

INTRODUCTION OF GOODS & SERVICES TAX

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History of GST

- Goods and Services Tax (GST) is a single tax levied on goods and services from manufacturing to consumption, eliminating all indirect taxes previously levied.
- The implementation of [GST](#) was one of the biggest indirect tax reforms of recent times in India.

When did GST start?

- The history of GST goes back as early as the year 1954, when it was first adopted by France, followed by over 160 countries worldwide.
- Malaysia was one of the most recent countries to adopt a valued-based tax system, GST, back in 2015.
- GST was first introduced in India in 2017 when they decided to introduce a dual tax structure system.

Who introduced GST in India?

- In 2014, the then Finance Minister, Mr Arun Jaitley, introduced the Constitution Amendment Bill in the parliament.
- In May 2015, the Constitution (122nd Amendment) Bill was passed in the Lok Sabha.
- The Integrated GST Bill, 2017, the Union Territory GST Bill, 2017, the Central GST Bill, 2017, and the GST (Compensation to States) Bill, 2017 were passed by the Lok Sabha and the Rajya Sabha by the 20th of April 2017.
- On the 1st of July, 2017, GST was officially rolled out.

History of GST In India

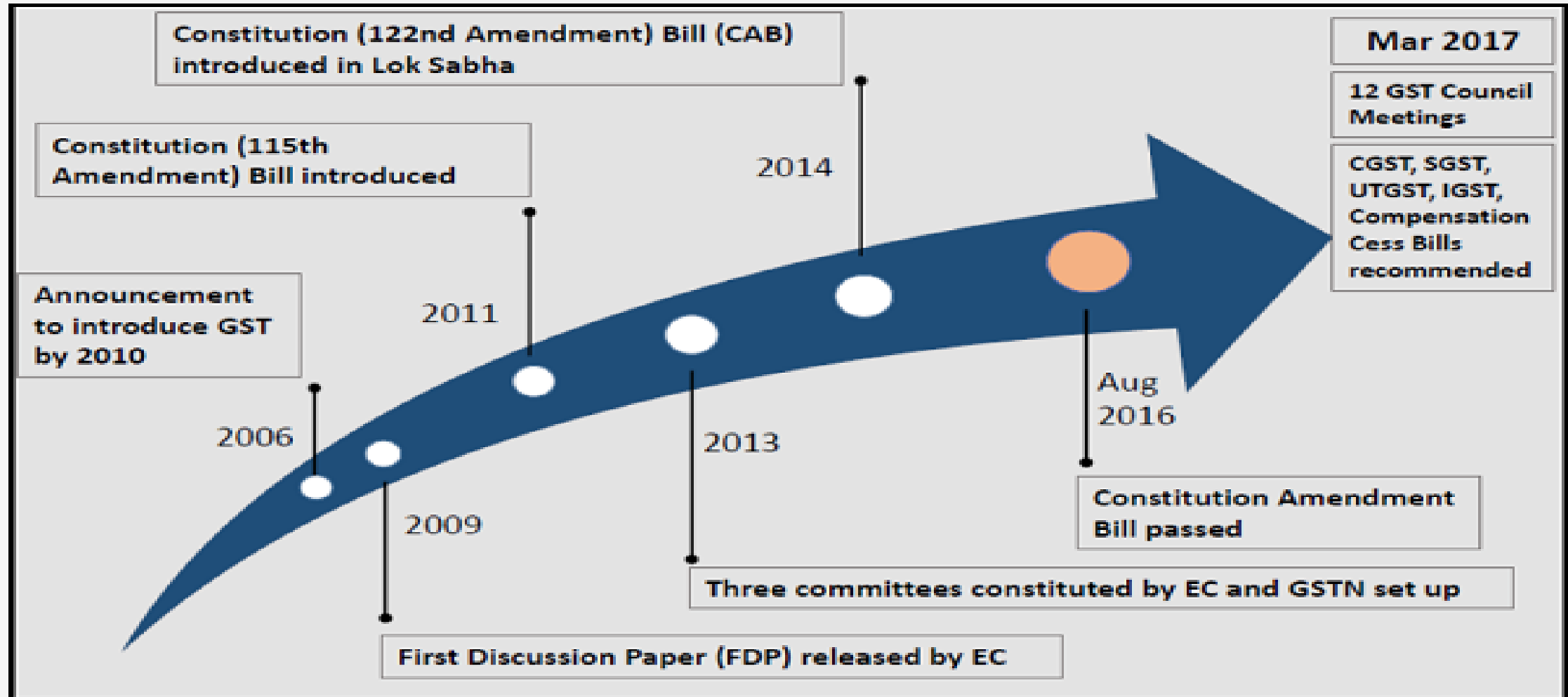
- **2000** -An Empowered Committee consisting of State Finance Ministers is set up.
- **2006**-The then Finance Minister, P Chidambaram, announced the implementation of GST on April 1, 2010.
- **2009**-The Empowered Committee of State Finance Ministers submitted the first discussion paper on GST in India.
- **2010**-President Pranab Mukherjee announced the delay in introducing GST, proposing to introduce it in April 2011.
- **2011**-The Constitution (115th Amendment) Bill focused on the introduction of GST in India was introduced in the Lok Sabha.

