

# GST AWARENESS PROGRAMME

By

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# What is Indirect Tax System?

# What is GST?

One Tax  
For

Manufacturing

Trading

Services



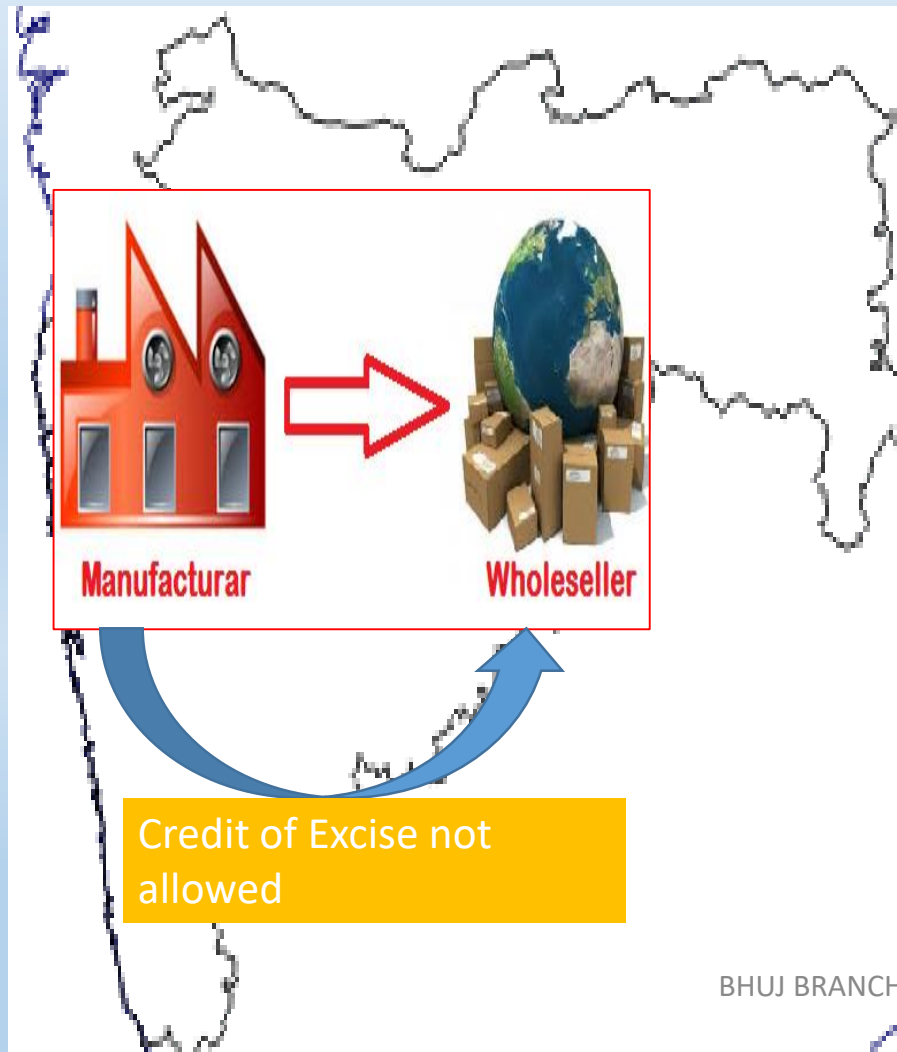
ONE NATION: ONE TAX

# Intra-State Supply Vs Inter-State Supply

# Limitations