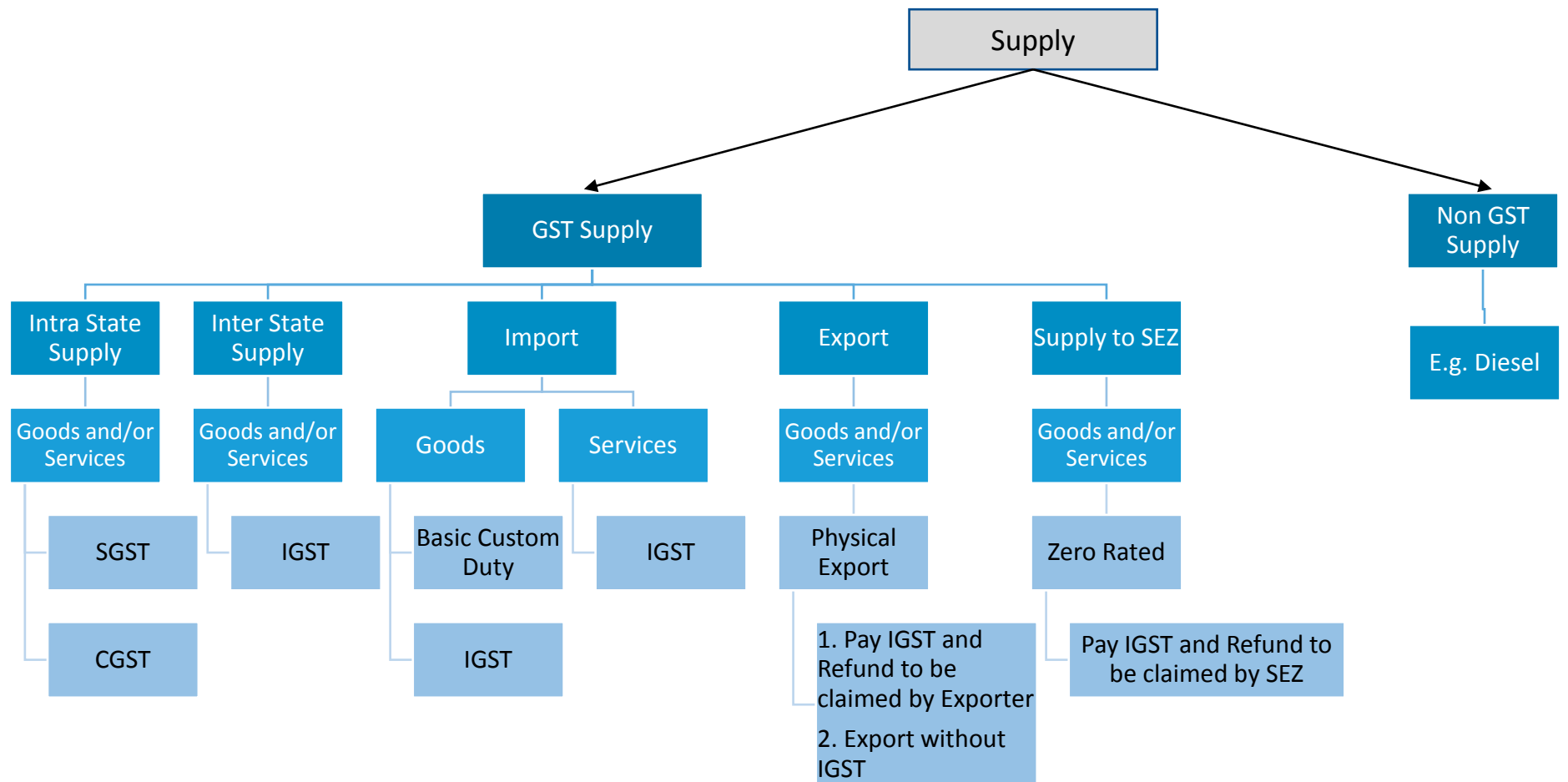


GST IMPACT *Discussion with IT Team*

Edition 10

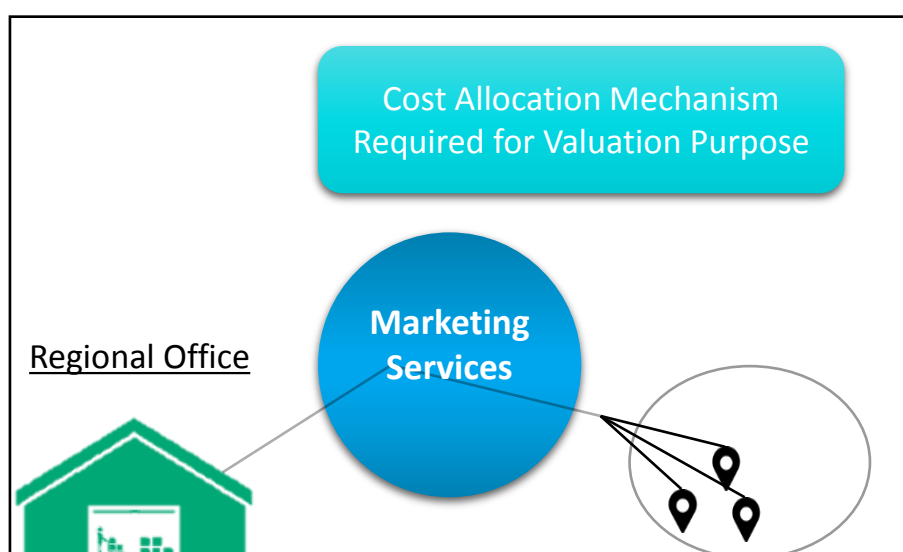
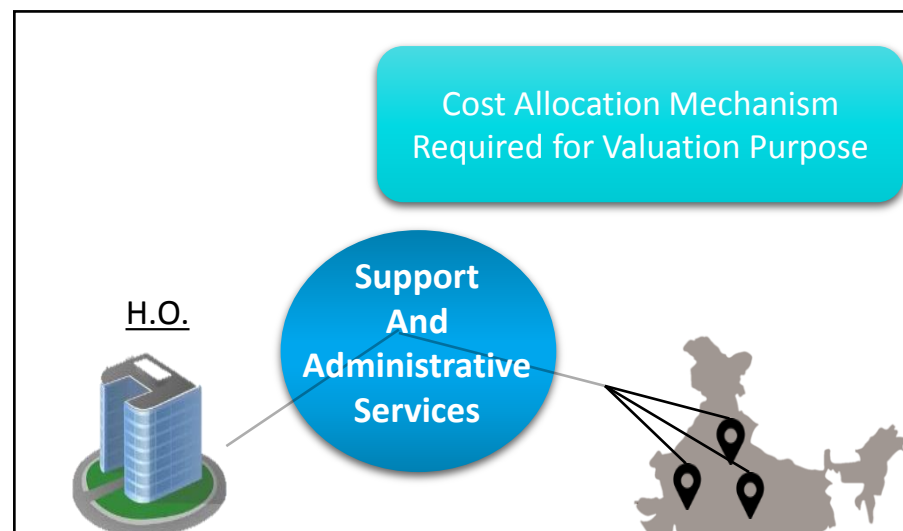
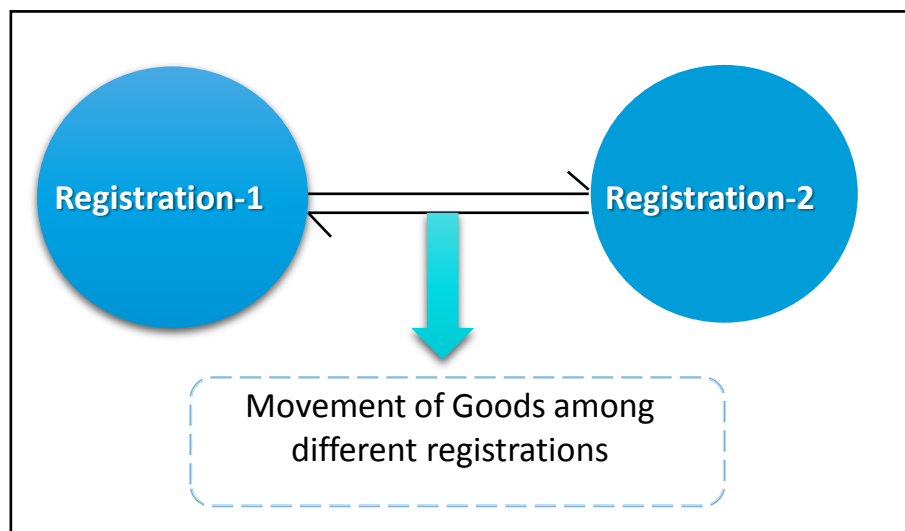
- Introduction – Overview of GST
- Major changes to be done in IT systems
- Impact on transactions



