



GST GUIDANCE NOTE FOR VENDORS

L&T Corporate Indirect Taxation

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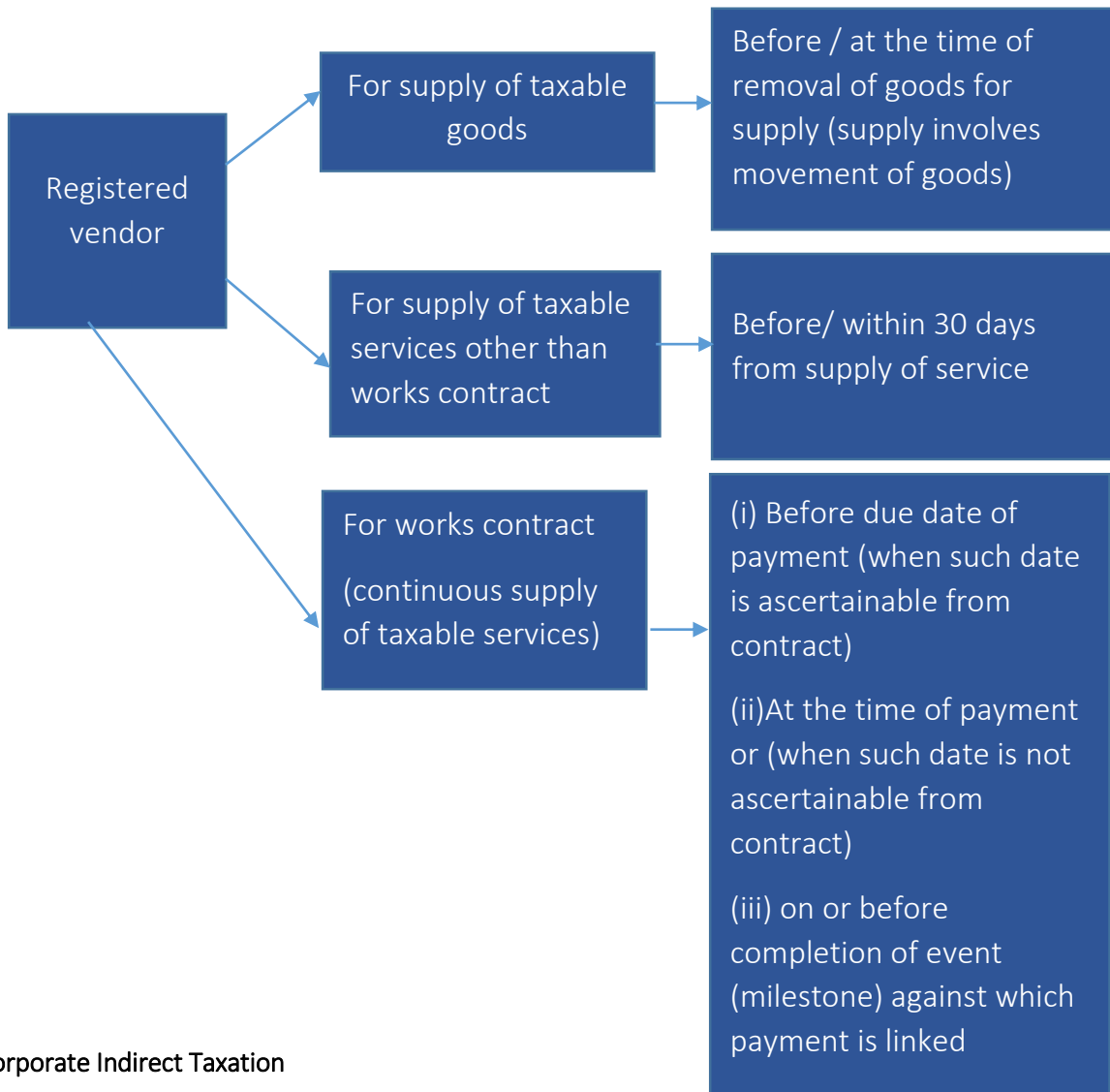
GUIDANCE NOTE FOR VENDORS

This guidance note aims to share certain important aspects of GST in order to ensure smooth business functioning in the GST regime.

