

SVMVV SANGHA'S
SHRI VIJAYA MAHANTESH ARTS AAND COMMERCE
COLLEGE FOR WOMEN, ILKAL-587125



Refund under GST

Submitted to

Department of Commerce

**Shari Vijaya Mahantesh Arts & Commerce College for
Women, ilkal -587125**

Submitted by

Guided by

Smt. K. D. Biradar

Assistant Professor

2021-2022



SVMVV'S
Shri vijaya Mahantesh Arts & Commerce women's College
ILKAL-587125



DEPARTMENT OF COMMERCE

CERTIFICATE

This is to Certify that Miss, Tejaswini C, M, Bhagyashree Havaladar, Sangeeta Talikoti, Rekha V. Kuri, Eramma Policepatil, of Bachetor of Commerce, ILKAL Have Successfully Completed their Fifth Semester 'Project Work on Refund under G S T (Goods and Services Tax)' under my guidance as a value addition to academic curriculum.

Assistant Professor
Project Guide

PRINCIPAL
S. V. M. Arts & Commerce
College for Women, ILKAL

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ACKNOWLEDGEMENT

We Sincerely thank to Hanorable 'Smt K. D. Biradar' Without Whom we wouldn't have Completed this project report.

It's our proud privilege to express deep gratitude to Shri, G.G. Patil and Smt. A. C. Datti, Faculty Members of our Departenent for their useful suggestion, encouragement and support which helped us accomplish the project .

And above all We are thankful to our family and friends who helped us for the Completion of this project report

Date: 23/08/2021

Student's Name	Reg No
Ku. Tejaswini C. M	C1914478
Ku. Bhagyashree Havaladar	C1914417
Ku. Sangeeta Talikoti	C1914459
Ku. ReKha kuri	C1914453
Ku. Eramma Policepatil	C1914426

Tejaswini C.M.
Bhagyashree H.
Sangeeta Talikoti
Rekha Kuri
E. Policepatil

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DECLARATION

We hereby declare that the project on Refiund under GST Submitted for academic.

Curriculum is our original work.

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Rekha Kuri
E. policepatil

MEANING OF GST

The goods & service tax (GST) is a value added tax levied on most goods & services sold for domestic consumption. The GST is paid by consumers, but is remitted to the government by the business selling goods and services.

INTRODUCTION TO GST

As soon as GST introduction date announced during July 2017 all eyes hit across the tax rates. Industry, trade, business and market places along with common man who looked at the GST rates because, everyone is evaluating their position & impact as result of tax rate classification that from here after most of the goods & services are taxed under standard rates.

PROPOSED GST RATES

Already government introduced tax slabs at 12%, 5%, 18, 28% & discussion is hot which on classified rate the impact of collecting of new tax require as standard rate's imply unless exempted or nil rated / zero rated.

Most of the items under goods and services or both coming under this standard rate format which give us same.

ZERO RATED SUPPLY

In India a Exports business is not applicable to GST regime thus any export or foreign supply is being classified as zero rated supply

According to chapter - 8 of section 16 of the IGST Act.

- * Export of goods and services or both
- * Supply of goods or services or both to a SEZ Developer
- * Supply of goods or services or both to SEZ unit
- * Any SEZ developer of SEZ unit receiving zero-rated supply shall also be entitled to claim refund of IGT paid by any registered person (purchase)

Zero Rated Supply	Zero Rated Services
Gold, gems, Jewellery, precious stones	Transport agencies, Air cargo ship, manager health
Petroleum products	Forex services Financial services outside India.
Meat dairy & sea food items	International bodies services provided by casual / NRT / NGOs
Agricultural, duty free good manufactured or specialized tools	zero rated supplies like book, google internet sales, educator, charity, health care abroad.
Hiring outside India and dealings inside India, land acquired	Retrieval / online services outside land services Reverse base services re-exports subjects to conditions

