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# GST

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**Module 1**

## Chapter 1

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## CHAPTER 1

# Basic Concepts of Indirect Taxes and Constitutional Levy of GST

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### 1. Basic Concept of Indirect Taxes

- ☞ the concept of tax and the objective for its levy
- ☞ the concept of direct and indirect tax and the differences between the two
- ☞ the Constitutional provisions pertaining to levy of taxes
- ☞ what are the principal indirect taxes
- ☞ as to how the indirect taxes are administered in the country.

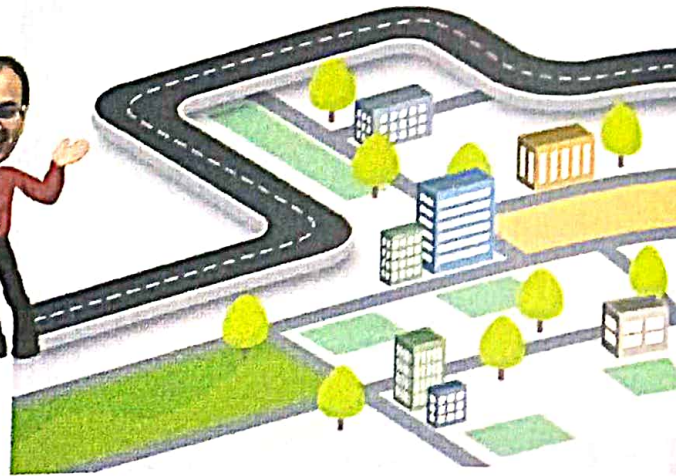
### 2. Basic Concept of GST

- ☞ Meaning of GST
- ☞ Constitutional authority for GST
- ☞ Input Tax Credit under GST
- ☞ Benefits of GST
- ☞ FAQ and MCQ



Sir... What is a tax?

1. The term "Tax" is derived from latin word "Taxo"
2. It is mandatory financial burden impose on individual or legal entity.
3. It is nothing but the money that people have to pay to the Government, which is used to provide public services.



Sir... What is need of Taxes?

In any Welfare State, it is the prime responsibility of the Government to fulfill the increasing developmental needs of the country and its people by way of public expenditure.

Money raised by taxation to carry out many functions such as :

- ⇒ Infrastructure
- ⇒ Education
- ⇒ Health
- ⇒ Military
- ⇒ Defense and other socio-economic objectives of the Government

Sir... what type of taxes leviable in India?

Taxes are broadly classified into direct and indirect taxes.

Direct Taxes

Indirect Taxes



### History of Indirect Taxes :

**Example 1** :- Mr. Viru a merchant of food grain. He want to do business in the kingdom of King Gabbarsing. He has brought 1000 bags from his village for business of costing ₹ 1,00,000. He has given 100 bags to king Gabbarsing as gift for having permission to do business in his kingdom. He started his business in the kingdom of Gabbarsing. What the price he will charge to customer? If he want to earn profit of 10% over cost?





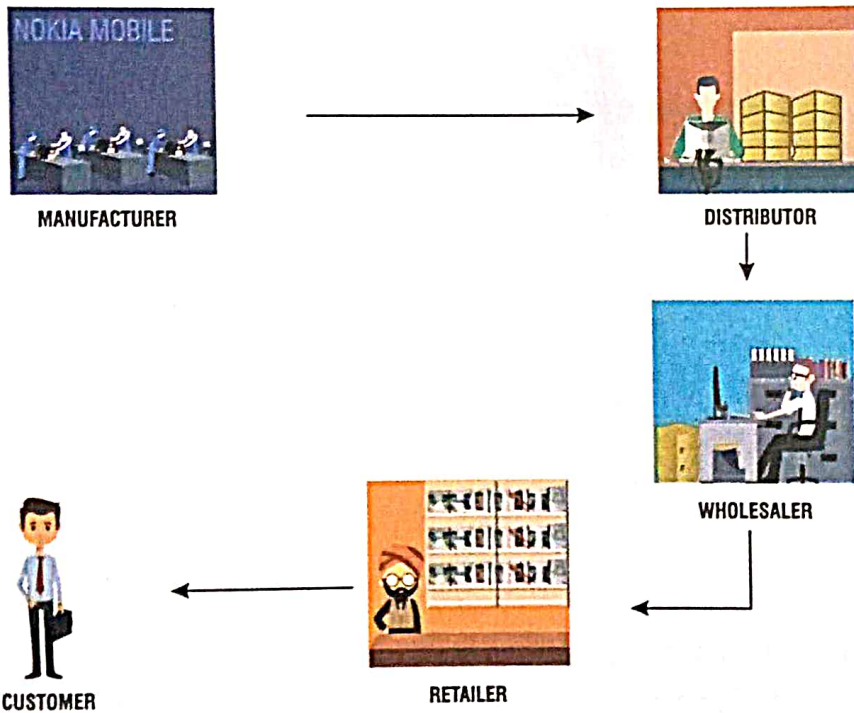
### Sir... How Indirect Tax Charged in Current Scenario?



Beta, Try to understand it with the help of following example :

**Example 2 :** Mr. A sold the goods to Mr. 'B' for ₹ 1,00,000. Sale Tax is payable on such goods @ 10% Determine the total price charge by Mr. A to Mr. B.

### Tax on Multiple Stages



### Difference between Direct Tax & Indirect Tax



### Sir... what is the difference between Direct & Indirect Tax?



Beta, Try to understand it following example :

