

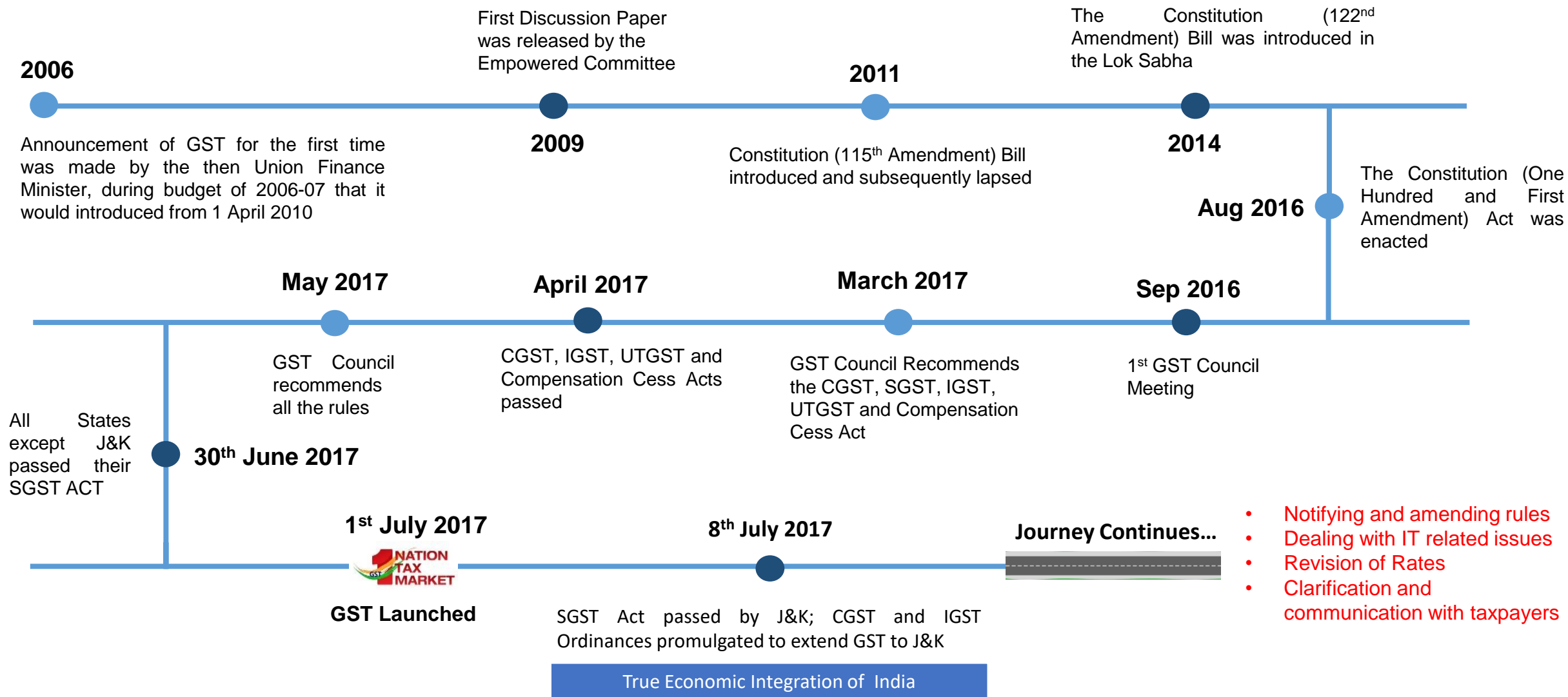


*Update Concept Note on GST
(Upto 10th October 2017)*

A hand is visible at the top left, holding a horizontal wooden plank. A large, solid brown rectangular area covers the center of the image. At the bottom, the same wooden plank is visible, with some faint, illegible markings or graffiti. The text is centered within the brown area.

