

1. Structure of GST in India and its Governing Laws

GST shall be dual levy in India with both Centre and State government levying respective GST parallelly on all intra state supplies. Thus, on every intra state supply, Central GST and respect State GST shall apply. In case of inter state supplies, the right to impose tax has been reserved by the Centre. The understanding can be shown as under:



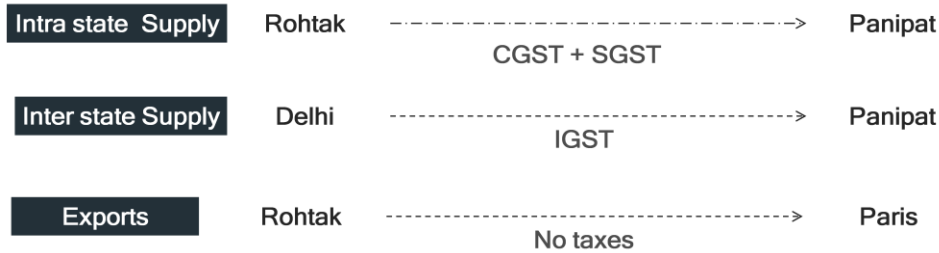
Laws governing GST in India

The following laws shall be enacted for levy and collection of GST by Centre and States in India:

Name of Tax to be levied	Governing Act	Governed by	Number of Acts in India	Governs
Central GST	Central GST Act	Central Government	One	Levy of Centre's portion of GST in case of intra state Supply
(Name of State) GST e.g. Delhi GST, Haryana GST etc	(Name of State) GST Act e.g. Delhi GST Act, Haryana GST Act, Maharashtra GST Act etc	Respective State Governments	One for each state (State includes UT with legislature) = 29+2 = 31 Acts	Levy of State's portion of GST in case of intra state Supply
Integrated GST	Integrated GST Act	Central Government	One	Levy of GST in case of inter state Supply

Each of the above acts governs certain part of the transaction and together govern the levy and collection of GST in India. Though the Acts are different, their respective scope is abundantly clear. The levy of different acts is explained by way of the following diagram:

Supply of Goods/ Services



Scheme of Model Central GST Law

Central GST Act comprises of XXVII Chapters which consist 197 Section and 5 Schedules. The broad scheme of the Act is as follows:

Chapter	Sections	Topics
I	1-3	Short title, Definition and meaning and scope of Supply
II	4-7	Administration structure
III	8-11	Levy and Exemption from GST
IV	12-15	Time of supply, Change in rate and Value of Supply
V	16-22	Input Tax Credit
VI	23-27	Registration, Amendment and cancellation
VII	28-31	Tax invoice, Debit and credit Notes
VIII	32-43	Returns
IX	44-46	Payment of Tax, Interest and TDS
X	47	Transfer of Input Tax Credit
XI	48-52	Refunds
XII	53-54	Accounts and Records
XIII	55	Job Work
XIV	56	Electronic Commerce
XV	57-62	Assessment
XVI	63-65	Audit
XVII	66-78	Demands and Recovery including period of limitation
XVIII	79-84	Inspection, Summons, Search, Seizure, Arrest
XIX	85-91	Offences and Penalties
XX	92-97	Prosecution and Compounding of offences
XXI	98-112	Appeals and Revision
XXII	113-124	Advance Ruling
XXIII	125-126	Presumption as to Documents
XXIV	127-136	Liability in case of transfer, amalgamation, liquidation etc
XXV	137-163	Miscellaneous Provisions
XXVI	164	Repeals and Savings
XXVII	165-197	Transitional Provisions

Apart from the above law, there would be different other set of Rules and documents to assist a tax payer. Currently, the following Rules/ documents are in public domain:

- Draft Goods and Services Tax – Refund Rules

- Draft Goods and Services Tax – Registration Rules
- Draft Goods and Services Tax – Invoice Rules
- Draft Goods and Services Tax – Payment Rules
- Draft Goods and Services Tax – Return Rules
- GST Valuation (Determination of the Value of Supply of Goods and Services) Rules, 2016
- Report of the Joint Committee on Business Processes for GST on Refund Process
- Report of the Joint Committee on Business Processes for GST on Registration
- Report of the Joint Committee on Business Processes for GST Payment Process
- Report of the Joint Committee on Business Processes on Returns

2. Scheme of Model State GST Law

Model State GST Law is similar to Central GST law and contains XXVII Chapters which consist 197 Section and 5 Schedules. The broad scheme of the Act is almost same and is as follows:

Chapter	Sections	Topics
I	1-3	Short title, Definition and meaning and scope of Supply
II	4-7	Administration structure
III	8-11	Levy and Exemption from GST
IV	12-15	Time of supply, Change in rate and Value of Supply
V	16-22	Input Tax Credit
VI	23-27	Registration, Amendment and cancellation
VII	28-31	Tax invoice, Debit and credit Notes
VIII	32-43	Returns
IX	44-46	Payment of Tax, Interest and TDS
X	47	Transfer of Input Tax Credit
XI	48-52	Refunds
XII	53-54	Accounts and Records
XIII	55	Job Work
XIV	56	Electronic Commerce
XV	57-62	Assessment
XVI	63-65	Audit
XVII	66-78	Demands and Recovery including period of limitation
XVIII	79-84	Inspection, Summons, Search, Seizure, Arrest
XIX	85-91	Offences and Penalties
XX	92-97	Prosecution and Compounding of offences
XXI	98-112	Appeals and Revision
XXII	113-124	Advance Ruling
XXIII	125-126	Presumption as to Documents
XXIV	127-136	Liability in case of transfer, amalgamation, liquidation etc
XXV	137-163	Miscellaneous Provisions
XXVI	164	Repeals and Savings
XXVII	165-197	Transitional Provisions

Difference between Central and State GST laws

Though almost all sections are same, the following Sections are differently worded between the proposed Central GST Act and State GST Act:

Section 4 – The administration provisions as provided for Centre is different from that of the State. While the administration of The proposed Central Goods And Services Tax Act, 2016 is proposed to be headed by CBEC (proposed to be renamed as CBIT – Central Board of Indirect Taxes), administration of proposed State Goods And Services Tax Act, 2016 is proposed to be entrusted with Commissioner.

Section 35 - This Section provides difference in application of available Central GST and State GST towards their respective output liabilities or output IGST.

Section 98-112 - Sections relating to Appeal are different in principle between the proposed Central Goods And Services Tax Act, 2016 and proposed State Goods And Services Tax Act, 2016. The proposed Central Goods And Services Tax Act, 2016 provides for appeal before Commissioner (Appeals) whereas proposed State Goods And Services Tax Act, 2016 provides for revision of order of lower authority by Commissioner. Accordingly, proposed Central Goods And Services Tax Act, 2016 does not have Sections 84 to Section 93 which are specific to proposed State Goods And Services Tax Act, 2016.

Other than above, with minor corresponding changes in terms of their applicable taxes, both the Acts are same.