of current Tax regime & Benefit of GST

## 1. Cascading Effect of Tax

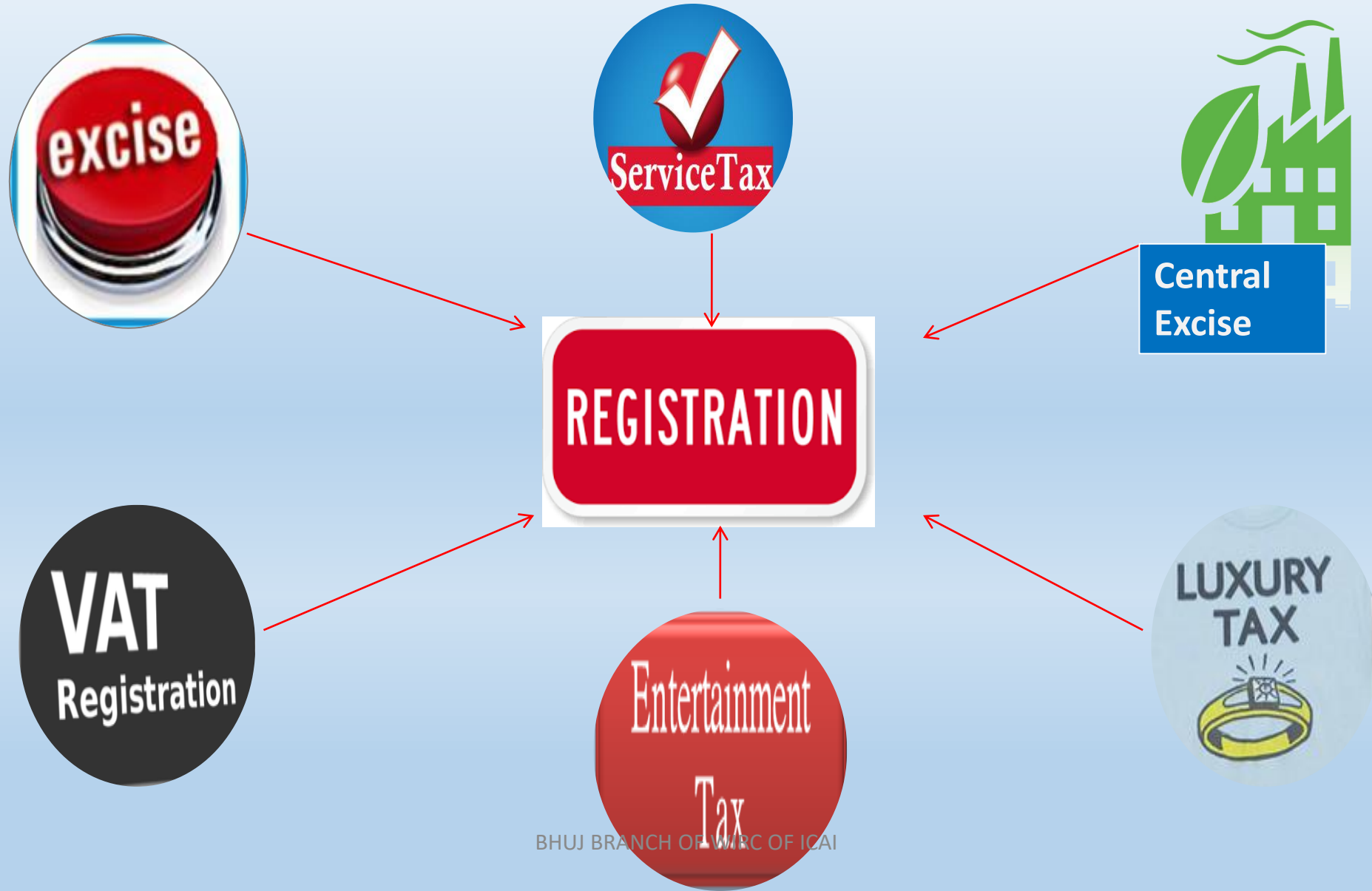
MAHARASHTRA