*This presentation is only for education purposes only and
holds no legal validity*

The Journey to GST



Definition of GST

Article 366(12A)

“Goods and services tax” means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption

Sl No	Definition	Article	Definition
1.	Goods	366(12)	Includes all materials, commodities, and articles [Pre Existing Definition]
2.	Service	366 (26A)	Anything other than goods [Introduced vide 101 st Constitutional Amendment Act]
3.	State	366(26B)	With reference to articles 246A, 268, 269, 269A and Article 279A includes a Union territory with Legislature. [Introduced vide 101 st Constitutional Amendment Act]

“Goods and Services tax” law while having unique principles, has significant elements of prior Central and State laws; and is also inspired by VAT/GST legislation of EU, Australia, Malaysia etc. along with International VAT/GST guidelines of OECD

- ❖ Bill passed by Rajya Sabha on 03.08.2016 & Lok Sabha on 08.08.2016
- ❖ Notified as Constitution (101st Amendment) Act, 2016 on 08.09.2016
- ❖ Key Features:
 - ❑ Concurrent jurisdiction for levy & collection of GST by the Centre & the States – Article 246A
 - ❑ Centre to levy & collect IGST on supplies in the course of inter-State trade or commerce including imports – Article 269A
 - ❑ Compensation for loss of revenue to States for five years on recommendation of GSTC – Clause 19
 - ❑ 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 GSTC

Existing Indirect Tax Structure in India

Central Taxes

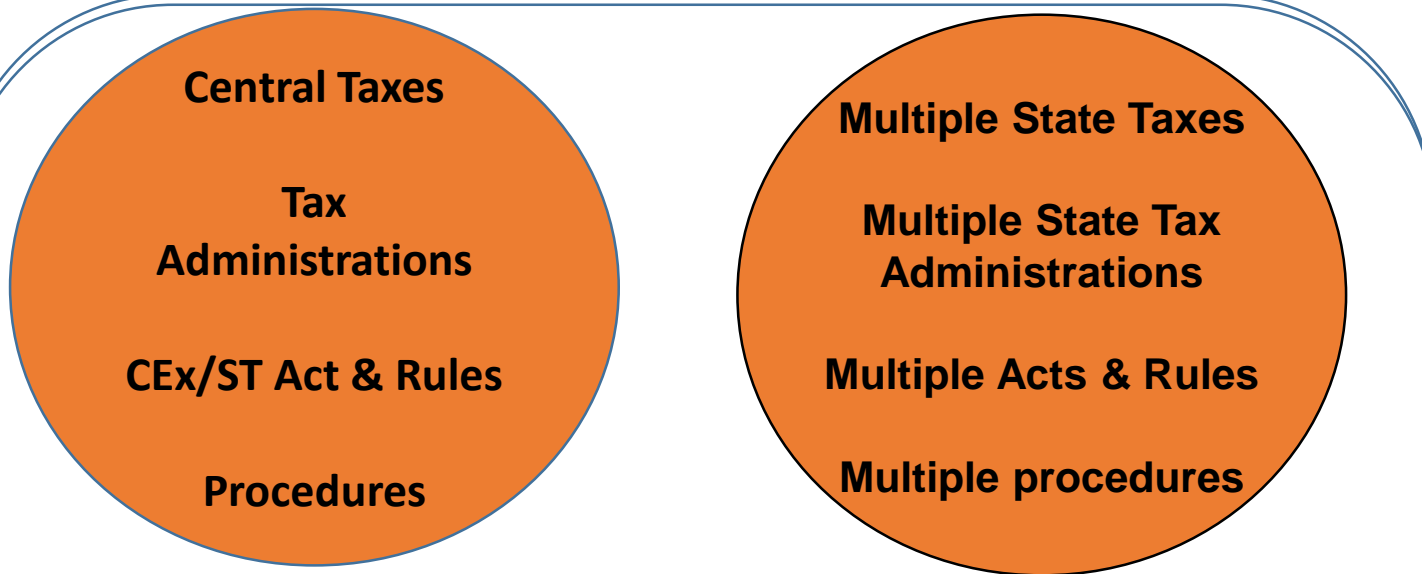
- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toilet Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

