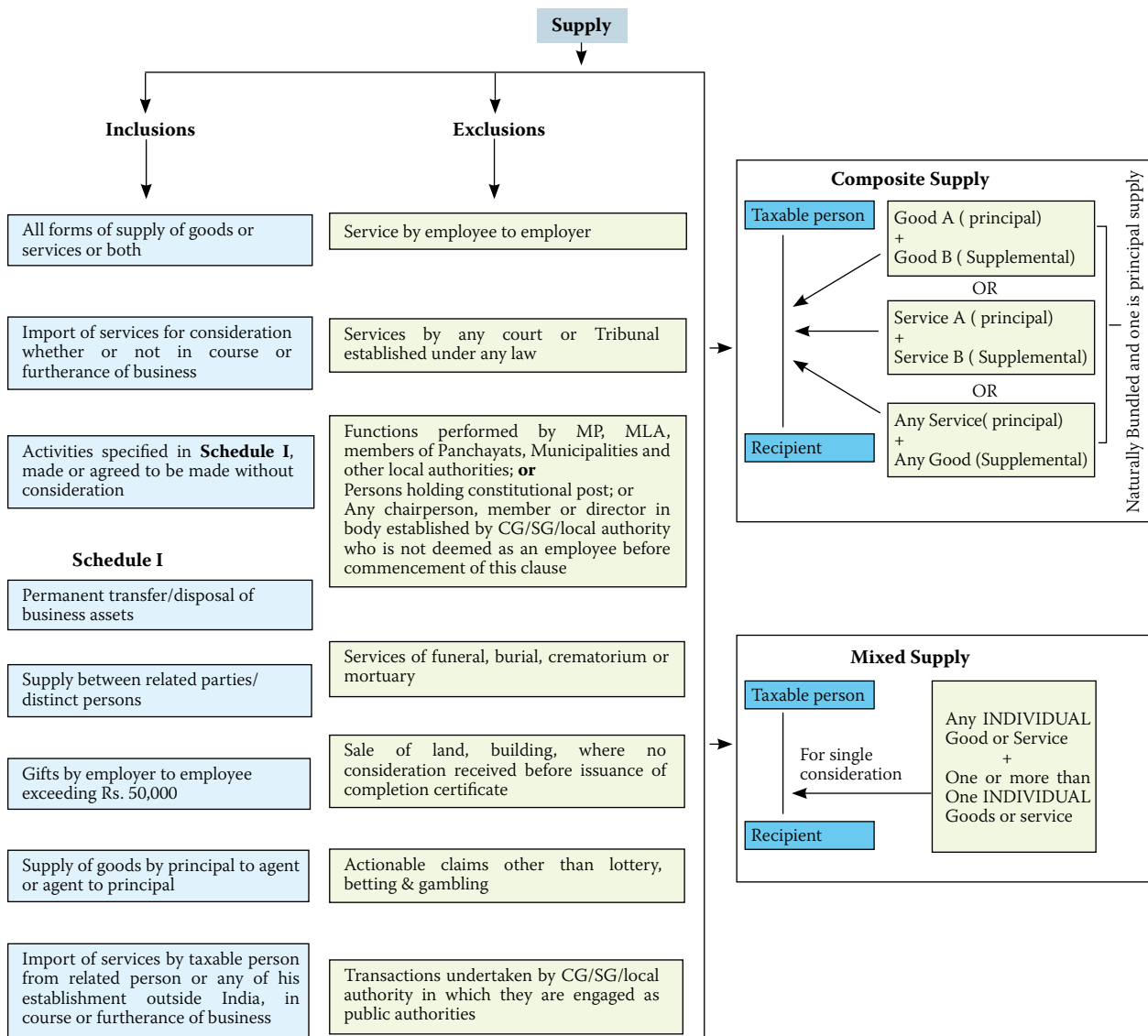


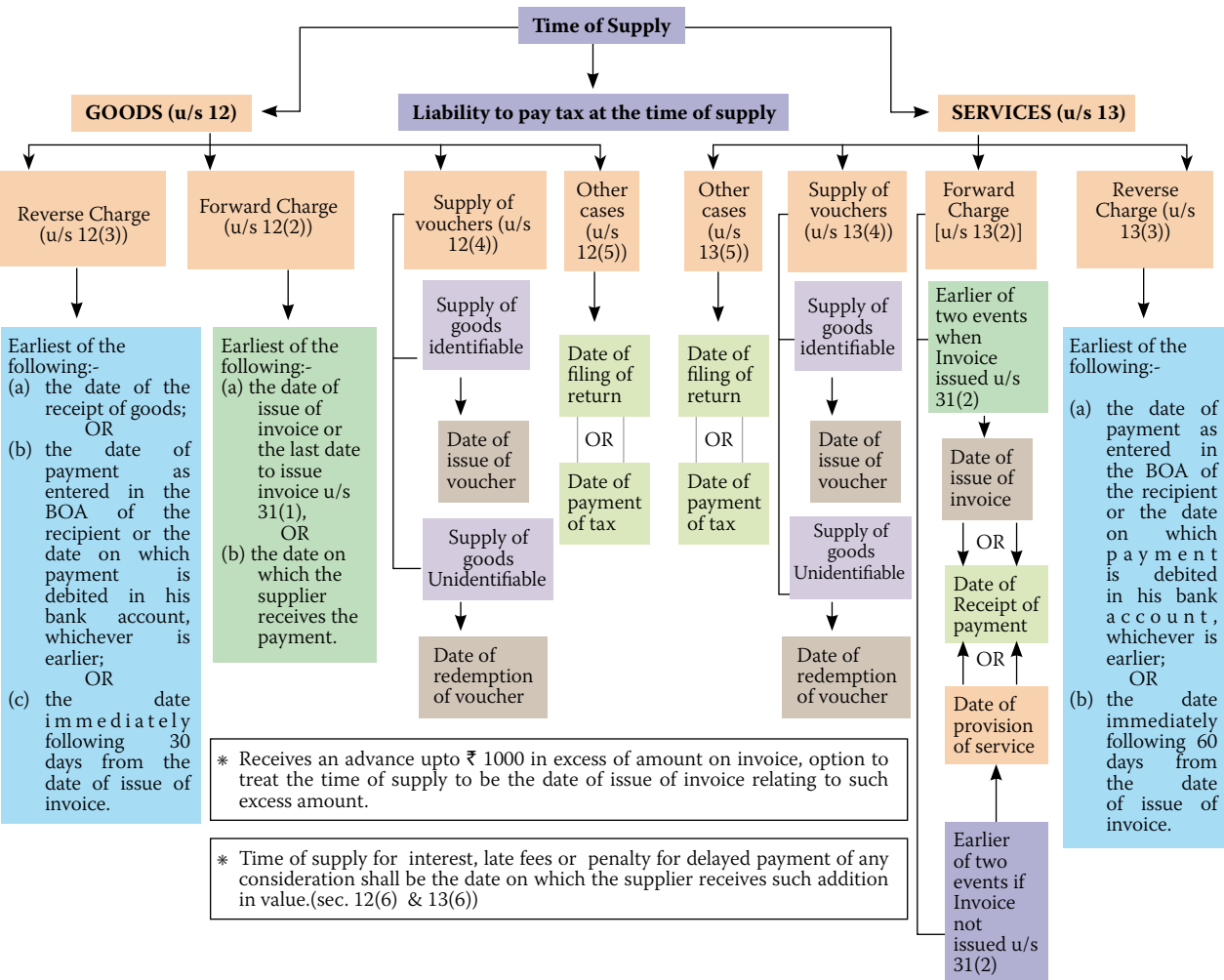
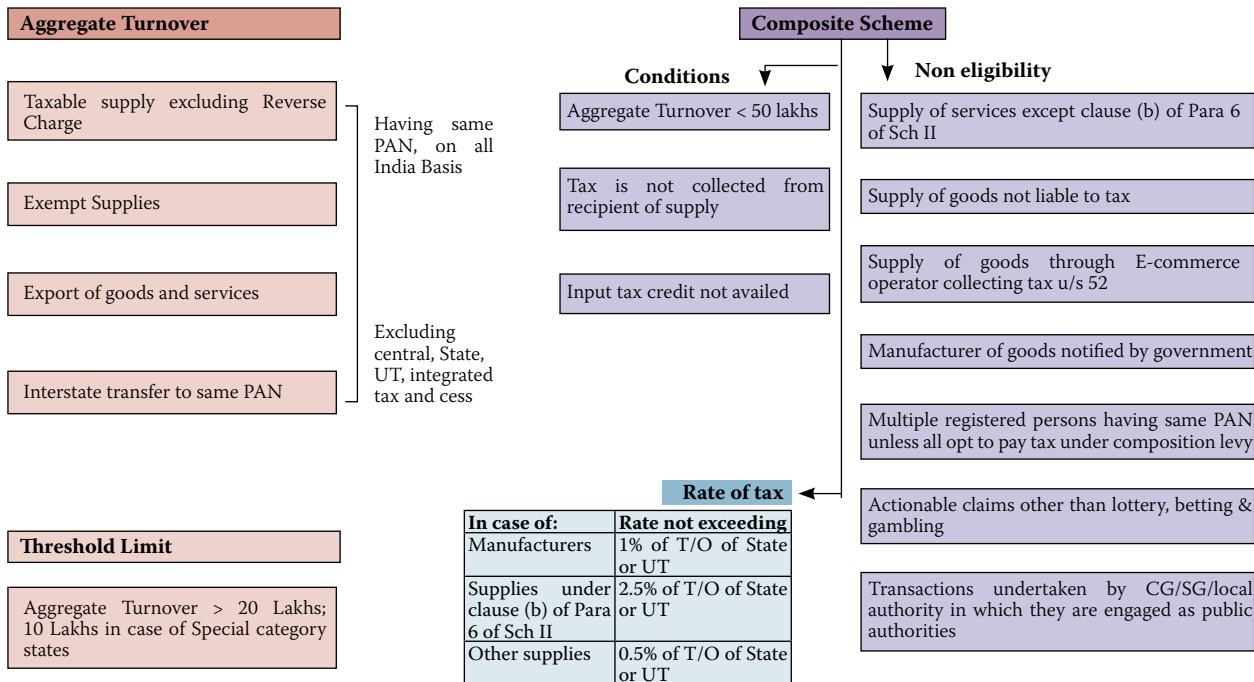
By the time this Journal reaches your hand, Goods and Services Tax would have seen the light of the day in our country. July 1, 2017 is going to be etched in the annals of the fiscal history of our country as the month of the genesis of GST, the most pathbreaking and radical tax reform in the Indian economy.

You being the future Chartered Accountants have the onerous responsibility to keep yourself abreast with such a tectonic shift in the fiscal space. We, at Board of Studies, always endeavour to facilitate our students in remaining updated and *au courant* with the economic developments. With the dream of GST finally becoming a reality in July, 2017, it has been decided to come out with a crisp and concise capsule on GST in the July edition of the Student Journal.

The broad legal framework of GST law as on 22nd June, 2017 has been presented by way of flowcharts/ diagrams etc. to facilitate easy understanding of the same. Provisions relating to key concepts of GST like supply, composition levy, time and value of supply, place of supply, input tax credit, registration, returns, assessment, audit, inspection search and seizure, penalty and transitional provisions have been summarised in the subsequent pages.



GST - A QUICK PREVIEW ||



Value of goods and/or services u/s 15 = Transaction Value when supply is made to unrelated person and price is the sole consideration. When value cannot be determined u/s 15, the same will be determined using Valuation Rules.

Valuation Rules

RULE 1 : Where the consideration is not wholly in money

Value shall be either of the following in the given order

- open market value
- total of consideration in money + amount equal to the consideration not in money
- value of supplies of like kind and quality
- Consideration in money + money value of consideration as per rule 4 or 5 in that order.

RULE 2 : Where supply is between distinct or related persons, other than agent

Value shall be either of the following in the given order:

- open market value
- value of supplies of like kind and quality
- value as per rule 4 or 5 in that order.

RULE 3 : When supply made or received through an agent

Value shall be either of the following in the given order:

- open market value or 90% of price charge by recipient to his unrelated customer for supplies of like kind and quality;
- value as per rule 4 or 5 in that order.

RULE 4 : Value of supply based on cost

Value shall be **110%** of cost

RULE 5 : Residual method for determination of value of supply

Value shall be determined using reasonable means consistent with the principles and general provisions of section 15 & valuation rules. For services, rule 5 can be adopted before rule 4.

