

GURABCHAND PRASAD

COLLEGE

AGRA

PROJECT WORK (DSE-3)

TOPIC - GST (Goods and Services Tax)
in INDIA

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I would also like to thank my parents, my hubby and my friends who helped me a lot in this project and motivated me a lot.

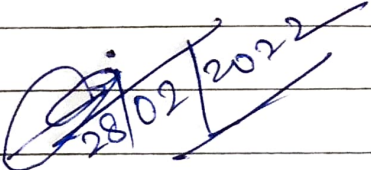
I would also like to thank god for giving me such wonderful guides who keep on guiding me at every moment I need them.

Aakriti
Roy

Certificate

This is to certify that Sukriti Raj of commerce Honours (B. Com Hons. last year i.e. semester) Humanities of Gulabchand Prasad Aggarwal College, Sadma Chhattarpur, Palamu. has completed her project under the guidance of Mr. Rajkishan Lal, her accountability teacher. He has taken proper care and has shown utmost sincerity in the completion of this project.

I certify that this project is up to my expectations and as per the guidelines issued by NPU (Nilamber Patamber University)


28/02/2022

Mr. Rajkishan Lal
(Assistant professor,
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My Aims and Objectives

- To study and understand the concept of GST.
- To learn about the positive and negative aspects of GST.
- To learn about the effect of GST on different sectors of the economy in India.
- To gain knowledge about the effects on the prices of different commodities after the introduction of GST.
- To know the advantages and disadvantages of GST.
- To gain knowledge about which products fall under GST and what are the different GST rates.
- To learn about the long-term and short-term ~~in~~ impact on the economy of India.
- To learn about the different taxes that the different countries had adopted.

Dynamics of GST Introduction.

Earlier the constitution empowered the central govt. to levy excise duty on manufacturing and service taxes on the supply of services.

Similarly, it empowers the state government to levy the state tax on Value Added Tax (VAT) on sales of goods. This exclusive division of fiscal powers has led to a manipulation of indirect tax in the country.

Further, a central tax was levied on interstate of goods. In addition, many states also levy entry tax on the entry of goods in their locality.

So, as to overcome this problems, the government at this stage has introduced a single taxation system which includes in itself all taxes to avoid the various problems related to taxation system and thus giving this control in only one hand.

GST stands for Goods and Services Tax. It is an indirect tax throughout India to replace taxes levied by the central and state government.

It was introduced as the 122 Amendment Act, 2016, following passage of Constitution 122 Bill Amendment.

The GST is governed by GST Council and its chairman is UNION FINANCE MINISTER OF INDIA → ARUN JAITLEY.

Its introduction is a step in the reform of indirect taxation in India. Amalgamating of several tax. This would mitigate cascading of double taxation, defoliation a common national market.

This simplicity of the tax is leading to easier terms of a reduction in the overall tax burden on goods, which is currently estimated at 28-30%. free movement of goods from one state tax or entry tax and reduction of work to a large extent.

GST was applicable from 1st July 2017. The reform in indirect taxes was introduced by VISHWANATH PRATAP SINGH.

By introduction of Modified Value Added Tax (MOTVAT), GST will be levied concurrently by the central government (CGST) and state government (SGST).

The features would be common for an individual ~~the~~ ~~front~~ or interstate suppliers within India. It would attract an Integrated GST (IGST) which is an aggregate of CGST and SGST. The transactions made within a single state will be levied within GST and SGST by the government.

GST

Goods and Services Tax

Meaning and Definition

GST is set to become one of the biggest financial reforms that our country has witnessed.

GST is a comprehensive tax levied on the manufacture, sale, and consumption of goods and services at the national level under which no distinction is made on goods and services by central and state government in India.

GST is a tax on goods and services under which every person is liable to pay tax on his output and is entitled to get Input Tax Credit (ITC) on its input (a tax on value addition only) and ultimately the final consumer shall bear the tax.

