



MAY, 2017

INTRODUCTION OF GST

EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

BHATIA & BHATIA
CHARTERED ACCOUNTANTS





Goods & Service Tax (GST) – Overview

Goods and Services Tax (GST) is a system of indirect taxation in India merging most of the existing indirect taxes into single system of taxation. The GST levy may potentially impact on trading, manufacturing and services sector for the entire value chain of operations.

The current Indirect tax regime in India provides for a complex tax environment due to multiplicity of taxes, elaborate compliance obligations and tax cascading. Under the GST regime, all the key Indirect tax legislations would be subsumed (except for few taxes such as duty on Electricity, Stamp Duty, etc.).

Given to the introduction of Goods and Services Tax (“GST”) in India it is likely to be implemented w.e.f. July 1, 2017. There is a requirement to seamlessly transition the operations of all the members of EPCH into the new regime by re-aligning the business models and other operating procedures connected with the present Indirect tax framework.

At present the CGST law, IGST law, GST Compensation law and UTGST law have already been notified by the government of India. SGST bills are lined before the state assemblies which are likely to be notified by the 31st May’2017. Twelve states assemblies have already approved SGST law till the date i.e. 12th May’2017. Draft rules have already been released by the GST committee asking for comments of the industries.

The hon’ble finance minister has ensured that GST rate of various goods are likely to be the same as under the previous laws and there will be no increase in taxes as compared to the previous laws rather the cost of the goods should go down.

In light of the above developments, Industry would now need to analyse the provisions of the GST law in detail, and assess its impact on their business.

Before we discuss the salient features of GST laws, we briefly discuss the business model of the members of EPCH under the current laws.

Currently, the tax structure as applicable on the business model of the members of EPCH is :

- i. The members are engaged in export of handicraft which does not attract any output tax liability under current indirect tax regime.
- ii. On Import, the members does not pays Customs duty consists of various components; viz the Basic Customs Duty (BCD), the Countervailing Duty (CVD) in lieu of the excise duty and the Special Additional Duty of Customs (SAD) in lieu of the VAT



or sales tax as the exporter is allowed to duty free import of inputs under DFIA (Duty Free import Authorization).

- iii. The exporter purchases the goods or raw material under Form H and does not pay Value Added Tax (VAT) on the Intra-state purchase of products from the vendors.
- iv. Under the existing tax regime, excise duty is exempted on handicrafts under Notification No. 17/2011-C.E., dated 1-3-2011. Further, handicrafts are placed under Schedule I of the Vat Laws in various states which covers the exempted goods. Therefore, presently handicraft is neither subject to excise duty nor does it attract VAT.

Thus it is apparent that exporting members do not have to pay indirect taxes under the existing current laws.

Salient features of GST laws are detailed as under:

1. Registration

Under the GST regime, tax is payable by the taxable person on the supply of goods and/or services. Liability to pay tax arises when the taxable person crosses the turnover threshold of INR 20 lakhs (INR 10 lakhs for North East & Special Category States) except in certain specified cases where the taxable person is liable to pay GST even though he has not crossed the threshold limit. The CGST / SGST is payable on all intra-State supply of goods and/or services and IGST is payable on all inter- State supply of goods and/or services. The CGST /SGST and IGST are payable at the rates as notified by the GST council.

Further, registration may be required in each State where there is a premise from where supplies are being made. Hence, an entity/supplier may need to obtain registration in each State where there is a premise from which services are being provided.

However the registration is compulsory even the turnover is less than Rs.20 lakhs in the following cases:

- i. Persons making any inter-State taxable supply;
- ii. Casual taxable persons;
- iii. Persons who are required to pay tax under reverse charge;
- iv. Electronic commerce operators required to pay tax under sub-section (5) of section 9;
- v. Non-resident taxable persons;
- vi. Persons who are required to deduct tax under section 51;
- vii. Persons who supply goods and/or services on behalf of other registered taxable persons whether as an agent or otherwise;
- viii. Input service distributor (whether or not separately registered under the Act)
- ix. Persons who are required to collect tax under section 52;
- x. Every electronic commerce operator



- xi. Every person supplying online information and data base retrieval services from a place outside India to a person in India, other than a registered person; and,
- xii. Such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council.

Every supplier is liable to register under the GST law in the State or Union territory from where he makes a taxable supply of goods or services or both in terms of Section 22 of the CGST Act. However, intra-state self-supplies are not taxable subject to not opting for registration as business vertical.

All the taxpayers under the existing laws were to migrate to GST regime latest by 30th April'2017 for provisional registration. However the taxpayers who could not migrate to GST regime, another opportunity will be given w.e.f 1st June 2017 to migrate to GST regime for provisional registration.

