Food Corporation of India (‘FCI’)

Training Manual
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GST- Overview
Given below is a snapshot of major indirect tax levies under the current Indirect tax regime

- **Excise Duty**: Levied on manufacture of goods at an approximate rate of 12.5%
- **Customs Duty**: Levied on import of goods at an approximate rate of 29.441%
- **Service Tax**: Levied on provision of services at an approximate rate of 15%
- **Value Added Tax (VAT)**: Levied on sale of goods within the State at an approximate rate of 5% / 12.5% / 15%
- **Central Sales Tax (CST)**: Levied on inter-state sale of goods at an approximate rate of 2% (with C Form)
- **Entry tax/ Octroi/ Local Body Tax**: Levied on entry of goods within State/local limits (tax rate depends on the nature of goods)

All above taxes and many other state and local levy gave rise to multiple compliances. Further, there was an inconsistency in the provisions and compliance mechanism from State to State. Thus need for a single levy arose.
What is GST?

- GST is a comprehensive value added tax on supply of goods and services
- It is a consumption based tax, which is a departure from the erstwhile regime of origin based taxation
- A dual GST structure would be followed i.e. State and Centre to levy GST on common base (CGST+SGST/ UTGST), in respect of all intra-State supplies of goods and services
- Integrated GST on all inter State supplies of goods and services (IGST)
- Inter-State stock transfers of taxable goods to attract IGST.
- All sectors are covered with very few exceptions / exemptions
# Taxes Subsumed Into GST

## Taxes to be subsumed

### Central Taxes
- Central Excise Duty
- Additional Excise Duty
- **Service tax**
- Additional Customs Duty
- Special Additional Duty of Customs
- **Central Sales Tax**

### State taxes
- **Value Added Tax**
- Entertainment Tax (other than tax levied by local bodies)
- **Octroi and Entry Tax**
- **Purchase Tax**
  - Luxury tax
  - Taxes on lottery, betting & gambling

## Taxes not to be subsumed

### Central Taxes
- Basic Customs Duty and Export Duties
- Terminal taxes on goods or passengers, carried by railway, sea or air/ taxes on railway fares and freights

### State taxes
- Stamp Duties
- Taxes on lands and buildings/ consumption or sale of electricity
- Taxes on vehicles/ goods and passengers carried by road or on inland waterways
- Taxes on professions, trades, callings and employments
- APMC Cess, RD Cess, ID Cess
Overall GST structure

Indian GST

Intra-state supplies (Dual-GST)
- Centre and States to levy GST on common base (CGST & SGST/UTGST)

Minimum exemptions
- Exemptions notified by Government are largely with negative list/ current exemptions in Service Tax and remaining to be notified

Inter-state supplies / import of goods & services
- Integrated-GST (IGST) on inter-state supplies / import of goods and services

Exclusions from GST
- Power, Real estate (partially), Alcohol for human consumption, petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel
Current Tax Structure Vs Proposed GST Framework - Example

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Procurement</th>
<th>Current regime</th>
<th>Under GST regime</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Imports/Clearance from FTWZ</td>
<td>BCD + CVD + SAD; Customs cess</td>
<td>BCD + Customs Cess + IGST</td>
</tr>
<tr>
<td>B</td>
<td>Inter-state Purchases</td>
<td>Excise + CST + Entry Tax + LBT/Octroi</td>
<td>IGST</td>
</tr>
<tr>
<td>C</td>
<td>Intra-State Purchases</td>
<td>Excise + VAT</td>
<td>CGST + SGST*</td>
</tr>
<tr>
<td>D</td>
<td>Export</td>
<td>Nil (Zero rated)</td>
<td>Nil (Zero rated) Option – With payment of IGST (Refund to be claimed)</td>
</tr>
<tr>
<td>E</td>
<td>Sale (interstate)</td>
<td>Excise + CST</td>
<td>IGST</td>
</tr>
<tr>
<td>F</td>
<td>Sale (intrastate)</td>
<td>Excise + VAT</td>
<td>CGST + SGST*</td>
</tr>
<tr>
<td>G</td>
<td>Import of Service</td>
<td>Service tax</td>
<td>IGST</td>
</tr>
<tr>
<td>H</td>
<td>Inter-State receipt / supply of service</td>
<td>Service tax</td>
<td>IGST</td>
</tr>
<tr>
<td>I</td>
<td>Intra-State receipt / supply of service</td>
<td>Service tax</td>
<td>CGST + SGST*</td>
</tr>
<tr>
<td>J</td>
<td>Stock transfer interstate (under Form F)</td>
<td>Excise duty (in case of manufactured goods) + VAT retention</td>
<td>IGST</td>
</tr>
<tr>
<td>K</td>
<td>Stock transfer intrastate</td>
<td>Excise duty (in case of manufactured goods)</td>
<td>No tax in case of stock transfer within same registration within same state</td>
</tr>
</tbody>
</table>

* UTGST in case of intrastate sale within Union Territory
Incidence of tax
Some basics about GST Levy

**Notes:**
- Currently no GST will be levied on Liquor for human consumption.
- In case of Natural Gas, Petroleum Crude, High Speed Diesel, Petrol, Aviation Turbine Fuel, GST Council would decide the effective date for GST levy.

*CGST, IGST and SGST/UTGST will apply to the state of Jammu & Kashmir (not as of now but after necessary ratification by the Jammu & Kashmir State Assembly)*
### Classification of goods and services, relevant for

- Determination of tax rate (To be based on the applicable classification and the HSN Codes for Goods and SAC Codes for Services)
- Determination of place of supply
- Compliance

#### “services”
- means anything other than goods,
- includes transaction in money,
- Does not include money and securities

#### “goods”
- means every kind of movable property other than money and securities,
- includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply

### Matters to be treated as Supply of Services

- Transfer of goods or right to use goods or of undivided share in goods without transfer of title thereof
- Temporary transfer or permitting the use or enjoyment of IPR
- Works contract
- Job-work
- Other prescribed supplies

### Matters to be treated as Supply of Goods

- Transfer of title in goods
- Transfer of title in goods through agreement stipulating that property will pass at a future date upon payment of full consideration
- Transfer/ disposal of goods which cease to be business assets
- Other prescribed supplies
**Charge of GST**

### TAXABLE SUPPLY
- **Goods/Services**
- **Taxable person**
- **Deemed Supply of Goods/Services**
- **In the course or furtherance of business**

### PLACE OF SUPPLY
- **India**
  - **Intra-State**
    - Liable to CGST + respective State's SGST
  - **Inter-State**
    - Liable to IGST
- **Outside India**
  - Not liable to Indian GST?
**Levy of GST**

**CGST / SGST**

- **Intra-state supplies of goods and services - CGST/SGST**
  - Location of supplier and place of supply are in same states

  ![Diagram](image)

- **Inter-state supplies of goods and services - IGST**
  - Location of supplier and place of supply are in different states

  ![Diagram](image)

**IGST**

- **Other supplies:**
  - Imports
  - Exports (supplier is located in India and place of supply is outside India)
  - Supplies to or by a SEZ developer or a SEZ unit
  - Two establishments of same person in different states or outside India will be treated as distinct persons

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CGST / SGST

<table>
<thead>
<tr>
<th>Location of Supplier</th>
<th>Place of supply</th>
<th>CGST &amp; SGST</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE A</td>
<td>STATE B</td>
<td></td>
</tr>
</tbody>
</table>

IGST

<table>
<thead>
<tr>
<th>Location of Supplier</th>
<th>Place of supply</th>
<th>IGST</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE A</td>
<td>STATE B</td>
<td></td>
</tr>
</tbody>
</table>
Case studies

Case study 1

FCI is stock transferring goods (other than food grains) from Haryana to Punjab. Whether GST is payable?

- Branch of an entity in one state and another branch in another state – distinct persons
- Supply between distinct persons is a supply even if it is without consideration - liable to IGST

Case study 2

FCI is effecting inter-state supply of goods (other than food grains). Whether FCI is required to pay GST?

- FCI would be required to pay IGST
Supply under GST
Supply

Supply has been defined as all forms of supply of goods/services for a consideration in the course or furtherance of business and importation of service for a consideration whether or not in the course or furtherance of business.

And includes:

- Supply without consideration
- Specified matters to determine whether:
  - Supply of goods; or
  - Supply of services
- Activities/transactions neither to be treated as supply of goods or services
- Activities or transaction undertaken by the Central/State/local authority

Services by an employee to employer in relation to employment are excluded.
Schedule I: Activities to be treated as Supply without consideration

Following transactions shall be treated as supplies even without consideration:

► Permanent transfer/disposal of business assets where input tax credit has been availed

► Supply of goods or services between related persons, or between distinct persons when made in the course or furtherance of business. Thus, stock transfers between branches will also be considered as supply.

► Supply of goods –
  ▶ by a principal to his agent, or
  ▶ By an agent to his principal

► Importation of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business
Self-supplies i.e. Branch transfers

- Units of FCI with different GST registrations in different states, will qualify as distinct persons
- Supply of goods or services between related persons, or between distinct persons made in the course or furtherance of business qualifies as ‘Supply’, even when made without consideration (as per Schedule I of the GST Law)
- Transfer of goods or right in goods or of undivided share in goods without transfer of title, is a supply of services (as per Schedule II of GST Law)
- However, inter-unit stock transfer between units of FCI in same State/UT will not be subject to GST

Current scenario

- Currently, Form F is required to be obtained on inter-state transfer of goods across offices/ depots/ godowns
- Currently, provision of services to another unit of same entity is not subject to service tax as both the units are not treated as distinct persons

GST scenario

- GST to be levied on self-supplies of taxable goods/services across units/warehouses/ depots in different states
- IT systems and processes to be aligned to track and value the branch transfer of services
- Valuation challenges
Valuation

Inclusions in ‘Transaction Value’

- Amount that the supplier is liable to pay in relation to the supply, but incurred by the recipient
- Value of goods and/or services supplied directly or indirectly by the recipient free of charge or at reduced cost, in connection with the supply of goods/services being valued
- Taxes, duties, fees and charges levied under any statute (other than CGST, SGST/UTGST, IGST and Compensation Cess)
- Incidental expenses (such as commission and packing) charged to the recipient—including any amount charged for anything done by the supplier at the time of or before the delivery/supply
- Subsidies directly linked to the price excluding subsidies provided by Central/State Government
- **Interest or penalty or late fee for delayed payment of consideration**
- Post-supply discounts and incentives, where these are not established as per the agreement, are not known at the time of/before the supply and are not specifically linked to relevant invoices

In cases where supply is being made between distinct/related persons and the recipient is fully eligible for ITC, value disclosed on the invoices shall be deemed to be open market value.
Valuation - Other Aspects

Exclusions from ‘Transaction Value’

► Discounts before or at the time of the supply except when duly recorded in the invoice issued
► Post supply discounts except when
  ► agreed as per the agreement
  ► known before or the time of supply
  ► specifically linked to relevant invoices
► Input tax credit pertaining to the discount has been reversed by the recipient
► Subsidies provided by the Central and State Government

Related Parties

► Officers or directors of one another’s businesses;
► Legally recognised partners in business;
► Employer and employee;
► Any person owns, controls or holds 25% or more of the outstanding voting stock or shares of both entities;
► One of them directly/indirectly controls the other;
► Both of them are controlled by a third person;
► Together control a third person;
► Members of the same family;
► Sole agent or sole distributor or sole concessionaire.
## Discounts

