



# GST

• GOODS AND SERVICES TAX •

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Understanding Goods and Services Tax

- ❑ Design of GST
- ❑ Main features of GST Law
- ❑ Administration and IT Network
- ❑ Benefits of GST and Way Forward

# The Effort and Work Done

<b>10 Years... In Making</b>	<b>30 + Sub-Groups &amp; Committees</b>	<b>18000 + Man Hours of discussion by GST Council</b>
<b>14 EC Meetings in 10 years and 13 GSTC Meetings in 6 months</b>	<b>175 + Officers Meetings</b>	<b>Constitution Amendment and 5 Laws approved by collaborative effort</b>

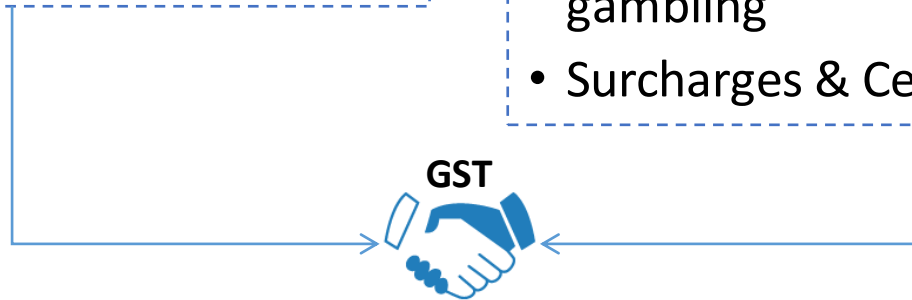
# Existing Indirect Tax Structure in India

