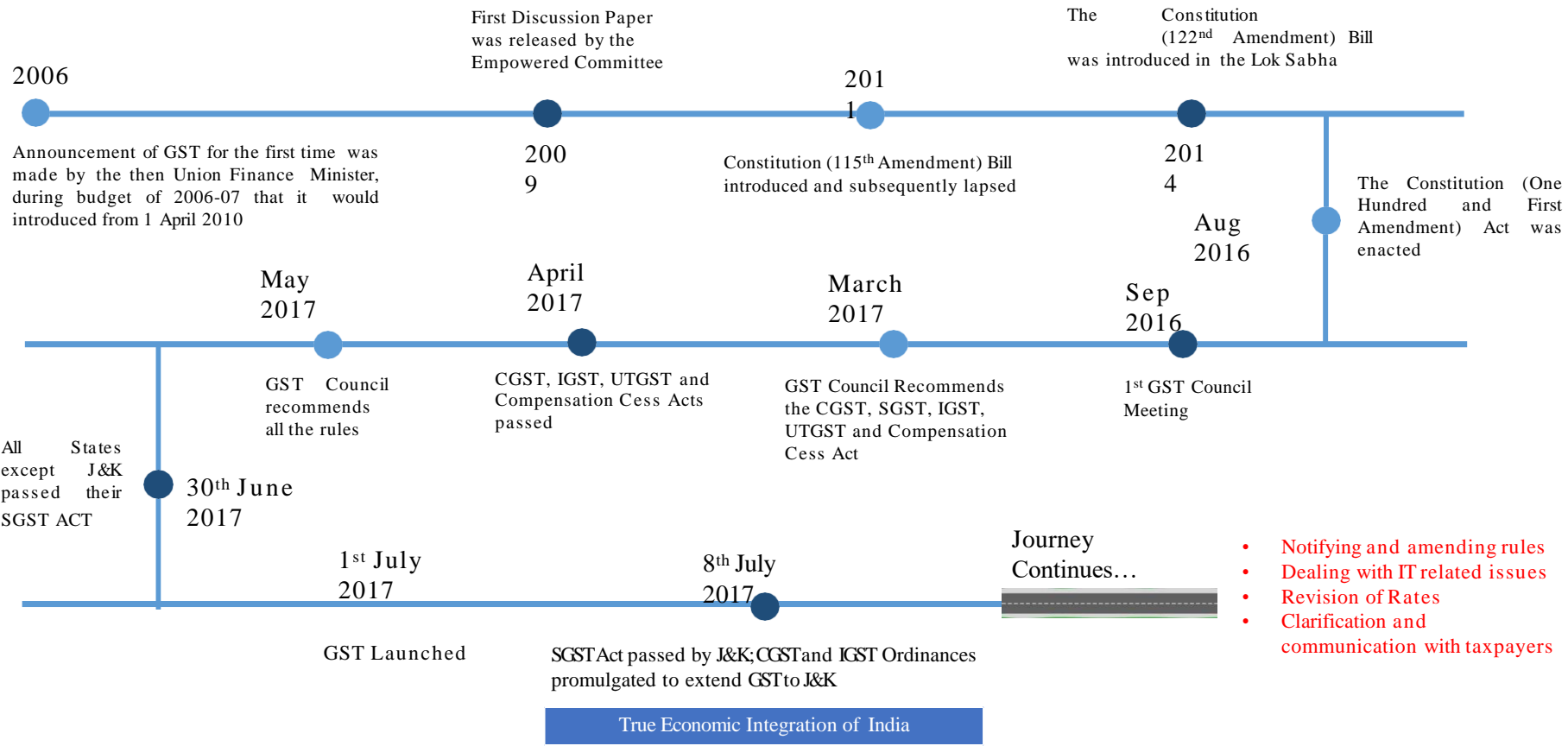


GOODS AND SERVICE TAX

»» IMPACT OF GST ON
HIGHER EDUCATION &
SMEs

The Journey of GST



WHAT IS GST



- A tax charged on supply of Goods and Services or both for consideration.
- GST is a destination based consumption tax.
- GST is a value added tax to be levied on both goods and services, (except the exempted goods and services).
- The tax will be levied on the value of the goods or service supplied and whether sold or not.

