



# GST

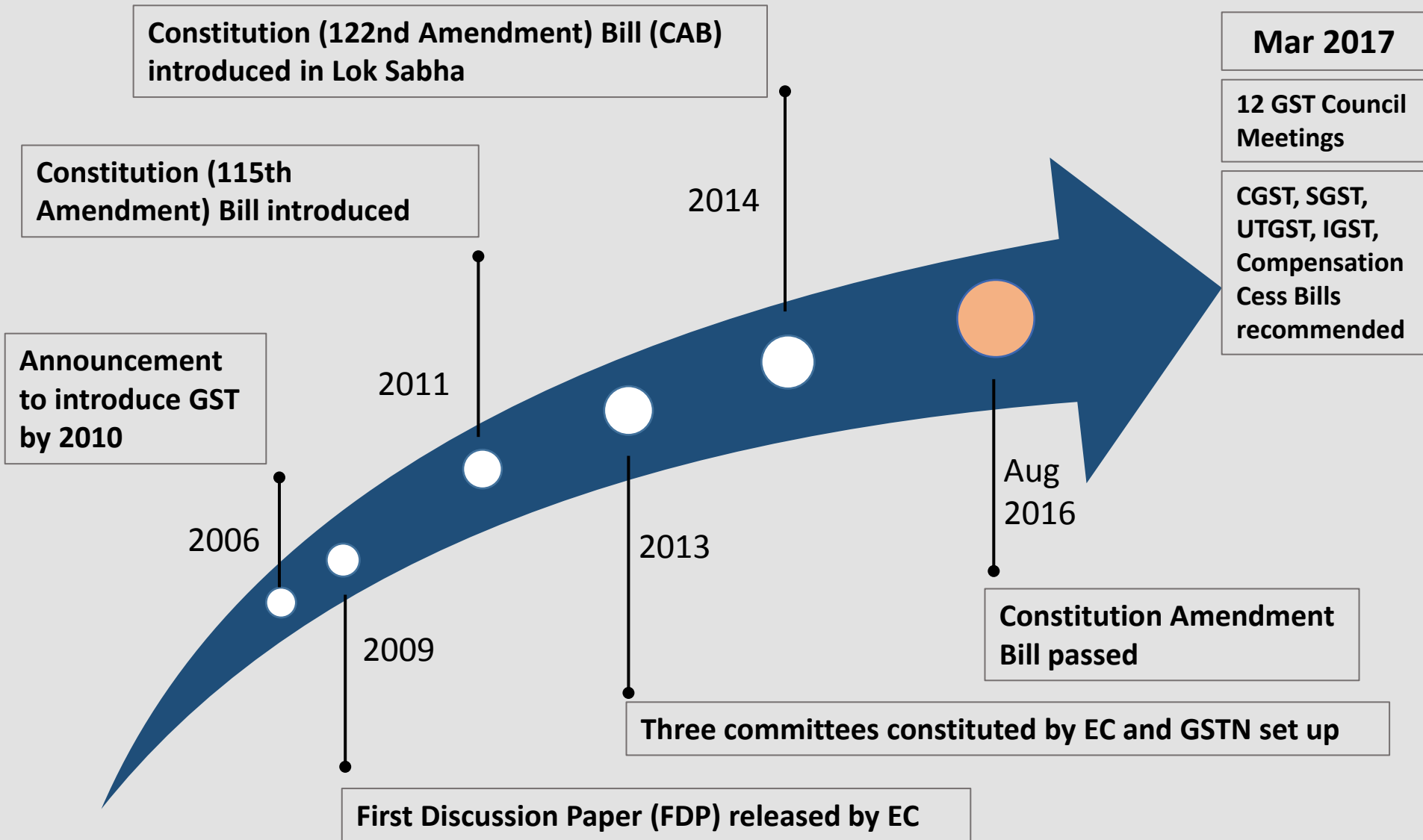
• GOODS AND SERVICES TAX •

---

Understanding Goods and Services Tax

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

# The Journey so far



# The Effort and Work Done

<b>10 Years... In Making</b>	<b>30 + Sub-Groups &amp; Committees</b>	<b>31000 + Industry professionals trained</b>	<b>18000 + Man Hours of discussion by GST Council</b>
<b>14 Empowered Committee Meetings</b>	<b>175 + Officers Meetings</b>	<b>51000 + Officers trained</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 & Toiletries Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

