



# ***BASIC CONCEPTS OF GST FOR DOCTORS***

***DILIP PHADKE***

Chartered Accountant

Contact:

28982388/9322231414

e-mail

**phadke1952@gmail.com**

## **Taxable Event : Up to 30<sup>th</sup> June 2017**

- **Sales tax or VAT** is applicable on transfer of property in movable goods i.e. sale.
- **'Sale'** means “Parties competent to contract with Mutual assent Transfer general property in goods from seller to buyer for Price in money paid or payable”.
- **Deemed Sale** may not involve transfer of goods fully and includes “ Works contract, Hire purchase or instalment payment, leasing of goods, sale by club or AOP to its members, Supply of food /drinks for human consumption

## **Taxable Event : Up to 30<sup>th</sup> June 2017**

- **Excise** is applicable on removal of **goods** manufactured or produced & covers processes that 'transform' a commodity to a new one with distinct name, character or use.
- Processes incidental or ancillary to completion of a manufactured product [sec.2(f)(i)]
- Processes specified in Section or Chapter Notes of Sch. I of Central Excise Tariff Act as amounting to manufacture
- Specified processes in relation to goods in Sch.III of Tariff Act e.g. packing, labelling, etc.
- **Service Tax** : applicable on services  
'Service' means any activity done by one for another for consideration in business.

# OLD SIGNIFICANT TAXES

## ➤ **Central Taxes**

- Excise Duty
- Service Tax
- Custom Duty

## ➤ **State Taxes**

- VAT
- **CST (Revenue assigned by Union to States)**
- Luxury tax
- Entry Tax

# ***What is GST***

- GST is one indirect tax for the whole nation
- Make India one unified common market in  
FEDERAL STRUCTURE
- Single tax on supply of goods and services,  
right from the manufacturer to the consumer.
- Essentially a tax only on value addition at each  
stage with set off benefits– seamless credit.  
Consumer not burdened with cascading of  
taxes.

## DUAL CONTROL - FEATURE OF GST

- Dual GST : to be implemented through multiple statute IGST & CGST law by C.G. and SGST by each S.G.
- Basic features like chargeability; taxable event; valuation; classification to be uniform ***as far as practicable***
- Taxes to be collected separately
- Concurrent jurisdiction-
  - CGST to be administered by Centre
  - SGST to be administered by State
  - ***'Dual Monitoring– if one detects other will try to detect more to prove his ability & superiority.***

## **Goods and Services Tax Network [“GSTN”]**

- GSTN a non- profit , non govt. Co. formed in Mar. 2013 to provide IT infrastructure services [GST Portal] to C.G. and S.G., taxpayers and stake holders
- In front end its Common IT platform for receiving and processing e-returns, e-payments, and e- reg.
- At back end it will help in audits, assessments & appeals.
- *Essentials for seamless value chain and tax credit mechanism*
- Unified tax credit clearing mechanism.

# NEW TERM – SUPPLY (SEC. 7)

*“supply” includes :*

- (a) goods &/or services 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**;*
- (b) import of services for a consideration whether or not in the course or furtherance of business;*
- (c) the activities specified in Sch I, made or agreed to be made without a consideration; and*
- (d) the activities to be treated as supply of goods or supply of services as referred to in Sch II.*



# NEW TERM – SUPPLY (SEC. 7)

*“supply” includes :*

*(2) Notwithstanding anything contained in sub-section (1),—*

*(a) activities or transactions specified in Schedule III;  
or*

*(b) such activities or transactions undertaken by the  
CG, SG, LA in which they are engaged as public  
authorities,*

shall be treated neither as a supply of goods nor a  
supply of services.

## SCH – III NEITHER SUPPLY OF GOODS OR SERVICE

- 1 Employer and Employee – Service for employment
- 2 Service by Court or Tribunal
- 3 Functions performed by Political Persons like MP, MLA etc.
4. Service of Funeral, Burial, Crematorium or Mortuary including transportation of the deceased.
- 5 Sale of land other than construction
- 6 Actionable claims other than lottery, betting and gambling

## Composite Supply

**2(30) “composite supply”** means a supply consisting of two or more taxable supplies of G & / or S, 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;

- ***Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.***

## Mixed Supply

**2(74) “mixed supply”** means two or more individual supplies of G / S 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;**

***Illustration: A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.***

## Sec. 8 Tax on Composite & Mixed Supply

- The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:—

*(a) a **composite supply** comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such **principal supply**; and*

*(b) a **mixed supply** comprising two or more supplies shall be treated as a supply of that particular supply which attracts the **highest rate of tax**.*