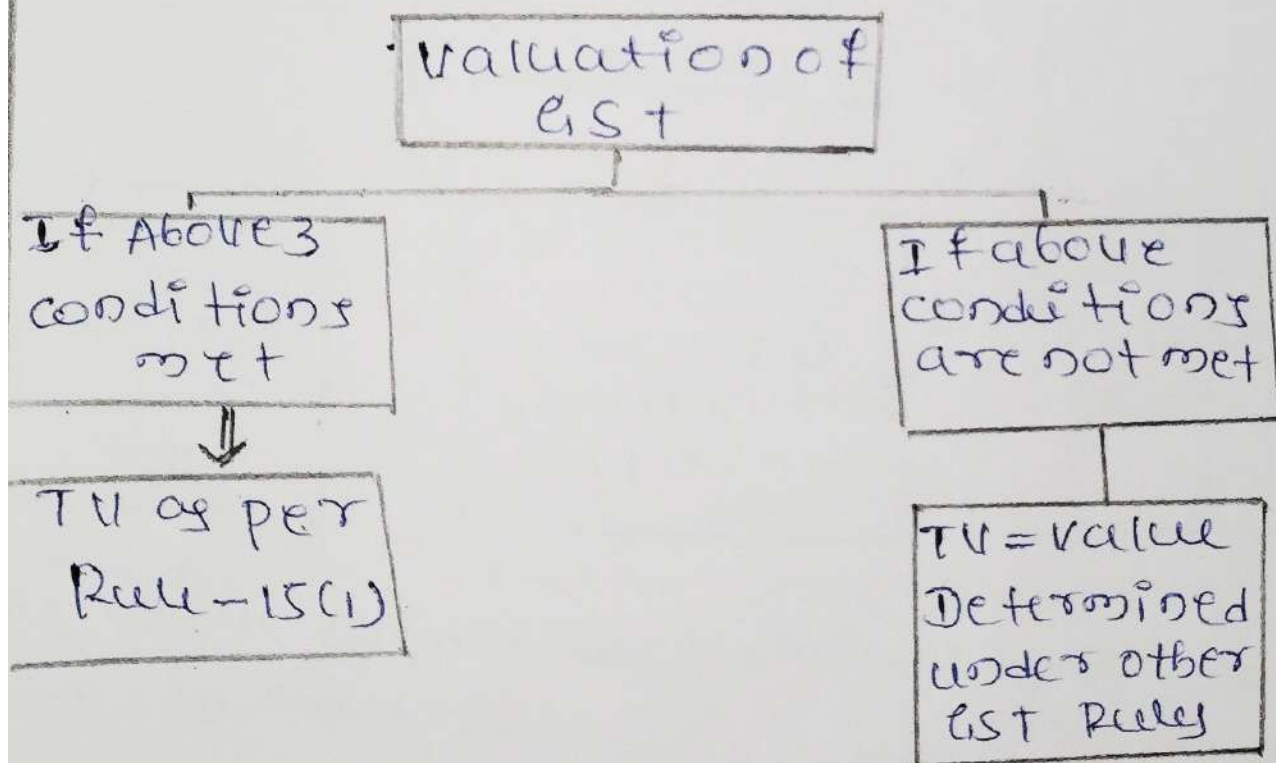
VALUATION UNDER GST

INTRODUCTION Under GST a new form of valuation or taxable point is being implemented where we come to know that what is the valuation of supply? what will be the taxable value and taxable supply? is to be answered.

Meaning Basically GST will be charged on the transaction value (TV) This is the actually paid or payable value for the supply of goods & services or payable value for the supply of goods & services between money terms between unrelated parties.

