

If the refund claim is less than ₹ 2 lakh, there is no need for the claimant to furnish any documentary evidence to prove that he has not passed on the incidence of tax to any other person. Refund of input tax credit is allowed in case of exports or where the credit accumulation is on account of inverted duty structure (i.e. where the tax rate on output is higher than that on inputs), barring few exceptions.

6. Demands

A new concept of sunset clause for tax disputes has been introduced in GST. It provides that Adjudication Order shall be issued within 3 years of due date of filing of annual return in normal cases and the time limit is 5 years (from the due date of filing of annual return) in fraud/suppression cases. Show Cause Notice will have to be issued at least 3 months prior to the time limit prescribed for issue of adjudication order in normal cases and at least 6 months prior to the time limit prescribed for issue of adjudication order in cases involving fraud/suppression etc. Penalty is Nil or minimal if the tax short paid / non-paid is deposited along with interest at the stage of audit/investigation.

7. Alternate Dispute Resolution mechanism - Advance Rulings

Advance Ruling mechanism has been continued under the GST law. The salient features are as under:

- (a) Advance Ruling can be sought on more subjects than allowed under the earlier laws. The subjects on which Advance Ruling can be sought are: classification of goods/or services, time and value of supply, rate of tax, admissibility of input tax credit, liability to pay tax, liability to take registration and whether a particular transaction amounts to a supply under GST law.
- (b) **Advance Ruling can be sought not only for new activities** but also for existing activities. The facility of appeal, which was not there under the earlier Central laws, has been provided in the GST Law.
- (c) The applicants or the Department, if aggrieved by the Advance Ruling, would henceforth get the opportunity to file an appeal before the Appellate Authority of Advance Ruling. Advance Ruling can be obtained more

easily as there will be one Advance Ruling Authority (as also the Appellate Authority) in every State.

8. Other provisions of GST

The provisions worth mentioning here are:

- (a) Electronic invoicing system has been introduced for taxpayers with Aggregate Annual Turnover of more than ₹ 500 Cr from 01st October, 2020 for B2B transactions and for export invoices. The same was extended for taxpayers with Aggregate Annual Turnover of more than ₹ 100 Cr from 01st January, 2021. Further, the same has been extended for taxpayers with Aggregate Annual Turnover of more than ₹ 50 Cr from 01st April, 2021, and for taxpayers with Aggregate Annual Turnover of more than ₹ 20 Cr from 01st April, 2022 and for taxpayers with Aggregate Annual Turnover of more than ₹ 10 Cr from 01st October, 2022.
- (b) e-Commerce companies are required to collect tax at source in relation to any supplies made through their online platforms, under fulfillment model, at the rate of 2% on the net value of taxable supplies made through it where the consideration in respect of such supplies is collected by operator.
- (c) An anti-profiteering measure has been incorporated in the GST law to ensure that any benefits on account of reduction in tax rates or benefit of input tax credit results in commensurate reduction in prices of such goods/services.



GST Overview of GST



कुंजी, देश के सर्वांगीण विकास की

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GST

GOODS AND SERVICES TAX

Overview of GST

(Updated as on November 2022)



Overview of GST

The salient features of GST are as under:

- (a) **GST is applicable on the supply of goods or services** as against the earlier concepts of tax on the manufacture or sale of goods or provision of services. It is a **destination-based consumption tax**. This means that tax would accrue to the State or the Union Territory where the consumption takes place.
- (b) **GST applies to all goods other than alcoholic liquor for human consumption and five petroleum products**, viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of Goods and Services Tax till a date notified on the recommendation of the Goods and Services Tax Council.
- (c) **Threshold Exemption:** Threshold limits of Aggregate Annual Turnover for exemption from registration and payment of GST for the suppliers of goods is ₹ 40 Lakh and ₹ 20 Lakh (in case of States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand) with effect from 01st April, 2019. Threshold limit of Aggregate Annual Turnover for exemption from registration and payment of GST for suppliers of services is ₹ 20 Lakh and ₹ 10 Lakh (in case of States of Manipur, Mizoram, Nagaland and Tripura).
- (d) **Composition levy:**
 - **Composition scheme has been formulated for small businessmen being supplier of goods and supplier of restaurant services.** Under the scheme, person with Aggregate Annual Turnover up to ₹ 1.5 Cr (₹ 75 Lakh in States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) needs to pay tax equal to 1% to 5% on his Aggregate Annual Turnover and needs to file his returns annually with quarterly payment from FY 2019-20.

