**WHAT**

**Goods** **and Services Tax** (**GST**) is an [indirect tax](https://en.wikipedia.org/wiki/Indirect_tax) (or [consumption tax](https://en.wikipedia.org/wiki/Consumption_tax)) used in [India](https://en.wikipedia.org/wiki/India) on the supply of goods and services.it replaces many indirect taxes in india such as excise duty,VAT, service tax, etc. GST is a comprehensive, multistage, destination-based tax:

It is comprehensive because it has subsumed almost all the indirect taxes except a few state taxes.

Multi-staged as it is, the GST is imposed at every step in the production process, and is refunded to all parties in the various stages of production other than the final consumer

and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.

The tax rates, rules and regulations of the GST are governed by the GST Council which consists of the finance ministers of the [central government](https://en.wikipedia.org/wiki/Minister_of_Finance_(India)) and all the states. The GST is meant to replace a slew of indirect taxes with a federated tax and is therefore expected to reshape economy. There are some Positive outcomes of the GST includes the travel time in interstate movement, which dropped by 20%, because of disbanding of interstate check posts.[[4]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-4)

### Implementation

The GST was launched at midnight on 1 July 2017 through the implementation of the [One Hundred and First Amendment of the Constitution of India](https://en.wikipedia.org/wiki/One_Hundred_and_First_Amendment_of_the_Constitution_of_India) by the [Indian government](https://en.wikipedia.org/wiki/Indian_government) and the President of [India](https://en.wikipedia.org/wiki/India). The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including [Ratan Tata](https://en.wikipedia.org/wiki/Ratan_Tata), it was boycotted by the opposition due to the predicted problems that it was bound to lead for the middle and lower class Indians. The tax was strongly opposed by the opposing [Indian National Congress](https://en.wikipedia.org/wiki/Indian_National_Congress). However It is one of the few midnight sessions that have been held by the parliament.

## History

### Formation

The reform of India's indirect tax regime was started in 1986 by [Vishwanath Pratap Singh](https://en.wikipedia.org/wiki/Vishwanath_Pratap_Singh), Finance Minister in [Rajiv Gandhi](https://en.wikipedia.org/wiki/Rajiv_Gandhi)’s government, with the introduction of the Modified Value Added Tax (MODVAT). Subsequently, Prime Minister [P V Narasimha Rao](https://en.wikipedia.org/wiki/P_V_Narasimha_Rao) and his Finance Minister [Manmohan Singh](https://en.wikipedia.org/wiki/Manmohan_Singh), initiated early discussions on a [Value Added Tax](https://en.wikipedia.org/wiki/Value_Added_Tax) (VAT) at the state level.[[5]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-5) A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between the [Prime Minister](https://en.wikipedia.org/wiki/Prime_Minister_of_India) [Atal Bihari Vajpayee](https://en.wikipedia.org/wiki/Atal_Bihari_Vajpayee) and his economic advisory panel, He set up a committee headed by the [Finance Minister](https://en.wikipedia.org/wiki/Finance_Minister) of [West Bengal](https://en.wikipedia.org/wiki/West_Bengal), [Asim Dasgupta](https://en.wikipedia.org/wiki/Asim_Dasgupta) to design a GST model.[[6]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-it0617-6)

The Asim Dasgupta committee which was also tasked with putting in place the back-end technology and logistics (later came to be known as the GST Network, or GSTN, in 2015) came out for rolling out a uniform taxation regime in the country. In 2002, the Vajpayee government formed a task force under [Vijay Kelkar](https://en.wikipedia.org/wiki/Vijay_Kelkar) to recommend tax reforms. In 2005, the Kelkar committee recommended rolling out GST as suggested by the [12th Finance Commission](https://en.wikipedia.org/wiki/The_Twelfth_Finance_Commission_of_India).[[6]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-it0617-6)

After the defeat of the [BJP](https://en.wikipedia.org/wiki/Bharatiya_Janata_Party)-led [NDA](https://en.wikipedia.org/wiki/National_Democratic_Alliance_(India)) government in the [2004 Lok Sabha election](https://en.wikipedia.org/wiki/2004_Lok_Sabha_election) and the election of a Congress-led [UPA](https://en.wikipedia.org/wiki/United_Progressive_Alliance) government, the new Finance Minister [P Chidambaram](https://en.wikipedia.org/wiki/P_Chidambaram) in February 2006 continued work on the same and proposed a GST rollout by 1 April 2010. However, in 2011, with the [Trinamool Congress](https://en.wikipedia.org/wiki/All_India_Trinamool_Congress) routing [CPI(M)](https://en.wikipedia.org/wiki/Communist_Party_of_India_(Marxist)) out of power in [West Bengal](https://en.wikipedia.org/wiki/West_Bengal), Asim Dasgupta resigned as the head of the GST committee.

