



Ministry of Electronics and Information Technology
Government of India



GOODS AND SERVICES TAX (GST)

Presented By

Dr. Deepak K. Survase

M.Com. B.Ed. GDC&A Ph.D.

Assistant Professor

S.B.B. alias. Appasaheb Jedhe

Arts, Commerce & Science College Pune



Introduction

The Indian Govt. launched the The Goods and Services Tax(GST) on 1st July 2017 to simplify Indian Tax Structure. The main Aim of implementation it was one nation, One Tax, one Market. GST has replaced a dozen central and State levied tax such as excise, VAT, and Service tax. GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services.

The GST is usually taxed as a single rate across a nation.

Understanding the Goods and Services Tax (GST)

The goods and services tax (GST) is an indirect federal sales tax that is applied to the cost of certain goods and services. The business adds the GST to the price of the product, and a customer who buys the product pays the sales price inclusive of the GST. The GST portion is collected by the business or seller and forwarded to the government. It is also referred to as Value-Added Tax (VAT) in some countries.

History of GST

2000: In India, the idea of adopting GST was first suggested by the Atal Bihari Vajpayee Government in 2000. The state finance ministers formed an Empowered Committee (EC) to create a structure for GST, based on their experience in designing State VAT. Representatives from the Centre and states were requested to examine various aspects of the GST proposal and create reports on the thresholds, exemptions, taxation of inter-state supplies, and taxation of services. The committee was headed by Asim Dasgupta, the finance minister of West Bengal. Dasgupta chaired the committee till 2011.

2004: A task force that was headed by Vijay L. Kelkar the advisor to the finance ministry, indicated that the existing tax structure had many issues that would be mitigated by the GST system.

February 2005: The finance minister, P. Chidambaram, said that the medium-to-long term goal of the government was to implement a uniform GST structure across the country, covering the whole production-distribution chain. This was discussed in the budget session for the financial year 2005-06.

February 2006: The finance minister set 1 April 2010 as the GST introduction date.

November 2006: Parthasarthy Shome, the advisor to P. Chidambaram, mentioned that states will have to prepare and make reforms for the upcoming GST regime.

February 2007: The 1 April 2010 deadline for GST implementation was retained in the union budget for 2007-08.

February 2008: At the union budget session for 2008-09, the finance minister confirmed that considerable progress was being made in the preparation of the roadmap for GST. The targeted timeline for the implementation was confirmed to be 1 April 2010.

July 2009: Pranab Mukherjee, the new finance minister of India, announced the basic skeleton of the GST system. The 1 April 2010 deadline was being followed then as well.

November 2009: The EC that was headed by Asim Dasgupta put forth the First Discussion Paper (FDP) , describing the proposed GST regime. The paper was expected to start a debate that would generate further inputs from stakeholders.

February 2010: The government introduced the mission-mode project that laid the foundation for GST. This project, with a budgetary outlay of Rs.1,133 crore, computerised commercial taxes in states. Following this, the implementation of GST was pushed by one year.

March 2011: The government led by the Congress party puts forth the Constitution (115th Amendment) Bill for the introduction of GST. Following protest by the opposition party, the Bill was sent to a standing committee for a detailed examination.

June 2012: The standing committee starts discussion on the Bill. Opposition parties raise concerns over the 279B clause that offers additional powers to the Centre over the GST dispute authority.

November 2012: P. Chidambaram and the finance ministers of states hold meetings and set the deadline for resolution of issues as 31 December 2012.

February 2013: The finance minister, during the budget session, announces that the government will provide Rs.9,000 crore as compensation to states. He also appeals to the state finance ministers to work in association with the government for the implementation of the indirect tax reform.

August 2013: The report created by the standing committee is submitted to the parliament. The panel approves the regulation with few amendments to the provisions for the tax structure and the mechanism of resolution.

October 2013: The state of Gujarat opposes the Bill, as it would have to bear a loss of Rs.14,000 crore per annum, owing to the destination-based taxation rule.

Continued....

