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CLASS: M.COM. SEMESTER-3

SUBJECT: TAX PLANNING AND MANAGEMENT

TOPIC: GOODS AND SERVICE TAX (G.S.T.)

GST

- 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.

METHOD OF TAXATION

- **Progressive Tax :**

Increasing rate of tax for Increasing Value or Volume.

- **Regressive Tax :**

Decreasing rate tax for Increasing Value or Volume

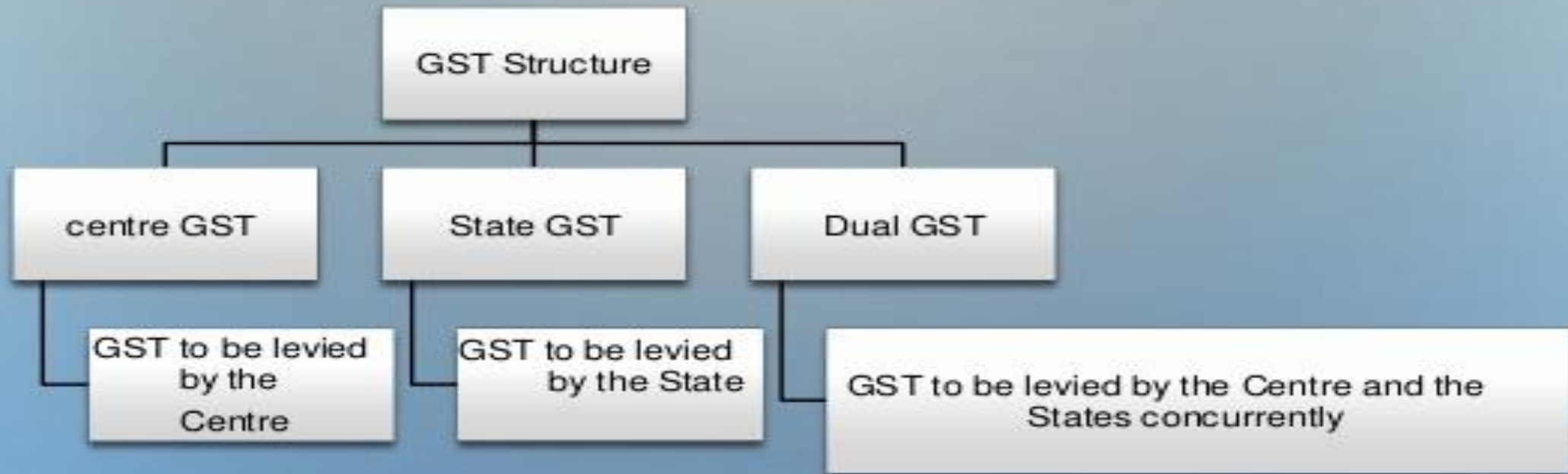
- **Proportional Tax :**

Fixed rate of tax for every level of income or production

WHAT IS GST

- GST is a comprehensive value added tax on goods and services
- It is collected on value added at each stage of sale or purchase in the supply chain
- No differentiation between goods and services as GST is levied at each stage in the supply chain
- Seamless input tax credit throughout the supply chain
- At all stages of production and distribution, taxes are a
Pass through and tax is borne by the final consumer
- All sectors are taxed with very few exceptions / exemptions

MODEL OF GST



Taxes proposed to be subsumed in GST

Central Taxes

- Excise Duty
- Additional Excise duty
- Excise duty under medicinal and toilet preparation Act
- Service Tax
- Additional Custom duty commonly known as countervailing duty (CVD), special additional duty (SAD)
- Surcharge
- CENVAT

Taxes proposed to be subsumed in GST

State Taxes

- Value added tax (VAT)
- Entertainment tax levied by states
- Luxury Tax
- Tax on Lottery, betting and gambling
- Entry tax other than for local bodies (Octroi)

PRODUCT EXCLUDED FROM GST

- Petroleum Product
- Alcohol
- Tobacco Product

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

HURDLES IN IMPLEMENTATION

- Dispute between centre and Tax over Tax Sharing
- Highly sophisticated IT infrastructure required
- Issue of taxing e-commerce is to be appropriately addressed and integrated.
- Political Imbalace

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

KNOWING MORE ABOUT GST

- We all will pay GST on every product or service we buy/ consume
- All indirect taxes levied by the states and the centre will be merged into one GST, we would exactly know how much tax we pay which at present is difficult to understand.
- The sellers or service providers collect the tax from their customer.
- Before depositing the same to the exchequer, they deduct the tax they have already paid.
- The success of GST would rest upon efficiency, equity and Simplicity.

THANK
YOU