A. Tax Invoice

Invoicing is the most important aspect of tax compliance for every business in GST regime. In the Input tax credit rules, it has been clearly mentioned that **“Input tax credit shall be availed by a registered person only if all the applicable particulars as prescribed in Rule 1 of the Invoice rules are contained in the said document”** (refer point 4 for list of such particulars). In this context, we would like to highlight certain provisions and rules impacting Invoicing in GST regime to ensure proper tax compliance by you resulting into proper credit flow to us/ and your other customers.

1. Time to issue invoice



2. Number of copies of invoices to be issued

In case of supply of goods, three copies to be issued as follows:

- i) Original copy for the recipient
- ii) Duplicate copy for the transporter
- iii) Triplicate copy for the supplier

In case of supply of services including works contract, two copies to be issued as follows:

- i) Original copy for the supplier
- ii) Duplicate copy for the recipient

Note: Invoices (original as well as duplicate) can be printed in A4 size paper (portrait form). No requirement to use dot matrix printer nor it is necessary to issue colored invoices.

3. Place of supply (POS):

It is important to capture POS at the invoice level to determine the nature of GST levy as under:

- If POS and location of Supplier are in same state: CGST & SGST will be charged
- If POS and location of Supplier are in different states: IGST will be charged

General rule to identify place of supply is given below:

A. Place of Supply of goods

- Supply of goods involving movement of goods – POS will be the Location of goods at the time at which the movement of goods terminates for delivery to the recipient.
- Supply by way of transfer of documents of title to the goods – POS will be the Principal place of business of the person, on whose directions the goods are delivered to the ultimate recipient

Terms of Delivery

Ex-Factory/ warehouse

Door Delivery

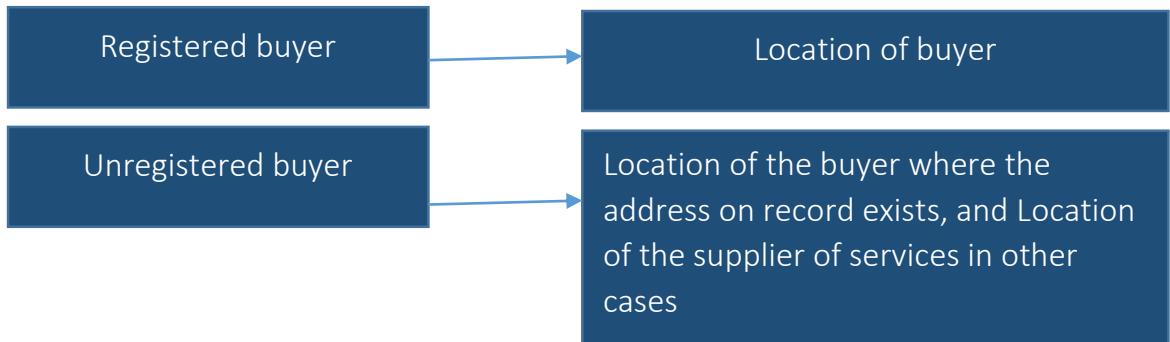
Nature of GST levy

- As per GST law POS will be the location where the movement of goods terminates for delivery.
- POS will be provided in the purchase raised by the company.

- Location where the movement terminates for delivery would be the door-step of customer
- Accordingly, POS will be the state where the customer is located

B. Place of Supply of Services

Generally, if the services (other than specified services) are provided to the following persons, the place of supply shall be:-



In case of services which are in relation to any immovable property, POS will be the location where such immovable property is located.

