

INSTRUCTIONAL MATERIAL ON THE TOPIC NO VI (GST)- Std. XI A.A.

(Applicable from Academic year 2018-19 and onwards)

GOODS & SERVICE TAX

Basic Concepts of GST:

Meaning of GST: GST is the single tax on the supply of goods & services right from the manufacturer to the consumer. The input tax credit is paid at each stage will be available in the subsequent stage of value addition which makes GST essentially a tax only on the value addition at each stage. It is the end consumer who will bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages. With the streamlining of the multiple taxes, the final cost to the consumer will turn out to be low because of elimination of double charging system.

Benefits of GST:

1. Elimination of multiple taxes: All taxes like VAT, CST, Service Tax, and Central Excise etc that were existing before GST have been abolished. As such no double charging of taxes which makes the final goods and services cheaper.
2. GST will bring more transparency to Indirect Tax Laws: As the GST will be charged at each stage of supply with Input Tax Credit which will be set off against the GST payable on outward supply. All the suppliers supplying goods and services who are availing ITC will be available on GST portal so the chances of escaping from liability of GST will be controlled.
3. Ease of Business: GST is one nation, one market and one Indirect tax. So any dealer registering under GST can buy goods from anywhere in India except from the state of Jammu & Kashmir.
4. Easy documentation: GST Portal makes it more convenient for the dealers in filing GST returns, Setoff of ITC and refund.

5. Reduction in cost of Final product: GST will remove the cascading effect of multiple taxes, as a result the cost of the product and service will be marginally reduced.

Taxes to be subsumed/ Abolished:

Central Taxes:

1. Central Excise duty
2. Service Tax
3. Additional Duties of Excise
4. Additional Duties of Customs
5. Central Surcharge and Cess

State Taxes:

1. State VAT
2. CST
3. Luxury Tax
4. Octroi & Entry Tax
5. Entertainment and Amusement Tax
6. Taxes on Lotteries, Betting and gambling
7. State Surcharge and cess

Taxes not be subsumed/Abolished.

1. Basic Custom Duty
2. Export Duty
3. Road and Passenger Tax
4. Electricity Duty
5. Stamp Duty
6. Property Tax

Aggregate Turnover: means the total value of all taxable supplies, exempt supplies, exports of goods and/or services, and interstate supplies of a person having the same PAN, computed on the pan-India basis and excluding taxes. However, the

value of inward supplies on which taxation is based on reverse-charge mechanism shall not be admitted.

Person: Person includes:

- An individual
- A Hindu undivided family
- A company
- A firm
- A Limited Liability Partnership
- An association of persons or a body of individuals, whether incorporated or not, in India or outside India
- Any corporation set up by or under any Central, State, or Provincial Act or a government company as defined in section 2(45) of the Companies Act, 2013 (18 of 2013)
- A body corporate incorporated by or under the laws of a country outside India
- A cooperative society registered under any law relating to cooperative societies
- A local authority
- Central government or a State government.
- Society as defined under the Societies Registration Act, 1860 (21 of 1860)
- A trust
- Every artificial juridical person, not falling within any of the preceding sub-clauses

Place of business includes:

- A place from where the business is ordinarily carried on, including a warehouse, a godown, or any other place where a taxable person stores his goods, or provides or receives goods and/or services
- A place where a taxable person keeps his books of account
- A place where a taxable person is engaged in business through an agent

Capital goods are goods that are capitalized in the books of accounts of the person claiming the credit and are intended to be used during business.

Casual taxable person is a person occasionally undertaking transactions involving the supply of goods and/or services during business, whether as principal, agent or in any other capacity, in a taxable territory where he has no fixed place of business.

Composite supply means a supply consisting of two or more goods and/or services, which are naturally bundled and provided together, one being a principal supply.

Consideration relates to the supply of goods or services involving:
Any payment made or to be made, whether in money or kind

Monetary value of any act or forbearance **Exempt supply** means supply of any goods and/or services that are not taxable and includes such supply of goods and/or services that attract zero rate of tax or that may be exempt from tax per section 11. whether or not voluntary

However, the subsidy given by the Central and/or State Governments are not included.

