GOODS AND SERVICES TAX

GST:

- The goods and services tax (GST) is a value-added tax (VAT) levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services.
- The goods and services tax (GST) is a tax on goods and services sold domestically for consumption.
- The tax is included in the final price and paid by consumers at point of sale and passed to the government by the seller.
- The GST is usually taxed as a single rate across a nation.
- Governments prefer GST as it simplifies the taxation system and reduces tax avoidance.

Objectives of GST:

Bring uniformity in taxes

One of the primary objectives of GST is to have a uniform tax code for a product or service across the country. It also simplifies tax administration, billing, invoicing and compliance laws. It facilitates the development of uniform tax law while removing cumbersome and time-consuming tax filing processes. This system helps track and monitor GST collections, returns and disputes through a single digital platform.

Remove multiple indirect taxes

Prior to implementing GST, Central and state governments could levy taxes at multiple stages of production, supply and purchase. GST combines these indirect taxes into one. This eases tax compliance protocols for businesses who pay and file tax reports, and helps the government simplify and streamline the tax administration process.

Prevent tax evasion and fraud

GST is a digitised process and a taxpayer can claim an input tax credit only if a supplier uploads a corresponding invoice. This minimises the scope of false tax credit claims using fake invoices. GST has a stringent surveillance system, allowing authorities to identify and initiate action against defaulters and fraudsters.

Regulate the unorganised sector of the economy

GST aims to bring more businesses both from organised and unorganised sectors into the tax base. Strict implementation of GST laws regarding compliance and input credit have been instrumental in making businesses come forward and register their operations with the government. A wider tax base increases the tax that a government can collect every cycle and facilitates a higher tax to GDP ratio. Increased GST collection can also help central and state governments invest in infrastructure and crucial development plans.

Simplify tax filing processes

GST aims to simplify processes and procedures for taxpayers by using a digital platform. Individuals can register businesses, generate bills, file tax returns and claim refunds online. A centralised and digitised GST portal enhances ease of use for businesses and individuals alike.

Optimise supply chains

Prior to the government implementing GST, traders and manufacturers required a lengthy documentation process for the supply of goods. An important outcome of GST is that it removes check posts on state borders that cause traffic jams and delays in transport of goods. Removing check posts reduces transit time for goods to reach their destination and reduces warehousing and storage costs.

Simplify the Tax Structure

GST aims to simplify the complex indirect tax structure by replacing multiple taxes with a single tax, reducing compliance costs, and making tax administration more efficient.

Create a Common Market

GST creates a common national market by eliminating barriers to inter-state trade, enabling a seamless flow of goods and services across state borders.

Promote Economic Growth GST is expected to reduce the tax burden on businesses, encourage entrepreneurship, and increase investment in the country, thereby promoting economic growth.

Improve Tax Compliance

GST is expected to reduce tax evasion by creating a comprehensive and transparent tax system and promoting greater tax compliance among businesses and individuals.

Types of GST Or Components of GST

SGST

The State Goods and Services Tax or SGST is a tax under the GST regime that is applicable on intrastate (within the same state) transactions. In the case of an intrastate supply of goods and/or services, both State GST and Central GST are levied.

However, the State GST or SGST is levied by the state on the goods and/or services that are purchased or sold within the state. It is governed by the SGST Act. The revenue earned through SGST is solely claimed by the respective state government.

CGST

Just like State GST, the Central Goods and Services Tax of CGST is a tax under the GST regime that is applicable on intrastate (within the same state) transactions. The CGST is governed by the CGST Act. The revenue earned from CGST is collected by the Central Government.

UTGT

The Union Territory Goods and Services Tax or UTGST is the counterpart of State Goods and Services Tax (SGST) which is levied on the supply of goods and/or services in the Union Territories (UTs) of India.

The UTGST is applicable on the supply of goods and/or services in Andaman and Nicobar Islands, Chandigarh, Daman Diu, Dadra, and Nagar Haveli, and Lakshadweep. The UTGST is governed by the UTGST Act. The revenue earned from UTGST is collected by the Union Territory government. The UTGST is a replacement for the SGST in Union Territories. Thus, the UTGST will be levied in addition to the CGST in Union Territories.

IGST

The Integrated Goods and Services Tax or IGST is a tax under the GST regime that is applied on the interstate (between 2 states) supply of goods and/or services as well as on imports and exports.

The IGST is governed by the IGST Act. Under IGST, the body responsible for collecting the taxes is the Central Government. After the collection of taxes, it is further divided among the respective states by the Central Government.

Exception of GST

GST exemptions are specific goods or services that are exempt from the application of GST. In other words, there are certain goods and services that are not covered under the ambit of GST Act. These exemptions change from time to time and vary from country to country.

List of exempted goods under GST in India:

Food

Cereals, edible fruits and vegetables (not frozen or processed), edible roots and tubers, fish and meat (not packaged or processed), tender coconut, jaggery, tea leaves (not processed), coffee beans (not roasted), seeds, ginger, turmeric, betel leaves, papad, flour, curd, lassi, buttermilk, milk, and aquatic feeds, and supplements.