RULE 7: Value of supply in case of pure agent

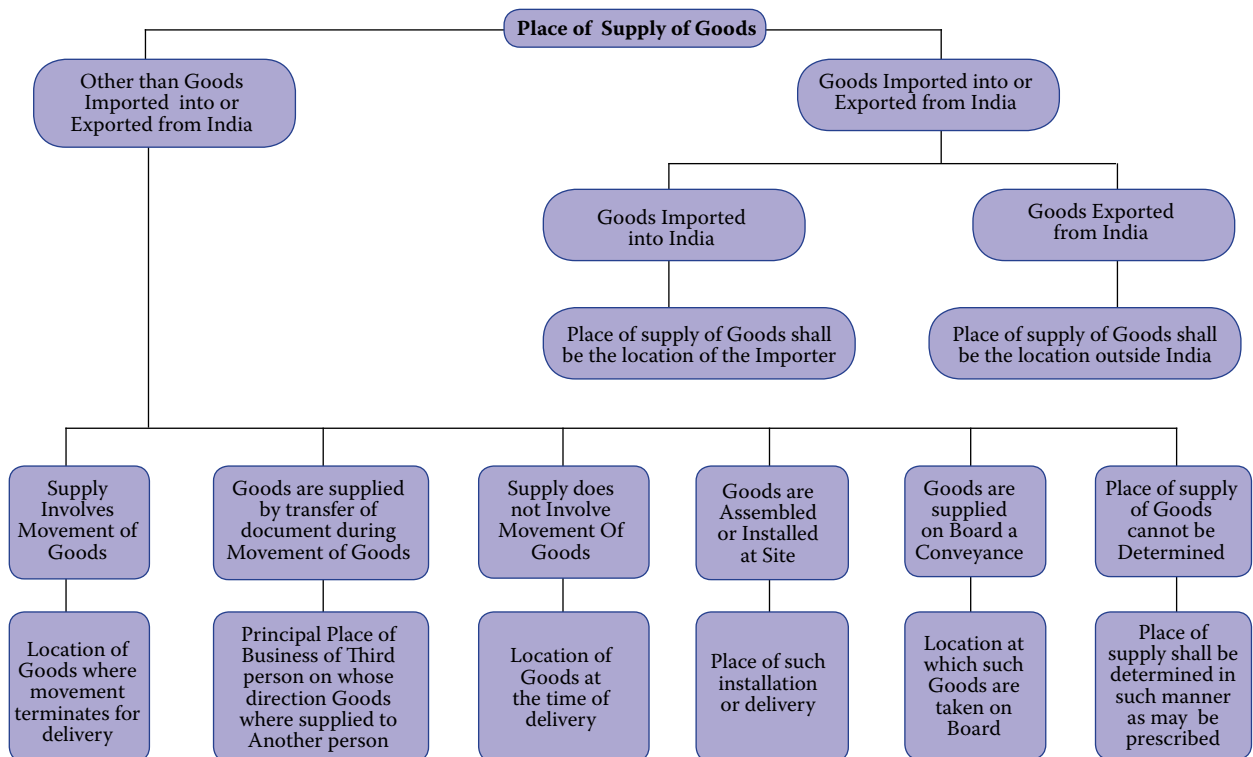
Costs incurred by the supplier as a pure agent of recipient shall be excluded from value of supply.

RULE 8 : Rate of exchange of currency, other than Indian rupees, for determination of value

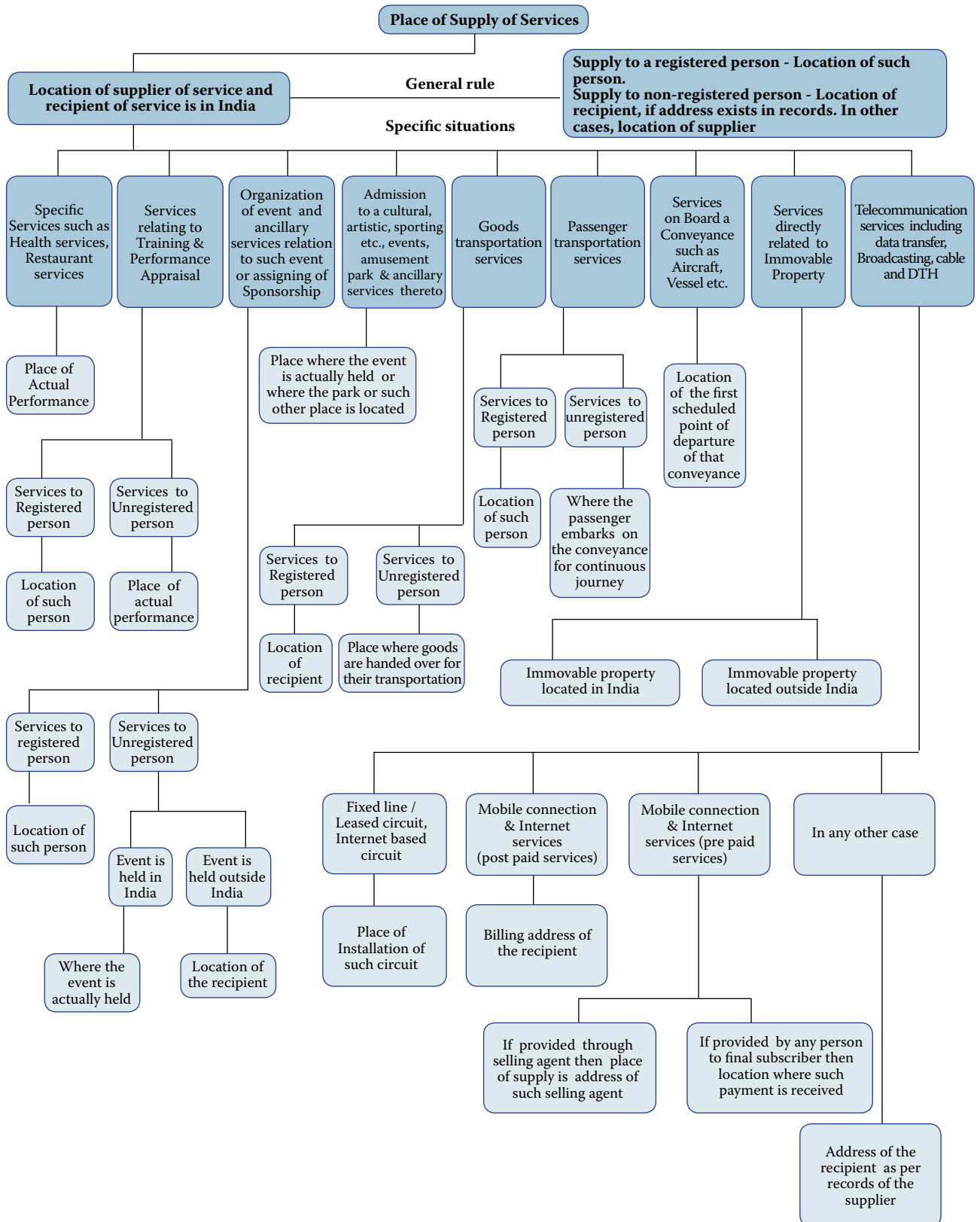
It shall be applicable reference rate for that currency as determined by the RBI on the date when point of taxation arises in respect of such supply.

