



JAGAT GURU NANAK DEV PUNJAB STATE OPEN UNIVERSITY, PATIALA

(Established by Act No. 19 of 2019 of the Legislature of State of Punjab)

The Motto of the University
(SEWA)

SKILL ENHANCEMENT

EMPLOYABILITY

WISDOM

ACCESSIBILITY



CERTIFICATE/DIPLOMA COURSE IN ACCOUNTING AND TAXATION

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PREFACE

Jagat Guru Nanak Dev Punjab State Open University, Patiala, established in December 2019 by Act 19 of the Legislature of State of Punjab, is the first and only Open University of the State, entrusted with the responsibility of making higher education accessible to all especially to those sections of society who do not have the means, time or opportunity to pursue regular education.

In keeping with the nature of an Open University, this University provides a flexible education system to suit every need. The time given to complete a programme is double the duration of a regular mode programme. Well-designed study material has been prepared in consultation with experts in their respective fields.

The University offers programmes which have been designed to provide relevant, skill-based and employability-enhancing education. The study material provided in this booklet is self-instructional, with self-assessment exercises, and recommendations for further readings. The syllabus has been divided in sections, and provided as units for simplification.

The Learner Support Centres/Study Centres are located in the Government and Government aided colleges of Punjab, to enable students to make use of reading facilities, and for curriculum-based counselling and practicals. We, at the University, welcome you to be a part of this institution of knowledge.

Prof. G. S. Batra,
Dean Academic Affairs

DIPLOMA COURSE IN ACCOUNTING AND TAXATION



DIGITALIZED GOODS AND SERVICE TAX

Course V - DIGITALIZED GOODS AND SERVICE TAX

Learning Objectives: The course aims to achieve following objectives-

1. To understand the objectives, scope, provisions, implications and applications of Goods and Services Tax
2. Equipped with the knowledge of GST and its relevance
3. Comprehensive understanding of overall structure and assessment of GST and payment of Goods and Service Tax using computer hardware and software packages in a business set-up.

Course Content:

<p>Unit I - Introduction: GST and its application, digital filing of tax return</p> <p>Use of Computer (Hardware and Software) in GST: Use of MS excel and other Software Packages such as Tally.ERP9. Preparation of Business records using Microsoft Office: Use of Excel for preparing GST Records; Analysis of GST Data</p> <p>Use of Microsoft Power Point for Presentations; Use of Microsoft word for GST Reports</p>
<p>Unit II</p> <p>Tax Invoice, Credit & Debit Notes and Assessment</p> <p>Tax invoice, delivery challan, contents, bill of supply, receipt voucher, refund voucher, payment voucher and revised invoice. Appeal against adjudication order, non-appealable decisions & orders, ground of appeal, procedure for appeal, revision authority, Registration and Returns under GST, Assessment, GST Authorities and Appeals</p>
<p>Unit III</p> <p>Maintenance of Electronic Records and Documents for GST</p>

Maintaining Online Ledgers – Tax liability ledger, Cash Payment ledger.

Online Tax Records-Tax invoice, Credit notes and Debit notes, Electronic way Bill.,
Bill of supply.

Unit IV

Scrutiny of returns; Anti-profiteering; Avoidance of dual control

Penalty: Offences and penalties; Appeal and Revision of assessment; Demands and
Recovery. Advance Rulings, Tax deduction at sources and Advance tax statements

Unit V-Assessment and Filing of Tax Returns

Assessment: Self-assessment; Provisional assessment, Summary assessment
Summary and scrutiny; Taxability of e-Commerce, e-waybills; Zero-rated supply

Filing of Tax Returns

Procedure for Filing of tax returns of GST, Matching tax credits and due dates;
Payment of tax, Interest and Levy of Late fees. E-filing returns

References:

- 1) GST ready reckoner – Taxmann –V.S.Datey.
- 2) Indirect Taxes law & practice - Taxmann – V.S.Datey.

UNIT – 1 GST AND ITS APPLICATION

STRUCTURE

- 1.0 Learning Objectives
- 1.1 Introduction
- 1.2 Digital Filing Of Tax Return
- 1.3 Use Of Computer (Hardware And Software) In GST
- 1.4 Use Of MS Excel And Other Software Packages Such As Tally
- 1.5 Preparation Of Business Records Using Microsoft Office
- 1.6 Use Of Excel For Preparing GST Records
- 1.7 Analysis Of GST Data
- 1.8 Use Of Microsoft Power Point For Presentations
- 1.9 Use Of Microsoft Word For GST Reports
- 1.10 Unit End Questions
- 1.11 References

1.0 LEARNING OBJECTIVES

After studying this unit, you will be able to:\

- To enable the students to learn the concepts indirect tax and GST from the pre-GST period to post- GST period.
- To understand the importance of indirect taxes (GST) in the Indian and global economy and its contribution to the economic development.
- To comprehend the principles of taxations, objectives of taxes and its impact, shifting and incidence process of indirect taxes in the market orientated economy.
- To understand the implications of GST on the taxable capacity consumers, dealers and of the society at large and its changes.

1.1 INTRODUCTION

Goods and Services Tax is referred to as GST. It is an indirect tax that was implemented to replace a variety of previous indirect taxes, including the value-added tax, service tax, purchase tax, excise duty, and others. GST is a tax that India imposes on the delivery of specific products and services. There is just one tax that is imposed in India.

How the Indian GST Operates?

Manufacturer: The manufacturer is responsible for paying GST on both the raw materials used to create the product and the value added during production.

Service Provider: In this case, the service provider is responsible for paying GST on both the product's purchase price and the value that has been added. However, the manufacturer's tax payment may be deducted from the total GST that must be paid.

Retailer: The retailer is responsible for paying GST on both the merchandise they received from the distributor and the margin they added. However, the retailer's tax payment may be deducted from the total amount of GST that must be paid.

Consumers: GST needs to be paid on the purchased item.

GST's History

The Goods and Services Tax went into effect in India on July 1st, 2017. But the process of putting in place the new tax system started a long time ago. A committee was formed in 2000 by Atal Bihari Vajpayee, who was India's prime minister at the time, to develop the GST law. A task force determined in 2004 that the new tax structure should be implemented in order to improve the current tax system.

The Finance Minister recommended the implementation of the GST on April 1, 2010, and the Constitution Amendment Bill was enacted in 2011 to make this possible. The Standing Committee began debating GST in 2012 and presented its report on GST one year later. Arun Jaitley, the country's then-new Finance Minister, reintroduced the GST bill in 2014, and the Lok Sabha approved it in 2015. However, because the bill did not pass the Rajya Sabha, its implementation was postponed.

In 2016, the GST was implemented, and both houses of Congress approved the revised model GST statute. In addition, the Indian President approved. Four more GST Bills were passed by the Lok Sabha in 2017 and were subsequently approved by the Cabinet. Following the

passage of four more GST Bills by the Rajya Sabha, the new tax system went into effect on July 1st, 2017.

Tax Laws Prior to the Introduction of the GST

Tax used to be collected separately by the Center and the State. The tax laws varied according to the state.

Despite the fact that import tax was imposed on one person, another person bore the hardship. In direct tax instances, the taxpayer is responsible for paying the tax.

Direct and indirect taxes existed in India prior to the implementation of the GST.

GST types in India

The following list includes each of the four categories of GST:

The intrastate supply of goods and services is subject to the Central Goods and Services Tax (CGST).

State Goods and Services Tax (SGST): Similar to CGST, SGST is levied on purchases made inside a state.

Interstate sales of goods and services are subject to the Integrated Goods and Services Tax (IGST).

Union Territory Goods and Services Tax (UTGST): In any of the nation's Union Territories, including but not limited to, Chandigarh, Daman and Diu, Dadra and Nagar Haveli, Lakshadweep, and the Andaman and Nicobar Islands. UTGST is assessed in addition to CGST.

Benefits of GST

- The benefits of the goods and services tax in India include the following.
- governing the unorganised sector
- E-commerce businesses are no longer treated differently
- less difficulties
- Compositional plan
- Registration procedures and return filing are straightforward.
- increased threshold

- reduction of the effect of cascading taxes

1.2 DIGITAL FILING OF TAX RETURN

Residence GST Returns

GST Return Submission

Through the GST site run by the Government of India, firms registered under the GST are required to submit returns on a monthly, quarterly, and yearly basis depending on the type of company. Along with the tax that was collected and paid, they must provide the specifics of the sales and purchases of products and services.

The introduction of a comprehensive income tax system like the GST in India will guarantee the openness and simplicity of taxpayer services including registration, returns, and compliance. The four forms—return for supplies, return for purchases, monthly returns, and yearly return—will be used by individual taxpayers to file their GST returns. Small taxpayers that chose a composition plan must provide quarterly reports. Every return will be filed online.

Describe GST Return.

A GST return is an official record that includes information about all purchases, sales, taxes paid on purchases, and taxes received on sales. Following the submission of the GST returns, the person must settle their tax debt.

Who needs to submit GST Returns?

All business entities that are registered under the GST system are required to file GST returns. Based on the type of business, the filing procedure must be determined.

A GST return must be filed by any registered dealer who participates in any of the following activities:

Sales

Purchase

Goods and services tax output (on Sales)

Credit for Input Tax with Purchase GST

How to Online File GST Returns?

All taxpayers, including manufacturers, suppliers, dealers, and customers, are required to file their tax returns with the GST department each year. The process of filing tax returns has been streamlined under the new GST system. By using the software or applications made available by the Goods and Service Tax Network (GSTN), GST returns may be submitted online with the information on each GSTR form automatically filled in. The processes for submitting a GST return online are as follows:

Step 1: Go to the GST website (www.gst.gov.in).

Step:2 Based on your state code and PAN number, a 15-digit GST identity number will be given.

Step 3: Upload invoices using the programme or the GST site. For each invoice, a reference number will be provided.

Step:4 After uploading the bills, you must file your monthly return, annual return, and outgoing return online. You have the option of fixing any problems and resubmitting the returns.

Step:5 On or before the 10th of the next month, submit the GSTR-1 outbound supply reports using the information part of the GST Common Portal (GSTN).

Step:6 The recipient will get information on the outgoing supplies provided by the provider in GSTR-2A.

Step:7 The recipient must confirm, authenticate, and change the information on outgoing supplies and file the specifics of any credit or debit notes.

Step:8 The recipient must fill out the GSTR-2 form with information on any inbound supply of taxable goods and services.

Step:9 The provider has the option to accept or reject any changes made to the GSTR-1A information provided by the receiver regarding inbound supply.

GSTR Forms: Various Types with Explanations

Various forms can be used to submit GST returns based on the nature of the transaction and the taxpayer's registration. The return forms for common taxpayers are:

GSTR 1

A registered taxable supplier must submit the GSTR-1 form with information about the outbound shipments of goods and services. The provider completes this form. The buyer

must review the automatically filled-in purchase information on the form and make any necessary changes. The following information will be on the form:

Name of the company, the time period for which the report is filed, and the Goods and Services Taxpayer Identification Number (GSTIN).

invoices sent out in the preceding month and the associated taxes paid.

monies received in advance of a supply order that has to be delivered later.

revisions made to the invoices for outgoing sales from earlier tax periods.

By the tenth day of the next month, GSTR-1 must be filed.

GSTR 2

A registered taxable receiver must submit a GSTR-2 form detailing the inbound supply of goods and services. The following information will be on the form:

a period for which the return is filed, the company name, and the Goods and Services Tax Identification Number (GSTIN).

invoices sent out in the preceding month and the associated taxes paid.

monies received in advance of a supply order that has to be delivered later.

revisions made to the invoices for outgoing sales from earlier tax periods.

The 15th of the next month is the deadline for filing GSTR-2.

GSTR 3

A registered taxpayer must submit the GSTR-3 form, which is automatically filled up with information from the GSTR-1 and GSTR-2 return forms. The taxpayer is required to confirm and, if necessary, make changes. The following information will be on the GSTR-3 return form:

Information about the cash ledger, liabilities, and input tax credit.

Details of CGST, SGST, and IGST taxes paid.

Request a refund of the extra payment or ask to carry the credit over.

The 20th of the next month is the deadline for filing GSTR-3.

GSTR 4

Taxpayers who chose the composition scheme are required to submit a GSTR-4 form. The Composition Scheme allows taxpayers with small businesses or a revenue of up to Rs. 75 lakh to pay tax at a predetermined rate based on the kind of business. Input tax credit facilities would not be available to taxpayers under this plan. The following information will be on the GSTR-4 quarterly report form:

the sum of all consolidated supplies made during the return period.

information about taxes paid.

Details of purchases at the invoice level.

The deadline for filing GSTR-4 is the 18th of the next month.

GSTR 5

All registered non-resident taxpayers are required to file the GSTR-5 form. The following will be on this form:

Name, residence, GSTIN, and reporting period of the taxpayer

Information about both external and internal supplies.

Information on imported items, including any changes made to products imported during past tax periods

Services imported, changes to services imported

Details of credit or debit notes, final items inventory, and reimbursements requested from the cash ledger.

The 20th of the next month is the deadline for filing GSTR-5.

GSTR 6

All taxpayers who are registered as Input Service Distributors are required to file the GSTR-6 form. The following will be on this form:

Name, residence, GSTIN, and reporting period of the taxpayer

Details on the distribution of input credit.

Merchandise received from registered users.

the total amount of input credits claimed for this tax period.

The GSTR-1 and GSTR-5 return forms will automatically fill in the information for inbound supplies.

Information on the recipient of input credit that corresponds to their GSTIN.

Information about credit or debit notes.

Received input tax credit, reversed input tax credit, and distributed input tax credit as SGST, CGST, and IGST.

The 13th of the next month is the deadline for filing GSTR-6.

GSTR 7

All registered taxpayers who are obligated to deduct tax at source in accordance with the GST law must file the GSTR-7 form. The following will be on this form:

Name, residence, GSTIN, and reporting period of the taxpayer

TDS information and adjustments to contract information, invoice amount, or TDS calculation.

TDS liability will automatically be filled in. Information on late filing penalties and interest charges for TDS payments.

The Electronic Cash Ledger refund will automatically fill.

The 10th of the next month is the deadline for filing GSTR-7.

GSTR 8

All e-Commerce businesses that are mandated by the GST law to collect tax at source are obliged to file the GSTR-8 form. Details on the supplies made and the tax amount collected under Subsection (1) of Section 43C of the Model GST Law are included in this form.

Additional information is as follows:

Name, residence, GSTIN, and reporting period of the taxpayer

Information on the supplies given to a registered taxable person, together with any changes.

Information on the supplies given to unregistered people.

Details of Source Tax Collection.

TDS liability will automatically be filled in. Information on late filing penalties and interest charges for TDS payments.

By the tenth day of the next month, GSTR-8 must be filed.

GSTR 9

Regular taxpayers submit the GSTR-9 form with information on all of their annual income and expenses. The grouping of this information will be changed to reflect the monthly returns. If necessary, the taxpayer will have the chance to change the information given. By the end of the next financial year, on December 31st, GSTR-9 and the audited copies of the annual accounts must be filed.

GSTR 10

A GSTR-10 form must be submitted by every taxpayer who chooses to revoke their GST registration. The following will be on this form:

Request Reference Number (ARN).

Date that the GST registration was cancelled.

Individual Order Cancellation ID.

The order's cancellation date.

Information on closing stock, including the tax due on closing stock.

Within three months after the date of cancellation or the date of the cancellation order, whichever comes later, the GSTR-10 final return form must be filed.

GSTR 11

Everyone who has received a Unique Identity Number (UIN) and requests a refund of the taxes paid on inbound supply must submit a GSTR-11 form. The following information will be on this form:

A government entity's name, UIN, and return period are provided.

All incoming orders from GST-registered suppliers will be automatically filled in.

The tax refund will be processed based on the information previously mentioned. On the 28th of the month following the month for which the supply was received, the GSTR-11 form must be lodged.

How to verify the status of a GST return?

You are able to monitor the progress of your GST Returns using the official GST Login Portal. For the same, there are three distinct approaches. These are the techniques:

Utilizing the 'Return Filing Period' option to monitor the status

Utilizing the 'ARN' option to monitor the status

utilizing the 'Status' option to monitor the status

1.3 USE OF COMPUTER (HARDWARE AND SOFTWARE) IN GST

Due of the several taxes, numerous compliance requirements, and tax cascading, the old VAT/service tax regime in India was difficult. A simplified tax system will be created under the GST regime, notably for the IT industry.

Rates of Excise, VAT, and Service Tax

The sale of bundled software is subject to both service tax and VAT under the previous tax system. In most states, the VAT rate is about 5%, whereas the service tax rate is 15%. Additionally, excise duty is required while producing IT goods. Example: There are three taxes that apply to software that is delivered on a CD, DVD, or hard drive.

Excise taxes for product manufacture

sales tax and

Software that is available for multiple downloads is subject to service tax.

Under GST, all of these challenges and double taxes will be eliminated.

GST's Effect on IT

GST on the IT industry would add 18% to the price of software services offered by software firms. GST will drive up the price of services that are solely software-related.

Businesses

All firms, big and small, are hurrying to align their ERPs and accounting systems with the GST. Costs associated with infrastructure will rise, and business systems will alter as a result. The majority of large businesses have assembled teams made up of their own technical specialists, experts in finance, and a GST software vendor expert.

Utilize ITC

Particulars	Before GST	After GST
Sales of drinks	100,000	100,000
VAT@14.5%	14,500	
GST@12%		12,000
AMC contract	10,000	10,000
Input Tax on AMC		
Service tax @15%	1,500	
GST @18%		1,800
Total tax outflow	(14,500+1,500) 16,000	10,200

While infrastructure and administrative expenses for businesses have significantly increased, there is also good news in the shape of ITC. The service tax paid on AMCs for their computers and software was not refundable for traders selling items (paying output VAT) in the past. This ITC is accessible under the GST. As an illustration, Ajay sells fruit-based beverages valued Rs. 100,000. Additionally, he must make a monthly AMC payment of Rs. 10,000 for the computers he uses in his offices.

IT service providers that redesign corporate software can also change all of their input taxes in relation to the service offered. For instance, they can now offset the service given by them against the VAT spent on office materials. Additionally, IT businesses that maintain servers suffer significant revenue costs for repair and maintenance in addition to capital expenditures for the purchase of the gear. It is now possible to deduct the tax paid on hardware purchases from the tax paid on services and minor portions of repairs.

Business software redesign

The most difficult obstacle is altering the IT systems, which calls for collaboration between teams of tax specialists and technologists. Many times, it is necessary to rebuild and upgrade ERP software that was offered by IT giants in order to comply with the new GST regulations. To handle the challenges of GST calculation, businesses are primarily updating their enterprise resource planning (ERP) and accounting software. They must either adopt specialized GST software, such as Clear Tax GST, or upgrade their current software to the new version.

Taxable Installation of New ERP

ERP and accounting systems are installed by businesses in waves. For instance, ERP deployment is carried out in phases. It is an extensive contract that spans several years. ERP experts comprehend the needs of the business, develop the software appropriately, educate the staff of the organization, and routinely update and maintain the programme. This contract's payment will be made over several years, and service tax was levied appropriately. This will be taxed appropriately as a continuous/periodic supply under GST. Please read our essay on the GST and continued supply.

Software Vendors And Developers

All fintech firms are competing to provide a GST software. GST will benefit these businesses by creating a sizable market throughout India. These software providers would benefit greatly from the need for GST software among all the businesses. The first business in India with operational, ready-to-use GST software is Clear Tax.

Services Export

A significant source of foreign currency is the export of information technology, with India being the top supplier of IT services. Exports are not taxed, and any paid input taxes may be reimbursed. If the recipient's address is known, the location of the service recipient is the default location for place of supply (export of service).

Exporters must thus make sure that the address of the service receiver is presentable to the authorities upon request. Software development, BPO operations, software consulting, etc. are examples of typical IT/ITES services that fall within the default norm. Since there are no GST exclusions, this regulation will also apply to other services including intermediate services and software support/maintenance.

Freelancers

Previously, 15% service tax was paid by independent contractors providing software services including designing, developing apps, creating websites, etc. Under GST, this has now gone up to 18%. However, there is considerable misunderstanding over bloggers being subject to GST and needing to register. Before, the service tax did not apply to them. We anticipate that the GST council will provide further information on this matter soon. Please see our post for a thorough study of how the GST applies to bloggers.

Conclusion

Despite the fact that the GST rate for services has raised to 18%, the IT industry will undoubtedly gain from GST due to the significant growth in software sales. Other elements, such as the availability of ITC, will reduce operational expenses and boost the overall profitability of the IT industry. With Clear Tax GST, you can prevent a lot of problems. It will integrate well with your current applications. To create invoices that comply with GST, you may also utilize our Clear Tax Bill Book.

1.4 USE OF MS EXCEL AND OTHER SOFTWARE PACKAGES SUCH AS TALLY

You may be seeking for solutions to assist you handle the many sorts of tasks, such as accounting, finance, procurement, etc., if you have recently started up new business operations.

While Tally and other more recent technologies have replaced Excel as the professional standard in businesses, it has been a long time coming. You may save a ton of time and work by using ERP 9 to manage massive volumes of data. Tally also eliminates manual mistakes by automating routine activities. Tally offers several advantages as a result.

But don't just take our word for it; here is a thorough study on Excel vs. Tally that will enable you to make a wise choice. This blog also goes into detail on using Excel to import tally. So let's get started without further ado!

A] Tally and Excel Basic Differences

Excel has graphing capabilities, calculations, data representation, pivot tables, analytical functions, and a macro programming language called Visual Basic for Applications, whereas Tally is only a company accounting and inventory management package.

Everyone has a certain function to perform. Tally, on the other hand, offers data integrity and is an automated programme, so keeping many spreadsheets may not be practical. Additionally, mastering Excel's functions might be difficult. As a result, Tally. ERP 9 (now Tally Prime) is a superior solution that may help you as your business expands when comparing it to accounting software such as Excel.

B] Which Is Better Between Tally and Excel?

Because Tally already takes care of the fundamental accounting operations, you don't need to concentrate on them. It offers government-supported formats for efficient administration and multilingual operations.

Your cash flow, balance sheet, profit and loss account, etc. are automatically updated with Tally's assistance.

You may use it to assist with bookkeeping, ratio analysis, bank reconciliation, and stock maintenance.

It may assist you with the compilation of receipt & expenditure accounts, profit & loss balance sheets, and cash flow presentations.

Tally offers a variety of online business tasks and procedures and is simple to use and maintain.

However, Excel is a great option for creating Financial Statements (FS) since you may adjust the format to your needs. Tally. ERP 9 offers strong integration possibilities, though. Therefore, you may import any Excel data to Tally using the utility tool for import to Tally, and then format the data as needed.

To learn how to utilize Tally, read on.

C] How to Import Data Into Tally from Excel. ERP 9?

First things first, you must;

Step 1: Create a named group in Tally and add all the necessary ledgers to it. You may, for instance, add a ledger called "ABC Account" to the "XYZ Creditors" group.

Step 2: You must construct a sample voucher in Tally that is similar to the coupons that must be imported. For instance, make a Journal ticket for \$5k for the ABC Account.

Step 3: From Tally, export the sample voucher. Open Day Book and choose a display. Use the Alt+E keyboard shortcut to export the Day Book in XML format.

(To learn how to construct ledgers in Tally, see the 'how to use tally' link up above.)

It should be noted that the actions above establish a sample template for import. The exported file will be put in the Tally folder as "DayBook.xml."

Things to consider while getting ready to import data into an Excel spreadsheet

The order of all columns (data fields) must match exactly how it appears in the XML file. The date field will be in the text format YYYY/MM/DD.

Commas or currency formatting should not be utilized with the numbers that are used.

Two decimals are the maximum. To do this, utilize the '=ROUND' function.

Make sure the ledger names used in Excel and Tally match in order to avoid any import issues. To do this, you can export the ledger masters from Tally.

Open the XML file that Tally produced in order to import data from Excel into Tally. ERP 9. You may do this with Notepad or more sophisticated editors (Notepad ++).

Copy this section from `TALLYMESSAGE xmlns:UDF="TallyUDF">` to `/TALLYMESSAGE>` from the XML file to a new file in step one. The header and footer XML codes should be altered, but this section has to be rewritten.

In step 2, Tally adds unique identifiers that must be deleted. In this case, you just need to delete the values from the tags "VOUCHER" and "GUID," not the tags themselves. Remove the full tag `EFFECTIVEDATE>xxxx/EFFECTIVEDATE>` as well.

Step 3: Lines should be created to separate the variable data (the values) from the static data (the XML tags). In order to keep the XML tags (before and after the data) on a single line, the linefeeds must be removed.

Step 4: In Excel, you must insert a column between each row of data.

Step 5: Copy each line of static data and paste it into the first column of the appropriate row in the Excel sheet.

Step 6: Use the concatenate function `=CONCATENATE` to merge the values from all the columns in a row. Then, save the new XML file after copying and pasting the merged data into the original XML file's identical location.

Step 7: Choose import data in Tally, provide the path and filename for the XML file, and then click Enter. The Day Book will include the imported coupons.

1.5 PREPARATION OF BUSINESS RECORDS USING MICROSOFT OFFICE

The larger Microsoft Office package, which also contains PowerPoint and Excel, includes Microsoft Word. Home & Business, Home & Student, and Professional are some of the available variants.

The most widely used and platform-compatible word processor is Microsoft Word, according to Colin Palfrey, chief marketing officer of Majesty Coffee. "The files offer a global standard for authors and are forward and backward compatible across all devices."

What applications does Microsoft Word have in business?

Given that Microsoft Word offers so many features and capabilities, it is understandable that individuals have begun to use it more frequently for commercial activities.

I use MS Word mostly for creating official proposals and contracts, according to Palfrey. To ensure proper formatting and grammar/syntax, I also prepare emails in MS Word.

Here are a few particular ways you may integrate Microsoft Word into your company's operations.

1. document exchange

Documents you generate in the word processor may be shared with anybody, including those who don't have a Microsoft Word membership, because Microsoft Word is cross-platform and device compatible.

For me, having the ability to access presentations I've created on a Mac and see them on any device is a terrific feature because all of my devices can show the same file, according to Palfrey.

2. templates available

For business documents like letters, reports, and proposals, Microsoft Word offers hundreds of templates that are both built-in and downloadable. Here are a few of the most often used Microsoft Word templates for business:

Calendar

enterprise letter

Letters of interest and resumes

Newsletter

commercial report

commercial proposals

Invoice

Budget

Flyers and brochures

announcement of retirement

Certificates (employee of the month, for example) (employee of the month, for example)

testimonial letter

promotional materials

employee feedback

According to Allan Borch, the creator of Dotcom Dollar, "MS Word includes templates for preparing everything from meeting minutes to product brochures."

3. agreement formation

To build your own contract or contract templates, utilize Microsoft Word. Although the application doesn't offer a business contract template for downloading, it is simple enough to locate one somewhere that has a design you like, copy it into a new document, and fill it up with your information. (Keep in mind that whichever path you choose with your contracts, it's crucial to have an attorney evaluate them.)

4. group cooperation

You may share papers with coworkers for them to work on using the sharing options. It's easy to see what they've added or removed since they can log their adjustments. They may add notes and queries to the document's margins using tracked modifications so that anybody else working on it can respond to them.

5. Mail fusion

With the help of this tool, you may produce a number of papers that can be customized for each recipient. This might be a meeting invitation, an email newsletter, or just regular business contact.

In this scenario, the document must be linked to a spreadsheet or list so that Microsoft Word knows which names and addresses to insert into the placeholders.

What additional applications does Microsoft Word have?

Microsoft Word may be used for leisure and everyday convenience in addition to work. Other than letter writing, essay type, and memo drafting, you may utilize this office programme for a wide range of jobs.

1. Calendar

There are customizable calendar templates included with Microsoft Office. You can make your own calendar using the programme if you don't want to utilize one of the Microsoft calendars. You may make a full-page monthly calendar to keep track of your schedule by simply switching the style of a document to landscape and entering a table that is seven columns wide and five or six rows long.

Instead, utilize the portrait orientation and put a header at the top of the page with the calendar part at the bottom to produce a smaller calendar. Before sticking it on your fridge, you may even add pictures, watermarks, or other artwork to personalize it.

2. Letterhead or stationery

You may quickly design personal stationery or business letterheads using the extensive collection of clip art that Microsoft Office offers. To begin, decide whether to install a complete or partial frame on the page. Then, to make the website more attractive, you may add your own photographs, watermarks, and fonts. If you don't want to make your own stationery and letterhead, Microsoft Word also has templates you may use.

3. Postcards

You may wait till you return home and make your own postcards using images from your own camera rather than spending money on expensive postcards while you're travelling. With a 4 by 6-inch arrangement, Microsoft Word makes it simple to design postcards.

You may start customizing the document by selecting the Page Layout option and then adjusting the page's size to postcard size. To make the postcard sturdier for mailing, you may even print it off on picture or card material.

4. Newsletters

Microsoft Word's multiple-column capability makes it simple to make newsletters for your family or business. Choose between a portrait or a landscape orientation first. Then, you may alter it whatever you like. For a clearer distinction, add more columns and place a strong line between them. If you don't want to spend the time creating your own newsletter, Microsoft Office comes with a few pre-made templates that you may utilize.

5. brochures or invites

You may quickly make a flyer for a yard sale, a work party, or an invitation for your child's birthday using Microsoft Word. You may start with a blank document and design a flyer or invitation from scratch if you want to be imaginative. If you don't feel like creating your own, Microsoft Office offers a variety of ready-made flyer and invitation templates.

There is no denying Microsoft Word's worth for business needs, whether you're creating emails, proposals, or altering one of the many templates accessible.

1.6 USE OF EXCEL FOR PREPARING GST RECORDS

EXCEL GST FORMAT

Every firm will be required to pay GST when it is implemented in India in July 2017. GST is a fair and comprehensive system of taxes that reduces evasion and assures a wider revenue stream. Accurate tax declarations require adequate record keeping in order to be eligible for GST payment. Using accounting software considerably aids in maintaining records. Therefore, using the best GST accounting software—Reach Accounting—will aid a company in keeping track of and maintaining correct financial data.

Reach GST accounting software features include:

Reach GST accounting software guarantees the right to accurately and successfully audit your company. You may handle not only your accounting and audits but also any necessary activities, such as:

GST Billing

Accounting

Inventory Control

Sales Team Leadership

POS systems and barcoding

Tax Return Preparation for GST

GST Filing, Monthly, Quarterly, and Annual

EXCEL-GST Sales Invoice/Bill Format for GST

The invoice that the assessee issues to their buyers. The firm name and GSTIN number are often pre-printed in these bills, along with an invoice bill number that should be sequential. These invoice numbers can be in any format the assessee prefers. The date of sales should be noted on the invoice. Following that, there will be information on the seller, the commodity, the sales amount, and the tax amount.

Guidelines for Creating GST Sales Bills

Required Fields for Your GST Sales Invoice

Correct entries must be entered into each field accurately. The Invoice Number and Date, Customer Name, Shipping and Billing Address, Customer and Taxpayer's GSTIN, Place of Supply, and HSN Code are some of the necessary information. Every field is significant for later references and has to be remembered while creating the invoice.

Date of Invoice and Due Date must be Correctly Entered

It is advised that invoice dates and due dates be entered accurately since they differ in that the invoice date is the day the invoice was prepared, whilst the due date is the day on which the invoice was to be paid. So, take precautions and be aware of the differences between the two dates.

Retain the invoice's unique serial number.

The invoice serial number must be kept on file for future use as a reference. If a taxpayer desires to modify the format of an invoice, he or she can notify the tax department along with the invoice serial number.

GST FORMAT EXCEL- GST Invoice or Purchase Bill

These invoices are sent out to help customers pay for their purchases. These invoices are generated in response to purchases. The purchaser's name and GSTIN must appear on these bills in order for the assessee to receive their input tax credit. When the seller files his GSTR-1 sales record under GST, the buyer will instantly receive credit on their account. The primary distinction between the invoice date and due date is that the former refers to the day the invoice is created in the bill book, whilst the latter refers to the date on which payment is expected for the invoice.

While the invoice serial number is sometimes said to be crucial for maintenance for a variety of rigorous reasons, As an illustration, the format of an invoice issued with the serial number INV010 must be preserved.

Guidelines for Creating GST Purchase Bills

Required Fields for Your GST Purchase Invoice

The fields must have precise entries that are filled in correctly. The Invoice Number and Date, Customer Name, Shipping and Billing Address, Customer and Taxpayer's GSTIN, Place of Supply, and HSN Code are a few of the crucial data. Every field is very important for the future and needs to be taken into account while creating the invoice.

Date of Invoice and Due Date must be Correctly Entered

It is advised to exercise caution while filling out invoice dates and due dates since they differ in that the invoice date refers to the date the invoice was prepared, whilst the due date is concerned with when the invoice was to be paid. So, while inputting the GST due date and invoice date, be careful.

Retain the invoice's unique serial number.

The invoice serial number must be kept on file for future use so that the taxpayer may inform the tax department of any desired changes to the invoice format together with the invoice serial number.

PRINTING OF QUOTATIONS

A bill or invoice may be written by hand, but it must have the information below:

buyer's name

Buyer's GSTN

GSTN of the vendor

Addresses for the vendor, buyer, and supply

Product details and HSN code

Quantity

Rate

Tax amount and percentage for each product

Under GST, a handwritten or pre-printed bill is acceptable.

GST Calculation

Calculating taxes under the GST

The following table illustrates the variation in tax payment amounts and the benefit of input credit available to manufacturers and dealers:

Specifics	Value and Tax Amount Under Current Laws	Particulars	Value and Tax Amount Under
-----------	---	-------------	----------------------------

GST RULE.

Manufacturer value

Cost of production: \$100,000,000.

Include a 10% profit margin 10,000 10,000

Excise duty added @12% 13200

Cost of production as a whole: 123200 110000

15400 plus VAT at 12.5%

SGST @ 6% 6600 +

CGST @ 6% 6600 +

Manufacturer's invoice value was 138600 123200.

worth to the wholesaler

Product cost: 138600 123200

10 percent profit margin added 13860 12320

152460 total value 135520

19058 Add VAT at 12.5%

Include SGST @ 6% 8131

Include CGST @ 6% 8131

Value of invoice to wholesaler: 171518 151782

Retailer Value

Product cost 171518 151782

10 percent profit margin added 17152 15178

188670 total value 166960

23584 + VAT @12.5%

SGST @ 6% 10018 plus

Include CGST @ 6% 10018

Retailer invoice amount: 212254 186996

For the sake of this example, a 12% GST rate that is split evenly between the federal and state governments has been assumed.

According to VAT legislation, the wholesaler may claim an input tax credit (ITC) for the VAT paid (15400) and the retailer could claim an ITC for the tax paid to the wholesaler (19058). GST allows for the ITC claim of CGST and SGST paid by the wholesaler to the manufacturer. The ITC for the GST tax paid to the wholesaler may also be claimed by the retailer. In contrast to the partial ITC available under prior rules, the retailer and wholesaler would gain from the availability of the entire tax paid as ITC under GST.

Assessment

The table above highlights three significant changes:

Taking the place of excise tax

Capital items that are utilized by the manufacturer during production are subject to excise. With only one tax rate for all items under the GST, the excise on capital goods would be absorbed. The final customer should feel better after excise is removed.

Cost-cutting measures:

Manufacturers, wholesalers, and retailers will see a cost decrease as a result of the subsuming of VAT, Service tax, and Excise. As can be observed in the above table, the cost has decreased under GST from Rs 171518 to Rs 151782. GST would aid in further lowering the manufacturer's overall cost because better logistics would result in lower procurement costs.

Diminished input tax credit

According to the GST law, the wholesaler/input retailer's tax credit would be reduced. The lower input tax credit amount is simply a result of the GST-enacted cost reduction.

Calculating Tax on Sales Between States

Under the GST statute, a new idea of IGST has been introduced. When transferring products between two states in the past, CST was added on top of VAT and excise duty; however, the IGST will be a single tax applied to all commodities going across state boundaries. Let's use the following example to better understand IGST:

Table 2

Items covered by current tax laws under the GST

Retailer Value

Price of the goods: \$100,000,000.

Subtract VAT @12.5% 12500

IGST @12% 12000 plus

CST added at 2%: 2250

Value total to retailer: 114 500 11 2000

For the sake of this example, a 12% IGST rate has been established.

ASSESSING RETURNS

Describe the GST Return.

The tax payer will include information in a GST return about:

Purchases

Sales

GST output (on sales)

Credit for input taxes (GST paid on purchases)

A typical taxpayer will be needed to submit three returns each month and one yearly return under the GST, for a total of 37 submissions each year!

The GSTR-1 return is the only one that has to have its details manually entered into the system each month; all other returns get their data automatically from the GSTR-1.

A taxpayer registered under the composition system, a taxpayer registered as an input service distributor, and a person required to deduct or collect tax (TDS/TCS) are all subject to different returns.

GST Reports

A regular business will just need to submit the following:

GSTR-1

GSTR-2

GSTR-3

GSTR-3B (For Jul & Aug 2017 only) (For Jul & Aug 2017 only)

A composition dealer will profit from lower returns and compliance requirements, as well as paying taxes at low rates. A dealer in compositions will only submit two returns:

GSTR-4

GSTR-9A

filing of returns for July and August 2017

In lieu of the regular returns, firms must submit GSTR 3B in the first two months of GST (July and August, 2017). To allow companies time to get used to the GST, the government has delayed the filing of GSTR 1, 2, and 3 for July and August of 2017.

For July and August, there is no buyer-seller reconciliation.

In the event that a return is filed late, there is also no late charge or penalty assessed for the months of July and August.

August 2017 Forms for July 2017

GSTR-3B, August 20–September 20

16th–20th September GSTR-1, 1st–5th September

GSTR-2, September 6–10; September 21–25

GSTR-3, September 26–30, 2017, to September 15,

GST Returns for All

This is a list of all the returns that must be submitted in accordance with the GST Law.

Not every tax payer is affected by all of the returns. To learn more about it, please click on the appropriate return.

Whose Return Form Details?

How soon?

10th of the next month: GSTR-1 Details of Sales of Taxable Goods and/or Services Registered Taxable Supplier/Seller

GSTR-2 Input tax credit details for purchases of taxable goods and/or services.

15th day of the next month, Registered Taxable Recipient/Buyer

GSTR-3 is a monthly summary return based on GSTR-1 and GSTR-2 that includes a breakdown of monthly sales and purchases as well as the tax paid.

20th of the next month for Registered Taxable Person

GSTR-4 Compounding taxable person's quarterly return.

Composition Supplier's 18th day of the next month

the 20th of the next month, GSTR-5 Return for Non-Resident Foreign Taxable Person Non-Resident Taxable Person

The thirteenth day of the next month is when GSTR-6 Return for Input Service Distributor is due.

GSTR-7 Return for tax withholding authority.

Tax Deductor's 10th day of the next month

E-commerce Operator/Tax Collector 10th of the next month GSTR-8 Details of Supplies Affected Through E-Commerce Operator and Amount of Tax Collected

31 December of the next fiscal year GSTR-9 Annual Return Registered Taxable Person

Taxable individual whose registration has been given up or terminated. GSTR-10 Final Return

within three months of the later of the cancellation date or the date of the cancellation order.

GSTR-11 Person with UIN requesting refund must provide details of inbound supply by the 28th of the month after the month for which statement is filed.

