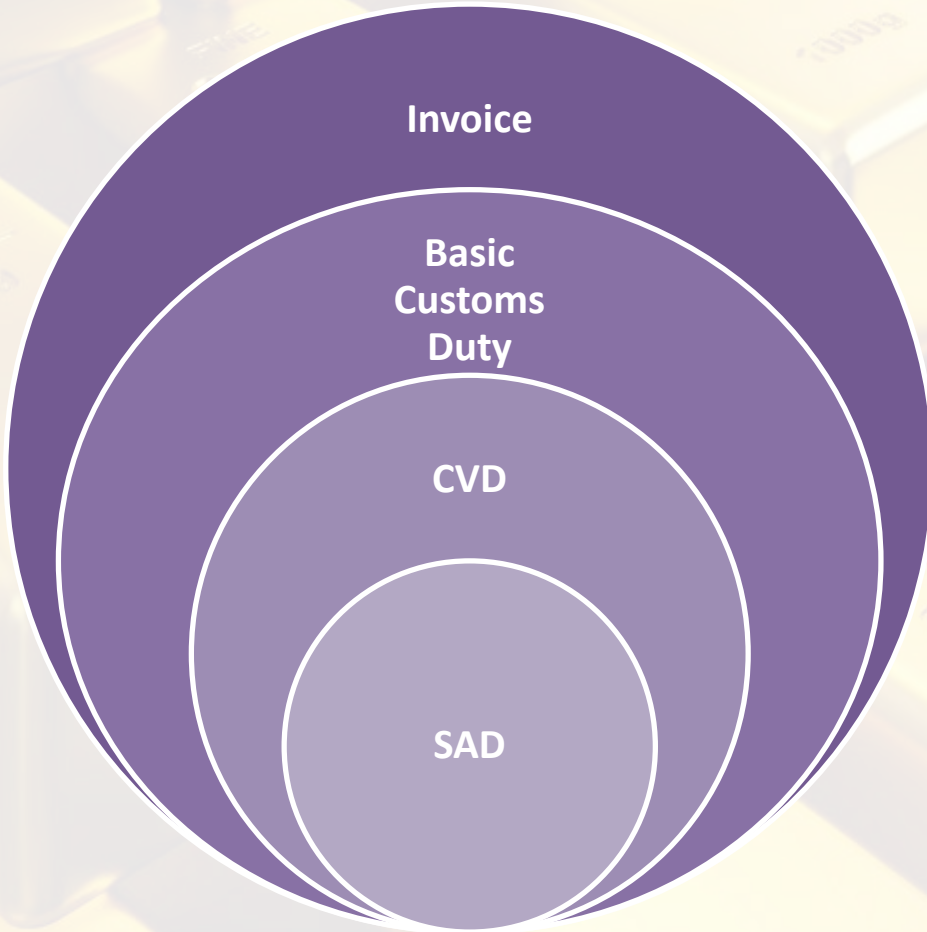


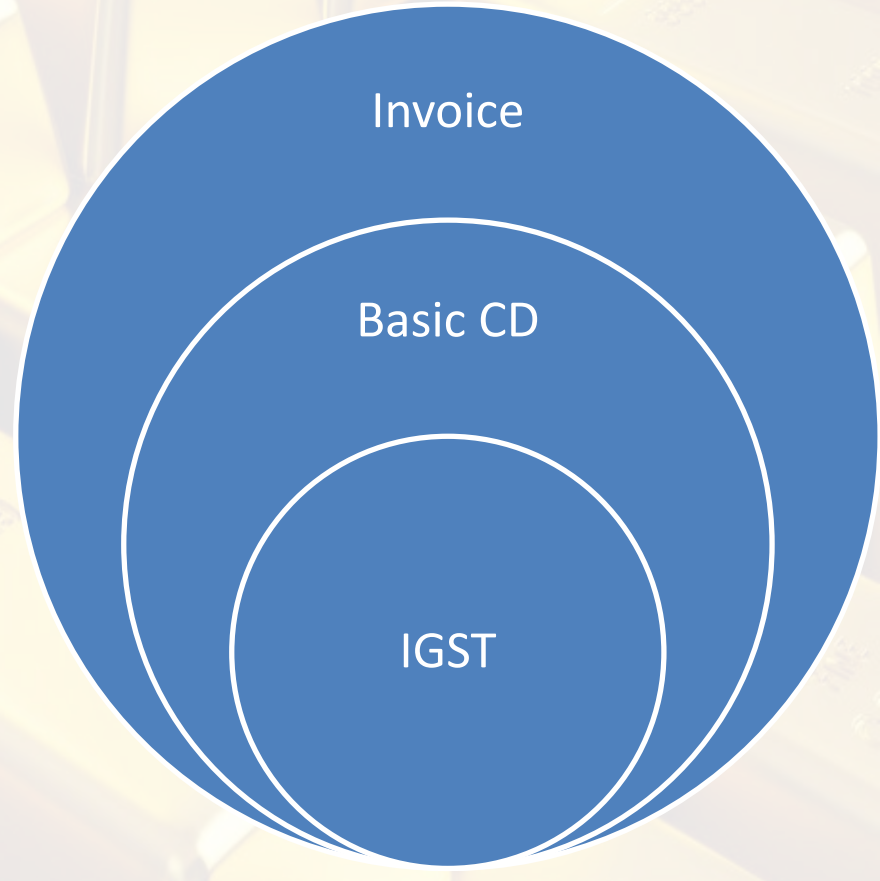
ISSUES OF PRESENT TAXATION

Cascading Effect

Customs Duty on Import



GST on Import



Cascading Effect – Excise & VAT

**PRESENT INVOICE –
WITH EXCISE & VAT**

GST



Invoice

The diagram shows three concentric circles of decreasing size, all in shades of red. The outermost circle is labeled 'Invoice', the middle circle is labeled 'Excise Duty', and the innermost circle is labeled 'VAT'. This illustrates that VAT is applied to the total value including excise duty, which is itself applied to the base value.

