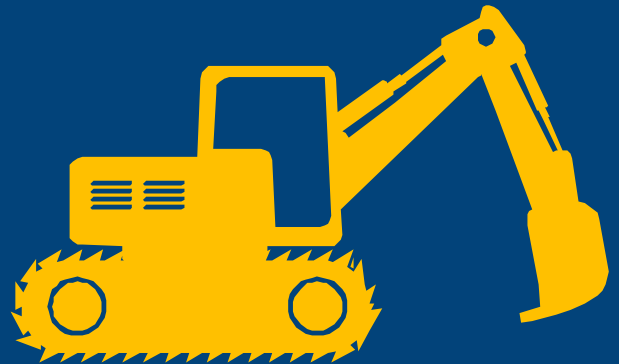




Information Booklet on Goods And Services Tax (GST)

December 2017



Foreword

5th December 2017

It gives me great pleasure to present this GST Information booklet which has been specifically designed for customers of construction equipment industry.

Introduction of GST is an unparallel watershed initiative in the Indian economic scenario which has touched every entrepreneur and altering the way India has been conducting business till now.

Objective of this booklet is to provide the basic framework of GST and applicability of the same with respect to hirers & contractors of our construction equipment industry. Topics on GST structure, exemptions, input tax credit, etc. are all covered with sample calculations for better understanding of both hirers & contractors.

My special thanks to Mr. Dimitrov Krishnan & Mr. Jaswinder Bakshi of ICEMA Finance Panel, Mr. S G Roy, Secretary, ICEMA and M/s Dhruva Advisors LLP who have taken this task upon themselves to bring out this booklet.

Soft copy of this booklet is also uploaded in our website from which you are free to download.

With best wishes,



Arvind K Garg



Arvind K Garg
President

icema[®]

Indian Construction Equipment Manufacturers' Association

Table of Contents

Serial No.	Particulars	Page Nos.
1.	GST Framework and applicable Taxes	4 - 11
2.	Nature of Supply – Intra-State supply and Inter-State supply	12
3.	Location of Supplier and Place of Supply	13 – 17
4.	Relevant GST Rates including Tax Exemptions	18 – 22
5.	Taxability Scenarios and Sample GST calculations	23 – 27
6.	Input Tax Credit (ITC) Mechanism	
	A. Eligible credits – Conditions and Time Limits	28 – 30
	B. Blocked Credits and Credit Apportionment	31 – 32
	C. ITC on Capital Goods – Eligibility and Resale	33 – 34
7.	GST compliances and reporting requirements	
	A. Documentation Requirements and Records to be Maintained	35 - 39
	B. Sequence of credit utilization and off-set of liabilities	40 – 41
	C. Return filing and Extended Due dates for tax payments	42 - 44
8.	Industry relevant Frequently Asked Questions (FAQs)	45 – 48
9.	Key Definitions	49 – 54
10.	Glossary	55 – 56
11.	About ICEMA	57 – 59
12.	Annexure – Services falling under Chapter 9954	60 – 65

GST Framework & Nature of Supply

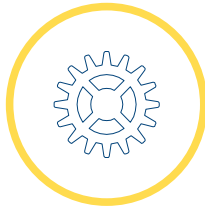


Taxation Framework – Pre-GST



Taxation Framework – GST and Applicable Taxes

Origin based taxation



Pre-GST Regime

Destination based taxation



Under GST Regime

- Dual GST comprising Central GST and State GST to operate concurrently on supply of goods and services for consideration
- **Taxable event of 'supply' as against 'manufacture' (Excise), 'sale' (VAT), 'provision of service' (Service Tax), entry of goods (Entry Tax) etc.**
- Common base for taxation between Centre and State
- GST to be applicable to whole of India including Jammu and Kashmir
- Common threshold for goods and services; and between Centre and States. To be calculated at legal entity level

Taxation Framework – GST and Applicable Taxes

01

Central Goods & Service Tax

Tax on goods and services to be collected by the Central Government for supplies within the State

**03**

Integrated Goods & Service Tax

- Tax on Inter-state supply of goods and services
- Imports at par with Inter-State supply
- Power to levy tax by Centre
- Revenue Distribution to State by Centre

02

State Goods & Service Tax

Tax on goods and services to be collected by the State Government for supplies within the State

- Tax on every **Supply** for consideration in the course of business or commerce
- Destination based consumption tax – Revenue will belong to the State of consumption

Scope of Supply

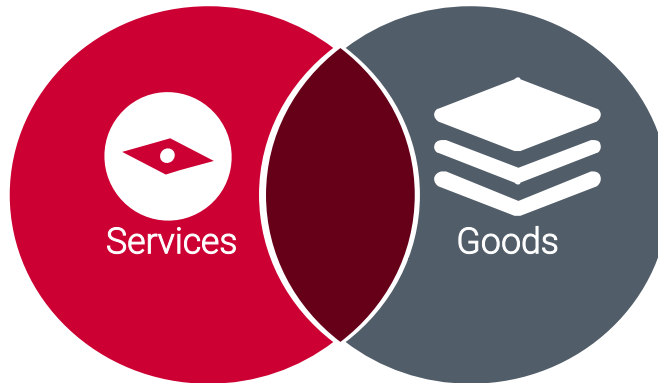
'Supply' shall include the following:



- Supply of goods or services or both between related persons or between distinct persons when made in the course of business
- Any transfer of title in goods; or any transfer of right in goods or of undivided share in goods without transfer of title
- Any lease, tenancy, easement, license to occupy land including lease or letting out or renting of the building / immovable property
- Temporary transfer or permitting the use or enjoyment of any intellectual property rights
- Agreeing to refrain from an act or to tolerate an act or situation
- Works Contract as defined defined to mean “a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract”
- Supply of goods by an unincorporated association or body of persons to a member
- Gifts exceeding Rs. 50,000/- in a financial year by an employer to an employee;

Meaning of Goods, Services and GST

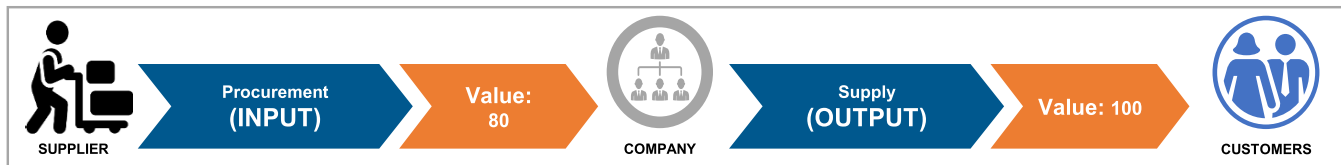
“services” means anything other than goods [Article 366(26A)]



“goods” includes all materials, commodities and articles [Article 366(12)] - No change to the existing definition of goods

“goods and services tax” means “any tax on supply of goods, services or both except taxes on the supply of alcoholic liquor for human consumption” [Article 366(12A)]

Taxable Supply vs. Exempt Supply vs. Zero-Rated Supply



PARTICULARS	TAXABLE OUTPUT	EXEMPT OUTPUT	ZERO-RATED OUTPUT
Supplier's price	80	80	80
+ Input GST (@ 5%)	4	4	4
Purchase Price for Company	84	84	84
(-) Input GST on Purchases	Creditable - (4)	Non-Creditable - (0)	Refundable - (4)
Net Procurement Cost	80	84	80
(+) Profit Margin / Value Addition *	20	20	20
Company's Price	100	104	100
+ Output GST (5%, 0%, NIL)	5	NIL	0
Total charge from Consumer	105	104	100

* Assuming the profit margin is fixed

Zero-Rated Supplies

“Zero rated supply” means any of the following supplies of goods or services or both, namely:—

- (a) **export of goods or services** or both from India to a place outside India
- (b) supply of goods or services or both to a Special Economic Zone Developer
- (c) supply of goods or services or both to a Special Economic Zone Unit