1.7 ANALYSIS OF GST DATA

One country, one tax (GST) has been implemented, although its effects on different industries are slightly varied. Depending on whether the industry works with manufacturing, distributing, and retailing or is offering a service, the first degree of distinction will enter.

Analysis and Opinions on GST

Effect of GST on Retailers, Distributors, and Manufacturers

GST helps India's industrial sector operate better and be more competitive. Among this sector's worries are declining exports and increasing infrastructure investment. The administration expenses for manufacturers and distributors had also risen as a result of several indirect taxes, but now that the GST has been implemented, the compliance burden has decreased and this industry will expand more quickly.

However, businesses that were previously outside of the tax band will now need to register owing to the GST. Less tax avoidance will result as a result.

Service Providers' Experience with GST

There were 12,76,861 service tax assesseees in the nation as of March 2014, however only the top 50 paid more than 50% of the tax that was gathered nationally. Domains including IT services, telecommunications services, the insurance industry, business support services, banking and financial services, etc. are responsible for the majority of the tax burden. The compliance burden would be reduced for these enterprises operating across all of India. However, they will need to individually register each location of their firm in each state.

Industry-specific Impact Analysis

Logistics

The logistics industry is the foundation of the economy in a large nation like India. We may reasonably anticipate that a mature and well-organized logistics sector has the ability to advance the government of India's "Make In India" project to the desired position.

E-commerce

In India, the e-commerce market has been expanding quickly. The GST law notably proposes a Tax Collection at Source (TCS) method, which e-com enterprises are not too thrilled with, so the long-term ramifications will be particularly fascinating. The GST law will benefit the e-com sector's ongoing expansion in several ways. TCS is now operating at a 1% pace.

Pharma

GST is generally advantageous for the pharmaceutical and healthcare sectors. It will level the playing field for producers of generic medications, encourage medical tourism, and streamline the tax system. If there is any cause for worry at all, it has to do with the pricing scheme (as per latest news). The pharmaceutical industry is looking for a tax break because it will make access to affordable healthcare simpler for everyone.

Telecommunications

After the GST, prices in the telecom sector will decrease. By combining their warehouses and managing their inventory effectively, manufacturers may save expenses. Since the GST has eliminated the requirement to create state-specific businesses and transfer stocks, handset makers will find it simpler to sell their equipment. Additionally, they will avoid paying for logistics.

Textile

A sizable number of skilled and unskilled people in India are employed by the textile sector. It provides around 10% of all exports each year, and the GST is projected to boost this value. The textile industry's cotton value chain, which is preferred by the majority of small and medium-sized businesses since it previously received no central excise charge, will be impacted by GST (under optional route).

Actual Estate

One of the most important areas of the Indian economy, the real estate industry contributes significantly to the creation of jobs in that country. Since it mostly depends on the tax rates, the effect of GST on the real estate industry cannot be properly quantified. However, the adoption of the GST will have a significant positive impact on the business since it has brought about the much-needed accountability and openness.

Agriculture

The transportation of agricultural products across state boundaries in India is one of the biggest problems the agricultural industry faces. The agricultural sector contributes the most to the overall Indian GDP, accounting for around 16% of the total. GST will fix the transportation problem.

FMCG

The GST has made it unnecessary to have several sales depots, which has resulted in considerable savings for the FMCG sector in terms of logistics and distribution expenses.

Freelancers

The norms and regulations governing this unorganized business are still up in the air because freelancing is still a young industry in India. But with GST, it will be considerably simpler for independent contractors to file their taxes because they can do it online with ease. They pay taxes as service providers, and the new tax system has made this industry more coherent and accountable.

Automobiles

India's massive population, which drives much of the industry's yearly production of many thousands of vehicles, makes it one of the world's largest auto markets.

The GST will replace a number of taxes that were levied on this industry under the former tax system, including excise, VAT, sales tax, road tax, motor vehicle tax, and registration charge.

Startups

The GST system actually portends well for the Indian startup sector thanks to greater registration restrictions, a DIY compliance approach, tax credits for purchases, and a free movement of products and services. Before, several Indian states had various VAT regulations, which caused confusion for businesses with a pan-India presence, particularly the e-commerce industry. Under GST, all of this has altered.

1.8 USE OF MICROSOFT POWER POINT FOR PRESENTATIONS

Using PowerPoint on a computer, a mac, or a portable device:

Using a template or from scratch, create presentations.

Include text, pictures, artwork, and videos.

Using PowerPoint Designer, pick a polished layout.

Include motion, animations, and transitions.

To access your presentations from a computer, tablet, or phone, save them to OneDrive.

Wherever they are, collaborate and share with others.

Construct a presentation.

Activate PowerPoint.

Choose New from the left pane.

Choose an option:

Choose Blank Presentation to start from scratch when making a presentation.

Choose one of the templates if you want to utilize a ready-made design.

Choose Take a Tour, then choose Create to get some PowerPoint pointers.

Refresh your PowerPoint

Insert a slide

Choose the slide that you want your new slide to follow from the thumbnails in the left pane.

Select New Slide under the Slides section on the Home menu.

Select Layout under the Slides area, then pick the desired layout from the menu.

layouts for PowerPoint slides

Add text and format it

In a text box, position the cursor, and then enter some text.

Once the text has been selected, choose one or more options from the Font part of the Home menu, including Font, Bold, Italic, Underline, Increase Font Size, etc.

Select the text, then choose Bullets or Numbering to format it as a list with bullets or numbers.

Text in PowerPoint format

Add a graphic, a form, and more.

Select the Insert tab.

Adding an image

Make your selection in the Pictures section.

Choose the desired source from the Insert Picture From option.

Find the desired image by browsing, choosing it, and then choosing Insert.

To add some examples:

Choose Shapes, Icons, 3D Models, SmartArt, or Chart from the Illustrations area.

Select the desired object and follow the on-screen instructions to put it in the dialogue box that appears when you click one of the illustration kinds.

1.9 USE OF MICROSOFT WORD FOR GST REPORTS

Create the data for the GSTR1 report.

Activate the GER export to GSTR CSV option under Tax > Inquiries and reports > Sales tax reports.

Create a date range by entering it in the From and To boxes.

Choose a value for the Registration number box.

Choose GSTR-1 CSV in the Configuration area.

Enter the file name you want to use to save the report in comma-separated values (CSV) format in the File name area. Include the file's path.

Choose OK.

Use the provided location to get to the CSV-formatted GSTR1 report file that you prepared. This document serves as the foundation upon which the Goods and Services Tax (GST) compliance framework is built.

Create the data for the GSTR2 report.

Activate the GER export to GSTR CSV option under Tax > Inquiries and reports > Sales tax reports.

Create a date range by entering it in the From and To boxes.

Choose a value for the Registration number box.

Choose a GSTR-2 CSV to enter in the Configuration area.

Enter the file name you want to store the report's CSV format as in the File name field. Include the file's path.

Choose OK.

Use the provided path to get to the CSV-formatted GSTR2 report file that you prepared. This file serves as the foundational document on which the GST compliance framework is built.

1.10 UNIT END QUESTIONS

A. Descriptive Questions

Short Questions

1. What is GST?
2. What Are the Taxes That Were in Place Instead of GST?
3. What do you Understand by the Remission of Tax/Duty?

4. What does a Taxable Event under GST Mean?
5. How would you Differentiate Between CGST, SGST and IGST?

Long Questions

1. How Does One File a GST Return Online?
2. How will GST affect Corporate Tax or Income Tax?
3. What Are the Types of GST?
4. What are final GST rate slabs?
5. What are CGST, SGST and IGST?

B. Multiple Choice Questions

- 1 . IGST is payable when the supply is
 - a) Interstate
 - b) Intra- UT
 - c) Intra-state
 - d) All of these
- 2 . Maximum rate of CGST prescribed by law for intrastate supply made is.....
 - a) 18%
 - b) 40%
 - c) 20%
 - d) 28%+cess
- 3 . Which of the following taxes have been subsumed in GST?
 - a) Central sales tax
 - b) Central excise duty
 - c) VAT
 - d) All of these

4 . GST is levied on supply of all goods and service except.....

- a) Alcoholic liquor for human consumption
- b) Tobacco
- c) Health care service
- d) All of these

5 . The functions of goods and services network (GSTN) include....

- a) Facilitating registration
- b) Forwarding the return to central and state authorities
- c) Computation and settlement of GST
- d) All of these

Answers

1-a, 2-b, 3-d. 4-a, 5-d

1.11 REFERENCES

Reference Books:

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- Sharma, R. (2021). *Master Guide to GST*. McGraw Hill Education.

Web Resources:

- Goods and Services Tax Council. (n.d.). <https://www.gstcouncil.gov.in>

- Central Board of Indirect Taxes and Customs (CBIC). (n.d.). <http://www.cbic.gov.in>
- Ministry of Finance, Government of India. (n.d.). <https://www.finmin.nic.in>
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- ClearTax. (n.d.). <https://cleartax.in>

UNIT - 2 TAX INVOICE, CREDIT & DEBIT NOTES AND ASSESSMENT

STRUCTURE

- 2.0 Learning Objectives
- 2.1 Introduction
- 2.2 Tax Invoice
- 2.3 Delivery Challan
- 2.4 Contents
- 2.5 Bill Of Supply
- 2.6 Receipt Voucher
- 2.7 Refund Voucher
- 2.8 Payment Voucher And Revised Invoice
- 2.9 Appeal Against Adjudication Order
- 2.10 Non- Appealable Decisions & Orders
- 2.11 Ground Of Appeal
- 2.12 Procedure For Appeal
- 2.13 Revision Authority
- 2.14 Registration And Returns Under GST
- 2.15 Assessment
- 2.16 GST Authorities And Appeals
- 2.17 Unit End Questions
- 2.18 References

2.0 LEARNING OBJECTIVES

After studying this unit, you will be able to:

- describe and analyse the provisions relating to tax invoice in case of taxable supply of goods and in case of taxable supply of services - time-limit and manner of issuing the same
- enumerate the particulars of a tax invoice
- explain the provisions relating to revised tax invoice, bill of supply, receipt voucher, refund voucher, payment voucher, etc.
- identify the cases where no tax invoice is required to be issued and identify the suppliers of taxable service who are permitted to issue any document other than tax invoice

2.1 INTRODUCTION

1. Receipt

Registered person must issue section 31 tax invoice, subject to regulation 7.

containing:

- (a) supplier's name, address, and GSTIN
- (b) a sequential serial number with alphabets or digits
Special characters hyphen or dash, slash ("-"), and any
unique for the year
- (c) issue date
- (d) recipient's name, address, and GSTIN or UIN;
- (e) recipient's name, delivery address, and state
if unregistered and taxable supply is \$50,000.
rupees;
- (f) HSN products code or Accounting services code;
- (g) goods/services description;

(h) quantity of goods and unit or UQC;

I provision of products or services;

(j) taxable value of commodities, services, or both after discount
any abatement

(k) tax rate (central, state, integrated, UT, cess);

(l) tax on taxable products or services (central, state, integrated)
tax, UT tax, cess);

(m) location of supply and State, if interstate
business;

(n) delivery address if different from supply location;

(o) if the tax is reverse-charged;

(p) signature of the supplier or his authorized representative:

On Council's suggestion, the Commissioner may,
indicate

I the amount of HSN or Accounting Code digits a class uses
registered people should mention, for a set term,
warning,

(ii) registered persons not needed to list HSN codes for items
or the Accounting Code for services, for the stated period:

For exports, the invoice must be endorsed.

"EXPORT SUPPLY ON IGST PAYMENT"

"UNDER BOND OR LETTER OF UNDERTAKING WITHOUT IGST"

instead of clause (e) details, should include:

recipient's name and address;

(ii) destination;

(iii) destination country;

Number and date of export application:

A registered person can't issue a tax invoice per clause

(b) of section 31's subsection 3 subject to these conditions:

(a) recipient isn't registered;

(b) receiver doesn't need invoice,

and generate a combined tax invoice for such supplies each day.

supplies.

2. Tax invoice deadline

Invoices for taxable services must be issued within a certain time frame.

30 days after service delivery.

If the service provider is an insurance, bank, or financial

institution, including a non-banking financial organization, invoice or paperwork

45 days after service is provided to give a replacement.

If the service provider is an insurance, bank, or financial institution,

financial institution, telecom operator, or other supplier

taxable services notified by the government on council recommendations

Section 25 services referred to in Entry 2 of Schedule

I may issue the invoice sooner or when the supplier registers it in his books.

expiration of the supply quarter.

3. Billing method

(1) Invoices for items are created in triplicate as follows:

(a) ORIGINAL FOR RECIPIENT on the original copy;

(b) marked DUPLICATE FOR TRANSPORTER;

(c) TRIPLICATE FOR SUPPLIER indicated on triplicate.

(2) Invoices for services are prepared in duplicate as follows:

(a) original copy labelled ORIGINAL FOR RECIPIENT;

(b) marked DUPLICATE FOR SUPPLIER.

(3) The serial number of invoices issued within a tax period must be
GSTR-1 Common Portal.

4. Provisioning

Supplier issues section 31(c) bill of supply.

containing:

(a) supplier's name, address, and GSTIN

(b) a sequential serial number with alphabets or digits

Special characters (hyphen, dash, slash, etc.)

unique for the year

(c) issue date

3

(d) recipient's name, address, and GSTIN or UIN;

(e) HSN products code or Accounting services code;

(f) goods/services/both description;

(g) value of goods or services supplied, discount or abatement considered, if
every;

(h) signature of the supplier or his authorized representative:

Rule 1's provisos apply mutatis mutandis to the supply bill issued under
stipulation

5. Receipts

Section 31(d)(3) receipt vouchers must include the following:

particulars:

(a) supplier's name, address, and GSTIN

(b) a serial number with letters, numbers, or special characters -hyphen or dash and slash symbolized as "-" and "/", and any combination thereof
year-end

(c) issue date

(d) recipient's name, address, and GSTIN or UIN;

(e) product description;

(f) advance amount;

(g) tax rate (central, state, integrated, UT, cess);

(h) tax on taxable products or services (central, state, integrated)
tax, UT tax, cess);

I site of supply, state name, and state code for course supplies
interstate trade;

(j) if the tax is reverse-charged;

(k) supplier's signature or digital signature.

6. Supplemental invoices and credit/debit notes

(1) A revised tax invoice (section 31) and credit or debit note (section 34) must include:
details:

(a) clearly displayed "Revised Invoice";

(b) supplier's name, address, and GSTIN

(c) document type

(d) a serial number with alphabets, digits, or special characters (hyphen or underscore)

Dash and slash, symbolized "-" and "/", are distinct.

yearly;

(e) document's issue date

(f) recipient's name, address, and GSTIN or UIN;

(g) recipient's name, address, state, and zip code.

unregistered recipient's code;

(h) serial number and date of tax invoice or supply bill;

I taxable supply value, tax rate, and tax credit or

deducted from the recipient;

4

(j) signature of the supplier or his authorized representative:

(2) Anyone enrolled before

date of registration certificate issuance, may issue updated tax bills for taxable

From the date of registration to the date of

certificate:

The taxpayer may produce a combined updated tax invoice for all

taxable supplies supplied to an unregistered recipient during this period:

If the value of an interstate supply is less than two

50,000 rupees, a combined updated invoice may be issued.

Non-Registered State Recipients

(3) Any tax invoice or debit note issued under

Section 74, 129, or 130 must prominently display "INPUT TAX CREDIT NOT"

ADMISSIBLE".

7. Special tax invoice

(1) An Input Service Distributor's ISD invoice or credit note must:

details:

(a) Input Service Distributor's name, address, and GSTIN;

(b) a serial number with letters, numbers, or special characters hyphen

, "-", "/", and any combination thereof, unique for a

year-end;

(c) issue date

(d) recipient's name, address, and GSTIN;

(e) credit amount;

(f) signature of the Input Service Distributor or his authorized representative:

If the Input Service Distributor is a bank,

A tax invoice may include a substitute document from a non-banking financial institution.

Whatever the name, serialized or not, with the above information.

(2) An insurance, bank, or financial institution is a taxable service provider.

The provider, including a non-banking financial business, must send a tax invoice.

in lieu thereof, by whatever name called, serially numbered, and

address of the taxable service receiver and further details under Rule 1.

(3) A cargo transport agency that provides

When transporting products by road, the provider must produce a tax invoice.

a document giving the consignment's gross weight, name of

consignor, consignee, goods transportation registration number,

commodities transported, origin and destination, payer's GSTIN

Whether consignor, consignee, or goods transit agency, tax

Rule 1-mandated

(4) A tax invoice is required for passenger transportation services.

should include any ticket, by whatever name, serially numbered or not.

including any information beyond the recipient's address

rule 1.

8. Unvoiced shipment

5

(1) To

(a) delivery of liquid gas with a quantity of

Unknown supplier

- (b) job-related freight,
- (c) transporting commodities other than for supply,
- (d) additional supplies the Board may notify,

At the time of removal, the consigner may provide a serialized delivery challan instead of an invoice.

Details on transportable products

I delivery challan date/number,

- (ii) consigner's name, address, and GSTIN,
- (iii) consignee's name, address, and GSTIN or UIN,
- (iv) HSN code, product description
number (provisional, where the exact quantity being supplied is not known),
- (vi) taxation,
- (vii) central, state, integrated, Union territory, or cess tax rates and amounts
while shipping to a consignee
- (viii) supply location for interstate transit;

Signed.

(2) The delivery challan for items must be prepared in triplicate.

manner:–

- (a) original designated ORIGINAL FOR CONSIGNEE;
 - (b) marked DUPLICATE FOR TRANSPORTER;
 - (c) TRIPLICATE FOR CONSIGNER marked on triplicate.
- (3) A delivery challan in place of an invoice must be disclosed.

(WAYBILL)

(4) When products are transported for recipient supply but tax invoice is missing

If a tax invoice wasn't produced when products were removed for sale, the supplier must issue one.

After delivery, invoice.

(5) When items are carried in a knocked-down semi condition,

(a) the supplier sends the whole invoice before the first shipment;

(a) The supplier must give delivery challans for subsequent shipments.

invoice number;

(c) Each consignment must have delivery challans.

certified copy of the invoice;

(d) Send original invoice with latest shipment.

2.2 TAX INVOICE

Tax invoices are provided by registered dealers to buyers and reflect the tax due. Description, quantity, value, and tax are included.

Tax-registered consumers require an invoice from you to claim tax credits. It's issued when things are resold.

Businesses must charge clients HST, GST, and VAT and submit it to the government. One registered seller issues another a tax invoice for input tax credit. It's a summary invoice for GST/HST monthly, quarterly, or yearly. GST-registered customers must get tax invoices.

Tax invoice receipt?

Sellers and vendors issue buyers, customers, and client's invoices and receipts. Despite comparable content, a tax invoice is not a receipt.

Invoices seek payment for products or services sold to customers. Prices, credits, reductions, taxes, and total due.

A receipt confirms payment for a sale. It's usually ownership proof. It includes products, prices, credits, discounts, taxes, total amount paid, and payment method.

Invoices solicit payment from consumers, whereas receipts show payment.

Why a Tax Invoice?

GST-implementing nations have varied invoicing requirements. The following require a tax invoice:

To facilitate a registered person's input tax deduction on standard-rated purchases

Determine taxable supplies

Determine when input tax can be claimed using the supplier's tax invoice.

The invoice date determines when input tax is due.

Accounting software simplifies tax calculations and invoicing.

A tax invoice shows a vendor has provided products and services to a buyer. If the vendor isn't registered, the buyer should visit a licensed dealer or receive a payment voucher.

A dealer must issue a correct tax invoice when making a taxable sale. If the vendor resells the merchandise, the buyer can claim tax credit.

What is a tax invoice and how do I create one? If you're a registered buyer or dealer interested in the tax invoice or retail invoice, continue on.

Tax invoice:

A tax invoice is a legal document delivered by a certified seller to their customer stating tax due. Tax invoices comprise product name and description, invoice date, invoice number, tax amount, and services delivered.

Original or duplicate tax invoices are acceptable. Since there's no restriction, product supply might vary per registered source. It's a summary invoice that includes products sold, service tax, and other taxes.

Hence, it is fundamental proof which says that one registered vendor supplied goods and services to the GST registered consumers who seek to receive input tax credit.

Tax invoice receipt?

Sellers make receipts and invoices for buyers. Tax invoices and receipts may include comparable information, but they are different.

Before payment, a buyer or corporation receives an invoice requesting payment. It includes pricing, discounts, tax, and buyer and seller information.

Payment results in a receipt. It proves the taxable sale is finished and paid for. It's ownership proof. Invoices list items and services, discounts, taxes, payment methods, pricing, and amount paid.

Invoices seek payment. A receipt proves that goods and services were paid for.

Steps To Generate Tax Invoices

Below are the essential procedures to produce tax invoices using word document:

Choose a new MS Word document. The header for "Tax Invoice" will be blank.

Right-side header: business name, logo, address, phone number, and email.

Type your customer's name and contact info as the seller's identification.

Add the invoice date, the invoice number, and GST registration number before you write the payment due date and the quantity purchased.

Type each service's quantity and standard-rated purchases.

Input tax and shipping expenses into the total. Boldly type the total.

Add payment terms and methods.

Invoicing software like Invoice Owl simplifies creating tax invoices.

Why a tax invoice?

Invoices aren't just about bookkeeping. Why are tax invoices needed?

To honor tax-registered clients' tax-credit claims

To determine if goods or services are taxed

When receiving a tax invoice, identify the payment due date.

Recognizing transactions and a state tax ID

Input tax credit claims require a tax invoice.

Invoices assist avoid tax evasion.

To appropriately compute taxes and seek tax relief

2.3 DELIVERY CHALLAN

Transporting things can be challenging at times since there is a potential that something will get lost due to theft, spillage, or another event. A shipment's contents may be tracked and verified with the use of documents like delivery challans.

Description of a delivery challan

Details about the goods in that specific shipment are listed in a delivery challan. It is given out when products are delivered, whether or not a sale follows.

When should we send out delivery challans?

In the instances listed below, a delivery challan is issued:

where merchandise is shipped for sales or returns.

the location where things are transferred for employment.

Taking printing of newspapers as an example.

where products are moved other than for supply purposes

As in moving items from an old warehouse to a new one.

where it is unknown how much of the supplied products were supplied.

It is uncertain how much liquified gas will be supplied from the supplier's location at that moment.

when the cargo being moved is intended for delivery to galleries, which includes objects of art.

when products are being shipped overseas in order to participate in an event, such as an exhibition, a fair, or a marketing campaign.

Given that the items are being sent for a specific, temporary use before being returned, neither "supply" nor "export" apply.

if the vendor is unable to provide a tax invoice at the time the goods are removed.

Employers of delivery challans

businesses that are engaged in manufacturing and trade (especially the FMCG industry as a whole)

Businesses with several warehouses where moving items between warehouses is a frequent occurrence (textile, clothing and apparel industries)

Suppliers of items in the furniture and home furnishings industries

organizations that are wholesalers (electronics and electrical goods)

A delivery challan's structure and contents

Address, name, and GSTIN of the consignor

the consignee's name, address, and GSTIN

Code HSN

Information about the delivered items

Along with the amount in words and numbers, include the product's quantity and rate.

signature of the provider or authorized individual

challan's creation date

Number on the challan's serial page

Supply location

Where appropriate, the amount of tax

example of a delivery challan

essential GST delivery challan regulations

According to Section 31 of the CGST Act, a registered taxpayer who plans to transfer goods from one location of supply to another must provide a tax invoice. The tax invoice will include details on the invoice value, the items' descriptions, their quantities, rates, and amounts, as well as the GST that applies to them.

There are instances where transportation takes place but no sale occurs; as a result, no tax invoice is generated. In certain situations, a delivery challan is provided rather than a tax invoice. Consequently, a delivery challan is a document that authorizes the delivery of goods from one location to another. Additionally known as a dispatch slip or delivery slip.

Delivery challans must be provided in three copies as per Rule 55 (2) of the CGST Rules.

The purchaser must be noted as "Original"

The transporter must be identified as "Duplicate"

To have the vendor designated as "Triplicate"

2.4 CONTENTS

The CGST, SGST, and IGST are the three taxes that are applicable under this system.

On an intra-state sale, the Central Government collects a tax known as CGST (e.g., a transaction happening within Maharashtra)

SGST: This is the tax that a state government collects from an internal sale (e.g., a transaction happening within Maharashtra)

IGST: It is a tax that the federal government collects for interstate transactions (e.g., Maharashtra to Tamil Nadu)

The tax structure under the new system will often look like this:

Transaction	New Regime	Old Regime	Revenue Distribution
Sale within the State	CGST + SGST	VAT + Central Excise/Service tax	Revenue will be shared equally between the Centre and the State
Sale to another State	IGST	Central Sales Tax + Excise/Service Tax	There will only be one type of tax (central) in case of inter-state sales. The Centre will then share the IGST revenue based on the destination of goods.

Illustration:

Assume that a dealer in Gujarat transferred products worth Rs. 50,000 to a dealer in Punjab. The IGST alone makes up the entire 18% tax rate.

The merchant must charge IGST of Rs. 9,000 in this situation. The central government will get these funds.

A Gujarati customer purchases products from the same merchant for Rs. 50,000. The GST rate is 12% for commodities. This rate includes both the CGST and SGST, both at 6%.

Since the sale took place within the state of Gujarat, the dealer was required to collect Rs. 6,000 in Goods and Service Tax, of which Rs. 3,000 would go to the federal government and Rs. 3,000 to the state.

2.5 BILL OF SUPPLY

A company that has registered for GST sends the customer a tax invoice. Such an invoice specifically states the GST rate applied to the sold goods and services. Some firms with GST registrations, however, are not permitted to add taxes to the invoices they send. These merchants must issue a Bill of Supply. When GST is not applicable to a transaction or when GST is not to be recouped from clients, a Bill of Supply is provided.

To whom should a bill of supply be issued?

The registrants listed below should issue Bills of Supply:

Arrangement Dealer

A taxpayer who chooses the composition plan must have a revenue of less than Rs. 1.5 crores* (Rs. 75 lakhs for the north-east states and Uttarakhand). A dealer that chooses the composition system is not permitted to collect tax from their customers; instead, they must deposit tax on their receipts themselves. The composition dealer is required to pay the GST out of pocket. GST cannot be added to the invoice. As a result, a composition dealer must issue a Bill of Supply rather than a Tax Invoice. On the Bill of Supply, the composition dealer must state that the customer is a "composition taxable person not eligible to collect taxes on supplies."

*CBIC has announced a threshold limit rise to Rs. 1.5 crores. The notice is effective as of April 1, 2019.

Exporters

Additionally, a seller who exports is exempt from adding GST on their invoice. This is due to the zero-rated status of export supply. Therefore, a taxpayer exporting goods may substitute a tax invoice for a Bill of Supply. In their Bill of Supply, the dealer must include the following: "Supply Meant For Export On Payment Of IGST" "Supply Meant For Export Under Bond Or Letter Of Undertaking Without Payment Of IGST."

Exemption Goods Provider

A Bill of Supply must be issued by a registered dealer whenever exempt items or services are supplied. For instance, a registered taxpayer must submit a Bill of Supply rather than a tax invoice when supplying raw agricultural products.

What's in the Bill of Supply?

The GST law has outlined certain information that must be included in a bill of supply. What should be included in a Bill of Supply?

the supplier's name, address, and GSTIN

Number on a Bill of Supply (it must not exceed 16 characters, be generated consecutively and each Bill of Supply will have a unique number for that financial year)

Publish date

The recipient's name, address, and GSTIN are provided if they are registered.

Accounting Code for services or the HSN Code of products. Based on revenue in the prior financial year, the minimum number of digits needed to be specified is as follows:

Turnover	No. of HSN digits
Turnover less than 1.5 crores	HSN code is not required
Turnover between 1.5 -5 crores	2-digit HSN code
Turnover above 5 crores	must use 4-digit HSN code

6. Details of the products/services

7. after compensating for any discounts or reductions, the value of the products or services

8. The supplier's signature or digital signature may be used to quickly and simply construct and print a GST-compliant Bill of Supply using the Clear Tax GST Software.

2.6 RECEIPT VOUCHER

A receipt voucher must be issued by the taxpayer. Additionally, a registered individual is needed to provide a receipt voucher whenever they get an advance.

What should a taxpayer do if he gets money in relation to a raised invoice?

The receipt of the money is attested to by this voucher. A service provider must additionally calculate and remit GST to the government on any advances they get. A seller of products is exempt from paying GST on advances.

As an illustration, Mr. A and B signed into a contract for the delivery of services totaling Rs. 20 lakh. 18% GST is applied to these services. B gives An advance of Rs 10 lakh. As soon as Mr. A receives the advance, he must issue a Rs 10 lakh Receipt Voucher. A must additionally pay the following GST:

GST Payable in Total: Rs 10 lakh X 18% = Rs 152542 100% + 18%

CGST amount at 9% is Rs.76271.

SGST amount at 9% is Rs.76271.

Receipt Voucher Format

The CGST Rules, 2017 prescribe the following format for receipt vouchers:

1. the supplier's name, address, and GSTIN
2. Serial no.
3. Date of publication
4. Name, address, and, if registered, GSTIN or Unique Identity Number, of the beneficiary
5. Details of the products or services
6. Amount of the advance
7. taxation rate (central tax, State tax, integrated tax, Union territory tax or cess)
8. tax amount applied to taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess)
9. When a supply occurs during interstate trade or commerce, the location, the name of the State, and the State's code must be provided.
10. Whether reverse charge basis tax is due
11. the supplier's signature or a digital version of it, or that of his authorized agent

Receipt Voucher Issue Exceptions

When the tax rate cannot be determined at the time of advance receipt, the tax must be paid at 18%.

If it is impossible to determine the type of the supply at the time the advance is received, it will be assumed to be an interstate supply.

How Can a Receipt Voucher Be Created?

On the Clear Tax GST programme, a receipt voucher may be created. The Receipt Voucher is created in accordance with the format required by the government thanks to Clear Tax GST.

A hand written receipt for services or products purchased is known as a voucher. To replace a printable receipt, people frequently utilize this. These invoices are usual for labor services, building supplies, rental equipment, and taxi services. For the purposes of auditing, vouchers are regarded as a sufficient record of costs.

For consumer billing, the majority of taxicab and limousine service companies employ a receipt voucher. This is crucial for business travelers who need receipts for expenditure reports related to work trips. The majority of businesses accept the voucher as a kind of receipt.

A formal receipt voucher is often needed as proof of payment for cash receipts. Cash is less auditable than cheques or credit card payments, hence this receipt is required. A handwritten receipt is typically given to a person who pays a business in cash as proof of payment.

A book of blank voucher forms is known as a receipt book. They often come with carbon copies that the organization may use as audit records, and they are frequently sold at office supply stores. A voucher is typically included with construction material deliveries to a job site as confirmation of payment and delivery of the supplies. This voucher is signed by both the driver and the material buyer.

The date, time, amount, kind of product sold, and the seller's signature are often included on a receipt voucher. This data can be manually entered or pre-populated into a voucher receipt. The receipt won't be valid if the needed information isn't filled out completely.

Receipt voucher forms are typically included in accounting software programmes. These forms give the company a consistent voucher to use with paper receipts. Normally, the voucher contains all the details required to verify the validity of a receipt.

These tickets are accepted as evidence of purchase for several concerts and entertainment events. These coupons can be printed at home and shown as identification at the door. Vouchers have established themselves as a common, effective way to produce receipts.

For each gas delivery transaction, a propane gas delivery firm often issues a receipt voucher. The date, time, and amount of gas provided are all listed on this voucher. The names of the customers who accepted the gas cargo, their addresses, and the rates are also listed.

2.7 REFUND VOUCHER

In some cases, a provider will be paid in advance for a specific supply that will be made in the future. In these circumstances, the supplier generates a Receipt Voucher for the sum of the advance that was paid by the recipient.

However, there are situations when the supplier of the products or services for which the advance is received cancels the provision after receiving the advance payment. In other words, the provision of goods or services is terminated since the provider received the advance payment and provided the Receipt Voucher.

In this situation, the provider must reimburse the receiver for the advance payment received and provide a return voucher.

To put it another way, when an advance payment is made for which a receipt voucher was provided but no future delivery of goods or services was made. In certain circumstances, the provider sends a Return Voucher as proof of the recipient's advance refund.

Sections of a Refund Voucher

The following information must be included on a refund voucher in accordance with Rule 51 of the 2017 CGST Rules:

the supplier's name, address, and GSTIN.

a unique 16-character serial number that is a continuous string of letters, numbers, special characters (such as the dash, hyphen, or slash, which are represented by the symbols "-", " ", and "/", respectively), and can be in one or more series.

Date of publication.

Name, address, and, if registered, GSTIN or UIN, of the receiver.

The quantity and date of receipt vouchers issued in accordance with CGST Rule 50

Description of the products or services for which a refund is given.

Total amount of the reimbursement

taxation rate (central tax, state tax, integrated tax, union territory tax or cess).

tax amount applied to taxable goods or services (central tax, state tax, integrated tax, union territory tax or cess).

Whether reverse charge basis tax is due.

the supplier's signature or a digital version of it, if one is available.

When Should a Refund Voucher Be Issued?

Refund Vouchers are given out when

There has already been a payment in advance.

whereas likewise a receipt voucher has been issued

nonetheless, the supply is not made again in the future after this.

In certain circumstances, the provider is required to reimburse the recipient for the advance payment. Beyond this, there are several other possibilities.

The receipt of an advance payment and the issuance of a receipt voucher do not result in the issuance of a tax invoice. The advance money may be reimbursed in this situation, and a Reimbursement Voucher must be given in connection with that refund.

Second, a credit note must be supplied to complete the transaction if no tax invoice has been issued following the receipt of the advance and the issuance of the receipt voucher.

Example

As an illustration, let's assume the provider receives Rs 1 lakh up front for a future delivery of Rs 5 lakhs. So, for Rs. 1 lakh, he produces a receipt voucher.

The time of supply for this advance of Rs 1 Lakh will be determined under the GST Law as being the moment the supplier receives the advance payment.

As a result, the provider would have to pay GST on Rs 1 Lakh when the advance payment was received.

The time of supply for the remaining Rs 4 Lakh will be decided using the date the invoice was issued as well as other factors.

Let's say the order mentioned above was revoked. In this scenario, the provider will have to provide a Refund Voucher for Rs 1 Lakh at the time of cancellation.

Supply Timing and GST Payment

When the taxpayer is obligated to satisfy his GST tax due depends on the moment of supply.

According to the Act's requirements, the time of supply under GST is normally considered to be the earlier of the date of invoice issuance or receipt of payment.

The timing of supply in circumstances where the provider receives an advance payment for future supplies should be the moment the supplier receives the advance payment.

This is true whether or not supply is given in exchange for such an advance payment. The amount of advance payment received shall be deemed a supply under GST, according to GST Law.

As a result, at the time that an advance payment is received, the supplier would be required to pay GST on the amount of the advance payment.

In the case of the delivery of large quantities of products, manufacturers or dealers request a particular quantity in advance. Prior to the completion of the service, the majority of service providers also ask for payment in advance. There is some confusion among people regarding the voucher that will be granted for an advance payment and treatment in the event that a service or delivery of products is cancelled.

Payment in advance for goods or services

The manufacturer also receives a bulk order and an order advance. If the purchase is cancelled at a later time, there won't be a tax invoice produced, and the manufacturer will need to issue a refund voucher for the advance received. The manufacturer will need to issue a receipt voucher at the time the advance is received. The service provider must give the individual who made the payment a refund voucher if an order for a service is cancelled after the advance payment has been made.

For instance

For Kiran Enterprise's new office, Ajay Furniture House was given an order for 100 chairs at a cost of Rs 1,000 each. For the chairs, Kiran Enterprise made a down payment of Rs 30,000.

Later, Kiran Enterprise cancelled the purchase. When receiving the advance and cancelling an order under GST, Ajay Furniture House would have to produce a receipt voucher and a refund voucher.

Vimal Suitings Private Limited gave Blazing Convey Services a Rs 50,000 order to courier a cargo to Tamil Nadu. For the courier, Vimal gave a Rs 25,000 advance. Later, Vimal cancelled the order as a result of the Blazing Courier Service's delay.

When an order is cancelled, Blazing must issue a refund voucher, and when a GST advance is received, a receipt voucher must be sent.

According to GST regulations, the refund voucher must include the following information.

Name, address, and GSTIN of the supplier or seller of products.

a unique serial number, not to exceed 16 characters, for the specific financial year.

The date the refund voucher was issued.

Name, address, and, if the recipient is a GST-registered business, UIN or GSTIN.

The receipt voucher's number and the date it was issued

Describe the products or services that were purchased and are the subject of the refund.

the size of the refund.

CGST, SGST/UTGST, IGST, or cess tax rates.

tax paid under the CGST, SGST/UTGST, IGST, or cess in relation to the goods or services for which a refund is issued.

Taxes are paid either on a reverse charge basis or regularly.

The supplier's signature or a digital version of it, if one exists.

creating a voucher for a receipt

To make the refund voucher given a legitimate document under GST, ensure that all of the aforementioned information is included in it. On the ClearTax GST programme, you may create a refund voucher including the aforementioned information.

2.8 PAYMENT VOUCHER AND REVISED INVOICE

It is normal throughout business operations for a GST invoice to have been issued incorrectly or for a few invoices to need to be modified. The invoices must be corrected in these circumstances and reported in the monthly returns. The correction of invoices is the name given to this procedure.

Tax invoices can be corrected in a number of ways, and the end result is either a new, amended invoice or an additional invoice. For instance, the cost of products or services may be revised upwards or downwards, or the GST rate may vary. A credit note can be used to make a downward correction, while a supplemental invoice or debit note can be used to make an upward modification. The term "updated invoice" is used when a registered individual has to submit an invoice for the supply made prior to getting registration.

When should you provide an amended GST invoice?

All taxable merchants will be required to apply for provisional registration under the GST and complete all requirements to get a certificate of permanent registration. The taxpayer must produce amended invoices for all of the invoices issued during the time of the GST registration certificate's issuance and the-

Date of GST implementation

Date that the registration certificate was issued

Within a month of the day the registration certificate was granted, the amended invoice had to be issued.

How are GST invoices revised?

A corrected invoice must be issued by the registered person in relation to each invoice already issued within the aforementioned time. The taxpayer should include the information from the original invoice in a revised invoice that is issued in the manner described below.

A changed invoice's format

The following information must be on an updated invoice according to the GST law:

Indicate the nature of the invoice prominently, such as "Supplementary Invoice" or "Revised Invoice."

the supplier's name, address, and GSTIN.

An invoice's unique, financial-year-specific alpha-numeric serial number.

Billing date.

The recipient's name, address, and GSTIN (if registered).

Name, delivery address, state, and zip code of the receiver (if the recipient is an unregistered person).

The revision/supplementary invoice is being sent in relation to the original invoice's serial number and date.

a supplier's signature or a representative's digital signature.

What are supplemental bills and how are they used?

If any discrepancy is discovered in a tax invoice that the taxpayer has previously submitted, the taxpayer must provide a supplemental tax invoice. A debit note is yet another name for a supplemental invoice.

Under GST, the shortcoming connected to the initial tax invoice is corrected via a supplemental invoice. In rare cases, the initial tax invoice may have understated the taxable value of the goods or services, which would have led to a lower tax rate or other problems. Consequently, an upgrade may be necessary. A supplemental invoice or debit note must be provided in these circumstances.

In addition to handling this adjustment, the information that must be included in the invoice is covered in the section titled "Format of Revised Invoice."