GST is a Canadian value-added tax levied on the sale of domestic consumption. It has streamlined all the different types of indirect taxes and implements a single taxation system. This single taxation system is GST. The main purpose accomplished by the implementation of GST is the abolition of all other indirect taxes prevailed earlier, we can also say that all these are one indirect tax in the country called GST. It is the collaboration of all taxes within a new name which replace all indirect tax with a new and single tax rate taxation system.

History of GST

The president of India approved the **Constitutional Amendment Bill for Goods and Services Tax (GST)** on 8th September 2016 following the bill's passage in the parliament and its ratification by more than 160 countries who have adopted some forms of GST. The following taxes are bounded by GST:-

- Central excise duty.
- Service tax and commercial tax.
- Value added tax and food tax.
- Central state tax and entertainment tax.
- Turnover tax and luxury tax.
- Octroi, advertisement tax and lottery tax.

GST levied on all transactions which means taxation system is administered by both state and union government. Transactions by both state and union government.

Transactions are made within a single state will be levied with CGST and SGST. The Government of that state for intrastate and imported goods and services are integrated GST (IGST) by be levied.

It complicated the tax collection by the state due to rebate. It sector infrastructure also rebate. It sector infrastructure also rebate.

This was proposed by SHRI SANTOSH KUMAR, minister of state in the Ministry of Finance in a written reply to a question in Rajya Sabha.

At the end of the day, GST comes out with a better result as it will reduce the cost of production and internationally and contribute to significant growth of Indian economy.

This all about the history of GST.....

GST Act in India

There are 35 GST Act in India

Name of Act	No. of Act
• The Central Goods and Services Tax Act, 2017	1
• State Goods and Services Tax Act, 2017 [29 State and 2 union territory with their own legislatures i.e. Delhi and Chandigarh]	31
• The Union Territory Goods and Services Tax Act, 2017	1
• The Integrated Goods and Services Tax Act, 2017	1
• The Goods and Services Tax (Compensation to States) Act 2017	1

features of GST

Destination-based consumption tax

Deal goods and services tax

Interstate Transaction and IGST mechanism

Consumption of GST on the basis of Invoice Credit method

Payment of GST

Income Tax credit (ITC) set off

Features of GST

• Dual Goods and Services Tax :-

The functioning of CGST and SGST has helped a lot to the economy.

• Interstate transactions and IGST mechanism :-

The center would levy and collect the Integrated Goods and Services Tax on all interstate supply of goods and services. IGST mechanism has been signed to ensure seamless goods flow from one state to another. The interstate seller would pay IGST on the seller would pay sale of his goods to the central government.

After adjusting credit of IGST, CGST and SGST on his purchases in that order. The exporting state will transfer to the center. The credit of SGST used in payments of IGST. The importing dealer will claim a credit of IGST while discharging his center tax liability (both CGST added GST of state) in his own state. The center will transfer to the importing state, the credit of IGST used to payment of SGST.

• Destination-based consumption tax :-

GST will be a destination-based tax. This implies that all SGST collected will ordinarily occur to the state where the consumer of goods and services would reside.