## 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

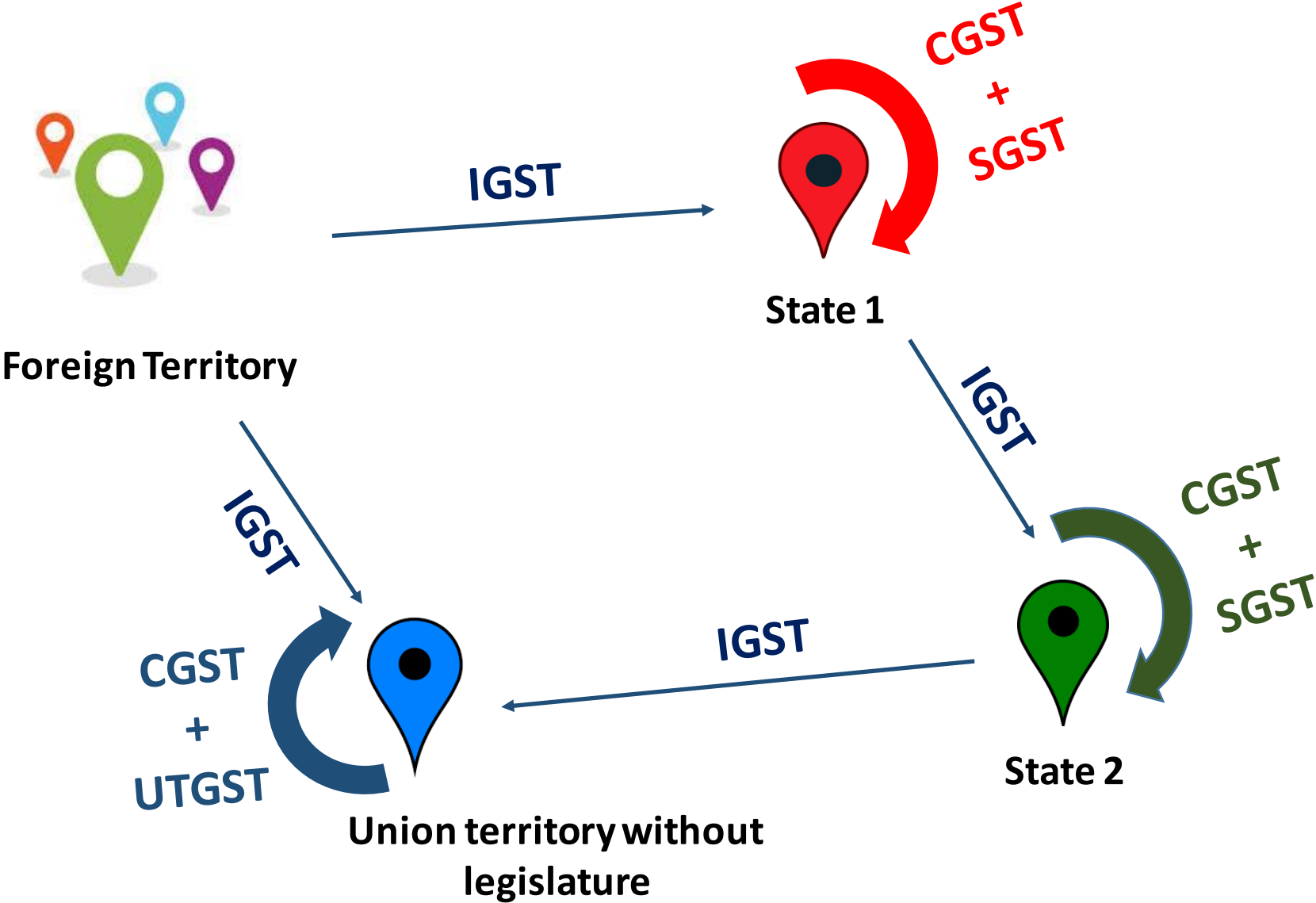
## State Taxes

- 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



**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)**

# Understanding CGST, SGST, UTGST & IGST



# Features of Constitution Amendment Act



**Alcohol for human consumption**

**Power to tax remains with the State**



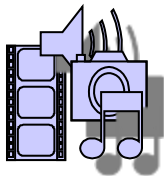
**Five petroleum products – crude oil, diesel, petrol, natural gas and ATF**

**GST Council to decide the date from which GST will be applicable**



**Tobacco**

**Part of GST but power to levy additional excise duty with Central Government**



**Entertainment tax levied by local bodies**

**Power to tax remains with the State**

- Chairperson – Union FM
- Vice Chairperson - to be chosen amongst the Ministers of State Government
- Members - MOS (Finance) and all Ministers of Finance / Taxation of each State
- Quorum is 50% of total members
- States - 2/3 weightage and Centre - 1/3 weightage
- Decision by 75% majority
- Council to make recommendations on everything related to GST including laws, rules and rates etc.

- ❑ Threshold limit for exemption to be Rs. 20 lac (Rs. 10 lac for special category States)
- ❑ Compounding threshold limit to be Rs. 50 lac with -

Categories	Tax Rate
Traders	1%
Manufacturers	2%
Restaurants	5%

- ❑ Government may convert existing Area based exemption schemes into reimbursement based scheme
- ❑ Four tax rates namely 5%, 12%, 18% and 28%
- ❑ Some goods and services would be exempt
- ❑ Separate tax rate for precious metals



- ❑ Cess over the peak rate of 28% on specified luxury and sin goods
- ❑ To ensure single interface – all administrative control over
  - 90% of taxpayers having turnover below Rs. 1.5 cr would vest with State tax administration
  - 10% of taxpayers having turnover below of Rs. 1.5 cr. would vest with Central tax administration
  - taxpayers having turnover above Rs. 1.5 cr. would be divided equally between Central and State tax administration

- ❑ Revenue of all taxes subsumed in GST by the State for 2015-16 as the base
- ❑ Assumption of 14% Annual Growth Rate
- ❑ Compensation to be provided through Cess
- ❑ Cess only on few specified luxury and demerit goods

