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REFERENCE BOOKS:

1. Goods and Services Tax - Ghanshyam Upadhyay, Asia Law House.
2. Indirect Taxes GST and Customs Laws – Dr.R.Parameswaran and CA.P.Viswanathan, Kavin Publications.
3. Goods and Services Tax -K. T. Nagabhushan Swamy GST publications
4. Goods and Services Tax - R. K. Jha P. K. Singh – Asia Law House
5. Indirect taxation – Dr.S.Vardharaj

**Core: XIV INDIRECT TAX,LAW AND PRACTICE SUBJECT
CODE:18MCO43C**

Unit I

Goods and Service Tax – Meaning, Introduction – Classification of Goods or Service or both – Types of GST (SGST/CGST/UTGST/IGST) – Definitions – Input Tax Credit – Input Tax Distributor – Registration – Aggregate turnover.

INTRODUCTION:

G: Goods S: Services T: Tax

The introduction of GST would be a very significant step in the field of indirect tax reforms in India. GST is expected to provide the benefits of simplification of tax regime, broadening of tax base, elimination of tax cascades, enhancing export competitiveness, ensuring greater regional equity and improvement of transparency. GST subsumed most of the Indirect Taxes to create one rate, integrate the Country into a single market, and make Indian products competitive in the domestic and international markets.

DEFINITION OF GOODS AND SERVICES TAX (GST):

a) As per the amended Article 366 (12A) of the Constitution of India, “Goods and Services Tax” means any tax on supply of goods, or Services or both except taxes on the supply of the alcoholic liquor for human Consumption.

MEANING OF THE TERM GST:

- A comprehensive, destination based indirect tax levy on supply and Consumption of goods and services:
- Extent to whole of India.
- On value addition on each stage;
- And credit of tax paid on earlier stage will be available on next stage as input Tax credit subject to fulfillment of certain conditions,
- Input Tax credit can be against Output tax by a Registered Taxable Person.
- Burden of tax to be borne by the final Consumer.

OTHER INDIRECT TAXES TO CONTINUE POST-GST REGIME

- Basic Custom Duty
- Taxes on transactions in stock exchange (STT)
- Taxes on Lands & Building
- Taxes on mineral rights
- Duties of excise on alcoholic liquors, opium, Indian hemp etc.,
- Stamp duty
- Taxes on professions, trades, employments
- Taxes on vehicles (subject to entry 35 of list III)
- Taxes on goods and passengers carried by road or on inland water ways

COMMODITIES KEPT OUTSIDE THE PURVIEW OF GST

As per definition of Goods and Services tax given above show only alcohol for human Consumption will be out of purview of GST but due to lack of consensus between the Central and State Governments, the following commodities are proposed to be kept outside of the purview of GST:

- Alcohol for human consumption,

- Petroleum Products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel,
For the above commodities, indirect taxation system of VAT and Central Excise will continue.

Dual Model of GST

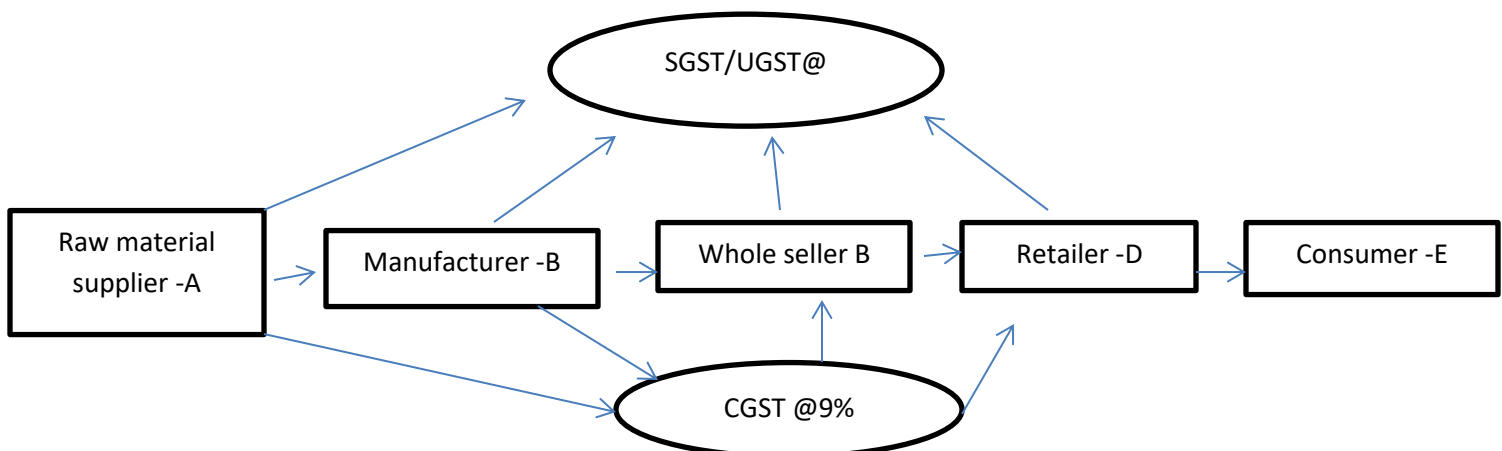
GST in India will be levied on the basis of Dual Model because India is a federal country where both the Central Government and the State Governments have been assigned the powers to levy and collect taxes through appropriate Legislation. Both the levels of Government have distinct responsibilities to perform