• Consumption of GST on the basis of Invoice

Credit Method :-

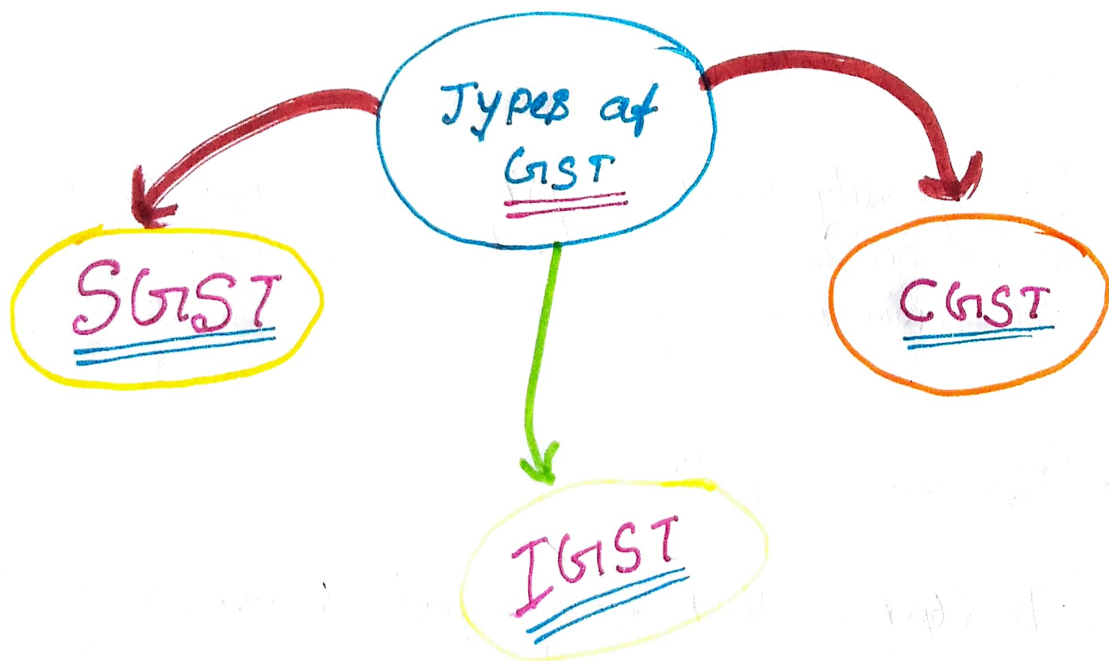
The liability under the GST will be invoice credit method i.e. credit will be allowed on the basis of the invoice issued by suppliers.

• Payment of GST :-

The CGST and SGST are to be paid to accounts of the central and state respectively.

• Input Tax Credit (ITC) set off :-

ITC for CGST and SGST will be taken for taxes allowed against central and state respectively.



Types of GST

There are three kinds of taxes under the GST.
They are :-

1. **SGST** :- State Goods and Services Tax is a part of a tax diverted to the state which is credited by the revenue department of the state government. This is generally equivalent to GST.

This is gen compensated the loss of existing VAT or sales tax revenue to the state government. In the case of local sales, 50% quantum of tax amount under GST is diverted to SGST tax.

2. **CGST** :- Central Goods and Services Tax is all goods tax diverted to revenue department of Central Government.

This share of the tax compensates the loss of existing excise duty and service tax to the Central government. In the case of local sales, balance i.e. 50% quantum of GST is transferred to CGST.

3. **IGST** :- Integrated Goods and Services Tax is levied under interstate sales and purchase is made.

One part of this tax transferred to the central government to whom goods and services belong. The IGST is the separate tax which is charged only in case of interstate sales or when transactions between two states are issued.

Problems of Implementation of GST

VAT or sales tax is levied and collected by state government. Different state government charge different rate of taxes on the kinds of goods traded within their respective territories limits under the extreme power provided to the state under the ~~ex~~ list of constitution whereas GST is levied by the centre government and collected by the state as per Concurrent list of the constitution whereas the excise duty as per Central Excise Act in 1994 and service tax as per Finance Act 1994 is levied and collected by central government through the extreme power provided under Union list of constitution.

Due to this distribution of powers under the constitution, no state government wants to lose the revenue sources called VAT or Sales Tax.

GST is a subject matter of union list and no state agrees to bifurcate their income to the central government but as some political party is in majority in India and by state government agreed to the proposal.

As a result, GST bill act. GST was first time introduced instead after being initiated in 1986 by Vishwanath Pratap (7th Prime Minister of India) than in 2007 and 2011. After passage of time (25 years) of economic reforms, in indirect taxes is giving for a revolutionary changes in form of GST.

So, we can say that GST is a complete insight impact tax rate and conclusion passed on 22nd July, 2017.

Goods and Services Tax Network

GSTN

GSTN is a non-profit platform organized to create and lay all the concerned parties i.e. stakeholders, government, taxpayers to collaborate on a single portal. The portal will be accessible to the central government which will track down every transaction till its end and while the taxpayers will be having a vast services to return file their taxes and maintain their details.

The IT network will be developed by private firms which are being in a tie with the central government and will be having stakes accordingly. The known authorized capital of GSTN is ₹ 10 crores (US\$ 1.6 million) in which the central governments hold 24.5% and rest with the private banking firms.



