



Key Business Considerations Goods & Services Tax (GST)

MOHINDER PURI & CO.
CHARTERED ACCOUNTANTS

Private & Confidential

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Accounts and Records

Accounts and Records

Documents to be maintained

- Invoices;
- Bill of supply;
- Delivery challans;
- Credit/debit notes;
- Receipt/refund vouchers;
- Payment vouchers; and
- E-way bills

Financial Records and Accounts

- Every Registered Person to keep books of accounts at principal and every related place of business mentioned in RC
- Name and addresses of suppliers, customers and address of stock warehouses (One time vendors covered)
- Separate accounts are required to be maintained for each activity, including manufacturing, trading, and provision of services
- **Back up of all the record to be maintained for restoration in case of any destruction**
- **Records can be kept in electronic format authenticated by Digital Signature and maintain serially if manual**

Tax Accounts

- Particulars of tax payable, tax collected and paid, input tax, input tax credit claimed
- Migration of opening balance (Transition provisions)
- Reconciliation of Accounts with Returns

Quantitative Records and compliance

- Supplier must maintain stock records of goods received and supplied as: Raw Material, Finished Goods and Scrap
- Particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples and balance of stock, including raw materials, finished goods, scrap and wastage should be maintained
- A Manufacturer is required to maintain monthly production accounts, showing quantitative details of raw material/services used and manufactured
- **Goods to be stored only at registration place (including additional place of business), otherwise tax to be paid**



Invoices and Other Documents

Contents for Tax Invoices and other documents

Sr. No.	Particulars	Section Reference/Area	New Requirements
1	Tax Invoice	Supply of goods or services	a) GSTN b) HSN code for goods or SAC code for services
2	Endorsement on Invoice	Exports	a) Supply meant for export on payment of Integrated tax b) Supply meant for export under Bond or Letter of undertaking without payment of Integrated tax
3	Bill of Supply	Person opting for Composition Scheme and supply of exempted goods	a) Person opting composition scheme b) Nil rated goods c) Exempted supply
4	Receipt Voucher	Advances received	a) GSTN b) HSN code for goods or SAC code for services
5	Refund Voucher	Cancellation of advance	a) Number and date of receipt voucher
6	Payment Voucher	URD Purchases and RCM purchases	a) GSTN b) HSN code for goods or SAC code for services
7	Debit and Credit note	Higher/Lower invoice value	a) Serial Number and date of corresponding tax invoice
8	Delivery challan	Job work, branch transfer within state, etc	a) GSTN b) HSN code for goods or SAC code for services



Returns

Returns under GST

RETURN FORM	PARTICULARS	DUE DATE	APPLICABLE FOR
GSTR1	Outward Supplies (Monthly)	10 th of the next month	Normal/ Regular Taxpayer
GSTR1A	Details of inward supplies for acceptance/rejection/modification (Monthly)	Auto Populated on 16th	Normal/ Regular Taxpayer
GSTR2	Inward Supplies (Monthly)	15 th of the next month	Normal/ Regular Taxpayer
GSTR2A	Details of outward supplies for modification (Monthly)	Auto Populated on 11th	Normal/ Regular Taxpayer
GSTR3	Monthly return	20 th of the next month	Normal/ Regular Taxpayer
GSTR4	Quarterly return	18 th of the next month from end of quarter	Composition scheme
GSTR5	Outward and Inward supplies	20 days or 7 days as specified	Non resident taxable person
GSTR6	Return by input service distributors	13 th of the next month	Input Service Distributor
GSTR6A	Details furnished by the supplier to ISD recipient	Auto Populated	Input Service Distributor
GSTR7	TDS Return	10 th of next month	To be prescribed
GSTR8	Outward supplies and TDS collected	10 th of the month after deduction	Supplies through e-commerce operator
GSTR9	Annual return	31 st December next FY	Normal/ Regular Taxpayer, Compounding Taxpayer
Ledgers	ITC ledger, cash ledger, tax ledger	On a continuous basis	

Returns – Matching Concept

Matching Concept

Matching

Details of inward supply furnished by a receiver to be matched with details of output supplies furnished by corresponding supplier

Credit details of matching supplies only to be accepted - manner to be prescribed

Reversal

Details not matching resulting in excess to be communicated to both supplier & receiver

Details communicated but not rectified by supplier to be added to the output tax liability of recipient

Duplication resulting in excess also to be added to output tax liability of recipient

Reclaim

Recipient entitled to reduce output tax liability if supplier rectifies the return within prescribed timelines

5 point match for ITC

GST Blacklisting – Joint Committee Report (Draft)

- ▶ A system of “GST Compliance Rating” is proposed to be introduced **based on compliance record**
- ▶ Any dealer having a rating below a prescribed level would be counted as a **blacklisted dealer**
- ▶ A continuous rating system for dealers would be maintained and profiles of all dealers would be posted in public domain

