

*Commercial's*

# TAXATION

## Module 2 : Goods & Services Tax

with Multiple Choice Questions (MCQs)

For CA Inter As per New Syllabus, 2023

Applicable for May, 2024 & Nov. 2024 Examinations

### Key Features

- All amendments introduced in the Finance Act 2023, latest circulars and notifications incorporated, providing a comprehensive understanding of the altered GST laws.
- To enhance the practical applicability of the concepts discussed, numerous practical examples solved strategically at relevant places.
- More than 1,000 MCQs thoughtfully integrated throughout the book, covering all chapters. Answers to these MCQs are provided, allowing students to assess their understanding and preparation.
- Case Study based MCQs incorporated which challenge readers to apply their knowledge to practical situations
- A comprehensive list of sections relevant to each chapter provided at the beginning of the chapter to allows readers to quickly locate and reference specific sections, streamlining the learning process.

**12th  
Edition  
2024**

**Assessment Year  
2024-2025**



**Jaspreet Singh Johar**  
Chartered Accountant

**Commercial Law Publishers (India) Pvt. Ltd.**

## CONTENTS

1.	Basic introduction to goods and services tax (GST)	1
2.	Chargeability under CGST: Section 9	35
3.	Registration under GST sections 22 to 30 and rules 8-26	48
4.	Supply under GST sections 7 & 8; schedules I, II, III	96
5.	Exemptions under GST section 11 and exemption notifications	146
6.	Value of taxable supply under GST: section 15	217
7.	Composition scheme section 10 and rules 3-7	232
8.	Input tax credit under CGST sections 16, 17, 18 and rules 36 to 44	255
9.	Invoice under GST sections 31 to 34	292
10.	Provisions relating to e-way bill section 68 and rule 138	317
11.	Time of supply under GST Section 12 and 13	330
12.	Place of supply (POS) sections 10 to 14 of IGST Act, 2017	353
13.	Payment of GST sections 49, 50 and rules 85, 86, 87, 88	383
14.	Filing of return under GST sections 37 to 48 and rules 59 to 84	403
15.	TDS & TCS under GST section 51 and section 52	426
16.	Accounts, records and audit sections 35, 36, 65, 66 and rules 56, 57, 58, 101, 102	433
17.	Multiple choice questions of goods and services tax	443

# 1

## BASIC INTRODUCTION TO GOODS AND SERVICES TAX (GST)

### SYNOPSIS

1. What is tax?	1
2. What are different types of taxes?	2
3. What are different features of indirect taxes?	2
4. What responsibilities are divided between Centre and State as per the Constitution of India?	2
5. What provisions are given in the Constitution of India with respect to taxes?	3
6. What is the tax structure in India as per Constitution of India?	3
7. What was old structure of indirect taxes introduced in 1986 which was applicable till 30/6/2017?	5
8. What were deficiencies of old indirect tax system which was applicable till 30th June, 2017	8
9. What was the need to introduce GST?	8
10. Introduction of GST	9
11. What are benefits of GST to Industry, Government and to Consumers?	10
12. What are basic concepts of GST?	11
13. What all Constitutional amendments were done to introduce GST in India?	12
14. What is GST council as per article 279A of Constitution of India?	13
15. Which all indirect taxes have been subsumed (सम्मिलित) by introducing GST	15
16. Framework of GST in India	15
17. Dual GST system and its applicability	16
18. GST – Nomenclature and working	17
19. IGST and its features: Article 269A	20
20. Supply to self: inter-State stock transfer and intra-State stock transfer	23
21. Input Tax Credit (ITC)	24
22. Goods and Services Network (GSTN)	26
23. Goods and Services Tax (Compensation to States) Act, 2017 and its features	27
24. Body of GST law	27
25. Goods and Services Tax (compensation to States) Act, 2017 - its Features	27
26. Body of GST Law	27
MCQs	28
Answers to Above Questions	34

