

CHAPTER - 1: BASIC CONCEPT OF GST



CA Vishal Bhattad

FRAMEWORK OF GST			
Name	Governing Act	Levied by	Event of Levy
CGST	Central Goods and Services Tax Act, 2017	Central Government	On Intra State supply of Goods and Services
SGST	State Goods and Services Tax Act, 2017	State Government	On Intra State supply of Goods and Services
UTGST	Union Territory Goods and Services Tax Act, 2017	Union Territories	On Intra State supply of Goods and Services
IGST	Integrated Goods and Services Tax Act, 2017	Central Government	On Inter State supply of Goods and Services
GST CESS	GST Compensation Cess Act, 2017	Central Government	On Intra/Inter State supply of notified Goods and Services

CONCEPT & PRINCIPLE OF GST

- ⇒ GST is a **Broad-based Value added tax**
- ⇒ GST is a **Destination based tax**
- ⇒ GST is technically paid by suppliers but it is actually borne by consumers (Ultimate burden may be passed on).
- ⇒ GST is collected at multiple stage of production and distribution of goods and services in which taxes paid on inputs are allowed as set off against output tax.
- ⇒ GST is a tax on the consumption of products from business sources, and not on personal or hobby activities.
- ⇒ Under GST, **input tax credit** is provided throughout the value chain.

CONSTITUTIONAL AMENDMENTS

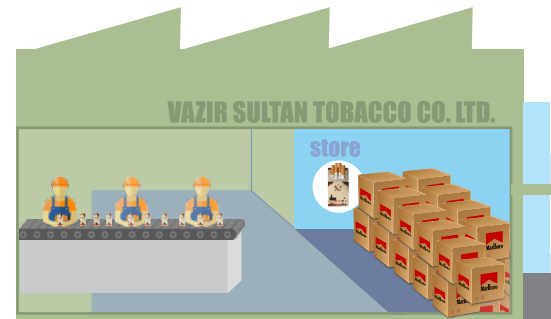
Article 366 (12A)	GST means "Any tax on supply of Goods or Services or both except tax on Supply of the Alcoholic Liquor for human Consumption"
Article 246A	Concurrent powers to both, Parliament and State Legislatures is given to make laws with respect to GST
Article 269A	Provides exclusive power to the Parliament to legislate with respect to inter-State trade or commerce i.e. integrated tax (IGST) (including import)

BENEFITS OF GST

- 1) Creation of Unified National market
- 2) Mitigating Cascading Effect of taxes
- 3) Elimination of multiple taxes and double taxation
- 4) To Promote make in India Initiative
- 5) It also helps to increase overall revenue of Govt.

TAXES ON TOBACCO AND TOBACCO PRODUCTS, OPIUM, INDIAN HEMP AND OTHER NARCOTIC DRUGS AND NARCOTICS:

In the case of tobacco and tobacco products, the Centre alone would have the power to levy excise duty in addition to the GST



Particulars	₹
Value	1,00,000
Excise	10,000
	1,10,000
CGST @ 14%	15,400
SGST @ 14%	15,400
	1,40,800