<table>
<thead>
<tr>
<th>Type of discount</th>
<th>Whether includible in value?</th>
<th>Conditions for excluding discount from value of supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounts given before or at the time of supply e.g. Cash Discounts on invoices</td>
<td>Not includible</td>
<td>• Discount should be recorded in the invoice issued in respect of such supply</td>
</tr>
<tr>
<td>Discounts given after the supply has been effected (i.e. by way of a credit note) e.g. Price Difference claim, PPS Claims</td>
<td>Not includible, subject to conditions (i.e. GST allowed to be reversed on raising of credit note)</td>
<td>• Discount is established by an agreement entered at or before the time of supply; • Discount is specifically linked to relevant invoices; • Recipient has reversed the Input tax credit as is attributable to the discount</td>
</tr>
</tbody>
</table>

### Discount cannot be deducted from the Value of Supply

- Discount is not mentioned on the invoice raised
- Discount is not linked to specific invoice
- Discount is agreed subsequent making the supply
Valuation mechanism for related party transactions

**Inter-State Stock Transfers**

- **Goods to be supplied AS IS by recipient location to unrelated buyers**
  - 90% of the supply price to unrelated buyers

- **Full Credit eligible to Recipient Location**
  - Invoice Value to be the Taxable Value

- **Other Cases**
  - Open market value available?
    - Supply of like kind/quality available?
      - Value of supply of like kind/quality services/goods
      - 110% of cost of supply
      - Other reasonable means
    - Open market value

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FCI - GST Training Module
Place of Supply
### Place of supply - Goods

<table>
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<tr>
<th>Supply with movement</th>
<th>3rd party directing a transfer of title</th>
<th>Supply without movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Place of delivery</td>
<td>3rd party’s registered address</td>
<td>Location of goods</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Installation or assembly at site</th>
<th>On board a conveyance</th>
<th>Other cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installation/ assembly site</td>
<td>Location where goods taken on board</td>
<td>To be determined</td>
</tr>
</tbody>
</table>
Case studies

FCI Haryana sells gunny bag to its customer in Maharashtra. What will be the place of supply? Whether such supply will attract CGST/ SGST or IGST?

- Location of supplier - Haryana
- Place of supply – Maharashtra
- Taxability – IGST

FCI Haryana enters into a contract to sell gunny bag to its customer in Maharashtra. However, the customer directs FCI to supply gunny bag to its unit at Haryana. What will be the place of supply? Whether such supply will attract CGST/SGST or IGST?

- Location of supplier- Haryana
- Delivery Location: Haryana
- Place of supply – Maharashtra
- Taxability – IGST
Place of Supply of Services

General Rule

- When provided to registered person – location of such person
- When service provided to unregistered person – address of recipient on record of provider (if such record exist)
- Location of service provider in all other cases
Place of supply - Services
Supplier and Recipient located in India

**General Rule**
Registered location/ address on record/ place of Service Provider

**Financial services**
Address on record / location of service provider

**Immovable property services**
Location of Immovable property

**Training services**
Registered location or place of performance

**Telecom services**
Fixed equipment location/ address on record/ location of sale of vouchers

**Goods transport**
Registered location or place of handing over

**Passenger transport**
Registered location or place of embarkation

**Event related services**
Location of the event + Registered location

**Service on board a conveyance**
Location of the first scheduled point of departure

**Personal care services**
Place of performance

**Insurance services**
Registered location or address on record

**Advertising services to government**
Each identifiable state
Time of Supply
**Time of Supply – Goods**

*Invoice needs to be issued before or at the time of removal of goods for supply*

**It shall be earlier of payment entered in books of account or the date on which the payment is credited (debited in case of reverse charge) in bank account**
Time of Supply - Services

**Forward Charge**
- Within time limit
  - Earlier of
    - Issue of Invoice*
    - Receipt of payment**
- Not within time limit
  - Earlier of
    - Provision of Service
    - Receipt of payment**
- Other case
  - Receipt of services in books of accounts of recipient (if time of supply not determinable from above)

**Reverse Charge**
-Earlier of
  - Payment made**
  - 60 days from date of issue of invoice

*Invoice needs to be issued before within 30 days of supply of service

** It shall be earlier of payment entered in books of account or the date on which the payment is credited (debited in case of reverse charge) in bank account
Advances
GST on Advances for Goods/Services

**Advances received from Customers***

- **Yes**
  - **Goods/Services to be supplied Identifiable**
    - **Yes**
      - Pay GST at applicable tax rate on goods/services based on place of supply
    - **No**
      - **Is Place of Supply Identified?**
        - **Yes**
          - Pay IGST at the rate of 18% based on place of supply
          - CGST/SGST for Intra-State Supply
        - **No**
          - Pay IGST at the rate of 18% on such advances
          - IGST for Inter-State Supply

- **No**
  - **Exempted Goods/Services**
    - No GST on advance
  - **Taxable Goods/Services with applicable tax rate**
    - **Is Place of Supply Identified?**
      - **Yes**
        - Pay GST at applicable tax rate on goods/services based on place of supply
      - **No**
        - Pay IGST at the rate of 18% on such advances

*Can be considered as inclusive of GST*
Reverse charge mechanism & Tax deducted at Source
Reverse charge mechanism under GST

01. Liability to pay tax by the recipient for goods or services received instead of the supplier of such goods or services.

02. Reverse Charge on services a concept under current regime. Under GST regime the same is extended to goods.

03. Categories of supply of goods/services on which tax is payable on reverse charge basis has been notified.

04. Mandatory registration for persons required to pay tax under reverse charge irrespective of the threshold.

05. Under reverse charge mechanism, recipient to issue invoice on date of receipt of goods or services from an unregistered person.

- A registered person procuring taxable goods or services from an unregistered person will be required to pay tax under reverse charge basis.

- Recent announcement made by Government that procurement of goods/services from an unregistered person would not be liable to GST up to INR 5,000/- per day. However, still to be notified. Specific mechanism to be seen: Whether the exemption is on entity level basis/GSTIN level basis/Location basis.

- Further for supplies above this amount, a monthly consolidated self-addressed bill can be raised.
Tax deduction at source under GST

- Under the provisions of Section 51 of the GST Act, the government may notify persons/category of persons who shall deduct tax at source from the payment being made/credited to the supplier of taxable goods and/or services (i.e. deductee) only in case the total value of supply under a contract (excluding the value of CGST, SGST, UTGST, ITGST & Cess), exceeds INR 2.5 lakhs.

- Tax would need to be deducted at the rate of 1% for CGST and 1% for SGST (in case of intra-state sales) or at the rate of 2% for IGST (in case of inter-state sales) on the taxable value of supply (excluding the value of CGST, SGST, UTGST, ITGST & Cess).

- The deductor would need to deposit the TDS amount with Government on or before 10th of the month succeeding to the month of such deduction. Also, the return in form GSTR-7 needs to be submitted only for the month during which such deduction is made by 10th day succeeding the month.

- Further, the deductor would also need to issue a TDS certificate to the deductee mentioning the prescribed particulars within five days of crediting the deducted tax to Government’s account.

- Amount of TDS deposited by the deductor would be reflected in GSTR-2 of the respective deductee (i.e. supplier) wherein the deductee would claim such amount and it will be shown in his electronic cash ledger.

- However as per recent announcement in regard to Section 51, the provisions of the said section will be brought into force from a date which will be communicated later.

- Accordingly there seems to be no applicability of TDS provision as on the proposed GST rollout date i.e. 1st July 2017.
Input tax credit
Proposed GST credit mechanism

- Input CGST not available against output SGST* and vice versa
- Input SGST* of one State not available against output SGST* of another State
- IGST and CGST credit of one State would not be allowed against output IGST and CGST of another State

*UTGST in case of intrastate sale within Union Territory
# Invoice, challan, voucher under GST

<table>
<thead>
<tr>
<th>Applicable Document</th>
<th>Meant for</th>
<th>Applicability to FCI in case of</th>
<th>Format</th>
</tr>
</thead>
</table>
| **Tax Invoice**     | Invoice to be issued for taxable supply of goods and/or services including branch transfers | Supply of taxable goods  
Supply of taxable services  
Supply from an unregistered person of any taxable goods and/or services | Tax Invoice |
| **Bill of Supply**  | Invoice to be issued for non-taxable or exempted supply of goods and/or services including branch transfers | Supply of exempted goods like food grains  
Supply of exempted services | Bill of Supply |
| **Delivery challan**| Challan to be issued in case of transportation of goods for reasons other than by way of supply or any notified supply is being made by FCI | Transportation of goods for reasons other than by way of supply  
Any notified supply made | Delivery Challan |
| **Advance Receipt Voucher** | Voucher to be issued at the time of receiving advances from customer | Advances received for supply of taxable goods and/or services | Advance Receipt Voucher |
## Invoice, challan, voucher under GST

<table>
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<th>Applicable Document</th>
<th>Meant for</th>
<th>Applicability to FCI in case of</th>
<th>Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refund Voucher</td>
<td>Voucher to be issued at the time of refunding the advances so received from customer against which neither any supply is made nor tax invoice is issued</td>
<td>Refund of advances received in respect of supply of taxable goods and/or services for which supply is not made by FCI and Tax invoice is also not raised</td>
<td><img src="image" alt="Refund Voucher" /></td>
</tr>
<tr>
<td>Payment Voucher</td>
<td>Voucher to be issued at the time of making payment to the supplier in case of reverse charge applicable on the supply</td>
<td>Payment made to supplier for input supply of goods and/or services liable for reverse charge</td>
<td><img src="image" alt="Payment Voucher" /></td>
</tr>
<tr>
<td>Credit note</td>
<td>To be issued while decreasing the taxable value of the outward supply already made by FCI and/or decreasing the tax charged thereon</td>
<td>Supply of taxable goods&lt;br&gt;Supply of taxable services</td>
<td><img src="image" alt="Credit Note" /></td>
</tr>
<tr>
<td>Debit note</td>
<td>To be issued while increasing the taxable value of the outward supply already made by FCI and/or increasing the tax charged thereon</td>
<td>Supply of taxable goods&lt;br&gt;Supply of taxable services</td>
<td><img src="image" alt="Debit Note" /></td>
</tr>
</tbody>
</table>
Goods

Tax invoice and Bill of supply shall be prepared in triplicate in case of supply of goods

<table>
<thead>
<tr>
<th>Supply of Goods - Invoice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Copy - ORIGINAL FOR RECIPIENT</td>
</tr>
<tr>
<td>Duplicate Copy - DUPLICATE FOR TRANSPORTER</td>
</tr>
<tr>
<td>Triplicate Copy - TRIPLICATE FOR SUPPLIER</td>
</tr>
</tbody>
</table>

Services

Tax invoice and Bill of supply shall be prepared in duplicate in case of supply of services

<table>
<thead>
<tr>
<th>Supply of Services - Invoice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Copy - ORIGINAL FOR RECIPIENT</td>
</tr>
<tr>
<td>Duplicate Copy - DUPLICATE FOR SUPPLIER</td>
</tr>
</tbody>
</table>
Registration
A person having multiple business verticals in a state MAY obtain a separate registration for each business vertical.

FCI is in process of migration of its all regional offices into GST regime. Accordingly there would be 34 GST registrations across the country.