A payment voucher must include the information listed in clause (g) of section 31's subsection (3):

name, address, and, if registered, GSTIN, of the supplier;

a series of alphanumeric, numeric, or special characters—hyphen, dash, or slash, symbolized by the letters "-" and "/" respectively—that are consecutive and do not exceed sixteen characters in length, and are unique for each financial year.

time it was released;

recipient's name, address, and GSTIN;

describe the products or services;

the sum paid;

tax rate (federal, state, integrated, union territory, or cess);

amount of tax (central tax, state tax, integrated tax, union territory tax, or cess) due with respect to taxable products or services;

whenever a supply occurs during interstate trade or commerce, the site of supply, coupled with the name of the State and its code; and

the supplier's signature or a digital signature, if they are acting on their own

A business document known as a "tax invoice" serves as proof of a selling transaction between a buyer and a seller. It is given by a provider who gives the buyer or receiver products or services. Such a document describes the terms of the transaction, the date of supply, the price and quantity of the products or services, the description of the product or service, etc.

A supplier will use a tax invoice to request payment from the customer. As a result, it serves as a crucial tool for the GST law.

Every time a transaction occurs, a tax invoice must be issued in accordance with the GST rules. This is so that it may serve as both a proof of sale and a foundation for an ITC claim under GST.

Additionally, there are other invoice kinds that are generated by GST. The category of the provider and the products and services provided determine the type of invoice that must be given.

A registered person must provide a Receipt Voucher, for instance, if they get advance payment for the supplies they will be making.

In a similar vein, there may be instances when the provider of the products or services is not GST-registered. Additionally, such an unregistered provider provides goods to a buyer who is GST-registered. This is the situation with the GST Reverse Charge. And in such cases, the buyer sends the vendor a Payment Voucher as confirmation of the receipt of the goods or services.

But first, let's grasp what the GST Reverse Charge Mechanism is before learning more about Payment Voucher and its specifics.

Reverse Charge Mechanism: What is it?

There may be circumstances in which a supplier of goods and services is not GST-registered. The recipient, on the other hand, is a registered GST user. In the Reverse Charge Mechanism scenario, a registered buyer purchases goods and services from an unregistered provider.

The provider cannot issue a tax invoice for the products and services provided to the registered receiver because he is not registered for GST. Additionally, a supplier who is not registered is exempt from paying GST to the government. The person who is needed to give a payment voucher to the supplier and pay GST to the government is the registered buyer.

Normally, a taxable person (registered supplier) that provides goods and services is required to provide a tax invoice and pay GST to the government. This is not the case in this instance.

Payment Voucher: What Is It?

In some circumstances, a GST-registered person is required to pay tax through the reverse charge system. These would comprise situations where:

A registered person engages in the reverse charge mechanism while making supplies of the kind that are subject to tax.

Supplies are received by the recipient from an unregistered party.

In these situations, the registered person who is responsible for paying tax must provide an invoice for the products or services he purchased from the supplier.

A Payment Voucher must be given to the provider at the time of payment by the registered individual receiving the supplies, in addition.

Thus, a registered person who is responsible for paying tax under the Reverse Charge programme issues a Payment Voucher, a particular sort of GST invoice. Additionally, the payment invoice serves as proof that the registered individual got the supplier's products and services.

Example of Payment Voucher

At a cost of 5%, Kapoor Cotton Mill in Mumbai acquired raw cotton from Sham Cotton in Delhi for Rs 2 Lakhs. Kapoor Cotton Mill would be required to pay GST under reverse charge in this case. Therefore, on a reverse charge basis of Rs 10,000 (5% of 2,00,000), CGST and SGST would be applicable.

Additionally, Kapoor Cotton Mill would give Sham Cotton a Payment Voucher for Rs 2 Lakhs.

Particulars of the payment voucher

The information listed below must be included in the payment voucher:

Name, address, and, if registered, GSTIN, of the provider

Unique serial number for the financial year

Date the Payment Voucher was issued

Receiver's name, address, and GSTIN

Details of the products and services

Dollar amount given to the provider

VAT Rate (Central Tax, State Tax, Integrated Tax, Union Territory Tax or CESS)

the amount of GST due for taxable products and services (Central Tax, State Tax, Integrated Tax, Union Territory Tax or CESS)

When an interstate supply is made, the location of the supply is indicated along with the state's name and code.

The supplier's signature or digital signature, or the signature of his appointive agent.

2.9 APPEAL AGAINST ADJUDICATION ORDER

Describe an appeal.

Any legal appeal is an attempt to have a lower court's judgement overturned in a higher court. When there are any legal difficulties, appeals are made.

What are conflicts?

Any law, including tax laws, imposes duties. These requirements often fall into one of two categories: tax-related or procedure-related. The tax officer confirms that the taxpayer has complied with these requirements (through audit, anti-evasion, examining etc.). Situations of genuine or apparent non-compliance do occur occasionally. If there is a persistent difference of opinion, a disagreement develops and must be settled. A departmental official resolves this disagreement first by a quasi-judicial process that results in the issuance of an initial order

known by several titles, including assessment order, adjudication order, order-in-original, etc. The GST Act excludes the Board, the First Appellate Authority, and the Appellate Tribunal from the definition of "adjudicating entity," which is any jurisdiction with the authority to issue any order or judgement under this Act. Any judgement or order made according to the Act is thus in a sense an "adjudication." Examples include the enforcement of a fine, the cancellation of registration, the use of best judgement in evaluating a claim for a refund, and more.

Steps in the GST appeals process

Orders at the Appeal level passed by

Appeal to ——— Act Sections

First Appellate Authority First Adjudicating Authority 107

109,110 Second First Appellate Authority Appellate Tribunal

High Court of the Third Appellate Tribunal 111–116

Supreme Court, 4th High Court 117–118

Should both CGST and SGST officials be consulted in every appeal? No. According to the GST Act, both CGST and SGST/UTGST authorities have the authority to issue orders. A decision made under CGST shall be deemed to apply to SGST under the Act. However, once a CGST officer has made a decision, only CGST officials have the authority to appeal, review, revise, or correct the decision. Similar to the SGST, the proper SGST officer is the only one who may appeal, review, revise, or correct any order made by the SGST officer.

Norms for general GST appeals

All appeals must be filed using the appropriate paperwork and costs. Fees will not be charged when an officer or the Commissioner of GST files an appeal. Instead, the whole amount of tax, interest, fines, fees, and penalties related to the contested order will be charged as well as 10% of the disputed amount.

Can a legal counsel attend court?

Yes. Unless compelled to do so by the Act, any individual obliged to attend before a GST Officer, First Appellate Authority, or Appellate Tribunal may designate an authorized representative to appear on his or her behalf. A legitimate representative may be:

an associate

a normal worker

a lawyer working in any Indian court

anybody with a current certificate of practice who is a chartered accountant, cost accountant, or company secretary

a retired officer with a minimum Group-B gazetted officer rank from the Tax Department of any State Government or the Excise Department

whomever prepares tax returns

Within a year following their retirement, retired officers are not permitted to represent the concerned party.

In some circumstances, an appeal cannot be made.

Can all judgments be appealed against? The Board or the State Government may, upon suggestion of the Council, impose monetary limitations for appeals by the GST officer in order to manage appeal filing and prevent needless litigation costs. No. The following decisions made by a GST officer cannot be appealed:

a directive to switch the officer handling the case's proceedings;

an order to seize or keep records, such as books of accounts;

An order authorizing enforcement of the Act; or

a ruling authorizing the instalment payment of taxes and other amounts

Anyone who disagrees with a decision or order made against him under the GST may appeal it to the First Appellate Authority. If they disagree with the First Appellate Authority's ruling, they may file an appeal with the National Appellate Tribunal, the High Court, and eventually the Supreme Court.

2.10 NON- APPEALABLE DECISIONS & ORDERS

No appeal may be filed against any judgement made or order issued by a central tax officer if it pertains to one or more of the following topics, despite anything to the contrary in any sections of this Act, namely:-

a directive from the Commissioner or another official who has the authority to order the transfer of proceedings from one officer to another; or

an order concerning the seizure or keeping of records such as registers, books of accounts, and other papers; or

an order authorizing enforcement of this Act; or

a decree issued according to Section 80

2.11 GROUND OF APPEAL

Ground of Appeal It's crucial to keep in mind that the goal of making an appeal is to get the perceived injustice rectified. It is essential to make sure that the grievance is appropriately reported to the appellate authority if this purpose is to be met. Dramatic assertions and the inclusion of pointless information, such as the assessee's social or economic standing or the advantages his acts have for society, are useless. This is due to the fact that the tax laws' appeal processes are well-organized. Because of this, the argument counsel would have a lot of difficulties if the cause of the complaint, or the grounds, were not presented properly at the time of filing the appeal. The grounds of appeal presented by the appellant are the main question that has to be resolved by the appellate body. It is challenging for the appellate authority to create and then decide on a legal proposal if the reasons are not specific and unambiguous. Although oral arguments are given before the CIT (Appeals) and the Tribunal, it is important to remember that the written arguments are what are recorded, therefore appropriate attention must be used when drafting. The most significant aspects of the grounds for appeal are those that reveal the basis of the disagreement between the assessee and the revenue. A claim's nature makes it a ground of appeal, which makes it distinct from arguments as arguments are offered to support a claim. A claim may be supported by a number of different reasons, but not all of those arguments can be used as a basis for an appeal. The most crucial component of the appeal is the drafting of the grounds for appeal. The grounds for appeal are the matters that demonstrate the essence of the disagreement between the assessee and the revenue. A claim's nature makes it a ground of appeal, which makes it distinct from arguments as arguments are offered to support a claim. A claim may be

supported by a number of reasons, but not all of those arguments can be used as a basis for an appeal. Points to consider while writing the grounds for appeal

I ALL GRIEVANCE CAUSES MUST BE INCLUDED IN THE GROUNDS All grievance causes must be included in the grounds. For instance, even if an assessee feels wronged by the addition, the assessee should assert that basis even when the assessee's prospects of winning are slim due to factual irregularities or incorrect legal interpretation. Reopening an evaluation is a frequent illustration. The authority to revisit the evaluation now has a wide range of capabilities. But because the law in this area is always changing, it's possible that by the time the appeal is scheduled, a legal interpretation that favors the assessee would have become available. Therefore, it is advised to discuss and emphasize every controversy involved as well as every reason why the assessee feels wronged. They shouldn't be nebulous or all-encompassing.

(ii) GROUNDS SHOULD BE SIMPLE, CONCISE, OR SPECIFIC The grounds for appeal should be straightforward, unambiguous, and devoid of any ambiguity. Grounds ought to avoid being repeated. The assessee must not use lengthy sentences and must merely indicate the reason for the appeal in the grounds of appeal. It's important to find the correct balance between being succinct while also being sufficiently clear without leaving out any important information. However, the complaint that must be spoken must not be ignored.

The nature of the dispute and the relief anticipated should be specifically specified and emphasized. **(iii) GROUNDS MUST BE SHORT AND AVOID ARGUMENTS.** The justifications must be succinct and non-argumenta. A claim's nature makes it a ground of appeal, which makes it distinct from arguments as arguments are offered to support a claim. A claim may be supported by a number of reasons, but not all of those arguments can be used as a basis for an appeal.

Grounds shouldn't include illegible language **(iv).**

(v) ISSUES SUCH AS LACK OF PROPER OPPORTUNITY OF BEING HEARD OR VIOLATION OF ANY OTHER NATURAL JUSTICE PRINCIPLE MUST BE EXPLICITLY TAUGHT IN THE GROUNDS OF APPEAL - VERY FIRST SPECIFIC GROUND Issues such as lack of proper opportunity of being heard or violation of any other natural justice principle (such as denial of opportunity of cross examination, relying on All of these or any one of them may be emphasized as a preliminary ground if the deadline for compliance is very short, if more time should have been given, if copies of recorded

statements, even those that were requested, were not provided, if the department held the books while they were unavailable for return or hearing, or if there was any other violation of the natural justice principles. If the assessee is not given the chance to be heard, the reasons for this should be made very clear. Both in the statement of facts and the grounds of appeal, it should be made clear that the appellant was not given a chance. It may be considered a stand-alone issue in the grounds for appeal. If further evidence must be admitted under Rule 46A of the Income-tax Rules, 1962, this will also support the assessee's position. Lack of opportunity is a jurisdictional basis, hence it should be considered as the first particular reason wherever practicable. (vi) **GROUND MUST BE SERIALLY NUMBERED** Grounds must be serially numbered, and the ground should be separated into sub-clauses if an assessee is unhappy with the addition for two or three different reasons. For instance, a specific disallowance may be incorrect for two or three separate reasons, each of which could be mentioned in a subclause.

(vii) **DISTINCT GROUND FOR EACH ADDITION/PROBLEM MUST BE TAKEN** If the appeal involves more than one issue, create a separate ground for each issue, and choose your preferred ground. Avoid using case law while drafting grounds, if at all possible, unless it pertains to binding decisions.

The Appellate Authority is required to address all of the arguments made by the Assessee. (ix) **ALL GROUNDS ARE REQUESTED TO BE DEALT WITH** When a challenge is made to the Assessing Officer's authority, it must be resolved. Before moving on to the merits of the disagreement, it should be resolved as a preliminary matter. In cases when both jurisdiction and the merits are in dispute, it is preferable to resolve both, even if, in most cases, the merits would not need to be addressed if jurisdiction were not present. However, a second round is avoided in the event that the objections to the jurisdiction are determined to be unpersuasive.

(x) **ALTERNATIVE PLEA, WITHOUT PREJUDICE GROUNDS** Alternative plea, without prejudice grounds must be raised when necessary. Possible grounds for an appeal include **FACTUAL GROUNDS**, such as the accounting method used, the documents that are readily available, etc. **LEGAL GROUNDS**: Examples include a misunderstanding of the law, grounds for jurisdiction, etc. **GROUNDS OF PROCEDURAL VIOLATIONS (TECHNICAL GROUNDS)**: Examples include notice being provided after a period of time has passed, notice not being served, invalid notice, violation of natural justice principles, and insufficient hearing. Draft of the grounds for appeal The grounds for appeal should be written in logical order and have the appropriate numbers. A broad ground like income assessed and income

declared should be the first one. Allowance is requested in the last ground for the addition, alteration, substitution, or withdrawal of the grounds of appeal. The following is a sample draught of the grounds for appeal:

(1) GENERAL FIRST GROUND CHALLENGING AGGREGATE ADDITIONS: "That the appellant opposes his duty to be assessed at total income of..... compared to returning income of..... and, as a result, contests his obligation to pay the corresponding tax and interest. OR "That based on the evidence and under the circumstances of the case, the Ld. The Assessing Officer erred by valuing the appellant's income at..... instead of..... returned. As a result, the total additions of.. kindly erase this." "That in light of the relevant circumstances and facts, Ld. "That the conclusion and inferences of the Assessing Officer are based on suspicious, conjectures, surmises, extraneous and irrelevant consideration," or "That the Assessing Officer has erred in law and on facts in making above the additions and disallowance without giving an adequate opportunity to be heard and by failing to observe the principles of natural justice."

(2) LEGAL GROUNDS "That on the facts and in the circumstances of the case and in law, the Assessing Officer has erred in framing the assessment under section 147 of the Act, without following the mandatory procedure prescribed under sections 147 to 151 of the Act. Examples of legal grounds include a misinterpretation of the law, jurisdictional grounds, etc. As a result, the assessment may kindly be declared invalid in law, and any amendments made thereto may kindly be removed. When no new information or evidence was available to the assessing authority after the assessment was completed under section 143(3) of the Act, the assessing officer erred on the facts and the law by reopening the assessment by using the provisions of section 147 of the Income Tax Act.

(3) NATURAL JUSTICE PRINCIPLES According to the case's facts and circumstances, the Ld. In determining the appeal ex parte in contravention of the principles of natural justice and without giving the assessee a fair, appropriate, and meaningful chance, the Assessing Officer erred on the facts and the law, as well as the conclusions of the Ld. There was legitimate grounds for the purported non-compliance on the hearing dates, hence the assessing officer's assertion that the assessee is not serious and earnest about pursuing the matter is completely false. OR "That taking into account the circumstances and facts of the case, Ld. In making the additions and disallowances mentioned above without providing an appropriate chance for a hearing and by failing to uphold the principles of natural justice, the Assessing Officer committed legal and factual errors.

(1) "That having respect to the facts and circumstances of the matter, the Ld. The Assessing Officer violated the requirements of Section 41(1) of the Act by adding.. without considering the ledger account statement supplied by the assessee of the creditor M/s..... about the FY... Because such liabilities have been ongoing for many years without being challenged by either the creditor or the Assessing Officer with regard to assessment year....., it cannot be assumed that the abovementioned liabilities have ceased to exist.

(5) REJECTIONS BASED ON THE PAST HISTORY OF THE CASE "That in light of the particular facts and circumstances of the case, the Ld. Making disallowances only based on the case's prior history without adding any new evidence to the record to support a determination of their disallowance in a novel and novel manner was factually and legally incorrect on the part of the Assessing Officer.

(6) REJECTION OF THE BOOKS OF ACCOUNT "That in light of the particular facts and circumstances of the case, the Ld. Simply not filing the details of.. cannot lead to the inference that books of account are not proper and are liable to be rejected. The Assessing Officer has erred on the facts and the law in rejecting books of account which have been duly audited and the audit of which has not been disputed by the Assessing Officer at any stage of the assessment proceedings.

7) USING SECTION 145 PROVISIONS "That taking into account the facts and circumstances of the case, the Ld. Invoking Section 145's provisions and rejecting the audited accounts without identifying any specific flaws or shortcomings, or failing to identify any flaw that might give rise to the misconception that a proper profit cannot be subtracted from the books of accounts, was factually and legally incorrect on the part of the Assessing Officer.

(8) CONSIDERING CHARGES TO BE OF A CAPITAL NATURE "That in light of the facts and circumstances of the case, the Ld. In disallowing an amount of..... on account of repair and maintenance charges, the Assessing Officer erred on the facts and the law. This was done without any foundation and only on the basis of supposition and speculation, as well as by making wrong observations and drawing incorrect conclusions.

(9) EXPENSES FOR STAFF WELFARE "That the Ld. Even though its details are included in the vouchers, the Assessing Officer appears to have erred on the facts and the law in

making the disallowance/addition at..... out of employee welfare costs spent purely for business purposes.

"That taking into view the facts and circumstances of the matter, Learned Assessing Officer has erred on facts and in law in making on addition of.....allegedly being discrepancy between commission as per TDS certificate and commission as stated in the Profit & Loss statement."

(11) NOTING INACCURATE FACTS AND IRRELEVANT OBSERVATIONS "That taking into account the facts and circumstances of the case, Ld. By classifying it as AOP and taxing it at the highest marginal rate, and all while documenting false facts and irrelevant observations, the Assessing Officer has committed legal and factual errors.

(12) REARRESPONSE TO CASE "That he Ld. In revisiting the appellant's case under section 148 of the Income Tax Act of 1961 and making the following assessment under sections 147 read with section 143(3) of the Income Tax Act, the Assessing Officer erred.

(13) ALWAYS INCLUDE A RESERVED GROUND STATING "That the appellant wants, leave to add, change, amend or adjust and/or withdraw any or all of the foregoing grounds of Appeal" The alternative is "The Appellant wants to add, amend, remove, modify or withdraw any of the foregoing grounds of appeal." (14) ADDITIONAL MISSING REASONS "That the Ld. The Assessing Officer erred legally when he applied Section 271(1)(c) of the to impose a penalty. and his order has to be overturned and prayed for as a result since it is presumptively unlawful and lacking in substance. "That the aforementioned grounds for appeal are independent of one another. That the appellant requests the inclusion or exclusion of... created in consideration of/from..... be eliminated.

(15) LAST GROUND In the last ground, a request for permission to add, modify, substitute, or remove the reasons for appeal must be presented. That the relief requested be granted and the Assessing Officer's order be gently revoked, overturned, annulled, or amended.

2.12 PROCEDURE FOR APPEAL

Any appeal made in accordance with these regulations must be accompanied by a memorandum of appeal, a statement outlining the grounds for the appeal. An effective memorandum of appeal must have the following elements:

the justifications for appealing.

The appellant's or the pleader's signature is required.

the original judgment's certified copy, which is attached.

the sending of the stipulated sum or security (in case of a money decree).

The appellant is not permitted to raise any arguments or objections other than those listed in the memorandum with regard to this clause. However, if the opposing party is given enough chances to refute the arguments, the court may accept such objections of its own volition.

Any memo that the court deems to be improper may be rejected or amended. The court must document the grounds for this refusal.

Decretal: "having the character of a decree."

appeals against first decrees

Original decree appeals, which are handled by the appellate court, are prioritized in a court higher in rank than the court that issued the original decree.

An initial ex parte decree may be the subject of an appeal for such judgments.

If the decree is issued with the parties' permission, no appeals will be filed.

The appeal from first judgments is based on a legal issue.

If the quantity or value of the initial action's subject matter is restricted to a sum of Rs. 10,000, there is no right of appeal in any suit of the kind that courts for small causes may consider.

If a trial court has dismissed a matter without making any findings, the appeal court may remand the case to that court.

The appellate authority's judgement is final.

The majority judgement will be taken into account if a bench of several judges hears an appeal under this rule.

The first decree will remain in effect if a majority is not reached.

When the bench veers off topic, any of the remaining judges of the court may decide the issue, and the judgement must be made by a majority of the judges considering the appeal, including the justices who heard it first.

The decision may uphold, amend, or invalidate the decree.

Rendered in a Case

Reverting a case is referred to as remanding in this context. If the trial court has decided the matter on a preliminary issue without making any findings, the appeal court may send the case back to that court. The appellate court may also request that the trial court enter the case under its original number in the civil action record.

If the matter is remanded to the trial court, the evidence (if any) recorded in the initial action may be utilized as evidence. The judgement of the lower court is invalidated by an order of demand, which is appealable.

However, if the lower court erred in understanding the facts or rendered a decision based on insufficient evidence, the appeal court is not permitted to remand the case.

Providing of Additional Proof

The basic rule of law prohibits any party to an appeal from presenting more evidence, whether oral or documented. However, in the following situations, the appellate court could allow the same:

If the lower court rejected a piece of evidence despite having a good reason to do so.

The party introducing the evidence demonstrates that, despite earlier exerting due diligence, the evidence was not known to him or her.

if the other party can demonstrate that, despite their best efforts, they were unable to present the required proof.

To expedite the resolution of the case, the appellate court deems it necessary to examine any relevant documents or witnesses.

The Appellate Court's decision

The legal ramifications of a certain conduct are discussed in a decree. The following must appear in the appellate court's ruling:

the day of the verdict.

the appeal's appeal number.

the parties' names and descriptions.

the relief granted and any other decisions taken.

the overall expense incurred.

the asset used to pay for the expense.

the asset that will be used to pay the cost.

the percentage of cost paid.

Judges' signature and date.

Third Appeal

Every decision issued in appeal by any subordinate Court may be appealed to the High Court under Section 100 of the Civil Procedure Code if the High Court determines that the matter involves a significant legal issue.

In light of this, the major legal issue raised by this appeal must be stated in the memorandum of appeal in a clear and concise manner. The High Court may then create the pertinent questions on the basis of which the appeal will be heard if it finds it to be satisfactory. Additionally, if the High Court determines that the case raises another significant legal issue that it did not develop, it may consider the appeal.

It should be highlighted that a second appeal is only intended for legal issues; it cannot be based on an incorrect factual determination. On the same page, if the specific Court submits evidence to support its conclusions, the First Appellate Court's conclusion will be regarded as conclusive absent any faults or flaws in the process.

Another crucial point is that if the goal of the initial lawsuit is to collect a sum of Rs. 25,000, second appeals for a decree cannot be filed.

Revision vs. a Second Appeal: Their Differences

Despite having identical goals, a second appeal and revision have different characteristics, some of which are described below:

S. No Second Appellate Review

1 Invokes a significant legal issue Invokes a jurisdictional inaccuracy

2 Filed in situations where there was originally no appeal filed to challenge a judgement made by the appellate court

3 The High Court is permitted to correct a legal mistake made by the lower court, but the High Court is not permitted to change a lower court's ruling notwithstanding a legal error.

4 The High Court has the authority to resolve a factual dispute where the jurisdictional body is unable to do so.

5 The High Court lacks discretionary authority, so it cannot refuse to provide relief on the basis of equity. Instead, it may reject to intervene if it believes that sufficient justice has been done.

Appealing decisions

On the grounds of any legal flaw or irregularity, appeals from orders may be filed with regard to the following pronouncements:

Any orders made under Section 35A of the Code permitting exceptional expenses, as well as any orders made under Sections 91 or 92 denying permission to bring an action of the type mentioned in those sections.

any decisions made under Section 95, which deals with compensation for obtaining an attachment or injunction notwithstanding insufficient justification.

orders made under the code that deal with fining, ordering someone to be detained, or ordering someone to be arrested other than to carry out a court order.

Orders that are subject to appeal as specified by R.I. Order 43 On any of the orders stated in clause (a) or from any order rendered in an appeal under Section 100, however, appeals cannot be lodged.

Appellations by Indigent People

Anyone who is unable to pay the sum necessary to submit the memorandum may appeal as an outraged person. If a person's application to appeal is denied in this way, the court may order the applicant to submit the necessary court fee within a certain amount of time.

To the Supreme Court with appeals

If the former determines that the matter is appropriate for an appeal to the Supreme Court or when the Supreme Court grants a special leave, appeals may be taken to India's highest judicial authority. By submitting a petition to the court that issued the decree, appeals may be brought to the Supreme Court. The case will then be heard and decided within sixty days. The reasons for appeal must be stated in petitions that are presented for this reason. It must also contain a request for the issuing of a certificate arguing that the case contains a significant legal issue that requires resolution by the Supreme Court.

The opposing party will have the chance to voice any concerns with the issuance of such a certificate. If the petitioner is not granted the certificate, it will be dismissed. If approved, the appellant would have a deadline for depositing the necessary security and fees.

The court from whose judgement an appeal is filed must pronounce the appeal as granted when the applicant has fulfilled the aforementioned criteria, and notice of this admission will be sent to the respondent. Additionally, the jurisdictional body provides copies of these papers in the lawsuit and sends an exact copy of the record that is sealed.

2.13 REVISION AUTHORITY

According to the policy in place up to 10.10.1982, the Central Board of Excise & Customs handled appeals against decisions made by the Commissioners (formerly known as Collectors) of Customs and Central Excise. The appellate Collectors of Customs & Central Excise were the appropriate parties to hear appeals against decisions made by authorities below the level of Collectors (currently termed Commissioner). Previously, the Central Government had the authority to review the decisions made by the CBEC and appellate Collectors while exercising their appellate jurisdiction under Sections 131 of the Customs Act of 1962 and Section 36 of the Central Excise & Salt Act of 1944. At the federal level, the Secretary of Revenue or Special Secretary decided whether to defy CBEC directives and reject the Revision Application. Applications against the decisions made by the appellate Collectors of Customs and Central Excise and the executive Collector of Customs and Central Excise were decided by the Secretary or Joint Secretary. The Finance (No. 2) Act of 1980 established the appeal Tribunal in an effort to implement a new system. With the exception of a few minor transitory clauses, the appellate jurisdiction of the Central

Government and the CBEC were abolished as of November 11, 1882, and the Customs, Excise and Gold Appellate Tribunal (now CESTAT) was established as of that day. The Central Government's Revisionary Powers were reinstated in certain types of situations under the Finance Act of 1984. In terms of customs, Section 129 DD of the Act, when read with the proviso to Section 129(A), gave the Central Government the authority to amend the appeal decisions made by the Commissioner of Customs (Appeals). In regards to Central Excise, Section 35EE of the Central Excise Act of 1944, when read with the first proviso to Section 35B's sub-section (ii), granted the Central Government review and revisionary powers to change the directives made by the Commissioner of Central Excise (Appeals).

In accordance with sections 35 EE of the Central Excise Act of 1944 and section 129 DD of the Customs Act of 1962, the Revision Application Unit of the Department of Revenue, Ministry of Finance, Government of India, primarily deals with revision applications submitted to the Central Government in specific customs and central excise matters. The revision requests submitted by parties or the department in response to the decisions of the Commissioners of Customs, Central Excise, and Service Tax (Appeals) are taken into account and resolved by the Additional Secretary (RA) after the completion of the appropriate legal procedures. The following are the names and phone numbers of the officers assigned to the RA Unit:

S.No.	Name	Designation	Telephone No.
1.	Shri Sandeep Prakash	Additional Secretary(RA)	26177599
2.	Shri Ravi Prakash	Sr. Technical Officer(RA)	26177345
3.	Shri Ashish Tiwari	Assistant Commissioner(RA)	26177336
4.			
5.	Smt. Lakshmi Raghavan	SO(RA)	26177346

2. REVISION APPLICATION UNIT JURISDICTION:

Customs jurisdiction - Section 129 DD of the Customs Act of 1962, read with the proviso to Section 129 A (1), gave the Central Government the authority to modify or review appellate rulings made by the Commissioner of Customs (Appeals), if those orders pertained to:

any items brought in or sent out as luggage;

any items loaded into a vehicle for importation into India but not unloaded at the destination in India, or a portion of the quantity of such goods that has not yet been unloaded at a

destination if the quantity of goods unloaded there falls short of the amount that must be unloaded there;

Payment of drawback in accordance with Chapter X's provisions and any regulations derived therefrom.

The Central Government was given the authority to modify or review the appellate orders made by the Commissioner of Central Excise (Appeals) under the Central Excise Act of 1944, Section 35 EE read with proviso to Section 35 B (1), if the order concerned any of the following:

a situation in which items are lost while being transported from one factory to another, from one warehouse to another, or while being processed at a warehouse or being stored, whether in a factory or a warehouse;

a reduction in excise tax on products exported to nations or territories outside of India or on materials subject to excise duty that were used in the production of products exported to such nations or territories;

goods shipped from India to countries other than Nepal or Bhutan without paying duties.

IATT jurisdiction - Under Rule 13 of the Inland Air Travel Tax (IATT) Rules, 1989, the Central Government was given the authority to modify or examine appellate decisions made by the Commissioner of Customs and Central Excise (Appeals), if such decisions had any bearing on the payment of the IATT.

FTT jurisdiction - Under Rule 15 of the Foreign Travel Tax (FTT) Rules, 1979, the Central Government was given the authority to change or review appeals rulings made by the Commissioner of Customs and Central Excise (Appeals), if such decisions had anything to do with paying foreign travel tax.

3. Following the proper legal procedures, the Additional Secretary(RA) approves the final GOI Revision Orders on behalf of the Central Government. The Central Government is the highest authority in these revision and review matters according to the Custom and Central Excise Law, and any orders made by the Central Government are binding. However, the petitioners are using writ petitions in accordance with Article 226 of the Indian Constitution since they are unhappy with the aforementioned rulings. Once the final GOI Revision Orders have been passed, the Revisionary Authority is no longer in effect.

4.NORMS FOR RA UNIT FUNCTIONING:

The Revision Application Unit receives revision applications submitted by departments and parties in the required form EA-8/CA-8. Such petitions must be submitted within 90 days of the day the order-in-appeal was communicated. The Central Government may excuse the delay up to 90 days under meritorious circumstances. After receiving revision applications, the revision application unit notifies the applicant of any deficiencies in the submitted papers and provides a deficiency letter, if any. A check list in the required format is also created concurrently. The respondent party is given notice to file a counter-reply. After then, personal hearings are scheduled or held in cases according to seniority.

Only meritorious instances involving high revenue, a recurrent problem leading to a large number of cases, interest responsibility, the problem is no longer res integra, the passenger is travelling overseas, and cases of extreme financial difficulty are eligible for out-of-turn hearings. Following the hearing, AS issues the final modification order (RA). According to the Series No. shown below, File Nos. are assigned to the revision applications:-

Sr. No.	Series No.	Filed by	Cus. & C. Excise Zone
Central Excise - Revision Applications			
1.	195	Parties	All Zones, North, South, West & East
2.	198	Department	All Zones, North, South, West & East
Customs - Revision Applications			
1.	371	Parties	West
2.	372	Parties	East
3.	373	Parties	South
4.	375	Parties	North
5.	380	Department	All Zones

5.(i)	CPIO under RTI Act	Shri Ashish Tiwari Assistant Commissioner (RA unit) Department of Revenue, Ministry of Finance, Room No. 610, B-Wing, Hudco Vishala Building, Bhikaji Cama Place, New Delhi - 110066. Contact No. 011-26177336
5.(ii)	1st Appellate Authority under RTI Act	Shri Ravi Prakash Sr. Technical Officer RA Unit, Department of Revenue, Ministry of Finance, Room No. 608, B-Wing, Hudco Vishala Building, Bhikaji Cama Place, New Delhi - 110066. Contact No. 011-26177345

2.14 REGISTRATION AND RETURNS UNDER GST

A Goods and Services Tax (GST) taxpayer who has registered must submit a GST return for each GSTIN that they have registered. If the taxpayer consistently submits returns, the GSTIN status should also be active. By utilizing our GST search engine, you can confirm this.

Did you know that the GST Rules specify 22 different types of GST returns? Only 11 of these are GST returns; the other 3 are suspended and 8 are view-only. For additional information, see this article.

In other words, the quantity and kinds of GST returns that a company or professional must submit depend on the kind of taxpayer they are. Regular taxpayers, composition taxpayers, e-commerce operators, TDS deductors, non-resident taxpayers, Input Service Distributors (ISD), casual taxpayers, and others fall under this category.

Additionally, if GSTR-1 and GSTR-3B filers choose to participate in the Quarterly Return Submitting and Monthly Payment of Taxes (QRMP) system, the frequency of filing various GST returns may vary.

GST Return Types and Due Dates

GSTR-1

The GSTR-1 return must be submitted in order to disclose all outgoing supply of goods and services. In other words, it includes all of the invoices and debit-credit notes generated during a tax period for sales transactions. All regular taxpayers who are enrolled for GST, including sporadic taxpayers, are required to submit Form GSTR-1.

All suppliers or sellers are required to declare any changes to sales invoices in the GSTR-1 return, even if they relate to earlier tax periods.

The current GSTR-1 filing frequency is as follows:

(a) Monthly, by the eleventh day of every month, if the company has not enrolled into the QRMP programme or has a yearly aggregate revenue of more than Rs. 5 crore.

(b) If the firm has chosen to participate in the QRMP system, every three months by the 13th** of the month that follows the quarter.

*Up until September 2018, each month's due date was the 10th.

**Until December 2020, the end of the month after a quarter was used.

GSTR-2A

GSTR-2A is a dynamic GST return that can only be viewed by the buyer or recipient of goods and services. It includes information on all purchases made from GST-registered suppliers during a tax period, or inward supply of goods and services.

Based on the information supplied by the appropriate suppliers in their GSTR-1 filings, the data is automatically filled in. Additionally, data submitted by the QRMP taxpayer in the Invoice Furnishing Facility (IFF) is automatically filled out.

GSTR-2A can only be read; no actions can be done there. However, the purchasers advise claiming an exact Input Tax Credit (ITC) for each fiscal year, throughout a number of tax periods. If an invoice is missing, the buyer might ask the seller to promptly upload it to their GSTR-1 by getting in touch with them.

It was often used to submit ITC claims for each tax season up until August 2020. The purchasers must therefore often go to GSTR-2B, a static return, to make an input tax credit claim for each tax period.

GSTR-2B

GSTR-2B is once more a static, view-only GST return that is significant for the buyer or recipient of goods and services. Beginning in August 2020, it is accessible every month and has access to consistent ITC data for a length of time whenever examined.

From the date of submitting GSTR-1 for the month before (M-1) till the date of filing GSTR-1 for the current month, ITC information will be covered (M). Every month, the return is made accessible on the 12th, leaving ample time for submitting GSTR-3B, when the ITC is announced.

Every reported invoice is susceptible to action under GSTR-2B, including being reversed, ineligible, subject to a reverse charge, and references to the table numbers in GSTR-3B.

GSTR-2

In order to record the inbound supply of goods and services, or the purchases made during a tax period, registered purchasers were required to file the GSTR-2 GST return, which is temporarily halted.

The GSTR-2A had to automatically fill in the data for the GSTR-2 return. The GSTR-2 return may be modified, unlike the GSTR-2A. All regular taxpayers who are GST-registered must file a GSTR-2. However, beginning September 2017, the filing of the same has been halted.

GSTR-3

GSTR-3 is once more a suspended GST return at the moment. It was a monthly summary return that provided information on all outgoing supplies made, incoming supplies received, input tax credits claimed, tax liabilities, and taxes paid.

The GSTR-1 and GSTR-2 returns that were filed would have served as the foundation for this return's automatic generation. All regular taxpayers enrolled for GST are required to file GSTR-3, however the deadline for filing has been suspended.

Considering September 2017.

GSTR-3B

A monthly self-declaration called GSTR-3B is required in order to provide a summary of all outgoing supplies produced, claimed input tax credits, determined tax liabilities, and paid taxes.

All regular taxpayers enrolled for GST are required to submit Form GSTR-3B. Before submitting GSTR-3B for each tax period, the details of the sales and input tax credits must be compared to GSTR-1 and GSTR-2B. GST reconciliation is essential for finding data discrepancies that might later result in GST notifications or even the suspension of GST registration.

The GSTR-3B is now filed at the following intervals:

(a) Monthly, on the twentieth* of each month, for taxpayers who had a combined revenue in the preceding fiscal year of more than Rs. 5 crore or who were otherwise qualified but chose not to participate in the QRMP programme.

(b) Every three months, on the 22nd for "X" category of States and the 24th for "Y" category of States, for taxpayers with aggregate turnover of Rs 5 crore or less, who are qualified and continue to be opted into the QRMP scheme.

* Commencing with the January 2021 tax year. Before, it was as follows:

From January 2020 to December 2020, I was staggered as the 20th (turnover of the prior fiscal year was greater than Rs. 5 crore), 22nd, and 24th (turnover of the prior fiscal year was up to Rs. 5 crore, for 'X' and 'Y' categories of States).

(ii) From January 2019 through December, the 20th of each month.

** States and UTs that fall under the "X" category include Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, and Andhra Pradesh, as well as the union territories of Daman and Diu, Dadra and Nagar Haveli, Puducherry, the Andaman and Nicobar Islands, and Lakshadweep.

States and UTs in the "Y" category include Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, or Odisha, as well as Jammu and Kashmir, Ladakh, Chandigarh, and New Delhi, which are Union Territories.

GSTR-4

The GSTR-4 annual return is what GST composition taxable people were required to submit by April 30 of the year after the applicable financial year. It has taken the place of the previous GSTR-9A (annual return) as of FY 2019–20.

This return was required to be filed on a quarterly basis prior to FY 2019–20. After then, it was replaced by a straightforward challan in form CMP-08 sent by the 18th of the month after each quarter.

Taxpayers who trade with commodities and have a stated turnover of up to Rs. 1.5 crores may choose to participate in the composition scheme and pay taxes at a set rate on that amount. Additionally, if their annual revenue is up to Rs. 50 lakh, service providers can take advantage of a similar programme under CGST (Rate) Notification 2/2019, issued March 7, 2019.

GSTR-5

Non-resident foreign taxpayers who are registered for GST and do business in India must file a return known as GSTR-5.

All outgoing supplies made, incoming supplies received, credit/debit notes, tax obligations, and taxes paid are listed in full in the return.