Triggers for Blacklisting

Continuous default for a period of 3 months in paying reversed ITC

Continuous default of 3 months or any 3 month-period over duration of 12 months in uploading outward supply detail

Continuous short reporting of sales beyond a prescribed limit of 5% (of total sales) for a period of 6 months

Action Point

Continuous monitoring of vendor ratings

Contract restructuring including indemnity clause- with key vendors

Educate vendors on how to remain compliant



Transition Provisions

Transitional Provision- Input Credit

Taxes	Conditions and eligibility
CENVAT Credit	The amount of CENVAT credit carried forward in the last return under the earlier law The amount must be admissible as ITC under the GST regime
Value Added Tax (VAT)	The amount of VAT carried forward in the last return under the earlier law, not later than 90 days from the appointed day The amount must be admissible as ITC under the GST regime
CENVAT Credit on capital goods (not carried forward in last return)	The said credit was available as credit under the current regime The amount must be admissible under the earlier law and is also admissible under the GST regime
CENVAT credit/VAT of earlier taxes paid on invoices received after appointed day	Payment has been made before the appointed day Invoice has been booked within 30 days from the appointed day

Scenario	Applicability
Refund Claims filed before the appointed date	Pending refund claims filed with service tax authorities before the appointed day shall be disposed off as per the provisions of the earlier law.
Refund Claims filed after the appointed date but services exported before the appointed date	Refund claims filed with authorities after the appointed day shall be disposed off as per the provisions of the earlier law. Where any refund is rejected (partially/fully), the same shall lapse

Invoice to be booked within 30 days from appointed day

To claim the above credits, GST TRAN-1 to be filed within 90 days from appointed day

Transitional Credits – Trading Stock Eligible Persons



Transitional Credits – Trading Stock

100% ITC on Opening Stock under CGST and SGST

Transition Provisions

1. Possession of the invoices and/or other prescribed documents evidencing payment of duty under the earlier law in respect of such inputs
2. Not issued earlier than 12 months prior to appointed date
3. To specify separately the details of stock held

60% ITC on Opening Stock under CGST/SGST

Transition Provisions

1. Not in possession of invoice or document evidencing payment of tax
2. GST rate to be 18% or more
3. To specify separately the details of stock held

(Eg: eligibility of excise it would be 60% of CGST rate of 9%=5.4% of Supply)

40% ITC on Opening Stock under CGST/SGST

Transition Provisions

1. Not in possession of invoice or document evidencing payment of tax
2. GST rate to be Nil, 5% or 12%
3. To specify separately the details of stock held

(Eg: eligibility of excise it would be 40% of CGST rate of 6%=2.4% of Supply)

Transitional Credits – Trading Stock-Conditions

Such inputs and/or goods are used or intended to be used for making taxable supplies under this Act

The said taxable person passes on the benefit of such credit by the way of reduced prices to the recipient

He is eligible for ITC on such inputs under the Act

Such goods should not be exempted or nil-rated under excise

Such credit would be available only for **first six tax periods from the appointed date.**

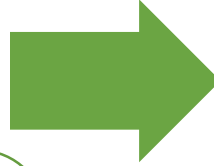
The stock of goods on which the credit is claimed is stored in a way that such goods can be easily identified by the person

*Submit an application electronically in Form **GST TRAN-1** within **ninety days** of the appointed day, specifying therein, separately, the amount of tax or duty to the credit of which the person is entitled*

Transitional credit Availability and Non availability

Available

- Opening balances of Excise and VAT (Return balances, Unutilised and Unavailed)
- CVD, SAD and cess component
- Unutilised credit on capital assets
- Education and higher education cess
- Taxes on opening stocks (eg. traded)



Not Available

- Krishi Kalyan cess
- Swachh Bharat cess
- Opening stock aged 12 months earlier from appointed day
- Uncollected Form (C/H/F)
- CST

