

GST
(GOODS AND SERVICES TAX)
BIGGEST TAX REFORM SINCE
INDEPENDENCE.....

INTRODUCTION

- Goods and service tax (GST) is a comprehensive tax levy on manufacture, sale and consumption of goods and service at a national level.
- Gst is a tax on goods and services with value addition at each stage.
- Gst will include many state and central level indirect taxes.
- It overcomes drawback present tax system

TAX STRUCTURE IN INDIA

- Direct Tax

e.g.: Income Tax, Corporate Tax, Wealth Tax

- Indirect Tax

e.g.: Excise duty, custom duty, Service Tax, Octroi Tax, VAT.

SHORT COMINGS IN CURRENT TAX SYSTEM

- Tax Cascading (Tax on Tax)
- Complexity
- Taxation at Manufacturing Level
- Exclusion of Services
- Tax Evasion
- Corruption

WHY DOES INDIA NEED GST

- • GST is being introduced majorly due to 2 reason
- 1. The current indirect tax structure is full of uncertainties due to
- multiple rates.
- 2. Due to multiple rates there are multiple forms.
- • GST the tax complexity in the prevailing tax regime.

GST COUNCIL

- • GST levy will be administered by
- 1. Union finance minister(chairmen)
- 2. Union minister in charge of state revenue or finance
- 3. Minister in charge of finance or taxation.
- 4. Any other minister(finance minister of the state)
- nominated by each state gvt would constitute the
- council.

BENEFITS OF GST

- Transparent Tax System
- Uniform Tax system Across India
- Reduce Tax Evasion
- Export will be more competitive

GST - ADVANTAGES

- • As a developing country, structure india needs a transparent & unambiguous tax
- • A complex tax structure with multiple rates of taxes
- • Multiple taxes across the supply chain
- • High transaction cost in the hands of the tax payers
- • Increased tax collections due to wider tax base and better compliance

GST : PROPOSED KEY

- FEATURES
- Dual GST : central GST & state GST
- Destination based state GST
- Uniform classification
- Uniform forms – returns, challans (in electronic mode)
- No cascading of central and state taxes
- Cross credit between centre and state not allowed
- Tax levied from production to consumption

GST : GLOBAL PERSPECTIVE

- • It has been a part of the tax landscape in Europe for the past 50 years.
- • It is fast becoming the preferred form of indirect tax in the Asia Pacific region.
- • While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions.
- • In China, GST applies only to goods and the provision of repairs, replacement and processing services.
- • It is only recoverable on goods used in the production process, and GST on fixed assets is not recoverable.
- • There is a separate business tax in the form of VAT.

Thank you