**GST ANSWER SCHEME November 2018**

**Section A**

1. Sin tax is the tax imposed on demerit goods such as cigarettes, tobacco products, etc
2. Value addition is the net value added to products or services as it passed from stage to another until it reaches the ultimate consumer.
3. Service Accounting Code is used for classifying services. For each type of service provided is given a unified code for recognition, measurement and taxation.
4. Supply includes all forms of supply of supply of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course of business and also include import of services for a consideration whether or not in the course of business.
5. A GST invoice is a document that contains the details of the transaction along with the GST rate and amount applicable to the transaction. It is a mandatory document.
6. 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.
7. Input service means any service used or intended to be used by a supplier in the course or furtherance of business.
8. Taxable supply means a supply of goods or services or both which is leviable to tax under the Act.
9. Credit notes are issued when there is a downward revision in prices of goods or services supplied.
10. TDS certificates are issued by the deductor to the deductee as part of TDS.
11. It is an electronic way bill for movement of goods which can be generated on the e-way bill portal.
12. During certain situations involving nonpayment of tax, the proper officer may proceed to assess the tax liability of a person to the best of his judgment taking into account all the relevant material which is available or which he has gathered and issue and assessment order within a period of 5 years from the date specified under section 44 for furnishing of the annual return for the financial year to which the tax not paid relates.

**Section B**

* Every supplier shall be liable to be registered under this Act in the State or Union territory, if his aggregate turnover in a financial year exceeds twenty lakh rupees.
* Every person who, on the day immediately preceding the appointed, is registered or holds license under an existing law.
* Business carried by registered person transferred on account of succession or otherwise.
* Transfer pursuant to sanctioned of a scheme or an arrangement for amalgamation.
1.
* Should submit application electronically along with valid passport duly signed in FORM GST REG- 09
* Temporary reference number for advance deposit of tax shall be given
* He shall make an advance deposit of tax in an amount equivalent to the estimated tax liability.
* Provisions concerning to verification and award of registration shall be applicable
* Application shall be signed by approved signatory who shall be a person resident in India having legitimate PAN.
1.
* Excess payment of tax due to mistake or inadvertence
* Export of goods/services under claim of rebate or refund of accumulated input credit
* Finalization of provisional assessment
* Refund of pre-deposit for filing appeal including refund arising in pursuance of appellate authority’s order
* Refund of tax to embassies or UN bodies
* Credit accumulation due to output tax being exempt
* Credit accumulation due to inverted duty structure
* Tax refund on international treaties
1. The different types of e-ledgers are:
	1. Electronic Cash Ledger
	2. Electronic Credit Ledger
	3. Electronic Liability Ledger
2. An Input Service Distributor is a business which receives invoices for services used by its branches. It distributes the tax paid, to such branches on a proportional basis by issuing an ISD invoice. The essential conditions are:
	1. The ISD should be an office of the supplier
	2. Such supplier can be a supplier of goods or services or both
	3. Should receive tax invoices issued in respect of receipt of input service
	4. Should issue a prescribed document for the purposes of distributing credits to a supplier of taxable goods or services.
3. Documents required for claiming ITC are:
	1. Supplier issued invoice
	2. Debit Note
	3. Bill of Entry
	4. Credit Note
	5. Bill of supply
	6. Supplier issued bill of supply
4. Basic Principles are :
	1. GST is a consumption based tax
	2. Location of supplier and place of supply are in the same state, CGST,SGST/UTGST payable
	3. If it is different, IGST is applicable
	4. Supply of services to or by SEZ developer shall be deemed to be supply of services in the course of inter-state trade
	5. Supply in the same state shall be treated as intra state supply.
	6. Specific provisions have been made for place of supply in case of services
5. “business” includes––

 (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;

 (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);

 (c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;

 (d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;

 (e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;

 (f) admission, for a consideration, of persons to any premises;

 (g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;

 (h) services provided by a race club by way of totalisator or a licence to book maker in such club ; and

 (i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;

1. “location of the recipient of services” means,-

(a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;

(b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

(c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and

(d) in absence of such places, the location of the usual place of residence of the recipient.

