**What is GST in India?**

**Goods and Services Tax**

**Taxes Subsumed in GST**

|  |  |
| --- | --- |
| **Central Taxes** | **State Taxes** |
| Excise duty | Value added tax (VAT) |
| Service tax | Entry tax and octroi |
| Additional customs duty or Countervailing Duty (CVD) | Luxury tax |
| Special additional custom duty | Purchase tax |
| Central surcharges and cesses | Taxes on lottery, gambling etc.State surcharges and cesses |

GST is a new form of tax that seeks to replace all central and state taxes and levies such as excise duty, countervailing duty, service tax, value added tax, octroi, entry tax and luxury tax. Goods and services should be taxed based on the value addition at each stage and not based on the gross value of the goods or services billed at each stage. Further, tax should be eventually borne at the point of consumption rather than at the point of production, though the tax department must be able to track value addition at each step and collect tax proportionate to the value added at each stage.

GST is a single tax right from the manufacturer or service provider to the consumer. In this system, taxes paid at each stage will be credited in the subsequent stage of value addition. Thus, Goods and Services Tax charged by the final dealer (seller or service provider) is the final tax borne by the customer, with set off of all taxes paid at all earlier stages in the supply chain.

**GST in India**

* It will be levied on all goods and services produced or supplied or imported in India.
* Exports are not subjected to Goods and Services Tax.
* Goods that are kept outside its purview include alcohol for human consumption, petroleum products such as crude oil, petrol, motor spirit, high speed diesel, natural gas, turbine fuel and electricity

**Difference between Old Tax Structure and GST Tax**

|  |  |  |
| --- | --- | --- |
|  | **Old Tax Structure** | **GST Tax** |
| Number of Laws | There are separate laws for separate taxes and respective VAT on states | There is only ONE law |
| Tax Rate | Existence of separate tax rates | There will be one CGST rate and uniform SGST rate across all the states |
| Cascading effect (Taxes on Tax) | Presence of cascading effect of taxes due to multiplicity in taxes | Cascading effect is reduced which makes it very simple |
| Tax Burden | High tax burden on taxpayers | Tax burden is much reduced |
| Tax Structure | Presence of multiple taxes makes compliance difficult | Subsuming or absorbing the taxes into one makes compliance simple and easy |
| Prices for Consumers | Usually very high due to cascading effect of taxes | Prices are expected to be reduced |

**GST Exemptions**

|  |  |  |
| --- | --- | --- |
|  | **Old Tax Structure** | **GST Structure** |
| Goods |  |  |
| Food(essential unprocessed foods such as cereals, edible oil, vegetable, pulses) | Exempt | Exempt |
| Clothing | Low rate | Low rate |
| Medicines | Low rate | Low rate |
| Gold and precious metals (gems and jewelry) | Centre: exempt; States: low rate (1%) | Very low rate (2-6%) |
| Power | Centre: Exempt; State: Subject to Electricity Duty | Excluded i.e. State taxes will be continued |
| Alcohol | High demerit rate (states only) | Excluded i.e. State taxes will be continued |
| Tobacco | High demerit rate | Excluded i.e. Central and State taxes will be levied separately |
| Luxury cars | High demerit rate | High demerit rate |
| Aerated beverages | High demerit rate | High demerit rate |
| Petroleum | High demerit rate | Exempt for now, present tax will be continued till the time decide by GST COUNCIL |
| Real estate land | Exempt | Exempt |
| Services |  |  |
| Education | Exempt | Exempt |
| Health (excluding medicines) | Exempt | Exempt |

**Benefits of GST**

**For Manufacturers and Traders**

* Easy compliance
* Uniformity in tax rates and structure
* Removal of cascading or compounding effect of tax
* Enhance the competitiveness
* Move towards development of a common national market

**For Central and State government**

* Simple and easy administration
* Improved compliance and revenue collections
* Better revenue effectiveness

**For Consumers**

* Payment of the single and transparent tax
* Reduction of burden of the tax payers

**Types of GST**

* **Types of GST, comparison and applicability**
* India has adopted a Dual GST Model under which tax is levied simultaneously by both Central and State government on taxable supplies which takes place within State or Union Territory. On inter-state supplies, [tax](https://www.myloancare.in/tax/income-tax-deductions-exemptions/) is levied by Central Government.

|  | **Central GST - CGST** | **State GST - SGST** | **Integrated GST - IGST** |
| --- | --- | --- | --- |
| Tax Levied By | Central Government, on Intra-State supplies of Goods and/or services | State Government, on Intra-State supplies of Goods and/or services | Central Government, on Inter-State supplies of Goods and/or services |
| Taxes that it will replace | Service tax, excise duty, countervailing duty (CVD), special additional duty (SAD), Additional duties of excise(ADE), and any other indirect central levy | VAT, sales tax, luxury tax, entry tax ,entertainment tax, purchase tax, Octroi, taxes on lottery | Central sales tax (CST) |
| Applicability | Supplies within a state | Supplies within a state | Interstate supplies and import |
| Input Tax Credit | Against CGST and IGST | Against SGST and IGST | Against CGST,SGST and IGST |
| Tax Revenue Sharing | Central government | State government | Shared between state and central governments |
| Free Supplies | CGST is applicable on free supplies | SGST is applicable on free supplies | IGST is applicable on free supplies |

* The above table explains the difference between the types of GST, which form the part of GST as a whole.
* **Registration under GST**
* Every supplier of goods or services is required to obtain registration in the sState or the Union Territory from where he makes a taxable supply if his aggregate turnover exceeds Rs. 20 lakhs (40 Lakhs w.e.f. 1st April, 2019) in a Financial Year. However, compulsory registration is required if the person makes inter-state supplies i.e. threshold limit of Rs. 20 lakhs shall not apply for registration in this case.
* However, the limit of Rs. 20 lakhs would be 10 lakhs in case of Special Category States i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand.

