

I. CHOOSE THE BEST ANSWER:

1. Who is the chairman of the GST council?

- (a) RBI Governor
- (b) Finance Minister
- (c) Prime Minister
- (d) President of India

2. GST stands for

- (a) Goods and Supply Tax
- (b) Government Sales tax
- (c) Goods and Services Tax
- (d) General Sales Tax

3. What kind of tax is GST is?

- (a) Direct Tax
- (b) Indirect Tax
- (c) Dependence on the type of goods and services
- (d) All business organizations

4. What is IGST?

- (a) Integrated Goods and Services Tax
- (b) Indian Goods and Services Tax
- (c) Initial Goods and Services Tax
- (d) All the Above

5. In India GST became effective from?

- (a) 1st April 2017
- (b) 1st January 2017
- (c) 1st July 2017
- (d) 1st March 2017

II. VERY SHORT ANSWER QUESTIONS

1. What do you mean by Indirect tax.

It is levied on the goods and services. It is collected from the buyers by the sellers and paid by the sellers to the Government. Since it is indirectly imposed on the buyers it is called indirect tax.

E.g. GST - Goods and Services Tax, Excise duty.

2. Give any two examples of indirect taxes levied in India.

- ✧ CGST
- ✧ UGST
- ✧ SGST
- ✧ IGST

3. What do you mean by Goods and Services Taxes?

- ▲ Goods and Services Tax (GST) is the tax imposed on the supply (consumption) of goods and services.

- ▲ GST Act was passed on April 12, 2017.
- ▲ GST came into effect from 1st July, 2017.

4. Write a note on SGST.

State Goods and Services Tax - imposed and collected by the State Governments under State GST Act.

(Tamil Nadu GST Act 2017 passed by Tamil Nadu Govt.)

5. What is CGST?

Central Goods and Services Tax - imposed and collected by the Central Government on all supply of goods within a state (intra-state) under CGST Act 2017

III. SHORT ANSWER QUESTIONS

1. Write any two differences between direct taxes and indirect taxes.

| S.No | Basis | Direct Tax | Indirect Tax |
|------|---------------------|--------------------------------------|-------------------------------|
| 1 | Burden | Tax burden is progressive on people. | Tax burden is regressive. |
| 2 | Evasion | Tax evasion is possible. | Tax evasion is more difficult |
| 3 | Shiftability | Cannot be shifted to others | Can be shifted to others |

2. What are the objectives of GST?

- ✱ The foremost objective of GST is to create a common market with uniform tax rate in India.
- ✱ To eliminate the cascading effect of taxes, GST allows set-off of prior taxes for the same transactions as input tax credit.
- ✱ To boost Indian exports, the GST already collected on the inputs will be refunded and thus there will be no tax on all exports.

3. Briefly explain the functions of GST council.

A. To the Society and country

- ☛ GST has integrated the economy of all States and Union Territories.
- ☛ Creation of more employment opportunities which will result in poverty eradication.

B. To Business Community

- Simpler Tax System with fewer exemptions. 17 taxes were abolished and one tax exists today.
- Input tax credit will reduce cascading effect of taxes.

C. To Consumers

- ☞ Input tax credit allowed will lower the prices to the consumers.

4. Explain IGST.

IGST – Inter-State Goods and Services Tax is imposed and collected by the Central Government and the revenue is shared with States under IGST Act 2017.

5. Write any three demerits of UGST.

- ☆ There is no major reduction in the number of tax layers.
- ☆ A number of retail products currently have only four percent tax on them.
- ☆ After GST, garments and clothes could become more expensive.

IV. LONG ANSWER QUESTIONS**1. Distinguish between direct taxes and indirect taxes.**

| S. No | Basis | Direct Tax | Indirect Tax |
|-------|---------------------|---|------------------------------------|
| 1 | Burden | Tax burden is progressive on people. | Tax burden is regressive. |
| 2 | Evasion | Tax evasion is possible. | Tax evasion is more difficult |
| 3 | Inflation | Direct tax helps in reducing the inflation. | Indirect tax contributes inflation |
| 4 | Shiftability | Cannot be shifted to others | Can be shifted to others |
| 5 | Examples | Income Tax, Wealth Tax, Capital Gains Tax, Securities Transaction Tax, Perquisites Tax. | GST. Excise Duty |

2. Discuss the different kinds of GST.

GST is of three kinds: CGST, SGST/UGST, and IGST.

i). CGST

Central Goods and Services Tax - imposed and collected by the Central Government on all supply of goods within a state (intra-state) under CGST Act 2017

ii). SGST

State Goods and Services Tax - imposed and collected by the State Governments under State GST Act. (Tamil Nadu GST Act 2017 passed by Tamil Nadu Govt.)

iii). UGST

Union Territory Goods and Services Tax - imposed and collected by the five Union Territory Administrations in India under UGST Act 2017.

iv). IGST

Inter-State Goods and Services Tax - imposed and collected by the Central Government and the revenue shared with States under IGST Act 2017.

v). IGST on exports

All exports are treated as Inter-State supply under GST. Since exports are zero rated, GST is not imposed on all goods and services exported from India.

3. Elucidate the merits of GST.

A. To the Society and country

- ✧ GST has integrated the economy of all States and Union Territories.
- ✧ It will boost manufacturing, export, GDP leading to economic growth through increase in economic activity.
- ✧ Creation of more employment opportunities which will result in poverty eradication.
- ✧ It is transparent and will improve India's ranking in the 'Ease of Doing Business' in the world.
- ✧ Uniform rates of tax will reduce tax evasion and rate arbitrage between States.

B. To Business Community

- Simpler Tax System with fewer exemptions. 17 taxes were abolished and one tax exists today.
- Input tax credit will reduce cascading effect of taxes.
- Common procedures, common classification of goods and services and timelines will lend greater certainty to taxation system.
- Uniform prices throughout the country. Expansion of business to all states is made easy.

C. To Consumers

- Input tax credit allowed will lower the prices to the consumers.
- All small retailers will get exemption and purchases from them will cost less for the consumers.

4. Compare CGST, SGST and IGST.

| S. No | Basis | CGST | SGST | IGST |
|-------|--------------------------|---|--|--|
| 1 | Meaning | CGST means Central goods and service tax to replace the existing tax like service tax, excise, etc. | SGST means State goods and service tax, replace the existing tax like sales tax, luxury tax, entry tax, etc. | IGST refers to it is combined form CGST and IGST and it is levied by central government. |
| 2 | Collection of tax | Central government | State government | Central government |
| 3 | Applicability | Intra-state supply | Intra-state supply | Inter-state supply |
| 4 | Registration | No registration till the turnover crosses 20 lakhs | No registration till the turnover crosses 20 Lakhs | Registration mandatory |
| 5 | Composition | The dealer can use the benefit up to 75 lakhs under the composition scheme | The dealer can use the benefit up to 75 lakhs under the composition scheme | The composition scheme is not applicable interstate supply |

@*a*@*a*@

www.nammakalvi.in