## *9993 Human health and social care services*

- ***99931 Human health services***
- 999311 Inpatient services
- 999312 Medical and dental services
- 999313 Childbirth and related services
- 999314 Nursing and physiotherapeutic services
- 999315 Ambulance services
- 999316 Medical laboratory and diagnostic-imaging
- 999317 Blood, sperm and organ bank services
- 999319 Other human health services including homeopathy, unani, ayurveda, naturopathy, acupuncture and the like

*9993 Human health and social care services*

***9993 Resi. care services for the elderly and disabled***

999321 Resi. health-care services other than by hosp.

999322 Resi. care services for the elderly and disabled

***9993 Other social services with accommodation***

999331/33 Resi. care services for children/adults  
suffering from mental retardation, mental health  
illnesses or substance abuse

999332/34 Other social services with accommodation  
for children/adults

## *9993 Human health and social care services*

- ***99934 Social services without accommodation for the elderly and disabled***
- 999341 Vocational rehabilitation services
- 999349 Other social services w/o accommodation for the elderly and disabled nowhere else classified
- ***99935 Other social services without accommodation***
- 999351 Child day-care services
- 999352 Guidance and counselling services nowhere else classified related to Children
- 999353 Welfare services without accommodation
- 999359 Other social services w/o accommodation nowhere else classified



## 99972 Beauty and physical well-being services

- 999722 Cosmetic treatment (including cosmetic or plastic surgery), manicuring and pedicuring services
- 999723 Physical well-being services including health club and fitness centre
- 999729 Other beauty treatment services nowhere else classified
- **Para-medical** means relating to services and professions which supplement and support medical work but do not require a fully qualified doctor (such as nursing, radiography, emergency first aid, physiotherapy, and dietetics).

## **EXEMPT SERVICES u/s 11(1) CGST 6(1) IGST Act**

**9993** Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.

**9993** Services by way of-

(a) health care services by a clinical establishment, an authorised Medical practitioner or para-medics;

(b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.

**9983** Services by a veterinary clinic in relation to health care of animals or birds

**9963** Renting of residential dwelling for use as residence

## Important Definitions

- (zg) “**health care services**” means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;

## Important Definitions

- (k) “**authorised medical practitioner**” means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognised by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force;
- (zz) “**renting in relation to immovable property**” means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or w/o the transfer of possession or control of the said property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property;

## Important Definitions

- (s) “**clinical establishment**” means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases;

## **Services under Reverse Charge 9(3)**

- Following are services where doctors will be liable for compulsory registration u/s 24 liable to tax under Reverse Charge.
- Services by a goods transport agency (GTA) in respect of transportation of goods by road
- Services by individual advocate or firm of adv. by way of legal services, directly or indirectly
- Services received from person located in Non Taxable Territory.
- Services from Government or Local Authority
- Sponsorship to any body corporate or partnership