Under the GSTIN that the taxpayer is registered with in India, the GSTR-5 return must be submitted on the 20th of every month.

GSTR-5A

A summary return known as GSTR-5A is used to record the outgoing taxable supply and GST that the supplier of online information and database access or retrieval services (OIDAR) owes.

The 20th of every month is the deadline for submitting GSTR-5A.

GSTR-6

A monthly return known as GSTR-6 must be submitted by an input service distributor (ISD).

Details on the input tax credits that the ISD received and dispersed will be included. Details of all papers produced for the distribution of input credit and the method of distribution will also be included.

The 13th of every month is the deadline for submitting GSTR-6.

GSTR-7

People who are obliged to deduct TDS (Tax deducted at source) under GST are required to file GSTR-7, a monthly return.

Details about TDS deducted, TDS liability owed and paid, and TDS refund sought, if any, are included in this form.

The 10th of every month is the deadline for submitting GSTR-7.

GSTR-8

The GSTR-8 is a monthly report that must be submitted by e-commerce businesses with GST registrations that are obligated to collect tax at source (TCS).

It includes information on all purchases done through the online shopping cart, as well as the TCS gathered there.

The 10th of each month is the deadline for filing the GSTR-8 return.

GSTR-9

The yearly return that GST-registered taxpayers must submit is called GSTR-9. According to GST law, it must be paid by December 31st of the year after the relevant financial year.

It includes information on all outgoing supplies made and incoming supplies received throughout the relevant fiscal year under various tax headings, such as. CGST, SGST, and IGST information as well as a list of all the supplies valued at under each HSN code, together with information on taxes owed and paid.

It is a compilation of all the GSTR-1, GSTR-2A, and GSTR-3B monthly or quarterly returns that were submitted throughout that fiscal year. All GST-registered taxpayers are obliged to file GSTR-9.

There are a few exceptions, though, including taxpayers who have chosen the composition scheme, casual taxpayers, input service distributors, non-resident taxpayers, and those who are required to pay TDS in accordance with Section 51 of the CGST Act.

Note: For taxpayers with an aggregate turnover of less than Rs. 2 crore, the annual return under GST has been rendered optional for the fiscal years 2017–18, 2018–19, and 2019–20, according to CGST notice no. 47/2019, which was later changed.

GSTR-9A

The GSTR-9A yearly return, which composition taxpayers formerly had to file, is temporarily suspended. All of the quarterly returns submitted during that fiscal year were combined in it.

Since the introduction of GSTR-4 (annual returns) in FY 2019–20, this return has been abolished. GSTR-9A filing for composition taxpayers had previously been exempt for the fiscal years 2017–18 and 2018–19.

GSTR-9C

The GSTR-9C reconciliation statement is required by law for all taxpayers registered for GST whose annual revenue exceeds Rs. 2 crore.

After completing a comprehensive GST audit of the books of accounts and comparing the results with the GSTR-9, it must be validated by a Chartered Accountant/Cost & Management Accountant.

The deadline for submitting this statement is the same as the one for GSTR-9, which is the 31st of December of the year after the applicable financial year.

Since a GSTR-9C form must be submitted for each GSTIN, more than one GSTR-9C form may be submitted using a single PAN.

As a result of the Union Budget 2021, the GST statute no longer calls for professional audits of the GST by CAs and CMAs. Sections 35 and 44 were altered as a result, although CBIC has not yet made that change known. As a result, taxpayers must self-certify their GSTR-9 filings via the GST site, totally replacing the need for GSTR-9C. The administration has not yet specified the fiscal year or the day on which this removal would take effect.

Note: GSTR-9C is exempted for taxpayers with an aggregate revenue of more than Rs. 5 crore for the financial years 2018–19 and 2019–20, in accordance with CBIC notice 16/2020, which was further revised.

GSTR-10

A taxable person whose registration has been cancelled or relinquished must submit Form GSTR-10. This return, also known as a final return, must be filed no later than three months after the cancellation date or the date of the cancellation order, whichever comes first.

GSTR-11

The GSTR-11 return must be submitted by individuals who have been given a Unique Identity Number (UIN) in order to be eligible for a GST refund for the products and services they purchased in India. For the purpose of receiving a tax refund, UIN is a categorization created for foreign embassies and diplomatic missions that are not subject to taxation in India. Information on inbound supply received and refund claims will be included in GSTR-11.

tardy submission of GST returns

Under GST, submitting returns is required. You still need to submit a Nil return even if there are no transactions.

Several things are worth mentioning:

If the preceding month's or quarter's return wasn't filed, you couldn't file a return.

Therefore, filing a GST return late will have a domino effect that results in high fines and penalties.

The liability ledger of the GSTR-3B, which was filed right away after the delay, contains the late filing charge of the GSTR-1.

To be paid are interest and a late charge.

Annual interest is 18%. The amount of unpaid tax that has to be paid must be estimated by the taxpayer. The net tax liability noted in the ledger at the moment of payment should be used to compute it. The time frame will run from the day after the filing deadline to the actual payment date.

The late fine is Rs. 100 per day per Act under the CGST Act. As a result, it is Rs. 100 under CGST and Rs. 100 under SGST. There will be a daily cap of Rs. 200. The highest levy is Rs. 5,000, however. The IGST Act does not specify a specific late fee. Additionally, the total late cost for GSTR-1 and GSTR-3B was decreased to Rs. 50 every day (Rs. 20 per day for Nil filing).

Read our article on late fees under GST to find out more about the late costs assessed during the GST Return periods.

The most essential necessity for identifying tax payers and guaranteeing tax compliance in the economy in any tax system is registration. Obtaining a special number from the relevant tax authorities is a requirement for registering any business organization under the GST Law in order to collect taxes on behalf of the government and to be eligible for input tax credits.

for his internal supplies' taxes. A person cannot claim an input tax credit for taxes paid by him without first registering, nor can they collect tax from their clients.

2.15 ASSESSMENT

Assessment-under-GST

Home » Education » GST in India » GST Assessment

Payment under the GST

A decision of tax due under this Act is referred to as an "assessment" in the GST and includes self-assessments, reassessments, provisional assessments, summaries, and assessments made using the best judgement possible. Individuals with a GST registration often self-assess their GST due, file GST returns, and pay GST each month. However, the Government always has

the authority to reassess or conduct its own evaluation in order to ascertain if there has been a GST short payment. In this post, we take a close look at the various GST assessment categories.

Assessment Categories under GST

The various GST assessment types are as follows:

Self-assessment of taxes due is covered by Section 59.

Assessment under Section 60 is provisional.

Section 61: Examination of tax returns submitted by taxable people who are registered

Assessment of a registered taxable person who has neglected to file tax returns, Section 62

Assessment of unregistered people under Section 63

Section 64: Summary evaluation in some specific circumstances

Section 59 - Self Evaluation

The taxable individual is expected to pay tax based on his or her own self-assessment. As a result, the basis for all GST return submissions is the taxpayer's self-assessment.

In this regard, the following is a reproduction of the provisions of Section 59 of the GST Act:

Every registered person is required to self-assess the taxes due under this Act and to submit a return for each tax period as outlined in section 39.

Provisional Assessment, Section 60

When a taxpayer is unable to calculate the value of goods or services, or both, or calculate the relevant tax rate, a provisional assessment may be made for that taxpayer.

How to Conduct Provisional Assessments

Step 1: The taxable person must submit a written request for a provisional assessment to the relevant GST officer.

Step 2: After analyzing the application, the GST officer will provide a ruling within 90 days of the request's receipt that will permit the payment of tax on a provisional basis, at the GST rate, or on the value that he specifies.

Step 3: The taxpayer who is paying on a prorated basis must execute a bond with security pledging to pay the difference between the provisionally assessed tax and the final assessed tax.

Step 4: Within six months after the date the GST officer communicated the order of provisional payment, the GST officer will pass a final assessment.

Payable Interest on Provisional Assessment

If, following the final assessment, the taxpayer is required to pay more tax than the amount paid at the time of the provisional assessment, they must pay interest on that excess tax. Interest would be computed from the real due date of the tax up until the day the tax was actually paid

(please note that the original due date should be taken into account and not the provisional tax payment date). Even if the tax payment is received before to or following the final assessment, the situation for calculating interest will not change.

Provisional Assessment Refund

If there is a refund, section 56's interest provisions shall be followed.

[Click here to learn about Official Assignee Liability.](#)

Section 61: Scrutiny and Evaluation

A GST return and associated information provided by the registered person may be carefully examined by GST officers to ensure that the return is accurate. An evaluation under examination is what this is. Any differences the officer finds will be reported to the registered individual, who will then be asked to explain them. The officer may decide to do the following depending on the registered person's explanation:

If the individual's explanation appears to be adequate, the officer will advise the registered person of this and take no further action in this respect.

The proper officer must take the appropriate action, such as conducting an audit of the registered person, conducting a special audit, inspecting and searching the registered person's place of business, or initiating demand and recovery provisions, if the registered person provides an unsatisfactory explanation or fails to take corrective action after acknowledging the discrepancies.

Section 62: Best Judgment Assessment for Failing to File a GST Return

The GST Officer will undertake an assessment if a registered person continues to fail to provide the requisite returns even after notice under Section 46 has been served. In these situations, the GST officer will proceed to assess the taxpayer's tax liability to the best of his ability while taking into account all pertinent information that is available or that he has gathered, and within five years from the date for submitting the annual return for the financial year to which the tax not paid relates, will issue an assessment order.

When a registered person receives an assessment order, the assessment order is presumed to have been withdrawn if the registered person submits a proper return within 30 days of the day the assessment order was issued. The registered person will, nonetheless, be responsible for paying interest pursuant to Section 50 (1) and/or a late charge pursuant to Section 47.

Assessment of an Unregistered Person under Section 63 - Best Judgment

The GST officer can proceed to assess the tax liability of such a taxable person to the best of his ability for the relevant tax periods and issue an assessment order within a period of five years from the date specified under section 44 for furnishing the annual return for the financial year to the government. This applies when a taxable person fails to obtain GST registration even though they were required to do so or whose registration has been cancelled under section 29 (2) but who was still required to pay tax.

Section 64: Summary Evaluation

Any evidence of a person's tax liability that comes to the attention of a GST Officer entitles him to proceed with the assessment of that person's tax liability to safeguard the interest of revenue and to issue an assessment order if he has reasonable grounds to believe that delaying such an assessment may harm the interest of revenue. The competent official must first acquire the prior consent of a joint commissioner or extra commissioner in order to carry out an assessment under section 64. A concise assessment is what one would term such a review. Assessment-under-GST

[Home](#) » [Education](#) » [GST in India](#) » [GST Assessment](#)

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2.16 GST AUTHORITIES AND APPEALS

Withdrawals under GST

Appeal to an appellate body

Anyone who believes that the order or judgement made by the adjudicating authority is unlawful may appeal the decision to the Appellate Authority. Within three months of the individual receiving the order or judgement, the appeal must be submitted.

Commissioner may independently request and review any proceedings' records where an adjudicating body has issued an order or conclusion. Any junior official may be instructed by him to apply to the appellate authority. Within six months of the date the order or judgement was communicated, the appeal must be submitted. Such authorized officer should be treated as an appellant in this situation.

The Central Board of Excise and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, and the Appellate Tribunal are not considered adjudicating authorities under Section 2(4) of the CGST Act; instead, they are excluded;

If the appellate authority determines that the appellant was prohibited from bringing the appeal within the aforementioned time of three months or six months, depending on the situation, they will let it to be brought within an additional one-month window.

Before Appeal, Payment

When a registered person files an appeal with the appellate authority, the appeal cannot be filed until the appellant has paid the tax, interest, fine, fee, and penalty in the order that he has admittedly violated. The appellant must also pay 10% of the remaining tax that is in question (up to a maximum of Rs. 25 crore) as a result of the ruling from which the appeal has been lodged.

The recovery for the remaining balance shall be presumed to be stayed after such amount has been paid by the appellant.

Approach to an appeal

Such an appeal must be filed in Form GST APL-01 with the necessary supporting documentation. A quick temporary acknowledgment will be sent. A certified copy of the contested judgement or order must be supplied within seven days after filing GST APL-01, and a final acknowledgment with the appeal number must be issued in Form GST APL-02.

The date of filing GST APL-01 will be taken into account as the date of filing the appeal if the certified copy is filed within 7 days after filing GST APL-01. If a certified copy is supplied after 7 days, the date the copy was submitted will be used as the appeal filing date.

A certified copy of the judgement or order must be submitted within 7 days of the appeal being filed by the subordinate officer of the commissioner in Form GST APL-03.

The appellate authority may provide time to the parties and postpone the hearing if a valid reason is demonstrated at the time of the hearing. The explanations must be put in writing. A party may request an adjournment of this kind a maximum of three times.

After doing research, the appellate authority must issue an order that it deems appropriate, either affirming, overturning, or amending the judgement or order. The appellate authority is not allowed to send the matter back to the adjudicating body that made the in question order or judgement.

If any decision is to be issued increasing any charge or penalty or decreasing the amount of a refund or input tax credit, the appellant shall be given a fair opportunity to be heard.

The order dismissing the appeal must be in writing and include the issues to be decided, the judgement, and the reasons for the decision.

The appeals authority, the respondent, and the appellant must all get copies of the order.

Period within which appeals should be dismissed

Every appeal must be heard and decided by the appellate authority within a year of the day it was filed. The phrase "when it is practicable to do so" is used here, therefore the Appellate Authority is not legally obligated to make this decision within a year.

Additionally, the term of any stay imposed by a court or tribunal on the issue of an order should not be included for calculating the one-year period.

Appellate Courts

Anyone may submit an appeal to

When such a judgement or order is made by the Additional or Joint Commissioner, (a) the Commissioner (Appeals).

(b) [Any officer not below the level of Joint Commissioner (Appeals)] when the Deputy, Assistant Commissioner, or Superintendent issues the judgement or order.

Any commissioner-directed officer may appeal to

(a) [Any officer not below the level of Joint Commissioner (Appeals)] when the Additional or Joint Commissioner issues the decision or order

b) the Additional Commissioner (Appeals) in cases when the Deputy, Assistant Commissioner, or Superintendent makes the decision or issue the order.

Appellate Tribunal hearing an appeal

Within three months of the date the order was communicated to the individual, anybody who feels wronged by an order made by an appellate authority under Section 107 or a revisional authority under Section 108 may appeal the decision to the appellate tribunal.

If the appellate tribunal determines that there was good cause for not bringing the appeal within the three-month window, it may accept the case within three months following the window's expiration.

When the total of the tax, input tax credit, fine, penalty, or difference in tax and input tax credit is up to Rs. 50,000, the appellate panel may refuse to accept the appeal. The prefix "or" is used. Therefore, if individual sums are less than Rs 50,000, an appeal cannot be turned down even if the entire demand exceeds Rs 50,000.

Commissioner may, on its own initiative, request and review the decision of the appellate or revisional body. Any junior official may be given his instructions to petition to the Appellate Tribunal. Within six months of the day the order was passed, the appeal must be submitted. Such authorized officer should be treated as an appellant in this situation.

Before Appeal, Payment

When a registered person files an appeal with the appellate tribunal, the appeal cannot be filed until the appellant has paid the tax, interest, fine, fee, and penalty in the order that he has admittedly violated. Additionally, 20% of the remaining tax that is disputed as a result of the order for which an appeal has been filed must be paid by the appellant. This 20% additional payment will be made on top of the amount paid at the time the appeal was filed with the appellate body.

When the appellant pays this sum, the recovery of the remaining balance is presumed to be suspended until the appeal is decided.

The appellate authority may provide time to the parties and postpone the hearing if a valid reason is demonstrated at the time of the hearing. The explanations must be put in writing. A party may request an adjournment of this kind a maximum of three times.

After providing the parties with a chance to be heard, the appellate tribunal makes the orders it sees suitable. It may also send the matter back to the appellate authority, revisional

authority, or original adjudicating body with whatever instructions it sees proper. It can confirm, alter, or revoke the judgement or order

Any order issued by the appellate authority may be amended in order to correct any mistakes. Within three months following the order, the error may be discovered on its own initiative or by the commissioner or another party to the appeal.

A party must be given a chance to be heard before any amendments that might increase an assessment, decrease a refund, or reduce an input tax credit are made.

Period within which appeals should be dismissed

Every appeal must be heard and decided by the Appellate Tribunal within a year of the day it was submitted. The phrase "as far as feasible" is used here, therefore the Appellate Tribunal is not legally obligated to make its decision within a year.

Approach to an appeal

This appeal must be lodged on Form GST APL-05 and include all necessary supporting documentation. A quick temporary acknowledgment will be sent. A certified copy of the contested judgement or order must be presented within seven days after filing GST APL-01, together with the required fees, and a final acknowledgment with the appeal number must be issued in Form GST APL-02.

The date of filing GST APL-01 will be taken into account as the date of filing the appeal if the certified copy is filed within 7 days after filing GST APL-01. If a certified copy is supplied after 7 days, the date the copy was submitted will be used as the appeal filing date.

Fees for an appeal or a restoration of an appeal must not exceed

1,000 rupees for every one lakh rupees in tax, input tax credit, fine, charge, or penalty that is mentioned in the order that is the subject of the appeal.

Rs. 25,000

No cost is required to file an application with the Appellate Tribunal for the correction of mistakes

When an application is filed by a subordinate officer of a commissioner, it must be made in Form GST APL-07, and within 7 days of submitting the form, a certified copy of the judgement or order must be supplied.

Making New Evidence Available to the Appellate Authority or Appellate Tribunal

The appellant is only permitted to present the evidence he presented to the adjudicating authority as oral or documented evidence before the appellate authority. The only evidence he may provide before the appeal tribunal is the evidence he presented to the appellate authority. He is not permitted to present any additional evidence, oral or documented, before the appellate tribunal.

However, under the following conditions, providing such extra evidence is permitted:

when evidence that should have been entered was not accepted by the adjudicating authority or, as the case may be, the Appellate Authority.

if the appellant was prohibited for a good reason from providing the evidence that the adjudicating authority or, as applicable, the Appellate Authority called for.

where the appellant was barred from presenting any relevant evidence on any ground of appeal before the adjudicating body or, if applicable, the Appellate Authority by sufficient cause.

where the order being appealed against was made by the adjudicating authority or, as the case may be, the Appellate Authority, without providing the appellant with the time to provide evidence supporting any grounds for appeal.

The reasons for the inclusion of any new evidence must be documented in writing by the appellate authority or appellate tribunal.

The adjudicating authority or an official designated in this regard must be given a fair chance to review the documentation, cross-examine any witnesses presented by the appellant, and present evidence or witnesses in opposition to the evidence presented by the appellant.

2.17 UNIT END QUESTIONS

A. Descriptive Questions

Short Questions:

1. What are tax invoice credit and debit notes?
2. What are the two types of invoices in the GST?
3. What is the difference between debit and credit invoice?
4. What is the difference between debit note and credit note?
5. Who can issue a tax invoice?

Long Questions:

1. What is types of tax invoice?
2. What is meant by tax invoice?
3. Who prepares a credit note?
4. Why credit note is issued
5. What is invoice number?

B. Multiple Choice Questions

1 . A _____ supply comprising of two or more supplies shall be treated as the supply of that particular supply that attracts highest rate of tax.

- a) Composite
- b) Mixed
- c) Both (a) and (b)
- d) None of the above

2 . GST is a comprehensive tax regime covering _____

- a) Goods
- b) Services
- c) Both goods and services
- d) Goods, services and imports

3 . What are the taxes levied on an intra-State supply?

- (a) CGST
- (b) SGST
- (c) CGST and SGST
- (d) IGST

4 . Who will notify the rate of tax to be levied under CGST Act?

- (a) Central Government
- (b) State Government

- (c) GST Council
- (d) Central Government as per the recommendations of the GST Council
5. Which of the following taxes will be levied on imports?
- (a) CGST
- (b) SGST
- (c) IGST
- (d) CGST and SGST

Answers: 1-b, 2-c, 3-c, 4-d, 5-c

2.18 REFERENCES

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UNIT – 3 MAINTENANCE OF ELECTRONIC RECORDS AND DOCUMENTS FOR GST

STRUCTURE

- 3.0 Learning Objectives
- 3.1 Introduction
- 3.2 Maintaining Online Ledgers
- 3.3 Tax liability ledger
- 3.4 Cash Payment ledger.
- 3.5 Online Tax Records
- 3.6 Tax invoice
- 3.7 Credit notes and Debit notes
- 3.8 Electronic way Bill.
- 3.9 Bill of supply
- 3.10 Unit End Questions
- 3.11 References

3.0 LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Describe Tax liability ledger
- Understand credit notes and debit notes
- State the need and importance of online tax records
- Understand tax invoice

3.1 INTRODUCTION

GSTR Records Upkeep

Businesses are expected to keep a variety of accounts and records under the GST system, either in physical or electronic format, for quick verification by an authorized GST Authority. The taxable individuals are permitted to keep documents in electronic form that are verified by a digital signature. A taxable person under GST is required to keep all of their invoices, bills of supply, credit and debit notes, and delivery challans related to their inventories, deliveries, inward supplies, and outgoing supplies for a period of six years after filing their GST annual return. Additionally, every associated location of a firm indicated in the certificate of registration must maintain GST accounts and records. In this article, we examine the maintenance of GST records in great detail, including the process for preserving records electronically as well as the specifics of documents that need to be supplied.

Location for Maintenance

The aforementioned information must be kept on file at the location where the specific business is being conducted, whether that be the registered office or a branch. In the event of servers hosting electronic records, the servers must be situated in India. If the taxpayer keeps all of their information online, they should utilize a digital signature as a kind of security measure authentication.

The competent official will apply the tax on any taxable products that are discovered to be stored elsewhere other than the designated location if they were given by the registered person.

where you do business

The "place of business" is defined by the GST as:

a location where business is typically conducted, including a warehouse, a godown, or any other location where a taxable person stores his products, supplies, receives, or both; or

a location where a tax payer keeps his records of accounts; alternatively

a location where, under whatever name, a taxable person transacts business through an agent;

All GST-registered taxpayers are required to keep a specified set of records on file at their place of business.

keeping of records

The foregoing records may be kept by the taxpayer electronically or physically. Data, information, or inputs that are saved, received, and used electronically are referred to as electronic records. These documents would be handled exactly like physical records, and the auditor would check the record's veracity and correctness. It should be mentioned that adequate record backups must be kept electronically. A non-editable format for the record must be ensured, which is crucial.

Information about Records to be Maintained

All taxable individuals are expected to keep the following records at their primary place of business in accordance with Section 35 of the GST Act:

specifics of a product's manufacturing or production;

information on the delivery of products and services both internally and outside;

a supply of products;

available input tax credit;

owing and paid output tax;

any further information required:

If a taxpayer has more than one place of business, they must preserve all the accounting records for each location. Additionally, the taxpayer is permitted to keep both electronic and paper copies of the GST Accounts and records.

GST Accounts and Records Upkeep

GST Accounts and Records Upkeep

More information about records

A further need for keeping accounts and records has been made available in the GST Accounts and Records Rules in addition to the rules listed in the GST Act. All taxable people registered under GST are required to maintain the following accounts in addition to the records stated above, as per the GST Accounts and Records Maintenance Rules.

With all necessary supporting documentation, such as invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers, and

e-way bills, a true and accurate account of the goods or services that were imported or exported, or of supplies that attracted payment of tax on reverse charge, must be provided.

The opening balance, receipt, supply, goods lost, stolen, destroyed, written off, or disposed of as a gift or free sample, as well as the balance of stock, including raw materials, finished goods, scrap, and wastage, must all be included in stock accounts for goods received and supplied by the taxpayer.

Keep a record of all tax-related information, such as the amount of tax due, tax that has been collected and paid, input tax, and input tax credits that have been claimed, as well as a list of all tax invoices, credit notes, debit notes, and delivery challans that have been issued or received during any tax period.

keep a record of his suppliers, including their names and complete addresses, from whom he has purchased goods or services subject to GST tax;

Where required by GST, keep records of customers that include names and complete addresses of the people to whom he has provided products or services;

Complete address of the location where the taxpayer kept the goods, including those kept there while in transit, as well as information on the stock kept there.

In accordance with the GST Accounts and Records Rules, the Officer may authorize to assess tax as if the registered person had provided the taxable goods if the Officer discovers any taxable goods held anywhere other than where the taxpayer indicated in his or her accounts or records. As a result, it's critical to keep accurate records of your inventory and products in transit for GST purposes.

How Are GST Accounts Maintained?

The taxpayer is required to keep all GST records and accounts, including the books of accounts, in the primary place of business in addition to records for any other locations.

The responsible party who manually maintains GST records must assign serial numbers to each volume of the books of account. When manually managing a GST account, the person in question must only provide permission to remove, efface, or rewrite a record in one of the registers, accounts, or documents after getting attestation. The individual must now input the right entry after making the necessary modifications.

If someone manages the GST accounts electronically, they should keep a log of every entry that is changed or removed. Additionally, if GST accounts and records are kept

electronically, they must be verified using a digital signature and made available from each associated location of business listed on the GST registration certificate.

Last but not least, until shown otherwise, any papers, registers, or books of account belonging to a registered person located at any location where a business is conducted shall be deemed to belong to the taxpayer. Therefore, it is crucial to make sure that the taxpayer maintains the security of all accounting and financial information.

Upkeep of GST Accounts: Books, Server, and Cloud

Upkeep of GST Accounts: Books, Server, and Cloud

A Registered Person's Obligation

A tax officer may demand hard copies or electronic copies of any pertinent papers or information from taxable people upon request. However, the taxpayer is required to submit the information upon request after gaining authentication from a qualified party.

Update to the Records

No one is allowed to remove or replace an entry from registers or other documents. Except for those of a clerical origin, all inaccurate entries should be scored out under attestation. Therefore, the user must only submit accurate information. A record of each entry's update or deletion must be kept in the registers or any other document that is electronically stored.

Consequences of Failing to Keep Accurate Records

A registered person who is required by GST to keep the records will be fined if they don't. Additionally, the goods or services supplied by the taxpayer shall be considered unreported goods or services, and the assessing officer shall determine the tax liability on such unreported goods or services. The taxpayer shall pay the tax liability thus determined together with the penalty.

How long must accounts be kept in compliance with GST?

All registered taxpayers are required to keep their books of accounts and other records for a minimum of six years beyond the deadline for submitting their annual returns.

If the taxpayer is involved in an appeal, revision, or other proceeding before an appellate tribunal, appellate authority, or court, they must keep all of their records for a period of one year following the conclusion of the appeal, revision, proceeding, or investigation, or for a period of six years, whichever comes later.

Several Cases

The next section will outline the necessity for particular sectors in order to provide greater clarity on the preservation of the records:

Manufacturers

the specific amounts of any utilized goods or services

Quantitative information about the products produced over the specified time period

Quantitative information on the garbage and byproducts produced throughout the course of a certain time period

Warehouse

Books of accounts pertaining to a time frame during which the taxpayer noted specific commodities in detail. any documentation pertaining to:

Transporters

Transporters are required to keep track of all products supplied, stored, and transported, as well as the registered consignee's GSTIN where appropriate. Transporters would also need to register for an e-way bill in addition to the aforementioned in order to conduct their business.

Agents for Clearing and Forwarding

All clearing and forwarding agencies are required to keep a record of all commodities handled as well as the details of delivery and dispatch of the products, in addition to the book of accounts.

Service Companies

The specifics of the items used to provide services, the input services utilized throughout the period, and the services delivered during the tax period should all be kept on file by service providers.

The following information also has to be kept up to date for workforce providers:

Names and addresses of individuals hired as employees, as well as the type, cost, and volume of products and services procured to complete the task

Name, location, and information about payments made in relation to each contract are provided for the vendors.

Agencies

Under GST, agencies are required to keep the following information current:

Information on the authority each principal provided to him

information on the quantity, price, and kind of products and services that each principle has received and provided.

Account information was sent to each principal.

On behalf of each principle, tax was paid on receipts as well as on supplies of goods or services.

Brokers, include stock brokers, real estate brokers, and agents

The term "agent" refers to any person who conducts the business of supplying or receiving products or services or both on behalf of another, including a factor, broker, commission agent, arhatia, del credere agent, auctioneer, or any other commercial agent, by whatever name called. The following extra records should be kept by all agents or brokers, including real estate agents and brokers:

specifics of each principal's individual authorization that he acquired from them to purchase or provide services on their behalf;

specifics, such as the description, cost, and quantity (if relevant) of the products or services each primary received;

specifics, such as the description, cost, and volume (if relevant) of any products or services given on behalf of each principle;

information on the accounts provided to each principal; and

On behalf of each principle, tax was paid on receipts as well as on supplies of goods or services.

3.2 MAINTAINING ONLINE LEDGERS

A ledger is a physical or digital record used to keep track of financial transactions. The beginning balance, any debits and credits to the account for the time period, and the closing balance are all displayed in the ledger.

Accounts receivable, payable, sales, and payroll are just a few of the balance sheet and income statement accounts that businesses can keep track of in ledgers. The general ledger,

which has transaction information for all accounts in the chart of accounts, receives summaries of transactions from subsidiary ledgers on a regular basis and transfers them there.

Making a ledger is crucial since it acts as the central record of all your financial transactions. It can assist you in keeping tabs on your spending because it provides real-time reporting of revenues and outlays. You can prepare financial statements, identify anomalous transactions, and compile a trial balance with the aid of the general ledger.

Each transaction impacting a specific account in the general ledger is recorded in a ledger account. To make it simpler for business owners and accountants to investigate the rationale for a transaction, each transactions are identified within the ledger account with a date, transaction number, and description.

Common ledger account examples include:

Cash, prepaid expenses, accounts receivable, furniture, and fixtures are examples of asset accounts.

Accounts payable, accrued expenses, lines of credit, and notes payable are all examples of liabilities.

Equity accounts, including paid-in capital, common stock, retained earnings, and shareholder distributions

Accounts for revenue, such as sales and service fees

Accounts for expenses such advertising costs, electricity, rent, salaries, and supplies

Additional earnings and costs, include interest, investment earnings, and gains or losses from asset sales

A more comprehensive list of general ledger accounts that might be relevant to medium- to large-sized enterprises can be found in the post "Maintaining a General Ledger" from Wolters Kluwer.

The company's bookkeeper enters debits and credits to these accounts to record transactions throughout the year. The transactions are the outcome of routine business operations like client bills or inventory purchases. They can also come about as a result of diary entries, like noting depreciation.

The ledger may be a written record if the business utilizes accounting software, or it may be an electronic record. Just 18% of small- to medium-sized businesses don't utilize accounting software, according to CPA Practice Adviser.

The majority of companies employ accounting software that automatically posts all financial transactions to the general ledger. But, you must first comprehend the fundamentals of double-entry bookkeeping if you intend to build your own general ledger.

Each financial transaction in the double-entry system has an impact on at least two distinct ledger accounts. The ledger has two columns for each entry, with credit postings on the right and debit posts on the left. All debit and credit entries must add up to a positive balance.

The following details how to make your ledger and use it:

Setting up Ledger Accounts is Step 1

Start with the five account types: revenue, expenses, equity, liabilities, and assets (and perhaps Other Income and Expenses). List the accounts you require for each type of account. You may, for instance, construct a Cash account and an Accounts Receivable account under the Asset account type.

Next, make columns.

Create columns for the date, transaction number or journal entry number, and description on the page's far left.

Create columns for the running balance, credits, and debits on the right side. Debits result in a rise in assets and expenses as well as a fall in liabilities, revenues, and equity. Credits decrease assets and expenses while increasing liability, revenue, and equity accounts.

Record Financial Transactions in Step 3

Keep a daily record of all company transactions. Post any journal entries you've made right away to the ledger.

Build a trial balance in step four.

To construct your trial balance report, add up the present account level totals and ending balances from the general ledger. Financial statements are created by matching the trial balance totals.

Basics of Record Maintenance

The term "maintenance" in business and financial accounting refers to updating records with recent financial transactions. To guarantee that its executives are aware of how much money the firm has, how much it spends, and how much it makes in profits, a corporation must update its financial records as costs are incurred and income is received. Updating ledgers, which are basically records of the money a firm spends and makes, is referred to as ledger maintenance.

Financial Ledger Types

Companies may keep a variety of financial ledgers. The general ledger, which breaks down the company's credits and debits into many account categories such as assets, liabilities, costs, and revenues, is the most significant. Companies may also maintain a sales ledger that lists all of the purchases made by the company as well as the payments made and received for goods and services. A buy ledger keeps account of every purchase a firm makes as well as the amount it owes creditors.

Maintenance of Records Is Important

The success of a business depends on maintaining financial records in general and ledgers in particular. Without knowing how much money the firm has available, how much debt it has, and how much income it generates, managers cannot make well-informed decisions. For instance, poor record keeping might lead a small business owner to overspend on advertising before realizing he is unable to cover other costs when they arise. This is because the owner would believe that his firm has more cash on hand than it actually does. Businesses that maintain precise records are better able to defend tax deductions and submit accurate tax returns.

ConSiderations

It's possible that new business owners lack the accounting knowledge needed to keep their own ledgers and other financial records. Because of this, small businesses may employ contractors or financial experts to handle their record-keeping requirements on a part-time basis. Companies may engage full-time staff to keep financial records as they grow and their financial records become more numerous and sophisticated.

keeping track of a broad ledger

All of your supporting journals, such as the cash disbursements journal and the sales and cash receipts journal, are permanently summarized in the general ledger. One of your primary objectives should be keeping track of your general ledger and closing your books.

Everything about the financial records of your business revolves around the general ledger.

The cash disbursements notebook, sales and cash receipts diary, and other supporting journals serve as a permanent summary of all your accounting-musts. Additionally, the general ledger serves as the foundation for your financial statements.

Resources for maintaining a precise general ledger

There is a general ledger account for each account title shown on your sales and cash receipts journal columns and your cash disbursements journal columns. For other things that don't have their own column in the journals but are placed in a "miscellaneous" column, there are separate general ledger accounts.

General ledger accounts include, for instance, Cash, Accounts Receivable, Accounts Payable, Sales, Purchases, Telephone Expense, and Owner's Equity. For each general ledger account, your accounting software will set aside space in the general ledger.

The specific entries in your supporting journals' total columns are always used in the general ledger. You may determine the ending balance for each account after posting all diary entries. The total of all general ledger debit balances and credit balances should always be equal.

1. All independent and respective Accounts that have been debited and credited in the journal entry must be posted after every journal entry. For instance, the journal might debit the machinery account and credit the purchases account for a purchase of machinery. Both the machinery account and the sales account must be updated when this entry is posted to the ledger.

2. Posting will occur on the account's credit side (if it has been credited in the journal book) and debit side (if it has been debited in the journal book). In the instance of the machinery purchase example from above, posting will be done on the credit side of the Purchases a/c and the debit side of the Machinery a/c Accounts, respectively, as those accounts had been credited and debited, respectively, in the journal.

3. The transaction date must be entered in the date column. Similar to keeping a journal, the Ledger uses the same process for data entry.

4. When posting to an account's debit side, we should record the name of the account that was credited in the journal in the particulars field and place the phrase "To" before the name.
5. In a similar vein, when posting to an account's credit side, we must write the name of the account that has been debited in the journal and follow it with the term "By." In the aforementioned example, we would enter "To purchases A/c" in the details column on the Cash Account's debit side and "By Machinery A/c" in the details column on the Sales Account's credit side.
6. Only when both sides of posting, credit and debit, have entries, is a Ledger Account complete.
7. The page number of the diary where the relevant journal entry is recorded must be mentioned in the folio column. In order to complete the cross-reference, the page number of the ledger accounts will also be placed in the journal's "Ledger folio" column.
8. The amount that is recorded in the journal entry needs to be entered in both of the Ledger Account's amount columns.

An explanation of ledger accounts

A business records all of its activities and financial statements in a book called a ledger account. The balance sheet is organized under the general ledger and contains numerous Accounts, including assets, accounts receivable, accounts payable, stockholders, liabilities, and equities, as well as revenues, taxes, expenses, profit, and loss, as well as funds, loans, bonds, stocks, salaries, and wages, among others. In this article, we'll discuss the many types of ledgers, ledger posting, and ledger account templates in Excel, Google Sheets, and PDF, as well as their formats and samples.

A ledger is a book used to record accounting transactions. Any financial statement pertaining to the company's financial situation is only produced by the Accounts. This Ledger is hence referred regarded as the primary book. Due to everything said above, it is crucial to link all of the information for any Account that is included in the Ledger. Because it is the most important book in every company, the accounting book is known as the "King of All Books." The Ledger book is also frequently referred to as the last entry book. The book that holds all of the accounting data for the business is called the Ledger Account.

The Many Forms of Ledgers

Three main categories of ledgers exist:

1. Sales Ledger - A sales Ledger is a ledger in which a business keeps track of the goods and services it sells to customers as well as the costs associated with those sales. This Ledger shows the sales revenue and the income statement.
2. Purchase Ledger: An acquisition A company keeps a ledger where it logs all of its transactions for getting goods, services, or both from other businesses. It enables you to view the sums that the business has distributed to other businesses.
3. General Ledger: The general ledger comes in two flavors: nominal ledger and private ledger. The notional Ledger keeps track of all financial activities, including purchases, sales, depreciation, insurance, and others. Private information like wages, capital, and salaries is kept in private ledgers. Not everyone has access to a private Ledger.

7 Essential Elements of a Ledger

The top seven qualities of Ledger are as follows:

Each Account will have a heading in the ledger.

Account transactions are tracked using a unique table.

The transactions on the Account are arranged in date order.

There is a two-amount column in each ledger. The transaction amount is entered in each column as debit or credit.

There is a column on both sides of the Account where you can enter the reference number.

The Account balance is determined at the conclusion of the time period.

After the calculation is finished, the Debit and Credit Columns are closed by drawing two parallel lines beneath the total of both sides.

3.3 TAX LIABILITY LEDGER

To make tax payments under GST, every registered taxpayer has access to electronic ledgers. The electronic cash ledger, electronic credit ledger, and electronic liability ledger are some of these ledgers.

The cash that is available to pay the tax due online is therefore shown in the electronic cash ledger. While the computerized credit ledger shows the amount of available input tax credit

to cover the taxpayer's output tax due. As a last point, the computerized liability ledger displays the registered taxpayer's tax liability.

The specifics of the GST obligation are listed in this ledger. It illustrates how the GST liability has been offset, i.e., with cash or credit. A registered taxable person must debit the electronic liability register with any payments due. Therefore, let's examine what an electronic liability register is and what it is used for.

Electronic Liability Register:

An electronic liability register is used to keep track of all a taxable person's obligations under GST. This register displays all amounts owing on the common portal, including taxes, interest, penalties, and late fees.

All of the sums owed by registered taxable persons are therefore subtracted from the computerized liability register.

On the common portal, an electronic responsibility record is kept by each taxable person who is responsible for paying tax, interest, penalties, late fees, or any other sum. The form used to keep this register is GST PMT-01. Additionally, this record is divided into two sections:

Liabilities relating to returns are maintained in Part I. This section of the register contains any obligations that arise from returns as well as payments made in response to such returns. Liabilities resulting from choosing the composition scheme (Form GST CMP-03) and cancelling registration are also covered in this section of the register (Form GST REG 16). In the tax period for which the return has been submitted, the specifics of all such obligations are recorded in the liability register.

While the computerized tax liability register's Part II offers comprehensive information on liabilities other than those that are related to returns.