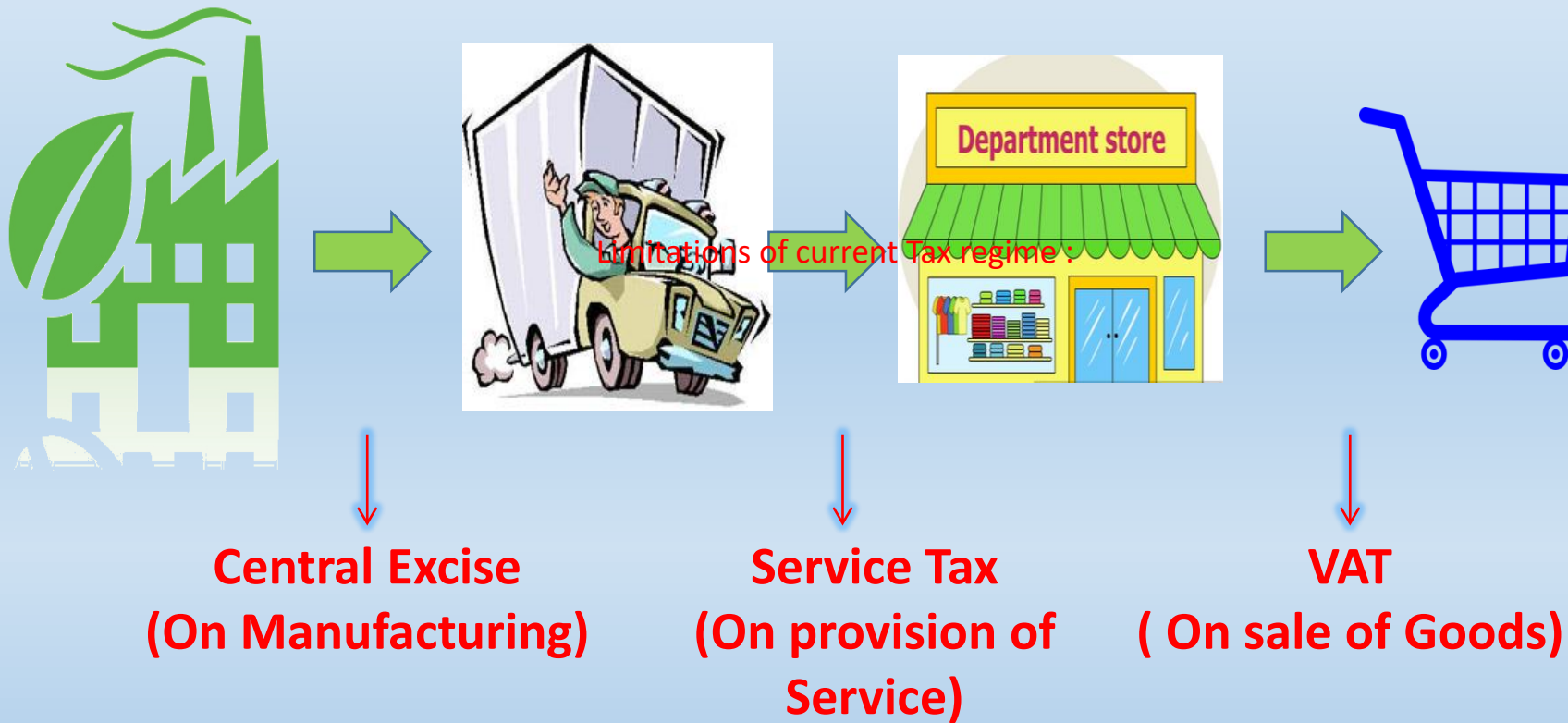
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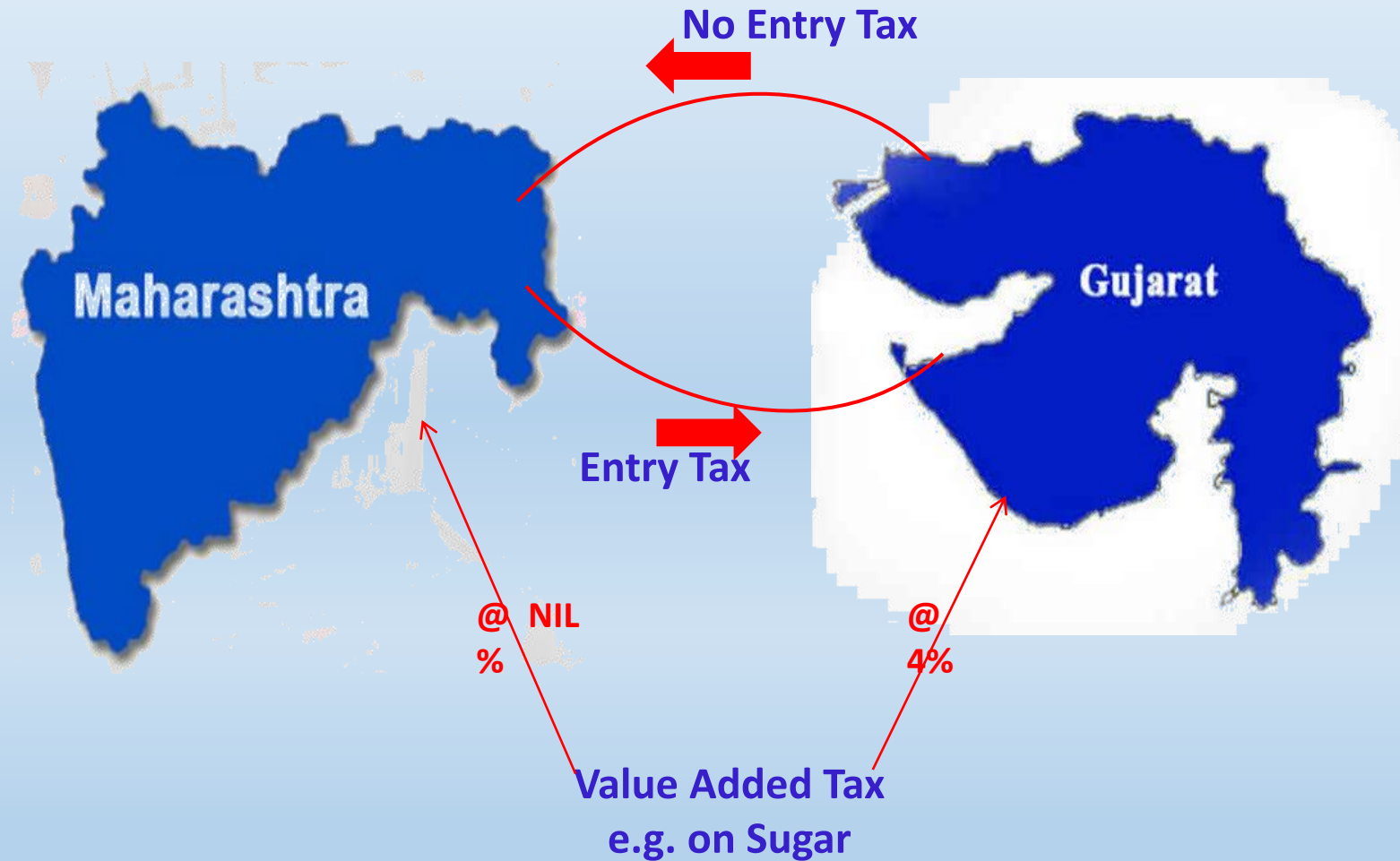
## 2. Multiple Registrations