## **Whether following are supplies? are they Exempt?**

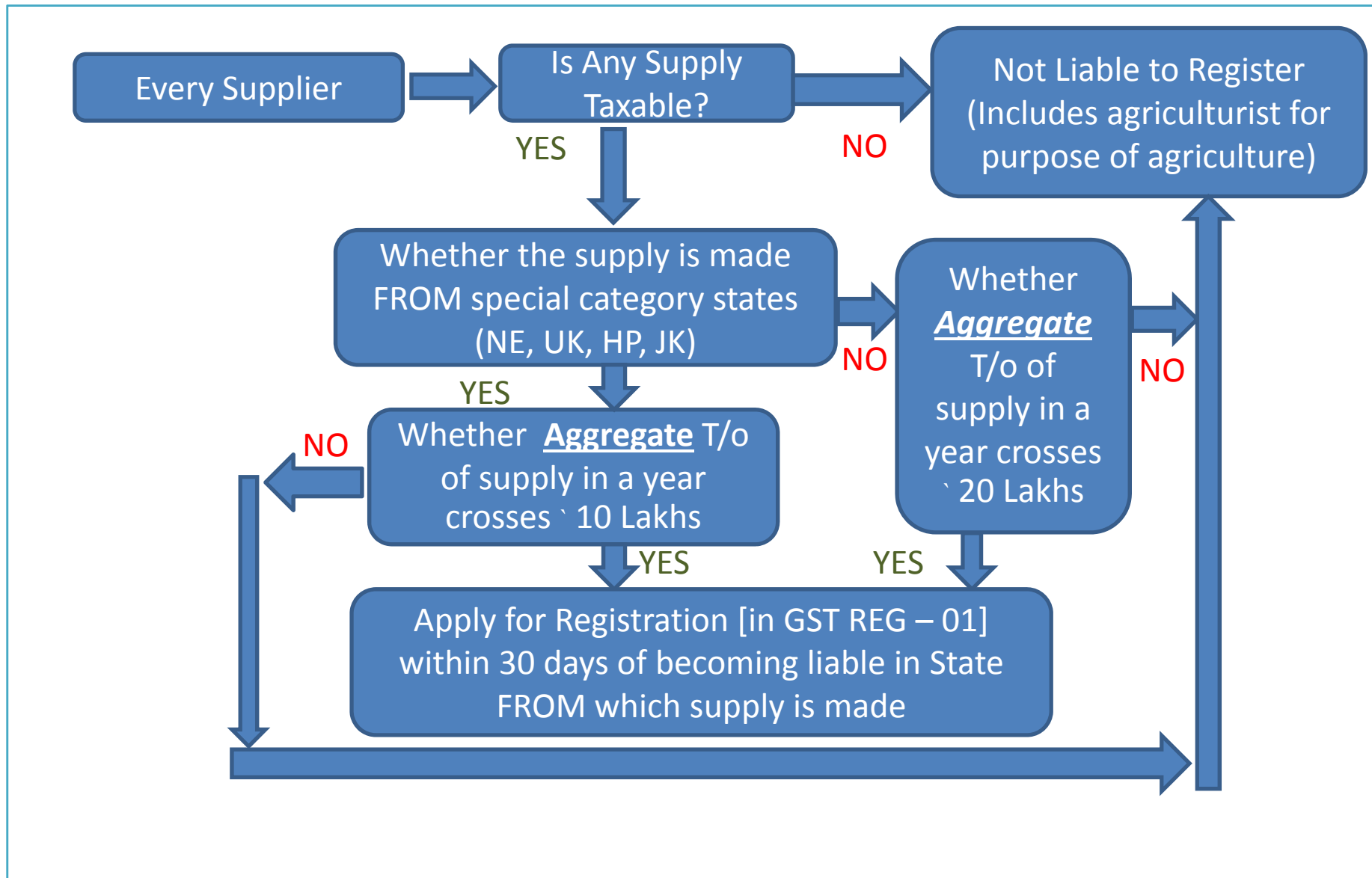
1. Remuneration for giving lecture?
2. Charge for equipment's used by visiting doctor?
3. Removal of lymphoma affecting blood circulation?
4. Removal of black spot from face?
5. Polyclinic services?
6. Providing medicines to inpatients/ outpatients in hospital & at time of discharge?
7. Rent received – Residential/commercial?
8. G.P. keeping locum while going on holiday?

## **Whether following are supplies? are they Exempt?**

9. Free tours/ gifts received free by doctor?
10. Dietician & Weight loss consultation?
11. Old age home (Vrudhashram)?
12. physiotherapy Services given by physiotherapist at residence of patient?
13. Gym Centres run by the Authorized Medical Practitioners?
14. Medical practitioner receiving services of Surgeon /Medical Consultant who is from London?
15. Sponsorship of one days programme in Ganeshotsav organized by Mandal?