# Main Features of the GST Act (1/4)

- ❑ All transactions and processes only through electronic mode – Non-intrusive administration
- ❑ PAN Based Registration
- ❑ Registration only if turnover more than Rs. 20 lac
- ❑ Option of Voluntary Registration
- ❑ Deemed Registration in three working days
- ❑ Input Tax Credit available on taxes paid on all procurements (except few specified items)

# Main Features of the GST Act (2/4)

- ❑ Credit available to recipient only if invoice is matched – Helps fight huge evasion of taxes
- ❑ Set of auto-populated Monthly returns and Annual Return
- ❑ Composition taxpayers to file Quarterly returns
- ❑ Automatic generation of returns
- ❑ GST Practitioners for assisting filing of returns
- ❑ GSTN and GST Suvidha Providers (GSPs) to provide technology based assistance

# Main Features of the GST Act (3/4)

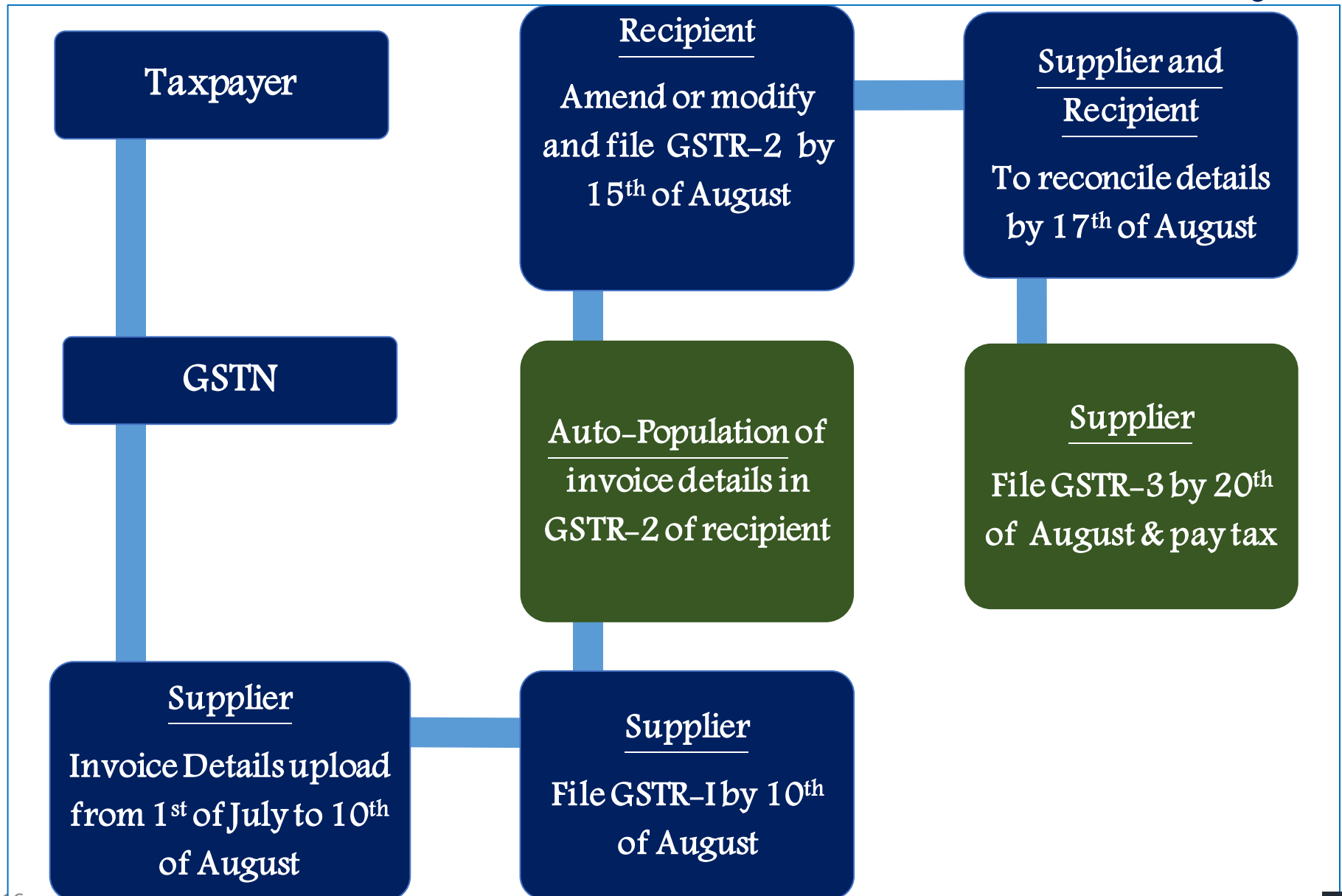
- ❑ Tax can be deposited by internet banking, NEFT / RTGS, Debit/ credit card and over the counter
- ❑ Concept of TDS for certain specified categories
- ❑ Concept of TCS for E-Commerce Companies
- ❑ Refund to be granted within 60 days
- ❑ Provisional release of 90% refund to exporters within 7 days

