

# **Department of Commerce (CA)**

## **CORE PAPER-XII-DIRECT TAX**

**SEMESTER:V  
B.COM(CA)**

**SUB CODE:18BCA53C**

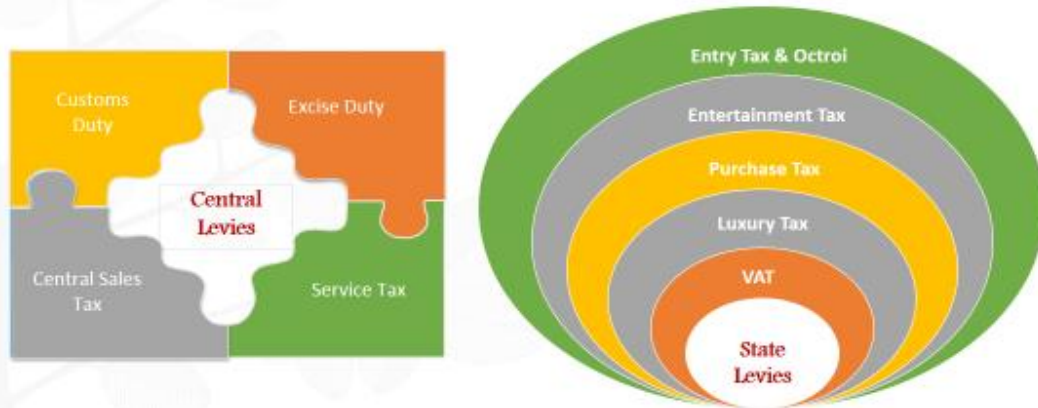
**UNIT5: GST-meaning-evolution-dfinition-role of gst  
council-models of GST in india.**

### **models-REFERENCE BOOK:**

- INCOME TAX LAW AND PRACTICE- GAUR AND NARANG
- DIRECT TAXES-B.B.LAL
- INCOME TAX LAW AND PRACTICE-DINKAR PAGARE
- INCOME TAX LAW AND PRACTICE -MALHOTRA

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## Existing Indirect Tax Structure



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## Tax structure under GST

**CGST**

- Stands for Central GST
- Tax collected by Central Government
- Applicable on supplies within the state

**SGST**

- Stands for State GST
- Tax collected by State Government
- Applicable on supplies within the state

**UTGST**

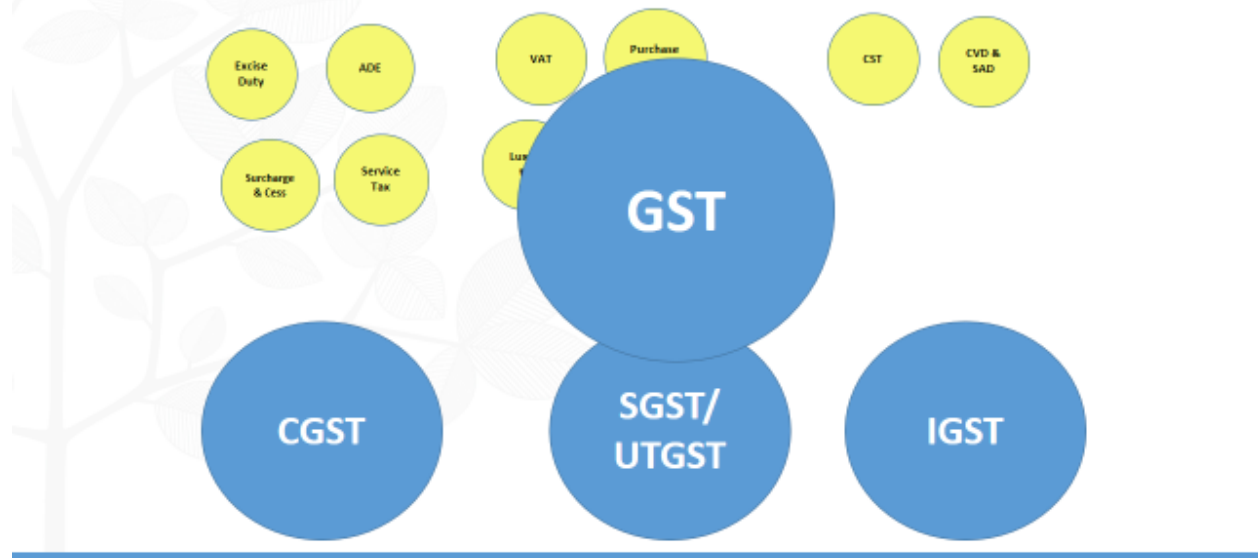
- Stands for Union Territory GST
- Tax collected by Union Territory
- Applicable on supplies within the Union Territory