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- **Composition scheme has been made available for suppliers of services** (to those who are not eligible for the Composition Scheme mentioned in (a) above) with a tax rate of 6% (3% CGST + 3% SGST) having an Aggregate Annual Turnover in the preceding FY up to ₹ 50 Lakh. They would be liable to file one Annual Return with quarterly payment of taxes. This has been made effective from 01st April, 2019.
 - A taxpayer opting for composition levy is **not** allowed to collect any tax from his customers nor is he entitled to claim any input tax credit. The **composition scheme is optional**. Taxpayers making inter-State supplies are not eligible for composition scheme. The benefit of Composition Scheme is not available to manufacturers of Ice-cream, Pan Masala and Tobacco and Manufactured Tobacco Substitutes, Fly ash bricks or fly ash aggregate with 90% or more fly ash content, Fly ash blocks, Bricks of fossil meals or similar siliceous earths, Building bricks and Earthen or roofing tiles.
- (e) The Integrated tax (IGST) is levied and collected on inter-State supply of goods and services.
 - (f) **Use of Input Tax Credit:** Taxpayers are allowed to take credit of taxes paid on inputs (input tax credit) and utilize the same for payment of output tax. However, no input tax credit on account of CGST is allowed to be utilized towards payment of SGST/UTGST and vice versa. Input tax credit on account of IGST shall first be utilised towards payment of IGST, and the amount remaining, if any, may be utilised towards the payment of CGST and SGST or UTGST, as the case may be, in any order. Further, input tax credit on account of CGST, SGST or UTGST shall be utilised towards payment of IGST, CGST, SGST or UTGST, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully.
 - (g) GST is largely technology-driven. It reduces the human interface to a great extent and this would

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lead to speedy decisions.

- (h) GST has given a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the National as well as International market. Also, all imported goods are charged Integrated Tax (IGST) which is equivalent to Central GST + State GST. This brings equality with taxation on domestic products.
- (i) Under the GST regime, Exports and supplies to SEZ are treated as zero-rated supplies. This ensures boosting of Indian exports in the international market thus improving the balance of payments position. The exporter has the option to either pay integrated tax and claim its refund or export under LUT/bond without tax and claim refund of Input Tax Credit.

GST Council

The mechanism of GST Council has been created in terms of the provisions of the Constitution (101st Amendment) Act, 2016 to ensure harmonization on different aspects of GST between the Centre and the States as well as among States. As provided for in Article 279A of the Constitution, the Goods and Services Tax Council (the Council) was notified with effect from 12.09.2016. The Council is comprised of the Union Finance Minister (who is the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers as members. It makes recommendations to the Union and the States on almost all issues related to GST and all major decisions as regards policy, changes in law, rules, rates, etc. are taken on the recommendation of GST Council.

Minimal Interface

The **physical interface between the taxpayer and the tax authorities is minimal under GST**. Certain important provisions in this regard are as under:

- (a) There is cross-empowerment of officers belonging to Central and State Governments. Officer of CGST have been empowered to act as proper officer of SGST and vice versa. The taxpayer has to interact with only one authority.

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- (b) Registration is granted online and shall be deemed to have been granted if no deficiency is communicated to the applicant within seven working days by the tax administration which has been allotted the examination of the application. If Aadhaar authentication is not done by the applicant or if the authentication fails, registration would be granted after physical verification of business premises within 30 days.
- (c) Taxable person shall himself assess the taxes payable (self-assessment) and credit it to the account of the Government. The return filed by the tax payer would be treated as self-assessed.
- (d) Payment of tax is to be made electronically through internet banking, through the modes of Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT) or Immediate Payment Service (IMPS) or Unified Payments Interface (UPI). Smaller taxpayers are allowed to pay tax over the bank counter.
- (e) Taxpayers are allowed to keep and maintain accounts and other records in electronic form.

Input tax credit

Taxpayer is allowed to take credit of taxes paid on inputs (input tax credit), as self-assessed, in his return. Taxpayer can take credit of taxes paid on all goods and services, other than a few items in the negative list, Credit of taxes paid on inputs can be taken where the inputs are used for business purposes or for making taxable supplies. Unutilized input tax credit has been allowed to be carried forward. The facility of distribution of input tax credit for services amongst group companies has been provided for through the mechanism of Input Service Distributor (ISD).

Refund

Time limit for claiming online refund has been kept at **two years**. Refund is granted within 60 days from the date of receipt of complete application. Interest is payable if refund is not sanctioned within the stipulated period of 60 days.

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