Scheme of Model Integrated GST Law

The proposed Integrated Goods And Services Tax Act, 2016 consists of 11 Chapters comprising of 24 Sections. The broad scheme of the Act is as follows:

Chapter	Sections	Topics
I	1-2	Short title and Definitions
II	3-4	Principles for determining Supply of Goods and/or services in the Course of Inter state Trade or Commerce
III	5-6	Levy and Collection of IGST
IV	7-10	Provision for determination of Place of Supply of Goods and/ or Services
V	11-12	Payment of Tax, interest, penalty and other amounts
VI	13-14	Input tax Credit
VII	15	Apportionment of Tax and settlement of funds between Centre and States
VIII	16	Zero Rated Supply
IX	17-20	Miscellaneous provisions relating to application of provision of proposed Central Goods And Services Tax Act, 2016 to The proposed Integrated Goods And Services Tax Act, 2016,

		Power to make rules etc.
X	21	Transitional Provisions
XI	22-24	Administration

3. Understanding the proposed GST Law

In brief we hereunder discuss the key features of the Model GST law and the reference of the Chapters wherein detail of such modules can be found. We shall try to address the following queries in this brief of GST law:



We shall now discuss the above questions in detail in following paragraphs.

Extent of Levy

The proposed Central Goods and Services Tax Act, 2016 and the proposed Integrated Goods And Services Tax Act, 2016 shall apply to entire India including the state of Jammu and Kashmir. The proposed State Goods and Services Tax Act, 2016 shall be enacted by each state and shall apply to territorial jurisdiction of each of such state. It is pertinent to mention that for the purpose of GST, every Union territory which has a legislature shall be considered as a State.

4. What is taxable in GST

Every taxable supply of Goods or Services is exigible to GST. The levy is based on three key terms – supply, goods and services, which are explained as under.

Supply

Supply has not been defined in specific manner but is an inclusive definition. The term encompass three main types of supplies viz.,

- all supplies made in course or furtherance of business or commerce for consideration. Consideration received can be in the form of monetary payment or payment in kind (barter).
- importation of services for a consideration or not and whether for business or for personal purpose.
- all supplies made without consideration as specified in Schedule I to the The proposed Central Goods And Services Tax Act, 2016 or proposed State Goods And Services Tax Act, 2016.

Certain activities as specified in Schedule III shall be treated neither as a supply of goods nor a supply of services:

- services by an employee to the employer in the course of or in relation to his employment;
- services by any Court or Tribunal established under any law for the time being in force
- functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities
- duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity
- duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause
- services by a foreign diplomatic mission located in India
- services of funeral, burial, crematorium or mortuary including transportation of the deceased.

Goods

“Goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under the contract of supply.

Also, while alcohol has been excluded from the purview of GST, it has been suggested that five petroleum products shall be subsumed later in GST regime.

Services

“Services” mean anything other than goods. Traditional services include services of Engineer, chartered Accountants, architects etc. Electronically supplied services include services of software driven services or services of aggregator, online database management etc. More complicated types of Services which have been identified in recent times include refraining from doing something and the granting and surrendering of a right, intangibles, etc. Thus, services would include any service per se and anything which does not fall within the ambit of goods.

The explanations added to the definition provide that services will include transaction in money, but will not include money and securities. Further, services will not include transaction in money other than an activity relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

5. At what rate shall goods and services would be taxable under GST

While it has been suggested that the rate of GST should be uniform all across India, the same seems more unlikely looking into the local compulsions of various states. Even otherwise, a single rate of GST has not been proposed and thus, there shall be different rates which have been suggested for GST. Four slab rates have been proposed:

	Proposed GST Rates
Lower Rate	6%
Standard Rate 1	12%
Standard Rate 2	18%
Higher Rate	26%

It is proposed that 50% of the essential goods and services would be exempted from GST. Already 300 items in the Centre and nearly 80 items in the states enjoy exemption.

6. Who shall be liable to pay GST

While the ultimate burden of an indirect tax is to be borne by the consumer, the responsibility to collect and deposit in such cases rests with the supplier. Thus Supplier as provided in Schedule III of Model GST Acts shall be liable for collection and deposit of GST.

Taxable Person means a person who carries on any business at any place in India in case of proposed Central Goods And Services Tax Act, 2016 or respective State in case of proposed State Goods And Services Tax Act, 2016 and who is registered or required to be registered under Schedule V of this Act. Thus, in case a person is not carrying any business, he shall not be called a taxable person and no liability as a supplier of output service can be fastened on such person. The following category of persons have been specified in Schedule III who shall require to obtain registration and pay GST under the new regime:

- Supplier making supplies above basic threshold Limit: Every supplier shall be liable to be registered under this Act in the State from where he makes a taxable supply of goods and/or services if his aggregate turnover in a financial year exceeds Rs twenty lakh. This threshold of Rs. ten lakh will apply only if the taxable person conducts his business in any of the Special Category States or States specified in Article 279A(4)(g) of the Constitution.
- Persons already registered under an earlier law which are subsuming in GST
- Transferee, or the successor of a business
- Transferee in case of amalgamation or de-merger
- Persons making any inter-State taxable supply
- Casual taxable persons
- Persons who are required to pay tax under reverse charge
- Electronic Commerce operators liable to pay tax under section 8(4)
- non-resident taxable persons
- persons who are required to deduct tax under section 46
- persons who are required to collect tax under section 56

- persons who supply goods and/or services on behalf of other registered taxable persons whether as an agent or otherwise, irrespective of the threshold specified under paragraph 1
- input service distributor
- persons who supply goods and/or services, other than supplies specified in section 8(4), through electronic commerce operator
- every electronic commerce operator
- person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered taxable person
- such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council.

All the above persons (except in the first case) are required to obtain registration irrespective of their turnover. Such taxable persons shall be required to pay GST under the proposed law. Further,

However, there are certain persons who are excluded from the definition of Taxable persons and thus, even when such persons are engaged in business and makes supply, they shall not be classified as taxable person for all GST Acts. Such persons as are excluded are:

- Agriculturist for the purpose of agriculture:
- Persons who are required to be registered under Schedule V but have a turnover less than 20 Lakhs [10 Lakhs in Special Category States and States mentioned in Article 279A(4)(g) of the Constitution]
- any person engaged in the business of exclusively supplying goods and/or services that are not liable to tax under this Act

Specified persons shall be required to pay GST under reverse charge

As per Section 8(3) of the proposed Acts, Central or State Governments have been empowered under the proposed Acts to specify categories of supply of goods and/or services the tax on which is payable on reverse charge basis and the tax thereon shall be paid by the person receiving such goods and/or services. Thus, only in case of reverse charge, persons other than Taxable persons can be required to pay GST.

Payment of GST by Government

Central Government, a State Government or any local authority shall be regarded as a taxable person in respect of activities or transactions in which they are engaged as public authorities other than the activities or transactions as specified in Schedule IV to the two Acts.

7. When shall GST be paid

GST shall be payable when the time of supply of goods and/ or services shall arise. Thus, the time of supply in such cases is not perfectly coinciding with physical supply but a deeming fiction to such time of supply has been created under Section 12 and 13 of the proposed Central Goods And Services Tax Act, 2016 and proposed State Goods And Services Tax Act, 2016 Acts. Usually the person shall be liable to paying the tax in the month succeeding the month in which the time of supply with respect to such supply falls.

