



OVERVIEW OF GST

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OBJECTIVE OF THE PRESENTATION

Background of GST and why it is Important?

Basic Principle and Salient Features of GST.

How could able to check correctness of GSTIN?

How could able to determine GST?

How could able to list GST rates of essential goods and services ?

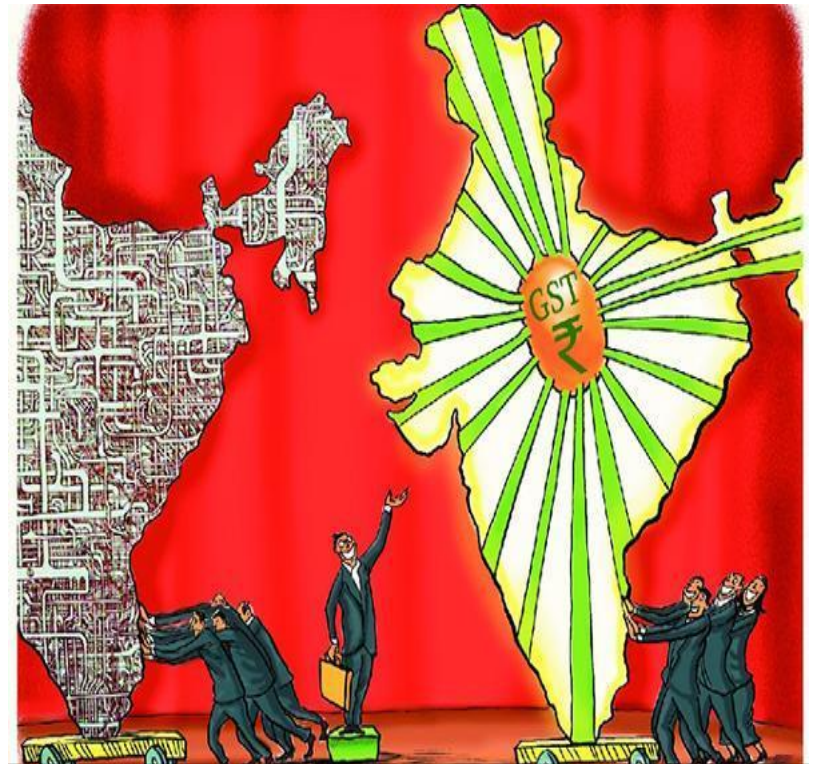
What is GST?