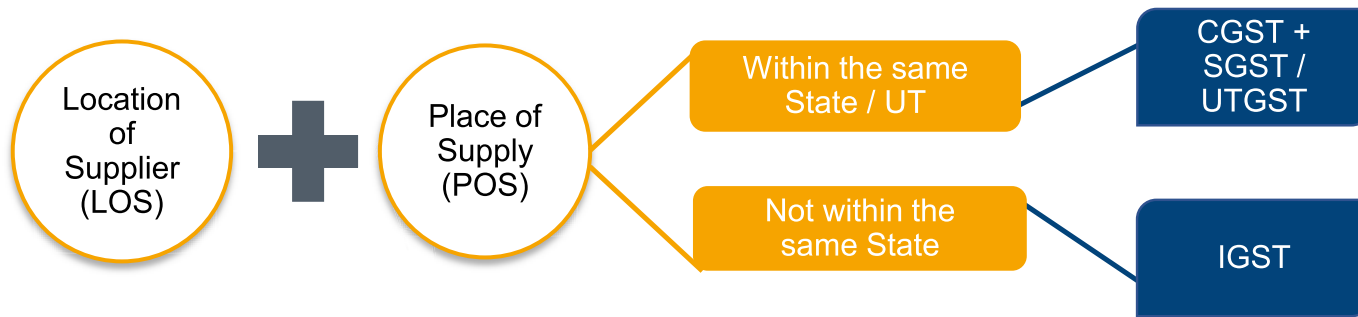
Apart from the normal export supplies, the Government has specifically notified the following supplies to be treated as Deemed Exports under GST:

1. Supply of goods by a registered person against Advance Authorisation
2. Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation
3. Supply of goods by a registered person to Export Oriented Unit
4. Supply of gold by a bank or Public Sector Undertaking against Advance Authorisation

Input tax credit pertaining to Zero-rated supplies:

Credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply otherwise.

Applicability of Dual GST or IGST



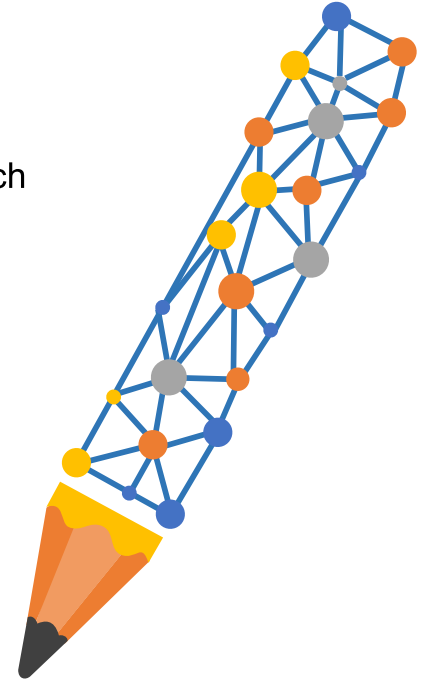
Tax Compliances and Tax Payments shall be made in the LOS State / UT

1. Any supply of goods and / or services within the State is called "Intra-State Supply" and will attract **CGST + SGST**
2. Any supply of goods and / or services within the Union Territory is called "Intra-State Supply" and will attract **CGST + UTGST**
3. Any supply of goods and / or services from one State / Union Territory to another State / Union Territory is called "Inter-State Supply" and will attract **IGST**

#	LOS	POS	Type of GST
1	State A	State A	CGST + SGST
2	UT B	UT B	CGST + UTGST
3	State C	State D	IGST

Determination of Location of Supplier (LOS)

- Registration to be obtained in each State from where supply is being made
- “**Supplier**” in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied
- “**Location of Supplier**” defined to mean:
 - Registered place of business or most relevant fixed establishment
 - Usual place of residence of the supplier, if the above is not available
- “**Place of business**” is defined to mean place where:
 - Business is ordinarily carried out or
 - Maintains books of accounts or
 - Agent premises, if carried out through his premises



Determination of Place of Supply (POS) – Goods and Services

Business Scenario	Nature of Supply: Goods or services?	Scenario as per Law	Place of Supply (POS)
<p>Supply of Construction Equipments involving movement of goods</p> <p>Example: Sale by a dealer located in Delhi to a buyer located in Punjab & delivered in Punjab</p>	Supply of Goods	Supply involving movement of goods whether by the supplier or the recipient or any other person	<p>Location of the goods at the time at which the movement of goods terminates for delivery to the recipient</p> <p>POS – The POS will be Punjab as the delivery terminates in Punjab</p>
<p>Supply of Construction Equipments involving movement of goods – Bill to Ship to Transactions</p> <p>Example: Sale by a dealer located in Delhi to a buyer located in Punjab <u>but</u> delivered to a person located in <u>Haryana</u> on the instructions of the buyer located in Punjab</p>	Supply of Goods	Goods delivered by a supplier to a recipient or any other person on the direction of a third person	<p>Principal place of business of such third person</p> <p>Two supplies to be treated differently:</p> <p>(i) Sale from Delhi to Punjab – POS will be Punjab</p> <p>(ii) Sale from Punjab to Haryana – POS will be Haryana</p>
<p>Supply of Construction Equipments not involving movement of goods</p> <p>Example: Sale by a dealer located in Delhi to a buyer located in Punjab but delivered to buyer at Delhi</p>	Supply of Goods	Supply without not involving movement of goods whether by the supplier or recipient	<p>Location at the time of delivery to the receiver</p> <p>POS – The POS will be Delhi as the goods are situated in Delhi at the time of delivery to the buyer</p>

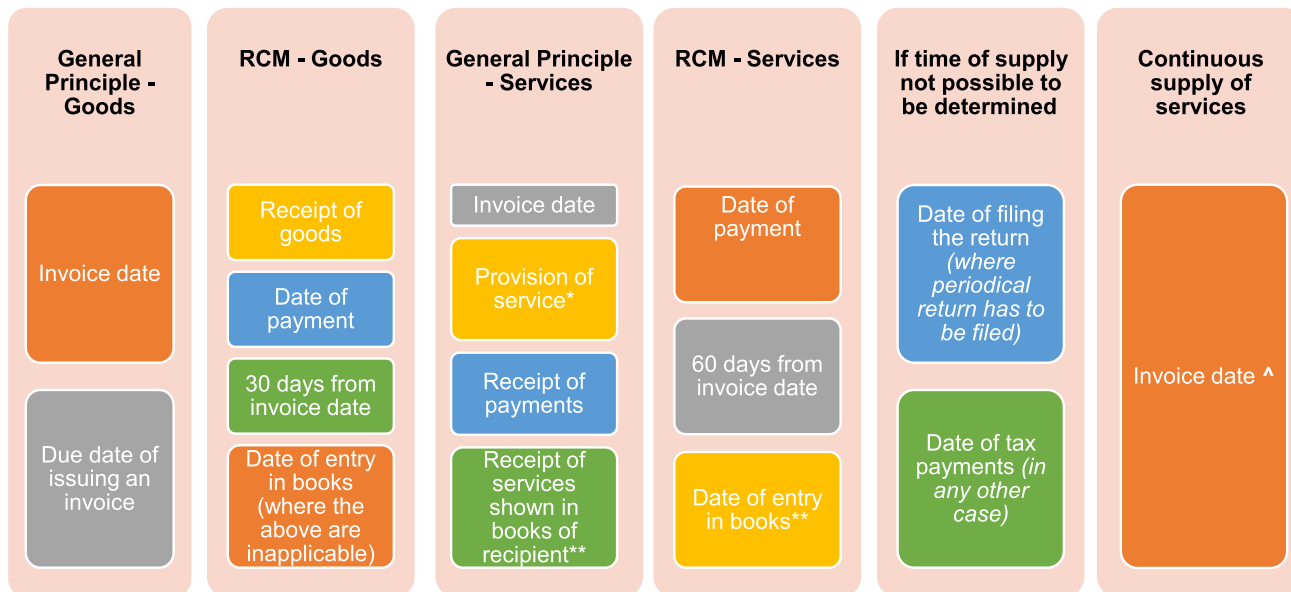
Determination of Place of Supply (POS) – Goods and Services