Time of Supply of Goods:

Generally, time of supply of movable goods shall be earliest of the following:

- the date on which the supplier issues the invoice with respect to the supply or the last date on which he is required to issue the invoice with respect to the supply as per Section 28; or
- the date on which the supplier receives the payment with respect to the supply; or

As per section 28, a registered taxable person supplying taxable goods shall issue a tax invoice, before or at the time of –

- removal of goods for supply to the recipient, where the supply involves movement of goods, or
- delivery of goods or making available thereof to the recipient, in any other case.

Time of supply shall be different in case of, reverse charge liability, , supply of vouchers etc.

Time of Supply of Services:

Generally, time of supply of services shall be earliest of the following:

- the date of issue of invoice or the last date on which he is required to issue the invoice with respect to the supply as per Section 28; or
- the date on which the supplier receives the payment with respect to the supply

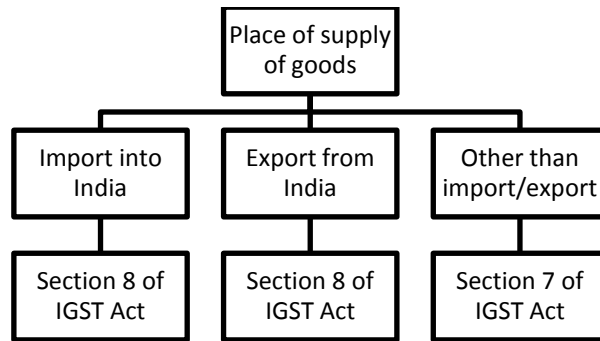
As per section 28, a registered taxable person supplying taxable services shall, before or after the provision of service but within a period prescribed in this behalf, issue a tax invoice.

Time of supply of services shall be different in case of reverse charge liability, supply of vouchers etc. Also, change of rate of tax in case of goods and services is also provided by Section 14 of the Model GST Act.

8. What shall be the Place of Supply?

Place of supply determines the place (the State) where the GST shall be received by the government treasury. It is pertinent to note that in the proposed regime, though taxes will travel to different states, tax payers would not be troubled with the liability of obtaining registration and undertaking compliances at all locations where their place of supply is established. If the Supplier and place of supply are in same state, it shall be an intra state supply and CGST and SGST shall be collected by respective government in the state from the supplier. However, in case the Supplier is registered in state A and place of supply falls in other state, it shall be called an inter state supply and GST shall be transferred to the receiving state by the mechanism of IGST. Thus, it is very important to understand the place of supply as to in which state does it exactly falls. Sections 7 to 10 of Model Integrated Goods And Services Tax Act details the provisions for place of supply. We have summarized the provisions hereunder for ready reference.

Place of Supply in case of Goods



<u>Transaction</u>	<u>Section</u>	<u>Place of Supply</u>
Where the supply involves movement of goods	Section 7(2)	location of the goods at the time at which the movement of goods terminates for delivery to the recipient
Where the goods are delivered by the supplier to a recipient or any other person, on the direction of a third person	Section 7(3)	Place of supply of such goods shall be the principal place of business of such third person
Where the supply does not involve movement of goods	Section 7(4)	Location of such goods at the time of the delivery to the recipient
Where the goods are assembled or installed at site	Section 7(5)	place of such installation or assembly
Where the goods are supplied on board a conveyance	Section 7(6)	Location at which such goods are taken on board.
Goods imported into India	Section 8(1)	Location of the importer
Goods exported from India	Section 8(2)	Location outside India

Place of Supply in case of Services

		Location of Service Provider	
		In India	Outside India
Location of service recipient	In India	Section 9 of IGST Act	Section 10 of IGST Act
	Outside India	Section 10 of IGST Act	No tax shall be applicable (exemption awaited)

<u>Transaction</u>	<u>Section</u>	<u>Place of Supply in case of supply to registered person</u>	<u>Place of Supply in case of supply to other than registered person</u>
General Rule	Section 9(2), 9(3)	Location of such registered person	Location of recipient where the address on record exists, and

			Location of the supplier of services in other cases
<p>Supply of services:</p> <ul style="list-style-type: none"> • in relation to an immovable property including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction • work • by way of lodging accommodation by a hotel, inn, guest house, homestay, club or campsite, by whatever name called and including a house boat or any other vessel, or • by way of accommodation in any immovable property for organizing any marriage or reception or matters related therewith, official, social, cultural, religious or business function including services provided in relation to such function at such property, or • any services ancillary to the services referred to in clause (a), (b) and (c), 	Section 9(4)	Location at which the immovable property or boat or vessel is located or intended to be located.	Location at which the immovable property or boat or vessel is located or intended to be located.
Restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery	Section 9(5)	Location where the services are actually performed.	Location where the services are actually performed.
Services in relation to training and performance appraisal	Section 9(6)	Location of such recipient	location where the services are actually performed
Service provided by way of	Section	Location where such	Location where such

admission to a cultural, artistic, sporting, scientific, educational, or entertainment event or amusement park or any other place and services ancillary thereto	9(7)	event is actually held or where the park or such other place is located	event is actually held or where the park or such other place is located
supply of services provided by way of— (a) organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of service in relation to a conference, fair, exhibition, celebration or similar events, or (b) services ancillary to organization of any of the above events or services, or assigning of sponsorship of any of the above events,	Section 9(8)	Location of such recipient	location where the event is actually held
services by way of transportation of goods	Section 9(9)	Location of such recipient	location at which such goods are handed over for their transportation
supply of passenger transportation service	Section 9(10)	Location of such recipient	place where the passenger embarks on the conveyance for a continuous journey
services on board a conveyance	Section 9(11)	location of the first scheduled point of departure of that conveyance for the journey	location of the first scheduled point of departure of that conveyance for the journey
telecommunication services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna	Section 9(12)	location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services	location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services
telecommunication services in case of mobile connection for telecommunication and internet services provided on post-paid basis	Section 9(12)	location of billing address of the recipient of services on record of the supplier of services	location of billing address of the recipient of services on record of the supplier of services
telecommunication services in cases where mobile	Section 9(12)	location where such pre-payment is	location where such pre-payment is

connection for telecommunication and internet service are provided on pre-payment through a voucher or any other means		received or such vouchers are sold	received or such vouchers are sold
Other telecommunication services	Section 9(12)	Address of the recipient as per records of the supplier of service	Address of the recipient as per records of the supplier of service
banking and other financial services including stock broking services	Section 9(13)	location of the recipient of services on the records of the supplier of services	location of the recipient of services on the records of the supplier of services
banking and other financial services including stock broking services when not linked to the account of the recipient of services	Section 9(14)	location of the supplier of services	location of the supplier of services
place of supply of insurance services	Section 9(15)	location of such person	location of the recipient of services on the records of the supplier of services
Place of Supply in case provider or recipient is outside India.			
General Rule	Section 10(2)	Location of the recipient of services. If it is not available in the ordinary course of business, location of the supplier of service	
services supplied in respect of goods that are required to be made physically available by the recipient of service to the supplier of service, or to a person acting on behalf of the supplier of service in order to provide the service	Section 10(3)	Location where the services are actually performed	
such services are provided from a remote location by way of electronic means	Section 10(3)	Location of goods at the time of supply of services	
services supplied to an individual, represented either as the recipient of service or a person acting on behalf of the recipient, which require the physical presence of the receiver or the person acting on behalf of the recipient, with the supplier for the supply of the service	Section 10(3)	Location where the services are actually performed	

