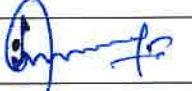



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STANDARD OPERATING PROCEDURE(SOP) – UNDER GST
FOR EID PARRY(INDIA)LIMITED.

Sl.No	Index	Page No
1	Introduction	5
2	EID – Output Goods HSN Classification along with GST rate	6-8
3	Registration	9
3A	Add / Delete Additional place of business in GST certificate	9
4	Levy and exemption under GST	10-12
5	Exempted Supply: (Transaction specified in Schedule III)	13-14
6-7	Stock Transfer / Free Supply	15-18
8	The tax liability on composite / mixed Supply shall be determined	19
9	Supplies that the tax to be paid under Reverse charge mechanism (RCM) by the recipient of such goods or services are	20
9.1	A. Time of Supply for Goods under RCM B. Time of supply for Services	21
9.2	GTA – RCM Applicability validation & process to be carried out	22-24
9.3	RCM for Import of Service	25
9.3 (1)	Export Commission paid to Agent Outside India	26

9.4	RCM – Rent a Cab service	27
9.5	Place of Supply for Rent a Cab (RCM)	28
9.6	RCM – Legal Service	28
9.7	RCM – Director Sitting Fee	29
9.8	RCM – Reimbursement of Expenses related transactions	30
10	RCM – Change in Rate of Tax	30
11	Place of Supply of Goods & Services	31-36
12	Composition Levy	37-38
13	Time of Supply	38-40
14	Taxation of Imports & Exports under GST	
	A. Imports	41
	B. Exports	42-46
	B. 1 Exports under MIEQ/ MAEQ Quota	47
	C. Exports of Service by payment of IGST	50
	D. Re-import of earlier Export goods	50
	E. Export through Courier mode	50
	F. Deemed Exports (Merchant Export)	51
15	Export Incentive	52
	15. 1 Draw back of duty under AIR – Custom Port	52
	15.2 Remission of duties and Taxes on Export Products (RoDTEP)	53-55
	15.3 Certification of Origin (COO)	55
16	Valuation of Taxable Supply	56
17	Treatment of Sales Promotion / Discount	57-58

18	Supply of Ethanol (or) Ethyl Alcohol to Oil Marketing company	59
19	Input Tax Credit	60-63
19.1	ITC on Factory Canteen and Tax treatment for recovery from Employees	64
19.2	Canteen - For other than factory Canteen i.e. HO/Guest House	65
20	Proportionate reversal of Tax on Capital Goods	65
	20.1 Input and capital goods sent for Job work	66
	20.2 Proportionate reversal of Tax on Input and Input Services	67
21	Various GST Council – Amendments w.e.f 01.02.2019	70-72
22	GST Treatment on High Sea Sales	72
23	Input Service Distribution	73
24	GST on Job Work Process	74-79
25	Disposal of Company Asset- Car	80
26	Treatment of Waste / Scrap (Assets Disposal)	81
27	Tax Collected at source (TCS)	82
28	Tax Deducted at source (TDS)	82-85
29	Payment of Tax	86
30	SEZ –Operations	86-88
31	Tax Invoice, Credit & Debit Notes	89-93
32	Accounts and Other Records	93
33	GST on Reimbursement of Electricity / water charges as part of reimbursement (being exempted goods under GST)	94
34	Assessment	95
35	E-commerce operator	95-97
36	Goods Return Procedure under GST	98

37	GST treatment on participation – India / Outside India	99
38	GST Treatment of Security – Deposit	100
39	GST Treatment of Security – Retention Money	101
40	GST on Employee and Employer Transaction	101
	A.. Employee reimbursement – Purchase from Registered Dealer	
	B Gift to Employees	
	C Notice pay recovery	
	D Disposal or sale of Concessional Rate	
41	Treatment of Cane Insurance	102
42	GST on Services provided to foreign clients by commission agent in India	103
43	GST Treatment on Sale of Scrips (MEIS / RoDTEP)	103
44	E- way bill / E invoice	103-106
45	Dynamic QR code	107
46	Pure Services	108
47	Pure Agent	109
48	GST on Inter Corporate Guarantee	110
49	GST Returns	111-114
50	Identify the Genuineness of Vendor / Supplier	115-117
51	Non submission of return by vendor – review and action to be initiated	117-118
52	Valuation of Stock Transfer	118-121

1. Introduction:

STANDARD OPERATING PROCEDURE – GST

GST is a destination-based tax to replace the erstwhile taxes namely Excise Duty, Service Tax, Countervailing Duty (CVD), Special Additional Duty of Customs (SAD), central charges and cesses and local state taxes, i.e., Value Added Tax (VAT), Central Sales Tax (CST), Octroi, Entry Tax, Purchase Tax, Luxury Tax, Taxes on lottery, betting and gambling, state cesses and surcharges and Entertainment tax (other than the tax levied by the local bodies).

It will be a dual levy with State/Union territory GST and Central GST. Moreover, inter-state supplies would attract an Integrated GST, which would be the sum total of CGST and SGST/UTGST.

The taxable events under the existing indirect tax laws such as manufacture, sale or provision of services shall stand subsumed in the taxable event known as “supply” of goods or services; now, tax would be levied on supply of goods/services whether by a manufacturer or by any other person.

The Standard operating process (SOP) will help the individual user to record the transaction without any deviation and process to follow EID as a whole to mitigate error free recording the transaction and maintain consistency.

2. EID – Output Goods HSN Classification along with IGST Rates:

Segment	EID – output Materials	HSN Code	Rate of GST		
			IGST	CGST	SGST
Sugar	Regular Brown / Raw Sugar	17011390	5	2.5	2.5
Sugar	Jaggery	17011410	0	0	0
Sugar	Refined Sugar/ White Sugar/ Vita Sugar	17011490	5	2.5	2.5
Sugar	Cube Sugar From 15/11/2017 onwards	17019910	18	9	9
			12	6	6
Sugar	Molasses	17031000	28	14	14
Sugar	Bagasse	23032000	5	2.5	2.5
Sugar	Filter Cake	23032000	5	2.5	2.5
Sugar	K-Boost/ Bio –Compost / Organic manure	3105 20 00	5	2.5	2.5
Sugar	Farm Boon	3105 20 00	5	2.5	2.5
Sugar	Parrysporeformer	2940 00 00	18	9	9
Sugar	Sugar cane -Tissue culture	0602 90 30	Nil	Nil	Nil

	plant				
Distillery	Ethanol	2207 20 00	18	9	9
	Supply to" Oil marketing Company" from 27/07/2018		5	2.5	2.5
Distillery	Rectified Spirit	2207 10 11	18	9	9
Distillery	Extra Neutral Alcohol	22071090	18	9	9
Distillery	Ethyl Alcohol (Un Denatured)	22071090	18	9	9
Distillery	Denatured Spirit	22072000	18	9	9
Distillery	Carbon Dioxide	28112190	18	9	9
Distillery	Hand Sanitisors	3808 94 00	18	9	9
VAP	Grow Green Media	5305 00 00	5	2.5	2.5
VAP	Entomopathogenic nematodes	3808 99 10	18	9	9
VAP	Pheromone Traps	3808 91 99	18	9	9
Nutra	Moringa Powder	12119029	5	2.5	2.5
Nutra	Organic Spirulina Powder	12129990	5	2.5	2.5
Nutra	Astaxanthin Oleoresin	13019049	5	2.5	2.5
Nutra	Lutein / Lycopene- Oil, Powder, Concentrate & Suspension	13021919	18	9	9
Nutra	Green Tea Extract	21012090	18	9	9

Nutra	Organic Chlorella Powder	21022000	18	9	9
Nutra	Algae / Astaxanthin Powder	21022000	12	6	6
Nutra	Spirublu Tablet - Blue Coated / Spiruzan Tablets / Spruzan Blue Coated Tablet / Spirulina Tablet Blue Coated /Phycocyanin Powder	21069099	18	9	9
Nutra	Cab Care	28272000	18	9	9
Nutra	DNMC Oil	29369000	18	9	9
Nutra	Free Lutein Beadlets / Lutein Oil / Lutein Power / Lutein Esters Oil / Lutein Crystals / Xanmax / Zenthin - Beadlets, Oil ,Power	32030020	18	9	9
Nutra	Fenugreek Powder	09109924	5	2.5	2.5

Note:

- ✓ *As these rates are depends on the product characteristic and usage by the end consumer, there may be cases where the customer may come across a different rate for the same product.*
- ✓ *In No circumstances the rate change for any product should be communicated to SAP IT team without IDT team concurrence.*
- ✓ *(Please bring those issues to IDT team to collect the necessary information and advice on the correct rate applicable to the product.)*

3. Registration

- 3.1 For the Supply of Service, the threshold limit of turnover for the purpose of registration is kept Rs 10 Lakhs for North-East States including Sikkim and Rs 20 Lakhs for others.
- 3.2 Person required to register under GST are:
- Every person registers under existing law
 - Person effecting interstate supply
 - Liability to pay as recipient of service
 - being Input Service Distributor (ISD)
 - change in the constitution of business
 - Merger/Amalgamation of two or more registered
 - E-commerce Operator or Aggregator
 - Person who supplies Via E- commerce Operator
 - Casual Taxable Person
- 3.3 Special Economic Zone unit / Developer shall make a separate application for registration as a business vertical distinct from its other units located outside the Special Economic Zone.

Note :

Exemption for registration and payment of GST for the supplies of goods would be 40 Lakhs (for north eastern states the threshold limit will be 20 lakhs)

3(A) – Add / Delete - new location as additional place of business:

- 3.5 Additional Place of business is the place of business where taxpayer accomplish business related activities within the State, in addition to the PPOB (Principal Place of Business).
- 3.6 A supplier (EID) needs to register in each state from which he is supplying goods or services. In other terms, if a supplier has their business branches in different states – he/she would be required to take separate registration for each of these states. But within a state, a supplier can declare one place as the principal place of business (PPOB) & the other branches as additional place of business (APOB).
- 3.7 The following things to be remember for adding any location as part of

additional place of business:

1. Location is rented / lease - need to support agreement for the same
2. Electricity bill
3. Any other document substantiates the location is part of EID business.

3.8 System Related:

1. Creation of plant in SAP
2. Grouping the same with respective state GST registration
3. Generation of Sub user for E- way bill portal
4. Invoice preparation & Monitor the movement of goods

3.9 Other requirements for consideration:

1. Security
2. Weighbridge
3. Pest Control Service
4. Fire Extinguisher for safety related
5. Insurance for stock planned for new location
6. FSSAI certificate
7. Working of Freight rate
8. Loading and unloading arrangements
9. Addition of Trade licence requirement if any.
10. Machinery movement like conveyer , packing machinery etc., and its ITC under GST.

1. *Take printout of the new amended GST Registration certificate and display the same in prominent place at the warehouse.*
2. *Name board showing clear details i.e., address of the location along with GST registration number.*

4. Levy under GST

4.1 In GST Regime, As GST will be applicable on 'supply':

"Supply" includes— All forms of supply of goods or services or both such as

- Sale
- transfer
- barter
- exchange

- licence
- rental
- lease

4.2 Import of Service for Consideration (whether or not in the course or furtherance of business)

4.3 Further, certain supplies, even if made without consideration, such as

- Permanent transfer of business assets on which credit is availed
- Transaction with related entities,
- Transactions with agent etc.

By a person in the course or furtherance of business be considered as “Supply and taxable under GST.

4.4 All receipt of goods and/or services from unregistered person by registered person have been proposed to be liable to GST on reverse charge basis (The item wise list of goods falls under RCM , need to check with IDT Team)

- Any transfer of Title in goods, or transfer of right in goods or Undivided share in the goods (without transfer of title)
- transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration
- Treatment or process
- For Land & Building –
 - any lease, tenancy, easement, licence to occupy land
 - Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce.
 - renting of immovable property;

4.5 Import of services from a related person (or) from any of his other establishments outside India, in the course or furtherance of business. (e.g. Parry Nutra Inc etc.)

The following transactions are considered as Import, Domestic, Export and Non-Taxable transactions Subject to Place of supply provisions.

Sl.No	Location of supplier	Location of Recipient	Supply of service considered as	Legal reference
1	Outside India	In India	Import of Service	Sec 2 (11) read with Sec 13 of IGST act
2	In India	In India	Domestic Service	Sec 12 of IGST Act
3	In India	Outside India	Export of Service	Sec 2 (6) read with sec 13 of IGST Act
4	Outside India	Outside India	Non-Taxable Service	Not applicable

Gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both. Further, cash price is not considered under "Supply"

5. **Exempted Supply:**

5.1 (Transaction specified in Schedule III)

- (a) Services by an employee to the employer in relation to his employment
- (b) Services by any court or Tribunal
- (c) Functions performed by
 - ✓ Member of parliament,
 - ✓ Member of state legislature
 - ✓ Member of panchayats
 - ✓ Member of Municipalities
 - ✓ Member of other local authorities

- (d) Any person performed the service in the capacity of constitution (holds any post)
- (e) Duties performed by a person in a body established by the Central Government / State Government or local authority and who is not deemed as an employee before commencement of this clause.
- Services of funeral, burial, crematorium
 - Sale of Land & building
 - Actionable claim other than lottery, betting and Gambling (i.e. taxable)

The Ministry of Finance, Vide its Notification 15/2018 – Integrated Tax (rate) dated 26th July 2018 exempt GST applicability for the supply of Services of Services by way of licencing, registration and analysis or testing of food samples supplied by the Food Safety and Standard Authority of India (FSSAI) to Food Business operators. Accordingly, any supply availed from such organisation – No GST is payable.

5.2 Exempts services relating to cultivation:

Notification No. 9/2017-Integrated Tax (Rate) exempts services relating to cultivation of plants, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—

- (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
- (b) supply of farm labour;
- (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;
- (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;
- (e) loading, unloading, packing, storage or warehousing of agricultural produce;
- (f) agricultural extension services;
- (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.

In light of the above, the services of grading, seeding, harvesting, Fumigation etc. procured from service providers which are directly relating to the production of Sugar

cane which is an agricultural produce will fall within the ambit of the abovementioned exemption and will attract a nil rate of tax.

5.3 **GST Treatment for Receipt of Government Subsidy:**

Section 15(2)(e):- Value of Supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

A subsidy is a benefit given to an individual, business or institution, usually by the government. It is usually in the form of a cash payment or a tax-reduction. The subsidy is typically given to remove some type of burden, and it is often considered to be in the overall interest of the public, given to promote a social good or an economic policy. Hence, it is out of GST.

But the monetary receipt in the form of incentive, the incentive is provided to a specific person or business for recognition of noble work or to provide motivation for a specific work. Then, it is subject to GST.

- **Accordingly, No GST to be discharged for sugar subsidy received from Sugar Directorate against supply of MEIS & MAIS benefits directly from Central / State Government.**
- **Any receipt received from other channel partner for redemption of their quota / licence, the recovery of such subsidy from customer will attract GST.**

6. **Stock Transfer:**

- 6.1 Under GST, levy of tax is on Supply which includes transfers and with the definition of distinct person, branches need to be treated as a different entity.
- 6.2 As per Valuation Rules provides that if the transaction value is not available (i.e., between related party), then the transaction value of goods of like kind and quality should be considered. Or Open market value to be adapted.
- 6.3 Accordingly, any stock transfers are taxable in the following two cases:
 - (a) Intrastate stock transfer: Only when an entity has more than one registration in one state
 - (b) Inter State Stock transfer: Transfer between two entities located in different states is taxable

Note :

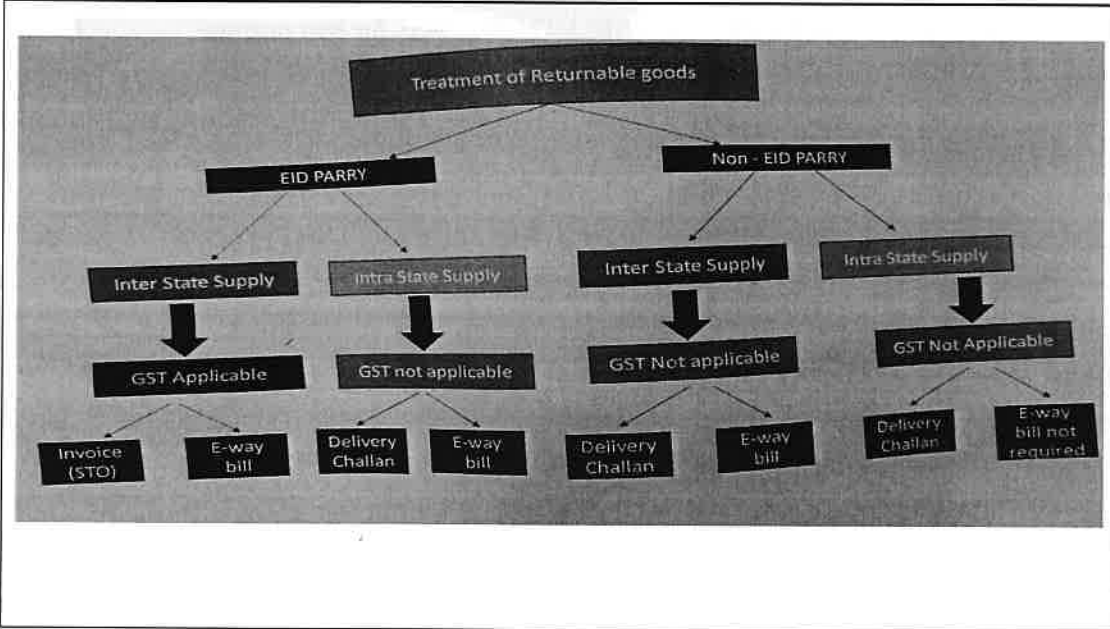
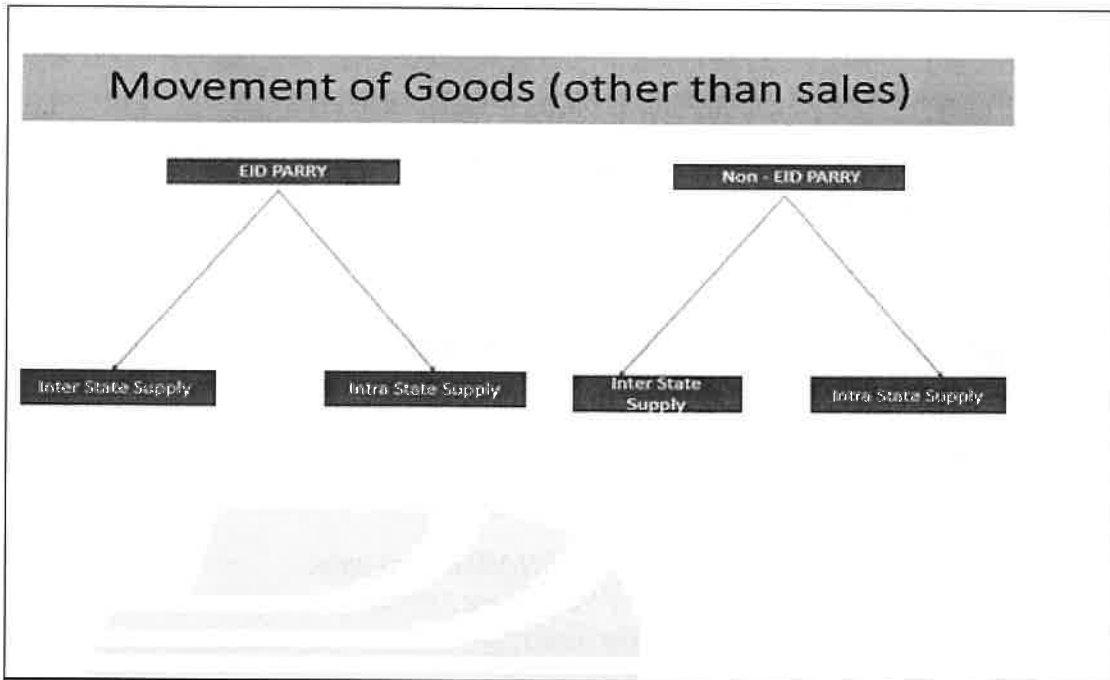
Tax paid on stock transfer will be fully available as input tax credit.

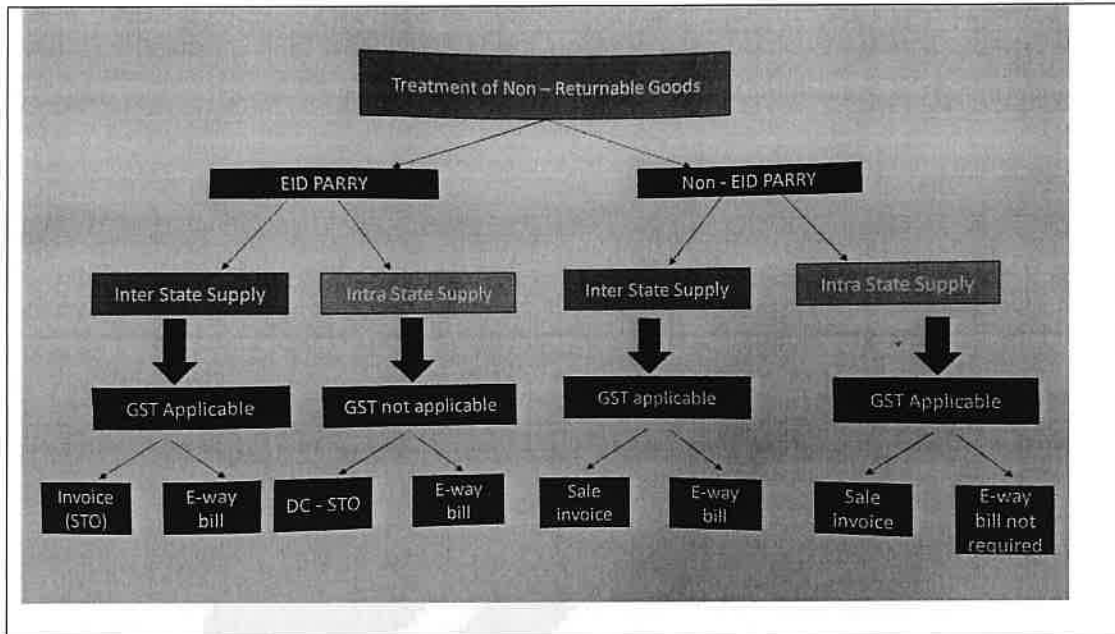
*Movement of goods to another unit or branch in a same state under same GSTN –
Not taxable under GST.*

It is suggested that the following practise to be carried out by person responsible for such transfer as under:

whenever any material (fixed asset, or packing material or chemical or item of stores & spares or fuel) has to be sent to another factory of EIDP:

- 1. That the material is sent on NON-RETURNABLE basis only.
(This shall be followed irrespective of the purpose / circumstance/ period for which the other mill had requested the item.)*
- 2. You shall prepare NON-RETURNABLE GATE PASS for this purpose.*
- 3. You shall also prepare Stock transfer invoice in SAP & for this purpose you shall seek stock transfer order reference from the plant which had sought material.*
- 4. Depending on intra or inter State, GST liability shall be considered while preparing stock transfer invoice (refer above table)*
- 5. E-Way bill also shall be prepared in all applicable circumstances.*
- 6. The above procedure shall be followed for all items of materials [Fixed asset or packing material or stores & spares or chemical or an item of scrap, or once used material or fuel]*
- 7. Where the item involved is fixed asset, an Asset Transfer Request shall also be prepared in SAP.*
- 8. Where the recipient is PSRIPL or Algovista , you shall prepare sale invoice instead of stock transfer invoice. There shall not be any transaction with PSRIPL also on returnable basis.*





7. **Free Supplies:**

7.1 Supply of goods between persons without consideration is deemed to be a “supply”.

7.2 Promotion materials/ free samples will be subject to GST

7.3 Transaction value would be value of goods of like kind and quality (or) the cost of sales

7.4 No Input Tax credit (ITC) – As per Section 17(5)(h) of CGST Act, if the goods are disposed by way of Gift the ITC in respect of the same shall not be available.

7.5 Any supply as part of free goods in terms of Contractual obligation; then, in such case, EID is eligible to avail ITC subject to prove one to one correlation.

8. The tax liability on composite / mixed Supply shall be determined

At first glance, composite supplies and mixed supplies may look very similar to each other. In both cases, we talk about supplying goods and/or services as a bundle for a single price.