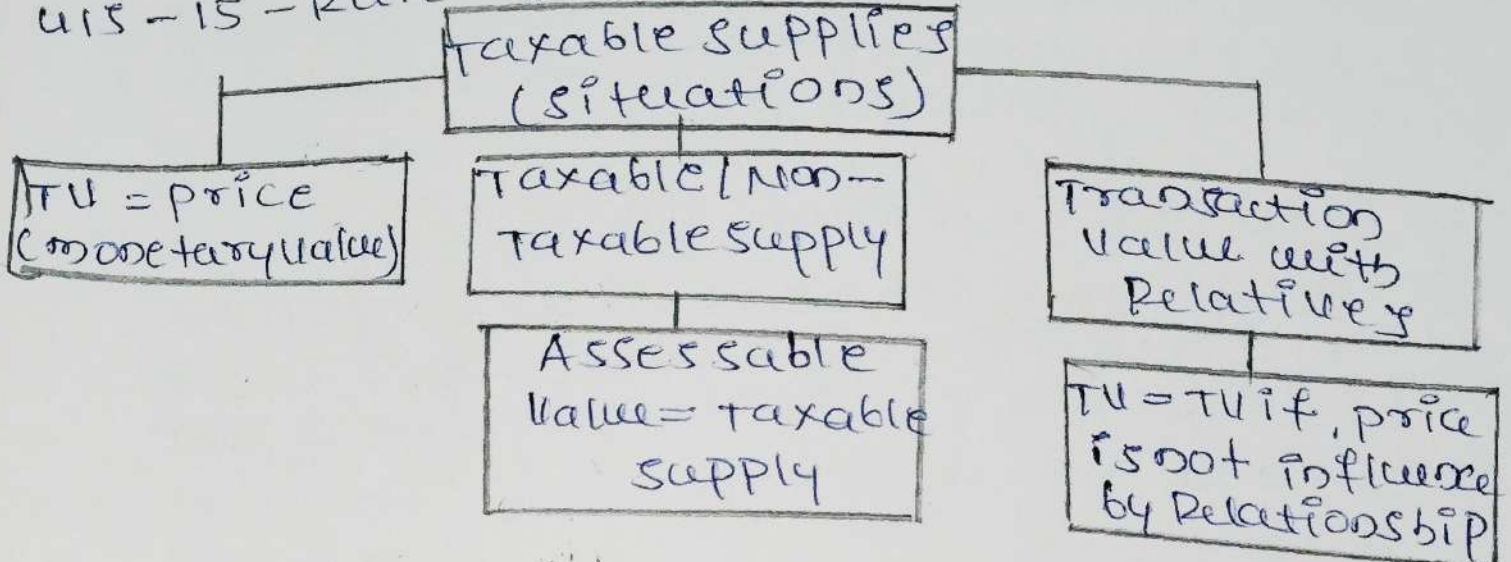
GST VALUATION RULES - 2017 - IN - NOT - SHEET

15-15 - Rule - 1 Meaning - valuation of supply in GST conditions: 1) transaction value 2) the consideration ad - value 3) the supply & purchase activity



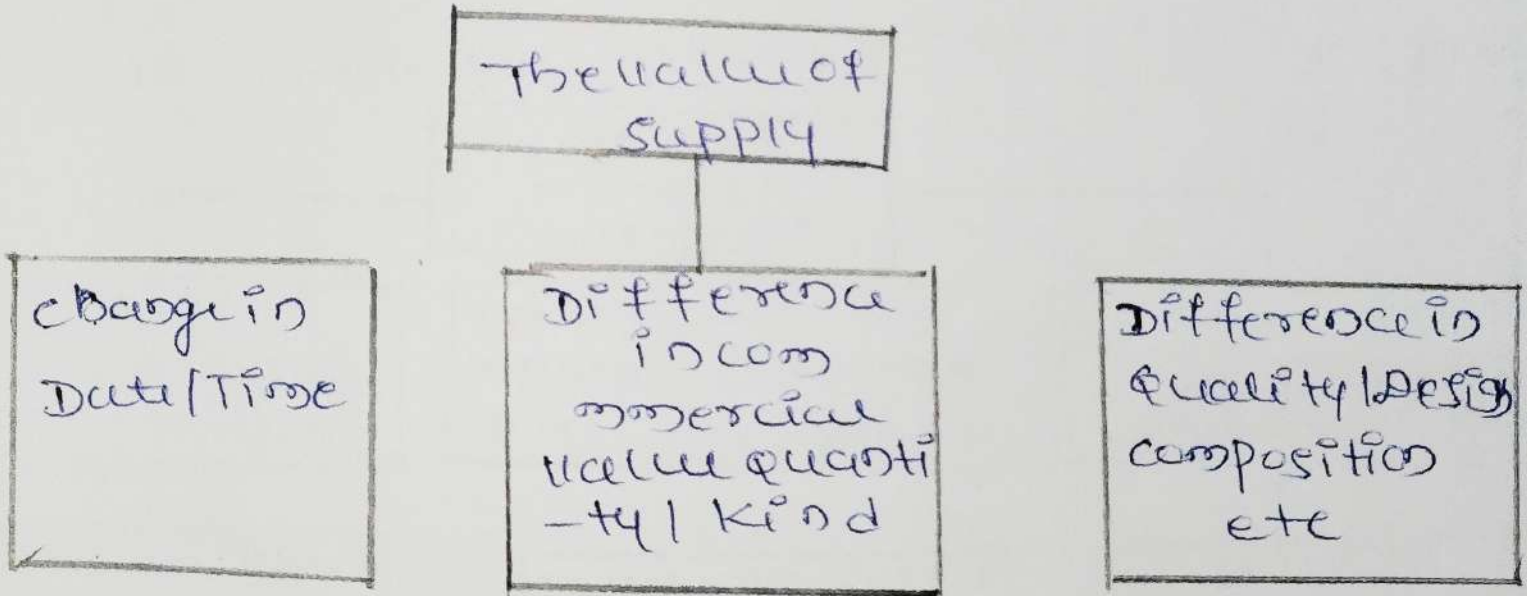
UIS - 15 - Rule - 2: Definition - Transaction value
 * obligation of supply A purchaser
 * money value or not
 Incidental Expenses
 Taxes under other laws