services supplied directly in relation to an immovable property, including services supplied in this regard by experts and estate agents, supply of hotel accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including architects or interior decorators	Section 10(4)	Location where the immovable property is located or intended to be located
services supplied by way of admission to, or organization of, a cultural, artistic, sporting, scientific, educational, or entertainment event, or a celebration, conference, fair, exhibition, or similar events, and of services ancillary to such admission	Section 10(5)	Location where the event is actually held
service referred to in sub-sections (3), (4), or (5) is supplied at more than one location, including a location in the taxable territory	Section 10(6)	Location in the taxable territory where the greatest proportion of the service is provided
services referred to in sub-sections (3), (4), (5) or (6) are supplied in more than one State	Section 10(7)	each of the States in proportion to the value of services so provided in each State as ascertained from the terms of the contract or agreement entered into in this regard or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf
services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders	Section 10(8)	Location of the supplier of services
intermediary services	Section 10(8)	Location of the supplier of services
services consisting of hiring of means of transport other than aircrafts and vessels except	Section 10(8)	Location of the supplier of services

yachts, upto a period of one month		
services of transportation of goods, other than by way of mail or courier	Section 10(9)	Place of destination of the goods
passenger transportation service	Section 10(10)	Place where the passenger embarks on the conveyance for a continuous journey
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	Section 10(11)	First scheduled point of departure of that conveyance for the journey
online information and database access or retrieval services	Section 10(12)	Location of recipient of service

9. On what shall GST be paid – Valuation of Supplies

The concept of Value of taxable supplies is an essential component of tax payment as GST shall be levied only on the value of a taxable supply. The valuation of taxable supply is determined by Section 15 of the Model GST Law read with GST Valuation (Determination of the Value of Supply of Goods and Services) Rules, 2016. The importance of these Rules augments in cases where the supplies have taken place between related parties.

As per Section 15, value of a supply of goods and/or services shall be the transaction value, that is the price actually paid or payable for the said supply of goods and/or services where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

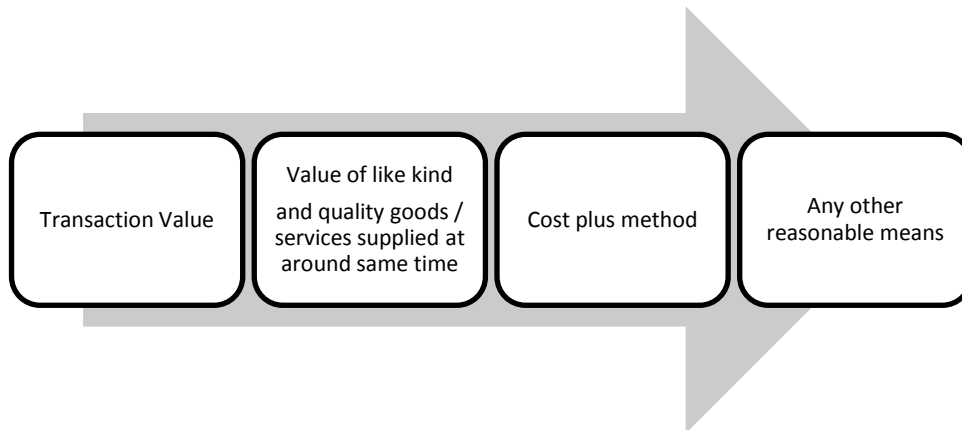
The Section further provides that the transaction value shall include the following components:

- a. taxes, duties, cesses, fees and charges levied under any statute, other than the SGST Act/the CGST Act and the Goods and Services Tax (Compensation to the States for Loss of Revenue) Act, 2016, if charged separately by the supplier to the recipient
- 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 and/or services
- c. incidental expenses, such as, commission and packing, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods and/or services at the time of, or before delivery of the goods or, as the case may be, supply of the services
- d. interest or late fee or penalty for delayed payment of any consideration for any supply; and

- e. subsidies directly linked to the price excluding subsidies provided by the Central and State governments. The amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

Further, it is pertinent to note that GST Valuation (Determination of the Value of Supply of Goods and Services) Rules need to be resorted to in order to determine transaction value in following cases:

Determination of Value Rules provides for following methods in case of above transactions:



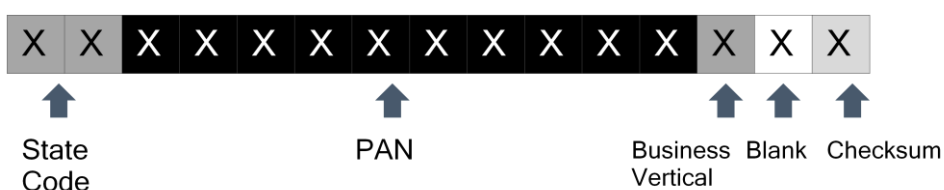
Detail on above topics is provided in Chapter 13 of this book.

10. Registration under GST

Every taxable person shall be required to take registration in the states in which he has a place of business. Though he shall not be required to take separate registration for each of such premises which falls within the same state. Also, a choice has been given to the taxable person that he can obtain separate registration for each of his business segment. Some of the salient features of registration are as under:

- PAN based Registration: PAN will be mandatory
- Unified application to both tax authorities
- To be filed within 30 days
- State-wise registration for entities having presence in more than one State; Need not apply separately for each State
- Deemed approval within three days
- Within a PAN, separate registration for separate business segments possible

Every registered person shall get a GSTIN for each of his registration. GSTIN shall be same for registration under the two Acts. GSTIN is built as under:



For detail on this chapter, please refer Chapter 15 of this book.

11. Payment of Tax under GST

Three taxes viz., CGST, SGST and IGST are required to be paid by each taxable person in GST. It means that three taxes need to be paid by one person in each of the states in which he is registered. Though he can pay all three taxes vide a single challan. A registered taxable person can pay his taxes and other dues in the following manner:



For detail on this chapter, please refer Chapter 16 of this book.