Situation	Place of Supply
Inter state Supplies (Leviable to IGST)	If location of supplier and place of supply are in different States
Intra State Supplies (Leviable to CGST+ SGST)	If location of supplier and place of supply are in same State
Import of goods/services	Place of supply is location of the importer Deemed to be interstate supply of goods and services
Export of goods/services	Place of supply is location Outside India Deemed to be interstate supply of goods and services Export Covered under Zero Rated Supply



Following cases are taxable:



- Head office/Corporate Office in Delhi provides support and administrative services to various offices/depots across India which will be chargeable to GST. Cost allocation mechanism shall be build for valuation purposes.
- Regional Offices providing marketing services to offices/depots will be chargeable to GST.
- Company IT process needs to be established for the same. To illustrate, now offices shall give marketing/administrative support work order to Head Office/Corporate office.

Types of Documents required in terms of GST Provisions:

- Tax Invoice [Rule 1]
- Export Invoice [Rule 1 proviso 2]
- Supplementary tax invoice/debit notes/Credit Note [Rule 6]
- Advance Receipt Voucher [Rule 5]
- Advance Refund Voucher
- Payment Voucher
- Job Work Challan [Rule 8]
- Delivery Challan [Rule 8]
- Self Invoicing
- ISD Invoice [Rule 7 (1)]
- ISD Credit Note
- GTA Document/Way Bill [Rule 7(3)]
- Statement of Work
- Bill of Supply [Rule 4]

Draft GST Rules for Invoicing

(Double click to open)



Adobe Acrobat
Document

**Find applicable rules in the attached document and the particulars to be furnished in the respective rules*

***It is to be noted that there are no legally prescribed formats for above mentioned invoices, however it must be ensured that these invoices contain specific particulars elaborated in the slides for respective invoices*



Name, Address and GSTIN of Supplier	Place of Delivery	Date of Issuance of Invoice	Place of supply mentioning state name & code
HSN code of goods	Accounting code of services	Description of goods/ services	Quantity in case of goods and unit
Taxable value of goods (where applicable)	Rate of Tax	Amount of tax charged	Total value of services (where applicable)

The word 'Revised Invoice/ Supplementary Invoice' - where applicable

Recipient Details- B2B: Name, Address & GSTIN
B2C: Name, Address
(State name & code in case Invoice Value > 50,000)

Consecutive serial number unique for a FY

Indication if tax payable under reverse charge

Signature/Digital Signature of the supplier

A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year.

In addition to the details mentioned earlier, the following are required to be mentioned in addition for the purpose of export invoicing

Supply meant for export on payment of IGST

Supply meant for export under bond or letter of undertaking without payment of IGST

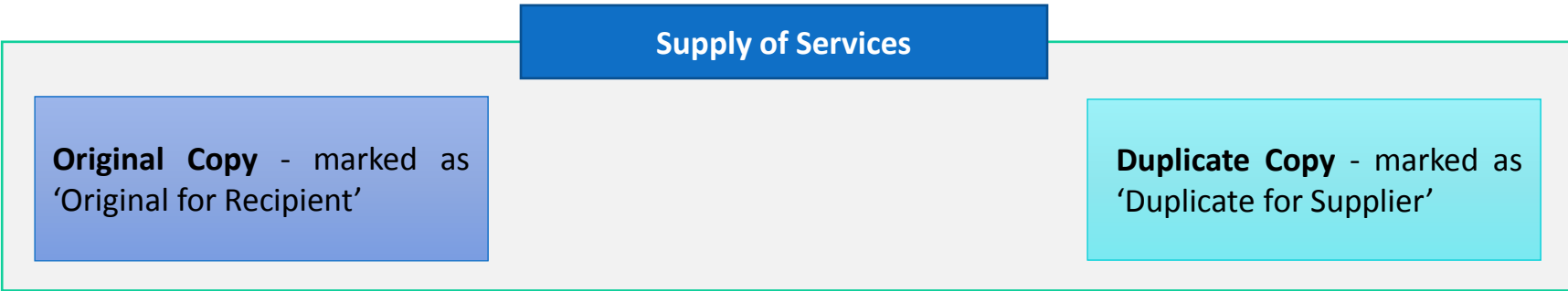
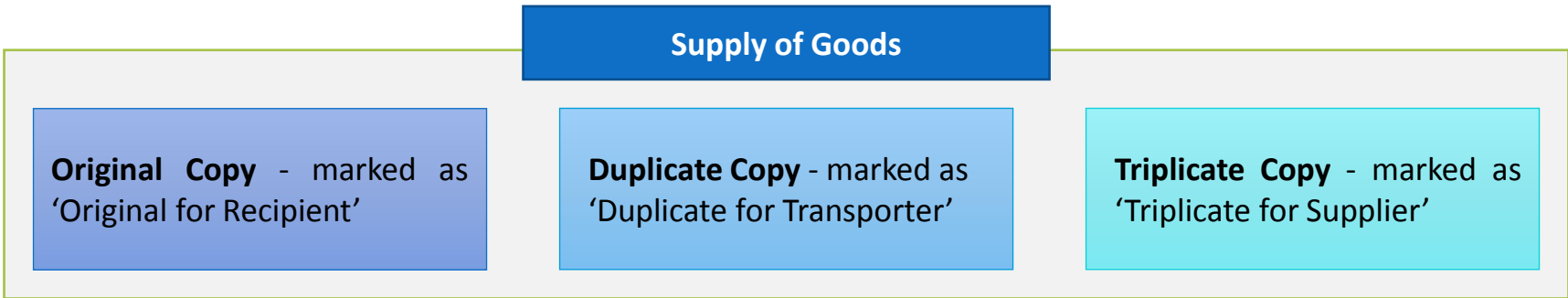
Name and Address of recipient