One Tax
For

Manufacturing

Trading

Services



ONE NATION: ONE TAX: ONE
MARKET: ONE E-WAY BILL

Limitations of Earlier Tax regime

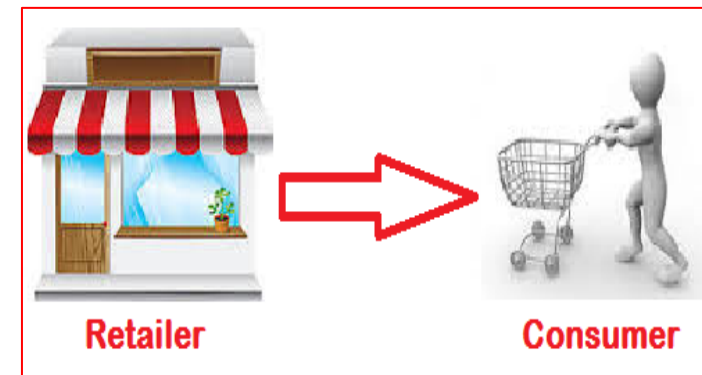
1. Cascading Effect of Tax

UTTARAKHAND



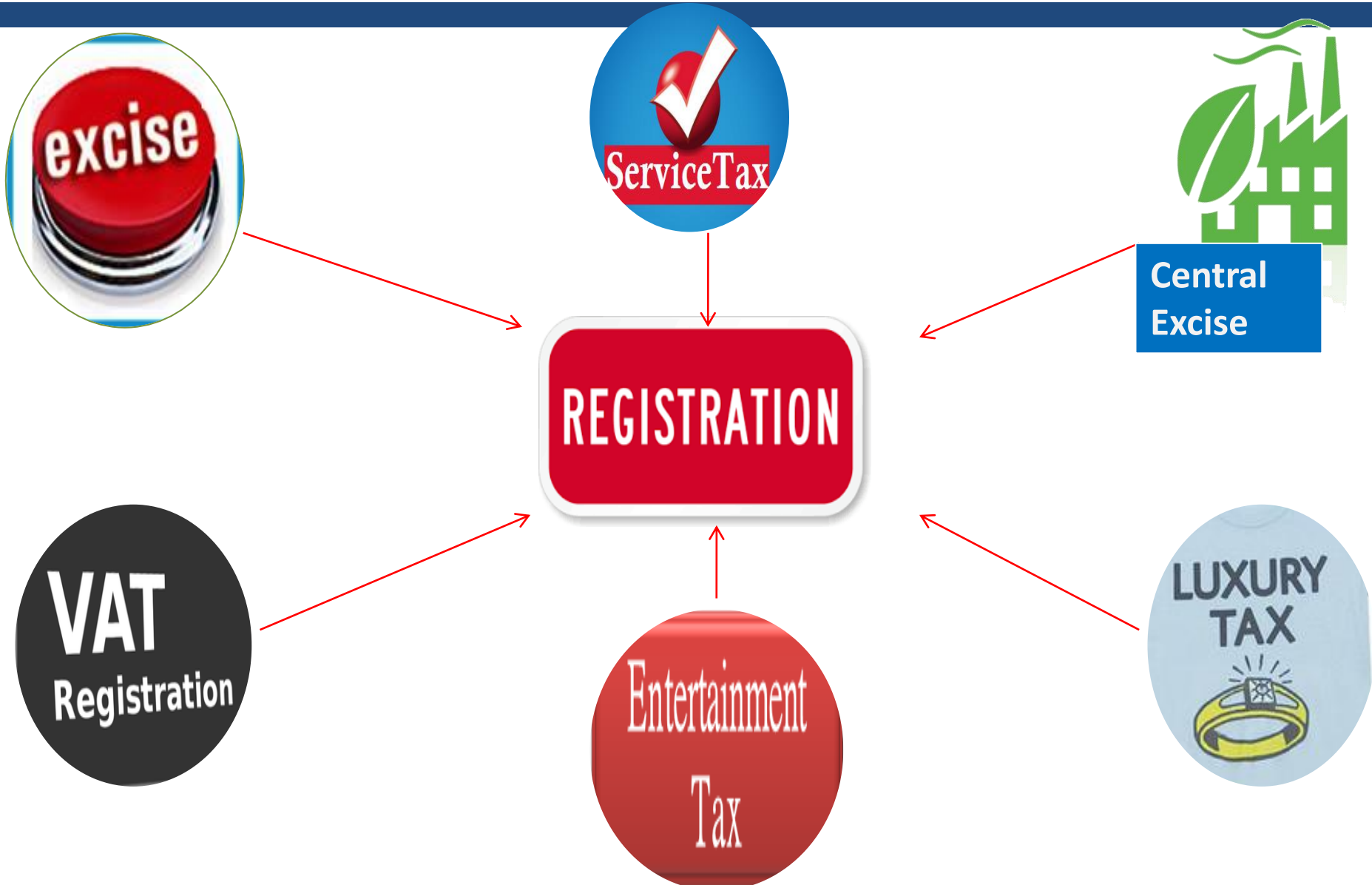
Credit of Excise not allowed