**Section D**

1. The different types of Invoices are:
	1. GST invoice
	2. Bill of Supply
	3. Debit notes or Credit notes
	4. Supplementary invoice
	5. Vouchers
2. Time of Supply of goods and services under forward charge.
	1. Time of supply for goods
		1. The liability to pay CGST and SGST shall arise only at the time of supply of goods.
		2. Where there is continuous supply of goods
		3. In case of goods sent on approval
	2. Time of supply of services
		1. The liability to pay CGST and SGST shall arise only at the time of supply of services.
		2. In case of continuous supply of services
		3. Where the supply of services ceases under any contract before the completion of services, such services deemed to be completed on the cessation of contract

Time of supply of goods and services under reverse charge

1. Time of supply in case of reverse charge of goods
2. When tax is payable on supply of services under reverse charge
3. Time of supply in case of supply of vouchers
4. Residuary Clause

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1. A taxpayer whose turnover is below Rs 1.0 crore\* can opt for Composition Scheme. In case of North-Eastern states and Himachal Pradesh, the limit is now Rs 75\* lakh.

Turnover of all businesses registered with the same PAN should be taken into consideration to calculate turnover
The following people cannot opt for the scheme:

* Supplier of services other than restaurant related services
* Manufacturer of ice cream, pan masala, or tobacco
* Casual taxable person or a non-resident taxable person
* Businesses which supply goods through an e-commerce operator

The following [conditions](https://cleartax.in/s/composition-scheme-rules-gst) must be satisfied in order to opt for composition scheme:

* No Input Tax Credit can be claimed by a dealer opting for composition scheme
* The taxpayer cannot make any inter-state supply of goods.
* The dealer cannot supply GST exempted goods
* Taxpayer has to pay tax at normal rates for transactions under Reverse Charge Mechanism
* If a taxable person has different segments of businesses (such as textile, electronic accessories, groceries, etc.) under the same PAN, they must register all such businesses under the scheme collectively or opt out of the scheme.
* The taxpayer has to mention the words ‘composition taxable person’ on every notice or signboard displayed prominently at their place of business.
* The taxpayer has to mention the words ‘composition taxable person’ on every bill of supply issued by him.
* Those supplying goods can provide services of upto Rs. 5 lakh,
* To opt for composition scheme a taxpayer has to file GST CMP-02 with the government. This can be done online by logging into the [GST Portal](https://cleartax.in/s/file-cmp-02-gst-portal/).
* This intimation should be given at the beginning of every Financial Year by a dealer wanting to opt for Composition Scheme.

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The following are the [advantages](https://cleartax.in/s/benefits-of-gst-advantages-disadvantages)of registering under composition scheme:

* Lesser compliance (returns, maintaining books of record, issuance of invoices)
* Limited tax liability
* High liquidity as taxes are at a lower rate

[Disadvantages](https://cleartax.in/s/benefits-of-gst-advantages-disadvantages)of registering under GST composition scheme:

* A limited territory of business. The dealer is barred from carrying out inter-state transactions
* No Input Tax Credit available to composition dealers
* The taxpayer will not be eligible to supply exempt goods or goods through an e-commerce portal.
1. Provision relating to determination of value of supply:
	1. Values of supply of goods or services where the consideration is not wholly in money.
	2. Value of supply of goods or services or both between distinct or related persons, other than through an agent
	3. Value of supply of goods made or received through an agent
	4. Value of supply of goods or services or both based on cost
	5. Residual method for determination of value of supply of goods or services or both
	6. Rate of exchange of currency, other than Indian rupees, for determination of value
	7. Value of supply inclusive of integrated tax, central tax. State tax, Union territory tax