Sl.No	Description	Example
a.	A Composite supply comprising two or more supplies, one of which is a principle supply - Shall be treated as a supply of such principle supply	<p>Naturally bundle in normal course of Business</p> <ul style="list-style-type: none"> - Travel in sathapthi Train (Travel Cum food) , Catering – Supply of service cum transfer of goods <ul style="list-style-type: none"> • one item or service is clearly the main part of the supply. • it wouldn't make sense to sell the secondary parts separately from the principal supply (e.g Computer with software) • It is a natural bundle, i.e., goods or services are usually provided together in the normal course of business. • They cannot be separated.
b.	A mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the higher rate of tax	<p>Gift Hamper – One good is higher value and rate, and other goods is lower value and carries different rate of tax.</p> <ul style="list-style-type: none"> • no one part is necessarily the principal supply (though the part with the highest GST rate is treated as principal). • each piece could be sold separately (for instance, a grocery bundle containing an assortment of snacks and drinks)

9. Reverse Charge Mechanism (RCM)

The objective of Reverse Charge Mechanism is to widen the scope of levy of tax on unorganized sectors and give exemption to specific class of supplier of goods/services and import of services

Supplies that the tax to be paid under Reverse charge mechanism (RCM) by the recipient of such goods or services are:

- Import of Service

- GTA
- Legal
- Service provided by Tribunal
- Sponsorship
- Service provided Government / Local authority
- Director Fee
- Security Service (from 01.02.2019)

Sl.NO	Nature of Service	Percentage of Service tax payable at the recipient of service.
1	Services provided from non – taxable territory and availed by taxable person	100%
2	(GTA) in respect of transportation of goods by road	100%
3	an individual advocate or firm of advocates by way of legal services, directly or indirectly Note: legal services including representational services provided by an advocate including a senior advocate to a business entity (i.e. EID), GST is required to be paid by the recipient (EID) of the service under reverse charge mechanism.	100%
4	An arbitral tribunal	100%
5	Sponsorship services	100%
6	Government or local authority excluding :- (1) renting of immovable property,	100%
7	provided by a director of a company or a body corporate	100%
8	transportation of goods by a vessel from a place outside India up to the customs station of clearance in India	100%
9	Security Service (from 01.02.2019) (Notification N0 29/2018 dated 31 st Dec 2018 – subject to service provider falls under Being an individual / HUF/ Partnership firm)	100%
10	Renting of Motor Vehicle with effect from 01.10.2019 Notification No.29/2019-Central Tax (Rate), dated 31.12.2019.	100%

- Any procurement (inward Supply) from un-registered supplier, the recipient of such supply shall discharge tax under Reverse Charge Mechanism (RCM).
- Under reverse charge, the buyer or recipient of goods or services or both has to issue invoice or payment voucher on received of goods or services or both from the supplier.
- NO discharge of RCM for ISD Registration.
- It is advised to Discharge GST under RCM and avail the same as part of eligible ITC both in same month.,

9.1 (a) Time of Supply for goods under RCM:

It shall be earliest of following:

- Date of receipt of goods; or
- Date of payment entered in books of account or date of debit in bank, whichever is earlier; or
- Date immediately after 30 days from date of invoice

Where it is not possible to determine time of supply as above, time of supply shall be date of entry in books of account of recipient of supply.

9.1 (b) Time of Supply for services

It shall be earliest of following:

- Date of payment entered in books of account or date of debit in bank, whichever is earlier; or
- Date immediately after 60 days from date of invoice

Where it is not possible to determine time of supply as above, time of supply shall be date of entry in books of account of recipient of supply.

9.2 GTA – RCM applicability validation & Process to be carried out:

<p>Scenario-1</p> <p>EID Parry & Transporter who is GST registered - location in the same state</p>	<p>I. EID Parry-State Karnataka</p> <p>II. Transporter registered in the State of Karnataka</p>	<p>Both GST Registration starting with 29....</p> <p>RCM Applicable is CGST + SGST @ 5%</p>
<p>Scenario-2</p> <p>EID Parry in one State & Transporter who is GST registered location in the different state</p>	<p>I. EID Parry-State Karnataka</p> <p>Transporter GST registration -State of Tamilnadu)</p>	<p>EID GST Registration starting with 29</p> <p>Transporter Registration starting with 33</p> <p>RCM Applicable is IGST @ 5%</p>
<p>Scenario-3</p> <p>EID Parry in one State & Transporter – <u>UNREGISTERED</u> location in the same state or different state</p>	<p>I. EID Parry-State Karnataka</p> <p>II. Transporter <u>UNREGISTERED</u> under GST</p>	<p>EID Registration starting 29, Transporter does NOT HAVE GST Registration</p> <p>RCM Applicable is CGST + SGST @ 5%</p>
<p>Scenario-4</p> <p>EID Parry in one State & Transporter – <u>UNREGISTERED/ REGISTERED</u> whether in the same state or different</p>	<p>I. EID Parry-State Karnataka</p> <p>II. Transporter <u>REGISTERED OR UNREGISTERED</u></p> <p>III. RCM Applicable is</p>	<p>This Scenario is completely on export of goods out of India by Road.</p> <p>EID Parry in one State &</p>

<p>state- but goods are sent on export by road to outside country ie. Nepal or Bangladesh or Bhutan or Pakistan or Afghanistan</p>	<p>IGST @ 5%</p> <p>IV. Here the pre-condition is that goods have to be exported out of India by road</p>	<p>Transporter – UNREGISTERED/ REGISTERED whether in the same state or different state- but goods are sent on export by road to outside country ie. Nepal or Bangladesh or Bhutan or Pakistan or Afghanistan</p> <p><i>In EID scenario, this is a rare phenomenon. This is a result of recent amendment in Section 12 (8) of IGST Act. W.e.f 01.02.2019</i></p>
<p>Scenario-5</p> <p>NO RCM Scenario:</p> <p>Transporter is allowed to raise GST invoice and raise tax @ 12%.</p>	<p>In this case RCM need not be paid and Transporter will raise Invoice @12% and GST has to be paid by taking input tax credit by direct payment to the transporter.</p>	<p>Sl. No. (iii) of Notification 20/2017- CT (Rate) Dated 22.08.2017 read with principal notification Sl. No.9(iii) of Notification 11/2017-Central Tax (Rate) Dt. 28.06.2017</p>

Under Notification No. 12/2017- Central Tax (Rate)- Goods Transport Agency Exemption

Services provided by a goods transport agency, by way of transport in a goods carriage of goods –

1) Where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees (i.e. 1500/-) Single carriage : The Transporter , transport , only Eid goods in a single trip.

(or)

2) Where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty (i.e. Rs. 750) Reverse Charge will also not be applicable in above case. – e.g. More than one package in the truck to be delivered to more than one Consignee like ABT or TVS parcel use logistic service for multiple clients goods in single consignment and charges proportionally based on weight and occupancy of the vehicle .

Please note:

Under Goods Transport Service (GTA), the service includes not only the actual transportation of goods, but other intermediate/ancillary service provided such as-

- Loading/unloading*
- Packing/ unpacking*
- Trans-shipment*
- Temporary warehousing etc.*

If these services are included and not provided as independent activities, then they are also covered under GTA.

9.3 RCM for Import of Service:

RCM would be applicable in case wherein the place of supply would be that of the recipient of service (generally located in India) and accordingly the IGST is payable unless it is exempted

- GST to be calculated on gross amount i.e. Including Income tax TDS.
- In case of import of service, the GST is required to be calculated on gross

amount payable to the service provider who is out of India. (i.e. Including income tax TDS)

E.g :

Invoice no	Date	Amount (EUR)	AMOUNT-INR
12345	13.08.2019	3819.75	3,03,155
67890	13.08.2019	6575.31	5,21,851
		10395.06	8,25,007
TDS @ 10%	10%	1039.50	82,500
Amount payable		9355.56	7,42,507

GST @ 18%

1,48,501

Note : -

BRC / FIRC for export of goods:

- Realization of convertible foreign exchange is one of the conditions for export of services and goods.
- In case of export of goods, realization of consideration is not a pre-condition. But as part of process , we need to obtain the same on a timely manner.

(In rule 89 (2) of the CGST Rules, a statement containing the number and date of invoices and the relevant Bank Realisation Certificates (BRC) or Foreign Inward Remittance Certificates (FIRC) is required in case of export of services whereas, in case of export of goods, a statement containing the number and date of shipping bills or bills of export and the number and the date of the relevant export invoices is required to be submitted along with the claim for refund.)

Note :

Treatment of import of service as "Supply":-

- *In case of import of service with consideration from third party / Related person / Distinct establishments, then, it is considered as supply..(Business purpose is not relevant)*
- *In case of import of service without consideration from Third party , then, it is*

not considered as supply (business purpose is not relevant)

- In case of import of service , without consideration from Related person /Distinct Establishment , then (Business purpose is relevant)*
- If it is business purpose , then it is considered as Supply*
- If it is not for business purpose, then, it is not considered as supply.*

9.3(1) Export Commission Paid to Agent outside India:

As per GST provisions, the said transaction will be covered under the definition of “Intermediary services”. In our case the place of commission agent will be outside Indian Territory. As per Place of Supply rules, for intermediary services the Place of Supply will be the location of the supplier. Accordingly, the place of supply will be the place of the commission agent and GST will “not be applicable”.

For better understanding, please find below the illustration:

‘EID’ is a manufacturer and supplier of Sugar. ‘Reach Marketing’ helps ‘EID’ in selling the sugar by identifying client ‘XXX’ who wants to purchase Sugar and helps in finalizing the contract of supply of Sugar by ‘EID’ to ‘XXX’. ‘Reach Marketing’ charges ‘EID’ for his services of locating ‘XXX’ and helping in finalizing the sale of Sugar between ‘EID’ and ‘XXX’, for which ‘Reach Marketing’ invoices ‘EID’ and is paid by ‘EID’ for the same. While ‘EID’ and ‘XXX’ are involved in the main supply of the Sugar, ‘Reach Marketing’, is facilitating the supply of Sugar between ‘EID’ and ‘XXX’. In this arrangement, ‘Reach Marketing’ is providing the ancillary supply of arranging or facilitating the main supply of Sugar between ‘EID’ and ‘XXX’ and therefore, ‘Reach Marketing’ is an intermediary and is providing intermediary service to ‘EID’.

From the above illustration it is clear that any commission paid to agent for arranging the supply of sugar between EID and customer will form part of intermediary services. Thereby the location of the agent will be the Place of Supply. For example, if the location of the agent is Dubai then the Place of Supply will be Dubai.

Hence, discharge of GST under RCM will not be applicable in the said example as the place of supply is outside India(i.e., Dubai).

9.4 Rent – a-cab Service: under RCM

GST Council in its meeting held on 20.09.2019, the services of renting of motor vehicle from non-body corporate entity to body corporate entity (i.e. EID Parry) is brought under reverse charge mechanism (RCM).

Accordingly, the Govt. has issued notification No. 22/2019-CT (R) dated 30.09.2019 to amend the parent RCM notification No. 13/2017-CT (R) dated 28.06.2017 The Govt. has now enlarged this list to cover rent-a-cab services provided by individuals, partnership firms etc. to body corporate.

The amendment has come into force from 01.10.2019.

Hence, the RCM provisions requiring the body corporate (recipient of service i.e. EID) to discharge GST will apply in the following conditions:-

- (a) The service provider / cab operator is a non-body corporate person i.e. a proprietorship concern, HUF or partnership firm.
- (b) The cab operator is unregistered or at the best charging 5% GST in the bill without availing ITC.
- (c) The service recipient is a body corporate i.e. a company including private limited company or corporation set under separate statute.

In case all the above 3 conditions are fulfilled, GST will be paid by the service recipient (body corporate i.e. EID) on their own under RCM.

The RCM provisions are not applicable in the following situations:-

- (a) The cab operator / service provider is a body corporate; (or)*
- (b) The cab operator / service provider is paying 12% GST (normal rate under HSN Code 9964) with or without availing ITC; or*
- (c) The service recipient is not a body corporate i.e. it is a proprietorship or partnership firm.*

9.5 Place of Supply for – Rent a Cab service:

- (a) In case the cab operator and service recipient are located in the same State / U.T., the service recipient (EID) will pay 2.5% CGST + 2.5% SGST under HSN Code 9964 without availing ITC of goods or services used in rent-a-cab service.
- (b) In case the cab operator and service recipient are located in different States / U.T., IGST @5% will be paid by the recipient body corporate.

Please also note that having paid GST / IGST on RCM basis, input tax credit would still not be available to the body corporate / service recipient. Under section 17(5) of CGST Act, 2017.

Note :

renting or hiring of motor vehicle having approved seating capacity upto 13 persons (including driver) is not allowed as input tax credit. (if the seating capacity is more than 13, then ITC is eligible)

9.6 Reverse Charge – Legal Services:

Any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.

Please be note that, if the Advocates also engaged in various services which are not covered under the definition of legal services as mentioned above, then they are liable for registration under the CGST Act.

Service provider	EID (Recipient)	Taxability service	Reference Notification
Firm	EID	RCM	13/2017 – Central Tax (Rate) dated 28.06.2017
Individual Advocate			
Senior Advocate			

9.7 Reverse Charge Applicability on Director Fee :-

Sl.No	Nature	GST Implications
1	Whole-time Director	WTD is usually in the whole-time employment of the company, hence, not liable for GST
2	Executive Director	Rule 2 (1)(k) of the Companies (Specification of Definitions Details) Rules, 2014 defines it to mean a Whole-time Director as defined in Section 2(94) of the Companies Act, 2013. Hence, the treatment would be the same as it is for WTD i.e. Not liable for GST
3	Managing Director	The managing director is in the employment of the company. Hence, not leviable under GST
4	Independent Director	He is not in the employment of the company and usually attends only Board meetings and receives sitting fees. He may provide any

		service to the company in the capacity of the director. In such a case, GST under RCM is applicable
5	Non-Executive Director	He is not in the employment of the company and usually attends only Board meetings and receives sitting fees. He may provide any service to the company in the capacity of a director and since Non-Executive Director is different from the Executive Director, GST under RCM will be applicable

9.8 RCM – Reimbursement of Expenses related to transactions covered under Reverse charge Mechanism (RCM)

Normally, many a times when an employee actively involved in a transaction wherever the said service cannot obtain directly from such vendor by the company. i.e., Freight payment made to local vendor and obtain the same from company as part of reimbursement. In such case, the documents supplied by original service provider will not form part Invoice as per GST law.

We need to discharge GST under RCM for such freight payment made to employee expenses and NO ITC for the same.

10. Reverse Charge Scenario: (Change in Rate of Tax)

In specific cases, the liability to pay tax is imposed on the recipient of the supply instead of the supplier.

Accordingly, cases of supply by an unregistered supplier to a registered person, GST shall be paid by the recipient under RCM.

The Time of supply shall be Earlier of:

- Date of Receipt of Goods

- Date of Payment entered in Recipient's Books
- Date of debit in Bank account
- Date of Invoice +60 days

(Exception: - If any of the above dates are not identifiable, Date of Entry of transaction in Recipient Books)

Change in Rate of Tax:

Where there is change in the rate of tax in respect of goods or services or both shall be determined :

Situation:	Description	Time of Supply
(a) Goods / Services supplied before the change in rate of tax	Invoice issued and payment also received after change in rate	Earlier of Date of payment (or) Date of Invoice
	Invoice issued prior to change of rate of tax and payment received after change in rate	Date of issue of Invoice
	Invoice issued after the change of rate of tax and payment received before change in rate	Date of receipt of payment
(b) Goods / Services supplied After the change in rate of tax	Invoice issued prior to change of rate of tax and payment received after change in rate	Date of receipt of payment
	Invoice issued and payment also received before change in rate	Earlier of Date of payment (or) Date of Invoice
	Invoice issued after the change of rate of tax and payment received before change in rate	Date of issue of Invoice

Note :

The date of receipt of payment – Earlier of date of entered in the books of accounts or date of credit in bank account.

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11. Place of Supply of Goods:

Place of supply of service will determine whether the supply of service is an

- Intra-state supply
- Interstate supply
- Export/import of Service

11.1 The location of the supplier of service and location of recipient of service is in India:

Sl.No	Nature of Service	Place of Supply
1	In relation to Immovable property: Architects; - Interior decorator - Surveyors - Engineers and other related expert services - Estate Agents	Location where immovable property However if the immovable property/boat/vessel is located/intended to be located is outside India, then place of supply shall be location of the recipient.

		<p>- Renting of Immovable property</p> <p>- Co-ordination of construction work</p> <p>Lodging accommodation in a hotel, inn, guesthouse, home stay, club or campsite, by whatever name called, house boat or any other vessel.</p> <p>Accommodation in any immovable property for organizing marriages, reception, - official, social, cultural or business function and all services provided in relation to such function at such property.</p> <p>All services ancillary to the above</p>	
2		Restaurant and catering service	Location where the services are actually performed
3		<u>Training and Performance appraisals provided to:</u>	
	(a)	Registered person	Location of such registered person
	(b)	Person other than the registered person	Location where the services are actually performed
4		Admission to cultural, artistic, sporting, scientific, educational, or entertainment event or amusement park or any other place or any activities incidental thereto	Place of holding of the event or location of amusement park or such other place
5	(a)	Organising cultural, artistic, sporting, scientific, educational or entertainment event including supply of service in relation to a conference, fair, exhibition, celebration or similar events	Services provided to : - Registered Person –Location of such person -Any other person – place where the event is actually held.
	(b)	Services ancillary in relation to organizing above events/services or providing sponsorship to any of the above events.	If the event is held outside India, place of supply will be location of the recipient.
6		Transportation of goods (including	

		by mail or courier to:	
	(a)	Registered person;	-Location of such person
	(b)	Other than registered person	-Location at which goods are handed over for their transportation
7		Passenger Transportation to:	
	(a)	Registered person;	Location of such person
	(b)	Other than registered person	Place where passenger embarks on conveyance for continuous journey
8		On board a conveyance such as vessel, aircraft, train or motor vehicle	Location of the first scheduled point of departure of the conveyance for journey.
9	(a)	Telecommunication services, including data transfer, broad casting, cable and direct to home television services:	Location of installation of telecommunication line, leased circuit, cable connection or dish antenna.
	(b)	Fixed telecommunication line, leased line, internet leased circuit, cable or dish antenna	Location of the billing address of the service recipient on record of supplier of services.
	(c)	Mobile connection for telecommunication and internet services provided on post paid basis	Address of the selling agent/reselling agent or distributor as per the records of the supplier at the time of supply
		Mobile connection for telecommunication, internet services and direct to home television services provided on pre payment through voucher or any other means	Location where such prepayment is received or such vouchers are sold.
		(i) Through selling agent or reselling agent or a distributor of SIM card or recharge voucher;	
		(ii) By any person to the final subscriber	

	(d)	In other cases not covered under (b) or (c) above	Address of the recipient as per the records of the supplier. In case address of recipient is not available, then place of supply shall be location of supplier
10		Banking and other financial services including stock broking services	Location of the recipient of the service on the record of supplier of service. If location of recipient is not available, then it shall be location of the supplier of service
11	(a)	Insurance services: Registered Person	Location of such person
	(b)	Person other than registered person	Location of the recipient of the service on the record of supplier of service
12		Supply of advertisement services to the Central Government, State Government, Statutory meant for Identifiable States	Located in such states and value for each state shall be in proportion to the service provided by way of dissemination as provided in the contract or if absence of contract, on a reasonable basis.
13	(a)	For services [other than mentioned in 1 to 12 above] provided to Registered Person	Location of such person
	(b)	Person other than registered person	i. Location of the recipient where the address on record exists; ii. Location of supplier of service in other cases.

11.2 Place of Supply of services where the location of the supplier of service or the location of recipient of service is outside India:

Sl.No	Nature of Service	Place of Supply
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	(b)	NBFC to its account holders. Intermediary services i.e. a broker, an agent or any other person, by whatever name called, who arranges/facilitates the supply of a service or the supply of goods, between two or more persons	
	(c)	Services consisting of hiring of means of transport other than aircrafts and vessels except yachts, up to a period of one month.	
5		Transportation of goods, other than by way of mail or courier	Place of destination of goods
6		Passenger Transportation service	Place where the passenger embarks on conveyance for continuous journey
7		Supply of services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board	First scheduled point of departure of the conveyance for continuous journey
8		Online information and database access or retrieval services	Location of recipient of service. Person receiving the service shall be deemed to be located in taxable territory if certain conditions are satisfied
9		For services [other than mentioned in 1 to 8 above]	Location of recipient of service. In case location of recipient of service is not available in ordinary course of business, then it shall be location of service provider

12. Composition Levy:

- 12.1 Small supplier of goods can opt to pay the GST levy under composition scheme. Composition levy is an optional levy (Eligible supplier can opt for composition levy).

12.2 Suppliers are eligible whose aggregate turnover in the preceding financial year was less than 150 lakhs (Aggregate Turnover includes taxable, exempt, export, services, inter-state etc.

Sl.No	Description	CGST	SGST
1	Manufacturer	1%	1%
2	Composite Supply	2.5%	2.5%
3	Others	0.5%	0.5%

Note:

Persons opting for composition levy:

- *Not allowed to supply goods in inter-state trade*
- *Not allowed to supply goods through electronic commerce operator*
- *Collect any tax from recipient of supplies made by him.*
- *not allowed to take any credit on input supplies*
- *Composition scheme is available to supplier of goods only. Only one type of service provider namely persons supplying food or beverages can opt for composition scheme*

13. **Time of Supply:**

Time of Supply in case of Goods: Practical scenario where we can decide the correct GST applicable to discharge :

The liability to pay CGST / SGST will arise at the time of supply as determined for goods and services

In case of goods		Earlier of : Date of Invoice (or) Date of payment received by the supplier
In case of Services	Invoice issued within prescribed (30 days) period	Earlier of : Date of Invoice (or) Date of payment received by the supplier
	Invoice Not issued within prescribed (30 days) period	Earlier of : Last Date of Invoice to be issued (upon completion of 30 days) (or) Receipt of payment

14 (A) Taxation of Imports & Exports under GST :-

A. Imports:

Under the GST regime, both the import of goods and or services into the territory of India would be treated as supply of goods or services in the course of inter-state trade attracting the levy of IGST

- (a) Imports of Goods and Services will be treated as inter-state supplies and IGST will be levied on import of goods and services into the country
- (b) After introduction GST, IGST and Basic Customs Duty are the main two components in determining the total import duty payable to customs at the time of Import of Goods to India, CVD and SAD are replaced with Integrated Goods and Service Tax (IGST).
- (c) The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods and services are consumed.
- (d) Full and complete set-off will be available on the GST paid on import on goods and services.

Supply Is	Place of Supply	GST
Goods imported into India	Location of the importer	IGST
Services imported to India	Location of the receiver of services (if not available, location of supplier of services)	IGST

- (e) the import of services by a taxable person from a related person or from a distinct person as defined in Section 25 of the CGST Act, 2017, in the course or furtherance of business shall be treated as supply even if it is made without any consideration.

In a case where imported goods are sold and delivered directly from Container Freight Station (CFS) / Direct Port Delivery (DPD) to a state different from the state where assessee is registered, the assessee need not take a separate registration in that state.

B. Exports:

- (a) Meaning of Exports: Section 2 (5) defines of IGST Act, 2017 defines – “Export of Goods”, with its grammatical variations and cognate expressions, means taking out of India to a place outside India.
- (b) Also, Section 16 of IGST, Exports is covered under “zero rated supply” i.e. Zero-rated supply refers to items that are taxable, but the rate of tax is nil on their supplies and – credit of input tax relating to them can be availed.
- (c) Accordingly, Exports can be done on two options viz.

If, exports made under bond or Letter of Undertaking i.e. without payment of integrated tax, can eligible to claim refund of unutilised input tax credit;

(Or)

If, supply made on payment of integrated tax, then, claim refund of such tax paid on goods or services or both supplied.

Under GST, Exports being inter-state supply, GST will not levied on Exports. Every registered person exporting goods or services without payment of integrated tax is required to furnish a bond or a Letter of Undertaking (LUT) in FORM GST RFD-11. Thus, EID obtained LUT for on the following states:

Sl. No.	States in which EID Parry is Operating	GST ID
1	Tamilnadu	33AAACE0702C1ZO
2	Gujarat	24AAACE0702C1ZN
3	Maharashtra	27AAACE0702C1ZH
4	Telangana	36AAACE0702C1ZI
5	Andhra Pradesh	37AAACE0702C1ZG
6	Assam	18AAACE0702C1ZG
7	West Bengal	19AAACE0702C1ZE
8	Karnataka	29AAACE0702C2ZC
9	Pondy cherry	34AAACE0702C1ZM

For details of LUT : Check with HO Taxation:

Further, the following documents are required before initiation of Exports.

- 1) Purchase order or Letter of Credit
- 2) Commercial Invoice
- 3) Packing list
- 4) Certificate of Origin -
- 5) Insurance Certificate -
- 6) Halal Certificate – Consignment specific
- 7) E-waybill – GST –E-waybill portal
- 8) Shipping Bill – Generated from Custom portal
- 9) Bill of lading (or) Air way bill – issued by a carrier
- 10) Copy of Certificate obtained from FSSAI

Note:

In GST regime, instead of IE code, GSTIN would be used for credit flow of IGST paid on import of goods. Therefore, GSTIN would be the key identifier.

Export Invoice should contain details of:

- An endorsement in Export Invoice as 'SUPPLY MEANT FOR EXPORT ON PAYMENT OF IGST' or 'SUPPLY MEANT FOR EXPORT UNDER BOND WITHOUT PAYMENT OF IGST',
- Name and address of the recipient
- Address of Delivery
- Name of the country of Destination
- Name of the Destination port

I. Filing of Shipping Bill:

Upon receipt of the goods from unit to Port/ICD, EID need to file a shipping bill thru Custom portal. For Export of goods the shipping bill is the only document required to be filed with the Customs for making exports

While filing the same, we need to ensure the following

- GSTIN must be quoted in the shipping bill.
- Commercial Invoice information should be provided in the Shipping Bill.
- Taxable value and Tax amount should be mentioned against each item in the Shipping bill
- A single Shipping bill can be filed for multiple tax invoices subject to consignee remains same.
- In the Shipping bill, for the field “State of Origin”, need to declare the state code from where export goods originated. E.g. If, Haliyal sugar physically originated from Haliyal unit to Chennai for export from Chennai Port, then we need to give a GSIN number of Karnataka as GSTN number.
- If Exports under payment of IGST for what so ever reason, then, the shipping bill filed by EID being exporter, such shipping bill shall be deemed to an application for refund of integrated tax paid on the goods exported out of India. Refund application shall be deemed to have been filed only after submission of export general manifest and furnishing of a valid return in Form GSTR-3 by the Exporter.