Excise Duty

VAT



Invoice

The diagram shows two concentric circles of decreasing size, both in shades of red. The outer circle is labeled 'Invoice' and the inner circle is labeled 'CGST,SGST (or) IGST'. This illustrates that GST is applied to the total value including the GST itself.

CGST,SGST (or)
IGST

PRESENT TAXATION

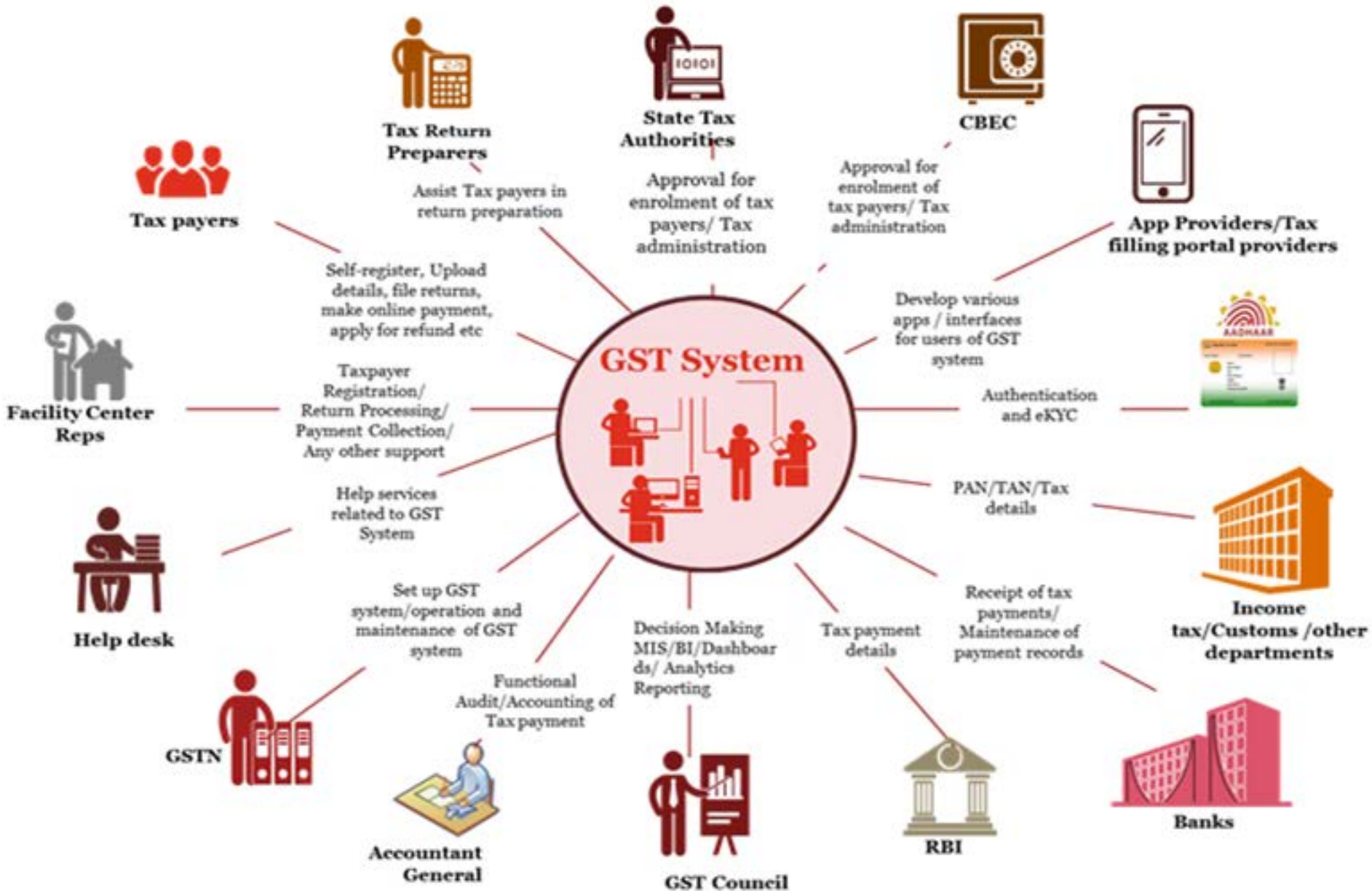
- Excise Duty@1%
and VAT @1%

GST Rate for
Jewellery @5%????