Goods refers to all types of movable property, including actionable claim, growing crops, grass, and things attached to the land that are agreed to be severed before supply or under a contract of supply. Excludes securities and money.

Goods and Services Tax Network (GSTN) is a non-profit, public-private partnership company. Its main purpose is to provide IT infrastructure and services to Central and State Governments, taxpayers, and other stakeholders to facilitate the implementation of GST.

Harmonized System Nomenclature (HSN) Code is a numeral used to classify goods for taxation purposes provided by the World Customs Organization.

Taxable person is an individual who carries on any business at any place in any state of India and who is registered or required to be registered under GST.

Electronic Liability Ledger: All liabilities of taxable person under GST shall be recorded and maintained in Electronic liability Ledger on GST Portal . It shall be maintained for each person liable to pay, interest, penalty or any other amount on the common portal and all amounts payable by him, shall be debited to the said register.

Electronic Cash Ledger: It shall be maintained for each person who is liable to pay tax, interest, penalty, late fee or any other amount under GST. This ledger is

maintained on the common portal for crediting the amount deposited and debiting the payment therefrom.

Electronic Credit Ledger: It shall be maintained for each registered person eligible for input tax credit on the common portal. Every claim of ITC shall be credited to the said Ledger. It shall be debited to the extent of discharge of any Liability.

GST rates applicable from 11.09.2018.

A. Taxable @ 5% (Goods)

1. Footwear costing less than Rs. 1000/-
2. Handloom costing less than Rs. 1000/-
3. Jewellery
4. Handbags
5. Handmade carpets
6. Aluminium Art ware
7. Household necessities ,
8. Edible oil
9. Sugar
- 10.Spices
- 11.Tea
- 12.Indian sweets
- 13.Lifesaving drugs
- 14.Cashew nuts
- 15.Argarbati
- 16.Biogas
- 17.Coir mats
- 18.Postage & revenue stamps
- 19.Brail paper and other appliances to compensate for disability
- 20.Kite
- 21.Ice and snow
- 22.Cashew nut in shell

Taxable @ 5% (Service)

1. Railway Transportation of goods and passengers
2. Renting a motor cab

3. Transport service in AC contract or Radio Taxi
4. Transport by Air
5. Tour operator
6. Working for printing of newspaper
7. Print media Ad space

B. Taxable at 12%(Goods)

1. Computers
2. Processed foods
3. Catchup
4. Jam
5. Jelly
6. Pickle
7. Mayonnaise
8. Salad dressing
9. Exercise books and note books
10. Spectacle glasses
11. Chess board, carom board and board
12. Spoon, fork
13. Cake servers
14. Fish knives

C. Taxable at 12%(Service)

1. Air travel excluding economy
2. Rail transportation of goods in container
3. Food , drinks and restaurant without AC or Liquor license
4. Renting of Accommodation for more than Rs. 1000 and less than Rs 2500
5. Construction of building for the purpose of sale

D. Taxable at 18%(Goods)

1. Hair oil
2. Toothpaste and soaps
3. Capital goods
4. Electronics

5. Kajal pencil sticks
6. Dental wax
7. Plastic Tarpauline
8. Alluminium foil
9. Headgear
10. Cctv, set top box
11. Tractor
12. Bamboo furniture
13. Ball bearing, roller bearing
14. Transformers'
15. UPS
16. Computer monitors not exceeding 17 inches.
17. Staplers

Taxable at 18%(Service)

1. Food/Drinks and Restaurant with liquor license.
2. Food/Drinks and Restaurant with AC.
3. Outdoor catering
4. Accommodation renting from Rs. 2500 to Rs5000 per day room charge
5. Supply of food, shamiana and party arrangement
6. Circus, Indian classical folk , theatre, drama
7. Supply of works contract

D.Taxable at 28% (Goods)

1. Luxury items
2. small cars
3. A.C's
4. Refrigerators
- 5 premium cars
- 6 cigarettes
7. Aerated drinks
8. High end motor cycles

Taxable at 28% (Service)

1. Entertainment events, amusement facility, water parks, theme parks, joy rides, merry go rounds.
2. Films
3. Race club service
4. Gambling
5. Accommodation in 5 star hotels

