified in Rule No.8 (1) of Invoice Rules.

10. Are details of challans in respect of goods dispatched from a job worker be reflected in Returns?

Ans: Yes. Details of challan in respect of goods dispatched to a job worker shall be included in Return Form GSTR-1.

11. What will happen if inputs/capital goods are not received from a job worker during prescribed period?

Ans: If inputs/capital goods are not received during prescribed period, GST will be payable for which challan issued will be considered as 'invoice'.

12. What will happen to the inputs or semi-finished goods sent by Principal to job worker before 01.07.2017?

Ans: If inputs or semi-finished goods sent by Principal are lying with job worker on 01.07.2017, Principal should submit stock statement as on 01.07.2017 and then he can take input tax credit of Central excise duty or State VAT paid on those goods, as per section 141 of CGST Act 2017.

13. Can goods be supplied from job worker's place?

Ans: Yes, this provision allows supply of goods from job workers premises but only on payment of taxes within India and without payment of taxes for export.

14. Whether any time period has been prescribed within which goods have to be returned to principal?

Ans: Yes, inputs are to be returned to Principal or supplied from the place of business of job worker within one year of their being set up.

15. Whether there is any time limit for capital goods also?

Ans: Yes, capital goods, other than moulds and dies, jigs and fixtures, or tools sent for job work, are to be returned to Principal or supplied from the place of business of job worker within three years of their being sent out.

16. Who will undertake responsibility and accountability for any contravention under the Law during job work?

Ans: Principal will undertake responsibility and accountability for any contravention under the law during job-work.

17. What is the tax treatment under GST for inputs removed for job work before the appointed day?

Ans: Where any inputs received in a factory had been removed as such or removed after being partially processed to a job worker for further processing, testing, repair, re-conditioning or any other purpose in accordance with the provisions of earlier law prior to the appointed day and such inputs, after completion of the job work, are returned to the said factory on or after the appointed

day, no tax shall be payable if such inputs are returned to the said factory within six months from the appointed day.

FAQs on Registration

1. A taxable person's business is in many States. All supplies are below Rs 10 lakhs. He makes some Inter State supply from one State. Is he liable for registration?

Ans: He is liable to register if the aggregate turnover (all India) is more than 20 lakhs (Rs 10 lakhs in Special Category States) or if he is engaged in Inter State supplies. In this case he would be liable to register all his businesses.

2. Can we use provisional GSTIN or do we get new GSTIN? Can we start using provisional GSTIN till new one is issued?

Ans: Provisional GSTIN (PID) would be converted into final GSTIN within 90 days. Yes, provisional GSTIN can be used till final GSTIN is issued. PID and final GSTIN would be same. There would not be any need to apply for new GSTIN.

3. Whether aggregate turnover includes turnover of supplies on which tax is payable by the recipient under reverse charge?

Ans: Yes. Supplies on which tax is paid on reverse charge basis by the recipient will be included in the aggregate turnover of recipient paying tax under reverse charge.

4. I have migrated under GST but want to register as ISD. Whether I can apply now and what is the procedure?

Ans: A separate and new registration is required for ISD.

5. I have ST number on individual name and have migrated to GST. I wish to transfer this on my proprietorship firm.

Ans: This conversion may be done while filling FORM-REG-26 for converting provisional ID to final registration.

6. If someone trades only 0% GST items (grains, pulses) then is it necessary to register for GST, if the turnover exceeds Rs 20 lakhs?

Ans: A person dealing with 100% exempted supplies is not liable to register irrespective of turnover.

7. If I register voluntarily though turnover is less than Rs 20 lakhs, am I required to pay tax from 1st supply post registration?

Ans: Yes, you would be treated as a normal taxable person and pay tax on supplies below the turnover of Rs 20 lakhs also.

8. Whether a separate GSTIN would be allotted to a registered person for deducting TDS (he has PAN and TAN as well)?

Ans: Separate registration as tax deductor is required.

9. Suppose I am in composition scheme in GST. If I purchase goods from un-registered person, then GST will be paid to Government by me or not?

Ans: Yes, you will be liable to pay tax on reverse charge basis for supplies from un-registered person.

10. Do registered dealers have to upload the sale details of unregistered dealers also in GST?

Ans: Generally not. But required in case of inter-State supplies having invoice value of more than Rs 2.50 lakhs.