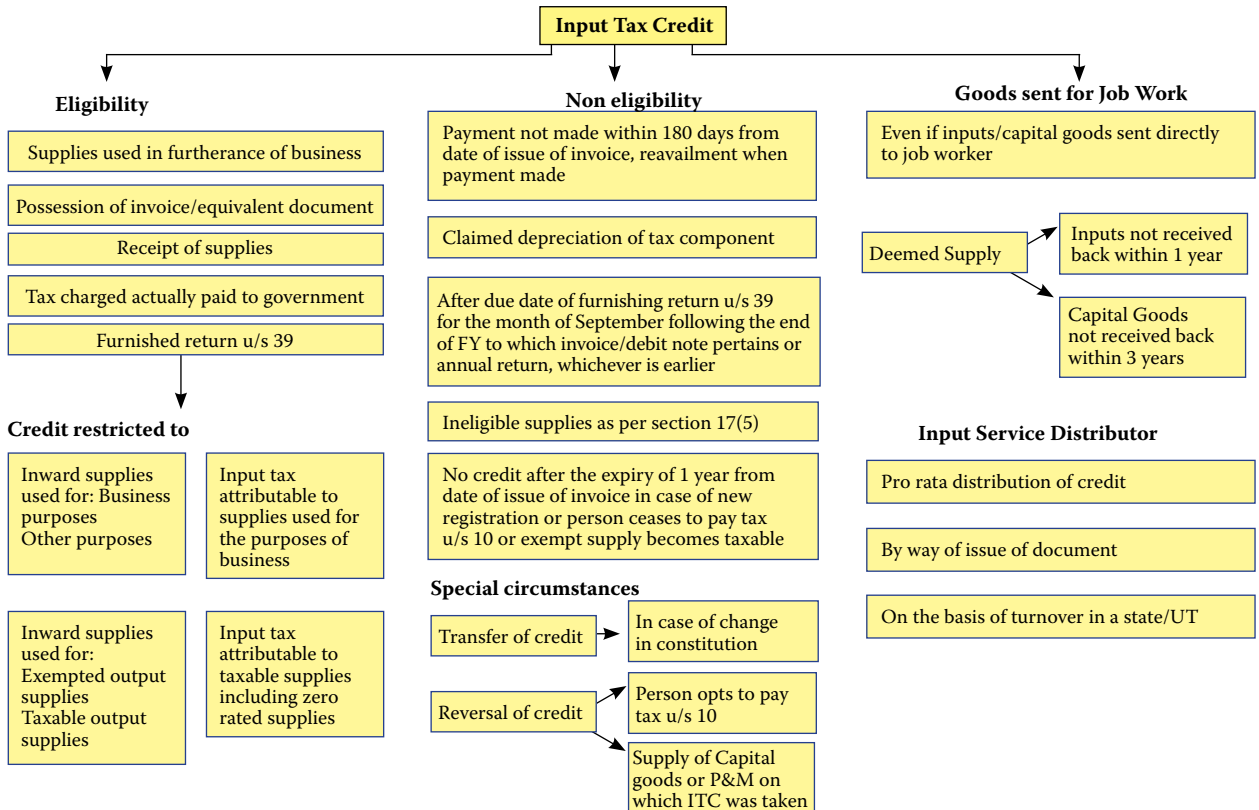
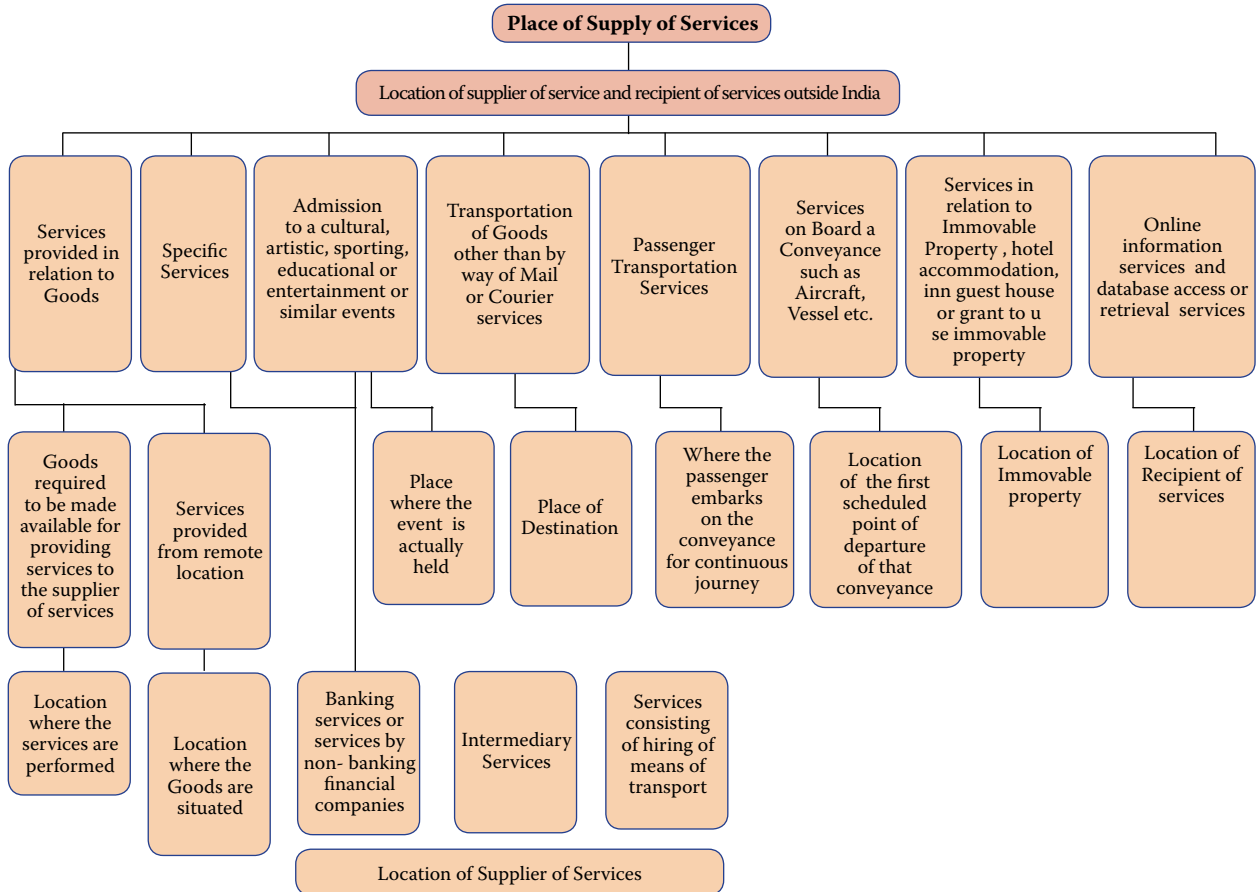
RULE 6 : Value of supply in respect of certain supplies