UIS - 15 - Rule - 3



* If value could not decide follow Rule - 46

UIS - 15 - Rule - 4 Transaction value / General rule is like quality kind etc



* If value cannot determined by this rule proceed to Rule - 5

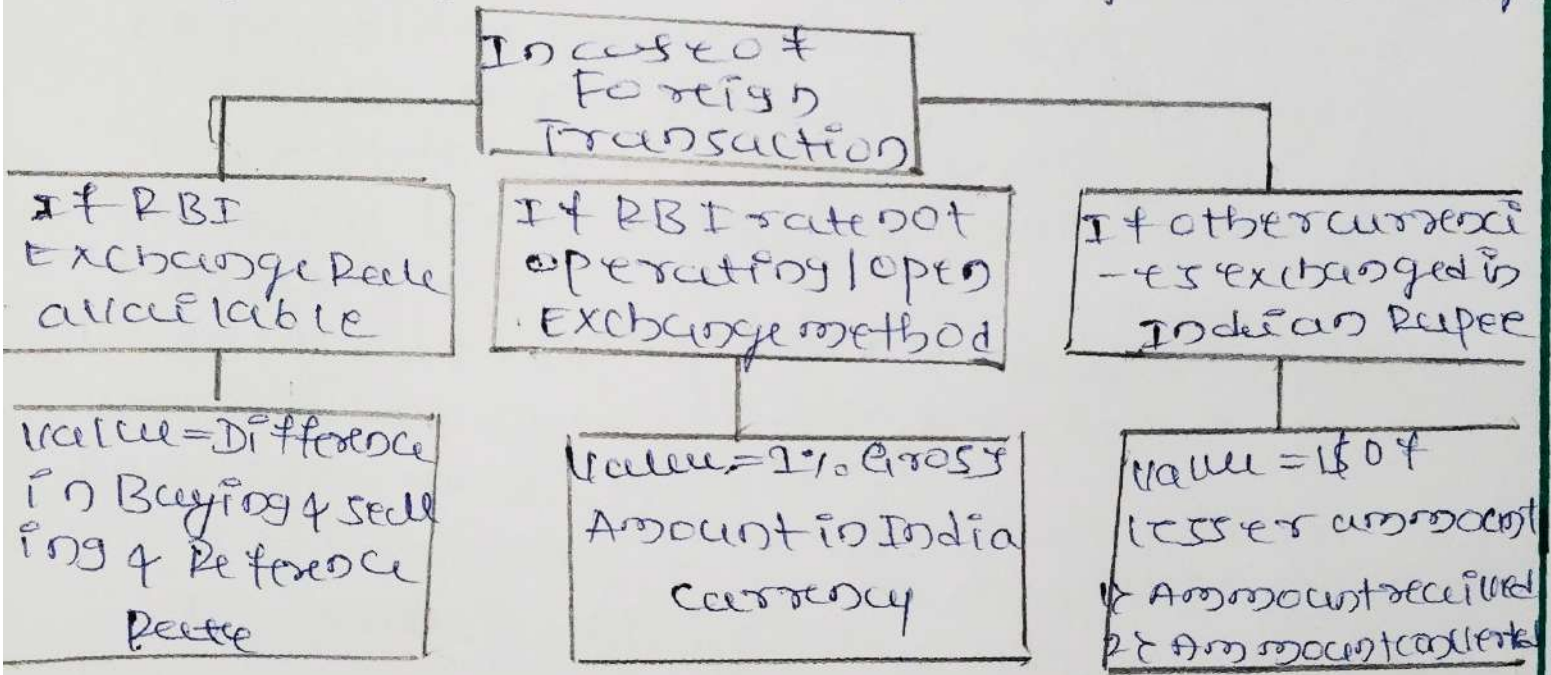
UIS - 15 - Rule - 5 = & computed value method
 value of supply = computed value as under
 * cost of production manufacture process
 * charges for design / Brand etc