# Registration – Section 22



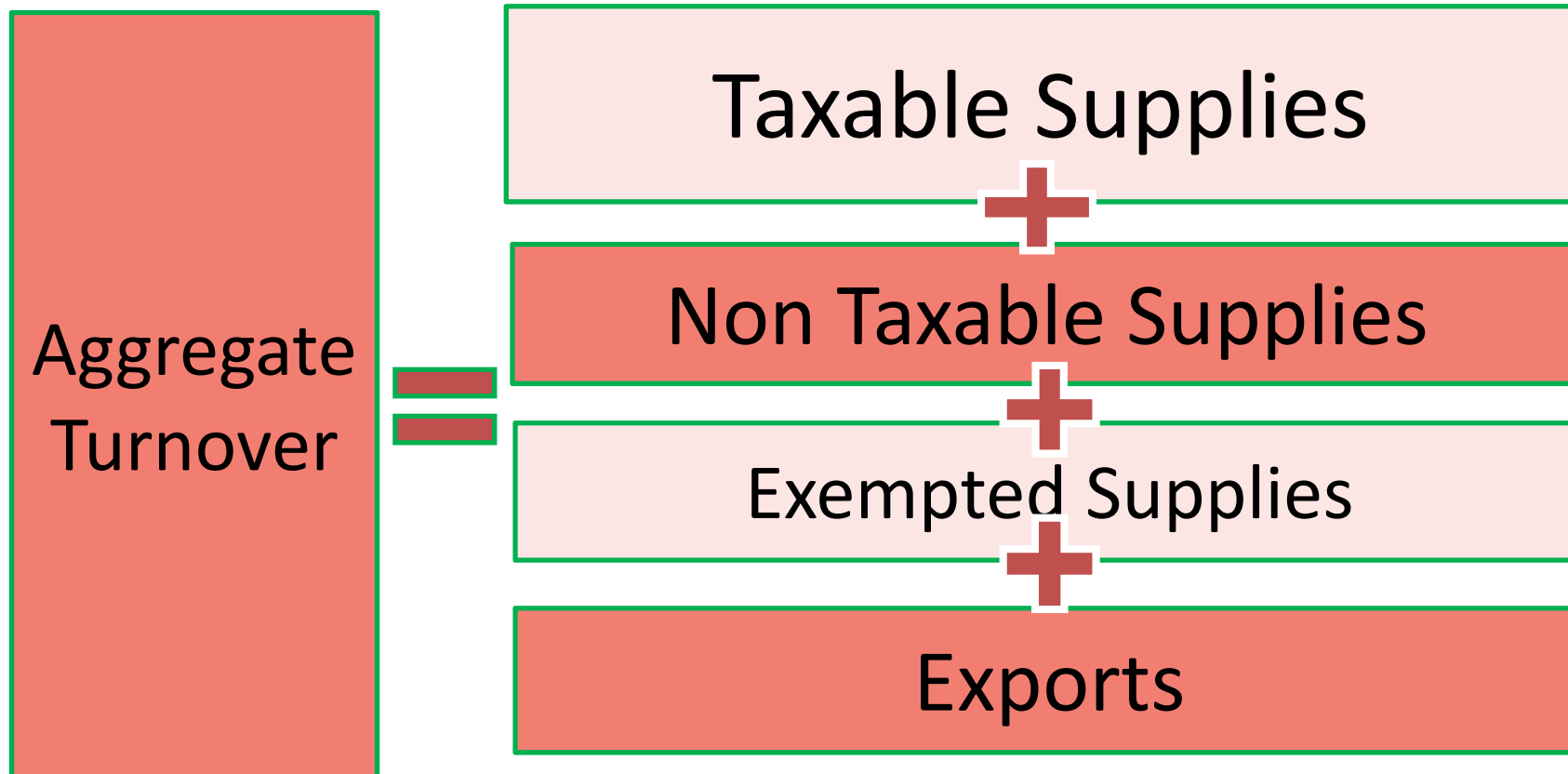
# Important Definitions

(6) ***aggregate turnover*** means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same PAN, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;

(78) “***non-taxable supply***” means a supply of G &/or S which is not leviable to tax under CGST & IGST ACT

(108) “***taxable supply***” means a supply of G &/or S which is leviable to tax under CGST Act & IGST Act

# Aggregate Turnover means



- Turnover to be computed on **ALL INDIA** basis linked to one PAN, excluding GST taxes
- Aggregate turnover does **not include turnover of RCM** & Inward supplies
- **Registration not required** if aggregate turnover consist of only goods/service which are not liable to tax.

# Important Definitions

- (47) 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 of CGST Act, or under section 6 of the IGST Act* and includes non-taxable supply;
- (98) “Reverse Charge”** means the liability to pay tax by the recipient of supply of G & / S instead of the supplier of such G & / S under Sec 9(3) or (4) *or Sec 5(4) of the IGST; (Compulsory Registration)*
- (105) “Supplier”** in relation to any G & / S, shall mean the person supplying the said G & / S and shall include an agent acting as such on behalf of such supplier in relation to the G & / S supplied;

# Registration at a Glance

- Place from where supply is made is important to determine the state in which the TxP has to register.
- Single Registration for CGST / SGST / IGST qua state
- Multiple Business Verticals in a state → May have separate registrations at option of TxP → Subject to Conditions prescribed
- Not liable → Voluntary Registration allowed
- PAN issued under Income Tax Act is mandatory
- TAN issued under Income Tax Act is mandatory for Tax Deduction

# Structure of Registration Number

1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>
State Code		PAN of Legal Entity / Assesse										Entity Code	Blank	Check Digit
2	7	A	A	A	C	A	1	2	3	4	A	1	Z	X

- Initial 2 digits – State Code
- Next 10 digits – PAN of Legal Entity
- 13<sup>th</sup> Digit – Entity Code → Alpha / Numeric (1-9 & then A-Z)
- 14<sup>th</sup> Digit – Proposed to be Blank (Although practically allotted as ‘Z’)
- 15<sup>th</sup> Digit – Check Digit

