

GST: FREQUENTLY ASKED QUESTIONS [FAQS] FOR TRADERS

Q1. How will GST benefit the Trading Community?

Ans. Under GST, a trader would be entitled to avail input tax credit paid on his domestic procurements of goods and services unlike the present indirect tax regime. Presently a significant portion of indirect taxes namely Central Excise and Service Tax form part of the cost component for a trader. This will not be the case under GST. He will be able to take credit of all taxes paid by him.

In respect of imports, the landed cost is expected to reduce significantly under GST. Hence, the traders will gain significantly in terms of input tax credit on their operating expenses, thereby decreasing their operating cost.

CST which was non-creditable have been subsumed in GST. This will be a huge benefit for the traders. Entry Tax has also been subsumed in GST. Removal of CST and Entry Tax shall immensely benefit the traders. Traders will be able to sell their goods to farthest areas.

Q2. Will all traders necessarily have to register under GST?

Ans. A trader dealing only in exempted goods or where his turnover is below Rs. 20 lakh in the financial year (but not engaged in inter-state supplies) is not required to register under GST.

Q3. Are monthly returns required to be filled by a trader not opting to pay tax under the composition scheme?

Ans. Traders not opting to pay tax under composition scheme need to file returns on a monthly basis. Form GSTR-1 is to be filed for outward supplies made by the trader (made for the month for which return is being filed) by the 10th. of the next month. Other parts of the return Form GSTR-2 and Form GSTR-3 are auto populated and needs to be verified and submitted by the 15th. and 20th. of the next month respectively.

Q4. What is the basic information that needs to be furnished in Form GSTR-1.

Ans. The details to be entered in the return of outward supplies in Form GSTR-1, made by the trader depend upon the nature of supplies made. The provisions are as follows:-

- i) Intra-State supplies to consumers (B2C supplies)- tax-rate wise summary;
- ii) Inter-State supplies to consumers (B2C supplies) of value up to Rs. 2.5 lakh – State-wise and tax-rate wise summary;
- iii) Inter-State supplies to consumers (B2C supplies) of value above Rs. 2.5 lakh – specified invoice-wise details;
- iv) Supplies to resellers (B2B) – specified invoice-wise details.

Q5. Under GST will traders be required to declare their IEC at the time of imports and exports?

Ans. For the time being, both GSTIN and IEC have to be declared. But over a period of time, traders need to declare only their GSTIN instead of IEC at the time of imports and exports.

Q6. Can traders get the credit of IGST paid at the time of imports for discharging their domestic liabilities under GST? If yes, how?

Ans. Yes. Under GST, traders will be on par with manufacturers. IGST paid at the time of import will be available as credit which can be used for payment of taxes on further supplies. GSTIN would be used for the purpose of credit flow of IGST on import of goods and refund of IGST paid in case of exports.

GST: FREQUENTLY ASKED QUESTIONS [FAQS] FOR TRADERS

Q7. When will a trader have to pay tax?

Ans. A trader, if registered under GST, will have to pay tax on monthly basis on or before 20th. of the succeeding month.

A person who have opted for composition levy will have to pay tax on quarterly basis on or before 18th. of the month succeeding the quarter relating to supplies.

Q8. Can a trader having duty/tax paying document (including a first/second stage dealer) claim Cenvat/VAT credit on the stock held on the appointed day, viz. 1st. July, 2017?

Ans. Yes, he can claim such credit u/s 140(3) of the CGST/SGST Act 2017 respectively for Cenvat/VAT payment, subject to the following conditions:-

- i) such inputs are used or intended to be used for making taxable supplies;
- ii) the said taxable person is eligible for input tax credit on such inputs;
- iii) the said taxable person is in possession of invoice and/or other prescribed documents evidencing payment of duty/tax under the earlier laws;
- iv) such invoices and/or other prescribed documents were issued not earlier than 12 months immediately preceding the appointed day;
- v) the supplier of services is not eligible for any abatement.