Raw materials

Raw silk, silk waste, wool (not processed), khadi fabric, cotton used for khadi yarn, raw jute fiber, firewood, charcoal, and handloom fabrics.

Tools/Instruments

Hearing aids, hand tools (such as spades and shovels), tools used for agricultural purposes, handmade musical instruments, and aids and implements used by physically challenged people.

Miscellaneous

Books, maps, newspapers, journals, non-judicial stamps, postal items, live animals (except horses), beehives, human blood, semen, bangles, chalk sticks, contraceptives, earthen pots, props used in pooja (including idols, bindi, kumkum), kites, organic manure, and vaccines.

Petroleum Product

Petrol and diesel, so far, are not subsumed under GST (Goods and Services Tax). Currently, fuels like petrol, diesel, natural gas, and ATF are covered under Vat (Value-Added Tax), central excise duty, and central sales tax. Every state has a different rate of petrol and diesel.

Alcoholic Liquor

GST on alcohol is not charged, but various other taxes are charged.

List of exempted services under GST in India:

Agricultural services

This includes all services related to agriculture except the rearing of horses. Exempt services include cultivation, harvesting, supply of farm labor, fumigation, packaging, renting or leasing of machinery for agricultural purposes, warehouse activities, and services by an Agricultural Produce Marketing Committee or Board that is provided by an agent for the sale or purchase of agricultural produce.

Transportation services

- Transportation service by road or bridge on payment of toll; transportation of goods by road (except when carried out by transportation agency or courier agency).
- Transportation of goods by inland waterways.
- Transportation of passengers by air (in the states of Manipur, Meghalaya, Assam, Arunachal Pradesh, Nagaland, Sikkim, Tripura, and Bagdogra).
- Transportation by non-AC horse or contract carriages; transportation of agricultural produce, milk, salt, newspapers, or woodgrains.
- Transportation of goods where the gross amount charged is less than Rs. 1500.
- Hiring services provided to any state transport undertaking, including motor vehicles with a capacity to carry more than 12 passengers; services provided to goods transport agencies.

Services provided by the government and diplomatic missionaries

- Services by any foreign diplomatic mission located in India.
- Services provided by the Reserve Bank of India.
- Services by the Government or any local authority **except** the following services:
  - Services by the Department of Posts via speed post, express parcel post, life insurance, and agency services provided to any individual other than the government.
  - Services related to an aircraft/vessel within or beyond the boundaries of a port or airport.
  - Transportation of goods or passengers.
  - Any other service, except those that come under (a) and (b), that is provided to business entities.
- Services provided to diplomats, including the United Nations.
- Life insurance services provided under the National Pension System; life insurance provided by the Army, Naval and Air Force Groups.

Judicial services

- Services provided by an arbitral tribunal (i.e., services provided by the court or a judge) to any individual other than a business entity or to a business entity with a turnover up to Rs. 20 lakhs (Rs. 10 lakhs for special category states) in the preceding financial year.

- Services provided by a partnership firm of advocate(s) to: an advocate or partnership firm of advocates, any individual that is not a business entity, or a business entity with a turnover up to Rs. 20 lakhs (Rs. 10 lakhs for special category states) in the preceding financial year.
- Services provided by a senior advocate (legal services) to any individual other than a business entity or to a business entity with a turnover up to Rs. 20 lakhs (Rs. 10 lakhs for special category states) in the preceding financial year.

Educational services

- Transportation of students and faculty, mid-day meal catering services, admission, examination services, and security and housekeeping services.
- Services provided by Indian Institutes of Management (except the Executive Development Programme).
- Coaching services provided by institutions and NGOs under the central sector scheme of ‘Scholarships for students with Disabilities’.

Medical services

- Services provided by a veterinary clinic; health-care services provided by clinics or paramedics.
- Services provided by ambulances, charities, and organizations facilitating religious pilgrimage.

Services provided by organizers

- Services provided by organizers for business exhibitions held outside India.
- Services provided by tour operators to foreign tourists (this includes tours that are conducted completely outside India).

Needs of GST Act

GST has mainly removed the cascading effect on the sale of goods and services. Removal of the cascading effect has impacted the cost of goods. Since the GST regime eliminates the tax on tax, the cost of goods decreases.

Also, GST is mainly technologically driven. All the activities like registration, return filing, application for refund and response to notice needs to be done online on the GST portal, which accelerates the processes.

Different Types of GST Returns

GSTR-3B

- GSTR-3B is a self-declared summary GST return filed every month. Taxpayers need to report the summary figures of sales, ITC claimed, and net tax payable in GSTR-3B.
- Form GSTR (Goods and Services Tax Return)-3B is a simplified summary return and the purpose of the return is for taxpayers to declare their summary GST liabilities for a particular tax period and discharge these liabilities. A normal taxpayer is required to file Form GSTR-3B returns for every tax period.
- Every person who is registered under GST must file GSTR-3B.

