

INPUT TAX CREDIT

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Topics to be Covered

Input Tax Credit

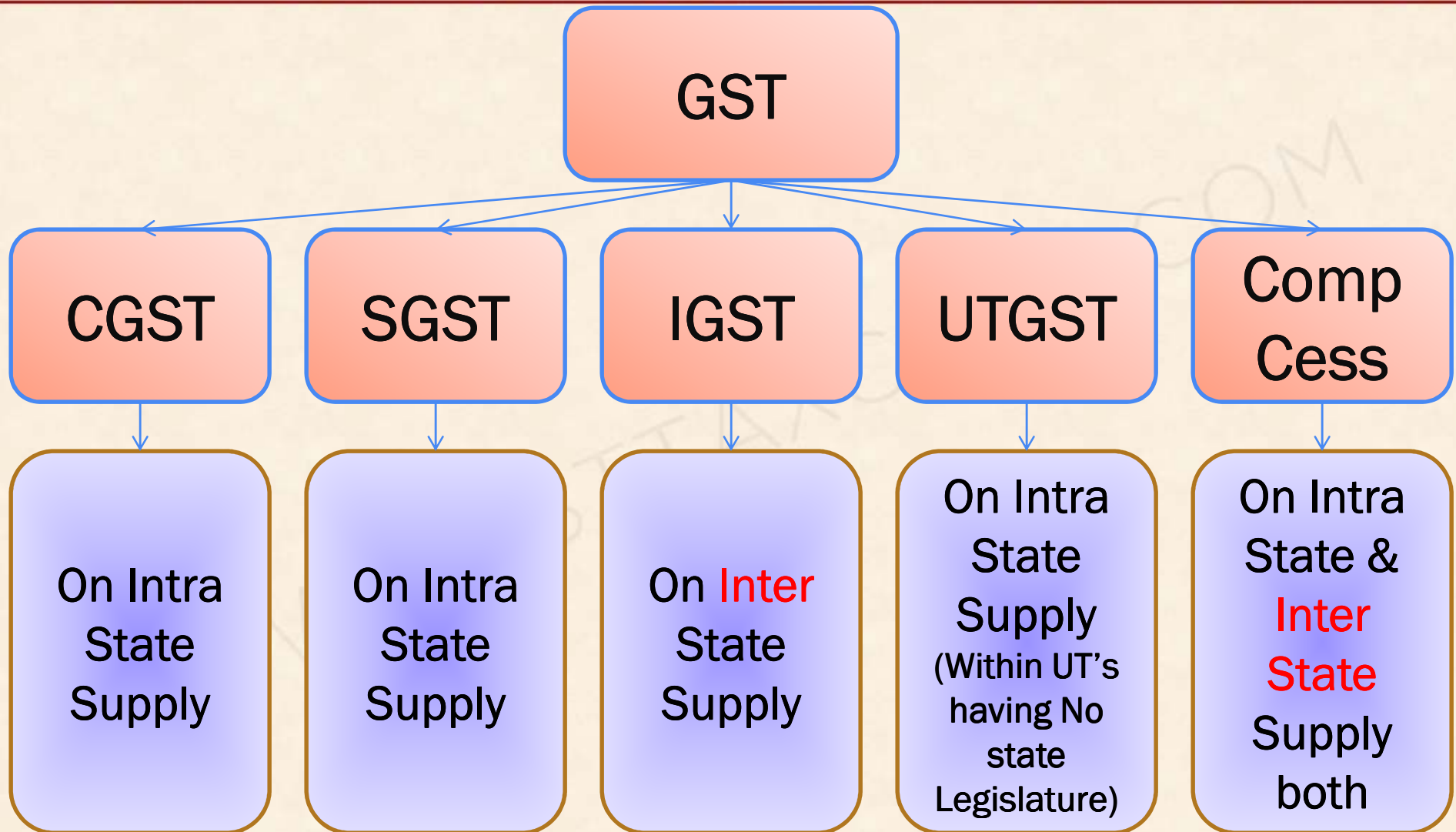
Invoice

Return

GSP - ASP

FAQ

GST Structure



Input Tax Credit

Who Can Claim

- Every Registered Supplier (in specified manner)-
- entitled to take credit of ITC
- on any supply of goods or services or both to him
- are used in the course or furtherance of his business.

Conditions

1. he is in possession of a tax invoice
2. he has received the goods or services or both
3. the tax charged is Paid by Supplier
4. he has furnished Return u/s 39

Further Conditions

- a) Payment of Inputs is required to be made with in 180 Days from the date of Issue of Invoice
- b) ITC can be claimed till 20th October of Next Year or Filling of Annual Return only.

Case Studies of ITC

Particulars	Condition	ITC Available
Invoice issued on 28 th July	Goods received on 02 nd August	Yes, In August only
Service Provided in Month of August	Bill Raised in month of September	Yes, In September Only
Invoice issued in Month of August, 2017	Goods received in August, but forgot to take CENVAT of Same	ITC can be claimed till 20 th Oct 2018
A consultancy firm having output liability	Used Mobile phones, Stationery etc, can he take input of same?	Yes he can take input of same
A Trader selling good levying VAT only	Using Audit Service, Security Guard Service, Rent and Paying GST, Can he take input?	Yes, he can take input of same
A Trader sold goods and issued invoice on 10 th August 2017	Payment not made by recipient till 6 th February 2017	Yes input can be claimed, however it will be reversed on 6th Feb
Advance of Rs. 1,00,000/- recd in July 2017	Goods to be delivered in Sep 2017	ITC will be Available in Sep 2017 if goods Actually Delivered
Goods of Rs. 1,00,000/- recd	Supplier did not file its return	Note
Bought Capital goods		Total Claim in 1st Year will be allowed.