Why does India need GST?

- **Firstly**, The GST will greatly increase the ~~re~~ resources available at the states and centers disposal by expanding the tax base. More importantly, the resources of the poorer states like U.P., Bihar, Madhya Pradesh will increase substantially.
- **Secondly**, the GST will facilitate "Made in India" by converting the geographical landscape of the country into a single market. Despite being one country, India is a union of 30 or more markets.

Too many taxes in the current system like the central sales tax or interstate taxes and the extensive nature of the countervailing duty exemptions, favour imports domestic production.

GST would get rid of and subsume most of the other taxes and since it will also be applicable to imports the major tax factor working against "Made in India" disappear, ~~get~~ greatly boosting the production and in ~~tax~~ ~~top~~ exports. This will ultimately help to bridge the current account deficit.

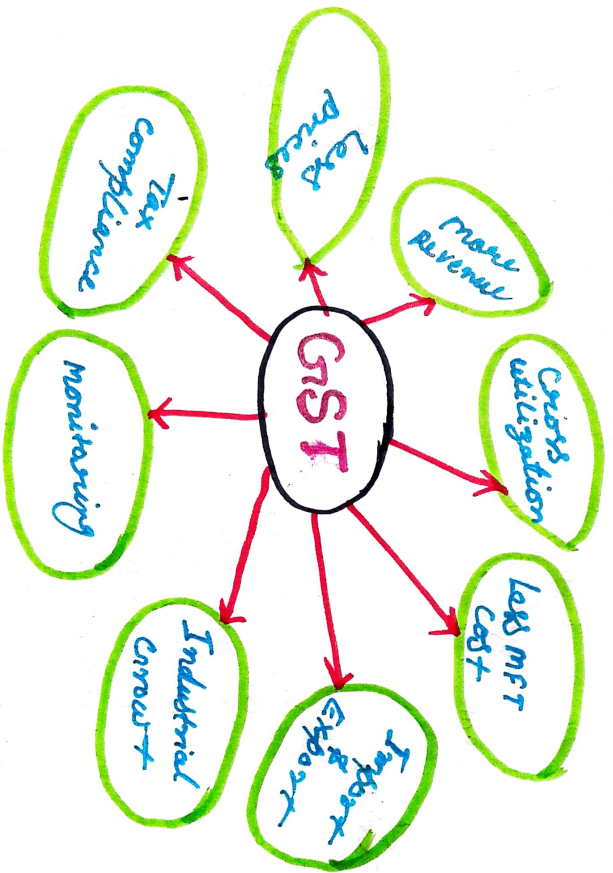
• **Thirdly**, The GST would improve tax governance in two ways:

- **One**, like the VAT, it is a self-collecting and self-enforcing tax, what essentially means that the companies which are buying supplies from outside parties will insist on tax payments on the goods supplied as without this, they cannot get set off on their own final product sales.

- **Two**, due to dual monitoring structure of GST - one by the states another by the center. It is difficult to evade taxes. Even if one set of tax authorities overlooks or fails to detect evasion, there is the possibility that the other overseeing may not happen by the next authorities.

• **Moreover**, The current structure of taxes in India is a state trap. The wide powers to levy and collect taxes provided to state and Central Government. As a result, both levy different kind of taxes which makes the Indian tax structure very complex and complex economy too.