11. How is an application for fresh registration to be made under GST?

Ans. Application for fresh registration is to be made electronically on the GST common portal (www.gst.gov.in) in **FORM GST REG 01**.

12. Within what time will registration be granted?

Ans. If the details and documents are in order registration will be granted within 3 working days. If no objection is raised on the application by the proper officer within 3 days, registration will be deemed to have been granted.

13. How will taxpayer get the certificate of registration?

Ans. The taxpayer can himself download the certificate of registration online from the GST common portal (www.gst.gov.in).

14. Can registration particulars once furnished be amended?

Ans. Yes. The request for amendment has to be made online. All minor amendments in registration particulars can be amended by the taxpayer himself by filing an application for amendment on the system. In case of certain major amendments in particulars of registration like change in legal name of business, place of business, change in constitution of business, etc, the registration particulars may be amended with the approval of the proper officer within a period of 15 working days.

15. In which state will the person be registered?

Ans. A person applying for registration has to apply in each State from where he makes or intends to make supplies under GST. Thus, he will be registered in all the States from where he makes supplies.

16. Will all manufacturers necessarily have to register under GST?

Ans. A manufacturer dealing only in exempted goods or where his turnover is below Rs.20 Lakhs in the financial year (but not engaged in inter-State supplies) is not required to register under GST.

17. Is separate registration required for trading and manufacturing by same entity in one State?

Ans: There will be only one registration per State for all activities except when they qualify as separate business vertical as per the definition of 'business vertical'.

18. Is there any concept of area based exemption in GST?

Ans: There will be no area based exemption in GST. The Central government may provide partial relief by providing some budget support to existing units under area based scheme.

19. How long can I wait to register in GST after becoming liable to registration?

Ans: An un-registered person has 30 days to complete his registration formalities from its date of liability to obtain registration.

20. What if I am not liable to register under GST but I was registered under Service Tax?

Ans: You can apply for cancellation of Provisional ID if you do not need registration under GST.

21. If I am not an existing tax payer and wish to register under GST, when can I do so?

Ans: You would be able to apply for new registration at the GST Portal gst.gov.in.

22. Do registered dealers have to upload the sale details to un-registered dealers also in GST?

Ans: In case of intra-State supply and inter-State B2C supply, a consolidated entry has to be specified in the Return. However, for B2C inter-State supply, each supply having invoice value of more than Rs 2.50 lakhs is required to be reported in the Return.

23. How do I incorporate two supplies in the same period Return for say Pharmaceutical products with same HSN Code of four digits but having different tax rates?

Ans: Returns require you to furnish rate wise details for calculating tax liability and HSN Code wise summary is only required to be reported.

FAQs on Payment of Tax

1. How can tax payments be made under GST?

Ans: Under GST tax payment is easy and can be done first by using the input tax credit available. The payment can also be done in cash through all modes available like e-payment through net-banking, credit card and debit card, over the counter of banks, RTGS or NEFT.

2. When is payment of taxes to be made by the Supplier under GST?

Ans. Although the taxpayer can deposit cash anytime in the electronic cash ledger but the payment of taxes by the normal tax payer is to be done on monthly basis by the 20th of the succeeding month at the time of filing of Return. Cash payments will be first credited in the electronic Cash Ledger and the tax payer shall debit the ledger while making payment in the monthly returns and shall reflect the relevant debit entry number in his Return. For example, payment of taxes for the month of July, 2017 shall be made by the 20th of August, 2017. Composition tax payers are required to pay tax on quarterly basis.

3. What is the last date by which GST is to be paid for a particular supply?

Ans. If a supply is undertaken in a particular month, the GST in respect of that supply has to be paid by the 20th of the succeeding month. GST can be paid either in cash or using the credit balance in the ITC ledger.

4. Can traders get the credit of IGST paid at the time of imports for discharging their domestic liabilities under GST? If yes, how?

Ans. Yes. Under GST, traders will be on par with manufacturers. IGST paid at the time of import will be available as credit which can be used for payment of taxes on further supplies.

GSTIN would be used for the purpose of credit flow of IGST on import of goods and refund of IGST paid in case of export.