Levy, Cross Utilization and Administration of CGST, Integrated Goods and Services Tax (IGST), Union Territory Goods and Services Tax (UTGST) and State Goods and Services Tax (SGST)

- There will be two components of GST - Central GST (CGST) and State GST (SGST) or UTGST in case Union Territories except Delhi and Puduchery (Delhi and Puduchery have legislation therefore SGST will applicable instead of UTGST)
- Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Center would levy and collect Central Goods and Services Tax (CGST),and States would levy and collect the State Goods and Services tax (SGST)/ Union Territories would levy Union Territories Goods and Services tax(UTGST) on all transactions Within a State/ Union Territories.
- The input tax credit of CGST would be available for discharging the CGST liability on the output at each stage. Similarly, the credit of SGST/UTGST paid on inputs would be allowed for paying the SGST on Output.
- Similarly, the facility of cross utilization of credit will be available in case of SGST/UTGST. However, the cross utilization of CGST and SGST/UTGST would not be allowed except in the case of Inter-State supply of goods and services (IGST).

Model of CGST and SGST:

Dual GST working within State/Union Territory:



FEATURES OF DUAL MODEL OF GST:

- The GST will have two components — CGST and SGST/UTGST.
- CGST to be administered by the Central Government and SGST/UTGST to be administered by State Government/Union Territories Governments.
- CGST will replace existing CENVAT and Service Tax and the SGST will replace State VAT.
- CGST and SGST/UTGST subsumed the indirect taxes on supplies of goods and services.
- Taxable event in case of goods would be 'supply' instead of 'manufacture'. The details definition of supply and its meaning in Section 7 of CGST Act, 2017.
- Exports will be zero rated.
- GST would have a list of exempted goods,
- Some of the commodities kept outside of purview of GST
- Taxes collected by Local Bodies would not be subsumed.
- A single registration or tax payer identification number, based on the Permanent Account Number (PAN).
- States would collect the State GST from all the registered dealers,
- Procedures for collection of Central and State GST Union Territory GST would be uniform.
- Tax payment challan might contain some additional information
- There would be one common tax return for both taxes, with one copy given to the Central authority and the other to the relevant State authority electronically,
- GST returns will be required to be filed online

IGST AND ITS FEATURES

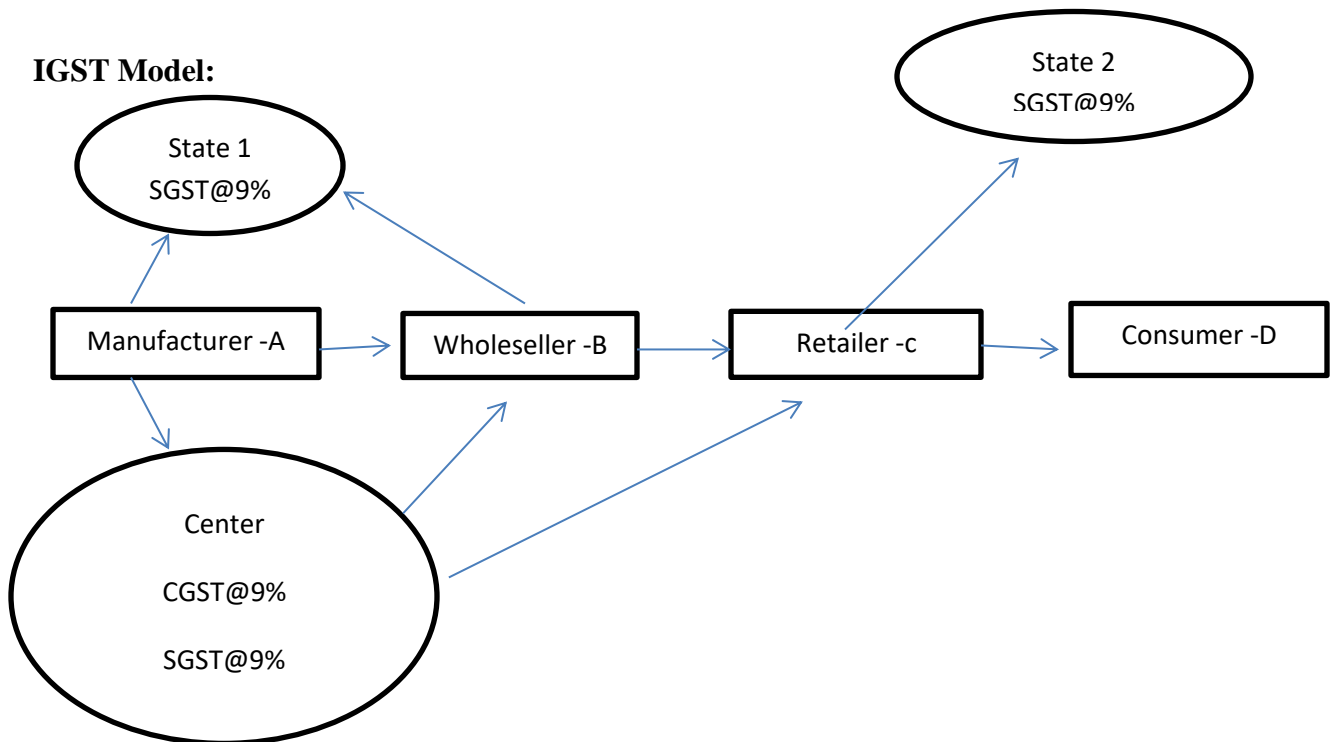
IGST would be levied and collected by the Centre on Inter-State supply of goods and services. Under Article 269A of the Constitution, the GST on supplies in the course of inter- State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States.