Address of delivery

Name of the country of destination

Name and date of application for removal

Number of Invoice copies



Serial Number of the tax invoices for the year has to be informed in GSTR-1

- ### Contents of receipt voucher:

- | | | |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <div style="background-color: black; color: white; padding: 5px; text-align: center;"> Company
Logo </div> | <h1 style="margin: 0;">Company Name</h1> | P.O. Box : 126534, Dubai - U.A.E.
Tel : +971 4 123 1234
Fax : +971 4 123 1234
www.yourcompany.com |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------|

RECEIPT VOUCHER

Received From :	Date :
-----------------------	--------------

PARTICULARS	AMOUNT	
	Dhs.	Fils
Invoice No. : Date: Cheque No. : Dated: <div style="text-align: right; padding-right: 20px;">Total</div>		

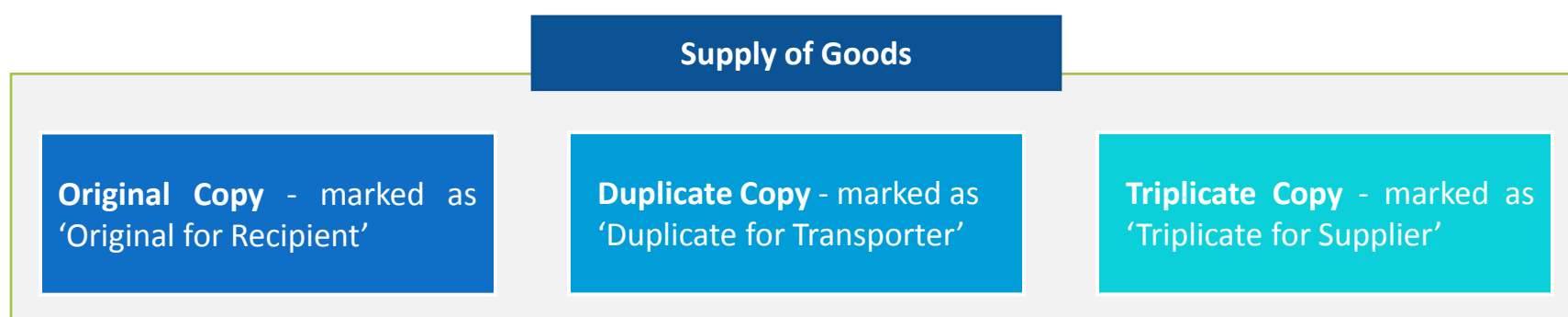
Amount in words Dirhams

<u>Prepared by</u>	<u>Accountant</u>	<u>Approved by</u>	<u>Received by</u>
--------------------	-------------------	--------------------	--------------------

In case of **transportation of goods without issue of Invoice**, such as:

- The consigner may issue a **delivery challan**, in lieu of invoice at the time of removal of goods for transportation.

- (i) Date and number of the delivery challan,
- (ii) Name, address and GSTIN of the consigner, if registered,
- (iii) Name, address and GSTIN or UIN of the consignee, if registered,
- (iv) HSN code and description of goods,
- (v) Quantity (provisional, where the exact quantity being supplied is not known),
- (vi) Taxable value,
- (vii) Tax rate and tax amount
- (viii) Place of supply, in case of inter-State movement, and
- (ix) Signature.



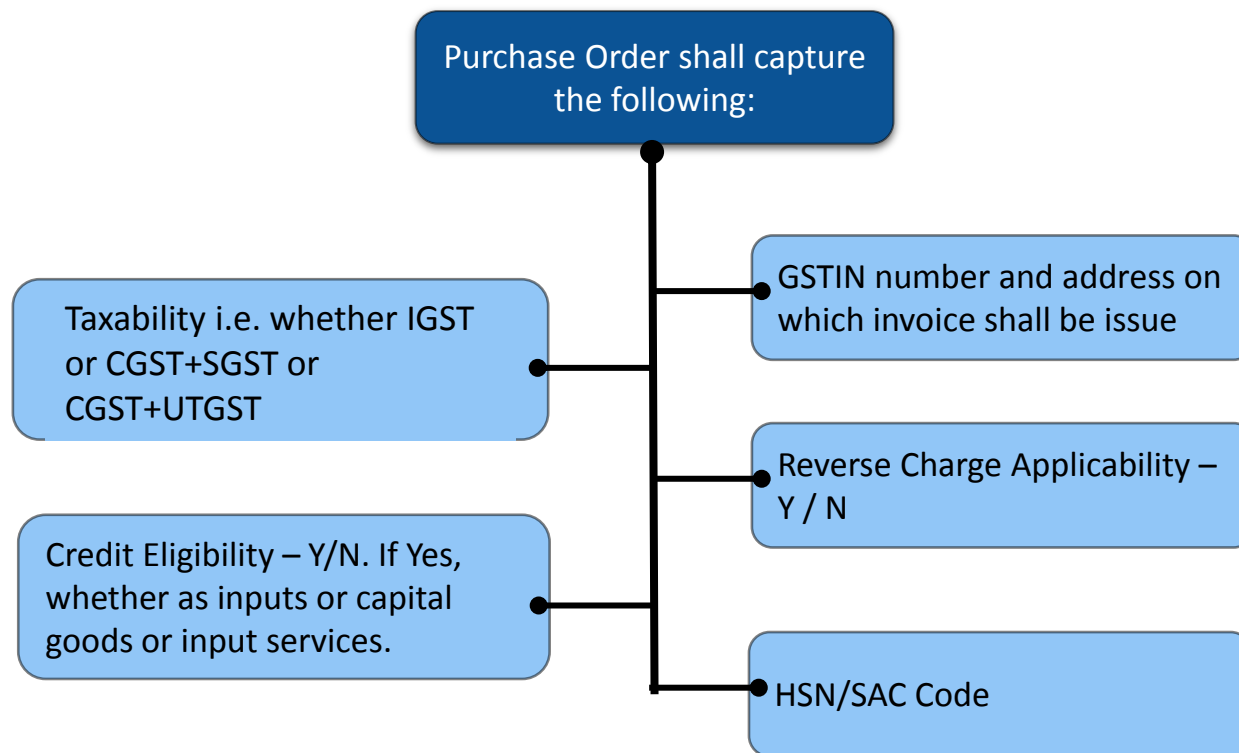
Invoice in case of Reverse Charge

- Concept of reverse charge mechanism will be in GST regime also. The same will be extended to Goods also. Goods and/or services will be specified which are under reverse charge mechanism.
- As per section 31 of CGST Act, tax invoice shall be issued on receipt of goods and services from unregistered dealer under Reverse Charge.
- Registered taxable person shall also issue a payment voucher at the time of making payment to the supplier (unregistered person)
- In GST Regime, the assessee is required to submit the details of invoice issued during the tax period in case of inward supplies which are:
 1. Covered under reverse charge and
 2. Received from unregistered persons.
- IT system shall be configured accordingly so as to enable issuance of such invoices and also to capture invoice received from the vendors.