- Taxpayer under existing laws
  - Provisional RC (valid for 6 months)
  - Final RC on submission of prescribed documents
- Fresh Registration
  - Person Liable to Register
    - Threshold
      - Aggregate turnover of all supplies exceeds INR 20 Lakh
      - INR 10 Lakh in North Eastern States
- Mandatory Registration
  - Interstate supply
  - Casual taxable person
  - Tax payable under reverse charge
  - Non-resident taxable person
  - Input Service Distributor (ISD)
  - E-commerce Operators
  - Persons supplying goods/services through E-Commerce operators
  - Tax Deduction at Source (TDS)
  - Tax Collection at Source
- Optional
  - Voluntary registration below threshold limit
  - Compounding scheme (applicable in case where intra-state supplies in a financial year does not exceed INR 50 lakhs in NE States or INR 75 lakh in other States)

FCI is in process of migration of its all regional offices into GST regime. Accordingly there would be 34 GST registrations across the country.
Composition Scheme

Businesses dealing only in GOODS

Can opt for Composition Scheme

Annual turnover not exceeding INR 75 lacs (INR 50 lacs for special category states)

No inter state supplies

Composition rate as per CGST Act shall not exceed

- for manufacturer 1% of state/ UT turnover,
- 2.5% of state/ UT turnover for supply of food, drink (except alcoholic liquor for human consumption) or any other article for human consumption by way of or part of service (example restaurant services) and
- 0.5% of state/ UT turnover for other supplies

Compulsion to opt for composition scheme in all the States
Structure of registration number

- PAN based 15-digit GSTIN for each State

<table>
<thead>
<tr>
<th>State Code</th>
<th>PAN</th>
<th>Entity Code</th>
<th>Check digit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>A A A C J 0 8 8 6 E</td>
<td>1 Z R</td>
<td></td>
</tr>
</tbody>
</table>

Provisional ID for the state of Maharashtra

State code - numeric code as per Indian Census 2011

Entity - number of registration of an entity in one state (1-9 and then A-Z)

- Multiple registrations within a State allowed subject to:
  - The separate unit can be considered as a Business Vertical;
  - ITC allowed only when goods / services supplied across the verticals;
  - For recovery of dues all business verticals to be considered as a single legal entity
Returns
Returns

<table>
<thead>
<tr>
<th>Current indirect taxes</th>
<th>Under GST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law</td>
<td>Returns</td>
</tr>
<tr>
<td>Service tax</td>
<td>Centrally ST-3 (Half-yearly) return is filed</td>
</tr>
<tr>
<td>VAT/ CST</td>
<td>Returns are filed as per respective provisions of states - mostly monthly returns</td>
</tr>
</tbody>
</table>

Following returns would be required to be filed for all registrations separately:

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Purpose</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSTR-1 (Monthly)</td>
<td>Outward supplies</td>
<td>10&lt;sup&gt;th&lt;/sup&gt; of next month</td>
</tr>
<tr>
<td>GSTR-1A (Monthly)</td>
<td>Details supplied by recipient</td>
<td>Auto Populated</td>
</tr>
<tr>
<td>GSTR-2 (Monthly)</td>
<td>Inward supplies</td>
<td>15&lt;sup&gt;th&lt;/sup&gt; of next month</td>
</tr>
<tr>
<td>GSTR-2A (Monthly)</td>
<td>Details supplied by the supplier</td>
<td>Auto Populated</td>
</tr>
<tr>
<td>GSTR-3 (Monthly)</td>
<td>Monthly Return</td>
<td>20&lt;sup&gt;th&lt;/sup&gt; of next month</td>
</tr>
<tr>
<td>GSTR-7 (Monthly)</td>
<td>TDS Return</td>
<td>10&lt;sup&gt;th&lt;/sup&gt; of next month</td>
</tr>
<tr>
<td>GSTR-9 (Annually)</td>
<td>Annual return</td>
<td>31&lt;sup&gt;st&lt;/sup&gt; December of FY</td>
</tr>
<tr>
<td>GSTR-9B</td>
<td>Reconciliation Statement</td>
<td>Auto Populated</td>
</tr>
</tbody>
</table>

▶ A reconciliation statement of GST returns vis-à-vis audited annual financial statement (to be filed with annual return)
GSTR 1 to be uploaded by supplier on GSTN portal

Basis GSTR 1 of supplier, GSTN shall auto-populate GSTR 2A
GSTR 2A will be available to the taxpayer (FCI) in respect of taxable supplies received after due date of filing of GSTR 1

FCI will alter the details of taxable inward supply (if required) in Form GSTR 2. Such altered details will be electronically available to supplier in GSTR 1A.
Supplier may accept/reject changes in GSTR 1A by 17th of the month succeeding the return period. His GSTR 1 shall stand amended basis the modifications accepted

FCI (on basis of details in GSTR 2A), furnish electronically details in GSTR 2 and additional details (e.g. credit available or not available) and exempted/non-taxable inward supplies

Monthly return to be furnished electronically in GSTR 3. Part A of GSTR 3 will be auto-populated basis GSTR 1, GSTR 2, electronic cash/tax liability ledger.

Tax, interest, penalty amount to be paid from electronic cash ledger as per Part B of Form GSTR 3.
GSTR 1 - Outward Supplies

GSTR 1- Outward supplies

- Invoice wise details of
  - B2B Inter-State and intra-State supplies
  - B2C inter-State supplies with value more than INR 2,50,000

- Consolidated details of
  - B2C intra-State supplies
  - B2C inter-State supplies with value less than INR 2,50,000

- Separate section to amend details of taxable outward supplies disclosed in the previous month

- Nil, exempted, non-GST supplies needs to be disclosed at a consolidated level (and not at an invoice level)

GSTR 1A-Auto drafted details

- Details of inward supplies added, corrected or deleted by recipient in his GSTR 2 will be reflected supplier’s GSTR-1A
- Supplier may either accept or reject the modification by recipient

- Details of place of supply to be mentioned in the returns, if the same is different from location of service recipient

- Debit/ Credit note linking with original invoice

- Separate tracking required for tax paid on advances receipts

- Details of invoice issued during a tax period needs to be reflected
GSTR 2 - Inward Supplies

- Details would be auto-populated from GSTR-2A
- Invoice wise details of
  - Inter-State and intra-State supplies
  - Import of goods and services
- Separate section to amend details of inward supplies disclosed in the previous month
- Supplies attracting reverse charge (except those procured from unregistered person) would also be auto populated
- Details of ISD credit needs to be reflected
- Recipient may either accept or reject the modification by supplier

- Credit category to be selected in return for each invoice
- Against each invoice the company needs to mention the credit to be availed in the current tax period
- Debit/ Credit note linking with original invoice
- ITC reversal needs to be reflected: A drop down will be provided to select the reason for reversal

GSTR 2A-Auto drafted details
- Details furnished by the vendor (supplier of outward supply) in GSTR-1 will be reflected in GSTR-2A
- The person can verify, validate, modify or delete the entries as reflected in GSTR-2A
## Other returns

### GSTR 3- Monthly returns
- Final aggregate level outward and inward supply information
- Details of outward and inward supplies would be auto-populated
- Details of tax, interest, late fee, penalty paid would be auto populated from electronic cash ledger and electronic credit ledger
- Refund of balance in electronic cash ledger maybe claimed as refund in Form GSTR-3

### GSTR 9- Annual returns
- Details of all incomes and expenditures, arrears, refund claims etc.

**Enclosures (GSTR 9C)**
- Audited copies of financial statements
- Reconciliation statement of value of supplies as declared in the audited financial statements *viz-a-viz returns*
New Concept – Return Matching

**SUPPLIER**

GSTR-1
Registered taxable person has to file output details

GSTR-1A
Form will get auto populated, supplier can accept the corrections based on GSTR-2

**RECIPIENT**

GSTR-2A
Inward details will get auto-populated based on GSTR-1

GSTR-2
Can confirm or modify the details of inward supply reflecting in GSTR-2A

GSTR-3
Supplier as well as recipient have to file details

GST Network
Electronic Registers for Tax liability - CGST/SGST/IGST (for each registration held)
Due dates for filing return

| Months’2017 | T | F | S | S | M | T | W | T | F | S | M | T | W | T | F | S | M | T | W | T | F |
| January    | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| February   | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| March      | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| April      | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| May        | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| June       | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| July       | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| August     | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| September  | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| October    | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| November   | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| December   | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |

- **Outward supplies**
- **Inward supplies**
- **Monthly Reconciliation**
- **Monthly consolidated return**
Returns - Key Points

Revision of returns
No provisions for revision of returns (major departure from the current regime)

Invalid Return
Return without full payment of taxes

NIL Returns
No supply of goods/ services. Yet returns to be filed

Reconciliations/ Mismatch
If mismatch is rectified, discrepancies would be added to the output tax liability of the supplier along with interest

Rectification
Any errors/omission of previous tax period may be rectified in the return for the month in which such error is detected

Formats
Invoice level details to be submitted in all returns (robust invoice statement should be ensured)

Note: A registered person shall not be allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him.
Payments
Overview of Payments

**Payments to be made under GST**

- Intra-state supplies - CGST and SGST
- Inter-state supplies - IGST
- Exports (not under bond or letter of undertaking) - IGST
- Procurements covered under reverse charge- CGST & SGST or IGST
- Default in payment of tax or wrong availment of credit - Interest
- Short payment of taxes or commitment of offence - Penalty
- Default in filing of returns - Late fees
- Any other payment which may be required to be made under the GST Act

**Time limit of payment**

- Payment of CGST/ SGST/ IGST by taxpayer is to be done on monthly basis by 20th of the succeeding month

**Recording of liabilities and payments**

- All the liabilities and payments will be recorded in Electronic Ledgers of taxpayer maintained on GST common portal in the following three ledgers:
  - Electronic Tax Liability Register - Form GST PMT-01
  - Electronic Credit Ledger - Form GST PMT-02
  - Electronic Cash Ledger - Form GST PMT-05
Payments - Procedure

1. Details of outward and inward supply to be uploaded in GSTR-1 and GSTR-2
2. Tax liability of the month would be debited in ‘electronic tax liability register’
3. ITC claimed in the month shall be credited in ‘electronic credit ledger’

4. Calculate Net tax liability (Outward tax liability less Input credit)
5. Generate a ‘challan’ and enter the details of amount to be deposited
6. Deposit the amount of Net tax liability, interest, penalty, etc. through prescribed modes

7. CIN will be generated after the amount is credited in government account
8. Amount deposited to be updated in ‘electronic cash ledger’
9. Liability as reflected in tax liability register shall be credited (discharged) by debiting electronic credit ledger and electronic cash ledger
Electronic tax liability ledger

Return related liabilities

Liabilities in relation to outward tax liability, interest, late fee, mismatch of ITC are covered

If the balance in this part is positive, the return would be treated as invalid.

Other than return related liabilities

Liabilities on account of any order in appeal, rectification, review, revision, etc.

The closing balance in this part shall not have any effect on filing of return.
Electronic credit ledger

Every claim of ITC in the return, (e.g. credit of inputs, capital goods, input service, reverse charge, ISD credit etc.) shall be credited

The electronic credit ledger shall be debited to the extent of discharge of any tax liability through the credit ledger.

Amount can be used only to make payment of output tax liability

Liability accruing on account of RCM, interest, penalty, fees, etc. cannot be discharged using the balance in credit ledger

Amount equal to the claim amount shall be debited in case of refund of any unutilized amount is claimed from electronic credit ledger

Amount of refund rejected shall be re-credited to the electronic credit ledger by proper officer by an order
Electronic cash ledger

- Any amount deposited on account of GST / TDS / TCS shall be credited to Electronic Cash Ledger
- Challan needs to be generated in GSTN wherein details of amount to be deposited towards tax, interest penalty, fee or any other amount is to be entered
- Payment can be made through internet banking, credit card, debit card, NEFT, RTGS or OTC (for deposits up to Rs.10,000 per challan per tax period)
- CIN will be generated on successful credit of amount with the concerned government account
- Amount available in electronic cash ledger can be used for payment of tax, interest, penalty, fees, or any other amount payable under the Act.
- On discharge of any liability through electronic cash ledger, the amount shall be debited in the ledger
Payments - Key Points

Reverse Charge
- Payments to be made by cash

Accounting Codes
- Separate accounting codes for CGST / SGST and IGST tax, interest and penalty

Excess Payment
- Can be carried forward to the subsequent tax period

Order of Utilization
- Previous return dues
- Current return dues
- Any other amount payable

Unique Identification number
- UIN shall be generated at GSTN for each debit or credit to the electronic cash or credit ledger

Electronic e-receipts/Challans
- Payment of tax on GSTN (no manual receipts/challans)
Electronic Waybill provisions

Any of the FCI office causing movement of goods exceeding INR 50,000 would need to upload the details relating to said goods in Part A of Form GST INS-01 (by directly keying the data or through SMS) before the movement.