Q9. Will the compliance process under GST be complicated for traders? What measures have been put in place to ease burden of compliance on small traders?

Ans. No, the compliance process is automated and easy for traders. The following steps have been taken by the Government in this regard:-

- a) small traders with a turnover below Rs. 20 lakh need not register under GST;
- b) an easy to understand and easy to comply composition scheme for traders having turnover up to Rs. 75/50 lakh where tax can be paid quarterly as a percentage of turnover;
- c) GST Help Desks have been opened in all Charge Offices under the Directorate to help small traders in any matter concerning GST laws and processes. Other than this there is PRO Office, Central Help Desk and ISD Help Desk at the Head Office at Beliaghata. All contact numbers and mail IDs are available in website. No need for physical appearance;
- d) for uploading of invoice details GST Network will be providing easy to use application free of cost to enable hassle-free uploading of invoices by traders;
- e) the return and payment processes under GST are completely online with minimal or no physical interface with tax authorities;
- f) small traders may use the services of GST Practitioners at a nominal cost to take care of their compliances under GST;
- g) GST Suvidha Providers (GSPs) will be providing easy to use applications which will provide an interface with the GST Network for easy and smooth compliance under GST;
- h) Strict timelines have been prescribed which shall be adhered to by all proper officers. Registration will be given in 3 working days if the documents are in order. No need of submit any hard copy. In case there is no response from proper officer, registration shall be deemed to be granted.
- i) application for refund will be completely online with minimal interface with the tax officer. Acknowledgement of refund claim will be given in 15 days and the claim will be processed within 60 days failing which interest will be paid. For exports, provisional refund

GST: FREQUENTLY ASKED QUESTIONS [FAQS] FOR TRADERS

up to 90% of the claim will be sanctioned instantly without verification. The amount of refund will be directly credited to beneficiary's bank account.

Q10. Stock transfers have been made taxable under GST. Will it impact adversely?

Ans. The objective of taxing stock transfers is just to ensure that ITC moves along with the supply of goods to the place where the supply is finally consumed. This is to ensure that the taxes accrue to the State where the supply is consumed. If stock transfers are not taxed, the ITC would not flow to other State along with the supply and trader will not be able to utilize the credit in another state. The tax charged at the time of sending stock to branch in another state is actually input credit for the branch. Hence, taxing of stock transfer is in the interest of traders and is perfectly revenue neutral for the trader.

Q11. How will the stock transfers be valued?

Ans. In case the recipient is eligible for full input tax credit, then the value declared by a trader in the invoice shall be taken as the open market value and shall be accepted for assessment purpose. Traders shall themselves assess the value of supplies. In such case the value shall normally be the value of inward supply plus the transport costs etc. involved in stock transfer.

Q12. Traders are not used to classifying goods under the HSN nomenclature and are likely to face hardship in this regard. How will they cope with it?

Ans. Taxpayers whose turnover is above Rs. 1.5 crore but below Rs. 5 crore shall use 2-digit HSN code and the taxpayers whose turnover is Rs. 5 crore and above shall use 4-digit code. Taxpayers with less than Rs. 1.5 crore turnover are not required to mention HSN code in their invoices. Further, goods sold by traders usually come from either manufacturers or importers and traders usually don't change the nature of goods. So, the classification, in general, will be in continuity from the HSN declared by the manufacturer or importer, both of whom have been using the system in the past also.

Q13. What if the trader is unable to undertake compliances under GST himself?

Ans. Under GST, the Government will allow qualified persons to act as GST Practitioners. In case the trader is unable to undertake compliances himself, he can utilize the services of such GST Practitioners to fulfill his compliance requirements. There would also be Facilitation Centres, Helpdesks in each charge offices and also centrally at the Head Office at Beliaghata. There would also be facility of GST Suvidha Providers (GSPs) who would be developing useful software for uploading data on to the GSTN portal.

For information relating to COMPOSITION SCHEME, please visit our website

www.wbcomtax.gov.in → GST → FAQ