These obligations consist of: liabilities due to a decrease or increase in the amount of tax due. When a decrease or improvement results from an appeal, correction, review, revision, etc. judgement.refund of a pre-deposit requested for a specific demand by a registered taxpayer. Given that the taxpayer is permitted to argue for such a return.

payments paid in response to the authorities' show-cause letter. Other voluntary payments paid by the registered taxpayers are also included.

reduction in the penalty amount due to payments made in response to a show-cause notice or within the allotted time frame. The computerized liability ledger automatically displays these payments.

Rules for Electronic Liability Ledger Payment of GST

The guidelines for a registered taxpayer's computerized tax obligation ledger are listed below.

Recording of Payments in the Electronic Liability Register

the sums that a registered tax payer must pay for taxes, interest, late fees, or any other payments due in accordance with the return.

sums that have been determined by a qualified official as a result of actions taken under the act. Included in these sums is the amount owed for taxes, interest, late fees, and any additional fees.

A registered taxable person's tax and interest obligations due to an incorrect input tax credit amount.

Any amount of interest that periodically accrues

amount taken out of the payment given to the seller of taxable goods or services by the government. When the entire supply value under a certain contract exceeds Rs. 2,50,000, this amount is subtracted.

the fees that a provider of electronic commerce services charges for the sales made through its system. provided that other suppliers furnish the supplies for such transactions. Additionally, the operator is responsible for collecting payment for the sales of these items.

- Paid amount on a reverse charge basis
- The sum due under the composition levy programme.
- Amounts due for fees, penalties, and interest
- Any additional sum owed under the GST Act
- Digital ledgers' debits and credits

When a registered individual pays the tax due in accordance with his return, the electronic cash ledger as well as the credit ledger are debited. On making such a payment, the computerized tax liability record is, nevertheless, given credit.

If the sums are owed as a result of a government authority's demand, the electronic tax obligation record of the taxpayer is debited. The registered individual, however, is given

relief if his appeal is approved by the appellate authority or appellate tribunal. As a result, the registered person's computerized tax liability record is adjusted to reflect the relief received.

If the taxable individual pays the tax, interest, and penalty within the allotted time, the amount of the penalty is partially or entirely reduced. As a result, to the extent that such a penalty is lowered, the taxable person's electronic tax liability record is credited.

The registered individual notifies the appropriate official if there is any mismatch in the computerized credit ledger. Form GST PMT - 04, which is used for this message, is submitted via the common site.

A GST passbook in electronic form is called an e-Ledger. All GST registrants have access to these e-ledgers through the GST site. The following information is included in the e-ledgers:

GST payment made in cash to the government and recorded in the electronic cash ledger

Available Input Tax Credit (ITC) balance in the electronic credit ledger.

Electronic liability ledger: Method of Setoff of GST Liability and Balance Liability (If Any)

This is our guide on how to use the GST Portal's e-ledgers. While completing their GST Returns, users can access the balances of various ledgers on the ClearTax GST Software.

The Electronic Cash Ledger reflects every valid Input Tax Credit that a registered dealer claims in the GST returns (GSTR-2 or GSTR-3B). Credit in the Electronic Cash Ledger can only be used to pay taxes. This means that the Electronic Credit Ledger's remaining balance cannot be used to pay interest, penalties, or late fees. Only genuine cash payments in cash can be used to pay interest and penalties. Order and limitations for using ITC (IGST, CGST, and SGST) to pay GST due

The IGST credit can be applied to any tax obligation in the following order: IGST, CGST, or SGST/UTGST.

It is not possible to use CGST credit to pay SGST. The CGST and IGST can be set-off in that sequence.

It is not possible to use SGST/UTGST credit to pay CGST. SGST/UTGST, then IGST, can be used to trigger SGST.

Consider the prior instance. The ITC for Mr. A is Rs 35,000. The division of ITC is:

Rs. 18,000 for IGST

CGST - 7,000 rupees

SGST - 10,000 rupees

There is a Rs. 30,000 IGST Responsibility. This liability will be fully offset by the Rs 18,000 in IGST credit. The remaining IGST of Rs 12,000 is paid in cash and is recorded in the electronic cash ledger.

The credit of Rs. 7,000 in the CGST instance will be deducted from the liability of Rs. 10,000, and Rs. 3,000 in CGST must be paid. The amount of SGST that is due is equal to the credit that is available. This indicates that Mr. A need not pay the SGST.

3.4 CASH PAYMENT LEDGER.

A GST passbook in electronic form is called an e-Ledger. All GST registrants have access to these e-ledgers through the GST site. The following information is included in the e-ledgers:

An overview of all deposits and payments made by a taxpayer can be found in the electronic cash ledger. Information is recorded in the ledger for each minor head under each major head. The ledger is organized by major heads, i.e., IGST, CGST, SGST/UTGST, and CESS, for the user's convenience. Tax, Interest, Penalty, Fee, and Others are the five minor heads that are subdivided into each main head. In the GST portal, it is accessible in the post-login mode under Services > Ledgers > Electronic Cash Ledger.

An account of the taxpayer maintained by the GST system, the Electronic Cash Ledger, reflects cash deposits made by the taxpayer in reputable banks as well as tax and other payment made by the taxpayer. The Electronic Cash Ledger also records the Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) as cash deposits made by the taxpayer.

A registered taxpayer may use any of the online or offline methods made possible by the GST Portal to make cash deposits in the authorized Banks through the approved modalities to the Electronic Cash Ledger. The cash deposits can be used to pay for things like taxes, interest, fees, fines, and other things.

The four major heads in the electronic cash ledger are CESS, IGST, CGST, and SGST/UTGST. These five Minor Heads correspond to each of these Major Heads:

1. Tax

2. Curiosity

3. Sanctions

4. Fee

Five. Other

The sums that should be added to each Minor Head inside each Major Head are determined by the taxpayer when they create a Challan. The Electronic Cash Ledger is updated with the money under the Major and Minor Heads, respectively, as per the Challan once the payment against the Challan has been successfully completed and the CIN has been transmitted to the GST system. Once payment has been received, there is NO WAY to use funds in a cross-over manner between major or minor heads.

Let's use an illustration to better grasp this. A taxpayer used net banking to deposit INR 1,000 in cash to IGST-Tax. Following a successful transaction, the bank will record the Bank reference number as the reference number in the Electronic Cash Ledger along with the CIN. This cash deposit of INR 1,000 in the cash ledger may be used by the tax payer to pay Solely the IGST-Tax due by debiting the Cash Ledger.

GST payment made in cash to the government and recorded in the electronic cash ledger

Available Input Tax Credit (ITC) balance in the computerized credit ledger.

Electronic liability ledger: Method of Setoff of GST Liability and Balance Liability (If Any)

Here is our instruction on how to use the GST Portal's e-ledgers. While completing their GST Returns, users may access the balances of various ledgers on the Clear Tax GST Software.

An electronic cash ledger is what?

Similar to an e-wallet, this. Any cash or bank-based GST payment appears in the Electronic Cash Ledger. Any remaining tax due must be paid using the amount in the electronic cash ledger after the deduction of the input tax credit (ITC). For instance, Mr. A has a GST of Rs. 50,000 on sales. He is also eligible for an input tax credit of Rs 35,000 on purchases. His Electronic Cash Ledger has a Nil balance.

Particulars Amount

the Sales Tax

50,000

Credit for Input Tax (ITC)

35,000

GST Owed Must Be Paid

15,000

The 15,000 rupee GST obligation must be paid in cash or bank transfer. Mr. A will put down Rs 15,000 This will be displayed in Mr. A's electronic cash ledger. The remaining amount in the ledger will be used to pay the GST. Mr. A's electronic cash ledger will indicate this payment as illustrated below:

E-Ledgers subject to GST

The remaining balance in the electronic cash ledger is used to cover the GST liability. This is how the GST Portal displays the offset GST obligation.

E-Ledgers subject to GST

Electronic Cash Ledger

Select Period

From: 15/06/2017 To: 30/06/2017 GO

Viewing Ledger details from 15/06/2017 to 30/06/2017

Sr.No	Date of deposit/Debit	Time of deposit	Reporting date (by bank)	Reference No.	Tax Period, if applicable	Description	Transaction Type (Debit/Credit)	Amount debited / credited (₹)			
								Integrated Tax	Central Tax	State Tax	Cess
1	-	-	-	-	-	Opening Balance	-	-	-	-	-
2	26/06/2017	-	26/06/2017	111462	-	Amount deposited	Credit	12,000	3,000		
3	28/06/2017	11:20:00	28/06/2017	111476	-	Amount deposited	Credit	12,000	3,000		
4	-	-	-	-	-	Closing Balance	-	-	-	-	-

BACK SAVE AS PDF SAVE AS EXCEL

An electronic credit ledger is what?

6. Payment of Tax Help

Interest to be paid on tax liabilities both for supplies attracting reverse charge as well as other than reverse charge

No pending Liabilities to pay.

Description	Tax payable (₹)	Paid through ITC				Tax/Cess Paid in cash (₹)	Interest Paid in cash (Total in ₹)	Late fee Paid in cash (₹)
		Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)			
Other than reverse charge								
Integrated Tax	30,000	18,000				12,000	0.00	
Central Tax	10,000		7,000			3,000	0.00	0.00
State/UT Tax	10,000			10,000			0.00	0.00
CESS	50,000	18,000	7,000	10,000	0.00	15,000	0.00	
Reverse charge								
Integrated Tax	0.00					0.00		
Central Tax	0.00					0.00		
State/UT Tax	0.00					0.00		
CESS	0.00					0.00		

The Electronic Cash Ledger reflects every valid Input Tax Credit that a registered dealer claims in the GST returns (GSTR-2 or GSTR-3B).

Credit in the Electronic Cash Ledger may only be used to pay taxes. This implies that the Electronic Credit Ledger's remaining balance cannot be used to pay interest, penalties, or late fees. Only genuine cash payments in cash can be used to pay interest and penalties. Order and limitations for using ITC (IGST, CGST, and SGST) to pay GST due

The IGST credit can be applied to any tax obligation in the following order: IGST, CGST, or SGST/UTGST.

It is not possible to use CGST credit to pay SGST. The CGST and IGST can be set-off in that sequence.

It is not possible to use SGST/UTGST credit to pay CGST. SGST/UTGST, then IGST, can be used to trigger SGST.

Consider the prior instance. The ITC for Mr. A is Rs 35,000. The division of ITC is:

Rs. 18,000 for IGST

CGST - 7,000 rupees

SGST - 10,000 rupees

There is a Rs. 30,000 IGST Liability. This liability will be fully offset by the Rs 18,000 in IGST credit. The remaining IGST of Rs 12,000 is paid in cash and is recorded in the electronic cash ledger.

The credit of Rs. 7,000 in the CGST instance will be deducted from the liability of Rs. 10,000, and Rs. 3,000 in CGST must be paid. The amount of SGST that is due is equal to the credit that is available. This indicates that Mr. A need not pay the SGST.

E-Ledgers subject to GST

Electronic Credit Ledger

Select Period

From 01/11/2017 To 30/11/2017 GO

Viewing Electronic Credit ledger details from 01/11/2017 to 30/11/2017

Sr. No.	Date	Reference No.	Tax Period, if any	Description	Transaction Type (Debit/Credit)	Credit / Debit (₹)			
						Integrated Tax (₹)	Central Tax	State Tax	CESS
1	-	-	-	Opening Balance	-	-	-	-	
2	20/11/2017	AA3310174157884	Oct-17	ITC accrued through - Inputs	Credit	18,000	7,000	10,000	0.00
3	20/11/2017	DI3311170241666	Oct-17	Other than reverse charge	Debit	18,000	7,000	10,000	0.00
4	-	-	-	Closing Balance	-	-	-	-	

BACK SAVE AS PDF SAVE AS EXCEL

Here is how the revisions will appear on the GST Portal regarding offsetting credit:

5. Payment of tax

11/09/17

Interest to be paid on tax liabilities both for supplies attracting reverse charge as well as other than reverse charge

No pending Liabilities to pay.

Description	Tax payable (₹)	Paid through ITC				Tax/Cess Paid in cash (₹)	Interest Paid in cash (Total in ₹)	Late fee Paid in cash (₹)
		Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)			
Other than reverse charge								
Integrated Tax	30,000	18,000			12,000	0.00		
Central Tax	10,000		7,000		3,000	0.00	0.00	
State/UT Tax	10,000			10,000		0.00	0.00	
CESS	50,000	18,000	7,000	10,000	0.00	15,000	0.00	
Reverse charge								
Integrated Tax	0.00				0.00			
Central Tax	0.00				0.00			
State/UT Tax	0.00				0.00			
CESS	0.00				0.00			

BACK CHECK BALANCE OFFSET LIABILITY

E-Ledgers subject to GST

The Electronic Liability Ledger: What is it?

The GST obligation is described in this ledger. The ledger shows the total amount of GST owed as well as whether it was paid in cash or on credit. The Electronic Responsibility Register in the aforementioned example shows how the GST liability is set off. The GST Portal's Electronic Liability Ledger appears as follows:

Electronic Liability Register

SANDVIK ASIA PRIVATE LIMITED 33AACCS6638K1Z4

Select Period

Indicates Mandatory Fields

Financial Year

Month

2017-18

September

GO

Viewing details of Electronic liability Register for the tax period - Sep-17

Sr. No.	Date	Reference No.	Ledger used for discharging liability	Description	Transaction Type (Debit/Credit)	Amount debited / credited (₹)				Total
						Integrated Tax (₹)	Central Tax	State Tax	CESS	
1	16/10/2017	AA3309172843321	-	Other than reverse charge	Debit	30,000	10,000	10,000	0.00	
4	16/10/2017	DC3310170071108	Cash	Other than reverse charge	Credit	12,000	3,000		0.00	
5	16/10/2017	DI3310170102576	Credit	Other than reverse charge	Credit	18,000	7,000	10,000	0.00	

Note : Interest liability posted in the Electronic liability register represents interest payable on tax liabilities on supplies attracting reverse charge as well as other than reverse charge

1 2 »

3.5 ONLINE TAX RECORDS

Accounts and Additional Records

All records must be kept and kept up to date at each registered person's primary place of business.

Who is required to keep accounting under GST?

The following people are in charge of maintaining certain records:

the business

Owner of a warehouse, godown, or other facility where commodities are stored

All transporters

Every registered person must have their accounts audited by a chartered accountant or a cost accountant if their annual revenue exceeds the specified threshold of two crore.

What documents are required to be kept under GST?

Every registrant is required to keep records of:

manufacturing or producing items

Supply of products and services both inside and beyond the country

Goods in stock

Available input tax credit

Payable and paid output taxes

Additional information as may be required

For a list of the records that must be kept as part of GST, please read our article.

What accounts are required to be kept up to date under GST?

The numerous accounts that businesses are required to maintain under the GST are outlined in this article.

For instance, under GST, a merchant is required to keep the following accounts open (in addition to accounts for purchases, sales, and stock):

Put CGST a/c in.

Exit CGST account

enter SGST account

Produce SGST a/c

input IGST account

Exit IGST account

Digital Cash Ledger (to be maintained on Government GST portal to pay GST)

GST accounting transactions

Despite some early transitional difficulties, the GST will offer clarity to many commercial sectors, including accounting and bookkeeping.

While the number of accounts is more seemingly under GST, after you go through the accounting entries you will realize it is considerably easier for record keeping. The ability to offset his input tax on services against his output tax on sales is one of a trader's largest benefits.

For information on how to record and pass entries for the interstate sale of goods, how to record the use of input tax credits, and other questions, see our talks on the accounting treatment of different transactions under GST.

Electronic Cash and Credit Ledger

Under the GST, each registered taxpayer will have three ledgers that are electronically managed and that are created automatically at the time of registration.

This ledger will act as an electronic wallet. **Electronic Cash Ledger** The tax payer is required to make a deposit into his cash ledger (add money to the wallet). The funds will be used to cover the cost.

The input tax credit for purchases will be documented in this electronic credit ledger under three categories, IGST, CGST, and SGST. The sum displayed in this account may only be used by the taxpayer to pay taxes (not for interest, penalty etc.)

E-Due Ledger: This ledger will provide a taxpayer's whole tax liability after netting off for the given month. The ledger will be automatically filled up.

Timeframe for GST Account Retention

Every registered taxable person is required by the GST Act to keep their accounts books and records for at least 72 months (6 years). The time period will begin to run after the annual return for that year has been filed for the last time.

The annual return must be submitted by December 31 of the following year.

For instance:

The annual return is required to be filed by December 31, 2018, for the fiscal year 2017–2018. The books and records for 2017–2018 must be kept for 6 years, or until December 31, 2023.

If the taxpayer is involved in any proceedings before any authority (First Appellate) or is being investigated, he is required to keep the accounts up to date for a period of one year following the conclusion of the proceedings or appeal.

Consequences of Failing to Keep Accurate Records

The proper officer must consider unaccounted goods and services as though the taxpayer had provided them if the taxpayer fails to keep proper records regarding the goods or services. The officer will calculate the tax due on these unaccounted products.

The taxable individual will be obligated to pay the computed tax liability and penalty.

Introduction to Accounts and Records

Every registered taxpayer under the GST Goods and Services Tax scheme is required to maintain accounts and records at their primary place of business (how to maintain gst account). Accounts of every registered taxpayer with an annual revenue of more than Rs. 2 crores must be routinely audited (monthly, quarterly, or annually). A cost accountant or a chartered accountant is required to conduct this audit.

The following people are in charge of keeping these records:

an entrepreneur

Operator of a godown or storage facility

All transporters

Every registered person is required under the GST to keep the following records:

made and produced items

Outbound and incoming shipments of goods and/or services

Goods on hand

used the input tax credit (ITC)

Output tax was paid and payable.

Additional prescribed information

A registered taxpayer under GST must maintain a number of accounts, including:

- Revenue Account
- Spending Account
- Stock Balance
- Digital Cash Ledger
- Digital Credit Ledger
- CGST (Central GST) Account input
- CGST Account Output
- SGST (State GST) Account Input
- SGST Account Output
- Account for IGST (Integrated GST) Input
- IGST Output Account

2. GST Accounting Entries

The GST provisions have greatly simplified and clarified accounting. There have been several explanations made about accounting and bookkeeping under GST. The ability for traders to immediately deduct their Input Tax Credit (ITC) on services from their output tax on sales is one of the main benefits of accounting entries under the GST.

3. Digital ledgers

The Goods and Services Tax (GST) law mandates that registered taxpayers maintain three ledgers. During registration, these ledgers will be produced automatically. Additionally, electronic maintenance will be performed on them. The three digital ledgers are as follows:

The Electronic Cash Ledger acts as the taxpayer's electronic wallet. As with adding cash to a wallet, cash will need to be placed into the taxpayer's electronic cash ledger. Other payments will be made using the increased cash amount.

Electronic Credit Ledger: This document will show the taxpayer's purchase-related input tax credit. Three categories—CGST (Central GST), SGST (State GST), and IGST—will reflect this (Integrated GST). The taxpayer can then use the remaining input tax credit amount in this electronic credit ledger account only for tax payment. The use of this account is not permitted for payments of other types of tax-related debt, such as interest or penalty fines.

After netting-off, the e-Liability Ledger will display the taxpayer's whole tax liability for a specific month. The taxpayer's tax liabilities will automatically be added to the e-liability ledger.

Continue reading: GST verification Free APIs, API Full Forms for GST, OCR Invoice Processing, Eway Bill Apps, and Invoice Automation Software

4. The GST Accounts Retention Period

Every registered taxpayer must keep their records and books of accounts for a minimum of 72 months, or six years, according to the Goods and Services Tax (GST) Act. The beginning of this period is the date on which the taxpayer last submitted an annual return for the relevant fiscal year. The 31st of December of the following year is the deadline for submitting annual returns for a certain fiscal year.

If a taxpayer is being investigated or is a party to legal action before a court (First Appellate), they are required to keep their books of account for a period of one year following the decision in the legal action.

5. The Effects of Improper Record Maintenance

The taxpayer will be held accountable if they don't keep complete and accurate records of their purchases of goods and/or services. The appropriate official will handle the unaccounted goods and services as though the taxpayer provided them. The officer will next apply and establish the tax responsibility for such unaccounted goods and services. The taxpayer will be responsible for paying both the tax debt and the associated penalty.

3.6 TAX INVOICE

Tax invoices are provided by registered dealers to buyers and reflect the tax due. Description, quantity, value, and tax are included.

Every registered supplier is required to provide a tax invoice for each supply of goods or services under Section 31 of the CGST Act. The buyer must provide a tax invoice and a payment voucher if the supplier is not registered.

What a tax invoice means

Every registered taxpayer is expected to send their clients a tax invoice. A tax invoice largely includes information on the items sold, their quantity, the taxes paid, and their taxable worth. It is the main piece of documentation used to support an input tax credit claim by a customer.

Tax invoice format and content

The following information should ideally be on a tax invoice:

Name and contact information for the supplier

information about the client

PAN and GSTIN of the supplier and the client for the tax invoice

Billing date of issuance

Merchandise supply location

Tax amount, HSN code, and tax rate

Details of the sold items

Along with the gross value of the products sold, the taxable amount

Discount applied

RCM applicability

Supplier's or his authorized representative's signature

To create a tax invoice, there are numerous templates on the market. These templates can be used by a taxpayer and altered to suit the needs of their particular business or sector. Building brand image will be aided by this. Invoices can also be generated using an invoicing producing tool. As a result, efficiency is increased by lowering manual entry. For more information on the format of a tax invoice, see this page.

Why is using a tax invoice required?

Tax invoices must be issued in order to prove the provision of goods or services. Every registered GST taxpayer who makes a supply must provide a tax invoice. In order to claim an

input tax credit, a buyer must have a tax invoice for the products or services they have acquired. A tax invoice is also necessary for a number of financial reporting functions.

Tax is also added under GST at the point of supply. As a result, the invoice's issue date serves as a crucial clock for the supply period. The date of the invoice or the time of payment receipt, whichever is sooner, is the time of supply of the goods.

What in India qualifies as a tax invoice?

In India, a tax invoice that the supplier issues to the buyer upon the sale of goods is regarded as a legal document. The consumer in this case is not the buyer.

As a result, a tax invoice rather than a retail invoice is produced. It must include all the information mentioned in the section above.

Comparing tax receipts and invoices

The vendor provides the client with tax invoices as well as receipts. To request payment for products sold or services provided, an invoice is sent. A receipt, on the other hand, is given as proof of payment. The information on an invoice and a receipt is typically identical.

the deadline for submitting a tax invoice

The amount of time that must pass before producing an invoice varies on whether it is a provision of goods or a supply of services:

To provide goods

A tax invoice must be given at or prior to the time of transfer for the supply of commodities from one location to another. When the items are transferred to the recipient and there is no physical transfer of the goods, the supplier may issue a tax invoice

to provide services

Upon supply, a tax invoice must be issued within 30 days. The invoice must be issued within 45 days of the date of supply if the supplier is a bank or insurance provider.

What number of copies of the tax invoice are required?

To provide goods

Original invoice: This invoice is marked as "original for the recipient" and forwarded to the client.

Duplicate copy: This is delivered with the note "duplicate for transporter" to the transporter. This invoice must be shown as proof by the transporter while moving the goods.

Triplicate copy: This copy is labelled "triplicate for supplier" and is kept by the supplier for internal usage.

to provide services

Original invoice: This invoice is marked as "original for the recipient" and forwarded to the client.

Duplicate copy—This copy is marked "duplicate for supplier" and is kept by the supplier for its use.

Tax-registered consumers require an invoice from you to claim tax credits. It's issued when things are resold.

Businesses must charge clients HST, GST, and VAT and submit it to the government. One registered seller issues another a tax invoice for input tax credit. It's a summary invoice for GST/HST monthly, quarterly, or yearly. GST-registered customers must get tax invoices.

Tax invoice receipt?

Sellers and vendors issue buyers, customers, and client's invoices and receipts. Despite comparable content, a tax invoice is not a receipt.

Invoices seek payment for products or services sold to customers. Prices, credits, reductions, taxes, and total due.

A receipt confirms payment for a sale. It's usually ownership proof. It includes products, prices, credits, discounts, taxes, total amount paid, and payment method.

Invoices solicit payment from consumers, whereas receipts show payment.

Why a Tax Invoice?

GST-implementing nations have varied invoicing requirements. The following require a tax invoice:

To facilitate a registered person's input tax deduction on standard-rated purchases

Determine taxable supplies

Determine when input tax can be claimed using the supplier's tax invoice.

The invoice date determines when input tax is due.

Accounting software simplifies tax calculations and invoicing.

A tax invoice shows a vendor has provided products and services to a buyer. If the vendor isn't registered, the buyer should visit a licensed dealer or receive a payment voucher.

A dealer must issue a correct tax invoice when making a taxable sale. If the vendor resells the merchandise, the buyer can claim tax credit.

What is a tax invoice and how do I create one? If you're a registered buyer or dealer interested in the tax invoice or retail invoice, continue on.

Tax invoice:

A tax invoice is a legal document delivered by a certified seller to their customer stating tax due. Tax invoices comprise product name and description, invoice date, invoice number, tax amount, and services delivered.

Original or duplicate tax invoices are acceptable. Since there's no restriction, product supply might vary per registered source. It's a summary invoice that includes products sold, service tax, and other taxes.

Hence, it is fundamental proof which says that one registered vendor supplied goods and services to the GST registered consumers who seek to receive input tax credit.

Tax invoice receipt?

Sellers make receipts and invoices for buyers. Tax invoices and receipts may include comparable information, but they are different.

Before payment, a buyer or corporation receives an invoice requesting payment. It includes pricing, discounts, tax, and buyer and seller information.

Payment results in a receipt. It proves the taxable sale is finished and paid for. It's ownership proof. Invoices list items and services, discounts, taxes, payment methods, pricing, and amount paid.

Invoices seek payment. A receipt proves that goods and services were paid for.

Steps To Generate Tax Invoices

Below are the essential procedures to produce tax invoices using word document:

Choose a new MS Word document. The header for "Tax Invoice" will be blank.

Right-side header: business name, logo, address, phone number, and email.

Type your customer's name and contact info as the seller's identification.

Add the invoice date, the invoice number, and GST registration number before you write the payment due date and the quantity purchased.

Type each service's quantity and standard-rated purchases.

Input tax and shipping expenses into the total. Boldly type the total.

Add payment terms and methods.

Invoicing software like Invoice Owl simplifies creating tax invoices.

Why a tax invoice?

Invoices aren't just about bookkeeping. Why are tax invoices needed?

To honor tax-registered clients' tax-credit claims

To determine if goods or services are taxed

When receiving a tax invoice, identify the payment due date.

Recognizing transactions and a state tax ID

Input tax credit claims require a tax invoice.

Invoices assist avoid tax evasion.

To appropriately compute taxes and seek tax relief

3.7 CREDIT NOTES AND DEBIT NOTES

The terms invoice, bill, and bill of materials may be terms you are already familiar with. A bill of sale is used to keep track of sales. What transpires then if the value of those bills' changes. Do you intend to amend those invoices? It is illogical to do it. The invoice was already created, and those transactions were noted in the journal.

The only way out is to add new entries that show a change in the original invoice amount and offer a record as further evidence of the true worth of the transaction. Credit and debit notes are the names of these records.

We will learn what debit note and credit are in the parts that follow. We would also learn what information should be included in debit and credit notes, as well as the proper structure for each. Look at a few illustrations of debit and credit notes.

Explaining Debit Notes And Credit Notes

A debit note is what?

A debit memo is another name for a debit note. It is a letter sent from a buyer to a seller requesting a refund for faulty or damaged products or services, or for the cancellation of a transaction. Prior to the supplier issuing a credit note, the buyer must first issue a debit note, which serves as a formal request for the supplier to do so.

A buyer can send a debit note to the seller asking for a refund of the whole or partial amount of the previous payment. It can be the result of receiving defective or damaged items, cancelling the transaction, or other exceptional situations. The buyer's accounting records serve as proof of a purchase return when they contain a debit notice. A credit note, on the other hand, serves as evidence of a sales return.

When a consumer receives products or services that may not meet expectations while also receiving the final invoice from the vendor, a claim may be made. When purchasing products from a provider, you have the option to create a debit note if you need to return the items for any reason that is acceptable.

Common justifications for issuing debit notes include:

got things that are faulty or damaged.

The invoice has been overcharged by the buyer.

incorrect bill total

Consider a debit note as an illustration.

Company B is the provider or seller, while Company A is the buyer. A debit note will be sent if the series of circumstances outlined below take place.

From Company B, Company A purchases items valued Rs. 1000.

When Company A receives the products and the final invoice, it discovers that some of the products are damaged.

Company A informs Company B of the damaged items and its desire to return them in their current condition.

Company A issues a debit note in the amount of the initial purchase and the value of the damaged items against Company B.

After conducting its due diligence, Company B provides the necessary credit note in response to receiving the debit note.

Let's take a look at another scenario when a supplier issues a credit note to a customer.

Keeping with our businesses, the following list of circumstances leads to a supplier or seller raising a credit note against a buyer.

In order to fulfil Company A's order, Company B ships Rs. 10,000 worth of items together with the invoice.

Company B understands the invoice amount is incorrect and that the actual value is less than what was charged.

Company B issues a credit note for the difference in amount against Company A.

Let's examine the definition of a debit note from the perspective of GST

The registered person who supplied the goods or services or both shall issue to the recipient a debit note containing such particulars as may be prescribed when a tax invoice has been issued for the supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, according to section 34(3) of the Goods and Services Tax Act.

A vendor or provider may only issue a debit note under the following two circumstances:

when the taxable value on the original tax invoice is less than the actual taxable amount

when the first tax invoice indicates that less tax was levied than was really due.

Read this as well: [Income Tax Calculator](#)

A credit note is what?

A credit memo is another name for a credit note. It is a document that the seller issues to show a complete or partial refund of money. It might happen in the case of a bad or wrong supply of products, the cancellation of a transaction, or an improper invoicing. It is often

raised in response to a customer's debit note. The consumer or buyer may potentially use this document as evidence for a future order.

You may issue more than one credit note provided the total invoice amount is not exceeded.

Typical justifications for issuing credit notes include:

If you are the supplier and the customer wishes to return the items because they are of subpar quality, you may issue a credit note for changes against the invoice that has already been raised.

changes to invoices that have already been sent.

Rates of discount correction.

reversing any outstanding payments on bills.

Depending on the situation, there are two different kinds of credit notes.

Credit notes for outgoing payments are issued.

issued on incoming payments as credit notes.

Let's look at a credit note as an illustration.

The provider is Company B, while Company A is the buyer. Company B receives an order from Company A for Rs. 100000. Company A notifies Company B about the bad quality of the items found in the sample after sampling the provided goods. After confirming the faults in the sampled goods through verification, Company B provides a credit note against the original invoice for the sum that was mutually agreed upon.

If this is the case, the original invoice may be voided in exchange for the provided credit note, and a revised invoice may be raised. Company A may utilize this credit note in the future to make more purchases from Company B. There may also be agreement on a return of the sum.

Information that should appear on a debit note and credit note

When a client returns specific items to a seller, a debit note or credit note is provided. The buyer notifies the vendor that they are returning some of the items they purchased using a debit notice. The consumer is informed that the money for which the debit note was delivered is being refunded by the credit note, on the other hand.

On a credit or debit note, certain information is required to be included, including the following:

Name, location, and GSTIN of the provider

a document's serial number in alphanumeric form, specific to the fiscal year.

Issued on date.

GSTIN (if registered), recipient's name and address The name and entire delivery address may be used if the receiver is not registered.

The invoice number that is being used to issue the debit or credit note.

the amount of tax credited or debited to the receiver, the taxable value of the goods or services, and the appropriate tax rate.

a supplier's signature and a stamp or seal.

Added information

A credit or debit note may be issued at any time as long as it is done during the appropriate year.

Except in the month of September, which comes after the end of the year in which the supply was made and the month in which annual returns are filed, all debit and credit notes must be disclosed in GST reports filed the following month.

Credit notes will have a negative effect on tax collection, whereas debit notes have no effect.

According to GST legislation, a debit or credit note provided by a receiver to a supplier is not regarded as a legal instrument.

3.8 ELECTRONIC WAY BILL

The electronic document known as an "E-Way Bill" must be created whenever products worth more than Rs. 50,000 are transported from one location to another in India, with the exception of Delhi. When moving goods within Delhi, an e-way bill must be produced if the value of the products exceeds Rs. 1 lakh.

Regardless of whether the delivery of the products is intrastate or interstate, this document must be prepared online. Every state and union territory in India will accept the e-way bill that was created in any one of them.

How long is an E-Way Bill valid?

An e-way bill is valid from the applicable date for the durations shown below:

Period of Distance Validity

One day of less than 100 kilometers

For every 100 kilometers, or portion thereof, one extra day

Everyone would be covered by the aforementioned validity, with the exception of over-dimensional cargo. The validity period for over-dimensional cargo would be as follows starting on the relevant date:-

Period of Distance Validity

One day of less than 100 kilometers

For every 100 kilometers, or portion thereof, one extra day

What Relevant Date Means

The date on which the e-way bill was generated must be considered when calculating its validity. The validity period must be measured starting from the moment the e-way bill was generated, and each day must be considered as part of the validity period that ends at midnight on the day that follows the date on which the e-way bill was generated.

An illustration will assist to clarify this. For instance, Mr. A creates the e-way bill on April 2 at 2:00 PM. This electronic waybill is good till 3 April at midnight.

If there are extraordinary circumstances that prevent the items from being carried during the e-way bill's validity period, the transporter may produce another e-way bill by revising the information in Part B of Form GST EWB 01.

For a certain category of products, the Commissioner may, by notification, prolong the e-way bill's validity term.

Who will create the electronic waybill?

Under the GST Regime, the e-way bill must be produced b

Every registered individual that moves consignment goods

pertaining to a supply (such as sales); or

for causes unrelated to supply (such as sales returns or branch transfers), or

because of incoming supplies from an unlicensed individual

Every unregistered individual who moves goods.

In the event of Movement by a Registered Person, an E-Way Bill

The registered person or the recipient may electronically generate the e-way bill in Form GST EWB 01 on the common portal after providing information in Part B of Form GST EWB 01 in the event that the movement of goods is caused by the registered person as a consignor (i.e., seller) or the recipient of supply as a consignee (i.e., buyer), whether in his own conveyance or a hired one, or by railways, by air, or by vessel.

If the registered person moves the items and hands them over to the transporter for road transportation but no e-way bill has been created, it is the transporter's obligation to create the e-way bill.

The registered person must first fill out Part B of Form GST EWB 01 on gst.gov.in with information about the transporter, and the transporter must then construct the e-way bill using the data from Part A of Form GST EQB 01 that the registered person filled out.

Notes for providing information in the GST EWB 01

For taxpayers with annual turnover up to Rs. 5 Crores in the prior fiscal year and taxpayers with annual turnover greater than Rs. 5 Crores in the prior fiscal year, the HSN Code in Column A.6 must be specified at a least 2 digit level and at a minimum 4 digit level, respectively.

The Goods Receipt Number, Railway Receipt Number, Airway Bill Number, or Bill of Lading Number is indicated by the Transport Document Number.

The PIN Code for the delivery location will serve as the site of delivery.

One of the following must be the reason for travel: (1) Supply; (2) Export or Import; (3) Job Work; (4) SKD or CKD; (5) Unknown Recipient; (6) Live Sales; (7) Sales Return; or (8) Exhibitions or Fairs For personal use, or (0) for others

E-Way Bill in the event of an Unregistered Person's Sale

The e-way bill in such a circumstance should be created by the unregistered person himself or by the Transporter if the movement of goods is carried out by a person who is not registered under GST, whether in his own conveyance, in a rented conveyance, or through a transporter.

In other words, even if the person conveying the products is not registered, he would still need to create the e-way bill either directly or through the transporter.

The e-way bill must be created on gst.gov.in in Form GST EWB-01. Even if he is not registered, the unregistered can nevertheless create an e-way bill on the GST Portal.

When an Unregistered Person Sells to a Registered Person, an E-way Bill is Required

If the registered person is recognized at the time the movement of the goods begins and the goods are given by an unregistered person to the registered person, it will be assumed that the registered person is responsible for the transportation of the goods.

The registered person or the carrier must complete the e-way bill's requirements in this situation.

The Transporter's obligations

The transporter shall prepare Form GST EWB 01 on the basis of the invoice, bill of supply, or delivery challan in the event that neither the consignor (seller) nor the consignee (buyer) has generated the e-way bill and the value of the consignment exceeds Rs. 50,000.

Any transporter who moves goods during transit from one conveyance to another must update the information about the conveyance in the e-way bill on gst.gov.in before the transfer and any additional movement of the goods.

A consolidated e-way bill in Form GST EWB 02 may be generated by the transporter on the GST Website prior to the movement of goods in cases where multiple consignments are intended to be transported in a single conveyance. The transporter shall electronically indicate the serial number of each individually generated e-way bill in respect of each such consignment on the common platform.

e-Way Bill for Goods Transport by Rail, Air, or Vessel

The registered person must produce the e-way bill in cases when the items are carried by rail, air, or water (either the supplier or the recipient). The information should be provided in Part B of Form GST EWB 01, and this e-way bill must be created either before or after the start of the transportation of goods.

When transporting goods by railroad, the railroads must deliver the commodities only if the e-way bill required by these regulations is presented when the delivery is made.

e-Way Bill in the event that goods are shipped via an online retailer or courier service

The information in Part A of Form GST EWB 01 may be provided by the e-commerce operator or the courier agency if the goods to be carried are supplied through them, subject to authorization from the consignor.

Notification of E-Way Bill Generation

The GST Website should make a unique e-way bill number (EBN) available to the supplier, receiver, and transporter upon generation of the e-way bill so that they may use it to provide the information in Form GSTR 1.

Within 72 hours, the recipient must express his acceptance or rejection of the cargo covered by the e-way bill.

If the receiver does not express acceptance or rejection of the data within 72 hours of them becoming available on the GST Website, it will be assumed that he has done so.

Situations where the generation of an E-Way Bill is not necessary

In the following situations, generating an e-way bill is not required:

The items are moved from the transporter's business location to the consignee's business location within the same state over a distance of less than 10 kilometers.

From the consignor's business location to the transporter's business location inside the state, the items are carried for a distance of less than 10 km in preparation for onward transit.

The cargo is moved by a non-motorized vehicle.

The commodities are carried to an inland container depot or a container freight station for Customs clearance from the port, airport, air cargo complex, and land customs station.

Regarding some items, such as jeweler, personal things, and household items, which are listed in this list - List of Items for which e-way bills are not necessary.

Regarding the transportation of products within the zones that are specified in clause (d) of sub-rule (14) of rule 138 of the relevant state's Goods and Services Tax Rules.

It is necessary to generate an e-way bill when transporting goods over a distance of more than 10 km but less than 50 km, however it is not necessary to provide the specifics of the conveyance in the e-way bill.

Documents and equipment that the person in control of a conveyance must carry

The driver of a vehicle must have these items with them:

the bill of supply, delivery challan, or both

A replica of the electronic waybill or the electronic waybill number, either physically attached to the conveyance or mapped to a radio frequency identification device in a manner specified by the Commissioner.

In place of the tax invoice, a registered person may acquire an Invoice Reference Number from gst.gov.

in by uploading a tax invoice he has issued in Form GST INV 1 and presenting it for verification by the appropriate authority. This number is valid for 30 days starting from the date of uploading.