The Lok Sabha then refers the Bill to the Standing Committee on Finance for a detailed examination.

- **2013**-The Standing Committee on Finance submits the report on the Constitution (115th Amendment) Bill.

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- **2014**---The Lok Sabha dissolution leads to the lapse of the Bill.
 - The Constitution (122nd Amendment) Bill introduced in the Lok Sabha focused on introducing GST.
 - **2015**--The Bill was passed by the Lok Sabha and referred to a Select Committee in the Rajya Sabha.
 - The Select Committee submits the report.
 - Chief Economic Advisor-led Committee submits a report on the possible GST rates.
 - **2016**--The Bill is passed by both the Lok Sabha and the Rajya Sabha and is then notified as the Constitution (101st Amendment) Bill.
 - The first state to ratify the Bill in Assam.
 - President Pranab Mukherjee gives his assent to the Bill.
 - The Union Cabinet approves the setting up of the GST Council, following which the first GST Council meeting is held in New Delhi.
 - **2017**---The CGST Bill, IGST Bill, UTGST Bill, and GST (Compensation to States) Bill is introduced in the Lok Sabha.
 - The Bills are passed by the Lok Sabha and the Rajya Sabha, after which the GST Acts are notified.
 - The GST Council notifies GST rates and cess on goods and services.
 - 1st July, the official rollout of GST.

The Journey to GST



GST

- GST stands for Goods and Services Tax.
- It is an indirect tax set on the supply of goods and services.
- Goods and Services Tax (GST) is an improved system over the previous Value Added Tax (VAT) in India.
- It applies a single tax rate on both goods and services.
- Unlike VAT, GST is a multi-stage, destination-oriented tax.
- It replaced several previous indirect taxes, such as VAT, excise duty, and service tax, levied by the central and state governments.
- This streamlined tax administration across the entire nation.
- The Goods and Services Tax (GST) Act was passed in Parliament on March 29, 2017, and became effective on July 1, 2017.
- The key purpose of implementing the Goods and Services Tax was to simplify the tax structure and create a uniform and integrated tax system to reduce the tax burden on businesses and consumers.
- Goods & service tax (GST) is a comprehensive tax levy on manufacture, sale & consumption of goods & service at a national level.
- GST is a tax on goods & services with Value addition at each stage.
- GST will include many state & central level indirect taxes.
- It overcomes drawback present tax system

Taxes before GST introduction

- **VAT (State level tax)** -VAT (Value Added Tax) is an indirect tax levied on goods and services sold intra-state. Output VAT was charged on sales made by a dealer. On the other hand, Input VAT could be claimed as a tax credit for the VAT charged on business purchases.
- **Excise Duty**-Products manufactured domestically (within the country) were subject to excise duty levied by the Central Government. It was also known as CENVAT (Central Value Added Tax).
- **Customs Duty**- A tax levied on imports and exports (international transactions) was a customs duty. The idea behind charging customs duty was to ensure that domestic products are safeguarded and also to be able to regulate the movement of goods.
- **Central Sales Tax**-The sale or purchase of goods at an inter-state level was subject to the levy of Central Sales Tax, an indirect tax imposed by the central government.
- **Service Tax**-The tax levied on service providers for services they provided (excluding the list of services that came under the negative list) was termed a service tax. Technically, although the tax is levied on the service providers, the tax is paid by the customer at the time of availing the service.

Changes after GST introduction

• GST is focused on the “supply” of goods and services as opposed to the older taxes that were also applicable to the manufacturing process. Since it is focused on supply, it is regarded as a destination-based tax.

• It has replaced a host of taxes, including-

- a) Service tax
- b) Central Excise Duty
- c) Additional duties related to Excise
- d) Special Additional Customs Duty
- e) Additional duties related to Customs
- f) Other cesses and surcharges

• GST has absorbed the following taxes-

- a) Central Sales Tax
- b) Value Added Tax (VAT)
- c) Luxury Tax
- d) Purchase Tax
- e) Entertainment Tax (except taxes levied by local entities)
- f) Taxes on lottery, gambling, advertisements
- g) Entry Tax

• Since it follows the “one nation, one tax” ideology, the cascading effect of taxes is now mitigated.

Definition of GST

Articles (366 (12A) Goods and services tax” means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption

1.Goods definition as per articles (366(12)) :Includes all materials, commodities, and articles
[Pre Existing Definition]

2.Service definition as per articles (366 (26A)) :Anything other than goods [Introduced vide 101st Constitutional Amendment Act]

Types of GST or Components of GST

India's GST system has four types of GST:

1. Central GST (CGST) :It is the tax collected by the central government on intra-state transactions.
2. State GST (SGST):SGST is collected by state governments on an intra-state sale transaction
3. Integrated GST (IGST):IGST is the tax collected by the central government on inter-state transactions. It also applies to imports and exports of goods and services. The rate of IGST is equal to the total GST rate applicable to the product or service.
4. Union Territory GST (UTGST):It is the tax the union territories collect on intra-UT transactions. It is similar to SGST, except for union territories without a legislature, such as Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu, and Chandigarh. However, it does not apply to Delhi and Puducherry, as these UTs have a private legislature.

THANK YOU