The e-way bill may be generated by the FCI office as a consignor or as the consignee, in the Form GST INS-1 after the furnishing the details under Part B of the Form GST INS-01.

Where the e-way bill is not generated by the FCI office and the goods are handed over to a transporter then:
- Concerned FCI branch shall furnish the details in Part B of GST INS-01, and
- The e-way bill shall be generated by the transporter.

Upon generation, a unique e-way bill number (EBN) will be made available to the supplier, the transporter and the recipient.

Registered recipient would need to communicate acceptance or rejection of the consignment covered by e-way bill within 72 hours of the details being available on GSTN portal, else, considered as deemed accepted.

Where goods are either not being transported or are not being transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal, within 24 hours of generation.

Movement of goods shall include:
- In relation to a supply of taxable as well exempted goods
- For reasons other than supply
- Due to inward supply of taxable as well exempted goods from an unregistered person if known to FCI office.
Electronic Waybill provisions - Additional details

- An e-way bill will be valid for the time period as listed below, which is based on the distance travelled by the goods.
- Validity is calculated from the date and time of generation of e-way bill.

<table>
<thead>
<tr>
<th>Distance</th>
<th>Valid for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100 km</td>
<td>1 day</td>
</tr>
<tr>
<td>100 km to 300 km</td>
<td>3 days</td>
</tr>
<tr>
<td>300 km to 500 km</td>
<td>5 days</td>
</tr>
<tr>
<td>500 km to 1000 km</td>
<td>10 days</td>
</tr>
<tr>
<td>1000 km or more</td>
<td>15 days</td>
</tr>
</tbody>
</table>

- Commissioner (GST) would be empowered to extend validity period of e-way bill for certain category of goods
Business Understanding
Procurements of Goods/Services

► FCI offices mostly procures food grains and that from Arhtias, State agencies and Private parties (only Rice).
► Respective State VAT/ Purchase tax is being levied on procurement of food Grains. Applicable, APMC Cess, RD Cess and ID Cess paid if applicable.
► Also, FCI purchases gunny bags, insecticides and other office usable goods normally from open markets or via tenders.

► FCI avails certain services in relation to movement of mostly food grains such as loading/unloading services, packing services, storage & warehousing services, services of transportation by rail & road, Commission agent services etc. All of these are exempted under Service tax currently.
► Apart from the abovementioned services, there are many other services being procured by FCI for smooth functioning of operations and the same are taxable either in the hands of FCI (i.e. RCM services) or in the hands of respective service provider.
Outward Supply of Goods/Services

- **Output Supplies**
  - **Supply of Food Grains**
    - Wheat
    - Rice
    - Paddy
    - Pulses
    - Coarse grains
  - **Supply of Goods**
    - Gunny bags
    - Insecticides
    - Old newspaper
    - Office Assets
    - Sundry Items
  - **Supply of Services**
    - Weightment Charges
    - Rent charges
    - Application fee
    - Processing fee of tender forms
  - **Other Income**
    - Recoveries of storage and transit shortages
    - Time barred trade payables etc.
Tax structure - FCI

- Local purchases of food grains from Mandis: VAT, State Cess, Mandi Fees
- Inter-State branch transfer (food grains): No Tax
- Local purchases of food grains from State Agencies, Private Parties: VAT, State Cess
- Intra-state procurement of services (including reverse charge): Service Tax/No Tax
- Inter-State branch transfer (goods): CST
- Customer (Goods) in different state: CST
- Customer (Food grain) in different state: CST
- Customer (Goods) in same state: No Tax
- Customer (Food grain) in same state: No Tax
- Local purchase of goods: Service Tax/No Tax
- Inter-state procurement of services (including reverse charge): CST
- Inter-State procurement of goods (e.g. office equipment): CST
- Customer (Goods) in different state: No Tax
- Customer (Food grain) in different state: No Tax

Creditable taxes: VAT, State Cess, Mandi Fees
Non creditable taxes: Service Tax, CST
GST Impact on FCI
Impact on Key areas

- Tax Rate & Valuation
- Time of Supply
- Place of supply
- Document to be issued
- Accounting
- Reporting requirement
Wheat, rice, paddy, pulses under GST

- The functions of FCI primarily relate to the purchase, storage, movement, distribution and sale of the food grains on behalf of the Government of India.

- FCI majorly procures and supplies food grain, the HSN Codes and GST Rate applicable thereto are outlined hereunder:

<table>
<thead>
<tr>
<th>Product</th>
<th>HSN Code</th>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1001</td>
<td>Wheat and Meslin other</td>
<td>Nil</td>
</tr>
<tr>
<td>Rice</td>
<td>1006</td>
<td>Rice Semi-milled of wholly milled rice, whether or not polished or glazed</td>
<td>Nil</td>
</tr>
<tr>
<td>Paddy</td>
<td>1006</td>
<td>Rice in the husk (Paddy or Rough)</td>
<td>Nil</td>
</tr>
<tr>
<td>Pulses</td>
<td>0713</td>
<td>Dried leguminous vegetables, shelled, whether or not skinned or split</td>
<td>Nil</td>
</tr>
<tr>
<td>Rice Husk</td>
<td>1213</td>
<td>Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets</td>
<td>Nil</td>
</tr>
</tbody>
</table>

- In view of the above, the products being dealt with by FCI, being Nil Rated would qualify as an exempt supply and would not attract any levy of GST.
Impact on supply of food grain (Wheat, rice, paddy, pulses)

**Nature of supply**
- All the food grains being supplied by FCI are falling under Nil rate i.e. exempted supplies
- Advances received for supply of food grains will also be exempted therefore

**Documents to be issued**
- No need to issue advance receipt voucher for advances received for supply of food grains
- Bill of supply to be issued for supplying food grains, at the time of or before removal of such food grains [At the time of issue of release order]
- Delivery challan to be issued in case of movement of goods other than for supply thereof

**Reporting in GSTR-1**
- No transaction level reporting required
- However need to mention separately the total amount of following:
  - Inter-state supplies made to registered person and to un-registered person
  - Intra-state supplies made to registered person and to un-registered person
Gunny bags, Insecticides and other goods under GST

- FCI also supplies other products as incidental activity, the respective HSN Codes and applicable GST Rate on the same is outlined in the exhibit hereunder:

<table>
<thead>
<tr>
<th>Product</th>
<th>HSN Code</th>
<th>GST Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gunny Bags Recoveries or Supplies (if sale value does not exceed INR 1000 per piece)</td>
<td>6310</td>
<td>5%</td>
</tr>
<tr>
<td>Gunny Bags Recoveries or Supplies (if sale value exceeds INR 1000 per piece)</td>
<td>6310</td>
<td>12%</td>
</tr>
<tr>
<td>Insecticides</td>
<td>3808</td>
<td>18%</td>
</tr>
<tr>
<td>Supply of Tender Forms</td>
<td>4901</td>
<td>5%</td>
</tr>
<tr>
<td>Supply of old Newspaper</td>
<td>4707</td>
<td>12%</td>
</tr>
<tr>
<td>Supply of Sundry articles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply of equipment under Barter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-State Branch Transfer of Equipment/Assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The GST Rate indicated is the total rate or the IGST Rate. The CGST and SGST rates shall accordingly be 50% each of the total rate mentioned in the above exhibit.*

- In view of the above, any supply of the aforesaid products would accordingly attract levy of GST at the applicable rates
Output Services under GST as provided by FCI

In terms of incidental activities, FCI is also receiving some miscellaneous income which is in the nature of service revenue, the respective SAC Codes and applicable GST Rate on the same is outlined in the exhibit hereunder:

<table>
<thead>
<tr>
<th>Receipts on account of</th>
<th>SAC Code</th>
<th>Description</th>
<th>GST Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire charges of Weighing machine</td>
<td>996749</td>
<td>Other supporting transport services n.e.c</td>
<td>18%</td>
</tr>
<tr>
<td>Rent from non-residential property</td>
<td>997212</td>
<td>Supply of service of renting of immovable property</td>
<td>18%</td>
</tr>
<tr>
<td>Guest house charges</td>
<td>997212</td>
<td>Supply of service of renting of immovable property</td>
<td>Nil, declared tariff &lt;1000 12%, declared tariff 1000 &lt;=2500 18%, declared tariff 2500 &lt;=7500 28%, declared tariff &gt;7500</td>
</tr>
<tr>
<td>Application fees received from candidates applied for recruitment</td>
<td>998519</td>
<td>Other employment &amp; labour supply services n.e.c</td>
<td>18%</td>
</tr>
</tbody>
</table>

*The GST Rate indicated is the total rate or the IGST Rate. The CGST and SGST rates shall accordingly be 50% each of the total rate mentioned in the above exhibit.

In view of the above, any supply of the aforesaid services would accordingly attract levy of GST at the applicable rates based on the place of supply and time of supply and accordingly FCI would need to issue tax invoice.
FCI currently has the practice of giving gunnies to Arhtia/Miller for packing of FCI’s products.

FCI, at the first instance i.e. at the time of giving gunny, would need to ensure that delivery challan is issued in the name of such party.

Also, in case any amount is recovered from Arhatia/Miller on account of gunnies, the same would be a taxable supply under the GST law.

Accordingly, FCI would need to issue a tax invoice for the same and discharge the GST at the applicable rates.

FCI would accordingly need to report the same on a transaction level basis in GSTR 1 ‘Monthly GST return for reporting details of outward supplies of goods or services’.
Loan Transactions

- FCI currently has the practice of giving gunnies and chemicals on Loan Basis to State Agencies.
- Supply of such gunnies and chemicals would qualify as Supply under the GST Law.
- FCI would accordingly need to charge applicable GST on such gunnies and chemicals provided on loan basis.
Barter Transaction

- FCI sometimes exchanges its existing asset/equipment with new asset/equipment and pays the differential amount, being the nature of barter transaction.

- Under GST law, definition of supply includes barter transactions as well.

- FCI would accordingly need to discharge the applicable GST liability arising on supply of existing equipment to the vendor.

- Further, GST would need to be discharged based on the:
  - Open Market Value of such equipment [which could be at times challenging to determine]
  - 110% of cost of acquisition of goods [which could be a very high value considering that the same would be depreciated goods]

- Accordingly, in such scenarios, it is better to identify the value of existing asset/equipment being given to the vendor at the time of entering into the contract itself to avoid any potential valuation disputes.
Inter-State Stock Transfer of Equipment

- FCI currently has the practice of undertaking Inter-State Stock transfer of equipment from one State to another.

- The said stock transfers are currently made without any payment of tax against Form F.

- Such inter-state supply/stock transfer of equipment shall qualify as Supply under the GST law and attract levy of GST at the applicable rates.

- Further, GST would need to be discharged based on the:
  - Open Market Value of such equipment [which could be at times challenging to determine]
  - 110% of cost of acquisition of goods [which could be a very high value considering that the same would be depreciated goods]

- FCI would accordingly need to issue a tax invoice for such transfers and discharge applicable GST.

- FCI would accordingly need to report the same on a transaction level basis in GSTR 1 ‘Monthly GST return for reporting details of outward supplies of goods or services’.

