

GOODS AND SERVICE TAX: COMPLIANCE AND PROCEDURES

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Abstract

Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. It has come into effect from 1st July 2017. GST, as the term refers to, is a composite tax on goods and services. Every transaction undertaken at every stage i.e. production, distribution, consumption or supply, when effected by one person to another or when effected, otherwise than by way of sale of goods or services, from one State to another, would be subjected to GST at a specified rate. This study focuses on Goods and Service Tax Compliances and Procedure.

Key Words: GST, Taxation, Indirect Tax, Tax Compliances, GST Procedures

Introduction

Goods and service Tax was implemented in India on 1st July 2017. It was long awaited decision which after so many amendments and discussion in both houses of parliament finally came in force in July 2017.

GST Law comprising

- (i) Central Goods and Services Tax Act, 2017 including Central Goods and Services Tax (Extension to Jammu and Kashmir) Act, 2017,
- (ii) State Goods and Services Tax Act, 2017 as notified by respective States,
- (iii) Union Territory Goods and Services Tax Act, 2017,
- (iv) Integrated Goods and Services Tax Act, 2017 including Integrated Goods and Services Tax (Extension to Jammu and Kashmir Act, 2017),

- (v) Goods and Services Tax (Compensation to States) Act, 2017 (hereinafter referred as CGST, SGST, UTGST, IGST and CESS respectively at the GST portal) and
- (vi) Rules, Notifications, Amendments and Circulars issued under the respective Acts.

Some Important Terminologies

1. Section (12A) “goods and services tax” means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.
2. ‘Section (26A) “Services” means anything other than goods.
3. “Goods”, already defined; -
4. (12) “goods” includes all materials, commodities, and articles;
5. (26B) “State” with reference to articles 246A, 268, 269, 269A and article 279A includes a Union territory with Legislature.

Central Taxes to be subsume [on the basis of amendments in Entry 84 of Union List and Article 271

- (a) Central Excise Duty,
- (b) Additional Excise Duties,
- (c) Excise Duty levied under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955,
- (d) Service Tax,
- (e) Additional Customs Duty commonly known as Countervailing Duty,
- (f) Special Additional Duty of Customs, and
- (g) Central Surcharges and Cesses so far as they relate to the supply of goods and services;

State Taxes to be subsume - on the basis of amendment in Entry 52, Entry 54, Entry 55 and Entry 62 and Article 269 & 271

- (a) State Value Added Tax/Sales Tax,
- (b) Entertainment Tax (other than the tax levied by the local bodies),
- (c) Central Sales Tax (levied by the Centre and collected by the States),
- (d) Octroi and Entry tax,
- (e) Purchase Tax,
- (f) Luxury tax,
- (g) Taxes on lottery, betting and gambling; and
- (h) State cesses and surcharges in so far as they relate to supply of goods and services

Levy of tax

Name of tax to be levied	Governing Act	Governed by	Number of acts in India	Governs
Central GST (CGST)	CGST Act	Central Government	One	Levy of Centre's portion of GST in Case of Intra State supply
Name of State-SGST	Name of State- GST act, Such as Rajasthan GST Act, Haryana GST Act	Respective state government	One for each state include UT with legislature (29+2= 31) Acts	Levy of State's portion of GST in case of Intra State Supply
Integrated GST	Integrated GST Act	Central Government	One	Levy of GST in Case of Inter State supply
UTGST	The union Territory GST Act	Central Government	One	Levy of GST in Case of Inter State supply in Union Territory
Compensation Act	The Goods and Service tax (Compensation to State)	Central Government	One	For provision of payment of Compensation to States.

Objectives of the Study

- To Highlight the compliances of GST in India
- To Study about the procedure of GST in India

GST Compliances and procedures

Filing of Return under GST.

Outward Return – GSTR-1

GSTR-1 is a monthly Statement of Outward Supplies to be furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.

