GST UPDATE

With Introduction of GST, Indian Taxation structure is going to see a big change and its impact will be felt across the sectors. For Understanding GST, First we need to know what are the major changes between existing Excise Structure and Proposed GST. A comparative study as mentioned is necessary:-

S.No	Basis	Present Existing Excise Structure	Proposed GST
1	Taxable Event	Manufacture	Supply
2	Place	Place of Manufacture	Destination Based
3	Payment of Duty	After Month End	At Each Stage of Clearance
4	Basic Exemption	Earlier Basic Exemption was Rs.150 Lacs.	Now Basic Exemption is Rs. 20 Lacs.
5	Inter State Sale	Earlier Inter State Sale 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.
6	Registration	Earlier Registration was required for each factory.	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.
7	Valuation	Earlier Valuation rules were in place for free supplies like samples etc.	Now proportionate credit need to be reversed pertaining to free supplies.
8	Composition	Earlier there was not any scheme of composition in Excise.	Now there is Compsition scheme available for supplies upto Rs.50 Lacs each year subject to fulfillment of various conditions.
9	Return	ER-1 (Monthly) and ER 4 (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
10	Taxability of Advance	Advance received was not Taxable.	Advance received or supply, whichever is earlier is taxable.
11	Reverse Charge	Earlier there was no reverse charge mechanism in Excise.	Govt. might notify some person on which reverse charge is payble.
12	Working Capital requirement	Present IDT related requirement:- (Sales Tax+ Excise Duty)	GST related requirement=18%

13	Input Tax Credit	No restriction if Invoice and goods received.	No manufacturer shall be eligible for ITC until tax has been paid by supplier either through cash or credit. So It is advisable to buy goods from Good credit rated suppliers.
14	Valuation rules	No Tax on Interest, Late fee, Penalty	GST to be paid on Interest/Late Fees/Penalty for delayed payment of consideration.
15	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.
16	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.
17	Credit on Capital Goods	Existing: 50% :First Year 50% :Second Year	Now credit can be taken in same year subject to certain conditions like Invoice Payment etc.
18	Definition of Capital Goods widened	Earlier Permanent Structure, Foundation were not eligible for credit.	Under GST credit on Permanent Structure, Foundation etc is allowed.
19	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.