- Considering the fact that FCI may not be claiming any Input Tax Credit under the GST Law, such GST discharged on inter-state stock transfer of equipment would be a tax cost for FCI.
<table>
<thead>
<tr>
<th>Subject</th>
<th>GST implications</th>
<th>Key points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply of food grains to customers</td>
<td>Transaction value on invoice shown to considered as the value</td>
<td>Exempted Products; Valuation may not be that crucial</td>
</tr>
<tr>
<td>Branch transfers of food grains</td>
<td>Being exempted goods, the current stock transfer valuation mechanism may be followed</td>
<td>Fixed rate for stock transfer (as being currently used) to be continued under GST; Valuation not critical considering the products being exempted under GST</td>
</tr>
<tr>
<td>Valuation of supply of taxable goods</td>
<td>Taxable value charged on the tax invoice would be considered for calculating the applicable GST</td>
<td>To consider the supply of taxable goods at value charged on the invoice basis and calculate the GST applicable basis rate applicable to HSN Code thereof; Caution to be exercised in respect of any non-monetary considerations flowing to FCI or any inclusions to be made under the specific Valuation provisions</td>
</tr>
<tr>
<td>Valuation of branch transfers of taxable goods</td>
<td>Valuation to be done at open market value (if determinable), else at the price of like kind and quality of such goods (if determinable), else 110% of cost of acquisition</td>
<td>To consider the selling price in open market/price for like kind and quantity of goods/110% of cost of acquisition, as a base for stock transfer valuation To ensure that ERP is able to link stock transfer price for the purpose of IGST computation and for raising GST invoices on stock transfers</td>
</tr>
<tr>
<td>Subject</td>
<td>GST implications</td>
<td>Key points</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Gunny given on loan</td>
<td>Valuation to be done at Transaction value if agreed at the time of supply of gunny bags. Otherwise valuation to be done at open market value (if determinable), else at the price of like kind and quality of such goods (if determinable), else 110% of cost of acquisition</td>
<td>To consider the recovery amount if known at the time of supply of gunny bags. Otherwise to consider transaction value at the selling price in open market/ price for like kind and quantity of goods/ 110% of cost of acquisition</td>
</tr>
<tr>
<td>Barter transaction</td>
<td>Valuation to be done at open market value (if determinable), else at the price of like kind and quality of such goods (if determinable), else 110% of cost of acquisition</td>
<td>To consider transaction value at the selling price in open market/ price for like kind and quantity of goods/ 110% of cost of acquisition; May be better to agree the transaction value in advance at the time of entering into contract with the vendor</td>
</tr>
<tr>
<td>Recovery for Gunnies</td>
<td>Amount of recovery made to be considered as transaction value for charging of GST</td>
<td>To ensure that ERP is able to link the recovery amount for the purpose of GST computation and for raising of tax invoices</td>
</tr>
</tbody>
</table>
Impact on supply of taxable goods or services

Nature of supply
- GST would be payable on the said taxable supply of goods and/or services
- Rates to be determined as per HSN code of goods or Service accounting code of Services
- Tax to be discharged on receipt of advances for supply of taxable goods/services

Documents to be issued
- Advance receipt voucher to be issued at the time of receipt of advances
- Tax invoice to be issued for taxable supply of goods and/or services as per the time of supply provisions
- Delivery challan to be issued in case of movement of goods except for supply thereof

Reporting in GSTR-1
- Invoice level transaction to be reported rate-wise mentioning the GSTIN/UIN of registered person, place of supply, invoice date, invoice number, invoice value, taxable value, Tax rate and amount, reverse charge applicability
Exempted input services

Below services being received by FCI are fully exempted from levy of GST. The following exhibit provides the details of such exemption under GST with a corresponding snapshot of exemptions available under the current Service Tax Law:

<table>
<thead>
<tr>
<th>Nature of Services</th>
<th>Exemption under service tax</th>
<th>Exemption under GST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loading, Unloading &amp; packing services</td>
<td>Services relating to loading, unloading, packing of agricultural produce / rice were exempted</td>
<td>Services relating to loading, unloading, packing of agricultural produce/rice would be exempted</td>
</tr>
<tr>
<td>Storage and warehousing services</td>
<td>Services relating to storage or warehousing of agricultural produce / rice were exempted</td>
<td>Services relating to storage or warehousing of agricultural produce / rice would be exempted</td>
</tr>
<tr>
<td>Transportation of goods by rail</td>
<td>Services by way of transportation by rail or a vessel from one place in India to another of the agricultural produce and food grains including flours, pulses, rice were exempted</td>
<td>Services by way of transportation by rail or a vessel from one place in India to another of the agriculture produce and food grain including flours, pulses and rice would be exempted</td>
</tr>
<tr>
<td>Transportation of goods by road</td>
<td>Services by way of transportation by road of the agricultural produce and food grains including flours, pulses, rice were exempted</td>
<td>Services by way of transportation by road of the agriculture produce and food grain including flours, pulses and rice would be exempted</td>
</tr>
<tr>
<td>Milling services in respect to conversion of Paddy into Rice</td>
<td>Services by way of carrying out any intermediate production process as job work (not amounting to manufacture or production) in relation to agriculture produce were exempted</td>
<td>Carrying out an intermediate production process as job work in relation to agricultural produce would be exempted</td>
</tr>
<tr>
<td>Commission Agent Service</td>
<td>Services provided by APMC or commission agent for sale or purchase of agriculture produce were exempted</td>
<td>Services provided by APMC or commission agent for sale or purchase of agriculture produce would be exempted</td>
</tr>
</tbody>
</table>
Input services liable to reverse charge under GST (indicative list)

<table>
<thead>
<tr>
<th>#</th>
<th>Services</th>
<th>SAC</th>
<th>GST Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Services in respect to transportation of goods by road by a goods transport agency excluding for Agricultural produce and Food grains including flour, pulses, rice</td>
<td>996511</td>
<td>5%</td>
</tr>
<tr>
<td>2</td>
<td>Legal Services from Individual advocate or firm of advocates</td>
<td>998216</td>
<td>18%</td>
</tr>
<tr>
<td>3</td>
<td>Any services by Government or local authority to FCI except exempted or following:</td>
<td>As per respective service</td>
<td>As per respective service</td>
</tr>
<tr>
<td></td>
<td>(1) Renting of immovable property, and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2) Below services-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) Services of speed post, express parcel post, life insurance &amp; agency services provided by Department of Post;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Services in relation to an aircraft or a vessel, whether inside or outside the precincts of a port or an airport;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Transport of goods or passengers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Services by an arbitral tribunal to FCI</td>
<td>998215</td>
<td>18%</td>
</tr>
<tr>
<td>5</td>
<td>Sponsorship services to FCI</td>
<td>998397</td>
<td>18%</td>
</tr>
<tr>
<td>6</td>
<td>Any taxable service as provided or agreed to be provided by any person in a non-taxable territory to FCI</td>
<td>As per respective service</td>
<td>18%</td>
</tr>
<tr>
<td>7</td>
<td>Service by any FCI director to FCI</td>
<td>998399</td>
<td>18%</td>
</tr>
<tr>
<td>8</td>
<td>Transportation of goods by a vessel from outside India up to customs station of clearance in India by a Person in a non-taxable territory to FCI office located in non-taxable territory being Importer</td>
<td>996521</td>
<td>18%</td>
</tr>
</tbody>
</table>

*The GST Rate indicated is the total rate or the IGST Rate. The CGST and SGST rates shall accordingly be 50% each of the total rate mentioned in the above exhibit.
<table>
<thead>
<tr>
<th>Nature of Service</th>
<th>GST scenario (if reverse charge applicable)</th>
<th>Present Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RCM applicable</td>
<td>Rate of tax</td>
</tr>
<tr>
<td>Goods transportation by road <strong>excluding for Agricultural produce and Food grains including flour, pulses, rice</strong></td>
<td>Yes</td>
<td>5%</td>
</tr>
<tr>
<td>Sponsorship services</td>
<td>Yes</td>
<td>18%</td>
</tr>
<tr>
<td>Legal services by individual advocate or firm of advocates or services provided by arbitral tribunal</td>
<td>Yes</td>
<td>18%</td>
</tr>
<tr>
<td>Rent a cab service</td>
<td>No</td>
<td>5% / 18%</td>
</tr>
<tr>
<td>Manpower and Security Services</td>
<td>No</td>
<td>18%</td>
</tr>
<tr>
<td>Transportation of goods by a vessel from a place outside India up to the customs station of clearance in India</td>
<td>Yes</td>
<td>5%</td>
</tr>
<tr>
<td>Services provided by independent directors of a company to company</td>
<td>Yes</td>
<td>18%</td>
</tr>
<tr>
<td>Services provided by Government or local authority</td>
<td>Yes</td>
<td>18%</td>
</tr>
<tr>
<td>Import of services (for majority services)</td>
<td>Yes</td>
<td>18%</td>
</tr>
<tr>
<td>Works Contract services</td>
<td>No</td>
<td>18%</td>
</tr>
</tbody>
</table>

Services on which tax was payable under reverse charge in the current regime but have been deleted in the GST regime
Impact on compliances w.r.to Input services

**Procurement from Unregistered vendors**

Additional Compliance burden on FCI such as

- GST liability to be discharged by FCI under reverse charge mechanism
- Self-addressed Invoice as well as payment voucher to be issued for such procurements
- Invoice level transaction to be reported in GSTR-2

**Procurement under reverse charges for notified goods and/or services**

- GST liability to be discharged by FCI like under current regime
- Payment voucher to be issued while making payment under such procurements
- Refund voucher to be issued while refunding the advances received if supply is not made
- Invoice level transaction to be reported in GSTR-2
# Other Recoveries made by FCI

FCI has miscellaneous income on account of recoveries as reported in the financial statements for FY 2015-16 some of them as highlighted under:

<table>
<thead>
<tr>
<th>Recoveries from</th>
<th>Nature of recoveries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Agency</strong></td>
<td>➢ Towards moisture loss of food grains supplied to FCI i.e. ‘Quality cut’</td>
</tr>
<tr>
<td></td>
<td>➢ Towards transit shortages incurred during transport of food grains</td>
</tr>
<tr>
<td></td>
<td>➢ Towards storage shortages of food grains arises during storages at agencies godowns</td>
</tr>
<tr>
<td><strong>Hiring and Transporter Contractors</strong></td>
<td>➢ Towards transit shortages incurred during transport of food grains</td>
</tr>
<tr>
<td></td>
<td>➢ Towards demurrage charges on account delayed loading or unloading of food grains</td>
</tr>
<tr>
<td><strong>Millers</strong></td>
<td>➢ Towards moisture loss of RICE supplied to FCI i.e. ‘Quality cut’</td>
</tr>
<tr>
<td></td>
<td>➢ Towards difference in the total quantity of Rice deposited by the Miller with FCI as against the expected quantity receivable for total Paddy given under a contract</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>➢ Towards shortages observed of food grains during storage</td>
</tr>
<tr>
<td><strong>Unclaimed amounts</strong></td>
<td>➢ Amount payable to suppliers if not claimed from long time, then the same is being booked as recovery</td>
</tr>
<tr>
<td><strong>Misc. other recoveries</strong></td>
<td>➢ Forfeiture of the earnest money or security deposit in case of non-completion of any contract</td>
</tr>
<tr>
<td></td>
<td>➢ Certain penalty charges recovered from engineering contractors on breach of conditions stipulated in their contract</td>
</tr>
</tbody>
</table>

- All of the above recoveries would be non-taxable under GST and accordingly no need to issue any invoice or bill of supply for the same.
- Also, the same need not be reported in GSTR 1 ‘Monthly GST return for reporting details of outward supplies of goods or services’.

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FCI - GST Training Module

[Dr. Nirmala Sitharaman](https://www.gov.in/site/images/dip_files/nirmalasitharaman.pdf)
Ratio of taxable turnover under GST vis-à-vis the total turnover for FCI as a whole comes to less than 0.75% [based on annual report for FY 2015-16]

Major procurements by FCI to be fully exempted under GST
- Goods such as food grains, pulses, paddy
- Major service procurements of transportation, handling storage, warehousing, milling etc..