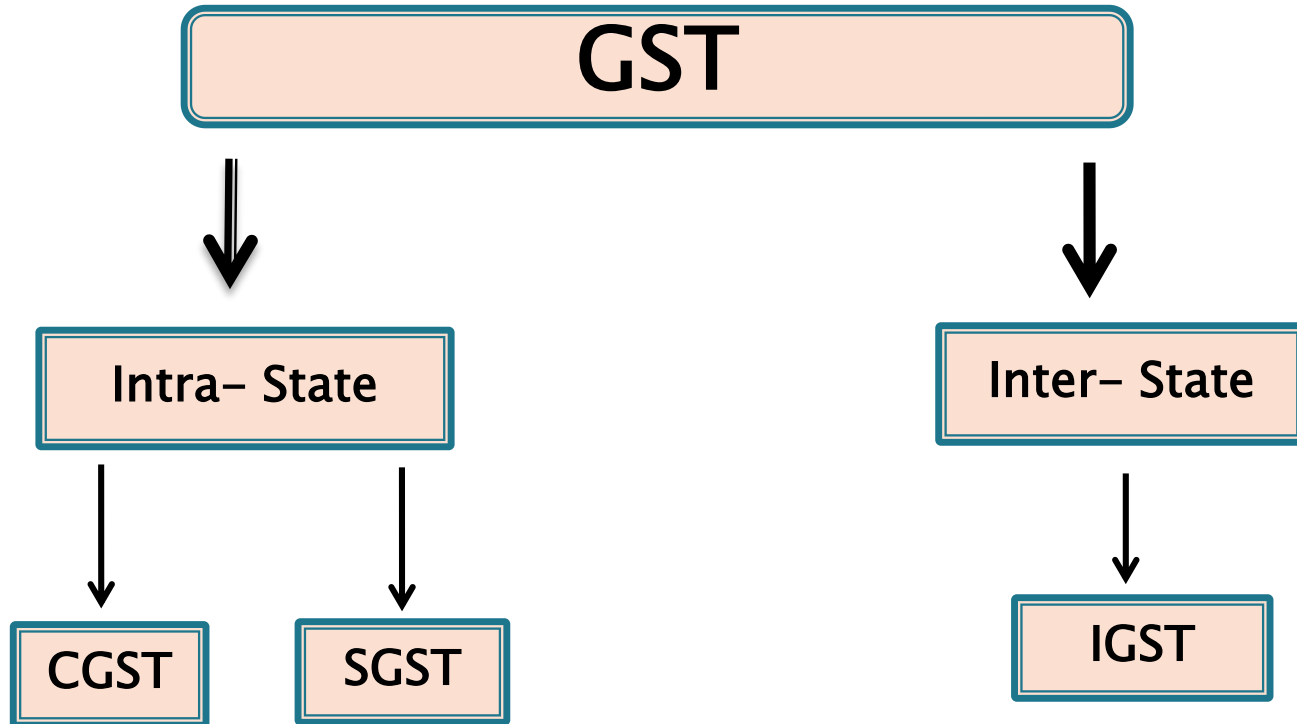
Multi Stage
Tax

Destination
based
consumption
tax

Value Added
Tax

Seamless
Credit across
entire supply
chain

CONSTITUENTS OF GST



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

Components of GST



Central GST (CGST) - Levy on **supply of ALL** goods and/ or services within State, by the Central Government

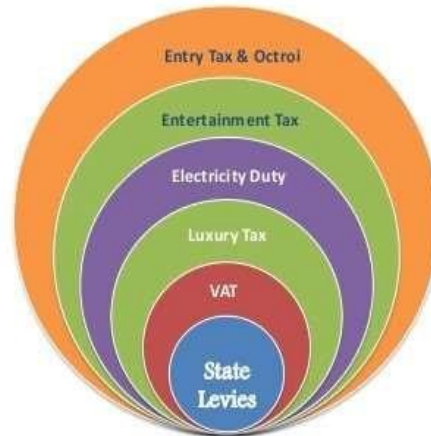
State GST (SGST) - Levy on **supply of ALL** goods and/ or services within State, by the respective State Government

Integrated GST (IGST) – Levy on **ALL inter-State supplies** of goods and/ or services, by the Central Government