5. Is GST payable upon receipt of Advance?

Ans: When Advance is received, Receipt Voucher should be issued with details as specified in Rule 5 of Invoice Rules. At that stage, GST is payable but recipient cannot avail input tax credit as goods or services or both have not been received by him.

FAQs on Transition of Credit

1. What category of persons are required to migrate to GST?

Ans: Taxable persons who are paying service tax, State VAT or Central Excise are required to migrate to GST. They will get temporary PAN based registration number. Final registration will be granted after submitting necessary information and papers, as defined under Section 139 of CGST and SGST Act 2017.

2. What will happen to CENVAT Credit available on the appointed day of 1st July 2017?

Ans: A manufacturer who is having CENVAT credit balance in his return on 30.06.2017 can carry forward his CENVAT Credit as CGST credit. He can also take un-availed CENVAT credit of

Excise duty paid on capital goods, as per Section 140 (1) and 140 (2) of CGST and SGST Act. He has to submit application in Form GSTTRAN 1 within 90 days.

3. Can a taxable person who was not eligible to take CENVAT credit earlier, but is now eligible to do so under GST, avail Input Tax credit?

Ans: A taxable person who was not eligible to take CENVAT credit earlier but is now eligible to do so under GST can take Input Tax credit of Excise duty which was paid on the stock with him, if he has Invoice or other documents evidencing payment of Excise duty. He has to submit stock statement, as specified under Section 140 (3) of CGST and SGST Act 2017.

4. Can Input Tax credit be availed for goods cleared by supplier prior to 01.07.2017, but received by recipient after 01.07.2017?

Ans: If goods were cleared by supplier prior to 01.07.2017 by paying Excise duty and State VAT but goods were received after 01.07.2017 by recipient, Input Tax credit of such Excise duty or State VAT is available if such invoice was recorded in the books of accounts within 30 days i.e. before 30.07.2017. He has to furnish specified details, as contained in Section 140 (5) of CGST and SGST Act 2017.

5. Is Input Tax credit available for materials sent to job worker before 01.07.2017?

Ans: If material was sent for job work and was lying with job worker, Input tax credit can be taken on submission of details as prescribed under Section 141 of CGST Act and SGST Act 2017.

6. Can Input Tax credit be availed on goods whose value is higher than Rs 25,000/- by the dealer who hold these goods in custody on 01.07.2017?

Ans: In case of goods of value higher than Rs 25,000/-which are identifiable by distinct number (like engine number, chassis number,laptop number,air conditioner number,refrigerator number), the manufacturer can pass on credit to the dealer by issuing Credit Transfer Document (CTD). Statement has to be submitted in TRANS 3, TRANS 3A and TRANS 3B.

7. What is the treatment for un-availed CENVAT credit on Capital goods on appointed day?

Ans: A registered taxable person shall be entitled to take, in his electronic credit ledger, credit of un-availed CENVAT credit in respect of capital goods, not carried forward in a return, furnished under the earlier law by him, for the period ending with the day immediately preceding the appointed day in such manner as may be prescribed.

8. What is the treatment for Exempted goods returned to the place of business within 6 months form the appointed day?

Ans: Where any goods on which duty had been exempt under the earlier law at the time of removal thereof, not being earlier than six months prior to the appointed day, are returned to any place of business on or after the appointed day, no tax shall be payable thereon if such goods are returned to the said place of business within a period of six months from the appointed day and such goods are identifiable to the satisfaction of the proper officer.

9. What is the treatment for Exempted goods returned to the place of business after 6 months from the appointed day?

Ans: Tax shall be payable by the person returning the goods if the said goods are liable to tax under this Act and are returned after a period of six months from the appointed day.

10. What is GST treatment on Duty paid goods returned to the place of business within 6 months or after the appointed day?

Ans: Where any goods on which duty had been paid under the earlier law at the time of removal thereof, not being earlier than six months prior to the appointed day, are returned to any place of business on or after the appointed day, no tax shall be payable thereon if such goods are returned to the said place of business within a period of six months from the appointed day and such goods are identifiable to the satisfaction of the proper officer.

11. What is the treatment for Duty paid goods removed to the place of business after 6 months from the appointed day?

Ans: Tax shall be payable by the taxable person returning the goods if the said goods are liable to tax under this Act and are returned after a period of six months from the appointed day.