Goods exempted under GST

1. Cereals, Barley, wheat, oat
2. Bones
3. Palmyra jaggrey
4. All types of salt
5. Kajal other than pencil
6. Human hair
7. Sanitary napkins
8. Picture books, colouring, drawing books for children
9. Bindi, sindur
10. Curd
11. Natural honey
12. Eggs
13. Newspapers, judicial stamp papers
14. Sal leaves
15. Fruits
16. Vegetables
17. Bread
18. Bangles
19. Besan
20. Flour

Service exempted under GST

1. Services by an employee to the employer in the course of or in relation to his employment.

2. The services of funeral, burial, crematorium, mortuary including transportation of the deceased.
3. Actionable claims other than lottery, betting and gambling.
4. Renting of accommodation, rent charges per day less than Rs1000/-
5. Services provided by an educational institute to his students, faculty and staff.

Types of GST

SGST- (State Goods and Service Tax): The GST charged by the registered person on every taxable sale within the state of Goa. The SGST is charged at half the applicable rate of GST and the amount collected is paid to the state Govt. treasury.

CGST- (Central Goods and Service Tax): The GST charged by the registered person on every taxable sale within the state of Goa. The CGST is charged at the half the applicable rate of GST and the amount collected is paid to the central Govt. Treasury.

IGST: (Integrated Goods & Service Tax): The GST charged by the registered person on inter-state supply of taxable goods. The amount collected shall fully credited to the central Govt. Treasury.

UTGST- (Union Territory Goods and Service Tax): The GST charged by the registered person on every taxable sale within union Territory. The SGST is charged at half the applicable rate of GST and the amount collected is paid to the Union Territory Govt. treasury.

Ambit of GST on petroleum and liquor products:

AS on date GST Council has not added petroleum products and liquor in GST ambit, so all petroleum and liquor products will be continued under VAT regime.

Concept of Supply of Goods and Services

Supply includes all forms 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 includes import of services for a consideration whether or not in the course of business.

Types of Supply

1. **Zero-rated supply**, as per section 16 of IGST Act, 2017, means supply of any goods and/or services including:
 - a. export of goods or services or both; or
 - b. supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
2. **Outward supply** refers to the supply of goods and/or services, whether by sale, transfer, barter, exchange, license, rental, lease, or disposal, or any other means made or agreed to be made during business.
3. **Mixed supply** means two or more individual supplies of goods and/or services made together by a taxable person for a single price where such supply does not form a composite supply.
4. **Inward supply** refers to the receipt of goods and/or services, whether by purchase, acquisition, or any other means, and with or without any consideration.
5. **Intrastate supply of goods** means the supply of goods during intrastate trade or commerce regarding subsection (1) of section 8 of IGST Act, 2017.
6. **Intrastate supply of services** means the supply of services during intrastate trade or commerce regarding subsection (2) of section 8 of IGST Act, 2017.
7. **Exempt supply** means supply of any goods and/or services that are not taxable and includes such supply of goods and/or services that attract zero rate of tax or that may be exempt from tax per section 11.
 - a. **Composite supply** means a supply consisting of two or more goods and/or services, which are naturally bundled and provided together, one being a principal supply.
8. **Principal supply** means the supply of goods and/or services that form the significant element of a composite supply and any other related supply being ancillary.
9. "continuous supply of goods" means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other

conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify;

10.(33) “continuous supply of services” means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations and includes supply of such services as the Government may, subject to such conditions, as it may, by notification, specify;

Recipient of supply of goods and/or services means:

- Where the consideration is payable, the person liable to pay that consideration.
- Where no consideration is payable, the person to whom the goods and/or services are delivered/rendered or made available.

Includes an agent working on behalf of the recipient in relation to the goods and/or services provided.

Location of the supplier of services” means,

(a) where a supply is made from a place of

business for which the registration has been obtained, the location of such place of business;

(b) where a supply is made from 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 made from more than one establishment, whether the place of business or fixed

establishment, the location of the establishment most directly concerned with the provisions of the supply;

and (d) in absence of such places, the location of the usual place of residence of the supplier;

Input Tax Credit

ITC means the credit of CGST , SGST, IGST available to a registered person on the inwards supply of goods or services or both made to him excluding the tax paid on the supplies liable to composite tax.

