

Supplement to T.Y.B.Com. Sem. VI - Indirect Taxes (GST), 2nd Edition (Nov. 2019)

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The Title Pages of the current edition inadvertently carried forward the Syllabus page from the previous edition. The Latest Syllabus applicable for the current academic year 2019-20 is given below.

Syllabus

1. Introduction

- What is GST
- Need For GST
- Dual GST Model
- Definitions
 - Section 2(13) Audit
 - Section 2(17) Business
 - Section 2(31) Consideration
 - Section 2(45) Electronic Commerce Operator
 - Section 2(52) Goods
 - Section 2(56) India
 - Section 2(78) Non Taxable Supply
 - Section 2(84) Person
 - Section 2(90) Principal Supply
 - Section 2(93) Recipient
 - Section 2(98) Reverse Charge
 - Section 2(102) Services
 - Section 2(105) Supplier
 - Section 2(107) Taxable Person
 - Section 2(108) Taxable Supply
- Extent & Commencement of CGST Act / SGST Act / UTGST Act / IGST Act
- Goods and Services Tax Council (GST Council)
- Goods and Services Tax Network (GSTN)

2. Levy and Collection of Tax

- Charge of GST
- Inter-State Supply and Intra-State Supply
- Levy and Collection GST
- Illustrative List of Rates for Goods and Services
- Composition Levy (Section 10 of CGST Act)
- Negative List of GST
- Power to Grant Exemption
- Exemptions under GST - Goods and Services

Provisions Applicable Related to Supply of Services - Renting, Agriculture, Educational Institutions, Commission Agents, Healthcare Services, Financial and Banking Services

3. Concept of Supply

- Concept of Supply (Section 7 of CGST Act)
- Taxable Event under GST
- Place of Supply (Section 10 and Section 12 of IGST Act)
- Time of Supply (Section 12 and Section 13 of CGST Act)
- Value of Supply (Section 15 of CGST Act) (Rules for Valuation of Supply of Goods)

4. Input Tax Credit and Payment of Tax

- Eligibility For Taking Input Tax Credit
- Input Tax Credit in Special Circumstances
- Computation of Tax Liability
- Payment of Tax (Section 49 and Section 50 of CGST Act)

5. Registration Under GST Law

- Persons Liable for Registration
- Persons not Liable for Registration
- Compulsory Registration
- Procedure for Registration
- Amendment of Registration
- Cancellation of Registration
- Revocation of Cancellation of Registration

Note: Relevant Law/Statute/Rules in force and relevant Standards in force on 1st April immediately preceding commencement of Academic Year is applicable for ensuing examination.

We take this opportunity to present the following additional matter for further study.

CHAPTER - 2 : DEFINITIONS - P. 22

1. AUDIT [S. 2(13)]

In terms of Section 2(13) of the CGST Act, 2017, “audit” means the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the rules made thereunder.

CHAPTER - 4 : LEVY AND COLLECTION OF TAX - P. 75

(7) **Illustrative List of Rates for Goods and Services** : An *exhaustive* list of GST rates as notified by the Government is available on CBEC website www.cbec-gst.gov.in. An *illustrative* list of rates as on 1-4-2019 is given below :

- **GST Tax Slab of 0%**
Goods: Milk, Butter Milk, Curd, Cereals, Natural Honey, Flour, Besan, Puffed rice, Papad, Bread, Prasad, Salt, Bindi. Sindoor, Fresh Fruits and Vegetables, Firewood, Agricultural Implements, Printed Books, News Papers, Bangles, Stamps, Human Blood, Judicial Papers, etc.
Services: All hotels and lodges with tariff below ₹ 1,000; IMM courses, Bank charges on savings account, Jan Dhan Yojana.
- **GST Tax Slab of 5%**
Goods: Namkeen / Bhujjiya, Coffee, Tea, Kerosene, Coal, Cream, Skimmed Milk Powder, Branded Paneer, Frozen Vegetables, Processed Spices, Pizza Bread, Rusk, Sabudana, Medicines, Stent, Lifeboats, Soyabean, Groundnut, Sunflower Seeds, Vegetable Fats & Oils.
Services: Transport services like railways and airways, Supply of tour operators’ services, Selling of space for advertisement in print media, Small restaurants with turnover of ₹ 50 Lakhs, Tailoring services, AC and Non AC Restaurants, Takeaway Food.
- **GST Tax Slab of 12%**
Goods: Dry Fruits in Packaged Form, Ayurvedic Medicines (Branded), Butter, Cheese, Ghee, Fruits and Vegetable Juices, Tooth Powder, Colouring Books, Picture Books, Feature phones, Umbrella, LPG Stoves, Knives, Bicycles, Sports Goods, Art Works, Curtains, Napkins.

Services: Business class air tickets, Metro and monorail construction, Mining and drilling for crude or natural gas, Common effluent treatment plants, Premium on Third party insurance on Vehicles, Hotels with tariff between ₹ 1,000 and ₹ 2,500.