Business Scenario	Nature of Supply: Goods or services?	Scenario as per Law	Place of Supply (POS)
<p>Import of Construction Equipments</p> <p>Example: Equipments imported by an importer located in Gujarat from a place outside India</p>	Supply of Goods (Import)	Goods imported into India	<p>Location of the importer</p> <p>POS – The POS will be Gujarat which is the location of the Importer</p>
<p>Composite supply of Works contract services involving supply of goods as well as services</p> <p>Example: Supply of construction services by a contractor / sub-contractor located in Rajasthan to an employer / contractor by way of composite supply of works contract at a construction site located in Madhya Pradesh</p>	Supply of Services	Services directly in relation to an immovable property	<p>Location at which the immovable property or intended to be located</p> <p>POS – The POS will be the location of the site in Madhya Pradesh</p>

Determination of Place of Supply (POS) – Goods and Services

Business Scenario	Nature of Supply: Goods or services?	Scenario as per Law	Place of Supply (POS)
<p>Giving construction equipments on hire / lease or using them to provide output services</p> <p>Example: Provision of Equipments on hire/ lease or any other output service by service provider located in Maharashtra to provide services to a recipient located in Kerala but goods actually put to use at a site in Madhya Pradesh</p>	Supply of services	Place of supply for services generally where both supplier and recipient are located in India	<p>If Registered service recipient – the Place of Supply shall be the Location of the Service Recipient</p> <p>POS – The POS will be Kerala since the recipient is registered</p> <hr/> <p>If Unregistered service recipient - Location of recipient where address on records exists or location of service provider</p> <p>POS – The POS will be Maharashtra since the recipient is unregistered and his address is not available on records</p>

Time of Supply of Goods and Services



* only in case where invoice is not issued within 30 days of supply

** where the above are inapplicable

[^] where due date of payment is ascertainable, invoice shall be issued on or before the due date of payment

[^] where due date of payment is not ascertainable, invoice shall be issued before or at the time when the supplier of service receives the payment

[^] where payment is linked to completion of an event, invoice shall be issued on or before the date of completion of event

Tax Rates and Sample GST Calculations

GST Rates - Construction Equipments (Goods)

<u>Sr. No.</u>	<u>Name of Construction Equipment</u>	<u>HSN Code</u>	<u>HSN Description</u>	<u>GST Rate</u>
1.	Bull Dozers, wheel loaders, excavators, backhoes, road rollers	8429	Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers	18%
2.	Crushing plant, Crushers, Hot Mix plant, Hot Mix plant	8474	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form; machinery for agglomerating, shaping or moulding solid mineral fuels, ceramic paste, unhardened cements, plastering materials or other mineral products in powder or paste form; machines for forming foundry moulds of sand	18%
3.	Cranes	8426	Ship's derricks; cranes including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane	18%
4.	Rigs, pile drivers	8430	Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile-drivers and pile-extractors; snow-ploughs and snow-blowers	18%

GST Rates - Construction Equipments (Goods)

<u>Sr. No.</u>	<u>Name of Construction Equipment</u>	<u>HSN Code</u>	<u>HSN Description</u>	<u>GST Rate</u>
5.	Material handling equipment, Forklifts	8427	Fork-lift trucks; other works trucks fitted with lifting or handling equipment	18%
		8428	Other lifting, handling, loading or unloading machinery (for example, lifts, escalators, conveyors, teleferics)	18%
6.	Trucks, Tippers	8427	Fork-lift trucks; other works trucks fitted with lifting or handling equipment	18%
		8709	Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the foregoing vehicles	28%
		8426	Ship's derricks; cranes including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane	18%

Notes:

1. Compensation Cess is not applicable on any of the above products
2. There are no specific exemptions in relation to inward supply of goods and services relating to construction equipments

GST Rates – Related Output Services

<u>Sr. No.</u>	<u>Chapter, Section or Heading</u>	<u>Description of Services</u>	<u>GST Rate</u>
1.	9954	Composite supply of works contract and construction related services	Depends upon the nature of contract and employer status - <u>Refer Annexure for detailed schedule entries</u>
2.	9971 – Finance and related services	Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration	Same rate as applicable on supply of like goods involving transfer of title in goods
		Any transfer of right in goods or of undivided share in goods without the transfer of title thereof	Same rate as applicable on supply of like goods involving transfer of title in goods

GST Rates – Related Output Services

<u>Sr. No.</u>	<u>Chapter, Section or Heading</u>	<u>Description of Services</u>	<u>GST Rate</u>
3.	9973 – Leasing or rental services, with or without operator	Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration	Same rate as applicable on supply of like goods involving transfer of title in goods
		Any transfer of right in goods or of undivided share in goods without the transfer of title thereof	Same rate as applicable on supply of like goods involving transfer of title in goods
		Leasing or rental services, with or without operator, other than those mentioned above	Same rate as applicable on supply of like goods involving transfer of title in goods
4.	9987	Maintenance, repair and installation (except construction) services	18%
5.	9954	Maintenance, repair and installation for Construction services	Depends upon the nature of contract and employer status - Refer Annexure for detailed schedule entries

Transaction Scenarios - Construction Equipments Industry

Sr. No.	Procurement Scenarios	Sr. No.	Revenue Scenarios/ Outward Supply Scenarios
1.	Purchase of Construction Equipment	1.	Sale of Construction Equipments
2.	Leasing of Construction Equipment	2.	Leasing of Construction Equipment
3.	Hire of Construction Equipment	3.	Providing Construction Equipment on Hire
4.	Repairs and Maintenance services for Construction Equipment	4.	Using Construction Equipment for own use for providing output services
		5.	Inter-State Stock Transfer
		6.	Maintenance contracts for repair of equipment

Notes:

- (a) If the outward supply is a **composite supply** comprising two or more supplies, one of which is a principal supply, then such supply shall be treated as a supply of such principal supply & the **tax rate should be that of the principal supply**
- (b) If the outward supply is a **mixed supply** comprising two or more supplies and such supplies are not naturally bundled, such supply shall be treated as a supply of that particular **supply which attracts the highest rate of tax**

Taxability on Procurement of Construction Equipment

Sr. No.	PROCUREMENT SCENARIOS	TYPES OF TAXES TO BE PAID			
		BCD	BCD CESS	IMPORT IGST	CGST + SGST/ UTGST
1	Import Purchase	✓	✓	✓	NA
2	Import Lease	✓	✓	Exempt [Note 1]	NA
3	Inter-State Purchase	NA	NA	NA	NA
4	Intra-State Purchase	NA	NA	NA	✓
5	Inter-State Leasing / Hire of Equipments	NA	NA	NA	NA
6	Intra-State Leasing / Hire of Equipments	NA	NA	NA	✓
7	Inter-State Repairs & Maintenance of Equipments	NA	NA	NA	NA
8	Intra-State Repairs & Maintenance of Equipments	NA	NA	NA	✓

Notes:

1. Notification No. 85/2017 – Customs dated 14th November, 2017 exempts all the goods imported under lease (except motor vehicles) by the importer for use after import from the whole of Customs duty and IGST. Hence, no BCD, Customs Cess and IGST payable on import of leased goods

2. IGST will have to be paid on the payment of lease instalments under Reverse Charge Mechanism

Taxability on Outward Supply by use of Construction Equipment

SR. NO.	OUTWARD SUPPLY SCENARIO	TYPES OF TAXES TO BE LEVIED & COLLECTED	
		CGST + SGST	IGST
1	Inter-State Sale	NA	✓
2	Intra-State Sale	✓	NA
3	Inter-state Leasing / Hire of Equipments	NA	✓
4	Intra-state Leasing / Hire of Equipments	✓	NA
5	Inter-state supply of outward services on own account by using equipments	NA	✓
6	Intra-state supply of outward services on own account by using equipments	✓	NA
7	Stock Transfer – Inter-State	NA	✓ [Notes]

Notes:

- As per Circular No. 1/1/2017-IGST, inter-state movement of various modes of conveyance, between distinct persons carrying goods or passengers or both; or for repairs and maintenance shall be treated ***“neither as a supply of goods nor supply of service”*** and therefore would not be leviable to IGST.
- As per Circular No. 21/21/2017-GST, inter-state movement of goods such as **rigs, tools and spares, and all goods on wheels (like cranes)**, except for further supply of the same goods, shall be treated ***‘neither as a supply of goods or supply of service,’*** and consequently no IGST would be applicable on such movements.

