

## Basic Concepts – GST

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## COVERAGE

- ❖ **Constitutional Amendment**
- ❖ **Basic Concept of GST & Dual Model of GST**
- ❖ **Levy incl. Composition Levy**
- ❖ **Important Definitions**

## Existing Indirect Tax Structure in India

### Central Taxes

- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toilet Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

### State Taxes

- State VAT / Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

GST

Constitution amended to provide concurrent powers to both Centre & States to levy GST (Centre to tax sale of goods and States to tax provision of services)

## GST – Snap shot

**GST**

### GST – Across Globe

**Constitutional Amendment Bill**

**GST – Benefits to India..**

**Taxes subsumed**

**Destination based consumption tax**

## **GST across globe**

- ❖ First country to introduce GST – France in 1954.
- ❖ GST is rolled out in 160 countries with 40 different models
- ❖ Latest country to implement GST – Malaysia w.e.f 1 April, 2015
- ❖ World over, GST rates are typically between 5 per cent and 20 per cent.
- ❖ Only two countries have dual system (Central & State Level) – Australia & Canada. Now India..

*In this world nothing can be said to be certain, except death and taxes – Benjamin Franklin*

## **GST in India**

- ❖ GST, which was first mooted by the Vajpayee government in the year 2000 by setting up the empowered committee for GST.
- ❖ Budget 2006 – PC proposed GST from 01 April, 2010
- ❖ The Constitutional Framework
- ❖ Concurrent Powers for GST | GST Council
- ❖ Compensation to states for 5 years

## GST EVOLUTION

- ❖ 101<sup>st</sup> amendment to Constitution of India
- ❖ Clause 12A inserted in Article 366.... “**goods & service tax**” means any tax on **supply** of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.
- ❖ The power to tax on supply of all goods and services would be vested in the hands of both, the State and the Centre.
- ❖ India being federal country, both center & state have distinct responsibilities.

## GST EVOLUTION

- ❖ GST will be governed by **3 Central laws** and **29 State laws.**
- ❖ Following **Central laws** received assent from the president on 12th April 2017.
  - ❖ Central Goods and Services Tax Act, 2017 (**CGST**)
  - ❖ Integrated Goods and Services Act, 2017 (**IGST**)
  - ❖ Union Territory Goods and Services Act, 2017 (**UTGST**)
- ❖ The **State Governments** to pass **SGST** in their respective state assemblies.

## GST - FEATURES

**DESTINATION  
BASED TAX on  
CONSUMPTION**

**BURDEN to be  
BORNE by FINAL  
CONSUMER**

**PROPOSED to be  
LEVIED at ALL  
STAGES right from  
MANUFACTURE to  
FINAL CONSUMPTION**

**Only VALUE  
ADDITION will  
beTAXED**

**SEAMLESS FLOW  
of CREDIT**

## Taxes to be subsumed in GST

### Central Taxes



- Excise Duty, Excise Duty levied under the Medicinal and Toiletries Preparation Act
- Countervailing Duty in lieu of Excise Duty
- Special Additional Duty of Customs
- Service tax
- CST
- **Surcharges & Cesses (relating to supply of goods & services)**

CGST



### State Taxes

- VAT
- Entry tax
- Luxury tax
- Tax on entertainment and amusement, lottery, betting and gambling
- State Cesses & surcharges (relating to supply of goods & services)

SGST