12. Returns under GST Law

Every taxable person as part of his compliance shall also need to file returns with the respective governments. While return for SGST shall be filed with state government, return for CGST and IGST shall be filed with Central government. The following are the prescribed returns and time periods for different taxable persons:

Type of Taxpayer	Returns to be filed	Due date of filing the return
Normal/Regular Taxpayer	GSTR-1/ GSTR-2, GSTR-3 Annual return GSTR-8	10th / 15th / 20th day of the succeeding month
Compounding Taxpayer	GSTR- 4 Annual return GSTR-8	18th day after the end of quarter
Foreign Non-Resident Taxpayer	GSTR-5	7th day after expiry of registration
Input Service Distributor	GSTR- 6	13th day of the succeeding month
Tax Deductor	GSTR-7	10th day of the succeeding month

Annual Return (GSTR-8)

- All Regular and Compounding taxpayers to file Annual Return
- Last date - 31st December following the end of the financial year
- Simpler Annual Return for Compounding taxpayers & those taxpayers who are not required to get their accounts audited
- Annual Return to be accompanied with a statement showing reconciliation of information as per Returns with information as per annual audited accounts
 - Reconciliation statement to be filed by taxpayers who are required to get accounts audited under Section 44AB of the Income Tax Act, 1961

For detail on this chapter, please refer Chapter 17 of this book.

13. Late fees, Penalties and Prosecution under the GST Law

A. Late fees

S. No.	Failure to furnish	Failure under Section	Due date	Late fee under Section	Amount of late fee
1	Details of outward supplies	Section 32	10th of the succeeding month	Section 42	Rs. 100/day Max. Rs. 5000/-
2	Details of inward supplies	Section 33	15th of the succeeding month	Section 42	Rs. 100/day Max. Rs. 5000/-
3	Return	Section 34	20th of the succeeding month	Section 42	Rs. 100/day Max. Rs. 5000/-
4	Final Return	Section 40	3 months from date of cancellation of registration or cancellation order, whichever is earlier	Section 42	Rs. 100/day Max. Rs. 5000/-
5	Annual Return	Section 39	31st December following the end of such FY	Section 42	Rs. 100/day Max. 0.25% of aggregate turnover
6	First Return	Section 35	Unknown	Unknown	Unknown
7	TDS Certificate	Section 46(3)	5 days of crediting the amount deducted to the appropriate Government	Section 46(4)	Rs. 100/day Max. Rs. 5000/-

B. Penalties

Sl. No.	Event	Relevant Section	Penalty under Section	Amount of penalty
1	Taxable person not eligible for composition levy	Section 9	Section 9(4)	Provisions of section 66 and 67 shall apply mutatis mutandis for determination of penalty
2	Failure to furnish information by electronic commerce operator in response to notice	Section 56(10)	Section 56(11)	Upto Rs. 25,000/-

3	Tax not paid, short paid or erroneously refunded for reasons other than fraud, willful misstatement or suppression of facts	Section 66	Section 66(7)	Higher of 10% of tax or Rs. 10,000/-
4	Tax not paid, short paid or erroneously refunded for reasons of fraud, willful misstatement or suppression of facts	Section 67	Section 67(1)	Penalty equivalent to the tax
5	Tax not paid, short paid or erroneously refunded for reasons of fraud, willful misstatement or suppression of facts <i>Payment before service of notice</i>	Section 67	Section 67(4)	Penalty equivalent to 15% of such tax
6	Tax not paid, short paid or erroneously refunded for reasons of fraud, willful misstatement or suppression of facts: <i>Payment within 30 days of notice</i>	Section 67	Section 67(6)	25% of such tax
7	Tax not paid, short paid or erroneously refunded for reasons of fraud, willful misstatement or suppression of facts: <i>Payment within 30 days of order</i>	Section 67	Section 67(9)	50% of such tax
8	Tax collected but not deposited	Section 69(1)	Section 69(2)	Equivalent to the amount mentioned in notice
9	Supply without issue of invoice or issue of incorrect or false invoice	Section 85(1)(i)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
10	Issue of invoice or bill without supply	Section 85(1)(ii)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
11	Tax collected but not deposited within a period of 3 months from the due date	Section 85(1)(iii)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit

12	Tax collected in contravention of the Act but not deposited within a period of 3 months from the due date	Section 85(1)(iv)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
13	Failure to deduct tax or short-deduction or failure to pay deducted tax under Section 46	Section 85(1)(v)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
14	Failure to collect tax at source or short-collection or failure to pay collected tax under Section 56	Section 85(1)(vi)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
15	Taking/ utilisation of input tax credit without actual receipt fully/partially	Section 85(1)(vii)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
16	Fraudulent refund	Section 85(1)(viii)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
17	Taking/distributing input tax credit in violation of Section 21	Section 85(1)(ix)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
18	Falsifying or substituting financial records/ producing fake accounts or documents/ furnishing false information or return with intent to evade payment of tax due	Section 85(1)(x)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
19	Failure to obtain registration	Section 85(1)(xi)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
20	Furnishing false information with regard to particulars specified as mandatory	Section 85(1)(xii)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit

21	Obstruction or prevention of any officer in discharge of his duties under the Act	Section 85(1)(xiii)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
22	Transportation of any taxable goods without the cover of documents as specified	Section 85(1)(xiv)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
23	Suppression of turnover leading to evasion of tax	Section 85(1)(xv)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
24	Failure to keep, maintain or retain books of account and other documents in accordance with the provisions	Section 85(1)(xvi)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
25	Failure to furnish information called for by the officer or furnishing false information/ documents	Section 85(1)(xvii)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
26	Supplying, transporting or storing any goods which he has reason to believe are liable to confiscation	Section 85(1)(xviii)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
27	Issuance of any invoice or document by using the identification number of another taxable person	Section 85(1)(xix)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
28	Tampering with or destroying any material evidence	Section 85(1)(xx)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit
29	Disposing off or tampering with any goods that have been detained, seized, or attached under the Act	Section 85(1)(xxi)	Section 85(1)	Higher of Rs. 10,000/- and amount equivalent to the subject tax/ input tax credit

30	Aiding or abetting any of the offences specified above in SI No. 9 to SI. No. 29	Section 85(3)(a)	Section 85(3)	Upto Rs. 25,000/-
31	Acquiring possession of, or concerning himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation	Section 85(3)(b)	Section 85(3)	Upto Rs. 25,000/-
32	Receiving, or in any way concerning with the supply of, or in any other manner dealing with any supply of services which he knows or has reason to believe are in contravention of any provisions of this Act	Section 85(3)(c)	Section 85(3)	Upto Rs. 25,000/-
33	Failure to appear before the officer, when issued with a summon	Section 85(3)(d)	Section 85(3)	Upto Rs. 25,000/-
34	Failure to issue invoice in accordance with the provisions or failure to account for an invoice in his books of account	Section 85(3)(e)	Section 85(3)	Upto Rs. 25,000/-
35	General penalty	Section 86	Section 86	Upto Rs. 25,000/-
36	Failure to furnish information return	Section 139	Section 140	Rs. 100/day

C. Prosecution

S. No.	Event	Section	Provision
1	Supply without issue of invoice/ incorrect/ false invoice	Section 92(1)(a)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine</p> <p>Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine</p> <p>Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
2	Issue of invoice without supply	Section 92(1)(b)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine</p> <p>Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine</p> <p>Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
3	Tax collected but failure to pay beyond a period of 3 months from the due date	Section 92(1)(c)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine</p> <p>Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine</p> <p>Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
4	Tax collected in contravention of the Act but failure to pay beyond a period of 3 months from the due date	Section 92(1)(d)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine</p> <p>Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine</p> <p>Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
5	Taking/utilizing input tax credit without actual receipt of goods/services	Section 92(1)(e)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine</p> <p>Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine</p> <p>Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>