GST Calculations – Hiring Profile

PARTICULARS	LOCAL PURCHASE	IMPORTED	TAKEN ON LEASE
Value of Equipment / Supplier's price	1,00,000	1,00,000	1,00,000
Taxable / Assessable Value for GST*	1,00,000	1,10,300*	10,000 p.m. (assumed)
+ Input CGST @ 9% and SGST @ 9% or Input IGST @18%	18,000	19,850	1,800 p.m.
Procurement costs for Lessor	1,18,000	1,30,150	11,800 p.m.
Input GST on Purchases (Creditable)	18,000	19,850	1,800 p.m.
Monthly Lease Rentals charged	12,000 p.m.	12,000 p.m.	12,000 p.m.
+ Output CGST @ 9% and SGST @ 9% or Output IGST @18%	2,160 p.m.	2,160 p.m.	2,160 p.m.
Total Charges from Customer	14,160 p.m.	14,160 p.m.	14,160 p.m.
Input Tax Credit c/f in next tax period	15,840	17,690	-
Output Tax Payable	-	-	360 p.m.

GST Calculations – Contractor

PARTICULARS	LOCAL PURCHASE	IMPORTED	TAKEN ON LEASE
Value of Equipment / Supplier's price	1,00,000	1,00,000	1,00,000
Taxable / Assessable Value for GST	1,00,000	1,10,300 (incl. Customs Duties)	10,000 p.m. (assumed)
+ Input CGST @ 9% and SGST @ 9% or Input IGST @18%	18,000	19,850	1,800 p.m.
Procurement costs for Lessor	1,18,000	1,30,150	11,800 p.m.
Input GST on Purchases (Creditable)	18,000	19,850	1,800 p.m.
Works Contract Service charges	12,000 p.m.	12,000 p.m.	12,000 p.m.
+ Output CGST @ 6% and SGST @ 6% or Output IGST @12% (rate assumed at 12%)	1,440 p.m.	1,440 p.m.	1,440 p.m.
Total Charges from Customer	13,440 p.m.	13,440 p.m.	22,400 p.m.
Input Tax Credit c/f in next tax period	16,560	18,410	360 p.m.
Output Tax Payable	-	-	-

Input Tax Credit & Utilization



Input Tax Credit (ITC)

Meaning of Input Tax Credit

- Input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business
- “Input tax” means IGST (including that on import of goods), CGST, SGST and UTGST, and
 - Includes the tax payable under IGST, CGST, SGST and UTGST payable under RCM
 - Excludes the tax paid under section 10 (composition levy)

System for a seamless flow of credit extends to inter-State supplies

Input Tax Credit (ITC) - Mechanics

Points for consideration for Availment of ITC

- Goods / service should be used or intended to be used in the course or furtherance of his business
- Possession of a Tax Invoice, or a debit note or other duty paying document
- Goods or services or both are received
- Tax charged in respect of such supply has been actually paid to the Government by the Supplier (by cash or by utilization of credit)
- Tax returns have been furnished by the Supplier
- No depreciation to be claimed on the tax component of the capital goods under the Income-tax Act, 1961
- ITC should be credited to the Electronic Credit Ledger of the recipient

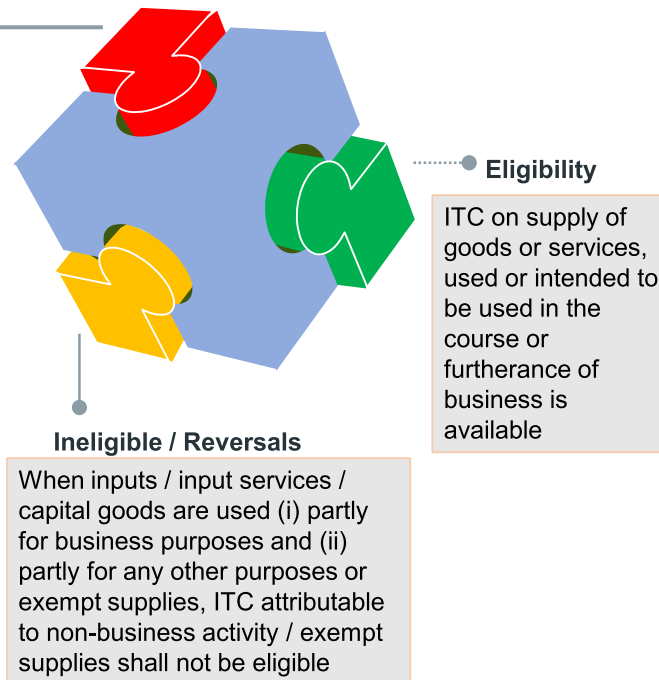
Time Limits for availment and utilization of ITC

- ITC can be availed till filing of return for the September month of next F.Y. or Furnishing of annual return, **whichever is earlier**
- Time limit shall not apply for re-availment of credit
- Payment for value along with tax should be made to the vendor within 180 days from the invoice date (not applicable to RCM transaction)
- ITC balance available in the electronic credit ledger as at the end of the tax period shall be eligible for utilization

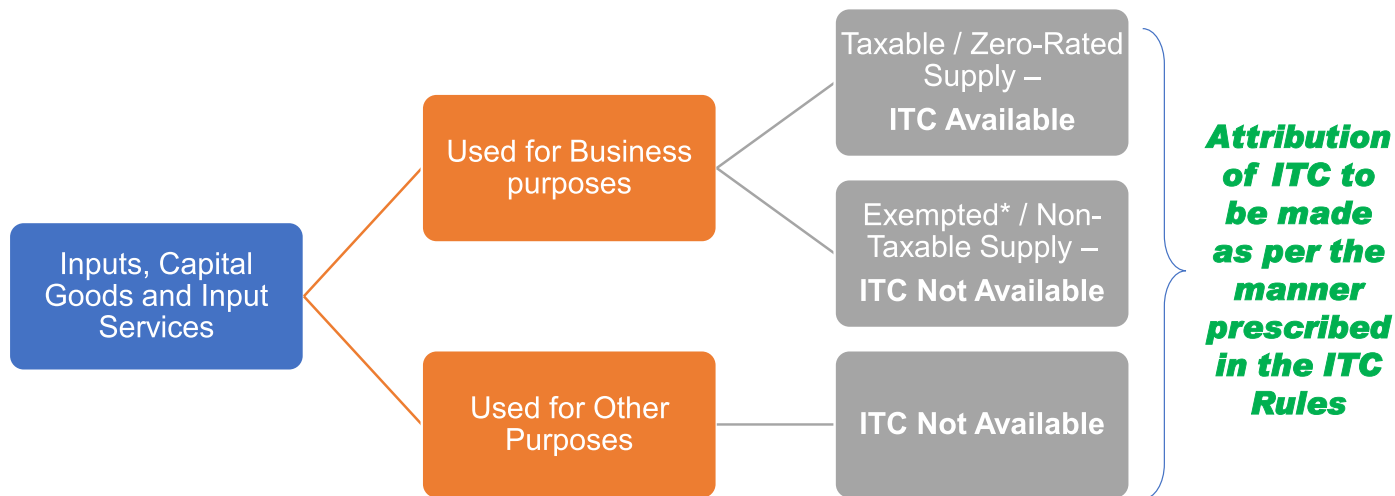
Blocked Credits – ITC not eligible

Blocked / Negative List

- **Motor vehicles and conveyance, except when used for further supply of such vehicles**, transportation of passengers / goods, imparting training on driving, flying, navigating such vehicles. "Motor vehicle" shall have the same meaning as assigned to it in clause (28) of section 2 of the Motor Vehicles Act, 1988.
- Food / beverages, outdoor catering, goods / services of personal nature and personal consumption, goods / services on which tax has been paid under Composition levy.
- Rent-a-cab, life insurance, health insurance - unless Government notifies the services as obligatory for an employer to provide to employees
- Works contract services supplied for construction/ reconstruction / alteration / repairs of an immovable property (other than plant and machinery) not eligible **except where it is an input service for further supply of works contract service**
- Goods / services received for construction/ reconstruction / alteration / repairs of an immovable property (other than plant and machinery) on own account, including when used in course of furtherance of business