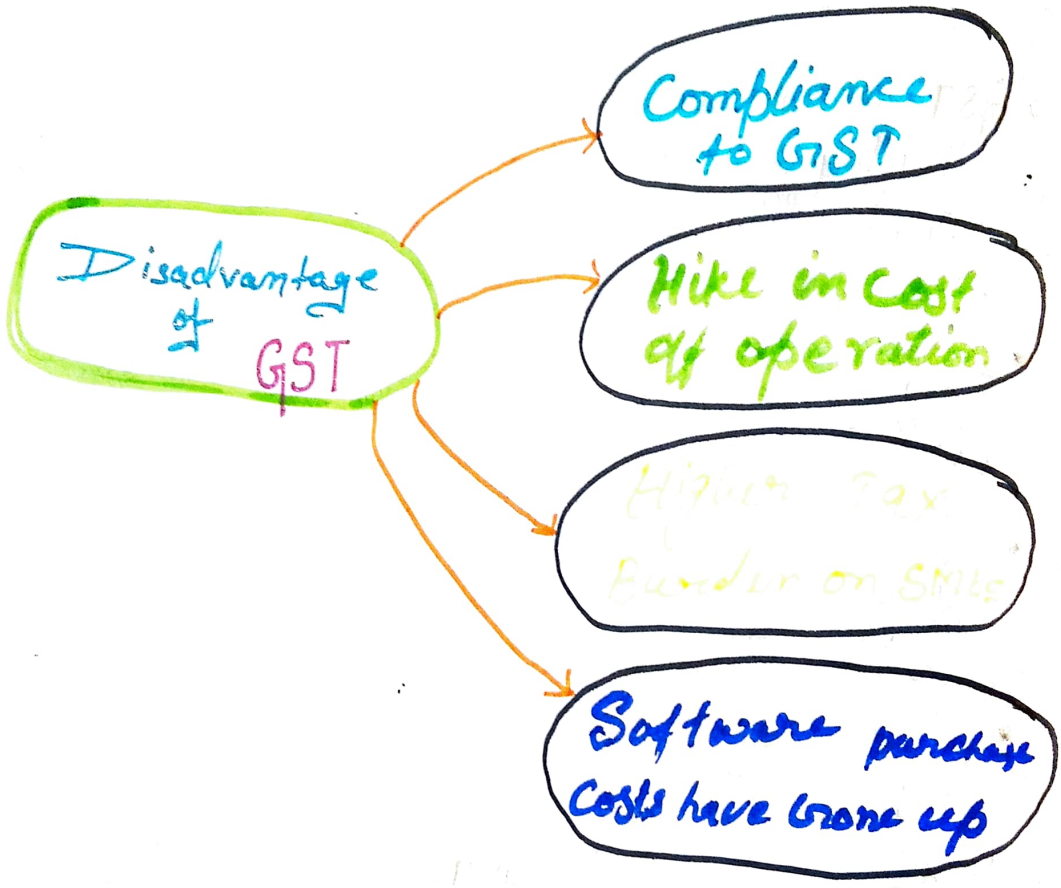
Advantage of GST



GST Advantage

- **GST** is a transparent tax and reduces the number of indirect taxes.
- **GST** will not be a cost to registered operators. Therefore, there is no hidden taxes and the cost of doing business will be lower.
- Benefit people as prices will come down which will in turn help companies as consumption will increase.
- There is no doubt that the production and distribution of goods services will not increase.
- It will also help to build a transparent and corruption-free taxation system.
- **GST** is backed by **GSTN** which is fully an integrated platform to deal with all aspects of **GST**.
- Adaptation and migration to the new **GST** system reduce thinking troubles and learning from the entire ecosystem.

Disadvantage of GST



GST Disadvantages

- Some economists say that GST in India would impact negatively on the real estate market. It would add up to 8% to the costs of the new home and reduce demand by 12%.
- Some experts say that CGST and SGST are nothing but new names of central excise duty, service tax, VAT and CGST. Hence, there is no major reduction in the number of tax layers.
- The aviation industry would be affected. Service taxes on airfares currently range from 6-9% and effectively double the tax rates.
- Some retail products currently have only 4% tax text on them. After GST, garments, and clothes would become more expensive.
- Adaptation and migration to the new GST system would have thinking troubles and learning from the entire ecosystem.

How is GST Applied

GST is a consumption-based tax. It is based on destination principles. It is applied to all goods and services at the place where final consumption happens.

GST is paid on procurement of goods and services. The manufacturers or wholesalers or retailers pay the applicable **GST** rate which will claim back through tax credit mechanism.

GST can be levied on the place of consumption of goods and services. It will be levied on intrastate supply and consumption tax levied on the goods and services.

