How to Implement User friendly GST with No Returns

# How to Implement GST as User friendly, with “No Returns” & “Hassel Free Business & Service” – IT – Strategy

This article and the model suggested is only an attempt to find out, whether it is feasible to have a national portal to do all the Business activities.

In my opinion it is possible to do all the business activities through a dedicated national portal without any further compliance aspect of GST

To implement this, there is a need to have a change in the GST with reference to the aspects of purchase tax and also to change the destination concept, which may not be feasible in all the types of business. Simple example is prepaid mobile recharge which is as low as Rs.10. In these there is a need to change the destination concept. Otherwise I believe that it can be done on “online” or “offline” with periodical uploading to the Server with a utility.

Even if it takes a longer time to implement, it is better to have a total solution. It will go a long way in deducting fake invoices accompanying the goods. Check posts can easily deduct, and malpractices can be reduced to a great extent.

**What are the main requirements?**

I. National Portal with only 5 verticals.

What are they?

1. Registration

2. Invoice / billing

3. Purchases / Payment to Invoice / billing

4. Payment to Government

5. Return Preparation

**1. Registration& Future amendments**

a. Registration will be a common one time Registration with addition / deletion in future as and when there is a change in business environment.

b. Everybody who comes within the ambit of the GST Act have to register themselves.

c. Covers all Organisations / Establishments / Traders / Manufacturers / Service providers

d. First entry will be to record their Income Tax PAN Number

e. All the data existing with the department will be appearing from the data bank.

f. Then there will be “Edit” to change the details like name, address etc., and proof has to be done through “everification” methods suggested by the Income tax department which is in vogue presently after the Return is submitted.

g. There will be a drop down menu to select the following

a) Covered under GST

b) Exempted

c) Covered under compounding levy

d) Covered under 0% category

h. GST Assessee must mandatorily submit one Mobile number exclusively for sending messages and their Postal pin code of their address.

i. Manufacturers / Traders / Service providers must give the details of their products / components / Service details etc., as required under

the Act with a drop down menu designed in the portal.

j. Selection from the drop down menu for the type of Sector

k. Every Assessee during Registration must select any one of the following from the drop down list in the portal.

i. Only Manufacturing

ii. Only trading

iv. Only service

v. Manufacturing & Trading

v. Manufacturing & Trading

vi. Manufacturing & Service

vii. Manufacturing, trading & Service

viii. Trading & Service

ix. Others – Exempt under GST – Selection will be from drop down list.

l. Every Assessee under GST Act must select the States from the drop down list where he is likely to “Supply / Service”

If the assessee is not aware of the exact State name, he can enter the postal pin code for selection.

m. List of items intended for manufacture / trade can be done by selecting the appropriate selection under HSN code.

n. Type(s) of Service(s) can be selected from the drop down list.

o. Branches with reference to postal pin codes – ex: 001 – 600001, 002 – 500001

p. Once the above mentioned steps are over, the submission of the registration will be over by clicking the “Submit” button.

The Portal will automatically create the Registration form for CGST / SGST. It will also create State wise Registration details by “Pre fixing” the State code with Income Tax PAN. For CGST it will be – INAPRPSS9123C

√ Ex: TNAPRSC9123C – Tamilnadu

APAPRSC9123C – Andhra Pradesh

KRAPRPS9123C – Karnataka

TLAPRPS9123C – Telangana etc.,

An Exclusive: “email id” will be provided by the portal after registration for communication between the Assessee and the Respective. Email id can be generated based on the PAN number of CGST & SGST.

Assessees can down load State wise Registration details. Masters that are required are

1. Income Tax PAN

2. Postal pin code

3. HSN code

4. States & Union Territory linked to postal pin code.

5. Identified types of Services

**2. Invoice / billing**

It is a common fact that a sale to one person is a purchase to another man.

So when a Sales / Supply of Service entry is made in the National portal (Online / Offline), based on the “Key fields” given below, together with usual invoice details, System determines the type of transaction as to whether it is a local sale/service or an Interstate Sale / service. HSN Code helps to pick up the rate based on the destination state using the key field – Destination postal pin code.

Now every detail of the Invoice is auto populated to the Purchaser / Service receiver’s ledger based on the CGST / SGST / IGST PAN based number.

In the case of Export / Deemed export, the telephone country code can be used as a key field to determine, whether it is an export sale

√ Seller / Supplier’s / Service Provider’s – IT PAN based GST / SGST Number

√ Purchaser / Service Receiver’s – IT PAN based GST / SGST Number

√ Postal pin code of Seller / Supplier of Service

√ Postal pin code of Purchaser / Receiver of Service

√ HSN code

√ Type of Service Code

√ Codes for IGST / CGST / SGST / Export can be fixed as “I” “C” “S” & “T” for the user to understand the type of transaction.

√ Edit module to amend the data at a future date will be restricted only to value and quantity for the purpose of “Debit / Credit” generation.

