GOODS AND SERVICES TAX- ANSWER SCHEME

Section A

1. Indirect tax are the charges that are levied on goods and services whose impact and incidence falls on different persons
2. When a registered person purchase taxable goods or avail taxable services from an unregistered supplier , the supplier does not collect and remit tax , instead it is the recipient who is liable to pay tax on supplies. The tax so paid by the recipient of goods or services is called reverse charge
3. ITC means deducting the tax paid on inputs from the tax payable on final output to the government. For eg. If input tax paid is 3000 for a purchase of 50000 and output tax received is 4000 for a sale of 80000. Then the purchaser of input can avail a credit of Rs. 3000(the amount he paid as tax on inputs) from the output tax amount 4000 and pay the remaining 1000 to government
4. Tax on items such a s alcohol or tobacco
5. Union territory goods and services tax is a part of GST which is applicable on supplies made in union territories
6. E commerce Operator means any person who owns operates or manages digital or electronic facility or platform for electronic commerce.
7. Input tax is the tax paid on purchases by a registered person
8. Electronic cash ledger : any amount of tax deposited in cash to government is recorded in e cash ledger
9. Any supply of goods and services which is leviable to tax under Goods and services act
10. Time of supply means the point of time when goods/ services are considered supplied.
11. The composition scheme allows the qualifying tax payer – whose turnover less than 1.5 crore –to pay a percentage of their yearly turnover in a state as a tax
12. GST council is the council for governing tax rales , rules and regulations under gst

Section B

1. GST is an indirect tax paid on taxable supply of goods/ services or both . features of GST are as follows:

* It is a consumption based tax
* Concurrent Jurisdiction by centre and state
* integrated GST on interstate trade and imports
* compensation for five years
* electronic filing of return and payment of tax
* wide application of technology
* GST council

1. Tax rated

Exempted goods and supply

Taxable at the rate of 0.25%: Diamond , precious stones

Taxable at the rate of 3%: silver , imitation jewelry, precious metals

Taxable at the rate of 5% : frozen fish, vegetables, raisins

Taxable at the rate of 12%: drinks , marble, preserved fish

Taxable at the rate of 18% :

Taxable at the rate of 28%: Molasses, Chewing gum

15 To get the benefits of ITC , following restrictions are applicable under Sec16(9)

* ITC cannot be claimed for goods and services for personal purpose
* Goods have been acquired under a contract which results in contraction of immovable property.
* For persons who have paid tax under GST Composition scheme
* If goods & services have been used to built immovable property , other than plant & machinery& such property is not transferred
* Such goods & services which have been used by employees for their personal
* If depreciation has been claimed on cost of capital goods then they are not eligible for ITC

1. Procedure for registration includes the following steps:

* Every person who is liable to be registered under Sec 22 and Sec 24 shall apply for registration
* A person seeking registration under this contract shall be granted a single registration
* A person who is not liable to be registered under Sec 22 and Sec 24 may get himself registered voluntarily
* A person required to obtain more than one registration they shall be treated as distinct persons for the purpose of this act
* Every person shall have a PAN issued under Income tax Act. In order to be eligible for grant of registration
* Every person who is liable to be to be registered under this act fail to obtain registration the proper office may without prejudice to any action which may be taken under this act or any other law, proceed to register such person in such manner as prescribed.
* Where a person , has obtained registration in respect of an establishment, has ban establishment in another state then such establishment shall be treated as establishments of distinct persons
* Any specialized agencies of UNO or any multilateral financial institutions and organisations notified under United Nations(privileges and Immunities ) Act 1947 and any other person notified by commissioner shall be granted Unique Identity Number(UIN).
* The registration of UIN shall be granted or rejected in such form and manner as prescribed
* A certificate of registration shall be issued in such form and with effect from such date as prescribed.

1. Activities to be treated as supply of Services

* Transfer of right or undivided share in goods without transfer of title
* Any lease , tenancy, easement, license to occupy land
* Any treatment or process applied on another persons good like job work
* Any business assets put for private use
* Renting of immovable property
* Construction of a complex, building, civil structure
* Development, design, programming customization , implementation of information technology software
* Works contract

1. Time of supply in case of issue of vouchers

Incase of single purpose voucher time of issuance of voucher is the date of issue of voucher and incase of all other vouchers time of supply is the date of redemption of voucher.

1. Service Accounting code is standardized code adopted for all the services provided by India.in simple terms codes for services are called SAC. For example SAC concerning IPR, Patents ,Copyrights etc. is 998213 where first two digits are same for all services, next two digits represent major nature of service and the last two digits represent detailed nature of service
2. IGST stands for Integrated Goods and Services Tax. It is a part of GST which is levied on all type of inter state supply of goods and services or both with the exception of alcoholic liquor.

IGST levied on goods imported into India shall be levied and collected in accordance with the provisions of customs tariff act, 1975. It implies that on such importation of goods IGST will be payable in addition to basic customs duty. IGST is collected by the central government.

1. Criticism against GST:

GST being referred as a single tax system but in reality it is a dual system

The calculation of RNR is very difficult and further govt. wants to increase its revenue hence rate Increased costs due to software purchase of tax will be a problem

increase in operational costs

SECTION C

22. Benefits of GST includes the following

* Elimination of cascading effect of tax
* Benefit from composition scheme
* Product identification
* One tax
* Decrease in price of products
* Easy compliance
* Reduce tax burden
* Reduces the corruption
* Uniformity of tax rates

23. Composition Scheme Eligibility and conditions

Eligibility : Turnover must below 1.5 crore

Deals only in intra supply of good

Doesnot supply goods which are not taxable

Not supplying through e commerce operator

He shall pay tax at normal rates in case he is liable under reverse charge mechanism

24. place of supply under different context

Place of supply of goods when there is movement of goods: place where ownership of good changes, when there is no movement of goods location of goods at the time of delivery is the place of supply.

Place of supply in case of services : is the location of the service recipient

25. Sec (22,23,and 24) of CGST Act 2017

Sec 22 deals with persons liable for registration. Sec 23 deals with persons not liable for registration Sec 24 deals with compulsory registration under certain cases