4. Essential contents of Invoice

There is no specific format of the Invoice (Illustrative format is provided below). However, following are the mandatory requirements:

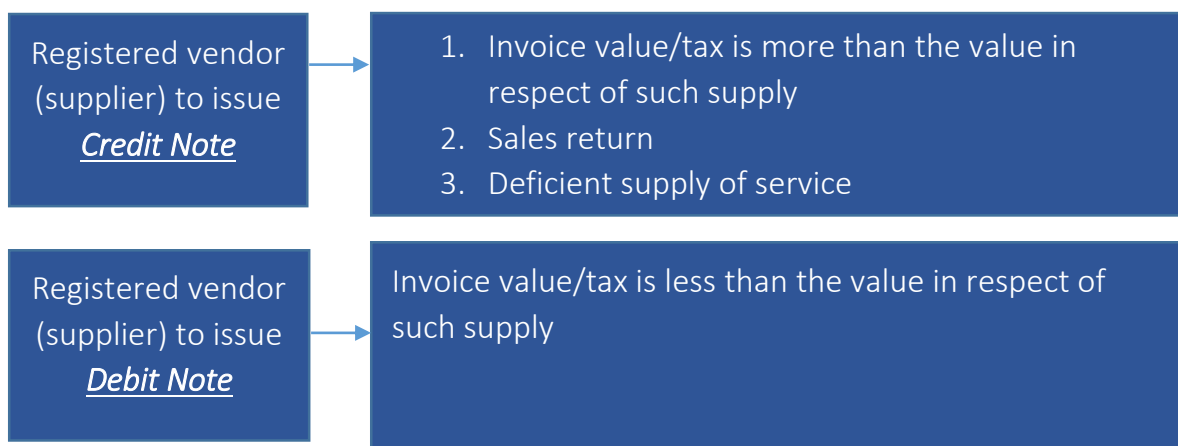
S.N.	Particulars
1.	Name, address and GSTIN of the supplier
2.	A consecutive serial number not exceeding 16 characters , in one or multiple series, containing alphabets or numerals or special characters hyphen or dash symbolised as '-' and '/' respectively and any combination thereof, unique for a financial year
3.	Date of issue of invoice
4.	name, address and GSTIN/UID no. of the registered recipient
5.	HSN code of goods or accounting code of services (SAC code)
6.	Description of goods or services
7.	Quantity of goods and unit
8.	Total value of goods/services
9.	Taxable value of goods or services
10.	Rate of tax separately for Central tax, State/UT tax or Integrated tax and cess
11.	Amount of tax charged separately for Central tax, State/UT tax or IGST and cess
12.	Place of supply along with name of state, in case of inter-state supply
13.	Address of delivery if it is different from place of supply
14.	Applicability of reverse charge is mentioned wherever applicable
15.	Signature or digital signature of supplier or his authorized representative

Illustrative format: Invoice

Tax INVOICE												
Name of vendor (Address)												
GSTIN												
PAN												
Original (Recipient's copy) Duplicate (Transporter's Copy) Triplicate (Supplier's Copy) Invoice No. _____ Invoice Date: _____												
<u>Recipient (Bill To):</u> Recipient's Name: ABC Address: GSTIN / Unique ID No. PAN												
<u>Delivered To (Ship To):</u> Delivery Address Place of Supply: (State and its code)												
S N	Descr iption	HSN Code	Qty	Rate per unit	Amount (in Rs.)	Discount/ Abatement	CGST		SGST		IGST	
							Rate	Amt	Rate	Amt	Rate	Amt
Add: Freight												
Add: Insurance (other expenses)												
Total Invoice Value (in Rs.):												
Total Invoice Value (in words):												
Total taxable value												
Tax Payable Under Reverse Charge Mechanism												
Payment Terms: Credit Period: Other Terms & Conditions: Special Instructions, if any:												
Authorized Signatory												

B. Credit/ Debit Note

1. Situations in which Credit/Debit note is to be issued by the vendor



Note:

Such credit/debit note must be shown in the return filed for the month during which such note is issued but not later than September following the end of the year
 Example: Credit note issued on 1st June 17, should be shown in GSTR1 to be filed on 10th July (and not on 10th June)

2. Sales return:

a. If goods are sent in GST regime and returned in GST period:

Credit note to be issued by vendor as explained above.

b. If goods were sent in pre GST regime and returned in GST period:

Sales returns during transition	Exempted Goods	Taxable Goods (tax already paid)
By Registered person: Goods removed prior to appointed date and received after appointed date	No GST in case exemption continues	<ul style="list-style-type: none"> • Customer has to send goods with GST invoice • Business will avail GST credit
By Unregistered person: Goods sold prior to 6 months from appointed date and received within 6 months post the appointed date	No GST	Refund to be sought in respect of tax paid under pre-GST regime.