• Nature of the document must be indicated prominently, such as 'revised invoice' or 'supplementary invoice'
• Name, address, and GSTIN of the supplier
• A consecutive serial number, in one or multiple series, containing only alphabets and/or numerals, unique for a financial year (on similar line as described in other documents)
• Date of issue of the document
• If recipient is registered- Name, address and GSTIN/Unique ID number of the recipient
• If recipient is unregistered- Name, address of recipient and address of delivery, with state name and code
• Serial number and date of the original tax invoice or bill of supply
• Taxable value of the goods or services, rate of tax and the amount of tax credited or debited to the recipient
• Signature or digital signature of the supplier or his authorized representative







Other Points:

- Payment voucher at the time of making payment to supplier in case of RCM
- Refund Voucher in case supplies are not made after receipt of advance.
- Practice of deduction from invoice to be discontinued. Options available
 - Either Credit Note
 - Or Performa Invoice and then GST invoice
- Invoice cannot have two different places of supply
- Invoice cannot have reverse charge and non-reverse charge items

RETURN FORMATS and ATTRIBUTE DETAILS




Microsoft Excel
Worksheet
Return Formats (Excel)




Adobe Acrobat
Document
Return Formats (PDF)

(Preview Only- Double Click Worksheet to Open)



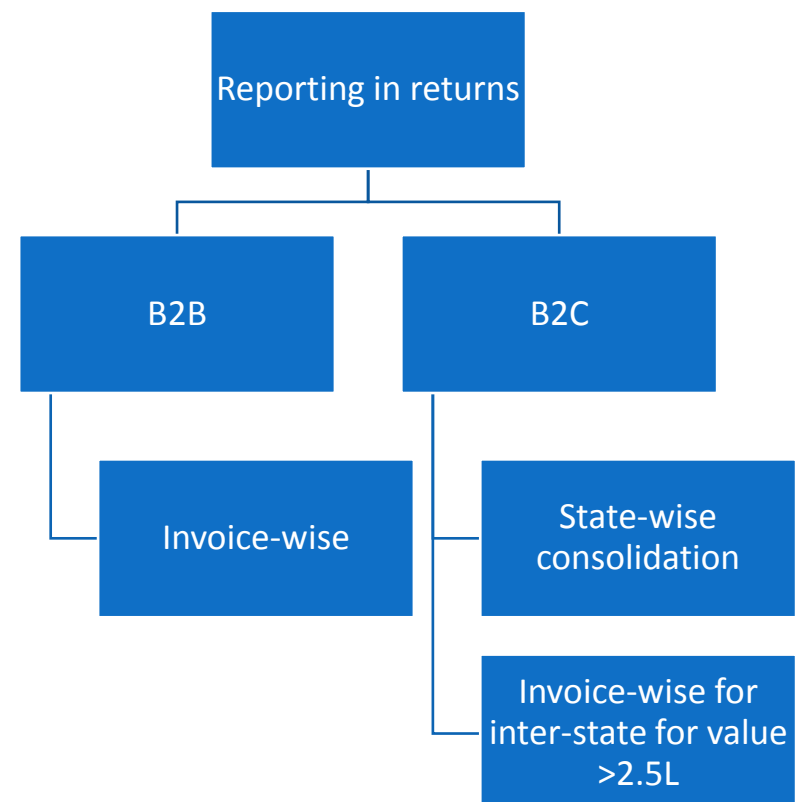
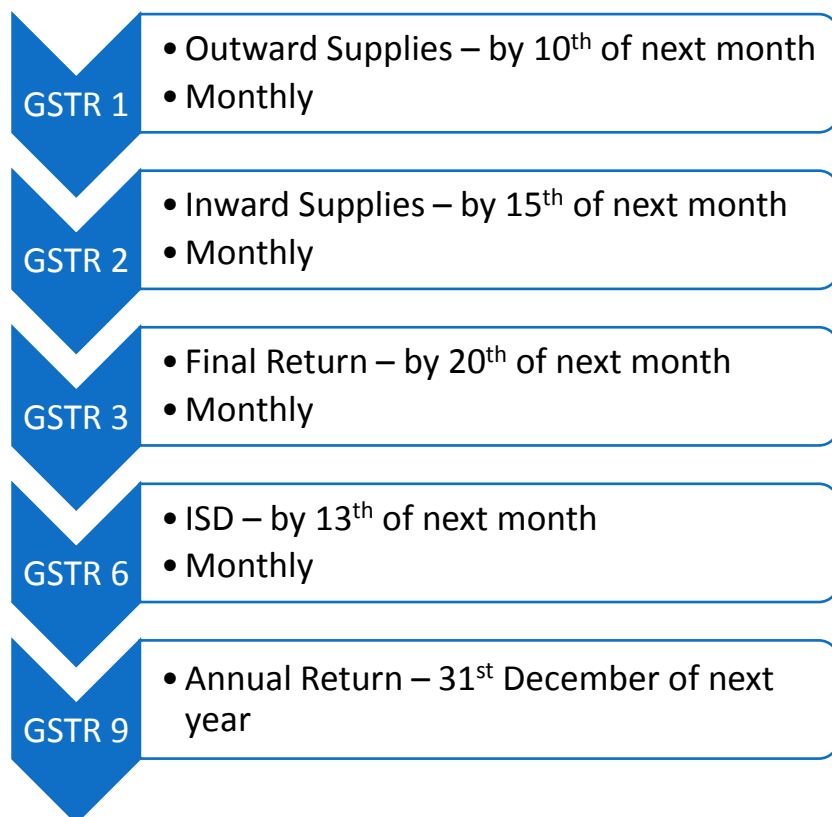
Microsoft Excel
Worksheet
Attributes GSTR 1 + GSTR1A



Microsoft Excel
Worksheet
Attributes GSTR 2



For each registration, a normal taxable person has to file following returns:



Engagement with ASP/GSP

- For successful filing of returns, all records will have to be maintained in the ERP
- GSP and ASP (not mandatory) need to be appointed
- ASP will be responsible for developing the necessary software bridge
- GSP will be responsible for the proper uploading of invoices and filing of returns from a technical perspective as vanilla SAP output will be incompatible with GSNT accepted formats

Action point – IT team

- Draft format of Returns are attached
- BCMS has to map all the field in Return format with existing SAP fields and incorporate all the additional fields
- The above return formats are not final and additional tables may be added once the final version of returns are released

