



LEC: 14

DATE: 13/10/2015.

CENTRAL SALES TAX ACT, 1956.

No CST cases:

- * Course of export.
- * Course of import.
- * To an exporter - preexisting export order
- * Foreign diplomat consulate
- * Sale in transit
- * Branch Transfer - not in response to preexisting sale
- * Sale to an SEZ unit or SEZ developers.

Deemed sales [Assumed to be sales]

- * Works contract
- * Hire Purchases
- * Lease Agreement
- * Unincorporated body to its members.
- * Sale by an hotel in its course of rendering service.

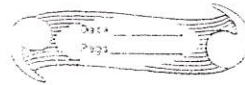
Registration

For CST no threshold limit

When sales across states first transaction within 30 days

Who will get form issued:

- * Registered Dealer
- * Trading
- * Finished goods / Mfg. of finished goods.
- * Pickup material.
- * Telecommunication Distribution.
- * Generating / Distribution of Electricity.



Who will get form C?
Ultimate consumer.

MAHARASHTRA VALUE ADDED TAX [MVAT]

Time limit :-

- within 30 days crossing the limit.
- Succession - within 60 days.
- Voluntary Registration - No such limit.

Threshold Limit

Importer → Importing from different state within India.

Condition for Importer:

Taxable Sales + (AND) Non Taxable Sales → 1,00,000

Taxable Sales }
OR } → 10,000
Taxable Purchase }

Other than Importer:

Taxable Sales + Non Taxable Sales → 10,00,000

Taxable sale or Total Purch }
Taxable purchase } → 10,000

INDIRECT TAX REVISION PAPER :-

Q. 17

	Apr- Nov	Dec.	Jan	Feb	Mar
1. Taxable Local purchase	8000	8000	6000	-	4000
2. Cumulative Taxable Local purchase	8000	16000	22000	22000	62000
3. Taxable Sales	2000	16000	1600	60000	8000
4. Cumulative Taxable Sales	2000	18000	19600	79600	159600
5. Non Taxable sales	1,00,000	140000	60000	100000	20000
6. Total Sales [3+5]	102000	156000	61600	160000	28000
7. Cumulative Total Sales	102000	258000	319600	479600	759600

As first condition [Total Turnover] is not 10,00,000/- he is not required to do mvAT Registration

* If not mentioned as importer or other, then consider him as other.

Procedure for Registration:

- Electronic upload of document.
- Common form for CAT/VAT/Profession Tax.
- Payment only physically.
- TIN No.
- Certificate by Post.



Fees for Registration of MVAT:

- Voluntary Registration - 5000/-
- Normal Registration - 500/-

For voluntary registration:

- Need current A/c.
- Deposit of 25,000/-
- Has to be introduced by registered dealer.

M-VAT Calculation:

1. Value of contract

Less: Value of services _____
 Total value of goods in works contract _____

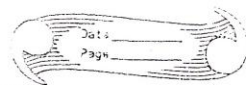
2. Value of contract

Less: Subcontract _____
 Less: Service Tax etc _____
 Net contract value _____
 Less: Standard Deduction _____
 ∴ Value of goods in Works Contract _____

Construction Contracts:

Value of contract	xxx
Less: Value of Land	xxx
	xxx
Less: Value of services	xxx
[actual or standard deduction]	_____
Value of construction contracts	_____

∴ Taxability on level of construction _____



Composition Tax:

Other than Construction Contracts \rightarrow 8% \rightarrow Input tax credit 64% available.

Construction Contracts

- 1) 5% \rightarrow Input tax credit 96% available.
- 2) 1% \rightarrow No input tax credit.