Document and conveyance verification

The relevant officer may be authorized by the Commissioner or an officer designated by him in this regard to intercept any conveyance in order to physically check the e-way bill or the e-way bill number.

The commissioner must install readers for Radio Frequency Identification Devices at locations where the movement of goods must be verified. The movement of cars must also be verified by readers for such devices when the e-way bill has been mapped with the device.

The appropriate official, as designated by the Commissioner or an officer given this authority by him, shall carry out the physical verification of conveyances. However, in the event that specific evidence regarding tax evasion is received, any officer may physically inspect a particular conveyance with the Commissioner's or his designated representative's permission.

Inspection and Product Verification

The competent officer must submit an online summary report of each inspection of goods in transit in Part A of Form GST EWB 03 within 24 hours after the inspection, and a final report in Part B of Form GST EWB 03 must be submitted within 3 days of the inspection.

No additional physical inspection of the conveyance shall be performed if the physical verification of commodities being transported on any conveyance has already been completed during transit at one location within the state, unless particular information pertaining to tax evasion is later made available.

Other Important Information About the E-Way Bill

It is not necessary to prepare the e-way bill if the value of the shipment is less than Rs. 50,000. In this scenario, the e-way bill might or might not be created. If they decide to produce an e-way bill, they can do so at their discretion by following the steps outlined above.

A produced e-way bill must be revoked if the products are not carried or are not transported in accordance with the details specified in the e-way bill. Within 24 hours of the creation of the e-way bill, the cancellation may be made online on the GST Website directly or through a GST Facilitation Center.

If an e-way bill has been validated while in transit, it cannot be cancelled.

Regardless of the amount of the assignment, the e-way bill must be created by either the principle or the job worker, if registered, when goods are shipped from a principal situated in one state or union territory to a job worker located in any other state or union territory.

A person who has been exempted from the requirement of obtaining GST Registration under clauses I and (ii) of Section 24 must generate an e-way bill regardless of the value of the consignment if the handicraft goods are transported from one State or Union Territory to another State or Union Territory.

3.9 BILL OF SUPPLY

A company that has registered for GST sends the customer a tax invoice. Such an invoice specifically states the GST rate applied to the sold goods and services. Certain businesses with GST registrations, however, are not permitted to add taxes to the invoices they issue. These merchants must issue a Bill of Supply. When GST is not applicable to a transaction or when GST is not to be recouped from clients, a Bill of Supply is provided.

To whom should a bill of supply be issued?

The registrants listed below should issue Bills of Supply:

Arrangement Dealer

A taxpayer who chooses the composition plan must have a revenue of less than Rs. 1.5 crores* (Rs. 75 lakhs for the north-east states and Uttarakhand). A dealer who chooses the composition system is not permitted to collect tax from their customers; instead, they must deposit tax on their receipts themselves. The composition dealer is required to pay the GST out of pocket. GST cannot be added to the invoice. As a result, a composition dealer must issue a Bill of Supply rather than a Tax Invoice. On the Bill of Supply, the composition dealer must state that the customer is a "composition taxable person not eligible to collect taxes on supplies."

*CBIC has announced a threshold limit rise to Rs. 1.5 crores. The notification is effective as of April 1, 2019.

Exporters

Also, a seller who exports is exempt from adding GST on their invoice. This is due to the zero-rated status of export supplies. So, a taxpayer exporting goods may substitute a tax invoice for a Bill of Supply. On their Bill of Supply, the dealer must state the following: "Supply Intended For Export On Payment Of IGST" "Supply Meant For Export Under Bond Or Letter Of Undertaking Without Payment Of IGST."

Exemption Goods Provider

A Bill of Supply must be issued by a registered dealer whenever exempt items or services are supplied. For instance, a registered taxpayer must submit a Bill of Supply rather than a tax invoice when supplying raw agricultural products.

A company that has registered for GST sends the customer a tax invoice. Such an invoice specifically states the GST rate applied to the sold goods and services. Some firms with GST registrations, however, are not permitted to add taxes to the invoices they send. These merchants must issue a Bill of Supply. When GST is not applicable to a transaction or when GST is not to be recouped from clients, a Bill of Supply is provided.

To whom should a bill of supply be issued?

The registrants listed below should issue Bills of Supply:

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A taxpayer who chooses the composition plan must have a revenue of less than Rs. 1.5 crores* (Rs. 75 lakhs for the north-east states and Uttarakhand). A dealer that chooses the composition system is not permitted to collect tax from their customers; instead, they must deposit tax on their receipts themselves. The composition dealer is required to pay the GST out of pocket. GST cannot be added to the invoice. As a result, a composition dealer must issue a Bill of Supply rather than a Tax Invoice. On the Bill of Supply, the composition dealer must state that the customer is a "composition taxable person not eligible to collect taxes on supplies."

*CBIC has announced a threshold limit rise to Rs. 1.5 crores. The notice is effective as of April 1, 2019.

Exporters

Additionally, a seller who exports is exempt from adding GST on their invoice. This is due to the zero-rated status of export supply. Therefore, a taxpayer exporting goods may substitute a tax invoice for a Bill of Supply.

In their Bill of Supply, the dealer must include the following: "Supply Meant For Export On Payment Of IGST" "Supply Meant For Export Under Bond Or Letter Of Undertaking Without Payment Of IGST."

Exemption Goods Provider

A Bill of Supply must be issued by a registered dealer whenever exempt items or services are supplied. For instance, a registered taxpayer must submit a Bill of Supply rather than a tax invoice when supplying raw agricultural products.

What's in the Bill of Supply

The GST law has outlined certain information that must be included in a bill of supply. What should be included in a Bill of Supply?

1. The supplier's name, address, and GSTIN

The second Bill of Supply number (it must not exceed 16 characters, be generated consecutively and each Bill of Supply will have a unique number for that financial year)

3. Issue date

4. The recipient's name, address, and GSTIN if they have registered.

5. Accounting Code for services or the HSN Code for commodities Based on revenue in the prior financial year, the minimum number of digits needed to be specified is as follows:

Turnover	No. of HSN digits
Turnover less than 1.5 crores	HSN code is not required
Turnover between 1.5 -5 crores	2-digit HSN code
Turnover above 5 crores	must use 4-digit HSN code

6. Describe the products or services

7. The item's value after any discounts or reductions have been made

8. The supplier's signature or digital signature With the help of the ClearTax GST Software, you can quickly and simply prepare and print a GST-compliant Bill of Supply.

EXAMPLE

- Name, address, and **GSTIN** of the supplier
- Bill of Supply number (it must not exceed 16 characters, be generated consecutively and each Bill of Supply will have a unique number for that financial year)
- Date of issue
- If the recipient is registered then the name, address, and GSTIN of the recipient
- **HSN Code** of goods or Accounting Code for services. The number of digits that are required to be mentioned based on turnover in the preceding financial year, is as follows:

Turnover	No. of HSN digits
Turnover less than 1.5 crores	HSN code is not required
Turnover between 1.5 -5 crores	2-digit HSN code
Turnover above 5 crores	must use 4-digit HSN code

BILL OF SUPPLY

Sri Ganesh Catering Services
 C-34 Defence Colony, Hyderabad,
 Andhra Pradesh 320876

GSTIN	3717D9A44AC81Z5	Bill Date	18/09/2017
State	37-Andhra Pradesh	Bill No.	T1024
PAN	ARGPV06ERPV	Reference No.	-

Customer Name Raghav Pvt Ltx	Billing Address Raghav Pvt Ltx Andhra Pradesh	Shipping Address Raghav Pvt Ltx Andhra Pradesh
Customer GSTIN 22AAACB12345N1Z		
Place of Supply 37-Andhra Pradesh	Due Date -	

Item	HSN / SAC	Quantity	Rate / Item (₹)	Discount (₹)	Total (₹)
1. Rice	1006	50.00 KGS	55.00	-	2,750.00
Total (₹)					2,750.00

Total Value **₹ 2,750.00**

Total amount (in words) Two Thousand Seven Hundred Fifty Rupees Only

For Sri Ganesh Catering Services

 Authorised Signatory

3.10 UNIT END QUESTIONS

A. Descriptive Questions

Short Questions:

1. What records must be maintained under GST?
2. Who is responsible for maintaining accounts under GST?
3. Which book of records may not be maintained by a registered person under GST?
4. What are the consequences of not keeping books of accounts under GST?
5. How many types of accounts are under GST?

Long Questions:

1. What documents need for GST audit?
2. How is GST recorded in accounting?
3. What is OTC in GST?
4. Can all the records be maintained in an electronic form?
5. Whether the accounts maintained by the registered taxable person needs to be audited?

B. Multiple Choice Questions

1. Input tax credit of CGST can be utilized for the following?

- (a) For the payment of penalties
- (b) For the payment of interest
- (c) For payment of IGST
- (d) For payment of SGST

2. In GST, both Central and State Governments have simultaneous power to

levy GST on:

- (a) Intra-State Supplies only

(b) Inter-State Supply only

(c) Import

(d) Both Intra-State and Inter-State Supply

3. What is the highest rate of tax prescribed by GST Council?

(a) 1%

(b) 5%

(c) 28%

(d) 40%

4. Which one of the following is not a composite supply:

(a) Supply of an air conditioner along with freight, insurance and installation

(b) Supply of UPS along with external battery

(c) Supply of architect services along with supply of material incidental to his services

(d) Supply of lodging service by a hotel including breakfast

5. Determine the time of supply of goods

(a) Date of issue of Invoice by supplier - 21st July

(b) Date of dispatch of goods by the supplier – 22nd July

(c) Date of receipt of payment in bank account – 15th June

(d) Date of record of payment in books of account – 17th June

Answers: 1-c, 2-a, 3-d, 4-b, 5-a

3.11 REFERENCES

Reference Books:

- Goel, P., & Maheshwari, S. (2021). *GST Manual with GST Law Guide & GST Practice Manual*. S. Chand.
- Kapoor, A., & Maheshwari, S. (2021). *GST Handbook*. Sultan Chand & Sons.
- Bimal Jain. (2021). *GST Ready Reckoner*. Bharat Law House.
- Singhanian, V. K., & Singhanian, A. (2021). *GST Tariff with GST Rate Reckoner*. Taxmann Publications.
- Sharma, R. (2021). *Master Guide to GST*. McGraw Hill Education.

Web Resources:

- Goods and Services Tax Council. (n.d.). <https://www.gstcouncil.gov.in>
- Central Board of Indirect Taxes and Customs (CBIC). (n.d.). <http://www.cbic.gov.in>
- Ministry of Finance, Government of India. (n.d.). <https://www.finmin.nic.in>
- Taxmann. (n.d.). <https://www.taxmann.com>
- ClearTax. (n.d.). <https://cleartax.in>

UNIT - 4 SCRUTINY OF RETURNS

STRUCTURE

- 4.0 Learning Objectives
- 4.1 Introduction
- 4.2 Anti-profiteering
- 4.3 Avoidance of dual control Penalty
- 4.4 Offences and penalties
- 4.5 Appeal and Revision of assessment
- 4.6 Demands and Recovery
- 4.7 Advance Rulings
- 4.8 Tax deduction at sources and Advance tax statements
- 4.9 Unit End Questions
- 4.10 References

4.0 LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Describe scrutiny of returns
- Understand Anti-profiteering
- State the need and importance of scrutiny of returns
- Describe dual control penalty

4.1 INTRODUCTION

Every GST-registered taxpayer must file timely GST returns. Tax authorities will scrutinize GST filings for discrepancies or inaccuracies upon submission.

This page explains the scrutiny process and taxpayer response choices.

Budget outcome 2021

GST Scrutiny Assessment

A GST officer verifies a taxpayer's GST return based on risk factors. If he finds mistakes, he'll send a scrutiny notice to the taxpayer. This evaluation does not include a personal hearing.

The taxpayer must pay any difference tax and interest before responding to the notification with reason. If the officer is satisfied with the response, the proceedings are dismissed in form ASMT-12 (an order of acceptance of reply). In certain cases, the GST officer might take additional action:

Taxpayers who don't pay or explain

The taxpayer doesn't respond or correct the error within 30 days.

The tax officer's response is unsatisfactory.

The tax officer can also:

Section 65 audit

Section 66 audit

67 survey/inspection

Demand and recovery measures

Send notification of outstanding demand/shortfall if 73/74 fraud is willful/not willful.

Exam Objectives

A scrutiny assessment verifies the validity of GST return facts such as eligible ITC vs. real claimed, tax payable vs. tax paid, claimed ineligible exemptions or ITC, etc. Tax officers use predefined risk factors to evaluate whether to issue scrutiny notices.

If these show a high danger of default or fraud, the tax officer can continue. The tax officer can also decide. Since scrutiny assessment is not a legal or judicial action, an order (except ASMT-12) cannot be passed. Read about scrutiny assessment's effects.

Forms, timelines, mode, and contents of ASMT-10 GST Scrutiny Notice

A scrutiny notification in Form ASMT-10 informs of GST return anomalies, tax, interest, and penalty, if any. Form ASMT-11 is for responses.

Tax officer can deliver notification by SMS or email.

A scrutiny notice has no time restriction. A taxpayer must reply to such a notification within 30 days of issuance or request a 15-day extension.

Contents: ASMT-10 contains:

GSTIN, name, address, tax period.

Discrepancies: Details and explanations.

The notice-issuing tax official's DIN, name, signature, and designation.

Here are the GST portal changes for a return audit:

1. Tax officer-pending

Closed

3. Taxpayer response pending

4. Tax officer's order awaiting

5. Unanswered, awaiting order

6. A drop-suit order

7. Section 73 recommendation

8. Section 74 recommendation

Section 65 audit recommended.

10. Section 66 audit recommended

11. Section 67 recommends survey/inspection

12. Tax officer-ordered

Section 61 of the Central Goods and Service Tax Act, 2017 and Rule 99 of the CGST Rules, 2017 provide provisions for reviewing GST returns. Online return scrutiny isn't possible. CBIC has published the following SOP to maintain uniformity in choosing returns for inspection.

Section 61 Returns examinatio

The proper official must check the taxpayer's return for errors and alert them.

Discrepancies will be ignored if the officer is satisfied with the taxpayer's explanation.

If the taxpayer fails to provide a proper explanation within 30 days of being informed by the proper officer or fails to take corrective measures in his return for the month in which such discrepancy is accepted, the proper officer can take appropriate action under sections 65, 66,

or 67 or calculate the tax payable along with other dues under sections 73 or 74 of the CGST Act.

Section 61 of the CGST Act, 2017 assigns the Superintendent of Central Tax as a suitable official.

Returns under Rule 99

When a return is selected for scrutiny, the proper officer reviews it based on section 61. The taxpayer must explain the differences within 30 days of receiving Form GST ASMT-10.

The taxpayer acknowledges the disparity, pays tax via GST DRC-03, and explains it via GST ASMT-11.

If satisfied, the officer will notify the taxpayer via Form GST ASMT-12.

Examining returns

DGARM picks GSTINs whose returns will be reviewed. They then connect with field formations via the DDM portal.

Checklist

month-by-month plan established by the competent official for all specified GSTINs. Revenue implications may determine priority. The officer must review three GSTINs every month.

Examining

1. The proper official checks the return for accuracy based on information in different forms and statements provided by the taxpayer and other sources such as DGARM, ADVAIT, E-way Bill portal, etc.
2. The proper officer has an indicative set of criteria (Annexure B). It's not exhaustive, though. He may evaluate additional factors
3. The appropriate officer should rely on Department information. He should have minimum contact with the taxpayer and not request documentation before issuing Form GST ASMT-10.
4. The competent authority must notify the taxpayer of all anomalies in Form GST ASMT-10. The officer quantifies tax, interest, and other payments due for inconsistencies. If the

registered taxpayer has previously paid additional tax using Form GST DRC-03, consider that when expressing differences in Form GST ASMT-10.

5. The competent authority must review all returns for each selected GSTIN and issue a Form GST ASMT-10 notification.

6. Taxpayer can acknowledge disparity and pay using Form GST DRC-03. Form GST ASMT-11 lets the taxpayer explain the disparity. If the response is satisfactory, the officer can notify the registered person on Form GST ASMT-11.

7. If the taxpayer fails to explain or pay tax within 30 days of notification, the competent authority may decide the tax and other dues under sections 73 and 74. If the officer feels an audit or inquiry is needed to assess liability, he might refer the case to the Principal Commissioner or Deputy Commissioner. They can then determine whether to involve the Audit Commissionerate or Anti Evasion Wing.

4.2 ANTI-PROFITEERING

18 June 2016: GST Council announces anti-profiteering provisions. Lessons from other nations suggest that GST adoption causes inflation and price increases. Singapore's 1994 GST implementation increased inflation. After GST, Indian officials must monitor pricing more closely.

India is introducing anti-profiteering regulations at retail to safeguard customers from price swindling. Clause 171 of the GST Act requires businesses to pass on tax rate reductions and input tax credits to consumers through price reductions.

Anti-profiteering regulations revolve around-

If products or services are taxed less,

A registered person must pass on GST input tax credit benefits by lowering prices.

Analyze

Section 171(1) requires the receiver to pass on two GST benefits:

New tax regime reduces rates

Eating out is cheaper under GST (18% vs. 20.5%). Consumers must receive this advantage.

Passing down tax cuts for tax-exempt items or immediate services is easy. Because the tax

rate decrease will be shown on bills, the receiver will profit. Eating out and using app-based taxis (both down 1%) are examples.

If the contract includes taxes, the provider must cut the price if the tax rate drops. Retailers usually sell FMCG products at MRP or set rates. Any tax cut must be passed on to the end consumer. MRP or other pricing for such supplies must be revised.

If GST increases costs, prices may rise. If output supply was zero-rated in the prior system and stays zero-rated in GST, the firm won't earn input tax credit. Prices will rise if taxes are raised, reverse-charged, etc. Earlier, LPG was tax-free. Now they're GST-exempt. Gas costs will rise.

Input tax credit advantage

Better credit chain will assist almost all sectors. Service sector, manufacturing, trading, or any industry will benefit from greater input tax credit flow, save for zero-rated output supply sectors

Anti-profiteering rules should reduce supply prices. Radio taxis couldn't reconcile input VAT on office supplies with output service tax. All ITC can be used to output tax. They pass on these benefits as discounts and incentives. Many large retailers run GST sales to pass on the savings.

Officials

(a) A Chairman (b) 4 Technical Members (State/Central Tax Commissioners). The Authority will establish how to evaluate if a vendor has passed on a rate decrease or input tax credit by cutting prices.

Authority responsibilities

1. Determine if the merchant reduced pricing due to a tax cut or input tax credit.
2. Identify the non-passing taxpayer
3. The Authority shall operate for 2 years after the Chairman's inauguration, unless the Council advises differently.

Authorizations

Price cuts

2. Return to buyer the unpassed gain plus 18% interest

3. Penalty,

4. Refunds

The Authority will issue an order within 3 months after receiving the DGS report.

Written requests for a hearing will be granted.

Interest is computed from the date of greater amount collection till its return.

If the buyer doesn't claim the refund or is unidentified, the cash must be transferred to the Fund. Interest is computed from the day the larger amount is collected until it's deposited.

Standing and Screening Committees

1. The Council will form a Standing Committee and state-level Anti-Profiteering Screening Committee.

2. State and Central Government personnel selected by Standing Committee.

Each state will form a screening committee. It has-

1 state officer appointed by the Commissioner

Chief Commissioner nominates 1 Central Government official.

Pay, benefits

1. The Central Government will designate the Authority's chairman and members based on a selection committee's recommendations (constituted by the Council)

2. The Chairman receives a set monthly remuneration of Rs. 2,25,000 and additional benefits. A retired officer's monthly remuneration as Chairman is Rs. 2,25,000 less pension.

3. The Technical Member's monthly remuneration is Rs. 2,05,400 (fixed), with group 'A' allowances. Pensions lower a retiree's pay.

4. The Chairman and technical members serve for two years from the date they take office or until they become 65. Reappointment is possible. Over 62 cannot be Chairman.

Secretariat

The Authority's Secretary is the Additional Director General of Safeguards.

Process

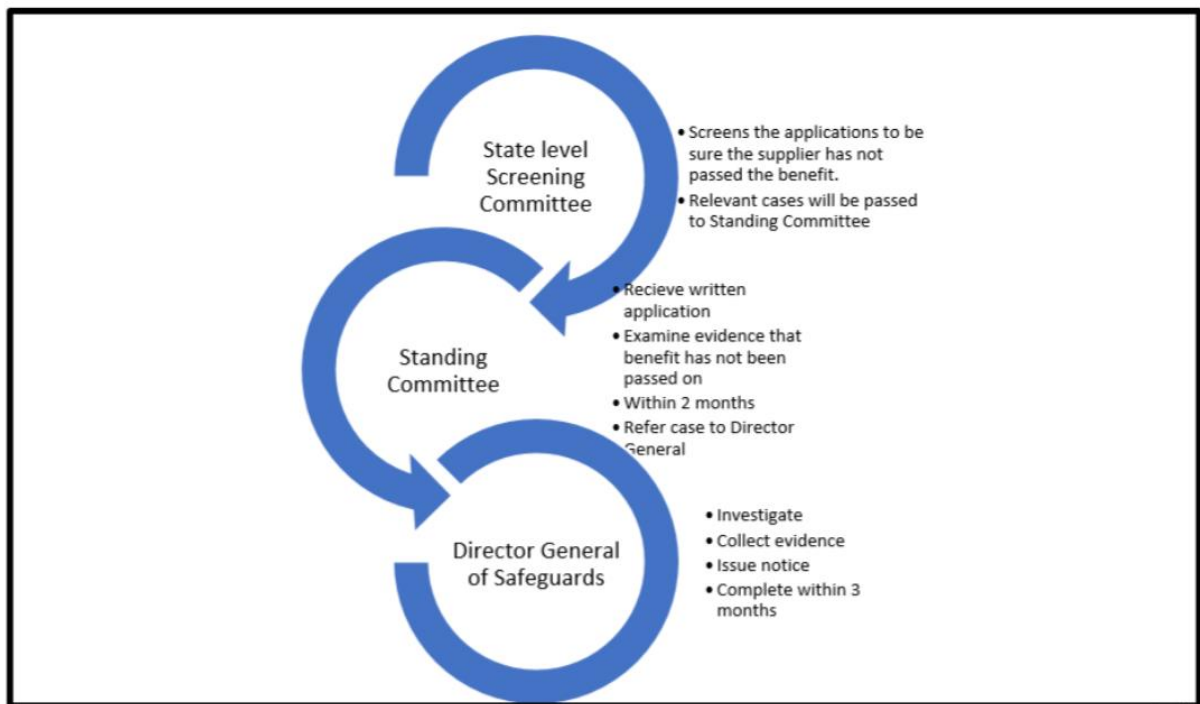


FIG- 4.1

Anti-Profiteering

Confidentiality

Confidential information will be provided. They may have to provide a non-confidential summary. If the information cannot be summarized, the party supplying it must explain why to the Director-General of Safeguards.

Collaboration with other agencies

The Director-General of Safeguards may consult other agencies or statutory bodies.

Summoning witnesses and documentation

The Director-General of Safeguards or an authorized official can call anybody to testify or provide a document. He will also have civil court powers, and every probe will be considered judicial

Opinion

The rationale for this provision is plain — wherever GST has been introduced, prices have risen for six months to two years. The government warned firms of raids.

It's easy?

To do so, the entire production chain must be mapped and evaluated, and vendors below a particular threshold may not have the necessary documents. What will the agency investigate? If the tax on basic printers has dropped, has the price also dropped?

A component's price may have risen. It will need a look at the cost of all the printer components, whether tax incidence has increased or decreased, and what component makers have done.

Malaysia introduced anti-profiteering measures before GST that followed the net profit margin technique. A typical profit margin was determined for each product on a base date, and any profit charged over this margin was considered unreasonable.

Australia used a net dollar margin rule: If GST reduced taxes and costs by \$1, prices fell by \$1. If costs rose that much, so would prices.

India lacks a defined process for analyzing GST advantages for reasonable, acceptable, and compliance passing on. The government should guarantee that honest taxpayers are not hounded by anti-profiteering efforts.

EXAMPLE

Manufacturer to Retailer			Retailer to End Consumer		
Particulars	Pre GST	Post GST	Particulars	Pre GST	Post GST
Raw Materials	10,000.00	10,000.00	Cost before taxes	12,150.00	12,000.00
Tax - Central Tax @ 12.5%	1,250.00		Tax - Central Excise @ 12.5%	1,518.75	
Tax - Value Added Tax @ 14.5%	1,631.25		Tax - Value Added Tax @ 14.5%	1,981.97	
Tax - CGST @ 9%		900.00	Tax - CGST @ 9%		1,080.00
Tax - SGST @ 9%		900.00	Tax - SGST @ 9%		1,080.00
Cost of purchases	12,881.25	11,800.00	Total cost with taxes	15,650.72	14,160.00
Value Addition	1,000.00	1,000.00	Value Addition	1,000.00	1,000.00
Tax - Service Tax @ 15%	150.00		Tax - Service Tax @ 15%	150.00	
Tax - CGST @ 18%		90.00	Tax - CGST @ 18%		90.00
Tax - SGST @ 18%		90.00	Tax - SGST @ 18%		90.00
Total Cost	14,031.25	12,980.00	Total Cost	16,800.72	15,340.00
Profit	1,000.00	1,000.00	Profit	1,000.00	1,000.00
Selling price before taxes	15,031.25	13,980.00	Selling Price before Taxes	17,800.72	16,340.00
Less : Input tax Credit			Less : Input tax credit		
Tax - Central Tax @ 12.5%	1,250.00		Tax - Central Tax @ 12.5%		
Tax - Value Added Tax @ 14.5%	1,631.25		Tax - Value Added Tax @ 14.5%	1,981.97	
Tax - CGST @ 9%		900.00	Tax - CGST @ 9%		1,080.00
Tax - SGST @ 9%		900.00	Tax - SGST @ 9%		1,080.00
Tax - CGST @ 9% - Value Addition		90.00	Tax - CGST @ 9% - Value Addition		90.00
Tax - SGST @ 9% - Value Addition		90.00	Tax - SGST @ 9% - Value Addition		90.00
Total Input Tax Credit	2,881.25	1,980.00	Total Input Tax Credit	1,981.97	2,340.00
Selling price before taxes	12,150.00	12,000.00	Selling Price	15,818.75	14,000.00
Tax - Central Tax @ 12.5%	1,518.75		Tax - Central Tax @ 12.5%		
Tax - Value Added Tax @ 14.5%	1,981.97		Tax - Value Added Tax @ 14.5%	2,293.72	
Tax - CGST @ 9%		1,080.00	Tax - CGST @ 9%		1,260.00
Tax - SGST @ 9%		1,080.00	Tax - SGST @ 9%		1,260.00
Total Sales price with taxes	15,650.72	14,160.00	Final Price paid by consumer	18,112.47	16,520.00

4.3 AVOIDANCE OF DUAL CONTROL PENALTY

Dual-control avoidance:

A taxpayer should be under Centre or State. Avoiding dual control is praiseworthy.

It's unclear how State and Centre will divide taxable citizens.

Bifurcation looks random. Creating pandemonium. Taxable people with multi-state companies may be assessed by state and central governments in several states. Different authorities will perceive the same transaction differently. Multi-state enterprises (telecom, insurance) and export-import industries should be under central government authority. State governments should oversee state-only industries and corporations. This will prevent tax officials from having contradicting viewpoints.

This will affect consultants. Some clients may be under State or Central Government authority. They must deal with two authorities or have separate partners do so.

4.4 OFFENCES AND PENALTIES

Offenses, Penalties

1. The Companies Act, 1956 provides the legal underpinning for corporate governance principles required for successful business functioning and preserving shareholder interests. Such violations are crimes with consequences. All subject entities should follow the law in their own interest. Not all firms will willingly comply with the framework. Some businesses pursue advantages at the expense of others' lawful rights, sometimes through deception or legal violations. Laws must define what is illegal and give sanctions to dissuade firms from doing so. It should also include processes for swiftly applying fines.

2. The legislation should support self-regulation. An informed and diligent set of stakeholders promotes legal compliance. The law should outline shareholder rights and remedies. The state should provide resources for speedy repair of wrongs and deterrent signals to others, showing noncompliance penalties. The State must recognize stakeholder rights when drafting the legislation and effectively execute and administer it.

3. Penalties should fit the crime. Governance violations that deprive shareholders of rights must be taken severely. The committee believes any fraud should be punished severely. Inadequate, incorrect, or fraudulent disclosures or acts that prevent shareholder democracy or a competitive corporate control market necessitate deterrent provisions. Procedure violations that don't irreparably harm shareholder interests should be punished differently

4. Criminal prosecutions are currently delayed. All failures, no matter how little, are criminal offences under current law. Delays are also caused by the Companies Act, 1956's procedural requirements. Procedure-related breaches are common. No system exists to handle such offences quickly. Complaint backlogs cause administrative burdens and economic costs. Prosecutions take longer and the deterrence effect of penalties is lessened.

Penalties reviewed

5. The Committee reviewed strengthening Company Law's punitive provisions. Existing penalties were deemed ineffective and needed to be reviewed and strengthened. During its deliberations, the Committee heard from Shri Shardul Shroff, who was commissioned by the Ministry of Company Affairs to review the Companies Act 1956's penalty structures and provide reform suggestions. The Committee also acknowledged the formation of a Committee headed by Shri O.P. Vaish to strengthen the Companies Act, 1956 prosecution procedure.

This committee hasn't reported. The committee believes the current penalty regime lacks deterrence and should be reconsidered. The appropriateness of a punishment depends on the damage a law violation causes to shareholder rights and the deterrent effect needed. The Committee thought the legislation should allow flexibility by putting all penalties under a Schedule that may be changed.

Corporations' crimes

6. In line with legal developments in the country and recent Supreme Court statements, the Committee believes the legislation should establish sanctions for corporations. These would be monetary as it's impossible to imprison a firm. These sanctions should be proportional to the company's size and the offence.

Board's responsibility

7. The Board plays a significant role in corporate governance. Board responsibility for corporate activities must be explicit and unequivocal. However, aggregate Board culpability and individual director accountability must be distinguished. Collective responsibility may be considered when an offence is so evident and essential that involvement in decision making establishes guilt. In other circumstances, individual director responsibility must be considered.

8. The Committee examined the attributability of knowledge or purpose for wrongdoing before finding Independent Directors accountable. The Committee thinks non-WT Directors should have a comparable framework.

9. Whole Time Directors must have particular access to corporate information and resources. Such directors need greater duties. They can also explain the company's behavior. When investigating/prosecuting corporate directors, only Whole Time Directors shall get statutory notifications. Non-WT Directors may be questioned about attributability or 'knowledge' tests.

10. The legislation should also discourage "shadow directors" who operate behind the scenes by adopting a framework of 'attributability' of directives to such people, if the Board is used to acting on their instructions in any or all subjects.

Insolvent Officers

11. A clear system is needed to identify defaulting police. We've recommended mandating CEOs/CFOs/Company Secretaries for some firms. Such people and other defaulting corporate officials must be liable.

Equally crucial is the responsibility of business advisors such as an accountant, auditor, lawyer, or company secretary. Such persons should be held accountable for wrongdoing if they didn't advise against illegal conduct or behavior.

12. The Committee recommends that, regarding criminal liability of officers in default, the rules provide that: (i) directors should be liable when they authorize, actively participate in, knowingly permit, or knowingly fail to take active steps to prevent (including monitoring failures where appropriate) the default; (ii) Managing Director/Whole Time Directors/CEO/CFO/Company Secretary should be accountable under the same criteria, if Board has appropriately delegated the relevant function; (iii) Any person other than a Managing Director/Whole Time Director/CEO/CFO/Company Secretary (whether or not employed by the company) who is charged with certain functions including maintenance, filing, or distribution of accounts or records should also be liable where he authorizes, actively participates in, knowingly permits, or knowingly fails to take active s. In (iii), a higher-obligation ups doesn't absolve the delegate.

Legal sanctions quickly

13. While a reassessment of the present penalty levels was needed to offer appropriate deterrence, increasing the penalties alone was not enough to assure law compliance. On

discovering an offence, legal consequences should be administered quickly. Company Law should offer an in-house system for handling technical defaults including monetary penalties. Most prosecutions filed pertained to such incidents, however delays resulted in delayed implementation of the legal consequence, diminishing its impact. Such a system might inflict punishments other than incarceration or imprisonment and fine. Appropriate Central Government personnel might perform this role.

Penalty schedules

Each section of the Act has punitive provisions. The Committee believes corporate legislation should clearly express the consequences of breaking each regulation. This may be achieved by grouping penalties in schedules that indicate, for a specific section, the general nature of the offence, the mechanism of prosecution, sentence, and daily default fine, if applicable.

Offense classification

15. Offenses may be divided into two schedules. (a) Only monetary penalties (b) Imprisonment with or without fine.

Tech defaults

Technical defaults may be resolved with a non-discretionary late charge. The term 'fine' might be replaced with 'penalty' to allow the planned in-house organization to handle offences. In accordance with the country's criminal justice system, no punishment decision may be imposed without giving the corporation a fair chance to be heard.

Documentation

17. The committee is concerned that many corporations haven't filed documentation. This would prevent the public/stakeholders from receiving crucial information. The Committee believes more efforts are needed to improve compliance. Repeat offenders and late-payers must be booked. Law should require document submission. The Registrar of Companies should have this power. Noncompliance with this directive should be pursued for prosecuting regulatory filing offences. Noncompliance with a Registrar order should result in harsher penalties for the business and its directors. This power is in addition to Civil Court enforcement actions.

18. The Committee recommends MCA, SEBI, Income-Tax, and Banking authorities coordinate efforts to ensure enterprises solely quote financial information from statutory filings.

Company transgressions

19. Convictions for criminal violations of the Companies Act by the firm, its executives, or senior personnel shall be published in the annual report. This should only apply to Companies Act convictions. Such disclosures may be required for the year they happened but not in future annual reports.

Penalizing

20. The Companies Act can set maximum and minimum penalties for an offence. The Act should additionally require the levying authority to consider firm size, kind of business, harm to public interest, nature and seriousness of default, repeat of default, etc. when determining the penalty amount.

Fraud penalties

21. The existing Companies Act addresses responsibility for fraudulent business activity under sections 542 and 406 for a running company. We believe this measure would help combat fraudulent activity by firms and their management. We advocate using these parts to disgorge gains/diverted cash by firms and their managements. We advocate increasing punishments for fraud-related offences to serve as a deterrence.

22. We advocate applying these sections to firms registered overseas but doing business in India to remove the motivation for fraudulent behavior by forming corporations abroad to escape criminal consequences.

Procedures, jurisdiction, and penalties:

Under the proposed "in-house" approach, the Registrar of Companies, a statutory entity, may issue a fine. The Act's minimum and maximum penalties amounts would limit discretionary power. Such authorities' orders must be appealable. Acts can also provide appellate authority. The government may create NCLT/NCLAT to adjudicate Company Law matters. Before the NCLT, this was under the High Courts' authority. NCLAT orders can only be appealed on legal grounds.

24. According to the Companies (Second Amendment) Act, 2002, the NCLT will examine business law issues. The Committee knows that this Forum will be led by a High Court Judge. It has civil remedies and corporate law jurisdiction. To speed up criminal sanctions, certain NCLT benches should be given criminal authority. These benches may have only

judges. The procedure might be appealed to the NCLAT (Appellate Body), which would be chaired by a former Chief Justice or Supreme Court Justice.

Penalty proceedings deadline

25. The Act should provide a limitation period for government penalty procedures, completion, appeals, and associated concerns. Since the government would have quasi-judicial powers, Central Government Officers should get judicial training to handle punishment proceedings.

Fines recovered

26. The Central Government should be entitled to collect penalty sums as land revenue arrears by attaching and selling the defaulter's moveable/immovable property or appointing a Receiver to handle the defaulter's property. The penalty-imposing authority may charge interest/additional penalties for late payment. Appellate courts might assess costs to discourage frivolous appeals.

Public-Interest Order Revision

27. Specific authority may request and study the record of any proceedings under the Act, and if any judgement issued therein is injurious to public interest, may pass such order as the circumstances may support, including an order raising or modifying punishment or directing a fresh assessment of penalty.

28. No order should be made under this paragraph beyond two years from the end of the fiscal year when the order was enacted.

Corrections

29. Appropriate legal measures should be created to allow order corrections, refunds on appeals or amendments, etc.

Synergy

Any compoundable offence under the Act may be compounded before, during, or after proceedings. The Act may set compounding fees and compounding authorities.

Prosecution

31. A person who commits an offence listed in the Second Schedule, i.e. an offence punishable by imprisonment or imprisonment plus a fine, may be prosecuted in criminal court

with the Central Government's or another authority's consent. No prosecution should be brought unless the defendant has a chance to be heard.

32. The modified Act should include a mechanism for transferring court proceedings to the proposed in-house structure for first category offences.

Companies Phoenix

33. The Committee also discussed the topic of directors/management purposely harming a firm and then continuing operations under a different name or appearance. This phenomena is called the "phoenix dilemma" in other economies. Those responsible for a failing firm continue its operations using a new company, causing this dilemma. The new firm, trading under the same or a similar name, leverages the previous company's goodwill and business potential. Meanwhile, the old company's creditors must prove their obligations against a worthless cell and the management must hide their failure. Not all genuine enterprises succeed on the first try, and honest people may fail due to tragedy or lack of experience.

In such instances, they should seek rehabilitation or voluntarily liquidate. The Committee believes this issue should be addressed through disclosures, insolvency proceedings, and director disqualifications.

Corporate transparency

In some cases, advocates of dominant interests can avoid the spirit of the law while following its language. Where fraud has been shown via inquiry, the law should open the corporate veil to provide access to promoters or shareholders to determine if fraud occurred with their knowledge or at their instance. Such entities should also face fines.

Whistleblowers' protection

35. The law should protect whistleblowers who uncover corporate wrongdoing, including fraud. Normal service terms and harassment should be protected. If such employees are implicated, their cooperation should reduce punishment.

EXAMPLE

112. FAILURE TO FURNISH RETURN OR GIVE NOTICE OF CHARGEABILITY.

- o 112. (1) Any person who makes default in furnishing a return in accordance with section 77 (1) or 77A (1) or in giving a notice in accordance with section 77 (3) shall, if he does so without reasonable excuse, be guilty of an offence and shall, on conviction, be liable to a fine of not less than two hundred ringgit and not more than two thousand ringgit or to imprisonment for a term not exceeding six months or to both.
- o (2) In any prosecution under subsection (1) the burden of proving that a return has been made or a notice given shall be upon the accused person.
- o (2A) Where a person has been convicted of an offence under subsection (1), the court may make a further order that the person shall comply with the relevant provisions of this Act under which the offence has been committed within thirty days, or such other period as the court deems fit, from the date the order is made.

4.5 APPEAL AND REVISION OF ASSESSMENT

Any legal appeal is an attempt to have a lower court's judgement overturned in a higher court. When there are any legal difficulties, appeals are made.

What are conflicts?

Any law, including tax laws, imposes duties. These requirements often fall into one of two categories: tax-related or procedure-related. The tax officer confirms that the taxpayer has complied with these requirements (through audit, anti-evasion, examining etc.).