THE FOLLOWINGS ARE THE FEATURES OF IGST:

- The Central Government would administer and levy taxes on IGST.
- Seller in the origin State will charge IGST ((CGST+SGST/UTGST)) on Inter-state supply of goods and/or services
- Inter-State Seller shall use his input CGST and input SGST for payment of IGST, ie., he shall pay net IGST.
- Inter-State Buyer shall avail input tax credit based on tax invoice for payment of his own IGST, CGST or SGST.
- Both, the seller and the buyer shall report these transactions in their respective e-returns.
- The exporting state will transfer the SGST portion to Central Government and Central Government will transfer that SGST to Importing state.
- Stock transfer to branch/depot will attract IGST.

- IGST will be levied on Import of Goods and or Services. Therefore. Import will levy Basic Custom Duty plus IGST.

IGST Model:



INTER-STATE SUPPLY OF GOODS AND SERVICES:

- (1) Where the location of the supplier and the place of supply are in—
 - (a) Two different States,
 - (b) Two different Union territories, or
 - (c) A State and a Union territory shall be treated as a supply of goods in the course of Inter-State trade or commerce.
- (2) Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or Commerce
- (3) Supply of services, where the location of the supplier and the place of Supply are in—
 - (a) Two different States;
 - (b) Two different Union territories: or
 - (c) A State and a Union territory shall be treated as a supply of services in the course of inter-State trade or Commerce.
- (4) Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.
- (5) Supply of goods or services or both,—
 - (a) When the supplier is located in India and the place of Supply is outside India.
 - (b) To or by a Special Economic Zone developer OR a Special Economic Zone unit or,
 - (c) In the taxable territory not being in intra- State supply and not covered

Elsewhere in this section shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.

INTRA-STATE SUPPLY OF GOODS AND SERVICES

Where the location of the Supplier and the place of supply of goods are in the same state or same Union territory shall be treated as intra-state supply.

INPUT TAX:

“input tax” in relation to a registered person, means" the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services of both made to him and includes—

- (a) The integrated goods and services tax charged on import of goods!
- (b) The tax payable under the provisions of sub-sections (3) and (4) of section 9
- (c) The tax payable under the provisions of sub-sections (3) and (4) of section 5 of the Integrated goods and Services Tax Act;
- (d) The tax payable under the provisions of sub-sections (3) and (4) of section 9 of the respective State Goods and Services Tax Act; or
- (e) The tax payable under the provisions of sub-sections (3) and (4) of section 7 of the Union Territory Goods and Services Tax Act, but does not include the tax paid under the Composition levy

INPUT TAX CREDIT:

Input tax 2(63) | “input tax credit,” means the credit of input tax;

Input Tax Credit or ITC is the tax that a business pays on a purchase and that it can use to reduce its tax liability when it makes a sale. In other words, businesses can reduce their tax liability by claiming credit to the extent of GST paid on purchases. Goods and Services Tax (GST) is an integrated tax system where every purchase by a business should be matched with a sale by another business. This makes flow of credit across an entire supply chain a seamless process.

INPUT SERVICE DISTRIBUTOR:

- As per Section 2(61) of CGST Act, 2017, “Input Service Distributor “ means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office.
- Hence, from the definition, under GST, Input Service Distributor (ISD) is an office of a business, which receives tax invoices for input services and distributes the available input tax credit to other branch offices of the same business.

REGISTRATION UNDER GST:

An Input Service Distributor is required to obtain a separate registration. The registration is mandatory and there is no threshold limit for registration for an Input Service Distributor. Businesses who are already registered as an Input Service Distributor under the existing regime (i.e. under Service Tax), will be required to obtain a new Input Service Distributor registration under GST. This is because; the existing Input Service Distributor registration will not be migrated to the GST regime.

AGGREGATE TURNOVER

As per Section 2(6) of CGST Act, “aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax, and cess.