The [UPA](https://en.wikipedia.org/wiki/United_Progressive_Alliance) introduced the 115th Constitution Amendment Bill[[7]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-7) on 22 March 2011[[8]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-8) in the [Lok Sabha](https://en.wikipedia.org/wiki/Lok_Sabha) to bring about the GST. It ran into opposition from the [Bharatiya Janata Party](https://en.wikipedia.org/wiki/Bharatiya_Janata_Party) and other parties and was referred to a Standing Committee headed by the BJP's former Finance Minister [Yashwant Sinha](https://en.wikipedia.org/wiki/Yashwant_Sinha). The committee submitted its report in August 2013, but in October 2013 Gujarat Chief Minister [Narendra Modi](https://en.wikipedia.org/wiki/Narendra_Modi) raised objections that led to the bill's indefinite postponement.

In the [2014 Lok Sabha election](https://en.wikipedia.org/wiki/2014_Lok_Sabha_election), the [Bharatiya Janata Party](https://en.wikipedia.org/wiki/Bharatiya_Janata_Party) (BJP)-led [NDA](https://en.wikipedia.org/wiki/National_Democratic_Alliance_(India)) government was elected into power. With the consequential dissolution of the [15th Lok Sabha](https://en.wikipedia.org/wiki/15th_Lok_Sabha), the GST Bill – approved by the standing committee for reintroduction – lapsed. Seven months after the formation of the then [Modi government](https://en.wikipedia.org/wiki/Government_of_India), the new Finance Minister [Arun Jaitley](https://en.wikipedia.org/wiki/Arun_Jaitley) introduced the GST Bill in the [Lok Sabha](https://en.wikipedia.org/wiki/Lok_Sabha), where the BJP had a majority. In February 2015, Jaitley set another deadline of 1 April 2017 to implement GST. In May 2016, the Lok Sabha passed the Constitution Amendment Bill, paving way for GST. However, the Opposition, led by the Congress, demanded that the GST Bill be again sent back for review to the Select Committee of the [Rajya Sabha](https://en.wikipedia.org/wiki/Rajya_Sabha) due to disagreements on several statements in the Bill relating to taxation. Finally, in August 2016, the Amendment Bill was passed. Over the next 15 to 20 days, 18 states ratified the Constitution amendment Bill and the President [Pranab Mukherjee](https://en.wikipedia.org/wiki/Pranab_Mukherjee) gave his assent to it.[[11]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-11)[[12]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-12)

A 21-member selected committee was formed to look into the proposed GST laws.[[13]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-13) After GST Council approved all the 4 supplementory Goods and Services Tax Bill ie (Central, Integrated, Compensation to State, Union Teritory) then these Bills were passed by the Lok Sabha on 29 March 2017. The Rajya Sabha passed these Bills on 6 April 2017 and were then enacted as Acts on 12 April 2017. Thereafter, State Legislatures of different States have passed respective State Goods and Services Tax Bills. After the enactment of various GST laws, Goods and Services Tax was launched all over India with effect from 1 July 2017.[[14]](https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)#cite_note-14) The Jammu and Kashmir state legislature passed its GST act on 7 July 2017, thereby ensuring that the entire nation is brought under a unified indirect taxation system.

***Why in India, there is a need for GST? OR Need For GST***

Imposing several taxes on goods and services can lead to high cost and inefficient tax structure which can subject to shirking and revenue disclosures. The need of **GST** in Indian Taxation System is that it add value at each stage and set off the rates both at state and at central level. It increase the efficiency of taxation, improves the economic growth and it brings whole nation to one national market.It also encourages unbiased tax structure that is neutral to all and also enhances efficiency in manufacture and distributors.

Earlier our taxation system was very complex and very confusing, corruption chance were there, which leads to distrust of government, there were possibility of hidden tax for exports, whereas no charge applicable on Importing of Goods/Services from one state to another.

Just to overcome such issues GST was introduceded, which will bring transparency to taxation and consumer will get to know how much tax amount they are paying to government for sale/ purchase/ manufacturing.

Which Countries Collect the Goods and Services Tax (GST)? OR GST Global Scenario

Goods and service tax (GST) is globally known as VAT or a national level VAT (Value Added Tax). France was the first country to implement the GST in 1954; since then, an estimated 160 countries have adopted this tax system in some form or another. To remove cascading effect of taxes and provide a common nation-wide market for goods and services, India has also moved towards Goods and Services Tax (GST). Most of the countries have a unified GST system but some countries like Brazil and Canada are following a dual system of GST where tax is levied by both the Union and the State governments. The standard GST rate in most of the countries ranges between 15-20%.

Some of the countries who have implemented GST include Canada, Vietnam, Australia, Singapore, United Kingdom, Monaco, Spain, Italy, Nigeria, Brazil, South Korea, and India.