Example: If L&T has bought 100 units of goods worth Rs.100 from the vendor and on obtaining delivery, L&T rejects 20 units (i.e. worth Rs. 20 for any reason) and sends them back.

L&T shall upload purchase invoice with value of Rs. 80 in GSTR-2 on 15th of the month which will be reflected in the vendors GSTR-1A. If the vendor accepts the sale value as Rs. 80 he will raise a credit note for Rs. 20.

3. Contents of credit/debit note:

There is no specific format of the credit/debit note (Illustrative format provided below).

However, following are the mandatory contents:

S. N.	Particulars
1.	Name, address and GSTIN of the supplier
2.	Nature of document (Debit or credit note)
3.	A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash symbolised as ‘-‘ and ‘/’ and any combination thereof, unique for a financial year
4.	Date of issue of credit/ debit note
5.	name, address and GSTIN/UID no. of the registered recipient
6.	Serial number and date of corresponding invoice
7.	Value of taxable supply, rate of tax and amount of tax debited/credited
8.	Signature or digital signature of supplier/ his authorized representative

Illustrative format: Credit Note

CREDIT NOTE								
Name of vendor (Address) GSTIN PAN Original (Recipient's copy) Duplicate (Supplier's Copy)								
Invoice No. <i>(Ref.)</i> Date: _____ Recipient: Recipient's Name: ABC Address: Contact Details								
GSTIN / Unique ID No. PAN Place of Supply: <i>(State and its code)</i>								
<i>Place of Delivery (State and its code): (if different from place of supply)</i>								
Serial number and date of corresponding Invoice								
Sr. No.	Description (Goods)	Taxable Value	CGST (Credited)		SGST (Credited)		IGST (Credited)	
			Rate	Amt.	Rate	Amt.	Rate	Amt.
Being Price difference for Credit Note								
Total Credit Note (in figures)								
Total Credit Note (in words):								
Remarks, If any								
Authorized Signatory								

C. Treatment for Advance received

1. Advance receipt Voucher

If advance is received by vendor, vendor needs to issue an **advance receipt voucher** to the customer (L&T). GST will be payable at the time of receipt of advance.

The details of advance received and its adjustment at the time of actual invoicing is to be filed along with the return for outward supply i.e. GSTR-1 in Table 11.