### 1. WHAT IS TAX?

<b>Meaning of Tax</b>	<p>Tax may be defined as a pecuniary (धन-संबंधी) burden laid upon individuals or property owners to support the Government; a payment exacted (वसूल करना) by legislative authority.</p> <p>In other words, Tax is mandatory financial charge which is imposed by Government in order to fund various public expenditure.</p>
-----------------------	--

## 2. WHAT ARE DIFFERENT TYPES OF TAXES?

DIRECT TAXES
<ul style="list-style-type: none"> <li>• It is a tax charged to individuals and organizations directly by the Government.</li> <li>• Individual and organizations can't shift the burden onto someone else and have to bear the burden themselves.</li> <li>• Progressive in nature - high rate of taxes for people having higher ability to pay.</li> </ul> <p><b>Example: Income Tax.</b></p>
INDIRECT TAXES
<ul style="list-style-type: none"> <li>• It is a tax charged on manufacture or sale of goods and on providing of services.</li> <li>• These are taxes that are passed onto the consumers.</li> <li>• Regressive in nature - All the consumers equally bear the burden, irrespective of their ability to pay.</li> </ul> <p><b>Example: GST</b></p>

## 3. WHAT ARE DIFFERENT FEATURES OF INDIRECT TAXES?

<b>An important source of revenue</b>	In India, indirect taxes contribute more than 50% of the total tax revenues of Central and State Governments.
<b>Tax on commodities and services</b>	It is levied on commodities at the time of manufacture or purchase or sale or import/export thereof. Hence, it is also known as commodity tax. It is also levied on provision of services.
<b>Shifting of burden</b>	There is shifting of tax burden in respect of indirect taxes.
<b>Wider tax base</b>	Unlike direct taxes, the indirect taxes have a wide tax base. Majority of the products or services are subject to indirect taxes
<b>Inflationary</b>	Indirect taxation directly affects the prices of commodities and services and leads to inflationary trend.
<b>Regressive in Nature</b>	Indirect taxes are regressive in nature. The rich and the poor have to pay the same rate of indirect taxes on commodities and on services.
<b>No direct pinch</b>	Since, value of indirect taxes is generally inbuilt in the price of the commodity, most of the time the taxpayer pays the same without actually knowing that he is paying tax to the Government. Thus, taxpayer does not perceive a direct pinch while paying indirect taxes.
<b>Promotes social Welfare</b>	High taxes are imposed on the consumption of harmful products (also known as 'sin goods') such as alcoholic products, tobacco products, etc. This not only checks their consumption but also enables the State to collect substantial revenue.

## 4. WHAT RESPONSIBILITIES ARE DIVIDED BETWEEN CENTRE AND STATE AS PER THE CONSTITUTION OF INDIA?

- Article 1(1) of the Constitution of India states that India shall be union of states. Thus, it is a federal nation having Union Government and State Governments.
- When there are two authorities, bifurcation of power is required between Union and States. To avoid conflicts and disputes.

- This means that in India responsibilities are divided between Parliament and State Legislature of States.
- The Constitution of India segregates these various responsibilities under Schedule VII.
- Schedule VII of the Constitution of India is divided into three categories. (three lists)

<b>First list/Union List</b>	Union List has those matters which are of national importance and on which only Parliament has the power to make law (Total Entries 97).
<b>Second list/State List</b>	State List has those matters which are of local importance (in the State) on which only State Legislature has the power to make law (Total Entries 66).
<b>Third list/ Concurrent List</b>	Concurrent list has those matters which are of local importance (in the State) but for which uniformity across India is desired and on which both Central Government and State Governments have powers to make laws (Total Entries 46).

