

CMA
Inter (G-II)

Indirect Taxation [GST]
June 2020

Study Note - 1

Introduction

Fundamentals of GST:-

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SNO	Direct taxes	Indirect taxes
(1)	payer of tax & sufferer of tax are one and the same (ie., impact & incidence of tax are same)	payer of tax are not same as sufferer of tax because sufferer of tax are not directly pay the tax to the government of India [ie., impact on one hand & incidence of tax on other hand.]
(2)	Income based taxes	Supply based taxes
(3)	CBDT => Important part of Department of Revenue.	CBES => ^{Important part of} Department of Revenue. Now it is renamed as
(4)	PY tax is assessed in the assessment year	CBID & C. PY & AY ^{no} concept like that.
(5)	progressive Nature	Regressive Nature

Constitution [101st Amendment] Act, 2016 :

Constitution [122nd Amendment] Bill, 2014



received the assent
of the president of India



on Sept, 8th 2016

Constitution [101st Amendment] Act, 2016



enacted on



8th Sept, 2016

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The following are the significant Amendments :-

[8 points]

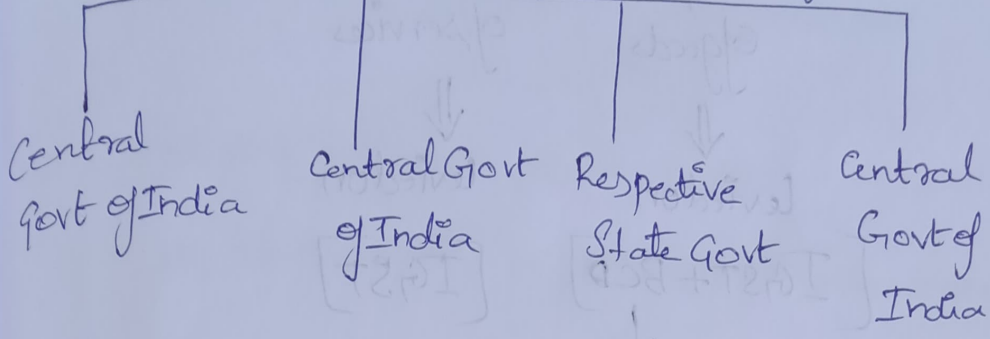
(1) Dual control of state & central authorities
for all taxes. [To make laws governing goods
& Services]

(2) As per Article 246 A => power to levy GST

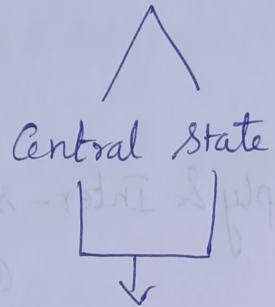


given to

Parliament
Legislature
of
Every state



(3) IGST => apportioned between



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Manner provided by

parliament

as per recommendation

of GST Council.

