



# FAQ



**Hindustan Shipyard Limited**

**Q 1. What is Goods and Service Tax (GST)?**

Ans. It is a destination based tax on consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

**Q 2. What exactly is the concept of destination based tax on consumption?**

Ans. The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.

**Q 3. Which of the existing taxes are proposed to be subsumed under GST?**

Ans. The GST would replace the following taxes:

(i) taxes currently levied and collected by the Centre:

- a. Central Excise duty
- b. Duties of Excise (Medicinal and Toilet Preparations)
- c. Additional Duties of Excise (Goods of Special Importance)
- d. Additional Duties of Excise (Textiles and Textile Products)
- e. Additional Duties of Customs (commonly known as CVD)
- f. Special Additional Duty of Customs (SAD)
- g. Service Tax
- h. Central Surcharges and Cesses so far as they relate to supply of goods and services

(ii) State taxes that would be subsumed under the GST are:

- a. State VAT
- b. Central Sales Tax
- c. Luxury Tax
- d. Entry Tax (all forms)
- e. Entertainment and Amusement Tax (except when levied by the local bodies)
- f. Taxes on advertisements
- g. Purchase Tax
- h. Taxes on lotteries, betting and gambling

- i. State Surcharges and Cesses so far as they relate to supply of goods and services

The GST Council shall make recommendations to the Union and States on the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed in the GST.

**Q 4. What type of GST is proposed to be implemented?**

Ans. It would be a dual GST with the Centre and States simultaneously levying it on a common tax base. The GST to be levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States would be called the State GST (SGST). Similarly Integrated GST (IGST) will be levied and administered by Centre on every inter-state supply of goods and services.

**Q 5. Which authority will levy and administer GST?**

Ans. Centre will levy and administer CGST & IGST while respective states will levy and administer SGST.

**Q 6. How a particular transaction of goods and services would be taxed simultaneously under Central GST (CGST) and State GST (SGST)?**

Ans. The Central GST and the State GST would be levied simultaneously on every transaction of supply of goods and services except the exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits. Further, both would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of CENVAT. While the location of the supplier and the recipient within the country is immaterial for the purpose of CGST, SGST would be chargeable only when the supplier and the recipient are both located within the State.

Intra State transactions : CGST + SGST

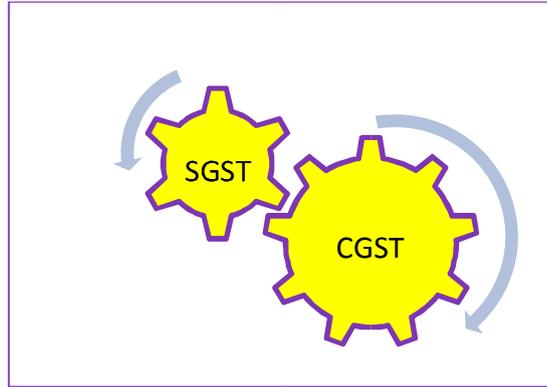


Illustration :

Suppose hypothetically that the rate of GST is 12% and the whole sale dealer in Visakhapatnam supplies steel to HSL also in Visakhapatnam, then the dealer would charge CGST of 6% and SGST of 6% in addition to the basic price.

<b>Particulars</b>	<b>Supply within the state (Andhra Pradesh)</b>
Basic Price	100
Tax Amount	
CGST (6%)	6
SGST (6%)	6

**Q 7. What is IGST?**

Ans. Under the GST regime, an Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services. Under Article 269A of the Constitution, the GST on supplies in the course of interState trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be

provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

Inter State Transactions : IGST



Illustration :

Suppose hypothetically that the rate of GST is 12% and the whole sale dealer in Maharashtra supplies steel to HSL in Visakhapatnam, then the dealer would charge IGST in addition to the basic price.

<b>Particulars</b>	<b>Supply outside the state (Inter State Transaction)</b>
Basic Price	100
Tax Amount	
IGST (12%)	12

**Q 8. Who will decide rates for levy of GST?**

Ans. The CGST and SGST would be levied at rates to be jointly decided by the Centre and States. The rates would be notified on the recommendations of the GST Council.