GST is a comprehensive tax levied on the manufacture, sale and consumption. The system will change from the current production-based taxation to consumption based. It is expected to increase efficiency.

GST Rates



12%

12%

12%

12%

GST Rates

Goods and services tax is set to be rolled out from 1st July 2017 and GST Council in its meet in Singapore on 18th May 2017 decided on tax rates on 1211 items.

It is found that 43% of 1211 items have put in 18% GST slab which is bound to make things cheaper, 14% items have been brought under 5% GST slabs, 17% items in 12% tax slab and just only 7% have been exempted from GST ambit.

Starting from quite essential soap to hotel and restaurant services will become cheaper.

1. Soaps are being taxed at 28% but not at 18% under GST cheaper as it dropped to 10% from 28%.
2. Cereals and food grains that have a current tax rate of 6% and 5% will be excluded from GST and brought up under 10% tax rate like milk and cream, not concentrated nor containing added sugar or other sweetening matter. Excluding UHT milk and dairy products.
3. Food grains will be at 0% tax rate.
4. Eggs, butter, curd, milk etc. will be at 0% tax rate under GST.

5. Edible oil that is currently taxed between 3 to 9% will be brought down to 5% under GST.
6. Tea, coffee, and masala that are taxed at 3 to 9% will be at 5% under GST.
7. Coal will come down from 11.7% to GST 5%.
8. Entertainment services will fall from 22% to 18%.
9. Restaurants at 18% tax.

Reasons for implementation of GST

- There was no uniformity of tax rates and structure across ~~the~~ states.
- There is a cascading of taxes due to "Tax on Tax". No credit excise duty and service tax are paid at the state of manufacture are available to the traders while paying the state level tax or VAT.
- No payment of state taxes paid in one state can be ~~not~~ reimbursed in other states.
- Hence the prices of goods set artificially inflated to the extent of "Tax on Tax".

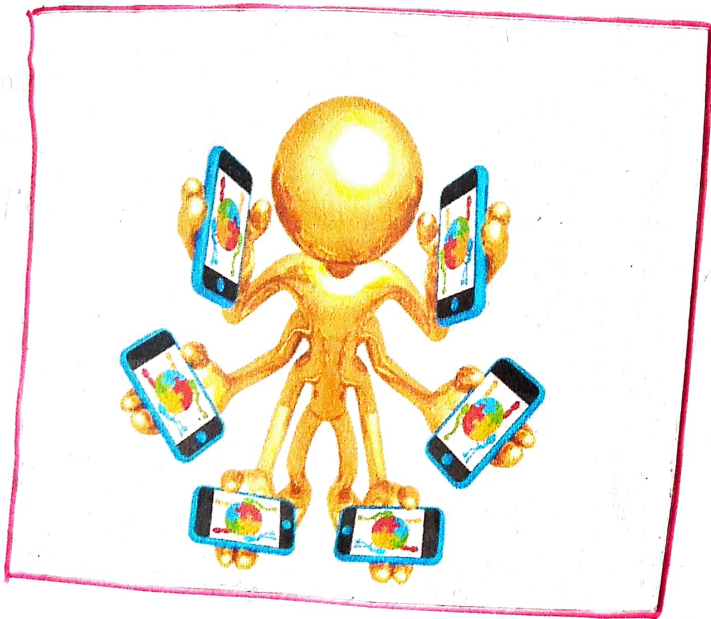
Things to get cheaper

The following are the things that will get cheaper for the common man:-

1. Prices of movie tickets will become cheaper in most of the states.
2. Food grains, edible oil, etc.
3. Dining in restaurants.
4. Books, pencils, notebooks, etc.
5. Two wheelers.
6. Coal and coal products.
7. SUV's or luxury or premium cars.
8. Staying in hotels.
9. Televisions.
10. Other entertainment services.
11. Washing machines.

12. Tea, coffee and other masalas.
13. Stones.
14. Eggs, curd, butter, paneer.
15. ~~Tooth~~ Toothpaste, hair products, cereals and soaps.

Some critics say that GST would affect low and middle-income groups very badly as the prices of the goods will go up with the implementation of GST.