May 2014: The Constitution Amendment Bill lapses. This is the same year that Narendra Modi was voted into power at the Centre.

December 2014: India's new finance minister, Arun Jaitley, submits the Constitution (122nd Amendment) Bill, 2014 in the parliament. The opposition demanded that the Bill be sent for discussion to the standing committee.

February 2015: Jaitley, in his budget speech, indicated that the government is looking to implement the GST system by 1 April 2016.

May 2015: The Lok Sabha passes the Constitution Amendment Bill. Jaitley also announced that petroleum would be kept out of the ambit of GST for the time being.

August 2015: The Bill is not passed in the Rajya Sabha. Jaitley mentions that the disruption had no specific cause.

March 2016: Jaitley says that he is in agreement with the Congress's demand for the GST rate not to be set above 18%. But he is not inclined to fix the rate at 18%. In the future if the Government, in an unforeseen emergency, is required to raise the tax rate, it would have to take the permission of the parliament. So, a fixed rate of tax is ruled out.

June 2016: The Ministry of Finance releases the draft model law on GST to the public, expecting suggestions and views.

August 2016: The Congress-led opposition finally agrees to the Government's proposal on the four broad amendments to the Bill. The Bill was passed in the Rajya Sabha.

September 2016: The Honourable President of India gives his consent for the Constitution Amendment Bill to become an Act.

2017: Four Bills related to GST become Act, following approval in the parliament and the President's assent:
Central GST Bill