(Note: under GST, requirement of filing the ARE 1/ARE 2 has been done away with)

II. Generation of E-way bill :

Under GST, transporters should carry an e-Way Bill when moving goods from one place to another subject to certain conditions. In most of cases, we need to follow the procedure of “Transshipment”.

Transshipment means change in the mode of transport/conveyance or change of vehicle during the transit of goods. This could happen in various circumstances

1. Change in Conveyance – Rail to Road
2. Shifting of goods from a large vehicle to a smaller vehicle
3. Breakdown of the original vehicle

Scenario I

Generally, our Sugar Export will be in bulk. I.e. Single Invoice for single Destination with multiple vehicles viz. Vehicle movement of goods directly from plant to Port thru road transport.

1. Invoice is – One with full Quantity i.e 1000 MT
2. Delivery Challan – Referring above Invoice no – break into fewer quantity based on the actual capacity of a Road Transport vehicle (i.e Assume the capacity of lorry is 20 MT) – Need to raise 50 Delivery challan (1000 MT / 20 MT each vehicle) along with copy of Invoice to accompany the vehicle.
3. E-waybill to be generated based on the Delivery challan document reference (20MT)
4. Value for the purpose of generation of Delivery challan is pro-rate of Actual Invoice value.
5. Original Invoice should accompany at the last consignment.

Scenario. II

Generally, our Sugar Export will be in bulk. I.e. Single Invoice for single Destination with multiple vehicles E.g. Movement of Goods from Plant to Railway siding by Road Transport, then to other part of near to port railway siding thru Rail, from there to Port thru Road transport.

In the earlier scenario, a single invoice would be issued and if at all they had to be sent in different vehicles, multiple delivery challan had to be raised. For each delivery challan, a new E-way bill had to be generated.

1. Invoice is – One with full Quantity i.e 1000 MT
2. Delivery Challan – Referring above Invoice no – break into fewer quantity based on the actual capacity of a Road Transport vehicle (i.e Assume the capacity of lorry is 20 MT) – Need to raise 50 Delivery challan (1000 MT / 20 MT each vehicle) along with copy of Invoice to accompany the vehicle.
3. E-waybill to be generated based on the Delivery challan document reference (20MT)
4. Value for the purpose of generation of Delivery challan is pro-rate of Actual Invoice value.
5. Later, to update the information thru Part-B of E-way bill portals – Transshipment
6. Change in the vehicle/mode of transport can be updated on the eway bill portal by following the below steps – i.e Login >> Main menu >> E-way Bill >> Update Part B/Vehicle in multivehicle
7. Update Railway receipt number and date at the time of change in the mode of transport in part –B of E-waybill
8. From Railway siding to – Chennai Custom Port – Update once again the E-way bill in E-way bill portals.

Note:

- (1) Part B of the e-way bill needs to be updated before the change in vehicle

- (2) Part B can be updated only within the validity period of the e-way bill
- (3) There is no restriction on the number of times the e-way bill can be updated due to transshipment of goods. In fact, the vehicle updating history is available for each of the e-way bill at the time of updating the vehicle details.
- (4) Finally In case the supplier of goods wants to change the transporter or re-assign the e-way bill, he can do the same by using the option “Change/ Re-assign another transporter”. However, once the original transporter re-assigns another transporter in his place, the supplier cannot update Part B of the e-way bill.

For the following transaction, the updating of E-way bill for transshipment of goods was not required is:

- Transport of goods up to the place of export and change in conveyance therefrom i.e movement from ICD to Deck
- Transport of goods up to the place of the transporter up to 50 kms from the location of the supplier. (Note : E-way bill is not required , if the distance from plant to Railway siding is less than 50 Km)
- Change in mode of transport to a non-motorized conveyance.

General Note: Part B of e-Way Bill is not required to be filled where the distance between the consigner or consignee and the transporter is less than 50 Kms and transport is within the same state.

14 (B) Export under MIEQ Quota:

The Exporting mills would require submitting the following documents to Department of Food and Public Distribution (DFPD) for discharging Quota.

- 1) Self-certified copies of GSTR-1, shipping bill with Let Export Order (LEO) date duly endorsed by Custom Authorities.
- 2) Export Proceed Realisation certificate (BRC)

If, export of sugar thru merchant exporter:

- 3) then, Bi-partite or Tri – Partite agreement copy.
- 4) An undertaking on a non – judicial stamp paper indicating the factory-wise MIEQ – utilised for export of sugar.
- 5) An undertaking from the exporter indicating the shipping bill – wise quantity utilised against export quota of a particular mill.

Note: All the documents referred above shall be submitted by the mill to DFPD within 180 days from the date of shipment of last consignment.

Please find attached following CGST and IGST Notifications:

- 1) CGST Notification No. 40 (Rate): Prescribes Central Tax rate of 0.05% on intra-State supply of taxable goods by a registered supplier to a registered recipient for export subject to specified conditions*
- 2) IGST Notification No. 41 (Rate): Prescribes Integrated Tax rate of 0.1% on inter-State supply of taxable goods by a registered supplier to a registered recipient for export subject to specified conditions.*

14.(C) Export documents:

Export supplies will be marked as

“SUPPLY MEANT FOR EXPORT ON PAYMENT OF IGST”

(or)

“SUPPLY MEANT FOR EXPORT UNDER BOND WITHOUT PAYMENT OF IGST”,

Export Invoice should ALSO contain the following:

- the country of destination
- date of application for removal for export

Transportation of goods in CKD/SKD condition:
(Capital goods removed after put to use)

The following procedure shall be applicable for transportation of goods in CKD and SKD conditions:-

- A complete invoice to be issued before dispatch of the first consignment;
- A delivery challan shall be issued for each of the subsequent consignments, giving reference of the invoice;
- Each consignment is to be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
- The original copy of the invoice shall be sent along with the last consignment.

Under GST regime, the exporter has either of the two options:

- I. Export under bond without payment of tax
- II. Export along with tax payment and claim refund later

for Option 1:

The exporter must fill 'Tax amounts' as 'zero' while making the declaration in Table 6A and Table 6B of GSTR-1. Further, details of accumulated ITC shall be reported to GST portal by filing form RFD-01 to apply for its refund.

where IGST was not paid on exports under the cover of LUT or bond, exporters may still be able to claim the refund. In such a case, the accumulated input tax credit on raw materials or input services used for making such exports will be refunded.

In this case, Input availed on capital goods is challenging... as the definition only specified input and input service.

In this option Draw back can be claimed.

for Option II:

Normally this option is selected when the company have accumulated ITC(so that there will no cash outflow for tax) so that you can apply for refund of the tax paid and the tax to be discharged

IGST will be paid thru Cenvat account at the time of filing GSTR 3B returns, upon filing the same will be claimed as refund as IGST paid thru shipping bill.

As per Rule 89(1), General Application form for claiming refunds RFD-01 is not applicable for claiming refund of IGST paid on export of goods. The export document which is the Bill of Export or the Shipping Bill itself is considered as the application for refund of IGST. Ensure shipping bill details declared in GSTR-1 with the details appearing on the ICEGATE portal (details shown at the time of physical export).

- GST system transmits invoice level data of Table 6A in GSTR 1 to the System designated by Customs
- GSTR-3B is filed for the corresponding period, with admitted tax liability under Table 3.1(b);
- Export invoices are submitted in GSTR-1/Table 6A thereof and have correct shipping bill number, shipping bill date and port code;
- The admitted tax liability of IGST under table 3.1(b) of GSTR-3B, is equal to, or greater than, the IGST amount claimed to have been paid under Table 6A of GSTR-1 of the corresponding period.

- Upon confirmation that the goods covered by the said invoices have been exported out of India, shall process the claim for refund and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account
- Thus, Refund claim requires accurate filing of:-
 - GSTR – 1 by Exporter
 - GSTR – 3B by Exporter
 - Export General Manifesto by Shipping Company
- Invoices selected as Without PAY of Tax are not eligible for refund from ICEGATE

No draw back claim facility.

14 (D) Export of Service by payment of IGST:

Exporters of services who paid IGST on exports should complete their refund claim by applying in form RFD-1 on the GST portal in addition to GSTR-1 and GSTR-3B

In the refund claims an important prerequisite is to report the Bank Realisation Certificate (BRC/FIRC) number for the export invoice.

Note:

- *In both the above cases, the GST refund must be claimed by filing the details in Table 6A of the GSTR-1* and thereafter by filing the monthly summary return in GSTR-3B.*
- *The refund application can be made within two years from the relevant date in any case of refund.*

14 (E) Re-import of Export Goods

i.e. Goods exported originally by availing Letter of Undertaking (LUT)

Exporting under LUT/bond is beneficial because it

- a) saves you the time and effort of seeking a tax refund,
- b) prevents the blocking of funds, which can be critical for small businesses

An LUT is valid for one financial year and the same can apply one have a GST registration thru GST Portal.

As per LUT Notification; if the goods had been exported under claim for refund of integrated tax paid on export of goods then only the exemption from IGST will be available on re import, otherwise, the IGST on reimport is to be paid.

Accordingly, for availment of the input tax credit, re-imported goods are to be treated as imported goods and any IGST paid on re-importation would be eligible to input tax credit.

Further, any Exports obtained on the above at the time of original exports of such goods, the same my pay back along with interest.

14 (F) Exports thru courier mode:

- (i) In case of export goods, the Authorised Courier files Courier Shipping Bills with the proper officer of Customs at the airport or Land Customs Station before departure of flight or other mode of transport, as the case may be.
- (ii) The company executive of handling exports should be able to claim refund on the basis of this document.
- (iii) Condition to claims such refund is to file export general manifest along with GSTR 1 & GSTR 3B.
- (iv) In case, such exports by post office , then, visit FPO (Foreign Post Office) and get the acknowledgement from the Supdt. in charge of FPO.

14 (G) Deemed Export:-

- (i) Deemed Exports in GST is not like an export made from India. Goods supplied under deemed export shall not leave India and payment for such supplies is received either in Indian rupees or in convertible foreign exchange.
- (ii) Notification No. 48/2017-Central Tax dated 18-10-2017 was issued to notify the following supplies of goods to be treated as deemed exports:
 1. Supply of goods by a registered person against Advance Authorisation

2. Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation
3. Supply of goods by a registered person to Export Oriented Unit
4. Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017-Customs, dated the 30th June, 2017 (as amended) against Advance Authorisation.

Note :-

GST Deemed Exports shall be applicable only on supply of goods and not on supply of services.

Indian DTA company supply any sort of service e.g. inspection and expediting services during the manufacturing of equipment or certification for actual component manufacture in India at the request of foreign recipient and to perform the such inspection services for their foreign clients intended to be exported and received consideration in foreign currency attracts GST as place of supply will be under Sub section 3 of Section 13 i.e. Place where actual supply intended.

The location of the recipient is outside India however the location where the services are actually performed in respect of goods is in the Country. Therefore the place of supply of services provided by the applicant are within the Country and hence liable to SGST & CGST in the State.

15 Export Incentive:

15 (1) Drawback of duty under AIR – Custom part:

- (i) Under GST, the duty drawback would only be available for the customs duty paid on imported inputs. No amendments have been made to the drawback provisions (Section 74 or Section 75) under

Customs Act 1962 in the GST regime.i.e. Option of All Industry Rate (AIR) as well as Brand Rate under Section 75 shall also continue.

- (ii) The Export Invoice should contain a declaration that “We hereby declare that the export is in discharge of the export obligation Under Claim of Duty Drawback under Customs & GST “
- (iii) Exporters (EID) also have the option of claiming only the Customs portion of AIR and claim refund/ITC under GST laws.
- (iv) Further, all our EID exports to PSRIPL (being SEZ unit) considered as Exports, EID has to file manual export refund for drawback on submission of necessary physical copies to prove such exports.

15 (2) Remission of Duties and Taxes on Export Products (RoDTEP)

- (i) It is a new scheme that is applicable with effect from January 1st, 2021, formed to replace the existing MEIS (Merchandise Exports from India Scheme). The scheme will ensure that the exporters receive the refunds on the embedded taxes and duties previously non-recoverable.
- (ii) The scheme was brought about with the intention to boost exports which were relatively poor in volume previously. *This scheme is in addition to Draw back. It is available for merchant exporter too.*
- (iii) The ICEGATE portal (Indian Customs Electronic Gateway) will contain the details regarding the credits availed by the exporter. At the port, the exporter (EID) must indicate in the shipping bill the details regarding the claim of the RoDTEP benefit with regard to a particular item of export and generate a credit scrip for it. These credit scrips are then used to pay basic customs duties, claim rebates or can be transferred to other importers, as the case may be.
- (iv) RoDTEP Scheme is an electronic, transferable credit, which can be used for payment of only the Basic Customs Duty. *Scrips shall be utilized or transferred within 1 year (detailed procedures are awaited)*
- (v) The process for the generation and claiming of scrips under the RoDTEP scheme are as follows:-
 - (a) The Exporter should make a declaration of the claim for RoDTEP in the shipping bil.
 - (b) Once the Export General Manifest (EGM) is filed, the claim will be processed by the Customs.
 - (c) After processing the claim, a scroll with all individual shipping bill for the admissible amount will be generated and available in the users account at ICEGATE portal.
 - (d) The exporter should log into ICEGATE portal and create RoDTEP credit ledger account.

- (e) After the RoDTEP credit ledger created, the exporter log into their account and generate scrips by selecting relevant shipping bills.
- (f) Once, the scrips are generated, the refund will be created and reflected in the exporter ledger account and will be available for utilisation in payment of the eligible duties and during imports or for transfer to any other importers.
- (vi) RoDTEP Scheme will operate in a Budgetary framework for each FY and may be revised as and when required. The remissions for each FY will be managed within the approved Budget. No provision for remission of arrears or contingent liabilities is permissible under the Scheme to be carried over to the next financial year. Hence Industry (EID) should prepare for FIRST COME FIRST SERVE MODEL
- (vii) The Scheme will not be available for exporters who avail Advance Authorization or DFIA or Special Advance Authorization is taken/ Products manufactured or exported by 100% EOU/ FTZ/EPZ/SEZ.

The RoDTEP scheme was came into effective from 1st January 2021, the rates were notified only on 17th August 2021 as Appendix 4R to the Notification No: 19/2015-20 dated: 17.08.2021

Segment	HSN	Product Description	RoDTEP rate%
Nutra			
	12129990		
		Organic Spirulina Powder	0
		Organic Spirulina Sticks	0
		Organic Spirulina Tablet 300mg-Hexagonal	0
		Organic Spirulina Tablets 1000mg	0
		Organic Spirulina Tablets 200mg	0
		Organic Spirulina Tablets 400mg	0
		Organic Spirulina Tablets 500mg	0
		Spirulina Granules	0
		Spirulina Powder	0
	13021919		
		Free Lutein Beadlets 10% -CWS /TG	0.50%
		Free Lutein Beadlets 5% -CWS /TG	0.50%
		Free Lutein Powder 5%	0.50%
		Lutein Esters Beadlets 10%	0.50%
		Lutein Esters Oil 40%	0.50%
		Lutein Esters Powder 10%	0.50%
		Lycopene Beadlets 5%	0.50%
		Lycopene Beadlets 6%	0.50%
		Lycopene DC Grade Powder 10%	0.50%
		Lycopene DC Grade Powder 6%	0.50%
		Lycopene Oil 10%	0.50%

		Lycopene Oil 6%	0.50%
		Xanmax 1002 POWDER	0.50%
		Zeaxanthin Beadlets 10 %	0.50%
		Zeaxanthin Beadlets 5%	0.50%
		Zeaxanthin Beadlets 5% - CWS/TG	0.50%
		Zeaxanthin Powder 5%	0.50%
	21022000		
		Organic Chlorella Powder	1%
		Organic Chlorella Tablets 250Mg	1%
		Organic Chlorella Tablets 500Mg	1%
		Organic Spirulina Chlorella 400mg Tablet	1%
		SPIRUPHYLL	1%
	21069099		
		Organic Super Green Tablet	1%
		O-Spirulina Extract (Phycocyanin powder)	1%
		Spirulina Tablet 500- Blue Coated	1%
		SPIRUZAN BLUE COATED TABLET	1%
		Spiruzan Tablets 500mg	1%
	29369000		
		DNMC POWDER 2.5%	0
		DNMC POWDER 7.5%	0
		Sugar	
	17011490		
		Raw sugar from Cane	0.50%
		REFINED SUAGR	0.50%
		SUGAR	0.50%

15 (3) Certificate of Origin (COO):

- (i) DGFT issued a Trade notice on 18.10.2021 that the existing system of manual/paper-based submission and processing of non-preferential CoO (Certificate of Origin of goods i.e. goods manufactured by using indigenous raw materials) applications is being to end by 31st October 2021.

- (ii) Accordingly, It is informed that the electronic platform for obtaining Certificate of Origin (CoO) which was made live for issuing preferential certificates under different FTAs has now been expanded to facilitate electronic application for issuance of Non-Preferential Certificates of Origin. (URL: <https://coo.dgft.gov.in>),
- (iii) Further, in our Sugar business, we depend CHA / other agencies to generate such certificate for facilitating sugar export , now, comprehend from CHA that the same facility cannot be extended as such certificates to be obtained directly from DGFT portal by using our Digital signature credentials. Understand from Nutra Logistic team that they aware of the process of generating Online Certificate of origin of goods for their Nutra goods from DGFT portal directly.
- (iv) Now, considering the business requirement and expertise , it is suggested that Nutra team to continue to generate online CoO certificate from DGFT portal both for Nutra as well as Sugar Business.

Sugar Export logistic team will share all the requisite credentials as and when they required for such certificate for their exports well in advance to Nutra team for ease of obtaining the same from DGFT portal.

16 Valuation of taxable supply:-

It is a transaction value, which is the price actually paid or payable for the said supply of goods or services or both – (where the supplier and recipient are not related and price is the sole consideration for the supply)

Sl.No		
a)	Value of supply shall include:	Any taxes, duties, cesses, fees and charges levied under any law
		Any amount incurred by recipient of the supply and not included in the price payable
		Incidental expense, commission and packing,

		charged by the supplier to the recipient , any amount charged for anything done by the supplier in respect of the supply at the time or before the delivery of goods/services
		Interest or late fee or penalty for delayed payment of any consideration for any supply
		Any subsidies directly linked to the price (Except Central / State Government subsidy)
b)	Value of supply shall NOT include:	Discount given before (or) at the time of supply – Provided such discount fully recorded in the Invoice.
		Discounted effected after the supply – (1) Such discount established in terms of an <u>agreement entered into at or before the time of such supply</u> and specially linked to relevant invoices. (2) Input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.
		Subsidies provided by the Central / State Government

17 Treatment of Sales Promotion / Discount under GST:

Nature of Transaction	Treatment under GST	Liability of GST	Treatment of Input Tax credit (ITC)
Free samples and gifts	Samples provided to stockists, dealers, medical practitioners, etc. without charging any consideration	samples which are supplied free of cost, without any consideration, do not qualify as	ITC to be reversed

		“supply” under GST; Hence, GST Not applicable	
Buy one get one free offer	It may appear at first glance that in case of offers like ‘Buy One, Get One Free’, one item is being ‘supplied free of cost’ without any consideration. In fact, it is not an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of ONE	GST is applicable ; based on Valuation rules (i.e. Higher of the goods in combination)	ITC available for EID
Discounts like – “Buy more, save more” offers	Such discounts are established in terms of an agreement entered into at or before the time of supply though not shown on the invoice as the actual quantum of such discounts gets determined after the supply has been effected and generally at the year end - Quantity Discount (Passed on thru Credit note)	GST Not applicable	ITC available for EID.
Secondary Discounts	These are the discounts which are not known at the time of supply or are offered after the supply is already over. Credit note(s) can be issued as a commercial transaction between the two (EID as well as Customer) contracting parties.	GST applicable (Secondary discounts shall be included while determining the value of supply as such discounts are not known at the time of supply)	ITC available for EID.

Early payment discount	The supplier offers the incentive for early payment of invoice (bills) by offering a cash discount if payment is made by EID before the due date or with in the certain days from the date of invoice	supplier issues the Receipt cum credit note of cash discount without considering GST on such cash discount.	Input Tax Credit of the full GST charged
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18. Supply of Ethanol (or) Ethyl Alcohol to Oil Marketing Companies:

The Government of India issued a notification (Notification No 18/2018 Central Tax (Rate) dated 26th July 2018) giving effect to reduction in rate of Ethyl Alcohol supplied to Oil Marketing companies for blending with motor sprite (Petrol) from 18% to 5% .

Note : for all other purpose, the same will attract 18% GST rate.

19. Input Tax Credit

Input tax charged on any supply of goods / services or both, which are used or intended to be used in the course or furtherance of business and said amount shall be credited to the electronic credit ledger of such person. It also include:

- (a) Tax paid or reverse charge basis and
- (b) Integrated tax goods and services tax charged on import of goods

Condition for availing input tax credit:

- i. Possession of a tax invoice/debit note or such other taxpaying document
Physically received the goods /services or both.
- ii. The supplier shall remit the said tax to government
- iii. If supplier Turnover exceeds 20 Crores in previous financial year, then, we need to obtain E- invoice with IRN number .(with effect from 01.04.2022)
- iv. Used/ intended to be used in the course or furtherance of business.
- v. The supplier furnished the GST return
- vi. If goods against an invoice are received in lots (or) instalments or both, input tax credit entitled only upon receipt of the last lot or instalment.
- vii. Where a recipient fails to pay to the supplier of goods or services or both within 180 days (i.e. 6 months) from the date of invoice, amount equal to the input availed on such goods to be reversed and added to output tax liability along with interest. (Note : Interest will be paid @ 24% from the date of availing credit till the date when the

- payment is made to the supplier) Further, once the payment is made, the recipient (i.e. EID) will be entitled to avail the credit again without any time limit.
- viii. Input tax credit not allowed to the extent of claimed depreciation on tax component of the capital goods and Plant& Machinery
 - ix. When goods are received in lots or instalments, ITC can be availed only upon receipt of the last lot or instalment.
 - x. Input tax credit shall not be entitled to take input tax credit for supply of goods/services or both after the expiry of one year from the date of issue of invoice relating to such supply.
 - xi. Not eligible to take Input tax credit after the due date of furnishing of the return for the month of September following the end of financial year to which such invoice furnishing of the annual return whichever is earlier.
 - xii. Change in constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business shall be eligible to transfer the input tax credit which remains unutilised in his electronic ledger to such transaction.

Plant & Machinery means – apparatus, equipment and machinery fixed on earth by foundation or structural support that are used for making outward supply of goods / services or both and includes such foundation and structural support but excludes (land , building or any other civil structure; telecommunication tower , pipelines laid outside factory premises).

ITC Eligible / Ineligible Categories List:		
Nature of Work	Place of Work	Eligible/Ineligible
Civil Works-goods or Services	Factory Guest House, Residential Quarters, Admin Building.	Not eligible
	Plant and machinery	Eligible
	Foundation of Plant and Machinery	Eligible
	Other than Plant and machinery	Not eligible
Works Contract Services	used for immovable property	Not Eligible
	Used for construction of Building	Not Eligible
	Used P&M, repairs inside the factory other than Civil work	Eligible
Dispensary or	Whether ITC Eligible or Ineligible	Ineligible

Medical Clinic inside Factory		
Quarters / Bangalow Colony	Relating to all the activities are ineligible (Ex. Civil, electrical, contract labour, security & etc.,)	Ineligible
Guest House	<p>Relating to guest house activity all are Ineligible, except repairs & renovation</p> <p>Ex: Caretaker, Security, Cook, Purchase of cooking material, Gas & other Equipments</p>	<p>Eligible in General like Security, Rent, Maintenance like manpower etc., & Repairs of furniture, Repairs of Electrical Equipments, Repairs & renovations (excluding expansion)</p> <p>Note: Personal consumption like food, snacks, tea etc., are ineligible</p>
Factory - Canteen / Cafeteria	<p>All the expenditure relating to canteen are eligible, except purchase of foods & snakes purchased from outsider.</p> <p>Ex. Gas, Groceries, Vegetables, Provisions, Canteen contract labour charges & etc., and or shift employees, supply in canteen to employees</p>	Eligible
Office	Ex. Snacks purchased from outside for the meeting, Biscuits & Sweets purchased for the meeting	Ineligible
Medicine & Medical Treatment	<ul style="list-style-type: none"> • Purchase of Medicines • Dispensary related expenses • Medical camp / Health check up fee • Medical treatment at hospitals • Dispensary Nurse & Doctor service charges • All medical related services to the employee 	Ineligible
Insurance	<ul style="list-style-type: none"> • Health Insurance for employees or contractor or CHL • Motor vehicle Insurance • ITC under GST on EDLI facility 	Ineligible
Insurance	<ul style="list-style-type: none"> • IAR Policy, Stock Insurance, Factory related Insurance • Theft policy 	Eligible

	• Cash Transit / safety	
Vehicle Service & Maintenance Hire Charges	Seating capacity under 13 (12+1) all the R&M Expenses are ineligible. Including purchase of spares & services. All the Company two-wheeler and field staff vehicles spares & service charges are Vehicle Hire charges Under 13 seats capacity including Cab hire charges for women employees - pick up or drop / business trip	Ineligible
Vehicle Service & Maintenance Hire Charges	Vehicle Hire charges Lorry, VAN & etc., for goods & material movements for business purpose	Eligible

EID Parry India Limited-Guidelines given by Corporate Taxation Team-Law as amended up to Feb 2019.