# Main Features of the GST Act (4/4)

- ❑ Interest payable if refund not sanctioned in time
- ❑ Refund to be directly credited to bank accounts
- ❑ Comprehensive transitional provisions for smooth transition of existing tax payers to GST regime
- ❑ Special procedures for job work
- ❑ System of GST Compliance Rating
- ❑ Anti-Profiteering provision

- ❑ A section 25 private limited company with Strategic Control with the Government
- ❑ To function as a Common Pass-through portal for taxpayers-
  - ❑ submit registration application
  - ❑ file returns
  - ❑ make tax payments
- ❑ To develop back end modules for 25 States (MODEL-II)
- ❑ Infosys appointed as Managed Service Provider (MSP)
- ❑ 34 GST Suvidha Providers (GSPs) appointed

# Return Process (Example : Return for July 2017)





# Role of CBEC (Now CBIC)

- ❑ Role in Policy making: Drafting of GST Law, Rules & Procedures – CGST, UTGST & IGST Law
- ❑ Assessment, Audit, Anti-evasion & enforcement under CGST, UTGST & IGST Law
- ❑ Levy & collection of Central Excise duty on products outside GST – Petroleum Products & Tobacco
- ❑ Levy & collection of Customs duties
- ❑ Developing linkages of CBEC - GST System with GSTN
- ❑ Training of officials of both Centre & States
- ❑ Outreach programs for Trade and Industry