Integrated GST Bill

Union Territory GST Bill

GST (Compensation to States) Bill

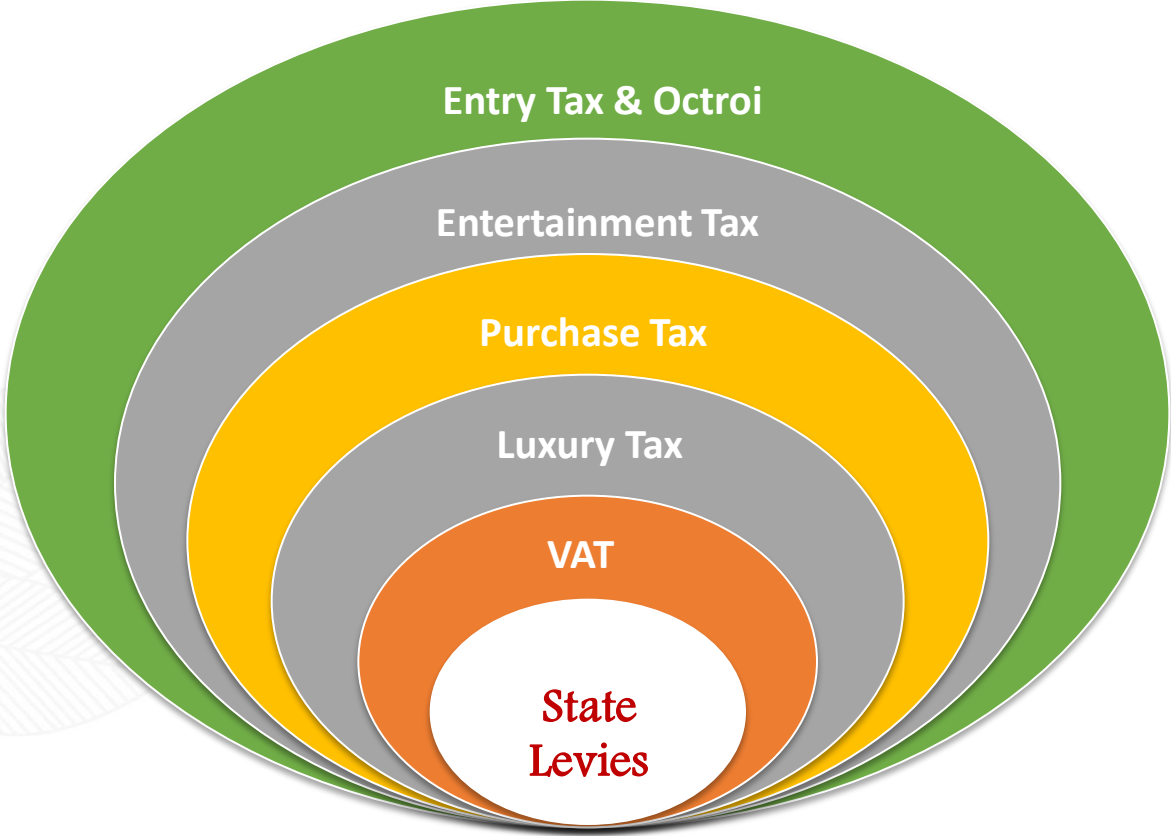
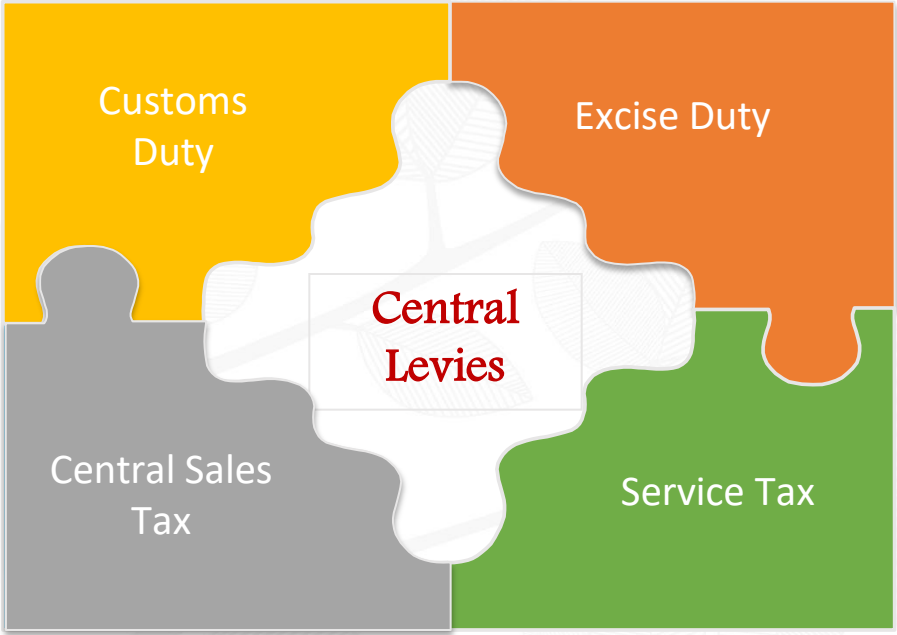
The GST Council also finalized on the GST rates and GST rules. The Government declares that the GST Bill will be applicable from 1 July 2017.

Name Of Countries & GST Implementation Year

<i>Sl. no.</i>	<i>Name of countries</i>	<i>Implementation year</i>	<i>GST rate (per cent)</i>
1	South Korea	1977	10
2	Taiwan	1986	5.0
3	Japan	1989	5.0
4	Pakistan	1990	16.0
5	Bangladesh	1991	15.0
6	China	1994	17.0
7	Nepal	1997	13.0
8	Jordan	2002	16.0
9	Lebanon	2002	10.0
10	Sri Lanka	2002	12.0
11	Iran	2008	5.0
12	Tajikistan	2007	20.0
13	India	2017	5–18

Sources: http://gst.customs.gov.my/en/gst/Pages/gst_ci.aspx

Existing Indirect Tax Structure



Tax structure under GST

CGST

- Stands for Central GST
- Tax collected by Central Government
- Applicable on supplies within the state

SGST

- Stands for State GST
- Tax collected by State Government
- Applicable on supplies within the state

