

GST UPDATE

As continue thread to our GST Knowledge series we present a comparative study between existing Service Tax Structure and Proposed GST:

S.No	Basis	Present Existing Service Tax Structure	Proposed GST
1	Definition	Any Activity	Anything other than Goods. Include transaction in money but does not include money and security.
2	Receiver of service	Activity by one person to another was treated as service.	Now even self supply taxable. (Schedule 1:Supply without corrigendum)
3	Payment of Duty	After Month End.	At Each Stage of Clearance.
4	Tax Rate	Tax to be levied at 14%(Charging Section) Plus cess	Upper limit fixed at 20%. There can be multiple rates.
5	Basic Exemption	Earlier Basic Exemption was Rs.10 Lacs.	Now Basic Exemption is 20 Lacs.
6	Inter State Supply of service	Earlier Inter State Supply of service was not condition for registration.	Now even a single Inter-State Transaction will make liable for registration irrespective of Rs.20 Lacs Basic Exemption Limit.
7	Registration	Centralised registration concept was there, Alternatively Registration was required for each premises.	Now one registration required in each state subject to Business Vertical condition i.e if Business verticals are different then one can have more than one registration in any state.
8	Duty Paying Document	For service provider Purchase invoice credit was not allowed.	No such restriction.
9	VAT Credit	VAT Credit not available.	Now Available.
10	Return	ST-3 (Half Yearly) i.e. only 2 returns annually.	GSIR 1(By 10 th of every month) & GSIR 2(By 15 th of every month) & GSIR 3(By 20 th of every month) & Annual Return i.e. 37 returns annually.
11	Taxability of Advance	Advance received was not Taxable.	Advance received or supply of service, whichever is earlier is taxable.
12	Works	Works contract issue was not	Services deemed, therefore most

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CHARTERED ACCOUNTANTS

	Contract	resolved.	issues resolved.
13	TCS	No TCS Concept.	In case of E Commerce TCS concept brought.
14	Input Tax Credit	No restriction if Invoice received and services obtained.	No person shall be eligible for ITC until tax has been paid by supplier either through cash or credit.
15	Appelable Authority	Advance Ruling :NO SETCOM :YES	Advance Ruling :YES SETCOM :NO
16	Time Boundation	Earlier there was no time boundation for payment of invoiced amount.	Payment has to be made in 180 Days or credit need to be reversed.
17	Time Limit for taking credit	Earlier Time Limit for taking credit was 1 Year from Date of Invoice.	ITC cannot be taken beyond the month of September of the following FY to which invoice pertains or date of filing of annual return, whichever is earlier.
18	Cascading Effect	Cenvat Tax Credit between Excise and Service Tax was allowed but not with VAT/Sales Tax.	Seamless Tax credit subject to preference order.

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