- **Purchase/sale of foreign currency:** When exchanged from, or to, (INR), value = [Buying rate/Selling rate – RBI reference rate at that time] x total units of currency. If no RBI reference rate, value = 1% of INR received/provided. If the currencies exchanged are not in INR, value = 1% of lesser of two amounts that would have been received by converting any of two currencies into INR at RBI reference rate. OR specified % for different slabs of the gross currency exchanged.
- **Booking of tickets by air travel agent:** Value = 5% of basic fare for domestic bookings, and 10% of the basic fare for international bookings.
- **Life insurance business:** Value = gross premium charged from a policy holder reduced by amount allocated for investment OR specified % of premium in 1st and subsequent years.
- **Buying & selling of second hand goods:** Value = Selling price – Buying price (ignore if value is –ve).
- **Coupon/voucher:** Value = money value of supplies redeemable against such voucher/coupon.
- **Notified supplies under Entry 2 of Schedule 1:** Value = Nil

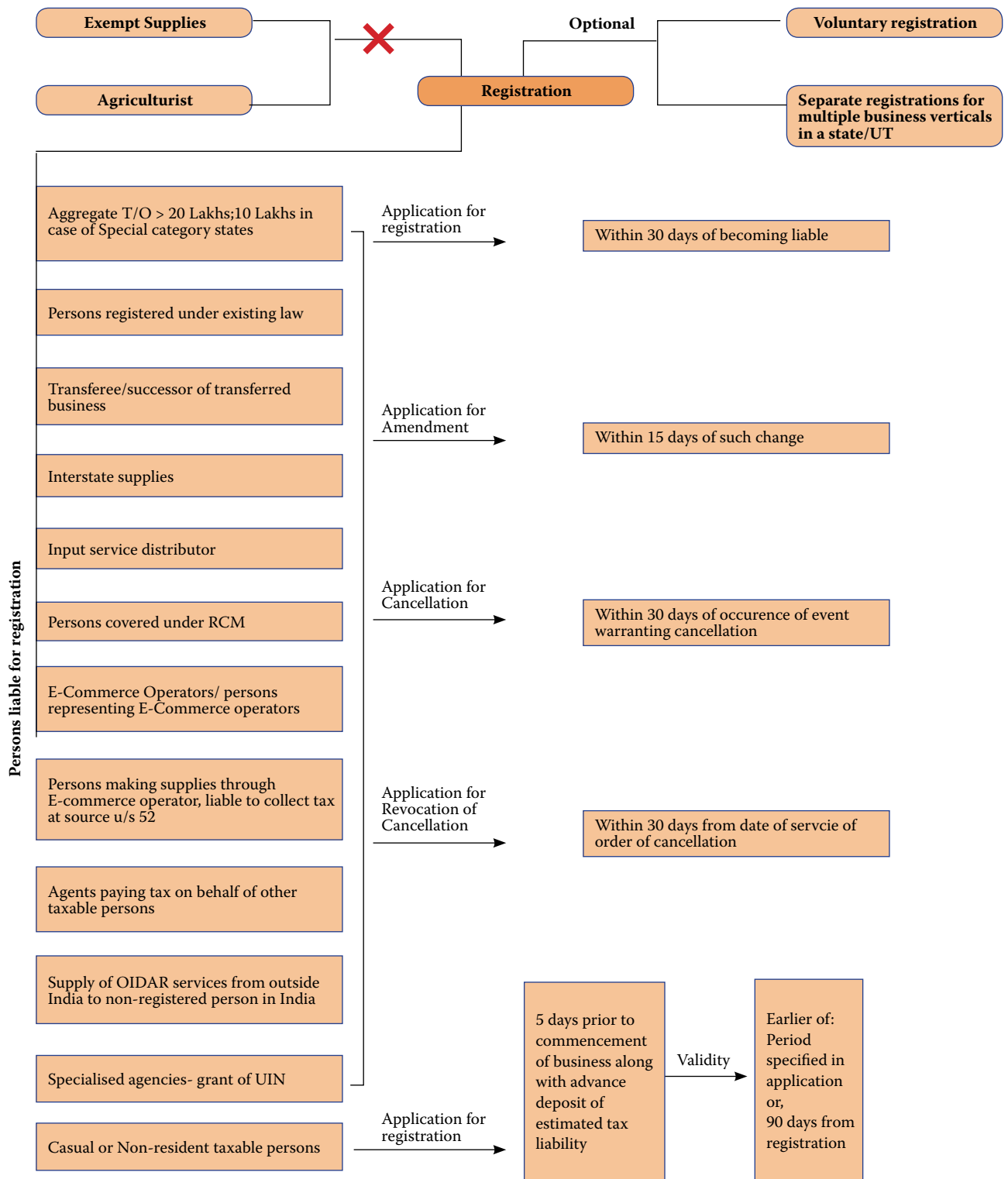


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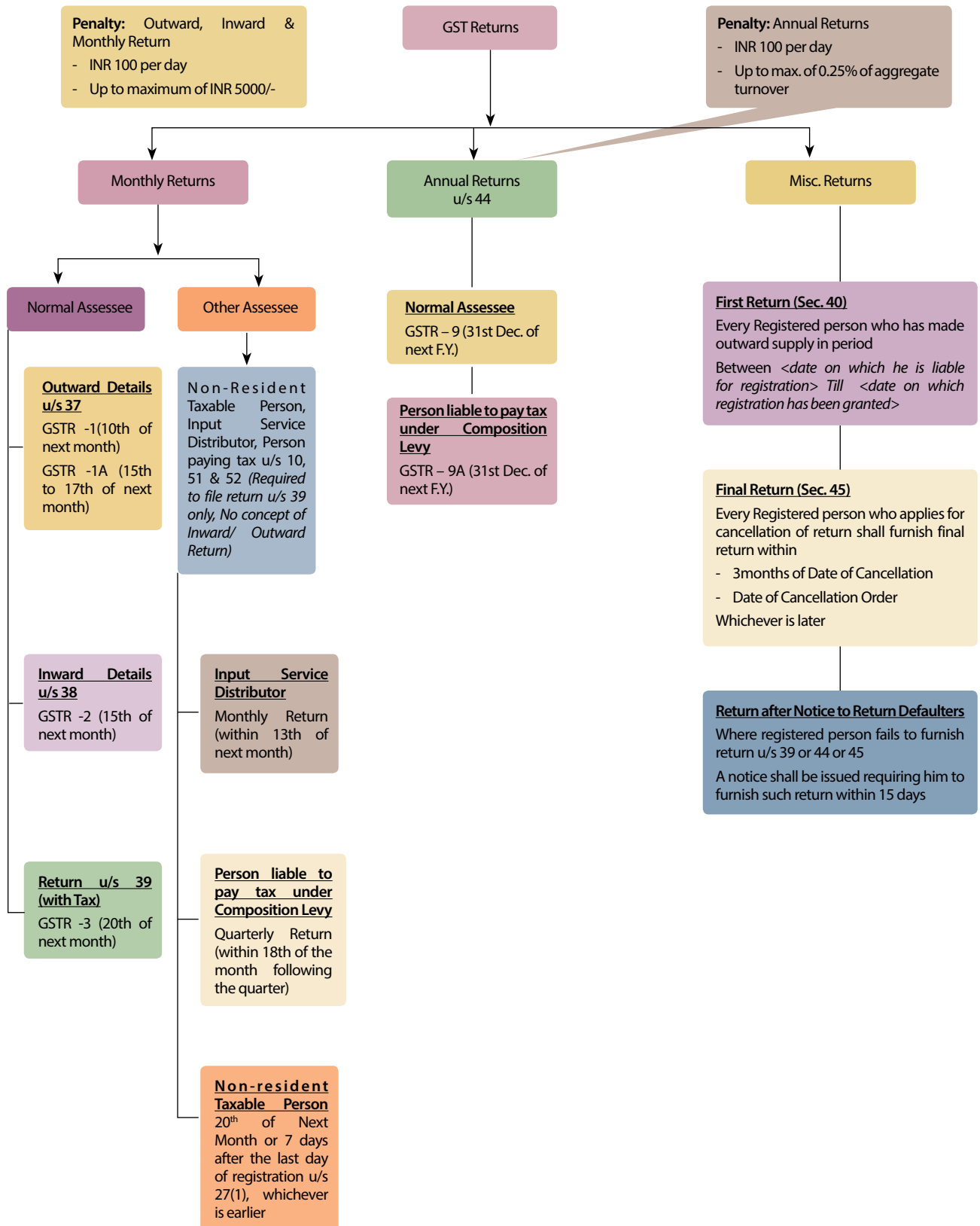