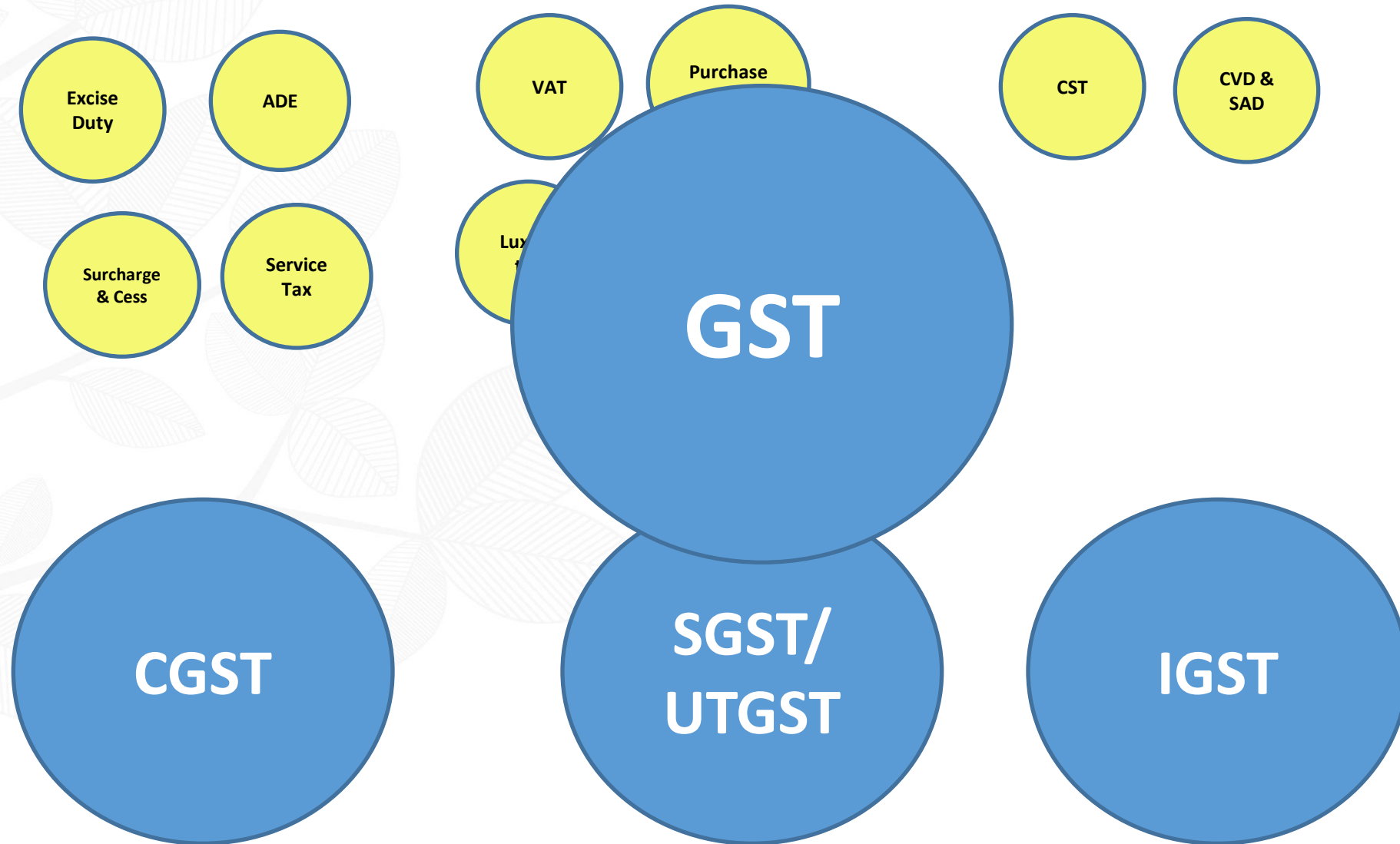
UTGST

- Stands for Union Territory GST
- Tax collected by Union Territory
- Applicable on supplies within the Union Territory