HIMACHAL
PRADESH

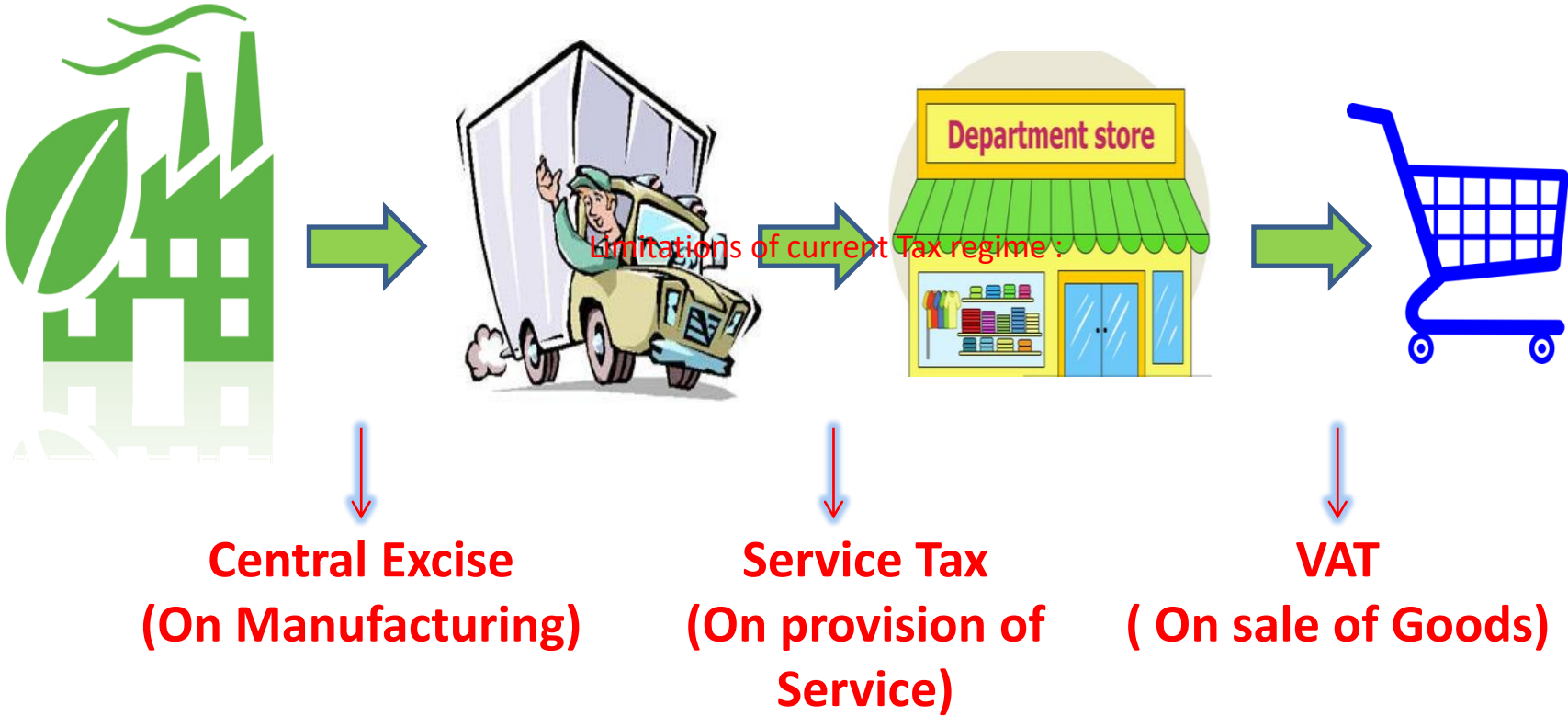


Credit of CST Not Available (This should relate to interstate supply. An arrow can be shown from wholesaler in Uttarakhand to retailer in Himachal and show that credit of CST paid in Himachal. not available to Retailer in MP)