Scenarios for Credit Carry Over On Stocks

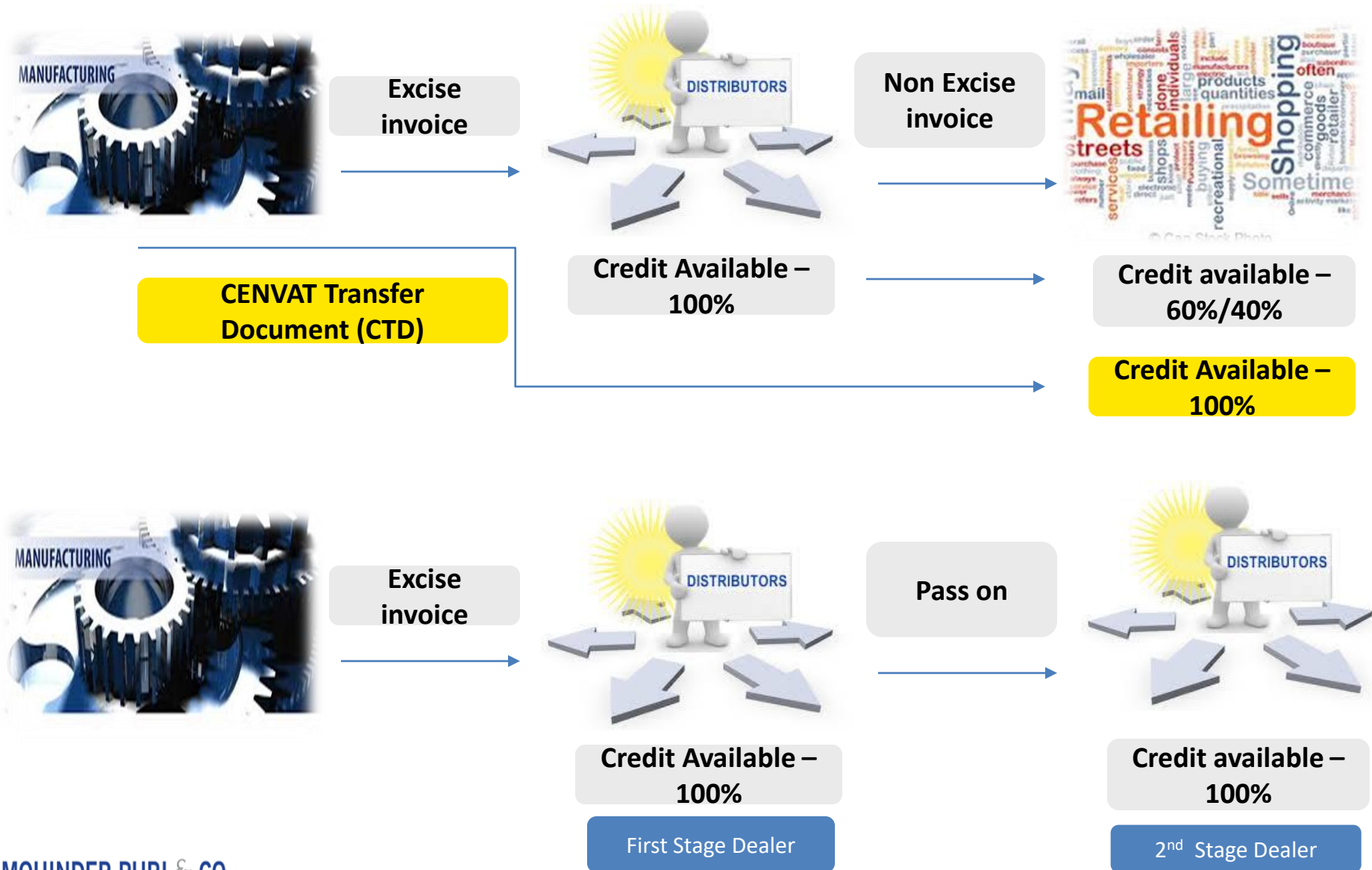


Issues excise invoice

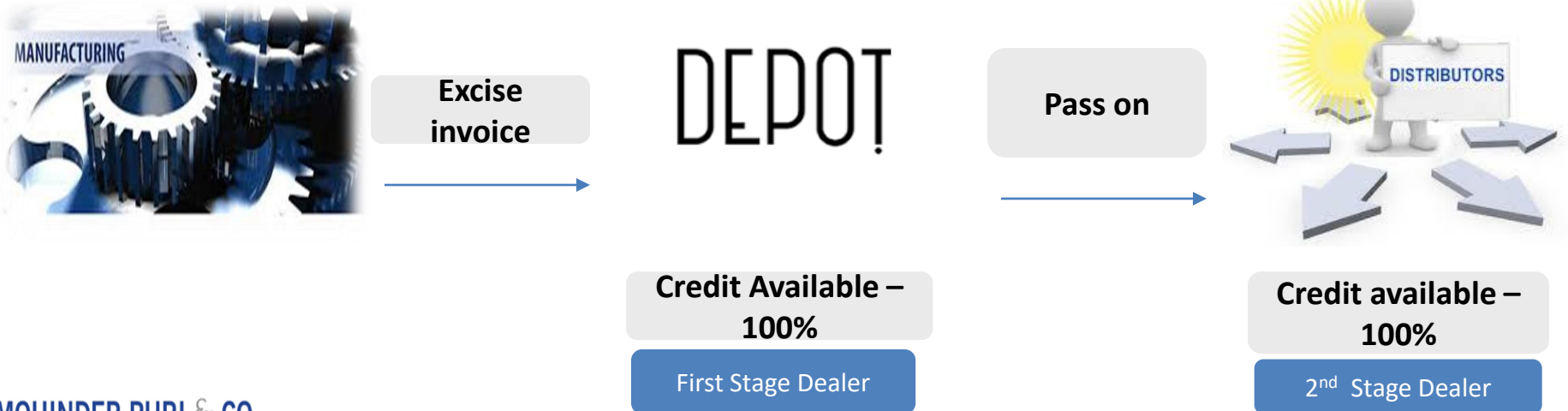
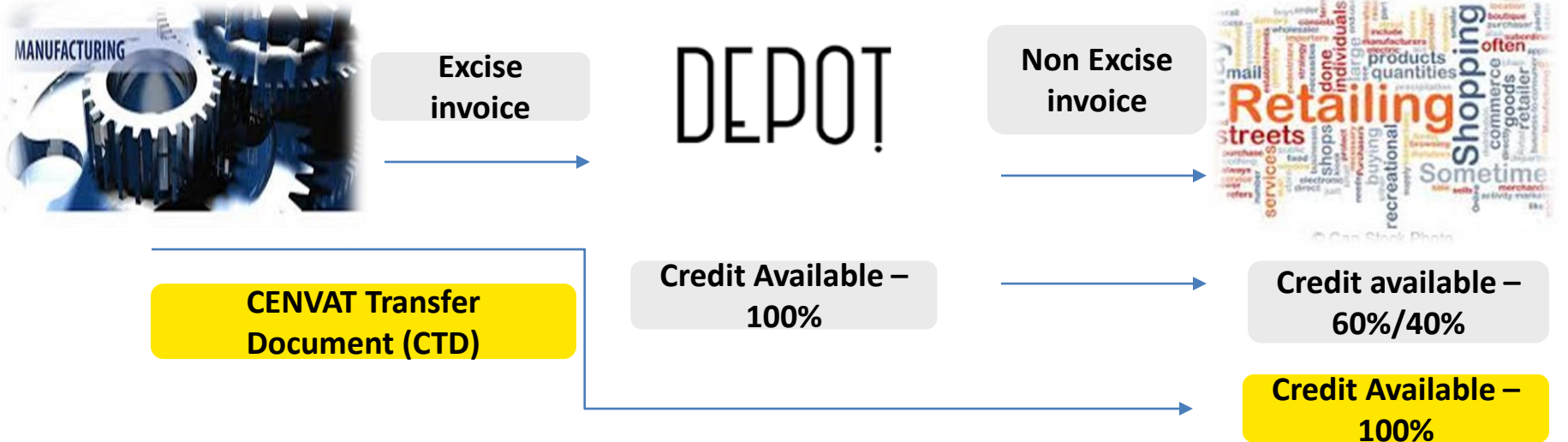


Credit available – 100%

Scenarios for Credit Carry Over On Stocks



Scenarios for Credit Carry Over On Stocks



Scenarios for Credit Carry Over On Stocks

IMPORT

Excise
invoice



Credit Available –
100%

Non Excise
invoice



Credit available –
60%/40%

IMPORT

Excise
invoice



Credit Available –
100%

First Stage Dealer

Pass on



Credit available –
100%

2nd Stage Dealer



ERP Considerations

ERP Considerations

Change in Master Data

- Tax Rate Master
- Vendor Master
- Customer Master
- Item Master
- PO and SO set up changes
- Item master to ensure compliance with Valuation rules (FOC/Sample)
- Change in Invoice Format

Chart of Accounts and Flow Charts

- Introduction of New set of Chart of Accounts
- Designing of Workflow for tax scenarios under GST

Accounting in ERP Change

- Change in BOM Costing
- Change in posting of inventory purchases and landed cost
- Change in Accounting for Service invoices
- Change in Accounting for Employee Reimbursements
- Change in ERP for capturing of Tax and reverse Charge Basis
- Accounting for taxes on advance from customer
- Accounting for taxes on advance to vendor
- Develop Reports to enable file monthly GST returns & away bill

Migration of Balances

- Migration of open transactions Open PO and Open SO
- Upload of Opening inventory with GST credit on opening stock
- Upload of Vendor and Customer GSNT number
- Upload of HSN codes

Outcome

GST readiness

GST blueprint

Reconfigured systems

Ongoing compliance

Thank You

Deepak Ahuja

Partner

MPC & Co. LLP | Chartered Accountants

Meera Madhav | 38 Sainik Vihar Cloud 9 Estate Off NIBM Road| Pune -
411060 | India

| Mob: +91-9766108382| Email: deepak.a.ahuja@mpco.in