

Basic Concept of GST



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**.
- ⇒ 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 taxes payable on output.
- ⇒ 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 for creditable acquisition.

Constitutional Amendments

Article 366 (12A)	GST means "Any tax on supply of Goods or Services or both except taxes 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
- 3) Elimination of multiple taxes and double taxation
- 4) Make in India Initiative
- 5) Increase in Revenue

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
6. Taxes on Opium, Indian Hemp and other Narcotic Drugs and Narcotics:

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These are within the purview of GST. However, State Governments have also retained the power to levy excise duties on such products manufactured in India. Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are **subject to GST as well as State excise duties**.

Note:- GST Provision shall take effect from the date recommended by GST council on following goods -
1) petroleum crude, 2) high speed diesel 3) Motor spirit 4) Natural Gas 5) Aviation turbine Fuel

TAX ON TOBACCO AND TOBACCO PRODUCTS

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

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

RECOMMENDATION OF GST COUNCIL

- The Goods and Services Tax Council shall make recommendations to the Union and the States on—
- (a) Taxes to be subsumed in GST
 - (b) Exemption in GST
 - (c) model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
 - (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 goods and services tax, as the Council may decide.
 - (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

Note:- Jammu and Kashmir is now UT with state legislature, but still covered under special category States.

MANNER OF UTILIZATION OF ITC IN GST

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

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

BODY OF GST LAW

The body of law of GST comprises of the following-

1. Acts:
 - a. Central Goods and Services Tax (CGST) Act, 2017
 - b. Integrated Goods and Services Tax (IGST) Act, 2017
 - c. Union Territory Goods and Services Tax (UTGST) Act, 2017
 - d. State Goods and Services Tax (SGST) Acts, 2017 [28 States+3UTs deemed to be States]
 - e. GST(Compensation to States) Act, 2017
2. Rules
 - a. Central Goods and Services Tax (CGST) Rules, 2017
 - b. Integrated Goods and Services Tax (IGST) Rules, 2017
 - c. Union Territory Goods and Services Tax (UTGST) Rules, 2017 for 5 UTs
 - d. State Goods and Services Tax (SGST) Rules, 2017 [31]
3. Notifications

(a) CGST	Central Tax Notifications [CT] [Non-tariff]	Central Tax (Rate) Notifications [CT (Rate)] [Tariff]
(b) IGST	Integrated Tax Notifications [IT] [Non-tariff]	Integrated Tax (Rate) Notifications [IT (Rate)] [Tariff]
(c) UTGST	Union Territory Tax Notifications [UTT] [Non-tariff]	Union Territory Tax (Rate) Notifications [UTT (Rate)] [Tariff]
(d) Compensation Cess	Compensation Cess Notifications [GST CompCess] [Non-tariff]	Compensation Cess (Rate) Notifications [GST Comp Cess (Rate)] [Tariff]

4. Circulars
 - a. CGST
 - b. IGST
 - c. UTGST
 - d. SGST
 - e. GST Cess

Constitution of GST Council

Constitution:- The GST Council shall consist of the following members, namely:-

- (a) The Union Finance Minister is the Chairman;
- (b) The Union Minister of State in charge of Revenue or Finance is the Member;
- (c) The Minister in charge of Finance or Taxation or any other Minister nominated by each State Government & UTs with Legislatures are the Members.

The Members of the GST Council referred to clause (c) above shall, as soon as may be, choose one amongst themselves to be the Vice-Chairperson of the Council for such period as they may decide.