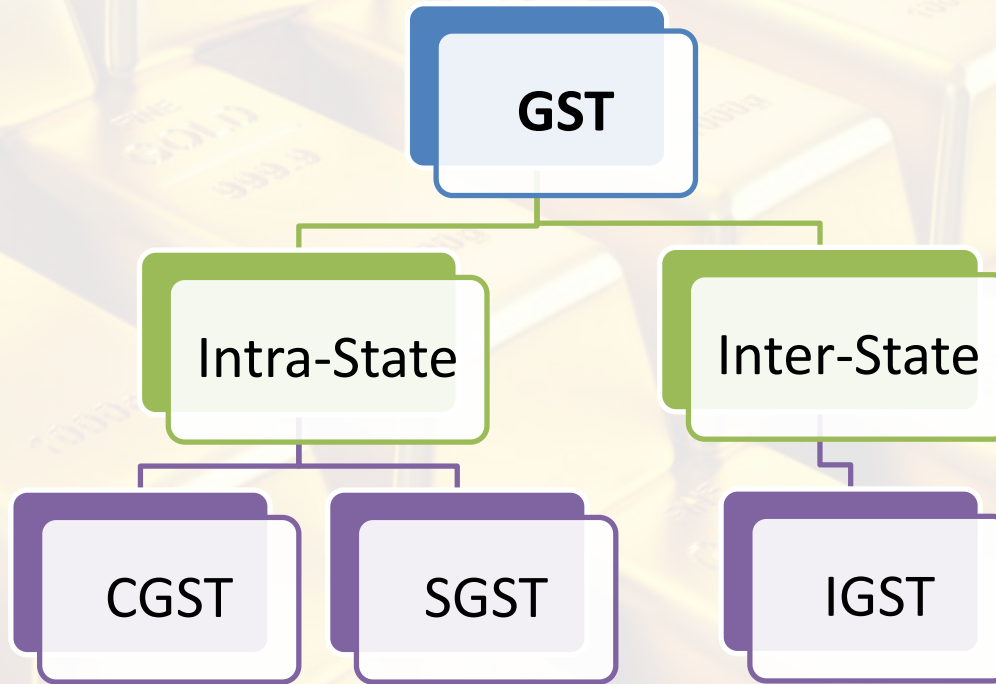
PARTICULARS	AMOUNT
Invoice	Rs.1,00,00,000
Excise @1%	Rs. 1,00,000
VAT @1%	Rs. 1,01,000
Total Duty	Rs. 2,01,000

PARTICULARS	AMOUNT
Invoice	Rs.1,00,00,000
GST @5%	Rs. 5,00,000

GST ECO-SYSTEM

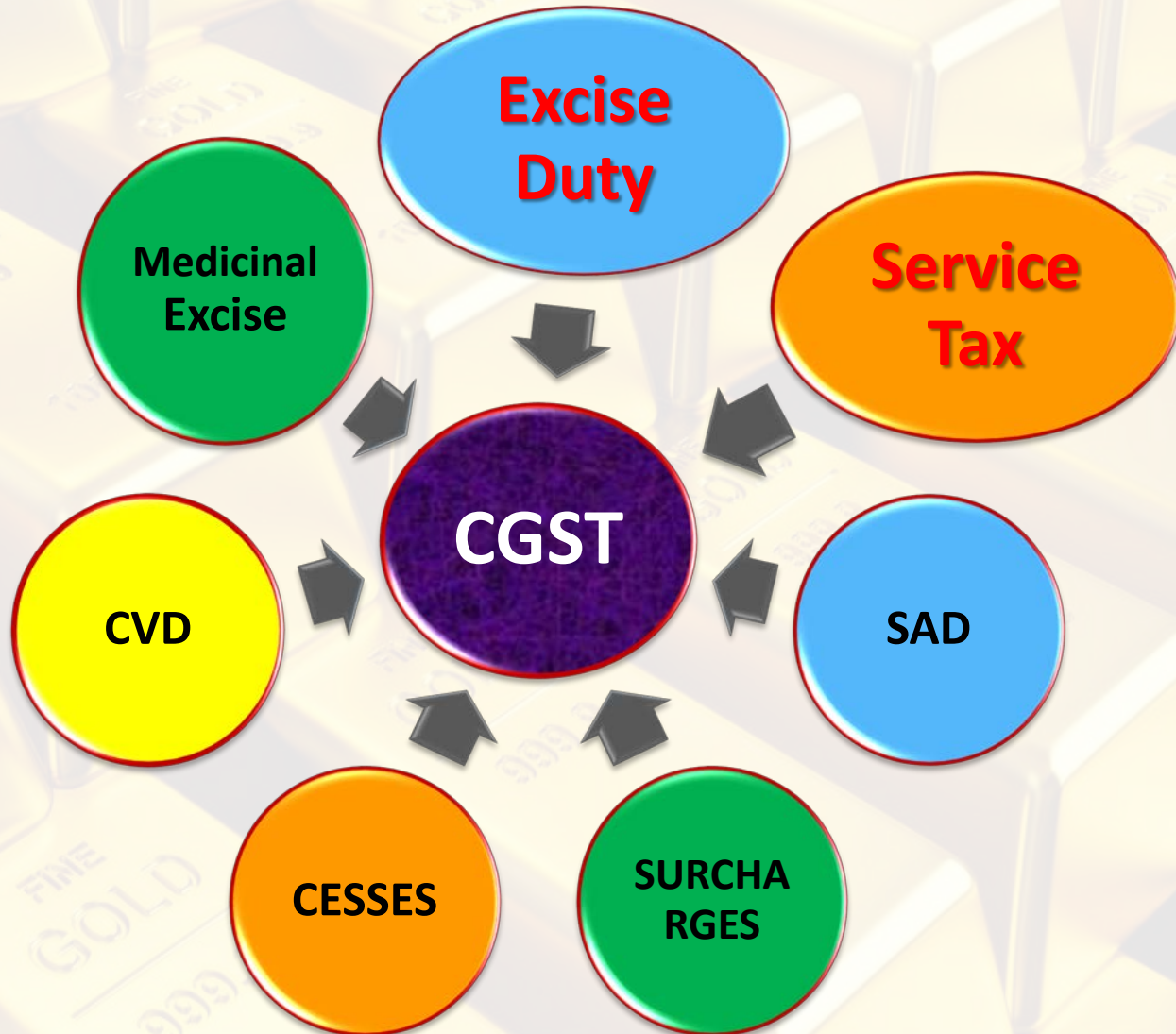


SCOPE OF GST



Revenue will be ultimately received by the state in which goods are finally consumed