12. Can the person to whom goods are returned take credit of Goods paid at the time of removal of such goods?

Ans: Every taxable person who receives such goods within a period of six months shall be entitled to take credit of the duty paid earlier at the time of removal.

13. What is the treatment of goods sent on approval basis but returned on or after the appointed day?

Ans: When goods are sent on approval basis and such goods are returned within the period of six months from the appointed day, or extended period of 2 months, then no tax is payable as per Section 162 D of CGST Act 2017.

14. Is tax payable in case goods are rejected or not approved by a buyer received after the appointed day?

Ans: No tax shall be payable in case where any goods are rejected or not approved by the buyer and are returned within the period of 6 months. However, GST shall be payable by the person returning the goods and sending the goods if the goods are returned after the period of 6 months.

15. What happens if the tax payer has distinct VAT registrations in the same State?

Ans: The transitional provisions will allot only one registration certificate in each state based on single PAN even though such person had multiple registrations in the State. He can have distinct registrations in the same State by way of an option only if the business unit qualify as business verticals under the GST Law.

FAQs on Tax invoice

1. Who is liable to issue a 'tax invoice'?

Ans: Every taxable person supplying goods or services or both is required to issue 'tax invoice'.

2. What details are to be contained in a 'tax invoice'?

Ans: The tax invoice shall contain details as specified in Rule 1 of Tax Invoice, Credit and Debit Notes Rules. It must contain details such as:

- (i) Name, address and GSTIN of the supplier
- (ii) A consecutive serial number not exceeding sixteen characters, in one or more multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolized as “_” and “/” respectively, and any combination thereof, unique for a financial year
- (iii) Date of its issue
- (iv) Name, address and GSTIN or UIN, if registered, of the recipient
- (v) Description of goods or services or both
- (vi) Taxable value of supply of goods or services or both taking into account discount or abatement, if any
- (vii) Rate of tax (Central tax, State tax, Integrated tax, Union Territory tax or cess)
- (viii) Amount of tax charged in respect of taxable goods or services (Central tax, State tax, Integrated tax, Union Territory tax or cess).
- (ix) Signature or digital signature of the supplier or his authorized representative.

3. What must be done with a tax invoice whose value is less than Rs 200?

Ans: If value of each tax invoice is less than Rs 200, consolidated invoice may be issued at the end of the day.

4. How many copies of tax invoice must be issued for goods?

Ans: Tax invoice for goods must be in triplicate with specified marking.

5. What is the time period within which tax invoice for supply of services must be issued?

Ans: Tax invoice for services shall be issued within 30 days of supply of service. In case of banking company, NBFC or F1 invoice can be issued within 45 days.

6. How many copies of tax invoice must be issued for services?

Ans: Tax invoice for services shall be in duplicate with specified marking.

7. For supplier of services such as banking companies, F1, NBFC or Telecom operators providing service to their own branch in another State, when shall they issue tax invoice?

Ans: They may issue tax invoice on quarterly basis.

8. In case of exempt goods or services or when tax is paid under Composition Scheme, is the supplier required to issue tax invoice?

Ans: No. In such cases, the supplier of exempt goods or services or when tax is paid under Composition Scheme, the supplier should issue Bill of Supply and NOT tax invoice, with details specified in Rule 4, namely:

- (i) Name, address and GSTIN of the supplier
- (ii) A consecutive serial number not exceeding sixteen characters, in one or more multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolized as “_” and “/” respectively, and any combination thereof, unique for a financial year
- (iii) Date of its issue
- (iv) Name, address and GSTIN or UIN, if registered, of the recipient
- (v) Description of goods or services or both
- (vi) Taxable value of supply of goods or services or both taking into account discount or abatement, if any
- (vii) Rate of tax (Central tax, State tax, Integrated tax, Union Territory tax or cess)
- (viii) Amount of tax charged in respect of taxable goods or services (Central tax, State tax, Integrated tax, Union Territory tax or cess).
- (ix) Signature or digital signature of the supplier or his authorized representative.

9. If goods are transported in semi-knocked down condition, when shall complete invoice be issued?

Ans: When goods are transported in semi-knocked down condition, complete invoice shall be issued before dispatch of first consignment and then delivery challan should be issued for subsequent consignments. Original copy of invoice shall be sent with last consignment.