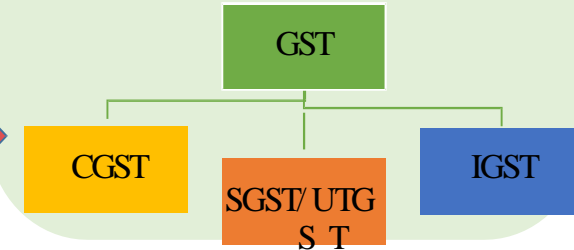
- Central Taxes
- Tax Administrations
- CEx/ST Act & Rules
- Procedures

- Multiple State Taxes
- Multiple State Tax Administrations
- Multiple Acts & Rules
- Multiple procedures

Pre-GST Indirect tax structure in India



- Single Tax- GST
- Single Tax Administration
- Uniform law
- Computerized uniform procedures



GST Structure in India

As per Order **01/2017 dated 06/11/2017** Division of Taxpayer base between the Central Government and the Government of West Bengal for the entire state of West Bengal has been distributed the list of the taxpayer to be assessed by central & state authorities are given in the CBEC Portal.

Definitions:

- Aggregate Turnover” – Sec 2(6): Aggregate Turnover means the aggregate value of all taxable supplies, exempt supplies, export of goods and/or services and inter–state supplies of a person having the same PAN, to be computed on all India basis excludes taxes, if any charged under the CGST Act, SGST Act, and the IGST Act, as the case may be;

Explanation: Aggregate turnover does not include the value of inward supplies on which tax is payable by a person on reverse charge basis and the value of inward supplies.

- Inputs: ‘Inputs’ are defined under Section 2(59) of the CGST Act as any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business.

- ▶ **Input tax credit:** Input tax credit means the credit of central tax, state/ union territory tax and integrated tax available to a registered person on the inward supply of goods or services or both, made to him excluding the tax paid on supplies liable to composite tax. It further includes the integrated tax applicable on import of goods and the tax payable under reverse charge mechanism.
- ▶ **Exempt Supplies:** 'Exempt Supplies' for this purposes means all supplies other than taxable and zero rated supplies and specifically include the following:
 - ❑ Supplies liable to tax under reverse charge mechanism;
 - ❑ Transactions in securities;
 - ❑ Sale of land;
 - ❑ Sale of building (After Completion)
- ▶ **Educational institution :** Educational Institution means an institution providing services by way of:
 - ▶ (i) Preschool education and education up to higher secondary school or equivalent;
 - ▶ (ii) Education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
 - ▶ (iii) Education as a part of an approved vocational education course.

“Education as a part of curriculum for obtaining a qualification recognized by law”

Only such educational services are in the exemption list as are related to delivery of education as ‘a part’ of the curriculum that has been prescribed for obtaining a qualification prescribed by law. It is important to understand that to be in the exemption list the service should be delivered as part of curriculum. Conduct of degree courses by colleges, universities or institutions which lead grant of qualifications recognized by law would be covered. Training given by private coaching institutes would not be covered as such training does not lead to grant of a recognized qualification.

An “approved vocational education course” means, –

- (i) A course run by an industrial training institute or an industrial Training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961(52 of 1961); or
- (ii) A Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship.