The following items are not eligible for input tax credit under section 17(5) of CGST Act and the same is applicable for respective State GST Laws also.

1. Motor vehicles when used for transportation of persons having approved seating capacity of less than thirteen persons (including driver).
2. Leasing, Renting or Hiring of vessels or aircraft.
3. Food and beverages except when used in factory canteen. (So, when used inside factory canteen ITC is allowed.)
4. Outdoor catering except when used in factory canteen. (So, when used inside factory canteen ITC is allowed.)
5. Beauty treatment related Health services like cosmetic surgery, plastic surgery etc.
6. Leasing, Renting or Hiring of motor vehicles subject to seating capacity less than 13 including driver (If seating capacity is more than 13 ITC is available on purchase of vehicle, repairs and maintenance, insurance. It may also be noted that the vehicle must be used strictly for office use only but not for CSR or farmer training activities. Alternatively, if any vehicle used as Ambulance facility in a factory, then ITC is eligible.)
7. In case of travel benefits extended to employees on vacation on leave or home travel concession.
8. Works contract services when supplied for construction of an immovable property other than plant and machinery. (i.e. any service obtained on account of works Contract on Plant and Machinery including its erection, commissioning, repairs and maintenance, etc – ITC is available.)

9. Goods or services or both received by a taxable person for construction of immovable property whether used in business or used for furtherance of business. (Any expenditure on account of Civil constructions is ineligible for taking ITC credit.)
10. Goods or services or both on which tax has been paid by composition dealers- GST paid under section 10.
11. Goods or services or both received by a non-resident taxable person except on goods imported by him.
12. Goods or services or both used for personal consumption. Examples of Personal Consumption includes-
 - a) Uniforms given to employees including stitching charges.
 - b) Pooja expenses including Deepavali, Ayudhapooja, New year sweets etc.
 - c) Holiday trip to employees on family picnic, any outdoor activity refreshment etc.
 - d) Guest house related food consumption, groceries etc.
 - e) Any special expenditure made for any occasion like Women's day, mother's day etc.
 - f) Expenses incurred on Coffee, Tea, Cool drinks, snacks, drinking water.
13. Goods lost
14. Goods stolen
15. Goods destroyed
16. Goods written off.
17. Goods given by way of gift
18. Goods given by way of free samples.
19. Any GST not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any wilful-misstatement or suppression of facts)-in accordance with the provision of section 74.
20. Any GST paid in the course of transportation of goods where such goods have been detained or seized. Any payment made in result of contravention of section 129.
21. Any Inputs Tax credit availed where the goods are obtained with intent to evade the GST. - Section 130 (1)(i).
22. Any goods or services where it was not accounted in the books of accounts.- Section 130 (1)(ii)
23. Any goods or services supplied without having applied for registration under GST Law- Section 130 (1)(iii)
24. GST not paid with an intent to evade the tax- Section 130 (1)(iv)
25. Vehicle when released without generation of e way bill-Section 130 (1)(v)

In general Lift and centralised AC are permanently fixed within the structure of any civil construction and assumed the integral part of civil structure hence ITC cannot be allowed

Further if lift is being used in any Plant to carry material to process the goods and lift is capitalised in the book of account as plant and machinery, ITC on the same should not be denied

Further ITC on centralised AC of Plant/ Manufacturing unit should not be denied subject to capitalised as Plant and Machinery

19.(1) For Factory Canteen:

Sl.No	Nature of Transaction	Tax / ITC treatment in our books of Accounts
1	Sum paid to contractor for supply of food in our Factory Canteen	The tax paid as GST for such inward material procurements is eligible for ITC.
2	Any money recovered from employees for such supply (Partially)	Discharge GST by adapting Value as 110 % and discharge GST @ 18% for the same.
3	Any money recovered from Contractor / outsiders for such supply (subsidized)price	Discharge GST by adapting Value as 110 % and discharge GST @ 18% for the same.

For both scenarios that either cooked in factory premises or cooked food supplied by outside contractors providing catering services to factory canteen operation.

19.(2) For Other than Factory Canteen (i.e., HO / Guesthouse/Bachler quarters)

Sl.No	Nature of Transaction	Tax / ITC treatment in our books of Accounts
1	Sum paid to contractor for supply of food in our Factory Canteen	The tax paid as GST for such inward material procurements is Not eligible for ITC.
2	Any sum recovered from employees for such supply (Partially)	Discharge GST by adapting Value as 110 % and discharge GST @ 5% for the same.
3	Any money recovered from Contractor / outsiders for such supply (subsidized)price	Discharge GST by adapting Value as 110 % and discharge GST @ 5% for the same.

Further, the Free tea/coffee/food provided to all the employees in office premises without any sum recovered from such employees shall not be subject to GST. (No input tax credit to be taken on the same);

20. Proportionate reversal of Tax on Capital Goods:

Capital goods or plant and machinery on which input tax credit has been taken (or) pay an amount equal to the input tax credit taken on the said goods by reduced percentage points on the transaction value of such capital goods determined under value of taxable supply rules, whichever is higher.

Note : where moulds and dies , jigs and fixtures are supplied as scrap, pay tax on the transaction value of such goods determined as per value of taxable supply.

20.(1) Input and capital goods sent for Job worker:

(i) EID is entitled to take credit of input tax on inputs even if the inputs are directly sent to a job worker for job work without being first brought in to factory.

(ii) Reversal of Input tax credit on capital goods – After put to use:

Credit of taxes paid on capital goods pertaining to taxable, exempt supplies, zero rated supplies, non - business purpose is identified. The tax credit will be reversed every month.

- a) Tax Credit pertaining to capital goods exclusively used for non - business purpose or exempted supplies needs to be identified. This tax will not be credited to electronic credit ledger of the assessee. – (E.g. Input tax credit pertains to Cogen machinery should not consider.)
- b) Tax credit pertaining to capital goods exclusively used for taxable supplies including zero rated needs to be identified. The credit of the same will be eligible and tax amount will be credited to electronic credit ledger.
- c) The balance credit capital goods (Tc) will be divided by 60 to arrive at per month tax amount (Tm) assuming 5 years residual life (12 months x 5 years = 60 months)
- d) The summation of credit of all common capital assets will be done. (Tr).
- e) The summation of Tax pertaining to common assets (Tr) will be reduced by tax on exempted / non-business supplies arrived by applying % of turnover of exempted supplies / total supplies.

- ✓ *No reversal of tax credit on common capital goods required when those capital goods used for non-business purpose i.e. no credit at all*
- ✓ *Separate computation required for CGST, SGST, UTSGST and IGST.*

20.(2) Proportionate reversal of Tax on inputs and input services:

- (i) The tax credit will be reversed provisionally every month for duly identify the credit of taxes paid on Input and Input services pertaining to taxable, exempt supplies, zero rated supplies, non business purpose is identified.
- (ii) EID has to segregate the amount of tax at invoice level itself.
- (iii) The turnover for the purpose of this rule will be turnover of last tax period i.e. previous month.

Below steps needs to be followed for identification and reversal of the credit.

- a) Identify total input tax credit (T)
- b) Identify the input tax credit exclusively linked to non - business purpose (T1)
- c) Identify input tax credit exclusively linked to exempted supplies (T2)
- d) Identify input tax credit which is not eligible as credit (T3)
- e) Reduce the above ineligible tax credit from the total credit. The balance credit will be termed as $(C1)=T - (T1+T2+T3)$
- f) Identify the input tax credit which is exclusively linked to taxable supplies including that of zero rated supplies.(T4)
- g) Reduce the above tax (T4) from balance credit (C1) to arrive at common credit pertaining to taxable as well as exempted supplies &/ non business purpose.
- h) Out of the above common credit (C2) reduce the tax (D1) pertaining to exempted supplies by applying % of exempted turnover to total turnover to balance tax credit (C2)
- i) Apart from above, the common credit pertaining to non - business purpose (D2) will be reduced to the extent of 5% of total common credit left i.e. (C2)
- j) After reducing D1 and D2 from C2, the balance credit will be eligible as ITC by way of addition into output tax liability

- k) The amount of credit i.e. D1 and D2 will be added to output tax liability of the assessee.

The amount reversal required will be recomputed on the basis of actual turnover for the financial year before 30th September of the succeeding financial year. Interest is applicable @ 18% p.a from 1st Apr to till the date of calculation of ITC reversal on annual basis.

Exempted Supply includes Non-Taxable Supply.

The value of Exempt supplies shall include:

- ✓ supplies charged to tax under reverse charge.
- ✓ transactions in securities.
- ✓ Sale of land and sale of building when entire consideration is received after completion certificate issued by the competent authority.

Note : The value of exempt supply in respect of land and building is the value adopted for paying stamp duty and for security is 1% of the sale value of such security.

<p>When exempted goods or services become taxable [Sec. 18(1)(d)]</p>	<p>Goods presently exempt supplies become taxable supplies</p> <p>Goods eligible for ITC:- Inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and capital goods exclusively used for such exempt supply as on the day immediately preceding the date from which such supply becomes taxable</p> <p>Restriction/conditions:-</p> <ul style="list-style-type: none"> ▪ ITC on capital goods will be reduced by 5% per quarter of a year or part of the year from the date of invoice. ▪ ITC claimed shall be verified with the corresponding details furnished by the corresponding supplier. ▪ ITC to be availed within 1 year from the date of the issue of the tax invoice by the supplier. <p>Note :</p> <ol style="list-style-type: none"> 1. Filing of electronic declaration in form ITC-01 giving invoice wise details of inputs held in stock/contained in semi-finished goods and finished goods held in stock and capital goods on the days immediately preceding the day on which credit becomes eligible.
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	<p>2. Declaration has to be filed within 30 days from becoming eligible to avail credit.</p> <p>3. Details in (i) above to be certified by a CA/ Cost Accountant if aggregate claim of CGST, SGST/ IGST credit is more than Rs. 2,00,000.</p> <p>Such credits are subject to verification of details furnished by the supplier in GSTR- 1 on the common portal</p>
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<p>Reversal of ITC on switching to -</p> <p>When taxable goods and/or services become exempt</p>	<ul style="list-style-type: none"> ▪ When taxable goods and/or services supplied by a person are notified as exempt, ▪ the person (i.e. EID) must pay back the ITC availed on inputs in stock, inputs in semi finished or finished goods in stock and capital goods (reduced by the prescribed percentage points) ▪ by way of debit in the electronic credit ledger or electronic cash ledger ▪ on the day before the date of exemption
<p>Cancellation of Registration</p>	<p>Every registered person whose registration is cancelled shall pay an amount equivalent to the ITC</p> <ul style="list-style-type: none"> ▪ in respect of inputs held in stock on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher. ▪ taken on capital goods or plant and machinery, reduced by 5% or part thereof or the tax on the transaction value of such capital goods or plant and machinery under section 15, whichever is higher.
<p>Transfer of ITC on account of change in constitution of registered person [Section 18(3) read with rule 41 of CGST Rules]</p>	<ul style="list-style-type: none"> ▪ In case of sale, merger, amalgamation, lease or transfer of business, unutilised ITC can be transferred to the new entity if there is a specific provision for transfer of liabilities to the new entity. The inputs and capital goods so transferred shall be duly accounted

	<p>for by the transferee in his books of accounts.</p> <ul style="list-style-type: none"> ▪ In case of demerger, ITC will be apportioned in the ratio of value of assets of new unit as per the demerger scheme. ▪ Details of change in constitution will have to be furnished on common portal along with request to transfer unutilised ITC. CA/Cost Accountant certificate will have to be submitted certifying that change in constitution has been done with specific provision for transfer of liabilities.
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21 Various GST Council – Amendments (W.e.f. 01.02.2019)

21(i) Now, the GST council in its 31st GST Council Meeting held on 22nd December 2018, had announced through the press release dated 04/01/2019 that the effective date of applicability of amendments in GST Act(s) 2018 will be from 1st February 2019.

21(ii) Therefore, the following important changes related to our business to be taken care for the supplies (Goods / Services) effected on or after 01.02.2019.

Description of Activity	At present	From 01. 02. 2019 onwards	Remarks
Threshold limit for composition scheme	1 Cr	1.5 Cr	Also, it extended to supply of small service – Assessing having goods as well as service to the extent of 10 of Turnover of goods or 5 Lakhs.
Condition for availing ITC – for third party	Presently the ITC is eligible to avail the transactions related to Bill to – ship –to for goods	It is extended to Service too.	Services are provided by supplier to any person on the direction of and on accounted of registered person

Eligibility of Input tax credit (1)	Presently ITC is restricted only to extent of motor vehicle having seating capacity of 13 and disallowed for “other conveyance”	They removed the word “other conveyance”	Now, ITC would be available in respect of dumpers . work-trucks, fork lift, trucks and other special purpose vehicles – used for furtherance of business
Eligibility of Input tax credit (2)	Presently, ITC on food, beverages, health services, renting or hiring of motor vehicles cannot be availed	Now, ITC in respect of Food, health services, renting of motor vehicle can be availed where the provision of such goods / services is obligatory for an employer to provide to its employees under any law for time being in force.	Units, now on can take ITC on Factory Canteen Expenses and Guest house expenses provided the guest house situated within factory premises.
Debit note / Credit note	Presently all debit note/ credit note should have a reference of one to one invoice documents	Now, we can issue a consolidated Credit Note/ Debit Note in respect of Multiple invoices issued in a Financial year without linking the same to individual invoices	We, need to wait, subject to corresponding changes in the GSTN portals. (Time limit for issuance of credit note / debit note will be within 6 months of subsequent financial year pertains to period year)
Applicability of Reverse Charge Mechanism - (RCM)	Presently, a registered person made procurement from unregistered persons attract reverse charge irrespective of	Now, RCM applicable without any exemption limit with effect from 01.02.2019 for a class of registered persons (i.e.	Till date neither class of registered persons nor specified categories of goods prescribed by the Govt.

	<p>goods / Services (Note- the same was deferred till 30.09.2019) & Applicability of RCM Exemption was given for procurement from unregistered person to the extent of Rs. 5000 per day.</p>	<p>Companies) in respect of supply of specified categories of goods or services or both received from an unregistered supplier .</p>	<p>(Note – we need to wait for further clarification on notified persons and notified services / goods)</p>
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Schedule III amended to insert, the following “ supply” transactions in to it ; accordingly kept outside the preview of “supply”

- 1) Sale of imported goods - before payment of custom duty (i.e. custom warehoused goods)
- 2) High sea sales – i.e. Sales after dispatch from part outside India , but before reaching the destination port in India .

Note : Accordingly Section 17 (3) is amended to provided that no reversal of Common credit shall be required in relation to any transaction listed in Schedule III. (i.e.No ITC reversal required for the above said transaction)

22 High sea sales:

- 22(i) High Sea Sales refers to transfer of ownership in goods after the ship carrying the cargo has sailed from the port of loading but has not entered the territorial jurisdiction of the country of the port (i.e. India) of discharge. Usually, this transfer of title to the goods is done by endorsing the bill of lading in favour of the buyer.
- 22(ii) The ownership in a consignment can be transferred any number of times while the goods are on high seas. That means the original Importer sells the goods to a third person before the goods are entered for Customs clearance.
- 22(iii) Accordingly, there is only one payment of IGST by the Third Person (actual Importer), at the time of actual Importation, by way of payment of Customs Duty and IGST

23. Input Service Distribution

- 23(i) ISD will be required to distribute the tax paid on the input services in same month to which it pertains.
- 23(ii) ISD will be required to issue an Invoice for distribution of credit.
- 23(iii) In case any service provider has reported the supply of services in their GST R - 1 and the ISD has not received the invoice, then it is important to delete those invoices from the GSTR - 2 of the ISD.
- 23(iv) Separate distribution of ineligible credit also required to be done by ISD by this mechanism even ineligible credit will be transferred to the State to which it pertains.
- 23(v) CGST, SGST, UTGST and IGST needs to be separately distributed.
- 23(vi) The credit will be distributed to the relevant state on the basis of the turnover of that State to total turnover of last financial year / quarter as the case may be.

The CGST / SGST / UTGST credit will be distributed as under,

- (a) In case the recipient is in the same state in which ISD is located then,
- CGST will be transferred as CGST
 - SGST will be transferred as SGST
 - UTGST will be transferred as UTGST

Note :

In case the recipient is in the different state in which ISD is located then,

CGST, SGST/UTGST credit will be transferred as IGST Credit.

The ISD Invoice clearly indicating that “invoice issued only for distribution of input tax credit”.

Method of Distribution:

- I. Credit of tax paid on input service attributable to the supplier shall be distributed only to that supplier.

Example: Receipt of input service, say testing service by Pune unit (Maharashtra GSTIN); invoice received by Chennai Head Office in ISD capacity. Credit will be distributed only to Maharashtra unit (Maharashtra GSTIN) and not to other GSTINs.

- II. Credit of tax paid on input service attributable to more than one supplier shall be distributed only to such suppliers to whom input service is attributable

Example: Receipt of input service by Karnataka Unit and Tamil Nadu unit say Security Services; invoice received by Chennai in ISD capacity. Credit will be distributed to both Karnataka GSTIN and Tamil Nadu GSTIN or the GSTIN of the Registration of that particular division on pro rata basis of the turnover

- III. Credit of tax paid on input service attributable to all the suppliers shall be distributed on pro rata basis of turnover

Transfer of Input Tax Credit

Transfer of credit on sale, merger, amalgamation, lease or transfer of a business

- Application in Form GST ITC - 02, needs to be made in case of transfer of credit on Sale, merger, amalgamation, lease or transfer of business.
- Certificate, certifying transfer of liabilities, from practicing Chartered Accountant or Cost Accountant will be required to be submitted.

24. Job Work

24(i) Job work – “Any treatment or process which has been applied to another person’s goods or supply of services, shall amount to supply of services”

24(ii) EID may send any inputs/ capital goods without payment of tax to a job worker for job work. Upon completion of job work, the said goods may be sent to another job worker (or) may be brought back to any of the place of business of the manufacturer (EID).

24(iii) The manufacturer (EID) is not required to reverse the credit (or) pay tax on supply of said inputs/ capital goods.

24(iv) Goods sent to job worker may be supplied from job workers premises on payment of tax within India or may be exported.

*For the purpose of direct supply from the premises of job worker, either the job worker should be registered under GST Law
(or)
the Job worker’s premise should be declared as an additional place of the business of the EID.*

24(v) Inputs and capital goods sent to the job worker:

- (a) A challan shall be issued by the Principal (viz. EID) for input or capital goods to be sent to Job Worker from his premises or directly from supplier premises.
- (b) A challan should contain details required to be mentioned similar to an Invoice.
- (c) Details of challans in respect of goods sent or received from a job worker shall be included in GSTR- 1.
- (d) If goods are not received from job worker within stipulated time, Challan would be treated as an Invoice for supply of goods.

Condition:

- *Inputs sent by the manufacturer should be received back within 1 year of sending the inputs by the job worker. For Capital goods the time period is 3 years.*
- *In case inputs are sent directly to the job worker, the period of one year shall be counted from the date of receipt of input by the job worker.*

If not received within stipulated time frame, it is presumed that such inputs had been supplied by EID to the job worker on the day when the said inputs are sent to job worker, in such case EID have to pay tax / reverse credit along with interest.

Note: time limit of 1 year or 3 years shall not apply to moulds and dies, jigs and fixtures or tools sent out to job worker for job work.

24(vi) Legal Documents for goods sent to the Job Worker, goods sent to another Job Worker and goods returned to the Principal:

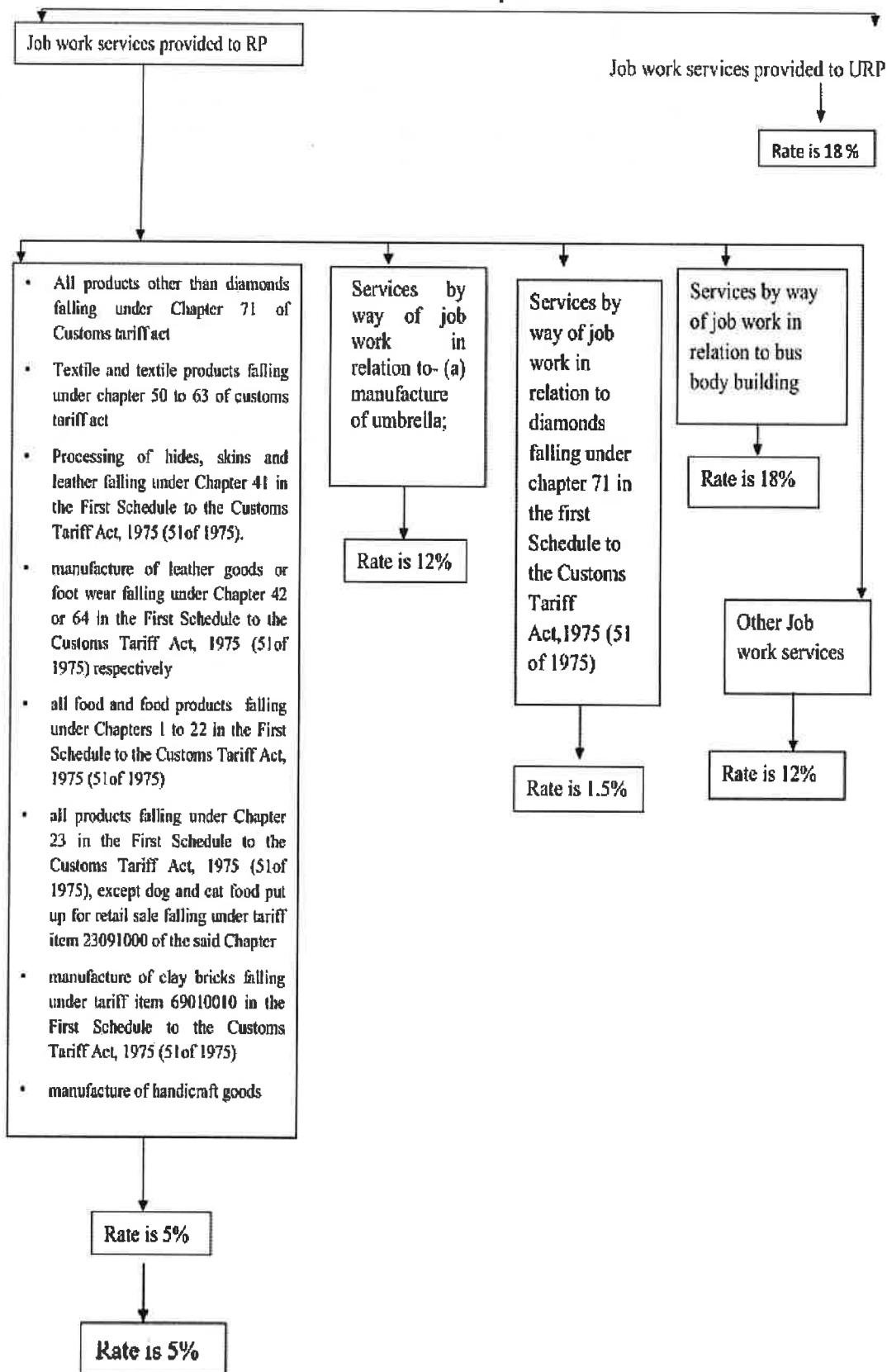
- (a) Goods shall be sent to the Job Worker through a challan.
- (b) Challan shall also be issued by the Principal on such goods which shall have been sent directly to the Job Worker.

- (c) Where the goods are sent from one job worker to another job worker, the challan may be issued either by the principal or the job worker sending the goods to another job worker.
- (d) While returning the goods to the Principal by the Job Worker or goods sent to another Job Worker by the Job Worker, the challan issued by the principal (i.e. EID) may be endorsed by the job worker, indicating therein the quantity and description of goods.
- (e) In case the goods after carrying out the job work are sent in piecemeal quantities by a job worker to another job worker or to the principal, the challan issued originally by the principal cannot be endorsed and a fresh challan is required to be issued by the job worker.
- (f) Challan shall be issued according to the provisions of rule 55 of the CGST Act. Rule 55 (2) requires to prepare the challan in triplicate. The copies of challan shall be marked as:
- the original copy being marked as ORIGINAL FOR CONSIGNEE;
 - the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
 - the triplicate copy being marked as TRIPPLICATE FOR CONSIGNER.



PARRYS
E.L.D. - PARRY (INDIA) LIMITED

Services by way of Job work in relation to



24(vii) E-Way Bill requirements:

- (a) E-Way Bill is required to be generated before movement of goods by the Principal (i.e. EID) to the Job Worker or by the registered Job Worker to the Principal or to the another Job Worker.
- (b) There is no limit in regard of value of consignment of such goods for generating e-way bill for goods sent for job work. For example, if the consignment of such goods is Rs.1000 or less, e-way bill shall be generated.