TAXES TO BE SUBSUMED INTO CGST



TAXES TO BE SUBSUMED INTO SGST

**VAT /
Sales Tax**

Luxury Tax

**Entry Tax /
Octroi / LBT**

Entertainment Tax

Purchase Tax

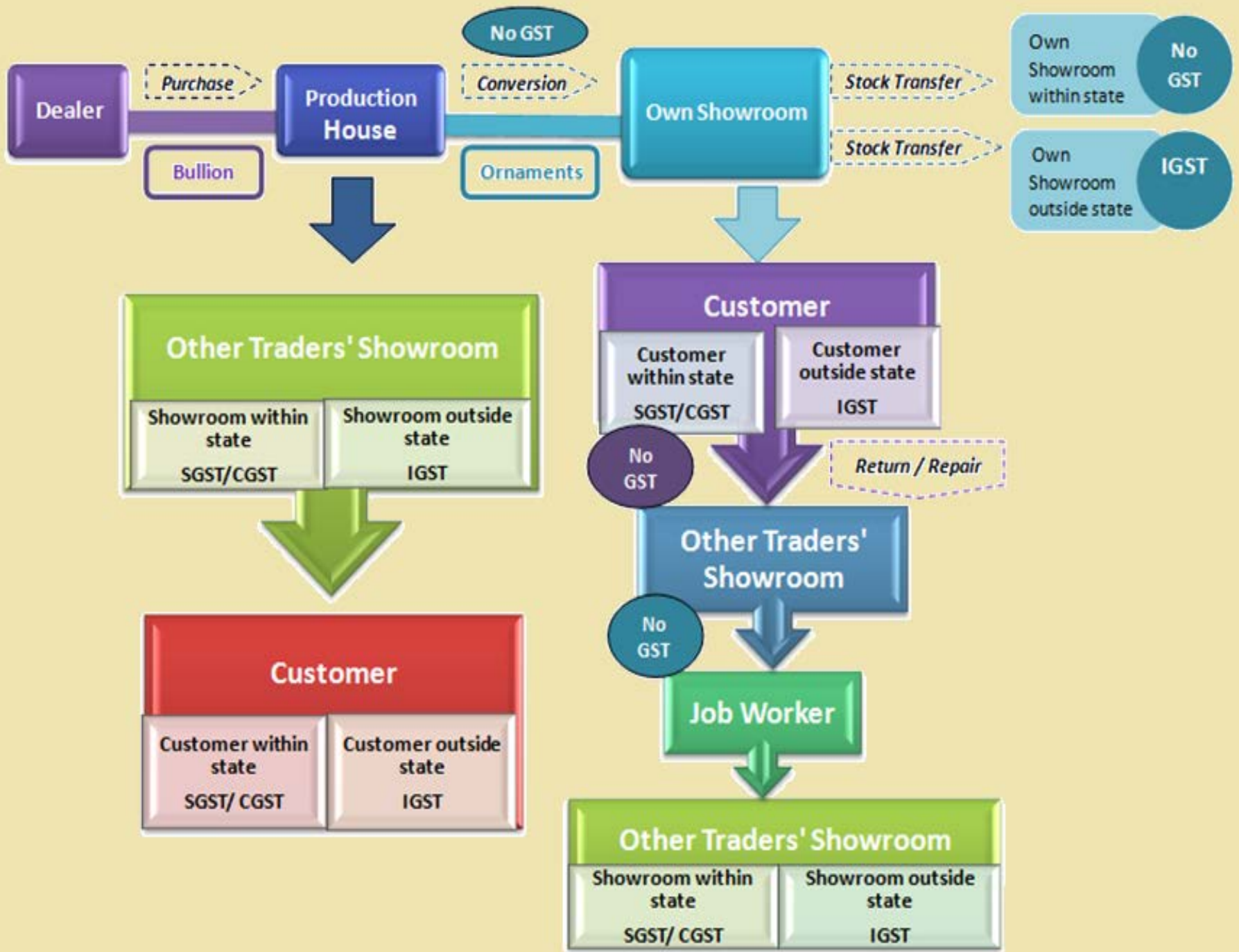
**State Cesses &
Surcharges**

SGST

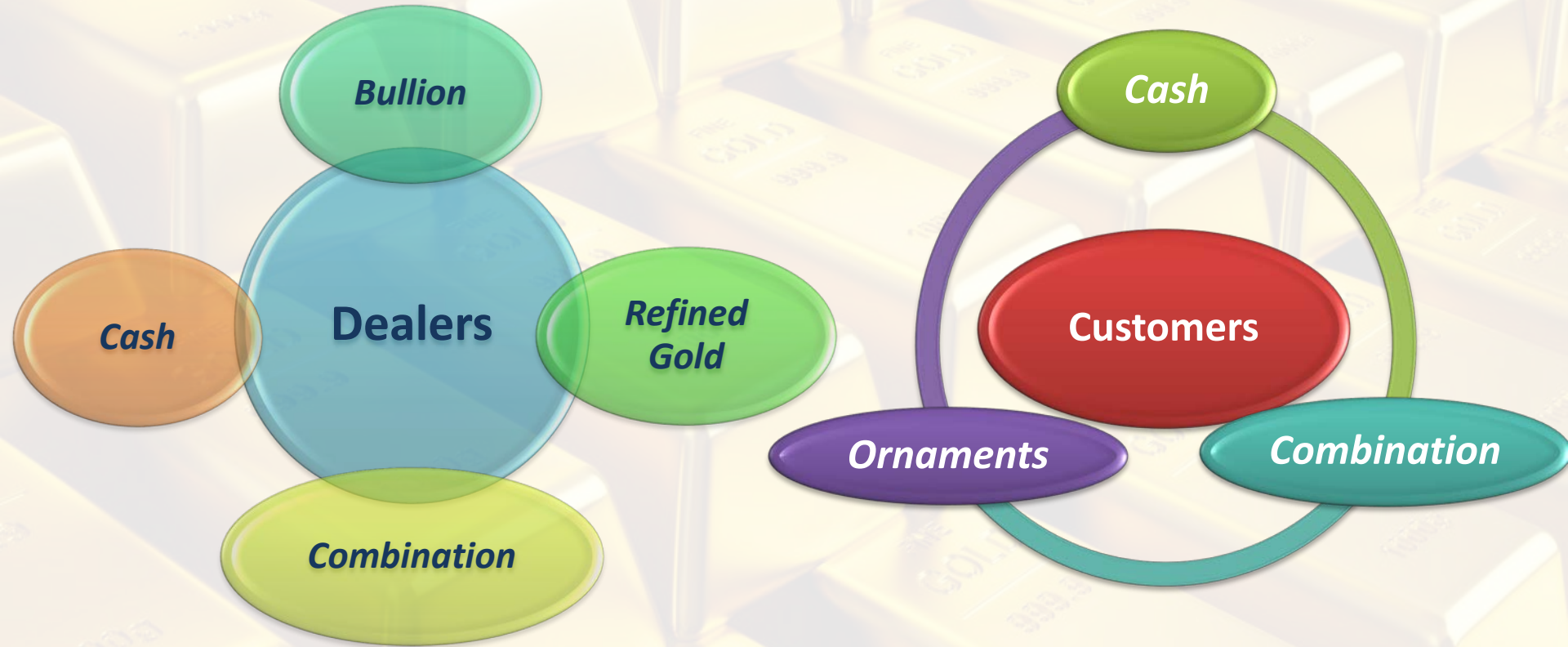
**Taxes on lottery,
betting and
gambling**

JEWELLERY SECTOR & GST

- The gems and jewelry sector plays an important role in Indian economy.
- As proposed in the GST regime, the state taxes on the gem and jewelry sector is likely to be around 5%.
- Currently, transactions during testing, certification etc are not taxed but now they all will be taxed.
- This may lead to valuation issues.
- No distinction between manufacturing and trading
- No separate books for manufacturing, showrooms



B TO B & B TO C TRANSACTIONS



B to B is supply to entities With GST Registration

B TO C is supply to Customer/ End User

SUPPLY TO CUSTOMER – PLACE OF SUPPLY RULES

B TO C SUPPLY (NORMAL RETAIL SALES)

SUPPLY above Rs.2,50,000/- under One Invoice -
--- “Address of the recipient” will determine
whether Intra State transaction (or) Inter State
transaction.