Conditions to Claim ITC

1. The tax payer has received the goods and services.
2. The tax payer should be in possession of tax invoice issued by the supplier
3. Tax should be paid by the registered person to claim ITC
4. Tax payer should have furnished the returns in time.

ITC allowed, set off as under:

1. IGST :IGST
CGST
SGST
- 2 CGST : CGST
IGST
- 3 SGST: SGST
IGST

Composition scheme:

Registered small tax payers whose total sales/turnover for the year does not exceed Rs. 1 crore is eligible to opt for composition scheme. For this purpose the aggregate sales turnover means all taxable supplies, exempt supplies, interstate supplies, export of goods and services. However manufacturer of the following goods are not eligible for compositions scheme:

1. Ice cream and other edible ice
2. Pan masala
3. Tobacco and manufactured tobacco

GST rate for composition scheme:

Manufacturer – 1%

Restaurant services- 5%

Traders or any other supplier _ 1%

Registration

For the identification for the tax payer the registration is a must for ensuring tax compliance. All the registered persons are issued GSTIN that is Goods and Service Identification Number. Without registration, no person can collect GST for his customers and without registration, one cannot claim input tax credit.

Advantages:

- 1..GST registered person is legally recognized as supplier of goods and services.
2. Tax payer is legally authorized to collect taxes from customer.
3. Tax payer can claim ITC

Liability for registration

If the annual turnover of the business person exceeds Rs. 20 lakhs on both taxable and non taxable goods, Registration under GST is mandatory.

Persons not liable for registration:

1. Engage exclusively in making exempt supplies
2. Agriculturist.

Procedure for registration

The registration under GST is PAN based and state specific. The supplier has to register in each of such state where he makes supply. The supplier is allotted a 15 digit GSTIN and certificate of Registration and he can log in to GST portal with email , User ID and Password for various purposes.

Invoicing:

Tax Invoice: Under GST a Tax Invoice is an important document. It evidences the supply of goods and services and only one the tax invoice the person can avail input tax credit.

Requirement/ contents of Tax Invoice:

1. Name , address and GSTIN of the supplier
2. Consecutive serial number
3. Date of issue
4. Name, address and GSTIN of the recipient of the supply
5. HSN code for goods and services.
6. Description of goods and services
7. Quantity and the unit of goods sold
8. Total value of supply of goods and services
9. Taxable value of supply of goods and services
10. Rate of GST
11. Amount of GST charged.
12. Place of supply
13. Address of delivery (if place is different)
14. Signature or digital signature of supplier.

Harmonized System Nomenclature (HSN) Code is a numeral used to classify goods for taxation purposes provided by the World Customs Organization.

GST Returns:

Different returns as applicable from July 1, 2017 and as changed from time to time

<u>Return</u>	<u>Details</u>	<u>Due Date</u>
GSTR -1	Outward sales by business	10 th of next month
GSTR-2	Purchases made by business	15 th of next month
GSTR- 3B	Monthly return along with payment of tax	20 th of next month
GSTR -4	Quarterly return for composition dealer and whose annual turnover does not exceed 1.5 cr for the year	18 th of the month after the end of Quarter