10. What details must the tax invoice of an Input Service Distributor contain?

Ans: An Input Service Distributor’s (ISD) invoice must contain details such as;

- (i) Name, address and GSTIN of the supplier
- (ii) A consecutive serial number not exceeding sixteen characters, in one or more multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolized as “_” and “/” respectively, and any combination thereof, unique for a financial year

- (iii) Date of its issue
- (iv) Name, address and GSTIN of the recipient to whom the credit is distributed;
- (v) Amount of the credit distributed, and
- (vi) Signature or digital signature of the Input service Distributor or his authorized representative.

FAQs on Accounts

1. What is the basic information that needs to be furnished in Form GSTR-1?

Ans: The details to be entered in the return of outward supplies **Form GSTR-1**, made by the trader depends upon the nature of supplies made. The provisions are as follows:

- i) intra-State supplies to consumers (B2C supplies) - tax-rate wise summary;
- ii) inter-State supplies to consumers (B2C supplies) of value upto Rs. 2.5 lakhs - State-wise and tax-rate wise summary;
- iii) inter-State supplies to consumers (B2C supplies) of value above Rs. 2.5 lakhs - specified invoice wise details;
- iv) supplies to resellers (B2B) – specified invoice wise details.

2. What if a trader/businessman is unable to undertake compliances under GST himself?

Ans. Under GST, the government will allow qualified persons to act as GST Practitioners. In case the trader is unable to undertake compliances himself, he can utilize the services of such GST practitioners to do the compliances for him. There would also be Facilitation Centres, Help Desks in each GST Commissionerate. There would also be facility of GST Suvidha Providers (GSPs) who would be developing software for uploading data onto the GSTN portal.

3. How will aggregate turnover be computed for the purpose of composition?

Ans. It will be computed on the basis of turnover on all India basis. “Aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by the composition dealer on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and compensation cess.

4. What is the basic information that need to be furnished in Form GSTR 4?

Ans. It should contain details of turnover in the State or Union territory, inward supplies of goods or services or both, tax payable on reverse charge basis in case of purchases made from unregistered persons and tax payable.

5. Will the compliance process under GST be complicated for traders under GST? What measures have been put in place to ease burden of compliance on small traders?

Ans. No. The compliance process will be automated and easy for traders. The following steps have been taken by the Government in this regard.

- a) Small traders with a turnover below Rs.20 Lakhs need not register under GST.
- b) An easy to understand and comply composition scheme for traders having turnover upto Rs. 75 lakhs where tax can be paid quarterly as a percentage of turnover.
- c) GST Seva Kendras have been opened in all Commissionerates (upto Range office) under CBEC to help small traders under the GST law and process.
- d) For uploading of invoice details, GST Network will be providing easy to use application free of cost which will enable hassle free uploading of invoices by traders.
- e) The returns and payment of tax process under GST is completely online. There will be minimal interface or no interface with the tax authorities.
- f) Small taxpayers can use the services of GST practitioners at a nominal cost to take care of their compliances under GST.
- g) GST Suvidha providers (GSPs) will be providing easy to use applications which will provide an interface with the GST network for easy and smooth compliances under GST.
- h) Strict time lines have been prescribed which shall be adhered to by all proper officers. Registration will be given in 3 working days if the documents are in order. In case no response is received from the proper officer within 3 days, registration shall be deemed to be granted.
- i) Application for refund will be completely online with minimal interface with the tax officer. Acknowledgment of refund claim will be given in 15 days and the claim will be processed in 60 days failing which interest will be paid. For Exports, provisional refund up to 90% of the claim will be sanctioned upfront without any verification. The amount of refund will be directly credited to beneficiary's bank account.

6. The traders are not used to classify the goods under the HSN nomenclature and are likely to face hardship in this regard?

Ans. Taxpayers whose turnover is above Rs.1.5 crores but below Rs. 5 crores shall use 2-digit code and the taxpayers whose turnover is Rs. 5 crores and above shall use 4-digit code. Taxpayers whose turnover is below Rs. 1.5 crores are not required to mention HSN Code in their invoices. Further the goods emanate either from manufacture or from imports. The traders usually don't change the nature of goods. The classification, in general, will be in continuity from the HSN declared by the manufacturer or importer both of whom have been using the system in the past also.