### 5. WHAT PROVISIONS ARE GIVEN IN THE CONSTITUTION OF INDIA WITH RESPECT TO TAXES?

<b>ARTICLE 265 OF THE CONSTITUTION OF INDIA</b>
<ul style="list-style-type: none"> <li>• Gives power to Government (Central Government and State Government) to levy Taxes.</li> <li>• No tax shall be levied or collected except by the authority of law.</li> <li>• Authority of law means that there must be an Act to levy tax.</li> </ul>
<b>ARTICLE 246 OF THE CONSTITUTION OF INDIA</b>
Authority of law has been given to both <ul style="list-style-type: none"> <li>• State Government</li> <li>• Central Government</li> </ul>
<b>ARTICLE 245 OF THE CONSTITUTION OF INDIA</b>
Subject to the provisions of the Constitution <ul style="list-style-type: none"> <li>• Parliament may make laws for the whole or any part of the territory of India</li> <li>• Legislature of a State may make laws for the whole or any part of the State</li> </ul>

### 6. WHAT IS THE TAX STRUCTURE IN INDIA AS PER CONSTITUTION OF INDIA?

- The structure of Taxes in India till 30th June, 2017 was based on three lists which are given in Schedule VII to Constitution of India, which came into effect on 26/1/1950.
- These lists are based on Government of India Act, 1935.

List I Union List		List II State List		List III Concurrent List	
Entry No.	Items	Entry No.	Items	Entry No.	Items
82	Income Tax: Tax to be imposed by the Parliament of India on all types of incomes earned except income from agricultural activities.	34	Betting and Gambling	17A	Forests
83	Customs Duty: Tax to be imposed by the Parliament of	46	Agricultural Income Tax: Tax to be imposed by the State	25	Education

List I Union List		List II State List		List III Concurrent List	
Entry No.	Items	Entry No.	Items	Entry No.	Items
	India on the goods imported into India or/and goods to be exported from India.		Legislature of the State on incomes earned from agricultural activities.		
84	<p>Union Excise Duty (other than liquor, opium, hemp, etc.) Tax to be imposed by the Parliament of India on tobacco and other commodities manufactured or produced in India, except on</p> <p>(1) Alcoholic liquors for human consumption.</p> <p>(2) Opium, Indian hemp and other narcotic drugs and narcotics.</p> <p>But including medicinal &amp; toilet preparations containing alcohol.</p>	51	<p>State Excise Duty: Tax to be imposed by the State Legislature of the State on</p> <p>(1) Alcoholic liquors for human consumption.</p> <p>(2) Opium, Indian hemp and other narcotic drugs and narcotics.</p>		
92	Taxes on the sale or purchase of newspapers and on advertisements published therein.	52	Taxes on entry of goods in the local area for consumption, use or sale		
92A	<p>Tax on inter-State sales (CST)</p> <p>Tax to be imposed by the Parliament of India on Inter-State Sale of Goods. However, tax is to be collected, retained and used by State Government from where movement of goods started.</p>	53	Taxes on consumption or sale of electricity		
92B	Tax on inter-State consignment of goods	54	Tax on intra-State sale or purchase of goods other than on newspaper: Tax to be imposed by the State Legislature of the State on Intra-State Sale of Goods.		
92C	Law on Service Tax	55	Taxes on advertisements other than advertisements published in the newspapers and advertisements broadcast by radio or television		

List I Union List		List II State List		List III Concurrent List	
Entry No.	Items	Entry No.	Items	Entry No.	Items
97	Residual entry Tax to be imposed by the Parliament of India in any case which is not specifically mentioned in Union List or in State List.	59	Tolls		
		60	Professional or employment tax		
		62	Tax on luxuries including taxes on entertainment, amusements, betting and gambling		
		63	Rate of stamp duty in respect of documents		

### 7. WHAT WAS OLD STRUCTURE OF INDIRECT TAXES INTRODUCED IN 1986 WHICH WAS APPLICABLE TILL 30/6/2017?

**Illustration 1:** Let us take this small case study:

Mr. J of Delhi manufactures compressors to be used in refrigerators and air conditioners. He sells these compressors to Mr. D of Delhi who uses it in manufacture of refrigerators and air conditioners.

Cost of manufacturing plus profit margin of Mr. J is ₹5,000 on which Central Government charges excise duty @ 12.5% and State Government charges VAT @ 5%. Mr. D incurs additional cost of ₹10,000 and add profit margin of ₹2,000. Central Government charges excise duty @ 12.5% and State Government charges VAT @ 5%. Discuss tax implications.