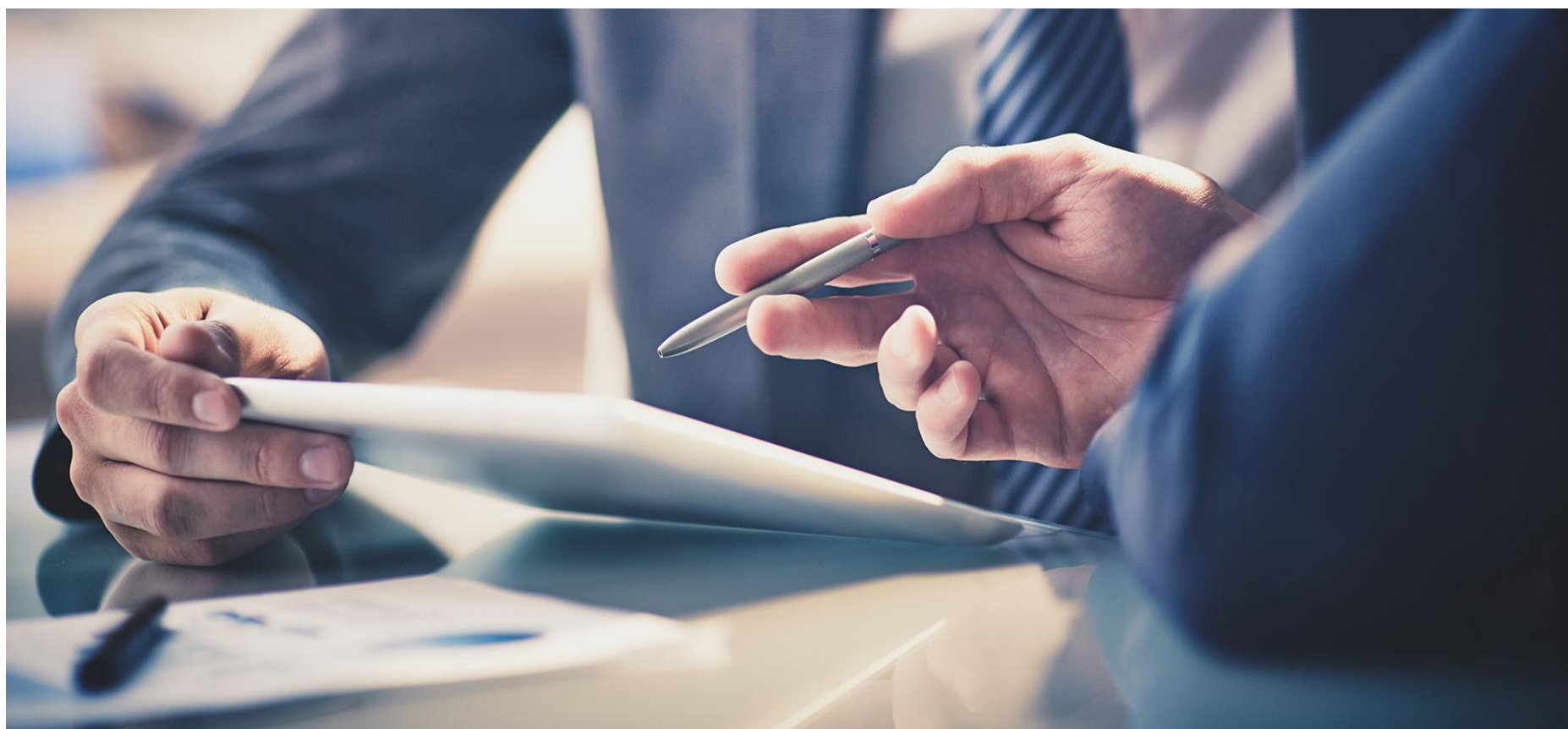
Electronic Credit Ledger of Taxpayer
(To be maintained at the Common Portal)

GSTIN –
Name –
Period - From ----- To ----- (dd/mm/yyyy)
Act - /All

Sr No.	Date (dd/mm/yyyy)	Reference No.	Tax Period, if applicable	Description	Type of Transaction [Debit (DR) / Credit (CR)]	SGST/CGST/IGST				Balance			
						Matched	Mis-matched	Provisional	Total	Matched	Mis-matched	Provisional	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Note –

1. Credit of inputs, capital goods, reverse charge claimed in return; Credit received through ISD; credit on account of merger, pre-registration etc. will be recorded separately in the ledger.
2. Utilisation of credit from the same major head or from other major head (cross utilization) will be recorded accordingly.
3. Utilisation of credit for return and other than return related liabilities will be recorded separately.
4. Refund claimed from ITC ledger will be reduced and if rejected or withdrawn will be credited back.

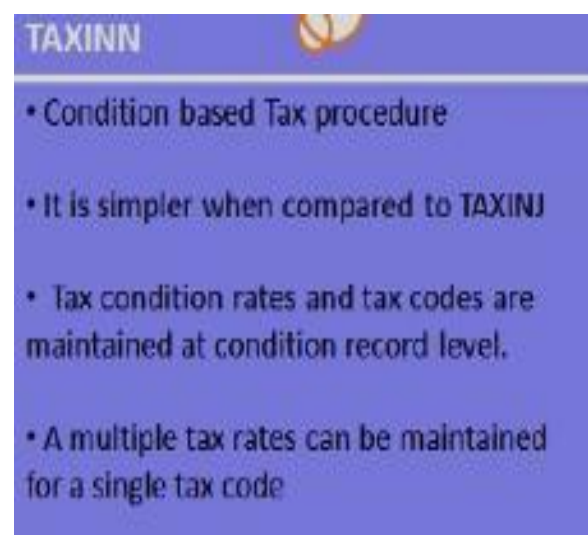


Changes required:

- Perquisites for GST Implementation
- Updating Company Master
- Business place concept
- Updating Product Master
- Updating Vendor Master
- Updating Customer Master
- Tax configuration
- Custom Modifications
- Other system requirements



- Company should be on TAXINN tax procedure
- Company's SAP system should be on minimum Support Package. Recommended minimum Support pack level - SP13 for GST on ECC 6.0, EHP 5
- Redundant tax codes, Vendor codes, customer codes, etc. to be identified for clearing master data activity. New tax codes to be configured for GST Implementation.



Updating Company Master

- Single registration for CGST, SGST and IGST
- Individual registration to be obtained in each state of business establishment
- PAN based registration number – Up to 15 characters in length

State Code		PAN										Entity Code	BLANK	Check Digit
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

- Multiple business places must be created per the region of operation. The relevant offices must be assigned to their corresponding business places i.e. region wise association. A new field will be provided to store the GSTIN of the business
- The company will have to update its company master with the GSTIN of every state
- The branches in a state would have to be tagged to the relevant state GSTIN
- System may require to create state codes
- Every state GSTIN can be a vendor or customer or both, as the case may be, to other state GSTIN of the same company if there are supplies of goods/services between them.

- Currently Business place is not used for any type of transaction. From GST prospective, SAP recommends to map business place per GST registration Number
- Each GST registration number should be defined as Business place
- GL Account determination is also depending upon the business place.
- Invoice number range concept to be designed on business place as per GST regulation requirement.
- Multiple business places must be created based on the region/state of operation.
- The relevant offices must be assigned to their corresponding business places i.e. region/state wise association. A new field will be provided to store the GSTIN of the business.
- As the GST registration is unique to each state, the plant(s) in the same region must be assigned to state specific business place. Below images can be seen for example:
State wise business place and then offices can be assigned to the business place.

