## *Government issues draft rules for registration, invoicing, payment, refunds and returns under GST*

The Central Government has issued draft rules for registration, invoicing, payment, refunds and returns, including the applicable formats of the forms, under the Goods and Services Tax (GST) regime. With this, the Government has issued draft rules for each of the process documents issued earlier. Some of the salient features of the rules are as below:

### Registration rules

- Registration can be obtained by persons liable to pay GST on supplies, persons obtaining registration on voluntary basis, input service distributors, aggregators, e-commerce operators, non-resident taxable persons, casual dealers, composition dealers, persons required to deduct tax at source, persons required to collect tax at source, persons liable to pay tax as recipient of services, person supplying goods/ services on behalf of other registered taxable persons, etc.
- Taxpayers registered under existing indirect tax laws would be migrated to GST by allotting provisional GSTIN. Existing taxpayers would be given 6 months time to provide the requisite details, *post* which the provisional registration would be converted into final registration.
- For grant of registration, the PAN of the person seeking to obtain registration must match with the records of the income tax department.
- Registration is deemed to be granted after 3 days in case no queries are raised by the tax authorities. The tax authorities may carry out *post facto* physical verification after granting registration.
- In case the application for registration is made within 30 days of becoming liable to be registered, the effective date of registration shall be the date of becoming liable to be registered. In case the application is submitted after 30 days, the effective date shall be the date of grant of registration.

### Invoice rules

- Invoices for supply of goods to be prepared in triplicate; the transporter would be required to carry a duplicate copy of the invoice. Alternatively, there would be a facility of obtaining an invoice reference number from the supplier, which would enable a transporter to transport the goods without carrying a duplicate copy of the invoice.
- Invoices can be digitally signed.
- The Government may exempt a class of persons from mentioning HSN codes of goods or accounting codes for services on GST invoices.

### Payment rules

- Payment of tax deducted/ collected at source and tax payable under reverse charge will not be allowed to be made by utilisation of credit.
- Any payment above INR 10,000 needs to made electronically.
- Electronic payment of tax can be made by using debit card, credit card, internet banking, NEFT or RTGS.

### Refund rules

- In case of supplies made to SEZ developer/ unit or supplies regarded as deemed export, the recipient will need to file refund claim of GST levied by the supplier, as against upfront exemption in most of the cases under the present regime.

- In case of refund claim of amounts exceeding INR 0.5 million (except refund claim in case of export, inverted duty structure or other specified situations), a certificate from a Chartered Accountant or Cost Accountant will have to be submitted, certifying that the incidence of tax and interest has not been passed on to any other person.
- In case of refunds, where the amount of tax has been recovered from the recipient, it shall be deemed that the incidence of tax has been passed on to the ultimate consumer.

**Draft Goods and Services Tax – Return Rules**

- The details of outward supplies furnished by the supplier shall be made available electronically to the recipients through the GST Network (GSTN).
- The certificate for tax deduction at source shall be made available electronically on the basis of returns filed by the deductor.
- Any discrepancy between the claim of input tax credit furnished by the recipient and the details of output tax furnished by the supplier shall be automatically identified and electronically intimated to the supplier as well as to the recipient. Where the discrepancy is not rectified, the amount pertaining to the discrepancy shall be added to the output tax liability of the recipient.

**PwC Comments:**

A great deal of detailed work has gone in drafting these rules. There are several positives for the industry, such as provision for digital invoicing, no requirement for transporter to carry a copy of the invoice, electronic communication with taxpayers with minimum physical interventions, etc. All such steps should promote ease of doing business.

The requirement of matching PAN with the income tax records for registration should help reduce tax leakages. The option to use invoice reference number from the transporter instead of carrying copy of invoice would result in reduction of documentation.

The return related rules provide for 27 different returns and statements to be electronically submitted by businesses in various situations. Considering the volume and multiplicity of the returns, businesses would need to have a strong technology support for GST compliances. The release of draft rules enables the industry to start working on the blueprint of the changes required in their IT systems and processes.

The annual reconciliation statement needs to contain details of profit as per profit & loss account, gross profit, net profit, etc. This effectively means that industry would need to gear up to draw up state-wise profit & loss accounts, which typically is not needed at present. This will require a major overhaul of the accounting systems for large corporates.

The GST Council, in its next meeting scheduled to be held on 30 September, 2016, is expected to discuss and approve the draft rules and put them in the public domain for consultation and feedback.
The Government is moving at lightning speed to introduce GST; businesses would have to keep pace to be prepared within time.

If your interest lies in a specific area or subject, do advise us so we can send you only the relevant alerts. For any additional information, please reach out to your PwC relationship manager or write in to ***pwctrs.knowledgemanagement@in.pwc.com***

With Best Regards
PwC TRS Team

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