

AAO EXAM IV- GST

Topic

1. Provision for registration under GST Act
2. Requirement of Monthly /quarterly return under GST Act
3. Time line for depositing amount due under GST Act.

Exam Notes-GST

Introduction.

The Goods and Services Tax Act was passed by Parliament on 29th March 2017 and came into effect on 1st July 2017.

GST, or Goods and Services Tax, is an indirect tax that has replaced various other indirect taxes in India, such as excise duty, VAT, and service tax.

GST is applied to the supply of goods and services.

In India, GST is a comprehensive, multi-stage, destination-based tax levied on each stage of value addition. It serves as a single domestic indirect tax system across the entire country.

Tax System Before GST

- Under the previous indirect tax regime, both the state and central governments imposed various indirect taxes. States primarily collected taxes through Value Added Tax (VAT), with each state having its own set of rules and regulations.
- The central government taxed the inter-state sale of goods, applying Central Sales Tax (CST) on such transactions. Other indirect taxes, like entertainment tax, octroi, and local taxes, were levied by both state and central governments, resulting in overlapping tax structures.
- For instance, when goods were manufactured and sold, the central government imposed excise duty, and in addition to that, the state levied VAT. This created a "tax on tax" scenario, commonly referred to as the cascading effect of taxes.

Indirect Taxes before GST

In the pre-GST regime, the following indirect taxes were in place:

1. Central Excise Duty
2. Duties of Excise
3. Additional Duties of Excise
4. Additional Duties of Customs
5. Special Additional Duty of Customs Cess
6. State VAT

7. Central Sales Tax
8. Purchase Tax
9. Luxury Tax
10. Entertainment Tax
11. Entry Tax
12. Taxes on Advertisements
13. Taxes on Lotteries, Betting, and Gambling

All of these taxes have been replaced by CGST, SGST, and IGST under the GST framework.

Feature of GST

- **Unified/Single Tax Structure:** GST combines multiple indirect taxes into a single tax, simplifying the tax system.
- **Dual GST Model:** It comprises Central GST (CGST) and State GST (SGST) for intra-state transactions, and Integrated GST (IGST) for inter-state transactions.
 - **Destination-Based Taxation:** GST is levied at the point of consumption meaning tax revenue is allocated to the state where the goods or services are consumed.
- **Input Tax Credit (ITC):** Businesses can claim credit for taxes paid on inputs, which reduces the overall tax burden.
- **E-Way Bill System:** A digital waybill system streamlines the movement of goods and reduces delays at checkpoints.
- **E-Invoicing:** Mandatory for certain businesses, this system automates invoicing and ensures compliance.
- **Threshold Limits:** Small businesses with turnover below a specified limit are exempt from GST registration and tax.
- **Composition Scheme:** This scheme allows small taxpayers to pay a fixed percentage of their turnover as tax instead of regular GST.
- **Online Registration and Compliance:** GST processes, including registration, filing returns, and payment, are primarily conducted online.

Exam Notes: Provisions for Registration under GST Act (with Relevant Sections)

1.Introduction to GST Registration

The Goods and Services Tax (GST) came **into effect on July 1, 2017**, under the GST Act to unify/replaced indirect taxes like VAT, service tax, and excise duty.

Central tax subsumed into GST- **Central excise duty, Service Tax, Additional Duty of Excise, Additional Customs Duty, Special Additional duty of customs (SAD), Central surcharges and cesses.**

The provisions for registration under GST are primarily outlined in Section 22 to 30 of the CGST Act, 2017. Registration is mandatory for businesses or individuals who cross a certain turnover limit or engage in specified business activities.

Type of GST in India (asked in aao 2022)

There are 4 type of GST in India

- a. SGST (State Goods and Services Tax)
- b. CGST (Central Goods and Services Tax)
- c. IGST (Integrated Goods and Services Tax)
- d. UGST (Union Territory Goods and Services Tax)

Who is Required to Register under GST?

Under sec 22 of the GST act 2017 following are liable for registration

- a. Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year **exceeds 20 lakh rupees**. In case of special category states, the said aggregate turnover is exceeding **10 lakhs**

- b. Every person already holding a licence under the existing law should be liable to be registered under this Act with effect from appointed **day 01.07.2017**
- c. In case of transfer of business by a registered person, the transferee or successor shall be liable to be registered from the date of transfer.