Job Work

Without added materials

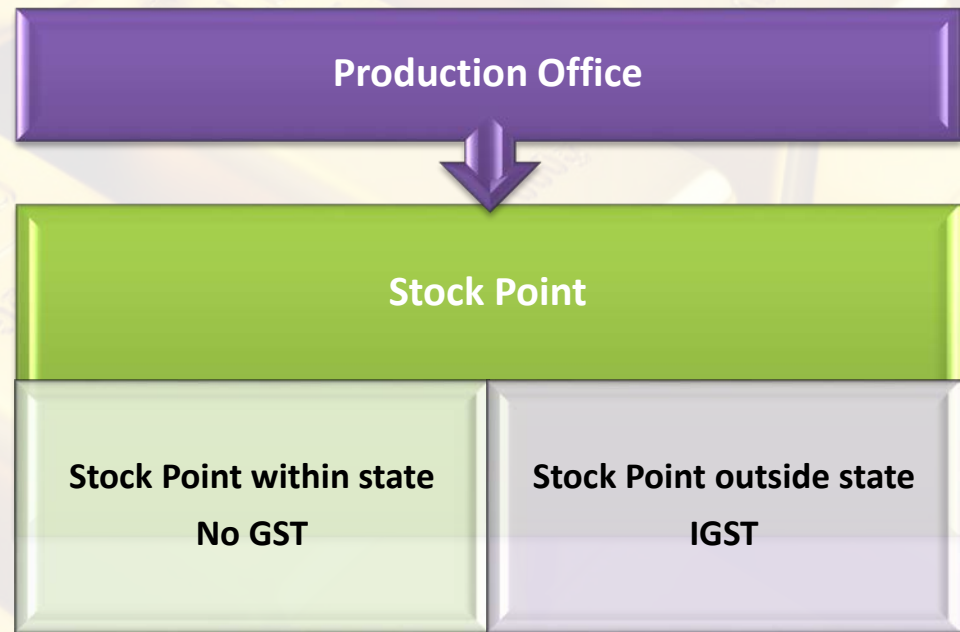
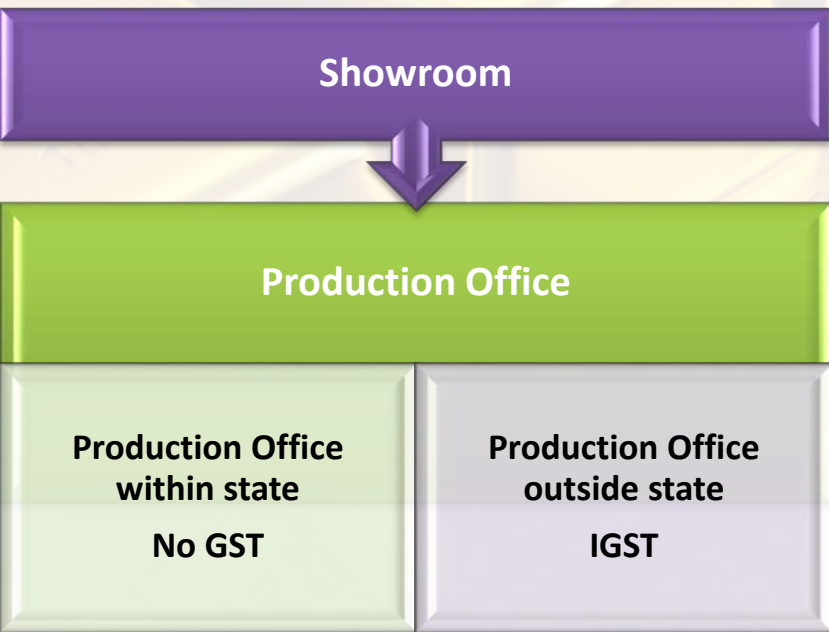
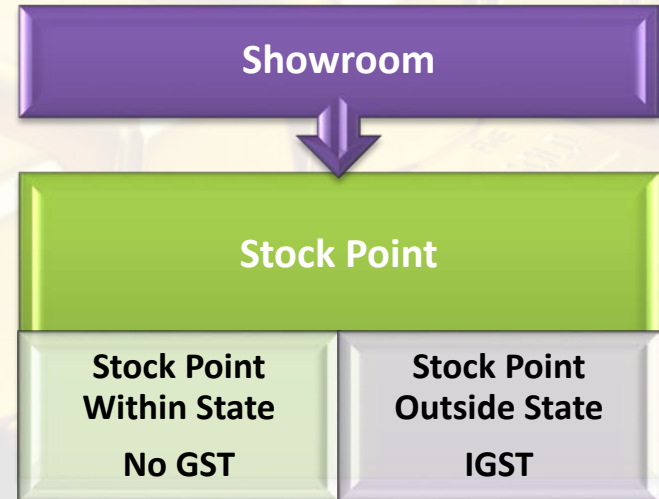
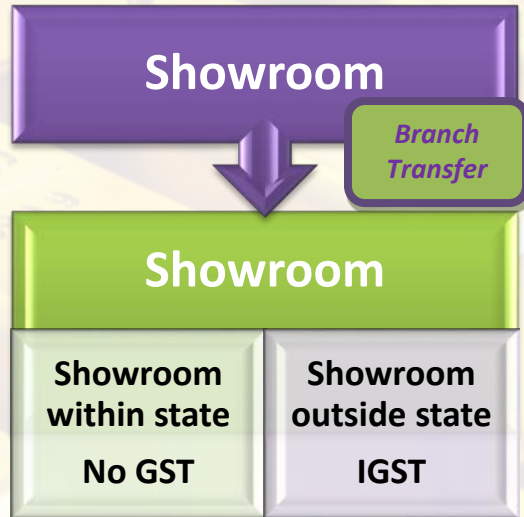


Job Worker to be registered under Services in GST if jobwork charges exceed Rs.20 lakhs

JOB WORK UNDER GST

JOB WORK WITHOUT ADDING ANY ADDITIONAL MATERIAL	JOB WORK WITH ADDITION OF MATERIAL
NO GST on transfer of material both within the State and outside the State	If within the State – CGST/SGST and outside State - IGST
Transfer under Challan	Material can be sent only under a GST Invoice
Job work charges (Labour portion) – GST under “Services” . Expected rate @18%	Supply of material + Labour portion + additional material added by Job worker – GST to be charged @18%
Time limit for return of material from Job worker – One year	When material is sent back from the Job worker – It is a supply
Input credit can be availed on the GST paid for services of Job worker	Input credit can be availed on the GST paid

Stock Movement



MODEL BILL FORMAT - GST

Form GST INV - 1

(See Rule...)

Application for Electronic Reference Number of an Invoice

- 1 GSTIN
- 2 Name
- 3 Address
- 4 Serial No. of Invoice
- 5 Date of Invoice

Details of Receiver (Billed to)