REVISION PAPER :- INDIRECT TAX

Q.2)

	April	May	June	Jul
1) Taxable local Purchases	3000	2000	3000	3600
2) Cumulative Taxable Local Purchase.	3000	5000	8000	11600
3) Taxable Sales	4000	2000	-	2000
4) Cumulative Taxable Sales	4000	6000	6000	8000
5) Tax Free Sales	50,000	60,000	8,000	80,000
6) Total Sales (3+5)	54,000	62,000	8,000	82,000
7) Cumulative Total Sales	54,000	116,000	124,000	206,000

Rule:	Total Turnover [Tax + Non Tax]	Taxable Sale or Taxable Turnover
Importer		
Importer	1,00,000	10,00
Others	10,00,000	10,00

Both the conditions have to be simultaneously fulfilled and therefore tax liability is in JULY

SERVICE TAX

- Finance Act, 1994 Chapter V and VA governs service tax
- Flat Rate → 14% w.e.f. 01/06/2015.
- Applicable in "Taxable Territory"
Taxable Territory → In India except J&K
- Services provided or agreed to be provided not in the negative list of services.
- Definition of service: It is an activity for consideration between two or more parties not be a specified transaction and includes declared services.

Branch + HO in India → No Service Tax.

Branch in India ; HO abroad OR } → Service Tax attracted
Branch Abroad ; HO India }

[above eg is for → consideration between 2 or more parties]

Unincorporated body providing service to its members → 2 separate parties.

Not a specified transaction:

- a) Sale of goods.
- b) Deemed sale of goods.
- c) Service by employee to employer.
- d) Fees to a court or tribunal.

Taxable Territory:

Place of provision of service Rules:

- Consumed
- Service Recipient is located

Time of Supply:

- 1) Invoice Issued on Time [30/45 Days]
→ Earlier of Date of Issue of Invoice or date of receipt of payment.
- 2) Invoice not issued on Time.
→ Earlier of date of rendering service or date of receipt of payment.
- 3) Advance Payment : { Payment Recd. before Service }
→ Date of payment of advance.

New Service:-

Before : Invoice issued + Payment Recd → No Tax.
Payment Recd + Invoice issued within 14 days of change in Law → No Tax.

Valuation of Service:

1. Charge for a similar service to another customer.
2. Service provider to attribute a value.
cannot be less than cost of service.

Composite value:

$$\text{Value of service} = \left[\frac{100}{100 + R} \right] \times \text{Total amount charged.}$$

R → Rate of service tax.

Eg:- Charged value = Rs. 100
Rate: 14%

$$\text{Value of service} = \frac{100}{100+14} \times 114$$
$$= 100/-$$

Reimbursement of Expenses:

Audit fees : 10,00,000
Add: Reimbursement paid out of expense 20,000

∴ Service Tax to be paid on → 10,20,000.

Pure Agent:

- ① Agreement to act as pure agent.
- ② Does not hold the title of goods.
- ③ Does not use the goods; recover actual cost.

Works Contract:

1st Method:

Total Value	→	1,00,000	
Less: Services			
1	→	10,000	} Service Tax. on 26,000.
2	→	2,000	
3	→	3000	
4	→	5000	
5	→	6000	
		26,000	
Net value of goods		<u>74,000</u>	

⑦

2nd Method:

1) Fresh work contract / Original work contract \rightarrow 40% of total value.

2) Repairs \rightarrow 70% of total value.

Eg:- Value = 1,00,000

For original work contract \rightarrow 40,000/- Taxable service.

For Repairs \rightarrow 70,000/- -"-

Catering Contracts:

In a hotel = 40% of total service element

\therefore On 40% \rightarrow 14% Service Tax is applied i.e. 5.6%.

[14% of 40]

For outdoor \rightarrow 60%.

Reverse charge: Service recipient directly pays to the government.

If the recipient is NOT in the Taxable Territory then service provider will pay taxes to the government.

Registration:

Business setup 1/4 \rightarrow 30/4] later of the two

Liability for S.T. 31/5 \rightarrow 30/4 ✓]

\therefore on 30/6, registration for ST can be applied.

\therefore Application for Registration to be made from the date on which S.T. is levied or within 30 days from the date of commencement of business, whichever is later.

If billing or accounts is not centralized then a separate registration for each location is required.

Time limits for payment

Individual, Proprietorship, Partnership Firms, LLP →
Every Quarter

Others → Every month.

Date:

- ① Electronically → 6th of every month/quarter
- ② Physically/Manually → 5th of every month/quarter.