GSTR-1

- Form GSTR-1 is a monthly/quarterly Statement of Outward Supplies to be furnished by all taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- It contains invoice-wise outward supply details.
- GSTR-1 is a monthly/quarterly return that summarizes all sales (outward supplies) of a taxpayer. You must make sure that a valid GSTIN is filled while entering sales invoice details.

GSTR-2

- GSTR-2 is a monthly return that allows the taxpayer to declare and summaries the details of inward purchases of taxable goods and/or services.
- The GSTR-2 is a monthly tax return showing the purchases you've made for that month. When you make purchases from registered vendors, the information from their sales returns (GSTR-1) will be available in the GSTN portal as GSTR-2A for you to use in your GSTR-2.

GSTR-3

- GSTR-3 is a monthly return with the summarized details of sales, purchases, sales during the month along with the amount of GST liability. This return is auto-generated pulling information from GSTR-1 and GSTR-2.
- GSTR 3 is to be filed monthly and the taxpayers must report the details of their inter-state movement of the goods, sales, purchases for the month along with the tax liability. This is a return that must be filed by the taxpayers who are registered under GST.

GSTR-4

- All taxpayers who have opted for composition scheme under GST, for any period during the financial year, need to file Form GSTR-4 (Annual Return). This will include a taxpayer who have opted for composition scheme since registration and have never opted out.

- GSTR-4 is a return that must be filed by the taxpayers opting for Composition Scheme on an annual basis.
- GSTR-4 is a GST Return that has to be filed by a composition dealer. Unlike a normal taxpayer who needs to furnish 3 monthly returns, a dealer opting for the composition scheme is required to furnish only 1 return which is GSTR 4 once in a year by 30th of April, following a financial year.

GSTR-5

- he Goods and Services Tax Return 5 is a document/statement that has to be filed by every registered non-resident taxable person for the period during which they carry out businesses transactions in India. This can either be done online or from a tax facilitation center.
- This form contains the details of all outward supplies (i.e., sales) and inward supplies (i.e., purchases) made and received by the non-resident taxpayer.

GSTR-6

- Form GSTR-6 is a monthly return to be filed by all the Input Service Distributors (ISD) for distribution of credit (ITC) amongst its units.
- GSTR-6 is to be filed by only those taxpayers who are registered as Input Service Distributor (ISD). It is a mandatory return which is required to be filed on a monthly basis. In the case of no business activity, a nil return is required to be filed.
- This return must contain the details of inward supplies received/purchases made from other registered taxpayers (B2B) and the details of input tax credit that was distributed among the branches of the organization.

GSTR-7

- GSTR-7 is a return which is required to be filed by the persons who deduct tax at the time of making/crediting payment to suppliers towards the inward supplies received.

GSTR-7 is a monthly return form filed by all taxable persons who are required to deduct TDS (Tax Deducted at Source)under GST ie, th deductor needs to file this **GSTR-7**.

GSTR 7 should incorporate the following details:

- Deducted TDS
- TDS liability payable / paid
- TDS refund claimed if any
- Interest, late fees etc payable / paid.

GSTR-9

- GSTR-9 is an annual return to be filed once for each financial year, by the registered taxpayers who were regular taxpayers, including SEZ units and SEZ developers.
- It is an annual compilation of outward supplies, inward supplies, tax liability and input tax credit availed during a financial year.
- It is due to be filed by 31st December of the year following the particular financial year.

The GST Council in its 31st meeting decided that a New GST Return system will be introduced to facilitate taxpayers. In May 2019, a prototype of the offline tool has been shared on the GST Portal to give the users a look and feel of the tool. The look and feel of the offline tool would be the same as that of the online portal.

Latest Update

24th June 2022
The 47th GST Council meeting was held on the 28th and 29th of June 2022 in Chandigarh. Union FM Nirmala Sitharaman chaired this meeting and made recommendations to revise rates for revenue augmentation and correction of inversion while pruning the GST exemption list. Compliance relief was granted to e-commerce suppliers and composition taxpayers.

29th December 2021
The 46th GST Council meeting was held on 31st December 2021 in New Delhi. Union FM Nirmala Sitharaman led meeting has decided to defer the GST rate hike to 12% for textiles.

1st September 2021
45th GST Council meeting was held on 17th September 2021. Tax concessions on COVID-19 essentials got extended, Matter on GST compensation to states was taken up, correction of inverted tax structure, etc were on the agenda.

SAHAJ or SUGAM

- ITR Sahaj is ITR-1 and ITR Sugam is ITR-4, now GST will have Sahaj and Sugam forms. Regular taxpayers with a turnover of up to Rs 5 crores can now file GST returns on a quarterly basis against the earlier limit of Rs 1.5 crores, either in ‘SAHAJ’ or ‘SUGAM’.
- Sahaj is a type of GST return for small taxpayers whose aggregate turnover in the financial year does not exceed 5 Crores and their outward supplies are of B2C nature *i.e.* outward supplies are made to end consumers and unregistered business.
- Sugam (GST RET-3) is a quarterly GST return form which will be filed by registered taxpayers whose annual turnover is up to INR 5 crore and who are engaged in B2B & B2C supplies. The RET-3 form is required to be filed on a quarterly basis.

