

# *Goods & Service Tax (GST)*

## *Implementation Challenges & Remedies*



# Topics Covered

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- ❖ Recent Changes facilitated by GST Council - Oct 06, 2017 (22<sup>nd</sup> meeting)
- ❖ GST on Services from Goods Transport Agency (GTA)
- ❖ GST on Job Work
- ❖ Sale of Pre GST stock
- ❖ GST on Exports
- ❖ E-way Bill
- ❖ Reverse Charge Mechanism
- ❖ Increased Compliances and Challenges
- ❖ Other Challenges
- ❖ Remedies

# Recent Changes

- Annual aggregate turnover for availing composition scheme increased to 1 Cr. (Special category states-75Lacs except J&K and UK)
- Composition scheme can be availed till 31.03.2018 by both- migrated and new tax payers.
- Persons providing exempt services but otherwise eligible for Composition Scheme can now avail the benefit.
- Relief from getting registered, if turnover less than 20 Lacs and dealer involved in inter-state taxable supplies.
- Quarterly returns (GSTR-1,2&3) from third quarter (Oct-Dec 2017) if turnover up to 1.5 Cr with quarterly payment of taxes from Quarter 4.
- GSTR-3B to be filed monthly till Dec 2017.

# Recent Changes (contd.)

- Reverse Charge Mechanism on supply from unregistered dealer, suspended till 31.03.2018.
- No GST to be paid on advances received if turnover up to 1 Cr.
- Services by GTA to unregistered – Exempted from GST.
- Registration and operationalization of TDS/TCS provisions postponed till 31.03.2018.
- E-way bill system to be introduced from 01.01.2018 and to be rolled out nation wide from 01.04.2018.
- Due date for filing GSTR-4 & GSTR 6 extended till 15.11.2017.
- Invoicing rules are being modified.
- GST rates reduced significantly on Goods as well as Services.

# Recent Changes (contd.)

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- Refund procedure for exporters to be expedited.
- Refund cheques of exporters for July 2017, to be processed by October 10, 2017.
- Refund cheques of exporters for August 2017, to be processed by October 18, 2017.
- Electronic wallet (e-Wallet) will be set up by April, 2018 for refunds to exporters.
- Exporters will get a notional advance amount in their e-Wallets and it will be later offset with tax refunds.

# Goods Transport Agency (GTA)

- ❑ **“Goods Transport Agency”** - any person providing service of transport of goods by road and issuing consignment note.
- ❑ **“Consignment Note”** - a document, issued by a GTA against the receipt of goods to be transported in a goods carriage, containing prescribed details.
- ❑ To qualify as services of GTA, issuance of consignment note is must.
- ❑ Only services provided by a GTA are taxable under GST. Services of transportation of goods by a person other than GTA are exempt.
- ❑ The service of transportation of goods by road continue to be exempt even under the GST regime.

# GTA contd.

## TAXABILITY UNDER GST

- For specified recipient, GST to be paid under **Reverse Charge Mechanism**.
- For non-specified recipients, GTA can opt for collecting and paying taxes :
  - @ 12% (6% CGST + 6% SGST) with availment of ITC
  - @ 5% (2.5% CGST + 2.5% SGST) without claiming ITC.
- No GST payable on inputs for hiring transport to provide output service.
- Services from GTA to unregistered, exempted from GST.

# Job-work

- No GST to be paid on transferring goods to Job-worker.
  - Goods can be transferred directly from Vendor to Job-worker by principal.
  - ITC availed on inputs or capital goods dispatched to job-worker need not be reversed.
  - After processing, goods may be cleared to-
    - i. Another job-worker for further processing
    - ii. Any place of business of the principal
    - iii. Export outside India
    - iv. Customer within India
- } without payment of tax
- On payment of Tax



# Job-work contd.

- Time limit for returning goods back to principal (not applicable on moulds and dies, jigs and fixtures or tools):
  - Inputs within 1 year
  - Capital goods within 3 years.

## **Waste clearing provisions**

- Registered Job-worker: Cleared directly, on payment of tax
- Un-registered Job-worker: Cleared by the principal

## **Transitional provisions**

- No tax payable on goods transferred pre-GST if returned by 31<sup>st</sup> December.
- If goods not returned within prescribed time, ITC availed to be recovered.
- Goods sent/received for Job-work to be declared in GST TRAN-1.

