

UNIT V

1. Tax Invoice

A **Tax Invoice** is issued by a registered supplier when supplying taxable goods or services.

Contents of a Tax Invoice:

- Supplier details (name, address, GSTIN)
- Invoice number and date
- Recipient details (name, address, GSTIN)
- HSN/SAC codes
- Description, quantity, and value of goods/services
- GST rates (CGST, SGST, IGST)
- Tax amount
- Signature

Time Limit to Issue Invoice:

- **Goods:** Before or at the time of removal
- **Services:** Within 30 days from date of service

2. Credit Note & Debit Note

Credit Note:

Issued when:

- Excess value was charged
- Goods returned
- Services not fully performed

Reduces the tax liability.

Debit Note:

Issued when:

- Value was undercharged
- Tax was undercharged

Increases the tax liability.

Both must be declared in the GST return of the month in which they are issued.

3. GST Returns (Filing)

Returns are documents to be filed by registered taxpayers providing details of:

- Sales
- Purchases
- Output tax
- Input tax credit

Types of Returns:

Return	Purpose	Frequency
GSTR-1	Outward supplies	Monthly/Quarterly
GSTR-2B	Auto-drafted ITC statement	Monthly
GSTR-3B	Summary return (tax payment)	Monthly
GSTR-4	Composition dealer return	Annually
GSTR-9	Annual return	Annually
GSTR-9C	Reconciliation + audit certificate	Annually (for large taxpayers)

4. GST Refunds

Refund can be claimed for:

- Excess tax paid
- Export of goods/services (zero-rated)
- ITC accumulation due to inverted duty structure
- Finalization of provisional assessment

Refund Application:

- Filed via **Form GST RFD-01**
- Must be filed within **2 years** from relevant date

5. Payment of Tax

Types of Taxes:

- CGST
- SGST/UTGST

- IGST
- Cess (if applicable)

Payment is made through:

- Cash ledger
- Credit ledger (for ITC utilization)

Tax is paid via **Form GST PMT-06** before filing GSTR-3B.

6. Assessment under GST

Assessment means determination of tax liability.

Types of Assessments:

Type	Description
Self-Assessment	Done by taxpayer themselves
Provisional Assessment	If taxpayer is unsure about value/tax rate
Scrutiny Assessment	Department checks return accuracy
Best Judgment Assessment	For non-filers or incomplete info
Summary Assessment	In case of urgent need to protect revenue

7. Audit under GST

Audit is examination of records to verify correctness of declared turnover, tax paid, and claimed ITC.

Types:

Type	Conducted By	Applicability
Departmental Audit	GST officers	As per section 65
Special Audit	Chartered/Cost Accountant appointed by dept	Under section 66
Taxpayer's Own Audit	CA/CMA (if turnover > ₹5 Cr)	Annual return + audit report (GSTR-9C)

8. Overview of Tax Audit

Tax Audit (GSTR-9C) was **mandatory if turnover exceeded ₹5 crore**, though rules may change. It includes:

- Reconciliation of GSTR-9 and audited financials
- Certification by CA/CMA

9. Tax Incentives & Export Promotions

Export under GST:

- Exports are **zero-rated**
- No GST charged on exports
- Two options:
 1. Export with LUT/Bond (No tax, claim ITC refund)
 2. Export with payment of tax (claim refund of tax paid)

Schemes:

- **Duty Drawback**
- **RoDTEP** (Remission of Duties and Taxes on Exported Products)
- **Advance Authorization Scheme**
- **SEZ Units** – supplies to/from SEZs treated as zero-rated

10. Deductions and Exemptions

Deductions:

Allow reduction in value of supply for:

- Discounts (if shown on invoice)
- Trade discounts

Exemptions:

No GST charged on:

- Goods/services under **exempt notification**
- Educational services
- Healthcare services
- Unbranded agricultural products
- Specified services under reverse charge

GST Practical Sums

1. Tax Invoice – Invoice Value Calculation

Q. A supplier sells goods worth ₹1,00,000 and charges 18% GST. What should be the invoice value?

Solution:

Tax = 18% of ₹1,00,000 = ₹18,000

Invoice Value = ₹1,00,000 + ₹18,000 = ₹1,18,000

2. Credit Note – Reduction in Tax Liability

Q. A supplier issued an invoice for ₹50,000 + 18% GST. Later, due to a discount, he issued a credit note for ₹10,000. What is the reduction in GST liability?

Solution:

GST on credit note = 18% of ₹10,000 = ₹1,800

Reduction in GST liability = ₹1,800

3. Debit Note – Additional Tax Payable

Q. A service was initially billed for ₹30,000 + 18% GST. Later, an additional ₹5,000 was charged via a debit note. What is the additional tax payable?

Solution:

Tax on additional amount = 18% of ₹5,000 = ₹900

Additional GST payable = ₹900

4. GST Return – Net Tax Payable

Q. Output tax liability = ₹70,000

Eligible ITC from purchases = ₹45,000

What is the net tax payable in GSTR-3B?

Solution:

Net GST Payable = ₹70,000 - ₹45,000 = ₹25,000

Answer: ₹25,000

5. Refund on Export

Q. A registered exporter exports goods worth ₹2,00,000 with payment of IGST at 18%. What refund can he claim?

Solution:

IGST paid = 18% of ₹2,00,000 = ₹36,000

Refund Claim = ₹36,000

6. Payment of Tax – Cash + Credit Ledger Use

Q. A taxpayer has:

- Output tax: ₹1,00,000
 - ITC available: ₹60,000
- How much should be paid in cash?

Solution:

₹1,00,000 – ₹60,000 = ₹40,000

Cash payment required = ₹40,000

7. Assessment – Best Judgement Case

Q. A taxpayer fails to file returns for 3 months. GST Department estimates turnover as ₹6,00,000. GST rate is 18%. What is the best judgment tax payable?

Solution:

Tax = 18% of ₹6,00,000 = ₹1,08,000

Answer: ₹1,08,000

8. Tax Audit – Reconciliation Difference

Q. As per books, turnover is ₹50,00,000. GSTR-9 shows ₹49,00,000. What is the reconciliation difference?

Solution:

Difference = ₹50,00,000 – ₹49,00,000 = ₹1,00,000

Answer: ₹1,00,000 (to be explained in GSTR-9C)

9. Export Promotion – LUT Benefit

Q. A company exports services worth ₹5,00,000 without payment of tax under LUT. ITC on inputs used = ₹75,000. Can they claim refund?

Solution:

Yes. Under LUT (without paying tax), refund of **unutilized ITC** is allowed.

Refund = ₹75,000

10. Exempt Supply – No GST

Q. A school provides education services worth ₹12,00,000. Are they required to pay GST?

Solution:

Education services by recognized schools are **exempt**.

Answer: No GST payable

11. Deductions – Post-Sale Discount

Q. Invoice value = ₹2,00,000 + 18% GST = ₹2,36,000

Later, a post-sale discount of ₹20,000 was given, not shown on the invoice. Can GST be reduced?

Solution:

No. **Discounts not shown on the invoice are not deductible.**

Tax must be paid on full ₹2,00,000

12. Audit Trigger – Turnover Limit

Q. A taxpayer has annual turnover of ₹4.8 crore. Is GST audit (GSTR-9C) required?

Solution:

GST Audit (GSTR-9C) is required **if turnover exceeds ₹5 crore.**

Answer: Not required