6	Fraudulently obtains refund	Section 92(1)(f)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
7	Falsifying/substituting financial records; producing fake accounts/documents with intention to evade tax	Section 92(1)(g)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
8	Obstructing/preventing any officer in charge of his duties	Section 92(1)(h)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine In cases where he commits or abets in the commission of an offence specified, with imprisonment for a term which may extend to six months and/or with fine Not less than 6 months as per Proviso Section 92(2)</p>
9	Acquiring possession of, or concerning himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation	Section 92(1)(i)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>

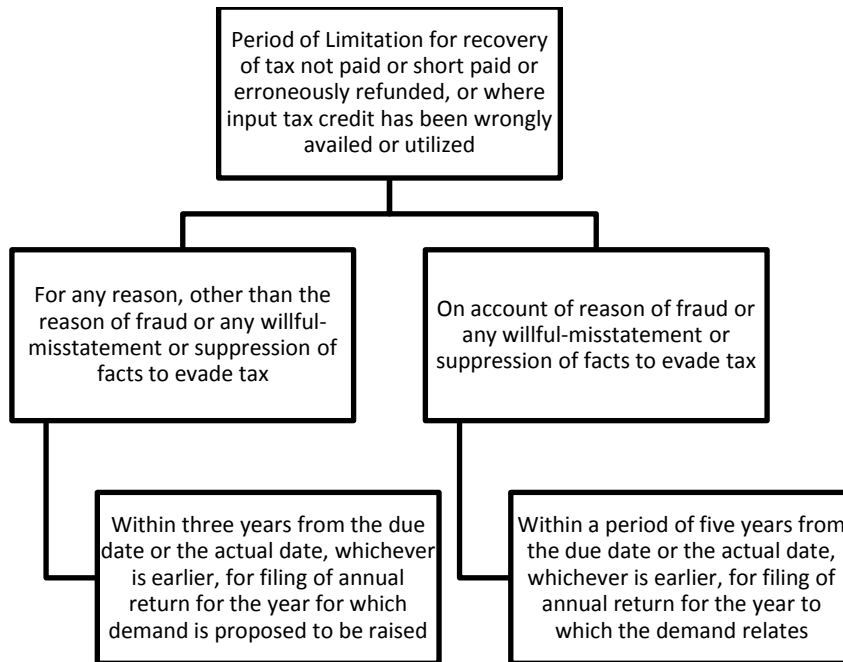
10	Receiving, or in any way concerning with the supply of, or in any other manner dealing with any supply of services which he knows or has reason to believe are in contravention of any provisions of this Act	Section 92(1)(j)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
11	Tampers with or destroys any material or evidence or document	Section 92(1)(k)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine In cases where he commits or abets in the commission of an offence specified, with imprisonment for a term which may extend to six months and/or with fine Not less than 6 months as per Proviso Section 92(2)</p>
12	Failure to supply information which is required to be supplied/ supply of false information	Section 92(1)(l)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine In cases where he commits or abets in the commission of an offence specified, with imprisonment for a term which may extend to six months and/or with fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
13	Attempting to commit or abetting the commission of any of the above offences	Section 92(1)(m)	<p>Amount of tax evaded > Rs. 250 lakhs: Imprisonment upto five years and fine Amount of tax evaded > Rs. 100 lakhs < Rs. 250 lakhs: Imprisonment upto 3 years and fine Amount of tax evaded > Rs. 50 lakhs < Rs. 100 lakhs: Imprisonment upto 1 year and fine</p> <p>Not less than 6 months as per Proviso Section 92(2)</p>
14	Second or subsequent conviction under	Section 92(2)	<p>Imprisonment upto 5 years and fine Not less than 6 months as per Proviso Section 92(2)</p>

	Section 92(1)		
15	Disclosure of information connected with collection of statistics under Section 119	Section 120(4)	Imprisonment upto 6 months or fine upto Rs. 1000 or both
16	Willful disclosure of any information or the contents of any return under section 141 by a person engaged in connection with the collection of statistics under that section	Section 141(4)	Imprisonment upto six months or fine upto Rs. 1000 or both
17	Disclosure of information obtained from public officers by GST officer	Section 148(3)	Imprisonment upto 6 months or fine or both

For detail on the above subjects, please refer Chapter 25 of this Book.

14. Demand and recovery

Limitation has always been an important timeline for both the tax officer and tax payer. A valid demand can only be raised and enforced if the same is within the period of limitation as prescribed under law. In line, GST law also prescribed for limitation for demand and recovery from the taxpayers as under:



15. Input tax credit

Conditions for availment of Input Tax Credit:

- The person should be in possession of a tax invoice or debit note issued by a supplier registered under GST, or such other taxpaying document(s) as may be prescribed
- The person has received the goods and/or services
- The tax charged in respect of such supply has been actually paid to the account of the appropriate Government, either in cash or through utilization of input tax credit admissible in respect of the said supply
- Such person has furnished the return under section 34.

Time limitation for availing credit:

A taxable person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services after earlier of the following:

- furnishing of the return under section 34 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains
- furnishing of the relevant annual return.

Blocked Input Tax Credit

Input tax credit shall not be available in respect of the following:

- (a) motor vehicles and other conveyances except when they are used
 - i. for making the following taxable supplies, namely
 - A. further supply of such vehicles or conveyances ; or
 - B. transportation of passengers; or

- C. imparting training on driving, flying, navigating such vehicles or conveyances
 - ii. for transportation of goods.
- (b) supply of goods and services, namely,
 - i. food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where such inward supply of goods or services of a particular category is used by a registered taxable person for making an outward taxable supply of the same category of goods or services;
 - ii. membership of a club, health and fitness centre,
 - iii. rent-a-cab, life insurance, health insurance except where the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; and
 - iv. travel benefits extended to employees on vacation such as leave or home travel concession.
- (c) works contract services when supplied for construction of immovable property, other than plant and machinery, except where it is an input service for further supply of works contract service
- (d) goods or services received by a taxable person for construction of an immovable property on his own account, other than plant and machinery, even when used in course or furtherance of business
- (e) goods and/or services on which tax has been paid under section 9
- (f) goods and/or services used for personal consumption
- (g) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and
- (h) any tax paid in terms of sections 67, 89 or 90.

Apportionment of credit

1. Where goods and/or services are used by the registered taxable person partly for the purpose of any business and partly for other purposes, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business.
2. Where the goods and / or services are used by the registered taxable person partly for effecting taxable supplies including zero-rated supplies under this Act or under the IGST Act, 2016 and partly for effecting exempt supplies under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.
3. A banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions stated in point 2 above, or avail of, every month, an amount equal to fifty per cent of the eligible input tax credit on inputs, capital goods and input services in that month.