# Sale of Pre GST Stock

- Pre-GST stock of packaged commodities displaying revised MRP with old MRPs can be sold till 31<sup>st</sup> December 2017.
- Pasting stickers with revised prices on pre-July stock will not amount to a breach of any rule.
- Revised price shall not exceed what is warranted by an increase in the effective tax rate.
- Revised MRP due to GST implementation can be displayed using sticker/stamping/online printing.

# GST on Exports

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- Exporters were required to pay Integrated GST on exports and then claim refunds (Zero rated supply).
- Exporters are required to pay GST on purchase, which was earlier exempt under form 'H'.
- Refund procedure has not been specified yet by GST Council.
- Dual taxation has lead to blockage of working capital.

# E-way Bill

- An Electronically generated way bill required for the movement of goods of value exceeding ₹ 50,000.
- For multiple consignments, a consolidated e-way bill can be generated.
- E-way bill to be generated for the following –
  - In relation to a ‘supply’
  - For reasons other than a ‘supply’ (say a return)
  - Due to inward ‘supply’ from an unregistered person
- E-way bill will also be allowed to be generated or canceled through SMS.
- E-way bill not required for transportation of goods like fruits, vegetables, milk, Jewellery etc. (total 153 products specified).

# Challenges in E-way Bill

- A new E-way bill to be generated for transfer of goods from one vehicle to another.
- Validity of E-way bill depends on the distance that the goods were to travel.

Distance	Valid from	Valid for
Less than 100 kms	Date & time at which e-way bill is generated	1day
For every 100 kms or after that	Date & time at which e-way bill is generated	An extra day

- E-way bill has not been implemented yet.

# Reverse Charge Mechanism (RCM)

- Recipient is liable to pay GST instead of the supplier.
- Tax to be paid under RCM on inward supply from an unregistered dealer
- No partial reverse charge
- If aggregate expense does not exceeds Rs. 5,000/- per day from unregistered persons, no liability under RCM.
- Tax under RCM to be paid only through Cash Mode.

# Increased Compliances and Challenges

- ❖ Businessman are facing issues with accounting software for GST.
- ❖ Maintenance of stock records is another big challenge for the businessman.
- ❖ Operating cost for businessman has increased in terms of professional consultancy involved.
- ❖ Return filing can be done only through online mode which is a hurdle to small businessman.
- ❖ No quick resolutions of queries are received from GST helpdesk.
- ❖ Businessman are facing various difficulties in filing of GST returns.

# Other Challenges

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- ❖ Matching of claims of Input tax credit.
- ❖ Huge penalties even for small offences.
- ❖ Barter included in supply.
- ❖ Valuation of Goods and Services.
- ❖ Increased Working Capital requirement.
- ❖ Every new business is required to get registered under GST irrespective of its turnover.
- ❖ Inter-head adjustment of GST paid in cash is not allowed.



# Remedies

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- ✓ Use of proper software for return filing will reduce difficulties.
- ✓ Take professional consultancy to avoid any discrepancies.
- ✓ Using right accounting software will decrease efforts
- ✓ Get LOU issued, for exporting without payment of IGST.

# Our Firm



AJSH & Co LLP is an independent firm of Business Advisors and Chartered Accountants with its corporate office situated at New Delhi.

AJSH has brought together a team of highly qualified and experienced consultants from diverse professional fields and expertise.

Our dedicated team of accomplished professionals and wide variety of services offered ensures that our client gets everything under one roof.

We cater to Indian and multinational corporates, high net worth individuals, financial institutions, start-ups and expatriates.

We are working with clients in India, USA, Africa, Australia, Europe, Hong Kong, Japan, China, Malaysia, Singapore and Thailand. Thus, we work across several different time zones based on our client needs.

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**Registrations:** ICAI (India), PCAOB (US)

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**Certification:** ISO 9001:2008

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**Size:** 120 + (Chartered Accountants, Company Secretaries, Certified Public Accountants (CPA), Lawyers, MBAs )

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**Alliances:** TIAG and UTN

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**Key Clientele's Location:** India, USA, Africa, Australia and Europe, Hong Kong, China, Malaysia

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**Head Office:** New Delhi, India

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**Partners:** Ankit Jain, Siddhartha Havelia, Manvi Arora, Chandramani Goel, Gautam More

# What we do

Accounting & Bookkeeping

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Business Consulting



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Ankit is a Bachelors in commerce from Delhi University and a fellow member of Institute of Chartered Accountants of India, New Delhi. He is also certified in IFRS and Forensic Accounting and Fraud Detection. He is the co-founder of the firm.

Prior to being associated with AJSH, Ankit worked with the Big 4 Accounting Firms (PwC India and Canada) and MNCs (American Express, India and Japan).