WHOLESALER

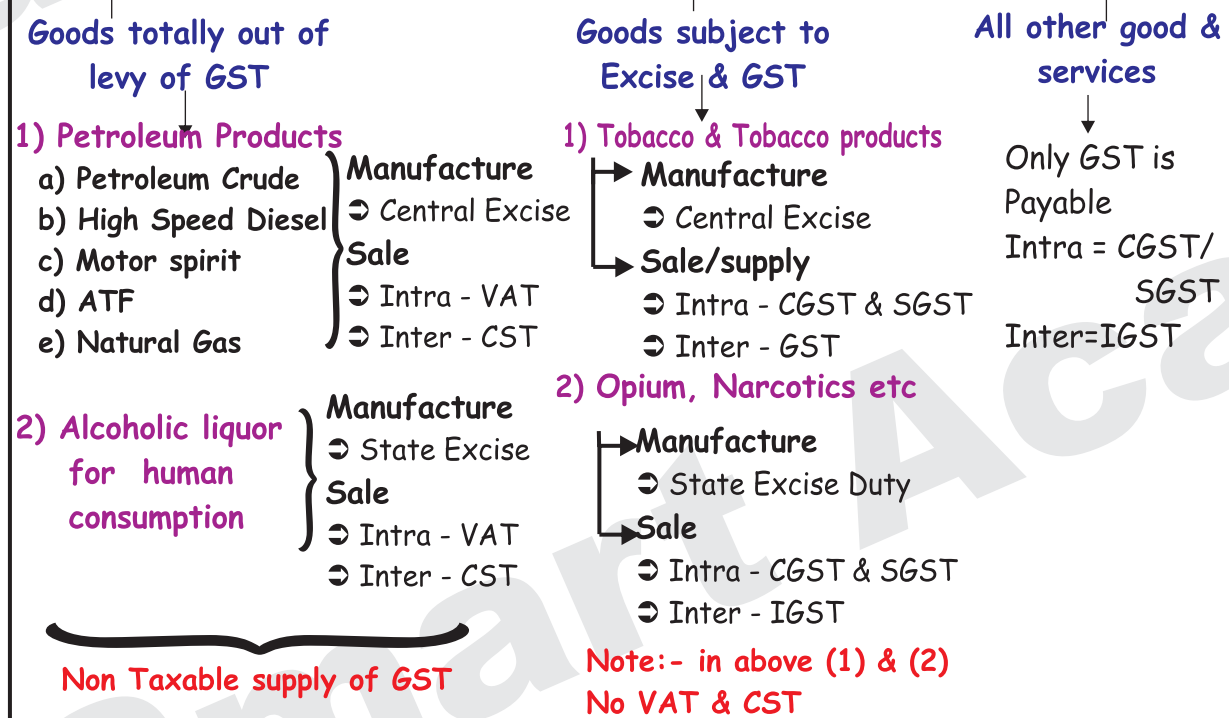
Particulars	₹
Value	2,00,000
Excise	
CGST @ 14%	28,000
SGST @ 14%	28,000
	2,56,000



RETAILER

TAXABILITY ON GOODS IN SPECIAL CASES

Taxability on Goods in Special Cases



Non Taxable supply of GST

Note:- in above (1) & (2) No VAT & CST

RECOMMENDATION OF GST COUNCIL

Recommendations of GST Council –

- (a) Taxes to be subsumed in GST
- (b) Exemption in GST
- (c) model of GST Laws, principles of levy, apportionment of IGST between Center & State and the principles that govern the POS
- (d) the threshold limit of turnover for Exemption
- (e) the rates of GST & other Special Rates
- (f) Special Provision w.r.t. the special category state
- (g) any other matter relating to the GST.
- (h) Special rates to raised additional resources during any natural calamity /disaster

SPECIAL CATEGORY OF STATE

- 1) Arunachal Pradesh
- 2) Assam
- 3) Jammu and Kashmir
- 4) Manipur
- 5) Meghalaya
- 6) Mizoram
- 7) Nagaland
- 8) Sikkim
- 9) Tripura
- 10) Himachal Pradesh
- 11) Uttarakhand

MANNER OF UTILIZATION OF ITC IN GST

INWARD SUPPLY	OUTWARD SUPPLY	
1. IGST	First IGST	Any Any CGST/SGST/UTGST
2. CGST	First CGST	Second IGST
3. SGST/UTGST	First SGST/UTGST	Second IGST

Note:- CGST cannot be used against SGST/UGST or vice-versa

Entertainment tax

E.T. by state Govt.=Substances in GST levied then so such tax is payable

E.T. by local body = It is not subsumed in GST. Hence it is payable in addition to GST

E.g. Price of Movie ticket 500
E.T of local body 20

CGST @8%
SGST @8%

TAXES TO BE SUBSUMED IN GST

Central Taxes	State Taxes
<ul style="list-style-type: none"> Central Excise duty Additional excise duty Excise duty levied under Medicinal & Toiletries preparation Act Additional Customs duty(ACD) Service Tax Surcharges & Cesses Central Sales Tax 	<ul style="list-style-type: none"> 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

Taxes not subsumed under GST

1. Property Tax & Stamp Duty
2. Electricity Duty
3. Excise Duty on Alcohol
4. Basic Custom Duty
5. Excise Duty on Petrol Diesel