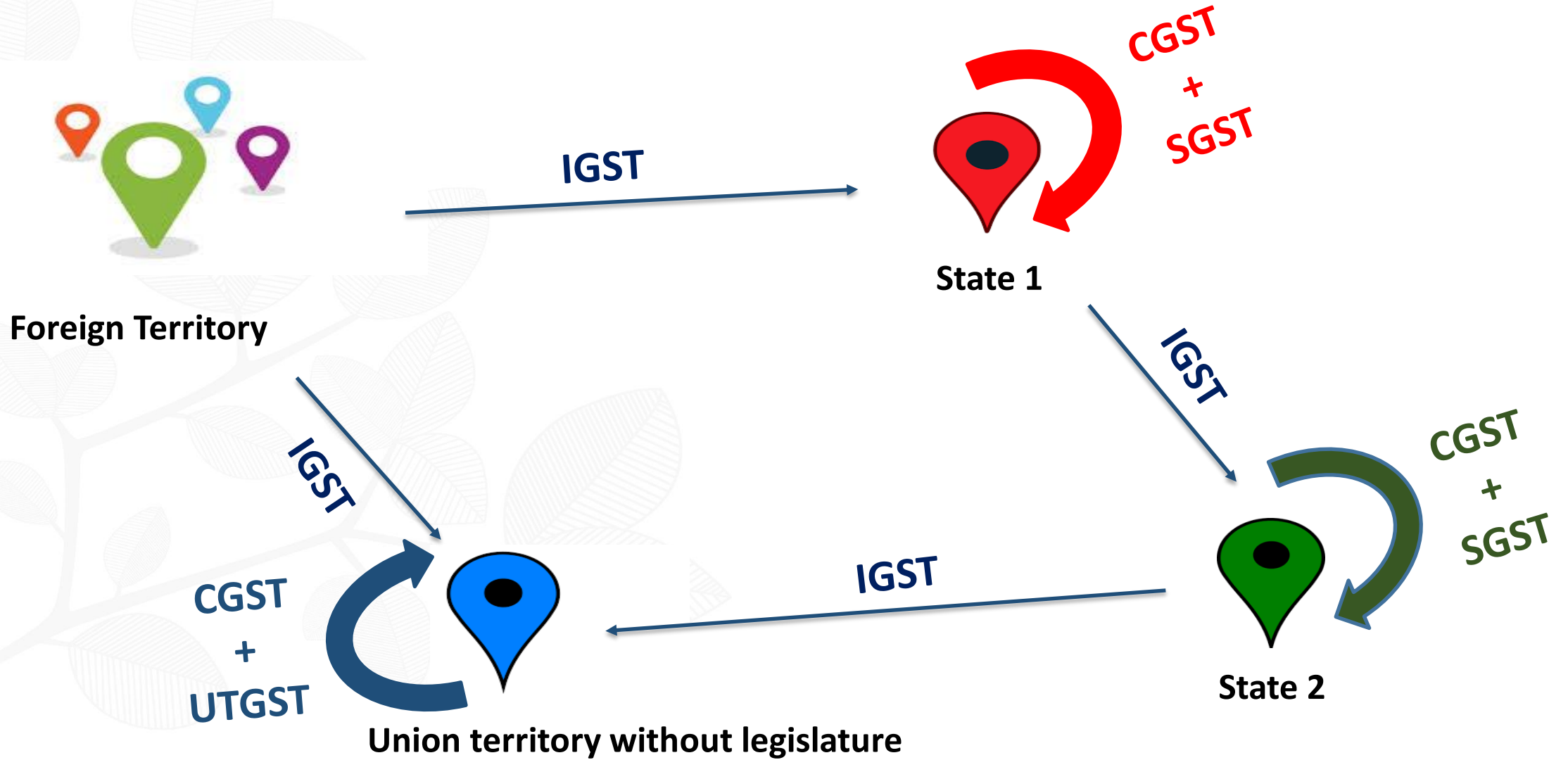
IGST

- Stands for Integrated GST
- Tax collected is shared between Centre and State
- Applicable on interstate and import transactions