COST ACCOUNTING & TAXATION (THEORY) FOR STD XI –FIRST TERM					
TO BE IMPLEMENTED FROM ACADEMIC YEAR 2018-19 ONWARDS					
Unit No	Name of the Unit	Sub units/Scope And Limitations	Marks Allotted	No of periods	Remarks
I	Basic Concepts Residential Status Tax Free incomes under section 10	Assessment year, Previous Year, Heads of income, Person, Assessee, Components of law of Income Tax, Assessment, Total Income. Residential Status – Sec 6(1), Sec 6(6), Sec 6(2), Sec 6(3), Resident, Resident and OR, Resident but NOR, Non-Resident. Incidence of Tax according to residential status. Section 10(1), (2), (2A), Leave Travel Concession , Gratuity, Leave Encashment, Pension & Commutation of Pension, HRA, LTC, Voluntary retirement, Retrenchment Compensation.	09	25	
II	Income under the head ‘Salary’	Definition & meaning of salary, Basis of charge, Allowances, Components/ items of Salary, Perquisites- Chargeable/ Not chargeable, Profits in lieu of salary, deductions from salary	07	20	
III	Income under the head ‘ House Property’	Meaning , Chargeability, Basis of computing income from let out house property, Gross Annual Value, Steps in computation of GAV, Municipal Value, Fair Rent, Standard Rent, Municipal Taxes, Permissible deductions under section 24, Method of computing loss from self-occupied property.	05	12	
IV	Income from Other Sources	Basis of charge, Incomes chargeable under this head, receipts without consideration and exceptions, Permissible deductions, Set off of losses – sec 70 & sec 71	04	08	
		Total	25 Marks		
COST ACCOUNTING & TAXATION (THEORY) FOR STD XI –SECOND TERM					
V	Capital Gains	Meaning of Capital Asset, Types of Capital Assets, Transfer of Capital Assets, Certain Transactions not include in transfer, Section 48- how the capital gains are computed, when the benefit of indexation is not available for long term	07	15	

		capital assets, capital gain on compulsory acquisition of urban agricultural land- sec 10(37), Long term capital gain on transfer of securities not chargeable to tax –sec 10(38), Cost of Acquisition, how to compute tax on long term capital gains- sec 112. In respect of Equity and preference shares (Unlisted), the minimum holding period is 24 months to term it as Long Term Capital Asset. In respect of Land & Building or Land or Building, the minimum holding period is 24 months to term it as Long Term Capital Asset, if the transfer takes place on or after 01.04.2017			
VI	GST	Basic concepts of GST, Benefits of GST, Taxes to be subsumed/abolished-Central Taxes, State Taxes, Taxes not be subsumed/Abolished, Aggregate Turnover, Person, Place of business, Capital goods, Casual taxable person, Composite supply, Consideration, Goods, Goods and Services Tax Network (GSTN), Harmonized System Nomenclature (HSN) code, Taxable person, Electronic Liability Ledger, Electronic Cash Ledger, Electronic Credit Ledger, GST rates applicable from 11.09.2018 – Goods -Taxable at 5%, 12%,18% & 28%, - Services Taxable at 5%, 12%,18% & 28%, Goods exempted under GST, Service Exempted under GST, Types of GST, Ambit of GST on petroleum and liquor products, Concept of supply of goods and services, supply, Types of supply, Recipient of supply of goods and services, Location of supplier of services, Input Tax Credit, Conditions to claim ITC, ITC allowed and Set off, Composition Scheme, GST rate for composition scheme, Registration, Advantages of Registration, Liability for registration, Persons not liable for registration, Procedure for registration, Invoicing- Tax Invoice, Requirement/Contents of Tax Invoice, Harmonized System Nomenclature(HSN) Code	11	20	

		Different returns as applicable from July 1, 2017 and as changed from time to time.			
VII	Cost Accounting	Cost Concepts- Meaning of Cost Accounting, Objectives of cost accounting, Direct and Indirect cost, marginal cost, conversion cost, standard cost, prime cost, overheads, total cost, cost classification – Functions, Variability, ascertainment of cost	07	15	
VIII	Wealth Tax	This topic is discontinued/deleted			
		Total	25 Marks		

COST ACCOUNTING & TAXATION (Practical) FOR STD XI –FIRST TERM TO BE IMPLEMENTED FROM ACADEMIC YEAR 2018-19 ONWARDS				
Unit No	Sub units/Scope And Limitations	Marks Allotted	No of periods	Remarks
I	Application for allotment of Permanent Account Number, Filing of application 49A with requisite enclosures and information for an Individual. Application for change/Correction in PAN	8	8	
II	Computation of Income under the head Salary	12	25	
III	Computation of Gross Annual Value of Let out property and chargeable income from house property	12	20	
IV	Computation of Income from other sources	8	12	
V	Viva File	5 5		
	Total	50 Marks		
COST ACCOUNTING & TAXATION (Practical) FOR STD XI –SECOND TERM				
VI	Capital Gains	10	15	
VII	GST	15	15	
VIII	Cost Sheet	15	20	
IX	Viva File	5 5		
	Total	50 Marks		