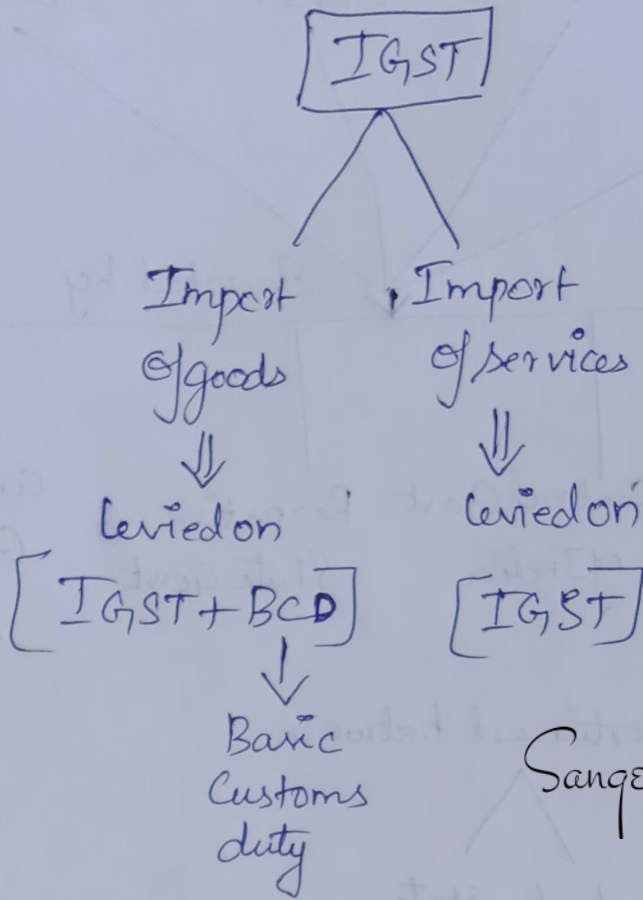
(4) GST



levied on => all Supply of G & S => Except

Alcoholic liquor
for human consum-
-ption

(5) Article 269 A



(6) principles of place of supply & Inter-state Trade (or) Commerce decided by parliament

(7) Power to levy Central Excise duty on the following goods [produced in India] :-

(a) petroleum crude

(b) High speed diesel

(c) Motor Spirit (commonly known as Petrol)

(d) Natural gas

(e) tobacco & Tobacco products

(8) power to impose tax on sale [following products]

(a) Petroleum Crude

(b) High speed diesel

(c) Motor spirit (commonly known as
Petrol)

(d) Natural gas

(e) Alcoholic liquor for human consumption

Note:-

Following Bills became an Act on 12th April, 2017

CGST Bill, 2017

IGST "

UTGST "

SGST "

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What is GST:-

(1) Value added tax [levy on sale (or)
service (or) both]

(2) offers Continuous chain of tax credit

(3) Burden borne by final consumer

(4) eliminate cascading effect of tax

(5) Uniform tax structure [all over India]

Advantages of GST :-

(a) One Nation One Tax

(b) Removal of bundled Indirect Taxes



VAT

CST

Service Tax

CAD

OAD

Excise, etc...

(c) Removal of Cascading effect of Taxes

(d) Increased ⇒ Ease of doing Business

(e) Decrease Cost of production & Increase Demand

Leads to

Increase Supply

ultimately lead to rise in the production of goods.

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One Nation - one tax :-

* GST \Rightarrow Extend to whole of India \Rightarrow including Jammu & Kashmir.

* 7th July 2017 \Rightarrow Jammu & Kashmir

G & S Tax Bill, 2017 \Rightarrow passed by state legislature.