Company Code IN47 India Model Company, IN

Business Place KA01 Karnataka

Change View "Assign Business Places to Plants": Over

63 64 65 66 67

Plant	Name 1	Country	Company ...	Business Pl...
INR3	Plant 0001	IN	IN47	KA01



Classification of materials:

The fields Tax indicator for material and/or material group under Purchasing tab may be used.

- Five petroleum Products and power is kept out of GST – Procurement of which would be posted in Non GST (old tax) codes.
- GST Exempted goods will be notified
- Remaining all products will be under GST relevant code.

Purchase scenarios:

- New GST condition types will be introduced from SAP; these condition types need to be added to TAXINN Tax procedure.
- New Access sequence to be designed with key combinations and condition records to be created with validity dates.
- Validity for the condition record for the existing tax conditions need to be modified on GST cutover date.
- Calculation of Taxes on Invoice date or document date only.
- New tax code and condition record need to be created for GST.

Material Descr. of Tax Indic.	
0	GST Relevant
1	Non GST
2	GST Exempt

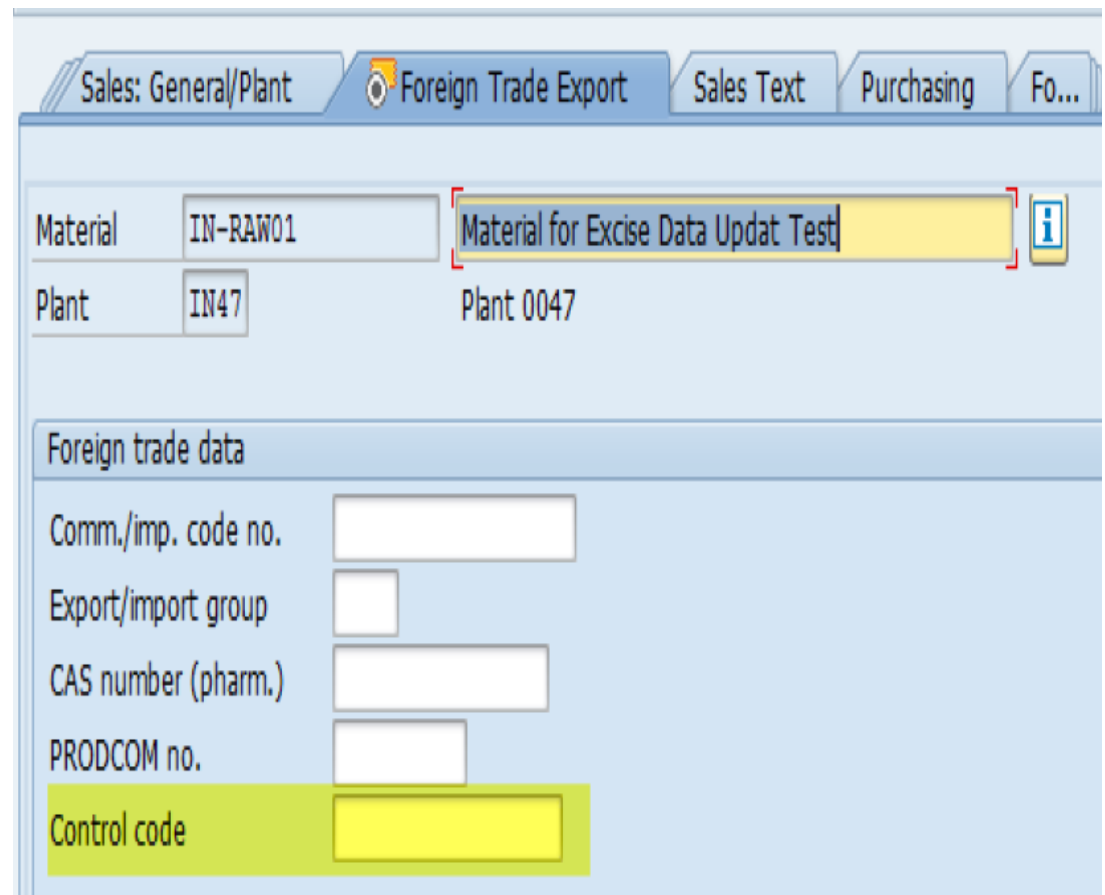
3 Entries found



HSN Code:

For Goods the HSN code will be stored in Control code field of foreign data Tab.

Efforts shall be made to match HSN codes (length) of goods with major vendors to ensure seamless flow of credit.