#### Calculation for Mr. D

Assessable Value (cost + profit)	₹5,000
CG charges Excise Duty @ 12.5%	₹625
Sale Price	₹5,625
VAT @ 5%	₹281
Invoice Price charged	₹5,906

Cost (ex-Excise Duty, ex VAT)	₹5,000
Additional cost to manufacture fridge	₹10,000
Profit	₹2,000
Assessable Value (cost + profit)	₹17,000
CG charges Excise Duty @ 12.5%	₹2,125
Sale Price	₹19,125
VAT @ 5%	₹956
Invoice Price charged	₹20,081

TAX PAYABLE BY MR. J			
EXCISE DUTY PAYABLE TO CENTRAL GOVERNMENT		VAT PAYABLE TO DELHI GOVERNMENT	
Excise Duty on compressor	₹625	Output VAT on compressor	₹281
Less: Excise Duty on raw material	NIL	Less: Input VAT on raw material	NIL
<b>Excise duty payable</b>	<b>₹625</b>	<b>VAT Payable</b>	<b>₹281</b>

TAX PAYABLE BY MR. D			
EXCISE DUTY PAYABLE TO CENTRAL GOVERNMENT		VAT PAYABLE TO DELHI GOVERNMENT	
Excise Duty on Fridge	₹2,125	Output VAT on Refrigerators	₹956
Less: Excise Duty on compressor	₹625	Less: Input VAT on compressor	₹281
<b>Excise duty payable</b>	<b>₹1,500</b>	<b>VAT Payable</b>	<b>₹675</b>
Since input tax credit of excise duty paid on compressor is allowed from the excise duty payable on the manufacture of refrigerators and air conditioners, excise duty was not included while calculating the assessable value of refrigerators and air conditioners		Since input tax credit of VAT paid on compressor is allowed from the VAT payable on the sale of refrigerators and air conditioners, VAT was not included while calculating the assessable value of refrigerators and air conditioners.	

- In the above case study input taxes (excise duty and VAT) are allowed as set off from output taxes. This is called the concept of ITC (input tax credit). Since input taxes are allowed to be reduced from output taxes, it is said that there is no cascading effect.
- However, if we look closely amount of excise duty has been added in the cost on which VAT is again calculated. This leads of some sort of cascading effect.

**Illustration 2:** Let us take this small case study:

Mr. J of Delhi manufactures compressors to be used in refrigerators and air conditioners. He sells these compressors to Mr. H of Haryana who uses it in manufacture of refrigerators and air conditioners.

Cost of manufacturing plus profit margin of Mr. J is ₹5,000 on which Central Government charges excise duty @ 12.5% and Central Government charges CST @ 2%. Mr. D incurs additional cost of ₹10,000 and add profit margin of ₹2,000. Central Government charges excise duty @ 12.5% and State Government charges VAT @ 5%. Discuss tax implications.

Assessable Value (cost + profit)	₹5,000
CG charges Excise Duty @ 12.5% (Entry No. 84 of Union List)	₹625
Sale Price	₹5,625
CST @ 2% (Entry No. 92A of Union List)	₹113
Invoice Price charged	₹5,738



## Calculations for Mr. H

Cost (ex-Excise Duty but cum CST)	₹5,113
Additional cost	₹10,000
Profit	₹2,000
Assessable Value (cost + profit)	₹17,113
CG charges Excise Duty @ 12.5% (Entry No. 84 of Union List)	₹2,139
Sale Price	₹19,252
VAT @ 5% (Entry No. 54 of State List)	₹963
Invoice Price charged	₹20,215

## TAX PAYABLE BY MR. J

EXCISE DUTY PAYABLE TO CENTRAL GOVERNMENT		CST CHARGED BY CENTRAL GOVERNMENT BUT TO BE COLLECTED BY DELHI GOVERNMENT	
Excise Duty on compressor	₹625	CST on sale of compressor	₹113
Less: Excise Duty on raw material	NIL	Less: Input VAT on raw material	NIL
<b>Excise duty payable</b>	<b>₹625</b>	<b>CST Payable</b>	<b>₹113</b>

