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## (Goods and Service Tax)

- is the a single indirect tax on supply of goods and services from producer (manufacturer to consumer)
  - GST has been subsumed (included) almost all indirect taxes or several indirect taxes imposed by the centre and the state.
  - Central indirect taxes which are included in GST are as follows:
    - (1) Service tax (2) Excise duty (3) Special and Additional Excise duty
    - (4) Special custom duty, (5) special and additional custom duty.
  - State indirect taxes which are included in GST are:-
    - (1) Sales tax (2) Value Added tax (3) Entry tax or Octroi  
Municipality Tax
    - (4) Entertainment tax (5) Tax on Gambling and betting (6) Luxury tax
  - GST has been introduced, 101<sup>st</sup> Constitution Amendment Act 2016.
- Timeline of GST

2004:- Vijay Kelkar Task force recommended for the 1st time implementation of GST in India.

→ In 2006 1st time announced → Finance Minister announced in Budget "GST will be implemented from 1<sup>st</sup> April 2010" → Empowered Committee of finance ministers was constituted to provide or suggest Model & Pathway for implementing GST in India.

2008 → The committee submitted its report to the govt titled "Model and Pathway for GST in India"

2009 → Govt. deferred the date of implementation of GST to 1<sup>st</sup> April 2011.

2011:- 115<sup>th</sup> Constitution Amendment Bill was introduced in Lok Sabha. The bill didn't pass and lapsed with the dissolution of Lok Sabha in 2014.

## 2014:- 122<sup>nd</sup> Constitution Amendment Bill

Date 1/1/2014 The Bill was passed in the Lok Sabha Page No. \_\_\_\_\_

In 2015, it was passed in 2016 Rajya Sabha and was sent for ratification by states

→ [legislative of states]  
→ [federal structure disturbed]

The bill after getting ratified by at least  $\frac{1}{2}$  of the states was presented before the President for his assent. After getting the assent of president the Bill became Act and known as 101st Constitution Amendment Act 2016.

2017:- 1st July 2017 GST came into force.

122<sup>nd</sup> Constitution Amendment Bill was ratified by Assam became the 1st state to ratify the 122nd CA Bill followed by Bihar, Jharkhand, Chhattisgarh and so on. Jammu & Kashmir was the last state which ratified the bill.

Kerala, Karnataka, West Bengal, Manipur have not ratified the bill till now.

Salient features of 101st Constitution Amendment Act 2016:-

Article 246 A → It empowers both centre and state to make law related to tax under GST. It provides that intra-state trade will come under the jurisdiction of both centre and state whereas as interstate trade will come under the exclusive jurisdiction of centre.

Article 269 A → It provides that principle of sharing of inter-state trade tax between centre and state will be based on the law on the basis of recommendation of GST Council.

Article 279A → It provides that president shall constitute GST council within 60 days of the Date \_\_\_\_\_ act coming into force.

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GST council will be chaired by Union finance minister. Numbers of GST council includes: Union Minister of states for finance and State Minister in charge of (department) of finance in the state or any other person appointed by the state. In GST council decision is taken by  $\frac{3}{4}$ th majority of Vote cast. The centre have  $\frac{1}{3}$ rd of vote cast and the states together have  $\frac{2}{3}$ rd of vote cast.

120 Total → (90)

(90) Cooperative federalism → (80)

Bills passed by the Parliament to implement the GST

1. Centre GST Bill      2. The Integrated GST Bill

3. Union territories GST Bill

4. The GST (Compensation to State) Bill.

4 types of GST

Apart from this state legislature enacted 5-State GST Bill.

5 tax slabs in GST:-

5 tax slabs including 0%,

exempted from GST  
↳ Essential goods (0%)

0%, 5%, 12%, 18%, 28%

Products which are still outside the ambit of GST are:-

(1) Petroleum Products, (2) Alcohol, Electricity (3) Electricity

Merits of GST :-

- It has simplified tax structure → It has reduced overall tax burden on the consumer.
- It has promoted tax democracy (essential goods are taxed at low % where as luxury goods are taxed at high %)
- It has reduced the cascading effect of several indirect taxes, which in turn will lower down the prices of commodities. This will increase the demand of goods, overall production of goods and hence will increase the G.D.P of the country (1%)

→ It will ensure better tax compliance. (simplified tax structure)  
and improve tax collection efficiency.

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- It has also widened the tax base by bringing more traders and businessmen under the ambit of GST.
- It will help in reducing fiscal deficit and Revenue deficit. (Pcp <sup>(G) GST</sup>)
- It will help in curbing corruption in collection, taxes which was inherent in earlier indirect tax structure because multiple stages of tax collection.
- It is destination based tax rather than earlier indirect tax system which was origin based. → It means tax will be imposed in that state where the goods have been consumed or services have been rendered. The tax collected will be shared between that state and the centre. Now manufacturing is not taxed.