**Q 9. Who is liable to pay GST under the proposed GST regime?**

Ans. Under the GST regime, tax is payable by the taxable person on the supply of goods and/or services. Liability to pay tax arises when the taxable person crosses the threshold exemption, i.e. Rs.20 lakhs (Rs. 10 lakhs for NE States). The CGST / SGST is payable on all intra-State supply of goods and/or services and IGST is payable on all inter- State supply of goods and/or services. The CGST /SGST and IGST are payable at the rates specified in the Schedules to the respective Acts.

**Q 10. What are the benefits available to small tax payers under the GST regime?**

Ans. Tax payers with an aggregate turnover in a financial year up to [Rs.20 lakhs] would be exempt from tax.

*[Aggregate turnover shall include the aggregate value of all taxable and nontaxable supplies, exempt supplies and exports of goods and/or services and exclude taxes viz. GST.] Aggregate turnover shall be computed on all India basis. For NE States and Sikkim, the exemption threshold shall be [Rs. 10 lakhs]. All taxpayers eligible for threshold exemption will have the option of paying tax with input tax credit (ITC) benefits. Tax payers making inter-State supplies or paying tax on reverse charge basis shall not be eligible for threshold exemption.*

**Q 11. How will imports be taxed under GST?**

Ans. Imports of Goods and Services will be treated as inter-state supplies and IGST will be levied on import of goods and services into the country. This will be in addition to the Customs Duty leviable under the Customs Act. The incidence of tax will follow the destination principle. Full and complete set-off will be available on the GST paid on import on goods and services.

**Q 12. How will Exports be treated under GST?**

Ans. Exports will be treated as zero rated supplies. No tax will be payable on exports of goods or services, however credit of input tax credit will be available and same will be available as refund to the exporters.

**Q 13. What is the scope of composition scheme under GST?**

Ans. Small taxpayers with an aggregate turnover in a financial year up to [Rs. 75 lakhs] shall be eligible for composition levy. Under the scheme, a taxpayer shall pay tax as a percentage of his turnover during the year without the benefit of ITC. The floor rate of tax for CGST and SGST shall not be less than [1%]. A tax payer opting for composition levy shall not collect any tax from his customers. Tax payers making inter- state supplies or paying tax on reverse charge basis shall not be eligible for composition scheme.

**Q 14. Whether the composition scheme will be optional or compulsory?**

Ans. Optional.

**Q 15. Can the taxable person under composition scheme claim input tax credit?**

Ans. No, taxable person under composition scheme is not eligible to claim input tax credit.

**Q 16. Which the two pillars of GST?**



**Q 17. What would be the role of GST Council?**

Ans. A GST Council would be constituted comprising the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers to make recommendations to the Union and the States on

- (i) the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST;
- (ii) the goods and services that may be subjected to or exempted from the GST;
- (iii) the date on which the GST shall be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel;
- (iv) model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply;
- (v) the threshold limit of turnover below which the goods and services may be exempted from GST;
- (vi) the rates including floor rates with bands of GST;
- (vii) any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster;
- (viii) special provision with respect to the North- East States, J&K, Himachal Pradesh and Uttarakhand; and
- (ix) any other matter relating to the GST, as the Council may decide.

**Q 18. What is the guiding principle of GST Council?**

Ans. The mechanism of GST Council would ensure harmonization on different aspects of GST between the Centre and the States as well as among States. It has been provided in the Constitution (one hundred and first amendments) Act, 2016 that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized national market for goods and services.

**Q 19. What is GSTN and its role in the GST regime?**

Ans. GSTN stands for Goods and Service Tax Network (GSTN). A Special Purpose Vehicle called the GSTN has been set up to cater to the needs of GST.

The GSTN shall provide a shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders for implementation of GST. The functions of the GSTN would, inter alia, include: (i) facilitating registration; (ii) forwarding the returns to Central and State authorities; (iii) computation and settlement of IGST; (iv) matching of tax payment details with banking network; (v) providing various MIS reports to the Central and the State Governments based on the tax payer return information; (vi) providing analysis of tax payers' profile; and (vii) running the matching engine for matching, reversal and reclaim of input tax credit.

The GSTN is developing a common GST portal and applications for registration, payment, return and MIS/ reports. The GSTN would also be integrating the common GST portal with the existing tax administration IT systems and would be building interfaces for tax payers. Further, the GSTN is developing back-end modules like assessment, audit, refund, appeal etc. for 19 States and UTs (Model II States). The CBEC and Model I States (15 States) are themselves developing their GST back-end systems.