Availability of credit in special circumstances

Circumstances	Availability of credit
person who has applied for registration under the Act within thirty days from the date on which he becomes liable to	Subject to such conditions and restrictions as may be prescribed, he shall be entitled to take credit of input tax in respect of inputs held in

registration and has been granted such registration	stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act. No credit shall be allowed in respect of any supply of goods and / or services to him after the expiry of one year from the date of issue of tax invoice relating to such supply.
person who takes voluntary registration	Subject to such conditions and restrictions as may be prescribed, he shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration. No credit shall be allowed in respect of any supply of goods and / or services to him after the expiry of one year from the date of issue of tax invoice relating to such supply.
registered taxable person ceases to pay tax under composition scheme	he shall, subject to such conditions and restrictions as may be prescribed, be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 8. The credit on capital goods shall be reduced by such percentage points as may be prescribed in this behalf. No credit shall be allowed in respect of any supply of goods and / or services to him after the expiry of one year from the date of issue of tax invoice relating to such supply.
exempt supply of goods or services by a registered taxable person becomes a taxable supply	such person shall, subject to such conditions and restrictions as may be prescribed, be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable. The credit on capital goods shall be reduced by such percentage points as may be prescribed in this behalf. No credit shall be allowed in respect of any supply of goods and / or services to him after the expiry of one year from the date of issue of tax invoice relating to such supply.
change in the constitution of a registered taxable person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provision for transfer of liabilities	said registered taxable person shall be allowed to transfer the input tax credit that remains unutilized in its books of accounts to such sold, merged, demerged, amalgamated, leased or transferred business in the manner prescribed.
any registered taxable person who has availed of input tax credit switches over as a taxable person for paying tax under	He shall pay an amount, by way of debit in the electronic credit or cash ledger, equivalent to the credit of input tax in respect of inputs held in

composition scheme or, where the goods and / or services supplied by him become exempt absolutely under section 11	stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of such switch over or, as the case may be, the date of such exemption. After payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.
supply of capital goods or plant and machinery, on which input tax credit has been taken	Registered taxable person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by the percentage points as may be specified in this behalf or the tax on the transaction value of such capital goods or plant and machinery under section 15(1), whichever is higher. Where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods under section 15(1).

16. Inspection, Search, Seizure and Arrest

Inspection

Where the CGST/SGST officer, not below the rank of Joint Commissioner, has reasons to believe that:

- a taxable person has suppressed any transaction relating to supply of goods and/or services or the stock of goods in hand, or has claimed input tax credit in excess of his entitlement under the Act or has indulged in contravention of any of the provisions of this Act or rules made thereunder to evade tax under this Act; or
- any person engaged in the business of transporting goods or an owner or operator of a warehouse or a godown or any other place is keeping goods which have escaped payment of tax or has kept his accounts or goods in such a manner as is likely to cause evasion of tax payable under this Act

he may authorize in writing any other officer of CGST/SGST to inspect any places of business of the taxable person or the persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place.

Search and Seizure

Where the CGST/SGST officer, not below the rank of Joint Commissioner, either pursuant to an inspection carried out or otherwise, has reasons to believe that any goods liable to confiscation or any documents or books or things, which in his opinion shall be useful for or relevant to any proceedings under this Act, are secreted in any place, he may authorize in writing any other CGST/SGST officer to search and seize or may himself search and seize such goods, documents, books or things.

Where it is not practicable to seize any such goods, the proper officer may serve on the owner or the custodian of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer.

The documents or books or things so seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceeding under this Act.

Disposal of perishable or hazardous goods

The Central or a State Government may, having regard to the perishable or hazardous nature of any goods, depreciation in the value of the goods with the passage of time, constraints of storage space for the goods or any other relevant considerations, by notification, specify the goods or class of goods which shall, as soon as may be after its seizure, be disposed of by the proper officer in such manner as the Central or a State Government may prescribe.

Inspection of goods in movement

The Central or a State Government may require the person in charge of a conveyance carrying any consignment of goods of value exceeding a specified amount to carry with him such documents as may be prescribed and also to carry with him such devices in such manner as may be prescribed in this behalf. The details of documents required to be so carried shall be validated in the manner as prescribed.

Where any such conveyance is intercepted by the proper officer at any place, he may require the person in charge of the said conveyance to produce the aforesaid documents and devices for verification, and the said person shall be liable to produce the documents and devices and also allow inspection of goods.

Power to arrest

If the Commissioner has reason to believe that any person has committed an offence specified in clause (a),(b),(c),(d) or clause (e) of section 92(1) and punishable under clause (i) and (ii) of sub-section (1) or under sub-section (2) of that section, he may, by order, authorize any officer to arrest such person.

Where a person is arrested for any cognizable offence, every officer authorized to arrest a person shall inform such person of the grounds of arrest and produce him before a magistrate within twenty four hours.

In the case of a non-cognizable and bailable offence, the Deputy Commissioner or the Assistant Commissioner of CGST/SGST, as the case may be, shall, for the purpose of releasing an arrested person on bail or otherwise, have the same powers and be subject to the same provisions as an officer-in-charge of a police station has, and is subject to, under section 436 of the Code of Criminal Procedure, 1973 (2 of 1974).

All arrests made under this section shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973 (2 of 1974) relating to arrest.

16. Transitional provisions

- Migration of existing taxpayers to GST

On the appointed day, every person registered under any of the earlier laws and having a valid PAN shall be issued a certificate of registration on a provisional basis in such form and manner as may be prescribed, which shall be valid for a period of six months from the date of issue.

Every person to whom a certificate of registration has been so issued shall, within the above specified period, furnish such information as may be prescribed.

On furnishing of such information, the certificate of registration so issued shall, subject to the provisions of section 23, be granted on a final basis by the Central/State Government.

- Amount of CENVAT credit carried forward in a return to be allowed as input tax credit

As per CGST Act, a registered taxable person, other than a person opting to pay tax under composition scheme, shall be entitled to take, in his electronic credit ledger, the amount of cenvat credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished, by him under the earlier law in such manner as may be prescribed.

As per SGST Act, a registered taxable person, other than a person opting to pay tax under composition levy, shall be entitled to take, in his electronic credit ledger, credit of the amount of Value Added Tax [and Entry Tax] carried forward in the a return relating to the period ending with the day immediately preceding the appointed day, furnished, by him under the earlier law, not later than ninety days after the said day, in such manner as may be prescribed.

- Unavailed cenvat credit on capital goods, not carried forward in a return, to be allowed in certain situations

As per CGST Act, a registered taxable person, other than a person opting to pay tax under section 9, shall be entitled to take, in his electronic credit ledger, credit of the unavailed cenvat credit in respect of capital goods, not carried forward in a return, furnished under the earlier law by him, for the period ending with the day immediately preceding the appointed day in such manner as may be prescribed.

As per the SGST Act, a registered taxable person, other than a person opting to pay tax under section 9, shall be entitled to take, in his electronic credit ledger, credit of the unavailed input tax credit in respect of capital goods, not carried forward in a return, furnished under the earlier law by him, for the period ending with the day immediately preceding the appointed day in such manner as may be prescribed.