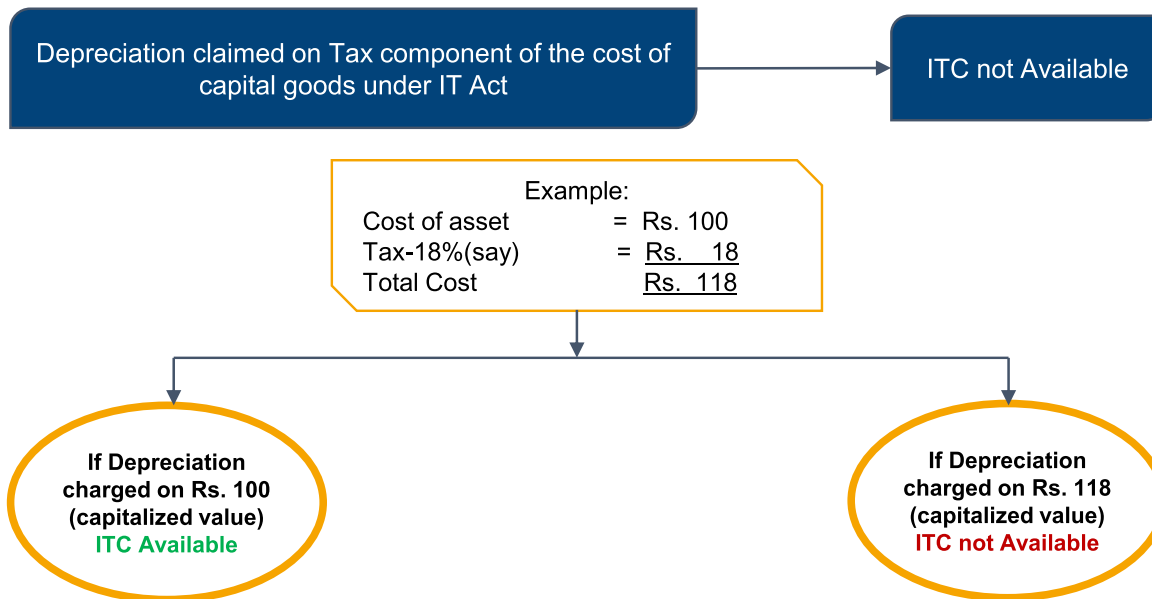


Input Tax Credit – Apportionment



* Value of exempt supply shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II - sale of building

Input Tax Credit – Eligibility on Capital Goods



“capital goods” means the goods, the value of which is capitalized in the books of accounts of the person claiming the credit and which are used or intended to be used in the course or furtherance of the business

GST Liability - Resale of Equipments in the nature of Capital Goods

Resale of Equipment on which ITC had been taken earlier



Pay Tax on higher of:
ITC availed earlier **LESS** 5% for every quarter of use OR Tax on Transaction Value

Date of Purchase	Jan 01, 2015	Jan 01, 2015
Date of Resale / Removal	Aug 05, 2017	Jan 05, 2020
Construction Equipment used for	11 quarters	21 quarters
Purchase Price	Rs. 50,000	Rs. 50,000
Resale Value of Construction Equipment (assumed)	Rs. 10,000	Rs. 10,000
Input Tax Credit Availed @ 18% on Rs. 50,000	Rs. 9,000	Rs. 9,000
Eligible ITC based on 5% per quarter of usage (= Rs. 9,000 * 5% = Rs. 450 per quarter * 11 quarters)	Rs. 4,950	Rs. 9,000 (Maximum)
Un-availed ITC based on formula of 5% per quarter (even though entire ITC has been availed actually)	Rs. 4,050	NIL
GST @ 18% on Resale value of Rs. 10,000	Rs. 1,800	Rs. 1,800
GST Payable = Higher of Rs. 4,050 or Rs. 1,800	Rs. 4,050	Rs. 1,800

Invoice Disclosures



Particulars to be mentioned in a Document

Particulars – Details to be provided	Tax Invoice	Revised Tax Invoice, Debit Note, Credit Note	Delivery Challan	Bill of Supply	Payment Voucher	Receipt Voucher	Refund Voucher	ISD Invoice
Name, address and GSTIN of the supplier / ISD / Consignor	✓	✓	✓	✓	✓	✓	✓	✓
Consecutive serial number (single or multiple series)	✓	✓	✓	✓	✓	✓	✓	✓
Nature of document	-	✓	-	-	-	-	-	-
Date of its issue	✓	✓	✓	✓	✓	✓	✓	✓
Name, address and GSTIN or UIN of recipient / Consignee	✓	✓	✓	✓	✓	✓	✓	✓
Name & address of recipient and address of delivery	✓	✓	-	-	✓	-	-	-
HSN code of goods or Accounting Code of Services	✓	-	✓	✓	-	-	-	-
Description of goods or services	✓	-	✓	✓	✓	✓	✓	-

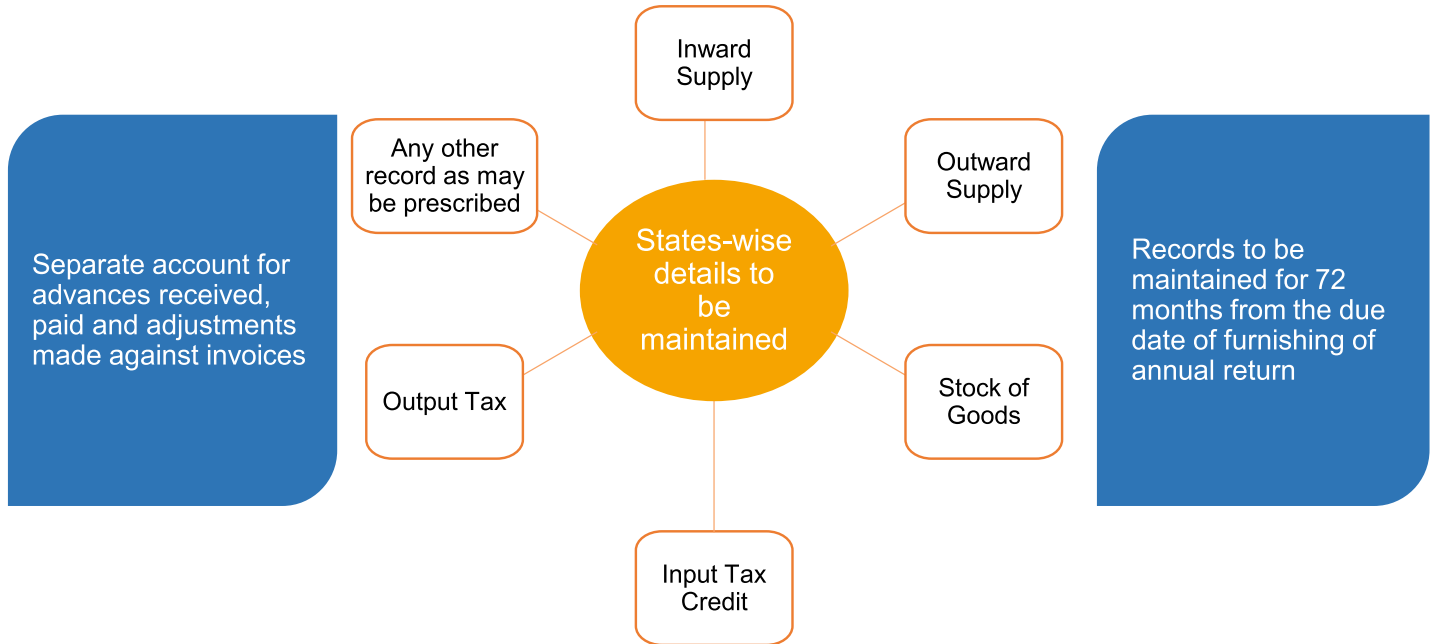
Particulars to be mentioned in a Document