√ “Icon” to generate the Invoices to accompany the goods with the transporter.

**3. Purchases / Payment to Invoice / billing**

Then the third item is **“Purchases / Payment to Invoice / billing”**

Provision in the national portal can be made for the payments to the Invoices auto populated in this vertical. Payment gateway can be designed to effect the payment. In this way the Input credit can also be auto populated to Seller / Service provider as and when the payment is effected.

This vertical also include the payments to Supplier / Service providers where reverse charge is applicable. It also covers the transactions where some of the GST assessees who come under the Compounding levy.

Separate fields are necessary to add the deductions for IT TDS and other deductions envisaged by the Purchaser / Service receiver.

Online payment is mandatory as most of the GST assessees are now familiar in using the online facility of the bank through payment gateway.

Edit module to amend the data at a future date will be restricted only to value and quantity for the purpose of “Debit / Credit” generation.

Single point taxation is suggested for basic necessities of Consumers to avoid compounding effect of prices.

Animal products

Vegetable products

Animal or Vegetable

**4. Payment to Government**

Every 20th of the following month, from the national portal, the user can download the details with reference to the tax to be paid to the Government with a summary with reference to

√ Net CGST

√ Net SGST – State wise

√ Net IGST &

√ IT – TDS

And the same can be paid to the Concerned Governments through their bank account.

**5. Return Preparation**

**National portal must facilitate the user to download the Returns.**

**Annexure I – Invoice format**

**1. Portal Invoice Reference No. Auto generation & key field “1718” – denotes F.Year**

**1718 A\_ \_ \_ 000 000 000**

**2. GSTN Number of Seller / Service Provider**

**3. GSTN Number of Purchaser / Service Receiver ( Using “Find” or “Search” )**

**4. Origin Postal code**

**5. Seller / Service Providers’ – Origin Branch code**

**6. Destination Postal code / ISDN code**

**7. Seller / Service Providers’ – Customer Code**

**8. Seller / Service Providers’ Invoice number**

**9. Seller / Service Providers’ Invoice date**

**10. Seller / Service Providers’ Order reference number**

**11. Seller / Service Providers’ Order item number**

**12. Seller / Service Providers’ – Product description**

**13. HSN / SAC code**

**14. Unit code – “Number”, “Set”, “Pair”, “Mtr”, “Ltr”, “Sqm”, “CUM” etc.,**

**15. Quantity**

**16. Rate**

**17. Seller / Service providers’ Invoice Value – Taxable**

**18. Tax Code – “I”, “C&S”, “E”, “EX”, “CD” ( “I” denotes IGST ), (“C&S” denotes CGST & SGST), (“E” – Export), (“EX” Exempted), (“CD” Compounding Duty) – Auto based on the Purchaser / Service Receiver’s GSTN Number.**

**19. IGST / or CGST &SGSTRates – Auto ( Using the key fields Destination pin code, HSN/SAC)**

**20. Tax Value – IGST / CGST / SGST / Exempted / Export**

**21. Tax Summary at the end of the period with value and tax for different categories**

**IGST Gross Turnover – IGST value**

**CGST Gross Turnover – CGST value**

**SGST Gross Turnover – SGST value – State wise**

**18. Addition / Deletion of Above referred Gross turnover**

**19. IGST Net Turnover – IGST Value**

**CGST Net Turnover – CGST value**

**SGST Net Turnover – SGST value – State wise Before ITC**

**Export Turnover**

**Exempted Turnover**

**“0” rated Turnover**

**20. Edit Fields: Sl Nos 13,14 & 15 only.**

**Annexure II**

**Purchases / Payment to Invoice / bill**

**The fields described in Annexure I will be auto populated with the Purchaser’s / Service receivers’ ledger with the following additional**

**fields for corrections / amendments if any.**

**1. Edit fields of Invoice at Serial Nos 14 & 15. For shortages / excess if any**

**2. IT – TDS – Section Number**

**3. IT – TDS – Rate**

**4. IT – TDS – Value**

**5. IT – TDS – Amount**

**6. Additional fields for payment gateway and for populating the Bank’s transaction reference number namely – BSR code and transaction reference number.**

**Based on Actual payment “CLR” flag will be attached for posting “Input credit” – ITC**

**Annexure III**

**Payment to Government**

**With the cutoff date of 20th of the following month Tax Summary report can be downloaded with the following details.**

**1. GSTN Number**

**2. Period**

**3. A) Gross Turn over – IGST – rate wise / CGST rate wise / SGST – State wise**

**4. A) ITC – IGST / ITC – CGST – / ITC – SGST – State wise**

**5. A) Net Turnover & Tax payable for IGST / CGST / SGST – State wise**

**6. Payment gateway for making payment – Form will be auto populated for payment**

**7. Interest calculator can be embedded for delayed payment.**

**Return Preparation – Suitable Return preparation utility can be incorporated in the portal for the Assessees to down load the transactions with different sorting facility.**

Source courtesy:taxguru.in