* president of India \Rightarrow promulgated \Rightarrow

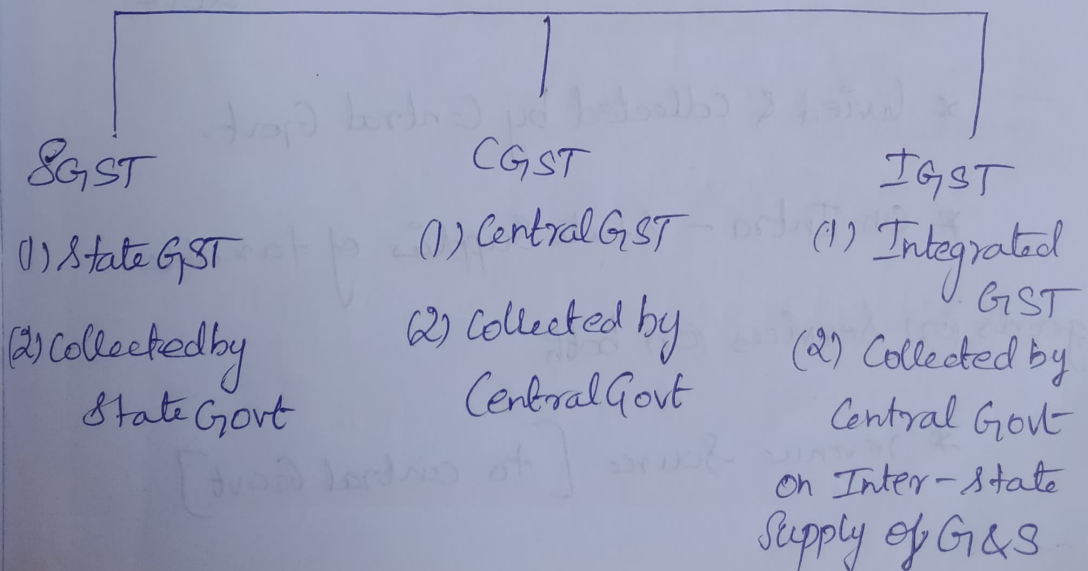
Ordinances :-

- (1) CGST
 - (2) IGST
- Extension to Jammu & Kashmir
• ordinance, 2017

These two Acts started, with effect from 8th July 2017...

Dual GST Model :-

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SGST:-

* SGST \Rightarrow State Goods & Services tax
2017

* levied & collected by State Govt / union territories [with State legislatures]

↓
Delhi

&

Pondicherry

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* On Intra-state Supplies of taxable goods (or) Services (or) both.

* Revenue source [to State Govt]

CGST:-

* CGST \Rightarrow Central Goods & Services tax,
2017

* levied & collected by Central Govt.

* On Intra-state Supplies of taxable goods (or) Services (or) both

* revenue source [to central Govt]

UTGST:-

* UTGST \Rightarrow Union Territories Goods & Services Tax

* Levied & Collected by Union territories

[Without State legislatures]

* On Intra - State supply of taxable goods (or)

Services (or) both.

Note:-

• India is a Union of States.

• Territory of India

Territories
of States

Union
Territories

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Currently, there are [29 States & 7 Union Territories]

having legislature \Rightarrow [Delhi & Pondicherry]

GST - in union territories without legislature :-

UTGST \Rightarrow Supplies within such union territory.

CGST \Rightarrow Apply all over the India
Applicable to all union territories
[with (or) without legislature]

SGST \Rightarrow State to union territories [without legislature]

Following are Union territories without legislature :-

- (1) Chandigarh
- (2) Lakshadweep
- (3) Daman & Diu
- (4) Dadra & Nagar Haveli
- (5) Andaman & Nicobar Islands

IGST :-

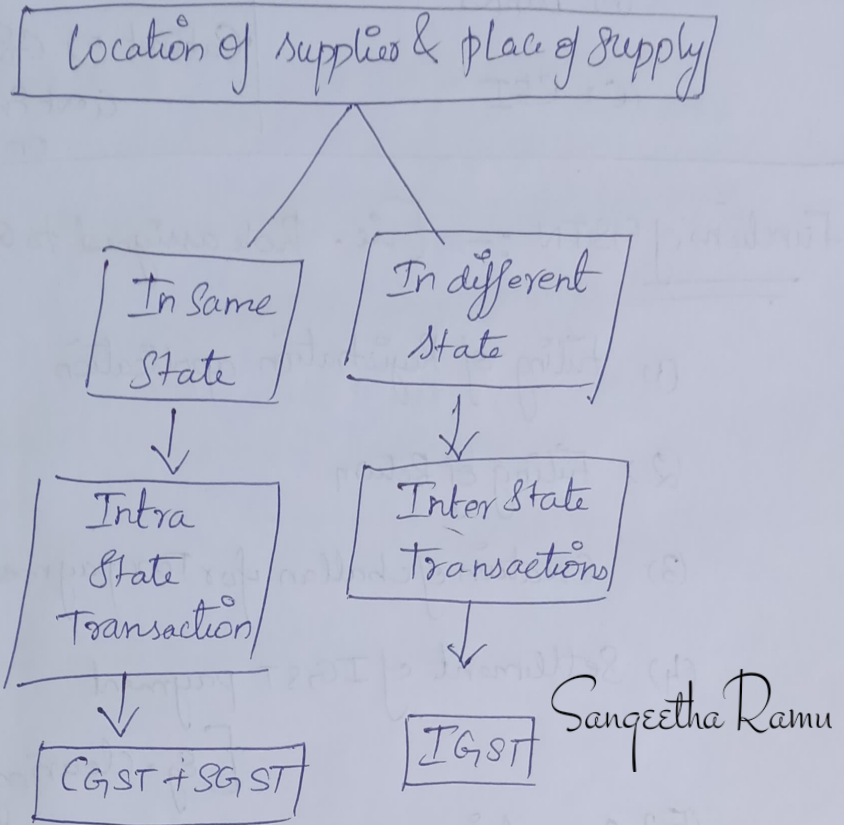
* $IGST \text{ rate} = CGST \text{ Rate} + SGST \text{ Rate}$