Note:- ITC can be claimed only on Provisional basis, but adjustment will be made only if supplier files its return

ITC ADJUSTMENT AS PER SECTION 49 OF CGST ACT, 2017

Input Available	Set off from IGST	Set off from CGST	Set off from SGST	Set off from UTGST
IGST	1st	2nd	3rd	4th
CGST	2nd	1st	No Adj	No Adj
SGST	2nd	No Adj	1st	No Adj
UTGST	2nd	No Adj	No Adj	1st

Note:- SGST /UTGST of one state cannot be Utilized against SGST of another State/UT.

Reversal of Credit

-When Inputs are used

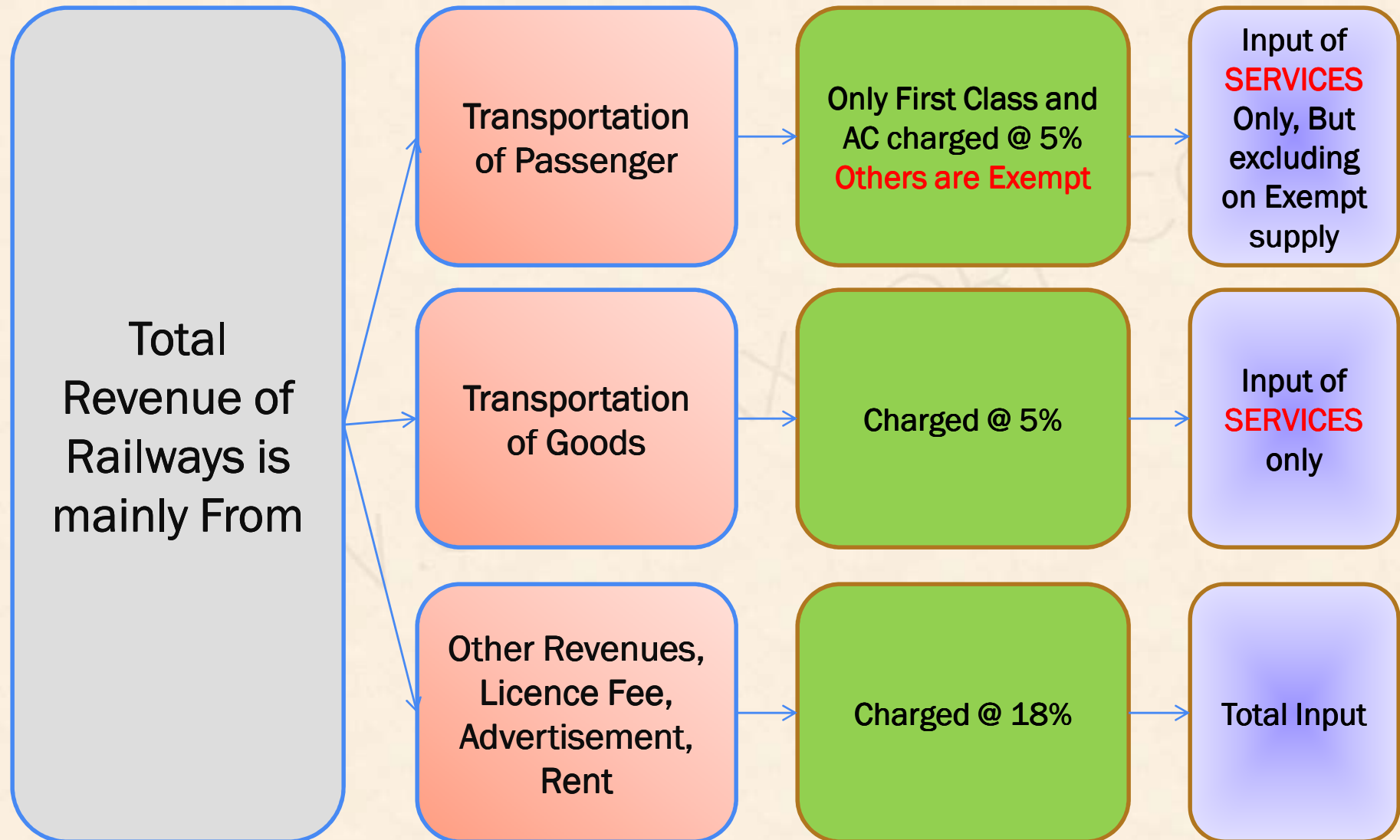
- A) Party for Business Purpose, and
- B) Partly for Other Purpose