- Small taxpayers making only B2C supplies can file Sahaj returns. Taxpayers making B2B supplies or making B2C and B2B supplies, but having turnover of Rs 5 crore or less, have been given an option to file 'Sugam' Returns on quarterly basis.
- In case of new business as well, they are allowed to file Sahaj or Sugam - as their turnover in the previous year would be considered as nil.
- The quarterly returns will be mostly be similar to the monthly returns, but require lesser information to be filled as compared to the regular returns.
- The monthly returns are compulsory to be filed for taxpayers having turnover above Rs. 5 crores.
- For businesses opting Sahaj GST return, the due date to file a quarterly return is 25th of the subsequent month following the quarter-end. The payment of tax is on the self-assessed basis and should be made through a payment declaration form known as Form GST PMT-08. The due date for monthly payment of tax for Sahaj return is 20th of succeeding month. Following are due dates for filing Sahaj returns:

Due Date to File Sahaj GST Return	
Quarters	Due Data
April -June	25th July
July – September	25th October
October- December	25th January
January-March	25th April

Registration Procedure to Become a GST Practitioner in India

Step 1 – Visit the official website of the GSTN portal, https://www.gst.gov.in

Step 2 – Click on Services – Registration. Click on 'New Registration'

Step 3 – It will open a new registration page

- Click on New Registration
- In the dropdown list where 'I am a' given, select GST Practitioner
- Select your State and District from the dropdown list
- Enter Name, PAN, Email Address and Mobile Number
- Enter the captcha code
- Click on 'Proceed'

After the completion of validation, it will be redirected to the OTP verification page

Step 4 – Enter both OTPs which are received by e-mail and mobile number. Click on 'Proceed'

Step 5 – After which a TRN will be generated, click on proceed

Step 6 – Enter TRN and Captcha. Click on 'Proceed'

Step 7 – Enter the OTP received on the registered mobile number and click on 'Proceed'

Step 8 – Enter complete details required and upload documents in pdf and jpeg format. Click on 'Submit' on the Verification page.

Place of Supply

- GST is a destination-based tax wherein the tax is payable in the state where goods and services are finally consumed.
- The taxes under GST may be CGST, SGST, UTGST and IGST. In order to determine the type of GST, the nature of supply is to be ascertained.
- This nature may be either Inter-state or Intra-state. The supply of goods imported into, or exported from India is treated as Inter-state supply.
- The location of the supplier and the place of supply together define the nature of the transaction. The registered place of business of the supplier is the location of the supplier, and the registered place of the recipient is the place of supply.
- GST is a destination-based tax, i.e., the goods/services will be taxed at the place where they are consumed and not at the origin. So, the state where they are consumed will have the right to collect GST.
- Therefore, place of supply is crucial under GST as all the provisions of GST revolve around it. Place of supply of goods under GST defines whether the transaction will be counted as intrastate or interstate, and accordingly, levy of SGST, CGST & IGST will be determined.
- Hence, it is recommended to cross-check the place of the supplier, using the GST search tool.
- Under GST, the place of supply is the place of delivery of goods or the place where service is rendered by the taxpayer.
- In simple words, the place of supply is nothing but the registered place of the recipient of goods or/and services.
- Place of supply is important to determine the kind of tax that is to be levied.
- The IGST is levied in case of inter-state supply whereas CGST and SGST become applicable in case of intra state supply. Whether a supply is inter-state or intra state, it depends upon the location of supplier and the place of Supply.
- When the location of supplier and the place of supply are in two different States, it will be an Inter-State supply and IGST will be applicable but when the two are in the same State, then it will be an Intra-State supply and CGST & SGST/UTGST is applicable.

Time of Supply

- Time of supply is a relevant measure under the GST law for every transaction entered into by the supplier of goods and services.
- It means the point in time when goods have been deemed to be supplied or services have been deemed to be provided for determining when the taxpayer is liable to pay taxes.
- Time of supply means the point in time when goods/services are considered supplied'. When the seller knows the 'time', it helps him identify due date for payment of taxes.
- In order to calculate and discharge tax liability it is important to know the date when the tax liability arises
- Once the time of supply is determined, the rate of GST and the amount GST payable is calculated at that point of time and such liability is to be discharged by making payment of GST within the time specified.