UIS - 15 - Rule - 6 Residual value method
 * If value cannot determined as under 3, 4, 5
 it shall be determined as under Residual
 method by using value by Reasoning

UIS - 15 - Rule - 7 - Rejection of Declared value
 It has only assess the real or objection
 able value & gives clarification about
 said quarry / doubt by a proper officer

UIS - 15 - Rule - 8 Fiscal value - value of expend
 iture
 * By pure agent; 3rd party consideration
 * supply used by recipient & not as by pure
 * principal & agent / payment on behalf

UIS - 15 - Rule 9 - valuation by money (foreign) Exchange



METHODS OF VALUATION

Valuation in GST law refers to value of all taxable supply hence determination of taxable supply is almost important matter.

- Section 15 of the sub-section has 4 sections dealing on different aspects of valuation
- These set of valuation called as GST valuation Rule 2016
- Sub section under 15-29 prescribed for determination of valuation methods

HOW Transactions are taxed in GST

In case of any liability against the CGST or SGST paid by purchaser (inputs) in money after fair tax value consideration, there would not be any ITC provisions under transaction of money

Payment can be done by following methods

- a) Through Debit or credit ledger of tax payer on whom total tax can be paid with penalty, interest fees & tax payers shall be paid with penalty, interest fees & tax payers shall be allowed to take ITC benefits only after certain limit of valuations
- b) In case of cash by debit in the cash ledger of the tax payer money can be deposited in the cash ledger by different modes namely
 - i) E - Payments
 - ii) E - wallets & APPS
 - iii) online Banking services
 - iv) credit & debit card
 - v) RTGS / NEFT / over counter
 - vi) MRF / MRO etc

INPUT TAX CREDIT AND TAX INVOICE

Meaning = > one of the most important aspect of GST is ITC facility to across the chain from manufacture to the retail trader which gives advantage of get back his paid tax on production or output level

What is ITC ?

Taxation on any manufacturing/production old concept as it already known in many indirect tax regime like VAT, MODVAT etc.

Who can Avail ITC

- * Any registered person who makes debit & credit
- * Any supplier who filed returns under GST
- * ITC can be applied for all inputs/manufacturing stages
- * ITC can also available to a dealer/trader who make purchases for sale
- * A service provider allowed to claim ITC & can be applied for tax credit for registered person

ACCOUNTING ENTRIES UNDER GST

Any business or a entity has to maintain a electronic or book keeping account in the form of debit & credit in single module that consists many options to get.

a & INTER-STATE GST

Example = calculate following transaction & generate accounting entries under GST

- a & MIRA purchased goods worth of ₹ 20000/- from outside the state
- b & He sold it @ ₹ 20000/- locally
- c & He sold @ ₹ 8000/- outside the state
- d & He paid shop rent ₹ 2000
- e & He purchased on ceiling fan for his office for ₹ 500
- f & Assuming 18% of GST rate create accounting entries

Solution

particulars	Debit	credit
1) Purchase A/c ----- Dr	₹ 20000	
Input IGST (18%) A/c ----- Dr	₹ 1800	
TO Creditors A/c ----- TO		₹ 21800
Debtors A/c ----- TO	₹ 1800	
TO Sales A/c ----- TO		10,000