FAQs on Returns

1. From when do the first Returns need to be filed by taxable person in respect of outward supplies?

Ans: First Return of outward supplies need to be filed from the date on which he became liable for registration till the end of the month in which the registration has been granted.

2. From when do the first Return needs to be filed by taxable person in respect of inward supplies?

Ans: First Return of inward supplies need to be filed from the effective date of registration till the end of the month in which the registration has been granted.

3. What would be done on the tax paid on advance receipt if advance has to be refunded in any circumstance?

Ans: Advance refunded can be adjusted in the Return.

4. Do registered dealers have to upload the sale details of un-registered dealers also in GST?

Ans: Generally not. But required in case of inter-State supplies having invoice value of more than Rs 2.50 lakhs.

5. How to incorporate two supplies in return for Pharma with same HSN Code of four digits but having different tax rates?

Ans: Returns provide for furnishing rate wise details.

6. Who shall undertake responsibility for keeping proper accounts under this provision and in case of contraventions?

Ans: The principal would undertake the primary responsibility and accountability of the goods including payment of taxes, if any.

7. What is the time limit within which Capital goods have to be returned to Principal?

Ans: Three years.

8. Can the benefit of sub Section 1, 2 and 3 be availed even if the date of removal of inputs, semi-finished goods or finished goods is falling beyond one year before the appointed date?

Ans: There are no restrictions in Sec 141 regarding the time period before the appointed date within which the date of removal of goods removed should fall in order to avail the benefit of Section 141. The restriction regarding the time limit is only in respect of receiving back of the goods to the place of business from where those goods were originally removed.

9. A person who is registered under Service Tax as well as under Central Excise and having un-availed CENVAT credit in Central Excise Return, has not filed his service tax returns.

Whether he can carry forward the un-availed CENVAT credit as per the last Central Excise Return to the GST regime?

Ans: No. Credit cannot be taken unless he has furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date.

10. Whether Returns under CST in relation to the six months immediately preceding the appointed date also to be furnished in order to carry forward the un-availed CENVAT credit with respect to Service Tax and Central Excise into the GST regime?

Ans: Yes. The registered person has to furnish all the Returns required under the existing law for the period of six months immediately preceding the appointed day.

11. The traders are not used to classify the goods under the HSN nomenclature and are likely to face hardship in this regard?

Ans. Taxpayers whose turnover is above Rs.1.5 crores but below Rs.5 crores shall use 2-digit code and the taxpayers whose turnover is Rs. 5 crores and above shall use 4-digit code. Taxpayers whose turnover is below Rs. 1.5 crores are not required to mention HSN Code in their invoices. Further the goods emanate either from manufacture or from imports. The traders usually don't change the nature of goods. The classification, in general, will be in continuity from the HSN declared by the manufacturer or importer both of whom have been using the system in the past also.

12. What if a manufacturer/businessman is unable to undertake compliances under GST himself?

Ans. Under GST, the government will allow qualified persons to act as GST Practitioners. In case the manufacturer is unable to undertake compliances himself, he can utilize the services of such GST practitioners to do the compliances for him. There would also be Facilitation Centres, help desks in each GST Commissionerate. There would also be facility of GST Suvidha Providers (GSPs) who would be developing software for uploading data on to the GSTN portal.

FAQs on Composition Scheme

1. Is there any scheme for payment of taxes under GST for small manufacturers?

Ans. Yes. Composition levy is an alternative method of levy of tax designed for small taxpayers whose turnover is up to Rs. 75 lakhs (Rs. 50 lakhs for special category States). The basic objective is to bring simplicity and reduce cost of compliance for the small taxpayers. The scheme is optional and is mainly for small traders, manufacturers and restaurants.

2. What is the eligibility category for opting for composition levy? Which are the Special Category States in which the turnover limit for Composition Levy for CGST and SGST purpose shall be Rs. 50 lakhs?

Ans. Composition scheme is a scheme for payment of GST available to small taxpayers whose aggregate turnover in the preceding financial year did not cross Rs.75 Lakhs. In the case of following 9 North East and special category states, the limit of turnover is Rs.50 Lakhs in the preceding financial year.

- a) Arunachal Pradesh
- b) Assam
- c) Manipur
- d) Meghalaya
- e) Mizoram
- f) Nagaland
- g) Sikkim
- h) Tripura and
- i) Himachal Pradesh

3. What is the rate of tax under Composition levy?

Ans. Rate for manufacturers is 2% (1% CGST and 1% SGST).