## TAX PAYABLE BY MR. H OF HARYANA

EXCISE DUTY PAYABLE TO CENTRAL GOVERNMENT		VAT PAYABLE TO HARYANA GOVERNMENT	
Excise Duty on refrigerators	₹2,139	Output VAT on refrigerators	₹963
Less: Excise Duty on compressor	₹625	Less: Input CST on compressors	NIL
<b>Excise duty payable</b>	<b>₹1,514</b>	<b>VAT Payable</b>	<b>₹963</b>
Since input tax credit of excise duty paid on compressor is allowed from the excise duty payable on the manufacture of refrigerators and air conditioners, excise duty was not included while calculating the assessable value of refrigerators and air conditioners		Haryana Government does not allow CST to be set off from the Output VAT and that is why CST was included in the cost of manufacture of refrigerators and air conditioners.	

- From the above example we can understand that amount of CST is included in the cost of manufacture of refrigerators and air conditioners and upon that Haryana Government has again charged VAT. This is called cascading effect.
- The result is that there is a tax on tax which is in principle wrong and goods become costly which in turn puts pressure on the pocket of the final consumer.
- Now there should be some method where there is no such multiple taxation and moreover CST paid on raw material (compressor) is allowed to be set off from VAT payable on the final product (refrigerator and air conditioner).
- It is thus, obvious that Mr. H will not only be able to avoid payment of tax on tax but the cost of the refrigerator and air conditioner will also be reduced leading to a benefit to the consumer. **This is the origin of GOODS AND SERVICES TAX (GST).**

## 8. WHAT WERE DEFICIENCIES OF OLD INDIRECT TAX SYSTEM WHICH WAS APPLICABLE TILL 30TH JUNE, 2017

Under the old system of indirect taxes in India there were various shortcomings some of which are highlighted below:

<b>No exclusivity</b>	Under the old system of indirect taxes in India, the various indirect taxes being levied were not mutually exclusive. Taxes were charged by Central Government as well as State Governments.
<b>Set off of indirect taxes</b>	Taxes charged by Central Government and by State Government were not allowed to be set off against each other.
<b>Overlapping of State VAT and Service Tax</b>	In many transactions, there was an ambiguity over distinction between goods and services. This lead applicability of both of State VAT and Service Tax on many transactions like works contract, restaurants, etc.
<b>State taxes and VAT</b>	State Government charges many local taxes such as luxury tax, entertainment tax, entry tax, etc. but they were not allowed to be set off while calculating VAT liability of a dealer thus cascading effect of taxes cannot be avoided.
<b>Cascading of taxes</b>	There were cascading of taxes as State Government did not allow set off of CST, Excise Duty, Custom Duty, Service Tax, Luxury Tax, Entertainment Tax, Entry Tax.
<b>Tax on goods</b>	Central Government did not charge any tax on goods beyond the manufacturing stage. CST was charged by the Central Government but its revenue was collected by the State Government.
<b>Tax on services</b>	State Government did not charge any tax on services as the Service Tax was imposed and collected by the Central Government
<b>Double taxation</b>	Same transaction is taxed both by Central and State Government which creates confusion, litigation and double taxation in many cases.
<b>Origin based tax</b>	Old Indirect Taxes were imposed on the principle of "Origin" and thus was called origin-based tax. <b>Illustration 3:</b> Mr. D of Delhi sells goods to Mr. J of Jaipur in Rajasthan. On this inter-State sale transaction Central Government will impose CST but its revenue will be collected by that State from where transaction originated (movement of goods started) i.e., Delhi Government. This system gave heavy revenue to the States in which large manufacturing activities were done like Maharashtra, Haryana, Karnataka, etc. since goods originated from these States.

## 9. WHAT WAS THE NEED TO INTRODUCE GST?

<b>Removing shortcomings</b>	A tax structure covering both goods and services, i.e., Goods and Services Tax (GST) would solve shortcomings mentioned above.
<b>Dual GST</b>	Simultaneous introduction of GST at both Centre and State levels would integrate taxes on goods and services.
<b>Cascading effect</b>	GST integrates taxes on goods and services for the purpose of set-off and will ensure that both cascading effects of central taxes and state taxes are removed and a continuous chain of set-off is established till the point of consumption of goods and services.