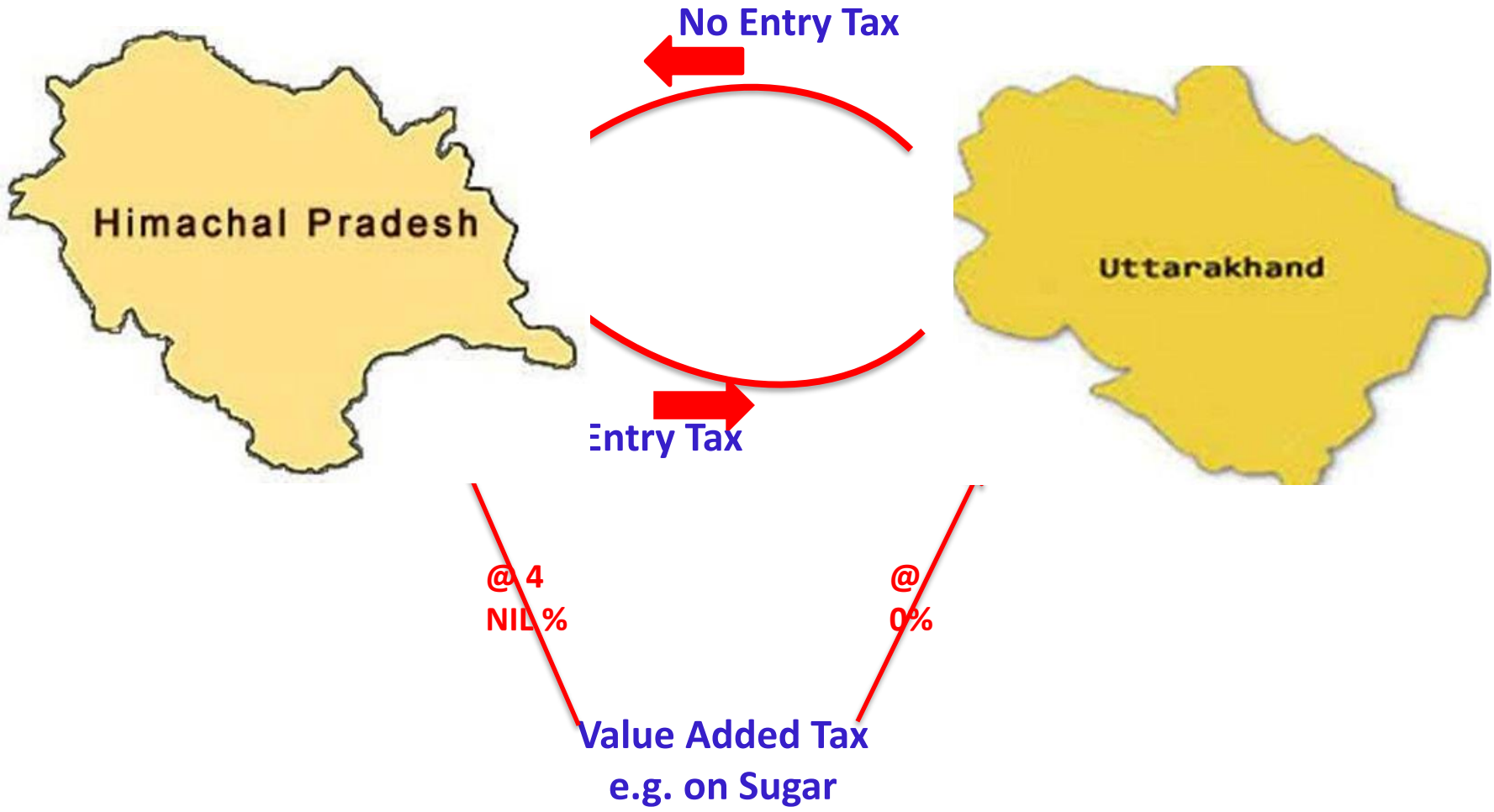
2. Multiple Registrations



3. Different Points of Taxation



4. Lack of Uniformity

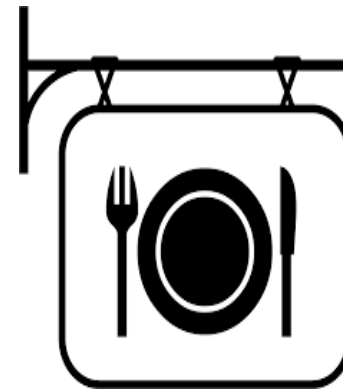


5. Goods Vs. Services dilemma ?

License
Software in CD



Sale of Food In
Restaurant



Challenges and Solution

- GST was designed and structured as a destination-based tax to replace the erstwhile origin-based taxation.
- It follows a multi-stage collection mechanism.
- In this ,tax is collected at every stage and the credit of tax paid at previous stage is available as a set off at the next stage of transaction.

- This shifts the tax incidence near to the consumer and benefits the industry through better cash flows and better working capital management.
- GST aimed to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level.

Salient features of GST

- The GST would be applicable **on the supply** of goods or services.
- It would be a single GST on any item out of which 50% will go to Central Govt. and 50% will go to State Govt. / Union Territory.
 - Central tax (**CGST**) and State tax (**SGST**) / Union territory tax (**UTGST**).
- The GST would apply on **all goods or services or both** other than alcoholic liquor for human consumption and five petroleum products.

Salient features of GST... (contd.)

- **Destination based consumption tax**
 - The tax would accrue to the State which has jurisdiction over the place of consumption which is also termed as place of supply.
 - Levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff.
 - In a nutshell, **only value addition will be taxed** and burden of tax is to be borne by the final consumer.
 - Exports would be tax-free and imports taxed at the same rate as integrated tax (IGST) levied on inter-State supply of like domestic products

Salient features of GST... (contd.)

- Tax payers with an aggregate turnover in a financial year up to **Rs.40 lakhs** would be exempt from tax.
 - For special category states like Uttarakhand(specified in Article 279A), the threshold exemption shall be Rs. 20 **lakhs**.
 - Tax payers making **inter-State supplies** or paying tax on **reverse charge basis** shall not be eligible for threshold exemption.
- Small taxpayers with an aggregate turnover in a financial year up to **Rs. 75 lakhs** shall be eligible for **composition levy**.

Salient features of GST... (contd.)

- An Integrated GST (**IGST**) would be levied and collected by the Centre on Inter-State supply of goods and services.
- **HSN code** shall be used for classifying the goods under the GST regime. For example HSN for Rice is 1006, Edible oil is 1518 etc.
- Taxpayers whose turnover aggregate turnover in the preceding Financial Year up to Rs. 5 crores shall use **4-digit code** and more than Rs. 5 crores shall use **6-digit code**.
- For example HSN for Educational services is 9992.