Credit of eligible duties and taxes in respect of inputs held in stock to be allowed in certain situations

As per the CGST Act, a registered taxable person, who was not liable to be registered under the earlier law, or who was engaged in the manufacture of exempted goods or provision of exempted services, or who was providing works contract service and was availing of the benefit of notification No. 26/2012-Service Tax, dated 20.06.2012 or a first stage dealer or a second stage dealer or a registered importer, shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions:

- such inputs and / or goods are used or intended to be used for making taxable supplies under this Act
- the said taxable person passes on the benefit of such credit by way of reduced prices to the recipient
- the said taxable person is eligible for input tax credit on such inputs under this Act

- the said taxable person is in possession of invoice and/or other prescribed documents evidencing payment of duty under the earlier law in respect of such inputs
- such invoices and /or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day
- the supplier of services is not eligible for any abatement under the Act.

Where a registered taxable person, other than a manufacturer or a supplier of services, is not in possession of an invoice or any other documents evidencing payment of duty in respect of inputs, then such registered taxable person shall, subject to such conditions, limitations and safeguards as may be prescribed, be allowed to take credit at the rate and in the manner prescribed.

As per SGST Act, a registered taxable person, who was not liable to be registered under the earlier law or who was engaged in the sale of exempted goods under the earlier law but which are liable to tax under this Act, shall be entitled to take, in his electronic credit ledger, credit of the Value Added Tax [and entry tax] in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions:

- such inputs and / or goods are used or intended to be used for making taxable supplies under this Act
 - the said taxable person passes on the benefit of such credit by way of reduced prices to the recipient
 - the said taxable person is eligible for input tax credit on such inputs under this Act
 - the said inputs were not specified in Schedule--- of the earlier law or in the rules made thereunder or in any notification issued under the earlier law as inputs on which credit was not admissible under the earlier law
 - the said taxable person is in possession of invoice and/or other prescribed documents evidencing payment of tax under the earlier law in respect of such inputs; and
 - such invoice and /or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.
- Credit of eligible duties and taxes in respect of inputs held in stock to be allowed in certain situations

A registered taxable person, who was engaged in the manufacture of non-exempted as well as exempted goods under the Central Excise Act, 1944 (1 of 1944) or provision of non-exempted as well as exempted services under Chapter V of Finance Act, 1994 (32 of 1994), shall be entitled to take, in his electronic credit ledger:

- the amount of Cenvat credit carried forward in a return furnished under the earlier law by him in terms of section 167; and
 - the amount of Cenvat credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day, relating to exempted goods or services, in terms of section 169.
- Credit of eligible duties and taxes in respect of inputs or input services during transit

As per the CGST Act, a registered taxable person shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs or input services received on or after the appointed day but the duty or tax in respect of which has been paid before the appointed day, subject to the condition that the invoice or any other duty/tax paying document of the same was recorded in the books of accounts of such person within a period of thirty days from the appointed day.

The aforesaid period of thirty days may, on sufficient cause being shown, be extended by the competent authority for a further period not exceeding thirty days.

The said registered taxable person shall furnish a statement, in such manner as may be prescribed, in respect of such credit.

As per SGST Act, a registered taxable person shall be entitled to take, in his electronic credit ledger, credit of Value Added Tax and entry tax in respect of inputs received on or after the appointed day but the tax in respect of which has been paid before the appointed day, subject to the condition that the invoice or any other tax paying document of the same was either received or recorded in the books of accounts of such person within a period of thirty days from the appointed day.

The aforesaid period of thirty days may, on sufficient cause being shown, be extended by the competent authority for a further period not exceeding thirty days.

The said registered taxable person shall furnish a statement, in such manner as may be prescribed, in respect of such credit.

- Credit of eligible duties and taxes on inputs held in stock to be allowed to a taxable person switching over from composition scheme

As per CGST Act, a registered taxable person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the earlier law (hereinafter referred to in this section as a "composition taxpayer"), shall be entitled to take, in his electronic credit ledger, credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed date subject to the following conditions:

- such inputs and / or goods are used or intended to be used for making taxable supplies under this Act
- the said person is not paying tax under section 9
- the said taxable person is eligible for input tax credit on such inputs under this Act
- the said taxable person is in possession of invoice and/or other prescribed documents evidencing payment of duty under the earlier law in respect of inputs; and
- such invoices and /or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

As per SGST Act, a registered taxable person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the earlier law (hereinafter referred to in this section as a "composition taxpayer"), shall be entitled to take, in his electronic credit ledger, credit of Value Added Tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed date subject to the following conditions:

- such inputs and / or goods are used or intended to be used for making taxable supplies under this Act
- the said person is not paying tax under section 9
- the said taxable person is eligible for input tax credit on such inputs under this Act
- the said inputs were not specified in Schedule--- of the earlier law or in the rules made thereunder or in any notification issued under the earlier law as inputs on which credit was not admissible under the earlier law
- the said taxable person is in possession of invoice and/or other prescribed documents evidencing payment of tax under the earlier law in respect of inputs held in stock and inputs contained in semi- finished or finished goods held in stock on the appointed day; and
- such invoices and /or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

- Exempted goods returned to the place of business on or after the appointed day

As per CGST Act, where any goods on which duty had been exempt under the earlier law at the time of removal thereof, not being earlier than six months prior to the appointed day, are returned to any place of business on or after the appointed day, no tax shall be payable thereon if such goods are returned to the said place of business within a period of six months from the appointed day and such goods are identifiable to the satisfaction of the proper officer.

Tax shall be payable by the person returning the goods if the said goods are liable to tax under this Act and are returned after a period of six months from the appointed day.

No tax shall be payable if the goods are returned by a person who is not registered under the Act.

As per SGST Act, where any goods on which tax had been exempt under the earlier law at the time of sale thereof, not being earlier than six months prior to the appointed day, are returned to any place of business on or after the appointed day, no tax shall be payable thereon if such goods are returned to the said place of business within a period of six months from the appointed day and such goods are identifiable to the satisfaction of the proper officer.

Tax shall be payable by the person returning the goods if the said goods are liable to tax under this Act and are returned after a period of six months from the appointed day.

No tax shall be payable if the goods are returned by a person who is not registered under the Act.

- Duty/Tax paid goods returned to the place of business on or after the appointed day

As per CGST Act, where any goods on which duty had been paid under the earlier law at the time of removal thereof, not being earlier than six months prior to the appointed day, are returned to any place of business on or after the appointed day, the registered taxable person shall be eligible for refund of the duty paid under the earlier law where such goods are returned by a person, other than a registered taxable person, to the said place of business within a period of six months from the appointed day and such goods are identifiable to the satisfaction of the proper officer.

If the said goods are returned by a registered taxable person the return of the goods shall be deemed to be a supply.

As per SGST Act, where any goods on which tax had been paid under the earlier law at the time of sale thereof, not being earlier than six months prior to the appointed day, are returned to the supplier thereof on or after the appointed day, the registered taxable person shall be eligible for refund of the tax paid under the earlier law where such goods are returned by a person, other than a registered taxable person, to the said supplier within a period of six months from the appointed day and such goods are identifiable to the satisfaction of the proper officer.

If the said goods are returned by a registered taxable person the return of the goods shall be deemed to be a supply.