HSN Code

- HSN code stands for "Harmonized System of Nomenclature". This system has been introduced for the systematic classification of goods all over the world.
- HSN codes are six digits (worldwide) and eight digits (in India) long, each with a specific meaning. HSN codes are designed to be used by businesses to classify their products for purchase or resale. This classification can be for pricing purposes, product descriptions, or inventory purposes. HSN code is a 6-digit uniform code that classifies 5000+ products and is accepted worldwide.
- It was developed by the World Customs Organization (WCO) and it came into effect from 1988.
- It has about 5,000 commodity groups, each identified by a six-digit code, arranged in a legal and logical structure.
- HSN codes are eight digits long, each with a specific meaning. HSN codes are designed to be used by businesses to classify their products for purchase or resale. This classification can be for pricing purposes, product descriptions, or inventory purposes. Governments and other agencies also use HSN codes to collect taxes and customs duties on imported goods.
- The first two digits of an HSN code will tell you what type of good it is. The third digit tells you what industry sector it belongs to, while the fourth and fifth numbers will tell

you which subsector it falls into. A zero indicates that it's not a final product; if the last four numbers are all zeros, then it's not classified under any of these categories.

- The main purpose of HSN is to classify goods from all over the World in a systematic and logical manner. This brings in a uniform classification of goods and facilitates international trade.
- The HSN system is used by more than 200 countries and economies for reasons such as:
  - Uniform classification
  - Base for their Customs tariffs
  - Collection of international trade statistics
- India is a member of World Customs Organization (WCO) since 1971. It was originally using 6-digit HSN codes to classify commodities for Customs and Central Excise. Later Customs and Central Excise added two more digits to make the codes more precise, resulting in an 8 digit classification.
- The HSN structure contains 21 sections, with 99 Chapters, about 1,244 headings, and 5,224 subheadings.
  - Each Section is divided into Chapters. Each Chapter is divided into Headings. Each Heading is divided into Sub Headings.
  - Section and Chapter titles describe broad categories of goods, while headings and subheadings describe products in detail.
- For example:
  - Handkerchiefs made of Textile matters 62.13.90
  - First two digits (62) represent the chapter number for Articles of apparel and clothing accessories, not knitted or crocheted.
  - Next two digits (13) represent the heading number for handkerchiefs.
  - Finally, last two digits (90) is the product code for handkerchiefs made of other textile materials.
  - India has 2 more digits for a deeper classification. If the handkerchiefs are made from a man-made fiber, then the HSN code is 62.13.90.10.

Generation of Challan under GST

To create and generate a Challan, post logging onto the GST Portal, perform the following steps:

1. Access the https://www.gst.gov.in/ URL. The GST Home page is displayed. Login with valid credentials and then navigate to **Services** > **Payments** > **Create Challan** option.

Note:

- For taxpayer filing Form GSTR-3B on quarterly basis (under QRMP Scheme) and intending to make payment for first and second months of the quarter, please select reason as **Monthly Payment for quarterly return**.
- Selecting Monthly payment for quarterly returns displays the Financial Year, Period and Challan Type fields.
- Selecting Any other payment option directly takes you to the **Create Challan** page.
- For taxpayers who have selected the filing preference as monthly, they will not be able to generate challan with 'Monthly payment for quarterly return' reason.
- You can click the **VIEW LEDGER BALANCE** to view the Cash and Credit ledger balance as on date.

2. The Reason for Challan page is displayed. Select the reason as **Monthly payment for quarterly return** or **Any other payment**.

3. The **Create Challan** page is displayed. Enter the challan details in the **Details of Deposit** section and select the mode of payment from the **Payment Modes** displayed.

Note:

- The taxpayer can save a challan in Post-login method. However, taxpayer cannot save a challan in Pre-login method.
- Reason for challan details will be shown on the Create Challan page. You can click the **EDIT REASON** to change the reason for generating the challan. It will take you back to the Reason of Challan page.

4. The Challan is generated. You can also download the GST Challan by clicking the **DOWNLOAD** button.

Note: You can select the **Mode of E-Payment** and click **MAKE PAYMENT** to make the payment for the challan generated.

The Challan will be downloaded.

TRAN 1 (Tax Revenue Anticipation Note 1)

- Transition Form or TRAN-1 is filed by those taxpayers who are eligible to claim the credit on the tax already paid in the pre-GST regime. The credit can be by the way of VAT/Service Tax/Excise Duty. In order to claim the complete amount as a credit, TRAN-1 is to be filed along with the particulars of stock carried forward.
- The GST TRAN 1 is a transition form for the already registered taxpayers in old schemes who are filing the GST TRAN -1 form for availing their previous input tax credit accumulated from earlier purchased stock before the implementation of the GST.
- A lot of registered entities are under GST in the current time period which stuffed with their old tax credits and benefits, which is a concerned part of the transition.
- There is a variety of tax paid in the previous tax scheme, ranging from raw materials, semi furnished goods or on the items and material given to the job working process.
- To claim Input Tax Credit (ITC) on former stock under the GST regime, the balance of closing stock ruled by the business as of July 1, 2017 must be shown in TRAN-1.
- All the persons registered under the Goods and Services Tax (GST) who may or may not be registered under the pre-GST regime. It involves all those who migrated to GST and have an ITC on closing stock. However, the composition dealers under GST need not file Transition Form 1.
- **To file transition form GST TRAN - 1, perform the following steps:**
  - 1. Login and Navigate to Transitions Forms > TRAN - 1 page
  - 2. Enter details in various tiles
  - 3. Download TRAN-1 details
  - 4. Submit TRAN - 1 to freeze data
  - 5. File TRAN - 1 with DSC or EVC
  - 6. Uploading Documents in GST Transition Forms