-When Inputs are used

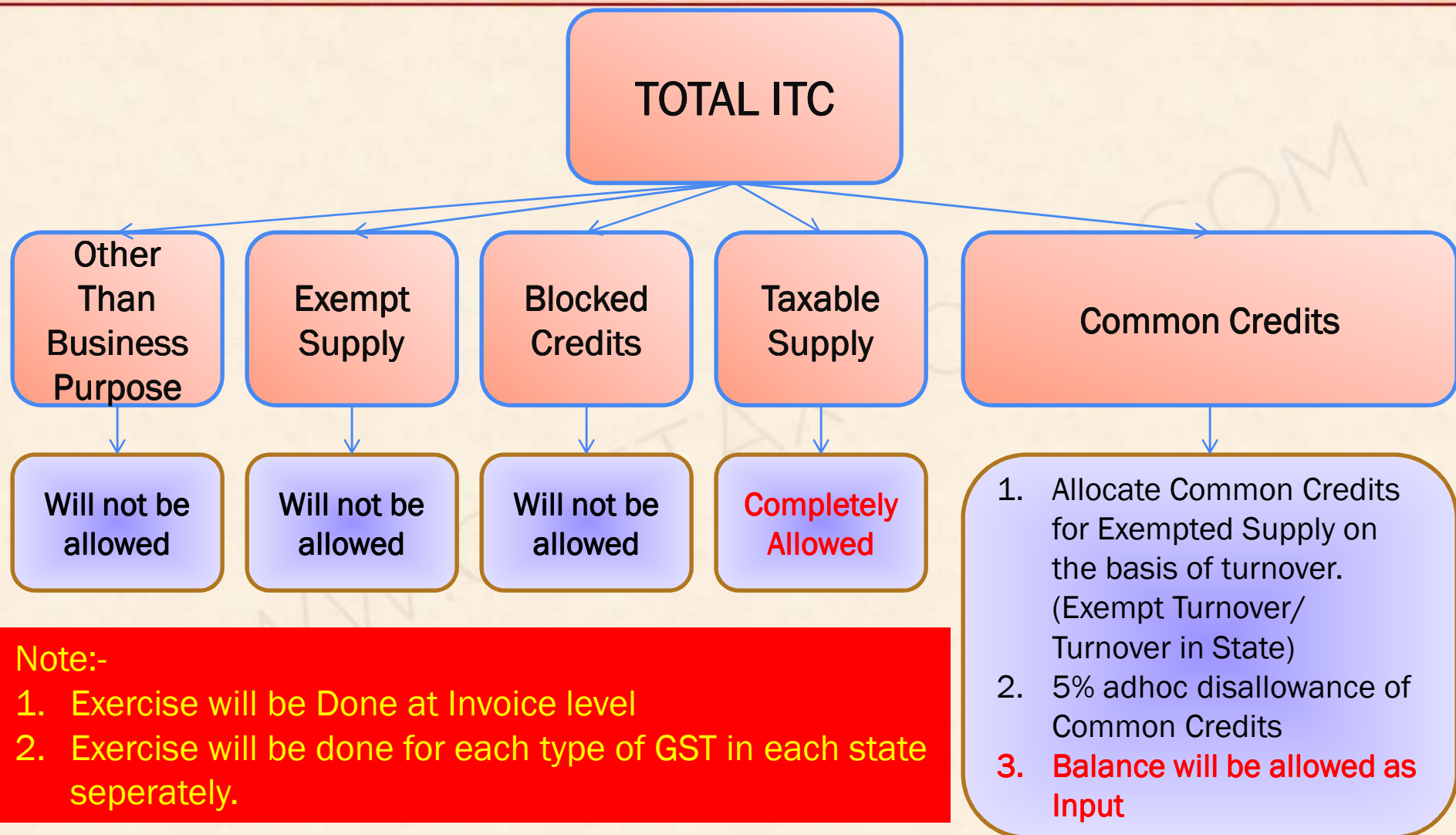
- A) Party for Taxable Supply, and
- B) Partly for Exempt Supply

- Motor Vehicles
- Food and Beverages,
- Outdoor Catering
- Rent A Cab**
- Health Insurance
- WCT and Good purchased for Construction of Immovable Property on Own account.
- LTC to Employee
- Abnormal Loss like Fire, theft and free samples
- And Some other specified categories to see click on <http://www.gsttaxcorp.com/wp-content/uploads/2017/06/ICT.pdf>

Rates of GST in case of Railways



ITC RULES – RULE 7 (Reversal of ITC)



ITC RULES – RULE 7 (Reversal of ITC)

S N	Particulars	Amount	Amount
1	Total Input (C)		10,00,000
2	Input in relation to Non Business Supply (T1)	1,00,000	
3	Input in relation to Exempt Supply (T2)	1,00,000	
4	Blocked Credits (T3)	50,000	2,50,000
5	C1 (C-T1-T2-T3)		7,50,000
6	Input in relation to <u>Taxable</u> Supply (T4)		6,00,000
7	Common Inputs C2 (C1-T4)		1,50,000
8	Disallow Common ITC for Exempt Supply (D1) (Exempt Supply/Total Supply in State)	20,000	
9	Disallow Ad hoc 5% for Non Business Supply (D2) 1,50,000*5%	7,500	27,500
10	Available ITC out of Common Inputs C3=C2-(D1+D2)		1,23,500
11	Total Input Available (T4+C3)		7,23,500

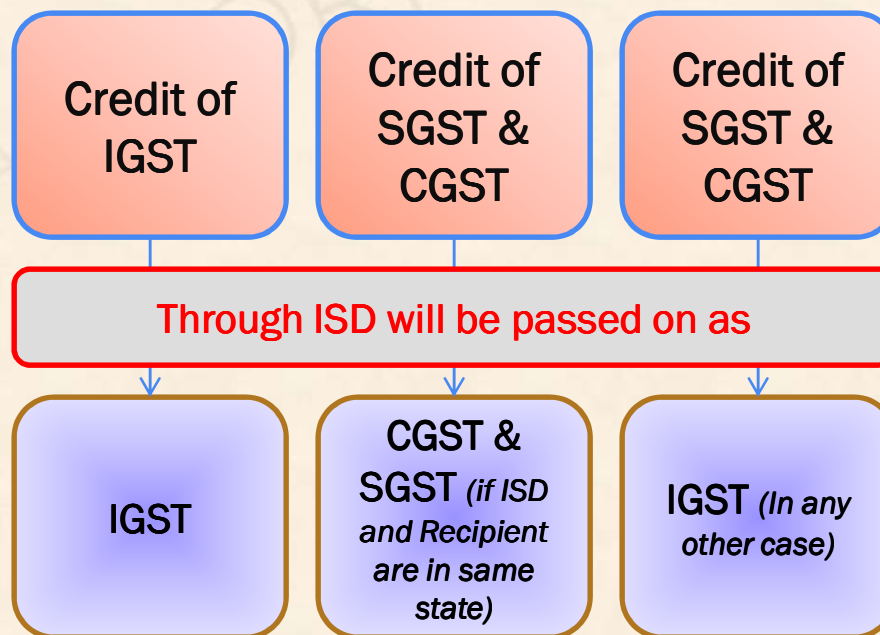
Note:- At end of year Point No. 8 and 9 will be recalculated for the whole year and adjustment can be made till 20th October of Next year.