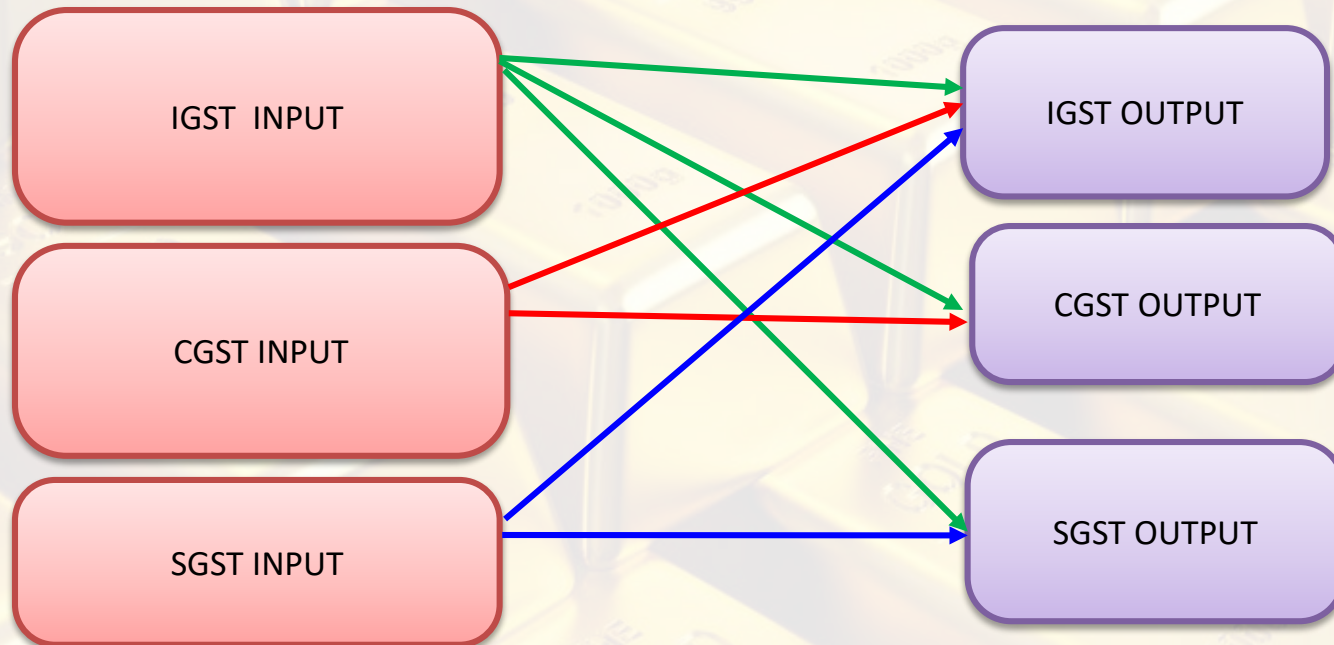
Name
Address
State
State Code
GSTIN / Unique ID

Details of Consignee (Shipped to)

Name
Address
State
State Code
GSTIN / Unique ID

Sl. No.	Description of Goods	HSN	Qty	Unit	Rate (Per Item)	Total	Discount	Taxable Value	CGST		SGST		IGST	
									Rate	Amount	Rate	Amount	Rate	Amount
	Freight													
	Insurance													
	Packing and Forwarding Charges													
					Total									
	Total Invoice value (In figure)													
	Total Invoice value (In words)													
	Amount of Tax subject to Reverse Charges													

PROPOSED FLOW OF ITC CREDIT..



ITC credit of SGST is not available for CGST or vice-versa



**GET SET READY FOR
“REGISTRATION”**

Forms for Registration

GST FORM	PARTICULARS
FORM GST REG-01	Application for New Registration
FORM GST REG-02	Acknowledgement for submission of registration application
FORM GST REG-03	Requisition for Clarification w.r.t. application
FORM GST REG-04	Clarification w.r.t. above
FORM GST REG-05	Rejection of application
FORM GST REG-06	Certificate of Registration
FORM GST REG-07	Application for New Registration for TDS / TCS

REGISTRATION

15 digit Centralized PAN based

One State One Registration

Option of multiple reg. within a state for diff. business segments

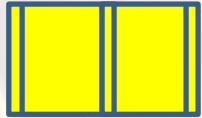
Contain State Code

E-mail ID and the internet bank account number



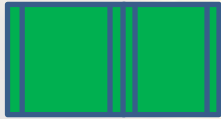
REGISTRATION STRUCTURE

1st & 2nd Digit



→ State Code as defined under the Indian Census 2011 - unique two digit

3rd & 12th Digit



→ PAN

13th Digit



→ alpha-numeric – 1 to 9 and then A to Z

14th Digit



→ Blank for future use

15th Digit



→ Check Digit

State
wise
PAN-
based
15-
digit
GSTIN:



....decoding Draft Model GST Law

FAQs on GST

What are the Goods covered in GST?

❑ Current coverage under Central Excise:

- Chapter 71 of the Central Excise Tariff Act covers the goods under category of jewellery - Natural or cultured pearls / Precious or semi Precious stones / Precious metals / Metals clad with precious metal and articles therefore / Jewellery including imitation Jewellery / Coin
- Excise duty is levied on products covered under chapter 7113 - Articles of Jewellery and parts thereof, of precious metal or of metal clad with precious metal
- Set of exemptions prevail under Central Excise

❑ Coverage under VAT

- VAT is applicable on precious metals / diamonds / imitation jewellery, etc.

What are the Goods covered in GST?

Coverage under GST:

- All taxable supplies unless specifically exempted / non-taxable - Manufactured / Traded supplies
- There is likely to be no distinction between platinum / gold / silver jewellery / gold plated jewellery - whether or not studded with diamonds, etc / whether or not branded / whether of 18k purity or 22k purity
- List of all goods dutiable under Excise / Exempted under Excise / taxable under VAT / Exempted under VAT will be covered under GST subject to exceptions w.r.t. exemptions / non-taxable, if any

“Taxable supply” means a supply of goods and / or services which is chargeable to tax under this Act

“Non-taxable supply” means a supply of goods or services which is not chargeable to tax under this Act

“Exempt supply” means supply of any goods and / or services which are not taxable under this Act and includes such supply of goods and / or services which attract nil rate of tax or which may be exempt from tax under section 11

“Taxable territory” means the territory to which the provisions of this Act apply - extends to the whole of India / State’s name

Whether Process of Affixing or Embossing Trade Name or Brand Name is supply?