Particulars – Details to be provided	Tax Invoice	Revised Tax Invoice, Debit Note, Credit Note	Delivery Challan	Bill of Supply	Payment Voucher	Receipt Voucher	Refund Voucher	ISD Invoice
Quantity in case of goods and unit	✓	-	✓	-	-	-	-	-
Total value of supply of goods or services or both	✓	✓	-	✓	-	-	-	-
Taxable value of supply	✓	-	✓	-	-	-	-	-
Rate of tax	✓	-	✓	-	✓	✓	✓	-
Amount of tax charged (CGST, SGST/UGST, IGST)	✓	-	✓	-	✓	✓	✓	-
Place of supply with State name (in case of inter-State movement)	✓	-	✓	-	✓	✓	-	-
Address of delivery where the same is different from the place of supply	✓	-	-	-	-	-	-	-

Particulars to be mentioned in a Document

Particulars – Details to be provided	Tax Invoice	Revised Tax Invoice, Debit Note, Credit Note	Delivery Challan	Bill of Supply	Payment Voucher	Receipt Voucher	Refund Voucher	ISD Invoice
Whether the tax is payable on reverse charge basis	✓	-	-	-	-	✓	✓	-
Signature or digital signature of the supplier or his authorized representative	✓	✓	✓	✓	✓	✓	✓	✓
Amount of advance taken / refund made	-	-	-	-	-	✓	✓	-
Number & Date of receipt voucher (in case of refund of advance received)	-	-	-	-	-	-	✓	-
Serial number and date of the corresponding tax invoice or bill of supply	-	✓	-	-	-	-	-	-
Amount of tax credited or debited to the recipient	-	✓	-	-	-	-	-	-
Amount of tax distributed as ISD	-	-	-	-	-	-	-	✓

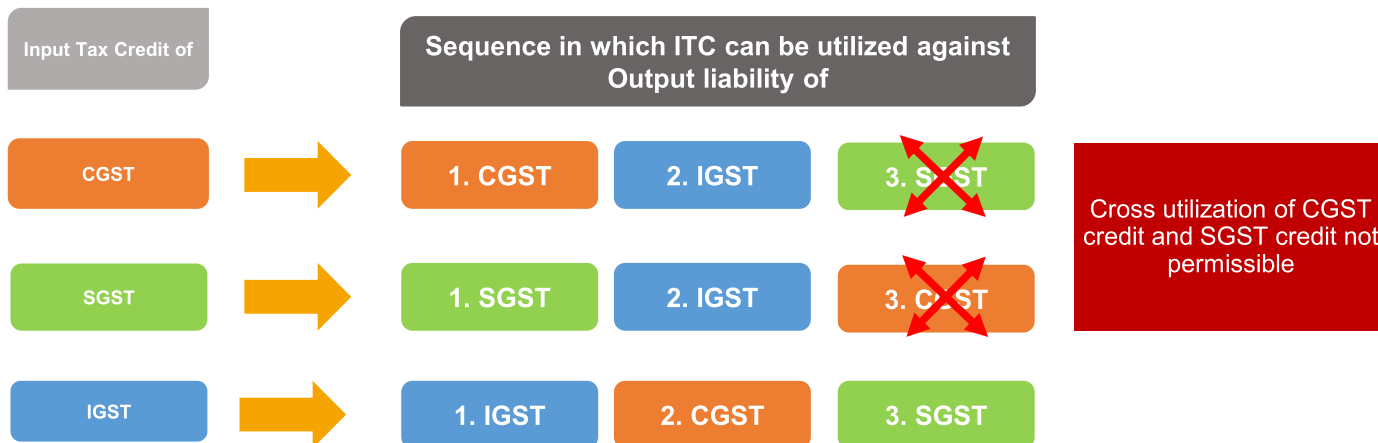
Basic Records to be maintained



GST Compliances

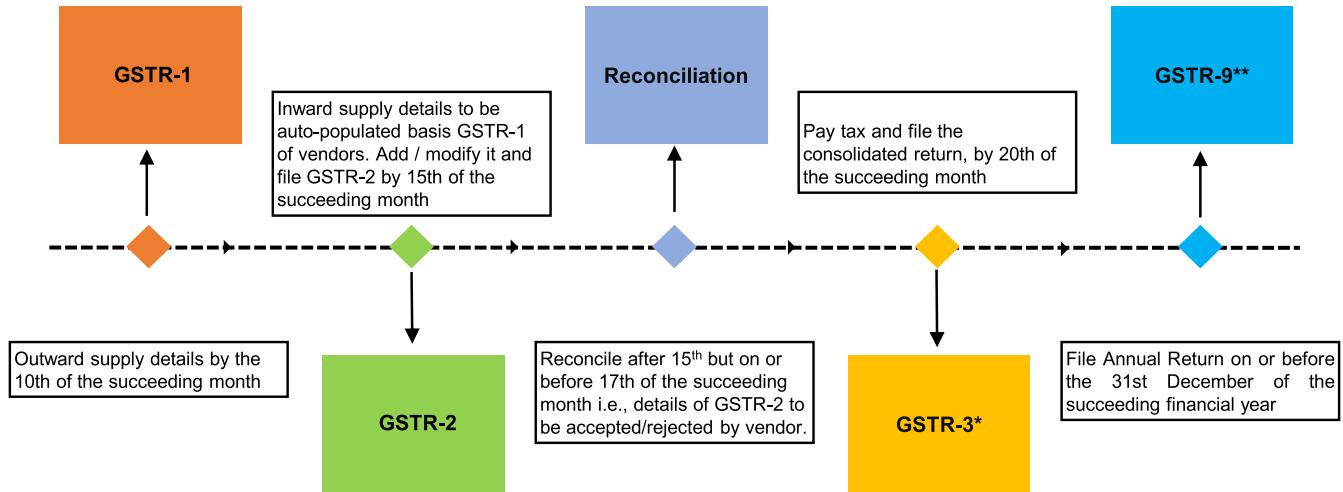


Sequence of credit utilization and off-set of liabilities



- IGST Credit can be off-set against both CGST and SGST, in the aforesaid order, within the same State
- **Accumulated ITC of one State cannot be utilised for payment of ITC Tax Liability in another State**
- All Taxes to be paid electronically, via RTGS / NEFT, Credit Card / Debit Card, through authorized Banks would be credited to electronic cash ledger
- Amount available in electronic cash ledger can be used for payment of tax, interest, penalty fees or any other amount
- Input tax credit as self-assessed in the return would be available as credit in the electronic credit ledger

Return Filing Process - Generally



Note: *GSTR-3B to be filed for all the months starting from July 2017 upto March 2018 or for such further time as may be notified

** Aggregate turnover during the FY exceeds Rs.1 crore. Accordingly, accounts to be audited by a chartered accountant or a cost accountant. Copy of audited annual accounts and a reconciliation statement (reconciling value of supplies declared in the return), duly certified, in FORM GSTR-9B to be furnished

Extended Due Date for Compliances for FY 2017-18

Sr. No.	GST Return	Month	Revised Due Date – Large Taxpayers	Revised Due Date – Small Taxpayers*
1.	GSTR-1	July, 2017	31 st December, 2017	31 st December, 2017
		August, 2017	31 st December, 2017	31 st December, 2017
		September, 2017	31 st December, 2017	31 st December, 2017
		October, 2017	31 st December, 2017	15 th February, 2018
		November 2017	10 th January, 2018	15 th February, 2018
		December 2017	10 th February, 2018	15 th February, 2018
		January 2018	10 th March, 2018	30 th April, 2018
		February 2018	10 th April, 2018	30 th April, 2018
		March 2018	10 th May, 2018	30 th April, 2018
2.	GSTR-3B	Any	20 th of next month	20 th of next month
3.	GSTR-2 and GSTR-3	Any	To be specified	To be specified

* Small Taxpayers means registered taxpayers having turnover up to Rs. 1.50 crores in preceding year or current financial year.