INPUT SERVICE DISTRIBUTOR

- For Some **SERVICES** Invoices are received at One Location (HO)
- But Services are Consumed at Multiple Locations / Branches,
- Then
- Head Office Can register as Input Service Distributor
- To Pass on the Credit to Branches

- An ISD,
- Can distribute **ATTRIBUTABLE** credit
- To one or more recipient
- In **ratio to their turnover**
- During relevant period

- Credit will be passed on **monthly basis**,
- Additional Credit or reversal thereof can be passed through ISD Credit or Debit Note



ITC FOR SOME SPECIFIED SERVICES

- Work Contract Service
- Is a Service under GST
- As per to Schedule – II

**Whether INPUT of same can be availed by
Railway?**

Composite Supply Vs Mixed Supply

Composite Supply



- Comprising two or more supplies
- Which are **NATURALLY BUNDELED** and
- Supplied in **CONJUNCTION** and
- One of which is principal supply

(Rate of Tax will be of the Principal Supply)

(In case of AMC of Computers, principal nature is maintenance service, inspite of consumption of material, therefore rate for maintenance services will be charged.)

Mixed Supply



- Comprising two or more **INDIVIDUAL** supplies,
- In Conjunction with each other
- AT A SINGLE PRICE**

(Rate of Tax will be Highest rate of tax amongst supplies)

Some Special Points for Registered Person

Branch Transfer

- A person having Same PAN
- Registered in more than One State
- Deemed as DISTINCT PERSON
(eg. ABC Private Limited has two Branches in State of Delhi and Haryana, then Goods transferred from Delhi to Haryana are taxable)

Taxability on Advances Received

- As per Time of Supply
- Tax is to be paid
- Invoice or Payment Received – **Whichever is Earlier**

Employee Reimbursement

- Any reimbursement made to employee and deducted from salary, is taxable under GST.
(eg. Meal services is provided to employee at discounted rate of Rs. 25/- and actual value of meal is Rs. 100/- which is paid by company. Then Company has to pay tax on Rs. 100/-.

Interest / Penalty

- Interest or Late Fee or penalty for delayed payment of Consideration

Some Special Points for Registered Person Contd..

Reverse Charge

- A Registered Person
- Buy goods from
- UNREGISTERED PERSON
- Has to pay tax under RCM
(eg. ABC Private Limited has purchased even a water bottle and claimed it as expenses in books of accounts, ABC P Ltd has to pay tax under RCM on this water bottle too.

Some Notified Services-

1. Goods Transport Agency
 2. Sponsorship
 3. Services by Govt other than Renting and Speed post etc.
 4. By Director to Company like sitting fee etc (Other than salary)
 5. Import of Services (If Taxable in India)
- For detailed List [Click Here](#)

Some Special Proposed Exemption for Railway

Services by way of transportation by RAIL or a VESSEL from one place in India to another of the following goods:-

Railway Equipment or Material

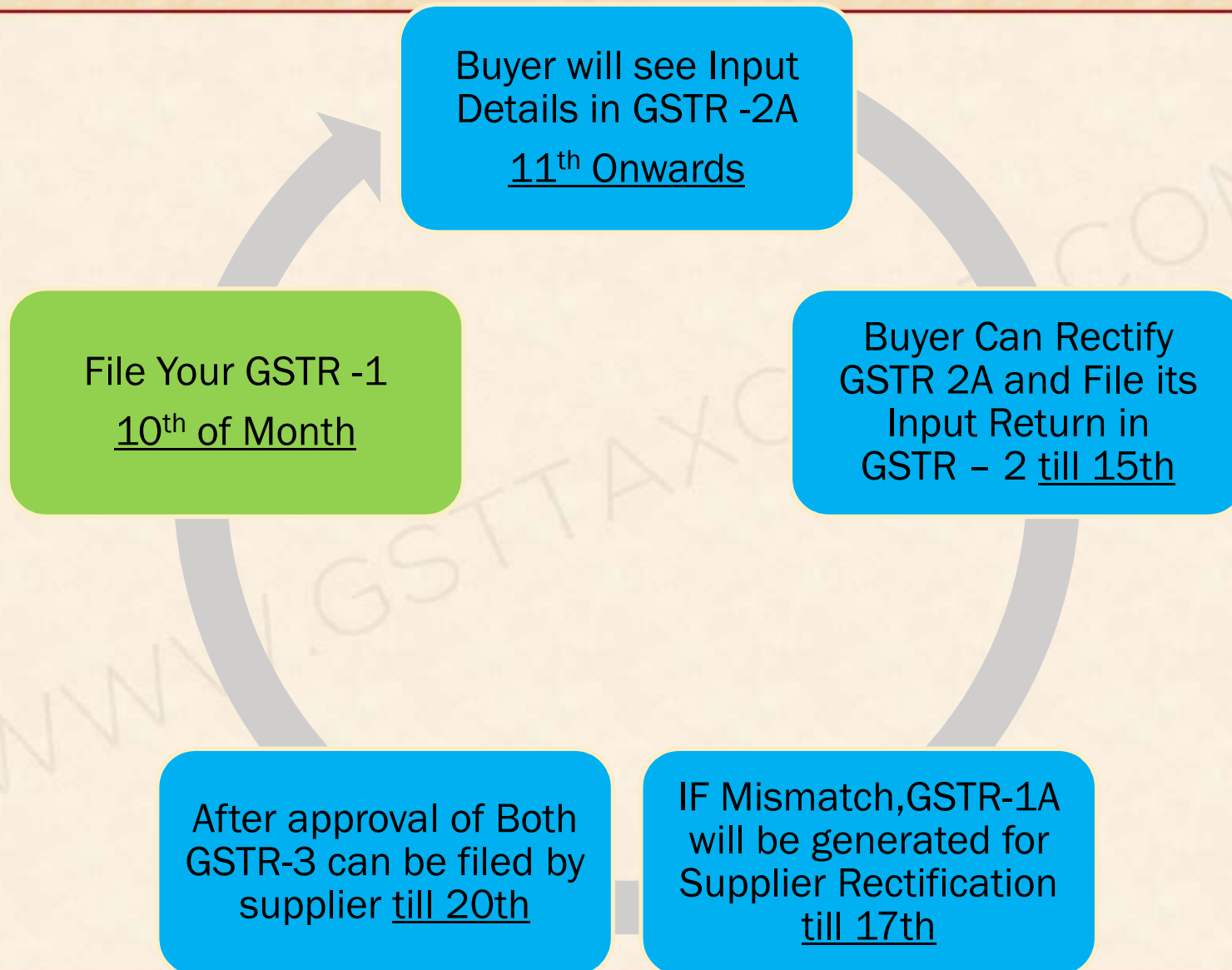
(e.g . Material shifted by Railway for construction of railway tracks or any other material for railway itself, will be exempt from Service Tax.)