- All forms of supply made or agreed to be made for a consideration by a person in the course or furtherance of business is included in supply
- “job work” means undertaking **any treatment** or process by a person on goods belonging to another registered taxable person and the expression “job worker” shall be construed accordingly.
- The process of affixing / embossing trade name or brand name would therefore qualify to be supply
- Process of affixing house mark for the purpose of identity shall not tantamount to supply if done by manufacturer on own. However if done by job worker for consideration, the same will tantamount to supply

Who is liable for payment of taxes?

- Under current taxation regime, liability to pay duty is upon the person getting the goods manufactured instead of on job worker
- In GST, supplier of jewellery is responsible for discharge of liability on supply of jewellery
- Job worker is responsible for discharge of liability on the value of services supplied for the process / treatment undertaken by him
- GST being an indirect tax can be collected from customers at time of sale

Is there any exemption for articles of gold Jewellery / exemptions for goods related to Jewellery manufacturing?

- List of products on which exemption will be extended is not published
- Possibility of exemption is least considering that GST is expected to ensure thorough passage of credit of taxes paid

Whether consideration by way of gold against sale of jewellery is covered under supply?

- ❑ **“Consideration”** in relation to the supply of goods and / or services to any person, includes
 - (a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;
 - (b) the monetary value of any act or forbearance, whether or not voluntary, in respect of, in response to, or for the inducement of, the supply of goods or services, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:
- ❑ PROVIDED that a deposit, whether refundable or not, given in respect of the supply of goods or services shall not be considered as payment made for the supply unless the supplier applies the deposit as consideration for the supply
- ❑ If the consideration is by way of gold against sale of jewellery, then the same will be considered as supply

Whether goods manufactured / traded can be sold from same location?

- No restriction on sale of manufactured / Jewellery manufactured on job work / traded goods from the same location
- As per the current regime, separate physical stocks may be required for arriving at correct valuation
- Optional scheme under rule 12 of the Articles of Jewellery (Collection of Duty) Rules, 2016 defining mechanism for determining stock of manufactured / traded goods is not specified under GST

What is tax liability on goods received for repair / reconditioning, etc.

- ❑ Repair / reconditioning will be treated as supply irrespective of whether the same is with consideration / without consideration so far as it relates to furtherance of business
- ❑ GST will be payable on appropriate value in accordance with valuation principles

What are the implications of jewellery made for retail end-users who bring the gold required to make Jewellery in the form of old jewellery of gold?

- Process / treatment undertaken will tantamount to job work
- Valuation needs to be done in accordance with valuation provisions stated above i.e. the consideration for the job work services
- It may be noted that the treatment of exchange is different
- Proper documents should be maintained as to receipt of the goods from the retail end-user / sent for processing for final products

What are the implications of when old jewellery is exchanged for new jewellery?

- ❑ GST is payable on valuation arrived at taking into consideration the following:
 - Value of jewellery supplied by customer
 - + Transaction value of the new jewellery

- ❑ However argument can be held that each of the leg of the exchange is a supply. In such scenarios the valuation for each of the legs will be done separately.

What is Small Scale Exemption in General?

- ❑ The general exemption is upto Rs.20 lacs / Rs.10 lacs for specified states
- ❑ Exemption limit is applicable for all units together
- ❑ Value of clearance of units owned by different persons need not be clubbed for determination of clearance limit despite being under effectively controlled by one person

What is Composition Scheme of Levy?

- ❑ Composition Scheme of Levy is not applicable to:
 - (a) Supply of services;
 - (b) Supply of goods which are not leviable to tax under this Act;
 - (c) Inter-State outward supplies of goods; or
 - (d) Supply of goods through an electronic commerce operator who is required to collect tax at source
 - (e) Manufacturer of notified goods as per the recommendation of the Council:

What is the document for supply under GST?

- ❑ Tax invoice is to be prepared for every supply
- ❑ Details to be mentioned on Tax invoice
 - Name, address and GSTIN of the supplier;
 - serial number containing only alphabets &/or numerals, unique for a FY;
 - date of issue;
 - For Registered recipient
 - Name, address and GSTIN / Unique ID Number of the recipient
 - the address of delivery,
 - For Un-registered recipient
 - name of State & its code, only where the taxable value of supply is fifty thousand rupees or more;
 - HSN code of goods or Accounting Code of services;
 - description of goods or services;
 - place of delivery where it is different from the place of supply;
 - whether the tax is payable on reverse charge;

What is the document for supply under GST?

- ❑ Details to be mentioned on Tax invoice
 - For Revised / supplementary Invoice
 - the word “Revised Invoice” or “Supplementary Invoice”, to be, indicated prominently,
 - the date and invoice number of the original invoice;
 - Signature or digital signature of the supplier or his authorized representative.
 - Quantity in case of goods and unit or Unique Quantity Code thereof;
 - Taxable value of goods or services taking into account discount or abatement, if any;
 - Rate of tax (CGST, SGST or IGST);
 - Amount of tax charged in respect of taxable goods or services (CGST, SGST or IGST);
 - Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
 - For exports, an endorsement “SUPPLY MEANT FOR EXPORT ON PAYMENT OF IGST” or “SUPPLY MEANT FOR EXPORT UNDER BOND WITHOUT PAYMENT OF IGST”

What is the document for movement of goods from workshop to showroom?

- If movement is within state and between workshop and showroom under one registration, the goods can be moved on challan
- If the movement is inter-state, then goods will move on tax invoice
- Similarly if the movement of goods is within state, but between workshop and showroom under different registration, the goods will move on tax invoice