Fields to be filled in GSTR 3B Return

Field Reference	Table Heading	What needs to be reported
3.1 (a)	Outward Taxable Supplies (Other than zero rated, Nil & Exempt Supplies)	Total taxable value of the outward taxable supplies along with the amount of CGST, SGST/UTGST, IGST & Cess
3.1 (b)	Outward Taxable Supplies (zero rated)	Total taxable value of supplies to SEZ / export supplies along with the amount of IGST & Cess
3.1 (c)	Other Outward Taxable Supplies (Nil rated, exempted)	Total value of NIL rated and exempt supplies
3.1 (d)	Inward supplies liable to Reverse charge	Total taxable value of inward supplies liable to tax under reverse charge along with the amount of CGST, SGST/UTGST, IGST & Cess
3.1 (e)	Non-GST Outward Supplies	Total value of supplies which are outside the purview of GST
4 (A)	ITC Available (whether in full or part)	Amount of CGST, SGST/UTGST, IGST & Cess paid on inputs, input services and capital goods available as input tax credit as per the provisions under GST
4 (B)	ITC Reversed	Amount of input tax credit to be reversed as per the provisions under GST
4 (C)	Net ITC Available	Amount at 4 (B) minus Amount at 4 (C)
4 (D)	Ineligible ITC	Amount of CGST, SGST/UTGST, IGST & Cess paid on inputs, input services and capital goods not available as input tax credit as per the provisions under GST
5	Value of exempt, Nil-rated and non-GST inward supplies	Total value of exempted, nil-rated and non-GST inward supplies
5.1	Interest and Late fees	Amount of interest & late fees on delayed filing of return – to be computed as per the relevant provisions
6	Payment of Tax	Amount of tax liability for the relevant period, amount of liability paid in cash, amount of liability paid using input tax credit

Frequently Asked Questions



Frequently Asked Questions

Sr. No	FAQ / Query	Reply
1.	Is there any tax liability if the equipment is transferred from one State to another State which was earlier subject to taxes such as Octroi and Entry Tax etc.	<p>Taxes such as Octroi and Entry Tax have been subsumed under GST and not applicable w.e.f. 01.07.2017. Movement of goods from one state to another for the purposes of lease / hire is not taxable.</p> <p>Inter-State movement of goods such as rigs, tools and spares, and all goods on wheels (like cranes) for use in a construction contract will not be liable to GST.</p>
2.	What duties will be levied on import of goods?	Customs duty and cess as applicable + IGST+ GST compensation cess. IGST and GST compensation cess shall be paid after adding all customs duty and customs cess to the value of imports
3.	Is SGST of Rajasthan charged by supplier on purchase from Rajasthan can be utilize for payment of SGST in Madhya Pradesh?	SGST of one State cannot be utilized for discharging of output tax liability of another State
4.	Can one State CGST be used to pay another state CGST?	The CGST and SGST Credit for a State can be utilized for payment of their respective CGST/SGST liabilities within that State for the same GSTIN only
5.	Service provider is located in Madhya Pradesh (MP) and providing service to a customer in Maharashtra. The MP service provider outsources the work to a service provider in Maharashtra, what tax needs to be charge?	Generally these will be two supplies where the supplier from MP will charge IGST from the recipient in Maharashtra. Whereas, the service provider located in Maharashtra, being a sub-contractor for principal contractor in MP will charge IGST.

Frequently Asked Questions

Sr. No.	FAQ / Query	Reply
6.	How to send equipment and instruments to manufacturers' factory for repairs and calibration within India on returnable basis? – No sale is involved	Challan for movement of goods without supply is to be issued as per Rule 55 of CGST Rules
7.	If an Assessee pays GST on behalf of an unregistered supplier/SSI/exempted unit, will he be able to take Input Tax Credit of the GST paid on reverse charge basis ?	Yes, input tax credit of tax paid on reverse charge basis by the recipient is allowed to the recipient and the credit can be taken even in the same month. However, note that GST liability on transactions with unregistered person has been currently exempted till 31.03.2018
8.	Whether inter-state movement of various modes of conveyance, between distinct persons carrying goods or passengers or both; or for repairs and maintenance be considered as "Supply" under GST?	As per Circular No. 1/1/2017-IGST dated 7.7.2017, it has been clarified that such inter-state movement shall be treated "neither as a supply of goods nor supply of service" and therefore would not be leviable to IGST.
9.	Whether inter-state movement of goods such as rigs, tools and spares and all goods on wheels (like cranes), except for further supply of the same goods be considered as "Supply" under GST?	A clarification has been issued in this regard vide Circular No. 21/21/2017-GST. Accordingly, any inter-state movement of rigs, tools and spares, and all goods on wheels (like cranes) between distinct persons shall be treated 'neither as a supply of goods or supply of service' and shall not be subject to any IGST liability
10.	Is separate registration required for trading and manufacturing by same entity in one state?	There will be only one registration per State for all activities

Frequently Asked Questions

Sr. No	FAQ / Query	Reply
11.	What is the procedure/documents required for sending free replacement to the customers at free of cost?	Free replacement goods when provided to the customers without consideration under warranty will not attract GST. In such cases goods may be sent to customer under a delivery challan.
12.	If the registered persons are only dealing in exempted services, what is the type of invoice we are required to issue to our buyers? Is it bill of supply or regular GST Invoice?	You may issue a commercial invoice in such cases. However, if you are a registered person, you may issue a bill of supply for exempt supplies.
13.	A taxable person's business is in many states. All supplies are below 10 Lakhs. He makes an Inter State supply from one state. Is he liable for registration?	He is liable to register if the aggregate turnover (all India) is more than 20 lacs or if he is engaged in inter-State supplies.
14.	Whether civil contractor doing projects in various states requires separate registration for all states or a single registration at state of head office will suffice?	A supplier of service will have to register at the location from where he is supplying services.
15.	Service provider from Tamil Nadu provides an equipment on hire to a Service Receiver located in Kerala for a use at a site in Kerala	The Location of Supplier for such transaction will be Tamil Nadu and the Place of Supply for providing equipment on hire will be location of recipient i.e. Kerala. This transaction will attract IGST.
16.	Service provider from Tamil Nadu provides an equipment on hire to a Service Receiver located in Kerala for use at a site in Andhra Pradesh	The Location of Supplier for such transaction will be Tamil Nadu and the Place of Supply for providing equipment on hire will still be location of recipient i.e. Kerala. This transaction will attract IGST.

Key Definitions



Key Definitions

Sr. No	Terms	Meaning
1.	Capital Goods	“capital goods” means goods, the value of which is capitalized in the books of accounts, of the person claiming the credit and which are used or intended to be used in the course or furtherance of business;
2.	Composite Supply	“composite supply” means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of trade, one of which is a principal supply;
3.	Mixed Supply	“mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply;
4.	Place of Business	“place of business” includes (a) a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, provides or receives goods and/or services; or (b) a place where a taxable person maintains his books of account; or (c) a place where a taxable person is engaged in business through an agent, by whatever name called;
5.	Principal Place of Business	“principal place of business” means the place of business specified as the principal place of business in the certificate of registration

Key Definitions

Sr. No.	Terms	Meaning
6.	Principal Supply	"principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary and does not constitute, for the recipient an aim in itself, but a means for better enjoyment of the principal supply;
7.	Inputs	"input" means any goods other than capital goods, subject to exceptions as may be provided under this Act or the rules made thereunder, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business;
8.	Input Services	"input service" means any service, subject to exceptions as may be provided under this Act or the rules made thereunder, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business;
9.	Outward Supply	"outward supply" in relation to a person, shall mean supply of goods and/or services, whether by sale, transfer, barter, exchange, license, rental, lease or disposal or any other means made or agreed to be made by such person in the course or furtherance of business except in case of such supplies where the tax is payable on reverse charge basis;
10.	Output Tax	"output tax" in relation to a taxable person, means the CGST/SGST chargeable under this Act on taxable supply of goods and/or services made by him or by his agent and excludes tax payable by him on reverse charge basis;

