

डी.पी. विप्र कॉलेज बिलासपुर वाणिज्य विभाग



GST गुड्स एंड सर्विस टैक्स

Presented by – Prof. Prakash Chaturvedi

Introduction

Goods and Services Tax (GST) is an indirect tax (or consumption tax) used in India on the supply of goods and services. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Multi-staged as it is, the GST is imposed at every step in the production process, but is meant to be refunded to all parties in the various stages of production other than the final consumer and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.

Goods and services are divided into five different tax slabs for collection of tax: 0%, 5%, 12%, 18% and 28%. However, petroleum products, alcoholic drinks, and electricity are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax system. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. Pre-GST, the statutory tax rate for most goods was about 26.5%, Post-GST, most goods are expected to be in the 18% tax range.

Reverse Charge Mechanism

- Reverse Charge Mechanism (RCM) is a system in GST where the receiver pays the tax on behalf of unregistered, smaller material and service suppliers. The receiver of the goods is eligible for Input Tax Credit, while the unregistered dealer is not.
- The central Government released **Rs 35,298 crore** to the state under **GST compensation**. For the implementation, this amount was given to the state to compensate the revenue. Central government has to face many criticisms for delay in compensation.

NEED OF GST

- Deficiency in Existing Tax Regime –

1. Non-creditable of several local levies in state VAT :

Credit of several state levies are not allowed like entertainment tax, luxury tax, entry tax, etc.

2. Cascading of Taxes :

- Levy of CST : Credit on CST paid on inter-state purchases are not allowed.
- Excise duty are included while computation of VAT.

3. Non-Intergration of VAT & Service Tax:

4. Double Taxation :

- Cure of ills of existing indirect tax regime

a) Taxes subsume in GST

State VAT, Central Sales Tax, Purchase Tax, Luxury Tax, Entry Tax, Entertainment Tax, Taxes on advertisements, etc.

b) Central taxes subsumed

Central excise duty , Duties Of Excise , (SAD) Special Additional Duty Of Customs , Service Tax , etc.

धन्यवाद