TRAN 2

- Form TRAN-2 would be submitted by a dealer or trader who has registered for GST but was previously unregistered.
- If a dealer does not have a VAT or excise invoice for stocks held by them on June 30, 2017, he or she can use TRAN -2 to claim tax credit on the stock.
- Form GST TRAN – 2 cannot be filed by a manufacturer or service provider.
- A dealer or trader must file TRAN-2 at the end of each month when stock is sold, reporting the details in order to claim input tax credit.
- Every registered person who is eligible to take credit in his/her Electronic Credit Ledger of eligible duties and taxes paid under existing laws in respect of inputs, in respect of

which he is not in possession of invoice or any other documents evidencing payment of duty or tax, needs to declare such stock in Form GST TRAN – 1. Subsequently he is required to file Form GST TRAN – 2.\

- **Process**
  - 1. Login and Navigate to Transitions Forms > TRAN – 2 page
  - 2. Enter details in various tiles Online Mode Offline Mode
  - 3. Preview TRAN-2
  - 4. Submit TRAN – 2 to freeze data
  - 5. File TRAN – 2 with DSC or EVC

TRAN 3

- The Form GST Tran-3 requires to file by the following person:
  - The manufacturer who has issued Credit Transfer Document to dealers.
  - Dealers who have received the Credit Transfer Document (CTD) issued by manufacturers.
- Form GST Tran-3 is a statement which contains the details of credit transfer document which is issued by a manufacturer as a proof of his Excise Duty payment on goods, which were manufactured and transacted before the date of GST implementation.
- A Credit Transfer Document (CTD) is a form issued by a manufacturer of goods, as evidence of payment of Excise Duty on goods manufactured and cleared in the pre-GST regime.
- The one [manufacturer / dealer] who has received the Credit Transfer Document [CTD] is liable to file TRAN-3.

E-Way Billing System

Under GST, transporters should carry an eWay Bill when moving goods from one place to another.

EWay Bill is an Electronic Way bill for movement of goods to be generated on the eWay Bill Portal. A GST registered person cannot transport goods in a vehicle whose value exceeds Rs. 50,000 (Single Invoice/bill/delivery challan) without an e-way bill that is generated on ewaybillgst.gov.in.

Alternatively, Eway bill can also be generated or cancelled through SMS, Android App and by site-to-site integration through API entering the correct GSTIN of parties. Validate the GSTIN with the help of the GST search tool before using it.

When an eway bill is generated, a unique Eway Bill Number (EBN) is allocated and is available to the supplier, recipient, and the transporter.

Validity of eWay Bill

An e-way bill is valid for periods as listed below, which is based on the distance travelled by the goods. Validity is calculated from the date and time of generation of e-way bill-

Type of conveyance	**Distance**	**Validity of EWB**
Other than Over dimensional cargo	Less Than 200 Kms	1 Day
	For every additional 200 Kms or part thereof	additional 1 Day
For Over dimensional cargo	Less Than 20 Kms	1 Day
	For every additional 20 Kms or part thereof	additional 1 Day

Preparation of GST returns

Goods and Services Tax (GST) is a comprehensive indirect tax that has replaced various indirect taxes such as VAT, service tax, excise duty, and others. GST returns are periodical statements filed by taxpayers containing details of their inward and outward supplies, tax collected and paid, and other related information. In India, GST returns need to be filed monthly or quarterly, depending on the type of taxpayer. The preparation of GST returns involves the following steps:

1. Obtain GST registration:
The first step in preparing GST returns is to obtain GST registration. Every person who supplies goods or services in India and has an annual turnover of more than Rs. 20 lakhs (Rs. 10 lakhs for special category states) needs to register for GST. Once the registration is obtained, the taxpayer is assigned a unique Goods and Services Tax Identification Number (GSTIN).

2. Maintain proper records:
The taxpayer needs to maintain proper records of all the inward and outward supplies, including invoices, receipts, and other supporting documents. It is essential to maintain accurate records to ensure that the GST returns are filed correctly.

3. Identify the type of return to be filed:
There are several types of GST returns that need to be filed, depending on the type of taxpayer. The most common types of returns are GSTR-1, GSTR-3B, and GSTR-9. GSTR-1 is the return for outward supplies, GSTR-3B is the return for summary of tax liability and payment, and GSTR-9 is the annual return.

4. Calculate the tax liability:
The next step is to calculate the tax liability based on the GST rates applicable to the goods or services supplied. The taxpayer needs to calculate the tax liability for both the outward supplies (sales) and the inward supplies (purchases). The tax liability is calculated by multiplying the taxable value of the goods or services by the applicable GST rate.

5. Fill in the GST return form:
The taxpayer needs to fill in the GST return form with the relevant details, such as the invoice number, taxable value, and tax amount. The details need to be filled in accurately to ensure that the returns are filed correctly.