In GST branch transfer is taxable therefore special exemption is provided for shifting of own material by railway.

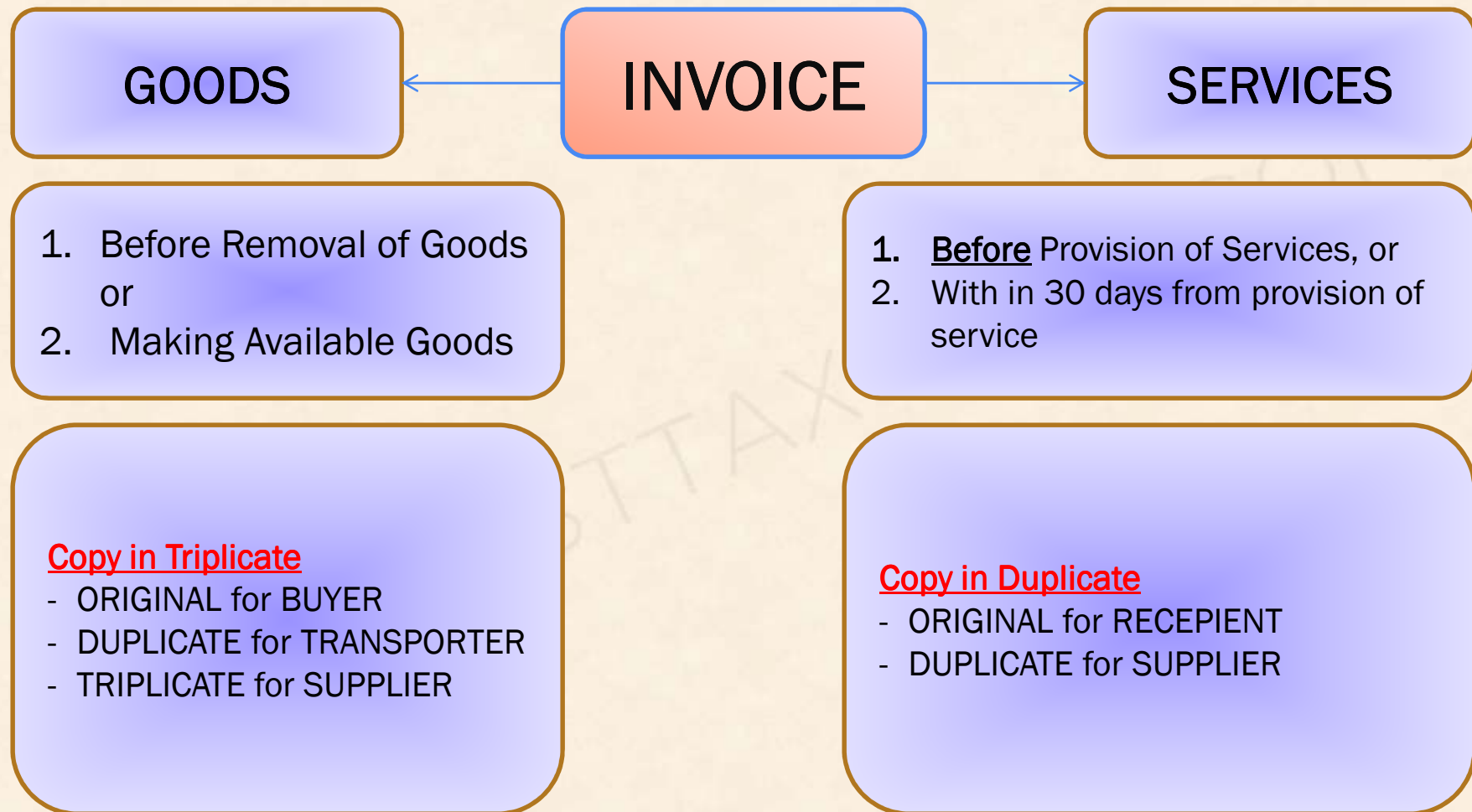
GENERAL RETURNS APPLICABLE

RETURN FORM	WHAT TO FILE?	BY WHOM?	BY WHEN?
GSTR-1	Details of outward supplies	Registered Taxable Supplier	10th of the next month
GSTR-2	Details of inward supplies	Registered Taxable Recipient	15th of the next month
GSTR-3	Monthly return/ Consolidated Return	Registered Taxable Person	20th of the next month
GSTR-4	Quarterly return for compounding taxable person.	Composition Supplier	18th of the month succeeding quarter
GSTR-9	Annual Return	Registered Taxable Person	31st December of next financial year
GSTR – 6	Input Service Distributor Return	Input Service Distributor	13 th of the next month