Salient features of GST... (contd.)

- Exports and Supplies to SEZs shall be treated as **zero-rated supply**. No tax is payable on exports.
- **Import of goods/services** would be subject to IGST in addition to Basic Customs duty.
- Laws and procedures for levy and collection of CGST/SGST would be **harmonized** to the extent possible.

A Unique Model

- Co-operative Federalism: sharing the powers and responsibilities among Centre and states
- Concurrent Levy by the Centre and the States: Power to both the Centre and States on goods and services.
- E-way bill system based on a Self-declaration Model: To automate and ease out the flow of goods across the country.
- E-Invoicing: It was introduced to automate tax filing processes for taxpayers.

GST Rates

- Rates: 0%(on essential items, rice/wheat)
- 5%: (on items of mass consumption)
- 12%/18%:(standard rates covering most manufactured items and Services)
- 28% : (on Consumer Durable Goods, Pan masala, tobacco and aerated drinks etc.)
- **Rates will be notified by Government on recommendations of GST Council.**

Key Decisions of GST Council (47th meeting held on 28th and 29th June 2022.)

- Rate rationalization to remove inverted duty structure on certain goods and services.
- Refund of accumulated ITC not to be allowed in certain cases.
- Rate changes on certain goods and services.
- Clarifications on GST rates on certain goods and services.

GSTIN

- GST registration is PAN based.
- Any registered taxable person is assigned a state-wise PAN based 15 digits alpha-numeric Goods and Services Taxpayer Identification Number(GSTIN).

More about GSTIN

- First 2 digits of the 15 digits GSTIN represents the State code.
- The next 10 digits are the PAN number of the Person.
- The thirteenth digit is based on the number of registrations within a state.
- The fourteenth digit will be the alphabet “Z” by default.

Contd....

- For example:-
- GSTIN of M/S Green Ply Industries Limited is 05AAACG7284R2ZY .
- What it shows?
- It is registered in Uttarakhand and having two GST registrations.

GST calculation and checking of invoices

- If you are in Nainital and went into any restaurant consumed food.
- Restaurant owner raised a tax invoice amounting Rs.500 including GST.
- How you could determine GST amount involved in invoice?
- Its simple ,restaurant services attract 5% GST.

Contd..

- $100/105 * 500 = \text{Rs}476.00$
- GST amount will be Rs 24.00.
- Since supply of service is within State then CGST and SGST will apply.
- It means CGST amounting Rs12.00 and SGST amounting RS12.00.

Contd...

- If a registered supplier of any taxable goods or services issues tax invoice,
- Then he should clearly mention his GSTIN serial number , date ,taxable value and applicable GST .

GSTN and GST Council

- Goods and Service Tax Network(GSTN), a special purpose vehicle ,was established in March,2013 for automation of business processes with equal participation of the Centre and the States.
- GST Council was set up on 15th September ,2016.

Taxability of Some of Forest Services

- Support services supplied to agriculture, forestry, fishing, animal husbandary is exempted under tariff heading 9986 notified by Notification No.12/2017-CT(RATE) DATED 28.06.2017 .

Services supplied by the Central Government, State Government, UT or Local authority to a business entity excluding-

(1) renting of immovable property ,and

(2) Services specified below –

(i) Services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than CG ,SG or UT or local authority;

(ii) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;

(iii) Transport of goods or passengers.
Then GST is applicable on the basis of RCM i.e.
If, any business entity located in the taxable
territory, is recipient of that service he would
liable to pay GST on reverse charge basis
@18%.
(Serial No.5 of Notification No.13/2017-Central
Tax (Rate) Dated 28.06.2017)

GST IT Strategy

Harmonization of Business Processes and Formats

Autonomy of back-end systems of States and Centre

Common & Shared IT Infrastructure



IT Interfaces



Centre/States Tax IT Systems



- Core Services
 - Registration
 - Returns
 - Payments
- Helpdesk support
- Information on Inter-State supply and cross-credit utilization
- Analytics
- IGST Settlement

Non-Statutory Functions

- Approval of Registration
- Assessment
- Refunds
- Audit and Enforcement
- Adjudication
- Internal workflows to support above functions
- Recovery
- Analytics and BI

Statutory Functions

Resource Material- Links

- GST related information you may visit
- <https://www.gst.gov.in/>
- <http://www.gstn.org/>
- <http://tutorial.gst.gov.in>
- Five Years of GST (Ministry of finance, GOI)

Help lines

- www.gst.gov.in
 - Helpline number: 0124-4688999
 - helpdesk@gst.gov.in