Note :

- *The responsibility for keeping proper accounts for the inputs or capital goods sent to the Job Worker and the same returned back from the Job Worker or supplied made from the place of Job Worker shall be lie with the principal.*
- *Job work movement of such intimation is to be furnished in GST Return Form ITC-04 , furnish the details of challans in respect of goods sent to a job worker or received from a job worker or sent from one job worker to another job worker during a quarter in FORM GST ITC-04 by the 25th day of the month succeeding the quarter.*

24(viii) Treatment of Waste & Scrap emanated at Job worker premises:

- 26(i) Waste and scrap should be returned to the EID.
(or)
26(ii) Job worker may supply such waste and scrap after payment of tax.

GST clarified the rate of GST applicable for various job work related transaction as under :

Process related to textile, jewellery other sectors like footwear, leather goods, food products, clay bricks , handicraft goods if manufacturing services are performed on goods belonging to

- Unregistered persons, then tax rate shall be 18%.
 - Registered persons , then tax rate shall be 5%.
- I. However, Tax rate for printing of newspapers, books, and Items falling under Chapter 48 and 49 carried out for both registered as well as unregistered person shall remain at 5%.
For all other residuary job work attract 12% of GST .

Also, all other Job work processes which are not in nature of manufacture (i.e. no new product emerge) get taxed @ 18%.

Note: Repair services are already taxable @ 18%, irrespective of being carried out for registered or unregistered person

Job work - Process Flow mapping of Conversion Unit at Bonn Schering Bio Sciences- Pondicherry:-

Sl.No	Plants Involved	Nature of Activity	Flow of Transaction	Documents Required
1	EID-Oonaiyur Plant to Bon conversion unit at Pondicherry	Goods movement from TN to Pondi- IGST	Stock Transfer Invoice by paying IGST along with E way Bill	1) Stock Transfer Invoice 2) E Way Bill raised at Oonaiyur Plant
2	Bon Pondi to Chennai-KM Warehouse	Goods movement from Pondi to TN	Raise the same stock transfer Invoice as in the case of movement of goods from Oonaiyur to EID Parry by paying IGST and this IGST will be offset the tax accumulated in Pondi state when material gets transferred to TN	Stock Transfer Invoice from Bon-Pondi to Chennai -KM ware house by paying IGST as same as material movement from Oonaiyur to Pondi. 2) E Way Bill raised at Bon-Pondi. Bonn place to be add in our GST registration as part of additional place of business.
3	Chennai KM warehouse to Exports- Physical exports	Goods movement from TN to Exports	Raise Export Invoice from Chennai and reporting of export sales should happen from TN State	Export Invoice Shipping Bill Airway Bill & along with E-way bill

Key remarking:

- product will be moved to NUP1 TO NUKM to effect GST charges as a stock transfer.
- The STO will be provided to BONNN and they will take the print out for dispatching the material from PONDY to Chennai.
- there won't be invoices prefix with NUP1 But will be invoices prefix with NUKM

25. Disposal of Company Assets:

Sale of Car:

25(i) Originally as per Notification 01/2017 – Central (Rate) the applicable rate of GST will be 28% plus Cess of 15% for all vehicles.

25(ii) Later, a new notification was issued for second hand sale of Motor vehicles on 28.01.2018.

Implication of the above-mentioned Notification No. 8/2018 – Central Tax (Rate) dated 28.01.2018 can be summarised as under:

Sl.No	HSN	Description	Rate
1	8703	Old and used, <u>petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven</u> motor vehicles of engine capacity of 1200 cc or more and of length of 4000 mm or more.	18%
2	8703	Old and used, <u>diesel driven</u> motor vehicles of engine capacity of 1500 cc or more and of length of 4000 mm.	18%
3	8703	Old and used motor vehicles of <u>engine capacity exceed 1500 cc</u> , popularly known as Sports Utility Vehicles (SUVs) including utility vehicles.	18%
4	8703	All Old and used Vehicles other than those mentioned from S. No. 1 to S.No.3	12%

Sl.No	Particular	HSN	Criteria	Valuation	Applicability of GST
1	Old/Used Motor Vehicle Sold prior to 25/01/2018	8703	ITC Availed either in earlier law or GST Law	Sales Consideration	GST Rate shall be of New Motor Vehicle
2	Old/Used Motor Vehicle sold post	8703	ITC Not Availed in earlier Law or	Margin of Supply	GST Rate shall be as per above

	25/01/2018		GST Law		mentioned table
3	Old/Used Motor Vehicle Sold prior to 25/01/2018		ITC Availed either in earlier law or GST Law	Sales Consideration	GST Rate shall be of New Motor Vehicle
4	Old/Used Motor Vehicle sold post 25/01/2018		TC Not Availed in earlier Law or GST Law	Margin of Supply	GST Rate shall be as per above mentioned table

It is to be noted that as per Notification No. 8/2018 – Central Tax (Rate), the Rate of Tax shall be 12% or 18% as applicable.

In such cases, Cess is also exempted as per Notification 1/2018 – Compensation Cess (Rate). Apart from that such rate shall be applicable on Margin of Supply subject to fulfilment of conditions.

26. Treatment of Waste/ Scrap Assets disposal:

Heading / Sub-heading / Tariff item	Description of Goods	CGST Rate (%)	SGST / UTGST Rate (%)	IGST Rate (%)
4707	waste or scrap of paper or paperboard	2.5	2.5	5
3915	Waste or scrap, of plastics	2.5	2.5	5
4004	Waste or scrap of rubber (other than hard rubber)	2.5	2.5	5
4401	Wood in chips or particles; sawdust and wood waste and scrap	2.5	2.5	5
7204	Ferrous waste and scrap; remelting scrap ingots of iron or steel	9	9	18
7404	Copper waste and scrap	9	9	18
7503	Nickel waste and scrap	9	9	18
7602	Aluminium waste and scrap	9	9	18
7802	Lead waste and scrap	9	9	18
7902	Zinc waste and scrap	9	9	18
8002	Tin waste and scrap	9	9	18

8548	Waste and scrap of primary cells, electrical parts of machinery or apparatus	9	9	18
5201	Cotton and Cotton waste	2.5	2.5	5
2710	waste oils	9	9	18
3825	Municipal waste, sewage sludge, clinical waste	0	0	0
8487	E-waste	2.5	2.5	0

Note:

In general, Dispose at the transaction value ; Further, any NO Input tax credit for any damage stock which charged off the same into books of accounts. i.e. need to reverse the ITC associated with such damage stage.

Need to check the Insurance claim by every year March and reverse the associate ITC of the same if the claim pertains to damage of stock.

Input tax credit attributable to inputs used in the manufacture of Products i.e. Sugar / Spirulina etc., should be reversed when such items are returned by retailers on expiry of life of such item. Section 17(5)(h) of CGST Act bars ITC when goods are destroyed or the items after expiry are thrown away which is akin to destruction.

27. Tax Collected at source:

- 27(i) E-commerce aggregators are made responsible under the GST law for collecting and depositing tax at the rate of 1% from each of the transaction.
- 27(ii) Any dealers/traders selling goods(Nutra Business) /services online would get the payment after collecting 1% tax and deposit the tax deducted by the 10th day of the next month.

28. Tax Deducted at source:

- 28(i) TDS is to be deducted at the rate of 1 percent each for CGST plus SGST on payments made to the supplier of taxable goods and/or services, where the total value of such supply, under an individual contract, exceeds Rs. 2,50,000/.
- 28(ii) The value of supply is to be taken as the amount excluding the tax indicated in the invoice. This means TDS shall not be deducted on the CGST, SGST or IGST component of invoice.

- 28(iii) The deductee (EID) shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the return of the deductor furnished under sub-section (3) of section 34, in the manner prescribed. Any amount deducted as TDS and reported in GSTR – 7 will automatically reflect in electronic cash ledger.
- 28(iv) TDS is to be deducted at the rate of 2 percent (1% CGST and 1% SGST) on payments made to the supplier (EID) of taxable goods and/or services by the establishment of Central /State Government, where the total value of such supply, under an individual contract, exceeds two lakh fifty thousand rupees. i.e Tax to deducted only if total value of supply under the contract exceeds Rs. 2,50,000/-
- 28(v) Following persons shall be liable to deduct TDS @ 2%
- (a) Department or establishment of the Central Government or State Government
 - (b) Local Authority
 - (c) Governmental Agencies
 - (d) an authority or a board or any other body, – (i) set up by an Act of Parliament or a State Legislature; or (ii) established by any Government, with fifty-one per cent. or more participation by way of equity or control, to carry out any function
 - (e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);
 - (f) Public sector undertakings.
- 28(vi) The amount of tax deducted at source should be deposited to the Government account by the deductor (buyer) by 10th of the succeeding month. Supplier (EID) shall claim the credit based upon the return filed by the deductor in GSTR-7 electronically.
- 28(vii) The value for TDS purpose shall not include GST and Cess mentioned in the invoice (i.e. CGST / SGST/ IGST) component of invoice

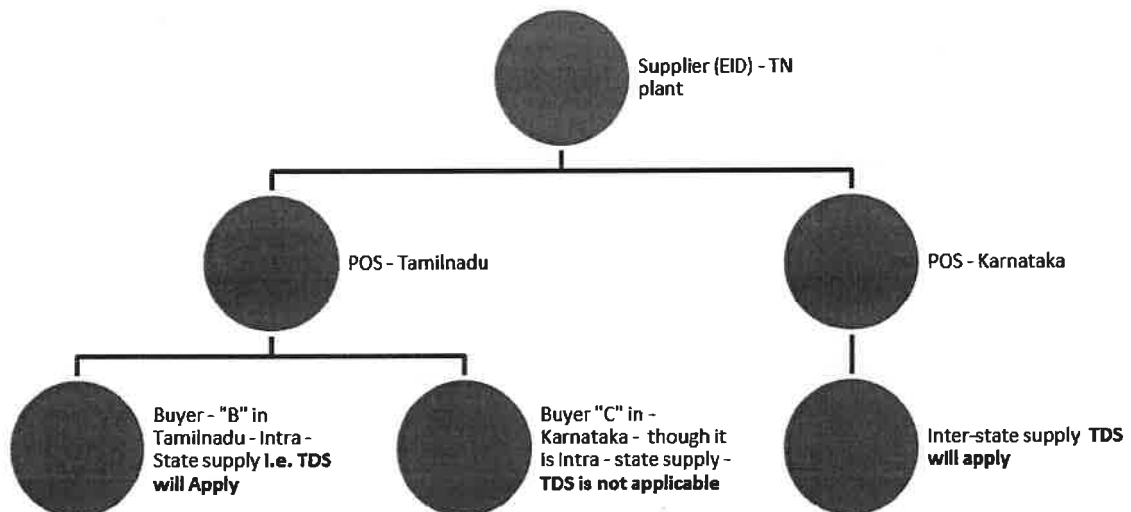
E.g	Value of Supply is	Rs. 1,00,000/-
	GST @ 5%	Rs. 5,000/-
	Total Invoice Value	Rs. 1,05,000/-

TDS @ 2% to be deducted on Rs. 1,00,000/- i.e. Rs. 2000/- and the net realisation from the buyer will be Rs.98000/- (Rs.1,00,000-Rs.2,000) Note : without considering Income tax TDS

No deduction in certain cases

- No deduction shall be made if the location of supplier and place of supply is in state which is different from state or union territory of registration of recipient.
- If a single contract is less than 2.5 Lakhs.

Sl.No	Nature of Transaction	Place of supply of Goods
1	Supply involves movement of goods	Location of delivery of goods to the recipient – where the buyer registered under GST i.e. his principle place of business
2	Supply without movement of goods	Location of goods at the time of delivery to the recipient – i.e. Buyer comes and take delivery of goods at EID factory itself
3	Assembly or Installation at Site	Place of assembly or installation
4	Supplier delivering to a recipient on direction of a 3rd person i.e. Original buyer (Bill to Ship to - Transaction)	3rd person (Original buyer) principle place of business



No.	Location of Supplier	Place of Supply	State of registration of recipient	Type of Supply	TDS under GST	Type of GST
1.	Delhi	Delhi	Delhi	Intra State	Yes	CGST+SGST
2.	Delhi	Haryana	Haryana	Inter State	Yes	IGST
3.#	Delhi	Haryana	Karnataka	Inter State	Yes	IGST
4.#	Delhi	Delhi	Haryana	Intra State	No	Not Applicable

These cases are similar to “Bill To and Ship To model” having different location

Accounting Treatment:

(for convenience and easy understanding purpose GST rate considered as 10%)

1. At the time of Credit Sales

Dr.	Customer (Govt)	1,10,000	
Cr.	Sales – Domestic		1,00,000
Cr.	TN – CGST payable		5,000
Cr.	TN – SGST payable		5,000

2. At the time of receipt of payment

Dr.	Bank	1,08,000	
Cr.	Customer (Govt)		1,08,000

(Being TDS deducted @ 2% from the supply value i.e. 1, 00,000/-

3. Upon adjusting the payment details – balance amount rest with customer (Govt) A/c to the extent of Rs. 2000/-

Dr.	TN -CGST ITC receivable	1,000	
Dr.	TN-SGST ITC receivable	1,000	
Cr.	Customer (Govt) – Separate GL		2,000

(Upon TDS deducted money appearing from GSTR – 2A i.e. GST Web portal, after Taxation confirmation, TDS value will be adjusted against customer balance)

29. Payment of Tax

- 29(i) Tax payable on outward supply of goods can be paid out of the said credit, to the extent credit is available therein. Remaining amount of tax has to be paid through banking system by way of challan in Form GST PMT-4 .
- 29(ii) The amount so paid shall be credited to the electronic cash ledger of the EID in Government Account, which shall be maintained in Form GST PMT-3
- 29(iii) The amount available in electronic credit ledger may be utilized for payment towards output tax only.

Note

- *It cannot be utilized for payment of penalty, interest, fee etc.*

30. SEZ –Operations:

- 30(i) Under GST, any supply to or by a Special Economic Zone developer or Special Economic Zone unit is considered to be an Inter state supply and Integrated Goods and Service tax (IGST) will be applicable .
- 30(ii) SEZ's are considered to be located in a foreign territory and thus the transactions with SEZ's can be classified as Exports and Imports.

Here, Export means:

- Taking goods or services out of India from a special economic zone by any mode of transport or
- Supply of goods or services from one unit/developer in the SEZ to another unit in the same SEZ or another SEZ.

Import means:

- Bringing goods or services into a special economic zone from a place located outside India, by any mode of transport or
- Receiving goods or services from one unit/developer in the SEZ by another unit/developer located in the same SEZ or another SEZ.
- A special economic zone (SEZ) is a dedicated zone wherein businesses enjoy simpler tax and legal compliance.
- SEZs are located within a country's national borders; however, they are treated as a foreign territory from taxability perspective.

- GST is already set to subsume CVD and SAD, thus going forward BCD and Integrated Goods and Services Tax (IGST) will be charged on supplies made from SEZ to DTA (Domestic Tariff Area). Also, the buyer will have the credit of IGST available to set off against the liability of CGST and SGST subject to prescribed conditions.
- Each unit in a special economic zone (SEZ) to seek a separate registration under GST
- HO- A separate Registration obtained. All common expenses will be booked into HO related GSTN registration and obtain ITC of the same.

Therefore, the suppliers supplying goods to SEZs can:

- Supply under bond or LUT without payment of IGST and claim credit of ITC; or
- Supply on payment of IGST and claim refund of taxes paid.

Note :

When a SEZ (i.e. PSRIPL) supplies goods or services or both to any one, it will be considered to be a regular inter-state supply and will attract IGST.

- *Supply of Goods by SEZ Unit to DTA are treated as interstate supply as per section 7(5) of the IGST Act, 2017 read with Section 30 of SEZ Act 2005, and attract payment of Basic Custom Duty, IGST , SWS and other import duties, as applicable(refer Rule34(iv) of the SEZ Rules, 2006*
- *Supply of Services by SEZ Unit or SEZ Developer to DTA are treated as Inter State Supply as per Section 7(5) of IGST Act, 2017 and attract payment of IGST by SEZ Unit/SEZ Developer*

The exception to this is, when a SEZ supplies goods or services or both to a Domestic Tariff Area (DTA), this will be considered as an export to DTA (Which is exempt for the SEZ) and customs duties and other Import duties will be payable by the person receiving these supplies in DTA.

Note :

Exemption to SEZ from Goods Transport Services by Railways Ministry of Railways has clarified vide Railway Board Letter No. TCR/1078/2017/37 dated 28-3-2018 that Railways shall not charge GST on freight charges in case of supply of service of transport of goods to SEZ Unit. Railways will file LUT with tax department.

To avail such benefit , the SEZ unit should apply at Railway office with copy of letter of approval and other relevant documents and declaration that SEZ status is current. Then Zonal Railways will advise its concerned office for implementation of the exemption rule.

Note :-

Liability to pay GST under Reverse Charge : SEZ unit will be liable to pay GST under reverse charge, wherever applicable. (FAQ issued by CBI&C on 15-12-2018,) – please check with IDT on the individual transaction.

Services not included in Authorized operations are not Zero Rated – The services supplied which are included in authorized operations of SEZ are considered as zero rated. Services not included in authorized operations are not a zero rated supplies.

Important to note that the SEZ exemption for payment of tax can be claimed on for goods/ services used for authorised operation. Any goods / service produced for other than authorised operation will be taxable under regular DTA procurement.

31. Tax Invoice, Credit & Debit Notes

31(i) Where an advance payment is received with respect to any supply of goods or services and the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued, then supplier shall issue refund voucher against such payment

- (a) Name, address and GSTIN of the supplier
- (b) Consecutive serial number
- (c) Name, address and GSTIN or UIN, if registered, of the recipient
- (d) Description of goods or services
- (e) Amount of advance taken
- (f) Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (g) Amount of tax charged in respect of taxable goods or services

- (h) Place of supply along with the name of State and its code, in case of inter-State trade
- (i) Whether the tax is payable on reverse charge basis
- (j) Signature/ Digital Signature of the supplier or his authorised representative

31(ii) A registered taxable person who is liable to pay tax under reverse charge shall issue a payment voucher at the time of making payment.

31(iii) A registered taxable person may not issue a tax invoice if the value of goods or services supplied is less than Rs. 200.

31(iv) Credit note may be issued by supplier in respect of goods or services supplied by him found to be deficient

31(v) Tax invoice is to be issued by a registered person supplying taxable goods or taxable services; Details to be mentioned in the Bill of Supply –

- (a) Name, Address & GSTIN of supplier
- (b) Consecutive Serial Number
- (c) Date of Issue of Invoice
- (d) Name, address and GSTIN/UIN, if registered, of recipient
- (e) HSN code of goods/ Accounting code for services
- (f) Description and value of goods & services
- (g) Value of goods/services
- (h) Signature/ Digital Signature of the supplier or his authorised representative

31(vi) Issuance of Supplementary Invoice:

The supplementary tax invoice or debit/credit note shall include the similar details as mentioned in case of bill of supply and

- (a) Reference of original invoice number and date
- (b) The word “ Revised Invoice” indicated prominently

31(vii) Commercial Credit Note versus Credit Note under GST:-

Credit notes is a vital document required to carry out day to day business transactions.

31(vii)(a) Circumstances to issue GST credit note is provided below:

- (a) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value (or) tax charged in

- that tax invoice is found to exceed the taxable value or tax payable in respect of such supply,
- (b) where the goods supplied are returned by the recipient
 - (c) where goods or services or both supplied are found to be deficient,

When a GST credit note can be issued	When a commercial credit note should be issued
<p>Shortfall in quantity supplied: Where a supplier inadvertently supplies short quantity of goods to the recipient. However, the tax invoice is issued for the full quantity. In such case, the taxable value considered to issue tax invoice includes the value of short quantity supplied. Therefore, a GST credit note can be issued to reduce the taxable value</p>	<p>Transportation expenses borne by the recipient: It is a common practice where supplier agrees to transport the goods supplied to recipient's place.</p> <p>However, if the recipient pays for the transportation cost, the supplier reimburses the cost of transportation through credit note.</p> <p>In this scenario, the transportation cost borne by the recipient will be included in taxable value as per Section 15(2)(b).</p> <p>Accordingly, there is no reduction in taxable value and GST credit note cannot be issued</p>
<p>Non fulfilment of a part of supply: Where there is an agreement to supply goods along with installation and the tax invoice issued includes installation charges.</p> <p>However, if the supplier could not complete the installation, he can issue a GST credit note for nonfulfillment of the contract</p>	<p>Assistance to recover losses: A supplier may agree to provide assistance to reduce the loss incurred by the recipient by issuing credit notes. It is normally practiced for perishable goods, slow moving items, change in fashion, etc.</p> <p>Secondary Discount etc., Dealer reimbursement on account of DR/MS cost, Advertisement for boosting sales etc.,</p>
<p>Volume discounts: It is a common practice to provide</p>	<p>Lumpsum Discount provided on fulfilment of sales target:</p>

<p>offers like ‘buy more save more’ where the supplier provide discount at an agreed rate when the goods purchased by the recipient exceed a specified value during a particular period</p>	<p>Lumpsum discounts may be provided by the supplier through credit notes on fulfilment of sales target by the dealer.</p> <p>However, lumpsum discounts cannot be linked with the relevant invoices and therefore is not considered as discounts under GST</p>
<p>GST credit note can also be issued on circumstances where the tax charged in the tax invoice is more than tax payable.</p> <p>i.e. if higher rate of tax (or) excess tax is charged by the supplier in the invoice and if the incidence of tax and interest on such supply has not been passed on to any other person, the supplier can issue a GST credit note.</p>	

31(vii)(b) Further if the EID Parry (supplier) wants to issue GST credit note for any post sale discount provided, the supplier must ensure that the conditions:

- (a) discount is established in terms of an agreement entered at or before the time of such supply
- (b) discount should be specifically linked to relevant invoices
- (c) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply

31(viii) Input Service Distributor - The tax invoice issued by ISD shall contain the following details –

- (a) Name, Address and GSTIN of ISD
- (b) Consecutive serial number
- (c) Date of Issue

- (d) Name, Address and GSTIN of the supplier of Services, the credit in respect of which is being distributed and the serial number and date of invoice issued by such supplier
 - (e) Name, Address and GSTIN of recipient to whom the credit is being distribute
 - (f) Amount of credit distributed
 - (g) Signature or Digital signature of the supplier or his authorised representative.
- If the goods are being transported for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods, the supplier shall issue a tax invoice after delivery of goods.
 - Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in FORM [WAYBILL].
 - The consignor may issue a delivery challan, serially numbered, in lieu of invoice at the time of removal of goods for transportation in the following cases, namely :-
 - Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known
 - Transportation of goods for job work
 - Transportation of goods for reasons other than supply
 - Such supplies as may be notified by the Board

The delivery challan shall contain the following details: -

- Date and number of the delivery challan,
- Name, address and GSTIN of the consigner, if registered,
- Name, address and GSTIN or UIN of the consignee, if registered,
- HSN code and description of goods,
- Quantity (provisional, where the exact quantity being supplied is not known)
- Taxable value,
- Tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee,
- Place of supply, in case of inter-State movement

The delivery challan shall be prepared in triplicate, in case of supply of goods.

32. Accounts and Other Records

- i. Maintain separately for each activity including manufacturing, trading and provision of services, etc
- ii. Maintain accounts of stock in respect of each commodity received and supplied by him
 - o opening balance,
 - o receipt,
 - o supply,
 - o goods lost,
 - o stolen,
 - o destroyed,
 - o written off or disposed of by way of gift or free samples
 - o balance of stock

Including raw materials, finished goods, scrap and wastage thereof

- iii. Maintain a separate account of advances received, paid and adjustments made
- iv. Keep the particulars of:
 - o Names and complete addresses of suppliers(Inward Supplies) & Customers(Outward Supplies)
 - o Name and address of the person to whom we made supplies.
 - o Complete addresses of the premises where the goods are stored, including goods stored during transit.
 - o Any mistake on account of entry in register, overwritten, erased all incorrect entries shall be attested by the person authorised.
- v. Manufacturing unit has to be maintaining monthly production accounts, showing the quantitative details of raw materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof.
- vi. If accounts maintained in electronic form, it is authenticated by means of digital signature.
- vii. Books of accounts to be preserve until 72 months from the date of filing of Annual Return.(E.g For the financial year 2017 to 2018;- The due date for filing annual return is 31st December 2018. Records to be maintained from December 2018 to 72 months i.e 31st December 2024)

33. GST on reimbursement of Electricity and Water charges:

EID being Owner of the property as a whole , sum collected as per meter reading at actual on reimbursement from tenants . Further, as the service on the instructions from the tenant and thus the EID does not act as pure agent.

As per Section 2(31) of the CGST Act, 2017 “consideration” in relation to the supply of goods or services or both includes — (a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of; the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

Further, Section 15 of the CGST/MGST Act, 2017 covers the provisions relating to valuation for supply of goods and service and is reproduced as under:-

(1) *The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.*

(2) *The value of supply shall include*

- (a) *any taxes duties, cesses, fees and charges levied under any law for the time being in force other than this Act the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act “ I and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;*
- (b) *any “amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;*
- (c) **incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of or before delivery of goods or supply of services;**

Therefore, the amount of electricity and water charges are in the nature of incidental expenses while supplying main service of renting of immovable property. Accordingly, the electricity charges and water charges recovered as reimbursements, even if at actual, would get covered as incidental expenses towards the value consideration in connection with supply of renting of immovable services of commercial property which is the main supply.