Criteria to be categorised as Small & Medium Scale Enterprise

MANUFACTURING SECTOR

SERVICE SECTOR

SMALL

INVESTMENT IN PLANT
AND MACHINERY MORE
THAN 25 LAKHS BUT NOT
EXCEEDING 5 CRORES

INVESTMENT EQUIPMENTS
MORE THAN 10 LAKHS
BUT NOT EXCEEDING 2
CRORES

MEDIUM

INVESTMENT IN PLANT
AND MACHINERY MORE
THAN 5 CRORES BUT NOT
EXCEEDING 10 CRORES

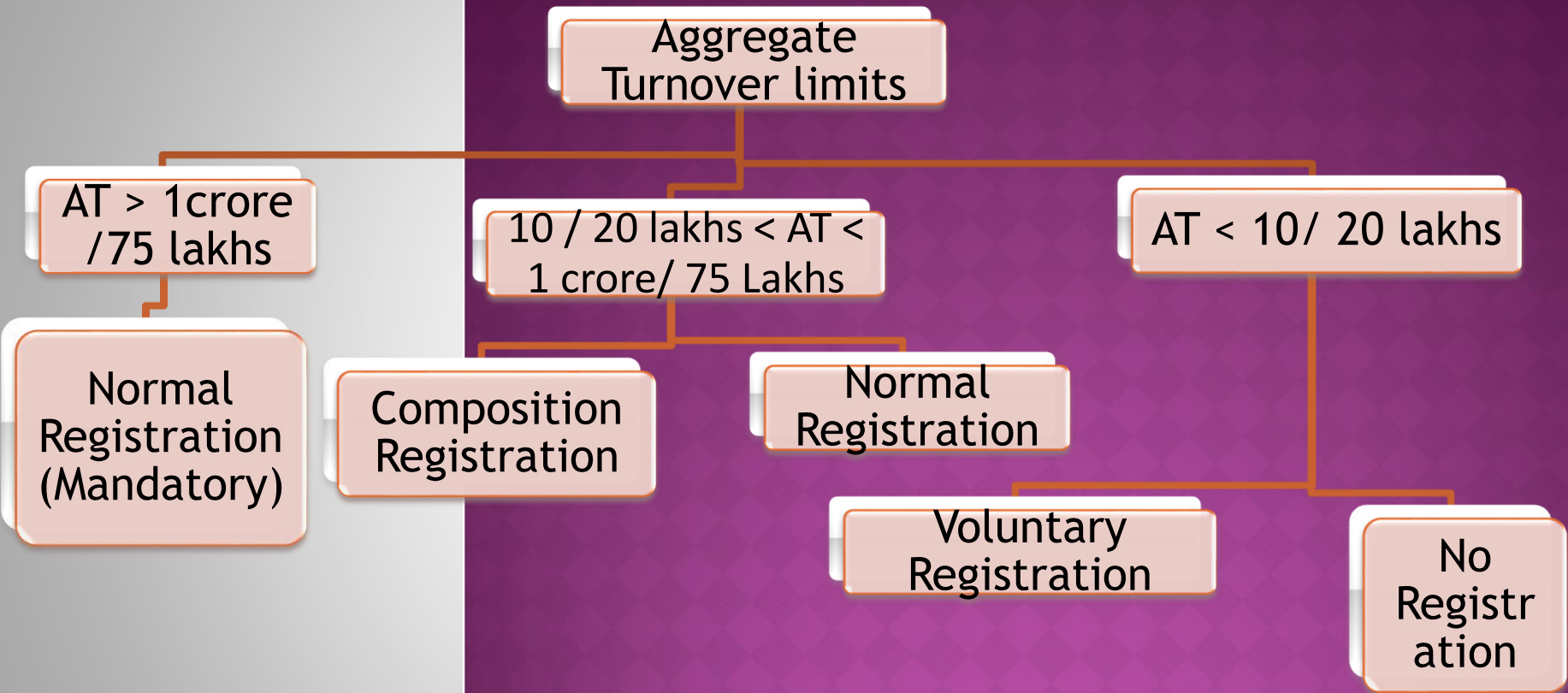
INVESTMENT IN PLANT
AND MACHINERY MORE
THAN 2 CRORES BUT NOT
EXCEEDING 5 CRORES

SCOPE OF SUPPLY

SUPPLY INCLUDES (Sub-section (1) of Section 7, CGST Act) :~

- ▶ All form of **supply of goods or services** or both such as **Sale, Transfer, Barter, Exchange Licence, Rental, Lease or Disposal** made or agreed to be made for a **consideration** by a person in the course or furtherance of **business**;
- ▶ **import of services** for a **consideration** whether or not in course or furtherance of **business**,
- ▶ the activities specified in **SCHEDULE I**, made or agreed to be made **without a consideration**; and
- ▶ the activities to be treated as supply of goods or supply of services as referred to in **SCHEDULE II**.

Turnover Based Registration & Voluntary Registration



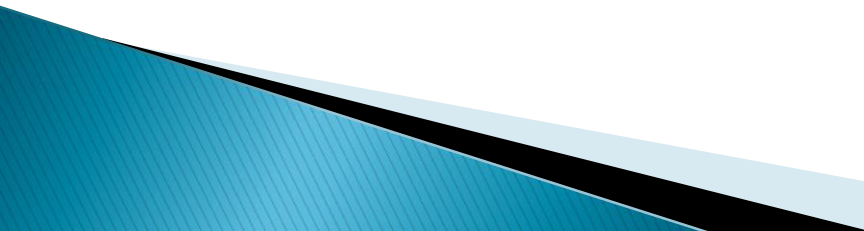
Special Category states for which the threshold is Rs. 10 lakhs to 75 Lakhs:

Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand

Time of supply of services

(Section No 13)

Time of supply of services shall be the earliest of the following:

- (a) Date of issue of invoice; or
 - (b) Due date of issue of invoice under Section 31; or
 - (c) Date when the payment entry in relation to supply of services is recorded in books of accounts; or
 - (d) Date on which the payment is credited to suppliers bank account.
- 

PLACE OF SUPPLY

PLACE OF SUPPLY OF SERVICES WHERE THE LOCATION OF SUPPLIER OF SERVICE AND THE LOCATION OF THE RECIPIENT OF SERVICE IS IN INDIA (SECTION 12, IGST Act)

- ▶ Section 12(2): For services other than the specified services the place of supply of service would be as under:
 - (a) The service is provided to registered person → place of supply shall be location of such person.
 - (b) The service is provided to a person other than registered person → location of the service shall be
 - (i) location of the recipient where the address on record exists
 - (ii) location of the supplier of services in other cases

- ▶ **Section 12 (3)(B)**: Any service provided directly in relation to an immovable property including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or coordination of construction shall be the location at which the immovable property is situated.
- ▶ **SECTION 12(5)** : When a training service is provided to a **registered person**, the **location of such registered person** shall be the place of supply of training services.

In case the service is provided to a person **other than a registered person**, then the place of supply shall be the location where the services are **actually performed**

- ▶ **Section 12(6)**: the place of supply of services provided by way of admission to an educational or any other place and services ancillary thereto, shall be the place where the event is actually held or such other place is located.
- ▶ **section 12(7)**: the place of supply of services provided by way of, —
 - (a) organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events; or
 - (b) services ancillary to organisation of any of the events or services referred to in clause (a), or assigning of sponsorship to such events: –
 - (i) To a registered person, shall be the location of such person;
 - (ii) To a person other than a registered person, shall be the place where the event is actually held

Classification of Education Services:

Education Services are classified in heading 9992 (as per Notification No. 11/2017–Central Tax (Rate)) and are further sub–divided into six groups (as per the Annexure to the same notification) comprising of Pre–primary, primary, secondary, higher, specialised and other educational & support services.

Heading and Group	Service Code (Tariff)	Service Description
Heading no. 9992		Education services
Group 99921	999210	Pre–primary education services
Group 99922	999220	Primary education services
Group 99923	999231	Secondary education services, general
Group 99923	999232	Secondary education services, technical and vocational
Group 99924	999241	Higher education services, general
Group 99924	999242	Higher education services, technical
Group 99924	999243	Higher education services, vocational
Group 99924	999249	Other higher education services

Heading and Group	Service Code (Tariff)	Service Description
Group 99925	999259	Specialised education services
Group 99929	999291	Cultural education services
	999292	Sports and recreation education services
	999293	Commercial training and coaching services
	999294	Other education and training services n.e.c.
	999295	services involving conduct of examination for admission to educational institutions
	999299	Other Educational support services

GST RATES

GST Rates as per Notification No. 11/2017–Central Tax (Rate), Notification No.11/2017 –Central Tax (Rate) and Notification No. 12/2017–Central Tax (Rate) all dated 28.06.2017

Chapter/ Section/ Heading	Description of Service	Rate
9992	Education Services	18%
9992	Services provided – (a) by an educational institution to its students, faculty and staff; (b) to an educational institution, by way of, – (i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) security or cleaning or housekeeping services performed in such educational institution; (iv) services relating to admission to, or conduct of examination by, such institution; up to higher secondary: Provided that nothing contained in entry (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent	NIL

Chapter/ Section/ Heading	Description of Service	Rate
9992	<p>Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme: –</p> <p>(a) Two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management;</p> <p>(b) fellow programme in Management;</p> <p>(c) five year integrated programme in Management.</p>	NIL
90 or any chapter	<p>Technical aids for education, rehabilitation, vocational training and employment of the blind such as Braille typewriters, braille watches, teaching and learning aids, games and other instruments and vocational aids specifically adapted for use of the blind Braille instruments, paper etc.</p>	5%
9023	<p>Instruments, apparatus and models, designed for demonstrational purposes (for example, in education or exhibitions), unsuitable for other uses</p>	28%

SPECIAL CONSIDERATION FOR EDUCATIONAL INSTITUTION

EDUCATIONAL INSTITUTION RUN BY CHARITABLE INSTITUTION

* Apart from general exemption in GST the charitable activities of entities registered under Sec 12AA of IT Act is also exempt.