<b>Input tax credit</b>	GST is implemented by giving set-off (INPUT TAX CREDIT) of the GST paid on value of inward supply (INPUT TAX) and GST payable on the value of outward supply (OUTPUT TAX). The supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and/or services and can set off this credit against the GST payable on the supply of goods and services to be made by him. Thus, only the final consumer bears the GST charged by the last supplier in the supply chain, with set-off benefits at all the previous stages.
<b>Multiple point tax system</b>	GST is a value added tax levied on manufacture, sale and consumption of goods and services. GST is levied at every stage of the supply of goods or services. Thus, this is a multiple point tax system.
<b>Intra state and Inter-State</b>	GST is applicable to both intra-State supply and to the inter-State supply of goods and services.

## 10. INTRODUCTION OF GST

At present GST has been implemented in more than 160 countries.

GST is the solution to get over many defects in present structure of indirect taxes. Due to above mentioned difficulties, the certain taxes have been subsumed (absorbed) in a single tax called the goods and services tax (GST) which has been levied on supply of goods or services or both at each stage of supply chain starting from manufacture or import and till the last retail level. Following chronological events that took place with respect to GST in India.

<b>1954</b>	France became first country to implement system of GST.
<b>16th July, 2004</b>	The idea of national GST was first mooted in India by Kelkar Committee in year 2004 which was headed by Dr Vijay Kelkar.
<b>28th February 2006</b>	The first announcement for introduction of GST was made in budget speech on 28/2/2006 by the then Finance Minister, P. Chidambaram. It was proposed to introduce nationwide GST w.e.f. 1/4/2010. This target date could not be achieved, mainly due to political differences.
<b>March, 2011</b>	The Constitution (One Hundred and Fifteenth Amendment) Bill, 2011 to give concurrent taxing powers to the Union and States was introduced in Lok Sabha. The Bill suggested the creation of Goods and Services Tax Council and a Goods and Services Tax Dispute Settlement Authority. The Bill was lapsed in 2014 and was replaced with the Constitution (122nd Amendment) Bill, 2014.
<b>March, 2013</b>	A not for profit, non-Government, private limited company was incorporated in the name of Goods and Services Tax Network (GSTN) by the Government primarily to provide IT infrastructure and services to the Central and State Government(s), taxpayers and other stakeholders for implementation of the Goods and Services Tax (GST).
<b>19th December, 2014</b>	Constitution (122nd Amendment) Bill, 2014 was introduced in December, 2014 by then Finance Minister, Shri Arun Jaitley.
<b>6th May, 2015</b>	Constitution (122nd Amendment) Bill, 2014 relating to GST was passed by Lok Sabha.

3rd August, 2016	Constitution (122nd Amendment) Bill, 2014 relating to GST was passed by Rajya Sabha with certain amendments. These were later ratified by Lok Sabha on 8th August, 2016.
8th September, 2016	Subsequently, the Constitution (122nd Amendment) Bill, 2014 was ratified by more than 50% of States (17 States out of 29 States) as required under Constitution. It then received assent of President on 8/9/2016 and it became Constitution (101st Amendment) Act, 2016.
12th September, 2016	Newly inserted Article in Constitution of India was notified giving power to President of India to constitute GST Council.
16th September, 2016	<ul style="list-style-type: none"> <li>• The Constitution Amendments were made notified and made fully effective from 16/9/2016.</li> <li>• Section 19 allows one-year transition period for switching over to GST. GST has to be in place before 16/9/2017.</li> <li>• Section 20 empowers President to issue order for removal of difficulties. Thus, in extreme situation, this deadline can be extended.</li> <li>• Even otherwise, Entry 97 of List I of VII Schedule to Constitution empowers Central Government to impose any tax not specified in List II. Thus, technically, Central Government can even impose any tax (even GST) without concurrence of State Governments or GST Council.</li> </ul>
29th March, 2017	CGST Bill 2017, IGST Bill 2017, UTGST Bill 2017 passed in Lok Sabha.
5th April, 2017	CGST Bill 2017, IGST Bill 2017, UTGST Bill 2017 passed in Rajya Sabha.
12th April, 2017	CGST Bill 2017, IGST Bill 2017, UTGST Bill 2017 received assent of President and Bills were enacted .
1st July, 2017	Historical date of implementation of GST across India.