# INTRA STATE SUPPLY SEC. 8

## INTRA STATE SUPPLY

Sub. to sec. 10 for goods

Sub. to sec. 12 for services

- Location of supplier & place of supply in same state or union territory

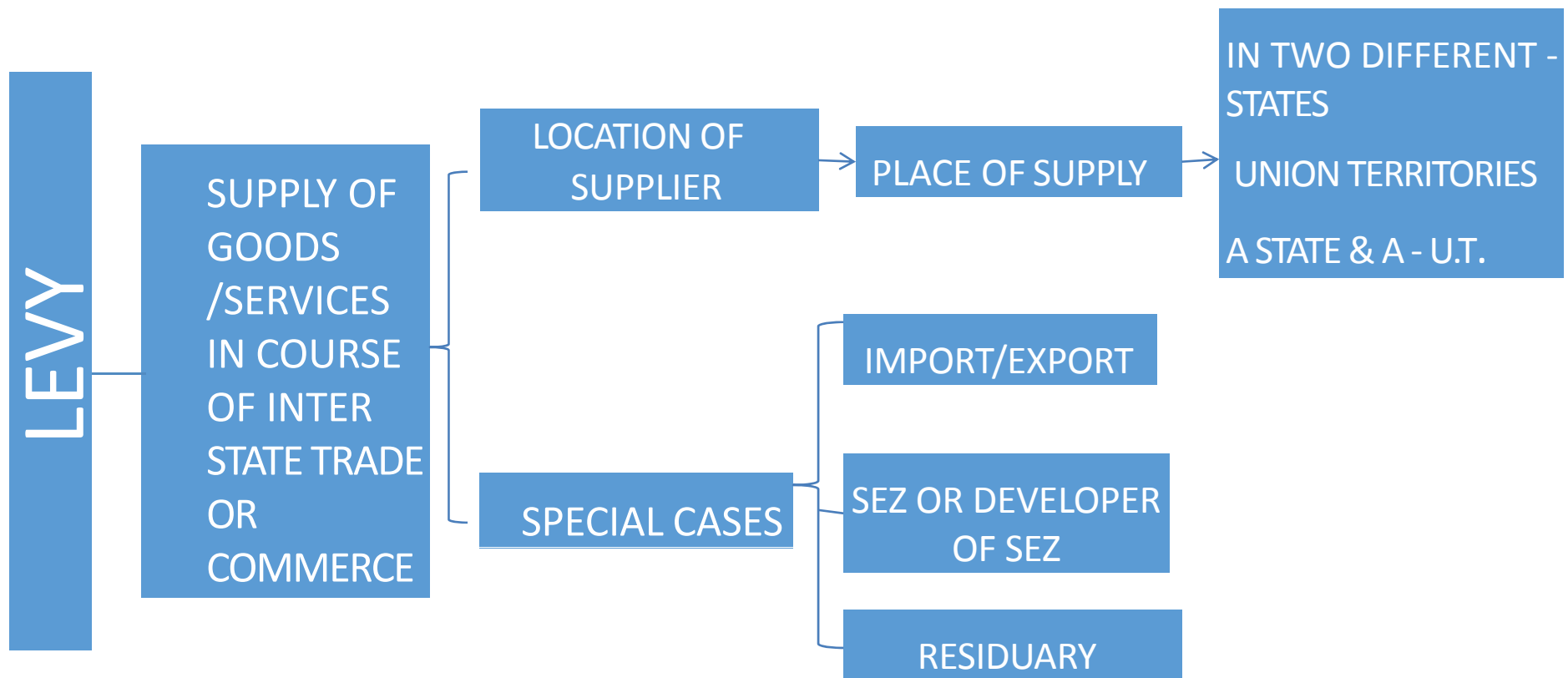
## NOT INTRA STATE SUPPLY

- Supply of goods/services to/by SEZ supplier or developer of SEZ.
- Imported goods till they cross custom frontier
- Supplies made to tourist referred in sec. 15

Establishment of distinct person

- In India & outside India
- In one state or UT & Other state or UT.
- One unit and other business vertical in same state or two units in two diff. states of same person

# IGST : The Broad Scheme Sec. 7



SUPPLY OF GOODS SUBJECT TO PROVI. OF SEC. 10 \* SUPPLY OF GOODS IMPORTED TILL THEY CROSS CUSTOM BORDER ARE ISTC\* SUPPLY OF SERVICES SUBJECT TO PROVISIONS OF SEC. 12 \* SUPPLY OF SERVICES IMPORTED TO BE SUPPLY IN ISTC



## Concept of Dual GST

- CGST & SGST on intrastate supplies
- IGST on interstate supplies

## Destination Based

- Administered at place of origin.
- Enjoyed at place of consumption or destination

## Set Off

- No set off between CGST & SGAT
- Set off of IGST against I/C/S /UT GST available.