**IGST**

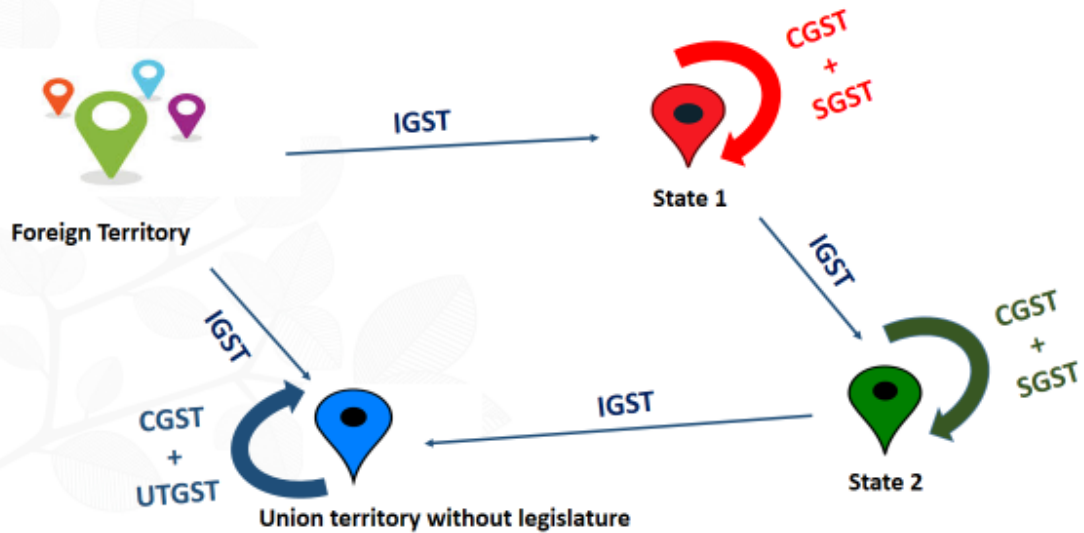
- Stands for Integrated GST
- Tax collected is shared between Centre and State
- Applicable on interstate and import transactions

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## Taxes Likely to be subsumed under GST



## Understanding CGST, SGST, UTGST & IGST



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## Taxes Not Likely to be Subsumed under GST

### Central Taxes:

- Customs Duty
- Other Customs Duty like anti-dumping duty, Safeguard duty etc.,
- Export Duty

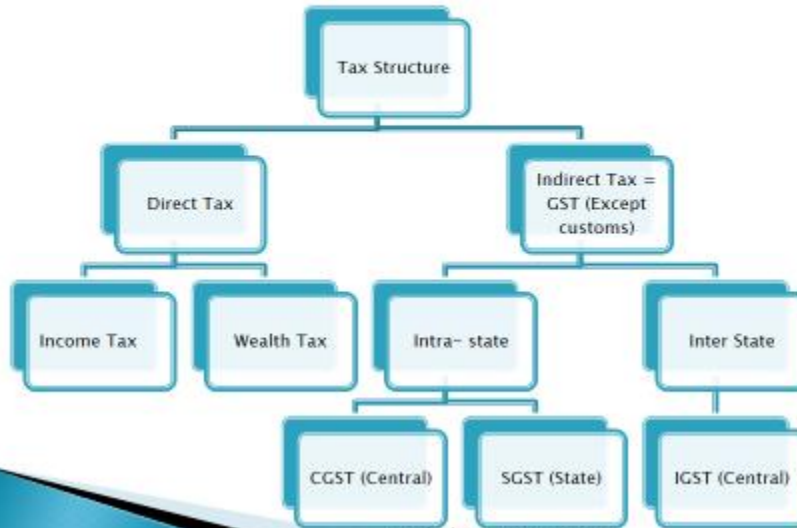
### State Taxes:

- Road & Passenger Tax
- Toll Tax
- Property Tax
- Electricity Duty
- Stamp Duty & Registration Fees

## Goods Not Covered under GST

- 5 Petroleum Products
  - *Petrol*
  - *Diesel*
  - *Petroleum Crude*
  - *Aviation fuel*
  - *Natural Gas*
- Alcohol for Human Consumption
- Power Sector