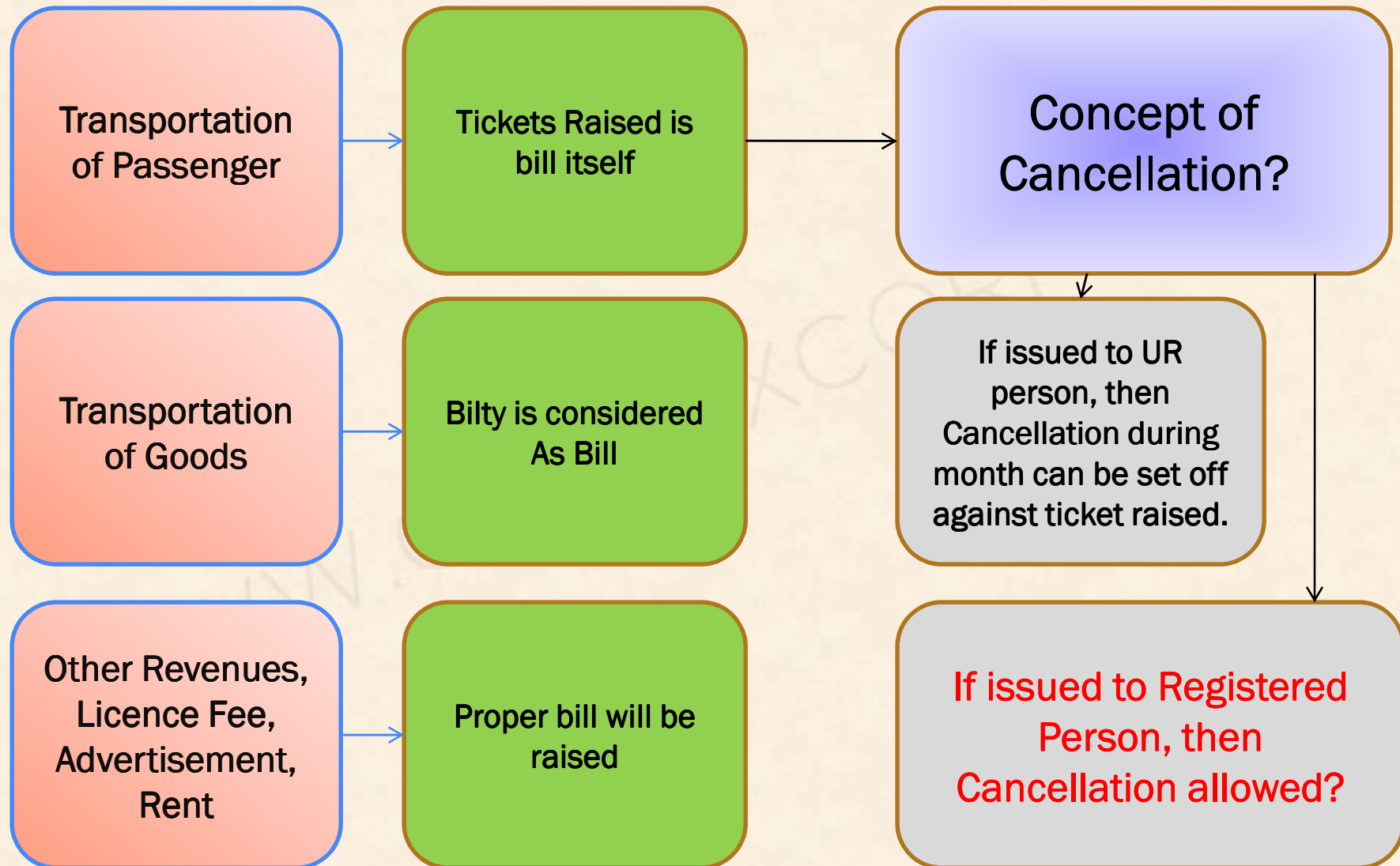
RETURNS



Invoice



Invoice Provision to Railways



Invoice

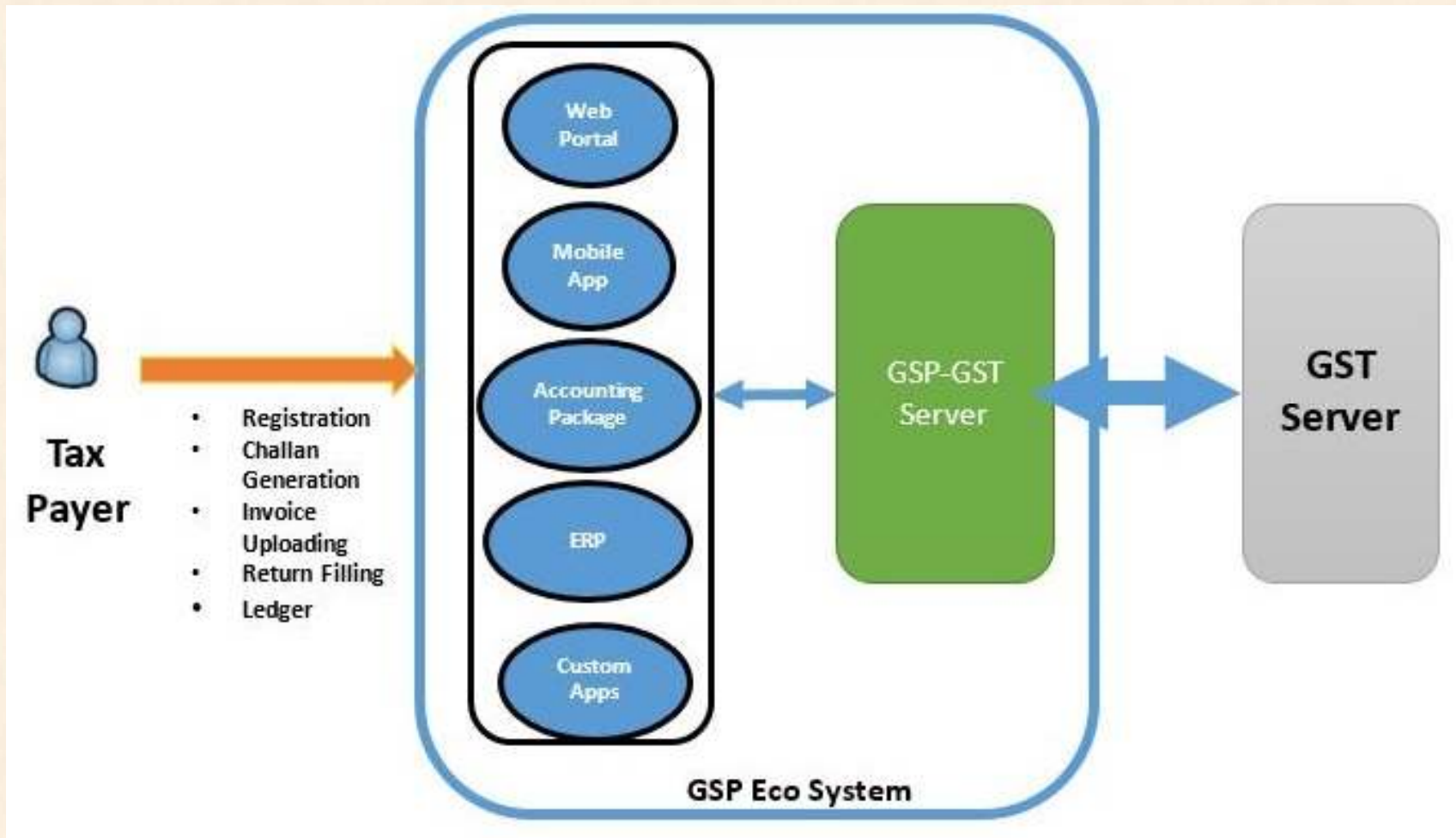
Supplier	Condition	Type of Document
Registered Person	Making Taxable Supplies	Tax Invoice
Registered Person	Making Exempt Supplies	Bill of Supply
Un Registered Person	Making Taxable Supplies	Bill of Supply
Advance Received	For Making Taxable Supplies	Advance Voucher
Advance Received	but Supply not Provided	Refund Voucher
Advance Received	But Supply Partly Made	Issue Taxable Invoice for Part Supply and Refund Voucher for Part
B is Registered Supplier	B Ordered good to A for Delivery to C which is B's Client	A had already issued bill while removing goods for delivery to C, B can issue invoice even after delivery to C
Registered Person made Supply	Recipient Found some defective items and want to return	Credit note can be issued by Supplier only
Made a supply	Value less than Rs. 200	No need to raise any invoice, a consolidated invoice at the end can be prepared.