2. Negative List (Activities or transactions which shall be treated neither as a supply of goods nor a supply of services)

Under GST law the below mentioned transactions neither considers Supply of Goods nor Services: -

- i. Services provided by employee to employer
- ii. Actionable claim
- iii. Sale of land
- iv. Sale of building except construction of building where the entire consideration has been received before issuance of compliance certificate or before its first occupation whichever is earlier.

3. Time of Supply.

The liability to pay GST, will arise at the time of supply as determined for goods and services. There are separate provisions for time of supply for goods and time of supply for services:

In case of Supply of Services

- i. If the invoice is issued within 30 days from the date of supply of services, earliest of the following: -
 - a. The date of issue of invoice, or
 - b. The date of receipt of payment,
- ii. If the invoice is not issued within 30 days from the date of supply of services, earliest of the following: -
 - a. The date of provision of service, or
 - b. The date of receipt of payment.

In case of Supply of Goods

- The time of supply of goods shall be the earlier of the following dates, namely: —
- i. The date of issue of invoice by the supplier or the last date on which on which invoice should have been issued; or
 - ii. The date on receipt of payment.



4. Place of Supply.

Under GST, **place of supply** is an important factor as it defines whether the transaction will be counted as intra-state (i.e within the same state) or inter-state (i.e. between two states) and accordingly the chargeability of tax, i.e levy of SGST, CGST & IGST will be determined.

In case of Supply of Services

- i. Supply made to a registered person shall be the location of such person
- ii. Supply made to any person other than a registered person shall be
 - a. The location of the recipient where the address on record exists; and
 - b. The location of the supplier of services in other cases.

The place of supply of services directly in relation to an immovable property shall be the location at which the immovable property is located or intended to be located.

In case of Supply of Goods

- i. When movement of goods is involved - Location of goods where movement terminates for delivery
- ii. When goods are supplied by transfer of documents during movement of goods - Principal place of business of third person on whose direction goods were supplied to another person
- iii. When movement of goods is not involved - Location of goods at the time of delivery
- iv. When goods are assembled or installed at site - Place of such installation or assembly
- v. When goods are supplied on board a conveyance - Location at which such goods are taken on board.

5. Tax Invoice, Credit and Debit Notes

i. Tax Invoice

When a registered taxable person supplies taxable goods or services, a tax invoice is issued.

Supply of Services

In case of supply of services the supplier need to issue a tax invoice in **duplicate** for supplying taxable services, showing the description, value, tax charged thereon and such other particulars as may be prescribed within a period of **30 days from the date of supply of service**.

In case of continuous supply of services invoice shall be issue:

- i. Where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;
- ii. Where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;
- iii. Where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.



Supply of Goods

Tax invoice in **triplicate** for supplying of taxable goods, showing the description, quantity and value of goods, tax charged thereon and other relevant particulars before or at the time of:

- i. **Where supply involves movement of goods** - Removal of goods for supply to the recipient
- ii. **In any other case** - Delivery of goods or making available thereof to the recipient

Tax invoice shall be containing the following particulars:

- i. Name, address and GSTIN of the supplier;
- ii. Consecutive serial number
- iii. Date of its issue
- iv. In case of Registered Person - name, address and GSTIN or UIN
- v. In case of Unregistered Person where the value of value of taxable supply is fifty thousand or more- name and address of the recipient and the address of delivery, along with the name of State and its code
- vi. HSN code of goods or Accounting Code of services
- vii. Description of goods or services
- viii. Quantity in case of goods and unit or Unique Quantity Code thereof
- ix. Total value of supply of goods or services or both
- x. Taxable value of supply of goods or services or both taking into account discount or abatement, if any
- xi. Rate of tax (Central tax, State tax/Union territory tax, integrated tax or cess)
- xii. Amount of tax charged in respect of taxable goods or services (Central tax, State tax/Union territory tax, integrated tax or cess)
- xiii. Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce
- xiv. Address of delivery where the same is different from the place of supply
- xv. Whether the tax is payable on reverse charge basis; and
- xvi. Signature or digital signature of the supplier or his authorized representative.

ii. Bill of Supply

Tax invoice is generally issued to charge the tax and pass on the credit. In GST there are some instances where the supplier is not allowed to charge any tax and hence a Tax invoice can't be issued instead another document called Bill of Supply is issued.

Cases where a registered supplier needs to issue bill of supply:

- i. Supply of exempted goods or services
- ii. Supplier is paying tax under composition scheme



iii. Credit Note

A registered person may issue a credit note where: -

- i. Tax invoice has been issued and taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply; or
- ii. The goods supplied are returned by the recipient; or
- iii. Goods or services or both supplied are found to be deficient.