GST on procurements to largely apply on:
- Procurement of gunny, chemicals and other assets
- Procurement of incidental and support services
- Procurement of taxable goods/services from unregistered dealers
- Procurement of taxable service notified under reverse charge mechanism.

FCI may be eligible for Input Tax Credit as under:
- ITC attributable to inputs/input intended to be used exclusively for effecting taxable supplies.
- 0.73% of Balance ITC
For this purpose, respective FCI office would need to bifurcate the ITC as under:
- ITC attributable to inputs/input intended to be used exclusively for effecting exempt supplies and ITC in respect of which credit is not available under Section 17(5) of CGST Act;
- ITC attributable to inputs/input intended to be used exclusively for effecting taxable supplies;
- Balance ITC

In view of the above:
- The major procurements of goods/services being made by FCI would be exempted under GST;
- Attribution of ITC could be a challenging administrative exercise and could lead to potential litigations as well around the attribution;
- Low quantum of Input Tax Credit which would be available to FCI in percentage terms.

Accordingly, it is suggested that FCI should not opt for claiming Input Tax Credit under the GST Law.
Overall GST Impact on Tax Structure of FCI

- Local purchases of food grains from Mandis:
  - VAT, State Cess, Mandi Fees
  - No Tax
  - State Cess, Mandi Fees

- Local purchases of food grains from State Agencies, Private Parties:
  - VAT, State Cess
  - No GST, State Cess

- Intra-state procurement of services (including reverse charge):
  - Service Tax/No Tax
  - CGST, SGST/No GST
  - CST
  - CGST, SGST

- Inter-State procurement of goods:
  - CGST, SGST
  - No GST

- Service Tax/No Tax:
  - IGST/No GST

- Inter-State branch transfer (goods):
  - CGST, SGST
  - No GST

- Inter-State branch transfer (food grains):
  - IGST

- Intra-state procurement of services (including reverse charge):
  - Service Tax/No Tax

- Costumer (Food grain) in different state:
  - CST
  - IGST

- Costumer (Food grain) in same state:
  - VAT
  - CGST, SGST

- Customer (goods) in different state:
  - CST
  - IGST

- Customer (goods) in same state:
  - VAT
  - CGST, SGST

- Customer (goods) in different state:
  - CST
  - IGST

Creditable taxes:
- Local purchases of food grains from Mandis
- Local purchases of food grains from State Agencies, Private Parties
- Intra-state procurement of services (including reverse charge)
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Non creditable taxes:
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  - IGST/No GST

- Inter-State branch transfer (goods):
  - CGST, SGST
  - No GST

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  - IGST

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- Inter-State branch transfer (food grains)
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- Local purchases of food grains from State Agencies, Private Parties
- Intra-state procurement of services (including reverse charge)
- Inter-State procurement of goods
- Service Tax/No Tax
Impact on Procurement Process
# Impact on Procurement of Exempted Goods and Services

## Document
- Bill of Supply would be given by the registered vendors from whom FCI procures exempted goods/services.
- In case any vendor is not registered, normal invoice/proforma may also be given by him.

## Accounting
- Accounting entry being followed currently to continue in the same manner except that the following VAT/CST account codes being currently used for VAT Input Tax Credit and Purchase Tax Liability on food grain would no longer be used under GST Regime:
  - 2913: State VAT Credit Ledger,
  - 5207: Purchase Tax/Input Tax Chargeable to Accounts

## Reporting
- In respect to procurement of exempted goods/services, following would need to be reported in GSTR 2:
  - Inter-State Supplies of exempted goods
  - Intra-State Supplies of exempted goods
  - Inter-State Supplies of exempted services
  - Intra-State Supplies of exempted services
- Accordingly the following indicators in the FAP system would need to be properly entered so as to meet the reporting requirement:
  - Location of Supplier: Within State/Outside State
  - Nature of Supply: Goods/Services
  - HSN code, Unit quantity code (UQC) and total quantity of goods
Impact on Procurement of Exempted Goods and Services  

Following is the snapshot of Table 7 from GSTR 2 wherein details of exempted supplies procured by FCI office would need to be mentioned:

<table>
<thead>
<tr>
<th>Description</th>
<th>Composition taxable person</th>
<th>Exempt supply</th>
<th>Nil Rated supply</th>
<th>Non GST supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>7A. Inter-State supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7B. Intra-state supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Further HSN wise summary of all the inward supplies may be required in Table 13 of GSTR 2:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>HSN</th>
<th>Description</th>
<th>UQC</th>
<th>Total</th>
<th>Total</th>
<th>Total</th>
<th>Total</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>(Optional if HSN is furnished)</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Document</td>
<td>Accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>➢ Tax invoice would be given by the registered vendors from whom FCI</td>
<td>➢ Accounting entry being followed currently would continue in the same</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>procures taxable goods and services.</td>
<td>manner except for the fact that the following VAT/CST/Service tax account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>➢ In case of advances given to such vendors, FCI shall receive the</td>
<td>codes being currently used for VAT Input Tax Credit and Service Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>advance receipt voucher.</td>
<td>Liability would no longer be used under GST Regime:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ 2913: State VAT Credit Ledger,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ 5207: Purchase Tax/Input Tax Chargeable to Accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ 1641/1642 - Service tax ledger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ Instead VAT/Service tax, now following Tax ledgers to be reported for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>each such transactions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ CGST Expense Ledger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ SGST Expense Ledger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ IGST Expense Ledger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ Cess Expense Ledger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ From above, a report may be generated from FAP having requisite details</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>for GSTR 2 reporting purposes.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➢ Also, based on the summary of the said report, a Journal entry can be</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>passed to transfer the amount lying in the above tax expense ledgers to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the respective Purchase heads.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Impact on Procurement of Taxable Goods/Services from Registered Vendor (other than RCM services) ..(2/2)

Reporting

- Irrespective of the fact that FCI would not be claiming Input Tax Credits for the GST charged on the supply by such vendors, FCI would need to report the details of all inward supplies of taxable goods/services on a transaction level basis in GSTR 2 such as:
  - GSTIN of vendor,
  - Invoice number, date and value,
  - Taxable value,
  - GST rate,
  - Amount of tax separately each for CGST, SGST/UTGST or IGST, and Cess (if applicable)
- Details such as HSN code, Unit quantity code (UQC) and total quantity of goods would also require to be reported in Table 13 of GSTR 2.

Return

- Following is the snapshot of Table 3 from GSTR 2 wherein details of taxable supplies (other than RCM services) received by FCI office from registered person would need to be mentioned:

<table>
<thead>
<tr>
<th>GSTIN of supplier</th>
<th>Invoice details</th>
<th>Rate</th>
<th>Taxable value</th>
<th>Amount of Tax</th>
<th>Place of supply (Name of State)</th>
<th>Whether input or input service/ Capital goods (incl plant and machinery)/ Ineligible for ITC</th>
<th>Amount of ITC available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Date</td>
<td>Value</td>
<td>Integrated tax</td>
<td>Central Tax</td>
<td>State/UT Tax</td>
<td>CESS</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

---
### Impact on Procurement of RCM Services from Registered Vendor (1/2)

#### Accounting
- Invoice would be **given by the registered vendors** from whom FCI procures RCM services.
- FCI would need to issue a **payment voucher, on a transaction level basis**, at the time of making payment to such vendor.
- Accounting entry being followed currently would continue in the same manner except for the fact that the following Service tax account code being currently used for Service Tax Liability would no longer be used under GST Regime:
  - 1641/1642 - Service tax ledger
- Instead Service tax, now following Tax ledgers to be reported for each such transactions:
  - CGST Reverse Charge Liability Ledger [CGST RCM Liability Amount]
  - SGST Reverse Charge Liability Ledger [SGST RCM Liability Amount]
  - IGST Reverse Charge Liability Ledger [IGST RCM Liability Amount]
- From above, a report may be generated from FAP having requisite details for GSTR 2 reporting purposes.

#### Time of supply
- FCI would need to discharge tax liability on the value of invoices at the applicable tax rates for the month of earliest of the following events:
  - Payment date; and
  - Date immediately following 60 days from the date of issue of invoice
FCI would need to report the details of all inward supplies of RCM services on a transaction level basis in GSTR 2 such as:
- GSTIN of vendor,
- Invoice number, date and value,
- Taxable value,
- GST rate,
- Amount of tax separately each for CGST, SGST/UTGST or IGST

Following is the snapshot of Table 4 from GSTR 2 wherein details of RCM services availed by FCI office from registered person would need to be mentioned:

<table>
<thead>
<tr>
<th>No</th>
<th>Invoice details</th>
<th>Rate</th>
<th>Taxable value</th>
<th>Amount of Tax</th>
<th>Place of supply (Name of State)</th>
<th>Whether input or input service/Capital goods (incl. plant and machinery)/Ineligible for ITC</th>
<th>Amount of ITC available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4A. Inward supplies received from a registered supplier (attracting reverse charge)
## Impact on Procurement of Taxable Goods and Services from any Unregistered Vendor

### Document
- **Self-addressed Tax Invoice** would need to be *generated by FCI* after identifying the HSN Code/SAC applicable as well as tax rate applicable thereon. *(Basis recent announcement, RCM may not be applicable for procurement from unregistered person up to INR 5,000 per day. Further in case of procurement beyond this limit, a consolidated monthly invoice would need to be generated by FCI office.)*
- **FCI would need to issue a payment voucher** at the time of making payment to such unregistered vendors.

### Time of supply
- **FCI** would need to discharge the tax liability on the value of invoice at the applicable tax rates for the month of earliest of the following events in case of goods:
  - Payment date;
  - Date immediately following 30 days from the date of issue of invoice; and
  - Date of receipt of goods by FCI

- **FCI** would need to discharge the tax liability on the value of invoice at the applicable tax rates for the month of earliest of the following events in case of services:
  - Payment date; and
  - Date immediately following 60 days from the date of issue of invoice

### Accounting
- Accounting entry being followed currently would continue in the same manner except for the fact that following Tax ledgers also to be reported for each such transactions:
  - CGST Reverse Charge Liability Ledger [CGST RCM Liability Amount]
  - SGST Reverse Charge Liability Ledger [SGST RCM Liability Amount]
  - IGST Reverse Charge Liability Ledger [IGST RCM Liability Amount]
  - CESS Reverse Charge Liability Ledger [CESS RCM Liability Amount]
Impact on Procurement of Taxable Goods and Services from any Unregistered Vendor

- FCI would need to report the details of all inward supplies of RCM goods/services on a transaction level basis in GSTR 2 such as:
  - GSTIN of vendor,
  - Invoice number, date and value,
  - Taxable value,
  - GST rate,
  - Amount of tax separately each for CGST, SGST/UTGST or IGST, and Cess (if applicable)

- Details such as HSN code, Unit quantity code (UQC) and total quantity of goods would also require to be reported in Table 13 of GSTR 2.

- Determination of HSN/SAC Codes of the goods/services being procured from unregistered vendors could be a huge administrative challenge under GST. May need to be minimized.

- Following is the snapshot of Table 4 from GSTR 2 wherein details of goods/services procured by FCI office from unregistered person would need to be mentioned:

<table>
<thead>
<tr>
<th>GSTIN of supplier</th>
<th>Invoice No.</th>
<th>Invoice Date</th>
<th>Invoice Value</th>
<th>Rate</th>
<th>Taxable value</th>
<th>Amount of Tax</th>
<th>Place of supply</th>
<th>Amount of ITC available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Name of State)</td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4B. Inward supplies received from an unregistered supplier
Impact on Supply Process
### Impact on Supply of Exempted Goods

#### FCI

- **Document**: FCI would need to issue ‘Bill of Supply’ at the time of issuing release order itself, for the quantity mentioned in such release order. In case of Intra-State Stock Transfer, ‘Delivery challan’ would need to be issued.