Things to get costlier

The following things are expected to become costlier under GST for the common man.

1. Mobile bills.
 2. Renewal premium for life insurance policy.
 3. Banking and investment management.
 4. Residential rent.
 5. Healthcare.
 6. School fees.
 7. Courier services.
 8. Faxed drinks.
 9. Cigarettes and tobacco.
 10. Basic luxuries for the common man like Wi-Fi and THT services.
11. Online booking of tickets for railways, airways, etc.

Opposition to GST

Presently, the government has long-term prospects in their minds. It is clearly a long-term strategy which will lead to higher investments, higher output, more employment opportunities, and higher economic growth but during the initial phase of implementation, it is expected that there will be a hike in inflation rates, more administered cost and stiff protest from the opposition.

In pre-GST India states have the capability of reduction of taxes, thereby making a comparative advantages for themselves, now places like Puducherry relied on the ability to create a lower tax burden.

Aside from this, it was seen that there were zero women on GST Council. Thus, aids for pregnant ladies are not being taken care of.



GST

One Nation.

One Tax!

One India One tax Is A Myth

GST is one tax in India, is not a correct statement. Indirect taxes such as customs duty on import or exports will remain continuous to levy.

Further, few amendments have already been made in customs law and the same will remain applicable in India. All other direct taxes like income tax, gift tax, property tax, etc. will remain continued in force as earlier.

"One nation, one tax is only myth."

No one can call these bills a game changer.

It is just a small baby step forward."

Genesis of GST in India.

2004 :- Idea of National GST was mooted by Kelkar Task Force in 2004.

2008 :- Union Finance Minister, Shri P. Chidambaram, announced in his budget (2007-08) that GST would be introduced from April 1, 2010.

2014 :- On 19-12-2014 NDA Government tabled that Constitution (122nd Amendment) Bill, 2014 on GST in the Parliament.

2015 :- On 06-05-2015 the Lok Sabha passed the Bill.

2016 :- On 03-08-2016 the Rajya Sabha passed the Bill.

↳ Subsequent to ratification of the Bill by more than 50% of the States, Constitution (122nd Amendment) Bill, 2014 received the assent of the President on 8th Sept., 2016 and became Constitution (101st Amendment) Act, 2016.

2017 :- On 27.03.2017

- The Central GST legislations - Central Goods and Service Tax Bill, 2017
- Integrated Goods and Services Tax Bill, 2017.
- Union Territory Goods and Services Tax Bill, 2017 and
- Goods and Services Tax (Compensation to States) Bills, 2017 were introduced in Lok Sabha.

↳ On 29.03.2017 Lok Sabha passed these bills and with the receipt of the President's assent on 12th April, 2017, the Bills were enacted.

↳ On 01.07.2017 GST was implemented.

“ France was the first country to implement GST in the year 1954. Within 62 years of its advent, about 160 countries across the world have adopted GST.”

Constitution of GST Council

Goods and Services Tax Council.

The President shall, within 60 days from the date of commencement of the Constitution (One Hundred and First ~~Amendment~~ Amendment) Act, 2016, by order, constitute a ~~Council~~ ^{Council} to be called the Goods and Services Tax Council.

Members in GST Council

The GST Council shall consist of the following members, namely:

- (a) The Union finance minister. (Chairman)
- (b) The Union minister of State in charge of revenue or finance (member)
- (c) The minister in finance or taxation or any other minister nominated by each State Government (members.)

Date of levy of tax on petroleum, diesel etc.

The Goods and Services Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel,

motor spirit (commonly known as petrol) natural gas and aviation turbine fuel.

Harmonised Structure of Goods and Services

while discharging the functions conferred by this article, the Goods and Services Tax Council shall be guided by the need for a harmonised structure of goods and services tax and for the development of a harmonised national market for goods and services.

Recommendation of GST Council

The GST Council shall make recommendation of the Union & the State on:-

- (a) The taxes, cesses and surcharges levied by the Union, the State and the local bodies which may be subsumed in the goods and services tax.
- (b) The goods and services that may be subjected to, or, exempted from the goods and services tax.