Content of Invoice

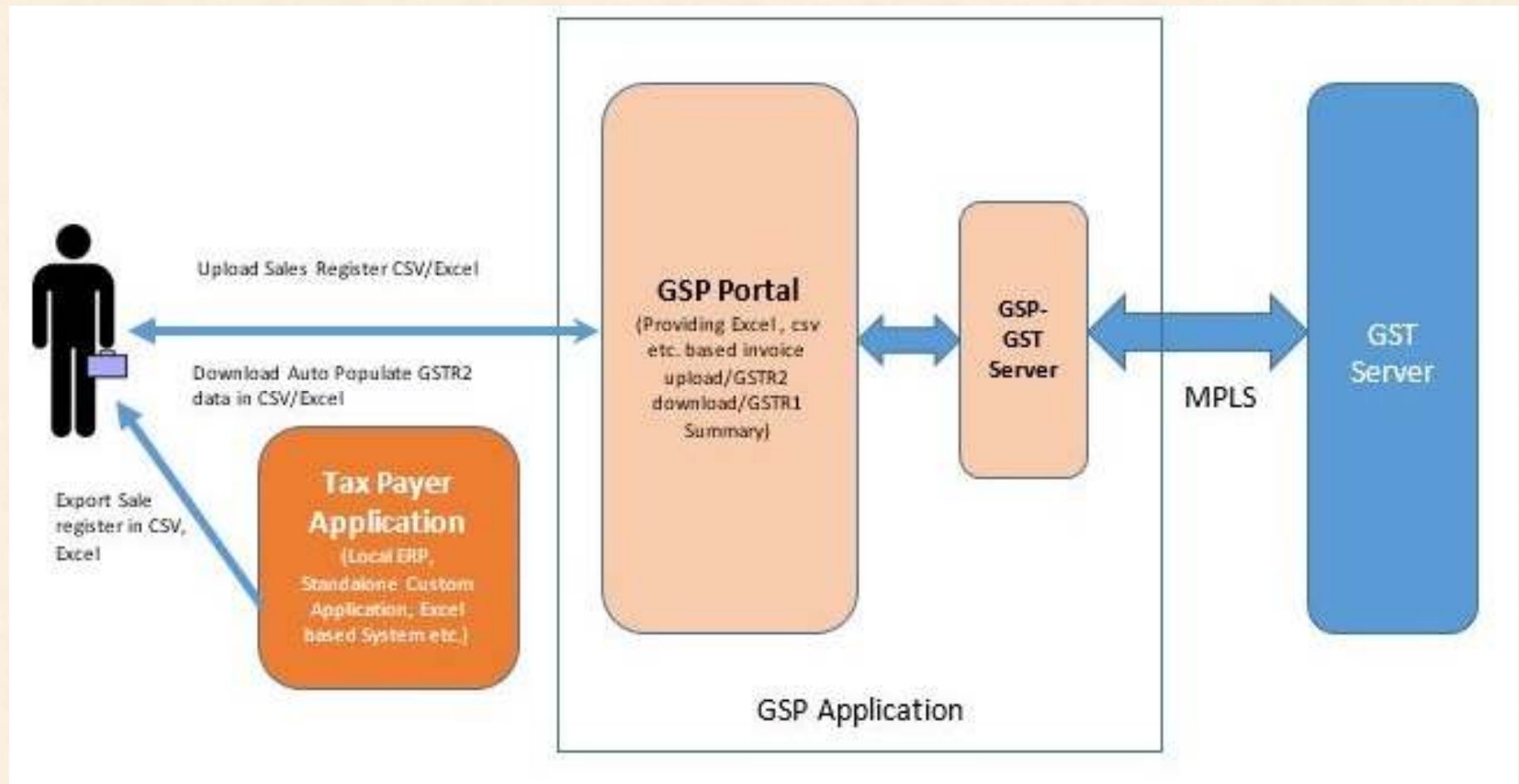
S No.	Particulars	Tax Invoice	Ticket	Revised Invoice Credit/Debit Note
Points to be Mentioned In Header				
1	Name, address and GSTIN of the supplier;	✓	✓	✓
2	Consecutive Serial Number	✓	✗	✓
3	Date of Issue	✓	✓	✓
4	Name, address and GSTIN of the <u>RECIPIENT</u> ;	✓	✓	✓
5	name and address of the recipient and the address of delivery (Name of State), if such recipient is <u>un-registered</u> and where the value of taxable supply is <u>fifty thousand rupees or more</u> ;	✓	✗	✓
6	place of supply (Interstate Supply)	✓	✓	✗
7	address of delivery where the same is different from the place of supply	✓	✓	✗
8	whether the tax is payable on reverse charge basis	✓	✓	✗
9	number and date of receipt voucher issued	NA	NA	✗

