

Frequently Asked Questions - GST on MF distributors

1. What is GST?
 - A. Goods & Services Tax is an indirect tax which was introduced on 1st July, 2017 by the government of India. It is applicable throughout India which replaced multiple taxes levied by the central and state governments.
2. What are the different types of GSTs?
 - A. GST is broadly classified into:
 - a. Integrated GST (IGST)-Interstate Supplies
 - b. Central GST (CGST)+State GST (SGST)-Intrastate Supplies
3. What is the impact on MF distributors?
 - A. Brokerage amount paid to the distributors will attract GST.
4. What is the rate of GST on distributor payments?
 - A. Integrated GST (IGST)-Interstate Supplies-18%
Central GST (CGST) + State GST (SGST)-Intrastate Supplies-9%+9%
5. How will you apply IGST / (CGST+SGST) on distributor payouts?
 - A. If AMC's registered office 'state' and distributor's AMFI registered 'state' are same, then a combination of **CGST+SGST** (9%+9%) is applied. In case both are from different states, **IGST (18%)** is applied on the brokerage payment.
6. On what basis distributor location is identified?
 - A. Distributor location (state to which distributor belongs to) will be arrived based on the AMFI registration data.
7. What is the effective date for GST applicability?
 - A. GST will be applied on brokerage payments made to distributors on or after 1st July, 2017.
8. What is meant by Registered Distributor and Unregistered Distributor?

- A. Distributors who have registered under GST and obtained either **provisional GSTIN** or **permanent GSTIN** are called **Registered Distributors**. On the other hand, distributors who have not registered under GST are called **Unregistered Distributors**.
9. How brokerage amount is paid to Registered Distributors?
- A. For all the GST registered distributors/IFAs, entire brokerage amount will be paid and an invoice will be made available on the www.karvymfs.com to be downloaded, digitally signed and submitted back on www.karvymfs.com.
10. How brokerage amount is paid to Unregistered Distributors?
- A. For all the GST unregistered distributors, GST amount will be deducted from the brokerage amount (under reverse charge mechanism) and the net amount will be paid. Invoice will be made available on the www.karvymfs.com to download.
11. What is Credit Note?
- A. Any reversal of the brokerage payment will be accompanied with a Credit Note (CN) referring to the invoice under which GST was applied. If the reversal amount is not covered under GST, no Credit Note will be issued.
12. Does distributor need to prepare invoice(s) for the brokerage amount received?
- A. Invoice(s) will be prepared and hosted by Karvy on www.karvymfs.com, for your convenience.
13. What should I do after downloading the invoice?
- A. As a distributor, you should verify the downloaded invoice AMC wise, e-sign/digitally sign and upload back on www.karvymfs.com
14. How can I get Digital Signature Certificate (DSC)?
- A. For the convenience of distributor fraternity, Karvy had arranged DSC at a very special price of Rs.1000/- for two years of unlimited usage. For more details visit www.karvymfs.com
15. What is the effect of GST on claw-back?



A. Claw back arising out of payments made before *1st July* will not suffer any GST reversal. All claw backs pertaining to payments after *1st July 2017* will be considered for GST reversal and issuance of a credit note at each invoice level.

16. What should I do if I am not a registered user of www.karvymfs.com?

A. You can register online using the below link:

<https://www.karvymfs.com/karvy/distributor/General/Register.aspx>