Taxes Likely to be subsumed under GST



Understanding CGST, SGST, UTGST & IGST



Features of Constitution Amendment Act

- Concurrent jurisdiction for levy & collection of GST by the Centre (CGST) and the States (SGST)
- Centre to levy and collect IGST on supplies in the course of inter-State trade or commerce including imports
- Compensation for loss of revenue to States for five years
- GST on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas & aviation turbine fuel to be levied from a later date on recommendations of Council

GST Rates In India



GST Rates of all items and goods in India as on May 2017

Exempt	5%	12%	18%	28%
Food grains, gur, milk, eggs, curd, unpacked paneer and natural honey, fresh vegetables, atta, besan, maida, vegetable oil, prasad, common salt, contraceptives, Fish seeds, Betel leaves, Cane jaggery	Sugar, tea, coffee, edible oil, coal, skimmed milk powder, milk food for babies, condensed milk, packed paneer, newsprint, umbrella, PDS kerosene, LPG Brooms, Beet sugar, Natural graphite, Chalk, Natural calcium phosphates, Thorium oxalate	Butter, ghee, mobiles, cashew, almonds sausages, fruit juice, packed coconut, water, agarbatti, Bio-gas, Medicinal grade hydrogen peroxide, Iodine	Hair oil, soap, toothpaste, capital goods, industrial intermediaries, pasta corn flakes, jams, soups, ice cream, toilet and facial tissues, iron & steel, fountain pen, Indian katha, Fluorine, chlorine, bromine, Artificial waxes	Consumer durables, cars, cement, chewing gum, custard powder, pan masala, perfume, shampoo, make up, fireworks, motorcycles, Molasses, Avgas, Hair cream, Hair dyes, Prepared explosives

Taxes Not Likely to be Subsumed under GST

Central Taxes:

- Customs Duty
- Other Customs Duty like anti-dumping duty, Safeguard duty etc.,
- Export Duty

State Taxes:

- Road & Passenger Tax
- Toll Tax
- Property Tax
- Electricity Duty
- Stamp Duty & Registration Fees

Goods Not Covered under GST

➤ 5 Petroleum Products

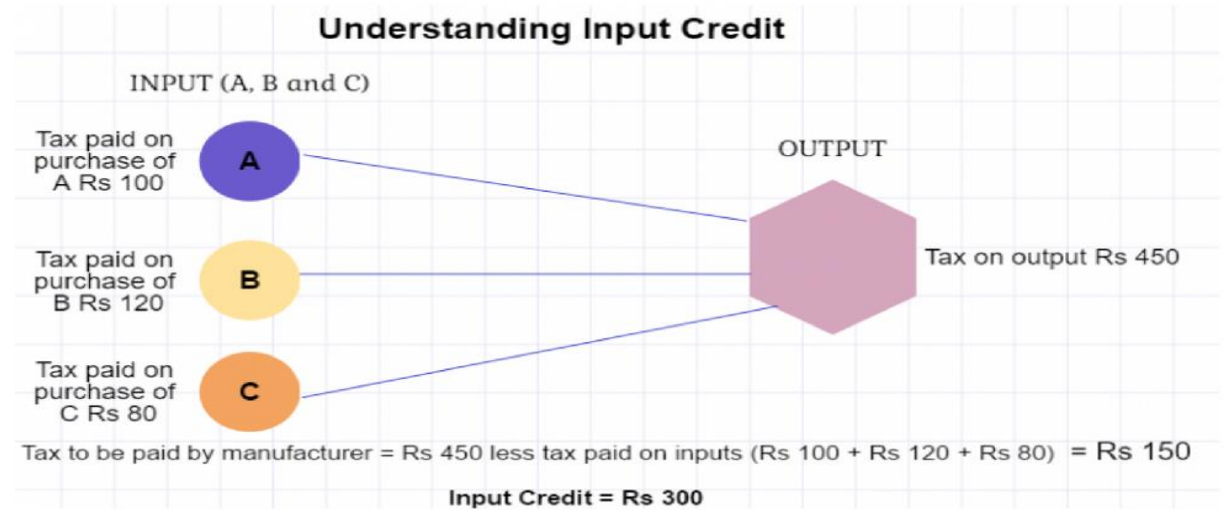
- *Petrol*
- *Diesel*
- *Petroleum Crude*
- *Aviation fuel*
- *Natural Gas*