Further, the person shall declare the details of such credit note in the return for the month in which such credit note has been issued and tax liability shall be adjusted in such manner as may be prescribed.

iv. Debit Note

A registered person shall issue a debit note where a tax invoice has been issued and taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply.

It is required to declare the details of such debit note in the return for the month during which such debit note has been issued and tax liability shall be adjusted in such manner as may be prescribed.

6. Input Tax Credit

“Input Tax” in relation to a taxable person, means the Goods and Services Tax charged on any supply of goods and/or services to him which are used or are intended to be used, in the course of furtherance of his business.

In literal language the input tax means the central tax (CGST), State tax (SGST), integrated tax (IGST) or Union territory tax (UTGST) charged on supply of goods or services or both made to a registered person. It also includes tax paid on reverse charge basis and integrated tax goods and services tax charged on import of goods. It does not include tax paid under composition levy.

For taking the credit, the taxable person is required to pay the consideration along with tax within 180 days from the date of issue of invoice. This condition is not applicable where tax is payable on reverse charge basis.

Input credit is admissible on all items except on items of personal consumption, inputs use of which results into formation of an immovable property (except plant and machinery), telecommunication towers, pipelines laid outside the factory premises, etc. and taxes paid as a result of detection of evasion of taxes.

However a newly registered person can take input tax credit of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration. If the person was liable to take registration and he has applied for registration within thirty days from the date on which he became liable to registration, then input tax credit of inputs held in stock and inputs contained in semi-finished or finished goods



held in stock on the day immediately preceding the date on which he became liable to pay tax can be taken.

The CGST/SGST and IGST input can be set off in following order:

S. No.	Output Tax	Input Credit utilization order			
1	IGST	I. IGST	II. CGST	III. SGST	IV. UTGST
2	CGST	I. CGST	II. IGST	-	-
3	SGST	I. SGST	II. IGST	-	-
4	UTGST	I. UTGST	II. IGST	-	-

For availing input tax credit following are some of the conditions are need to be addressed:

- i. Input Credit to be availed within **One Year** from the date of Issue of Tax Invoice in respect of such supply.
- ii. The amount of credit under GST law will be calculated in accordance with generally accepted accounting principles.
- iii. Input Tax Credit shall be restricted to the extent of the input tax as in attributable to the **purpose of the business.**
- iv. Input tax credit shall be available to the extent of the input tax as in attributable to the **purpose of the taxable supply.**
- v. A person registered under GST will not be provided the credit of any input tax in respect of any supply of goods and/or services unless:
 - a. Such person is in possession of a **tax invoice, debit note, supplementary** invoice issued by registered dealer or such other taxpaying document as may be required under the notified GST law.
 - b. Such person has **actually received** mentioned goods and/or services.
 - c. GST charged in respect of such supply has been **actually paid** to the credit of government against such supply.
 - d. Such Business as furnished the **return** under GST law.
- vi. Where the goods against an invoice are received in lots or installments, the registered taxable person shall be entitled to the credit upon receipt of last lot or installment.

Matching of Input Tax Credit

After filing of return Form GSTR-3, following details relating to the Input Tax Credit would be matched by GST common portal:

- i. GSTIN of the supplier
- ii. GSTIN of the recipient
- iii. Invoice/ Debit note number
- iv. Invoice/ Debit note date



- v. Taxable amount
- vi. Tax amount

The claim of Input tax credit would be treated as matched:

- i. In respect of the invoices and debit notes in Form GSTR-2 that were accepted by the recipients on the basis of Form GSTR-2A, without amendment and the corresponding supplier furnishing a valid return.
- ii. Where the amount of ITC claimed by the recipient is equal to or less than the output tax paid on such tax invoice or debit note by the corresponding supplier.

Discrepancy in claim of Input Tax Credit

Discrepancy in claim of Input Tax Credit may be communicated under the following circumstances:

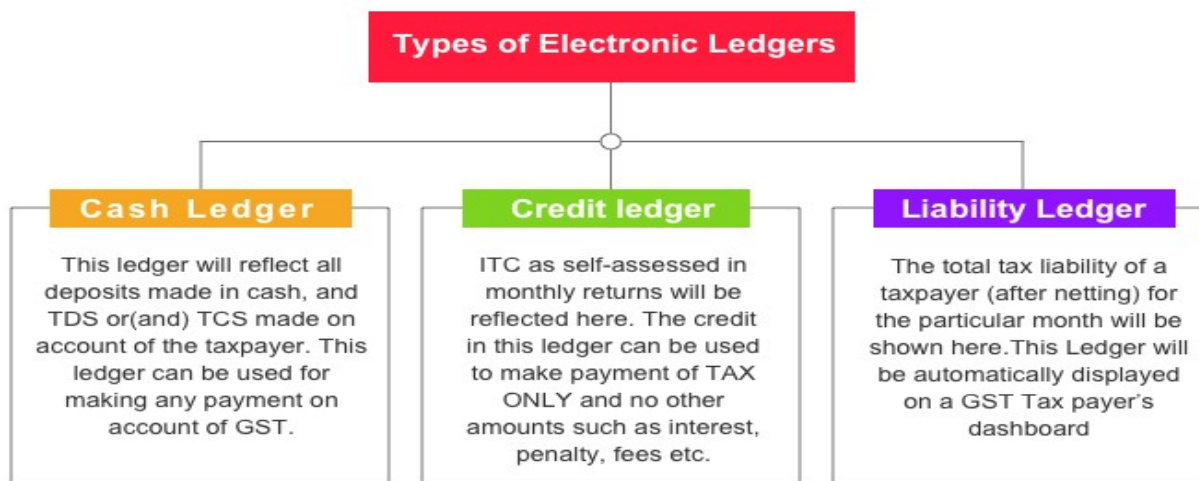
- i. Where the recipient claims Input Tax Credit in excess of the tax declared by the supplier for the same supply in his valid returns
- ii. Where the outward supplies not declared by the supplier in his valid returns
- iii. Duplication of claim of ITC by the recipient pertaining to inward supply

Discrepancy in claim of ITC would be communicated on or before the last day of the month in which matching has been carried.

7. Electronic Credit Ledger

As per GST Law every registered person will be entitled to take the credit of eligible input tax and allow to adjust the self-assessed tax paid against its liability on the basis Updation made by it to its electronic ledgers.

The taxpayer using the login credentials will be able to access three electronic ledgers namely E-cash Ledger, E-credit Ledger & E-liability Ledger. These ledgers will reflect the amount of tax payable, input credit balance, and on adding money to the cash ledger the taxpayer will also be able to settle the tax liability online.



8. Returns

Under the GST law, a normal taxpayer will be required to furnish three returns monthly and one annual return. Similarly, there are separate returns for a taxpayer registered under the composition scheme, taxpayer registered as an Input Service Distributor, a person liable to deduct or collect the tax (TDS/TCS)

A detailed chart showing monthly and annual return obligation is as below: -

Form Type	Due Date	Person required to furnish	Details to be Furnished
Form GSTR-1	10 th of succeeding month	Supplier	Prescribed particulars in respect of outward supply
Form GSTR-2A	On 11 th of succeeding Month	Auto-populated for the recipient	Auto-populated details of inward supplies made available to the recipient on the basis of Form GSTR-1 furnished by the supplier
Form GSTR-2	15 th of succeeding month	Recipient	Details of inward supplies of taxable goods and/or services for claiming input tax credit. Addition (Claims) or modification in Form GSTR-2A should be submitted in Form GSTR-2 .
Form GSTR-1A	20 th of succeeding month	Auto-populated for the supplier	Details of outward supplies as added, corrected or deleted by the recipient in Form GSTR-2 will be made available to supplier
Form GSTR-3	20 th of succeeding month	Supplier and recipient	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax



Form GSTR-6	13 th of succeeding month	Input service distributor	Details of inward supplies to be distributed as input credit
Form GSTR-9	31 st Dec of next fiscal year	Supplier and recipient	Annual Return – furnish the details of ITC availed and GST paid which includes local, interstate and imports/exports.

It is mandatory for the registered person that it should file its return on or before the due date. Further the taxable person will has to file a separate reconciliation statement, duly certified by the Chartered Accountant at the time of filing the annual return.

9. E-way Bill

E-way bill is an electronic way bill for movement of goods which can be generated on the GSTN (common portal). A 'movement' of goods of more than INR 50,000 in value cannot be made by a registered person without an e-way bill. E-way bill will also be allowed to be generated or cancelled through SMS.

E-way bill will be generated when there is movement of goods –

- i. In relation to a 'supply'
- ii. For reasons other than a 'supply' (say a return)
- iii. Due to inward 'supply' from an unregistered person

An e-way bill can be generated by:

Who	When	Part	Form No.
Every Registered person under GST	Before movement of goods	Fill Part A	Form GST INS-1
Registered person is consignor or consignee (mode of transport may be owned or hired) OR is recipient of goods	Before movement of goods	Fill Part B	Form GST INS-1
Registered person is consignor or consignee and goods are handed over to transporter of goods	Before movement of goods	Fill Part A & Part B	Form GST INS-1
Transporter of goods	Before movement of goods	Fill form GST INS-1 if consignor does not.	