State Taxes

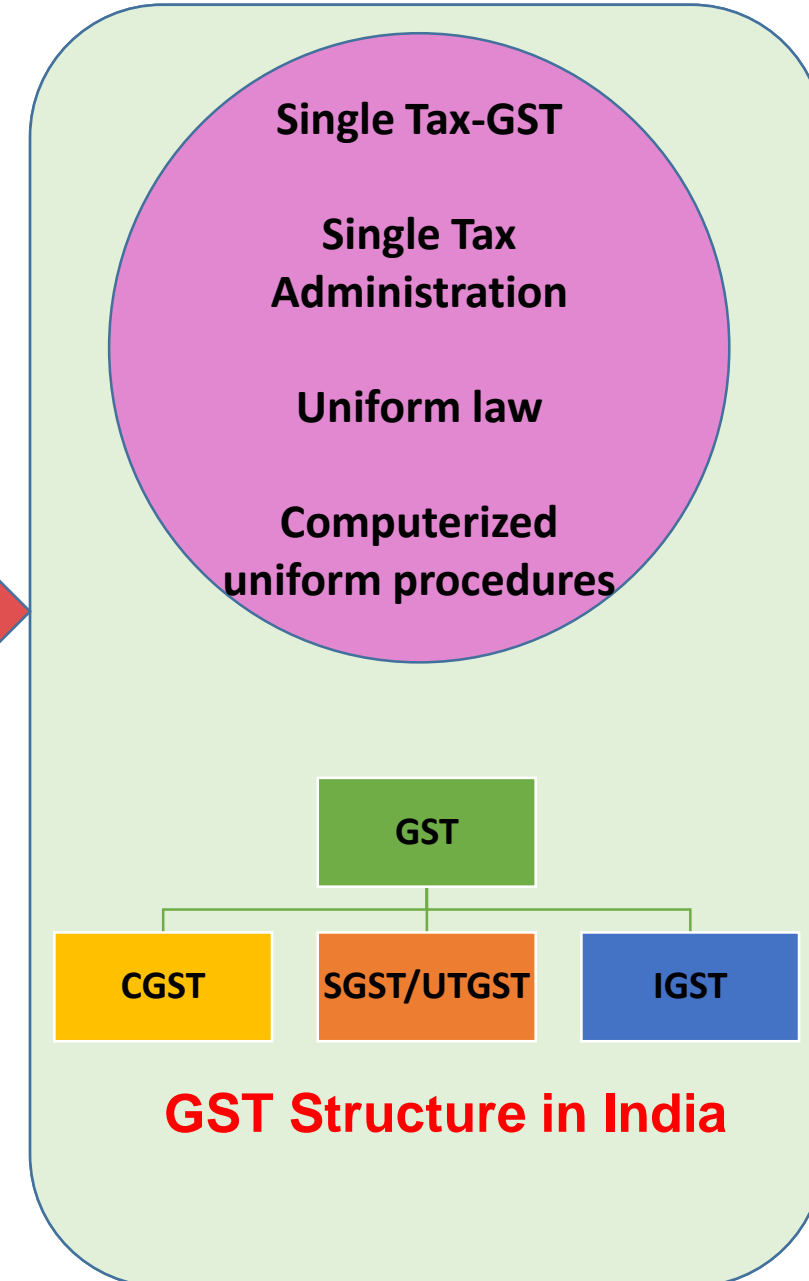
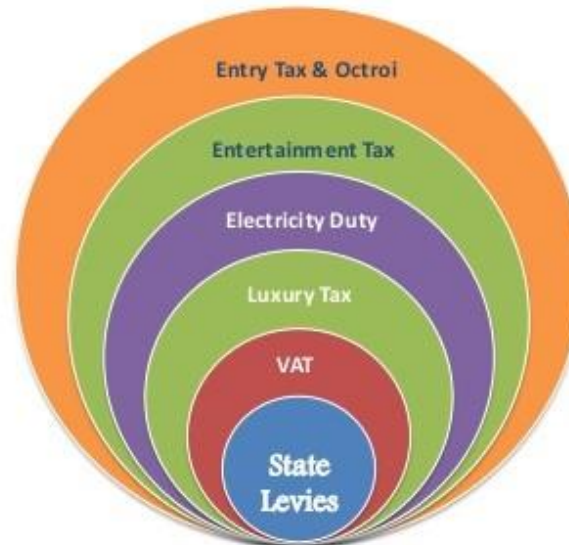
- State VAT / Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses



**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)**



Pre-GST Indirect tax structure in India



GST Structure in India

Outside GST !



Alcohol for human consumption

Power to tax remains with the State



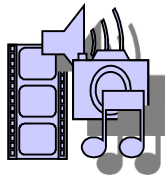
Five petroleum products – crude oil , diesel, petrol, natural gas and ATF

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 local bodies

- 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.