6. Submit the returns:
Once the GST return form is filled in, the taxpayer needs to submit the returns on the GST portal within the due date. Late submission of returns can result in penalties and interest.

In conclusion, the preparation of GST returns involves obtaining GST registration, maintaining proper records, identifying the type of return to be filed, calculating the tax liability, filling in the GST return form, and submitting the returns on the GST portal. It is essential to ensure that the returns are filed correctly and within the due date to avoid penalties and interest.

METHODS OF PREPARING GST RETURNS

Goods and Services Tax (GST) is a comprehensive tax system that has replaced various indirect taxes like VAT, service tax, excise duty, and others. GST returns are periodical statements filed by taxpayers containing details of their inward and outward supplies, tax collected and paid, and other related information. There are several methods of preparing GST returns, and here are the details:

1. MANUAL METHOD

   In the manual method, the taxpayer manually calculates the tax liability using pen and paper. The steps involved in the manual method are:

- Collect the necessary documents such as invoices, receipts, and other supporting documents.
- Calculate the tax liability based on the GST rates applicable to the goods or services supplied.
- Fill in the GST return form manually with the relevant details, such as the invoice number, taxable value, and tax amount.
- Submit the return form on the GST portal within the due date.

  The manual method is suitable for small taxpayers with a low volume of transactions.

2. EXCEL BASED METHOD

   In the Excel-based method, the taxpayer uses a pre-designed Excel sheet to record the transactions and calculate the tax liability. The steps involved in the Excel-based method are:

- **Download the Excel sheet from the GST portal.**
- **Fill in the Excel sheet with the relevant details, such as the invoice number, taxable value, and tax amount.**
- **The Excel sheet automatically calculates the tax liability based on the GST rates applicable to the goods or services supplied.**
- **Upload the Excel sheet on the GST portal to file the returns.**

The Excel-based method is suitable for taxpayers with a moderate volume of transactions.

3. ACCOUNTING SOFTWARE

   Many accounting software such as Tally, QuickBooks, and Zoho Books come with built-in GST features. The steps involved in using accounting software are:

- Record the transactions in the software.
- The software automatically calculates the tax liability and generates the GST returns in the specified format.
- The returns can be submitted on the GST portal directly from the software.

The accounting software method is suitable for taxpayers with a high volume of transactions and who prefer a digital solution.

4. GST Suvidha Providers (GSP):
   GST Suvidha Providers are third-party service providers that offer GST compliance services to taxpayers. The steps involved in using GSP services are:

- Subscribe to the GSP services.
- Record the transactions in the GSP software.
- The GSP software automatically calculates the tax liability and generates the GST returns in the specified format.
- The returns can be submitted on the GST portal directly from the GSP software.

The GSP method is suitable for taxpayers who prefer to outsource their GST compliance activities to a third-party service provider.

In conclusion, choosing the most suitable method of preparing GST returns depends on the taxpayer's business requirements, the volume of transactions, and their level of expertise in GST compliance. Using accounting software or GSP services can simplify the process of preparing GST returns and minimize errors

FILING OF GST RETURNS

Filing GST returns is the process of submitting the periodic statements containing the details of a taxpayer's inward and outward supplies, tax liability, tax paid, and other related information to the GST authorities. In India, GST returns need to be filed monthly or quarterly, depending on the type of taxpayer. The filing of GST returns involves the following steps:

1. Login to the GST portal:

The taxpayer needs to login to the GST portal using their unique Goods and Services Tax Identification Number (GSTIN) and the password.

2. Select the type of return to be filed:

Once logged in, the taxpayer needs to select the type of GST return to be filed, depending on the nature of their business and their turnover.

3. Enter the details:

The taxpayer needs to enter the details of their inward and outward supplies, including the invoices, receipts, and other supporting documents. The details need to be filled in accurately to ensure that the returns are filed correctly.

4. Reconcile the data:

The taxpayer needs to reconcile the data in the GST return with the data in their books of accounts to ensure that the returns are filed accurately.

5. Compute the tax liability:

The taxpayer needs to compute the tax liability based on the GST rates applicable to the goods or services supplied. The tax liability is calculated by multiplying the taxable value of the goods or services by the applicable GST rate.

6. Pay the tax liability:

The taxpayer needs to pay the tax liability online through the GST portal using any of the available payment modes.

7. Submit the return:

Once the data has been entered, reconciled, and the tax liability has been paid, the taxpayer needs to submit the GST return on the GST portal. The return needs to be filed within the due date to avoid any penalties and interest.

8. Acknowledgment:

After submitting the GST return, the taxpayer receives an acknowledgment in the form of an email or SMS. This acknowledgment serves as proof of the return filed.

In conclusion, filing of GST returns involves logging in to the GST portal, selecting the type of return to be filed, entering the details of the inward and outward supplies, reconciling the data, computing the tax liability, paying the tax liability, submitting the return, and obtaining an acknowledgment. It is essential to ensure that the returns are filed correctly and within the due date to avoid any penalties and interest.