2	TO output CGST (9%) A/c ----- TO	₹ 900/-	
	TO output SGST (9%) A/c ----- TO	₹ 900	
	Debtors A/c ----- D	₹ 8200	
3	TO Sales A/c ----- TO		₹ 10000
	TO output IGST A/c -----		₹ 1800
	TO payment of Rent A/c -----	₹ 2000	
	Input CGST A/c		₹ 90
	Input SGST A/c	₹ 90/-	
	TO deposit bank A/c -----		₹ 1.180
4	TO purchase a fan ----- A/c	₹ 500	
	Input CGST A/c ----- Dr	₹ 45	
	Input SGST A/c ----- D	₹ 45	
	paid to a shop ----- A/c		590

on the above entries account of different calculation where we can find following details

- 1) total CGST input = $90 + 45 = 135$
- 2) total CGST output = 90
- 3) total SGST output = $90 + 45 = 135$
- 4) total SGST output = 900
- 5) total IGST input = 1800

6. Total IAST output = 1800
 output tax liability for inter-state GST is

particular	CGST	SGST	IGST
OTL	₹ 900	₹ 900	₹ 1800
= OTL - ITC			
CGST	₹ 135		
SGST		₹ 90	
IGST	₹ 135		
output tax liability	₹ 730	₹ 730	₹ 1800
			-

Therefore, net tax payable (CGST)
 = Debit - credit
 = OTL - ITC
 = 900 - 270
 = 730

Thus, net SGST tax payable
 = 900 - 270
 = 730

problems / calculation on ITC reversal

It is a unique method to collect & distribute tax collection between seller & the buyer according to their credits in GST is important matter to study.

We can see some of the problems which hypothetically show credit distributions among the concerned.

Question: 1 Mr Ramesh buys on goods for ₹ 10000 and paid 7% of tax. He sells the same for ₹ 13000/- & charges 9% tax. find calculate actual ITC he will get

ANS: cost of the good = ₹ 10,000
TAX paid by Ramesh = 7% of 10000
= $\frac{7}{100} \times 10000$
= 700 ₹ tax paid

Selling price of the good = 13000

Tax charged on selling @ 9% = 9% of 13000
= $\frac{9}{100} \times 13000$
= 1170 tax charged on sale

∴ ITC availed by Mr. Ramesh on his paid input
ITC = 1170 - 700
= 470 ₹

Question 2: A retailer buys a good from the wholesaler @ ₹ 80/- and the wholesaler charges it @ the tax rate of prescribed rate of 8%. The retailer fixes the price @ ₹ 100/- and charges sales tax @ the same rate (8%) calculate the following questions

- 1) What is the price that a consumer has to pay for the article
- 2) Find out the ITC for retailer
- 3) How much tax does retailer have to pay to govt

Solution

1) Here, the price = ₹ 100/- The rate of sales tax rate at 8%

Therefore,

$$\begin{aligned}\text{Cost price for the consumer} &= p(1 + r/100) \\ &= 100(1 + 8/100) \\ &= 100 \times 108/100 \\ &= 108\end{aligned}$$

2) ITC = Tax paid by the retailer to the wholesaler

$$\begin{aligned}\text{ITC} &= 8\% \text{ of } 80 \\ &= 8/100 \times 80 \\ &= 64/100 \\ &= 6.40\end{aligned}$$

Thus OTL = tax realized by the retailer from consumer

$$\begin{aligned}\text{OTL} &= 8\% \text{ of } 80 \\ &= 80/100 \times 80 \\ &= 64/100 \\ &= 6.40\end{aligned}$$