- **GST Tax Slab of 18%**

Goods : Preserved Vegetables, Tissues, Envelopes, Note Books, Cornflakes, Pastries And Cakes, Jams, Jellies, Sauces, Soups, Ice Cream, Instant Food Mixes, Steel Products, Disinfectants, Speakers, Camera, Smartphones, Infant Use Preparations, Waffles, Jams, Tea Concentrates, Sherbet, Hair Oil, Toothpaste, Soap, Helmets, Biscuit, School Bags, Printers.

Services : IT services, Telecom services, Theme parks, water parks, Air travel of pilgrims.

- **GST Tax Slab of 28%**

Goods : Automobiles, Motorcycles, Aerated Water, Dishwasher, ATM, Vending Machines, Aircraft For Personal Use, Yachts, Powder, Chocolates, Instant, Aroma Coffee, Toothpaste, Liquid Soap, Razors, Air-conditioners, Motor Cars, Furniture, Sugar Syrups, Wigs.

Services : Race club betting & gambling, Five-star Hotels, Entertainment & Cinema.

CHAPTER - 9 : VALUE OF SUPPLY - P. 231

Some important Rules of Valuation of Supply of *Goods* presented in the above Exhibit are extracted below :

Rule 27 : Value of supply of goods where the consideration is not wholly in money

Where the supply of goods is for a consideration not wholly in money, the value of the supply shall,-

- (a) be the open market value of such supply;
- (b) if the open market value is not available under clause (a), be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money, if such amount is known at the time of supply;
- (c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods of like kind and quality;
- (d) if the value is not determinable under clause (a) or clause (b) or clause (c), be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined by the application of rule 30 or rule 31 in that order.

Illustration 1 :

- (1) Where a new phone is supplied for ₹ 20,000 along with the exchange of an old phone and if the price of the new phone without exchange is ₹ 24,000, the open market value of the new phone is ₹ 24,000.
- (2) Where a laptop is supplied for ₹ 40,000 along with the barter of a printer that is manufactured by the recipient and the value of the printer known at the time of supply is ₹ 4,000 but the open market value of the laptop is not known, the value of the supply of the laptop is ₹ 44,000.

Explanation :

“Open market value” of supply of goods or services or both means the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction, where the supplier and the recipient of the supply are not related and price is the sole consideration, to obtain such supply at the same time when the supply being valued is made.

Rule 28 : Value of Supply between Distinct or Related Persons

The value of the supply of goods between distinct persons as specified in Sec. 25(4) or Sec 25(5) of the CGST Act, 2017 or where the supplier and recipient are related, other than where the supply is made through an agent, shall -

- (a) be Open market value of such supply
- (b) if the open market value is not available, be the value of supply of goods or services of like kind and quality.
- (c) if value is not determinable under clause (a) or (b), be the value as determined by application of rule 30 or rule 31, in that order.

Provided that where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to 90% of the price charged of the supply of goods of like kind and quality by the recipient to his customer not being a related person:

Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of goods or services.

Rule 29 : Value of supply of goods made or received through an agent

The value of supply of goods between the principal and his agent shall -

- (a) be the open market value of the goods being supplied, or at the option of the supplier, be ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient.
- (b) where the value of a supply is not determinable under clause (a), the same shall be determined by the application of rule 30 or rule 31 in that order.

Illustration 2 :

A principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of ₹ 5,000 per quintal on the day of the supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of ₹ 4,550 per quintal. Find the value of taxable supply in the hands of principal as per Rule 29(a) of the CGST Rules, 2017.

Solution :

The value of taxable supply made by the principal shall be ₹ 4,550; or where he exercises the option, the value shall be ₹ 4,500 (i.e. 90% of ₹ 5,000) per quintal.

Rule 30 : Value of supply of goods based on cost

Where the value of a supply of goods is not determinable by any of the preceding rules of this Chapter, the value shall be one hundred and ten percent of the cost of production or manufacture or the cost of acquisition of such goods.

Rule 31 : Residual method for determination of value of supply of goods

Where the value of supply of goods cannot be determined under rules 27 to 30, the same shall be determined using reasonable means consistent with the principles and the general provisions of section 15 and the provisions of this Chapter.

Rule 32(5) : Value of supplies being made by a person dealing in second hand goods

Where a taxable supply is provided by a person dealing in buying and selling of second hand goods i.e. used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on purchase of such goods, the value of supply shall be the difference between the selling price and purchase price and where the value of such supply is negative it shall be ignored. The purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower reduced by five percentage points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession.

Rule 32(6) : Value of Supply of Vouchers

The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods shall be equal to the money value of the goods redeemable against such token, voucher, coupon, or stamp.

Rule 35 : Value of supply inclusive of integrated tax, central tax, State tax, Union territory tax

Where the value of supply is inclusive of integrated tax or, as the case may be, central tax, State tax, Union territory tax, the tax amount shall be determined in the following manner, namely,-

Tax amount = (Value inclusive of taxes × tax rate in % of IGST or, as the case may be, CGST, SGST or UTGST) ÷ (100 + sum of tax rates, as applicable, in %)

[Tutorial Note : Other Rules pertain to Valuation of Services, which is excluded in the Syllabus]