### 11. WHAT ARE BENEFITS OF GST TO INDUSTRY, GOVERNMENT AND TO CONSUMERS?

BENEFITS FOR BUSINESS AND INDUSTRY	BENEFITS FOR CENTRAL AND STATE GOVERNMENT	BENEFITS FOR THE CONSUMER
Reduction in multiplicity of taxes: GST is one indirect tax for the whole nation, which ensures that indirect tax rates and structure are common across the country.	Simple and easy to administer: With the help of high-end IT System GST would be simpler and easy to administer.	Simpler tax system: Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid.
Removal of cascading of taxes: With GST there will be a system of set off of all input taxes from output taxes (tax-credits) throughout which would ensure that there is no cascading of taxes.	Better controls on leakage: GST will result in better tax compliance due to IT System.	Reduction in prices of goods and services due to elimination of cascading: Since, there would be only one tax from the manufacturer to the consumer, the cascading effect of the taxes will be eliminated and it will lead to reduction in prices of goods and services.

BENEFITS FOR BUSINESS AND INDUSTRY	BENEFITS FOR CENTRAL AND STATE GOVERNMENT	BENEFITS FOR THE CONSUMER
Improved competitiveness GST will lead to uniform pricing of goods across India and that will result in the competitiveness among business entities.	Higher revenue efficient: GST is expected to decrease the cost of collection of tax revenues of the Government and will lead to higher revenue efficiency.	Relief in overall tax burden: Because of prevention of cascading the overall tax burden on most commodities and services will come down, which will benefit consumers.
Easy compliance: Services such as registrations, returns, payments, etc. would be available online, which would make compliance easy and transparent.	Boost to "make in India" campaign: A unified common national market will boost Foreign Investment and "Make in India" campaign.	Uniform prices throughout the country: Since the rate of Central and State Goods and Service Tax will be same throughout the country, the prices of goods and services shall be uniform throughout the country.

These benefits can be presented in another manner which is as follows:

<b>Win-win situation</b>	GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of Industry, Government and the Consumer. It lowers the cost of goods and services, gives a boost to the economy and makes the products and services globally competitive.
<b>Unified national market</b>	GST aims to make India a common market with common tax rates and procedures thus making the way for an integrated economy at the national level.
<b>Reduces cascading effect</b>	By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it would reduce cascading effect, improve competitiveness and improve liquidity of the businesses.
<b>Elimination of multiple taxes and double taxation</b>	GST will subsume majority of existing indirect tax levies both at Central and State level into one tax i.e., GST which will be leviable uniformly on goods and services. This will make doing business easier and will also tackle the highly disputed issues relating to double taxation of a transaction as both goods and services.
<b>Boost to 'make in India' initiative</b>	GST will give a major boost to the "Make in India" initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market.
<b>Buoyancy to the Government revenue</b>	GST is expected to bring buoyancy to the Government revenue by widening the tax base and improving the taxpayer compliance.

## 12. WHAT ARE BASIC CONCEPTS OF GST?

<b>Value Added Tax</b>	GST is a value added tax levied on manufacture, sale and consumption of goods and services.
<b>Continuous Chain of Tax Credits</b>	GST offers comprehensive and continuous chain of tax credits from the producer's point/service provider's point of view upto the retailer's level/consumer's level thereby taxing only the value added at each stage of supply chain.

<b>Final Consumer Bears the GST</b>	The supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and/or services and can set off this credit against the GST payable on the supply of goods and services to be made by him. Thus, only the final consumer bears the GST charged by the last supplier in the supply chain, with set-off benefits at all the previous stages.
<b>No Cascading Effect</b>	Since, only the value added at each stage is taxed under GST, there is no tax on tax or cascading of taxes under GST system.
<b>No Distinction between Goods and Services</b>	GST does not differentiate between goods and services and thus, the two are taxed at a single rate.