GST RATE SLABS



**5% GST Rate Slab**

14% goods and services fall under this category. Some of these include apparel below INR 1000 and footwear below INR 500, packaged food items, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea, spices, pizza bread, rusk, sabudana, cashew nut, cashew nut in shell, raisin, ice, fish fillet, kerosene, coal, medicine, agarbatti (incense sticks), postage or revenue stamps, fertilizers, rail and economy class air tickets, small restaurants, and so on.

**12% GST Rate Slab**

Edibles like frozen meat products, butter, cheese, ghee, dry fruits in packaged form, animal fat, sausages, fruit juices, namkeen, ketchup & sauces, ayurvedic medicines, all diagnostic kits and reagents, cellphones, spoons, forks, tooth powder, umbrella, sewing machine, spectacles, indoor games like playing cards, chess board, carom board, ludo, apparels above INR 1000, non-AC restaurants, business class air ticket, state-run lottery, work contracts and so on attract a 12% GST. 17% of goods and services fall under this category.

**18% GST Rate Slab**

43% of goods and services fall under this category. Pasta, biscuits, cornflakes, pastries and cakes, preserved vegetables, jams, soups, ice cream, mayonnaise, mixed condiments and seasonings, mineral water, footwear costing more than INR 500, camera, speakers, monitors, printers, electrical transformer, optical fiber, tissues, sanitary napkins, notebooks, steel products, headgear and its parts, aluminum foil, bamboo furniture, AC restaurants that serve liquor, restaurants in five-star and luxury hotels, telecom services, IT services, branded garments and financial services and so on attract an 18% GST.

**28% GST Rate Slab**

19% of goods and services fall under this category. The rest of edibles like chewing gum, bidi, molasses, chocolate not containing cocoa, waffles and wafers coated with chocolate, pan masala, aerated water, personal care items like deodorants, shaving creams, after shave, hair shampoo, dye, sunscreen, paint, water heater, dishwasher, weighing machine, washing machine, vacuum cleaner, automobiles, motorcycles, 5-star hotel stays, race club betting, private lottery and movie tickets above INR 100 etc. have been clubbed together under the 28% GST slab.

# GST Registration Online Sep 2019

## Register for GST Online

With the GST bill approved by the President and the GST council busy finalizing the rules and regulations, all existing businesses registered under central excise, service tax or VAT need to register under GST using an online registration process.

### GST Registration for existing Central Excise, Service Tax Assessees

All existing central excise and service tax assessees are being migrated to GST. An existing assessee would be provided a Provisional ID and Password by CBEC online on logging into their existing ACES login for excise or service tax. Provisional IDs are being issued to only those assessees who have a valid income tax PAN associated with their excise or service tax registration.   
In some cases, an assessee may not be provided a provisional ID. Possible reasons for this include:

* PAN associated with the registration not being valid
* The PAN being registered with state tax authority and provisional ID having been provided by the said state tax authority (e.g. state VAT department).
* There being multiple central excise or service tax registrations on the same PAN in a state. In such a case only one provisional ID would be issued for the 1st registration

The assessees need to use this Provisional ID and Password to login to the [GST Common Portal](https://www.gst.gov.in) where they would be required to fill and submit the Form 20 along with necessary supporting documents.

#### GST Registration Process in India

Following steps are to be followed for migrating to GST:

**Step 1:** Logon to ACES portal using existing ACES user ID and password  
**Step 2:** Either follow the link to obtain the provisional ID and password or navigate using the Menu   
**Step 3:** Make a note of the provisional ID and password that is provided.

In case of any doubt contact the CBEC Helpdesk at either 1800-1200-232 or email at [cbecmitra.helpdesk@icegate.gov.in](mailto:cbecmitra.helpdesk@icegate.gov.in)

Once you have obtained the Provisional ID and Password, logon to the GST Common Portal (https://www.gst.gov.in) using this ID and Password. The GST Common Portal has made available a manual on how to fill the Form-20. It is available on [www.gst.gov.in](http://www.gst.gov.in)

### GST Registration Process for New Business

**Step 1:** First login to the online GST portal ([www.gst.gov.in](http://www.gst.gov.in))  
**Step 2: Fill part –A** of registration form 1  
**Step 3:** You will receive an application reference number on your mobile and via e-mail  
**Step 4:** Now, fill the second part of the form and upload the needed documents according to the business type  
**Step 5:** Obtain a certificate of registration from the GST portal. In case of any query you have, you may have to visit the concerned department  
**Step 7:** Submit the required documents within seven working days along with **GST REG-04**  
**Step 8:** Watch out for error notification by email. In case of any errors, your application may get rejected and you will be notified about the same in form **GST REG-05** of GST registration

#### Documents Required for GST Registration

Here is the list of documents required to register for GST:

* PAN card of the company/ business entity
* Proof of constitution like Articles of association, Memorandum of Association, Certificate of Incorporation, Partnership Deed etc
* Proof of place of business like Electricity bill
* Cancelled cheque of your bank account showing all the details of the account holder

### Who is required to register for GST?

Check whether you are eligible or not to register yourself under GST process. The following are liable to register under the GST process:

* Any person or entity person who is supplying, producing or trading in goods or providing services worth for more than Rs. 25 Lakhs in a financial year
* Any person or entity that is required to deduct TDS (tax deducted at source) under GST Act.
* Non-resident taxable person – that is persons registered outside India but liable to pay tax in India due to business operations being based in India