Every registered taxable person, other than

-an input service distributor/

-composition taxpayer/

persons liable to deduct tax u/s 51 /

persons liable to collect tax u/s 52

is required to file GSTR-1, the details of outward supplies of goods and/or services during a tax period, electronically on the GST Portal.

Registered Dealer can opt for Quarterly filing of GSTR-1 return under following condition:

If the turnover during the preceding financial year was upto Rs. 1.5 Crore; or if the person is registered during the current financial year and expect the aggregate turnover during FY 2017-2018 to be upto Rs. 1.5 Crores

GSTR-1 needs to be filed even if there is no business activity (Nil Return) in the tax period.

Details required to be furnished under GSTR-1

The following details of a tax period have to be furnished in GSTR-1:

- a. Invoice level details of supplies to registered persons including those having UIN;
- b. Invoice level details of Inter- State supplies of invoice value greater than Rs. 2,50,000 to unregistered persons (consumers);
- c. Details of Credit/Debit Notes issued by the supplier against invoices;
- d. Details of export of goods and services including deemed exports (SEZ);
- e. Summarised state level details of supplies to unregistered persons (consumers);
- f. Summary Details of Advances received in relation to future supply and their adjustment;
- g. Details of any amendments effected to the reported information for either of the above categories;

- h. Nil- rated, exempted, and non-GST supplies; and
- i. HSN/SAC wise summary of outward supplies

Type of registered taxpayers not required to file the GSTR-1

The following taxpayers are not required to file GSTR-1:

- Taxpayers under the Composition Scheme (Return to be filled by them in GSTR 4);
- Non-resident foreign tax payers (Return to be filled by them in GSTR 5);
- Online information database and access retrieval service provider (Return to be filled by them in GSTR 5A);
- Input Service Distributors (ISD) (Return to be filled by them in GSTR-6);
- Tax Deducted at Source (TDS) (deductors) (Return to be filled by them in GSTR-7)
- E-commerce operators collecting TCS (Return to be filled by them in GSTR-8)

Pre-requisites for filing GSTR-1 are:

- a. The taxpayer should be a registered taxpayer and should have an active GSTIN during the tax period for which GSTR-1 has to be furnished;
- b. The taxpayer should have valid login credentials (i.e., User ID and password) to login into GST Portal;
- c. The taxpayer should have an active and non-expired/ revoked digital signature (DSC), in case the digital signature is mandatory;
- d. In case taxpayer wants to use EVC, they must have access to the registered mobile number of the Primary Authorized Signatory

The due date to file GSTR-1 for a given tax period is 10th day of the succeeding month.

Terms associated with GSTR-1 return

- B2B Supplies: B2B supply refers to supply transactions between registered taxable entities/persons (Business-to-Business supplies).
- B2C Supplies: B2C supply refers to supply transactions between a Registered Supplier and an Unregistered Buyer (Business-to-Consumer).
- Debit Note: A Debit Note is a document issued against an invoice in cases where the original invoice was issued at a value lower than the actual value of goods and/or services provided. It can also be issued in case of post supply price negotiations. The difference amount is accounted for in the form of a Debit note
- Credit Note:-Credit Note is a document issued against an invoice in cases where invoice was issued at a value higher than the actual value of goods and/or services provided or the invoice value is reduced due to post supply negotiations. This may also happen when the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient

GST-2A

Form GSTR-2A is a system generated 'draft' Statement of Inward Supplies for a receiver taxpayer. It is auto-populated from the Form GSTR-1/5, Form GSTR-6 (ISD), Form GSTR-7 (TDS), and Form GSTR-8 (TCS), filed/ submitted/ uploaded by the supplier taxpayer, from whom goods and/or services have been procured or received by the receiver taxpayer, in a given tax period.