**Q 20. What are the GST Rates ?**



**Q 21. What is the GST rate applicable for Ship Building ?**

Ans. The rate of tax applicable for Ship Building would be 5%.

**Q 22. What is the GST rate applicable for Ship Repair ?**

Ans. Ship Repair would be treated as composite supply. Composite supply comprises of two or more supplies one of which is a principal supply, shall be treated as a supply of such principal supply. Since the supply of Services is the principal supply in most of the ship repair contract, it shall be treated as a supply of services. Accordingly, it is likely to attract a GST Rate of 18%.

**Q 23. Who are the persons liable to take a Registration under the Model GST Law?**

Ans. Any supplier who carries on any business at any place in India and whose aggregate turnover exceeds threshold limit (presently Rs. 20 Lakhs) as prescribed in a year is liable to get himself registered. However, certain categories of persons mentioned in Schedule III of MGL are liable to be registered irrespective of this threshold.

**Q 24. What is advantage of taking registration in GST?**

Ans. Registration under Goods and Service Tax (GST) regime will confer following advantages to the business:

- É Legally recognized as supplier of goods or services.
- É Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business.
- É Legally authorized to collect tax from his purchasers and pass on the credit of the taxes paid on the goods or services supplied to purchasers or recipients.

**Q 25. Can a person without GST registration claim ITC and collect tax?**

Ans. No. A person without GST registration can neither collect GST from his customers nor claim any input tax credit of GST paid by him.

**Q 26. What is the taxable event under GST?**

Ans. The taxable event under GST shall be the supply of goods and / or services made for consideration in the course or furtherance of business. The taxable events under the existing indirect tax laws such as manufacture, sale, or provision of services shall stand subsumed in the taxable event known as 'supply'

**Q 27. What is the meaning of 'Supply'?**

Ans. The term 'supply' is wide in its import and includes all forms of supply of goods and / or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. It also includes import of service.

**Q 28. What is a taxable supply?**

Ans. A 'taxable supply' means a supply of goods and / or services which is chargeable to good and services tax under the GST Act.

**Q 29. What is time of supply?**

Ans. The time of supply fixes the point when the liability to charge GST arises. It also indicates when a supply is deemed to have been made. The MGL provides separate time of supply for goods and services.

**Q 30. When does the liability to charge GST arise in respect of supply of goods?**

Ans. Section 12 of the law provides for time of supply of goods. The time of supply of goods shall be the earliest of the following namely,

- (i) the date on which the goods are removed by the supplier, where the supply of goods require removal; or
- (ii) the date on which the goods are made available where the supply does not require removal; or
- (iii) the date on which the supplier issues invoices with respect to the supply where the above two situations do not apply; or

- (iv) the date on which the recipient shows the receipt of the goods in his books of accounts.

**Q 31. What is time of supply of service in case of tax payable under reverse charge?**

Ans. The time of supply will be the earlier of the following dates:

- a) date on which payment is made; or
- b) the date immediately following sixty days from the date of issue of invoice by the supplier.

**Q 32. What would happen for purchases made from unregistered dealers?**

Ans. For purchases made from un-registered dealers, the registered dealer has to pay GST on the supply under reverse charge mechanism.

**Q 33. What would be the place of supply where goods are removed?**

Ans. The place of supply of goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

If the goods are delivered by the supplier to a person on the direction of a third person, it would be deemed that the third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

**Q 34. What are the Payments to be made in GST regime?**

Ans. In the GST regime, for any intra-state supply, taxes to be paid are the Central GST (CGST, going into the account of the Central Government) and the State GST (SGST, going into the account of the concerned State Government). For any inter-state supply, tax to be paid is Integrated GST (IGST) which will have components of both CGST and SGST.

In addition, certain categories of registered persons will be required to pay to the government account Tax Deducted at Source (TDS) and Tax Collected at Source (TCS). In addition, wherever applicable, Interest, Penalty, Fees and any other payment will also be required to be made.

**Q 35. Who is liable to pay GST?**

Ans. In general the supplier of goods or service is liable to pay GST. However in specified cases like imports and other notified supplies, the liability is cast on the recipient under the reverse charge mechanism. Further, in some cases, the liability to pay is on the third person (say in the case of e-commerce operator responsible for TCS or Government Department responsible for TDS).

**Q 36. What is payment of GST under reverse charge mechanism?**

Ans. Reverse charge means the liability to pay tax is by the recipient of goods/services instead of the supplier. Reverse charge may be applicable for both services as well as goods.

