

Highlights of New Proposed Goods & Service Tax (GST)

1. The basic principal governing behind GST is to have single Taxation System for Goods and Services across the country. Currently Indian economy has various taxes on Goods and services such as VAT, Service Tax, Excise, Entertainment Tax, Luxury Tax Etc. now in the new Proposal of GST; we will be having only two taxes on all goods and Services as follows:
 - a. State Level GST(SGST)
 - b. Central Level GST (CGST)
2. In case of Central GST, following Taxes will be subsumed with CGST which are at presently levied separately on goods and services by Central government:
 - a. Central Excise Duty
 - b. Additional Excise Duty
 - c. The Excise Duty levied under Medicinal and toiletries preparation Act
 - d. Service Tax
 - e. Additional Custom Duty (CVD)
 - f. Special Additional Duty
 - g. Surcharge
 - h. Education Cess and Secondary and Higher Secondary education Cess
3. In case of State GST, following taxes will be subsumed with SGST; which are presently levied on goods and services by State Governments :
 - a. VAT/ Sales Tax
 - b. Entertainment Tax (unless it is levied by local bodies)
 - c. Luxury Tax
 - d. Tax on lottery
 - e. State Cess and Surcharge to the extend related to supply of goods and services.
4. The basic principal for subsuming of taxes in GST is provided as follows:
 - a. Those taxes which commences with import / manufacture /production of goods or provision of services at one end and the consumption of goods and services o other end.
 - b. The taxes, levies and fees which are not related to supply of goods & services should not be subsumed under GST.
5. Taxes on items containing alcohol and petroleum product are kept out of GST. They will continue to be taxed as per existing practices.
6. Tax on Tobacco products will be subject to GST. But government can levy the extra Excise duty over and above GST.
7. The Small Taxpayer: The small taxpayers whose gross annual turnover is less than 1.5 Crore are exempted from CGST and SGST.
8. Input Tax Credit (ITC): Taxes Paid against CGST allowed as ITC against CGST. Taxes paid against SGST allowed as ITC against SGST.

9. Cross utilization of ITC between the Central GST and State GST would not be allowed. Exception: Inter State Supply of goods and services.
10. PAN based identification number will be allowed to each taxpayer to have integration of GST with Direct Tax.
11. IGST Model and ITC:
 - a. Center would levy IGST levy (CGST + SGST)
 - b. The ITC will be allowed in this transaction will be SGST, IGST, CGST as applicable.
 - c. Appropriate provision will be provided for consignment or Stock transfer.
12. GST Rate Structure:
 - a. Two Rate Structure
 - b. A lower rate for necessary items and goods of basic importance
 - c. Standard rate for goods in General
 - d. Special Rate
13. Exports are fully exempted with Zero rates.