4. Who are the persons(traders/manufacturers) not eligible for composition scheme?

Ans. Following persons are not allowed to opt for the composition scheme:

- a) a casual taxable person or a non-resident taxable person;
- b) suppliers whose aggregate turnover in the preceding financial year crossed Rs. 75 lakhs;
- c) supplier who has purchased any goods or services from unregistered supplier unless he has paid GST on such goods or services on reverse charge basis;
- d) supplier of services, other than restaurant service;
- b) persons supplying goods which are not taxable under GST law;
- c) persons making any inter-State outward supplies of goods;

- d) suppliers making any supply of goods through an electronic commerce operator who is required to collect tax at source under Section 52; and
- e) a manufacturer of following goods:

S. No	Classification (Tariff item/ Chapter)	Description
1	2105 00 00	Ice cream and other edible ice, whether or not containing cocoa
2	2106 90 20	Pan masala
3	24	Tobacco and manufactured tobacco substitutes

- Note: There is no restriction in making inter-State outward supplies of goods.

5. When will a manufacturer have to pay tax?

Ans. A manufacturer, if registered under GST, will have to pay tax on monthly basis on or before 20th of the succeeding month.

A person who has opted for composition levy will have to pay on quarterly basis on or before 18th of the month succeeding the quarter relating to supplies.

6. A person availing composition scheme during a financial year crosses the turnover of Rs.75 Lakhs/Rs. 50 Lakhs during the course of the year i.e. say he crosses the turnover of Rs.75 Lakhs/Rs. 50 Lakhs in December? Will he be allowed to pay tax under composition scheme for the remainder of the year i.e. till 31st March?

Ans. No. The option availed shall lapse from the day on which his aggregate turnover during the financial year exceeds Rs. 75 Lakhs/50 Lakhs. Once he crosses the threshold, he shall file an intimation for withdrawal from the scheme in **FORM GST CMP-04** within seven days of the occurrence of such event.

Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in **FORM GST ITC-01** containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock as well as the capital goods held by him on the date on which the option is withdrawn, within a period of thirty days from the date from which the option is withdrawn.

7. How will aggregate turnover be computed for the purpose of composition?

Ans. It will be computed on the basis of turnover on all India basis. "Aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which

tax is payable by the composition dealer on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and compensation cess.

8. Can a person who has opted to pay tax under the composition scheme avail Input Tax Credit on his inward supplies?

Ans. No. A taxable person opting to pay tax under the composition scheme is out of the credit chain. He cannot take credit on his input supplies.

9. Can a registered person, who purchases goods from a manufacturer paying tax under the composition scheme, take credit on purchases made from the composition dealer?

Ans. No. A manufacturer opting to pay tax under the composition scheme is out of the credit chain. He can neither take credit on his input supplies, nor issue taxable invoice to his buyer. He cannot charge tax from the recipient. The person purchasing from him cannot take any credit.

10. Can a person paying tax under the composition scheme issue a tax invoice under GST?

Ans. No. He can issue a bill of supply in lieu of tax invoice and such bill of supply cannot show tax element separately.

11. Are monthly returns required to be filed by the person opting to pay tax under the composition scheme?

Ans. No. Such persons need to file a simplified quarterly returns in **Form GSTR-4**. The GSTR-4 needs to be filed electronically on the GSTN common portal by the 18th day of the month succeeding the quarter relating to the supplies.

12. What is the basic information that need to be furnished in Form GSTR 4?

Ans. It should contain details of turnover in the State or Union territory, inward supplies of goods or services or both, tax payable on reverse charge basis in case of purchases made from unregistered persons and tax payable.

13. A person opting to pay tax under the composition scheme receives inputs/input services from an unregistered person. Will the composition dealer have to pay GST under reverse charge? If yes, in what manner?

Ans. Yes. Tax will have to be paid on such supplies by the composition dealer under reverse charge at normal rates and not composition rates. The tax can be paid by the 18th day of the month succeeding the quarter in which such supplies were received. The information relating to such supplies should be shown by the composition dealer in Table 4 of GSTR 4. In respect of other notified supplies in which GST is chargeable on reverse charge basis, the composition dealer will have to pay tax at normal rates.