TEMPORARY AND PERMANENT RETURNS

Goods and Services Tax (GST) is a consumption-based tax levied on the supply of goods and services in India. The concept of temporary and permanent returns in GST relates to the periodic filing of tax returns by registered taxpayers.

1. Temporary Returns:
Temporary returns are filed by taxpayers during the initial stages of GST implementation or during transitional periods when the GST law undergoes significant changes. These returns capture essential information about the taxpayer's business activities and help in the smooth transition to the GST regime. Temporary returns serve as a provisional mechanism until the permanent return forms are introduced.

2. Permanent Returns:
Permanent returns, also known as regular returns, are the standard returns that taxpayers are required to file periodically under the GST regime. They provide detailed information about the taxpayer's inward supplies, outward supplies, and tax liability. Permanent returns help the tax authorities monitor compliance, determine the tax liability, and facilitate the input tax credit (ITC) mechanism.

Permanent returns in GST are categorized into different forms based on the type of taxpayer and their turnover:

a. GSTR-1: This form is used to report outward supplies made by regular taxpayers (other than composition scheme taxpayers) on a monthly or quarterly basis. It includes details such as invoices issued, taxable value, and tax charged.

b. GSTR-3B: It is a monthly summary return where taxpayers report their summarized details of outward supplies, input tax credit availed, and tax liability. GSTR-3B is a self-declared return used to pay taxes and file GST returns in the initial stages of GST implementation.

c. GSTR-4: This return is filed by taxpayers opting for the Composition Scheme, which provides certain relaxations and a simplified compliance process. GSTR-4 captures the summary of outward supplies, tax payable, and payment of tax by composition dealers.

d. GSTR-9: It is an annual return filed by regular taxpayers, providing a consolidated summary of all inward and outward supplies made during the financial year. GSTR-9 includes details of turnover, taxes paid, ITC availed, and any additional liability to be discharged.

e. GSTR-9C: This is a reconciliation statement and certification to be filed along with GSTR-9 by taxpayers whose annual turnover exceeds a specified threshold. It requires reconciliation between the financial statements and GST returns, and it needs to be certified by a chartered accountant or a cost accountant.

It's important to note that the specific return forms and frequencies can vary based on the taxpayer's turnover, nature of business, and the applicable GST regulations. Taxpayers should consult the GST law and regulations or seek professional advice to understand their specific return filing requirements.

VAT

Value Added Tax (VAT) is an indirect tax levied on the value added to goods or services at each stage of the supply chain, from the manufacturer to the end consumer. VAT is a multi-stage tax system where the tax liability is borne by the end consumer, but it is collected and remitted by businesses at each stage of the production and distribution process. Here's a detailed explanation of the basic concept of VAT and its applicability to petrol and liquor after the enforcement of the GST Act 2007:

1. Basic Concept of VAT:
VAT is based on the principle of taxing the value added at each stage of the supply chain. It is a consumption tax that is ultimately borne by the final consumer. The tax liability is calculated by deducting the input tax credits (taxes paid on purchases) from the output tax (taxes collected on sales). This ensures that the tax burden is not cascaded or duplicated at different stages of production and distribution.

2. Applicability of VAT to Petrol and Liquor:
Prior to the enforcement of the GST Act 2007, petrol and liquor were subject to VAT in many countries, including India. VAT was applied to these items at each stage of their supply chain, from production to retail. The tax liability was calculated based on the value added at each stage, including manufacturing, wholesale, and retail.

3. Impact of GST on Petrol and Liquor:
With the enforcement of the Goods and Services Tax (GST) Act 2007, the applicability of VAT to petrol and liquor underwent significant changes. GST is a comprehensive indirect tax that subsumed various indirect taxes, including VAT, in India. However, the GST Act has specific provisions for the exclusion or separate treatment of certain goods, including petrol and liquor.

a) Petrol: After the enforcement of the GST Act, petrol continues to be outside the purview of GST in most countries, including India. Instead, it is subject to separate state-specific taxes, such as excise duties, road cess, and additional taxes levied by the state governments. These taxes are typically imposed by the respective state governments and vary across different states.

b) Liquor: Liquor is also kept outside the ambit of GST in most countries, including India. Instead, it remains subject to separate state-specific taxes, such as excise duties and other levies imposed by the state governments. The taxation of liquor varies from state to state, with different rates and structures for excise duties and other taxes.

It's important to note that the specific tax rates, structures, and regulations for petrol and liquor vary across different countries and states. The enforcement of the GST Act may have led to changes in the overall tax framework, but petrol and liquor continue to be subject to separate taxes imposed by the respective governments.

In summary, VAT is a multi-stage tax system based on the value added at each stage of the supply chain. While petrol and liquor were subject to VAT before the enforcement of the GST Act, they are now kept outside the purview of GST in most countries. Instead, they remain subject to separate state-specific taxes, such as excise duties and other levies imposed by the respective state governments.