➤ Alcohol for Human Consumption

➤ Power Sector

Highlights of Input Tax Credit (ITC)

Input Tax Credit means claiming the credit of the GST paid on purchase of Goods and Services which are used for the furtherance of business. The Mechanism of Input Tax Credit is the backbone of GST and is one of the most important reasons for the introduction of GST.



 clear tax GST

1

Availability of ITC on 'ALL Inward Supplies'

- **Across the Supply Chain- Manufacturer till it reaches consumer**
- **Across the States**

2

Furtherance of Business Concept

“ **Used or intended to be used in the course or furtherance of Business** ”

GSTIN

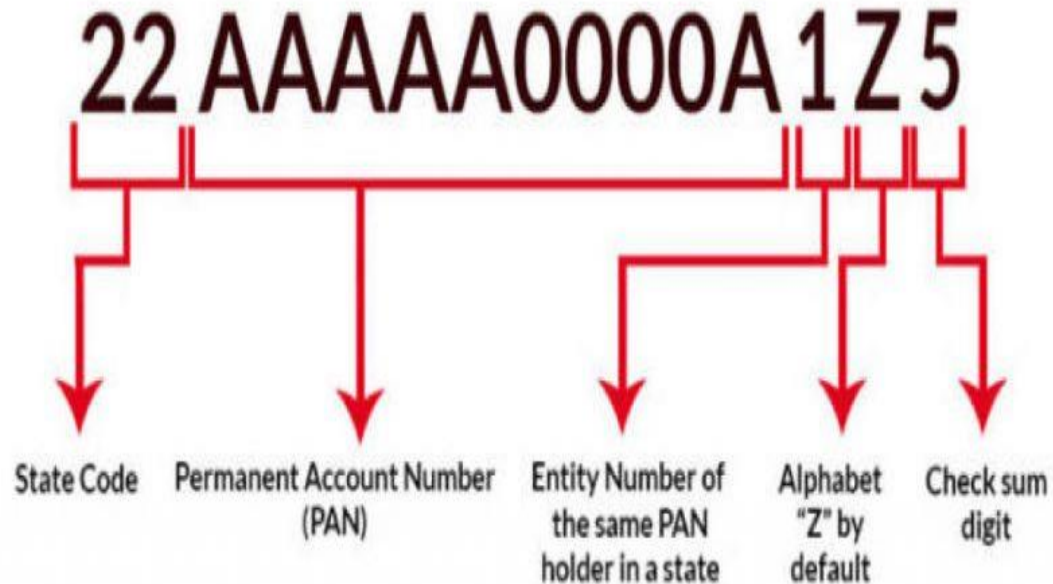
GSTIN: What is GSTIN Number?

GSTIN is a Goods and Services Tax Identification Number that is assigned to each person registered under GST. It is a 15-digit unique identification number. The Tax Identification Number or TIN has been substituted with GSTIN, and those businesses that have TIN would automatically be allotted GSTIN, unlike new businesses that are mandated to register under the GST Act. The number is primarily used by tax authorities to maintain GST payments and due records of those registered under the GST Act.

The GST regime provides a single platform to businesses for all procedures of compliance and administration under a single authority. The regime provides a single number – Goods and Service Tax Identification Number, in place of multiple numbers for VAT, Tax, Service Tax, etc. for a single business. GSTIN is public information.

GSTIN: What is GSTIN Number?

Format of GSTIN



You can know your GSTIN in a simple method as it has a fixed format and structure. Every GSTIN has 15 characters. These 15 characters are based on the following:

STATE CODE: The first two characters of a GSTIN is the state code of the state in which the person who has been registered under the GST Act operates. Every state has a unique code, and the first two digits of GSTIN are assigned accordingly.

PAN: PAN is a Permanent Account Number. The 10 digits after state code that is the 3rd to 12th characters of a GSTIN is the PAN of the person who pays tax as per the GST Act.