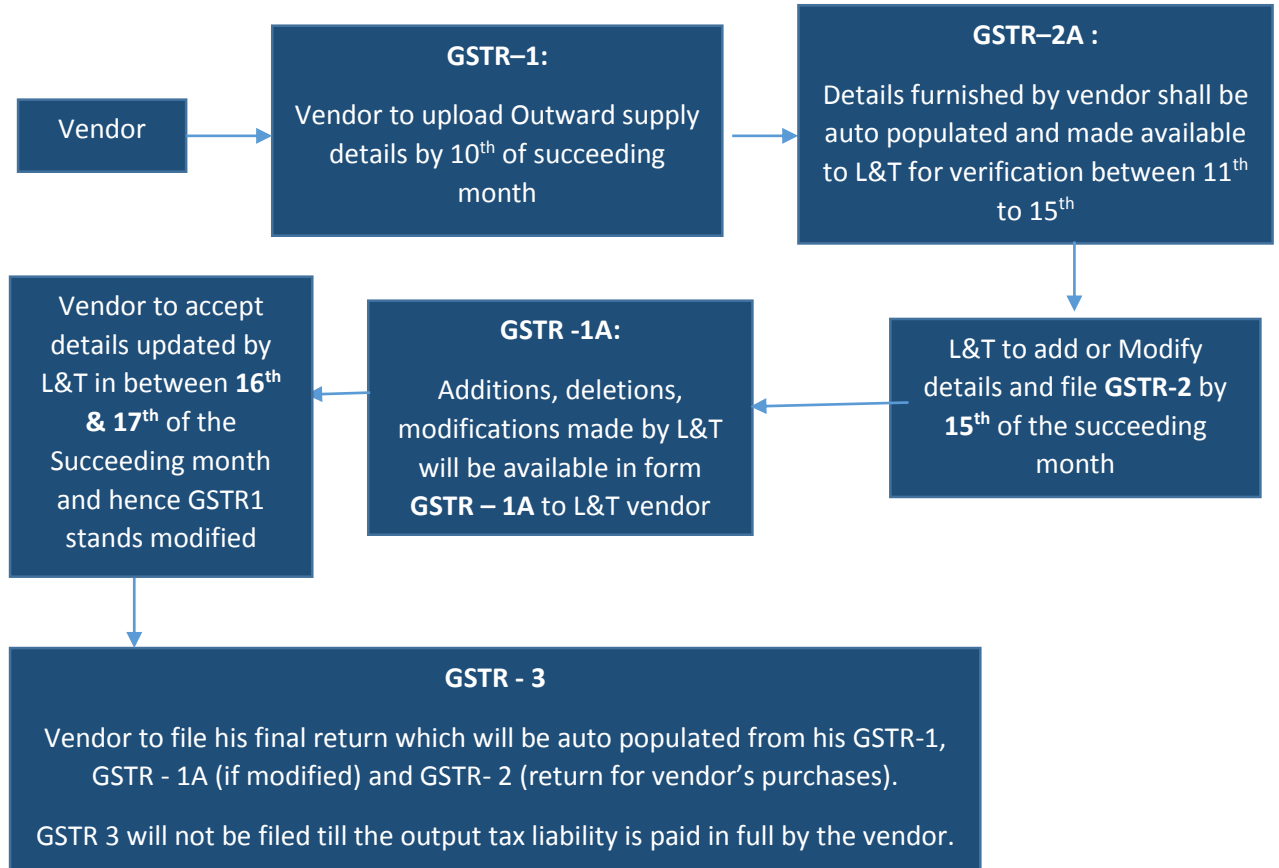
2. Format:

There is no specific format of the receipt voucher. However, following are the mandatory contents:

Sr. No.	Particulars
1.	Name, address and GSTIN of the supplier
2.	A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash symbolised as '-' and '/' respectively and any combination thereof, unique for a financial year
3.	Date of issue of advance receipt voucher
4.	Name, address and GSTIN/UID no. of the registered recipient
5.	Description of goods or services
6.	Amount of advance received
7.	Rate of tax separately for Central tax, State/UT tax or Integrated tax and cess
8.	Amount of tax charged separately for Central tax, State/UT tax or Integrated tax and cess
9.	Place of supply along with name of state, in case of inter-state supply
10.	Applicability of reverse charge is mentioned wherever applicable
11.	Signature or digital signature of supplier or his authorized representative

D. GST Returns

1. The flow of returns to be filed by vendor in GST is explained in the following flow chart:



We strongly recommend all our vendors to follow the above mentioned process, so that they do not have to pay higher tax and adjust the difference in the subsequent month. Also, it will ensure that there is no mismatch of Input tax credit

2. Types of returns to be filed by vendor

- a. Return to be filed for the interim period (July & August 2017):

GST Return for	July	August
GSTR 3B (Single Page Self Declaration- Format awaited)	20-08-2017	20-09-2017
GSTR 1 (Outward details)	05-09-2017	20-09-2017
GSTR 2 (Inward details)	10-09-2017	25-09-2017
GSTR 3	Dates are not finalized	

b. Return to be filed for September 2017 and onwards:

Return	Nature of return	Due date
GSTR 1	Outward supplies	10 th of the next month
GSTR 2	Inward supplies	15 th of the next month
GSTR 3	Return	20 th of the next month
GSTR 9	Annual return	31 st Dec. of next FY

As per the latest provisions, rate wise upload (not line wise & not HSN wise) of your invoices is required to be done on GSTN portal.

E. Transitional Issues:

1. Carry forward CENVAT/ VAT credit in TRAN 1:

A registered person is required to carry forward various credits by filling the same in GST Form TRAN-1.

Different categories of credits which are required to be complied and filed in the transition forms are as follows:

- a. Credit shown in the returns upto 30th June 2017.
- b. Unavailed credit of capital goods
- c. Credit of eligible duties (as per explanation to section 140), which was not admissible in current regime but will be allow to carry forward in GST.