Content of Invoice

S No.	Particulars	Tax Invoice	Ticket	Credit/Debit Note
Points to be Mentioned In <u>MAIN BODY</u>				
1	HSN Code or Accounting Code	✓	✓	✗
2	Description of Goods or Services	✓	✓	✗
3	Quantity in case of Goods	✓	✓	✗
4	Total Value of Supply/Amount of Advance Taken	✓	✓	✗
5	taxable value of supply	✓	✓	✓
6	rate of tax	✓	✓	✓
7	amount of tax	✓	✓	✓
8	signature or digital signature	✓	✓	✓
9	Serial Number of Corresponding of Tax Invoice	Na	Na	✓



Source - <http://www.gstn.org/ecosystem/>

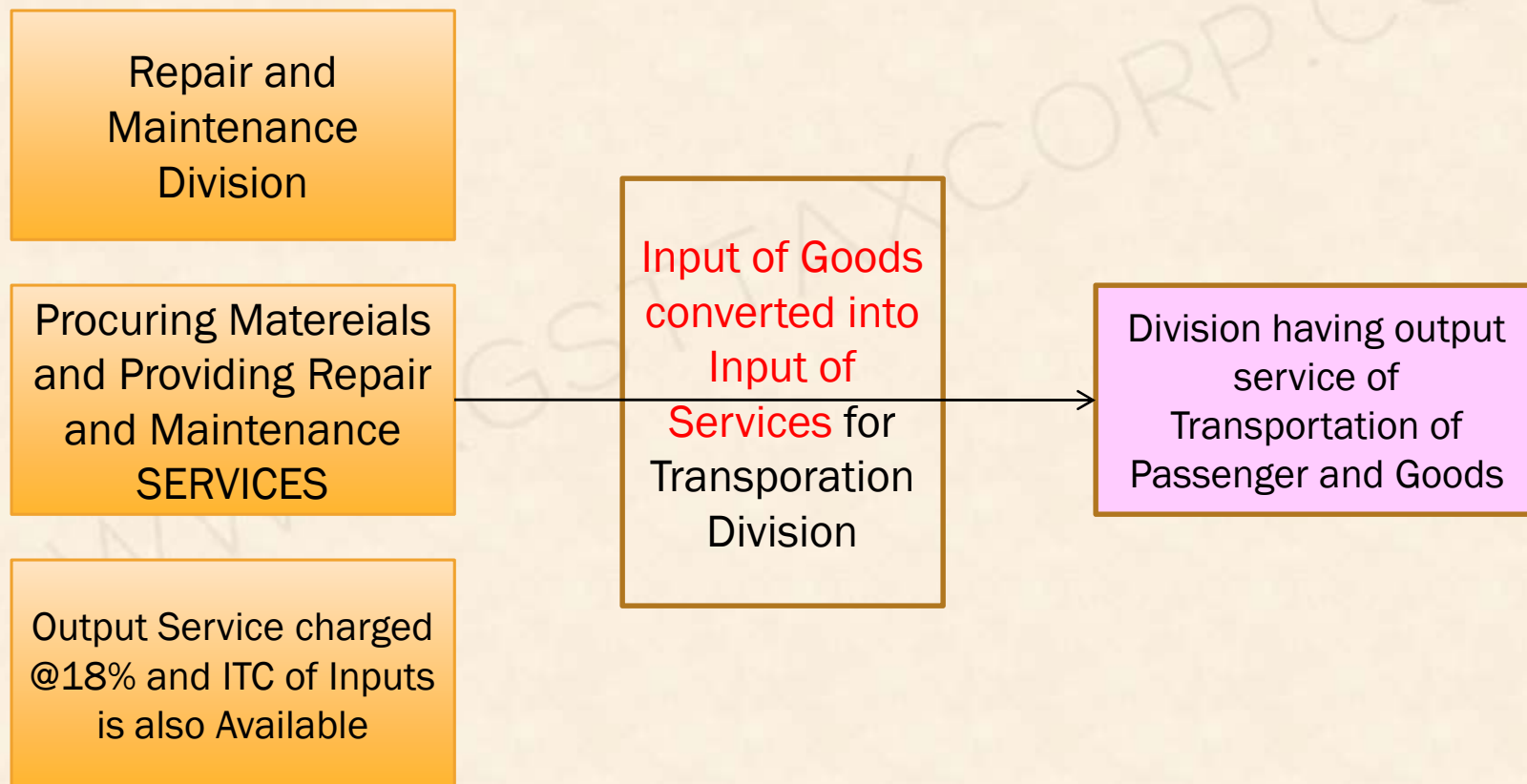


Source - <http://www.gstn.org/ecosystem/>

Frequently Asked Questions

Q. Can Indian Railway secure one single registration for one law in all business verticals?

Ans – Yes, registration for each vertical under each state can be availed.





THANK YOU

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