Situations of genuine or apparent non-compliance do occur occasionally. If there is a persistent difference of opinion, a disagreement develops and must be settled. A departmental official resolves this disagreement first by a quasi-judicial process that results in the issuance of an initial order known by several titles, including assessment order, adjudication order, order-in-original, etc. The GST Act excludes the Board, the First Appellate Authority, and the Appellate Tribunal from the definition of "adjudicating entity," which is any jurisdiction with the authority to issue any order or judgement under this Act. Any judgement or order made according to the Act is thus in a sense an "adjudication." Examples include the enforcement of a fine, the cancellation of registration, the use of best judgement in evaluating a claim for a refund, and more.

Steps in the GST appeals process

Orders at the Appeal level passed by

Appeal to ——— Act Sections

First Appellate Authority First Adjudicating Authority 107

109,110 Second First Appellate Authority Appellate Tribunal

High Court of the Third Appellate Tribunal 111–116

Supreme Court, 4th High Court 117–118

Should both CGST and SGST officials be consulted in every appeal? No. According to the GST Act, both CGST and SGST/UTGST authorities have the authority to issue orders. A decision made under CGST shall be deemed to apply to SGST under the Act. However, once a CGST officer has made a decision, only CGST officials have the authority to appeal, review, revise, or correct the decision. Similar to the SGST, the proper SGST officer is the only one who may appeal, review, revise, or correct any order made by the SGST officer.

Norms for general GST appeals

All appeals must be filed using the appropriate paperwork and costs. Fee will be equal to the whole amount of tax, interest, fines, penalties, and other costs related to the contested order, as acknowledged by the appellant, plus 10% of the amount in dispute. Fees are not charged in circumstances when an officer or the Commissioner of GST appeals.

Can a legal counsel attend court?

Yes. Unless compelled to do so by the Act, any individual obliged to attend before a GST Officer, First Appellate Authority, or Appellate Tribunal may designate an authorized representative to appear on his or her behalf. A legitimate representative may be:

an associate

a normal worker

a lawyer working in any Indian court

anybody with a current certificate of practice who is a chartered accountant, cost accountant, or company secretary

a retired officer with a minimum Group-B gazetted officer rank from the Tax Department of any State Government or the Excise Department

whomever prepares tax returns

Within a year following their retirement, retired officers are not permitted to represent the concerned party.

In some circumstances, an appeal cannot be made.

The Board or the State Government may, at the Council's proposal, set monetary limits for appeals by the GST officer in order to control appeal filing and save needless legal fees. Can you challenge any choice you make? No. The following decisions made by a GST officer are not subject to appeal.

an order to switch the officer in charge of the proceedings;

an order to seize or keep records of financial transactions and other documents;

an order approving prosecution in accordance with the Act; or

a decree that permits the payment of taxes and other amounts over time

A person may appeal to the First Appellate Authority any decision or order made against him under the GST by an adjudicating authority. They can appeal the First Appellate Authority's judgement to the National Appellate Tribunal, the High Court, and eventually the Supreme Court if they are not satisfied with it.



4.6 DEMANDS AND RECOVERY

If the tax is not paid in accordance with GST legislation, a demand under GST will be made, and the recovery measures will be activated.

When may the tax authorities make a demand under the GST?

GST is owed using a self-assessment method. There won't be any issues if the assessee accurately pays the tax on self-assessment.

The GST authorities would start demand and collection measures against the assessee if there is any underpayment or improper use of an input tax credit. Demand provisions under the GST Act and the ensuing recovery measures are comparable to those under the previous Central Excise and Service Tax regulations. You may learn more about the demand and recovery clauses in the next sections of the essay.

Particulars	When there is no fraud (Section 73)	When there is a fraud (Section 74)	Comments
Show cause notice	Yes	Yes	–
Max. time limit	3 years	5 years	Time is calculated from the due date of filing the annual return for the year to which the demand relates or date of refund.
The time limit for SCN	3 months before the expiry of 3 years	6 months before the expiry of 5 years	Hence, 3 or 5 years, as the case may be, is the maximum time limit for issuing the order of GST demand payment.
Penalty	10% of tax	25% of tax	–

GST Demand in the Absence of Fraud (Section 73)

The following situations fall under this rule when for any reason other than fraud, that is, without any desire to dodge tax:

Unpaid or underpaid taxes, or

incorrectly issued a refund or

The input tax credit was improperly claimed or used.

A show-cause notice will be delivered to the taxpayer by the appropriate official (the GST authorities). They must pay the whole amount owed, plus interest and any penalties.

Time frame

The show-cause notification must be sent by the competent officer three months prior to the deadline. The order of payment may be made up to three years after the annual return filing deadline for the year to which the amount pertains.

For Additional Tax Years

The competent official may serve a statement detailing any unpaid tax, an incorrect refund, etc. for subsequent periods not covered by the notice after the aforementioned notice has been issued. Each tax period does not require its own notification to be given.

voluntary payment of taxes

Before the notice or statement is issued, a person has the option of paying tax and interest based on his calculations (or the officer's calculations) and notifying the officer in writing of the payment. In this instance, the officer will not give a notice. The officer may, however, send out a notification for the remaining sum if they discover that there was a short payment.

No Sanctions

The penalty is not imposed if the taxpayer settles all of their obligations within 30 days of receiving the notification. All legal actions including the notice shall be closed, with the exception of legal actions under Section 132, or prosecution.

Charge in Other Situations

The tax officer will take the taxpayer's argument into account before determining interest and penalties. The fine will be 10% of the tax, but only if you pay a minimum of Rs. 10,000. The tax officer will issue an order three years after the applicable annual return's filing deadline.

Paid all dues	Penalty amount
Before notice	No penalty
Within 30 days from notice	No penalty
After 30 days from notice or issue of order	A higher of 10% of the demanded tax or Rs.10,000, is the penalty

Let's use this example of a taxpayer who failed to make a tax deposit for a certain month to better understand how the penalty operates in non-fraud situations. For instance,

Action/Consequences	Period/Date
Tax period when he did not deposit the tax	Amount relates to October 2020, i.e., FY 2020-21
Due date to file annual returns for the year to which the amount relates	The last date of filing the annual return of FY 2020-21 is 31st December 2021
The maximum time limit for an order is 3 years from the due date of annual returns	3 years from the date given above falls on 31st December 2024
Issue the order within three years	The last date for issuing is 31st December 2024
Issue the show cause notice at least 3 months before the time limit	The last date of issuing the show cause notice is 30th September 2024

Example of No Fraud Scenario

Due to incorrect data input in the GSTR-1, Mr. Gnan was notified of a deficiency in tax paid via GSTR-3B for January 2021. On January 13, 2022, he was sent a notice to show cause as to why he shouldn't be required to pay tax on the difference amount. The show-cause notice is delivered within the time frame of three months prior to the end of the three-year period after the annual return filing deadline.

When there is a Fraud, GST Demand (Section 74)

The cases of tax evasion covered by this section include:

Fraud

Willful falsehood

obfuscation of facts

As a result of this

unpaid or underpaid taxes,

incorrect refunds or,

incorrectly claimed or used input tax credit

In these situations, the competent officer will provide the taxpayer a show-cause notice. The amount owed by the taxpayers, as well as any applicable interest and penalties, must be paid.

Time frame

The competent authority must issue the notification six months prior to the deadline in cases of fraud. The maximum time frame is five years after the annual return filing deadline for the year in question.

For Additional Tax Years

The appropriate official may serve a statement after the aforementioned notice has been given, detailing any unpaid tax, an incorrect refund, etc. for any periods not included in the notification. It is not necessary to publish a notification for every tax period.

voluntary payment of taxes

If the individual notifies the officer in writing and pays the tax, interest, and 5% penalty before the notice or statement is issued (using their own figures or the officer's calculations), the officer will not issue any notification.

The officer may, however, send out a notification for the remaining sum if they discover that there was a short payment. All processes (apart from those under Section 132, i.e., prosecution) pertaining to the notice will be closed if the taxpayer pays all of their debts and a 25% penalty within 30 days of the date of the notice.

Making of Order

The tax officer will take the taxpayer's argument into account before determining interest and penalties and issuing an order. Within five years of the deadline for submitting the pertinent

annual return, the order must be issued. [For incorrect refunds, the order must be submitted within five years after the incorrect refund's date.]

All legal procedures (including prosecution) relating to the notice will be concluded if the taxpayer pays all outstanding debts and a 50% penalty within 30 days of the date of the order.

Paid all dues	Penalty amount
Before notice	15% of the demanded tax is the penalty
Within 30 days from notice	25% of the demanded tax is the penalty
After 30 days from the order	50% of the demanded tax is the penalty
For other cases (Section 122)	100% of the demanded tax is the penalty

4.7 ADVANCE RULINGS

The Finance Act of 1993 established the advance rulings system. Advance decisions are covered in Chapter XIX-B of the Income-tax Act, which became effective on January 1, 1993. The plan gives an impartial adjudicating body the authority to make early judgements. As a result, a high-level organization led by a former Supreme Court judge has been established. This has the authority to make decisions that are legally binding on both the applicant and the Income-tax Department. The recommended course of action is straightforward, affordable, quick, and authoritative.

When referring to the tax repercussions of a transaction, a prospective transaction, or an assessment related to one, an advance ruling is a written judgement or authorized decision by a body having the authority to make it. Section 245N(a) of the Income-tax Act of 1961, as modified from time to time, provides a definition of it.

Candidate —

The following people may request an advance ruling in accordance with § 245N:-

not a resident

A resident-undertaking that wishes to engage in a transaction with a non-resident may request an advance ruling on any issue of law or fact pertaining to the non-tax resident's obligation arising from such transaction.

a resident who has carried out, or who intends to carry out, one or more transactions totaling Rs. 100 crore or more [see Notification No. 73, dated November 28, 2014]

a publicly disclosed corporation

Any person, whether a resident or non-resident, may request an advance ruling to determine if an arrangement they want to enter into is one that is prohibited by the General Anti Avoidance Rules and whether they will be subject to them.

a potential customer as described in section 28E(c) of the 1962 Customs Act

one who qualifies as an applicant under section 23A(c) of the Central Excise Act of 1944

a candidate, as such term is used in section 96A(b) of the Finance Act of 1994

Key characteristics:

a. refers to a transaction that the applicant has entered into or is planning to participate into:

The advance ruling must address the issues the applicant has raised in connection with such a transaction.

b. Issues for which a decision may be requested:

Despite the fact that the term "question" is used in the definition, it is obvious that the non-resident may raise more than one inquiry in a single application. Column No. 8 of the application form for requesting an early ruling makes this quite obvious (Form No. 34C)

Even if the word "question" is used without qualification, it is only appropriate to interpret it as referring to problems of law or fact about the non-income resident's tax responsibility with respect to the transaction that has been completed or that is being planned for completion.

Mixed questions of law and fact may also be included in the application since the inquiry may be on both legal and factual issues. The questions should be written so that a succinct response may be given to each one. It could be necessary to divide the difficult question into two or more simpler ones for this.

The inquiries should be based on the factual statement provided with the application. A decision won't be made about a merely theoretical query. No question that was not asked in the application may be pressed. Normally, questions cannot be changed, but in exceptional circumstances, the Authority may permit changes to one or more questions.

The query may pertain to any part of the non-obligation, resident's subject to the restrictions, including international aspects and aspects covered by double tax treaties. The questions may also involve elements of related laws that may affect tax liabilities, such as the law of

contracts, the law of trusts, and similar laws, but they must directly relate to and have a link with how the Indian Income-tax Act is interpreted.

To find out if an agreement is an improper avoidance arrangement as defined in Chapter X-A or not, Advance Rulings can be requested by anybody, whether they are a resident or a non-resident (General Anti Avoidance Rules).

b. The deadline for an advance decision:

After receiving the application, the Authority has six months to issue its advance judgement.

d. The binding effect of the advance judgement:

The parties who appeared before the authority and the transaction for which the verdict was issued are said to be the only ones who would be affected by the decision. This is so that the decision, which was made based on a specific set of facts before the Authority, cannot have broad implications.

If the disputed issue is now being considered by other authorities, various constraints have been placed on an application's admission under section 245R. It states that the Body must not approve an application if the issue presented by the non-resident applicant (or a resident applicant who had a transaction with a non-resident) is already being litigated in a court of law, an appeals tribunal, or another income-tax authority. Furthermore, the following situations warrant the authority's refusal of the application:

entails estimating a property's fair market value; or

It has to do with a transaction or matter that is ostensibly intended to avoid paying income tax.

Application for advance ruling: To request an advance ruling, submit an application to the authority using the required form and include the question you would like a judgement on. The application must be submitted in four copies using Form Nos.

An applicant who is not a resident is subject to 34C

A resident who transacts with a non-resident is subject to 34D.

A person who requests an advance judgement under section 34DA with regard to his tax liabilities resulting from one or more transactions totaling at least Rs. 100 crore that he has either completed or intends to complete

According to government notification No. 11456, dated 3/8/2000, 34E is applicable to public sector companies.

For evaluating whether a transaction is a prohibited avoidance transaction as defined in Chapter X-A, see Regulation 34EA.

EXAMPLE

Select Act(s) for which Advance Ruling Application has to be filed.

SGST CGST IGST

Acts	Fee Applicable (in ₹)	Amount available in Cash Ledger (in ₹)	Amount to be paid (in ₹)
SGST	-	3500.00	-
CGST	-	3000.00	-
IGST	5000.00	1500.00	3500.00
Total (in ₹)	5000.00	8000.00	3500.00

4.8 TAX DEDUCTION AT SOURCES AND ADVANCE TAX STATEMENTS

TDS, or tax deducted at source, is an income tax that is subtracted from payments made at the time of specific transactions, such as rent, commission, professional fees, salary, interest, etc. The person receiving the money is typically responsible for paying income tax. However, the government ensures that income tax is taken out of your paychecks in advance with the use of regulations known as Tax Deducted at Source. The net sum is given to the income recipient (after reducing TDS). The receiver will increase the gross amount to his income and subtract the TDS amount from his overall tax obligation. The sum previously withheld and paid on the recipient's behalf is accepted as payment in whole.

As an illustration, Shine Pvt Ltd pays the property owner Rs 80,000 per month in office rent. TDS must be deducted at a rate of 10%. Shine Pvt Ltd is required to deduct TDS of Rs 8000 and give the remaining Rs 72,000 to the property owner. As a result, after deducting tax at the source, the beneficiary of income in the scenario above—the owner of the property—receives

a net sum of Rs 72,000. He will add the gross sum of Rs 80,000 to his income and can apply the money previously withheld by shine Pvt ltd, which is Rs 8,000, against his total tax burden.

When and by whom should TDS be withheld?

TDS must be withheld at the time of making any payments that are specifically stated in the Income Tax Act. However, if the payer is an individual or HUF whose records are exempt from audit, no TDS must be subtracted.

However, even if an individual or HUF is not subject to a tax audit, they must deduct TDS at 5% on rent payments made by them that exceed Rs 50,000 per month. Additionally, these Persons and HUF who are subject to TDS @ 5% are exempt from applying for TAN. Your employer deducts TDS at the corresponding income tax slab rates. Banks deduct TDS at 10%. Alternatively, if they don't have your PAN information, they could take 20% off.

The income tax statute specifies the TDS rates for the majority of payments, and the payer deducts TDS based on these rates. If your total taxable income is less than the taxable limit and you provide your employer with investment evidence (to claim deductions), you are not required to pay any tax. There should be no TDS taken from your income as a result.

Similar to this, you can give the bank Forms 15G and 15H to prevent TDS from being deducted from your interest income if your total income is below the taxable limit. You can file a return and request a refund of this TDS if you were unable to provide your employer with the necessary documentation or if your employer or bank has already deducted TDS and your total income is below the taxable limit. the whole list of Specified Payments that are subject to TDS deduction, together with the applicable TDS rate.

What day is the TDS deposit due to the government?

By the seventh day of the next month, the tax deducted at source must be paid to the government.

For instance: The government must receive TDS deducted in the month of June by July 7th. The TDS deducted in March, however, may be deposited up to April 30. The TDS payment due date is 30 days after the last day of the month in which TDS is deducted for deductions made on rent and property purchases.

How is TDS deposited?

The government portal requires that tax deducted at source be submitted using Challan ITNS-281. For a step-by-step tutorial on how to deposit a TDS payment online, see this article.

How and when should TDS returns be filed?

All individuals who have deducted TDS are required to file Tax Deducted at Source returns. TDS returns must be submitted on a quarterly basis and include a variety of information, including TANs, TDS amounts, payment methods, deductee PANs, and more. Additionally, multiple forms are required for filing returns depending on why TDS is being deducted. Here are some examples of return forms: On all payments excluding salary, use Form 26Q. TDS. July 31st, Q1 Q2 - October 31 Q3 - January 31 Q4 - May 31\

Form No	Transactions reported in the return	Due date
Form 24Q	TDS on Salary	Q1 – 31st July Q2 – 31st October Q3 – 31st January Q4 – 31st May
Form 27Q	TDS on all payments made to non-residents except salaries	Q1 – 31st July Q2 – 31st October Q3 – 31st January Q4 – 31st May
Form 26QB	TDS on sale of property	30 days from the end of the month in which TDS is deducted
Form 26QC	TDS on rent	30 days from the end of the month in which TDS is deducted

A TDS certificate: what is it?

TDS certifications come in Form 16, Form 16A, Form 16B, and Form 16C. The assessee from whose income TDS was deducted when making payment must have TDS certifications from the person who is responsible for TDS deduction. For instance, when TDS is subtracted from interest on fixed deposits, banks send Form 16A to the depositor. The employer provides Form 16 to the employee.

Form	Certificate of	Frequency	Due date
Form 16	TDS on salary payment	Yearly	31st May
Form 16 A	TDS on non-salary payments	Quarterly	15 days from due date of filing return
Form 16 B	TDS on sale of property	Every transaction	15 days from due date of filing return
Form 16 C	TDS on rent	Every transaction	15 days from due date of filing return

Credits for TDS in Form 26AS

It's critical to comprehend the connection between your PAN and TDS. Both the deductor and the deductee's PAN numbers are connected to TDS deductions. You must fill out the Tax Credit Form 26AS if any of your income has had TDS deducted from it. Available to all PAN holders, this form provides a consolidated tax statement.

This form describes the TDS taken from your income by each deductor for all types of payments made to you, including wages and interest income since all TDS is related to your PAN. Since all TDS is reported here, it is important to note that all TDS is tied to your PAN. You must also directly pay income tax on this form, either as advance tax or self-assessment tax. As a result, it is crucial that you accurately provide your PAN whenever TDS may apply to your income.

Your TDS returns may be quickly filed using the Clear Tax programmed, known as ClearTDS. It is an online TDS programme that doesn't need to be downloaded, installed on a desktop, or updated. It enables you to quickly and accurately produce regular e-TDS statements online with only a few mouse clicks. For simple import, it is also compatible with TDS returns from prior fiscal years. Additionally, you may use ClearTDS to create your TDS certificates.

SMS notifications for more transparency

The amount of tax deducted at source (TDS) against the taxpayer's PAN (Permanent Account Number) is included in SMS that the income tax department has been sending to taxpayers from VK-ITDEFL. Every quarter, the TDS credited in relation to your income from salary, interest, etc. will be communicated to you through SMS alert. Your Form 26AS for the relevant financial year would show the TDS amount accrued.

The Finance Ministry launched this programme to improve openness and decrease instances of TDS mismatches when submitting income taxes. The information supplied in the SMS and the information on the pay slips may be compared to ensure there are no discrepancies. A typical cause of improper income tax return filing might be a TDS discrepancy.

Tax burden when TDS has already been subtracted from income

TDS is taken out of your wage according to the income tax bracket that applies to you. The TDS rates for various forms of income are set and range from 10% to 20%. Tax rates are not determined by your whole income. As a result, in some circumstances, you would pay a TDS on your receipts. You would have to independently determine your annual income by adding up all sources of revenue.

The entire amount of taxable income would be used to determine your real tax obligation. You can subtract the TDS deducted from the taxes calculated to account for it. To determine the remaining amount to be paid to the income tax department, subtract the tax deducted at

source from your actual tax liability. You could also get a refund. In either situation, you must submit an income tax return, pay any taxes owed, or request a refund.

EXAMPLE

TDS Rates for FY 2016-17 (AY 2017-18) w.e.f. 01-06-2016			
Section	For Payment of	On Payments Exceeding	Individual / HUF
			TDS Rate (%)
192	Salary Income	Income Tax Slab	Slab rates (If no PAN, TDS @ 30%)
192 A	EPF - Premature withdrawal	Rs 50,000	If no Pan, TDS @ 20%
193	Interest on Securites	Rs. 10,000	10%
193	Interest on Debentures	Rs 5,000	10%
194	Dividend (Dividend other than listed companies)	NA	10%
194 A	Interest other than on securities by banks / post office	Rs. 10,000	10%
194 A	Interest other than on securities by others	Rs. 5,000	10%
194 B	Winnings from Lotteries / Puzzle / Game	Rs. 10,000	30%
194 BB	Winnings from Horse Race	Rs. 10,000	30%
194 D	Payment of Insurance Commission	Rs. 15,000	5%
194DA	Payment in respect of Life Insurance Policy	Rs 1,00,000	1%
194 EE	Payment of NSS Deposits	Rs 2,500	10%
194 G	Commission on Sale of Lottery tickets	Rs 15,000	5%
194 H	Commission or Brokerage	Rs 15,000	5%
194 I	Rent of Land, Building or Furniture	Rs. 1,80,000	10%
	Rent of Plant & Machinery	Rs. 1,80,000	2%
194 IA	Transfer of Immovable Property , other than Agricultural land	Rs. 50 lakh	1%
194 L B	Interest from Infrastructure Bond	NA	5%

4.9 UNIT END QUESTIONS

A. Descriptive Questions

Short Questions:

1. How returns are selected for scrutiny?
2. How old ITR can be scrutinized?
3. What happens in ITR scrutiny?
4. What does scrutiny of returns mean?
5. What is the time limit for scrutiny assessment?

Long Questions:

1. What is scrutiny assessment?
2. How do you avoid income tax scrutiny?
3. What is complete scrutiny?
4. How do you respond to a scrutiny notice?
5. How do you avoid income tax scrutiny?

B. Multiple Choice Questions

1. Analytical procedures are least likely to be use in the audit of
 - a) cash balance
 - b) investments
 - c) bills receivables
 - d) debtors
2. While verifying intangible assets, an auditor would have recomputed amortization charges and determine whether amortization period is reasonable. The auditor tries to establish _____ by doing it
 - a) valuation
 - b) existence
 - c) disclosure
 - d) possession
3. Which of the following would prevent double payment of the same voucher?
 - a) A person signing the cheques should cancel the supporting documents
 - b) Cheques should be signed by at best two persons
 - c) the data of payment of vouchers of similar nature should be the same or close to each other
 - d) All of these

4. Which of the following documents is not relevant for vouching cash sale
- a) daily cash sales summary
 - b) salesmen's summary
 - c) monthly statements sent to customers
 - d) bank statement
5. For vouching of which item, the auditor is most likely to examine cost records
- a) commission earned
 - b) bad debts recorded
 - c) credit sales
 - d) sale of scrap

Answers: 1-a, 2-a, 3-a, 4-c, 5-d

4.10 REFERENCES

Reference Books:

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Web Resources:

- Goods and Services Tax Council. (n.d.). <https://www.gstcouncil.gov.in>
- Central Board of Indirect Taxes and Customs (CBIC). (n.d.). <http://www.cbic.gov.in>
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UNIT - 5 ASSESSMENT AND FILING OF TAX RETURNS

STRUCTURE

- 5.0 Learning Objectives
- 5.1 Introduction
- 5.2 Self-Assessment
- 5.3 Provisional Assessment
- 5.4 Summary Assessment Summary And Scrutiny
- 5.5 Taxability Of E-Commerce
- 5.6 E-Way Bills
- 5.7 Zero-Rated Supply
- 5.8 Procedure For Filing Of Tax Returns Of GST
- 5.9 Matching Tax Credits And Due Dates
- 5.10 Payment Of Tax
- 5.11 Interest And Levy Of Late Fees.
- 5.12 E-Filing Returns
- 5.13 Unit End Questions
- 5.14 References

5.0 LEARNING OBJECTIVES

After studying this unit, you will be able to:

- To specialize knowledge in the field of Taxation System.
- to provide opportunity to learn Indian Taxation System and enhance their skills in the field of Taxation.
- for career in various vocations.
- Equipping the student's for Self-Employment and application-oriented jobs in Government, PSU's, Private Organizations

5.1 INTRODUCTION

Every assessee who generates income during a Financial Year (FY) beyond the basic exemption level is required to provide a statement detailing their earnings, deductions, and other pertinent data. The term for this is the Income Tax Return (ITR). The Income Tax Department will handle your income tax returns after you, the taxpayer, file them. There are times when an assessee's return is chosen for an assessment based on criteria established by the Central Board of Direct Taxes (CBDT).

Self-Evaluation

The amount of income tax due is decided by the assessee. Different forms for submitting an income tax return are available from the tax department. The assessee combines all of his sources of income and subtracts any losses, deductions, or exemptions he may have been eligible for during the year. The assessee's total income is then calculated. To calculate the tax due on such income, the assessee subtracts the TDS and advance tax from the total. Self-assessment tax, if it is still owed by him, must be paid before he submits his income tax return. Self-assessment is the name of this procedure.

Summary Evaluation

It is a sort of evaluation that is conducted automatically. In this kind of assessment, the data that the assessee provided in his income tax return is compared to the data that the income tax department has access to. The department checks the return's accuracy and reasonableness along the procedure. The return is completed online, and automated corrections are made for arithmetical mistakes, false claims, and disallowances.

For instance, the department's records reveal that the taxpayer's TDS credit is more than what is available against his PAN. A change in this area may result in a rise in the taxpayer's tax obligation. If the assessee must pay tax after the aforementioned modifications, he would get an intimation under Section 143. (1). The assessee is required to react to this notification appropriately.

Here is a more in-depth article about Section 143. (1).

Regular Evaluation

The Assessing Officer or Income Tax Authority, not below the level of an Income Tax Officer, is authorized by the Income Tax Department to carry out this assessment. The goal is

to confirm that the assessee hasn't inflated any loss or cost, underestimated any tax, or understated his income. The CBDT has established criteria that determine which taxpayer cases are chosen for a scrutiny examination

a. The Department will notify an assessee well in advance if they will be the subject of a scrutiny assessment. However, such a warning cannot be sent after six months have passed since the fiscal year for which the return was submitted.

b. To verify the income claimed in his tax return, the assessee will be required to present his books of accounts and other supporting documentation. The assessing officer issues an order either validating the submitted return of income or adding to it after reviewing all the information available. As a result, an income tax demand is raised, and the assessee must answer appropriately.

Best Assessment of Judgment

The following situations call for this assessment:

a. If the assessee ignores a departmental notification directing him to provide certain information or books of accounts

a. If the person disregards a Special Audit request made by the Income Tax authorities

c. The assessee fails to submit the return by the due date or an additional deadline that the CBDT has permitted.

d. The Assessee violates the conditions outlined in the Notice of Summary Assessment.

After giving the assessee a chance to present his case, the assessing officer makes a decision based on all the pertinent information and evidence at his disposal. The term "best judgement assessment" refers to this.

Income Evasion Analysis

The assessing officer has the right to assess or review the assessee's income if he has good cause to suspect that any taxable income has eluded assessment. A notification to reopen an assessment must be sent 4 years after the conclusion of the pertinent assessment Year.

Below are a few situations where reappraisal is prompted.

a. Although the assessee has not yet submitted his return, he has taxable income.

b. The assessee overstated his income or claimed excessive allowances or deductions after submitting the income tax return.

b. Where necessary, the assessee failed to provide reports on overseas transactions. For some taxpayers, assessment may end quickly, while for others it may be quite taxing. A Chartered Accountant is advised to assist you with your case if you are uncomfortable speaking with income tax officials.

5.2 SELF-ASSESSMENT

Self-Assessment tax refers to a taxpayer's tax liability after taking into account advance tax and tax withheld at source. By submitting Challan 280 during the assessment year prior to the filing of income tax returns, self-assessment tax is paid. A taxpayer can make the payment online thanks to the self-assessment tax e-payment option. The taxpayer must have a net-banking feature on his bank account in order to make the payment online. The taxpayer also needs a TAN number and a valid PAN card number. In this post, we examine the process for online self-assessment tax payment.

After taking into account the TDS and advance tax credits that are available to the taxpayer, the amount of self-assessment tax that is due is determined. Examining Form 26AS will allow you to verify these credits. Every financial year, the Income Tax Department maintains Form 26AS (Tax Credit Statement) in its records.

In this document, the details of the tax credit that is available to an assessee are preserved in accordance with the TDS and advance tax credit that is available to the taxpayer. The tax credit available against the taxpayer's PAN is shown on Form 26AS.

Calculating Your Own Assessment

taxable income overall

Interest in accordance with Sections 234A, 234B, and 234C (In case of a delayed filing of returns or remittance of advance tax)

Relief under Section 90/90A/91 (Limited)

MAT Credit (Less) under Section 115JAA

Reduced TDS/TCS

Advance Tax (Less)

Total amount of self-assessment tax due is equal to $A+B+C-D-E-F$.

Self-Assessment Tax Online Payment

Step 1: Visit the URL Step 2: Display the Tax Applicable Screen Step 3: Display the Confirmation Screen Step 4: Select the Payment Mode

Step 5: Confirming the Payment

Step: 6 - Payment Confirmation

Step 7 - Payment Confirmation

Step 8 - Confirmation of Payment

Self-Assessment Tax: What Is It?

Every person who receives a salary must pay income tax to the Indian government. Having said that, there could be problems if the taxes aren't fully paid. The act of submitting taxes itself is the center of the self-assessment tax. If payment of this tax is required, it must be made in order for the e-filing to be effective. After all, tax payers are responsible for collecting taxes in a variety of ways, including Advance Tax, TDS, and Self-Assessment. Any remaining tax that must be paid by an assessee on his assessed income after TDS and advance tax have been deducted before submitting an income tax return is known as self-assessment tax. Until the taxes have been paid, the IT return cannot be filed to the IT Department. A final sum needs to be computed at the end of the year if any taxes are outstanding before filing the ITR.

The Self-Assessment Tax, or SAT, is this. Simply described, self-assessment tax is the remaining tax that an assessee must pay before filing an income tax return on the income that has been assessed, just after taking TDS and advance tax into account.

Why Is Self-Assessment Tax Required to Be Paid?

A tax that a person pays in proportion to their income from other sources is known as self-assessment tax. TDS might not have been deducted or might have been done at a reduced rate if the taxpayer loses any revenue while completing the final payment. The tax is always paid for the end of a certain year, even if there is no specific date for payment. Avoiding interest on the tax amount by paying it as soon as you can. This tax must be paid in the same assessment year as the income tax returns since it must be done prior to filing. Although there

is no set deadline for paying this tax, you can do so by submitting a tax challan ITNS 280 at the bank or online.

5.3 PROVISIONAL ASSESSMENT

Only after evaluation will a supplier learn the full extent of his tax obligation, which must be paid continuously and on a regular basis. Self-assessment, reassessment, provisional, summary, and best judgement assessments are all types of assessments that determine a taxpayer's tax burden. The valuation and the applicable tax rate are often the main factors of the tax burden. There may be instances where these factors are not immediately apparent and may depend on the conclusion of a lengthy and deliberate procedure. As a result, much like under the previous laws, the GST legislation also allows for provisional assessment where it may not always be practicable at that moment to conduct an assessment and identify the exact duty liability.

The amount of tax due by the supplier is determined provisionally by the Asst. Commissioner/Dy. Commissioner of Central Tax and is subject to final decision. The supplier can only pay tax on a provisional basis in the case of a provisional assessment after executing a bond with security that obligates them to pay the difference between the amount of tax that may ultimately be assessed and the amount of tax that was provisionally assessed. Any money paid based on the provisional assessment that has already been finalized must be deducted from the amount that has been ultimately found to be owed. If there is a shortfall in payment, interest must be added, and if there is an overpayment, interest will be added to the refund.

Procedure

If a supplier is unable to estimate the value of goods, services, or both, or to figure out the rate of tax that applies, he may submit a written request to the Assistant Commissioner/Dynamic Commissioner of Central Tax with justifications for provisional tax payment. The supplier who requests payment of tax on a proviso basis must submit an application electronically in FORM GST ASMT-01 on the common site, together with the supporting documentation, either directly or through a Facilitation Center informed by the Commissioner.

The application submitted in FORM GST ASMT-01 will be examined by the Assistant Commissioner/Dynamic Commissioner of Central Tax. If the Assistant Commissioner or Deputy Commissioner of Central Tax needs further information or documentation to decide the matter, a notification in Form GST ASMT-02 will be sent to the supplier asking for the submission of such material.

The supplier must respond to the notification using Form GST ASMT-03, and if he so chooses, he may also personally appear before the Assistant Commissioner/Dynamic Commissioner of Central Tax to argue his position. The Asst. Commissioner/Dy. Commissioner of Central Tax will then issue an order in FORM GST ASMT-04, permitting the payment of tax on a provisional basis, during a period of time not later than ninety days from the date of receipt of the request. The order will specify the amount for which the bond is to be executed along with the security to be provided, as well as the value, rate, or both on which the assessment is to be allowed on a provisional basis (this amount shall include the amount of integrated tax, central tax, State tax, or Union territory tax and cess payable in respect of the transaction). The security cannot be greater than 25% of the bond's coverage amount.

The supplier must sign the FORM GST ASMT-05 bond and provide a bank guarantee as security for the sum specified in FORM GST ASMT-04.

An undertaking made to the appropriate official pursuant to the State Goods and Services Tax Act or the Integrated Goods and Services Tax Act shall be assumed to have been made pursuant to the Central Goods and Services Tax Act.

The provisional assessment procedure is finished after the bond is executed, at which point the supplier can provide the products, services, or both, and charge tax at the rate or on the value that was specified in the order in FORM GST ASMT-04.

completion of the preliminary evaluation

Upon the issue of FORM GST ASMT-04, the provisional assessment will be concluded within a time frame of no more than six months. The Assistant/Deputy Commissioner of Central Tax shall issue a notice in Form GST ASMT-06 requesting the information and records necessary for the completion of the assessment and shall issue a final assessment order in Form GST ASMT-07 stating the amount payable by the registered person or the amount refundable, if any, The deadline for finalizing a provisional assessment may be extended by the Joint Commissioner or Additional Commissioner for an additional period of

no more than six months and by the Commissioner for an additional period of no more than four years upon the presentation of sufficient cause and for reasons that will be documented in writing.

Interest obligation

If any tax amount becomes due after the provisional assessment has been completed, interest at the specified rate will also be due from the first day after the tax payment due date until the date of actual payment, regardless of whether the amount is paid before or after the order for final assessment is issued.

If any tax amount turns out to be refundable after the provisional assessment has been completed, interest will be due to the supplier at the agreed-upon rate (subject to the amount being eligible for a refund and there being no evidence of unjust enrichment).

Security Release Following Finalization

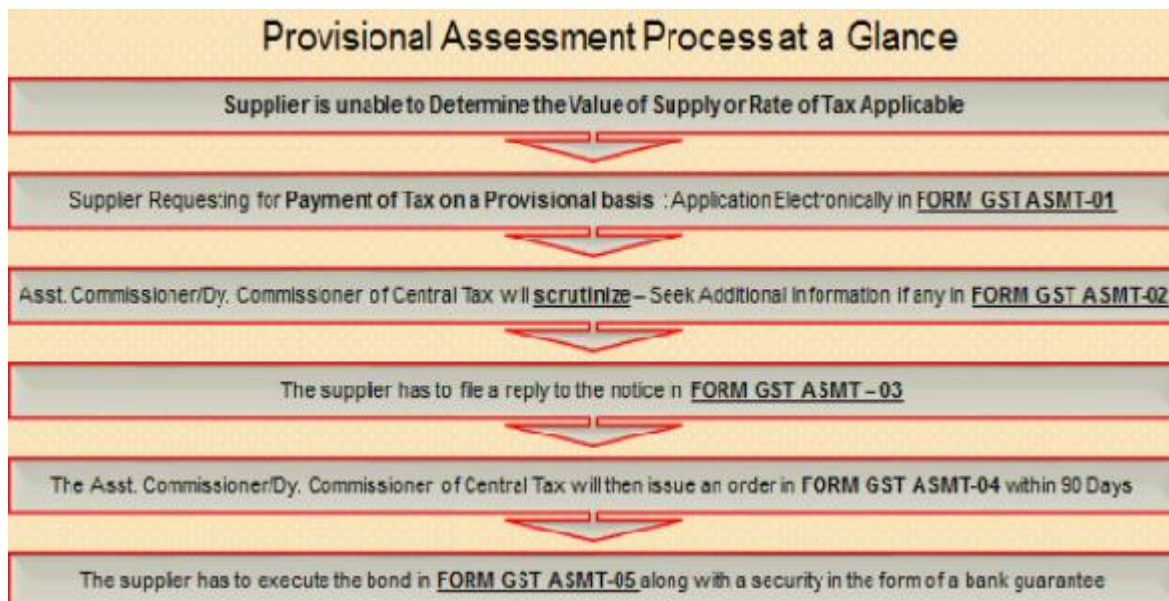
The supplier must submit an application in FORM GST ASMT-08 for the release of the provided security as soon as the order in FORM GST ASMT-07 is issued. After receiving this application, the Assistant Commissioner/Deputy Commissioner of Central Tax would issue an order in Form GST ASMT-09 within seven working days, releasing the security upon payment of the amount due, if any, as stated in Form GST ASMT-07.

Conclusion

If it is not possible to ascertain the proper tax due at the moment of delivery, a way for doing so is provided by provisional assessment. Provisional tax payments are only accepted in exchange for bonds and other forms of security. Unless an extension is granted, the preliminary evaluation must be completed within six months. The tax due after finalization may differ from the provisionally paid tax by more or less.

If the tax liability increases, the difference must be paid together with interest, and if the liability decreases, the amount will be reimbursed along with interest.

EXAMPLE CHART



5.4 SUMMARY ASSESSMENT SUMMARY AND SCRUTINY

Summary and Critical Evaluation

Section 143 assessment (1)

Without contacting the assessee, this is a preliminary evaluation known as a summary assessment (i.e., taxpayer).

Areas covered by the section 143 assessment (1)

Assessment under section 143(1) resembles a preliminary review of an income tax return. No thorough examination of the income tax return is done at this time. The following adjustments (if any) are made at this point to determine the overall revenue or loss, namely:-

the return's I arithmetic mistake; or

(ii) an inaccurate claim (*), if the wrong claim can be seen from any of the return's details.

For the aforementioned reason, a claim based on an entry in the return is considered "an inaccurate assertion obvious from any information in the return"

I of an item in such return that is inconsistent with another entry of the same or another item;

(ii) for which the information must have been provided in accordance with the Act to justify such entry but has not been; or

(iii) a deduction that exceeds a legislative limit, which may have been stated as a dollar amount, percentage, ratio, or fraction; [As changed by the Finance Act, 2015]

Assessment process described in Section 143 (1)

The tax and interest, if any, shall be estimated on the basis of the adjusted income following the correction of any mathematical mistake or inaccurate claim (if any), as mentioned above.

The taxpayer must be informed of any amount owing or refund that is owed to him.

The amount determined to be payable by the taxpayer or the amount of a refund owed to the taxpayer must be specified in an intimation that is produced or created and delivered to the taxpayer

If the loss that the taxpayer reported in his income tax return is changed but no additional tax, interest, or refund is owed to him, he must also get notice.