## Proposed Tax Structure in India



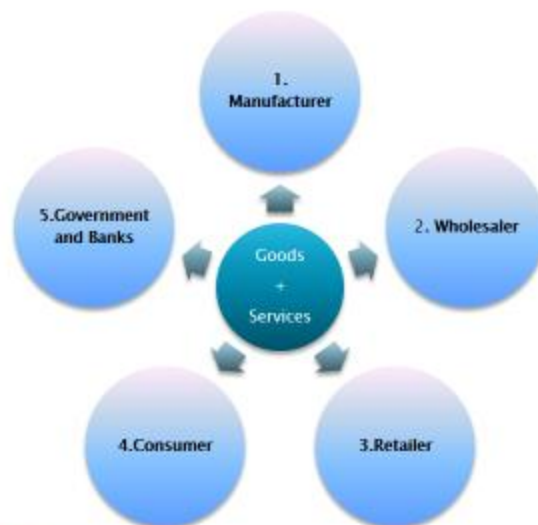
# Model of GST

- ▶ **SGST and CGST for intrastate transaction** : In the GST system, both Central and State taxes will be collected at the point of sale. Both components (the Central and State GST) will be charged on the manufacturing cost. This will benefit individuals as prices are likely to come down. Lower prices will lead to more consumption, thereby helping companies.
- ▶ **IGST for Interstate transaction:** 'IGST Model' will be in place for taxation of inter State transaction of Goods and Services. The scope of IGST Model is that center would levy IGST which would be CGST plus SGST on all inter State transactions of taxable goods and services with appropriate provision for consignment or stock transfer of goods and services.
- ▶ The GST paid on the purchase of goods and services, to be paid on the supply of goods and services.
- ▶ There should be no distinction between raw materials and capital goods in allowing input tax credit. The tax base should comprehensively extend over all goods and services up to final consumption point on value addition.

Assessable value for all the taxes will be same.

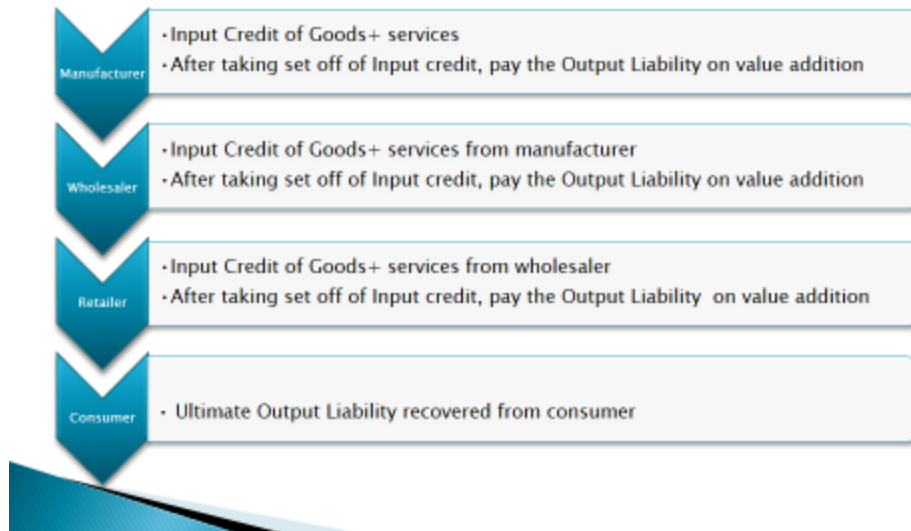
Download Source- [www.taxguru.in](http://www.taxguru.in)

# Stakeholder in Business Chain



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# GST Set off Chain



## Rate of Tax

- ▶ The combined GST rate is being discussed by government. The rate is expected around 16 per cent. After the total GST rate is arrived at, the States and the Centre will decide on the CGST and SGST rates. Currently, services are taxed at 12 per cent and the combined charge indirect taxes on most goods are around 20 per cent.
- ▶ Today the Rate of GST in some countries are Australia10%, France19.60%, Canada5%, Germany19%, Japan5%, Singapore7%, Sweden25%, New Zealand15% & Pakistan17%

## Flaws of GST Model

- ▶ Major flaw of this model is ,Local Dealers have to pay CGST in addition to SGST.
- ▶ In Addition to this, CGST mainly represents the Excise/service tax and SGST mainly represents the VAT portion but, because of 'No differentiation between Goods and Services' service supply within the state would attract SGST as GST is levied at each stage in the supply chain and Assessee have to Pay CGST as well SGST.
- ▶ The issue which still needs to be resolved are, the revenue sharing between States and Centre, and a framework for exemption, thresholds and composition.



## TAX, SOCIETY, COUNTRY

- ▶ CIVILIZED SOCIETY PAYS TAX
- ▶ HONEST TAX PAYERS ARE ASSEST OF NATION.
- ▶ PAYMENT OF TAX – GRATEFULNESS TOWARDS SOCIETY, SOLIDERS, FARMERS, COUNTRY, ETC.
- ▶ PAYMENT OF TAX MEANS WEALTH FROM “HAVES” TO “HAVE NOTS”.