# Central TAXES SUBSUMED/NOT SUBSUMED

Central Excise Duty ( <i>except on specified petroleum items &amp; tobacco and its products</i> )	✓ Yes	
Additional Excise Duties	✓ Yes	
Addl. Custom Duty (CVD)	✓ Yes	
Spl. Addl. Duty of Custom (SAD)	✓ Yes	
<i>Basic Custom duties</i>		✓ No
Central Sales Tax (CST)	✓ Yes	
Service Tax	✓ Yes	
Cesses	✓ Yes	

# State TAXES SUBSUMED/NOT SUBSUMED

VAT / Sales tax [except on sale of specified petroleum items & alcoholic liquor]	✓ Yes	
Purchase Tax	✓ Yes	
Tax on Entertainment / Amusement (other than levied by local body)	✓ Yes	
Luxury tax	✓ Yes	
Taxes on lottery, betting and gambling	✓ Yes	
Excise on liquor		✓ No
Tax on advertisement other than in Press/ TV/ Radio	✓ Yes	
Property tax		✓ No
Tax on sale / consumption of electricity		✓ No
Stamp duties		✓ No

## Sec. 9 Levy & Collection

- (1) CGST shall be levied on all intra state supplies of G & / S except supply of alcoholic liquor for human consumption, on the value determined u/s 15 at specified rate not exceeding 40% as may be notified and collected and paid by the taxable person
- The central tax on the supply of petroleum crude, HSD, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from notified date
- (3) Tax under RCM on specified categories of supply of goods or service
- (4) Tax under RCM on purchases from URD by RD

## Sec. 12 Time of Supply of Goods

- The liability to pay tax arises at the time of supply.
- The time of supply of goods is earlier of
  - (a) invoice date or last date on which invoice is required to be issued u/s 31(1)
  - (b) the date on which supplier received the payment.
- If the advance received upto Rs. 1000/- in excess of invoice amount , then the time of supply to the extent of such excess shall be date of invoice.
- The date of receipt by supplier shall be the date of entry in books or credit in bank account of the supplier whichever is earlier.

## Sec. 13 Time of Supply of Services

- The time of supply of service is earlier of
  - (a) invoice date or the date of receipt or
  - (b) the date of prov. of service or the date of receipt if invoice issued late as per sec 31(2)
  - (c) the date on which the recipient shows the receipt of services in his books of account.
- If the advance received up to Rs. 1000/- in excess of invoice amount , then the time of supply to the extent of such excess shall be date of invoice
- The date of receipt by supplier shall be the date of entry in books or credit in bank account of the supplier whichever is earlier.

## **Sec. 13 Time of Supply of Services**

- **In case of RCM time of supply is earlier of following**
  - (a) Payment date in books or in bank account whichever is earlier
  - (b) The date immediately following 60 days from invoice date or any other document.
  - (c) If not possible to determine as per (a) or (b) above, the date of entry in the books of account of the recipient of the supply.
- **In case of supply of Voucher**
  - (a) The date of issue of voucher, if supply is identifiable.
  - (b) The date of redemption of voucher in other cases.

## Sec. 15 Value of Supply

- Shall be Transaction value which is the price actually paid or payable where supplier and recipient are not related and Price is the sole consideration.
- Value of Supply Includes
  - All taxes under any other law except C/S/UT/ IGST Act if separately charged.
  - Amount incurred by recipient that the supplier is liable to pay and not included in price actually paid or payable.
  - Incidental Expenses including commission and packaging charged at the time of or before the delivery or supply.
  - Interest or late fee or penalty for delayed payment.
  - Subsidies directly linked to the price except provided by CG and SG



## Sec. 15 Value of Supply

- Shall not include discount if given
  - Before or at the time of supply if such discount is duly recorded in invoice.
  - After supply is effected if
    - i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices &
    - ii) ITC has been reversed as is attributable to the discount on the basis of document issued by Supplier
- If value of supply can not be determined then value it as per Valuation Rule
- The value of such other supplies as may be notified by CG/SG in prescribed manner.