# Benefits of GST (1/2)

1 Reduction in Cascading of Taxes

2 Overall Reduction in Prices

3 Common National Market

4 Benefits to Small Taxpayers

5 Self-Regulating Tax System

6 Non-Intrusive Electronic Tax System

Decrease in  
Inflation

Ease of Doing  
Business

Decrease in “Black”  
Transactions



# Benefits of GST (2/2)

7 Simplified Tax Regime

8 Reduction in Multiplicity of Taxes

9 Consumption Based Tax

10 Abolition of CST

11 Exports to be Zero Rated

12 Protection of Domestic Industry - IGST

More informed  
consumer

Poorer States  
to Gain

Make in India

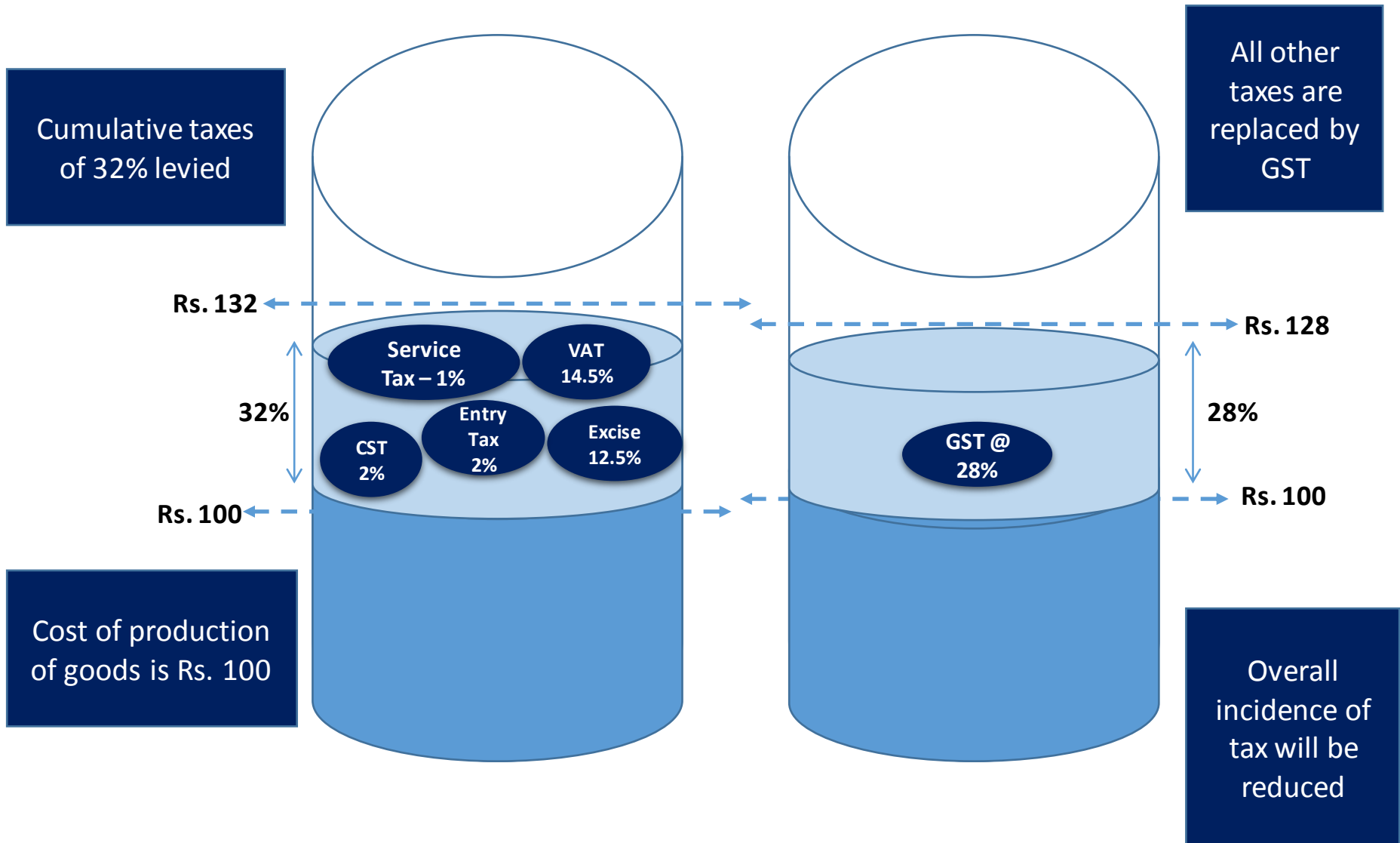
- ❑ SGST law to be passed by the State Legislatures
- ❑ GST Council to fix tax rates to various categories of Goods or Services
- ❑ Sector Wise guidance notes to be prepared
- ❑ Migration and handholding of existing tax payers
- ❑ Outreach program for trade and industry
- ❑ Change Management

# Thank You

The following material is available on  
[www.cbec.gov.in](http://www.cbec.gov.in)

- Presentation on GST
- GST – Concept & Status
- FAQs on GST in Hindi and English
- CGST, UTGST, IGST & Compensation Acts
- Draft 14 Rules
- Constitutional Amendment Act

# Reduction in Price of Goods under GST



# Reduction in Price of Goods under GST