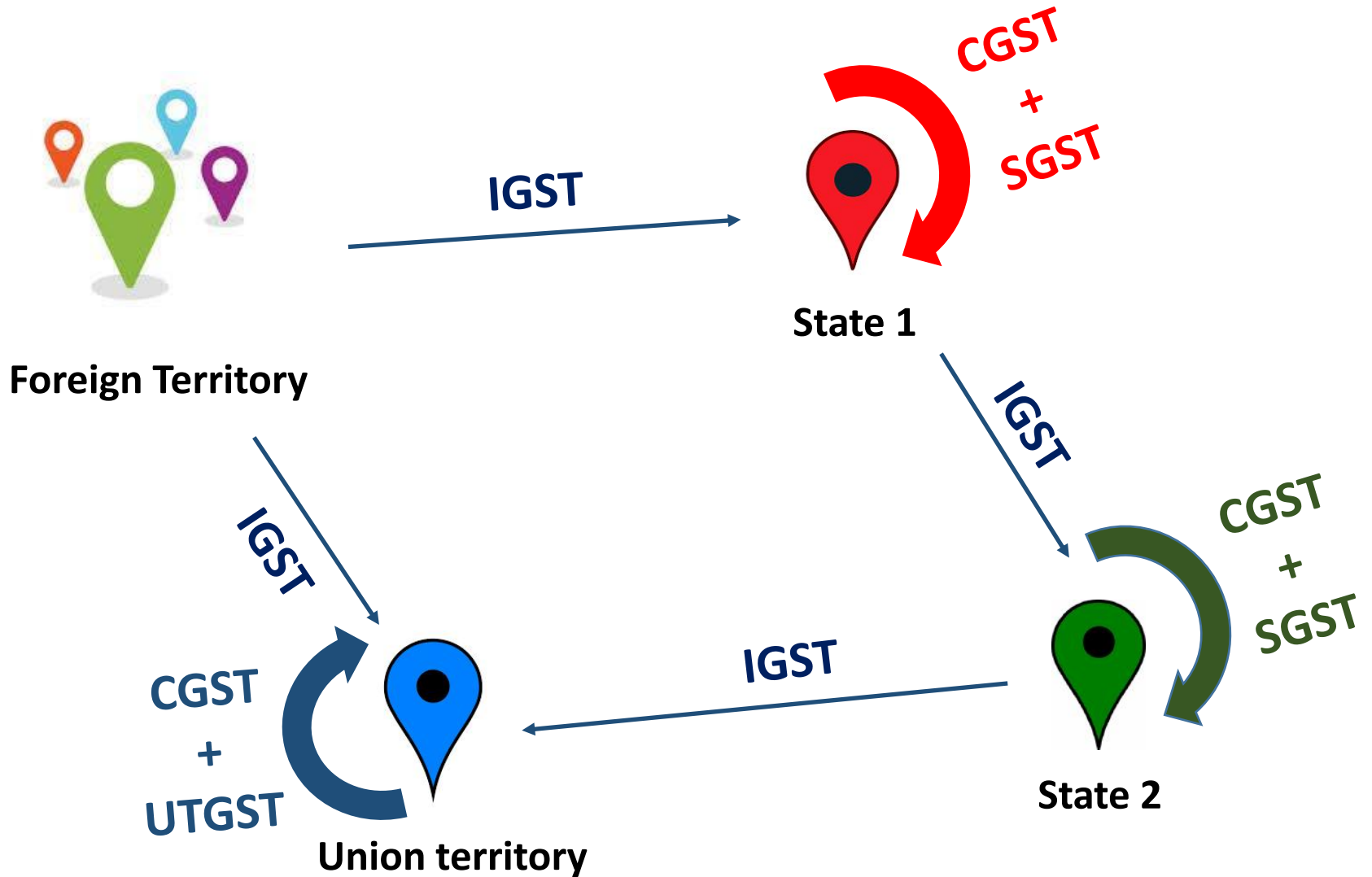
## State Taxes

- 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



IGST Credit can be used for payment of IGST, CGST, SGST / UTGST in that order  
[www.taxguru.in](http://www.taxguru.in)

- ❑ 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

- Consists of Finance Minister, the MOS (Finance) and the Minister of Finance / Taxation of each State
- Chairperson – Union FM
- Vice Chairperson - to be chosen amongst the Ministers of State Government
- Quorum is 50% of total members
- 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 – not available to inter-State suppliers, service providers (except restaurant service) & specified category of manufacturers
- ❑ 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

Compensation = (State's Revenue for FY 2015-16)\*  
14%<sup>x</sup> - State's Revenue (for x year)

- 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 sin goods

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

- ❑ GST to be levied on supply of goods or services
- ❑ 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 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)