# Sec. 16 Input Tax Credit

- Every Registered Person shall be entitled to ITC unless
  - a) In possession of tax invoice / dr. note / such other documents issued by registered supplier
  - b) Received the goods or service or both
  - c) ITC has been actually paid to the Govt either in cash or through utilisation of ITC
  - d) Has furnished return u/s 39
- ITC to be reversed if invoice value along with tax not paid to supplier within 180 days from the dt of invoice and int. for the said period.
- On subsequent payment of bill again ITC can claimed
- If Depreciation claim no ITC allowed in dep. portion
- No ITC after annual return or after sept. following the end of the FY whichever is earlier

## **Sec. 17 Apportionment & Block of ITC**

- ITC is available only to the extent ITC attributable to business purpose.
- Where the G & / or S are used by RTP partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.
- The value of exempt supply u/ss(2) shall be such as may be prescribed, and shall include supplies on which the recipient is liable to pay tax on RCM basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Sch. II, sale of building.

## Sec. 17 Apportionment & Block of ITC

- Bank, FI and NBFC can avail 50% ITC and rest shall lapse.
- ITC Blocked on:
  - Motor Vehicle
  - F&B, Outdoor Catering, Beauty Treatment, Health Services, Cosmetic and Plastic Surgery
  - Membership of a club, health or fitness centre
  - Rent a cab, Life Insurance and Health Insurance
  - Leave or Home Travel Concession to Employee
  - WC Service – construction of Immovable Property (other than P & M) exclude if input service for further output supply of works contract service

# Sec. 17 Apportionment & Block of ITC

- ITC Blocked on:
  - Good or Services used for construction of immovable property (other than P & M) on his own account.  
(Const. include re-construction, renovation, additions, alterations, repairs to the extent of capitalisation)
  - Composition tax paid under section 10
  - G / S received by non-resident taxable person except imported goods.
  - Personal Consumption

## Sec. 17 Apportionment & Block of ITC

- ITC Blocked on:
  - Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples
  - any tax paid in accordance with the provisions of sections 74, 129 and 130.
- The Government may prescribe the manner in which the credit referred to in subsections *(1) and (2) may be attributed*.

# Tax Invoice, Credit & Debit Notes

- Tax invoice should contain description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed
- Can issue, within one month from date of RC, revised invoice (Effective Dt. of RC to Issuance Dt. of RC)
- Supply less than Rs. 200 – may not issue tax invoice
- Exempted Supply or Composition – can issue bill
- On Receipt of Advance – Issue a Receipt Voucher
- Subsequent to Refund of Advance - No Supply or No Tax Invoice – Issue Refund Voucher for refund of advance
- Paying Tax under RCM- issue a invoice of inward supply
- Paying Tax under RCM- issue a payment voucher

# Returns at a Glance

- Monthly Returns Compulsory
- Quarterly Returns only for Dealers opting for Composition Levy u/s 10
- Returns to be filed even if no supplies have been effected in the said period
- Self assessment of tax liability by the tax payer
- Tax Due is to be paid till the last day of furnishing the return