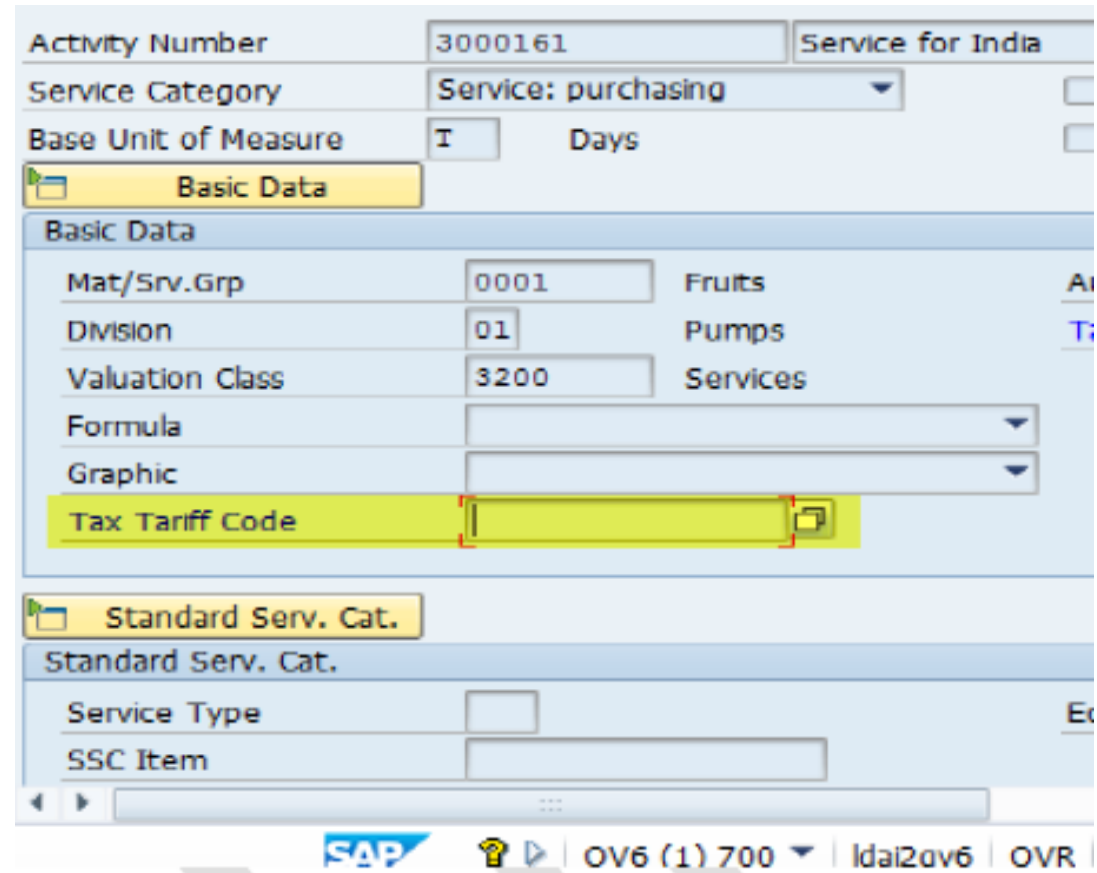


The screenshot shows the SAP Material Master configuration for the 'Foreign Trade Export' tab. The 'Material' field is 'IN-RAW01' and the 'Plant' is 'IN47'. The 'Material for Excise Data Updat Test' is entered in the 'Material' field. The 'Control code' field is highlighted in yellow. The 'Foreign trade data' section includes fields for 'Comm./imp. code no.', 'Export/import group', 'CAS number (pharm.)', 'PRODCOM no.', and 'Control code'.

SAC Code:

For Services, the SAC code will be stored in Tax tariff code of Service master.

SAC code shall be matched with vendors' SAC code for recording purpose.



The screenshot shows the SAP Service Master configuration for the 'Basic Data' tab. The 'Activity Number' is '3000161' and the 'Service for India' is 'Service: purchasing'. The 'Base Unit of Measure' is 'T' and 'Days'. The 'Basic Data' section includes fields for 'Mat/Srv.Grp' (0001), 'Division' (01), 'Valuation Class' (3200), 'Formula', 'Graphic', and 'Tax Tariff Code'. The 'Tax Tariff Code' field is highlighted in yellow. The 'Standard Serv. Cat.' section includes fields for 'Service Type' and 'SSC Item'.

The company would require modifying its vendor master to include the following:

- **Classification of Vendor:** Vendors should be classified as normal/casual/non-resident taxable person/compounding taxable/unregistered taxable person/ foreign vendors etc.
- **Classification of taxability of supply:** Forward charge/reverse charge

GSTIN of Vendor:

Vendors should be mapped with their respective state-wise GSTINs. Hence, linkage of supplies made from respective GSTINs is required. The GST registration number to be saved in the Tax number 3(LFA1-STCD3) field of vendor master. This field will be enabled for one time vendors as well.

CIN master maintenance

Vendor Classification

- 0 Full GST Registered
- 1 Full GST (PSU)
- 2 GST Exempt
- 3 GST Compounding

Change Vendor: Control

Tax categories Certificates Ireland RCT data

Vendor MIGO India Vendor

Account control

Customer Authorization

Trading Partner Corporate Group

Tax information

Tax Number 1 Tax number type

Tax Number 2 Tax type

Tax Number 3 AHJDF6745N132MH

Tax Number 4 Tax base

The company would require modifying its customer master to include the following:

- **GSTIN of Customer:** Customers should be mapped with their respective state-wise GSTINs. Hence, linkage of supplies to respective GSTINs is required.

This field will be enabled for one time customers as well.

Create Customer: General Data

Other Customer Company Code Data

Customer: TESTGST123

Address Control Data Payment Transactions

Account control

Vendor Authorization

Trading Partner Corporate Group

Reference data/area

Location no. 1 Location no. 2

Industry

Tax information

Tax Number 1 Tax number type

Tax Number 2 Tax type

Tax Number 3 AHKJF5674N124KA

Tax Number 4

Classification of Customer:

Customers should be classified as registered person/unregistered person/Compounding customer/ Foreign customers/SEZ etc.

Tax classification for customer (2) 4 Entries found

Restrictions Tax classification for customer (2) 4

Tax category: JOCG

TaxCl	Description
0	Full GST (Reg Cust)
1	Full GST (PSU)
2	GST Exempt
3	GST Compounding

4 Entries found

Condition Types required – Few examples

- Intra-state transactions : CGST and SGST applicable
- Inter-state/Import transactions : IGST applicable
- TDS/TCS - Deductible and Non Deductible
- Reverse Charge/Forward Charge Conditions
- Export/SEZ Transactions - Zero rated (Expected)
- Region level rate variations may exist – Different SGST Rates may exist.

990	0	JICG	IN: Central GST
991	0	JISG	IN: State GST
992	0	JIIG	IN:Interstate GST

Utilization of Input tax credit would be as under:

- Input CGST to be utilized against output CGST and IGST
- Input SGST to be utilized against output SGST and IGST
- Input IGST to be utilized against output IGST, CGST and SGST in the order of IGST, CGST and SGST – As illustrated below:

Monthly Utilization			
Taxes			
Ind	Taxes	Payable Amount	Amount Remaining
000	CGST	324.899,00	324.899,00
000	SGST	129.006,00	129.006,00
000	IGST	2.019,00	2.019,00
Select Tax			
Utilization for CGST			
Account Name	Available Balance	Utilized	Rem Balance
CGST	174,16		174,16
IGST	2.019,00		2.019,00

- Separate Invoice series shall be maintained for separate registrations.
- For this purpose, separate business places to be assigned with different series of numbering.
- This can be achieved by using the existing ODN (Official document Numbering) functionality.

Display View "Assign Number Ranges to Business Places":

✎ 📄 📄 📄

Assign Number Ranges to Business Places										
	CoCd	BP	D...	Date	Exp. date	Prefix	No. gp	No	EINV Rele	
	IN47	IN47	IN	01.0...	31.12.2003	IN	IN01	01	<input type="checkbox"/>	