- **Place of supply**: Place of supply would be the location where the movement of goods terminates for the delivery to the recipient from the side of supplying FCI office.

- **Accounting**
  - Accounting entry currently being followed would continue in the same manner except for the fact that the following account code being currently used for VAT payable will get discontinued under GST Regime:
    - 5207: Purchase Tax/Input Tax Chargeable to Accounts
  - Sales accounting entry would now get triggered at the time of issue of release order.
  - In case where release order had been issued during a month, but the goods are not lifted by the customer during the same month, there would be a difference in inventory.
  - The concerned DO may record such details in the inventory records at the particular Depot/Godown as mentioned hereunder for matching of inventory:
    - Total Inventory
    - Inventory for which release order/bill of supply issued but quantity not lifted
    - Balance Inventory
  - Alternatively, in such cases, an adjustment entry would also need to be passed in the books as follows:
    - Debit : Sales ledger
    - Credit : Sales in transit ledger
  - This shall be reversed at the time of booking the sale in subsequent month of actual lifting of such goods.
Impact on Supply of Exempted Goods

- In respect to supply of exempted goods, following would need to be reported in GSTR 1:
  - Inter-State Supplies of exempted goods to registered person
  - Intra-State Supplies of exempted goods to registered person
  - Inter-State Supplies of exempted goods to unregistered person
  - Intra-State Supplies of exempted goods to unregistered person

- Accordingly the following indicators in the FAP system would need to be properly entered so as to meet the reporting requirement:
  - Customer: Registered/Unregistered
  - Location of Customer: Within State/Outside State
  - Nature of supply: Goods/Services
  - HSN code, Unit quantity code (UQC) and total quantity of goods
### Impact on Supply of Exempted Goods

#### Branch transfer of exempted goods

<table>
<thead>
<tr>
<th>Inter-State Branch Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- District office supplying food grains to office in different State/UT would need to issue a ‘Bill of supply’ instead of the current IOM</td>
</tr>
<tr>
<td>- Place of supply would be the location of receiving branch where goods are terminated for the delivery to such branch</td>
</tr>
<tr>
<td>- Valuation to be done as per the current method followed</td>
</tr>
<tr>
<td>- Accounting entry currently followed would continue to be the same</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intra-State Branch Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- District office supplying food grains to other branch in Same State/UT would need to issue a ‘Delivery Challan’ instead of the current IOM</td>
</tr>
<tr>
<td>- Valuation to be done as per the current method followed</td>
</tr>
<tr>
<td>- Accounting entry currently followed would continue to be the same</td>
</tr>
</tbody>
</table>
Following is the snapshot of Table 8 from GSTR 1 wherein details of exempted supplies made by FCI office would need to be mentioned:

<table>
<thead>
<tr>
<th>Description</th>
<th>Nil Rated Supplies</th>
<th>Exempted (Other than Nil rated/non-GST supply)</th>
<th>Non-GST supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8A. Inter-State supplies to registered persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8B. Intra-State supplies to registered persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8C. Inter-State supplies to unregistered persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8D. Intra-State supplies to unregistered persons</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Further HSN wise summary of all the outwards supplies of goods may be required in Table 12 of GSTR 1:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>HSN</th>
<th>Description (Optional if HSN is provided)</th>
<th>UQC</th>
<th>Total Quantity</th>
<th>Total</th>
<th>Total Taxable Value</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td></td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
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<td></td>
</tr>
</tbody>
</table>
## Impact on Supply of Taxable Goods and Services

<table>
<thead>
<tr>
<th>Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ At the time of receipt of advances, an <strong>advance receipt voucher</strong> shall be issued by the FCI.</td>
</tr>
<tr>
<td>➢ Further also issue a <strong>Tax invoice</strong>. The same shall be issued in case of goods, at the time of issuing release order itself, for the quantity mentioned in such release order. However in case of services, the same shall be issued within 30 days of providing the services.</td>
</tr>
<tr>
<td>➢ In case of Intra-State Stock Transfer of goods, <strong>Delivery challan</strong> would need to be issued.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ In case of receipt of advances towards supply to be made by FCI of taxable goods and services, FCI would need to book and discharge the tax liability on such advances at the applicable tax rates.</td>
</tr>
<tr>
<td>➢ In case where an advance is received and:</td>
</tr>
<tr>
<td>➢ the goods/services to be supplied are identified but the Place of Supply cannot be determined: IGST at the tax rate applicable on the goods/services would need to be paid;</td>
</tr>
<tr>
<td>➢ the Place of Supply is identified but the goods/services to be supplied are not identified: CGST &amp; SGST or IGST, as may be applicable based on the Place of Supply needs to be paid on such advances at the tax rate of 18%.</td>
</tr>
<tr>
<td>➢ both place of supply and good/services to be supplied are not identified, IGST at the tax rate of 18% needs to be paid.</td>
</tr>
<tr>
<td>➢ Accounting entry currently being followed for the advances would continue in the same manner except for the fact that CGST, SGST/UTGST, IGST, CESS advance paid ledgers as well CGST, SGST/UTGST, IGST, CESS payable ledgers would also need to be booked basis amount calculated as aforementioned. Further the same shall be reversed at the time of booking the corresponding sales and final tax liability on such sales.</td>
</tr>
</tbody>
</table>
Further in case of taxable goods, the accounting entry would get triggered at the time of issue of release order itself. There may be the case when release order had been issued during a month, but the goods are not lifted by the customer during the same month. In such cases, the concerned office would need to record such details in the inventory records at the particular Office/Depot/Godown as mentioned hereunder for matching of inventory:

- Total Inventory
- Inventory for which release order/tax invoice issued but quantity not lifted
- Balance Inventory

Also in such cases, an adjustment entry would also need to be passed in the books as follows:

- Debit: Sales ledger
- Credit: Sales in transit ledger

This shall be reversed at the time of booking the sale in subsequent month of actual lifting of such goods.
Impact on Supply of Taxable Goods and Services

Branch transfer of taxable goods and services

Inter-State Branch Transfers

- District office supplying goods/services to office in different State/UT would need to issue a ‘Tax invoice’ instead of the current IOM
- Accounting entry currently followed would continue to be the same except now IGST payable ledger would also be booked
- Valuation of the goods to be done as per following method:
  - Open Market Value (OMV) of such supply
  - If OMV not available, value of supply of goods/services of like kind and quality
  - If value cannot be determined above, value determined as per Rule 4 (cost plus 10%) or Rule 5 (residual method) of Valuation Rules, in that order.

Intra-State Branch Transfers

- District office supplying goods to other branch in Same State/UT would need to issue a ‘Delivery Challan’ instead of the current IOM
- Amount to be booked same as per the current method followed
- Accounting entry currently followed would continue to be the same
FCI would need to report the advances received in the month on a cumulative basis in GSTR 1.

FCI would also need to report the details of all outward supplies of taxable goods and services made to registered persons on a transaction level basis in GSTR 1 such as:
- GSTIN of Customer,
- Invoice number, date and value,
- Taxable value,
- GST rate,
- Amount of tax separately each for CGST, SGST/UTGST or IGST, and Cess (if applicable)

Further in case of inter-state outward supplies of taxable goods and services made to unregistered person where the invoice value is more than INR 2.5 lakh, the same would need to be furnished in GSTR 1 as follows:
- Place of supply (State),
- Invoice number, date and value,
- Taxable value,
- GST rate,
- Amount of tax separately each for IGST and Cess (if applicable)

Also the details of remaining outward supplies of taxable goods and services made to unregistered persons needs to be reported on a cumulative basis in GSTR 1 such as:
- GST rate,
- Total taxable value,
- Amount of tax separately each for CGST, SGST/UTGST or IGST, and Cess (if applicable)
Following is the snapshot of Table 4 from GSTR 1 wherein details of taxable supplies made by FCI office to registered persons (including UIN-holders) would need to be mentioned:

<table>
<thead>
<tr>
<th>GSTIN/ UIN</th>
<th>Invoice details</th>
<th>Rate</th>
<th>Taxable value</th>
<th>Amount</th>
<th>Place of Supply (Name of State)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Date</td>
<td>Value</td>
<td>Integrated Tax</td>
<td>Central Tax</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

4A. Supplies other than those (i) attracting reverse charge and (ii) supplies made through e-commerce operator

4B. Supplies attracting tax on reverse charge basis

4C. Supplies made through e-commerce operator attracting TCS (operator wise, rate wise)

GSTIN of e-commerce operator
Following is the snapshot of Table 5 from GSTR 1 wherein details of taxable supplies made by FCI office to unregistered persons (inter-state supplies) where the invoice value is more than INR 2.5 lakh, would need to be mentioned:

<table>
<thead>
<tr>
<th>Place of Supply (State)</th>
<th>Invoice details</th>
<th>Rate</th>
<th>Taxable Value</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. Date Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2 3 4</td>
<td>5</td>
<td>6</td>
<td>7 8</td>
</tr>
</tbody>
</table>

5A. Outward supplies (other than supplies made through e-commerce operator, rate wise)

5B. Supplies made through e-commerce operator attracting TCS (operator wise, rate wise)

GSTIN of e-commerce operator
Following is the snapshot of Table 7 from GSTR 1 wherein details of taxable supplies made by FCI office to unregistered persons (other than inter-state supplies where invoice value is of more than INR 2.5 lakh) would need to be mentioned:

<table>
<thead>
<tr>
<th>Rate of tax</th>
<th>Total Taxable value</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Integrated</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

7A. Intra-State supplies

7A (1). Consolidated rate wise outward supplies [including supplies made through e-commerce operator attracting TCS]

7A (2). Out of supplies mentioned at 7A(1), value of supplies made through e-Commerce Operators attracting TCS (operator wise, rate wise)

GSTIN of e-commerce operator

7B. Inter-State Supplies where invoice value is upto Rs 2.5 Lakh [Rate wise]

7B (1). Place of Supply (Name of State)

7B (2). Out of the supplies mentioned in 7B (1), the supplies made through e-Commerce Operators (operator wise, rate wise)

GSTIN of e-commerce operator
Following is the snapshot of Table 11 from GSTR 1 wherein consolidated details of advances received as well as adjusted in the current tax period, would need to be mentioned:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Gross Advance Received/adjusted</th>
<th>Place of supply (Name of State)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Integrated</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>

I Information for the current tax period

11A. Advance amount received in the tax period for which invoice has not been issued (tax amount to be added to output tax liability)

11A (1). Intra-State supplies (Rate Wise)

11A (2). Inter-State Supplies (Rate Wise)

11B. Advance amount received in earlier tax period and adjusted against the supplies being shown in this tax period in Table Nos. 4, 5, 6 and 7

11B (1). Intra-State Supplies (Rate Wise)

11B (2). Inter-State Supplies (Rate Wise)

II Amendment of information furnished in Table No. 11(1) in GSTR-1 statement for earlier tax periods [Furnish revised information]

<table>
<thead>
<tr>
<th>Month</th>
<th>Amendment relating to information furnished in S. No.(select)</th>
<th>11A(1)</th>
<th>11A(2)</th>
<th>11B(1)</th>
<th>11B(2)</th>
</tr>
</thead>
</table>

Impact on Supply of Taxable Goods and Services
Further HSN wise summary of all the outwards supplies of goods would be required in Table 12 of GSTR 1:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>HSN</th>
<th>Description (Optional if HSN is provided)</th>
<th>UQC</th>
<th>Total Quantity</th>
<th>Total value</th>
<th>Total Taxable Value</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td></td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>9</td>
<td></td>
<td>10</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Other Key Impacts
Conversion of Paddy into Rice

Food Corporation of India

Paddy given to miller for conversion into rice

Miller

in consideration of

Husk

Rice given by miller as deposit to FCI

FCI - GST Training Module
Milling charges

- In case of milling of paddy into rice by the miller, FCI pays milling charges to the miller. The milling charges paid are fixed considering the fact that the Husk being generated during the manufacturing process is retained by the Miller.

