

LESSON –I An Overview on Goods and Services Tax “GST”

- GST is one of the most demanding reforms in the field of indirect taxation. GST is an indirect tax which has replaced many indirect taxes like excise duty, service tax, VAT, CST and many other central and state level taxes.
- In order to make this reform there was a need to amend constitution so that Central and State Government can have power to tax on both goods and services.
- Taxable event for GST is supply. If any business makes a supply that will be subject to GST provided other conditions are fulfilled.
- Supply is of two types- intra-state supply and inter-state supply. Supply within same state, there will be two taxes being CGST and SGST and in case of inter-state supply only one tax will be levied that is IGST. Thus, in India we have followed Dual GST Model.
- Generally, liability to pay GST is on the supplier but in certain circumstances liability to pay GST has been put on Recipient of Supply. This is known as Reverse Charge Mechanism (RCM).
- In order to provide comfort to small dealers from the complexities of GST a concept known as composition scheme has been introduced (though not new it also existed in earlier laws). Small dealers have been identified on the basis of turnover made by them during the preceding financial year.
- Central Government has been granted power to grant exemptions either generally or specially in respect of supply of goods or services or both.

LESSON –II Supply

- Taxable Event: The taxable event under GST shall be the supply of goods or services or both made for consideration in the course or furtherance of business. 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'.

- Scope of supply: Ans. The term 'supply' is wide in its import covers all forms of supply of goods or services or both that includes sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. It also includes import of service. The GST law also provides for including certain transactions made without consideration within the scope of supply.
- Taxable supply: A 'taxable supply' means a supply of goods or services or both which is chargeable to goods and services tax under the GST Act.
- Composite supply is a supply consisting of two or more taxable supplies of goods or services or both or any combination thereof, which are bundled in natural course and are supplied in conjunction with each other in the ordinary course of business and where one of which is a principal supply. For example, when a consumer buys a television set and he also gets warranty and a maintenance contract with the TV, this supply is a composite supply. In this example, supply of TV is the principal supply, warranty and maintenance service are ancillary
- Mixed Supply means two or more individual supplies of goods or services or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply. For example, a supply of package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juice when supplied for a single price is a mixed supply. Each of these items can be supplied separately and it is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.
- Treatment of composite supply and mixed supply: Composite supply shall be treated as supply of the principal supply. Mixed supply would be treated as supply of that particular goods or services which attracts the highest rate of tax.
- Time of supply: The time of supply fixes the point when the liability to charge GST arises. It also indicates when a supply is deemed to have

been made. The CGST/SGST Act provides separate time of supply for goods and services.

- Supply of goods: Section 12 of the CGST/SGST Act provides for time of supply of goods. The time of supply of goods shall be the earlier of the following namely,
 1. the date of issue of invoice by the supplier or the last date on which he is required under Section 31, to issue the invoice with respect to the supply; or
 2. the date on which the supplier receives the payment with respect to the supply.

However, vide Notification No. 66/2017-Central Tax dated 15.11.2017, liability to pay tax at the time of receipt of advance has been relaxed in case of goods.

- Supply of services: Section 13 of the CGST/SGST Act provides for time of supply of services. The time of supply of services shall be the earlier of the following namely,
 1. the date of issue of invoice by the supplier if the invoice is issued within the period prescribed under section 31(2) or the date of receipt of payment whichever is earlier; or
 2. the date of provision of service, if the invoice is not issued within the period prescribed under section 31(2) or the date of receipt of payment whichever is earlier.
 3. the date on which the recipient shows the receipt of services in his books of account, in case where the provisions of clause (a) and (b) do not apply.
- Value of taxable supply: The value of taxable supply of goods and services shall ordinarily be 'the transaction value' which is the price paid or payable, when the parties are not related and price is the sole consideration. Section 15 of the CGST/SGST Act further elaborates various inclusions and exclusions from the ambit of transaction value. For example, the transaction value shall not include refundable deposit, discount allowed subject to certain conditions before or at the time of supply.

- Job work means undertaking any treatment or process by a person on goods belonging to another registered taxable person. The person who is treating or processing the goods belonging to other person is called 'job worker' and the person to whom the goods belongs is called 'principal'. This definition is much wider than the one given in Notification No. 214/86 – CE dated 23rd March, 1986. In the said notification, job work has been defined in such a manner so as to ensure that the activity of job work must amount to manufacture. Thus the definition of job work itself reflects the change in basic scheme of taxation relating to job work in the proposed GST regime.
- Electronic Commerce has been defined to mean the supply of goods or services or both, including digital products over digital or electronic network. Electronic Commerce Operator has been defined to mean any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. The benefit of threshold exemption is not available to e-commerce operators and they would be liable to be registered irrespective of the value of supply made by them.
- Tax Collection at source: The e-commerce operator is required to collect an amount calculated at the rate not exceeding one percent of the net value of taxable supplies made through it, where the consideration with respect to such supplies is to be collected by such operator. The amount so collected is called as Tax Collection at Source (TCS). However, Section 52 of the CGST Act, 2017 which deals with TCS has not come into force as of yet and GST Council has recommended to keep this provision in abeyance till 31.03.2018.