Thus, the expenditure or cost incurred by the EID Parry India and subsequent reimbursement thereof can be considered as “supply” and EID need to discharge GST for the same

34. Assessment

The returns and related particulars furnished by the company can be scrutinized by the proper officer to verify their correctness.

The company has to rectify the discrepancies in his returns within 30 days of being informed, failing which the proper officer may initiate action against the company.

- (i) The best judgment assessment will be applied to the taxable manufacturers in case they fail to furnish the returns, even after the service of a notice.
- (ii) If the valid return is furnished within 30 days of the assessment order, the said order shall be deemed to have been withdrawn.

35. E-commerce operator:

In terms of Sec 2(44) of CGST Act,2017 “Electronic commerce means supply of goods or services or both, including digital products over digital or electronic network.”

Sec 2(45) of CGST Act,2017 “ECO means any person who owns, operates or manages digital or electronic facility or platform for e-commerce.

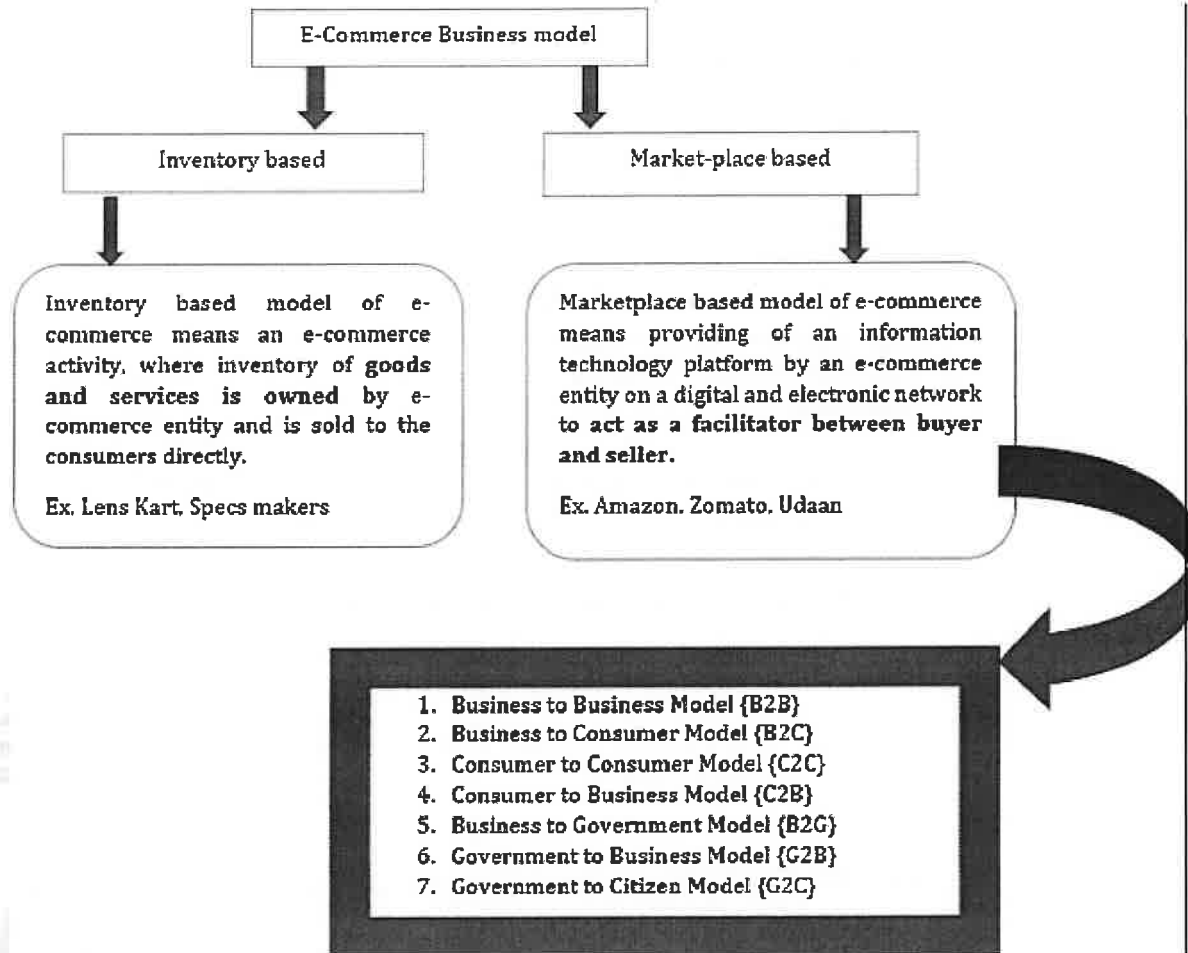
Primarily, there are two types of e-commerce business models that exists in India.

◆ Inventory based model of e-commerce. :

In this model the inventory of goods and services is owned by the E-commerce entity. The entity will list its own products in its own website and the consumers explore the website and place orders on the website itself. Later, the products are delivered to the addresses of consumers.

◆ Market-place based model of e-commerce.

In this model, only service providers will provide the specified services through E-commerce operator to the end customers.



Nutra – Amazon Operation:

Every person who, directly or indirectly, owns, operates or manages an electronic platform which is engaged in facilitating the supply of any goods and/or services. Also a person providing any information or any other services incidental to or in connection with such supply of goods and services through electronic platform would be considered as an Operator.

A person supplying goods/services on his own account, however, would not be considered as an Operator.

E.g

Amazon and Flipkart are e-commerce Operators because they are facilitating actual suppliers to supply goods through their platform	E-Commerce Operator
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(popularly called Market place model or Fulfilment Model)	
Amazon and Flipkart will not be treated as e-commerce operators in relation to those supplies which they make on their own account (popularly called inventory Model).	Not an Ecommerce Operator
Titan, supplying watches and jewels through its own website would not be considered as an e-commerce operator for the purposes of this provision.	Not an Ecommerce Operator

E-commerce operator required to collect tax at source (TCS) at the rate not exceeding 1% for the supplies made through it by other suppliers

The timings for such collection/deduction are earlier of the two events:

- (i) the time of credit of any amount to the account of the actual supplier of goods and / or services;
- (ii) the time of payment of any amount in cash or by any other mode to such supplier.

Such TCS which is deposited by the operator into government account will be reflected in the cash ledger of the actual registered supplier on the basis of the statement filed by the operator. The same can be used at the time of discharge of tax liability in respect of the supplies by EID.

Place of Supply: E-commerce Transactions

B2B Transactions- Location of Service Recipient

B2C Transactions- Location of Service provider

Basic threshold exemption is not available to suppliers and they would be liable to be registered irrespective of the value of supply made by them.

36. Goods Returns Procedure :

A goods return or purchase return is a transaction where the buyer of inventory or other items sends these goods back to the seller.

It may be due to various reasons such as poor quality, defective items or extra items being ordered

I. Goods return from registered buyer:

- (a) If goods are returned by a registered recipient (Customer), then the registered seller (EID) will issue a credit note to the buyer.
- (b) The seller (EID) must declare the credit note the GSTR-1 of the month in which it was issued.

Note :

Need to establish one to one co-relation against the original invoice

II. Goods returns from un-registered buyer:

- For returns by unregistered buyers, the seller (EID) will show a consolidated list of sales returns and other changes in sales details of previous months in his GSTR-1.

37. (1) Exhibition in India – Participations procedures:

- (a) Registration Liability: EID interested into Participate and to sell, transfer, or otherwise deal in the goods and services in the exhibition.
- (b) already registered under GST in the state of Exhibition held shall continue to use EID 's existing GSTIN by adding such place of exhibition as an additional place of their business for making supplies at Exhibition .
- (c) Participants (EID) who are registered outside the state of Exhibition held and are not registered in the State of Exhibition held including those who pertains from the state of Exhibition held and are not registered in GST required to get themselves registered as “Casual taxable person”
- (d) Accordingly, if participants are registered in the state of exhibition held, they will not be classified as casual taxable person and they are also not required to take any casual taxable registration. They will continue to use their existing GSTIN
- (e) respect of goods or services received by the casual taxable persons during or in the course of exhibition, the input tax credit can be availed where all the following conditions are satisfied, subject to section 17(5) of CGST Act

- (f) casual taxable registration is applicable for the period of exhibition or 90 days, whichever is earlier, same can be extended to further 90 days by taking necessary approvals from the proper officer/s.
- (g) There is no threshold limit for registration in case of casual taxable person, subject to Notification No. 32/2017-Central Tax dated 15.09.2017. Even person has INR 1 sale he is required to get himself registered.
- (h) Casual taxable persons are also required to tax estimated GST before registration in advance and required to get registration atleast 5 days before the date of exhibition

37(2) Exhibition in Outside India – Participations procedures:

Zero rated supply “means any of the following supplies of goods or services or both, namely:

- (a) export of goods or services or both; or
- (b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

Accordingly, the activity of sending / taking the goods out of India for exhibition or on consignment basis for export promotion do not constitute supply as the said activity as there is no consideration at that point in time.

Note :

- The specified goods shall be accompanied with a delivery challan issued
- The specified goods sent / taken out of India are required to be either sold or brought back within the stipulated period of six months from the date of removal
- supply would be deemed to have taken place, on the expiry of six months from the date of removal, if the specified goods are neither sold abroad nor brought back within the said period.
- Since, such supply is not zero rated, the benefit of refund will not arise.
- The sender (EID) is required to issue a tax invoice stating quantity of goods sold there on during the exhibition. “These supplies shall become zero-rated supplies at the time of issuance of invoice. However, refund in relation to such supplies shall be available only as refund of unutilized ITC and not as refund of IGST”.

38. Treatment of Security Deposit :-

- 38(i) It is an amount paid by customer to the Work Contractor, in various forms like Bank Guarantee, Cash, etc., it may be noted that Security Deposit is a deposit, which is utilised by the supplier only on occurrence of a contingent event.
- 38(ii) In case such event does not occur, then the Security deposit will be refundable to the customer on completion or according to the terms and conditions of contract agreement.
- 38(iii) Since “Deposit” does not include in definition of “Consideration” and hence no GST will be levied on it.

Note :

If on happening of a contingent event if Security deposit is adjusted into consideration, then GST will be paid on it.

39. Treatment of Retention Money;

- 39(i) Generally, in all construction contracts, customer retains a portion of consideration or invoice amount as “Retention Money” and same shall be paid after completion of project.
- 39(ii) It may be noted that the recipient would not be allowed to take the ITC of the tax (and would need to reverse proportionate credit to the extent of non-payment plus interest), proportionate to the amount of consideration not paid; the recipient would be eligible to full credit only on payment on the remaining consideration.

40. Employee and Employer Transactions:

a) Employee Reimbursement – Purchase from Registered Dealer –

- i. Reimbursement of expenses relating to goods / services procured from registered supplier and the GST Number of the employer is quoted on the invoice – Vendor to charge tax (if taxable supplies) and employer entitled to claim credit subject to input tax credit restrictions
- ii. Reimbursement of expenses relating to goods / services procured from registered supplier and the GST Number of the employer (i.e. EID) is not quoted on the invoice - Vendor to charge tax (if taxable supplies).

Employer (i.e. EID) not liable to GST under reverse charge since the procurements have been made from registered dealer except that the GST Number of the employer has not been quoted on the invoice

b) Gift to Employee under GST As per provisions of Schedule II, read with Section 7 of the CGST Act,

“gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both”.

Hence it can be concluded that anything given voluntarily without any consideration can be considered as a gift. Therefore, Diwali gifts given to employee will not be subject to GST if value is less than INR 50,000 in any financial year.

c) Notice Pay Recovery

(i) Employees who resign from their job are expected to serve notice period as mentioned in the employment contract. If the employee does not serve such notice period, the salary of the unserved portion of notice period is retained by the employer(i.e. EID)

(ii) Notice pay recovery (Savings in expense which can be viewed as income to the employer) This issue was subject matter of litigation in service tax laws also and there were contrary decisions as regards levy of service tax on notice pay. The revenue authorities contend that the consideration to the employer for “tolerating the act” of the employee to not serve the notice period which was the employee’s contractual obligation and so the transaction is liable to GST.

(iii) However, recently, the Hon’ble Madras High Court has held in the case of GET & D India Ltd. - 2020-VIL-39-MAD-ST that service tax is not leviable on notice pay recovery from employees as it cannot be considered to have been covered by declared service of tolerating an act. It can be said that the ratio of this decision can be applied in GST regime as well and GST should not be levied on notice pay recovery.

d) Disposal or Sale at concessional rate

(i) Companies allows employees to retain asset like laptop, Bike & Car etc. when he quits the organization or allow the employee to use a company asset for personal purposes.

- (ii) In such cases, the employer will have to pay taxes on the value of such assets if credit is availed on such assets since this transaction will get covered under Sl. No 1 of Schedule I to the CGST Act, 2017
- (iii) Normally, in our case, all such assets views as assets of company and NO ITC considered in the books of accounts and the same was charged off into respective expenses (or) capitalised.
- (iv) Hence, the consideration determined for the purpose of valuation being transaction value, accordingly, GST will be collected from such sale and discharged the same to exchequer at the applicable rate.

e) Treatment of – Cane Insurance

- (i) As EID takes Insurance coverage for the cane order booked in the name of EID parry on behalf of farmers and directly makes the payment to insurance companies. Later, apportioned the issuance value proportionately to farmers covered under the said insurance.
- (ii) Since, EID act as an agent for underling transaction, it is suggested not to take GST credit for the same. Accordingly, it is advised to debit the farmer with full value i.e., including GST.

41 Services provided to foreign clients by commission agents in India:-

Generally, an “intermediary” is a person who arranges or facilitates a supply of goods, or a provision of service, or both, between two persons, without material alteration or further processing. Thus, an intermediary is involved with two supplies at any one time:

1. The supply between the principal and the third party; and
2. The supply of his own service (agency service) to his principal, for which a fee or commission is usually charged.’

The place of supply of the intermediary services shall be the location of the supplier of services

Accordingly, sales support services and others will now come under the ambit of GST and may be taxed at 18%

42. Sale of Scrips- No CGSTand SGST/UTGSTor IGST:

- 42(i) The MEIS / SEIS Scrips are classifiable under HSN code4907 and the sale of such Scrips are exempted videS.No.122A of Notification No. 2/2017 – CT (R) dated 28-06-2017 , as amended vide Notification No. 35/2017 – CT (R) dated 1310-2017. No GST(CGSTandSGST/UTGSTorIGST) is payable

42(ii) Further, Under Noti. No. 2/2017-CT(R) dtd. 28.06.2017, the Rate of GST (CGST and SGST/UTGST or IGST) on Sale of MEIS Scrips (i.e. Duty Credit Scrips), classified under HSN 4907, is NIL.

42(iii) Thus, sales of MEIS Scrips will be covered in the definition of “Exempt Supply”. Accordingly, for the purpose of Rule 42 & 43 of CGST Rules, 2017, Sale of MEIS Scrips will have to be included in the value of Exempt Turnover and Total Turnover and proportionate Common will have to be reversed

43. E-Way Bill.

43(i) Movement of goods shall carry a document namely e-waybill, generated from online portal in FORM GST INS-01, electronically, on the common portal for the value of goods exceeds Rs. 50,000/- in relation to
 (a) outward supply and
 (b) inward supply from unregistered dealer.
 (c) Any transporter transferring goods from one conveyance to another in the course of transit shall, before such transfer and further movement of goods

43(ii) E-way bill has been generated, but goods are either not being transported (or) are not being transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal with in 24 Hrs of generation of E-waybill.

43(iii) An e-way bill (or) a consolidated e-way bill generated under this rule shall be valid for the period as mentioned in column (3) of the Table below from the Date & Time on which the e-way bill has been generated, for the distance the goods have to be transported, as mentioned in column (2):

Sl.No (1)	Distance (2)	Validity Period (3)
1	Less than 100 Km	One day
2	100 Km or more but less than 300 Km	Three Days
3	300 Km or more but less than 500 Km	Five Days
4	500 Km or more but less than 1000 Km	Ten Days
5	1000 Km or more	Fifteen Days

43(iv) The registered recipient, communicate his acceptance or rejection of the consignment covered by the e-way bill in the GST common portal with in 72 hours , else it is considered deemed that he has accepted the consignment.

43(v) The e-way bill generated CGST (or) GST rules of any other State shall be valid in the State.

Documents to be carried by a person –in-charge of conveyance (Transporter).

- (a) the invoice or bill of supply or delivery challan, as the case may be; and
- (b) a copy of the e-way bill or the e-way bill number either physically or mapped to a Radio Frequency Identification Device (RFID)

A registered person may obtain an Invoice Reference Number from the common portal and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.

Requirement of E-way bill for - batches or lots:

Notification 39/2018 – Central Tax dated 04 September 2018 issued to given effect of few changes in existing practice followed in GST law on account of requirement of E-way bill.

1. Delivery Challan for goods sent in batches or lots – inserted in rule 55(5)

Subject to Condition for the above is:

- (a) the supplier shall issue the complete invoice before dispatch of the first consignment;
- (b) the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- (c) each consignment shall be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
- (d) the original copy of the invoice shall be sent along with the last consignment.

2. Transport of Import Goods and documents to be carried by person-in-charge – Proviso inserted after rule 138A(1)

- in case of imported goods, the person in charge of a conveyance shall also carry a copy of the bill of entry filed by the importer of such goods and shall indicate the number and date of the bill of entry in Part A of “FORM GST EWB-01” along with other E- way bill / invoice / Delivery challan etc., i.e. other port documents

44. E- Invoice:

- i. E- Invoice will be created by the supplier of materials / service on their own accounting software(SAP).
- ii. The invoice as prepared, reported the same as such into GST portals in Invoice Reference portal (IRP) a separate portals integrated with GSTN network like E-way bill .
- iii. Inturn, IRP will generate a Unique IRP number for each documents which will attached on the E-invoice and system will digitally sign the same and send to both supplier as well as customer
- iv. Apart from above, the IRP will generate the separate QR code for each documents for further major reference for MIS purpose like quanaity, value, Invoice no, Tax & HSN etc.,

E- Invoice requirement – Transaction are :

- B2B- Business to Business
- B2G- Business to Government
- Export
- Supply thru e-com operators
- Reverse Charge Transactions

Exemption for E- Invoice & QR code are:

I. Types of Documents

- Invoices
- Debit Notes
- Credit Notes

II. Not to be entered for E Invoicing

- Delivery challan
- Bill of Supply
- Job work challan

Cancellation of E- invoice:

- An e-Invoice cannot be cancelled partially but can be cancelled wholly.
- On cancellation, it must be reported into the IRN within 24 hours.
- Any attempt to cancel thereafter, cannot be done on the IRN and needs to be manually cancelled on the GST portal before the returns are filed.

- Any amendments to an e-Invoice can be made only on the GST Portal.

Note :

- SEZ unit is exempted to issue E – Invoice
- PSRIPL HO – raises invoice to EID HO ; then need to create the Invoice thru E- invoice.

Non-issuance of e-invoice is an offence under GST and thus attracts penal provisions. Below are some of the penalties for non-issuance of invoice or issuance of incorrect invoice:

- 1. Penalty for non-issuance of invoice- 100% of the tax due or Rs.10,000, whichever is higher.**
- 2. Penalty for incorrect invoicing is Rs.25,000.**

45. Applicability of Dynamic QR Code

With Effect from 01.04.2021 onwards, the GST council made mandatory to use Dynamic QR code for all transaction effected to B2C :

- (a) Dynamic QR Code should comprise of the following parameters / details:
- ✓ Supplier GSTIN number
 - ✓ Supplier UPI ID
 - ✓ Payee's Bank A/C number and IFSC
 - ✓ Invoice number & invoice date
 - ✓ Total Invoice Value
 - ✓ GST amount along with breakup i.e. CGST, SGST, IGST, CESS, etc.
- (b) Further, Dynamic QR Code should be such that it can be scanned to make a digital payment.

(c) In cases where the supplier, has digitally displayed the Dynamic QR Code and the customer pays for the invoice, the following shall be deemed to have complied with the requirement of having Dynamic QR Code.

- ✓ Using any mode like UPI, credit/ debit card or online banking or cash or combination of various modes of payment, with or without using Dynamic QR Code, and the supplier provides a cross reference of the payment (transaction id along with date, time and amount of payment, mode of payment like UPI, Credit card, Debit card, online banking etc.) on the invoice ; or
- ✓ In cash, without using Dynamic QR Code and the supplier provides a cross reference of the amount paid in cash , along with date of such payment on the invoice;

Note :

Dynamic QR code is not required for exports transactions (as IRN and QR code are getting generated for the same treating them as a B2B transactions)

46. Pure service exempted under GST:

Pure Service” eligible for exemption under notification No.12/2017-CT(R) dated 28.6.2017.

Pure services provided to the Central Govt., State Govt. or Union territory or local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.

From the above it is clear that the following 3 conditions to be satisfied:

- Pure services are to be provided.
- Such services provided should be by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution of India or in relation to any function entrusted to a Municipality under Article 243W of the Constitution of India; and
- Service recipient should either be Central Govt. or State Govt. or Union territory or Local authority or Governmental authority.

Hence, any reimbursement will cover under GST subject to such transaction should not cover above.

Note:

excluding works contract service or other composite supplies involving supply of any goods.

The Government, from 25-01-2018, allowed supply of goods (not more than 25 per cent of total value of the composite supply) with principal supply of services.

For example, the work order has been awarded for street light maintenance. Such work order mainly to restore lights which are not working including replacement of defunct lights.

i.e. The value of goods in the work order has been determined less than 25 per cent of the total value of the work order awarded

47. Pure Agent :

Pure agent is one who while making a supply to the recipient, also receives and incurs expenditure on some other supply on behalf of the recipient and claims reimbursement (as actual, without adding it to the value of his own supply) for such supplies from the recipient of the main supply

While the relationship between them (provider of service and recipient of service) in respect of the main service is on a principal to principal basis, the relationship between them in respect of other ancillary services is that of a pure agent

Relevance of Pure Agent Under GST:-

- a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- b) neither intends to hold nor holds any title to the goods or services or both, so procured or provided as pure agent of the recipient of supply;
- c) does not use for his own interest such goods or services so procured; and
- d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account

The supplier would have to satisfy the following conditions (in addition to the condition required to be satisfied to be considered as a pure agent) for exclusion from value as under:-

- I. the supplier acts as a pure agent of the recipient of the supply, when he makes payment to the third party on authorization by such recipient;

- II. the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and
- III. the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

Some examples of pure agent are:

1. Port fees, Port charges, Custom duty, dock dues, transport charges etc. paid by Customs Broker on behalf of owner of goods.
2. Expenses incurred by C& F agent and reimbursed by principal such as freight, godown charges.
3. The actual expenditure invoice should address in the name of EID.

48. GST on Inter Corporate Guarantee:

- (i) The GST regime brought numerous changes to the pre-GST regime taxation. It brings various transactions into GST net which otherwise not liable to tax in pre – GST era by way of wide inclusive definition of supply and business further by way of Schedule I to supply.
- (ii) It is a contract between a corporate entity or individual and a debtor. In this, the guarantor agrees to take responsibility for the debtor's obligations, such as repaying a debt. When a company guarantees repayment of a loan granted to one of its subsidiaries, if the subsidiary defaults on the loan, the guarantor who agreed guarantees that the loan will be repaid
- (iii) Since this type of transactions are affected out of books (will not impact the financial statements) and for without consideration, often ignored by the company (EID) to examine the applicability of GST on the same.

supply of corporate guarantee is supply of service accordingly liable to GST.

Note:

The Corporate Treasury Team responsible for intimation of the same to HO taxation team for better compliance on the same.