* Trusts are running schools, colleges or any other educational institutions or performing activities related to advancement of educational programmes specifically for abandoned, orphans, homeless children, physically or mentally abused persons, prisoners or persons over age of 65 years residing in a rural area, activities will be considered as charitable and income from such services will be wholly exempt from GST in terms of **Notification No.12/2017- Central Tax (Rate) dated 28th June, 2017.**

COMPOSITE & MIXED SUPPLY

* Boarding schools provide service of education coupled with other services like providing dwelling units for residence and food. This may be a case of bundled services if the charges for education and lodging and boarding are inseparable, hence it will be treated in terms of principal supply and would be exempt from GST.

* If an artificial bundle of service is created by clubbing two courses together, only one of which leads to a qualification recognized by law, then by application of the rule of determination of taxability of a supply which is not bundled in the ordinary course of business, it shall be treated as a mixed supply as per provisions contained in section 2(74) read with section 8 of the CGST Act, 2017. The taxability will be determined by the supply which attracts highest rate of GST.

* However incidental auxiliary courses provided by way of hobby classes or extra-curricular activities in furtherance of overall well-being will be an example of naturally bundled course, and therefore treated as composite supply.

REVERSE CHARGE MECHANISM AS IT STANDS TODAY

9(3) OF CGST ACT,
Sec 5 of IGST ACT
(Specified Services)
#

- A list of supplies are provided by Government the tax liability on which has to be paid by the recipient of services.
- Some of the Supplies are :
 - **Services of Goods Transport Agency**
 - **Legal & advocate Services**
 - **Supply of services in relation to transfer or permitting right to use copy right.**

9(4) OF CGST ACT,
Sec 5 of IGST ACT

- The Central Government vide Notification No. 38/2017 - Central Tax (Rate) dated 13th October, 2017, has amended Notification No. 8/2017 - Central Tax (Rate) dated 28th June, 2017 by omitting proviso under Paragraph 1 which deals with the exemption limit of Rs. 5000 per day available to the registered person on intra-State procurement of goods or services from any or all unregistered suppliers. Now, exemption shall be available to all the registered persons till March 31, 2018 without any limit in case of supply procured from unregistered supplier. Inter-State supplies received from unregistered supplier is also exempt under corresponding notification issued under IGST Act.

The fitment of rates of services were discussed on 19 May 2017 during the 14th GST Council meeting held at Srinagar Jammu & Kashmir.

FILING OF RETURN PRESENT SENERIO

Tax payers	Periodicity	Period	Due Date
Aggregate Turnover up to ₹ 1.5 Crores in preceding financial year or current financial year. (N. No. 57/2017 - CT Dated 15-11-2017)	Quarterly	July-Sep'17	31-12-2017
		Oct t-Dec'17	15-02-2018
		Jan -Mar'18	30-04-2018
Aggregate Turnover more than ₹ 1.5 Crores in preceding financial year or current financial year. (N. No. 58//2017 - CT Dated 15-11-2017)	Monthly	July '17	31-12-2017
		Aug' 17	31-12-2017
		Sept'17	31-12-2017
		Oct '17	31-12-2017
		Nov '17	10-01-2018
		Dec '17	10-02-2018
		Jan '18	10-03-2018
		Feb '18	10-04-2018
		Mar'18	10-05-2018
Composition Supplier (N. No. 59/2017 - CT Dated 15-11-2017)	Quarterly	July -Sep'17	24-12-2017

TAX DEDUCTED AT SOURCE

▶ SECTION 51(1) of CGST Act: Notwithstanding anything to the contrary contained in this Act, the Government may mandate,--

(a) a department or establishment of the Central Government or State Government; or

(b) local authority; or

(c) Governmental agencies; or

(d) such persons or category of persons as notified by the Government vide notification no (Notification No. 33/2017 - Central Tax) on the recommendations of the Council,

to deduct tax at the rate of 2% (1% CGST & 1% SGST) from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds Rs 250000.

The GST Council in the 22nd meeting at New Delhi 6th October 2017, issued a press release deciding to defer the TDS provision till 31.03.2018

THANK YOU