2. Inputs or input services in transit on appointed date:

As per the provision, one can avail the credit of those goods/ services on which duties/taxes are paid in pre GST period but such goods/ services are not received in pre GST period.

A window of 30 days (i.e. upto 29th July) is given by law, to record such credits.

3. Price revision

In case the price of the goods supplied by the vendor changes on or after the appointed day (in respect of supply contracts entered prior to appointed date), **following should be done by the vendor:**

Downward revision

Vendor should issue Credit Note with appropriate GST, within 30 days of such price revision

Upward revision

Vendor should issue Debit Note with appropriate GST, on the increased value, within 30 days of such price revision

F. Anti-Profiteering

- 1.** Provision as per CGST Act:
“Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.”
- 2.** A supplier is required to reduce his prices in the following circumstances:
 - a. Reduction in tax rates
 - b. Benefits due to availability of ITC:
 - i. On those goods which were ineligible in current regime
 - ii. Eligibility of credits in transition
 - iii. Eligibility of more credits due to widening of definition of capital goods
 - c. Price reduction received from your vendors, on account lower effective tax on his procurement.

G. Other important aspects

- 1.** IT systems- IT systems to be aligned with GST provisions
- 2.** Training – Ensure appropriate training is provided to the team
- 3.** Communication- To update appropriate GSTIN number of customers and vendors and communicate your GSTIN to them
- 4.** HSN/SAC code master to be created
- 5.** The common GST portal developed by GSTN will function as the front-end of the overall GST IT ecosystem.
Sale and purchase transactions data need to be uploaded by you on the GSTN portal. GSTN may be accessed directly by you. However, accessing the GST filing system directly may not be a good option for many taxpayer organizations, who may instead access it via third-party applications. These applications have the benefit of being much more user friendly and customer focused. They will connect with the GST filing system via secure GST System. Developers of such applications have been given generic names: GST Suvidha Provider, or GSP, and Application Service Providers, or ASP.
- 6. GST Compliance rating:**
Under GST , every registered person will be assigned a “tax compliance rating” score by the Government. The rating will be based on registered person’s record of compliance with the provisions of this Act.

As you are aware that, in GST credit can be availed only if the vendor has paid the tax to the govt. and filed a valid return for the same. The compliance rating of vendor will work as a barometer to evaluate vendor's compliance capability.

Hence, a business entity would like to engage with the business partners having "high compliance rating". If the compliance rating of a vendor is low, customer may decide to avoid dealing with such vendor.

It is, therefore, advised to ensure that valid return is filed each month to enable high compliance rating and availment of ITC credits by your customers.

H. Some Questions answered

Q1. I am selling goods from one state to another, however my total turnover is well below Rs. 20 lacs do I still have to get registered under GST regime?

Ans. Yes, irrespective of the turnover, if you are making inter-state supplies, you need to mandatorily get registered under the GST regime.

Q2. I am selling goods from one state to another, however my total turnover is well below Rs. 20 lacs do I still have to get registered under GST regime?

Ans. Yes, irrespective of the turnover, if you are making inter-state supplies, you need to mandatorily get registered under the GST regime.

Q3. I am currently an unregistered vendor, and I supply goods to SEZ, do I have to get registered? What is the procedure to be followed for supply to SEZ?

Ans. Supply to SEZ is an interstate supply. Therefore, if you are supplying to SEZs, you need to mandatorily get registered under the GST regime. Additionally, procedure similar to export procedure (i.e. execution of bond or LUT) has to be followed by the vendor.

Q3. Can GST returns be revised?

Ans. No, revision of returns under GST is not allowed

Q4. Can I file returns without using an ASP/GSP?

Ans. Yes, the returns can be filed directly by uploading them on to the GSTN Portal.

Please note that L&T is a registered person under GST. Further, L&T has opted for business vertical wise registrations. Hence, L&T will have separate GSTIN numbers for different business verticals in each state. Any invoice raised on L&T should be raised along with the L&T's GSTIN provided in the Purchase Order.