* IGST \Rightarrow levied & collected by Central Govt.

* on inter state transactions of taxable goods (or) services.

How to decide IGST (or) CGST + SGST

While raising invoices :-



Goods & Services Tax Network [GSTN]

* GSTN $\left\{ \begin{array}{l} \text{Non-Govt} \\ \text{private limited company} \end{array} \right.$

* NOT a profit companies

* Technology Back Bone For GST in India

GSTN

* It provide IT Infrastructure & Services to

- (1) Central & State Govt
 - (2) Taxpayers
 - (3) other stakeholders
- } For implementation of GST

* Other Stakeholders like

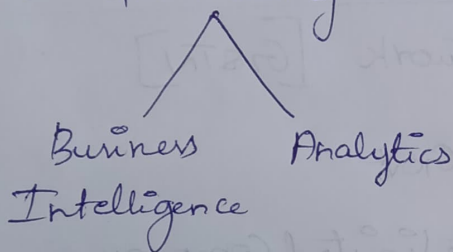
- (a) Accounting offices
- (b) banks
- (c) RBI

* It will soon become a 100% Govt owned Company

• Cabinet ⇒ GSTN to Govt Entity on Sept 20, 2016

Functions of GSTN :- [ie. Role assigned to GSTN]

- (1) Filing of Registration application
- (2) Filing of Return
- (3) Creation of challan for Tax payment
- (4) Settlement of IGST payment [Eg. Clearinghouse]
- (5) Generation of



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GST Council :-

* President of India ⇒ Empowered to constitute GST Council.

* on Sept 15th, 2016

* GST Council consists of :-

Union finance Minister ⇒ chair person

Union Minister of state \Rightarrow Finance (Member)

State finance Minister
(02)

State Revenue Minister
(02)

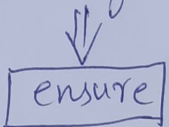
any other Minister

\Rightarrow Nominated
by each state
as a member of
Council...

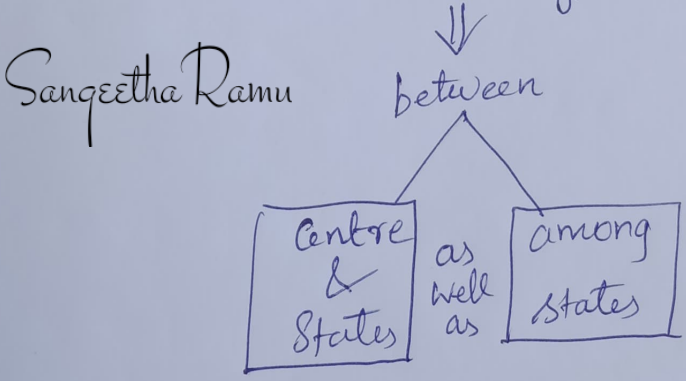
* GST Council \Rightarrow select one of them
as vice chairperson of council

Guiding principle of the GST council :-

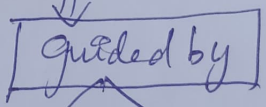
* Mechanism of GST Council



harmonisation on different aspects of GST



* GST Council (discharge of various functions)



Need of
harmonised structure
of GST

development
of harmonised
National Market
for G & S...

Functions of GST Council :-

* GST Council Make recommendations to the CG / SG ... on

- (1) Tax rates
 - (2) Exemptions
 - (3) Threshold limits
 - (4) Dispute resolution
 - (5) GST legislations including rules & notifications, etc...
-

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