



GST Bytes..

Series 1

An Educational Series for building GST awareness

We are starting an educational series for better understanding of proposed GST structure.

We shall be publishing pieces (bytes) frequently -starting with the primer and later on covering many complex issues and sector-wise impact of GST and steps needed for becoming GST ready.

Ushering Of New Era

With Goods and Service Tax (GST) coming in from JULY 01, 2017*, following contemporary taxes will subsume to bring in a unified taxation regime in Indirect tax structure of India:

Central Taxes

- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toiletries Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

State Taxes

- State VAT / Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

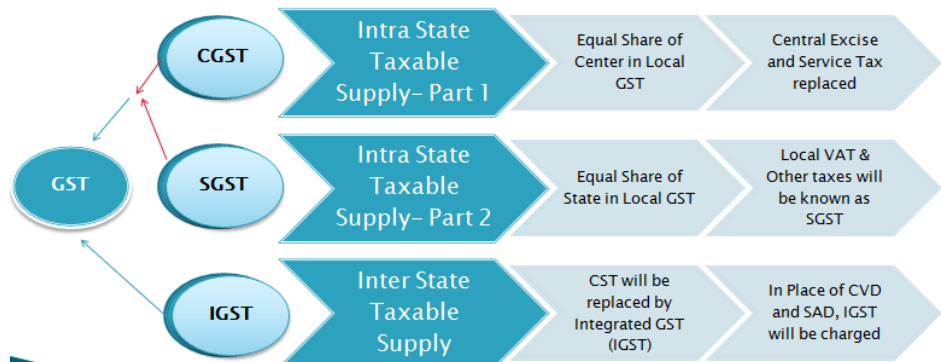


Unified Tax Regime- One India – One Tax

People of the country would be saved from the hassles of multiplicity of taxes and the tax rate would also be uniform across the country. This will bring certainty and ease in doing business without differential-tax-rated state boundaries.

The Structure

GST shall have three components that are explained as under:



CGST- Central GST/ UTGST – Union Territory GST, SGST – State GST, IGST- Integrated GST

GST is a consumption / destination based tax and accordingly, the determination of inter and intra state (IGST or S/C GST) will be based on destination/ Consumption

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Taxation of Sale of Goods – Mechanism Explained

1. The Local VAT/ Sales Tax is divided into two equal Parts- CGST & SGST
2. Any interstate sale is now covered by IGST

Illustration1:

(Intra State Sale)

A has sold goods of INR1000 to B within the state of Delhi. Assuming the tax rate under GST is 18%. Then the invoice will have following component:

Particulars	INR
Basic Value of Goods	1000
Add: CGST @9% (1/2 of 18%)	90
Add: SGST @9% (1/2 of 18%)	90
Total	1180

Illustration 2:

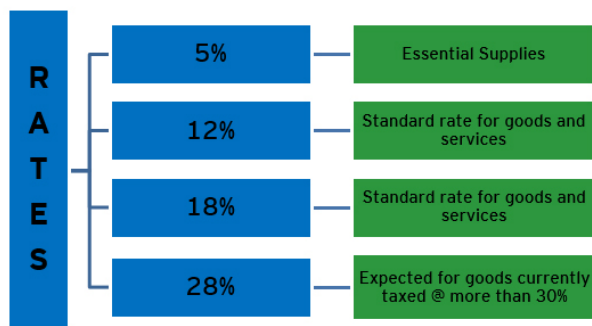
(Inter State Sale)

A has sold goods of INR1000 to B from Delhi to Chennai. Assuming the tax rate under GST is 18%. Then the invoice will have following component:

Particulars	INR
Basic Value of Goods	1000
Add: ICGST @ 18%	180
Total	1180

Tax Rates- Slabs

There are four slabs of taxes under GST with below mentioned purpose:



*Zero rated / exempted goods and services are outside the purview of GST

News Flash

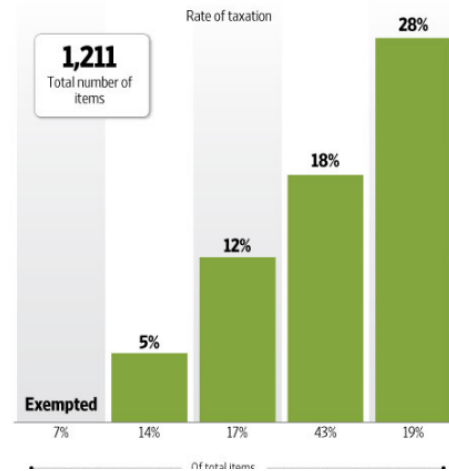
Tax rate determined on various commodities in 14th GST Council meet on 18.5.17

1. Tax rates for total 1211 items have been determined.
2. On many commodities like FMCG- Hair Oil, soap, Tea, Coffee, sugar etc, the tax incidence will reduce drastically under GST
3. 81% of the items are taxable at below 18% tax rate
4. Cereals are now zero rated
5. Cars are now in 28% tax bracket

Next- Series 2:
Allowability of Credit of GST

GST TAX STRUCTURE

The council decided on the tax rates for 1,211 items of goods and services, of which 7% will be exempted, 14% will fall in the 5% slab, 17% in the 12% slab, 43% in the 18% slab and 19% in the 28% slab.



Source: The Mint newspaper

Disclaimer:

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