Returns of GST

- Types of return under CGST Act, 2017

Return/statement Form	Particulars	Frequency	Due Date
GSTR-1	details of outward supplies of taxable tax goods and services effected.	Monthly	10th of the next month.
GSTR-2	details of inward supplies of taxable goods and services effected Claiming input tax credit.	Monthly	11th to 15th of the next month.
GSTR-3	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount to tax.	Monthly	20th of the next month.
GSTR-3B	All taxpayer to fill along with payment of tax.	Monthly	20th of the next month.
GSTR-4	Return for composition taxable person.	Quarterly	18th of the month succeeding quarter.
GSTR-5	Return for Non-Resident foreign taxable person.	Monthly	20th of the next month.

Return/ statement Form	Particulars	Frequency	Due Date
GSTR-6	Return for Input Services distributor	monthly	13 th of the next month
GSTR-7	Return for authorities deducting tax at source	monthly	10 th of the next month
GSTR-8	details of supplies effected through e-commerce operator and the amount of tax collected	Monthly	10 th of the next month
GSTR-9	Ann. Annual Return	Annually	31 st Decem of next financial year
GSTR-9A	Annual Return for composition dealers	Annually	31 st Decem of next financial year
GSTR-10	Final Return	Once when registration is cancelled or surrendered	within the month of date of cancellation or date of cancellation order is ever la

Findings

This project helped me to learn that changes in society are bound to happen. We need to bring changes accordingly to the society. ~~Economic~~ Economic (Accountancy Hons.) reforms are one such ~~step~~ step. Seeing the present scenario, old policies seem to be outdated as it used to divide India into economic terms. Value of money was not the same to all persons. States which used to have less tax help their people save more tax which brings disharmony among people. ~~of all states~~ New GST policy will put people of all states on equal footing. Moreover, the interstate trade will become easier that will help to boost the economy. It also brings the feeling of united India. Although, people are finding ~~of~~ ~~united~~ new rules and regulations much difficult. But this problem will surely be solved in the long run and India will move ~~to~~ towards economic growth ~~so~~ towards economic growth smoothly.

Findings

This project helped me to learn that changes in society are bound to happen. We need to bring changes accordingly to the society. ~~Economic~~ Economic (Accountancy Hons.) reforms are one such ~~step~~ step. Seeing the present scenario, old policies seem to be outdated as it used to divide India into economic terms. Value of money was not the same to all persons. States which used to have less tax help their people save more tax which brings disharmony among people. ~~of all states~~ New GST policy will put people of all states on equal footing. Moreover, the interstate trade will become easier that will help to boost the economy. It also brings the feeling of united India. Although, people are finding ~~of~~ ~~united~~ new rules and regulations much difficult. But this problem will surely be solved in the long run and India will move ~~to~~ ~~towards~~ economic growth ~~so~~ towards economic growth smoothly.

Conclusions

Most analysts forecast the economy to grow close to 7.4% in 2017-18, the first year of GST rollout, which is slightly higher than 7.1% in 2015-16 while GST is unlikely to be a positive for economic growth of India in short term. This reform will improve the ease of doing business, bold stay investor sentiment and have a more foreign investment in coming years.

GST rates are divided into 5, 12, 18 and 28% slabs.

Petrol, gas, crude oil are out of GST. It is the best decision taken by the government. For the same reason, 1st July is celebrated as Financial Independence Day in India where all MPs attend the function in the Parliament House. Confusion and complexities are expected to happen. It is up to the government to address the capacity building amongst the participants of GST.

GST will become Goods and Services Tax only if the entire country works as a whole towards making it successful.

Bibliography

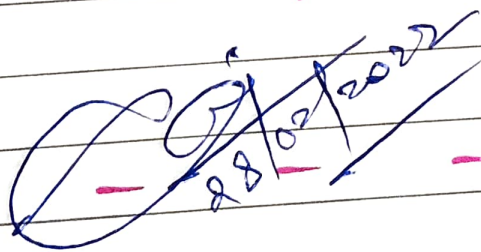
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Teacher's Remark's.

Excellent

Teacher's Signature's


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