14. What is the form in which an intimation for option to pay tax under composition scheme needs to be made by the taxable person?

Ans. The intimation is to be made electronically in **Form GST CMP-01**. A person who has already obtained registration and opts for payment under composition levy need to give intimation electronically in **Form GST CMP-02**.

15. In case a person has registration in multiple states? Can he opt for payment of tax under composition levy only in one state and not in other state?

Ans. No. Any intimation under sub-rule (1) or sub-rule (3) of Rule 3 of the CGST Rules, 2017 in respect of any place of business in any State or Union territory shall be deemed to be an intimation in respect of all other places of business registered on the same Permanent Account Number.

16. What is the effective date of composition levy?

Ans. There can be three situations:

Situation	Effective date of composition levy
Persons who have been granted provisional registration and who opt for composition levy (Intimation is filed under Rule 3(1) in Form GST CMP-01)	The appointed date i.e. 22 nd June, 2017
Persons opting for composition levy at the time of making application for new registration in the same registration application itself (The intimation under Rule 3(2) in FORM GST REG-01 itself)	Effective date of registration; Intimation shall be considered only after the grant of registration and his option to pay tax under composition scheme shall be effective from the effective date of registration.
Persons opting for composition after obtaining registration (The intimation is filed under Rule 3(3) in Form GST CMP-02)	The beginning of the financial year

17. What are the conditions and restrictions subject to which a person is allowed to avail of composition levy?

Ans. The person exercising the option to pay tax under composition scheme shall comply with the following conditions, namely: -

(a) he should not be a casual taxable person nor a non-resident taxable person;

(b) **the goods held in stock by him on 22nd June, 2017 have not been purchased in the course of inter-State trade or commerce or imported from a place outside India or received from his branch situated outside the State or from his agent or principal outside the State;**

- (c) the goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax under reverse charge mechanism;
- (d) he shall pay tax under reverse charge mechanism where he purchases goods or services from an un-registered persons;
- (e) he was not engaged in the manufacture of notified goods namely ice cream and other edible ice, pan masala and tobacco and manufactured tobacco products;
- (f) he shall mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him; and
- (g) he shall mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

18. What is the validity of composition levy?

Ans. The option exercised by a registered person to pay tax under composition scheme shall remain valid so long as he satisfies all the conditions mentioned in section 10 of CGST Act, 2017 read with Chapter II of the CGST Rules, 2017.

19. What are the other compliances which a provisionally registered person opting to pay tax under the composition levy need to make?

Ans. Such person is required to furnish the details of stock, including the inward supply of goods received from unregistered persons, held by him on the day preceding the date from which he opts to pay tax under the composition scheme, electronically, in **FORM GST CMP-03**, on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, within a period of sixty days from the date on which the option for composition levy is exercised or within such further period as may be extended by the Commissioner in this behalf.

20. Can the option to pay tax under composition levy be exercised at any time of the year?

Ans. No. The option is required to be given electronically in **FORM GST CMP-02**, prior to the commencement of the relevant financial year.

21. What is the validity of composition levy?

Ans. The option to pay tax under composition levy would remain valid so long as conditions mentioned in Section 10 of the CGST Act, 2017 and Rule 3 to 5 of the CGST Rules, 2017 remain satisfied.

22. Can a person paying tax under composition levy, withdraw voluntarily from the scheme? If so, how?

Ans. Yes. The registered person who intends to withdraw from the composition scheme can file a duly signed or verified application in **FORM GST CMP-04**.

Every person who has filed an application for withdrawal from the composition scheme, may electronically furnish, a statement in **FORM GST ITC-01** containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date of withdrawal, within a period of thirty days of withdrawal.

23. Will withdrawal intimation in any one place be applicable to all places of business?

Ans. Yes. Any intimation or application for withdrawal in respect of any place of business in any State or Union territory, shall be deemed to be an intimation in respect of all other places of business registered on the same Permanent Account Number.

24. Can supplier of Services opt for composition levy?

Ans. No, the only exception being supplier of restaurant services. For no other service Composition Scheme is available.

25. Can a person paying tax under composition scheme make supplies of goods to SEZ?

Ans. No. Supplies to SEZ from domestic tariff area will be treated as inter-State supply. A person paying tax under composition scheme cannot make inter-State outward supply of goods.