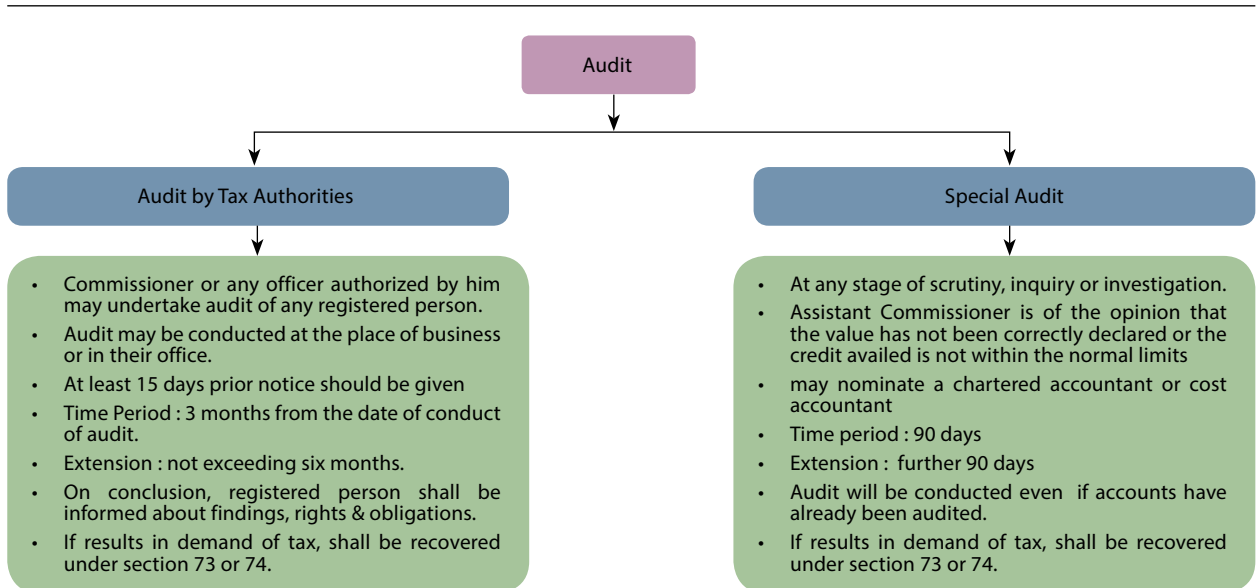
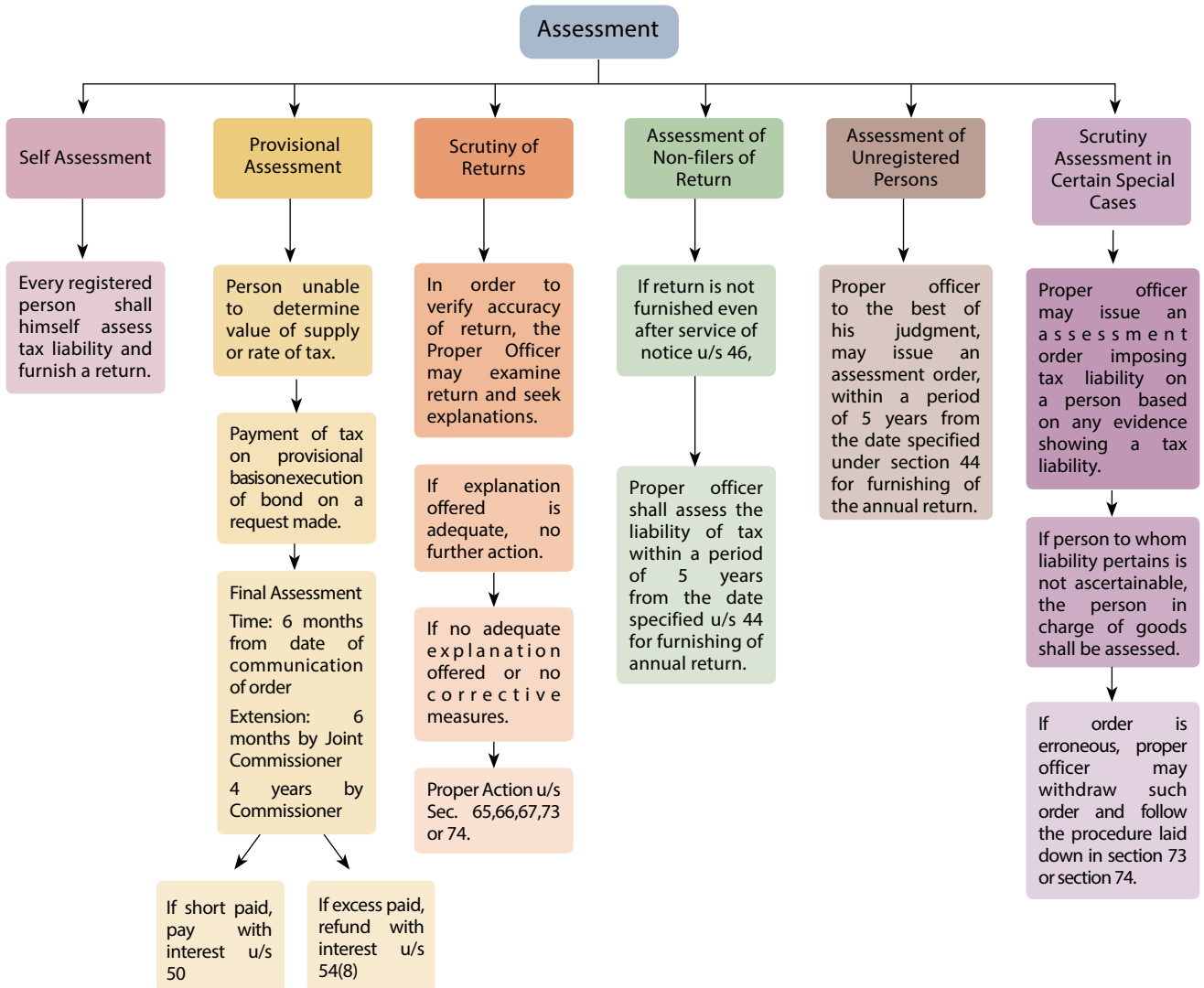
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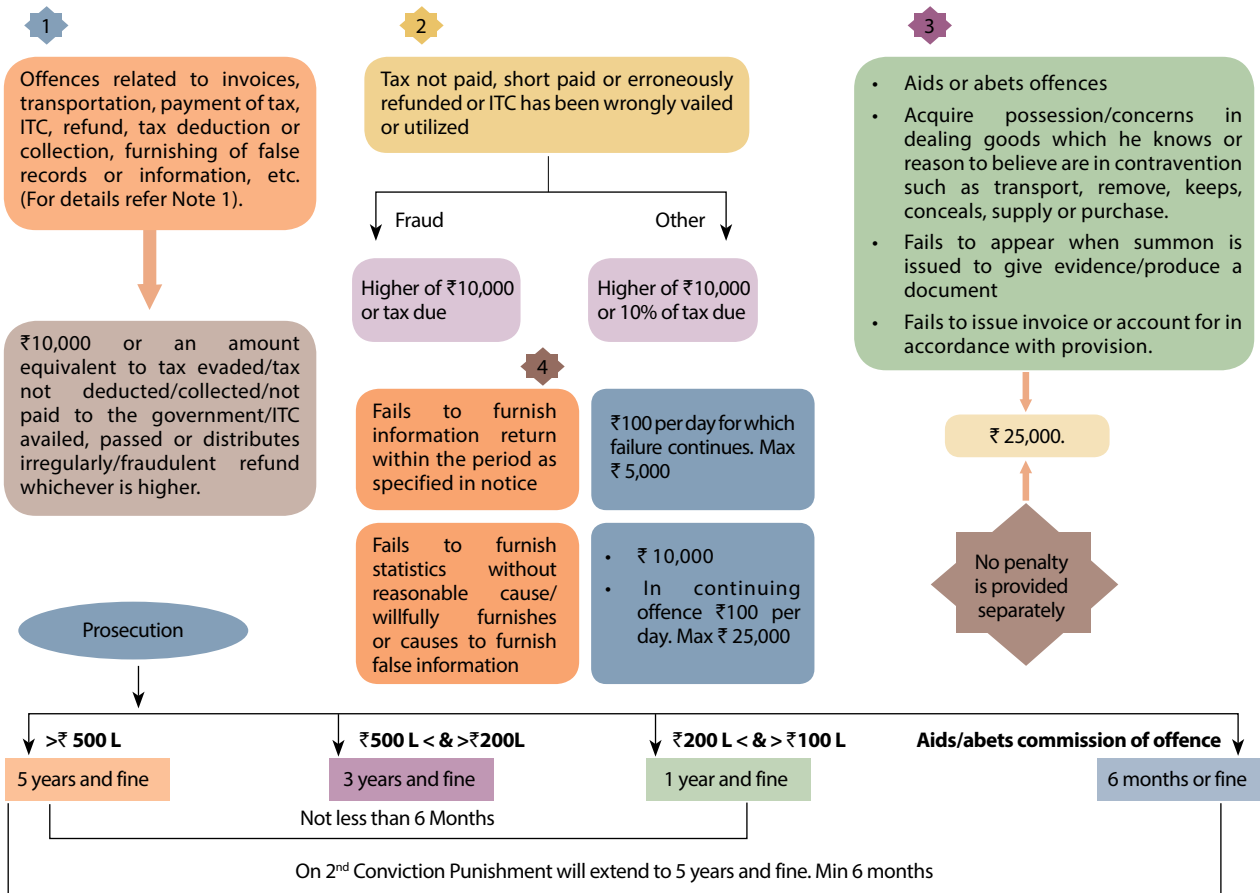
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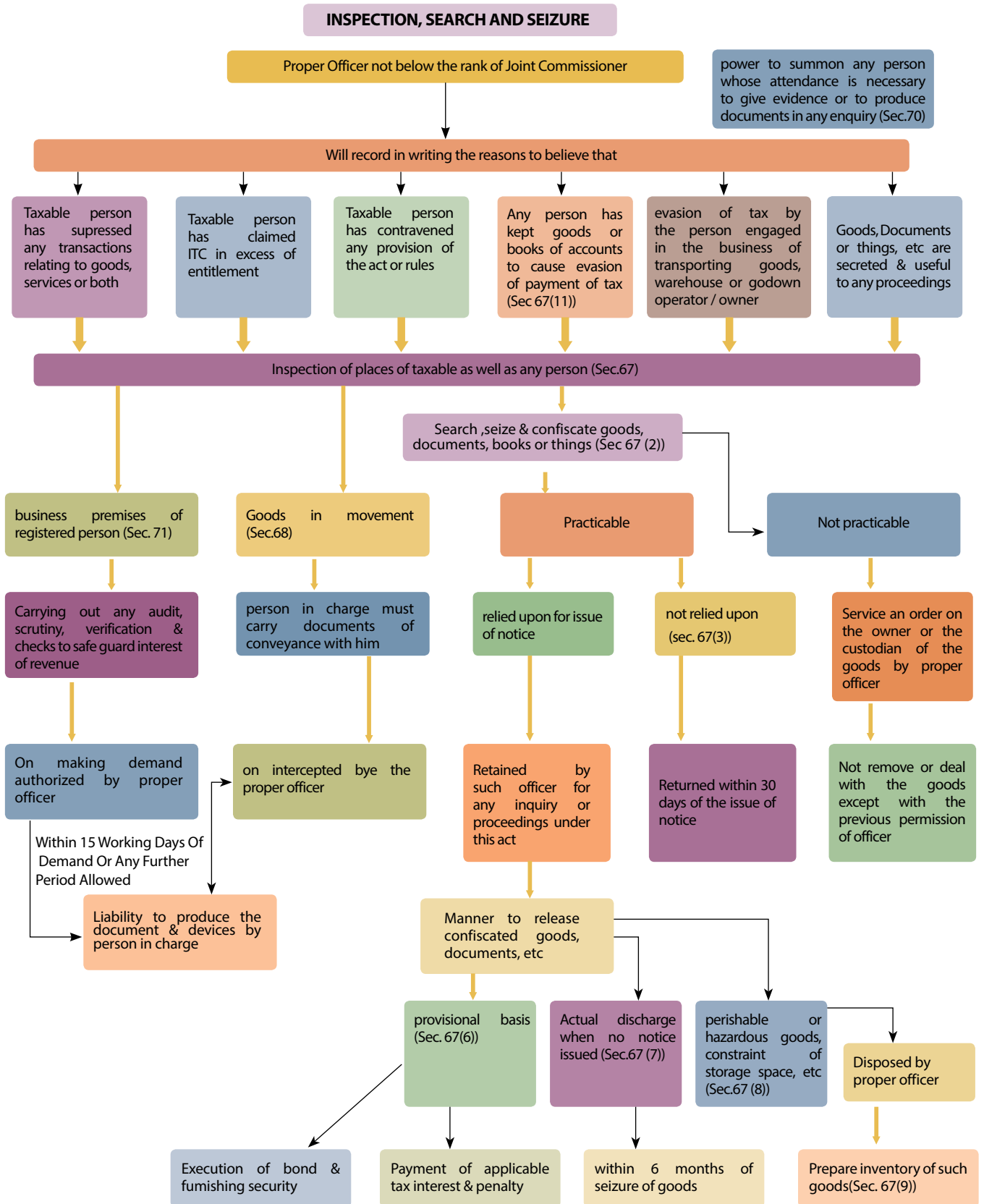
OFFENCES & PENALTIES



Note 1

- 1 Supplies made without invoice/ false invoice/ invoices or bills issued without any invoice/ transports taxable goods without document cover.
- 2 Collects tax, but fails to pay within 3 months.
- 3 Fails to deduct any tax or collect tax/ deduct or collect lesser amount of tax/ failed to pay the same.
- 4 Takes or utilizes ITC/ takes or distributes ITC in contravention of the act.
- 5 Obtains refund fraudulently.
- 6 Falsifies or substitutes financial records/ produces fake accounts/ furnishes false information with an intention to evade tax/ suppresses the turnover in order to evade tax.
- 7 Fails to obtain registration/ furnishes false particulars with regard to registration/ issues invoices using registration number of another person.
- 8 Obstructs or prevents officer incharge of its duties.
- 9 Fails to keep, maintain or retain books of accounts.
- 10 Fails to furnish information or documents/ furnishes false information during any proceedings.
- 11 Supplies, transports or stores goods which has a reason to believe are liable for confiscation.
- 12 Tamper with or destroys any material evidence or document. Disposes off or tampers any goods that have been detained, seized or attached.

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