REGISTRATION NUMBER: The 13th digit of GSTIN is the entity or registration number of the person whose PAN number is preceded in GSTIN that is the person who pays taxes as under the GST Act. The number is assigned on the basis of the number of registrations in the state of the taxpayer who has registered.

"Z": The 14th or the penultimate digit in the GSTIN is constantly the alphabet "Z" for all people registered under the GST Act.

CHECK CODE: The last digit of GSTIN is a check code that may either be represented by an alphabet or a number.

CHECK CODE: The last digit of GSTIN is a check code that may either be represented by an alphabet or a number.

Type of Returns

Regular Dealer

Form Type	Frequency	Due Date	Details to be furnished
Form GSTR-1	Monthly	10 th of succeeding month	Details of outward supplies of taxable goods and/or services effected
Form GSTR-2A	Monthly	11 th of succeeding Month	Auto-populated details of inward supplies made available to the recipient on the basis of Form GSTR-1 furnished by the supplier
Form GSTR-2	Monthly	15 th of succeeding month	Details of inward supplies of taxable goods and/or services claiming input tax credit. Addition (Claims) or modification in Form GSTR-2A to be submitted in Form GSTR-2.
Form GSTR-1A	Monthly	20 th of succeeding month	Details of outward supplies as added, corrected or deleted by recipient
Form GSTR-3	Monthly	20 th of succeeding month	Monthly return on the basis of finalisation of details of outward supplies and inward supplies along with the payment of tax amount
Form GSTR-3A	--	--	Notice to a registered taxable person who fails to furnish returns under section 27 and section 31
Form GSTR-9	Annually	31 st Dec of next fiscal	Annual Return - Furnish the details of ITC availed and GST paid which includes local, interstate and import/exports.

Ratna Steels GSTR-1A

No	Amt	GST
6	1,00,000	18,000

FORM GST MIS-1
Super Cars Ltd Eligible ITC
40,500

Super Cars Ltd GSTR-2

In.No	Value	GST
7	50,000	9,000
8	25,000	4,500
10	50,000	9,000
6	1,00,000	18,000

Ratna Steels
Outward

No	Qty	Amt	GST
6	100	1,00,000	18,000
7	50	50,000	9,000
8	25	25,000	4,500
10	50	50,000	9,000
Tot.	225	2,25,000	40,500

GSP



FORM GSTR-3
Ratna Steels
Monthly Return
Payment

FORM GSTR-3
Super Cars Ltd
Monthly Return
Payment

Ratna steels

Super Cars Ltd

R.J. Automobiles

Inward Supplies Register

No	Qty	Amt	GST
6	100	1,00,000	18,000
7	50	50,000	9,000
8	25	25,000	4,500
10	50	50,000	9,000
Tot.	225	2,25,000	40,500

Books of Super Cars Ltd for July'17

Super Cars Ltd GSTR-2

FORM GST MIS-1
Super Cars Ltd Eligible ITC
40,500

6	1,00,000	18,000
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Outward Supplies Register

No	Qty	Amt	GST
1	80	88,000	15,840
2	60	66,000	11,880
3	30	33,000	5,940
4	45	49,500	8,910
Tot.	215	2,36,500	42,570

Comparison of Tax scenario under Current & GST regimes

Current Regime

GST Regime

Manufacturing Cost	4,00,000
Excise @ 12%, Infrastructure cess @ 1%	52,000
VAT@12.5%	56,500
Dealer Invoice Value	5,08,500
Dealer Cost (4,00,000+52,000)	4,52,000
Margin	50,000
Sale Price for Dealer	5,02,000
VAT@12.5%	62,750
Price @ which the car is sold to the customer	5,64,750

	4,00,000
CGST@9%	36,000
SGST@9%	36,000
	4,72,000
	4,00,000
	50,000
	4,50,000
CGST@9%	40,500
SGST@9%	40,500
	5,31,000

Saving to the customer= Rs. 33,750



Thank you!