49. GST Returns

Nature of Transaction	Period/ interwal	Details required to furnish	Form No	Due date
Outward Supply - Sales	Monthly	<p>(a) Invoice wise details of :</p> <p>i) Interstate & Intra State supplies to registered dealers</p> <p>ii) Interstate supplies exceeding Rs. 2, 50,000/- made to unregistered person.</p> <p>(b) Consolidated details of :</p> <p>(i) intra state supplies to unregistered dealers (rate wise)</p> <p>(ii) statewise inter-state supplies to unregistered dealers exceeding 2.5 lakhs on each rate of tax</p> <p>(c) Debit and credit notes issued during the month for the invoices issued previously.</p>	Form GSTR-1	11 th of following month
Details of inward supply	Monthly	<p>Specify inward supplies in respect of which the company is not eligible, either fully or partially, for input tax credit in FORM GSTR-2 where such eligibility can be determined at the invoice level.</p> <p>declare the quantum of ineligible input tax credit on inward supplies which is relatable to non-taxable supplies / purpose other than business and cannot be determined at the invoice level</p> <p>Include details of invoices furnished by an Input Service Distributor in his return in</p>	Form GSTR-2	15 th of following month

		<p>FORM GSTR-6</p> <p>Include the details of tax deducted at source furnished by the deductor in FORM GSTR-7</p> <p>Include details of tax collected at source furnished by an e-commerce operator in FORM GSTR-8</p> <p>details of inward supplies of goods / services or both furnished in Form GSTR-2 shall include:</p> <ul style="list-style-type: none"> (a) invoice wise details of all inter-State and intra-State supplies received from registered persons (or) unregistered persons (b) import of goods and services made (c) debit and credit notes, if any, received from supplier <p>The claim of input tax credit in respect of invoices and debit notes in FORM GSTR-2 that were accepted by the recipient on the basis of FORM GSTR-2A without amendment shall be treated as matched if the corresponding supplier has furnished a valid return</p>		
Monthly return	Monthly	Furnish a return in FORM GSTR-3 (electronically generated on	Form GSTR3	20 th of following month

		<p>the basis of information furnished through returns in FORM GSTR-1, FORM GSTR-2 and based on other liabilities of preceding tax periods)</p> <p>discharge liability towards tax, interest, penalty, fees or any other amount payable under the Act</p> <p>claiming refund of any balance in the electronic cash ledger in Part B of the return in FORM GSTR-3 and such return shall be treated deemed to be an application filed</p> <p>Note: Not applicable for ISD distributor.</p>		
Input Service Distributor	Monthly	<p>Furnish electronically a return in FORM GSTR-6</p> <p>Information on tax invoices on which credit has been received</p>	Form GSTR-6	13 th of following month
submission of return by a person required to deduct tax at source	Monthly	<p>Every registered person required to deduct tax at source in FORM GSTR-7</p> <p>Not applicable for EID., Applicable only for Government department should deduct the TDS for the supplies received more than 2.5 laksh</p> <p>Impact to EID is - Participation on Government tender to supply of goods</p>	Form GSTR-7	
submission of statement of supplies by an e-		Every electronic commerce operator required to collect tax at source containing details of supplies effected through such operator and the amount of tax	Form GSTR-8	

commerce operator		collected supplies made through an e-Commerce operator, as declared in FORM GSTR-8, shall be matched with the corresponding details declared by the supplier in FORM GSTR-1 Need to Check – Amazon transaction.		
Annual Return	Annual	Annual return to be furnished in FORM GSTR-9 Audited financial to produce if aggregate turnover during a financial year exceeds one crore rupees along with reconciliation statement	Form GSTR-9	31 st December of subsequent financial year.
<ul style="list-style-type: none"> ▪ A reconciliation statement should be maintained to explain the difference, if any, between the amounts appearing in trial balance and amounts reported in the returns. ▪ Annual return filing and maintenance of trial balance and statement of profit and loss account is required registration wise. 				

50. Identifying Bogus and Genuine supplier under GST:

Since, introduction of GST, claiming of correct ITC Is vital , it is utmost important to identify the correct Vendor / Supplier.

While creating the vendor master & preparing the park documents in SAP; The preliminary investigation for the genuine or bogus supplier is to verify GST the details mentioned by the supplier on the tax invoice.

50.1 Notably, any tax invoice will be categorized as a fake invoice if it lacks any of the following 16 mandatory fields-

- Name, address and GSTIN of the supplier;
- Tax Invoice number;
- Date of issue;

- Name, address and GSTIN of the recipient (if available);
- Shipping as well as billing address;
- Place of supply;
- HSN code or SAC code;
- Items details like-
 - Description of goods/ services;
 - Quantity of the goods;
 - Unit (i.e. meters, kgs etc.);
 - Total value of the supply of goods/ services.
- Taxable value of the supply of goods/ services;
- Rates and amounts of GST (CGST, SGST or IGST);
- Signature of the supplier.

50.2 Once the preliminary investigation with regard to the tax invoice is done, the second GST verification should be of the GSTIN mentioned by the supplier.

The basics of GSTIN and its verification are stated here under-

- Goods and Services Tax Identification Number (GSTIN) is the 15 digits alphanumeric number issued at the time of GST registration.
- The format of GSTIN (i.e. 15 digits alphanumeric number) consists of

Format of GSTN	Representation of the format
First two digits of GSTIN	It represents the state code
Next ten digits of GSTIN (3rd to 12th digits)	It indicates the 10 digits PAN of the registrant
Next one digit of GSTIN (13th digit)	It indicates the frequency of registration done by the business entity.
Next one digit of GSTIN (14th digit)	It is just a default alphabet 'z'
Last one digit of GSTIN (15th digit)	It indicates the check code (it can be number or alphabet)

If the GSTIN of the supplier is not as per the format/ structure explained above, then, the taxpayer can easily accomplish the same as a fake invoice.

50.3 Verification of the genuineness of the supplier via the GST portal:

GST portal facilitates the taxpayer to verify the genuineness of the supplier by enabling the taxpayer to search either on the basis of GSTIN/ UIN or PAN of the supplier.

Cases, wherein, the GSTIN/ UIN of the supplier is available-

- Step-1: Visit the GST portal i.e. <https://www.gst.gov.in/>.
- Step-2: Click 'Search Taxpayer'.
- Step-3: Select 'Search by GSTIN/ UIN' from the drop-down list available under 'Search Taxpayer'
- Step-4: Enter the GSTIN/ UIN of the Taxpayer
- Step-5: Type the character shown in the image
- Step-6: Click 'SEARCH'

50.4 Facility to search by PAN of the supplier / Customer: -

In case the supplier / Customer is new and the GSTIN/ UIN of the supplier is not available. Still, the GST portal provides the facility to verify the authentication of the supplier based on the PAN of the supplier.

Following steps are to be followed in order to search the supplier by PAN-

- Step-1: Visit the GST portal i.e. <https://www.gst.gov.in/>.
- Step-2: Click 'Search Taxpayer'.
- Step-3: Select 'Search by PAN' from the drop-down list available under 'Search Taxpayer'

- Step-4: Enter the Permanent Account Number (PAN) of the Taxpayer
- Step-5: Type the character shown in the image
- Step-6: Click 'SEARCH'

51. Non submission of return by vendor – review and action to be initiated:

- (i) Technically, the recipient (i.e. EID Parry) will have an option to avail ITC on a self-declaration basis even on the invoices not uploaded by the supplier based on actual physical receipt of invoice, goods receipt and payment made thereon for such supply.
- (ii) However, the said outward supply details in the form of GSTR 1 not filed by the supplier, the input claimed by the recipient (EID Parry) shall be reversed with interest and penalty.
- (iii) A quarterly review mechanism in place to review the vendor return filing status and intimate the same to respective vendor by system generated communication as per updated E-mail ID provided by said vendor at the time of their vendor master registration for seeking their attention to file the same at the earliest.
- (iv) Nonreciprocal commutation from such vendor will be treated as "default" and all further payment will be kept on hold till the issue get resolved. (This exercise will happen at the respective user end with due mutual consent from the respective Unit head)
- (v) Upon submission of proof of payment along with filed status of return in GST portals, the same will be released to such vendor. Further, if the vendor default more than two times, then, all their future payment will be only basic. (i.e., without considering the GST component)
- (vi) As part of product mechanism, after demonstrating the payment and active return status; the same will be paid to such vendor and avail the ITC of the same. (Till such time, such vendor bills will be kept for reconciliation item in our books of accounts)

52. Valuation of Stock Transfer:

Under GST, levy of tax is on Supply which includes transfers and with the definition of distinct person, branches need to be treated as a different entity.

Accordingly, any stock transfers are taxable in the following two cases:

- **Intrastate stock transfer:** Only when an entity has more than one registration in one state
- **Inter state stock transfer:** Transfer between two entities located in different states is taxable

*(The taxability of stock transfers under GST will have an impact on cash flow)

This is because, tax is paid on the date of stock transfer, and ITC is effectively used when stock is liquidated by the receiving branch.

As per Section 7 of CSGT Act, 2017 read with Schedule I, the stock transfer made with the related or distinct persons* even without consideration would be treated as “Supplies” and hence attract GST on these transactions.

Rule 28 of the CGST Rules, 2017 provides that the value of supply to a distinct persons shall be open market value, if available, of such supply. If value of the supply cannot be determined in terms of open market value, then there are two proviso provided under Rule 28.

- I. The first proviso provides that an option to the supplier either valuing the supply at open market value or **ninety percent** of the price charged for goods or services of like kind and quality.

(Condition attached for the above: The above said option is available only in case of stock transfer of those goods which the recipient is intended for further supply to an unrelated person

- II. And second proviso provides that in cases where recipient of goods is eligible to take full input credit of those goods that are stock transferred, then whatever the value adopted by the supplier shall be deemed to be the open market value.

Therefore, stock transfers for further supply can be valued on the basis of open market value which could be any value as declared by supplier in the invoice if recipient of goods eligible to take full Input tax credit (second proviso) or on the basis of 90% of the price charged for goods of like kind and quality (first proviso).

Sl.NO	Scenario	Valuation method to be adapted
1	Finished goods are transferred from the manufacturing unit to a depot, from where the goods are to be sold	<p>The stock transfer will be valued at the open market value.</p> <p>However, Company (EID Parry) can also opt to pay 90% of price charged for the supply of like kind and quality goods.</p> <p>(This is because, the finished goods are transferred for further supply)</p> <p>Normally, we will obtain weighted average cost of the goods appeared in SAP or like good cleared to any other customer just before such actual transaction of stock transfer.</p>
2	Semi-finished goods are removed from manufacturing unit to another unit for further processing.	<p>Since the manufacturing unit is registered in one state and fully eligible for input tax credit, the invoice value reported in Invoice is transaction value.</p> <p>Price appearing in BOM in SAP)</p> <p>The value of transfer will be at 110% of the cost of production of such goods</p>
3	Others	<p>If for any reason the above methods cannot be applied for determining the value of supply, it will be determined by applying the cost of the product+ 10 % or by using the residual method.</p>
4	Value appearing in Books of EID is Rs. 1 or lesser value than the actual value of goods in open market.	<p>Obtain the like value of goods and adapt the same for stock transfer.</p>
5	Transfer of capital goods	<p>I. Goods originally purchased before introduction of GST:</p> <p>As the life of the assets will be more than 5 years; take the transaction value as open market value.</p> <p>II. Goods originally purchased After</p>

		<p style="text-align: center;">introduction of GST</p> <p>A. When input tax credit not availed.</p> <p style="padding-left: 40px;">Where CONSIDERATION is involved and ITC may not be availed due to restriction u/s 17 (5) (blocked credit) of the CGST Act, 2017, the transaction shall fall within the ambit of supply as per Section 7 (1) (a) and hence, GST shall be chargeable (i.e. best judgement Transaction Value)</p> <p>B. When ITC availed for such assets.</p> <p>Any permanent transfer of capital assets on which ITC has been availed shall be considered as supply even if the same is carried out without any consideration.</p> <p>GST need to discharge higher of the following:</p> <p style="padding-left: 40px;">A. Total input tax credit (Less: percentage amount (credit pertains to unexpired period) (Rule 44(6)). – Normally 5 years is considered for life of assets from the date of actual put to use originally.</p> <p style="padding-left: 40px;">B. Tax on Transaction Value.</p>
--	--	---

A branches transfer the goods to another branch placed within the same state possess the benefit of supplying the goods without payment of tax as such supply does not become a separate distinct person unless the same obtains the separate registration in same State.

System Support - SAP Usage :

New Tax codes: Charge-off to respective expenses for ineligible ITC related expenses.

Tax code	Description
MA	EID-Ineligible Credit For Goods 5%(SGST+CGST)
MB	EID-Ineligible Credit For Goods 12%(SGST+CGST)
MC	EID-Ineligible Credit For Goods 18%(SGST+CGST)
MD	EID-Ineligible Credit For Goods 28%(SGST+CGST)
ME	EID-Ineligible Credit For Goods 5%(IGST)
MF	EID-Ineligible Credit For Goods 12%(IGST)
MG	EID-Ineligible Credit For Goods 18%(IGST)
MH	EID-Ineligible Credit For Goods 28%(IGST)
MI	EID-Ineligible Credit For Service 5%(SGST+CGST)
MJ	EID-Ineligible Credit For Service 12%(SGST+CGST)
MK	EID-Ineligible Credit For Service 18%(SGST+CGST)
ML	EID-Ineligible Credit For Service 28%(SGST+CGST)
MM	EID-Ineligible Credit For Service 5%(IGST)
MN	EID-Ineligible Credit For Service 12%(IGST)
MO	EID-Ineligible Credit For Service 18%(IGST)
MP	EID-Ineligible Credit For Service 28%(IGST)

SAP- Please use the below material codes for Scrap sales.

Material code	Description	Material type	Valuation Class

OTHERWASTE	OTHER WASTE	SCRP	8000
SHALSCRP19001	BED MATERIAL WASTE	SCRP	8000
USEDALUMINIUM	USED ALUMINIUM	SCRP	8000
USEDCOMPUTER	USED COMPUTER	SCRP	8000
USEDCOPPER	USED COPPER	SCRP	8000
USEDCOTTON	USED COTTON	SCRP	8000
USEDELECTRICAL	USED ELECTRICAL	SCRP	8000
USEDLEAD	USED LEAD	SCRP	8000
USEDNICKEL	USED NICKEL	SCRP	8000
USED OIL	USED OIL	SCRP	8000
USEDPLASTIC	USED PLASTIC	SCRP	8000
USEDPPBAG	SCRAP PP BAGS STITCH REMOVED	SCRP	8000
USED RUBBER	USED RUBBER	SCRP	8000
USEDSTEEL	USED STEEL	SCRP	8000
USED TIN	USED TIN	SCRP	8000
USEDWOOD	USED WOOD	SCRP	8000
USEDZINC	USED ZINC	SCRP	8000

How to change off consumables to the vendors: -

1. 989 Movement type to be restricted.
2. Sales Invoice to be raised for the consumables to the vendor after extending the Vendor as Customer in SAP HANA
3. The order creation will be done by the plant team itself under SUG/BU/MI
4. As this do not have any VALUE addition for getting released by the centralized team, we will not allow the ORDER for getting into block mode
5. VAP also will be continued to be raised by Commercial Team at HO SUG/BU/MI
6. We will be having a separate SALES ORDER TYPE one for VAP (ZV10-SUG VAP Sales- Con) and other for MISC (ZSB0-SUG MISC Sales)

Sub Contracting PO process in SAP:

1.0	Pre-Requisite:	118
2.0	Subcontract PO Creation.....	118
2.1	Fields to enter:.....	118
3.0	PO Release.....	119
4.0	PO Print.....	120
5.0	Transfer Posting.....	121
6.0	Sub contract challan creation.....	122
7.0	Print Challan.....	124
8.0	Goods Inward.....	125
9.0	Challan Reconciliation	126
10.0	GRN PRINT	127
11.0	Validation	128
12.0	Report.....	136



1.0 Pre-Requisite:

- Vendor code
- Material master
- Purchase Requisite
- Material Stock

2.0 Subcontract PO Creation

T.code : ME21N

PO Document Type : NB (Local PO)

2.1. Fields to enter:

Header Fields

- Vendor code
- Purchase org
- Purchase Group
- Company code
- Payment terms
- Inco terms
- Finalized by
- Employee code

Item Fields

- PR Number
- Quantity
- Unit Price
- Plant

Item Detail Fields

- Reason for Order

After all the details, click check button for validating, if we didn't any error we can save the purchase order

Create Purchase Order

Document Overview On | Print Preview | Messages | Personal Setting

NB Local PO Vendor 424203 BAHOLA LABORATORIES Doc. Date 21.01.2020

Address Communication Partners Additional Data Org. Data Status SSC / Condition Cause Release strategy Payment Processing

Purch. Org. SNKM Sugar Nelkupam
 Purch. Group M01 Sugar-SNKM
 Company Code EID E.I.D. - Parry (India) Ltd

S. Itm	Delv. Date	Purchase R...	R. A	Material	Short Text	PO Quan...	Net Price	D...	C Pht
1	23.01.2020	4244	1	PPFHT1	PARRYSPORE FORMER HT1		1,000.00 KG		EID Sugar-Nelk...

Item: [1] PPFHT1, PARRYSPORE FORMER HT1

Material Data Quantities/Weights Delivery Schedule Delivery Invoice Conditions India Texts Delivery Address Confirmations

Material group PEP LIUD-Relevant Components
 Supplier Mat. No. Explode BOM
 Batch InfoUpdate

No messages issued during check

Local PO created under the number 80949500

3.0 PO Release

T.Code : ME29N

Go to purchase order->other purchase order, enter the purchase order number which is to be released, click enter, in header level click release strategy tab and release the purchase order as per release strategy

Release Local PO 80949500

Document Overview On | Print Preview | Messages | Personal Setting

NB Local PO 80949500 Vendor 424203 BAHOLA LABORATORIES Doc. Date 21.01.2020

Delivery/Invoice Conditions Texts Address Communication Partners Additional Data Org. Data

Release group G3 PO release group-EID
 Release Strategy M1 NKM Upto 5Lakhs
 Release indicator 4 Released

Code	Description	Processor	Stat.	Rele...
NF	NKM Finance Head	S. Kumaravel	✓	↻
NU	NKM Unit Head	Ramasubramanian V	✓	↻

4.0 PO Print

T.Code : ZPOPRINTNEW

- Once PO release completed, mention PO number in the input field and the same can be taken print out and sent to respective vendor through mail

PO Printing Program

Purchase Organization	<input type="text"/>		
Purchasing Group	<input type="text"/>	to	<input type="text"/>
Purchase Order Type	<input type="text"/>	to	<input type="text"/>
Purchase Order No	3620260	to	<input type="text"/>
Purchase Order Date	<input type="text"/>	to	<input type="text"/>

**** Please select the P.Os of the produced list and click print Icon at the Top ****

PO Printing Program

Purchase Order List

	P.O No	P.O Date	Type	Vendor Code First Mat. Code	Vendor Name First Material Name	P.Grp Plant	Net Amount
<input checked="" type="checkbox"/>	3620260	28.05.2019	RM	325702 13137	SWASTICK SCIENTIFIC CORPORATION Citric Acid	PNH NUON	3186.00

E.L.D. - PARRY (INDIA) LIMITED

To,
 SWASTHICK SCIENTIFIC CORPORATION
 44/9. KRS Garden
 Arumugam Street
 Karaikudi,,Tamil Nadu
 India Pin: 630003
 Ph: 04565-233087
 PAN No: DXHPS8508A
 GSTIN:33DXHPS8508A1ZI
 Vendor code assigned to you ==> 325702

Purchase Order (Page 1 of 2)

PO Number/Date : 3620260 / 28.05.2019
 Contact Name/Ph: Nutra Head Office /
 PNL

Our Particulars

PAN No : AAACE0702C
 Corporate ID : L24211TN1975FLC006989
 GSTIN : 33AAACE0702C1ZO

Please deliver to:
 EID Parry (India) Limited
 PARRY NUTRACEUTICALS DIVISION
 Kadiapatti - Nemathanpatti Road,
 Oonaiyur, Panangudi P.O. 622505
 Pudukottai, Tamil Nadu, India

Delivery Date : 24.06.2019

Please arrange to supply the following Materials / Equipments / Services as per terms and conditions mentioned herein. We require an order acknowledgement immediately. The terms and conditions as contained overleaf forms part of this order

Srl	Mat./HSN /SAC Code	Material/Service Description / HSN Description	UOM	Rate/Unit	Quantity	Amount (INR)
1	13137 85489000	Citric Acid "WASTE AND SCRAP OF PRIMARY CELLS, PRIMARY BATTERIES AND ELE MOLATORS; SPENT PRIMARY CELLS, SPENT PRIMARY BATTERIES AND S RIC CCUMULATORS; ELECTRICAL PARTS	1 KG		50.000 kg	

5.0 Transfer Posting

T.Code : MIGO → Transfer posting → Purchase order

Enter storage location and batch number for all the components mentioned as per purchase order. Check "item ok" and save to generate transfer posting number

Transfer Posting Purchase Order 80949500 - MANI

Show Overview | Hold | Check | Post | Help

A08 Transfer Posti... | R01 Purchase Order | Plant | GI whse to subc.stck 541

General

Document Date: 21.01.2020 | Material Slip: |
 Posting Date: 21.01.2020 | Doc.Header Text: |
 2 Individual Slip wit... | GR/GI Slip No.:

Transfer Posting | Material | Quantity | Where | Partner | Batch

From	Dest
Material: SMR094	SMR094
000000000000013880	000000000000013880
Plant: EID Sugar-Nellikuppam SNRM	EID Sugar-Nellikuppam SNRM
Stor. Loc.: Main Store A God 0001	
Batch: 26122019	26122019
Spec.Stock: <input type="checkbox"/>	<input type="checkbox"/> Subcontracting Stock
	BAHOLA LABORATORIES 424203

Qty in UnE: 2 | KG

Material document 38 posted

6.0 Sub contract challan creation

T.Code : J1IGSUBCON

Enter company code, plant and select create challan/invoice

Program: Edit Goto System Help

Subcontracting Challan/Invoice (India)

Organizational Data

Company Code: EID
 Plant: 5004CA
 Subcontractor: _____

Selecton

Material Doc. _____ to _____
 Posting Date _____ to _____

Processing

Create Challan/Invoice
 Display
 Display Expiring Challan
 Process Expiring Challan

Challan No. _____ to _____

ESQ (3) 900 edsapqzapp OVR 14:40 27.07.2020

Select respective material document number and click create challan number

Subcontracting Challan/Invoice (India)



Create Challan Create Invoice Processing Log

Subcontractor	Year	Material	Challan No.	Quantity	Unit	Mat. Posting Date	Plant	Mat. Type	Sp. Stock Ind.
300030	2020	AMCO INDUSTRIAL VALVES		1	PF	21.01.2020	SNM4	S41	0
31	2020	00000000000013571		1	PF	21.01.2020	SNM4	S41	0
424203	2020	SAHOLA LAMINATIONS		1	KG	21.01.2020	SNM4	S41	0
35	2020	00000000000013572		1	KG	21.01.2020	SNM4	S41	0

ESQ (3) 900 edsapqzapp OVR 14:40 27.07.2020

Print Preview of LOCA Page 00001 of 00003

Archive Print and Archive

		E.I.D. - Parry (India) Limited NELLIKUPPAM - 607105 33						
DELIVERY CHALLAN FOR JOB WORK				ORIGINAL JOB WORK				
Challan Number : 707012739 Date of Challan : 21.01.2020 PO Number : 80949500 Material Document : 38 Year : 2020 Material DocYear : 2020 Mode of Trans: : By road Shipment No & Truck : Vehicle No : Doc Header Text :		Dispatched From (SNKM) Name : EID Sugar-Nellikuppam GSTIN : 33AAACE0702C1ZO Address : NELLIKUPPAM 607105 NELLIKUPPAM SUGAR FACTORY, State : Tamil Nadu State Code :		Details of Job worker Vendor No. : 42403 Name : BAHOLA LABORATORIES GSTIN : 33AAEPC4105A1ZU Address : NO.30, BAKTHAPURI STREET, KUMBAKONAM 612001 State : Tamil Nadu State code :				
Material sent without payment of taxes for Job work								
S.No	Material No	Description	HSN	Batch No	QTY	Unit	Rate	Amount
1	13880	SMR094		26122019	2.00	K G	45.68	91.36
2	13872	CMD092		26122019	2.00	K G	40.00	80.00
Total								171.36

SAP

8.0 Goods Inward

T.Code : MIGO

Enter Batch for all line item, storage location, Employee code and check "Item Ok" and save

Goods Receipt Purchase Order 80949500 - MANT

Show Overview | Hold | Check | Post | Help

A01 Goods Receipt | R01 Purchase Order | Plant | GR goods receipt | 101

General | Vendor | **GR** | Extra-Info

GRN Prepared By: Emp.Code: 2000024
 Port code: | CIF Value: |
 Bill Of Entry: | Bill Of Entry Date: |

Line	St...	Material	Mat. Short Text	OK	Qty in UnE	E...	Stoc	Cost Center	Order	WBS Element
1		000000000000013872	PARRYSPORE FORMER HT1	<input checked="" type="checkbox"/>	1	KG	Main Store A God			
1		000000000000013880	SMR094	<input checked="" type="checkbox"/>	2	KG				
1		000000000000013880	SMR094	<input checked="" type="checkbox"/>	3	KG				

Material | Quantity | Where | Purchase Order Data | Partner | Batch | Account Assignment

Movement type: 101 | GR goods receipt | Stock type: Unrestricted-Use

Plant: EID Sugar-Heikkalam | Storage location: Main Store A God | Goods receipt: | Unloading Point: |

Document is O.K. | SAP | ESQ (3) 900

Material document 39 posted

9.0 Challan Reconciliation

T.Code : J1IGRECON

Enter GRN number and financial year and check manual and execute.