It is created for a recipient when the Form GSTR-1/5, 6, 7 (Tax Deductor) & 8 (Tax Collector) is filed submitted/ uploaded by the supplier taxpayer. The details become available to the recipient for view and the details are updated incrementally as and when supplier taxpayer upload or change details in their respective Form GSTR, for the given tax period. Form GSTR-2A of a tax period is available for view only.

It is downloadable form but cannot be amended by taxpayer. It can be saved in excel format or json format for future reference.

GSTR-3B

GSTR-3B is a simplified summary return and the purpose of the return is for taxpayers to declare their summary GST liabilities for the tax period and the discharge of these liabilities in a timely manner

A normal taxpayer is required to file GSTR-1 & GSTR-3B returns for every tax period.

All normal taxpayers and casual taxpayers are required to file the GSTR-3B every time there is an extension of due dates of filing for GSTR-1 and GSTR-2

Specified due dates for filing of GSTR-3B is 20th day of the month succeeding the tax period. However, the due date can be extended by way of notification by the Commissioner.

Will there be any invoice matching in GSTR-3B

No, all the details in GSTR-3B will be self declared in summary manner and the taxes will be paid based on the table 6 of GSTR-3B (refer to the Rules as available on the GST Council or CBEC website, applicable for GSTR-3B Form).

Annual Audits Under GST Regime

Audits

Audit under GST is the examination of records maintained by a registered dealer. The aim is to verify the correctness of information declared, taxes paid and to assess the compliance with GST.

Audit under GST



a. Audit by Registered Dealer

Every registered dealer whose turnover during a financial year exceeds the Rs 2 crore has to get his accounts audited by a CA or a CMA

b. Audit by GST Tax Authorities

General Audit: The commissioner or on his orders an officer may conduct an audit of any registered dealer.

Special Audit: The department may conduct a special audit due to the complexity of the case and considering the interest of revenue. The CA or a CMA will be appointed to conduct the audit.

2. Assessment

Assessment under GST means the determination of tax liability under GST. Assessment under GST has been divided into 5 types:

a. Self Assessment

Under GST, every registered taxable person shall assess the taxes payable by them on their own, and furnish a return for each tax period. This is called self-assessment.

b. Provisional Assessment

A registered dealer can request the officer for provisional assessment if he is unable to determine the value of goods or rate of tax. The proper officer can allow the assessee to pay tax on a provisional basis at a rate or a value specified by him.

c. Scrutiny Assessment

A GST officer can scrutinize the return to verify its correctness. The officer will ask for explanations on any discrepancies noticed in the returns.

d. Summary Assessment

Summary Assessment is done when the assessing officer comes across sufficient grounds to believe any delay in showing a tax liability can harm the interest of the revenue. To protect the interest of the revenue, he can pass the summary assessment with the prior permission of the additional/joint commissioner.

e. Best Judgement Assessment**1. Assessment of non-filers of returns**

If a registered taxable person does not file his return even after getting a notice, the proper officer will assess the tax liability to the best of his judgment using the available relevant material.

2. Assessment of unregistered persons

This assessment is done when a taxable person fails to obtain registration even though he is liable to do so.

The officer will assess the tax liability of such persons to the best of his judgement. The taxable person will receive a show cause notice and an opportunity of being heard.

3. Demand and Recovery

Demand and recovery provisions are applicable when a registered dealer has paid tax incorrectly or not paid tax at all. It is also applicable when an incorrect refund or ITC is claimed by the dealer.

The proper officer will issue a show cause notice along with a demand for payment of tax and penalty in case of fraud.

Demands can arise in the following cases:

1. Unpaid or short paid tax or wrong refund
2. Tax collected but not deposited with the Central or a State Government
3. CGST/SGST paid when IGST was payable and vice versa.

If demand is not paid, the GST authority starts recovery proceedings

4. Advance Ruling

Advance Ruling under GST means seeking clarifications from GST authority on certain tax matters before starting the proposed activity. This helps to reduce costly litigation.

An advance ruling is a written decision given by the tax authority to an applicant on queries related to the supply of goods/services.

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