Thus OTL = tax realized by the retailer from consumer

$$\begin{aligned}\text{OTL} &= 8\% \text{ of } 100 \\ &= \frac{8}{100} \times 100 \\ &= 8/-\end{aligned}$$

credit paid by the retailer = OTL - ITC

$$\begin{aligned}&= 8 - 6.40 \\ &= 1.60\end{aligned}$$

PAYMENT PROCESS IN GST AND RETURNS OF GST

THE PAYMENT UNDER GST

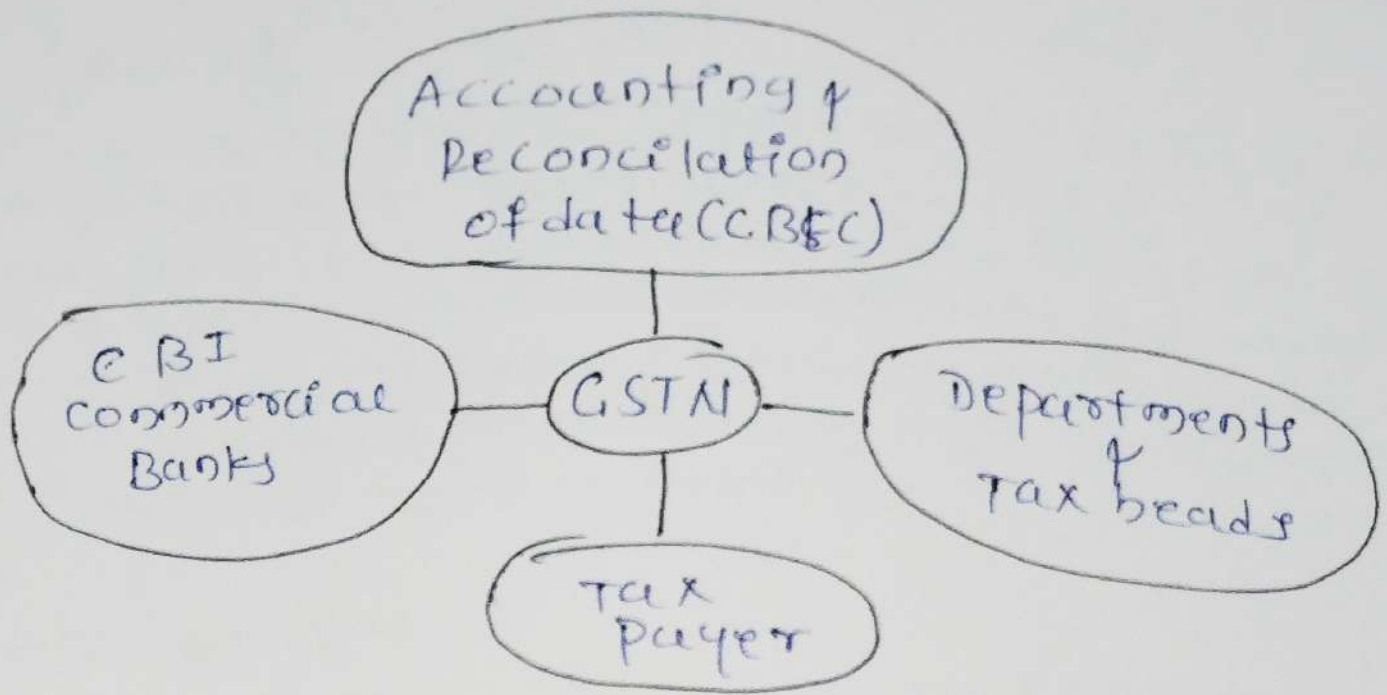
Introduction of GST regime in India brought major changes not only in tax laws but the new technology enabled payment process governed by timely management of tax compliance matter.

