Overview And Features of GST

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Objectives of Indirect Tax Reform in India

- Widening the tax base
- Rationalizing the rate structure few rates; low rates
- Enhancing equity of the tax system
- Shift to non-distortionary consumption taxes
- Enhancing international competitiveness of Indian goods and services
- Strengthening the fiscal autonomy of States
- Simplifying the tax laws and processes to optimize tax collections, reduce compliance cost



The Journey to GST First Discussion Paper The Constitution (122nd Amendment) Bill was introduced in was released by the the Lok Sabha Empowered 2006 2011 Committee 2009 201 Announcement of GST for the first time Constitution (115th Amendment) Bill was made by the then Union Finance 4 The Constitution (One introduced and subsequently lapsed Minister, during budget of 2006-07 that it Hundred and First Aug 2016 would introduced from 1 April 2010 Amendment) Act was enacted May 2017 March 2017 April 2017 Sep 2016 CGST, IGST, UTGST GST Council **GST** Council 1st GST Council and Compensation Cess recommends Recommends the CGST. Meeting Acts passed all the rules SGST, IGST, UTGST and All States **Compensation Cess Act** except J&K 30th June 2017 passed their SGST ACT 1st July 2017 8th July 2017 Journey Continues... Notifying and amending Rules TAX MARKET Dealing with IT related issues **Revision of Rates Clarification and** . SGST Act passed by J&K; CGST and IGST **GST Launched** communication with taxpayers Ordinances promulgated to extend GST to J&K **True Economic Integration of India**

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GST Law from a Constitutional Perspective (2/2)

- Constitution (101st Amendment) Act, 2016 notified on 08.09.2016
- Key Features:
 - Concurrent jurisdiction for levy & collection of GST by the Centre & the States – Article 246A
 - Centre to levy & collect IGST on supplies in the course of inter-State trade or commerce including imports – Article 269A
 - Compensation for loss of revenue to States for 5 years on recommendation of GSTC – Clause 19

GST Features

- Concurrent Dual GST
 - CGST and SGST on intra-State supply of goods or services or both
 - IGST on inter-State supply of goods and services including imports
- Shift from origin to destination based taxation
- A single tax to replace multiple taxes (17) applicable on supply of both goods and services
- Uniform legislation, rules and procedures
- Uniform threshold, rates and common exemptions both at the State and Central level

GST Features

- Taxable event supply defined to cover all transactions other than transfer of title in land and immovable property
- GST apply to all goods other than Alcoholic liquor for human consumption and five specified petroleum products
- GST apply to all services barring a few such as health, education and services provided by local self government bodies
- Tobacco and Tobacco products would attract excise duty in addition to GST

GST - Features

- Composition scheme for small tax payers
- Maximum rate prescribed in the Act
- ITC Cross credit utilization in respect of inter-State supplies
- Electronic matching of input tax credit
- Key business processes registration, return, payment, refunds through common portal – GSTN
- State-wise single registration for CGST/SGST/IGST
- Provisions to tax e-commerce transactions

GST - Features

- Self-assessment by tax payers departmental officers may undertake scrutiny / audit of declarations made in the tax returns
- Cross empowerment of tax officers for single interface
- Elaborate provisions on place of supply under IGST Act
- Inter-governmental fund settlement
- Transitional provisions
- Advance Rulings, Appeals and Revisions
- Anti-profiteering