Unregistered person under GST and recipient is registered.	Compliance to be done by Recipient as if he is the Supplier.		
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A registered person may submit a tax invoice in Form GST INV-1 on the common portal. If a registered person has uploaded the invoice, information in Part A of Form GST INS-1 is auto populated from GST INV-1.

Validity of an e-way bill

An e-way bill is valid for periods as listed below, which is based on the distance travelled by the goods. Validity is calculated from the date and time of generation of e-way bill:

Distance	Valid from	Valid for
Less than 100km	Date & time at which e-way bill is generated	1 day
100km to 300km	Date & time at which e-way bill is generated	3 days
300km to 500km	Date & time at which e-way bill is generated	5 days
500km to 1000km	Date & time at which e-way bill is generated	10 days
1000km or more	Date & time at which e-way bill is generated	15 days

The Commissioner may extend the validity period of e-way bill for certain categories of goods.

10. Accounts & Records

Every registered taxable person required to keep and maintain a true and correct account either manually or electronic form as per Section-35 of CGST Act 2017 & Accounts and Records draft Rules 2017, at his place of business as mentioned in the certificate of registration.

- I. Inward & outward supply of goods or services or both
- II. Stock of goods
- III. Input Tax Credit availed
- IV. Output tax payable and paid
- V. Goods or services imported or exported
- VI. Supplies attracting payment of tax on reverse charge
- VII. Invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers and e-way bills



- VIII. Separate account of advances received, paid and adjustments made
- IX. Names and complete addresses of suppliers & receiver of goods or services
- X. Stock in respect of each commodity received and supplied by him, and such account shall contain 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 finished goods and scrap thereof.
- XI. Complete addresses of the premises where the goods are stored, including goods stored during transit along with particulars of stock stored therein
- XII. Quantitative details of goods used in provision of each service, details of input services utilized and services supplied

Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such place of business get the accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement such other document at the time of filing annual return.

11. Transitional Provision

Transitional provision allows an existing taxpayer to take credit in his electronic credit ledger the amount of input tax credit carry forward in the returns furnished by them in earlier law.

Under the GST law, the taxpayer shall be entitled to take, in his electronic credit ledger, credit of the amount of Cenvat credit carried forward in a return, furnished under the earlier law by him, in respect of the period ending, with the day immediately preceding the appointed day, in such manner as may be prescribed.

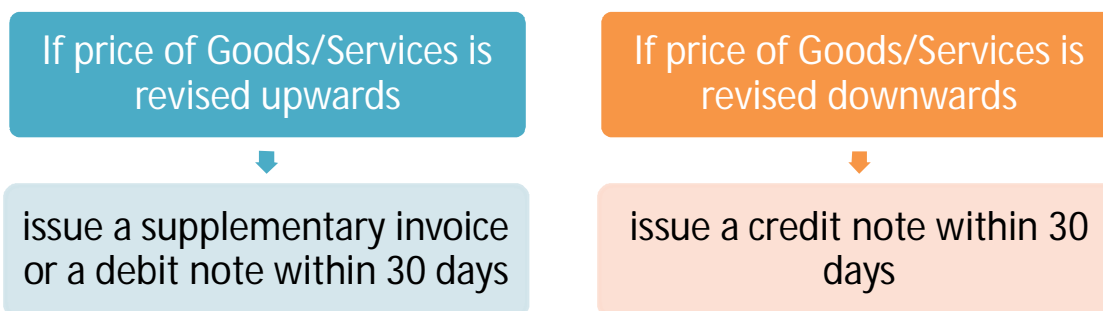
a. Benefit in respect of tax or duty on goods held in stock on appointed date

The taxpayer shall submit an application in Form GST TRAN-1 within 60 days from the appointed date to take the credit of tax or duty on goods lying in stock before the appointed day.

b. Treatment on ongoing existing contracts

The goods or services or both supplied on or after the appointed date in pursuance of a contract entered into prior to the appointed day shall be liable to tax under the provisions of the GST act.

Where the price of goods or services or both is revised upwards or downwards, then the taxpayer needs to issue the following documents to the recipients as shown below:-



12. Job Work

Job work is understood as the processing or working on goods supplied by the principal to complete a part or whole of the process. The work may be in the initial process, intermediate process, assembly, packing or any other completion process. The goods sent for job work maybe raw material, component parts, semi-finished goods and even finished goods. The resultant goods could also be a variation of the same or the complete product.

GST law allows principal to send taxable goods, without payment of tax, to a job worker. There can be further movement of such goods from one job worker to another. However such goods must be brought back to principal's place of business and must be removed after payment of tax thereon.

In simple words, a principal can remove goods without payment of tax, provided such goods are sent for job work and intended to bring back for a taxable supply. Such removal of goods is allowed only on declaration basis.