Key Definitions

Sr. No	Terms	Meaning
11.	Location of Recipient of Services	<p>“location of the recipient of services” means:</p> <p>(i) where a supply is received at a place of business for which registration has been obtained, the location of such place of business;</p> <p>(ii) where a supply is received at a place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;</p> <p>(iii) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and</p> <p>(iv) in absence of such places, the location of the usual place of residence of the recipient;</p>
12.	Location of Supplier of Services	<p>“location of the supplier of services” means:</p> <p>(i) where a supply is made from a place of business for which registration has been obtained, the location of such place of business ;</p> <p>(ii) where a supply is made from a place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;</p> <p>(iii) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and</p> <p>(iv) in absence of such places, the location of the usual place of residence of the supplier;</p>

Key Definitions

Sr. No	Terms	Meaning
13.	Distinct persons	<p>where a person has,–</p> <ul style="list-style-type: none"> (i) an establishment in India and any other establishment outside India; (ii) an establishment in a State or Union territory and any other establishment outside that State or Union territory; or (iii) an establishment in a State or Union territory and any other establishment being a business vertical registered within that State or Union territory, then such establishments shall be treated as establishments of distinct persons.
14.	Related Person	<p>Persons shall be deemed to be “related persons“ if only -</p> <ul style="list-style-type: none"> (a) they are officers or directors of one another's businesses; (b) they are legally recognized partners in business; (c) they are employer and employee; (d) any person directly or indirectly owns, controls or holds twenty five per cent or more of the outstanding voting stock or shares of both of them; (e) one of them directly or indirectly controls the other; (f) both of them are directly or indirectly controlled by a third person; (g) together they directly or indirectly control a third person; or (h) they are members of the same family; <p>Explanation I. - The term "person" also includes legal persons.</p> <p>Explanation II. - Persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.</p>

Key Definitions

Sr. No	Terms	Meaning
15.	Exempt supply	<p>Exempt supply means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the IGST Act, and includes non-taxable supply.</p> <p>Exempt supply shall include supplies on which tax is paid under RCM by the recipient, transactions in securities, sale of land for apportionment of credit;</p> <p>(For the purpose of calculation of exempt supply, the value of transaction in security shall be taken as 1% of the sale value of such security)</p>
16.	Composite Supply	<p>Composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal Supply</p>
17.	Mixed Supply	<p>Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply</p>
18.	Taxable supply and Non-taxable supply	<ul style="list-style-type: none"> • Taxable supply means supply which is leviable to tax. • Non-taxable supply means supplies which are not liable to tax under this act;

Glossary



Glossary

Term	Meaning	Term	Meaning
ITC	Input Tax Credit	CGST Act	Central Goods & Service Tax Act
RCM	Reverse charge mechanism	SGST Act	State Goods & Service Tax Act
GSTIN	Goods and services taxable person identification number	IGST Act	Integrated Goods & Service Tax Act
GST	Goods and service tax	UGST Act	Union Territory Goods & Service Tax Act
POS	Place of Supply	HSN	Harmonized system of nomenclature for goods
LOS	Location of supplier	BCD	Basic Customs Duty

About ICEMA



About ICEMA

Constituted in 1949 as Tractor & Allied Equipment manufacturers and Importers Association Ltd., the association started with 10 Indian member companies, primarily manufacturers and importers of tractors, earthmoving and allied equipment. It was rechristened as Indian Earthmoving & Construction Industry Association Ltd. (IECIAL) in 1986 with the objective to make the body a national point of reference for the Indian earthmoving & construction equipment industry.

The association was renamed as Indian Construction Equipment Manufacturers Association (ICEMA) in 2012 with the objective to make the association a truly representative body of the Indian construction equipment industry and to expand its scope of activities.

ICEMA is affiliated to the Confederation of Indian Industry (CII) and presently represents 65 leading companies who manufacture, trade and finance a variety of products such as hydraulic excavators, wheel loaders, backhoe loaders, motor graders, vibratory compactors, cranes, dumpers, tippers, forklifts trucks, dozers, pavers, batching plants, diesel engines, etc.

The Indian ECE industry has the potential to grow at 18 percent CAGR to reach USD 7.5 billion by 2020 with expected sales volume to increase from over 48,000 units in 2014 to around 1,00,000 + units in 2020.



Contact Details:

Address:

The Mantosh Sondhi Centre
23, Institutional Area
Lodi Road
New Delhi 110003

Phone : 011-49816439

Mobile : 9871371516

Email : s.g.roy@cii.in

Website : www.i-cema.in

Disclaimer:

"Every effort has been made to avoid errors or omissions in this compilation. The same is not in the nature of legal advice. ICEMA or Dhruva Advisors LLP or its affiliates will not be liable for any damage or loss occasioned to any person acting or refraining from action as a result of the material in this compilation. We recommend that to avoid doubts, reference may be made to the Official Publications issued from time to time and in case of queries specific legal opinion be sought. We do not accept any responsibility to update the same"

Annexure – HSN 9954



HSN 9954 – Composite supply and Construction related services

Description of Services	GST Rate	Condition
(i) Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. (Provisions of paragraph 2 of this notification shall apply for valuation of this service)	18%	
(ii) Composite supply of works contract as defined in clause 119 of section 2 of Central Goods and Services Tax Act, 2017	18%	
(iii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied to the Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, - - a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958); - canal, dam or other irrigation works; pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.	12%	Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be

HSN 9954 – Composite supply and Construction related services

Description of Services	GST Rate	Condition
<p>(iv) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-</p> <p>(a) a road, bridge, tunnel, or terminal for road transportation for use by general public;</p> <p>(b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;</p> <p>(c) a civil structure or any other original works pertaining to the “In-situ rehabilitation of existing slum dwellers using land as a resource through private participation” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers;</p> <p>(d) a civil structure or any other original works pertaining to the “Beneficiary led individual house construction / enhancement” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;</p> <p>(e) a pollution control or effluent treatment plant, except located as a part of a factory; or</p> <p>(f) a structure meant for funeral, burial or cremation of deceased.</p>	12%	-

HSN 9954 – Composite supply and Construction related services

Description of Services	GST Rate	Condition
<p>(vi) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, provided] to the Central Government, State Government, Union Territory, ¹⁸[a local authority, a Governmental Authority or a Government Entity] by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of –</p> <p>(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;</p> <p>(b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an art or cultural establishment; or</p> <p>(c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in paragraph 3 of the Schedule III of the Central Goods and Services Tax Act, 2017</p>	12%	<p>Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be</p>

HSN 9954 – Composite supply and Construction related services

Description of Services	GST Rate	Condition
<p>(v) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, or installation of original works pertaining to,-</p> <p>(a) railways, excluding monorail and metro;</p> <p>(b) a single residential unit otherwise than as a part of a residential complex;</p> <p>(c) low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;</p> <p>(d) low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under-</p> <p style="padding-left: 40px;">(1) the “Affordable Housing in Partnership” component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;</p> <p style="padding-left: 40px;">(2) any housing scheme of a State Government;</p> <p>(e) post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or</p> <p>(f) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages.</p>	12%	-

HSN 9954 – Composite supply and Construction related services

	<u>Description of Services</u>	<u>GST Rate</u>	<u>Condition</u>
(vii)	Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, involving predominantly earth work (that is, constituting more than 75 per cent. of the value of the works contract) provided to the Central Government, State Government, Union territory, local authority, a Governmental Authority or a Government Entity.	5%	Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be
(viii)	Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 and associated services, in respect of offshore works contract relating to oil and gas exploration and production (E&P) in the offshore area beyond 12 nautical miles from the nearest point of the appropriate base line.	12%	-
(ix)	Construction services other than (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) above	18%	-