**Q 37. When is payment of taxes to be made by the Supplier?**

Ans. Payment of taxes by the normal taxpayer to the Government Exchequer is to be done on monthly basis by the 20th of the succeeding month.

**Q 38. What is input tax?**

Ans. Input tax in relation to a taxable person, means the {IGST and CGST} in respect of CGST Act and {IGST and SGST} in respect of SGST Act, charged on any supply of goods and/or services to him which are used, or are intended to be used, in the course or furtherance of his business Under the IGST Act, input tax is defined as IGST, CGST or SGST charged on any supply of goods and / or services.

**Q 39. Can GST paid on reverse charge be considered as input tax?**

Ans. Yes. The definition of input tax includes the tax payable under Reverse Charge. The credit can be availed if such goods and/or services are used, or are intended to be used, in the course or furtherance of his business.

**Q 40. What are the conditions necessary for obtaining ITC?**

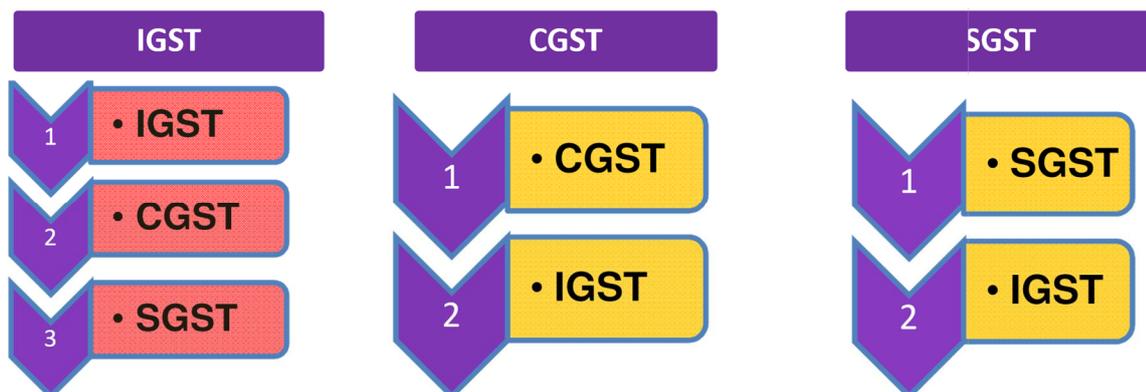
Ans. Following four conditions are to be satisfied by the registered taxable person for obtaining ITC:

- (a) He is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
- (b) He has received the goods or services or both;
- (c) The supplier has actually paid the tax charged in respect of the (d) He has furnished the return under section 39.

**Q 41. Where the goods against an invoice are received in lots or instalments, how will a registered person be entitled to ITC?**

Ans. The registered person shall be entitled to the credit only upon receipt of the last lot or instalment.

**Q 42. What is the order of claiming ITC?**



**Q 43. Who needs to file Return in GST regime?**

Ans. Every registered taxable person - who crosses the threshold limit for payment of taxes. A supplier needs to be registered when the aggregate turnover crosses Rs. nineteen lacs but he become taxable person ONLY when he crosses Rs. twenty lacs. So he will be required to file returns when he crosses the threshold limit of Rs. twenty lacs.

**Q 44. What are the various returns to be filed under GST?**

Ans. The returns to be filed under GST and the due dates are as under:

Returns	Return details	Due dates
GSTR- 1	Details of Outward Supplies	By 10th of the following month
GSTR-2	Details of Inward Supplies	By 15th of the following month
GSTR-3	Monthly Return	By 20th of the following month
GSTR-9	Annual Return	By 31st of Dec of the following Financial year
GSTR-7	Return for TDS	By 10th of the following month

**Q 45. What is compliance rating under GST?**

Ans. Trade and industry will be assigned a 'compliance rating' based on their credibility with regard to timely deposit of taxes to the exchequer and filing of returns under the goods and services tax structure etc. Compliance Rating will be put in place so that every trader or businessman will be rated based on their track record. Once the rating is made public on the GSTN portal, a businessman can decide on whether to deal with another trader or entity who does not deposit tax with the government and therefore, has a low compliance score.

**Q 46. Is it mandatory to register with GST?**

Ans. It is mandatory to register with GST in order to do business with HSL. All existing and new vendors are required to register with GST.

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