Features of payment process

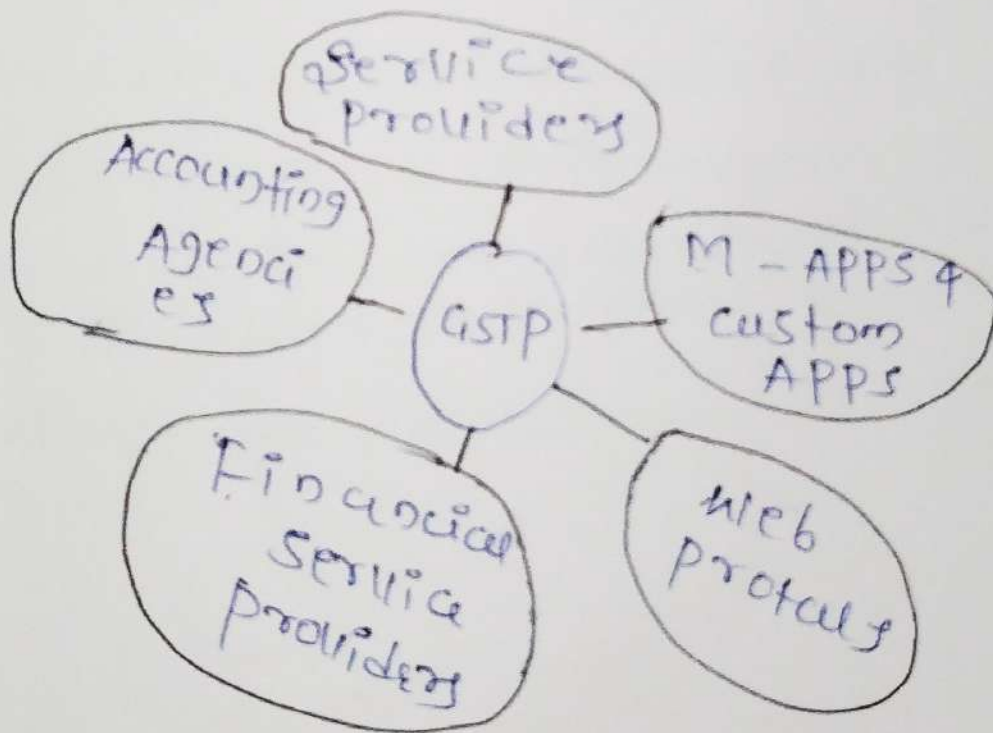
- * Invoicing and book keeping activity by tax payer
- * Entering and reconciliation of all receipts online
- * Creating & keeping VIN no for each transaction
- * Creating & keeping of tax collection & payment data in electronic format
- * Creating and reconciliation of data for utilization of ITC

Information Technology & GST Returns

as GSTN Portal :- This is primary gateway to tax filing & information providing method with the help of technology based common portal that altogether makes data & tax compliance work easy & fast as very tax payer whether individual or a service provider can use this electronic service purpose vehicle (ESPV).



28 GST Souidba provider (GSTP) = & this is a back bone of government to business (G2B) & Business to customer activity (B2C) activity which along with tax payers the main participants of taxpaying community like bank, ASP can access this portal GSTP.



REFUND UNDER GST

Meaning => When GST is paid more than the tax liability a situation arises out of excess paid tax of claiming refund. It is imperative to make refund in any tax system that the process of any blocked amount that cause problems to any tax payer as trader/exporter/manufacturer in paying tax & claiming their working capital & cash flow would be smooth one.

Who can file

A claim of excess payment or blocked payment or blocked payment of GST can be claimed by following business entity they are:

- * ~~Excess~~ supply accounted or Excess GST paid business operation
- * Export supplies made from SEZ and to SEZ developer
- * Refund of pre-deposit
- * Refund of excess or over calculation by mistake or error
- * Refund of taxes of account of UIN
- * Refund on account of issuance of refund voucher
- * Refund of different head payment such as interstate tax paid to interstate payment etc
- * Finalization of provisional assessment.

HOW TO CALCULATE GST REFUND CLAIM

EXAMPLE = ?

Mr Aruid's tax liability for the month of January is ₹ 20000/- and he provided excess service on computer setting purpose at ₹ 300/- but, due to mistake he provided excess service on computer setting purpose at ₹ 30000/- now, what is calculation method to make refund activity for excess GST payment of ₹ 10000/- which can be claimed as refund.

Answer :- here on providing excess service for setting computer to his customer he charges ₹ 300/- which is a CGST of 18% which can be claimed as ITC can be admissible as;

Refund amount = $\frac{(\text{turnover of 20\% - rated supply} + \text{turnover of 20\% - rated services}) \times \text{Net ITC}}{\text{Adjusted Total turnover}}$

$$\text{Refund amount} = \frac{20000 + 36 + 10000}{30000}$$

$$= 20000 + 36 \times 0.33$$

$$= 20000 + 11.88$$

$$= 20011.88 \text{ ₹}$$