

SCENARIO I

	Current Practise	As per Circular	As per Circular
Sale From Manufacturer to Dealer			
Base	100.00	100.00	100.00
Discount			-10.00
			90.00
GST	40.00	40.00	36.00
Total	140.00	140.00	126.00
Dealer to Retailer			
Base	110.00	110.00	152.48
GST	44.00	44.00	1.52
Total	154.00	154.00	154.00
On Achivement of Target additional discount of Rs 10			
Credit Note From Manufacturer to Dealer			
Credit Note	10.00	10.00	
GST		1.80 **	
	10.00	11.80	
Total Tax	44.00	44.00	37.52

** While Supplier is entitled to Input Credit of Rs 1.80 and hence it is revenue neutral, but increases compliance requirements for dealer.

Further the supplier always has an option of giving the Discount on the initial sale transaction only, in that case requirement of Credit Note does not arise and if the dealer is a composite dealer, then government actually reduce the revenue as explained in the 3rd computation