- Considering the fact that both milling charges and husk of Paddy are fully exempted from GST, the transaction would not have any adverse impact under GST.

- In view of the above exemptions, the miller for the milling services shall not charge any GST from FCI.

- Further, even if such services are procured from unregistered vendors, no requirement to discharge GST, under reverse charge mechanism shall apply since the services are exempted services and do not attract any levy of GST.
Samples collected for Quality Check

**Current Regime**

- At periodic intervals, Quality control wing ensures quality testing of food grain to monitor the health during storage. Samples of food grains are drawn by quality wing for physical and chemical analysis at the time of procurement as well as from stores.

- Post quality check, samples would be send to any nearest District office that books the incoming as gain in the quantity of food grain.

- However no record is being maintained by the Quality wing for samples so sent to the nearest office.

**GST regime**

- Concerned quality wing need to ensure that:
  - In case of sending the samples of food grains to nearest DO which comes in different State/UT, a Bill of supply is issued,
  - In case of sending the samples of food grains to nearest DO which comes in Same State/UT, a delivery challan is issued

- For this, the concerned Quality wing would also need to maintain the record of samples so collected and dispatched.

- Also, the same should be duly reported in consolidated return GSTR 1 and GSTR 2 being filed by the concerned Regional office of its State/UT.
Missing/Diverted/Unconnected wagons

Current regime

- Currently in case Where consignment has been dispatched for inter-state stock transfer but the same is not reported by the expected receiving branch reason being the same has not been received or diverted.

- In such scenario, the supplying branch passes accounting entry for missing wagon considering it to be loss of inventory and accordingly reverses the IOM raised to expected receiving branch.

- As and when the missing wagon is reported at any district office not being the original consignee branch, below treatment is done in the books:
  - Supplying branch records missing wagon as diverted wagon and records diverted wagon as stock transfer in the name of receiving branch, &
  - Actual receiving branch records the goods so received in its books as inter-office movement.

In GST regime

- All the accounting entries currently being booked would continue to remain same.

- Further in case of inter-office movement of taxable goods say gunnies, IGST liability would also need to be booked by the branches. In case the wagons are missing and not found, supplying branch would reverse the tax liability so raised.

- Further as and when the missing wagon is identified by any FCI office,
  - In case of Inter-State movement, a new Bill of supply (for food grain) or Tax invoice (for taxable goods) shall be issued by the supplying branch in the name of actual receiving branch. The previous one may be cancelled by the concerned supplying branch.
  - In case of intra-state movement, a delivery challan may be issued by the supplying branch in the name of actual receiving branch.

Missing/Diverted/Unconnected wagons
Subsequent price revision

Current regime

- Government of India on retrospective basis revises the MSP and other incidental charges being part of the value of food grains.
- FCI basis such revision, makes the differential payment to concerned suppliers.
- Accordingly, the concerned branches passes the accounting entry in its books however no further issue of document happens in this regard.

In GST regime

- Since the food grains are exempted therefore consideration received towards retrospective revision in the prices thereof would be exempted.
- Accordingly, the concerned branches may book the price revision without affecting any GST liability in this regard.
Key Transitional Points
Transitional Credit

- FCI is having accumulated VAT credits lying in the books of accounts. This is mainly because of the difference between the procurement cost (MSP) and the supply prices (CIP).

- Under GST law, VAT credits lying in the return relating to period ending on the day immediately preceding the appointed day (the date of implementation of GST), is allowed to be carried forward as SGST Credit subject to certain conditions.

- One of the critical condition for transition of existing State VAT Credits as SGST Credits is that the said amount should be admissible as Input Tax Credit under the SGST Act.

- Considering the fact that all the food grains being dealt with by FCI are exempted from levy of GST, FCI would not be entitled for Input Tax Credit under the provisions of the SGST Act.

- Therefore, this is advisable to the concerned branches for seeking the refund of the accumulated credit under the provisions of the respective State VAT laws (if the same is provisioned therein).
Price revision on or after 1st July 2017 in pursuance of contract entered prior to 1st July 2017

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Conditions to be fulfilled</th>
<th>Action required</th>
</tr>
</thead>
</table>
| Upward revision of contract price | ▶ In case of upward price revision on or after the appointed day for the contract entered prior to the appointed day, the seller who had removed or provided such goods or services needs to issue to the recipient a supplementary invoice or debit note | ▶ In case of upward price revision for any contract made prior to appointed day in r.to outward supply, issue a supplementary invoice or debit note within 30 days of the price revision, for adjustment of the price along with GST applicable on it. The same will be considered as outward supply under GST.  
▶ GST would be levied only if the same is applicable on Goods/services under GST.  |
| Downward revision of contract price | ▶ In case of downward price revision on or after the appointed day for the contract entered prior to the appointed day, the seller who had removed or provided such goods or services needs to issue to the recipient a credit note | ▶ In case of downward price revision for any contract made prior to appointed day in r.to outward supply, issue a credit note within 30 days of the price revision, for adjustment of the price along with GST applicable on it. However reduction in the output tax liability would be allowed only if the recipient reduces his input tax credit corresponding to such reduction of tax liability |
### Cutover transaction related to Goods

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Tax position</th>
</tr>
</thead>
</table>
| Goods received or are in transit from vendors but invoices not presented to FCI till 30th June 2017 and accordingly payment is not made | ▶ As per the current state laws, invoices must be raised basis point of taxation that mostly be the time when goods are issued by the vendor.  
▶ Accordingly taxes under current laws would be applicable and even if payment is made after GST rollout, GST would not be levied on such. |
| Goods and invoices received but payment is not made till 30th June 2017      | ▶ As per the current state laws, taxes under current laws would be applicable and even if payment is made after GST rollout, GST would not be levied on such. |
| Goods are in transit from vendors but invoices received and payment made before 30th June 2017 | ▶ As per the current state laws, taxes under current laws would be applicable and even if goods are received after GST rollout, GST would not be levied on such. |
| One of the FCI branch sends the goods for delivery to another FCI branch which is located in different State/UT and the goods are in-transit as on 1st July 2017 | Stock Transfers where goods are taxable (under existing regime) in Origination State  
▶ FCI must ensure the reporting of such goods-in-transit at the receiving location in the return filed for the month of June 2017 to avoid any potential challenges in issuance of F Forms.  
Stock Transfers where goods are exempted (under existing regime) in Origination State  
▶ The originating location would have already reported the dispatch in its return in the month of June 2017.  
▶ The receiving location would not have an adverse impact if it reports the same in the month of July 17. |
Cutover transaction related to RCM Services

**Scenario A: Reverse Charge Mechanism (RCM) applicable under Current Service Tax as well as GST regime**

<table>
<thead>
<tr>
<th>Payment made</th>
<th>Invoice issued and 3 months passed before GST roll out</th>
<th>Invoice issued and 3 months not passed before GST roll out</th>
<th>Invoice issued after GST roll out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before GST roll out</td>
<td>Service tax</td>
<td>Service tax</td>
<td>Service tax (Note 1)</td>
</tr>
<tr>
<td>After GST roll out</td>
<td>Service tax</td>
<td>GST (Note 2)</td>
<td>GST</td>
</tr>
</tbody>
</table>

**Scenario B: Reverse Charge Mechanism applicable under Current Service Tax regime but Forward Charge (FC) would be applicable under GST regime**

<table>
<thead>
<tr>
<th>Payment made</th>
<th>Invoice issued and 3 months passed before GST roll out</th>
<th>Invoice issued and 3 months not passed before GST roll out</th>
<th>Invoice issued after GST roll out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before GST roll out</td>
<td>Service tax-RC</td>
<td>Service tax-RC</td>
<td>Service tax-RC (Note 1 and 3)</td>
</tr>
<tr>
<td>After GST roll out</td>
<td>Service tax-RC</td>
<td>GST under deeming fiction-FC (Note 4)</td>
<td>NA Vendor to charge GST on the invoice</td>
</tr>
</tbody>
</table>

**Note 1** - Prior to the GST rollout, vendor ledgers should be scrutinized for advances and FCI Accounts payable team should be instructed accordingly.

**Note 2** - Subject to commercial considerations, in case of all cost invoices where RCM is applicable, tax liability may be lower i.e. under service tax, if the payment is made prior to GST roll out. This may result in lowers costs in case of non-creditable inward services / common input services.

**Note 3** - It may occur in such case that the vendor presume applicability of GST and charge GST on their invoice. Accordingly, in any such case all vendor ledgers should be scrutinized for advances paid and appropriate communications should be made with the vendor much in advance.

**Note 4** - In such case, the GST liability may arise under forward charge since the Point of Taxation did not arise under service tax. In this scenario, service provider shall provide the Tax invoice under GST regime.
Cutover transaction related to Services (other than RCM)

Scenario A: Service provider is liable for discharging the tax liability under Current Service Tax as well as GST regime and services are already provided before GST rollout

<table>
<thead>
<tr>
<th>Payment made</th>
<th>Invoice has been issued before GST roll out</th>
<th>Invoice has been issued after GST roll out but within 30 days of completion of service</th>
<th>Invoice has been issued after GST roll out and beyond 30 days of completion of service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before GST roll out *</td>
<td>Service tax</td>
<td>Service tax</td>
<td>Service tax</td>
</tr>
<tr>
<td>After GST roll out</td>
<td>Service tax</td>
<td>GST</td>
<td>GST</td>
</tr>
</tbody>
</table>

*Service provider must have discharged the service tax liability

Scenario B: Service provider is liable for discharging the tax liability under Current Service Tax as well as GST regime and services are provided after GST rollout

<table>
<thead>
<tr>
<th>Payment made</th>
<th>Invoice has been issued after GST roll out but within 30 days of completion of service</th>
<th>Invoice has been issued after GST roll out and beyond 30 days of completion of service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before GST roll out</td>
<td>Service tax</td>
<td>Service tax</td>
</tr>
<tr>
<td>After GST roll out</td>
<td>GST</td>
<td>GST</td>
</tr>
</tbody>
</table>

- As per rule 3 of Point of taxation rules, 2011, point of taxation will be invoice or payment whichever is earlier, where invoice has been issued within 30 days of completion of service.
- However, if invoice is not issued within 30 days of completion of service, then point of taxation would be completion of service or payment whichever is earlier.
Accounts & records
# Accounts and records

**Accounts & Records to be maintained under GST**

- Certificate of registration
- Accounts/ records for
  - inward/ outward supply of goods/ services
  - stock of goods, tax paid and payable
  - other particulars as may be prescribed
- The accounts/ records are to be maintained at the principal place of business
- In case of more than one place of business, accounts/ records relating to such other place of business to be maintained at such place
- The accounts/ records can be maintained in electronic form as may be prescribed
- Commissioner/ Chief Commissioner of GST to notify class of dealers to maintain additional accounts/ records
- Accounts to be audited by CA/ICWA by 31 December following end of FY
Accounts and records

 Accounts & Records to be maintained under GST

- Retention of accounts/records:
  - Seventy two months from the due date of filing of annual return (31 December) of that FY
  - In cases of matters under litigation, the accounts/records to be maintained for a year after the final disposal of the litigation

Key Points

- Aforesaid accounts/records under the law to be maintained - Internal IT systems and processes to be aligned accordingly
- In case of multiple premises effecting supply of goods/services, to maintain records for supplies at each such premise
- Processes to be aligned for maintenance of accounts/records as per timelines above
- Audit of accounts by a CA/ICWA by 31 December following the end of FY - Processes to be aligned
Thank you