Some of the other conditions as applicable are:

- i. The principal shall be given input credit on goods sent for Job Work provided such goods are received back by the principal within one year of their being sent out.
- ii. Such time limit in case of Capital Goods is kept at three years
- iii. If the inputs or capital goods are not received back by the principal or are not supplied from the place of business of job worker within the prescribed time limit, it would be deemed that such inputs or capital goods had been supplied by the principal to the job worker on the day when the said inputs or capital goods were sent out by the principal. Thus the principal would be liable to pay tax accordingly.
- iv. The condition of bringing back capital goods within three years is not applicable to moulds, dies, jigs and fixtures or tools.
- v. It is completely the responsibility of the principal to maintain proper accounts of job work related inputs and capital goods.
- vi. Job worker may supply the waste or scrap generated from job work directly from his place of business on payment of taxes, if he is registered, otherwise by principal, if job worker is not registered



- vii. If the job worker is unregistered then the GST will be applicable on reverse charge basis on the principal.

Where goods have been removed from a factory for further processing to a job worker **prior to the GST applicable date**, i.e. goods were removed under current tax regime however received back after GST roll-out;

- i. No tax shall be payable if such inputs are returned to the said factory within six months from the GST applicable date;
- ii. Time limit of six months can be increased by government on the basis of a reasonable cause from manufacturer's end. However such time limit will not be more than two months in excess of six months from GST applicable date. In other words, this can be extended to a maximum time limit of eight months from GST applicable date;
- iii. Tax shall be payable by the job worker if such inputs are liable for Goods and Services Tax under the new tax regime, and are returned after a period of six months or the extended period as mentioned above;
- iv. Tax shall be payable by the manufacturer if such inputs are liable for GST and are not returned within a period of six months or the extended period;
- v. Input credit shall be allowed only when the manufacturer and the job worker declare the detail of such inputs held in stock in the last return under the current regime.

Similarly in case of Semi-finished or Finished goods, a job worker is not required to pay tax under GST, if such goods are returned to original manufacturer's place of business within a period of 6 months from the GST applicable date.

13. Export

Exports will be treated as Zero rated supplies. No tax will be payable on exports of goods or services, however credit of input tax credit will be available and same will be available as refund to the exporters. Further, under Explanation 2 under Section 2(c) of the Integrated Goods and Services Tax Act, it has been provided that an export of goods and/or services shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce. Such supplies will be chargeable to IGST.

The Exporter will have an option to either pay tax on the output and claim refund of IGST or export under Bond without payment of IGST and claim refund of Input Tax Credit (ITC). Thus, under the provisions of the GST Act, the option of exporting the goods without payment of taxes will be available to the handicraft exporters.

Zero-rated supplies have been covered within taxable supplies for the purpose of allowing input tax credit. The scope of zero-rated supply is provided in the IGST which includes even exempt supplies.

No refund of unutilized input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty, and also in the case where the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.



Substantial amount of working capital would be locked in the process of paying duties and then taking refunds.

14. Refund

“Refund” includes

- i. any balance amount in the electronic cash ledger so claimed in the returns,
- ii. any unutilized input tax credit in respect of
 - a. zero rated supplies made without payment of tax or,
 - b. where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies),
- iii. tax paid by specialized agency of United Nations or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries on any inward supply

Unutilized input tax credit can be allowed as refund in accordance with the provisions of sub-section (3) of section 54 in the following situations: -

- i. Zero rated supplies made without payment of tax;
- ii. Where credit has accumulated on account of rate of tax on inputs being higher than the rate of taxes on output supplies (other than nil rated or fully exempt supplies)

However, no refund of unutilized input tax credit shall be allowed in cases where:

- i. the goods exported out of India are subjected to export duty, and
- ii. the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.

Status of unutilized ITC at the end of the financial year (after introduction of GST)

There is no such provision to allow refund of such unutilized ITC at the end of the financial year in the GST Law. It shall be carried forward to the next financial year.

Refund has to be sanctioned within 60 days from the date of receipt of application complete in all respects. If refund is not sanctioned within the said period of 60 days, interest at the rate notified will have to be paid in accordance with section 56 of the CGST/SGST Act. However, in case where provisional refund to the extent of 90% of the amount claimed is refundable in respect of zero-rated supplies made by certain categories of registered persons in terms of sub-section (6) of section 54 of the CGST/SGST Act, the provisional refund has to be given within 7 days from the date of acknowledgement of the claim of refund.

Processing of the refund applications under GST is expected to be a faster and smoother process. Since all the data is going to be uploaded electronically, the verification and scrutinization of refund applications would be faster.