### 3. Different Points of Taxation



## 4. Lack of Uniformity



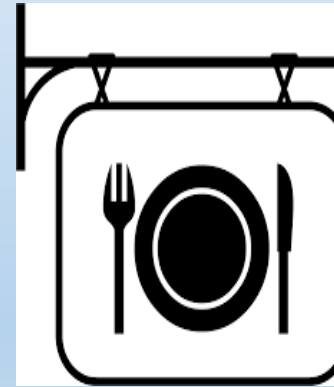


## 5. Goods Vs. Services dilemma ?

License  
Software in CD



Sale of Food In  
Restaurant



Services



Sale

Manufacturing

# Salient features of GST

- The GST would be applicable **on the supply** of goods or services.
- It would be a single GST on any item out of which 50% will go to Central Govt and 50% will go to State Govt / Union Territory.
  - Central tax (**CGST**) and State tax (**SGST**) / Union territory tax (**UTGST**).
- The GST would apply on **all goods or services or both** other than alcoholic liquor for human consumption and five petroleum products.

## Salient features of GST... (contd.)

- **Destination based consumption tax**

- The tax would accrue to the State which has jurisdiction over the place of consumption which is also termed as place of supply.
- Levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff.
- In a nutshell, **only value addition will be taxed** and burden of tax is to be borne by the final consumer.
- Exports would be tax-free and imports taxed at the same rate as integrated tax (IGST) levied on inter-State supply of like domestic products

## Salient features of GST... (contd.)

- Tax payers with an aggregate turnover in a financial year up to **Rs.20 lakhs** would be exempt from tax.
  - For special category states specified in Article 279A, the threshold exemption shall be Rs. 10 **lakhs**.
  - Tax payers making **inter-State supplies** or paying tax on **reverse charge basis** shall not be eligible for threshold exemption.
- Small taxpayers with an aggregate turnover in a financial year up to **Rs. 50 lakhs** shall be eligible for **composition levy**.

## Salient features of GST... (contd.)

- An Integrated GST (**IGST**) would be levied and collected by the Centre on inter-State supply of goods and services.
- **HSN code** shall be used for classifying the goods under the GST regime.
- Taxpayers whose turnover is above Rs. 1.5 crores but below Rs. 5 crores shall use **2-digit code** and the taxpayers whose turnover is Rs. 5 crores and above shall use **4-digit code**.
- For Services, Service Accounting Codes (SAC) shall be used

## Salient features of GST... (contd.)

- Exports and Supplies to SEZs shall be treated as **zero-rated supply**. No tax is payable on exports but ITC related to the supply shall be refunded to exporters.
- **Import of goods/services** would be subject to IGST in addition to Basic Customs duty.
- Laws and procedures for levy and collection of CGST/SGST would be **harmonized** to the extent possible.

# GST Rates

- Rates: 0%(on essential items, rice/wheat)
- 5%: ( on items of mass consumption )
- 12%/18%:(standard rates covering most manufactured items and Services)
- 28% : ( on Consumer Durable Goods, Pan masala, tobacco and aerated drinks etc)
- Basic philosophy behind these rates are that, to the extent possible, the current combined rate of tax levied on individual goods by the Central and the State Governments should be maintained in GST
- Uniform GST rate not possible at this stage as luxury goods and goods consumed by poorer sections of society cannot be taxed at the same rate.

# Input Tax Credit

- Credit of Tax paid on purchase
- Is available for deduction from the Tax collected on sale
- GST has nullified most of the Cascading effect of Tax due to use of ITC and single taxation system



# Reverse Charge Mechanism

- Tax on Purchase for specified items as well as for purchase from URD
- Once need to pay in cash, then credit available
- Most of the uncovered transactions are covered in RCM

# GST Council

- Constitutional Body
- Article 279A (4) specifies that the Council will make recommendations to the Union and the States on the important issues related to GST.
- Till date 27 meetings conducted
- All decisions taken unanimously till date

# Registration



Compulsory Registration for  
Each State where business  
situated



Option to take multiple  
registration for each business  
vertical within same state

# Registration (contd.)

- Liability to be registered
  - Every person who is registered under existing indirect laws being subsumed in GST
  - Every person whose turnover in a year exceeds Rs. 20 lakhs (Rs. Ten lakhs for special category states)
  - Voluntary registration permitted even if no liability.

# Revenue Sharing between State & Center

- Destination Based Tax
- For Each Intra-State transaction, Center and State are collecting CGST and SGST respectively
- For Inter-State Transaction, IGST is collected first, and then It is distributed between Center and Consuming State

# Registration, Returns and Payment

- Everything is electronic
- No interface of any officer
- GSTN
- Use of Technology

# Eway Bill

- Document to be prepared online before starting movement of goods
- Different provisions for intra-state movement & Inter-state movement
- Huge black transactions are avoided due to this system
- Most of the thing electronic – Technology based

# Career Opportunities for B.com Graduate

- GST Compliant Accountant – Book keeping
- Eway bill generation practice
- Return Filling – compliance practice