GST Council - Decisions (1/3)

- ❑ Threshold limit for exemption to be Rs. 20 lac (Rs. 10 lac for special category States except J&K)
- ❑ Compounding threshold limit to be Rs. 1 Crore 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 (3% or 0.5%) 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
- ❑ Power under the IGST Act shall also be cross-empowered on the same basis as under CGST and SGST Acts with few exceptions
- ❑ Power to collect GST in territorial waters delegated to the States
- ❑ Eighteen rules on composition, registration, valuation, input tax credit etc. have been recommended and notified

- ❑ Exemption from registration for inter-State supply of services upto Rs. 20 lacs
- ❑ Quarterly returns for taxpayers with turnover up to Rs. 1.5 Cr
- ❑ Exemption from Section 9(4) – Reverse Charge on purchase from unregistered persons
- ❑ No requirement on payment of tax on advance received for supply of goods by taxpayers with turnover up to Rs. 1.5 Cr
- ❑ Exemption from tax for supplies from GTA to unregistered person
- ❑ Suspension of TCS / TDS provisions/ E way bill system till 31.03.2018
- ❑ Introduction of E-Wallet Scheme for exporters from 01.04.2018 and till then relief for exporters in form of broadly existing practice

Main Features of the GST Act (1/5)

- ❑ 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 supplies & imports
- ❑ Compensation for loss of revenue to States for five years
- ❑ All transactions and processes only through electronic mode – Non-intrusive administration
- ❑ PAN Based Registration
- ❑ Registration only if turnover more than Rs. 20 lac (Rs. 10 lacs for special category States except J&K)

Main Features of the GST Act (2/5)

- ❑ Option of Voluntary Registration
- ❑ Composition threshold shall be Rs. 100 lakh. Composition scheme shall not be available to inter-State suppliers, service providers (except restaurant service) and specified category of manufacturers
- ❑ 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 (3/5)

- ❑ Credit available to recipient only if invoice is matched (two months time for matching)
- ❑ 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 (4/5)

- ❑ Tax can be deposited by internet banking, NEFT / RTGS, Debit / credit card and over the counter
- ❑ Concept of TDS for certain specified categories *(to be brought in force wef 01/04/18)*
- ❑ Concept of TCS for E-Commerce Companies *(to be brought in force wef 01/04/18)*
- ❑ Concept of e-way bill *(to be brought in force in staggered manner wef 01/01/18 & at national level wef 01/04/18)*
- ❑ Refund to be granted within 60 days
- ❑ Provisional release of 90% refund to exporters within 7 days

Main Features of the GST Act (5/5)

- ❑ 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 – National Anti-Profiteering Authority being set up
 - ❑ Standing Committee on Anti-Profiteering to be set up
 - ❑ State level Screening Committee to be set up

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 Ind. - IGST

More informed
consumer

Poorer States
to Gain

Make in India

- ❑ Incorporated in March 2013 as Section 25 private limited company with paid up capital of Rs. 10 crore
- ❑ Equity Holders
 - Central Government - 24.5%
 - EC and all States together - 24.5%
 - Financial Institutions – 51%
- ❑ To function as a Common Pass-through portal for taxpayers-
 - submit registration application
 - file returns
 - make tax payments
- ❑ To develop back end modules for 28 States (MODEL –II)
- ❑ Infosys appointed as Managed Service Provider (MSP)
- ❑ Appointed multiple GST Suvidha Providers (GSPs)

- ❑ Role in Policy making: Drafting of GST Law, Rules & Procedures – CGST, UTGST & IGST Law
- ❑ CBEC is responsible for administration of the CGST and 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
- ❑ Director General of Safeguards, CBEC has been mandated to conduct detailed enquiry on anti-profiteering cases

Revenue Figures for the Month of July and August 2017

- ❑ Total revenue of GST paid under different heads for the month of July, 2017 is Rs. 92,283 crore
 - ❑ CGST - Rs. 14,894 crore
 - ❑ SGST - Rs. 22,722 crore
 - ❑ IGST - Rs. 47,469 crore (of which IGST from imports is Rs. 20,964 crore)
 - ❑ Cess - Rs. 7,198 crore (of which Rs. 599 crore is Compensation Cess from imports)
- ❑ Total revenue of GST paid under different heads for the up to 25th September is Rs. 90,669 crore
 - ❑ CGST - Rs. 14,402 crore
 - ❑ SGST - Rs. 21,067 crore
 - ❑ IGST - Rs. 47,377 crore (of which IGST from imports is Rs. 23,180 crore)
 - ❑ Cess - Rs. 7,823 crore (of which Rs. 547 crore is Compensation Cess from imports)



www.cbec.gov.in
www.cbec-gst.gov.in

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