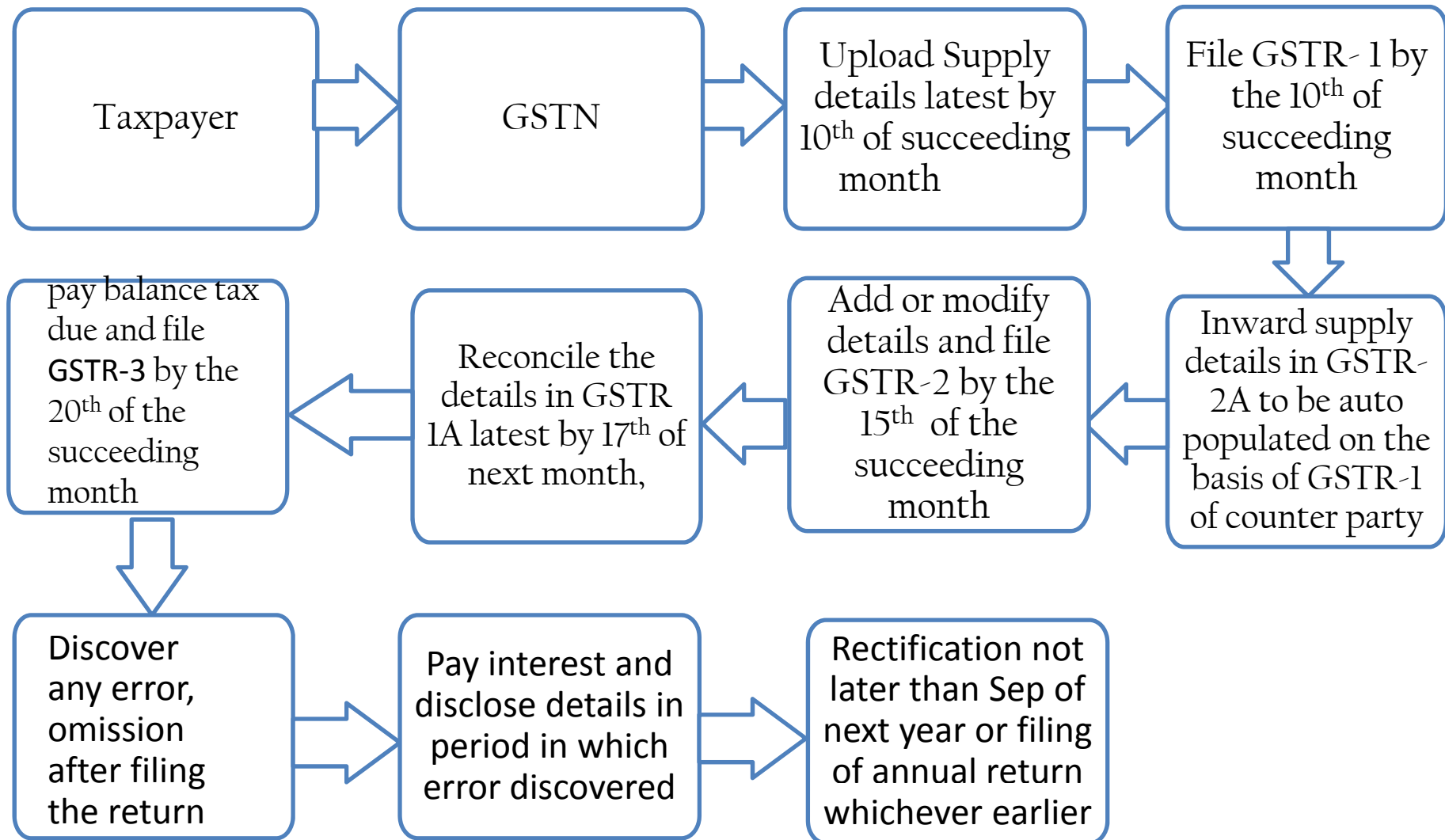
# Returns at a Glance

- Revision of Returns NOT ALLOWED
- Omissions / Discovery of incorrect particulars by the dealer, other than those found by departmental enquires, to be RECTIFIED IN RETURN for the PERIOD in which mistake is discovered.
- Rectifications **NOT ALLOWED AFTER** due date for filing return for period ending September immediate next year or actual date of filing annual return whichever is earlier.

# Returns at a Glance

- B2B transactions proposed on Invoice wise → GSTIN, Invoice No, Date, description, rate of tax, value of taxable supply & value of tax to be furnished.
- B2C invoice wise only for Inter State Supply above Rs. 100/-
- Separate Data Input fields for Debit / Credit Notes / TDS / ISD
- Common e-Return for CGST, SGST & IGST with different fields.
- Annual Return u/s 44
  - Reconciliation Statement to be filed
  - Audit required for crossing prescribed turnover

# Activity flow chart in filing generic returns



# Imported Medicines liable for IGST now

- Medicines imported for personal use that were earlier exempt from customs duty, countervailing duty and special additional duty now attract GST. The government is charging 12% Integrated GST on most Enzyme Replacement Therapy (ERT) drugs used to treat seven types of LSDs, which means a steep payment on even free medicines because the sticker price is very high.

## Increase in tax rates under GST

“ Dialysis (5% to 12%), pacemaker (5.5% to 12-18%), support devices in orthopaedics (5% to 12%), and all support devices for cancers except blood cancer (5% to 7-12%) are the goods that will face increased taxation due to GST," the ministry said in reply to the question as to what are the services likely to cost more due to the GST. (5% to 12% means previously Vat was 5% now GST is 12%)

# Dr. will become liable for GST

The doctors will become liable for taking registration and pay taxes on taxable services & taxes under reverse charge u/s 9(4) in following cases:-

1. If he becomes liable to pay tax under RCM u/s 9(3) See slide no. 22.
  2.
    - a. Receive rent for equipments
    - b. Taking honorarium for giving lectures
    - c. Beauty treatment.
    - d. Sale of medicines
    - e. Receiving rent for commercial use of premises.
    - f. Receiving money for/ from locum
    - g. Gym center or weight loss center.
- ( Provided total value of supply (tax free + taxable) made exceeds Rs. 20/10 lacks for point no. 2)

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