15. Format of Tax Invoice

EXPORT INVOICE																
"SUPPLY MEANT FOR EXPORT ON PAYMENT OF IGST" / "SUPPLY MEANT FOR EXPORT UNDER BOND WITHOUT PAYMENT OF IGST" (As case may be)																
			YOUR COMPANY NAME YOUR COMPLETE BUSINESS ADDRESS LINE -1 YOUR COMPLETE BUSINESS ADDRESS LINE - 2 info@yourbm.com www.yourbm.com													
Your Gstin Number:									Transportation Mode: (Apply for Supply of Goods only)							
Tax Is Payable On Reverse Charge: (Yes/No)									Veh.No :							
Your Invoice Serial Number:									Date & Time of Supply:							
Your Invoice Date:									Place OF Supply:							
Details of Receiver (Billed to)									Details of Consignee (Shipped to)							
Name:									Name:							
Address :									Address :							
Destination Country Name:									Destination Country Name:							
ARE- 1 Number:																
ARE - 1 Date:																
S.No	Description of Goods	HSN Code (GST)	Qty	UOM	Rate	Total	Discount	Taxable value	CGST		SGST		IGST			
									Rate	Amount	Rate	Amount	Rate	Amount		
						₹ -	₹ -	₹ -		₹ -		₹ -		₹ -		
										₹ -		₹ -		₹ -		
Invoice Value (In Words)									Total		₹ -					
									Freight Charges		₹ -					
									Loading and Packing Charges		₹ -					
									Insurance Charges		₹ -					
									Other Charges		₹ -					
									Invoice Total		₹ -					
Amount of Tax Subject to Reverse Charge										₹ -		₹ -		₹ -		
Certified that the Particulars given above are true and correct									Electronic Reference Number :							
YOUR TERM & CONDITION OF SALE									YOUR COMPANY NAME							
									Signature: _____							
									Authorized Signatory							
									Name: _____							
									Designation: _____							

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16. Format of return:

GSTR-1

OUTWARD SUPPLIES MADE BY THE TAXPAYER

[To be furnished by the 10th of the month]

[Not to be furnished by compounding taxpayer/ISD]

1. GSTIN:
2. Name of the taxpayer:
(S. No. 1 and 2 will be auto-populated on logging)
3. Gross Turnover of the taxpayer in the previous FY.....
(To be submitted only in first year. To be auto populated in subsequent year)
4. Period: Month..... Year

5. Taxable outward supplies to a registered person

(figures in Rs)

GSTIN/ UIN	Invoice					IGST		CGST		SGST		Addl Tax [#]		POS (only if different from the location of recipient)	Indicate if supply attracts reverse charge \$
	No.	Date	Value	HSN/ SAC*	Taxable value	Rate	Amt	Rate	Amt	Rate	Amt	Rate	Amt		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)

- * As per Para 3.1 (4) (iii) of the return report
- # Not applicable to services and intra-state & specified inter-state supplies of goods
- \$ To be filled only if a supply attracts reverse charge

Notes.

1. SAC to be different from HSN (may be prefix 'S')
2. Taxpayer has the option to furnish the details of nil rate and exempted supplies in this Table
3. In case of inter-state supplies, only IGST & Additional Tax (if applicable) would be filled
4. In case of intra-state supplies, CGST & SGST would be filled.

6. Taxable outward supplies to a consumer where place of supply is other than the State where supplier is located (Inter-state supplies) and Invoice value is more than Rs 2.5 lakh (optional in respect of other supplies)

(figures in Rs)



Recipient's State code	Name of the recipient/ GDI	Invoice					IGST		Addl Tax [#]		POS (only if different from the location of recipient)
		No.	Date	Value	HSN/ SAC*	Taxable value	Rate	Amt	Rate	Amt	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

* As per Para 3.1 (4) (iii) of the return report

Not applicable to services and intra-state & specified inter-state supplies of goods

Notes:

1. SAC to be different from HSN (may be prefix 'S')
2. Taxpayer has the option to furnish the details of nil rate and exempted supplies in this Table

7. Taxable outward supplies to consumer (Other than 6 above)

(figures in Rs)

HSN/ SAC*	State code (Place of supply)	Aggregate Taxable Value	IGST		CGST		SGST		Addl Tax [#]	
			Rate	Amt	Rate	Amt	Rate	Amt	Rate	Amt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

* As per Para 3.1 (4) (iii) of the return report

Not applicable to services and intra-state & specified inter-state supplies of goods

Notes:

1. SAC to be different from HSN (may be prefix 'S')
2. Taxpayer has the option to furnish the details of nil rate and exempted supplies in this Table

8. Details of Credit/Debit Notes

(figures in Rs)

Debit Note/credit note		Original Invoice		Differential I Value (Plus or Minus)	Differential Tax							
No.	Date	No.	Date		IGST		CGST		SGST		Addl Tax [#]	
(1)	(2)	(3)	(4)	(5)	Rate	Amt	Rate	Amt	Rate	Amt	Rate	Amt

Debit Note

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Credit Note

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Not applicable to services and intra-state & specified inter-state supplies of goods

Note. Information about Credit Note / Debit Note to be submitted only if issued as a supplier.