Who is not required to register under GST? Sec 23

- a. Any person engaged exclusively in the business of supply of goods or services or both that are not liable to tax or wholly exempt from tax under this act.
- b. The government on recommendations of the council by notification specify the category of persons who may be exempted from registration.
- c. An agriculturist to the extent of supply of produce out of cultivation of land.

Who is required compulsory registration Sec 24

Section 24 of the **Goods and Services Tax (GST) Act** in India deals with the categories of persons who are **required to register under GST compulsorily**, even if their turnover does not exceed the threshold limit specified under Section 22.

These categories include:

Persons making inter-state taxable supplies.

Casual taxable persons.

Persons required to pay tax under reverse charge.

Non-resident taxable persons.

Persons required to deduct tax under Section 51 (TDS).

Persons required to collect tax under Section 52 (TCS).

Persons making taxable supply on behalf of others as an agent or otherwise.

Input service distributors (ISD).

Persons supplying goods or services through an e-commerce operator.

E-commerce operators themselves.

Persons supplying online information and database access or retrieval services from a place outside India to a person in India.

These persons must register under GST, regardless of their turnover threshold.

Requirement of Monthly/Quarterly Return under GST Act (with Relevant Sections)

Introduction to GST Returns

Under the Goods and Services Tax (GST) Act, registered taxpayers are required to file periodic returns detailing their business transactions, **input tax credit, and tax liability.**

The provisions governing **GST returns are primarily outlined in Section 37 to Section 48 of the CGST Act, 2017.**

GST returns must be filed either **on a monthly or quarterly** basis, depending on the type of taxpayer and turnover.

Types of GST Returns

1. GSTR1 (Section 37)

GSTR-1 under Section 37 of the GST Act refers to the return of **outward supplies that every registered person** (except a few categories like input service distributors, composition taxpayers, etc.) is required to file.

Key Provisions of Section 37 - GSTR-1:

1. Filing Frequency:

Monthly: For taxpayers with aggregate turnover of **more than ₹5 crore.**

Quarterly: Taxpayers with aggregate **turnover up to ₹5 crore** can opt for QRMP (Quarterly Return Monthly Payment) scheme.

2. Due Dates for Filing:

- For **monthly filers**, the due date is the **11th of the subsequent month** (e.g., for August, the due date is September 11).
- For taxpayers opting for the **Quarterly Return Monthly Payment (QRMP)** scheme, the due date is the **13th of the month following the quarter** (e.g., for the April-June quarter, the due date is July 13).

3. Details to be Furnished in GSTR-1:

- **Invoice-wise details** of outward supplies made to registered persons (B2B).
- **Consolidated details** of outward supplies made to unregistered persons (B2C).
- Details of debit/credit notes issued, exports of goods/services, and amendments made to any previous returns.
- **HSN code** details of the goods supplied.

4. **Rectification of Errors:**

- Any mistakes in GSTR-1 can be corrected by filing amendments in the subsequent month's GSTR-1. However, no rectification is allowed after **September of the following financial year** or after the filing of the annual return, whichever is earlier.

5. **Consequences of Non-Filing:**

- Failure to file GSTR-1 on time can result in a **late fee and penalty**, and in some cases, the inability to file subsequent returns like **GSTR-3B** (which affects Input Tax Credit flow).

6. **Link with GSTR-2A and GSTR-2B:**

- The details furnished in GSTR-1 by a supplier are auto-populated in the **GSTR-2A and GSTR-2B** of the recipient, allowing them to verify the input tax credit (ITC).

2. **GSTR2A (Auto populated, Section 38)**

GSTR-2A is an auto-populated return under the GST Act that provides a **read-only summary** of the inward supplies (purchases) for a registered taxpayer. It is generated based on the data submitted by the suppliers in their **GSTR-1**.

Key Points about GSTR-2A:

1. **Auto-Populated Return:**

- GSTR-2A is auto-generated for the recipient (buyer) when the supplier files their GSTR-1, reporting the outward supplies (sales).
- The information in GSTR-2A includes details of all purchases, imports, and supplies under reverse charge, matching the data from the supplier's GSTR-1.

2. **Section 38:**

- This section governs the **communication of details of inward supplies**. The purpose of Section 38 is to provide the recipient with