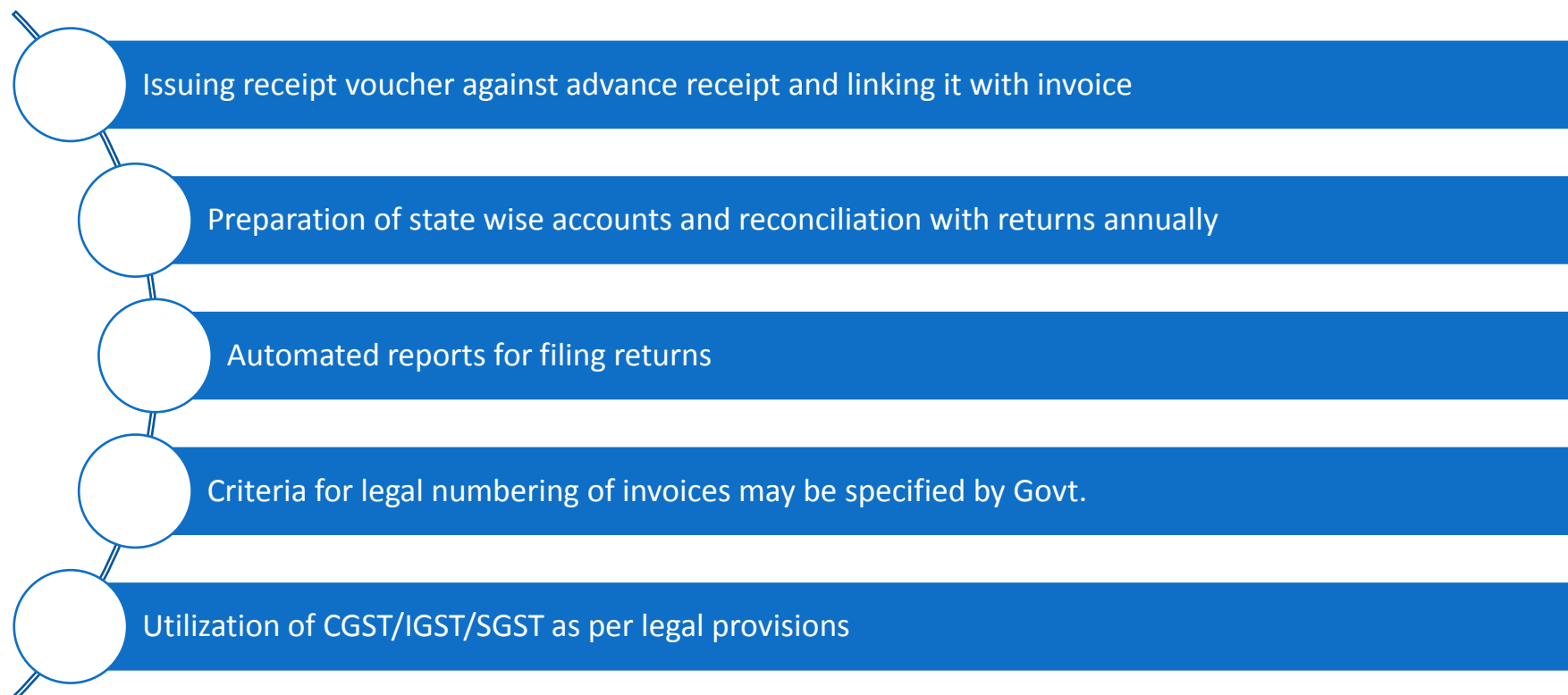


- The HO/respective branch which wants to distribute the ITC should create 2 accounts in the system
 - Own ITC account
 - ISD account
- In case the ITC attributable to another state is received in ISD GSTIN of another state, the latter has to distribute the same through ISD mechanism to the former.
- Services received at HO shall be bi-furcated into two categories – 1. Credit of which to be routed through ISD
2. Credit to be taken by HO.

Procurement of Goods/services

- All PO's placed by the company on vendors should contain relevant state GSTIN of company, SAP shall be configured accordingly to have flexibility of quoting GSTIN of respective plant.
- If service is attributable to more than one state, ISD GSTIN of state (intending to distribute the ITC of inward supplies to respective company GSTINs) would have to be given to the vendor to ensure credit comes in ISD return to distribute ITC.

Other System Requirements



Maintenance of Accounts and Records

- The GST law requires every taxable person to maintain the following records at the **Principal Place of Business in each state**
 - Details regarding outward supply of goods/services
 - Details regarding inward supply of goods/services
 - ITC availed
 - Output tax payable and paid
 - Other particulars as required
- In this view, the company would require its system to provide state-wise details of the above mentioned information
- Trial Balance should be made available at state level for filing Annual Return – GSTR 9

Supplies between HO and Branches and between Branches

- Supply of goods or services between related persons, or between distinct persons as specified in section 10, when made in the course or furtherance of business will be treated as supply even if made without consideration
 - Schedule I (Clause 2)
- The system should consider company units in one state and those in another state as separate taxable persons

Notional value
determination

Goods sent from
HO to Branch

Shared/inter unit
services

Issuance of Invoice

Charging GST & ITC

About Us

Who We Are:

We are a team of distinguished chartered accountant, corporate financial advisors and tax consultants in India. Our firm of chartered accountants represents a coalition of specialized skills that is geared to offer sound financial solutions and advices. The organization is a congregation of professionally qualified and experienced persons who are committed to add value and optimize the benefits accruing to clients.

Our Focus:

To provide high quality services to our clients and believe in upholding high standards of honesty and integrity in what we do.

Our Clientele:

We have been providing services to a proud mix of Multinational companies, Indian companies, High Net Worth Individuals amongst others. Our multinational client-set includes companies belonging to Japan, US, Singapore, China, Taiwan, Hong Kong, and many others. We advise & also hand-hold foreign companies set-up operations in India & cater to their compliance requirements right from inception to regular day-to-day operations.



Our Services:

Accounting / Book-keeping

Book-keeping, Preparation and Compilation of financial statements, Accounting reconciliations and Consolidations, Accounting system implementation, Development of Accounting policies and Procedures Manual, Forecasting and Projections, Financial analysis of reports, Cash flow management.

Audit / Assurance

Audit, Review of financial statements, Internal control reviews, Reporting requirements, Drafting of Management

Regulatory

Advice on Regulatory matters, Assistance in obtaining Clarifications and Approvals from Reserve Bank of India (RBI) and other Statutory Authorities, Company Law Compliance, Compliance with Exchange Control Regulations and Import-Export Code norms.

Taxation

Corporate, Individual & International Taxation, Direct & Indirect tax compliance, Return Filing, Tax Advisory, Tax Audit, Dispute Resolution, Transfer Pricing, secretarial records, Filing of necessary forms.

Transaction advisory

Business structuring, Valuations, Corporate Finance, Due diligence, Tax planning.

Compliances

Income tax, Service tax, VAT/ CST, Excise/ Customs, RBI and ROC compliances in respect of all types of regulatory filing of documents and their follow up.

New Delhi:

S-13, St. Soldier Tower, G-Block Commercial Complex, Vikas Puri, New Delhi - 110018

Phone : +91 11 28543739
: +91 11 28544939
: +91 11 45527239
Fax : +91 11 43850030

Gurgaon:

1156, Tower B2, 11th Floor, Spaze I Tech Park, Sohna Road, Sector 49, Gurgaon-122001

Phone : +91 124 4371317
: +91 124 4371318
Fax : +91 11 43850030

Mumbai:

Unit No.3, 1st Floor, New Laxmi Shopping Centre, A-Wing, H.D.Road, Ghatkopar (W), Mumbai - 400086 (India)

Phone : +91 98202-63544
: +91 22-25110016

E-mail : info@neerajbhagat.com
Website : www.neerajbhagat.com

Neeraj Bhagat is a member of the Institute of Chartered Accountants of India (ICAI) since 1997. He is also an Associate member of Association of International Accountants, United Kingdom. He is founder of Neeraj Bhagat & Co, an Indian Chartered Accountancy firm serving various MNC'S from across the globe. Neeraj Bhagat & Co. has its offices at New Delhi, Gurgaon and Mumbai. They are part of Allinial Global Accounting Association which is one of the World's Top 10 in accounting associations.

Member of
Allinial
GLOBAL™
An association of legally independent firms