9. Amendments to details of Outward Supplies of earlier tax periods (including post supply discounts)

(figures in Rs)

Original Invoice		GSTIN/ UIN	Revised Invoice				IGST		CGST		SGST		Addl Tax#		POS (only if different from the location of recipient)
No.	Date		No.	Date	HSN/ SAC	Taxable Value	Rate	Amt	Rate	Amt	Rate	Amt	Rate	Amt	
(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)

Not applicable to services and intra-state & specified inter-state supplies of goods

10. Nil rated, Exempted and Non GST outward supplies*

(figures in Rs)

	Nil Rated (Amount)	Exempted (Amount)	Non GST supplies (Amount)
(1)	(2)	(3)	(4)
Interstate supplies to registered person			
Intrastate supplies to registered person			
Interstate supplies to consumer			
Intrastate supplies to consumer			

- If the details of "nil" rated and "exempt" supplies have been provided in Table 5,6 and 7, then info in column (3) may only be furnished.

11. Supplies Exported (including deemed exports)

(figures in Rs)

	Invoice					Shipping bill/ bill of export		IGST		CGST		SGST	
	No.	Date	Value	HSN/ SAC*	Taxable value	No.	Date	Rate	Amt	Rate	Amt	Rate	Amt
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Without payment of GST													
With payment of GST													



* As per Para 3.1 (4) (iii) of the return report

12. Tax liability of amount received in advance against a supply to be made in future

(figures in Rs)

GSTIN/UI D/GDI/ Name of customer	State Code	HSN/SAC* of supply to be made	Amount of advance received without raising a bill	TAX							
				IGST		CGST		SGST		Addl Tax#	
				Rate	Tax	Rate	Tax	Rate	Tax	Rate	Tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

* As per Para 3.1 (4) (iii) of the return report

Not applicable to services and intra-state & specified inter-state supplies of goods

Note: A transaction id would be generated by system for each transaction on which tax is paid in advance

13. Tax already paid (on advance receipt) on invoices issued in the current period

(figures in Rs)

Invoice No.	Transaction id (A number assigned by the system when tax was paid)	TAX Paid on receipt of advance							
		IGST		CGST		SGST		Addl Tax#	
		Rate	Tax	Rate	Tax	Rate	Tax	Rate	Tax
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Not applicable to services and intra-state & specified inter-state supplies of goods

Note: Tax liability in respect of invoices issued in this period shall be net of tax already paid on advance receipt.

Usual Declaration

(Signatures of Authorized Person)

INSTRUCTIONS for furnishing the information

I. Terms used.

GSTIN: Goods and Services Taxpayer Identification Number

UID: Unique Identity Number for embassies

HSN: Harmonized System of Nomenclature for goods

SAC: Service Accounting Code

GDI: Government department unique ID where department does not have GSTIN

POS: Place of supply of goods or services – State Code to be mentioned



Conclusion:

As per our understanding, the EPCH has made the representation before the GST Council/Ministry of Finance, wherein the plea to continue the exemption of handicrafts under GST has been made. However till date no clarification has been awarded regarding the GST implication on Handicraft industry. In case the existing exemptions are not continued, it is advisable that a mechanism should be developed under the GST law to enable the exporter of the handicrafts be in a better position to comply with the new regime and maximize the potential benefits of GST.

Bhatia & Bhatia

With a staggering experience spanning almost 40 years and an entrepreneurial employee force based out of our 4 offices in the cities of **New Delhi, Mumbai, Bengaluru and Chandigarh and affiliate offices in Bhubaneswar, Jaipur and Hyderabad**, our firm has been a **one stop destination** for its clients in the fields of audits, taxation services (both direct and indirect), legal, valuation and management consulting services.

Our team comprises senior tax professionals with knowledge and expertise in taxation issues, both Indirect tax & direct tax, thereby contributing quality to our clients. Given our leadership's enormous experience in assisting clients over the years with indirect tax services, including but not limited to service tax, excise duty, sales tax / VAT, import duties and entry tax, including extension of necessary litigation support, we will be there to ensure that your organization has a smooth and efficient transition to GST.

For a deeper insight, please visit our website www.bnbindia.org.in or contact us:

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