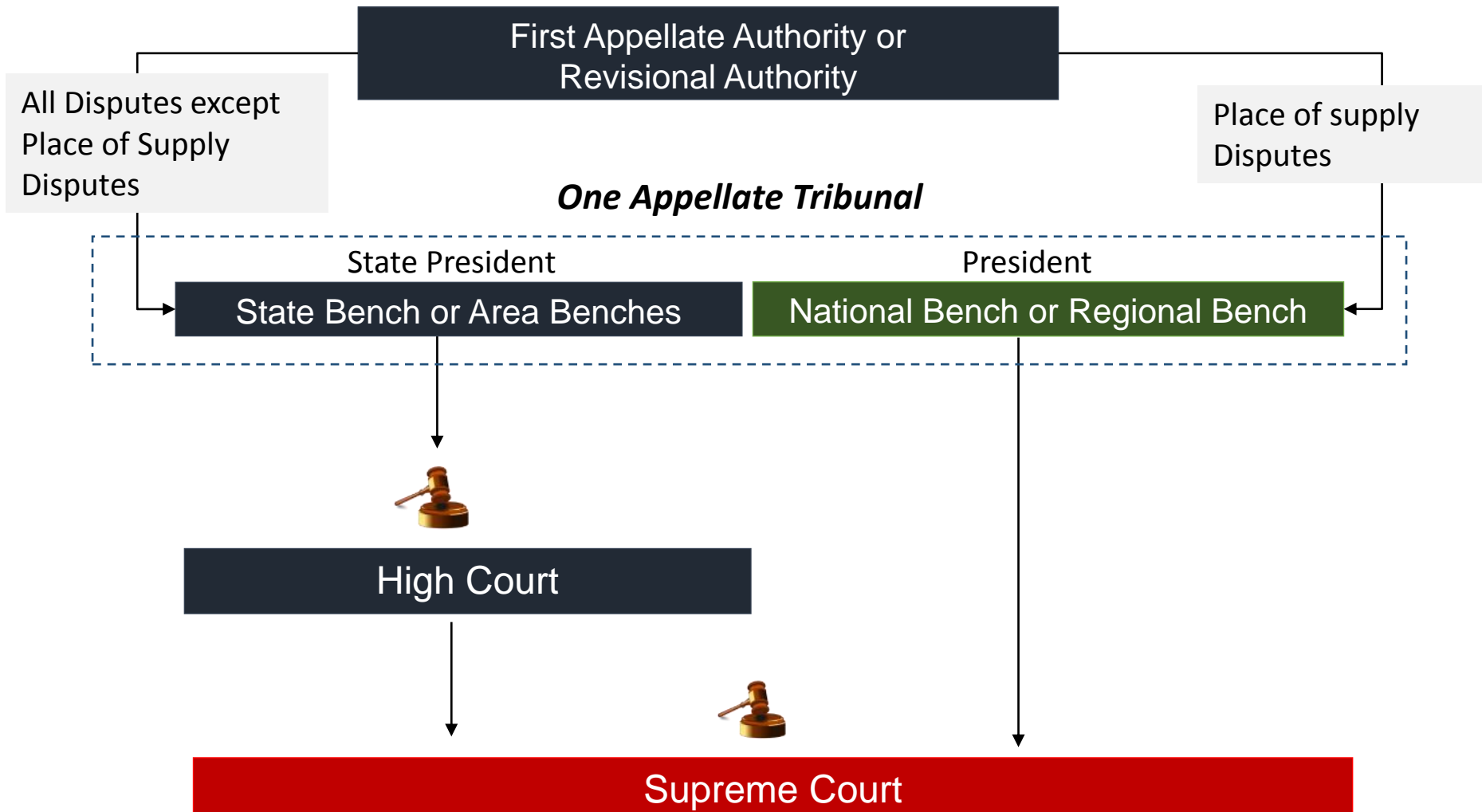
- ❑ Separate electronic ledgers for cash and credit
- ❑ Tax can be deposited by internet banking, NEFT / RTGS, Debit/ credit card and over the counter
- ❑ Cross utilization of IGST Credit first as IGST and then as CGST or SGST /UTGST
- ❑ Concept of TDS for Government Departments
- ❑ Concept of TCS for 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

# Appeals and Revision under GST

## *Proposed Structure of Appellate Tribunal*





- ❑ 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

- ❑ Role in Policy making: Drafting of GST Law, Rules & Procedures – CGST, UTGST & IGST Law
- ❑ Assessment, Audit, Anti-evasion & enforcement under CGST & 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 Overall reduction in Prices for Consumers
- 2 Reduction in Multiplicity of Taxes, Cascading and Double Taxation
- 3 Uniform Rate of Tax and Common National Market
- 4 Broader Tax Base and decrease in “Black” transactions
- 5 Free Flow of Goods and Services – No Checkpoints
- 6 Non-Intrusive Electronic Tax Compliance System

- ❑ Passage of CGST, UTGST, IGST & Compensation Law by Parliament and passing of SGST laws by State Legislatures
- ❑ GST Council to fit tax rates to various categories of Goods or Services
- ❑ Rules relating to registration, returns, valuation, transitional, Input Credit etc. to be finalized
- ❑ 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 English and ten regional languages
- Model GST Law
- Draft Rules & Formats
- Constitutional Amendment Act