### 13. WHAT ALL CONSTITUTIONAL AMENDMENTS WERE DONE TO INTRODUCE GST IN INDIA?

Introduction of the GST required amendment in the Constitution so as to enable integration of—

- The Central Excise Duty including additional duties of customs on imports;
- Service tax;
- State VAT;
- And certain State Specific Taxes

into a comprehensive Goods and Services Tax.

Constitution (101st Amendment) Act, 2016 was enacted on 8th September, 2016. Significant amendments made by the Constitution (101st Amendment) Act, 2016 are as follows:

<b>Tax shall be levied as a dual GST separately by the Union and the States</b>	
<b>Article 246A(1)</b>	Parliament will have power to make laws with respect to GST imposed by the Union (CGST) and State Legislatures will have power to make Laws with respect to GST imposed by States (SGST).
<b>Article 246A(2)</b>	Parliament has exclusive power to make laws with respect to GST where the supply of goods or/and of services takes place in the course of inter-State trade or commerce (IGST).
<b>Article 254</b>	In case of inconsistency between laws made by the Parliament and laws made by States Legislature, law made by the Parliament shall prevail.
<b>Article 366</b>	
<b>Article 366(12A)</b>	GST means any tax on supply of goods or/and services except taxes on the supply of the alcoholic liquor for human consumption. The alcoholic liquor for human consumption has been kept out of GST. Thus, existing provisions of State excise and VAT shall apply in the case of alcoholic liquor for human consumption. (i) Meaning of service: Services here means anything other than goods. (ii) Meaning of goods: The term "goods" has already been defined under Article 366(12) in an inclusive manner to provide that "goods include all materials, commodities, and articles".
<b>Article 279A(5)</b>	
<b>Article 279A(5)</b>	On petroleum products GST shall not be levied till a date to be notified on the recommendations of the GST Council. Thus, as of now no GST will be imposed on:

		N	Natural Gas
		H	High Speed Diesel
		M	Motor Spirit (commonly known as Petrol)
		A	Aviation Turbine Fuel
		P	Petroleum Crude
<b>Seventh Schedule to the Constitution</b>			
<b>List I</b>	Existing Entry 84 has been substituted with new Entry 84. Excise Duty will be charged by Central Government on the following goods manufactured or produced in India, namely:		
	N	Natural Gas	
	H	High Speed Diesel	
	M	Motor Spirit (commonly known as Petrol)	
	A	Aviation Turbine Fuel	
	P	Petroleum Crude	
	And tobacco & tobacco products.		
<b>List I</b>	Entry Nos. 92 and 92C shall be omitted.		
<b>List II</b>	Entry 52 shall be omitted.		
<b>List II</b>	Existing Entry 54 has been substituted with new Entry 54. State Government shall charge local sales tax on the sale of		
	N	Natural Gas	
	H	High Speed Diesel	
	M	Motor Spirit (commonly known as Petrol)	
	A	Aviation Turbine Fuel	
	P	Petroleum Crude	
	And alcoholic liquor for human consumption		
	but no local sales tax shall be charged in the course of inter-State trade or commerce or sale in the course of international trade or commerce of such goods.		
<b>List II</b>	Entry 55 shall be omitted.		
<b>List II</b>	Existing Entry 62 has been substituted with new Entry 62. State Govt. shall charge taxes on entertainments and amusements levied and collected by a Panchayat or a Municipality or a Regional Council or a District Council.		

**14. WHAT IS GST COUNCIL AS PER ARTICLE 279A OF CONSTITUTION OF INDIA?**

<b>Basic features of GST council</b>	<ul style="list-style-type: none"> <li>Article 279A of the Constitution empowers the President of India to constitute within 60 days from the date of commencement of the Constitution (101st Amendment) Act, 2016, a joint forum of the Centre and States namely, Goods &amp; Services Tax Council (GST Council).</li> </ul>
--------------------------------------	---