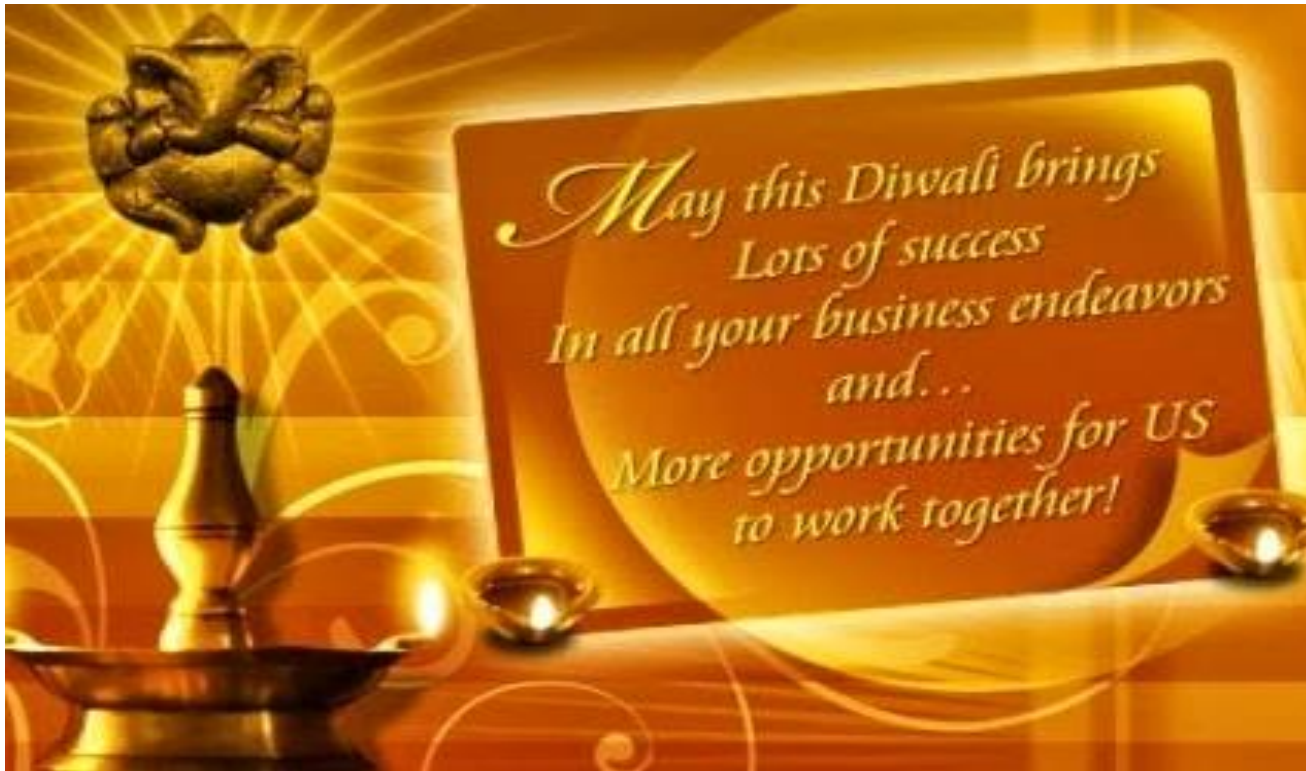
## Specialization and Experience

Ankit carries extensive professional experience in various fields of financial advisory including tax and regulatory advisory, transactions advisory, valuations, inbound and outbound investment structuring, accountancy, audit and assurance. His extensive public accounting experience spans for more than 17 years. He has been a member of Technical Committee of ICAI for updating the existing Accounting Standards on the basis of corresponding Indian Accounting standard.

His professional experience includes:

- Providing transactions support services including investor/ target identification, feasibility analysis, due diligence, valuations, transactions structuring and other support services
- Investment advisory services including setting up joint ventures in India, fund raising, transactions structuring as well as entry and exit strategies
- Statutory audit of major corporates in industries such as telecom, real estate, finance, infrastructure and aviation
- Advising on Indian corporate tax, regulatory matters and international transactions
- Assistance in SPAC transactions
- Setting up business in India

In addition to above, Ankit is a USGAAP and IFRS expert and has also assisted clients in SEC and SEBI filings.



*May the lamps of joy illuminate your world and bring  
you health, wealth and prosperity!*

*Wishing you a very Happy Diwali in advance!!*



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