Quantity Reconciliation for Subcontracting Challans (India)

Back | Reconcile

Material Document: 39
 Material Document Year: 2020

Processing

First In, First Out (FIFO)
 Manual

Subcontracting Challan: 707012739

Reconciliation details have been saved

10.0 GRN PRINT

GRN Sheet Print

T.Code : ZGRN_PRINT_NEW

Enter GRN number and financial year to view and print the respective service entry sheet


New GRN print format

Material Document Number: 39

Material Document Year: 2020

Print Preview of LOCA Page 00001 of 00001

Archive Print and Archive


 00000000392020

E.I.D. - PARRY (INDIA) LIMITED Page:1 of 1
GOODS RECEIPT NOTE

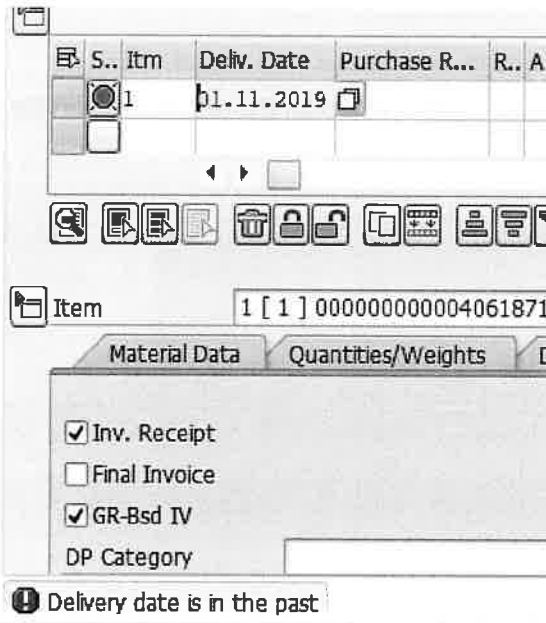
Material Doc.no: 39 Material Doc.Year: 2020 Document Date: 21.01.2020 Print Date -21.01.2020 Print Time - 16:33:31

PurchaseOrder No:80949500 Posting Date:21.01.2020 Invoice No/Date:
 Bill of Lading: Created By:MANI Created On:21.01.2020
 Business Area:SNKM Document Number:10037235
Vendor : 424203 , BAHOLA LABORATORIES
 KUMBAKONAM 612001

SN	Mat Code	Mat Desc	UOM	Rate/Unit	Recv (Qty)	Accp (Qty)	Rej (QTY)	Amt (INR)
1	PPFHT1	PARRYSPORE FORMER HT1	1 KG	1000.00	1.000	1.000	0.000	
		Basic Price						1000.00
		DP-Purchase Tax exempted						
		T O T A L						1,000.00
		Grand Total						1000.00

11.0 Validation

1. Past delivery date not allowed



S..	itm	Deliv. Date	Purchase R...	R..	A
	1	01.11.2019			

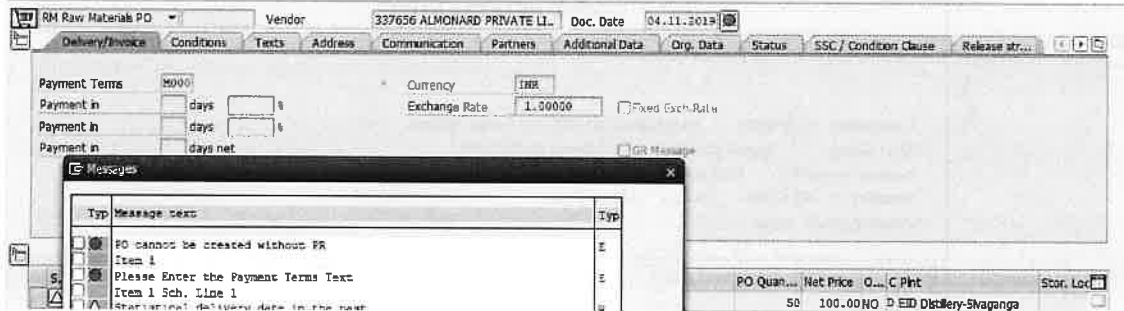
Item: 1 [1] 000000000004061871

Material Data | Quantities/Weights | D

Inv. Receipt
 Final Invoice
 GR-Bsd IV
 DP Category

Delivery date is in the past

2. Payment text is mandatory for payment term "M000"



RM Raw Materials PO | Vendor: 337656 ALMONARD PRIVATE LI. | Doc. Date: 04.11.2019

Payment Terms: M000 | Currency: INR | Exchange Rate: 1.00000

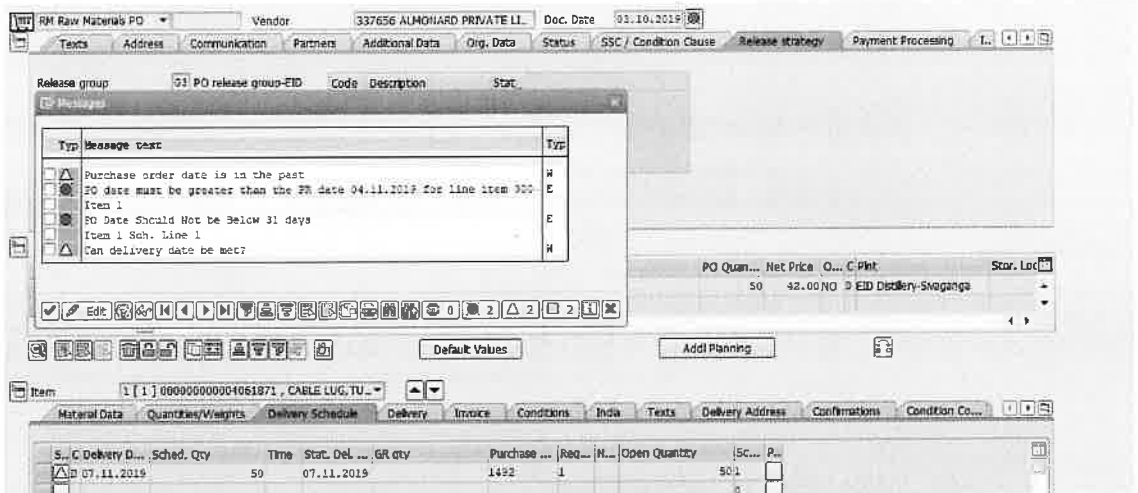
Messages:

Typ	Message text	Type
E	PO cannot be created without PR	E
E	Item 1	E
E	Please Enter the Payment Terms Text	E
E	Item 1 Sch. Line 1	E
E	Payment term delivery date in the past	E

PO Quant... | Net Price | C... | C.Pht | Stor. Loc

50 | 100.00 NO | D | EID Distillery-Sivaganga

3. Po Date should not be below 31 days

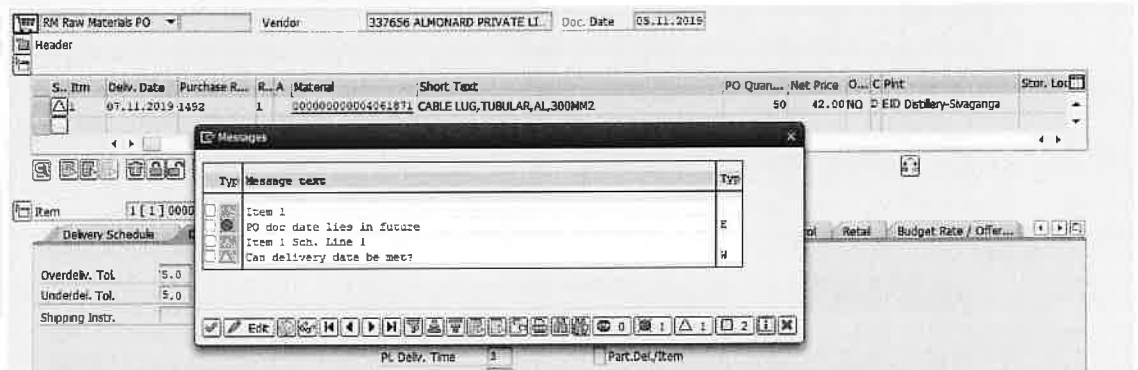


The screenshot shows the SAP RM Raw Materials PO interface for Vendor 337656 ALMONARD PRIVATE LI. The document date is 03.10.2019. A message box is open, displaying the following messages:

Typ	Message text	Typ
E	Purchase order date is in the past	E
E	PO date must be greater than the PO date 04.11.2019 for Line item 300	E
E	Item 1	E
E	PO Date Should Not be Below 31 days	E
E	Item 1 Sch. Line 1	E
H	Can delivery date be met?	H

Below the messages, the PO details are visible: PO Quantity 50, Net Price 42.00, and Plant EID Distillery-Svaganga.

4. PO should not be in future date



The screenshot shows the SAP RM Raw Materials PO interface for Vendor 337656 ALMONARD PRIVATE LI. The document date is 09.11.2019. A message box is open, displaying the following messages:

Typ	Message text	Typ
E	Item 1	E
E	PO doc date lies in future	E
E	Item 1 Sch. Line 1	E
H	Can delivery date be met?	H

The background shows the PO header with Item 1, Delivery Date 07.11.2019, and Purchase Requisition 1492. The material is CABLE LUG,TUBULAR,AL,300MM2.

5. Tolerance limit can be up to 5%

Local PO 80000008 Created by EID-COF CORE TEAM CHENNAI

Document Overview On | Print Preview | Messages | Personal Setting

NB Local PO Vendor: 340777 S S RESHELLERS PVT. L. Doc. Date: 06.09.2019

S. Item	Delv. Date	Purchase R...	R... A	Material	Short Text	PO Quan...	Met Price	Q...	C/Pint	Stor. Loc
1	07.09.2019	1		00000000004305765	SLEEVE TYPE MILL ROLLER WITH SHAFT	2	.,000.00	NO	D EID Sugar-Nelkuppam	

Messages

Type	Message text	Typ
	DocHeader	E
	Tolerance limit can be up to 5t only-line item 0001	E

6. Please select tax code from table

Create Purchase Order

Document Overview On | Hold | Print Preview | Messages | Personal Setting

NB Local PO Vendor: 347798 BREEZE N FREEZE Doc. Date: 05.09.2019

Incoterms Version: Incoterms: Incoterms Location 1: NKM Incoterms Location 2:

S. Item	A I	Material	Short Text	PO Quantity
1		000000000000	3AF Breaker bottom fln.	

Messages

Type	Message text	Typ
	PO cannot be created without PR for ERSA material	E
	Item 1	E
	Please select Tax Code from list for line item 00001	E

Item: 1 [1] 000000000004000111, 3AF Breaker b...

Material Data | Quantities/Weights | Delivery Schedule | Delivery | Invoice | Conditions | India | Texts | Delivery Address | Confirmations | Condition Co...

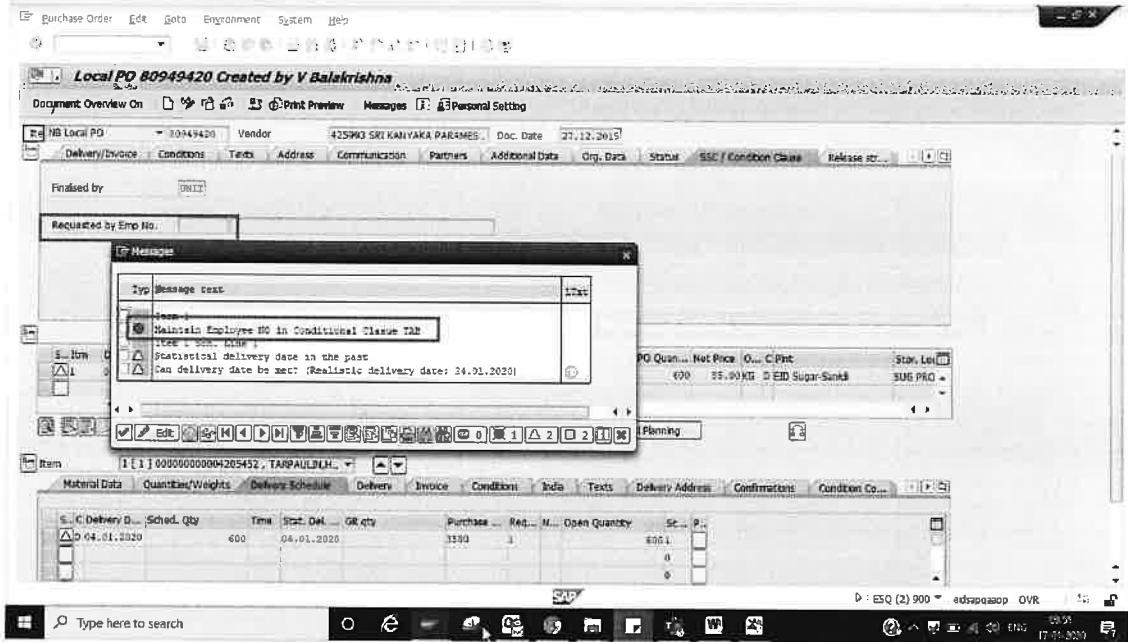
Inv. Receipt Final Invoice QR-Rsl IV DP Category: Tax Code: 12 Taxes

SAP | ESQ (1) 900

7. Vendor blocked for condition line item

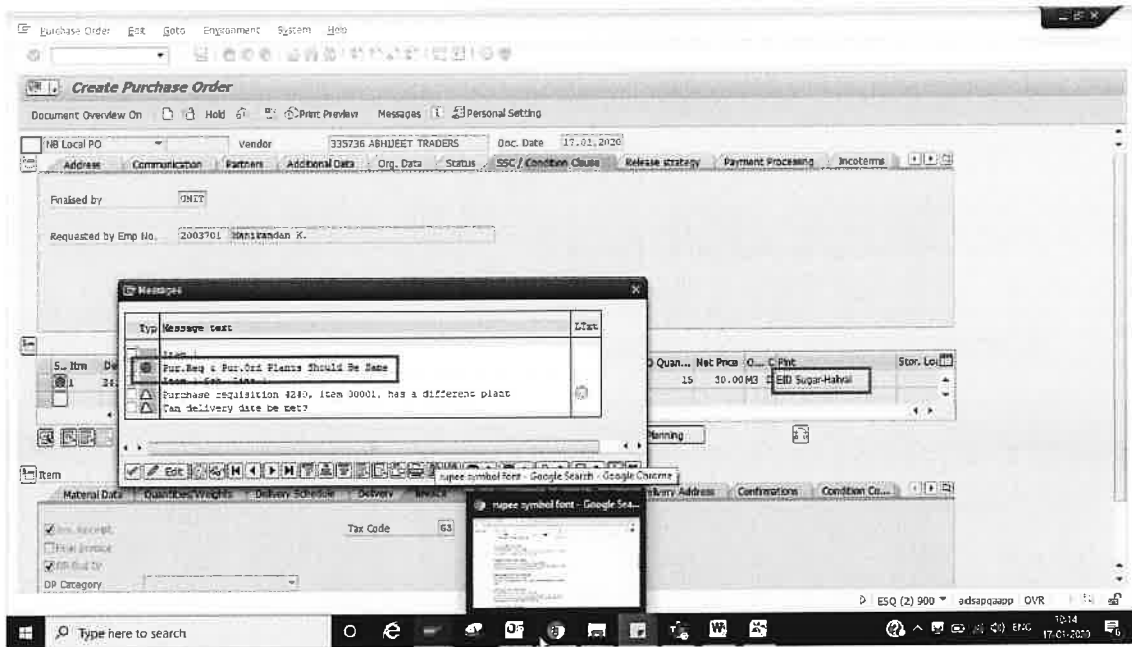
8. PR Not released cannot be used for PO creation

9. Maintain finalized by in condition clause tab



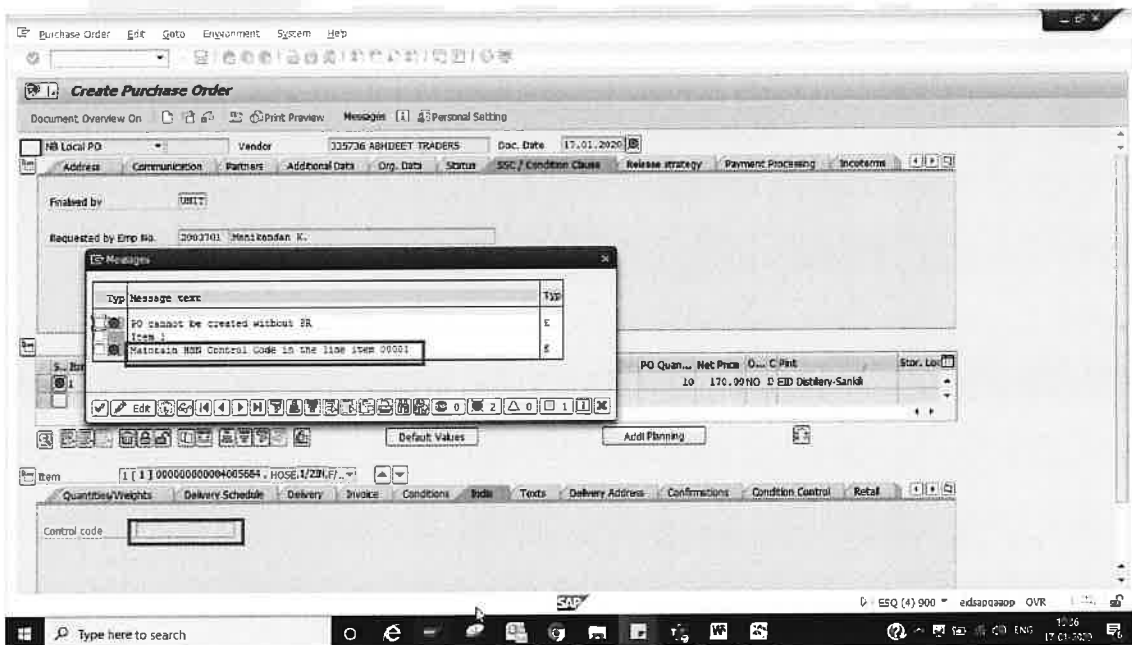
10. Purchase request and purchase order plant to be same

E.L.D - PARRY (INDIA) LIMITED



11. Gate pass has been entered, so don't change the quantity

12. HSN/SAC code is mandatory

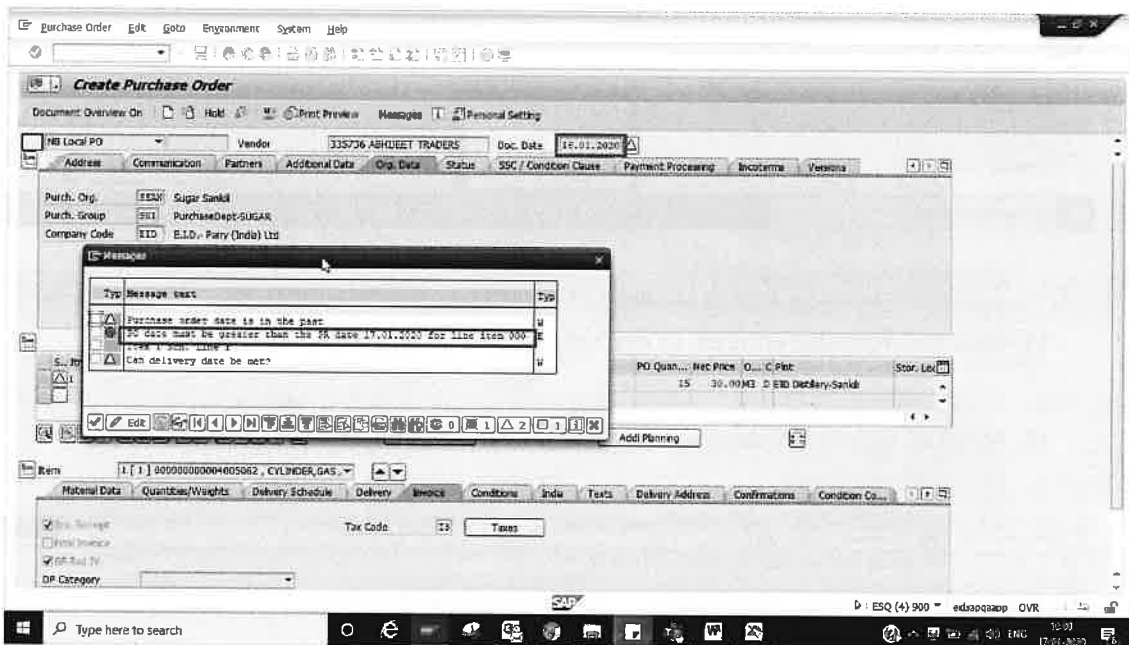


13. GRIR clearing pending for XXXX profit center, Hence further PO is not allowed

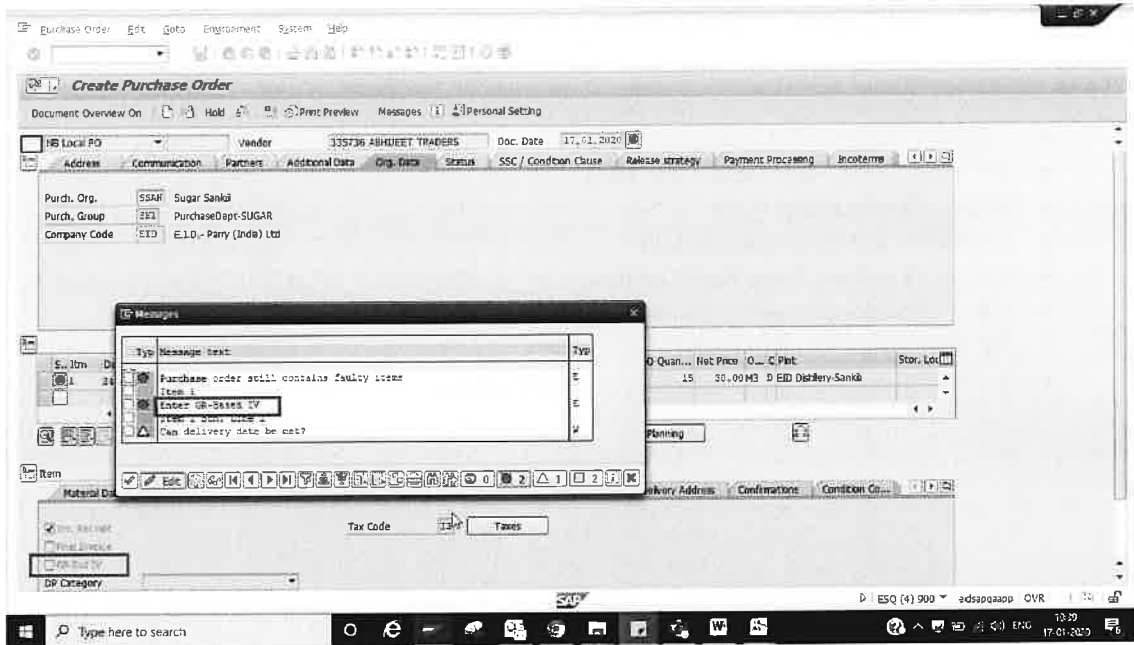
14. Net price cannot be changed for line item

15. Tax code cannot be changed for line item

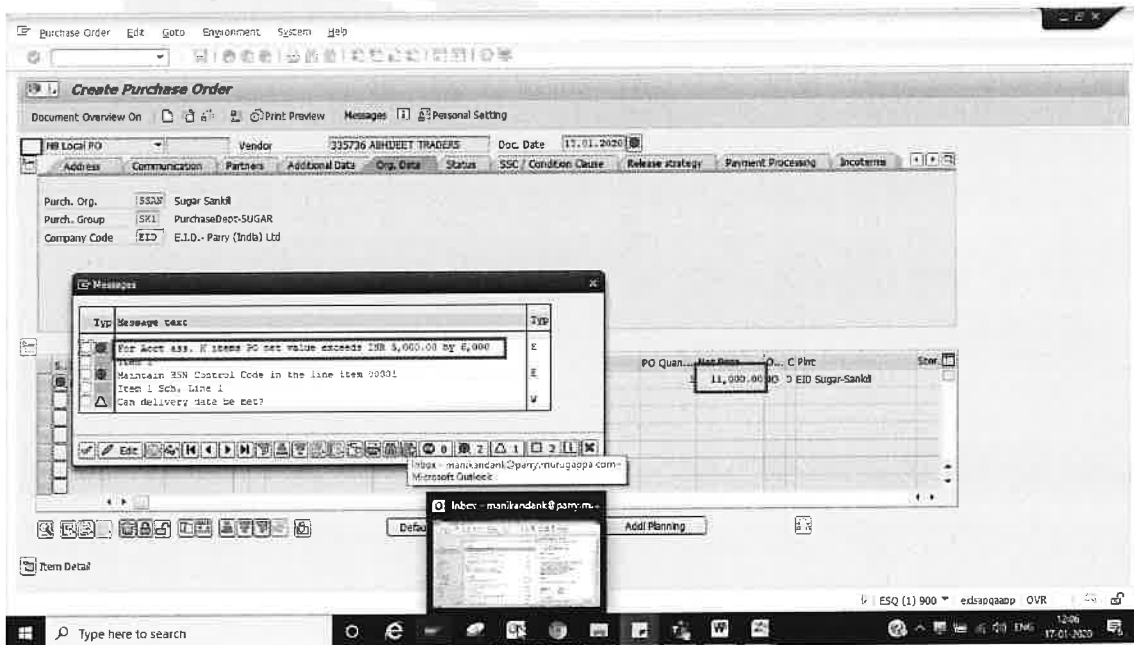
16. PO date must be greater than PR date



17. PI enable GR based invoice verification



18. For account assignment "K" type, PO net value should not exceed Rs. 5000



13. Report

- ME2M – Material Purchase order list
- ZPOPRINTNEW – Purchase order print
- ZPDB – Purchase day book
- ME80FN – Purchase order details
- MC\$G – Purchase value based analysis
- MC\$I – Purchase quantity based analysis
- MC\$4 – Purchase value analysis by vendor
- MC\$0 – Purchase value analysis by purchase group

IDT Team