If there is no amount due from the assessee, no refund is due, or no adjustment is made to the returned income, the acknowledgment of the return of income shall be taken to constitute the intimation.

When a notice has been sent to the assessee under section 143(2), i.e., a notice for scrutiny assessment has been issued to the taxpayer, processing a return under section 143(1) is not required.

Time-limit

Within a year after the end of the financial year in which the return of income is lodged, an assessment under section 143(1) may be made.

Section 143 assessment (3)

The term "scrutiny assessment" refers to this thorough evaluation. A thorough examination of the income return will be done at this point. At this point, a review is conducted to ensure the accuracy and validity of the taxpayer's claims, deductions, and other items included in the income tax return.

Areas covered by the section 143 assessment (3)

The goal of the scrutiny assessment is to ensure that the taxpayer did not understate their income, compute an excessive loss, or in any other way underpay their taxes.

The Assessing Officer carefully examines the return of income to verify the aforementioned and will determine if the taxpayer's claims, deductions, etc., are justified.

Assessment process described in Section 143 (3)

The Assessing Officer will serve the taxpayer with a notice requiring him to appear in his office or to produce or cause to be produced any evidence on which the taxpayer may rely in support of the return if he determines that it is necessary or expedient to make sure that the taxpayer has not understated the income, has not computed an excessive loss, or has not underpaid the tax in any way.

The Assessing Officer must deliver the notice in line with section 143's rules in order to carry out the assessment required by section 143(3). (2). [As modified by the 2015 Finance Act]

Within six months after the end of the financial year in which the return is submitted, notice under section 143(2) must be given.

The taxpayer or his representative (as the case may be) must appear before the Assessing Officer and provide the Assessing Officer with all the arguments, proof, etc., that are necessary to support his position on the various matters/issues.

The Assessing Officer shall, by an order in writing, make an assessment of the total income or loss of the taxpayer and determine the sum payable by him or refund of any amount due to him on the basis of such after hearing/verifying such evidence, taking into account such particulars as the taxpayer may produce and such other evidence as the Assessing Officer may require on specified points, and after taking into account all relevant materials which he has gathered.

Time-limit

According to section 153, assessments under section 143(3) must be completed within two years after the conclusion of the applicable assessment year.

5.5 TAXABILITY OF E-COMMERCE

E-commerce transactions are impacted by several tax laws, including those relating to income tax and GST. To avoid taxing transactions and to gain tax benefits, the government is adopting several sections in both the direct and indirect taxes regimes.

Small sellers who sold their goods or rendered services through E-Commerce Operators were formerly exempt from taxation and were able to avoid paying taxes on those transactions since there were no regulations governing them. Additionally, non-resident online merchants gained money in India without paying taxes on it. As a result, the Government added the following provisions to the GST and Income Tax.

As per the Income Tax Act

The Finance Act of 2020 inserted Section 194-O. When crediting the amount of the sale of products, services, or both to an e-commerce participant's account or paying an e-commerce participant by any other method, whichever comes first, e-commerce operators must deduct TDS @1% on the gross amount of such sales or services or both. But in this instance, "gross quantity of sales" has not been specified. Let's use an example to better comprehend it. In the event when sales total Rs. 30 lacs and returns total Rs. 5 lacs, TDS should be deducted at 1% on Rs. 30 lacs rather than Rs. 5 lacs. Meaning of Specific Terms in Advertisements I. A person who owns, controls, or runs a digital or electronic facility or platform for electronic commerce is referred to as an "e-commerce operator." An E-Commerce Operator in India may or may not be a resident.

ii. An "e-commerce participant" is a resident of India who uses a digital or electronic facility or platform for electronic commerce to sell goods, render services, or both, including digital commodities. Therefore, no TDS rules would be applicable if the E-Commerce participant is a non-resident. In accordance with the Explanation to Section 194O, any payment made directly to an e-commerce participant by a buyer of goods or a recipient of services for the sale of goods or the provision of services, or both, that was made possible by an e-commerce operator shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of TDS. If the amount paid/credited to the E-Commerce Participant is an individual or HUF and the gross amount of such sales or services does not exceed Rs 5 lacs, no TDS deduction is necessary. When the services are in relation to hosting adverts, the Rs 5 lacs cap will not be applicable.

These rules still apply even if the person receiving the products or services is a non-resident, however they do not apply if the E-commerce participant operates its own website. II. Equalization Levy, Section 165 (introduced by Finance Act,2016) It is activated when a non-resident who does not have a permanent establishment in India receives money for online or

digital advertising from either a resident person conducting business or practicing a profession in India or a non-resident who has a permanent establishment in India. Limit: Annual consideration should be greater than Rs 1 lac. Person paying for online/digital advertising is responsible for withholding/paying the equalization levy at a rate of 6% of the payment for online advertising. Advertising for personal gain is prohibited. III. Equalization Levy, Section 165A (Amended by Finance Act of 2020) - It is activated when the E-Commerce Operator receives consideration for goods or services it provides to either a person who resides in India or a non-resident under the required conditions.

iii. A customer who uses an IP address in India to purchase products, services, or both. Meaning of the following circumstances: I. Sale of an advertisement that targets a customer who resides in India or a customer who accesses the advertisement using an Indian IP Address; and ii. Sale of data that was gathered from a customer who resides in India or from a customer who uses an Indian IP Address. Limit: An E-Commerce Operator's annual sales or turnover from the sale of products or services must exceed Rs 2 crores. Equalization levy obligations: E-Commerce Operator Rate, 2% of consideration Either the e-commerce operator has a permanent establishment in India, or the transaction falls under the purview of Section 165, are exclusions.

Section 52 of the CGST Act, 2017's GST Act, states that every electronic commerce operator must take a cut of the net value of taxable supplies made through it by other suppliers when the operator is to be paid for those supplies. The cut must not exceed one percent, as may be announced by the government based on the Council's recommendations. According to the Explanation, "net value of taxable supplies" denotes the gross value of taxable supplies less the value of any taxable supplies that were returned to the providers. No such restriction has been set. E-Commerce Operator Rate: 0.5% of the Net Value of Taxable Supplies as CGST and SGST, respectively (Intra-State Sale) As IGST, 1% of the Net Value of Taxable Supplies (Inter-State Sale) Within ten days after the end of the month in which TCS was collected, payment of TCS must be made to the department. Ten days following the end of the month in which TCS was collected, the monthly statement must be filed. Annual Statement Submission: The Supplier must submit his Electronic Cash Ledger with a credit claim for TCS by the 31st day of December after the conclusion of the applicable FY. Matching of Outward Supplies:

The Suppliers' returns' outward supplies will be compared to the E-Commerce Operators' outward supplies.

II. Passenger Transport Service by Cab or Motorcycle - 100% tax due by ECO, regardless of whether cab operator is registered or not

ii. Accommodation for lodging or residential purposes in hotels, inns, etc. - I. Hotels, etc. are required to register - ECO is not required to pay tax

iii. Hotels, etc. are not registered, and ECO is required to pay tax. I. Plumbers, etc. are required to register; ECO is not required to pay tax. II. Plumbers, etc. are not registered; ECO is required to pay tax.

Income Tax and GST Contradiction Since TDS under Section 194O of the Income Tax Act and Section 52 of the CGST Act impose obligations on electronic commerce operators to deduct TDS under the Income Tax Act and collect tax under the GST Act, respectively, on the same transaction, it can be shown that these obligations exist.

Integrated Example 1: Through the E-Commerce Operator Alpha Ltd, Supplier Mr. Rajesh (Resident) sells the following interstate goods to its clients:

Information	Amount (Rs)
Amount (Rs) Assessable Value (Gross Sales)	25,00,000
Include: GST @12%	5,00,000
Add: GST @12%	3,00,000
28,00,000 Sales Return	60,000
5,60,000	22,40,000
in net sales	

Therefore, in the situation mentioned above, gross sales are 25 lakh, but net sales, after deducting sales returns and GST, are 20 lac. Therefore, Alpha Ltd. would deduct TDS under the Income Tax Act at 1% on Rs. 25,000 worth of 25 lacs and collect TCS under the CGST Act at 1% on Rs. 20,000 worth of 20 lacs. If Alpha Ltd charges 5% commission, which is Rs. 1,000,000 (5% of Rs. 20 lacs), and 18% GST on top of that, the total commission is Rs. Since Section 194O supersedes the entirety of the TDS chapter, Mr. Rajesh is not obligated to withhold TDS under Section 194H from the commission it pays to Alpha Ltd. The total sum that Alpha Ltd must pay Mr. Rajesh is displayed below:

Particulars	(Rs)
Net Sales	22,40,000
– Commission	1,18,000
– TDS under IT Act	25,000
– TCS under CGST Act	20,000
Net sum due to Rajesh is	\$20.77,000

Mr. Rajesh will be able to use or request a refund of the TCS of Rs. 20,000 from the Electronic Cash Ledger. The Income Tax Return allows for the claim of TDS of Rs 25,000.

Integrated Example 2- Mr. Rahul, a resident, sells his goods in India through Beta Inc., an online retailer that is not a resident. 10 crores of rupees in sales are made overall. E-commerce operators comprise both residents and non-residents in accordance with Section 194O. As a result, Beta Inc. must deduct TDS At 1% on Rs 10 crores, or Rs 10 lacs. In addition, Beta Inc. will be subject to the 2% Equalization Levy on Rs. 10 crores under the new Section 165A of the Finance Act of 2020.

Integrated Example 3: Sections 194O and 165 would both be triggered in example 2 if the sale of products had been replaced by the provision of advertising services or digital marketing. Beta Inc. will deduct TDS under Section 194O at 1% of Rs. 10 Crores, or Rs. 10 Lacs. According to Finance Act of 2016

Section 165, Mr. Rahul would have to deduct or pay an equalization charge of 6% on any amount over Rs. 10 crore.

EXAMPL

Snapdeal India Pvt. Ltd.		Building No. – 451,	Okhla Area, New Delhi - 110002
WS Retailer		Date – 27/01/2015	
Billing Address:		Invoice No. – 101	
Door No. 32		STC No. – ABDCE1234GST001	
Hastal Marg,		PAN No. ABDCE1234G	
New Delhi – 110047			
S.No	Description	Amount (In Rs.)	
1.	Shipping Charges	0	
2.	Commission (20000 x 10%)	2000/-	
3.	Cancellation Fee	0	
4.	Booking Fee	0	
5.	Removal Fee	0	
6.	Advertisement Fee (20000x1%)	200	
	Sub Total	2200/-	
	Add. Service Tax @12.36%	271.92/-	
	Total	2471.92/-	

5.6 E-WAY BILLS

EWay Bill is an electronic waybill that will be created on the eWay Bill portal for the movement of goods. Without an e-way bill created on ewaybillgst.gov.in, a GST registered person is not permitted to move goods in a vehicle with a value greater than Rs. 50,000 (Single Invoice/bill/Delivery Challan).

Eway bills may also be created or cancelled by SMS, Android apps, and site-to-site integration using APIs when the necessary GSTINs of the parties are entered. Use the GST search tool to validate the GSTIN before using it.

A distinct Eway Bill Number (EBN) is assigned when an e-way bill is created and is made available to the supplier, receiver, and carrier.

2. When ought to an eWay Bill be sent out?

When there is a movement of goods in a vehicle or conveyance with a value greater than Rs. 50,000 (either per invoice or as a sum of all invoices in a vehicle or conveyance), an electronic way bill will be created.

pertaining to a "supply

other than to provide a "supply" (say a return)

a result of an unregistered person's internal "supply"

A supply may be one of the following for this purpose:

a service rendered in the course of business in exchange for money

a service rendered in exchange for money that might not be paid for in the course of business

a gift given without thought (without payment)

Simply put, the word "supply" often refers to a:

Sale: The exchange of things for money.

Transfer, such as branch transfers.

In bartering or exchanging, items are used as payment rather than cash.

Therefore, for all of these different sorts of movements, eWay Bills must be created on the common platform. Even if the value of the consignment of the specified goods is less than Rs. 50,000, the eWay bill must be created in all cases:

Inter-State Goods Movement by the Principal to the Registered Job-Worker by the Principal Dealers who transport handicrafts across states are free from GST registration.

3. Who is authorized to create an eWay bill?

When there is a transfer of items worth more than Rs 50,000 to or from a registered individual, an EWay bill has to be created. Even if the value of the items is less than Rs 50,000, either the transporter or a registered individual may elect to create and carry an e-way bill.

Unregistered Persons: Unregistered individuals must additionally produce an e-Way Bill. The receiver, however, is responsible for making sure all compliances are followed when a supply is made by an unregistered person to a registered person, just as if they were the supplier.

Transporter - If the provider has not created an e-Way Bill, transporters who transport products by land, air, train, etc. must as well.

Cases in which an eWay bill is not necessary

It is not essential to produce e-Way Bill in the following circumstances:

the non-motorized form of transportation

goods moved to an inland container depot (ICD) or container freight station (CFS) for customs clearance from a customs port, airport, air cargo complex, or land customs station.

Merchandise carried under customs control or with a customs seal

goods moved from one custom station to another or from ICD to a customs port under a customs bond

Transport of transit goods to or from Bhutan or Nepal

movement of commodities as a consignor or consignee resulting from defense organization under the Ministry of Defense

Containers for empty cargo are being moved.

Transporting products with a Delivery challan from or to a business location that is 20 kilometers away from a weighbridge for weighment

products that are being delivered by rail and whose consignor is the federal, state, or municipal government.

Products that are specifically listed as exempt from the state's or union territory's E-Way bill requirements.

Transport of a few certain commodities: This includes the list of exempt supplies of goods, the Annexure to Rule 138(14), the goods that Schedule III treats as not being supplied, and a few schedules to Central Tax Rate notifications. (Goods List in PDF format).

If the transportation is occurring inside the same state and the distance between the consignor or consignee and the transporter is less than 50 kilometers, Part B of the e-Way Bill does not need to be completed.

5. State-specific e-Way Bill Limitations

Since its implementation started on 1 April 2018, there has been an increase in the production of e-way invoices for interstate transit of commodities. With all States and Union Territories joining the league in the creation of e-way bills for movement of products inside the State/UT, the state-by-state deployment of the e-way bill system has had a favorable response.

However, several States have given their citizens respite by exempting them from the creation of e-way bills in the event that their financial constraints fall below a threshold amount or in the purchase of specific designated things. For instance, Tamil Nadu has exempted its residents from the creation of e-way bills if the item's price is less than Rs. 1

lakh. Visit our page on state-specific e-way bill laws and threshold restrictions or, alternatively, check the relevant commercial tax websites for each of these States/UTs to learn more about these reliefs for additional States/UTs.

6. Portal eWay Bill generation instructions

On the e-Way Bill Portal, an e-Way Bill can be created together with its associated number. You only require a Portal login. Check read our article, "Guide to produce e-Way Bill online," for a thorough, step-by-step explanation of e-Way bill generation.

7. Mobile SMS e-way bill production

By utilizing a registered mobile phone, you may produce e-way bills by SMS. Enabling the SMS e-way bill generator is the first step in the process. Register the mobile phone that will be used to generate e-way bills through SMS. After then, you may create, manage, and cancel e-way bills by sending short SMS codes to a specific cellphone number that is under the control of the e-way bill portal/GSTN. Read our post on the SMS method of creating e-way bills for additional information.

8. eWay Bill Validity

Based on the distance the items have travelled, an e-way charge is valid for the durations specified below. The e-way bill's generating date and time are used to determine its validity.

Type of Transportation Distance

Existence of EWB

In contrast to over-dimensional freight

One Day of Less Than 200 Km

For each additional 200 kilometers, whole or in part

a further day

When transporting oversize cargo

20 or Less Km in a Day

For each additional 20 kilometers, whole or in part

a further day

The validity of an Eway bill may also be extended. The creator of such an Eway law must prolong its validity either eight hours before its expiration or eight hours after it has passed.

9. Information or documents needed to create an eWay Bill

Bill of Supply, Invoice, or Challan pertaining to the shipment of commodities

Transporter ID or vehicle number for shipments made by road

Transporter ID, Transport document number, and document date when being transported by train, air, or ship

EXAMPLE

Print e-Way Bill / Slip

e-Way Bill



e-Way Bill No: 5652 XXXX 6583
e-Way Bill Date: 07/09/2021 06:47 PM
Generated By: 18AAB CU960 SR1ZA, Ram Enterprises
Valid From: 07/09/2021 06:47 PM (3000kms)
Valid Until: 10/09/2021

Part - A

GSTIN of Supplier: 19DEFCZ1234G1Z7
Place of Dispatch: Tamil Nadu
GSTIN of Recipient: 19HJJCJ5678K1Z9
Place of Delivery: West Bengal
Document No: 83472
Document Date: 08/09/2021
Value of Goods: ₹5,85,546
Reason for Transportation: Outward Supplier
Transporter: Vaahan Logistics

Part - B

Mode	Vehicle No	From	Entered Date	Entered By
Road	TN 01 EK 1234	Tamil Nadu	08/09/2021	18AAB CU960 SR1ZA, Ram Enterprises

5.7 ZERO-RATED SUPPLY

Zero rating refers to the absence of taxes across the whole supply chain. This indicates that, in the event of a zero rating, not only is the output exempt from paying taxes, but there is also no restriction on obtaining or claiming credit for taxes paid on the input side when producing or supplying the output supply. A strategy like this would effectively make the products or services zero rated.

Not all materials must be zero-rated. The zero rating concept is implemented in full for exports and supply to SEZ since, according to the GST Law, exports are supposed to be zero rated. Section 16(1) of the IGST Act, 2017, which stipulates that "zero rated supply" refers to

any of the following supplies of goods or services or both, is where the pertinent provisions may be found.

exports of products, services, or both are acceptable.

b) the provision of products, services, or both to a unit or developer of a special economic zone.

As was already said, the idea of zero rating of supplies mandates that both the inputs or input services utilized to furnish the supplies, as well as the goods themselves, be free of GST.

These methods are used to do this:

a) The taxes paid on the zero-rated supplies are reimbursed;

b) It is acceptable to credit inputs or input services;

c) Anywhere the materials are exempt, or the materials

Zero Rating of Supplies under GST 202 are made without paying tax, and the unutilized input tax credit, or taxes paid on the inputs or input services, is repaid.

5.8 PROCEDURE FOR FILING OF TAX RETURNS OF GST

Through the GST site run by the Government of India, firms registered under the GST are required to submit returns on a monthly, quarterly, and yearly basis depending on the type of company. Along with the tax that was collected and paid, they must provide the specifics of the sales and purchases of products and services.

The introduction of a comprehensive income tax system like the GST in India will guarantee the openness and simplicity of taxpayer services including registration, returns, and compliance. The four forms—return for supplies, return for purchases, monthly returns, and yearly return—will be used by individual taxpayers to file their GST returns. Small taxpayers that chose a composition plan must provide quarterly reports. Every return will be filed online.

Describe GST Return.

A GST return is an official record that includes information about all purchases, sales, taxes paid on purchases, and taxes received on sales. Following the submission of the GST returns, the person must settle their tax debt.

Who needs to submit GST Returns?

All business entities that are registered under the GST system are required to file GST returns. Based on the type of business, the filing procedure must be determined.

A GST return must be filed by any registered dealer who participates in any of the following activities

Sale

Purchase

Goods and services tax output (on Sales)

Credit for Input Tax with Purchase GST

How to Online File GST Returns?

All taxpayers, including manufacturers, suppliers, dealers, and customers, are required to file their tax returns with the GST department each year. The process of filing tax returns has been streamlined under the new GST system. By using the software or applications made available by the Goods and Service Tax Network (GSTN), GST returns may be submitted online with the information on each GSTR form automatically filled in. The processes for submitting a GST return online are as follows:

Step:1 Go to the GST website (www.gst.gov.in).

Step:2 Your state code and PAN number will be used to generate a 15-digit GST identification number.

Step:3 Upload invoices using the programme or the GST site. For each invoice, a reference number will be provided.

Step:4 Outgoing returns, incoming returns, and cumulative monthly returns must all be filed online after invoices have been uploaded. You have the option of fixing any problems and resubmitting the returns.

Step:5 On or before the 10th of the next month, submit the GSTR-1 outbound supply reports using the information part of the GST Common Portal (GSTN).

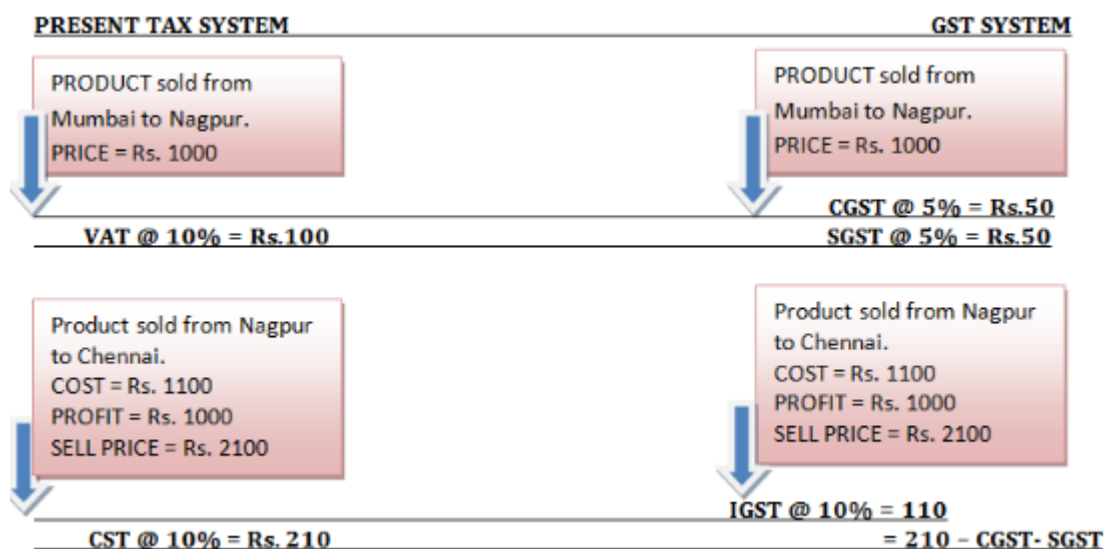
Step:6 The recipient will get information on the outgoing supplies provided by the provider in GSTR-2A.

Step:7 The recipient is required to check, confirm, and change the information on outgoing supplies. They must also file any credit or debit note information.

Step:8 In the GSTR-2 form, the recipient must include information about inbound supply of taxable goods and services.

Step:9 The recipient's adjustment of the inbound supply information provided in GSTR-1A is open for the supplier to accept or reject.

EXAMPLE



5.9 MATCHING TAX CREDITS AND DUE DATES

India imposes an indirect tax known as GST on the consumption of goods and services. An input tax credit method is utilized to trigger the cascading effect of tax and guarantee that tax is passed on to the final consumer since GST is charged at every level of value addition. In this post, we take a detailed look at the comprehensive structure that the GST has in place for matching input tax credits.

Credit for matching input taxes

Every taxable person under GST is obliged to submit monthly GST returns containing information on all outgoing supplies, incoming supplies, and tax owed. As a result, all GST-registered individuals must provide information in GSTR-1 on the outbound supplies they made in the preceding month. Each month, the taxpayer must submit Form GSTR-1 by the 10th.

Every month on the 15th, all registered firms are required to file GSTR-2, which contains information on all inward supply. The site offers the automatically filled-in information for incoming supply from GSTR-1 in GSTR-2. The information from GSTR-1 filings can thus be accepted, rejected, or modified by the taxpayer. As a result, the matching of input tax credit occurs in the GSTR-2 filing based on the following information:

of the provider, GSTIN;

the recipient's GSTIN;

number on an invoice or debit note;

Date of the invoice or debit note; and

tax burden

Since the GST system links all forms together to match different data points, extending the deadline for reporting GSTR-1 also extends the deadline for other forms that are connected, as specified in the GST rules.

Incorrect Input Tax Credit

If there is a discrepancy in the input tax credit, the receiver will be informed in Form GST MIS-1 and Form GST MIS-2 to the supplier on the GST common site on or before the final day of the month in which the matching has been completed.

Suppliers can make the necessary corrections in the statement of outward supplies for the month in which the difference was made available based on the specifics of the mismatch published on the GST Common Portal.

Additionally, beneficiaries who have an error in their input tax credit can correct it in the statement of inbound supplies for the month in which the error was made accessible.

If the mismatch in the input tax credit remains uncorrected, the amount of the disparity must be included with the recipient's output tax liability when submitting the return in the form GSTR-3

Taking the Input Tax Credit

The registered person is electronically given the final approval of the claimed input tax credit for any tax period in FORM GST MIS-1 via the GST Common Portal.

EXAMPLE

Sr. No.	Description	Value	Input Tax Credit (ITC)				
			Integrated tax	Central tax	State/ UT tax	Cess	
1	2	3	4	5	6	7	
3.	Sub-total (B) [sum of 1 & 2]	<Auto>					
C. Net ITC available (A-B)		<Auto>					
Input tax credit on capital goods (out of C)		<User input>					
Input tax credit on services (out of C)		<User input>					
5. Interest and late fee details							
Sr. No.	Description	Amount of interest				Amount of late fee	
		Integrated tax	Central tax	State/ UT tax	Cess	Central tax	State/ UT tax
1	2	3	4	5	6	7	8
1.	Fee for making amendment above the limit prescribed in rules (to be computed by the system)						
2.	Interest on account of upward revision of tax liability, if any (to be computed by the system)						
3.	Interest on account of reversal of input tax credit (to be calculated by the taxpayer)						
4.	Other interest liability (to be specified) (to be calculated by the taxpayer)						
5.	Total						

5.10 PAYMENT OF TAX

An individual must pay advance tax if they get money from sources other their salary. This is true for things like rent, share capital gains, fixed deposits, lottery prizes, etc. You may pay for it online or using selected banks.

Advance tax is sometimes referred to as the "Pay as you earn" programme. If your tax burden exceeds Rs. 10,000 in a fiscal year, the tax is due. In the same year that the income was received, the tax is due.

Proposal for Easier Payment of Advance Tax on Dividend Income in the Union Budget for 2021

Making the computation and payment of advance tax on dividend income simpler for taxpayers is one of the proposals in the Union Budget 2021, which was unveiled by finance minister Nirmala Sitharaman on February 1st, 2021. This will assist them in avoiding interest payments on advance taxes on dividend income, which they previously had to make due to difficulties determining the accurate dividend income. The plan aims to put capital gain tax compliance and dividend tax compliance on par. Only once the taxpayer realizes the gains in their possession must they pay capital gains tax. Interest is charged for advance tax payments

that are made late, although this can be avoided as the calculations get simpler. This change will take effect on April 1, 2021, and it will include the evaluation years 2021 to 2022 as well as the ones after that.

What is a tax payment in advance?

Advance tax can be paid at bank branches that have been approved by the Income Tax Department using tax payment challans. It may be deposited with recognized financial institutions, including ICICI Bank, the Reserve Bank of India, HDFC Bank, Syndicate Bank, Allahabad Bank, State Bank of India, and others.

Another option for paying taxes in advance is through the National Securities Depository's or the Income Tax department's online tax payment portal.

EXAMPLE

CITY OF FALMOUTH TAX PAYMENT RECEIPT	
User: KLH	06/18/2003
Transaction No.: 000073	
Paid By.....: MURPHY, CHRISTIAN E.	
Check Number(s): 001234	
Acct # M4751R / TRN# 0019	
0103 02 Tx	629.95
0203 02 Tx	629.95
0103 05 In	29.53

Total:	1289.43
Amount Tendered.....:	1289.43
Change.....:	.00
Previous Balance.....:	1259.90
New Balance.....:	.00

5.11 INTEREST AND LEVY OF LATE FEES

Introduction to GST Late Fees

According to the GST statutes, a late fee is a sum assessed for late submission of GST returns. When a GST-registered firm fails to file GST returns by the stipulated due dates*, a prescribed late fee will be assessed for each day of delay.

The taxpayer cannot utilize the Input Tax Credit (ITC) offered in the computerized credit ledger to pay the late charge; it must be paid in cash.

The late fee is also charged when filing zero returns late. For instance, even when there are no sales or transactions and no GST responsibility to disclose in the GSTR-3B, one must still pay a late charge.

The amount of the late charge will vary based on how many days have passed since the due date. The GSTR-3B GST return is submitted on January 23, 2021, which is three days after the deadline. The three-day late costs will be computed, and they must be paid in cash.

The GST site is now set up to only apply a late fee on returns GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-8, GSTR-7, and GSTR-9

Amount of the applicable late fees

Please take note that starting with the month of June 2021 and the quarter ending June 2021, the maximum late costs have been rationalized.

As a result of the 43rd GST Council meeting, the maximum late charge for GSTR-3B and GSTR-1 is decreased to the following amounts based on the type of return and turnover slab, which were announced via CGST notifications 19/2021 and 20/2021 dated 1st June 2021.

The maximum late fee levied in the event that GSTR-1 and GSTR-3B are not filed will not exceed Rs. 500 per return (i.e. Rs. 250 each for CGST & SGST).

The maximum late charge for GSTR-1 and GSTR-3B other than zero filing is set depending on the yearly turnover slab as follows:

If the preceding financial year's annual turnover was up to Rs. 1.5 crore, then a maximum late fee of Rs. 2,000 per return can only be assessed (i.e. Rs.1000 each for CGST and SGST).

The maximum late fee of Rs. 5,000 per return can only be levied if the turnover is between Rs. 1.5 crore and Rs. 5 crore (i.e. Rs. 2500 each for CGST and SGST).

If the turnover exceeds Rs. 5 crore, a maximum late fee of Rs. 10,000 (i.e., Rs. 5000 for each of the CGST and SGST) may be assessed.

Additionally, the late charge has been justified for GSTR-4 filing delays beginning in FY 2021–22 under CGST notice 21/2021, which was published on June 1st, 2021. The maximum late charge per return shall be limited to Rs. 500 for nil filing and Rs. 2000 for filing other than nil.

The maximum late cost for GSTR-7, or TDS filing under GST, is Rs. 2,000, and the daily late fee has been decreased from Rs. 200 to Rs. 50 per day of delay, per act, per return, under CGST announcement 22/2021, dated 1st June 2021.

GST Interest and Calculation

After subtracting input tax credit claims, interest is charged on GST liabilities that are paid late. The interest is due from each taxpayer who:

Pays CGST, SGST, or IGST after the due date, i.e., makes a delayed GST payment.

argues for an extra input tax credit.

lowers the surplus production tax obligation

If GST is not paid by the required dates for submitting a return, interest is charged at the following rates:

Particulars Interest

18% annually for taxes paid after the deadline

excess ITC claims or surplus output tax reductions of 24% annually

* The COVID-19 pandemic has occasionally caused interest to decline for a variety of lengths of time. For further details, see "GST calendar" in our article library.

The interest must be computed starting on the day after the due date for the tax.

As an illustration, suppose a taxpayer misses the deadline to pay Rs. 10,000 in taxes for the month of December 2020. If he pays on February 20th, 2021, the interest for the 31-day delay period (from January 21 to February 20) will be determined as follows:

$$\text{Rs. } 10,000 * 31/365 * 18\% = \text{Rs. } 153$$

Therefore, it's crucial to pay taxes on time and submit GST reports by the deadline. You may file GST Returns quickly and conveniently with the Clear Tax GST Software, which is a one-stop solution. Never miss a deadline again by using Clear Tax GST Software.

5.12 E-FILING RETURNS

Electronic Filing of Tax Returns

A person must file an ITR or income tax return if their total income for the preceding year exceeded the maximum amount that is exempt from taxation, as stated in Section 139(1) of the Income Tax Act, 1961 of India. E-filing is the term used to describe the act of such people filing their income tax forms electronically. As a taxpayer, you may register on the website of the income tax department or other relevant websites and either hire a professional to submit your forms for you or do it yourself. The government may grant a grace period of 15 to 30 days to file tax returns in person or online even though the deadline for filing tax returns is always July 31st.

E-filing formats

Here are the several methods for electronically filing your income tax returns:

To electronically file your tax returns, you can utilize a Digital Signature Certificate, or DSC. A chartered accountant has mandated the use of Digital Signature Certificates (DSC) while submitting IT paperwork.

You must print, sign, and send an ITR V form to CPC, Bangalore if you want to electronically file your tax returns without using DSC. Within 120 days after the date of the e-filing, this document must be sent through regular mail or overnight delivery.

You can e-file IT returns as a taxpayer with or without a DSC by using an E-return Intermediary (ERI).

Those that submit income tax returns

Most assesses can complete the straightforward procedure of filing their tax returns online.

Assesses who have earned at least Rs. 5 lakhs in total.

Person/HUF resident having assets outside of India.

An assessee must submit returns in accordance with section 139 (4B) (ITR 7).

The assessee is required to give the assessing officer a notification pursuant to Section 11(2)(a).

The Act's sections 10(23C)(IV), 10(23C)(v), 10(23C)(VI), 10(23C)(via), 10A, 12A (1)(b), 44AB, 80IA, 80IB, 80IC, 80ID, 80JAA, 80LA, 92E, or 115JB specify who must provide a report of audit.

a business that is exempt from section 44AB's requirements, as well as any AOPs, BOIs, local authorities covered by ITR 5 or cooperative societies.

a person who requests exemptions or deductions under Sections 90 or 90A.

a resident who has the power to sign checks on any account that is opened outside of India.

all businesses.

e-filing checklist for tax returns

You could become perplexed while selecting which form to submit when submitting income tax returns online. The numerous types of Income Tax Return forms and their applicability to parties have thus been listed below.

ITR 1 (Sahaj) Individuals with income from salary and interest

ITR 2 Individuals with Hindu Undivided Families not having income from business or profession

ITR 3 Individuals/HUFs being partners in firms and not carrying out business or profession under any proprietorship

ITR 4 Individuals and HUFs having income from a proprietary business or profession

ITR 4S (Sugam) Individuals/HUF having income from presumptive business

Verify your tax credit by comparing Form 26AS to Form 16: You must verify Form 26AS before submitting your returns. This form gives you information on the amount of tax withheld from your paycheck and paid to the IT department by your company. It is usually a good idea to double-check that the amount of tax deducted from your income according to Form 16 and Form 26AS corresponds. If you submit your returns without correcting your mistakes, the IT department may send you a notification.

Claim your deductions under section 80G for gifts given to relief funds and charity organizations, as well as for savings certificates and other items. It is essential to remember that only gifts to funds that have been specified become eligible. Another thing to keep in mind is that cash contributions up to Rs. 10,000 can be deducted. Demand draughts or checks must be used if one wants to make a larger gift.

Interest statement for savings and fixed-term investments: An amount up to Rs. 10,000 can be deducted from interest on savings accounts. However, interest from bank deposits is taxed at the appropriate slab rates and is included in your taxable income.

You must possess the following paperwork in addition to the declaration described above:

tax returns from the prior year

TDS certificates (Tax Deducted at Source)

Banking records

Balance sheet, profit and loss (P&L) account statement, and, if required, audit reports

the paperwork needed to file income taxes

It is always a good idea to be ready when completing your income taxes, whether you do so personally or online. You can use the information listed below as a checklist to get started with tax return e-filing.

general information that would be necessary

Account information

Number PAN

Required salary disclosure

Rent receipts for HRA claims

Form 16

a pay stub

Income from Residential Property Must Be Reported

Address of the residential building

Information on the co-owners, including their ownership stake in the aforementioned property and PAN data

Certificate for Interest on Home Loan

If you bought a property that was still under construction, the date the construction was finished.

If the property is rented, the tenant's name and monthly rent received

Capital gains must be reported

If there are capital gains from selling the shares, a stock trading statement with purchase details is required.

You must get the selling price, purchase price, registration information, and capital gain information if a house or other property is sold.

Statement information for mutual funds, including purchases and sales of equity and debt funds, SIPs, and ELSS

Other income must be disclosed

Interest revenue is shown. Bank account statements are necessary in cases when interest on savings accounts has accumulated.

It is necessary to record interest income from corporate bonds and tax-saving bonds.

Reporting of post office deposit income information is required.

e-Return filing procedures

The process of filing tax returns has never been simpler. If you just follow the instructions listed below, you may complete the procedure without any problems.

The official website is IncomeTaxIndiaeFiling.gov.in. Fill out your income tax returns there after submitting them electronically using XML

Prepare as needed, then submit ITR 1 online.

EXAMPLE

The screenshot shows the e-File portal for Form 1041-AS. The top navigation bar includes links for Downloads, Feedback, Accessibility, Contact Us, and Help. The main content area is titled 'Form 1041-AS - Assessment Form - 2018-19'. Below the title are buttons for 'Preview & Submit', 'Save Draft', and 'Quit'. The form is divided into sections, with 'Part A: General Information' being the active section. This section contains various input fields for personal and contact information, including PAN, Name, Address, and dates. There are also dropdown menus for 'Residence Country' and 'Whether original or revised return?'. The form is designed for online filing of assessment returns.

5.13 UNIT END QUESTIONS

A. Descriptive Questions

Short Questions:

1. Which ITR Form to Fill?
2. Where to Invest in Order to Save Tax?
3. How to E-Verify Income Tax Return?
4. Who is Required to Fill Schedule FA (Foreign Assets)?
5. How to Upload Defective Return u/s 139(9)?

Long Questions:

1. How To Claim Relief u/s 89(1)?
2. How can One Revise Income Tax Return?
3. What Should One Report in Schedule ICDS?

4. What is the reason for filing Income Tax Return?
5. What are the 3 mode of filing tax return?

B. Multiple Choice Questions

1. Income Tax is imposed by .

- (a) State Government
- (b) Central Government
- (c) Both (a) and (b)
- (d) Constitution of India

2. Parliament has the power to levy tax on incomes other than .

- (a) Exempt Incomes
- (b) Income of poor people
- (c) Agricultural Income
- (d) All incomes are taxable

3. Which Entry of Union List gives the power to Parliament to levy tax on incomes?

- (a) Entry 81 of List I to Seventh schedule
- (b) Entry 81 of List II to Seventh schedule
- (c) Entry 82 of List I to Seventh schedule
- (d) Entry 82 of List II to Seventh schedule

4. Highest Administrative Authority for Income Tax in India is .

- (a) Finance Minister
- (b) CBDT

- (c) President of India
- (d) Director of Income Tax

5. Income-tax Act, 1961 applies to .

- (a) Whole of India
- (b) Whole of India excluding J&K
- (c) Maharashtra
- (d) All of these

Answers: 1-d, 2-c, 3-c, 4-b, 5-a

5.14 REFERENCES

Reference Books:

- Kapoor, A., & Maheshwari, S. (2019). *GST Handbook*. Sultan Chand & Sons.
- Sharma, R. (2018). *Master Guide to GST*. McGraw Hill Education.
- Singhania, V. K., & Singhania, A. (2019). *GST Tariff with GST Rate Reckoner*. Taxmann Publications.
- Bimal Jain. (2020). *GST Ready Reckoner*. Bharat Law House.
- Goel, P., & Maheshwari, S. (2020). *GST Manual with GST Law Guide & GST Practice Manual*. S. Chand.

Web Resources:

- Goods and Services Tax Council. (n.d.). <https://www.gstcouncil.gov.in>
- Central Board of Indirect Taxes and Customs (CBIC). (n.d.). <http://www.cbic.gov.in>
- Ministry of Finance, Government of India. (n.d.). <https://www.finmin.nic.in>
- Taxmann. (n.d.). <https://www.taxmann.com>
- ClearTax. (n.d.). <https://cleartax.in>